
By: **Delegates Rawlings and Rosenberg**
Introduced and read first time: February 13, 1998
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Mandatory Supplemental**
3 **Retirement Plan**

4 FOR the purpose of establishing a certain Mandatory Supplemental Retirement Plan
5 for certain members of the Employees' Pension System and members of the
6 Teachers' Pension System; providing for the State Board of Trustees of the
7 Maryland Teachers and State Employees Supplemental Retirement Plans and
8 county boards of education to administer the Plan; requiring the State Board to
9 adopt regulations; requiring certain member and employer contributions under
10 certain circumstances; requiring the Governor to include a certain amount in
11 the State budget bill; requiring the Board of Trustees for the State Retirement
12 and Pension System to certify certain information; declaring the intent of the
13 General Assembly; defining certain terms; and generally relating to the
14 establishment of a Mandatory Supplemental Retirement Plan for certain
15 members of the Employees' Pension System and the Teachers' Pension System.

16 BY adding to
17 Article - State Personnel and Pensions
18 Section 32-101 through 32-110, inclusive, to be under the new title "Title 32.
19 Mandatory Supplemental Retirement Plan"
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 **TITLE 32. MANDATORY SUPPLEMENTAL RETIREMENT PLAN.**

26 32-101.

27 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

1 (B) "COUNTY BOARD OF EDUCATION" INCLUDES THE NEW BALTIMORE CITY
2 BOARD OF SCHOOL COMMISSIONERS.

3 (C) "COUNTY MEMBER" MEANS A MEMBER WHO IS AN EMPLOYEE OF A
4 COUNTY BOARD OF EDUCATION.

5 (D) "COUNTY SUPPLEMENTAL PLAN" MEANS:

6 (1) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K) OF THE
7 INTERNAL REVENUE CODE IN WHICH A COUNTY MEMBER MAY PARTICIPATE;

8 (2) A TAX SHELTERED ANNUITY PLAN QUALIFIED UNDER § 403(A) OR §
9 403(B) OF THE INTERNAL REVENUE CODE IN WHICH A COUNTY MEMBER MAY
10 PARTICIPATE; OR

11 (3) A DEFERRED COMPENSATION PLAN QUALIFIED UNDER § 457 OF THE
12 INTERNAL REVENUE CODE IN WHICH A COUNTY MEMBER MAY PARTICIPATE.

13 (E) "MEMBER" MEANS:

14 (1) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO IS NOT AN
15 EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT; OR

16 (2) A MEMBER OF THE TEACHERS' PENSION SYSTEM.

17 (F) "PLAN" MEANS THE MANDATORY SUPPLEMENTAL RETIREMENT PLAN
18 ESTABLISHED UNDER § 32-101 OF THIS TITLE.

19 (G) "STATE MEMBER" MEANS A MEMBER WHO IS NOT AN EMPLOYEE OF A
20 COUNTY BOARD OF EDUCATION.

21 (H) "STATE SUPPLEMENTAL PLAN" MEANS:

22 (1) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K) OF THE
23 INTERNAL REVENUE CODE AND ADMINISTERED BY THE SUPPLEMENTAL BOARD;

24 (2) A TAX SHELTERED ANNUITY PLAN QUALIFIED UNDER § 403(B) OF
25 THE INTERNAL REVENUE CODE AND ADMINISTERED BY THE SUPPLEMENTAL
26 BOARD; OR

27 (3) A DEFERRED COMPENSATION PLAN QUALIFIED UNDER § 457 OF THE
28 INTERNAL REVENUE CODE AND ADMINISTERED BY THE SUPPLEMENTAL BOARD.

29 (I) "SUPPLEMENTAL BOARD" MEANS THE STATE BOARD OF TRUSTEES OF THE
30 MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS
31 ESTABLISHED UNDER § 35-201 OF THIS ARTICLE.

1 32-102.

2 THIS TITLE APPLIES ONLY TO:

3 (1) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO IS NOT AN
4 EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT; OR

5 (2) A MEMBER OF THE TEACHERS' PENSION SYSTEM.

6 32-103.

7 (A) THERE IS A MANDATORY SUPPLEMENTAL RETIREMENT PLAN.

8 (B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE PLAN PROVIDE
9 RETIREMENT BENEFITS IN ADDITION TO BENEFITS PROVIDED UNDER THE
10 EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM.

11 32-104.

12 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE
13 SUPPLEMENTAL BOARD SHALL ADMINISTER THE PLAN.

14 (B) WITH RESPECT TO A COUNTY MEMBER, THE COUNTY BOARD SHALL
15 ADMINISTER THE PLAN.

16 32-105.

