

# SENATE BILL 735

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By: **Senator Serafini**

Introduced and read first time: February 4, 2019

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Employees and Teachers – Cash Balance Plan**

3 FOR the purpose of establishing a cash balance plan under the State Retirement and  
4 Pension System; providing that certain individuals are not eligible to participate in  
5 the Employees' Pension System or the Teachers' Pension System if they elect to  
6 participate in the cash balance plan; providing that an individual elected or  
7 appointed to a certain position is a member of the Law Enforcement Officers' Pension  
8 System if the individual does not elect to participate in the Employees' Pension  
9 System or the cash balance plan; providing that certain individuals are not eligible  
10 to participate in the optional retirement program if they elect to participate in the  
11 cash balance plan; requiring the Board of Trustees for the State Retirement and  
12 Pension System to administer the cash balance plan; requiring the Board of Trustees  
13 to adopt certain regulations; authorizing participation in the cash balance plan for  
14 certain individuals; providing that an election to participate in the cash balance plan  
15 is a one-time irrevocable election; providing the vesting requirements for  
16 participating employees in the cash balance plan; requiring that employee  
17 contributions to the cash balance plan be a certain amount and be made in a certain  
18 manner; requiring certain participating employees in the cash balance plan to be a  
19 certain age with a certain number of years of service as an eligible employee prior to  
20 receiving certain distributions; requiring certain participating employees in the cash  
21 balance plan who elect to receive certain distributions before reaching a certain age  
22 with a certain number of years of service to wait until a certain time to receive the  
23 distribution; providing for distribution of certain benefits from the cash balance plan  
24 to a participating employee on retirement; providing that certain participating  
25 employees in the cash balance plan may make certain elections with regard to the  
26 method of distribution for certain benefits payable under the cash balance plan;  
27 requiring the State to make certain employer contributions to the cash balance plan  
28 in a certain manner; requiring certain local employers to pay certain employer  
29 contributions for certain participating employees in the cash balance plan; requiring  
30 the Governor to appropriate funding for certain purposes; making conforming

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 changes; defining certain terms; and generally relating to the establishment of a cash  
2 balance plan for State employees and teachers.

3 BY repealing and reenacting, with amendments,  
4 Article – State Personnel and Pensions  
5 Section 23–201, 23–203, 23–204(a)(1) and (6) and (c), 23–208, and 30–302  
6 Annotated Code of Maryland  
7 (2015 Replacement Volume and 2018 Supplement)

8 BY adding to  
9 Article – State Personnel and Pensions  
10 Section 23–204(a)(6); and 33–101 through 33–208 to be under the new title “Title 33.  
11 Cash Balance Plan”  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2018 Supplement)

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

16 **Article – State Personnel and Pensions**

17 23–201.

18 (a) Except as provided in subsection (b) of this section, §§ 23–203 through 23–205  
19 of this subtitle apply only to:

20 (1) a regular employee whose compensation is provided by State  
21 appropriation or paid from State funds;

22 (2) an appointed or elected official of the State, including:

23 (i) a clerk of the circuit court;

24 (ii) a register of wills;

25 (iii) a State’s Attorney; and

26 (iv) a sheriff;

27 (3) an employee or official of a participating governmental unit who is  
28 eligible to participate under Title 31, Subtitle 1 of this article;

29 (4) an employee of the Office of the Sheriff of Baltimore City;

30 (5) an additional employee or agent of the State Racing Commission  
31 authorized by § 11–207 of the Business Regulation Article;

1           (6) a permanent employee of the board of supervisors of elections of a  
2 county;

3           (7) a full-time magistrate in chancery or in juvenile causes who is  
4 appointed on or after July 1, 1989, in any county by the circuit court for that county;

5           (8) an employee of the Maryland Environmental Service who is a member  
6 of the Employees' Pension System on June 30, 1993, or transfers from the Employees'  
7 Retirement System on or after July 1, 1993;

8           (9) a former Baltimore City jail employee who became an employee of the  
9 Baltimore City Detention Center and a member of the Employees' Pension System on July  
10 1, 1991;

