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

Introduced and read first time: January 29, 1998

Assigned to: Appropriations

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Committee Report: Favorable

House action: Adopted

Read second time: March 10, 1998

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CHAPTER \_\_\_\_\_

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:

**Article - State Personnel and Pensions**

22-406.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) [A reemployed retiree] AN INDIVIDUAL who is receiving a service 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 23-407.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 24-405.

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

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

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

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

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

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

35 (2) The Board of Trustees shall reduce [a retiree's retirement] AN  
36 INDIVIDUAL'S allowance by the amount that the sum of the [retiree's] INDIVIDUAL'S  
37 INITIAL annual basic allowance[, at the time of retirement,] and the [retiree's]

1 INDIVIDUAL'S annual compensation exceeds the average final compensation used to  
2 compute the basic allowance.

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

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

6 (2) part time for the equivalent of more than 6 months of full-time work.  
7 25-403.

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

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

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

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

17 (i) [a retiree] AN INDIVIDUAL who has been retired for more than  
18 10 years;

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

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

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

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

33 (d) The [retiree's] INDIVIDUAL'S compensation during the period of  
34 reemployment may not be subject to the employer pickup provisions of § 21-303 of  
35 this article or any reduction or deduction as a member contribution for pension or  
36 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 28-402.

12 (a) Subject to subsection (b) of this section, [a retiree] AN INDIVIDUAL who is  
13 receiving a service retirement allowance OR 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 the 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 by the amount that the sum of the [retiree's] INDIVIDUAL'S  
27 INITIAL annual basic allowance[, at the time of retirement,] and the [retiree's]  
28 INDIVIDUAL'S annual compensation exceeds the average final compensation used to  
29 compute the basic allowance.

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

34 (d) The [retiree's] INDIVIDUAL'S compensation during the period of  
35 reemployment may not be subject to the employer pickup provisions of § 21-303 of  
36 this article or any reduction or deduction as a member contribution for pension or  
37 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 1998.