
By: Senators Green and Dorman

Introduced and read first time: January 22, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' Retirement System - Reemployment of Retirees**

3 FOR the purpose of requiring the Board of Trustees, at the option of certain retirees of
4 the Employees' Retirement System, to restore membership, stop payment of the
5 retirement allowance, restore previous service credit, and on payment of certain
6 amounts give credit for additional service if the retiree is reemployed in a
7 permanent position as a State employee; providing for a certain reduction in the
8 reemployed retiree's annuity and pension reserves under certain circumstances; and
9 generally relating to the reemployment of certain retirees of the Employees'
10 Retirement System.

11 BY repealing and reenacting, without amendments,

12 Article - State Personnel and Pensions
13 Section 22-406
14 Annotated Code of Maryland
15 (1994 Volume and 1995 Supplement)

16 BY adding to

17 Article - State Personnel and Pensions
18 Section 22-406.1
19 Annotated Code of Maryland
20 (1994 Volume and 1995 Supplement)

21 Preamble

22 WHEREAS, Under Chapter 703, Acts of the General Assembly of 1994, provisions
23 of law were repealed that required a retiree of the Employees' Retirement System or of
24 several other State retirement and pension systems who was reemployed in a permanent
25 position with a participating employer to be restored to membership in the system that
26 was appropriate for the position; and

27 WHEREAS, Before the enactment of Chapter 703, a retiree of the Employees'
28 Retirement System had two years after retirement to be restored to active membership in
29 the System if employed by a participating employer and, thus, accrue additional service
30 credit in the System; and

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1 WHEREAS, Those who retired before October 1, 1994, may have relied on the
2 provisions of law as they existed at the time of retirement in deciding to retire; now,
3 therefore,

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

6 **Article - State Personnel and Pensions**

7 22-406.

8 (a) Subject to subsection (b) of this section, a retiree who is receiving a service
9 retirement allowance may accept employment with a participating employer on a
10 permanent, temporary, or contractual basis, without any reduction in retirement
11 allowance, if the retiree immediately notifies the Board of Trustees:

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

13 (2) of the compensation that the retiree will receive.

14 (b) (1) This subsection does not apply to:

15 (i) a retiree who has been retired for more than 10 years;

16 (ii) a retiree whose average final compensation was less than \$10,000
17 and who is reemployed on a temporary or contractual basis; or

18 (iii) a retiree who is serving in an elected position as an official of a
19 participating governmental unit or as a constitutional officer for a county that is a
20 participating governmental unit.

21 (2) The Board of Trustees shall reduce a retiree's retirement allowance by
22 the amount that the sum of the retiree's annual basic allowance, at the time of retirement,
23 and the retiree's annual compensation exceeds the average final compensation used to
24 compute the basic allowance.

25 (c) A reemployed retiree who is receiving a service retirement allowance may not
26 receive creditable service or eligibility service during the period of reemployment.

27 (d) The retiree's compensation during the period of reemployment may not be
28 subject to the employer pickup provisions of § 21-303 of this article or any reduction or
29 deduction as a member contribution for pension or retirement purposes.

30 (e) The State Retirement Agency shall institute appropriate reporting procedures
31 with the affected payroll systems to ensure compliance with this section.

32 (f) (1) Immediately on the employment of any retiree, a participating employer
33 shall notify the State Retirement Agency of the type of employment and the anticipated
34 earnings of the retiree.

35 (2) At least once each year, in a format specified by the State Retirement
36 Agency, each participating employer shall provide the State Retirement Agency with a list
37 of all employees included on any payroll of the employer, the social security numbers of
38 the employees, and their earnings for that year.

1 22-406.1.

2 (A) NOTWITHSTANDING § 22-406 OF THE STATE PERSONNEL AND PENSIONS
3 ARTICLE AND CHAPTER 703 OF THE ACTS OF 1994, IF A RETIREE OF THE EMPLOYEES'
4 RETIREMENT SYSTEM WHO RETIRED WITH A SERVICE RETIREMENT ALLOWANCE
5 BEFORE JULY 1, 1994, HAS BEEN REEMPLOYED IN A PERMANENT POSITION AS A
6 STATE EMPLOYEE AND WOULD OTHERWISE HAVE BEEN ENTITLED TO BE
7 RESTORED TO MEMBERSHIP IN THE EMPLOYEES' RETIREMENT SYSTEM EXCEPT FOR
8 THE ENACTMENT OF CHAPTER 703, THE BOARD OF TRUSTEES SHALL, AT THE
9 OPTION OF THE RETIREE:

10 (1) RESTORE THE MEMBERSHIP OF THE REEMPLOYED RETIREE;

11 (2) STOP RETIREMENT ALLOWANCE PAYMENTS AFTER THE LAST DAY
12 OF THE MONTH THAT MEMBERSHIP IS RESTORED;

13 (3) RESTORE PREVIOUS CREDITABLE SERVICE AND ELIGIBILITY
14 SERVICE TO THE ACCOUNT OF THE MEMBER; AND

15 (4) ON PAYMENT OF THE AMOUNTS REQUIRED UNDER SUBSECTION (B)
16 OF THIS SECTION, CREDIT THE MEMBER WITH CREDITABLE SERVICE AND
17 ELIGIBILITY SERVICE PERFORMED BEGINNING THE DATE OF REEMPLOYMENT.

18 (B) ON RESTORATION OF MEMBERSHIP, THE MEMBER SHALL REIMBURSE
19 THE EMPLOYEES' RETIREMENT SYSTEM FOR THE RETIREMENT ALLOWANCE
20 PAYMENTS MADE FROM THE DATE OF REEMPLOYMENT AND SHALL PAY THE
21 AMOUNT OF MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FROM
22 THE DATE OF REEMPLOYMENT PLUS REGULAR INTEREST TO THE DATE OF
23 PAYMENT.

24 (C) IF THE MEMBER LATER RETIRES OR DIES WHILE EMPLOYED BY A
25 PARTICIPATING EMPLOYER, THE BOARD OF TRUSTEES SHALL REDUCE THE
26 MEMBER'S ANNUITY RESERVE AND PENSION RESERVE BY THE AMOUNT OF
27 PAYMENTS MADE TO THE MEMBER DURING THE MEMBER'S EARLIER RETIREMENT
28 LESS ANY AMOUNT THAT THE MEMBER REIMBURSED THE EMPLOYEES'
29 RETIREMENT SYSTEM FOR THOSE PAYMENTS.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 1996.