11           (10) a nonfaculty employee of the Baltimore City Community College who:

12                   (i) is a member of the Employees' Pension System on October 1,  
13 2002;

14                   (ii) transfers from the Employees' Retirement System on or after  
15 October 1, 2002;

16                   (iii) transfers from the Teachers' Pension System in accordance with  
17 § 23-202.1 of this subtitle; or

18                   (iv) becomes an employee of the Baltimore City Community College  
19 on or after October 1, 2002;

20           (11) a court reporter for the Circuit Court for Charles County who is a  
21 member of the Employees' Pension System on July 1, 1994, or transfers from the  
22 Employees' Retirement System on or after July 1, 1994;

23           (12) a staff employee of the University System of Maryland, Morgan State  
24 University, or St. Mary's College who is:

25                   (i) a member of the Employees' Pension System on January 1, 1998,  
26 or transfers from the Employees' Retirement System on or after January 1, 1998; or

27                   (ii) a staff employee of the University System of Maryland, Morgan  
28 State University, or St. Mary's College who becomes an employee on or after January 1,  
29 1998;

30           (13) an individual who, on and before the effective date of participation as  
31 defined under § 31-101(c) of this article, is:

32                   (i) a supportive service employee of the Board of Education of Kent  
33 County;

1 (ii) an employee of the Town of Oakland;

2 (iii) an employee of the City of Frostburg;

3 (iv) an employee of the Town of Sykesville; or

4 (v) an employee of the Town of University Park; and

5 (14) an employee of the Maryland Automobile Insurance Fund on or after  
6 the date that the Maryland Automobile Insurance Fund begins participation in the  
7 Employees' Pension System.

8 (b) Sections 23–203 through 23–205 of this subtitle do not apply to:

9 (1) an individual who is or is entitled to be a member of any State system  
10 other than the Employees' Pension System;

11 (2) a contractual, emergency, or temporary extra employee;

12 (3) an individual who is employed under a federal public service  
13 employment program;

14 (4) an assessor who is a member of a retirement or pension system operated  
15 by a political subdivision of the State;

16 (5) an employee of a local board of elections who chooses to stay in a local  
17 merit system under § 2–207 of the Election Law Article;

18 (6) a nonclerical or nonprofessional employee of the Baltimore City  
19 Community College who:

20 (i) was an employee of the New Community College of Baltimore  
21 during the 1989–1990 academic year;

22 (ii) was employed by the New Community College of Baltimore on or  
23 before December 31, 1990, as a “Class A” member of the Baltimore City Retirement Plan;  
24 and

25 (iii) elected to remain a member of the Baltimore City Retirement  
26 Plan;

27 (7) an employee who is not a member of a State system and who accepts a  
28 position for which the budgeted hours per fiscal year are less than 500 hours in the first  
29 fiscal year of employment;

30 (8) an employee of the Domestic Relations Division of the Anne Arundel

1 County Circuit Court who:

2 (i) was transferred on or after July 1, 2002, into the State Personnel  
3 Management System as an employee of the Child Support Administration of the Maryland  
4 Department of Human Services;

5 (ii) elected, under § 2–510 of the Courts Article, to remain as a  
6 participant in the Anne Arundel County Retirement and Pension System; and

7 (iii) remains as an employee of the Child Support Administration of  
8 the Maryland Department of Human Services or an attorney employed to represent the  
9 Child Support Administration;

10 (9) a nonfaculty employee of the Baltimore City Community College who is  
11 eligible to participate and elects to participate in an optional retirement program under  
12 Title 30 of this article;

13 (10) an appointed or elected official who on or after July 1, 2007, is a member  
14 of any other State or local retirement or pension system as defined under Title 37 of this  
15 article; [or]

16 (11) the Director of the Department of Social Services in Montgomery  
17 County who:

18 (i) was transferred into the State Personnel Management System  
19 as an employee of the Social Services Administration of the Maryland Department of  
20 Human Services;

