Unofficial Copy K4 2002 Regular Session 2lr0638

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By: Senator Haines

Introduced and read first time: January 16, 2002

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

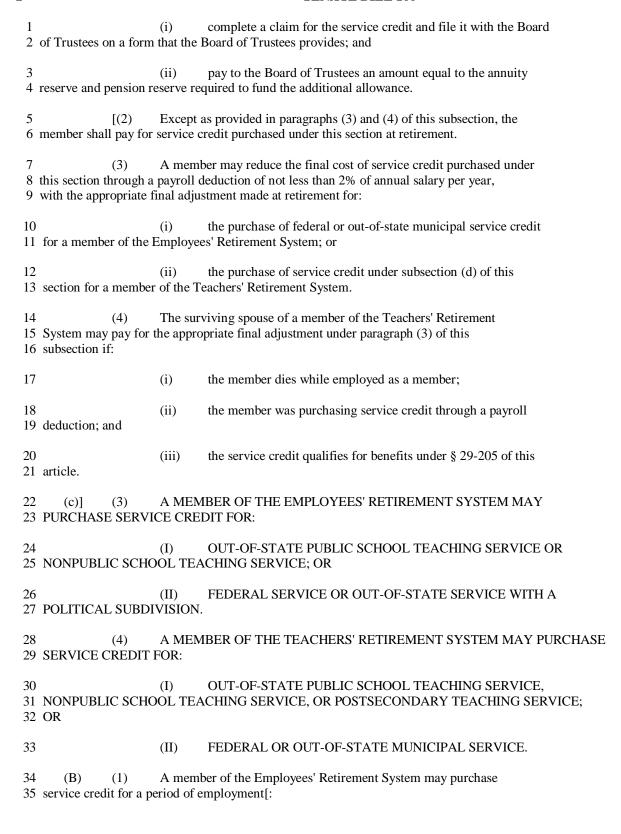
2 State Retirement and Pension System - Purchase of Service Credit

- 3 FOR the purpose of allowing certain members of the Employees' Retirement System,
- 4 Employees' Pension System, Teachers' Retirement System, and Teachers'
- 5 Pension System to purchase certain service credit; altering the amount that
- 6 certain members of the Employees' Retirement System, Employees' Pension
- 7 System, Teachers' Retirement System, and Teachers' Pension System shall pay
- 8 to the Board of Trustees of the State Retirement and Pension System when
- 9 purchasing certain service credit; and generally relating to purchase of service
- credit by certain members of the Employees' Retirement System, Employees'
- Pension System, Teachers' Retirement System, and Teachers' Pension System.
- 12 BY repealing and reenacting, with amendments,
- 13 Article State Personnel and Pensions
- 14 Section 22-305, 23-307, 23-308, and 23-308.2
- 15 Annotated Code of Maryland
- 16 (1997 Replacement Volume and 2001 Supplement)
- 17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 18 MARYLAND, That the Laws of Maryland read as follows:

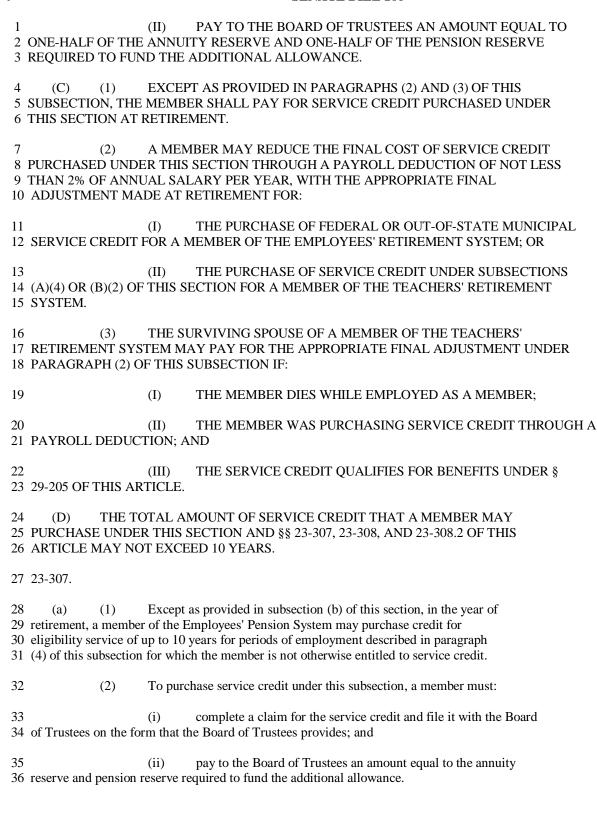
19 Article - State Personnel and Pensions

20 22-305.

