

# SENATE BILL 103

K4

(5lr0902)

## ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by **Senator Peters (Chair, Joint Committee on Pensions)**

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.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Judges' Retirement System – Membership, ~~Accrual of Interest~~ Benefits, and**  
3 **Reemployment**

4 FOR the purpose of clarifying that regular interest may not be paid on member  
5 contributions of certain members of the Judges' Retirement System under certain  
6 circumstances; providing that membership in the Judges' Retirement System ~~for~~  
7 ~~certain members~~ ends under certain circumstances; clarifying the eligibility for a  
8 retirement allowance for certain members of the Judges' Retirement System who are  
9 retired by order of the Court of Appeals; establishing the eligibility for a retirement  
10 allowance for certain members of the Judges' Retirement System who are retired by  
11 order of the Court of Appeals; providing for the method of calculating a retirement  
12 allowance for certain members of the Judges' Retirement System who are retired by  
13 order of the Court of Appeals and have less than a certain amount of service credit;  
14 repealing a limitation on when a member may withdraw accumulated contributions  
15 from the Judges' Retirement System; repealing a duplicative provision pertaining to

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#### 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.

*Italics indicate opposite chamber/conference committee amendments.*



1 the withdrawal of accumulated contributions from the Judges' Retirement System;  
 2 clarifying that certain retirees of the Judges' Retirement System are required to have  
 3 a certain break in service before obtaining certain employment; repealing obsolete  
 4 language pertaining to the reemployment of retired former members of the Judges'  
 5 Retirement System; making certain provisions of law relating to the return of  
 6 accumulated contributions applicable to the Judges' Retirement System; providing  
 7 that an individual who was a member of the Judges' Retirement System on or before  
 8 a certain date, is separated from employment for a certain period of time, and returns  
 9 to employment in a position that requires membership in the Judges' Retirement  
 10 System, is subject to certain requirements; altering a certain definition; making  
 11 conforming changes; and generally relating to membership, ~~accrual of interest~~  
 12 benefits, and reemployment in the Judges' Retirement System.

13 BY repealing and reenacting, with amendments,

14 Article – State Personnel and Pensions

15 Section 27-101, 27-203, 27-204, 27-401, 27-402(c)(2), 27-405, ~~and~~ 27-406, and  
 16 29-502

17 Annotated Code of Maryland

18 (2009 Replacement Volume and 2014 Supplement)

19 BY repealing and reenacting, without amendments,

20 Article – State Personnel and Pensions

21 Section 27-402(a)

22 Annotated Code of Maryland

23 (2009 Replacement Volume and 2014 Supplement)

24 BY repealing

25 Article – State Personnel and Pensions

26 Section 29-501

27 Annotated Code of Maryland

28 (2009 Replacement Volume and 2014 Supplement)

29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

30 That the Laws of Maryland read as follows:

31 **Article – State Personnel and Pensions**

32 27-101.

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

34 (b) “Termination of service” includes:

35 (1) retirement at the age [of 70 years as] required by Article IV, § 3 of the  
 36 Maryland Constitution;

37 (2) voluntary retirement;

- 1           (3) resignation because of disability;
- 2           (4) retirement by order of the Court of Appeals;
- 3           (5) resignation;
- 4           (6) nonelection or nonconfirmation when election or confirmation is  
5 required;
- 6           (7) expiration of term without reappointment; or
- 7           (8) abolition of the member's office.

8 27-203.

9           (A) [Regular] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
10 REGULAR interest is payable on member contributions at the rate of 4% a year  
11 compounded annually, until retirement or withdrawal of the accumulated contributions.

12           (B) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO  
13 BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER JULY 1,  
14 2012.

15           ~~(B)~~ (2) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
16 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER:

17           ~~(1) WAS NOT A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON~~  
18 ~~OR BEFORE JUNE 30, 2012; AND~~

19           ~~(2)~~ IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER  
20 TITLE 29, SUBTITLE 3 OF THIS ARTICLE.

21 27-204.

22           ~~(A) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO~~  
23 ~~BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER JULY 1,~~  
24 ~~2012.~~

25           ~~(2)~~ (A) MEMBERSHIP ENDS IF THE MEMBER:

26           ~~(1)~~ (1) IS SEPARATED FROM EMPLOYMENT FOR MORE THAN  
27 4 YEARS;

1                    ~~(H)~~ **(2)**        WITHDRAWS        THE        MEMBER'S        ACCUMULATED  
2 CONTRIBUTIONS;

3                    ~~(H)~~ **(3)**        BECOMES A RETIREE; OR

4                    ~~(IV)~~ **(4)**        DIES.