21 (ii) elected, under § 3–403.1 of the Human Services Article, to  
22 remain as a participant in the Montgomery County Employees' Retirement System; and

23 (iii) remains as an employee of the Social Services Administration of  
24 the Maryland Department of Human Services; **OR**

25 **(12) AN INDIVIDUAL EMPLOYED IN A POSITION LISTED UNDER**  
26 **SUBSECTION (A) OF THIS SECTION WHO BEGINS EMPLOYMENT ON OR AFTER JULY 1,**  
27 **2020, AND ELECTS TO PARTICIPATE IN THE CASH BALANCE PLAN UNDER TITLE 33**  
28 **OF THIS ARTICLE.**

29 23–203.

30 **(A)** Except as provided in **SUBSECTION (B) OF THIS SECTION OR § 23–204** of  
31 this subtitle, an individual described in § 23–201(a) of this subtitle who becomes an  
32 employee of a participating employer on or after January 1, 1980, or who transfers  
33 membership from the Employees' Retirement System, is a member of the Employees'  
34 Pension System as a condition of employment.

1           **(B) AN INDIVIDUAL WHO ELECTS TO PARTICIPATE IN THE CASH BALANCE**  
2 **PLAN UNDER TITLE 33 OF THIS ARTICLE MAY NOT BE A MEMBER OF THE**  
3 **EMPLOYEES' PENSION SYSTEM.**

4 23–204.

5           (a) (1) **[Membership] EXCEPT AS PROVIDED IN PARAGRAPH (6) OF THIS**  
6 **SUBSECTION, MEMBERSHIP** in the Employees' Pension System is optional for an  
7 individual who is:

8                   (i) an official, elected or appointed for a fixed term;

9                   (ii) an employee of the Governor's office;

10                  (iii) an employee of the Senate or House of Delegates;

11                  (iv) a member of the Prince George's County Board of License  
12 Commissioners;

13                  (v) an employee of Dorchester County who is not and has not  
14 previously been a member of the county's general pension and retirement program or any  
15 other plan sponsored by Dorchester County; or

16                  (vi) except as provided in subsection (g) of this section, an employee  
17 of a participating governmental unit who is employed by the participating governmental  
18 unit before the effective date of participation and who remains an employee of the  
19 participating governmental unit through the effective date of participation.

20           **(6) AN INDIVIDUAL DESCRIBED UNDER PARAGRAPH (1) OF THIS**  
21 **SUBSECTION MAY NOT ELECT TO JOIN THE EMPLOYEES' PENSION SYSTEM IF THE**  
22 **INDIVIDUAL HAS ELECTED TO PARTICIPATE IN THE CASH BALANCE PLAN UNDER**  
23 **TITLE 33 OF THIS ARTICLE.**

24           **[(6)] (7)** The Board of Trustees shall adopt regulations to implement this  
25 subsection.

26           (c) (1) **[Subject] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
27 **SUBSECTION AND SUBJECT** to paragraph **[(2)] (3)** of this subsection, membership in the  
28 Employees' Pension System is optional for an individual described in  
29 § 23–201(a)(2)(iv) of this subtitle who is elected or appointed as the Baltimore City Sheriff.

30           (2) **AN INDIVIDUAL DESCRIBED IN § 23–201(A)(2)(IV) OF THIS**  
31 **SUBTITLE WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON JUNE 30,**  
32 **2020, AND REMAINS AS THE BALTIMORE CITY SHERIFF ON JULY 1, 2020, SHALL**  
33 **REMAIN A MEMBER OF THE EMPLOYEES' PENSION SYSTEM.**

1           **(3) (I)** An individual who is elected or appointed as the Baltimore City  
2 Sheriff **ON OR BEFORE JUNE 30, 2020**, and who does not elect to join the Employees'  
3 Pension System is a member of the Law Enforcement Officers' Pension System under Title  
4 26 of this article as a condition of employment.

