

HOUSE BILL 87

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HB 1300/98 - APP

1999 Regular Session
9lr0557

By: **Delegates Hutchins, Mitchell, and Linton**
Introduced and read first time: January 21, 1999
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Systems - Employment of Retirees**

3 FOR the purpose of providing for an exception from a certain requirement to offset a
4 retirement allowance for certain individuals receiving a service retirement
5 allowance or vested allowance from the Teachers' Retirement System or the
6 Teachers' Pension System who become employed in certain positions after a
7 certain period of time after retirement.

8 BY repealing and reenacting, with amendments,
9 Article - State Personnel and Pensions
10 Section 22-406 and 23-407
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 1998 Supplement)

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

15 **Article - State Personnel and Pensions**

16 22-406.

17 (a) Subject to subsection (b) of this section, an individual who is receiving a
18 service retirement allowance or vested allowance may accept employment with a
19 participating employer on a permanent, temporary, or contractual basis, without any
20 reduction in the allowance, if the individual immediately notifies the Board of
21 Trustees:

22 (1) of the individual's intention to accept the employment; and

23 (2) of the compensation that the individual will receive.

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

25 (i) an individual who has been retired for more than 10 years;

1 (ii) an individual whose average final compensation was less than
2 \$10,000 and who is reemployed on a temporary or contractual basis;

3 (iii) an individual who is serving in an elected position as an official
4 of a participating governmental unit or as a constitutional officer for a county that is
5 a participating governmental unit; [or]

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

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

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

11 (V) AN INDIVIDUAL WHO IS RECEIVING A SERVICE RETIREMENT
12 ALLOWANCE OR VESTED ALLOWANCE FROM THE TEACHERS' RETIREMENT SYSTEM
13 WHO:

14 1. HAS BEEN RECEIVING THE ALLOWANCE FOR MORE THAN
15 1 YEAR; AND

16 2. IS EMPLOYED IN A POSITION THAT IS NOT THE SAME
17 POSITION HELD AT SEPARATION FROM EMPLOYMENT.

18 (2) The Board of Trustees shall reduce an individual's allowance:

19 (i) by the amount that the sum of the individual's initial annual
20 basic allowance and the individual's annual compensation exceeds the average final
21 compensation used to compute the basic allowance; or

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

27 (c) An individual who is receiving a service retirement allowance or a vested
28 allowance and who is reemployed by a participating employer may not receive
29 creditable service or eligibility service during the period of reemployment.

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

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

35 (f) (1) Immediately on the employment of any individual receiving a service
36 retirement allowance or a vested allowance, a participating employer shall notify the

1 State Retirement Agency of the type of employment and the anticipated earnings of
2 the individual.

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

7 23-407.

8 (a) Subject to subsection (b) of this section, an individual who is receiving a
9 service retirement allowance or a vested allowance may accept employment with a
10 participating employer on a permanent, temporary, or contractual basis, without any
11 reduction in the allowance, if:

12 (1) the individual immediately notifies the Board of Trustees of the
13 individual's intention to accept this employment; and

14 (2) the individual specifies the compensation to be received.

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

16 (i) an individual whose average final compensation was less than
17 \$10,000 and who is reemployed on a temporary or contractual basis; [or]

18 (ii) an individual who is serving in an elected position as an official
19 of a participating governmental unit or as a constitutional officer for a county that is
20 a participating governmental unit; OR

21 (III) AN INDIVIDUAL WHO IS RECEIVING A SERVICE RETIREMENT
22 ALLOWANCE OR VESTED ALLOWANCE FROM THE TEACHERS' PENSION SYSTEM WHO:

23 1. HAS BEEN RECEIVING THE ALLOWANCE FOR MORE THAN
24 1 YEAR; AND

25 2. IS EMPLOYED IN A POSITION THAT IS NOT THE SAME
26 POSITION HELD AT SEPARATION FROM EMPLOYMENT.

27 (2) The Board of Trustees shall reduce an individual's allowance:

28 (i) by the amount that the sum of the individual's initial annual
29 basic allowance and the individual's annual compensation exceeds the average final
30 compensation used to 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.

1 (c) An individual who is receiving a service retirement allowance or a vested
2 allowance and who is reemployed by a participating employer may not receive
3 creditable service or eligibility service during the period of reemployment.

4 (d) The individual's compensation during the period of reemployment may not
5 be subject to the employer pickup provisions of § 21-303 of this article or any
6 reduction or deduction as a member contribution for pension or 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 individual receiving a service
10 retirement allowance or a vested allowance, a participating employer shall notify the
11 State Retirement Agency of the type of employment and the anticipated earnings of
12 the 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 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 July 1, 1999.