

HOUSE BILL 612

K4

4r1571
CF SB 575

By: **Delegate Griffith (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 30, 2014

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 2014

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Code Simplification and**
3 **Clarification**

4 FOR the purpose of making clarifying changes to a certain definition of “eligible
5 retirement plan” and a certain definition of “eligible rollover distribution” as
6 they relate to provisions on rollover distributions under the State pension laws;
7 clarifying the manner in which a certain transfer of funds from the State
8 Retirement Agency to an eligible rollover plan shall be made; clarifying that
9 certain distributions of funds to a designated spouse beneficiary may be paid to
10 an eligible retirement plan in a direct rollover; clarifying that certain references
11 to individual retirement accounts include traditional and Roth individual
12 retirement accounts; clarifying that a member of the Employees’ Pension
13 System who resumes employment before a certain date may resume
14 participation in the Alternate Contributory Pension Selection if the employer
15 participates in the Alternate Contributory Pension Selection; clarifying that the
16 Reformed Contributory Pension Benefit does not apply to employees of certain
17 participating governmental units; repealing an option to continue participation
18 in the Deferred Retirement Option Program in the State Police Retirement
19 System if a member is granted a special disability retirement allowance;
20 repealing an option to continue participation in the Deferred Retirement Option
21 Program in the Law Enforcement Officers’ Pension System if a member is
22 granted ~~a special~~ an accidental disability retirement allowance; increasing the
23 maximum average final compensation that retirees of the Local Fire and Police
24 System must have at the time of retirement in order to be exempt from a certain
25 reemployment earnings limitation; altering the number of years required after

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 retirement for certain retirees of the Local Fire and Police System to be exempt
 2 from a certain reemployment earnings limitation; clarifying that certain former
 3 members of the State Retirement and Pension System shall have their
 4 accumulated contributions returned upon making a certain request; clarifying
 5 that certain former members of the State Retirement and Pension System who
 6 have their accumulated contributions returned are not entitled to further
 7 benefits; clarifying that regular interest may not be paid on certain member
 8 contributions after a certain time period under certain circumstances; altering
 9 the methods that certain members of the Teachers' Pension System may use to
 10 purchase certain service credit; providing for a delayed effective date for a
 11 certain provision of this Act; and generally relating to clarifying provisions that
 12 apply to the State Retirement and Pension System.

13 BY repealing and reenacting, with amendments,
 14 Article – State Personnel and Pensions
 15 Section 21–601, 21–602, 22–215, 23–213, 23–215.1, 23–225, 23–308(c), 24–206,
 16 24–401.1(k), 25–204, 26–205, 26–401.1(k), 28–205, and 28–402(b)
 17 Annotated Code of Maryland
 18 (2009 Replacement Volume and 2013 Supplement)

19 BY repealing and reenacting, without amendments,
 20 Article – State Personnel and Pensions
 21 Section 22–217, 24–401.1(a) and (g), 26–401.1(a) and (g), 29–302(a) and (f), and
 22 29–303(a)
 23 Annotated Code of Maryland
 24 (2009 Replacement Volume and 2013 Supplement)

25 BY adding to
 26 Article – State Personnel and Pensions
 27 Section 29–303(h)
 28 Annotated Code of Maryland
 29 (2009 Replacement Volume and 2013 Supplement)

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

32 **Article – State Personnel and Pensions**

33 21–601.

34 (a) In this subtitle the following words have the meanings indicated.

35 (b) “Direct rollover” means a payment by the State Retirement Agency
 36 directly to the eligible retirement plan specified by the participant, the surviving
 37 spouse of a participant, or the designated beneficiary of the participant.

38 (c) “Eligible retirement plan” means:

1 (1) an individual retirement account described in § 408(a) of the
2 Internal Revenue Code;

3 (2) an individual retirement annuity, other than an endowment
4 contract, described in § 408(b) of the Internal Revenue Code;

5 (3) a qualified trust described in § 401(a) of the Internal Revenue Code
6 that is exempt from tax under § 501(a) of the Internal Revenue Code;

7 (4) an annuity plan described in § 403(a) of the Internal Revenue
8 Code;

9 (5) an annuity plan described in § 403(b) of the Internal Revenue
10 Code;

11 (6) a deferred compensation plan **DESCRIBED IN § 457(B) OF THE**
12 **INTERNAL REVENUE CODE, OR ANY SUCCESSOR PROVISIONS**, that is maintained
13 by [an eligible employer described in § 457 of the Internal Revenue Code or any
14 successor provisions] **A STATE, POLITICAL SUBDIVISION OF A STATE, OR ANY**
15 **AGENCY OR INSTRUMENTALITY OF A STATE OR A POLITICAL SUBDIVISION OF A**
16 **STATE THAT AGREES TO ACCOUNT SEPARATELY FOR AMOUNTS TRANSFERRED**
17 **INTO THAT PLAN; or**

18 (7) effective January 1, 2008, a Roth Individual Retirement Account
19 described in § 408A of the Internal Revenue Code.

