

SENATE BILL 681

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2000 Regular Session
0lr2217

By: **Senator Conway**
Introduced and read first time: February 4, 2000
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Optional Defined Contribution System - Eligibility**

3 FOR the purpose of allowing certain members of the Employees' Retirement System
4 and the Correctional Officers' Retirement System and certain additional
5 members of the Employees' Pension System to participate in the Optional
6 Defined Contribution System and receive a certain matching employer
7 contribution; providing for a certain phase-in of eligibility for the Optional
8 Defined Contribution System based on salary; requiring the State Retirement
9 Agency to make certain determinations and provide certain information in
10 connection with the phase-in of this Act; and generally relating to the Optional
11 Defined Contribution System.

12 BY repealing and reenacting, with amendments,
13 Article - State Personnel and Pensions
14 Section 32-101(b)
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1999 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article - State Personnel and Pensions
19 Section 32-101(d) and 32-205(a)
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 1999 Supplement)

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 32-101.

26 (b) (1) "Eligible employee" means a member of:

1 (I) the Employees' Pension System or the Employees' Retirement
2 System [who is subject to Selection C (Combination formula) as provided in § 22-221
3 of this article], other than]:

4 (i)] an employee of a participating governmental unit or a former
5 participating governmental unit that has withdrawn; or

6 [(ii) a member of the Employees' Pension System who transferred
7 from the Employees' Retirement System after April 1, 1998]

8 (II) THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM.

9 (2) "Eligible employee" includes a member of the Employees' Pension
10 System OR EMPLOYEES' RETIREMENT SYSTEM who contributes to a State
11 supplemental plan authorized by an employing institution as defined in § 30-101 of
12 this article.

13 (d) "Participating employee" means an eligible employee who participates in
14 the Optional Defined Contribution System.

15 32-205.

16 (a) For each participating employee who makes contributions under § 32-204
17 of this subtitle, the State shall contribute to the applicable State supplemental plan
18 employer contributions an amount equal to the lesser of the participating employee's
19 contributions or \$600 per fiscal year.

20 SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of this Act
21 shall be phased in over a 3 year period as follows:

22 (1) on or before June 15, 2000, the State Retirement Agency shall determine
23 the appropriate salary classifications as of June 1, 2000 to phase in the effect of
24 Section 1 of this Act so that:

25 (i) approximately one-third of the employees who would otherwise
26 become eligible under Section 1 of this Act and who have the lowest salaries become
27 eligible to participate in the Optional Defined Contribution System on or after July 1,
28 2000;

29 (ii) approximately a second third of the employees who would otherwise
30 become eligible under Section 1 of this Act and who have the next lowest salaries
31 become eligible to participate in the Optional Defined Contribution System on or
32 after July 1, 2001; and

33 (iii) the remainder of the employees would otherwise become eligible
34 under Section 1 of this Act become eligible to participate in the Optional Defined
35 Contribution System on or after July 1, 2002;

36 (2) on or before June 15, 2000, the State Retirement Agency shall give Central
37 Payroll and the Supplemental Board the information necessary to allow the first

1 group of eligible employees to participate in the Optional Defined Contribution
2 System if they choose to do so;

3 (3) on or before June 1, 2001, the State Retirement Agency shall give Central
4 Payroll and the Supplemental Board the information necessary to allow the second
5 group of eligible employees to participate in the Optional Defined Contribution
6 System if they choose to do so;

7 (4) on or before June 1, 2002, the State Retirement Agency shall give Central
8 Payroll and the Supplemental Board the information necessary to allow the
9 remaining eligible employees to participate in the Optional Defined Contribution
10 System if they choose to do so; and

11 (5) after an employee becomes eligible to participate in the Optional Defined
12 Contribution System, the employee remains eligible until separation from
13 employment in a position that allows the employee to be eligible to participate in the
14 Optional Defined Contribution System.

15 SECTION 3. AND BE IT FURTHER ENACTED, That, subject to Section 2 of
16 this Act, Section 1 of this Act shall take effect July 1, 2000.

17 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
18 Section 3 of this Act, this Act shall take effect June 1, 2000.