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**By: Senator McCabe (By Request)**

Introduced and read first time: January 23, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Pensions - Transfers to Local Contributory Systems**

3 FOR the purpose of allowing certain local retirement or pension systems that have a  
4 contributory retirement or pension system to authorize their members who have  
5 transferred from a noncontributory system to receive a retirement allowance  
6 without a certain reduction.

7 BY repealing and reenacting, with amendments,  
8 Article - State Personnel and Pensions  
9 Section 37-203(e)  
10 Annotated Code of Maryland  
11 (1994 Volume and 1996 Supplement)

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

14 **Article - State Personnel and Pensions**

15 37-203.

16 (e) (1) Except as otherwise provided in this subsection, after an individual  
17 transfers service credit to a new system under this title, the individual:

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

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

22 (2) Except as provided in PARAGRAPH (3) OF THIS SUBSECTION AND §  
23 37-204 of this subtitle, if an individual transfers from a noncontributory system to a  
24 contributory system, on retirement the individual's retirement allowance shall be reduced  
25 by the actuarial equivalent of the accumulated contributions that would have been  
26 deducted if the individual had earned the transferred service credit under the new system,  
27 including interest on those contributions.

28 (3) A LOCAL RETIREMENT OR PENSION SYSTEM THAT HAS A  
29 CONTRIBUTORY SYSTEM MAY AUTHORIZE ITS MEMBERS WHO HAVE TRANSFERRED  
30 FROM A NONCONTRIBUTORY SYSTEM TO RECEIVE A RETIREMENT ALLOWANCE

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1 WITHOUT THE REDUCTION REQUIRED UNDER PARAGRAPH (2) OF THIS  
2 SUBSECTION.

3                    [(3)] (4) If an individual retires within 5 years after transferring into a new  
4 system, the benefits payable with respect to the transferred service credit may not be  
5 greater than the benefits that would have been payable by the previous system with  
6 respect to that service if the individual had remained in the previous system.

7                    SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 1997.