20 (d) (1) “Eligible rollover distribution” means a distribution:

21 (i) on or after January 1, 1993, to a participant of all or any
22 part of the balance to the credit of the participant in any State system;

23 (ii) on or after January 1, 2002, to the surviving spouse of a
24 member, former member, or retiree, or to a spouse or former spouse who is an
25 alternate payee under an eligible domestic relations order, as defined in § 414(p) of the
26 Internal Revenue Code, of all or any part of the balance to the credit of the member,
27 former member, retiree, or surviving spouse in any State system; or

28 (iii) on or after January 1, 2007, to the designated **NONSPOUSE**
29 beneficiary of a member, former member, or retiree of all or any part of the balance to
30 the credit of the member, former member, retiree, or designated **NONSPOUSE**
31 beneficiary in any State system.

32 (2) “Eligible rollover distribution” does not include:

1 (i) any distribution that is one of a series of substantially equal
2 periodic payments that are made at least annually for the life or life expectancy of the
3 participant or the joint lives or joint life expectancies of the participant and the
4 participant's beneficiary;

5 (ii) any distribution that is one of a series of substantially equal
6 periodic payments made for a specified period of at least 10 years;

7 (iii) any distribution that is required under § 401(a)(9) of the
8 Internal Revenue Code; [or]

9 (iv) any distribution that is reasonably expected to total less
10 than \$200 during the calendar year; **OR**

11 **(V) ANY OTHER DISTRIBUTION THAT THE INTERNAL**
12 **REVENUE SERVICE DOES NOT CONSIDER ELIGIBLE FOR ROLLOVER**
13 **TREATMENT, INCLUDING CORRECTIVE DISTRIBUTIONS NECESSARY TO COMPLY**
14 **WITH THE PROVISIONS OF § 415 OF THE INTERNAL REVENUE CODE.**

15 (3) (i) Effective January 1, 2002, a portion of a distribution will not
16 fail to be an eligible rollover distribution merely because that portion consists of
17 after-tax employee contributions that are not includible in gross income.

18 (ii) A portion of a distribution described in subparagraph (i) of
19 this paragraph may be transferred only to:

20 1. an individual retirement account or annuity described
21 in § 408(a) or (b) of the Internal Revenue Code;

22 2. a qualified defined contribution plan described in §
23 401(a) of the Internal Revenue Code **THAT AGREES TO ACCOUNT SEPARATELY FOR**
24 **AMOUNTS TRANSFERRED TO THE ACCOUNT AND EARNING RECEIVED AS A**
25 **RESULT OF THE TRANSFERRED AMOUNTS; [or]**

26 3. on or after January 1, 2007, to a qualified defined
27 benefit plan described in § 401(a) of the Internal Revenue Code or to an annuity
28 contract described in § 403(b) of the Internal Revenue Code, that agrees to account
29 separately for amounts transferred to the account and earnings received as a result of
30 the transferred amounts; **OR**

31 4. **ON OR AFTER JANUARY 1, 2008, TO A ROTH IRA**
32 **DESCRIBED IN § 408 OF THE INTERNAL REVENUE CODE.**

33 **(III) A TRANSFER TO AN ELIGIBLE ~~ROLLOVER~~ RETIREMENT**
34 **PLAN DESCRIBED IN SUBPARAGRAPH (II)2, 3, OR 4 MAY BE MADE ONLY**
35 **THROUGH A DIRECT ROLLOVER.**

1 (e) "Supplemental plan" means the Board of Trustees of the Maryland
2 Teachers and State Employees Supplemental Retirement Plans.

3 21-602.

4 (a) [Except as provided in subsections (b) and (c) of this section, a] **A**
5 participant may elect on the form the Board of Trustees requires to have all or any
6 part of an eligible rollover distribution paid to [the] **AN** eligible retirement plan in a
7 direct rollover.

8 (b) (1) [Except as provided in paragraph (2) of this subsection, if] **IF** an
9 eligible rollover distribution is payable to the designated **SPOUSE** beneficiary of a
10 member, former member, or retiree, the designated **SPOUSE** beneficiary may [only]
11 elect to have all or any part of the eligible rollover distribution paid [in a direct
12 rollover] to an [individual] **ELIGIBLE** retirement [account or individual retirement
13 annuity] **PLAN IN A DIRECT ROLLOVER**.