5           **(II) AN INDIVIDUAL WHO IS ELECTED OR APPOINTED AS THE**  
6 **BALTIMORE CITY SHERIFF ON OR AFTER JULY 1, 2020, AND WHO DOES NOT ELECT**  
7 **TO JOIN THE EMPLOYEES' PENSION SYSTEM OR THE CASH BALANCE PLAN UNDER**  
8 **TITLE 33 OF THIS ARTICLE IS A MEMBER OF THE LAW ENFORCEMENT OFFICERS'**  
9 **PENSION SYSTEM UNDER TITLE 26 OF THIS ARTICLE AS A CONDITION OF**  
10 **EMPLOYMENT.**

11           **[(3)] (4) (I)** To elect to be a member of the Employees' Pension System  
12 **[under this subsection,] OR THE CASH BALANCE PLAN UNDER TITLE 33 OF THIS**  
13 **ARTICLE**, an individual shall make the election at commencement of employment by filing  
14 a written application with the Board of Trustees on a form that the Board of Trustees  
15 provides.

16           **[(4)] (II)** An individual who does not elect membership **IN THE**  
17 **EMPLOYEES' PENSION SYSTEM OR THE CASH BALANCE PLAN UNDER TITLE 33 OF**  
18 **THIS ARTICLE** as of the date the individual begins serving as the Baltimore City Sheriff  
19 shall become a member of the Law Enforcement Officers' Pension System.

20 23–208.

21           **(A)** Except as provided in **SUBSECTION (B) OF THIS SECTION OR § 23–209** of  
22 this subtitle, an individual described in § 23–206(a) of this subtitle who becomes employed  
23 by a participating employer on or after January 1, 1980, or who transfers membership from  
24 the Teachers' Retirement System, is a member of the Teachers' Pension System as a  
25 condition of employment.

26           **(B) AN INDIVIDUAL WHO ELECTS TO PARTICIPATE IN THE CASH BALANCE**  
27 **PLAN UNDER TITLE 33 OF THIS ARTICLE MAY NOT BE A MEMBER OF THE TEACHERS'**  
28 **PENSION SYSTEM.**

29 30–302.

30           (a) An election to participate in the program shall be made by an eligible employee  
31 at commencement of employment.

32           (b) An eligible employee's election to participate in the program is a one-time  
33 irrevocable election.

34           (c) An individual who previously participated in **THE CASH BALANCE PLAN**

1 UNDER TITLE 33 OF THIS ARTICLE OR IN a State system as an employee of an employing  
2 institution or any other unit of State government may not elect to participate in the  
3 program.

4 TITLE 33. CASH BALANCE PLAN.

5 SUBTITLE 1. DEFINITIONS.

6 33-101.

7 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
8 INDICATED.

9 (B) "CASH BALANCE PLAN" MEANS A DEFINED BENEFIT PLAN QUALIFIED  
10 UNDER THE INTERNAL REVENUE CODE THAT REQUIRES EMPLOYER  
11 CONTRIBUTIONS AND EMPLOYEE CONTRIBUTIONS EQUAL TO A FIXED PERCENTAGE  
12 OF A PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION THAT ARE  
13 DEPOSITED INTO AN INTEREST-BEARING ACCOUNT AND ADMINISTERED BY THE  
14 BOARD OF TRUSTEES.

15 (C) (1) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL ELIGIBLE TO  
16 PARTICIPATE IN THE CASH BALANCE PLAN WHO BEGINS EMPLOYMENT ON OR AFTER  
17 JULY 1, 2020, IN A POSITION LISTED IN PARAGRAPH (2) OF THIS SUBSECTION.

