

HOUSE BILL 1289

K4

11r2548

By: **Delegate Serafini**

Introduced and read first time: February 25, 2011

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – State Employees and Teachers –**
3 **Benefits**

4 FOR the purpose of establishing a State Employees' and Teachers' Integrated Pension
5 System and a State Employees' and Teachers' Integrated Pension System
6 Savings Plan for certain members of the Employees' Pension System or the
7 Teachers' Pension System; providing for the member contribution rate and
8 benefits for certain members subject to the State Employees' and Teachers'
9 Integrated Pension System; altering the formula used to calculate the normal
10 service retirement allowances of certain members of the Employees' Pension
11 System or the Teachers' Pension System as of a certain date; providing that
12 certain benefits accrued are not subject to the early retirement reduction;
13 providing that a certain allowance received by certain members of the
14 Employees' Pension System or the Teachers' Pension System is not subject to
15 certain cost-of-living adjustments; requiring the Board of Trustees of the State
16 Retirement and Pension System to administer the State Employees' and
17 Teachers' Integrated Pension System Savings Plan; requiring participation in
18 the State Employees' and Teachers' Integrated Pension System Savings Plan as
19 a condition of employment for certain individuals; providing the vesting
20 requirements for participating employees in the State Employees' and Teachers'
21 Integrated Pension System Savings Plan; providing for the amount of employee
22 contributions that certain participating employees may contribute to the State
23 Employees' and Teachers' Integrated Pension System Savings Plan; providing
24 for the method of distribution for certain benefits payable under the State
25 Employees' and Teachers' Integrated Pension System Savings Plan; requiring
26 the State to make certain employer contributions to the State Employees' and
27 Teachers' Integrated Pension System Savings Plan in a certain manner;
28 authorizing certain participating employees of the State Employees' and
29 Teachers' Integrated Pension System Savings Plan to borrow certain funds in a
30 certain manner and subject to certain repayment provisions; defining certain
31 terms; and generally relating to altering the retirement contributions and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 benefits of certain State employees and teachers who are members of the
2 Employees' Pension System or the Teachers' Pension System.

3 BY adding to

4 Article – State Personnel and Pensions

5 Section 20–101(nn–1); 23–225 and 23–226 to be under the new part “Part IV.

6 State Employees' and Teachers' Integrated Pension System”; and 41–101

7 through 41–209 to be under the new title “Title 41. State Employees' and

8 Teachers' Integrated Pension System Savings Plan”

9 Annotated Code of Maryland

10 (2009 Replacement Volume and 2010 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article – State Personnel and Pensions

13 Section 23–212, 23–401, 23–402, and 29–425

14 Annotated Code of Maryland

15 (2009 Replacement Volume and 2010 Supplement)

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

18 **Article – State Personnel and Pensions**

19 20–101.

20 **(NN–1) “STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION**
21 **SYSTEM” MEANS THE PART OF THE EMPLOYEES' PENSION SYSTEM AND THE**
22 **TEACHERS' PENSION SYSTEM THAT PROVIDES THE EMPLOYEES' AND**
23 **TEACHERS' INTEGRATED PENSION SYSTEM UNDER TITLE 23, SUBTITLE 2,**
24 **PART IV OF THIS ARTICLE.**

25 23–212.

26 (a) Except as otherwise provided in this section, a member's contribution
27 rate is 5% of the part of the member's earnable compensation that exceeds the taxable
28 wage base for each year.

29 (b) The contribution rate of a member who is subject to the contributory
30 pension benefit under Part II of this subtitle is 2% of the member's earnable
31 compensation.

32 (c) The contribution rate of a member who is subject to the Alternate
33 Contributory Pension Selection under Part III of this subtitle is:

34 (1) 3% of the member's earnable compensation received from July 1,
35 2006 to June 30, 2007, both inclusive;

1 (2) 4% of the member's earnable compensation received from July 1,
2 2007 to June 30, 2008, both inclusive; and

3 (3) 5% of the member's earnable compensation received on or after
4 July 1, 2008.