14 (2) (i) A nonspouse designated beneficiary may roll over an eligible
15 rollover distribution only to [an] **A TRADITIONAL OR ROTH** individual retirement
16 account or individual retirement annuity established for the purpose of receiving the
17 distribution.

18 (ii) [An] **A TRADITIONAL OR ROTH** individual retirement
19 account or individual retirement annuity established under this paragraph shall be
20 treated as an inherited individual retirement account or annuity within the meaning
21 of § 408(d)(3)(C) of the Internal Revenue Code.

22 (c) A member who is eligible to participate in the plan administered by the
23 supplemental plan under Title 35, Subtitle 5 of this article may elect to have all or any
24 part of the eligible rollover distribution paid in a direct rollover to the plan in
25 accordance with the regulations adopted by the supplemental plan.

26 23-215.1.

27 (a) This section applies to a member who:

28 (1) on or before June 30, 2011, is subject to the Alternate Contributory
29 Pension Selection;

30 (2) (i) is separated from employment for 4 years or less; or

31 (ii) 1. is separated from employment for more than 4 years
32 for military service that meets the requirements of the federal Uniformed Services
33 Employment and Reemployment Rights Act; and

1 2. resumes employment within 1 year of leaving military
2 service in a position that is included in the Employees' Pension System or Teachers'
3 Pension System;

4 (3) does not withdraw the member's accumulated contributions; and

5 (4) does not become a retiree.

6 (b) A member described in subsection (a) of this section who on or before
7 June 30, 2016, resumes employment ~~and is rehired into~~ **IN** a position that is included
8 in the Employees' Pension System or Teachers' Pension System, shall resume
9 participation in the Alternate Contributory Pension Selection **IF THE REHIRING**
10 **EMPLOYER PARTICIPATES IN THE ALTERNATE CONTRIBUTORY PENSION**
11 **SELECTION.**

12 (c) On or before October 1, 2012, and each October 1 through October 1,
13 2016, the Board of Trustees shall submit a report in accordance with § 2-1246 of the
14 State Government Article to the Joint Committee on Pensions that provides the
15 number of members described under subsection (a) of this section who were:

16 (1) rehired in the preceding fiscal year into a position included in the
17 Employees' Pension System or Teachers' Pension System; and

18 (2) participating in the Alternate Contributory Pension Selection.

19 23-225.

20 (a) This Part IV of this subtitle (Reformed Contributory Pension Benefit)
21 applies to:

22 (1) an individual who becomes a member of the Employees' Pension
23 System or the Teachers' Pension System on or after July 1, 2011; and

24 (2) except as provided in § 23-215.1 of this subtitle, a member of the
25 Employees' Pension System or Teachers' Pension System who separated from
26 employment on or before June 30, 2011, and subsequently becomes employed in a
27 position eligible for membership in the Employees' Pension System or the Teachers'
28 Pension System on or after July 1, 2011.

29 (b) This Part IV does not apply to an employee of:

30 (1) a participating governmental unit **THAT WAS** participating in the
31 Employees' Pension System **PRIOR TO JULY 1, 2011, AND** that has not elected to
32 participate in the Alternate Contributory Pension Selection under § 31-116.1 of this
33 article; or

1 1. the member is totally incapacitated, either mentally
2 or physically, for the further performance of duty by the occurrence described under
3 item (i) of this paragraph;

4 2. the incapacity is likely to be permanent; and

5 3. the member should be retired.

6 (2) [If the Board of Trustees grants a DROP member a special
7 disability retirement allowance, the DROP member may elect to receive the special
8 disability retirement allowance or continue to participate in the DROP.

9 (3)] (i) If a DROP member ~~elects to receive~~ **IS GRANTED** a special
10 disability retirement allowance [instead of continuing to participate in the DROP], the
11 DROP member shall:

12 1. submit an application to the Board of Trustees, on the
13 form the Board of Trustees provides, to receive payment of the amount accrued in the
14 DROP in accordance with subsection (i) of this section;

15 2. execute a written waiver of any benefits to which the
16 DROP member may be entitled under the DROP; and

17 3. submit an application to retire with a special
18 disability retirement allowance, on the form the Board of Trustees provides, stating
19 the effective date of the DROP member's retirement as a special disability retiree.

20 (ii) On acceptance of the application for payment and
21 application to retire, the Board of Trustees shall commence payment of a special
22 disability allowance to the DROP member as provided in § 29-111(c) of this article,
23 except that the DROP member's average final compensation shall be computed as of
24 the effective date of the DROP member's application for a special disability retirement
25 allowance.

26 26-401.1.