17 THE SUPPLEMENTAL BOARD SHALL ADOPT REGULATIONS TO CARRY OUT THIS
18 TITLE.

19 32-106.

20 (A) SUBJECT TO § 32-109 OF THIS TITLE, EACH MEMBER SHALL CONTRIBUTE
21 3% OF THE MEMBER'S SALARY.

22 (B) THE MEMBER CONTRIBUTIONS SHALL BE MADE AS PAYROLLS ARE PAID
23 AND BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN ACCORDANCE WITH
24 THE INTERNAL REVENUE CODE.

25 (C) EACH STATE MEMBER SHALL DESIGNATE TO WHICH STATE
26 SUPPLEMENTAL PLAN THE MEMBER CONTRIBUTIONS ARE TO BE MADE.

27 (D) EACH COUNTY MEMBER SHALL DESIGNATE TO WHICH COUNTY
28 SUPPLEMENTAL PLAN THE MEMBER CONTRIBUTIONS ARE TO BE MADE.

29 32-107.

30 (A) FOR EACH STATE MEMBER, THE STATE SHALL CONTRIBUTE TO THE PLAN
31 EMPLOYER CONTRIBUTIONS OF 1.5% OF A MEMBER'S SALARY EACH PAY PERIOD UP
32 TO \$450 PER YEAR, AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

1 (B) (1) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU SHALL PAY
2 THE EMPLOYER CONTRIBUTIONS TO THE STATE SUPPLEMENTAL PLAN AS DIRECTED
3 BY THE SUPPLEMENTAL BOARD.

4 (2) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS OF THE
5 UNITS EMPLOYING THE STATE MEMBERS.

6 (3) IF A STATE MEMBER'S SALARY IS PAID FROM SPECIAL OR FEDERAL
7 FUNDS OR BOTH, THE STATE'S CONTRIBUTION TO THE PLAN SHALL BE PAID FROM
8 THOSE FUNDS.

9 (4) FOR STATE MEMBERS WHO ARE NOT PAID THROUGH CENTRAL
10 PAYROLL, THE SUPPLEMENTAL BOARD SHALL PROVIDE BY REGULATION HOW
11 EMPLOYER CONTRIBUTIONS ARE TO BE MADE.

12 32-108.

13 (A) FOR EACH COUNTY MEMBER, THE COUNTY BOARD SHALL CONTRIBUTE TO
14 THE PLAN EMPLOYER CONTRIBUTIONS OF 1.5% OF A MEMBER'S SALARY EACH PAY
15 PERIOD UP TO \$450 PER YEAR, AS PROVIDED IN SUBSECTION (B) OF THIS SECTION.

16 (B) (1) AS PAYROLLS ARE PAID, THE COUNTY BOARD SHALL PAY THE
17 EMPLOYER CONTRIBUTIONS TO THE COUNTY SUPPLEMENTAL PLAN THAT THE
18 COUNTY BOARD DETERMINES APPROPRIATE.

19 (2) THE COUNTY BOARDS SHALL SUBMIT CERTIFICATION OF PAYMENT
20 TO THE COMPTROLLER.

21 (3) WITHIN 30 DAYS OF RECEIPT OF THE CERTIFICATION, THE
22 COMPTROLLER SHALL PAY TO THE COUNTY BOARD THE AMOUNT CERTIFIED AS PAID
23 BY THE COUNTY AS EMPLOYER CONTRIBUTIONS.

24 32-109.

25 (A) THE GOVERNOR SHALL INCLUDE IN THE STATE BUDGET BILL AN
26 APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS FOR
27 STATE MEMBERS AND COUNTY MEMBERS.

28 (B) IF THE GOVERNOR DOES NOT INCLUDE A SUFFICIENT APPROPRIATION
29 FOR EMPLOYER CONTRIBUTIONS, MEMBER CONTRIBUTIONS MAY NOT BE TAKEN
30 UNDER § 32-106 OF THIS TITLE.

31 32-110.

32 (A) THE BOARD OF TRUSTEES SHALL CERTIFY TO:

33 (1) THE SUPPLEMENTAL BOARD THE NAMES AND SOCIAL SECURITY
34 NUMBERS OF EACH MEMBER;

35 (2) THE CENTRAL PAYROLL BUREAU THE NAMES AND SOCIAL SECURITY
36 NUMBERS OF EACH STATE MEMBER; AND

1 (3) EACH COUNTY BOARD OF EDUCATION THE NAMES AND SOCIAL
2 SECURITY NUMBERS OF EACH COUNTY MEMBER.

3 (B) THE BOARD OF TRUSTEES SHALL CERTIFY ANY CHANGES TO THE
4 INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION AS THE BOARD
5 OF TRUSTEES RECEIVES THE INFORMATION.

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