5 **(D) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO THE**
6 **STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM UNDER**
7 **PART IV OF THIS SUBTITLE IS 3% OF THE MEMBER'S EARNABLE**
8 **COMPENSATION.**

9 **23-223. RESERVED.**

10 **23-224. RESERVED.**

11 **PART IV. STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM.**

12 **23-225.**

13 **(A) IN THIS SECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT**
14 **SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**
15 **EMPLOYER OF THE STATE.**

16 **(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THIS**
17 **PART APPLIES TO AN INDIVIDUAL WHO ON OR AFTER JULY 1, 2011, IS:**

18 **(1) AN ACTIVE MEMBER OF THE EMPLOYEES' PENSION SYSTEM**
19 **OR THE TEACHERS' PENSION SYSTEM; OR**

20 **(2) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE**
21 **EMPLOYEES' RETIREMENT SYSTEM WHO IS SUBJECT TO SELECTION C**
22 **(COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE.**

23 **(C) THIS PART IV DOES NOT APPLY TO AN EMPLOYEE OF A**
24 **PARTICIPATING GOVERNMENTAL UNIT PARTICIPATING IN THE EMPLOYEES'**
25 **PENSION SYSTEM OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT**
26 **HAS WITHDRAWN FROM THE EMPLOYEES' PENSION SYSTEM.**

27 **23-226.**

28 **A MEMBER WHO IS SUBJECT TO THIS PART SHALL:**

29 **(1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS**
30 **FOLLOWS:**

1 **(I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §**
 2 **23-401(E) OF THIS TITLE;**

3 **(II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN §**
 4 **23-402 OF THIS TITLE;**

5 **(III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED**
 6 **IN § 29-108 OF THIS ARTICLE; AND**

7 **(IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS**
 8 **PROVIDED IN § 29-110 OF THIS ARTICLE;**

9 **(2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,**
 10 **SUBTITLE 4 OF THIS ARTICLE; AND**

11 **(3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED**
 12 **IN § 23-212(D) OF THIS SUBTITLE.**

13 23-401.

14 (a) A member may retire with a normal service retirement allowance if:

15 (1) the member completes and submits a written application to the
 16 Board of Trustees stating the date when the member desires to retire; and

17 (2) on or before the date of retirement, the member:

18 (i) has at least 30 years of eligibility service;

19 (ii) has a combined total of at least 30 years of eligibility service
 20 from the Employees' Pension System, the Teachers' Pension System, the Employees'
 21 Retirement System, or the Teachers' Retirement System; or

22 (iii) has attained the age and the years of eligibility service as
 23 follows:

Age		Years of Eligibility Service
62	with	5
63	with	4
64	with	3
65	or more with	2

30 (b) Except as provided in subsections (c), (d), [and] (e), **AND (F)** of this
 31 section, on retirement under this section, a member is entitled to receive a normal

1 service retirement allowance that equals the number of years of the member's
2 creditable service multiplied by:

3 (1) 0.8% of the member's average final compensation that is not in
4 excess of the Social Security integration level; and

5 (2) 1.5% of the member's average final compensation that exceeds the
6 Social Security integration level.

7 (c) Except as provided in subsection [(e)] (F) of this section, on retirement
8 under this section, a member who is subject to the contributory pension benefit under
9 Subtitle 2, Part II of this title is entitled to receive a normal service retirement
10 allowance that equals the sum of:

11 (1) the number of years of the member's creditable service on or after
12 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

13 (2) the greater of:

14 (i) the number of years of the member's creditable service on or
15 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
16 or

17 (ii) the number of years of the member's creditable service on or
18 before June 30, 1998 multiplied by:

19 1. 0.8% of the member's average final compensation that
20 is not in excess of the Social Security integration level; and

21 2. 1.5% of the member's average final compensation that
22 exceeds the Social Security integration level.

23 (d) Except as provided in subsection [(e)] (F) of this section, a member who is
24 subject to the Alternate Contributory Pension Selection under Subtitle 2, Part III of
25 this title is entitled to receive a normal service retirement allowance that equals the
26 sum of:

27 (1) the greater of:

28 (i) the number of years of the member's creditable service on or
29 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
30 or

31 (ii) the number of years of the member's creditable service on or
32 before June 30, 1998 multiplied by:

1 1. 0.8% of the member's average final compensation that
2 is not in excess of the Social Security integration level; and

3 2. 1.5% of the member's average final compensation that
4 exceeds the Social Security integration level; and

5 (2) the number of years of the member's creditable service on or after
6 July 1, 1998 multiplied by 1.8% of the member's average final compensation.