27 (a) (1) In this section the following words have the meanings indicated.

28 (2) "DROP" means the Deferred Retirement Option Program
29 established under this section.

30 (3) "DROP member" means a member of the Law Enforcement
31 Officers' Pension System who:

32 (i) is eligible to participate in the DROP as provided in
33 subsection (c) of this section; and

1 (ii) elects to participate in the DROP as provided in subsection
2 (e) of this section.

3 (g) Participation in the DROP ends if the DROP participant:

4 (1) separates from employment in accordance with the binding letter
5 of resignation submitted with the member's election form;

6 (2) dies;

7 (3) is terminated from employment by the DROP member's
8 participating employer at any time before the date specified on the member's election
9 form;

10 (4) shortens the time period for participation in the DROP by
11 delivering to the DROP member's participating employer and the Board of Trustees
12 written notice of the intent of the DROP member to terminate employment; or

13 (5) accepts an accidental disability retirement allowance as provided
14 in subsection (k) of this section.

15 (k) (1) A DROP member is eligible to apply for an accidental disability
16 retirement allowance under § 29-109 of this article if after the DROP member
17 commences participation in the DROP:

18 (i) the member is totally and permanently incapacitated for
19 duty arising out of or in the course of the actual performance of duty that occurs while
20 participating in DROP, and without willful negligence of the member; and

21 (ii) the medical board certifies that:

22 1. the member is totally incapacitated, either mentally
23 or physically, for the further performance of duty by the occurrence described under
24 item (i) of this paragraph;

25 2. the incapacity is likely to be permanent; and

26 3. the member should be retired.

27 (2) [If the Board of Trustees grants a DROP member an accidental
28 disability retirement allowance, the DROP member may elect to receive the accidental
29 disability retirement allowance or continue to participate in the DROP.

30 (3) (i) If a DROP member ~~elects to receive a~~ **IS GRANTED AN**
31 **ACCIDENTAL** disability retirement allowance [instead of continuing to participate in
32 the DROP], the DROP member shall:

1 1. submit an application to the Board of Trustees, on the
2 form the Board of Trustees provides, to receive payment of the amount accrued in the
3 DROP in accordance with subsection (i) of this section;

4 2. execute a written waiver of any benefits to which the
5 DROP member may be entitled under the DROP; and

6 3. submit an application to retire with an accidental
7 disability retirement allowance, on the form the Board of Trustees provides, stating
8 the effective date of the DROP member's retirement as an accidental disability retiree.

9 (ii) On acceptance of the application for payment and
10 application to retire, the Board of Trustees shall commence payment of an accidental
11 disability allowance to the DROP member as provided in § 29-110 of this article,
12 except that the DROP member's average final compensation shall be computed as of
13 the effective date of the DROP member's application for an accidental disability
14 retirement allowance.

15 28-402.

16 (b) (1) The Board of Trustees shall reduce the allowance of an individual
17 who accepts employment as provided under subsection (a) of this section if the
18 individual's current employer is a participating employer other than the State and is
19 the same participating employer that employed the individual at the time of the
20 individual's last separation from employment with a participating employer before the
21 individual commenced receiving a service retirement allowance or vested allowance.

22 (2) The reduction required under paragraph (1) of this subsection shall
23 equal the amount that the sum of the individual's initial annual basic allowance and
24 the individual's annual compensation exceeds the average final compensation used to
25 compute the basic allowance.

26 (3) Except for an individual whose allowance is subject to a reduction
27 as provided under paragraph (1) of this subsection, the reduction of an allowance
28 under this subsection does not apply to:

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

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

34 (iii) an individual who has been retired for **[9] 5** years, beginning
35 on January 1 after the date the individual retires.

1 29–302.

2 (a) This section applies only to members of:

3 (1) the Correctional Officers' Retirement System;

4 (2) the Employees' Retirement System;

5 (3) the State Police Retirement System; and

6 (4) the Teachers' Retirement System.

7 (f) (1) If a former member who elected a vested allowance requests the
8 return of accumulated contributions before payment of the vested allowance begins,
9 the Board of Trustees shall return the accumulated contributions to the former
10 member.

11 (2) When accumulated contributions are returned to a former member,
12 the former member is not entitled to further benefits on account of the former
13 member's previous membership.

14 29–303.

15 (a) This section applies only to members of:

16 (1) the Employees' Pension System;

17 (2) the Local Fire and Police System;

18 (3) the Law Enforcement Officers' Pension System; or

19 (4) the Teachers' Pension System.

