

HOUSE BILL 421

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2000 Regular Session
0lr1303

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

Introduced and read first time: February 3, 2000

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Contributory Pension Benefit**

3 FOR the purpose of providing that on the return of accumulated contributions of
4 certain former members of the Employees' Pension System or the Teachers'
5 Pension System who are entitled to certain contributory pension benefits, the
6 former members are not entitled to further benefits on account of membership
7 in the systems, except under certain circumstances; providing for membership
8 in the Employees' Pension System or the Teachers' Pension System to continue
9 for a certain period of time after separation from employment under certain
10 circumstances; providing for certain members of the Employees' Pension System
11 or the Teachers' Pension System to receive eligibility service credit for certain
12 prior service under certain circumstances; providing for the purchase of service
13 credit in the Employees' Pension System or the Teachers' Pension System under
14 certain circumstances; providing for technical changes to provisions of law
15 relating to disability retirement and cost-of-living adjustments; and generally
16 relating to the contributory pension benefit under the Employees' Pension
17 System and the Teachers' Pension System.

18 BY repealing and reenacting, with amendments,
19 Article - State Personnel and Pensions
20 Section 23-214, 29-104, 29-303, and 29-425
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1999 Supplement)

23 BY adding to
24 Article - State Personnel and Pensions
25 Section 23-303.1, 23-306.2, and 23-306.3
26 Annotated Code of Maryland
27 (1997 Replacement Volume and 1999 Supplement)

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

1 (2) WHEN A MEMBER RECEIVES CREDIT FOR ELIGIBILITY SERVICE
2 UNDER SUBSECTION (B) OF THIS SECTION FROM ANOTHER SYSTEM, THE MEMBER
3 HAS NO FURTHER RIGHTS IN THE OTHER SYSTEM.

4 23-306.2.

5 (A) A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT
6 UNDER SUBTITLE 2, PART II OF THIS TITLE MAY PURCHASE SERVICE CREDIT AS
7 PROVIDED IN SUBSECTION (B) OF THIS SECTION FOR PERIODS OF EMPLOYMENT
8 DESCRIBED IN SUBSECTION (C) OF THIS SECTION FOR WHICH THE MEMBER IS NOT
9 OTHERWISE ENTITLED.

10 (B) (1) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION
11 SHALL:

12 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT
13 WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES
14 PROVIDES; AND

15 (II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE
16 MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF
17 EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR
18 INTEREST TO THE DATE OF PAYMENT.

19 (2) A MEMBER MAY PAY FOR SERVICE CREDIT PURCHASED UNDER THIS
20 SECTION AT ANY TIME BEFORE RETIREMENT.

21 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, A
22 MEMBER MAY PURCHASE SERVICE CREDIT FOR A PERIOD OF EMPLOYMENT AS A
23 MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM IF
24 THE MEMBER:

25 (I) HAS WITHDRAWN THE MEMBER'S ACCUMULATED
26 CONTRIBUTIONS AFTER A PRIOR TERMINATION OF MEMBERSHIP; AND

27 (II) WAS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT
28 UNDER SUBTITLE 2, PART II OF THIS TITLE WHEN THE MEMBER PREVIOUSLY
29 TERMINATED MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM OR THE
30 TEACHERS' PENSION SYSTEM.

31 (2) A MEMBER MAY NOT PURCHASE ELIGIBILITY SERVICE CREDIT THAT
32 EXCEEDS THE MEMBER'S CREDITABLE SERVICE CREDIT.

33 23-306.3.

34 (A) THIS SECTION APPLIES TO A MEMBER OF THE EMPLOYEES' PENSION
35 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE
36 CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE.

