
By: **Senators Fry and Neall**

Introduced and read first time: February 16, 1998

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **State Pension Systems - Social Security Integration Level Adjustment**

3 FOR the purpose of altering the computation of retirement allowances for certain
4 members of the Employees' Pension System, the Teachers' Pension System, the
5 Law Enforcement Officers' Pension System, and the Local Fire and Police
6 System by adjusting the year in which certain Social Security integration levels
7 apply; providing for the application of this Act; and generally relating to altering
8 retirement allowances through adjustments of Social Security integration levels
9 for certain members of the Employees' Pension System, the Teachers' Pension
10 System, the Law Enforcement Officers' Pension System, and the Local Fire and
11 Police System.

12 BY repealing and reenacting, without amendments,
13 Article - State Personnel and Pensions
14 Section 20-101(nn)
15 Annotated Code of Maryland
16 (1997 Replacement Volume)

17 BY repealing and reenacting, with amendments,
18 Article - State Personnel and Pensions
19 Section 23-401, 26-401, and 28-401
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 20-101.

26 (nn) "Social Security integration level" means, with respect to the calendar year
27 in which a member retires or otherwise separates from employment, the average
28 yearly amount of earnings for which old age and survivors benefits would be provided

1 under Title II of the federal Social Security Act for an employee 65 years old in that
2 calendar year that is:

3 (1) computed as though for each previous year yearly earnings are at
4 least equal to the maximum amount of yearly earnings subject to tax under the
5 Federal Insurance Contributions Act; and

6 (2) rounded to the next lower multiple of \$100.

7 23-401.

8 (a) A member may retire with a normal service retirement allowance if:

9 (1) the member completes and submits a written application to the
10 Board of Trustees stating the date when the member desires to retire; and

11 (2) on or before the date of retirement, the member:

12 (i) has at least 30 years of eligibility service; or

13 (ii) has attained the age and the years of eligibility service as
14 follows:

15	Age		Years of Eligibility Service
16	62	with	5
17	63	with	4
18	64	with	3
19	65 or more	with	2

20 (b) On retirement under this section, a member is entitled to receive a normal
21 service retirement allowance that equals the number of years of the member's
22 creditable service multiplied by:

23 (1) FOR CALENDAR YEARS 1998 THROUGH 2000:

24 (I) 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT
25 IS NOT IN EXCESS OF \$29,300; AND

26 (II) 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT
27 EXCEEDS \$29,300; AND

28 (2) FOR CALENDAR YEARS BEGINNING WITH CALENDAR YEAR 2001:

29 (I) 0.8% of the member's average final compensation that is not in
30 excess of the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS
31 BEFORE THE MEMBER RETIRES; and

1 [(2)] (II) 1.5% of the member's average final compensation that exceeds
2 the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS BEFORE THE
3 MEMBER RETIRES.

4 26-401.

5 (a) (1) Subject to paragraph (2) of this subsection, a member may retire with
6 a normal service retirement allowance if:

7 (i) on or before the date of retirement, the member:

8 1. has at least 25 years of eligibility service; or

9 2. is at least 50 years old; and

10 (ii) the member completes and submits a written application to the
11 Board of Trustees on the form that the Board of Trustees provides stating the date
12 when the member desires to retire.

13 (2) A member may not retire before the first day of the month after
14 employment ends.

15 (b) (1) Except as provided in paragraph (2) of this subsection, on retirement
16 under this section, a member is entitled to receive a normal service retirement
17 allowance that equals the number of years of the member's creditable service
18 multiplied by:

19 (i) FOR CALENDAR YEARS 1998 THROUGH 2000:

20 1. 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
21 THAT IS NOT IN EXCESS OF \$29,300; AND

22 2. 1.7% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
23 THAT EXCEEDS \$29,300; AND

24 (II) FOR CALENDAR YEARS BEGINNING WITH CALENDAR YEAR 2001:

25 1. 1% of the member's average final compensation that is not
26 in excess of the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS
27 BEFORE THE MEMBER RETIRES; and

28 [(ii)] 2. 1.7% of the member's average final compensation that
29 exceeds the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS
30 BEFORE THE MEMBER RETIRES.

31 (2) As to a member who has transferred from the Employees' Retirement
32 System and who has elected Selection A (Additional member contributions) or
33 Selection B (Limited cost-of-living adjustment), on retirement under this section, the
34 member is entitled to receive a normal service retirement allowance that equals:

1 (i) 2% of the member's average final compensation multiplied by
2 each year of the member's first 30 years of creditable service; and

3 (ii) 1% of the member's average final compensation multiplied by
4 each year of creditable service in excess of 30 years.

5 (c) (1) This subsection applies only to a member who:

6 (i) has retired under subsection (b)(1) of this section; and

7 (ii) is under the age of 62 years.

8 (2) On retirement, a member shall receive a supplemental service
9 retirement allowance that equals the difference between:

10 (i) the member's normal service retirement allowance; and

11 (ii) 1.7% of the member's average final compensation for each year
12 of creditable service.

13 28-401.

14 (a) (1) Subject to paragraphs (2) and (3) of this subsection, a member may
15 retire with a normal service retirement allowance if, on or before the date of
16 retirement, the member:

17 (i) has at least 25 years of eligibility service;

18 (ii) is at least 62 years old; or

19 (iii) is at least 60 years old and has transferred to the Local Fire and
20 Police System from the Employees' Retirement System.

21 (2) To retire under this subsection, a member shall complete and submit
22 a written application to the Board of Trustees on the form that the Board of Trustees
23 provides stating the date when the member desires to retire.

24 (3) A member may not retire before the first day of the month after
25 employment ends.

26 (b) Except as provided in subsections (c) and (d) of this section, on retirement
27 under this section, a member is entitled to receive a normal service retirement
28 allowance that equals the number of years of the member's creditable service
29 multiplied by:

30 (1) FOR CALENDAR YEARS 1998 THROUGH 2000:

31 (I) 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT IS
32 NOT IN EXCESS OF \$29,300; AND

1 (II) 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT
2 EXCEEDS \$29,300; AND

3 (2) FOR CALENDAR YEARS BEGINNING WITH CALENDAR YEAR 2001:

4 (I) 1% of the member's average final compensation that is not in
5 excess of the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS
6 BEFORE THE MEMBER RETIRES; and

7 [(2)] (II) 1.5% of the member's average final compensation that
8 exceeds the Social Security integration level FOR THE CALENDAR YEAR 2 YEARS
9 BEFORE THE MEMBER RETIRES.

10 (c) (1) This subsection applies to a member:

11 (i) who has not transferred from the Employees' Retirement
12 System; and

13 (ii) whose employer does not contribute to Social Security.

14 (2) On retirement under this section, a member is entitled to receive a
15 normal service retirement allowance that equals the number of years of the member's
16 creditable service multiplied by 1.5% of the member's average final compensation.

17 (d) (1) This subsection applies to a member who has transferred from the
18 Employees' Retirement System.

19 (2) On retirement under this section, a member is entitled to receive a
20 normal service retirement allowance that equals:

21 (i) 2% of the member's average final compensation multiplied by
22 each year of the member's first 30 years of creditable service; and

23 (ii) 1% of the member's average final compensation multiplied by
24 each year of creditable service in excess of 30 years.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 1998, and shall be applicable to members of the Employees' Pension System,
27 the Teachers' Pension System, the Law Enforcement Officers' Pension System, and
28 the Local Fire and Police System who retire on or after July 1, 1998.