18 (2) "ELIGIBLE EMPLOYEE" INCLUDES:

19 (I) A MEMBER OF THE FACULTY OF AN EMPLOYING  
20 INSTITUTION;

21 (II) A PROFESSIONAL EMPLOYEE AT A COMMUNITY COLLEGE OR  
22 REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE  
23 EDUCATION ARTICLE;

24 (III) AN EMPLOYEE OF THE UNIVERSITY SYSTEM OF MARYLAND  
25 WHO IS IN A POSITION DESIGNATED AS EXEMPT UNDER A POLICY ADOPTED BY THE  
26 UNIVERSITY SYSTEM OF MARYLAND BOARD OF REGENTS;

27 (IV) AN EMPLOYEE OF MORGAN STATE UNIVERSITY WHO IS IN A  
28 POSITION DESIGNATED AS EXECUTIVE OR PROFESSIONAL ADMINISTRATIVE BY THE  
29 BOARD OF REGENTS OF MORGAN STATE UNIVERSITY;

30 (V) AN EMPLOYEE OF ST. MARY'S COLLEGE OF MARYLAND  
31 WHO IS IN A POSITION DETERMINED BY THE BOARD OF TRUSTEES OF THE COLLEGE  
32 TO BE AN EXEMPT POSITION; AND



1                   (VI) AN INDIVIDUAL WHO IS AN EMPLOYEE OF A PARTICIPATING  
2 EMPLOYER AS:

3                   1. A REGULAR EMPLOYEE WHOSE COMPENSATION IS  
4 PROVIDED BY STATE APPROPRIATION OR PAID FROM STATE FUNDS;

5                   2. AN APPOINTED OR ELECTED OFFICIAL OF THE STATE  
6 WHO IS APPOINTED OR ELECTED FOR A TERM OF OFFICE THAT BEGINS ON OR AFTER  
7 JULY 1, 2020, INCLUDING:

8                   A. A CLERK OF THE CIRCUIT COURT;

9                   B. A REGISTER OF WILLS;

10                  C. A STATE'S ATTORNEY; AND

11                  D. A SHERIFF;

12                  3. AN EMPLOYEE OF A DAY SCHOOL IN THE STATE  
13 UNDER THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR  
14 THE BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:

15                  A. A CLERK;

16                  B. A HELPING TEACHER;

17                  C. A PRINCIPAL;

18                  D. A SUPERINTENDENT;

19                  E. A SUPERVISOR; OR

20                  F. A TEACHER;

21                  4. A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY  
22 THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE;

23                  5. AN EMPLOYEE OF THE OFFICE OF THE SHERIFF OF  
24 BALTIMORE CITY;

25                  6. AN EMPLOYEE OR AGENT OF THE STATE RACING  
26 COMMISSION AUTHORIZED BY § 11-207 OF THE BUSINESS REGULATION ARTICLE;

1                   7.    A PERMANENT EMPLOYEE OF THE BOARD OF  
2 SUPERVISORS OF ELECTIONS OF A COUNTY;

3                   8.    A FULL-TIME MASTER IN CHANCERY OR IN JUVENILE  
4 CAUSES WHO IS APPOINTED ON OR AFTER JULY 1, 2020, IN ANY COUNTY BY THE  
5 CIRCUIT COURT FOR THAT COUNTY;

6                   9.    A NONFACULTY EMPLOYEE OF THE BALTIMORE CITY  
7 COMMUNITY COLLEGE; OR

8                   10. A STAFF EMPLOYEE OF THE UNIVERSITY SYSTEM OF  
9 MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY'S COLLEGE OF  
10 MARYLAND.

11               (3)   "ELIGIBLE EMPLOYEE" DOES NOT INCLUDE AN INDIVIDUAL WHO  
12 ON OR BEFORE JUNE 30, 2020, IS A MEMBER OF:

13               (i)   THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS'  
14 PENSION SYSTEM; OR

15               (ii)  THE OPTIONAL RETIREMENT PROGRAM UNDER TITLE 30 OF  
16 THIS ARTICLE.

17               (d)   "PARTICIPATING EMPLOYEE" MEANS AN ELIGIBLE EMPLOYEE WHO  
18 PARTICIPATES IN THE CASH BALANCE PLAN.