7 (e) **EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, A**
8 **MEMBER WHO IS SUBJECT TO THE STATE EMPLOYEES' AND TEACHERS'**
9 **INTEGRATED PENSION SYSTEM UNDER SUBTITLE 2, PART IV OF THIS TITLE IS**
10 **ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT**
11 **EQUALS THE SUM OF:**

12 **(1) THE GREATER OF:**

13 **(I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
14 **SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE**
15 **MEMBER'S AVERAGE FINAL COMPENSATION; OR**

16 **(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
17 **SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:**

18 1. **0.8% OF THE MEMBER'S AVERAGE FINAL**
19 **COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY**
20 **INTEGRATION LEVEL; AND**

21 2. **1.5% OF THE MEMBER'S AVERAGE FINAL**
22 **COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL;**

23 **(2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
24 **SERVICE ON OR AFTER JULY 1, 1998, AND ON OR BEFORE JUNE 30, 2011,**
25 **MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;**

26 **(3) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
27 **SERVICE ON OR AFTER JULY 1, 2011, MULTIPLIED BY 1% OF THE MEMBER'S**
28 **AVERAGE FINAL COMPENSATION; AND**

29 **(4) THE MEMBER'S BENEFIT CALCULATED UNDER TITLE 41 OF**
30 **THIS ARTICLE.**

31 **(F) (1) This subsection applies only to a member who has a combined total**
32 **of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.**

1 (2) A member is entitled to receive a normal service retirement
2 allowance that equals:

3 (i) an allowance based on the creditable service the member
4 earned in the Employees' Pension System;

5 (ii) an allowance based on the creditable service the member
6 earned in the Employees' Retirement System;

7 (iii) an allowance based on the creditable service the member
8 earned in the Teachers' Pension System; plus

9 (iv) an allowance based on the creditable service the member
10 earned in the Teachers' Retirement System.

11 23-402.

12 (a) A member may retire with an early service retirement allowance if:

13 (1) the member completes and submits a written application to the
14 Board of Trustees stating the date when the member desires to retire; and

15 (2) on or before the date of retirement, the member:

16 (i) has at least 15 years but less than 30 years of eligibility
17 service; and

18 (ii) is at least 55 but less than 62 years old.

19 (b) **(1) [On] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
20 **SUBSECTION, ON** retirement under this section, a member is entitled to receive an
21 early service retirement allowance that equals the normal service retirement
22 allowance under § 23-401 of this subtitle, reduced by 0.5% for each month that the
23 member's early retirement date precedes the date the member will be 62 years old.

24 **(2) ANY BENEFIT ACCRUED UNDER TITLE 41 OF THIS ARTICLE BY**
25 **A MEMBER OF THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION**
26 **SYSTEM UNDER SUBTITLE 2, PART IV OF THIS TITLE IS NOT SUBJECT TO AN**
27 **EARLY RETIREMENT REDUCTION UNDER THIS SECTION.**

28 29-425.

29 (a) **(1)** This Part VI of this subtitle applies:

30 **[(1)] (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
31 **SUBSECTION, on or after July 1, 1998 only to an allowance received by a former**

1 member, retiree, or surviving beneficiary of a deceased member, former member, or
2 retiree of the Employees' Pension System or the Teachers' Pension System; and

3 [(2)] (II) on or after December 31, 2000, to an allowance received by a
4 former member, retiree, or surviving beneficiary of a deceased member, former
5 member, or retiree of the Law Enforcement Officers' Pension System.

6 (2) ON OR AFTER JULY 1, 2011, THIS PART VI OF THIS SUBTITLE
7 DOES NOT APPLY TO ANY ALLOWANCE RECEIVED UNDER TITLE 41 OF THIS
8 ARTICLE BY A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A
9 DECEASED MEMBER, FORMER MEMBER, OR RETIREE OF THE EMPLOYEES'
10 PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM.

11 (b) This Part VI of this subtitle does not apply if:

12 (1) the member, former member, or retiree was an employee of:

13 (i) a participating governmental unit that has not elected the
14 contributory pension benefit or the Alternate Contributory Pension Selection of its
15 employees under § 31–116 of this article; or

16 (ii) a former participating governmental unit, other than
17 Frederick County, that has withdrawn before July 1, 1998, while a member; or

18 (2) the member, former member, or retiree:

19 (i) transferred to the Law Enforcement Officers' Pension
20 System from the Employees' Retirement System; and

21 (ii) did not elect to participate in the Law Enforcement Officers'
22 Modified Pension Benefit on or before December 31, 2000 as provided in § 26–211 of
23 this article.

24 **TITLE 41. STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM**
25 **SAVINGS PLAN.**

26 **SUBTITLE 1. DEFINITIONS.**

27 **41–101.**

28 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
29 INDICATED.

30 (B) (1) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL ELIGIBLE TO
31 PARTICIPATE IN THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED
32 PENSION SYSTEM SAVINGS PLAN.

