
By: Senators Green and Dorman

Introduced and read first time: January 22, 1996

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 27, 1996

CHAPTER ____

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23 of law were repealed that required a retiree of the Employees' Retirement System or of

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1 several other State retirement and pension systems who was reemployed in a permanent
2 position with a participating employer to be restored to membership in the system that
3 was appropriate for the position; and

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

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

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

13 **Article - State Personnel and Pensions**

14 22-406.

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

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

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

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

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

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

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

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

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

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

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

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

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

8 22-406.1.

9 (A) NOTWITHSTANDING § 22-406 OF THE STATE PERSONNEL AND PENSIONS
10 ARTICLE AND CHAPTER 703 OF THE ACTS OF 1994, IF A RETIREE OF THE EMPLOYEES'
11 RETIREMENT SYSTEM WHO HAD AN AVERAGE FINAL COMPENSATION OF LESS THAN
12 \$10,000, RETIRED FROM AN ELECTED POSITION AS AN OFFICIAL OF A PARTICIPATING
13 GOVERNMENTAL UNIT, RETIRED WITH A SERVICE RETIREMENT ALLOWANCE
14 BEFORE JULY 1, 1994, HAS BEEN REEMPLOYED IN A PERMANENT POSITION AS A
15 STATE EMPLOYEE AND WOULD OTHERWISE HAVE BEEN ENTITLED TO BE
16 RESTORED TO MEMBERSHIP IN THE EMPLOYEES' RETIREMENT SYSTEM EXCEPT FOR
17 THE ENACTMENT OF CHAPTER 703, THE BOARD OF TRUSTEES SHALL, AT THE
18 OPTION OF THE RETIREE:

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

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

22 (3) RESTORE PREVIOUS CREDITABLE SERVICE AND ELIGIBILITY
23 SERVICE TO THE ACCOUNT OF THE MEMBER; AND

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

27 (B) ON RESTORATION OF MEMBERSHIP, THE MEMBER SHALL REIMBURSE
28 THE EMPLOYEES' RETIREMENT SYSTEM FOR THE RETIREMENT ALLOWANCE
29 PAYMENTS MADE FROM THE DATE OF REEMPLOYMENT AND SHALL PAY THE
30 AMOUNT OF MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FROM
31 THE DATE OF REEMPLOYMENT PLUS REGULAR INTEREST TO THE DATE OF
32 PAYMENT.

33 (C) IF THE MEMBER LATER RETIRES OR DIES WHILE EMPLOYED BY A
34 PARTICIPATING EMPLOYER, THE BOARD OF TRUSTEES SHALL REDUCE THE
35 MEMBER'S ANNUITY RESERVE AND PENSION RESERVE BY THE AMOUNT OF
36 PAYMENTS MADE TO THE MEMBER DURING THE MEMBER'S EARLIER RETIREMENT
37 LESS ANY AMOUNT THAT THE MEMBER REIMBURSED THE EMPLOYEES'
38 RETIREMENT SYSTEM FOR THOSE PAYMENTS.

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