19                                   **SUBTITLE 2. CASH BALANCE PLAN.**

20   **33-201.**

21                   **THERE IS A CASH BALANCE PLAN.**

22   **33-202.**

23                   **THE BOARD OF TRUSTEES FOR THE STATE RETIREMENT AND PENSION**  
24 **SYSTEM SHALL ADMINISTER THE CASH BALANCE PLAN.**

25   **33-203.**

26               (a)   AN ELECTION TO PARTICIPATE IN THE CASH BALANCE PLAN SHALL BE  
27 MADE BY AN ELIGIBLE EMPLOYEE AT COMMENCEMENT OF EMPLOYMENT.

1           **(B) AN ELIGIBLE EMPLOYEE'S ELECTION TO PARTICIPATE IN THE CASH**  
2 **BALANCE PLAN IS A ONE-TIME IRREVOCABLE ELECTION.**

3           **(C) AN INDIVIDUAL WHO PREVIOUSLY PARTICIPATED IN THE EMPLOYEES'**  
4 **PENSION SYSTEM OR TEACHERS' PENSION SYSTEM MAY NOT ELECT TO**  
5 **PARTICIPATE IN THE CASH BALANCE PLAN.**

6 **33-204.**

7           **(A) THE BOARD OF TRUSTEES SHALL ADOPT, IMPLEMENT, AND MAINTAIN**  
8 **THE CASH BALANCE PLAN.**

9           **(B) THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS TO CARRY OUT**  
10 **THIS TITLE.**

11           **(C) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS**  
12 **MADE BY THE PARTICIPATING EMPLOYEE AND THE INTEREST EARNED ON THOSE**  
13 **CONTRIBUTIONS UNDER THE CASH BALANCE PLAN:**

14                   **(1) SHALL IMMEDIATELY BE 100% VESTED;**

15                   **(2) SHALL BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF THE**  
16 **PARTICIPATING EMPLOYEE; AND**

17                   **(3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO**  
18 **THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLAN TO MAINTAIN ITS**  
19 **TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.**

20           **(D) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS**  
21 **MADE BY THE STATE ON BEHALF OF THE PARTICIPATING EMPLOYEE AND THE**  
22 **INTEREST EARNED ON THOSE CONTRIBUTIONS UNDER THE CASH BALANCE PLAN:**

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

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

27                   **(3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO**  
28 **THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLAN TO MAINTAIN ITS**  
29 **TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.**

30 **33-205.**

1           **(A) A PARTICIPATING EMPLOYEE'S CONTRIBUTION RATE IS 5% OF THE**  
2 **PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.**

3           **(B) THE PARTICIPATING EMPLOYEE CONTRIBUTIONS SHALL BE MADE AS**  
4 **PAYROLLS ARE PAID BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN**  
5 **ACCORDANCE WITH THE INTERNAL REVENUE CODE AND AS PROVIDED BY THE CASH**  
6 **BALANCE PLAN.**

7 **33-206.**

8           **(A) (1) A PARTICIPATING EMPLOYEE MAY RETIRE FROM THE CASH**  
9 **BALANCE PLAN IF THE PARTICIPATING EMPLOYEE HAS ATTAINED AT LEAST AGE 62**  
10 **AND AT LEAST 10 YEARS OF SERVICE AS AN ELIGIBLE EMPLOYEE.**

11           **(2) IF A PARTICIPATING EMPLOYEE ELECTS TO RETIRE BEFORE**  
12 **ATTAINING AGE 62 AND 10 YEARS OF SERVICE, THE PARTICIPATING EMPLOYEE MAY**  
13 **NOT RECEIVE ANY DISTRIBUTION UNDER SUBSECTION (C) OF THIS SECTION UNTIL**  
14 **JULY 1 FOLLOWING THE NEXT ACTUARIAL EVALUATION FOLLOWING THE**  
15 **PARTICIPATING EMPLOYEE'S ELECTION.**

