
By: Delegates Cadden and Klima

Introduced and read first time: January 29, 1996

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pension Systems - Transfers Between Public Systems - Present Value of**
3 **Accrued Benefits**

4 FOR the purpose of requiring the transfer of the present value of certain accrued
5 benefits, to certain State and local retirement or pension systems to which a
6 member of another State and local retirement or pension system transfers;
7 providing for the computation of the present value; requiring that a certain portion
8 of the amount transferred be deposited in a certain fund and credited to the
9 account of the individual who transfers; repealing certain provisions of law relating
10 to the refund or deposit of certain accumulated contributions; and generally relating
11 to the transfer of assets between certain State and local retirement or pension
12 systems.

13 BY repealing and reenacting, with amendments,
14 Article - State Personnel and Pensions
15 Section 37-203
16 Annotated Code of Maryland
17 (1994 Volume and 1995 Supplement)

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

20 **Article - State Personnel and Pensions**

21 37-203.

22 (a) [(1)] An individual may not transfer service credit under this title unless the
23 individual makes a claim for the service credit within 1 year after becoming a member of
24 the new system.

25 [(2) An individual may not transfer service credit from one contributory
26 system to another contributory system unless within 1 year after becoming a member of
27 the new system the individual deposits in the annuity savings fund or other corresponding
28 fund of the new system the total accumulated contributions to the individual's credit in
29 the annuity savings fund or other corresponding fund of the previous system.]

2

1 (b) Except as provided in § 37-204 of this subtitle, an individual who transfers
2 service credit under this title shall receive service credit in the new system in the amount
3 of service credit accumulated under the previous system.

4 (c) On verification of the service credit, the previous system may not provide any
5 benefit for service credit transferred from the previous system to a new system under this
6 title.

7 (d) (1) [Except as provided in paragraph (2) of this subsection, if an individual
8 transfers service credit under this title, the previous system shall refund the individual's
9 accumulated contributions on request.

10 (2) Accumulated contributions applicable to the receipt of service credit or
11 benefits in the new system may not be refunded if:

12 (i) an individual transfers from one noncontributory system to another
13 noncontributory system; or

14 (ii) a former member transfers under § 37-202(b) of this subtitle.]
15 EXCEPT AS PROVIDED IN §§ 37-205 AND 37-206 OF THIS SUBTITLE, AFTER AN
16 INDIVIDUAL TRANSFERS SERVICE CREDIT TO A NEW SYSTEM UNDER THIS TITLE,
17 THE PREVIOUS SYSTEM SHALL TRANSFER THE PRESENT VALUE OF THE
18 INDIVIDUAL'S ACCRUED BENEFIT IN THE PREVIOUS SYSTEM, COMPUTED AS
19 PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION.

20 (2) THE PRESENT VALUE OF THE INDIVIDUAL'S ACCRUED BENEFIT
21 SHALL BE COMPUTED:

22 (I) AS OF THE DATE OF TERMINATION OF MEMBERSHIP IN THE
23 PREVIOUS SYSTEM;

24 (II) USING THE NONINSURED PENSIONER MORTALITY U P - 1984
25 TABLE (-2-1);

26 (III) ASSUMING AN INTEREST RATE OF 7.5%; AND

27 (IV) ASSUMING THE BENEFIT IS PAYABLE AT AGE 60 AS A SINGLE
28 LIFE ANNUITY.

29 (3) THE NEW SYSTEM SHALL DEPOSIT THE PORTION OF THE AMOUNT
30 TRANSFERRED UNDER THIS SUBSECTION THAT IS EQUAL TO THE INDIVIDUAL'S
31 ACCUMULATED CONTRIBUTIONS UNDER THE PREVIOUS SYSTEM IN AN ANNUITY
32 SAVINGS FUND OR OTHER CORRESPONDING FUND, CREDITED TO THE
33 INDIVIDUAL'S ACCOUNT.

34 (e) (1) Except as otherwise provided in PARAGRAPH (2) OF this subsection,
35 after an individual transfers service credit to a new system under this title, the individual:

36 (i) shall pay the rate of contribution applicable to a member of the
37 new system; and

38 (ii) is eligible for a pension and annuity as provided under the new
39 system, determined by taking into account the transferred service credit.

3

1 (2) [Except as provided in § 37-204 of this subtitle, if an individual transfers
2 from a noncontributory system to a contributory system, on retirement the individual's
3 retirement allowance shall be reduced by the actuarial equivalent of the accumulated
4 contributions that would have been deducted if the individual had earned the transferred
5 service credit under the new system, including interest on those contributions.

6 (3) If an individual retires within 5 years after transferring into a new
7 system, the benefits payable with respect to the transferred service credit may not be
8 greater than the benefits that would have been payable by the previous system with
9 respect to that service if the individual had remained in the previous system.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 October 1, 1996.