
By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 29, 1998

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pensions - Reemployment of Individuals Receiving Vested**
3 **Allowances**

4 FOR the purpose of clarifying that an individual who is receiving a vested allowance
5 from certain State retirement and pension systems, and who accepts
6 employment with certain employers who participate in the systems, may be
7 subject to an earnings limitation under certain circumstances; clarifying that
8 individuals receiving a vested allowance who are reemployed by a participating
9 employer may not receive creditable service or eligibility service during the
10 period of reemployment and whose compensation may not be subject to
11 employer pickup provisions or member contributions; requiring certain
12 participating employers to notify the State Retirement Agency of certain
13 information on employment of an individual receiving a vested allowance; and
14 generally relating to individuals receiving a vested allowance who are
15 reemployed by certain employers who participate in the State retirement and
16 pension systems.

17 BY repealing and reenacting, with amendments,
18 Article - State Personnel and Pensions
19 Section 22-406, 23-407, 24-405, 25-403, and 28-402
20 Annotated Code of Maryland
21 (1997 Replacement Volume)

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

24 **Article - State Personnel and Pensions**

25 22-406.

26 (a) Subject to subsection (b) of this section, [a retiree] AN INDIVIDUAL who is
27 receiving a service retirement allowance OR VESTED ALLOWANCE may accept
28 employment with a participating employer on a permanent, temporary, or contractual
29 basis, without any reduction in [retirement] THE allowance, if the [retiree]
30 INDIVIDUAL immediately notifies the Board of Trustees:

1 (1) of the [retiree's] INDIVIDUAL'S intention to accept the employment;
2 and

3 (2) of the compensation that the [retiree] INDIVIDUAL will receive.

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

5 (i) [a retiree] AN INDIVIDUAL who has been retired for more than
6 10 years;

7 (ii) [a retiree] AN INDIVIDUAL whose average final compensation
8 was less than \$10,000 and who is reemployed on a temporary or contractual basis;

9 (iii) [a retiree] AN INDIVIDUAL who is serving in an elected position
10 as an official of a participating governmental unit or as a constitutional officer for a
11 county that is a participating governmental unit; or

12 (iv) a retiree of the Teachers' Retirement System:

13 1. who retired and was reemployed by a participating
14 employer other than the State on or before September 30, 1994; and

15 2. whose employment compensation does not derive, in whole
16 or in part, from State funds.

17 (2) The Board of Trustees shall reduce [a retiree's retirement] AN
18 INDIVIDUAL'S allowance:

19 (i) by the amount that the sum of the [retiree's] INDIVIDUAL'S
20 INITIAL annual basic allowance[, at the time of retirement,] and the [retiree's]
21 INDIVIDUAL'S annual compensation exceeds the average final compensation used to
22 compute the basic allowance; or

23 (ii) for a retiree who retired under the Workforce Reduction Act
24 (Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual
25 compensation and the retiree's annual basic allowance at the time of retirement,
26 including the incentive provided by the Workforce Reduction Act, exceeds the average
27 final compensation used to compute the basic allowance.

28 (c) [A reemployed retiree] AN INDIVIDUAL who is receiving a service
29 retirement allowance OR A VESTED ALLOWANCE AND WHO IS REEMPLOYED BY A
30 PARTICIPATING EMPLOYER may not receive creditable service or eligibility service
31 during the period of reemployment.

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

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

3 (f) (1) Immediately on the employment of any [retiree] INDIVIDUAL
4 RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE, a
5 participating employer shall notify the State Retirement Agency of the type of
6 employment and the anticipated earnings of the [retiree] INDIVIDUAL.

7 (2) At least once each year, in a format specified by the State Retirement
8 Agency, each participating employer shall provide the State Retirement Agency with
9 a list of all employees included on any payroll of the employer, the Social Security
10 numbers of the employees, and their earnings for that year.

11 23-407.

12 (a) Subject to subsection (b) of this section, [a retiree] AN INDIVIDUAL who is
13 receiving a service retirement allowance OR A VESTED ALLOWANCE may accept
14 employment with a participating employer on a permanent, temporary, or contractual
15 basis, without any reduction in [retirement] THE allowance, if:

16 (1) the [retiree] INDIVIDUAL immediately notifies the Board of Trustees
17 of the [retiree's] INDIVIDUAL'S intention to accept this employment; and

18 (2) the [retiree] INDIVIDUAL specifies the compensation to be received.

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

20 (i) [a retiree] AN INDIVIDUAL whose average final compensation
21 was less than \$10,000 and who is reemployed on a temporary or contractual basis; or

22 (ii) [a retiree] AN INDIVIDUAL who is serving in an elected position
23 as an official of a participating governmental unit or as a constitutional officer for a
24 county that is a participating governmental unit.

25 (2) The Board of Trustees shall reduce [a retiree's retirement] AN
26 INDIVIDUAL'S allowance:

27 (i) by the amount that the sum of the [retiree's] INDIVIDUAL'S
28 INITIAL annual basic allowance[, at the time of retirement,] and the [retiree's]
29 INDIVIDUAL'S annual compensation exceeds the average final compensation used to
30 compute the basic allowance; or

31 (ii) for a retiree who retired under the Workforce Reduction Act
32 (Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual
33 compensation and the retiree's annual basic allowance at the time of retirement,
34 including the incentive provided by the Workforce Reduction Act, exceeds the average
35 final compensation used to compute the basic allowance.