16           **(B) ON RETIREMENT UNDER THIS SECTION, A PARTICIPATING EMPLOYEE**  
17 **SHALL RECEIVE A DISTRIBUTION UNDER SUBSECTION (C) OF THIS SECTION THAT**  
18 **EQUALS THE PARTICIPATING EMPLOYEE'S ACCOUNT WITH 5% INTEREST**  
19 **COMPOUNDED ANNUALLY FOR EACH YEAR OF SERVICE AS AN ELIGIBLE EMPLOYEE.**

20           **(C) BENEFITS UNDER THE CASH BALANCE PLAN:**

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

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

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

25                           **1. NO SURVIVOR BENEFIT;**

26                           **2. A 100% JOINT AND SURVIVOR BENEFIT; OR**

27                           **3. A 50% JOINT AND SURVIVOR BENEFIT; AND**

28           **(2) SHALL BE PAYABLE IN ACCORDANCE WITH THE INTERNAL**  
29 **REVENUE CODE AND AS PROVIDED BY THE CASH BALANCE PLAN.**

1 **33-207.**

2 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON BEHALF  
3 OF EACH PARTICIPATING EMPLOYEE WHO MAKES CONTRIBUTIONS UNDER § 33-205  
4 OF THIS SUBTITLE, THE STATE SHALL CONTRIBUTE 5% OF THE PARTICIPATING  
5 EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.

6 (B) (1) IN THIS SUBSECTION, "LOCAL EMPLOYER" MEANS:

7 (I) A DAY SCHOOL IN THE STATE UNDER THE AUTHORITY AND  
8 SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE BALTIMORE CITY BOARD  
9 OF SCHOOL COMMISSIONERS;

10 (II) A LIBRARY THAT IS ESTABLISHED OR OPERATES UNDER THE  
11 EDUCATION ARTICLE; OR

12 (III) A COMMUNITY COLLEGE, OTHER THAN THE BALTIMORE  
13 CITY COMMUNITY COLLEGE, THAT IS ESTABLISHED UNDER THE EDUCATION  
14 ARTICLE.

15 (2) THIS SUBSECTION APPLIES TO EMPLOYER CONTRIBUTIONS FOR A  
16 PARTICIPATING EMPLOYEE WHO IS:

17 (I) AN EMPLOYEE OF A DAY SCHOOL IN THE STATE UNDER THE  
18 AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE  
19 BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:

20 1. A CLERK;

21 2. A HELPING TEACHER;

22 3. A PRINCIPAL;

23 4. A SUPERINTENDENT;

24 5. A SUPERVISOR; OR

25 6. A TEACHER;

26 (II) A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY THAT  
27 IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE; OR

1                   **(III) A PROFESSIONAL EMPLOYEE AT A COMMUNITY COLLEGE OR**  
2 **REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE**  
3 **EDUCATION ARTICLE.**

4                   **(3) ON BEHALF OF A PARTICIPATING EMPLOYEE DESCRIBED UNDER**  
5 **PARAGRAPH (2) OF THIS SUBSECTION, EACH LOCAL EMPLOYER SHALL PAY 80% OF**  
6 **THE EMPLOYER CONTRIBUTIONS THAT ARE REQUIRED UNDER SUBSECTION (A) OF**  
7 **THIS SECTION.**

8                   **(C) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO**  
9 **ARE PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

10                   **(2) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU SHALL**  
11 **PAY THE EMPLOYER CONTRIBUTIONS TO THE CASH BALANCE PLAN AS DIRECTED BY**  
12 **THE BOARD OF TRUSTEES.**

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

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

18                   **(D) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO**  
19 **ARE NOT PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

20                   **(2) THE BOARD OF TRUSTEES SHALL PROVIDE BY REGULATION THE**  
21 **MANNER IN WHICH EMPLOYER CONTRIBUTIONS AND PARTICIPATING EMPLOYEE**  
22 **CONTRIBUTIONS ARE TO BE MADE.**

23 **33-208.**

24                   **THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET BILL AN**  
25 **APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS FOR**  
26 **PARTICIPATING EMPLOYEES REQUIRED UNDER § 33-207 OF THIS SUBTITLE.**

27                   **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**  
28 **1, 2019.**