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By: **Delegates Kach, Edwards, Haynes, James, and Kirk**

Introduced and read first time: January 31, 2005

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Retirement System or Teachers' Pension System - Reemployed**  
3 **Retirees - Earnings Limitation**

4 FOR the purpose of altering the amount of a certain earnings limitation offset for  
5 certain retirees of the Teachers' Retirement System or Teachers' Pension System  
6 who are reemployed under certain circumstances; and generally relating to the  
7 earnings limitation for reemployed retirees of the Teachers' Retirement System  
8 or Teachers' Pension System.

9 BY repealing and reenacting, without amendments,  
10 Article - State Personnel and Pensions  
11 Section 22-406(a) and 23-407(a)  
12 Annotated Code of Maryland  
13 (2004 Replacement Volume)

14 BY repealing and reenacting, with amendments,  
15 Article - State Personnel and Pensions  
16 Section 22-406(b) and 23-407(b)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume)

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

21 **Article - State Personnel and Pensions**

22 22-406.

23 (a) An individual who is receiving a service retirement allowance or vested  
24 allowance may accept employment with a participating employer on a permanent,  
25 temporary, or contractual basis, if:

26 (1) the individual immediately notifies the Board of Trustees of the  
27 individual's intention to accept this employment; and

1 (2) the individual specifies the compensation to be received.

2 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
3 who accepts employment as provided under subsection (a) of this section if:

4 (i) the individual's current employer is a participating employer  
5 other than the State and is the same participating employer that employed the  
6 individual at the time of the individual's last separation from employment with a  
7 participating employer before the individual commenced receiving a service  
8 retirement allowance or vested allowance;

9 (ii) the individual's current employer is any unit of State  
10 government and the individual's employer at the time of the individual's last  
11 separation from employment with the State before the individual commenced  
12 receiving a service retirement allowance or vested allowance was also a unit of State  
13 government; or

14 (iii) the individual becomes reemployed within 12 months of  
15 receiving an early service retirement allowance under § 22-402 of this subtitle.

16 (2) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
17 PARAGRAPH, THE reduction required under paragraph (1) of this subsection shall  
18 equal:

19 [(i)] 1. the amount by which the sum of the individual's initial  
20 annual basic allowance and the individual's annual compensation exceeds the  
21 average final compensation used to compute the basic allowance; or

22 [(ii)] 2. for a retiree who retired under the Workforce Reduction  
23 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's  
24 annual compensation and the retiree's annual basic allowance at the time of  
25 retirement, including the incentive provided by the Workforce Reduction Act, exceeds  
26 the average final compensation used to compute the basic allowance.

27 (II) THE REDUCTION REQUIRED UNDER PARAGRAPH (I) OF THIS  
28 SUBSECTION FOR A RETIREE OF THE TEACHERS' RETIREMENT SYSTEM SHALL EQUAL  
29 THE AMOUNT BY WHICH THE SUM OF THE INDIVIDUAL'S INITIAL ANNUAL BASIC  
30 ALLOWANCE AND THE INDIVIDUAL'S ANNUAL COMPENSATION EXCEEDS THE  
31 ANNUAL COMPENSATION THE INDIVIDUAL WOULD HAVE BEEN EARNING IF THE  
32 INDIVIDUAL HAD NOT RETIRED.

33 (3) A reduction of an early service retirement allowance under paragraph  
34 (1)(iii) of this subsection shall be applied only until the individual has received an  
35 allowance for 12 months.

36 (4) Except for an individual whose allowance is subject to a reduction as  
37 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an  
38 allowance under this subsection does not apply to:

39 (i) an individual who has been retired for more than 10 years;

1 (ii) an individual whose average final compensation was less than  
2 \$10,000 and who is reemployed on a temporary or contractual basis;

3 (iii) an individual who is serving in an elected position as an official  
4 of a participating governmental unit or as a constitutional officer for a county that is  
5 a participating governmental unit;

6 (iv) a retiree of the Teachers' Retirement System:

7 1. who retired and was reemployed by a participating  
8 employer other than the State on or before September 30, 1994; and

9 2. whose employment compensation does not derive, in whole  
10 or in part, from State funds; or

11 (v) a former employee of the Domestic Relations Division of Anne  
12 Arundel County Circuit Court who transfers into the State Employees' Personnel  
13 System under § 2-510 of the Courts Article.

14 23-407.

15 (a) An individual who is receiving a service retirement allowance or a vested  
16 allowance may accept employment with a participating employer on a permanent,  
17 temporary, or contractual basis, if:

18 (1) the individual immediately notifies the Board of Trustees of the  
19 individual's intention to accept this employment; and

20 (2) the individual specifies the compensation to be received.

21 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
22 who accepts employment as provided under subsection (a) of this section if:

23 (i) the individual's current employer is a participating employer  
24 other than the State and is the same participating employer that employed the  
25 individual at the time of the individual's last separation from employment with a  
26 participating employer before the individual commenced receiving a service  
27 retirement allowance or vested allowance;

28 (ii) the individual's current employer is any unit of State  
29 government and the individual's employer at the time of the individual's last  
30 separation from employment with the State before the individual commenced  
31 receiving a service retirement allowance or vested allowance was also a unit of State  
32 government; or

33 (iii) the individual becomes reemployed within 12 months of  
34 receiving an early service retirement allowance or an early vested allowance  
35 computed under § 23-402 of this subtitle.

1 (2) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
2 PARAGRAPH, THE reduction required under paragraph (1) of this subsection shall  
3 equal:

4 [(i)] 1. the amount by which the sum of the individual's initial  
5 annual basic allowance and the individual's annual compensation exceeds the  
6 average final compensation used to compute the basic allowance; or

7 [(ii)] 2. for a retiree who retired under the Workforce Reduction  
8 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's  
9 annual compensation and the retiree's annual basic allowance at the time of  
10 retirement, including the incentive provided by the Workforce Reduction Act, exceeds  
11 the average final compensation used to compute the basic allowance.

12 (II) THE REDUCTION REQUIRED UNDER PARAGRAPH (I) OF THIS  
13 SUBSECTION FOR A RETIREE OF THE TEACHERS' PENSION SYSTEM SHALL EQUAL  
14 THE AMOUNT BY WHICH THE SUM OF THE INDIVIDUAL'S INITIAL ANNUAL BASIC  
15 ALLOWANCE AND THE INDIVIDUAL'S ANNUAL COMPENSATION EXCEEDS THE  
16 ANNUAL COMPENSATION THE INDIVIDUAL WOULD HAVE BEEN EARNING IF THE  
17 INDIVIDUAL HAD NOT RETIRED.

18 (3) A reduction of an early service retirement allowance or an early  
19 vested allowance under paragraph (1)(iii) of this subsection shall be applied only until  
20 the individual has received an allowance for 12 months.

21 (4) Except for an individual whose allowance is subject to a reduction as  
22 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an  
23 allowance under this subsection does not apply to:

24 (i) an individual whose average final compensation was less than  
25 \$10,000 and who is reemployed on a temporary or contractual basis;

26 (ii) an individual who is serving in an elected position as an official  
27 of a participating governmental unit or as a constitutional officer for a county that is  
28 a participating governmental unit; or

29 (iii) an individual who has been retired for more than 10 years.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 July 1, 2005.