

SENATE BILL 686

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2002 Regular Session
2lr2600
CF 2lr1640

By: **Senator Kasemeyer**

Introduced and read first time: February 1, 2002

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 12, 2002

CHAPTER_____

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 establish certain supplemental retirement plans and offer supplemental
5 annuities and deferred compensation plans to their employees under provisions
6 of the Internal Revenue Code; providing for the application of this Act; and
7 generally relating to the Optional Retirement Program and supplemental
8 retirement annuities.

9 BY repealing and reenacting, without amendments,
10 Article - State Personnel and Pensions
11 Section 30-101
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2001 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - State Personnel and Pensions
16 Section 30-210
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2001 Supplement)

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

1 **Article - State Personnel and Pensions**

2 30-101.

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

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

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

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

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

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

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

16 (e) "Employing institution" means:

17 (1) the University System of Maryland;

18 (2) Morgan State University;

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

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

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

25 (g) "Pension system" means the Employees' Pension System or the Teachers'
26 Pension System.

27 (h) "Program" means the optional retirement program established under §
28 30-201 of this title.

29 (i) "Retirement system" means the Employees' Retirement System or the
30 Teachers' Retirement System.

1 30-210.

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

6 (b) (1) ~~AN EMPLOYING INSTITUTION MAY AUTHORIZE ITS EMPLOYEES OR~~
7 ~~THE EMPLOYEES OF AN INSTITUTION OVER WHICH IT HAS ADMINISTRATIVE~~
8 ~~AUTHORITY TO PARTICIPATE IN A SUPPLEMENTAL RETIREMENT ACCOUNT;~~

9 (I) ESTABLISH SUPPLEMENTAL RETIREMENT PLANS THAT
10 PROVIDE SUPPLEMENTAL RETIREMENT ACCOUNTS OFFERED BY A DESIGNATED
11 COMPANY IN ACCORDANCE WITH § 401(A), § ~~401(K)~~, § 403(B), OR § 457 OF THE INTERNAL
12 REVENUE CODE, OR ANY OTHER PROVISION OF FEDERAL LAW THAT AUTHORIZES
13 SUPPLEMENTAL RETIREMENT ACCOUNTS; AND

14 (II) AUTHORIZE ITS EMPLOYEES OR THE EMPLOYEES OF AN
15 INSTITUTION OVER WHICH IT HAS ADMINISTRATIVE AUTHORITY TO PARTICIPATE IN
16 ONE OR MORE OF THE SUPPLEMENTAL RETIREMENT PLANS.

17 (2) If an employing institution authorizes its employees or the employees
18 of an institution over which it has administrative authority to participate in a
19 supplemental retirement account, the employing institution shall designate the
20 companies that may offer supplemental retirement accounts to those employees and
21 shall administer the participation of those employees in the supplemental retirement
22 account.

23 [(2)] (3) Contributions authorized under this subsection to a
24 supplemental retirement account on behalf of an employee may be made by payroll
25 deduction [or by], a reduction in salary, OR DEFERRAL IN COMPENSATION in
26 accordance with § 403(b), § 457, or § 414(h) of the Internal Revenue Code.

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

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

