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

Introduced and read first time: February 4, 2004

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 22, 2004

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System - Transfer of Service Credit -**  
3 **Restriction on Benefits**

4 FOR the purpose of providing that a certain restriction on benefits paid on  
5 transferred service credit does not apply to certain individuals; providing for the  
6 application of this Act; and generally relating to a certain restriction on benefits  
7 paid on transferred service credit.

8 BY repealing and reenacting, with amendments,  
9 Article - State Personnel and Pensions  
10 Section 37-203(f) and 37-203.1(g)  
11 Annotated Code of Maryland  
12 (1997 Replacement Volume and 2003 Supplement)

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

15 **Article - State Personnel and Pensions**

16 37-203.

17 (f) (1) Except as otherwise provided in this subsection, after an individual  
18 transfers service credit to a new system under this title, the individual:

19 (i) shall pay the rate of contribution applicable to a member of the  
20 new system; and

1 (ii) is eligible for a pension and annuity as provided under the new  
2 system, determined by taking into account the transferred service credit.

3 (2) Except as provided in § 37-204 of this subtitle, if an individual  
4 transfers from a noncontributory system to a contributory system, on retirement the  
5 individual's retirement allowance shall be reduced by the actuarial equivalent of the  
6 accumulated contributions that would have been deducted if the individual had  
7 earned the transferred service credit under the new system, including interest on  
8 those contributions.

9 (3) (I) THIS PARAGRAPH DOES NOT APPLY TO AN INDIVIDUAL WHO:

10 1. TRANSFERS INTO ONE OF THE SEVERAL STATE SYSTEMS;  
11 AND

12 2. RECEIVES A DISABILITY RETIREMENT ALLOWANCE FROM  
13 THE NEW SYSTEM WITHIN 5 YEARS AFTER TRANSFERRING INTO THAT SYSTEM.

14 (II) If an individual retires within 5 years after transferring into a  
15 new system, the benefits payable with respect to the transferred service credit may  
16 not be greater than the benefits that would have been payable by the previous system  
17 with respect to that service if the individual had remained in the previous system.

18 37-203.1.

19 (g) (1) Except as otherwise provided in this subsection, after an individual  
20 transfers service credit to a new system under this title, the individual:

21 (i) shall pay the rate of contribution applicable to a member of the  
22 new system; and

23 (ii) is eligible for a pension and annuity as provided under the new  
24 system, determined by taking into account the transferred service credit.

25 (2) (I) THIS PARAGRAPH DOES NOT APPLY TO AN INDIVIDUAL WHO:

26 1. TRANSFERS INTO ONE OF THE SEVERAL STATE SYSTEMS;  
27 AND

28 2. RECEIVES A DISABILITY RETIREMENT ALLOWANCE FROM  
29 THE NEW SYSTEM WITHIN 5 YEARS AFTER TRANSFERRING INTO THAT SYSTEM.

30 (II) If an individual retires within 5 years after transferring into a  
31 new system, the benefits payable with respect to the transferred service credit may  
32 not be greater than the benefits that would have been payable by the previous system  
33 with respect to that service if the individual had remained in the previous system.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
35 construed to apply retroactively and shall be applied to and interpreted to affect any  
36 individual who received a disability allowance on or after June 1, 2002.

1 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
2 effect July 1, 2004.