- 21 (a) (1) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A
- 22 member may purchase [service credit as provided in this section] CREDIT FOR
- 23 ELIGIBILITY SERVICE OF UP TO 10 YEARS for periods of employment described in
- 24 PARAGRAPHS (3) AND (4) OF THIS subsection [(c) or (d) of this section] for which the
- 25 member is not otherwise entitled to service credit.
- 26 [(b) (1)] (2) A member who purchases service credit under this [section]
- 27 SUBSECTION shall:



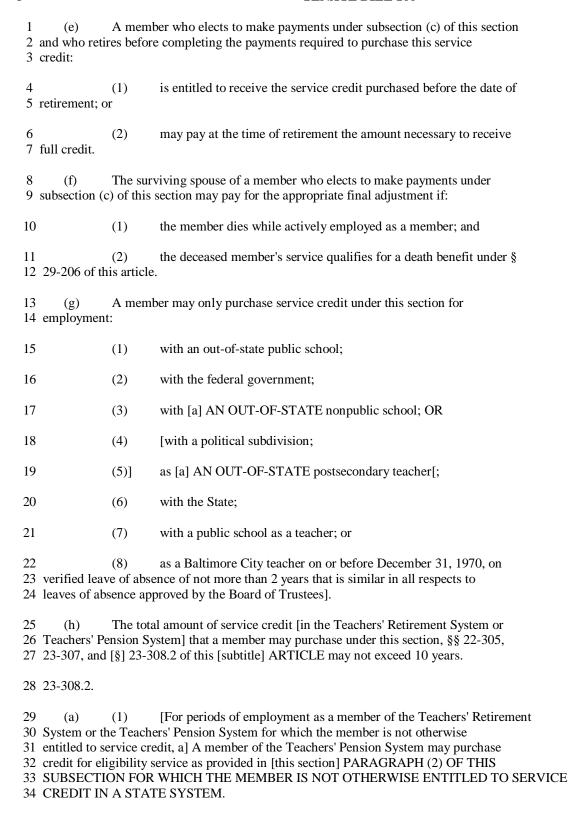
1 2	,		not exceeding 10 years of out-of-state public school teaching service eaching service;				
3	a political subd		not exceeding 10 years of federal service or out-of-state service with or				
5	(3	3)]	as an em	aployee of a political subdivision of the State if:			
6 7	the same period			the member is not otherwise entitled to receive service credit for ision II;			
8 9	subdivision of	the Stat		the member is not receiving retirement benefits from a political same period; and			
10 11	required under			the member, the political subdivision, or both, pay the amount 1) of this section.			
12 13	[(d)] (2 credit for a per			er of the Teachers' Retirement System may purchase service ent:			
14 15				eding 10 years of out-of-state public school teaching service, vice, or postsecondary teaching service;			
	teacher on a ve	erified l	eave of a	on or before December 31, 1970, with Baltimore City as a absence not exceeding 2 years that is similar in all pproved by the Board of Trustees;			
19	[((3)	not exce	eding 10 years of federal or out-of-state municipal service; or			
		/ -		employment as an employee of a municipal corporation of the erwise entitled to receive service credit under this			
23			(III)	WITH THE STATE;			
24			(IV)	WITH A PUBLIC SCHOOL AS A TEACHER IN THE STATE;			
25			(V)	WITH A NONPUBLIC SCHOOL AS A TEACHER IN THE STATE;			
26			(VI)	WITH A POLITICAL SUBDIVISION; OR			
27			(VII)	AS A POSTSECONDARY TEACHER IN THE STATE.			
28 29	MEMBER MU	*	TO PUR	CHASE SERVICE CREDIT UNDER THIS SUBSECTION, A			
	WITH THE B	OARD		COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT ISTEES ON THE FORM THAT THE BOARD OF TRUSTEES			



3	(3) A member may pay the amount required by paragraph (2) of this subsection on an installment basis by contributing at least 2% of earnable compensation per year with the appropriate final adjustments being made in the year the member retires.					
5 6	(4) employment with:	A member may only purchase service credit under this subsection for				
7		(i)	[the State;			
8 9	under federal control;	(ii)	the Division of Employment Service while the Division was			
10 11	radiological equipme	(iii) nt under	the Maryland Tuberculosis Association as the operator of 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)]	(II) the federal government; OR			
15		[(vii)]	(III) an out-of-state political subdivision[; or			
16		(viii)	a public school as a teacher].			
17 18	(b) (1) governmental unit or		section does not apply to an employee of a participating participating governmental unit that has withdrawn.			
21	9 (2) In the year of retirement, a member of the Employees' Pension 0 System may purchase credit for eligibility service for periods of employment [with the 1 State] AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION for which the member 2 is not otherwise entitled to service credit in a State system.					
23 24	(3) SUBSECTION FOR		BER MAY ONLY PURCHASE SERVICE CREDIT UNDER THIS YMENT WITH:			
25		(I)	THE STATE;			
26 27	WAS UNDER FEDE	(II) ERAL CO	THE DIVISION OF EMPLOYMENT SERVICE WHILE THE DIVISION ONTROL;			
	OPERATOR OF RA MARYLAND HEAL		THE MARYLAND TUBERCULOSIS ASSOCIATION AS THE SICAL EQUIPMENT UNDER THE SUPERVISION OF THE PARTMENT;			
31		(IV)	A POLITICAL SUBDIVISION IN THE STATE; OR			
32		(V)	A PUBLIC SCHOOL AS A TEACHER IN THE STATE.			