20 **(H) (1) IF A FORMER MEMBER WHO ELECTED A VESTED ALLOWANCE**
21 **REQUESTS THE RETURN OF ACCUMULATED CONTRIBUTIONS BEFORE PAYMENT**
22 **OF THE VESTED ALLOWANCE BEGINS, THE BOARD OF TRUSTEES SHALL RETURN**
23 **THE ACCUMULATED CONTRIBUTIONS TO THE FORMER MEMBER.**

24 **(2) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A**
25 **FORMER MEMBER, THE FORMER MEMBER IS NOT ENTITLED TO FURTHER**
26 **BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS MEMBERSHIP.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
28 read as follows:

29 **Article – State Personnel and Pensions**

1 22-215.

2 (A) ~~Regular~~ **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
 3 **REGULAR** interest is payable on member contributions at the rate of 4% a year
 4 compounded annually, until retirement or withdrawal of the accumulated
 5 contributions.

6 ~~(B) (1) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
 7 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER OF THE~~
 8 ~~EMPLOYEES' RETIREMENT SYSTEM CEASES TO BE EMPLOYED BY A~~
 9 ~~PARTICIPATING EMPLOYER IF THE FORMER MEMBER DOES NOT HAVE THE~~
 10 ~~MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR A VESTED BENEFIT~~
 11 ~~UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

12 ~~(2) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
 13 ~~CONTRIBUTIONS AFTER 5 YEARS FROM THE DATE A FORMER MEMBER OF THE~~
 14 ~~TEACHERS' RETIREMENT SYSTEM CEASES TO BE EMPLOYED BY A~~
 15 ~~PARTICIPATING EMPLOYER IF THE FORMER MEMBER DOES NOT HAVE THE~~
 16 ~~MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR A VESTED BENEFIT~~
 17 ~~UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

18 **(B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER**
 19 **CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT**
 20 **ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF**
 21 **THIS ARTICLE.**

22 22-217.

23 Membership ends if the member:

- 24 (1) is separated from employment for more than:
- 25 (i) 4 years, if a member of the Employees' Retirement System;
- 26 or
- 27 (ii) 5 years, if a member of the Teachers' Retirement System;
- 28 (2) withdraws the member's accumulated contributions;
- 29 (3) transfers to the Employees' Pension System or Teachers' Pension
- 30 System;
- 31 (4) becomes a retiree; or

1 (5) dies.

2 23-213.

3 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
4 REGULAR interest is payable on member contributions at the rate of 5% per year
5 compounded annually until retirement or withdrawal of contributions and interest.

6 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
7 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~
8 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~
9 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~
10 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

11 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER
12 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT
13 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF
14 THIS ARTICLE.

15 24-206.

16 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
17 REGULAR interest is payable on member contributions at the rate of 4% a year,
18 compounded annually, until retirement or withdrawal of the accumulated
19 contributions.

20 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
21 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~
22 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~
23 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~
24 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

25 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER
26 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT
27 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF
28 THIS ARTICLE.

29 25-204.

30 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
31 REGULAR interest is payable on member contributions at the rate of 4% a year,
32 compounded annually, until retirement or withdrawal of the accumulated
33 contributions.

1 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
2 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~
3 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~
4 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~
5 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

6 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER
7 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT
8 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF
9 THIS ARTICLE.

10 26–205.

11 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
12 REGULAR interest is payable on member contributions until retirement or withdrawal
13 of accumulated contributions at the rate of:

14 (1) 4% a year, compounded annually, for a member who has
15 transferred from the Employees' Retirement System on or before December 31, 2004;
16 or

17 (2) 5% a year, compounded annually, for each other member.

18 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
19 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~
20 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~
21 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~
22 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

23 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER
24 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT
25 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF
26 THIS ARTICLE.

27 28–205.

28 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,
29 REGULAR interest is payable on member contributions until retirement or withdrawal
30 of accumulated contributions at the rate of:

31 (1) 4% a year, compounded annually, for a member who has
32 transferred from the Employees' Retirement System; or

33 (2) 5% a year, compounded annually, for each other member.

1 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~
 2 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~
 3 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~
 4 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~
 5 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

6 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER
 7 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT
 8 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF
 9 THIS ARTICLE.

10 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 11 read as follows:

12 **Article – State Personnel and Pensions**

13 23–308.

14 (c) A member may pay the amount required by subsection (b) of this section[:

15 (1) on an installment basis by contributing at least 2% of earnable
 16 compensation per year; or

17 (2)] by transferring, on written request to the Board of Trustees, any
 18 prior contributions to a voluntary retirement benefit, less any costs of administering
 19 that benefit.

20 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
 21 take effect January 1, 2015.

22 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
 23 Section 4 of this Act, this Act shall take effect July 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.