36 (c) [A reemployed retiree] AN INDIVIDUAL who is receiving a service
37 retirement allowance OR A VESTED ALLOWANCE AND WHO IS REEMPLOYED BY A

1 PARTICIPATING EMPLOYER may not receive creditable service or eligibility service
2 during the period of reemployment.

3 (d) The [retiree's] INDIVIDUAL'S compensation during the period of
4 reemployment may not be subject to the employer pickup provisions of § 21-303 of
5 this article or any reduction or deduction as a member contribution for pension or
6 retirement purposes.

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

9 (f) (1) Immediately on the employment of any [retiree] INDIVIDUAL
10 RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE, a
11 participating employer shall notify the State Retirement Agency of the type of
12 employment and the anticipated earnings of the [retiree] INDIVIDUAL.

13 (2) At least once each year, in a format specified by the State Retirement
14 Agency, each participating employer shall provide the State Retirement Agency with
15 a list of all employees included on any payroll of the employer, the Social Security
16 numbers of the employees, and their earnings for that year.

17 24-405.

18 (a) Subject to subsections (b) and (c) of this section, [a retiree] AN
19 INDIVIDUAL who is receiving a service retirement allowance OR VESTED ALLOWANCE
20 may accept employment with a participating employer on a temporary basis, if:

21 (1) the employment is not in a regularly allocated position; and

22 (2) the [retiree] INDIVIDUAL immediately notifies the Board of Trustees:

23 (i) of the [retiree's] INDIVIDUAL'S intention to accept the
24 employment; and

25 (ii) of the compensation that the [retiree] INDIVIDUAL will receive.

26 (b) (1) This subsection does not apply to [a retiree] AN INDIVIDUAL who has
27 been retired for more than 10 years.

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

33 (c) For purposes of this section, employment is not on a temporary basis if, in
34 any 12-month period, [a retiree] AN INDIVIDUAL works:

35 (1) full time for more than 6 months; or

36 (2) part time for the equivalent of more than 6 months of full-time work.

1 25-403.

2 (a) Subject to subsection (b) of this section, [a retiree] AN INDIVIDUAL who is
3 receiving a service retirement allowance OR VESTED ALLOWANCE may accept
4 employment with a participating employer on a permanent, temporary, or contractual
5 basis, without any reduction in [retirement] THE allowance, if the [retiree]
6 INDIVIDUAL immediately notifies the Board of Trustees:

7 (1) of the [retiree's] INDIVIDUAL'S intention to accept the employment;
8 and

9 (2) of the compensation that the [retiree] INDIVIDUAL will receive.

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

11 (i) [a retiree] AN INDIVIDUAL who has been retired for more than
12 10 years;

13 (ii) [a retiree] AN INDIVIDUAL whose average final compensation
14 was less than \$10,000 and who is reemployed on a temporary or contractual basis; or

15 (iii) [a retiree] AN INDIVIDUAL who is serving in an elected position
16 as an official of a participating governmental unit or as a constitutional officer for a
17 county that is a participating governmental unit.

18 (2) The Board of Trustees shall reduce [a retiree's retirement] AN
19 INDIVIDUAL'S allowance by the amount that the sum of the [retiree's] INDIVIDUAL'S
20 INITIAL annual basic allowance[, at the time of retirement,] and the [retiree's]
21 INDIVIDUAL'S annual compensation exceeds the average final compensation used to
22 compute the basic allowance.

23 (c) [A reemployed retiree] AN INDIVIDUAL who is receiving a service
24 retirement allowance OR A VESTED ALLOWANCE AND WHO IS REEMPLOYED BY A
25 PARTICIPATING EMPLOYER may not receive creditable service or eligibility service
26 during the period of reemployment.

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

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

33 (f) (1) Immediately on the employment of any [retiree] INDIVIDUAL
34 RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE, a
35 participating employer shall notify the State Retirement Agency of the type of
36 employment and the anticipated earnings of the [retiree] INDIVIDUAL.

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

5 28-402.

6 (a) Subject to subsection (b) of this section, [a retiree] AN INDIVIDUAL who is
7 receiving a service retirement allowance OR VESTED ALLOWANCE may accept
8 employment with a participating employer on a permanent, temporary, or contractual
9 basis, without any reduction in [retirement] THE allowance, if:

10 (1) the [retiree] INDIVIDUAL immediately notifies the Board of Trustees
11 of the [retiree's] INDIVIDUAL'S intention to accept the employment; and

12 (2) the [retiree] INDIVIDUAL specifies the compensation to be received.

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

14 (i) [a retiree] AN INDIVIDUAL whose average final compensation
15 was less than \$10,000 and who is reemployed on a temporary or contractual basis; or

16 (ii) [a retiree] AN INDIVIDUAL who is serving in an elected position
17 as an official of a participating governmental unit or as a constitutional officer for a
18 county that is a participating governmental unit.

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

24 (c) [A reemployed retiree] AN INDIVIDUAL who is receiving a service
25 retirement allowance OR A VESTED ALLOWANCE AND WHO IS REEMPLOYED BY A
26 PARTICIPATING EMPLOYER may not receive creditable service or eligibility service
27 during the period of reemployment.

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

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

34 (f) (1) Immediately on the employment of any [retiree] INDIVIDUAL
35 RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE, a
36 participating employer shall notify the State Retirement Agency of the type of
37 employment and the anticipated earnings of the [retiree] INDIVIDUAL.

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

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 1998.