1 **(2) “ELIGIBLE EMPLOYEE” INCLUDES AN INDIVIDUAL WHO:**

2 **(I) IS A MEMBER OF THE FACULTY OF AN EMPLOYING**
3 **INSTITUTION;**

4 **(II) IS A PROFESSIONAL EMPLOYEE AT A COMMUNITY**
5 **COLLEGE OR REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16**
6 **OF THE EDUCATION ARTICLE;**

7 **(III) IS AN EMPLOYEE OF THE UNIVERSITY SYSTEM OF**
8 **MARYLAND WHO IS IN A POSITION DESIGNATED AS EXEMPT UNDER A POLICY**
9 **ADOPTED BY THE UNIVERSITY SYSTEM OF MARYLAND BOARD OF REGENTS;**

10 **(IV) IS AN EMPLOYEE OF MORGAN STATE UNIVERSITY WHO**
11 **IS IN A POSITION DESIGNATED AS PROFESSIONAL OR ADMINISTRATIVE BY THE**
12 **BOARD OF REGENTS OF MORGAN STATE UNIVERSITY;**

13 **(V) IS AN EMPLOYEE OF ST. MARY’S COLLEGE OF**
14 **MARYLAND WHO IS IN A POSITION DETERMINED BY THE BOARD OF TRUSTEES**
15 **OF THE COLLEGE TO BE A PROFESSIONAL OR FACULTY POSITION; OR**

16 **(VI) IS AN EMPLOYEE OF A PARTICIPATING EMPLOYER AS:**

17 **1. A REGULAR EMPLOYEE WHOSE COMPENSATION IS**
18 **PROVIDED BY STATE APPROPRIATION OR PAID FROM STATE FUNDS;**

19 **2. AN APPOINTED OR ELECTED OFFICIAL OF THE**
20 **STATE WHO IS APPOINTED OR ELECTED FOR A TERM OF OFFICE THAT BEGINS**
21 **ON OR AFTER JULY 1, 2011, INCLUDING:**

22 **A. A CLERK OF THE CIRCUIT COURT;**

23 **B. A REGISTER OF WILLS;**

24 **C. A STATE’S ATTORNEY; AND**

25 **D. A SHERIFF;**

26 **3. AN EMPLOYEE OF A DAY SCHOOL IN THE STATE**
27 **UNDER THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION**
28 **OR THE BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:**

29 **A. A CLERK;**

- 1 **B. A HELPING TEACHER;**
- 2 **C. A PRINCIPAL;**
- 3 **D. A SUPERINTENDENT;**
- 4 **E. A SUPERVISOR; OR**
- 5 **F. A TEACHER;**
- 6 **4. A LIBRARIAN OR CLERICAL EMPLOYEE OF A**
7 **LIBRARY THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION**
8 **ARTICLE;**
- 9 **5. AN EMPLOYEE OF THE OFFICE OF THE SHERIFF**
10 **OF BALTIMORE CITY;**
- 11 **6. AN EMPLOYEE OR AGENT OF THE STATE RACING**
12 **COMMISSION AUTHORIZED BY § 11-207 OF THE BUSINESS REGULATION**
13 **ARTICLE;**
- 14 **7. A PERMANENT EMPLOYEE OF THE BOARD OF**
15 **SUPERVISORS OF ELECTIONS OF A COUNTY;**
- 16 **8. A FULL-TIME MASTER IN CHANCERY OR IN**
17 **JUVENILE CAUSES WHO WAS APPOINTED ON OR AFTER JULY 1, 2011, IN ANY**
18 **COUNTY BY THE CIRCUIT COURT FOR THAT COUNTY;**
- 19 **9. A NONFACULTY EMPLOYEE OF THE BALTIMORE**
20 **CITY COMMUNITY COLLEGE; OR**
- 21 **10. A STAFF EMPLOYEE OF THE UNIVERSITY SYSTEM**
22 **OF MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY’S COLLEGE OF**
23 **MARYLAND.**

24 **(C) “PARTICIPATING EMPLOYEE” MEANS AN ELIGIBLE EMPLOYEE WHO**
25 **PARTICIPATES IN THE STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED**
26 **PENSION SYSTEM SAVINGS PLAN.**

27 **(D) “STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION**
28 **SYSTEM SAVINGS PLAN” MEANS THE PLAN ESTABLISHED UNDER § 41-201 OF**
29 **THIS TITLE.**

