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**By: Senator Amoss (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 24, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Workforce Reduction Act - Retirement Allowance for Deferred Retirements**

3 FOR the purpose of providing that certain members of the Employees' Pension System  
4 whose retirement under the Workforce Reduction Act was deferred shall receive  
5 the greater of two retirement allowances computed as of certain dates; providing for  
6 the construction of this Act; and generally relating to the computation of retirement  
7 allowances of certain retirees under the Workforce Reduction Act.

8 BY repealing and reenacting, with amendments,  
9 Chapter 353 of the Acts of the General Assembly of 1996  
10 Section 2(9)

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

13 **Chapter 353 of the Acts of 1996**

14 SECTION 2. AND BE IT FURTHER ENACTED, That:

15 (9) (i) Except as provided in [subparagraph (ii)] SUBPARAGRAPHS (II)  
16 AND (III) of this paragraph, a member of the Employees' Pension System who retires  
17 under this section of this Act shall receive a service retirement allowance equal to the sum  
18 of the member's creditable service and the additional credit described in paragraph (7) of  
19 this section of this Act, multiplied by:

20 1. 0.8 percent of the member's average final compensation that  
21 is not in excess of the social security integration level; and

22 2. 1.5 percent of the member's average final compensation that  
23 exceeds the social security integration level; and

24 (ii) If a member has less than 30 years of creditable service and is less  
25 than 62 years old, the member's retirement allowance computed under subparagraph (i)  
26 of this paragraph shall be:

27 1. Reduced by the lesser of 0.5% for each month by which the  
28 member's date of retirement precedes the date the member would be 62 years old or  
29 42%; and

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1                                    2. Increased by the lesser of 18% or the amount of the  
2 reduction under sub-subparagraph 1 of this subparagraph;

3                                    (III) IF A MEMBER'S RETIREMENT IS DEFERRED UNDER SECTION 8  
4 OR 9 OF THIS ACT, THE MEMBER SHALL RECEIVE THE GREATER OF A SERVICE  
5 RETIREMENT ALLOWANCE COMPUTED UNDER SUBPARAGRAPHS (I) AND (II) OF THIS  
6 PARAGRAPH AS OF THE RETIREMENT DATE OR A SERVICE RETIREMENT  
7 ALLOWANCE THAT IS EQUAL TO THE SUM OF THE MEMBER'S CREDITABLE SERVICE  
8 AS OF OCTOBER 1, 1996 AND THE ADDITIONAL CREDIT DESCRIBED IN PARAGRAPH  
9 (7) OF THIS SECTION OF THIS ACT AS OF OCTOBER 1, 1996:

10                                   1. MULTIPLIED BY 0.8 PERCENT OF THE MEMBER'S  
11 AVERAGE FINAL COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY  
12 INTEGRATION LEVEL THAT IS IN EFFECT ON OCTOBER 1, 1996;

13                                   2. MULTIPLIED BY 1.5 PERCENT OF THE MEMBER'S  
14 AVERAGE FINAL COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY  
15 INTEGRATION LEVEL THAT IS IN EFFECT ON OCTOBER 1, 1996; AND

16                                   3. IF, AS OF OCTOBER 1, 1996, THE MEMBER HAS LESS THAN  
17 30 YEARS OF CREDITABLE SERVICE AND IS LESS THAN 62 YEARS OLD, THE MEMBER'S  
18 RETIREMENT ALLOWANCE COMPUTED UNDER ITEMS 1 AND 2 OF THIS  
19 SUBPARAGRAPH SHALL BE:

20                                   A. REDUCED BY THE LESSER OF 0.5% FOR EACH MONTH BY  
21 WHICH OCTOBER 1, 1996 PRECEDES THE DATE THE MEMBER WOULD BE 62 YEARS  
22 OLD OR 42%; AND

23                                   B. INCREASED BY THE LESSER OF 18% OR THE AMOUNT OF  
24 THE REDUCTION UNDER ITEM A OF THIS ITEM;

25                                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed  
26 retroactively and shall be applied to and interpreted to affect the computation of a  
27 retirement allowance for any member of the Employees' Pension System whose  
28 retirement was deferred under Chapter 353, § 8 or § 9, of the Acts of 1996.

29                                   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 June 1, 1997.