

# HOUSE BILL 296

P6

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CF SB 6

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By: **Delegate Bridges**

Introduced and read first time: January 25, 2023

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Teachers and State Employees Supplemental Retirement Plans**  
3 **– Automatic Enrollment**

4 FOR the purpose of requiring the State Board of Trustees of the Maryland Teachers and  
5 State Employees Supplemental Retirement Plans to implement an automatic  
6 enrollment arrangement for certain State employees; requiring an eligible employer  
7 to deduct wages of an employee for contribution to a supplemental retirement plan  
8 in accordance with an automatic enrollment arrangement, unless the employee has  
9 elected to withdraw from or cease to contribute to the supplemental retirement plan;  
10 and generally relating to the automatic enrollment of State employees into  
11 supplemental retirement plans.

12 BY repealing and reenacting, with amendments,  
13 Article – State Personnel and Pensions  
14 Section 35–101  
15 Annotated Code of Maryland  
16 (2015 Replacement Volume and 2022 Supplement)

17 BY adding to  
18 Article – State Personnel and Pensions  
19 Section 35–206  
20 Annotated Code of Maryland  
21 (2015 Replacement Volume and 2022 Supplement)

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

24 **Article – State Personnel and Pensions**

25 35–101.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (B) “AUTOMATIC ENROLLMENT ARRANGEMENT” MEANS A SUPPLEMENTAL  
3 PLAN PROVISION THAT REQUIRES AN ELIGIBLE EMPLOYER TO DEDUCT ELECTIVE  
4 DEFERRALS FROM AN EMPLOYEE’S WAGES FOR CONTRIBUTION TO A  
5 SUPPLEMENTAL RETIREMENT PLAN UNLESS THE EMPLOYEE MAKES AN ELECTION  
6 NOT TO CONTRIBUTE OR TO CONTRIBUTE A DIFFERENT AMOUNT.

7 [(b)] (C) “Board” means the State Board of Trustees of the Maryland Teachers  
8 and State Employees Supplemental Retirement Plans.

9 (D) “ELIGIBLE EMPLOYER” MEANS THE EMPLOYER OF AN INDIVIDUAL  
10 ELIGIBLE TO PARTICIPATE IN A SUPPLEMENTAL RETIREMENT PLAN.

11 [(c)] (E) “Supplemental retirement plans” means the deferred compensation,  
12 tax sheltered annuity, salary reduction savings plans, and any other plans authorized by  
13 this title.

14 **35–206.**

15 (A) THE BOARD SHALL IMPLEMENT AN AUTOMATIC ENROLLMENT  
16 ARRANGEMENT TO AUTOMATICALLY ENROLL ALL STATE EMPLOYEES HIRED ON OR  
17 AFTER JANUARY 1, 2024, IN A SUPPLEMENTAL RETIREMENT PLAN.

18 (B) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN ELIGIBLE  
19 EMPLOYER SHALL DEDUCT AN AMOUNT FROM THE WAGES OF AN EMPLOYEE FOR  
20 CONTRIBUTION TO A SUPPLEMENTAL RETIREMENT PLAN AS PART OF AN  
21 AUTOMATIC ENROLLMENT ARRANGEMENT, UNLESS THE EMPLOYEE HAS ELECTED  
22 TO WITHDRAW FROM THE SUPPLEMENTAL RETIREMENT PLAN OR CEASE MAKING  
23 CONTRIBUTIONS TO THE SUPPLEMENTAL RETIREMENT PLAN.

24 (2) THE AMOUNT DEDUCTED FROM THE WAGES OF AN EMPLOYEE  
25 EACH PAY PERIOD SHALL BE THE MINIMUM AMOUNT SET BY THE BOARD, UNLESS  
26 THE EMPLOYEE ELECTS TO:

27 (I) HAVE A DIFFERENT AMOUNT DEDUCTED;

28 (II) CEASE MAKING CONTRIBUTIONS TO THE SUPPLEMENTAL  
29 RETIREMENT PLAN; OR

30 (III) WITHDRAW FROM THE SUPPLEMENTAL RETIREMENT PLAN.

31 (C) AN EMPLOYEE ENROLLED IN A SUPPLEMENTAL RETIREMENT PLAN  
32 UNDER AN AUTOMATIC ENROLLMENT ARRANGEMENT SHALL BE:

1           **(1) PROVIDED A NOTICE WITH AN EXPLANATION OF:**

2                   **(I) THE TERMS OF THE EMPLOYEE'S ENROLLMENT IN THE**  
3 **SUPPLEMENTAL RETIREMENT PLAN, INCLUDING THE CURRENT CONTRIBUTION**  
4 **AMOUNT PROVIDED FOR UNDER THE AUTOMATIC ENROLLMENT ARRANGEMENT;**

5                   **(II) THE EMPLOYEE'S RIGHT TO INCREASE, DECREASE, OR**  
6 **CEASE CONTRIBUTIONS TO THE SUPPLEMENTAL RETIREMENT PLAN;**

7                   **(III) THE EMPLOYEE'S RIGHT TO DISCONTINUE PARTICIPATION**  
8 **IN THE SUPPLEMENTAL RETIREMENT PLAN WITHIN 90 DAYS AFTER THE START OF**  
9 **EMPLOYMENT;**

10                   **(IV) THE EMPLOYEE'S RIGHT TO RECEIVE A REFUND OF THEIR**  
11 **ACCOUNT CONTRIBUTIONS AS SOON AS PRACTICABLE AFTER DISCONTINUING**  
12 **PARTICIPATION WITHIN 90 DAYS AFTER THE START OF EMPLOYMENT; AND**

13                   **(V) THE EMPLOYEE'S RIGHTS REGARDING THE INVESTMENT OF**  
14 **THE EMPLOYEE'S ACCOUNT AND THE INVESTMENT OPTIONS AVAILABLE UNDER THE**  
15 **SUPPLEMENTAL RETIREMENT PLAN; AND**

16           **(2) TREATED AS EXERCISING CONTROL OF THE ASSETS IN THE**  
17 **SUPPLEMENTAL RETIREMENT PLAN ACCOUNT REGARDING THE AMOUNT OF**  
18 **CONTRIBUTIONS AND EARNINGS.**

19           **(D) IF A PARTICIPANT IS ENROLLED IN A SUPPLEMENTAL RETIREMENT**  
20 **PLAN UNDER AN AUTOMATIC ENROLLMENT ARRANGEMENT, THE BOARD SHALL**  
21 **INVEST THE PARTICIPANT'S CONTRIBUTIONS IN A DESIGNATED DEFAULT**  
22 **INVESTMENT OPTION IN ACCORDANCE WITH EACH APPLICABLE SUPPLEMENTAL**  
23 **RETIREMENT PLAN.**

24           **(E) EACH UNIT THAT HIRES AN ELIGIBLE EMPLOYEE WHO IS NOT ALREADY**  
25 **ENROLLED IN A SUPPLEMENTAL RETIREMENT PLAN SHALL PROVIDE THE BOARD**  
26 **WITH THE INFORMATION NECESSARY TO COMPLETE THE ENROLLMENT OF THE**  
27 **EMPLOYEE UNDER THE AUTOMATIC ENROLLMENT ARRANGEMENT.**

28           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply only to  
29 individuals eligible to participate in a supplemental retirement plan who commence  
30 employment or who are reinstated on or after January 1, 2024.

31           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2023.