1 **(E) (1) “STATE SUPPLEMENTAL PLAN” MEANS A PLAN QUALIFIED**
2 **UNDER THE INTERNAL REVENUE CODE AND ADMINISTERED BY THE BOARD OF**
3 **TRUSTEES.**

4 **(2) “STATE SUPPLEMENTAL PLAN” INCLUDES:**

5 **(I) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K)**
6 **OF THE INTERNAL REVENUE CODE; OR**

7 **(II) A TAX SHELTERED ANNUITY PLAN QUALIFIED UNDER §**
8 **403(B) OF THE INTERNAL REVENUE CODE.**

9 **SUBTITLE 2. STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION**
10 **SYSTEM SAVINGS PLAN.**

11 **41-201.**

12 **THERE IS A STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION**
13 **SYSTEM SAVINGS PLAN.**

14 **41-202.**

15 **THE BOARD OF TRUSTEES SHALL ADMINISTER THE STATE EMPLOYEES’**
16 **AND TEACHERS’ INTEGRATED PENSION SYSTEM SAVINGS PLAN.**

17 **41-203.**

18 **(A) THE BOARD OF TRUSTEES SHALL ADOPT, IMPLEMENT, AND**
19 **MAINTAIN THE SPECIFIC STATE SUPPLEMENTAL PLANS THAT ARE PART OF THE**
20 **STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION SYSTEM SAVINGS**
21 **PLAN.**

22 **(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
23 **SUBSECTION, THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS TO CARRY**
24 **OUT THIS TITLE.**

25 **(2) THE BOARD OF TRUSTEES IS NOT REQUIRED TO ADOPT**
26 **REGULATIONS TO ADOPT OR AMEND THE PLANS UNDER THE STATE**
27 **EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION SYSTEM SAVINGS PLAN.**

28 **(C) A PARTICIPATING EMPLOYEE’S INTEREST IN THE PLANS UNDER THE**
29 **STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION SYSTEM SAVINGS**
30 **PLAN:**

1 **(1) SHALL BEGIN 3 YEARS AFTER THE PARTICIPATING EMPLOYEE**
2 **BECOMES AN ELIGIBLE EMPLOYEE;**

3 **(2) SHALL BE 100% VESTED ON THE FIRST DAY OF THE FOURTH**
4 **YEAR AFTER THE PARTICIPATING EMPLOYEE BECOMES AN ELIGIBLE**
5 **EMPLOYEE; AND**

6 **(3) MAY BE DISTRIBUTED AS PROVIDED UNDER § 41-206 OF THIS**
7 **SUBTITLE.**

8 **41-204.**

9 **AN INDIVIDUAL WHO IS A MEMBER OF THE STATE EMPLOYEES' AND**
10 **TEACHERS' INTEGRATED PENSION SYSTEM UNDER TITLE 23, SUBTITLE 2,**
11 **PART IV OF THIS ARTICLE, IS A MEMBER OF THE STATE EMPLOYEES' AND**
12 **TEACHERS' INTEGRATED PENSION SYSTEM SAVINGS PLAN AS A CONDITION OF**
13 **EMPLOYMENT.**

14 **41-205.**

15 **(A) THE PARTICIPATING EMPLOYEE CONTRIBUTIONS SHALL BE MADE**
16 **AS PAYROLLS ARE PAID BY PAYROLL DEDUCTION OR BY A REDUCTION IN**
17 **SALARY IN ACCORDANCE WITH THE INTERNAL REVENUE CODE AND AS**
18 **PROVIDED BY THE APPLICABLE STATE SUPPLEMENTAL PLAN.**

19 **(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
20 **SUBSECTION, A PARTICIPATING EMPLOYEE MAY NOT CONTRIBUTE MORE THAN**
21 **\$16,500 ANNUALLY TO THE PARTICIPATING EMPLOYEE'S STATE**
22 **SUPPLEMENTAL PLAN.**

23 **(2) A PARTICIPATING EMPLOYEE WHO IS AT LEAST 50 YEARS OLD**
24 **MAY NOT CONTRIBUTE MORE THAN \$22,000 ANNUALLY TO THE PARTICIPATING**
25 **EMPLOYEE'S STATE SUPPLEMENTAL PLAN.**