1 (B) A MEMBER IS ENTITLED TO THE ELIGIBILITY SERVICE TO WHICH THE
2 MEMBER WAS ENTITLED BEFORE THE SEPARATION FROM EMPLOYMENT IF THE
3 MEMBER:

4 (1) SEPARATED FROM EMPLOYMENT ON OR BEFORE JUNE 30, 1998;

5 (2) WAS NOT ENTITLED TO A VESTED ALLOWANCE FROM THE
6 EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM AT THE TIME OF
7 THE SEPARATION FROM EMPLOYMENT;

8 (3) BECOMES A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY
9 PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE ON OR BEFORE JUNE
10 30, 2003;

11 (4) COMPLETES 1 YEAR OF EMPLOYMENT AS A MEMBER WHO IS
12 SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF
13 THIS TITLE;

14 (5) DID NOT TRANSFER TO THE EMPLOYEES' PENSION SYSTEM OR THE
15 TEACHERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE
16 TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998; AND

17 (6) APPLIES FOR THE PRIOR ELIGIBILITY SERVICE CREDIT BY
18 COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT WITH THE BOARD OF
19 TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES.

20 (C) (1) A MEMBER SHALL RECEIVE ELIGIBILITY SERVICE CREDIT UNDER
21 THIS SECTION BY COMPLETING A CLAIM FOR THE SERVICE CREDIT AND FILING IT
22 WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF TRUSTEES
23 PROVIDES AT ANY TIME BEFORE RETIREMENT.

24 (2) WHEN A MEMBER RECEIVES CREDIT FOR ELIGIBILITY SERVICE
25 UNDER SUBSECTION (B) OF THIS SECTION FROM ANOTHER SYSTEM, THE MEMBER
26 HAS NO FURTHER RIGHTS IN THE OTHER SYSTEM.

27 29-104.

28 (a) Except as provided in subsection (c) of this section and subject to
29 subsection (d) of this section, an application for disability retirement must be
30 submitted before the date membership ends.

31 (b) (1) (I) This subsection applies only to an application for an ordinary or
32 accidental disability retirement allowance under the Employees' Pension System,
33 Local Fire and Police System, Law Enforcement Officers' Pension System, or the
34 Teachers' Pension System.

35 (II) THIS SUBSECTION DOES NOT APPLY TO A MEMBER OF THE
36 EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO
37 THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF
38 THIS ARTICLE.

1 (2) For the purpose of submitting an application for disability,
2 membership continues for 3 years after paid employment ends.

3 (c) (1) Except as provided in [paragraph (2)] PARAGRAPHS (2) AND (3) of this
4 subsection, the Board of Trustees may accept an application for ordinary, accidental,
5 or special disability retirement from a former member within 36 months after the
6 month membership ended if the former member proves to the satisfaction of the
7 medical board that failure to submit an application while a member was attributable
8 solely to physical or mental incapacity during the filing period.

9 (2) The Board of Trustees may accept an application for ordinary or
10 accidental disability retirement from a former member of the Teachers' Retirement
11 System within 12 months after the month membership ended if the former member of
12 the Teachers' Retirement System proves to the satisfaction of the medical board that
13 failure to submit an application while a member of the Teachers' Retirement System
14 was attributable solely to physical or mental incapacity during the filing period.

15 (3) (I) THIS PARAGRAPH ONLY APPLIES TO A FORMER MEMBER OF
16 THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO IS
17 SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2,
18 PART II OF THIS ARTICLE.

19 (II) THE BOARD OF TRUSTEES MAY ACCEPT AN APPLICATION FOR
20 ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT FROM A FORMER MEMBER OF
21 THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WITHIN 24
22 MONTHS AFTER THE MONTH MEMBERSHIP ENDED IF THE FORMER MEMBER OF THE
23 EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM PROVES TO THE
24 SATISFACTION OF THE MEDICAL BOARD THAT FAILURE TO SUBMIT AN APPLICATION
25 WHILE A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION
26 SYSTEM WAS ATTRIBUTABLE SOLELY TO PHYSICAL OR MENTAL INCAPACITY DURING
27 THE FILING PERIOD.

28 [(3)] (4) If the Board of Trustees accepts a disability retirement
29 application under this subsection and grants a disability retirement allowance, the
30 retirement allowance begins as of the first day of the month after the Board of
31 Trustees receives the application.

32 (d) (1) This subsection does not apply to an application for special disability
33 under the State Police Retirement System.

34 (2) The Board of Trustees may not accept an application for accidental
35 disability filed by a member or former member more than 5 years after the date of the
36 claimed accident.

37 29-303.

38 (a) This section applies only to members of:

39 (1) the Employees' Pension System;

- 1 (2) the Local Fire and Police System;
- 2 (3) the Law Enforcement Officers' Pension System; or
- 3 (4) the Teachers' Pension System.

