

SENATE BILL 686

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2002 Regular Session  
2lr2600  
CF 2lr1640

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By: **Senator Kasemeyer**

Introduced and read first time: February 1, 2002

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Optional Retirement Program - Supplemental Annuities**

3 FOR the purpose of clarifying the authority of certain higher education institutions to  
4 offer supplemental annuities and deferred compensation plans to their  
5 employees under provisions of the Internal Revenue Code; providing for the  
6 application of this Act; and generally relating to the Optional Retirement  
7 Program and supplemental retirement annuities.

8 BY repealing and reenacting, without amendments,  
9 Article - State Personnel and Pensions  
10 Section 30-101  
11 Annotated Code of Maryland  
12 (1997 Replacement Volume and 2001 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article - State Personnel and Pensions  
15 Section 30-210  
16 Annotated Code of Maryland  
17 (1997 Replacement Volume and 2001 Supplement)

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

20 **Article - State Personnel and Pensions**

21 30-101.

22 (a) In this title the following words have the meanings indicated.

23 (b) (1) "Annuity contract" means a fixed or variable annuity contract or  
24 combination of fixed or variable annuity contracts authorized under § 403(a) or (b) of  
25 the Internal Revenue Code.

1           (2)       "Annuity contract" includes a custodial account to be invested in  
2 regulated investment company stock as provided in § 401(f) or § 403(b)(7) of the  
3 Internal Revenue Code.

4       (c)       "Designated company" means an entity that:

5           (1)       on or before March 1, 1993, was designated by the governing board of  
6 an employing institution to offer annuity contracts under the program; or

7           (2)       is designated by the Board of Trustees.

8       (d)       "Eligible employee" means an individual eligible to participate in the  
9 program.

10      (e)       "Employing institution" means:

11           (1)       the University System of Maryland;

12           (2)       Morgan State University;

13           (3)       St. Mary's College; and

14           (4)       the Maryland Higher Education Commission with respect to eligible  
15 employees of the Commission or any community college or regional community college  
16 established under Title 16 of the Education Article.

17      (f)       "Participating employee" means an eligible employee who elects to  
18 participate in the program.

19      (g)       "Pension system" means the Employees' Pension System or the Teachers'  
20 Pension System.

21      (h)       "Program" means the optional retirement program established under §  
22 30-201 of this title.

23      (i)       "Retirement system" means the Employees' Retirement System or the  
24 Teachers' Retirement System.

25 30-210.

26      (a)       With respect to a participating employee who is employed by an employing  
27 institution or an institution over which the employing institution has administrative  
28 authority, the employing institution shall administer the participating employee's  
29 enrollment, termination, or retirement under the program.

30      (b)      (1)       AN EMPLOYING INSTITUTION MAY AUTHORIZE ITS EMPLOYEES OR  
31 THE EMPLOYEES OF AN INSTITUTION OVER WHICH IT HAS ADMINISTRATIVE  
32 AUTHORITY TO PARTICIPATE IN A SUPPLEMENTAL RETIREMENT ACCOUNT OFFERED  
33 IN ACCORDANCE WITH § 401(A), § 401(K), § 403(B), OR § 457 OF THE INTERNAL REVENUE  
34 CODE, OR ANY OTHER PROVISION OF FEDERAL LAW THAT AUTHORIZES  
35 SUPPLEMENTAL RETIREMENT ACCOUNTS.

1           (2)     If an employing institution authorizes its employees or the employees  
2 of an institution over which it has administrative authority to participate in a  
3 supplemental retirement account, the employing institution shall designate the  
4 companies that may offer supplemental retirement accounts to those employees and  
5 shall administer the participation of those employees in the supplemental retirement  
6 account.

7           [(2)]   (3)     Contributions authorized under this subsection to a  
8 supplemental retirement account on behalf of an employee may be made by payroll  
9 deduction [or by], a reduction in salary, OR DEFERRAL IN COMPENSATION in  
10 accordance with § 403(b), § 457, or § 414(h) of the Internal Revenue Code.

11     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
12 construed to apply retroactively and shall be applied to and interpreted to affect  
13 supplemental retirement accounts authorized and supplemental annuity  
14 contributions made after December 31, 2001.

15     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 June 1, 2002.