26 **41-206.**

27 **BENEFITS UNDER THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED**
28 **PENSION SYSTEM SAVINGS PLAN:**

29 **(1) SHALL BE PAYABLE TO A PARTICIPATING EMPLOYEE AS:**

30 **(I) A LUMP SUM PAYMENT; OR**

1 **(II) AN ANNUITY BEGINNING AT THE TIME OF RETIREMENT**
2 **OF THE PARTICIPATING EMPLOYEE WITH:**

- 3 **1. NO SURVIVOR BENEFIT;**
4 **2. A 100% JOINT AND SURVIVOR BENEFIT; OR**
5 **3. A 50% JOINT AND SURVIVOR BENEFIT;**

6 **(2) SHALL BE PAYABLE IN ACCORDANCE WITH THE INTERNAL**
7 **REVENUE CODE AND AS PROVIDED BY THE APPLICABLE STATE SUPPLEMENTAL**
8 **PLAN; AND**

9 **(3) ARE NOT PAYABLE BY THE STATE.**

10 **41-207.**

11 **(A) ON BEHALF OF EACH PARTICIPATING EMPLOYEE WHO MAKES**
12 **CONTRIBUTIONS UNDER § 41-205 OF THIS SUBTITLE, THE STATE SHALL**
13 **CONTRIBUTE TO THE APPLICABLE STATE SUPPLEMENTAL PLAN EMPLOYER**
14 **CONTRIBUTIONS EQUAL TO:**

15 **(1) FOR A PARTICIPATING EMPLOYEE CONTRIBUTING NOT MORE**
16 **THAN 3% OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE**
17 **COMPENSATION, 100% OF THE PARTICIPATING EMPLOYEE'S CONTRIBUTIONS;**
18 **AND**

19 **(2) FOR A PARTICIPATING EMPLOYEE CONTRIBUTING MORE THAN**
20 **3% OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION:**

21 **(I) 100% OF THE PARTICIPATING EMPLOYEE'S**
22 **CONTRIBUTIONS UP TO 3% OF THE PARTICIPATING EMPLOYEE'S ANNUAL**
23 **EARNABLE COMPENSATION; AND**

24 **(II) 50% OF THE PARTICIPATING EMPLOYEE'S**
25 **CONTRIBUTIONS GREATER THAN 3% BUT LESS THAN OR EQUAL TO 5% OF THE**
26 **PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.**

27 **(B) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES**
28 **WHO ARE PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

29 **(2) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU**
30 **SHALL PAY THE EMPLOYER CONTRIBUTIONS TO THE APPLICABLE STATE**
31 **SUPPLEMENTAL PLAN AS DIRECTED BY THE BOARD OF TRUSTEES.**

1 **(3) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS**
2 **OF THE UNITS EMPLOYING THE PARTICIPATING EMPLOYEES.**

3 **(4) IF A PARTICIPATING EMPLOYEE'S SALARY IS PAID FROM**
4 **SPECIAL FUNDS OR FEDERAL FUNDS, OR BOTH, THE EMPLOYER CONTRIBUTION**
5 **FOR THAT EMPLOYEE SHALL BE PAID FROM THOSE FUNDS.**

6 **(C) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES**
7 **WHO ARE NOT PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

8 **(2) THE BOARD OF TRUSTEES SHALL PROVIDE BY REGULATION**
9 **THE PROCESS BY WHICH EMPLOYER CONTRIBUTIONS AND PARTICIPATING**
10 **EMPLOYEE CONTRIBUTIONS ARE TO BE MADE.**

11 **41-208.**

12 **THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET BILL AN**
13 **APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS**
14 **FOR PARTICIPATING EMPLOYEES REQUIRED UNDER § 41-207 OF THIS**
15 **SUBTITLE.**

16 **41-209.**

17 **(A) IF A PARTICIPATING EMPLOYEE HAS ACCUMULATED AT LEAST**
18 **\$2,000 IN THE PARTICIPATING EMPLOYEE'S ACCOUNT, THE PARTICIPATING**
19 **EMPLOYEE MAY BORROW UP TO 50% OF THE PARTICIPATING EMPLOYEE'S**
20 **ACCOUNT BALANCE, NOT TO EXCEED \$50,000.**

21 **(B) A PARTICIPATING EMPLOYEE WHO BORROWS AGAINST THE**
22 **PARTICIPATING EMPLOYEE'S ACCOUNT UNDER SUBSECTION (A) OF THIS**
23 **SECTION SHALL REPAY THE LOAN WITHIN 5 YEARS, UNLESS THE LOAN WAS**
24 **USED FOR THE PURCHASE OR FINANCE OF THE PARTICIPATING EMPLOYEE'S**
25 **PRIMARY RESIDENCE.**

26 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
27 **July 1, 2011.**