5            **(B)**    A former member who withdraws accumulated contributions does not have  
6 further rights under the Judges' Retirement System.

7 27-401.

8            **(a)**    **(1)**    This subsection applies only to an individual who is a member of the  
9 Judges' Retirement System on or before June 30, 2012.

10                    **(2)**    A member or former member is entitled to a retirement allowance:

11                            **(i)**    on termination of service, if the member is at least 60 years old;

12                            **(ii)**   on the recommendation of the medical board, if the member or  
13 former member resigns because of disability;

14                            **(iii)**   when retired by order of the Court of Appeals; or

15                            **(iv)**   at the age of 60 years, if the former member's termination of  
16 service occurred earlier.

17            **(b)**    **(1)**    This subsection applies only to an individual who becomes a member of  
18 the Judges' Retirement System on or after July 1, 2012.

19                    **(2)**    A member or former member is entitled to a retirement allowance:

20                            **(i)**    on termination of service, if the member is at least 60 years old  
21 and has at least 5 years of eligibility service;

22                            **(ii)**   on the recommendation of the medical board, if the member or  
23 former member resigns because of disability;

24                            **(iii)**   when retired by order of the Court of Appeals, **IF THE MEMBER**  
25 **HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;**

26                            **(IV)**   WHEN RETIRED BY ORDER OF THE COURT OF APPEALS  
27 WITH LESS THAN 5 YEARS OF ELIGIBILITY SERVICE, IF THE MEMBER HAS  
28 ELIGIBILITY SERVICE EQUAL TO ~~70 YEARS~~ THE MANDATORY RETIREMENT AGE  
29 REQUIRED BY ARTICLE IV, § 3 OF THE MARYLAND CONSTITUTION MINUS THE  
30 MEMBER'S AGE WHEN THE MEMBER FIRST BECOMES A MEMBER; or

1 [(iv)] (v) at the age of 60 years, if the former member's termination  
2 of service occurred earlier and the former member had at least 5 years of eligibility service  
3 when the former member terminated service.

4 27-402.

5 (a) Except as provided in subsection (b) of this section and subject to subsections  
6 (c) and (d) of this section, on retirement under this subtitle, a retiree is entitled to receive  
7 a retirement allowance that equals two-thirds of the salary payable in that fiscal year to a  
8 member holding the same level judicial position as that held by the retiree on termination  
9 of service.

10 (c) (2) (i) This paragraph applies only to an individual who becomes a  
11 member of the Judges' Retirement System on or after July 1, 2012.

12 (ii) On retirement under this subtitle by a retiree who has at least 5  
13 years but less than 16 years of service credit as a member, the retiree is entitled to a  
14 reduced retirement allowance that equals the retirement allowance computed under  
15 subsection (a) or (b) of this section multiplied by a fraction that has:

16 1. for its numerator, the number of years of service credit as  
17 a member; and

18 2. for its denominator, 16.

19 (iii) ON RETIREMENT UNDER THIS SUBTITLE BY A RETIREE WHO  
20 IS ELIGIBLE TO RETIRE UNDER § 27-401(B)(2)(IV) OF THIS SUBTITLE, THE RETIREE  
21 IS ENTITLED TO A REDUCED RETIREMENT ALLOWANCE THAT EQUALS THE  
22 RETIREMENT ALLOWANCE COMPUTED UNDER SUBSECTION (A) OR (B) OF THIS  
23 SECTION MULTIPLIED BY A FRACTION THAT HAS:

24 1. FOR ITS NUMERATOR, THE NUMBER OF YEARS OF  
25 SERVICE CREDIT AS A MEMBER; AND

26 2. FOR ITS DENOMINATOR, 16.

27 27-405.

28 [(a)] If a member's service is terminated by death and the member leaves no  
29 spouse, child under the age of 18 years, or designated beneficiary or beneficiaries, the  
30 member's accumulated contributions shall be paid to the member's estate.

31 [(b) (1) At the time of termination of service, or within 6 months thereafter, but  
32 before receiving payment of a retirement allowance, a former member may elect to

1 withdraw in a single payment the former member's accumulated contributions from the  
2 dates of payment.

