

SENATE BILL 113

Unofficial Copy
K4

1999 Regular Session
9lr0655

By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 22, 1999

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 2, 1999

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension Systems - Limitations on Benefits and**
3 **Contributions**

4 FOR the purpose of prohibiting the Board of Trustees for the State Retirement and
5 Pension System from paying an allowance that exceeds a certain limit under the
6 Internal Revenue Code; requiring the State Retirement Agency to reduce an
7 allowance and certain contributions under certain circumstances; requiring the
8 State Retirement Agency to pay a participant certain postretirement
9 adjustments under certain circumstances; requiring that certain other
10 retirement or pension systems make certain reductions before any reduction is
11 made by the Board of Trustees; prohibiting the State Retirement Agency from
12 allowing a member of a State retirement or pension system to purchase prior
13 service credit under certain circumstances; and generally relating to certain
14 limitations on benefits and contributions for participants in the State
15 retirement and pension systems.

16 BY adding to
17 Article - State Personnel and Pensions
18 Section 20-208
19 Annotated Code of Maryland
20 (1997 Replacement Volume and 1998 Supplement)

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

1 **Article - State Personnel and Pensions**

2 20-208.

3 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE BOARD OF
4 TRUSTEES MAY NOT PAY AN ALLOWANCE THAT EXCEEDS THE LIMIT ON BENEFIT
5 ACCRUALS ESTABLISHED FROM TIME TO TIME UNDER § 415 OF THE INTERNAL
6 REVENUE CODE.

7 (B) SUBJECT TO SUBSECTIONS (C) AND (D) OF THIS SECTION, THE AGENCY
8 SHALL REDUCE:

9 (1) AN ALLOWANCE TO THE EXTENT THAT IT EXCEEDS THE DOLLAR
10 LIMIT ON AN ANNUAL BENEFIT ESTABLISHED FROM TIME TO TIME UNDER § 415(B)
11 OF THE INTERNAL REVENUE CODE AND THE REGULATIONS ADOPTED THEREUNDER;
12 AND

13 (2) THE CONTRIBUTIONS AND OTHER ADDITIONS TO ANY DEFINED
14 CONTRIBUTION PLAN MAINTAINED BY THE BOARD OF TRUSTEES TO THE EXTENT
15 THAT THEY EXCEED THE LIMIT ON ANNUAL ADDITIONS ESTABLISHED FROM TIME
16 TO TIME UNDER § 415(C) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS
17 ADOPTED THEREUNDER.

18 (C) (1) THE DOLLAR LIMIT ON AN ANNUAL BENEFIT IS THE AMOUNT SET
19 FORTH IN § 415(B) OF THE INTERNAL REVENUE CODE, AS ADJUSTED BY THE
20 COMMISSIONER OF INTERNAL REVENUE UNDER § 415(D) OF THE INTERNAL REVENUE
21 CODE AS OF JANUARY 1 OF EACH CALENDAR YEAR.

22 (2) THE DOLLAR LIMIT FOR A CALENDAR YEAR APPLIES TO A STATE
23 SYSTEM'S FISCAL YEAR ENDING WITHIN THAT CALENDAR YEAR.

24 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE
25 AGENCY SHALL PAY A PARTICIPANT WHOSE ALLOWANCE WAS REDUCED UNDER
26 SUBSECTION (B) OF THIS SECTION ANY POSTRETIREMENT ADJUSTMENT IF PAYMENT
27 OF THE POSTRETIREMENT ADJUSTMENT DOES NOT EXCEED THE DOLLAR LIMIT ON
28 BENEFITS.

29 (2) THE POSTRETIREMENT ADJUSTMENT MAY NOT EXCEED A
30 PARTICIPANT'S BASIC ALLOWANCE AS INCREASED BY ANY POSTRETIREMENT
31 ADJUSTMENTS ALLOWABLE UNDER THE APPLICABLE STATE SYSTEM.

32 (E) IF AN INDIVIDUAL PARTICIPATES IN ANY OTHER RETIREMENT OR
33 PENSION SYSTEM THAT MUST BE AGGREGATED WITH THE STATE SYSTEM
34 ADMINISTERED BY THE BOARD OF TRUSTEES, THE INDIVIDUAL'S ANNUAL BENEFIT
35 ACCRUAL OR ANNUAL ADDITION SHALL FIRST BE REDUCED BY THE OTHER
36 RETIREMENT OR PENSION SYSTEM TO THE EXTENT NECESSARY TO COMPLY WITH
37 THE REQUIREMENTS OF § 415 OF THE INTERNAL REVENUE CODE AND THE
38 REGULATIONS ADOPTED THEREUNDER BEFORE ANY REDUCTION IS MADE BY THE
39 BOARD OF TRUSTEES.

1 ~~(E)~~ (F) (1) THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO IS
2 A MEMBER OF A STATE SYSTEM ON OR BEFORE JUNE 30, 1999.

3 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE AGENCY
4 MAY NOT ALLOW A MEMBER TO PURCHASE PRIOR SERVICE CREDIT OTHER THAN IN
5 ACCORDANCE WITH THE LIMITATIONS AND CONDITIONS SET FORTH IN § 415(N) OF
6 THE INTERNAL REVENUE CODE.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 1999.