1 2	(4) not purchase[:	A memb	er who p	urchases service	e credit und	er this subs	section, may	
3 4	Pension System; or	(i)	more tha	n a total of 10 y	ears of serv	vice credit i	in the Employee	es'
5 6	member participated i	(ii)] n the opti				oloyment di	uring which the	
7 8	[(4)] must:	(5)	To purch	ase service cred	dit under th	is subsection	on, a member	
9 10	of Trustees on the for	(i) m that th				edit and file	e it with the Boar	rd
	annuity reserve and o	(ii) ne-half o					to one-half of th tional	ie
16	[(5)] PARAGRAPH (5) of of earnable compensation the year the members.	tion per	section on year with		basis by co	ntributing a	at least 2%	
	(c) (1) eligibility service for title.			Employees' Pen n a position desc				
	(2) payment, the contributappropriate.	-		ervice credit, th t, that the Board			_	
26	(d) (1) member of the State S legislative employee permanent part-time	Senate or before be	House of ecoming a	member is con	at least 130	days per ye	ear as a	
	(2) credit for eligibility s Board of Trustees:						n may purchase ng to the	
31 32	sum of:	(i)	for a per	iod of employm	ent on or b	efore Dece	ember 31, 1979, t	the
33 34	contribute for that per	riod of en			t the memb	er would ha	ave been require	ed to
35 36	annually; and		2.	interest on the	member's c	ontribution	s, compounded	

1 2	(ii) for a period of employment on or after January 1, 1980, the sof:	um
3	1. the amount that the member would have been require contribute for that period of employment;	red to
5 6	2. the amount that the State would have been required contribute for the member for that period of employment; and	to
7 8	3. interest on the member's and State's contributions, compounded annually.	
11	(3) The rate of interest to be paid under this subsection is the average for the 5 years preceding the year of payment of the yearly rate of interest computed as the sum of the investment income and the realized gains and losses divided by the book value of the total investments.	
	(E) THE TOTAL AMOUNT OF SERVICE CREDIT THAT A MEMBER MAY PURCHASE UNDER THIS SECTION AND $\S\S$ 22-305, 23-308, AND 23-308.2 OF THIS ARTICLE MAY NOT EXCEED 10 YEARS.	
16	23-308.	
19	(a) In the year of retirement, a member of the Teachers' Pension System may purchase credit for eligibility service for periods of employment described in subsection (g) of this section for which the member is not otherwise entitled to service credit.	
21 22	(b) Except as provided in § 23-308.2 of this subtitle, to purchase service credit under this section, a member must:	
23 24	(1) complete and file a claim for the service credit with the Board of Trustees on the form that the Board of Trustees provides; and	
25 26	(2) pay to the Board of Trustees an amount equal to the annuity reserve and pension reserve required to fund the additional allowance.	
27	(c) A member may pay the amount required by subsection (b) of this section:	
28 29	(1) on an installment basis by contributing at least 2% of earnable compensation per year; or	
	(2) by transferring, on written request to the Board of Trustees, any prior contributions to a voluntary retirement benefit, less any costs of administering that benefit.	
	(d) A member who transfers contributions under subsection (c)(2) of this section may not transfer contributions qualifying under \S 403(b) of the Internal Revenue Code.	



1 2	(2) A MEMBER MAY ONLY PURCHASE SERVICE CREDIT UNDER THIS SECTION FOR EMPLOYMENT:				
3		(I)	WITH THE STATE;		
4		(II)	WITH A PUBLIC SCHOOL AS A TEACHER IN THE STATE;		
5		(III)	WITH A NONPUBLIC SCHOOL AS A TEACHER IN THE STATE;		
6		(IV)	WITH A POLITICAL SUBDIVISION;		
7		(V)	AS A POSTSECONDARY TEACHER IN THE STATE; OR		
10			AS A BALTIMORE CITY TEACHER ON OR BEFORE DECEMBER 31, OF ABSENCE OF NOT MORE THAN 2 YEARS THAT IS S TO LEAVES OF ABSENCE APPROVED BY THE BOARD OF		
14	2 (b) The total amount of service credit [in the Teachers' Retirement System or 3 Teachers' Pension System] that a member may purchase under this section and [§ 4 23-308] §§ 22-305, 23-307, AND 23-308 of this [subtitle] ARTICLE may not exceed 10 years.				
	6 (c) A member who purchases service credit under this section may not 7 purchase service credit for any period of employment during which the member 8 participated in the optional retirement program.				
19	(d) To purchase service credit under this section, a member must:				
20 21	(1) Trustees on the form		e a claim for the service credit and file it with the Board of Board of Trustees provides; and		
	(2) annuity reserve and callowance.		ne Board of Trustees an amount equal to one-half of the of the pension reserve required to fund the additional		
25 26	5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 6 July 1, 2002.				