3 (2) If the former member elects to withdraw the accumulated  
4 contributions, the former member has no further rights under the Judges' Retirement  
5 System.]

6 27-406.

7 (a) This section does not apply to a retiree who [:

8 (1)] is temporarily assigned to sit in a court of this State under the authority  
9 of Article IV, § 3A of the Maryland Constitution [; or

10 (2) is employed as a member of the faculty of a public institution of higher  
11 education in the State].

12 (b) Subject to subsection (e) of this section, a retiree may accept employment in  
13 which all or part of the compensation for the employment comes from municipal, county, or  
14 State funds, if the retiree immediately notifies the Board of Trustees of:

15 (1) the retiree's intention to accept the employment; and

16 (2) the compensation that the retiree will receive.

17 (c) (1) Except as provided in paragraph (3) of this subsection, the Board of  
18 Trustees shall reduce the retirement allowance of a retiree who accepts employment as  
19 provided under subsection (b) of this section if the retiree's current employer is any unit of  
20 State government and the retiree's employer at the time of the retiree's last separation  
21 from employment with the State before the retiree commenced receiving a service  
22 retirement allowance was also a unit of State government.

23 (2) The reduction required under paragraph (1) of this subsection shall  
24 equal the amount that the sum of the retiree's annual retirement allowance and the  
25 retiree's annual compensation exceeds the amount of the compensation on which the  
26 retirement allowance is based.

27 (3) The reduction required under paragraph (1) of this subsection does not  
28 apply to an individual who:

29 (I) has been retired for 5 years, beginning on January 1 after the  
30 date the individual retires; OR

31 (II) IS EMPLOYED AS A MEMBER OF THE FACULTY OF A PUBLIC  
32 INSTITUTION OF HIGHER EDUCATION IN THE STATE.

1 (d) (1) [Subject to paragraph (2) of this subsection, if a retiree accepts  
2 employment as allowed by subsection (a) of this section and is subsequently awarded  
3 retirement benefits because of that employment, the Board of Trustees shall reduce the  
4 retiree's benefits under this subtitle by the amount of the retirement benefits resulting  
5 from the subsequent employment if the retiree's current employer is any unit of State  
6 government and the retiree's employer at the time of the retiree's last separation from  
7 employment with the State before the retiree commenced receiving a service retirement  
8 allowance was also a unit of State government.

9 (2) (i) Any reduction taken to a retiree's allowance under [this  
10 subsection] **SUBSECTION (C) OF THIS SECTION** may not exceed an amount that would  
11 reduce the retiree's allowance to less than what is required to be deducted for the retiree's  
12 monthly State-approved medical insurance premiums.

13 [(ii)] (2) If a reduction for a calendar year taken under  
14 [subparagraph (i) of this paragraph] **PARAGRAPH (1) OF THIS SUBSECTION** is less than  
15 the reduction required under [paragraph (1) of this subsection] **SUBSECTION (C) OF THIS**  
16 **SECTION**, the Board of Trustees shall recover from the retiree an amount equal to the  
17 reduction required under [paragraph (1) of this subsection] **SUBSECTION (C) OF THIS**  
18 **SECTION** less the reduction taken under [subparagraph (i) of this paragraph]  
19 **PARAGRAPH (1) OF THIS SUBSECTION**.

20 (e) A retiree may not be employed by the State or other participating employer  
21 on a permanent, temporary, or contractual basis within 45 days of the date the individual  
22 retired.

23 [29-501.

24 This subtitle does not apply to the Judges' Retirement System.]

25 [29-502.] 29-501.

26 The Board of Trustees shall pay a member or former member the amount of the  
27 member's or former member's accumulated contributions if:

28 (1) the member or former member separated from employment for a reason  
29 other than death or retirement; and

30 (2) the member or former member requests the payment.

31 SECTION 2. AND BE IT FURTHER ENACTED, That an individual who was a  
32 member of the Judges' Retirement System on or before June 30, 2012, is separated from  
33 employment for more than 4 years, and returns to employment in a position that requires  
34 membership in the Judges' Retirement System, is subject to the same requirements to  
35 which an individual is subject who was a member of the Judges' Retirement System on or  
36 before June 30, 2012.

1           SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2015.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.