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

Introduced and read first time: February 2, 2000

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' Pension System - Purchase of Service Credit**

3 FOR the purpose of altering the amount that a State employee member of the
4 Employees' Pension System shall pay to the Board of Trustees of the State
5 Retirement and Pension System when purchasing certain service credit; and
6 generally relating to purchase of service credit by State employee members of
7 the Employees' Pension System.

8 BY repealing and reenacting, with amendments,
9 Article - State Personnel and Pensions
10 Section 23-307
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 1999 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 23-307.

17 (a) (1) [In] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, IN
18 the year of retirement, a member of the Employees' Pension System may purchase
19 credit for eligibility service of up to 10 years for periods of employment described in
20 paragraph (4) of this subsection for which the member is not otherwise entitled to
21 service credit.

22 (2) To purchase service credit under this subsection, a member must:

23 (i) complete a claim for the service credit and file it with the Board
24 of Trustees on the form that the Board of Trustees provides; and

25 (ii) pay to the Board of Trustees an amount equal to the annuity
26 reserve and pension reserve required to fund the additional allowance.

1 (3) A member may pay the amount required by paragraph (2) of this
2 subsection on an installment basis by contributing at least 2% of earnable
3 compensation per year with the appropriate final adjustments being made in the year
4 the member retires.

5 (4) A member may only purchase service credit under this subsection for
6 employment with:

7 (i) the State;

8 (ii) the Division of Employment Service while the Division was
9 under federal control;

10 (iii) the Maryland Tuberculosis Association as the operator of
11 radiological equipment under the supervision of the Maryland Health Department;

12 (iv) a political subdivision in the State;

13 (v) an out-of-state school as a teacher;

14 (vi) the federal government;

15 (vii) an out-of-state political subdivision; or

16 (viii) a public school as a teacher.

17 (B) (1) IN THE YEAR OF RETIREMENT, A STATE EMPLOYEE MEMBER OF THE
18 EMPLOYEES' PENSION SYSTEM MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE OF
19 UP TO 10 YEARS FOR PERIODS OF EMPLOYMENT WITH THE STATE FOR WHICH THE
20 MEMBER IS NOT OTHERWISE ENTITLED TO SERVICE CREDIT.

21 (2) TO PURCHASE SERVICE CREDIT UNDER THIS SUBSECTION, A
22 MEMBER MUST:

23 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT
24 WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES
25 PROVIDES; AND

26 (II) PAY TO THE BOARD OF TRUSTEES AN AMOUNT EQUAL TO
27 ONE-HALF OF THE ANNUITY RESERVE AND ONE-HALF OF THE PENSION RESERVE
28 REQUIRED TO FUND THE ADDITIONAL ALLOWANCE.

29 (3) A MEMBER MAY PAY THE AMOUNT REQUIRED BY PARAGRAPH (2) OF
30 THIS SUBSECTION ON AN INSTALLMENT BASIS BY CONTRIBUTING AT LEAST 2% OF
31 EARNABLE COMPENSATION PER YEAR WITH THE APPROPRIATE FINAL
32 ADJUSTMENTS BEING MADE IN THE YEAR THE MEMBER RETIRES.

33 [(b)] (C) (1) A member of the Employees' Pension System may purchase
34 credit for eligibility service for previous service in a position described in § 23-204(a)
35 of this title.

1 (2) To purchase the service credit, the member must pay in a single
2 payment, the contributions, with interest, that the Board of Trustees considers
3 appropriate.

4 [(c)] (D) (1) A member of the Employees' Pension System who is employed
5 by a member of the State Senate or House of Delegates for at least 130 days per year
6 as a legislative employee before becoming a member is considered to have been a
7 permanent part-time legislative employee.

8 (2) A member described in paragraph (1) of this subsection may purchase
9 credit for eligibility service for that period of legislative employment by paying to the
10 Board of Trustees:

11 (i) for a period of employment on or before December 31, 1979, the
12 sum of:

13 1. the amount that the member would have been required to
14 contribute for that period of employment; and

15 2. interest on the member's contributions, compounded
16 annually; and

17 (ii) for a period of employment on or after January 1, 1980, the sum
18 of:

19 1. the amount that the member would have been required to
20 contribute for that period of employment;

21 2. the amount that the State would have been required to
22 contribute for the member for that period of employment; and

23 3. interest on the member's and State's contributions,
24 compounded annually.

25 (3) The rate of interest to be paid under this subsection is the average for
26 the 5 years preceding the year of payment of the yearly rate of interest computed as
27 the sum of the investment income and the realized gains and losses divided by the
28 book value of the total investments.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2000.