

Chapter 528

(Senate Bill 353)

AN ACT concerning

Optional Retirement Program – Annuity Contracts – Employee Rights

FOR the purpose of repealing a certain requirement that annuity contracts purchased under the optional retirement program shall be issued to and become the property of certain employees; clarifying that, in accordance with the Internal Revenue Code, the rights of certain employees who purchase annuity contracts under the program are fully vested and not subject to forfeit; authorizing the Board of Trustees for the State Retirement and Pension System to transfer existing balances of participating employees in the optional retirement program to a new annuity contract under certain circumstances; authorizing a participating employee in the optional retirement program to select certain annuity contracts for the transfer of existing balances; establishing that, under certain circumstances, a certain election is deemed to have been made by a participating employee in the optional retirement program; *providing for the application of this Act*; and generally relating to the rights of employees to annuity contracts purchased under the optional retirement program.

BY repealing and reenacting, without amendments,
 Article – State Personnel and Pensions
 Section 30–101(a), (b), (d), (f), and (h)
 Annotated Code of Maryland
 (2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,
 Article – State Personnel and Pensions
 Section 30–206 and 30–208
 Annotated Code of Maryland
 (2015 Replacement Volume and 2016 Supplement)

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

Article – State Personnel and Pensions

30–101.

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

(b) (1) “Annuity contract” means a fixed or variable annuity contract or combination of fixed or variable annuity contracts authorized under § 403(a) or (b) of the Internal Revenue Code.

(2) “Annuity contract” includes a custodial account to be invested in regulated investment company stock as provided in § 401(f) or § 403(b)(7) of the Internal Revenue Code.

(d) “Eligible employee” means an individual eligible to participate in the program.

(f) “Participating employee” means an eligible employee who elects to participate in the program.

(h) “Program” means the optional retirement program established under § 30–201 of this title.

30–206.

~~[Annuity] IN ACCORDANCE WITH THE INTERNAL REVENUE CODE, THE RIGHTS OF PARTICIPATING EMPLOYEES TO ANNUITY contracts purchased under the program [shall be issued to and become the property of the participating employees] ARE NOT SUBJECT TO FORFEIT.~~

IN ACCORDANCE WITH § 403(B) OF THE INTERNAL REVENUE CODE, A PARTICIPATING EMPLOYEE’S RIGHTS TO BENEFITS UNDER AN ANNUITY CONTRACT PURCHASED UNDER THE PROGRAM SHALL BE FULLY VESTED AND NONFORFEITABLE.

30–208.

(a) Every 3 years the Board of Trustees shall review the performance, form, and contents of the annuity contracts offered under the program.

(b) After a review under subsection (a) of this section, the Board of Trustees may:

(1) eliminate a designated company from participation in the program; or

(2) withdraw approval for a type of annuity contract offered by a designated company under the program.

(c) **(1)** If a designated company is eliminated from the program or approval for a type of annuity contract is withdrawn, [:

(1) the Board of Trustees:

(1) TO THE EXTENT PERMITTED UNDER AN ANNUITY CONTRACT, MAY DIRECT THE TRANSFER OF EXISTING BALANCES OF PARTICIPATING EMPLOYEES TO A NEW ANNUITY CONTRACT; AND

(II) shall give [the relevant] participating employees an opportunity to select an annuity contract WITH A DESIGNATED COMPANY for future contributions AND EXISTING BALANCES SUBJECT TO TRANSFER under the [program; and] PROGRAM, IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(2) [if] IF a participating employee does not make a [change] SELECTION UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION within a period specified by the Board of Trustees, the participating employee shall be deemed to have elected for future contributions AND EXISTING BALANCES SUBJECT TO TRANSFER an annuity contract and a designated company specified by the Board of Trustees.

(d) All eligible employees shall have access to the information compiled for the purpose of conducting the review required under this section and shall be notified of the availability of the information by the Board of Trustees.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any annuity contract with a designated company that was eliminated from participation in the optional retirement program before the effective date of this Act.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.

Approved by the Governor, May 4, 2017.