4 (b) A member is eligible to receive a vested allowance if:

- 5 (1) the member separated from employment other than by death or
6 retirement; and
- 7 (2) the member has at least 5 years of eligibility service.

8 (c) Except as provided in subsections (e) and (f) of this section, a vested
9 allowance:

- 10 (1) is a deferred allowance that begins at normal retirement age;
- 11 (2) is computed as a normal service retirement allowance on the basis of
12 the member's average final compensation and eligibility service at separation from
13 employment; and
- 14 (3) may be paid in one of the optional forms of allowances under §
15 21-403 of this article.

16 (d) If a member of the Employees' Pension System or the Teachers' Pension
17 System separated from employment on or before June 30, 1990, unused sick leave
18 reported by the member's employer at the time of separation from employment is
19 creditable service for computing the vested allowance.

20 (e) Except as provided in subsection (f) of this section, a former member of the
21 Employees' Pension System or the Teachers' Pension System who has separated from
22 employment before the age of 55 with at least 15 years of eligibility service is eligible
23 to receive a vested allowance that:

- 24 (1) begins on the first day of the month following the member's 55th
25 birthday; and
- 26 (2) equals the reduced allowance computed under § 23-402 of this
27 article.

28 (f) (1) The vested allowance of a former member of the Employees' Pension
29 System or the Teachers' Pension System who separates from employment on or before
30 June 30, 1998:

- 31 (i) is a deferred allowance that begins at normal retirement age;
- 32 (ii) is computed on the basis of the member's average final
33 compensation and eligibility service at separation from employment;

1 (iii) shall equal the number of years of the member's creditable
2 service multiplied by:

3 1. 0.8% of the member's average final compensation that is
4 not in excess of the Social Security integration level; and

5 2. 1.5% of the member's average final compensation that
6 exceeds the Social Security integration level; and

7 (iv) may be paid in one of the optional forms of allowances under §
8 21-403 of this article.

9 (2) A former member of the Employees' Pension System or the Teachers'
10 Pension System who has separated from employment on or before June 30, 1998 and
11 before the age of 55 with at least 15 years of eligibility service is eligible to receive a
12 vested allowance that:

13 (i) begins on the first day of the month following the member's
14 55th birthday; and

15 (ii) equals the allowance under paragraph (1) of this subsection,
16 reduced by 0.5% for each month that the member's early retirement date precedes the
17 date the member will be 62 years old.

18 (g) (1) If a former member who elected a vested allowance requests the
19 return of accumulated contributions before payment of the vested allowance begins,
20 the Board of Trustees shall return the accumulated contributions to the former
21 member.

22 (2) (I) [When] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
23 PARAGRAPH, WHEN the former member is eligible to begin receiving a vested
24 allowance, the former member shall receive a pension only.

25 (II) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A
26 FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION
27 SYSTEM WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER TITLE
28 23, SUBTITLE 2, PART II OF THIS ARTICLE, THE FORMER MEMBER IS NOT ENTITLED
29 TO FURTHER BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS
30 MEMBERSHIP UNLESS THE FORMER MEMBER PURCHASES THE SERVICE CREDIT
31 UNDER § 23-306.2 OF THIS ARTICLE.

32 29-425.

33 (a) This Part VI of this subtitle applies on or after July 1, 1998 only to an
34 allowance received by a former member, retiree, or surviving beneficiary of a deceased
35 member, former member, or retiree of the Employees' Pension System or the Teachers'
36 Pension System [who:

37 (1) is subject to the contributory pension benefit under Title 23, Subtitle
38 2, Part II of this article; or

1 (2) transferred from the Employees' Retirement System or the Teachers'
2 Retirement System to the Employees' Pension System or the Teachers' Pension
3 System after April 1, 1998].

4 (b) This Part VI of this subtitle does not apply if the member, former member,
5 or retiree was an employee of:

6 (1) a participating governmental unit that has not elected the
7 contributory pension benefit of its employees under § 31-116 of this article; or

8 (2) a former participating governmental unit that has withdrawn
9 BEFORE JULY 1, 1998, while a member.

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