

HOUSE BILL 1255

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K4

2002 Regular Session  
(21r2680)

**ENROLLED BILL**  
-- Appropriations/Budget and Taxation --

Introduced by **Delegates Getty and Elliott**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER 565

1 AN ACT concerning

2 ~~State Retirement and Pension System – Estimate of Pension Benefits~~  
3 ~~Teachers' Retirement System - Purchase of Service Credit - Refund~~

4 FOR the purpose of providing the Board of Trustees of the State Retirement and  
5 Pension System with certain powers if the actual retirement benefit received by  
6 a retiree is a certain percent lower than a certain estimate of benefits and the  
7 retiree acted in reliance upon the estimate; providing for the application of this  
8 Act; and generally relating to estimates of retirement benefits to retirees of the  
9 State retirement and pension systems providing certain retirees with a refund of  
10 certain assets used to purchase certain service credit plus interest at a certain  
11 rate; requiring the Board of Trustees for the State Retirement and Pension  
12 System to make certain adjustments to the retirement allowance of certain  
13 retirees; requiring the Board of Trustees for the State Retirement and Pension  
14 System to make certain adjustments to certain refunds; providing for the  
15 termination of this Act; and generally relating to authorizing a certain refund of  
16 assets used to purchase certain service credit plus interest for certain retirees of  
17 the Teachers' Retirement System.

1 ~~BY repealing and reenacting, with amendments,~~  
 2 ~~Article—State Personnel and Pensions~~  
 3 ~~Section 21-503~~  
 4 ~~Annotated Code of Maryland~~  
 5 ~~(1997 Replacement Volume and 2001 Supplement)~~

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 7 MARYLAND, That ~~the Laws of Maryland read as follows:~~

8 ~~Article—State Personnel and Pensions~~

9 ~~21-503.~~

10 (A) ~~The Board of Trustees shall offer counseling about retirement benefits:~~

11 (1) ~~to the members, former members, and retirees of each State system;~~

12 ~~and~~

13 (2) ~~if a member, former member, or retiree consents, to an immediate~~

14 ~~family member.~~

15 (B) (1) ~~THIS SUBSECTION APPLIES IF THE BOARD OF TRUSTEES OR THE~~  
 16 ~~STATE RETIREMENT AGENCY PROVIDES AN ESTIMATE OF RETIREMENT BENEFITS AS~~  
 17 ~~A PART OF ITS COUNSELING WITHIN A YEAR BEFORE RETIREMENT, AND THE ACTUAL~~  
 18 ~~BENEFIT IS LOWER THAN THE ESTIMATE BY MORE THAN 1%.~~

19 (2) ~~IF THE BOARD OF TRUSTEES FINDS THAT A RETIREE ACTED TO THE~~  
 20 ~~RETIREE'S DETRIMENT WITH RESPECT TO AN ESTIMATE OF RETIREMENT BENEFITS~~  
 21 ~~DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD OF TRUSTEES MAY:~~

22 (I) ~~INCREASE THE RETIREE'S ALLOWANCE TO AN AMOUNT NOT~~  
 23 ~~MORE THAN THE ESTIMATE AND AGREED TO BY THE BOARD OF TRUSTEES AND THE~~  
 24 ~~RETIREE; OR~~

25 (II) ~~REFUND ANY REASONABLE COSTS INCURRED BY THE RETIREE,~~  
 26 ~~AS DETERMINED BY THE BOARD OF TRUSTEES, THAT RESULTED FROM THE~~  
 27 ~~RETIREE'S RELIANCE UPON THE ESTIMATE INCLUDING REASONABLE ATTORNEY'S~~  
 28 ~~FEES, COURT COSTS, AND OTHER EXPENSES.~~

29 ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be~~  
 30 ~~construed retroactively and shall be applied to and interpreted to affect retirees of the~~  
 31 ~~State retirement and pension systems who retired on or after January 1, 1999.~~

32 (a) Notwithstanding any other provision of law, a retiree of the Teachers'  
 33 Retirement System who purchased no more than 4 years of service credit at full cost  
 34 under the State Personnel and Pensions Article based on an incorrect estimate of the  
 35 retiree's retirement benefits provided by the Board of Trustees for the State Retirement  
 36 and Pension System or the State Retirement Agency may receive a refund of the

1 amount the retiree paid for the service credit plus interest at the rate of 4% per year  
2 compounded annually to the date of refund if:

3           (1)     the retiree purchased the service credit prior to July 1, 1999;

4           (2)     the retiree retired on July 1, 1999;

5           (3)     in purchasing the service credit based on the estimate received by the  
6 Board of Trustees or the State Retirement Agency, the Board of Trustees finds that the  
7 retiree acted to the retiree's detriment; and

8           (4)     the retiree files an application for the refund on or before December 31,  
9 2002.

10       (b)    (1)     The retirement allowance of a retiree who receives a refund under  
11 subsection (a) of this section shall be adjusted by the Board of Trustees to reflect the  
12 reduction in service credit resulting from the refund.

13           (2)     The Board of Trustees shall calculate the amount that the retiree has  
14 been overpaid based on the retiree's adjusted retirement allowance determined under  
15 subsection (b)(1) of this section and reduce the retiree's refund by that amount.

16       SECTION ~~3-~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take  
17 effect July 1, 2002. It shall remain effective for a period of 6 months and, at the end of  
18 December 31, 2002, with no further action required by the General Assembly, this Act  
19 shall be abrogated and of no further force and effect.