

---

By: **Delegates Malone and DeBoy**

Introduced and read first time: February 12, 2004

Assigned to: Appropriations

---

A BILL ENTITLED

1 AN ACT concerning

2 **Pensions - Transfer of Service Credit - Baltimore County Employees**

3 FOR the purpose of providing that, notwithstanding a certain time limitation on the  
4 transfer of service credit, an employee of Baltimore County may transfer service  
5 credit earned prior to a certain time into the Baltimore County pension system  
6 that the employee is a member of, if the employee meets certain requirements;  
7 providing for the termination of this Act; and generally relating to the transfer  
8 of service credit for certain Baltimore County employees.

9 BY repealing and reenacting, without amendments,  
10 Article - State Personnel and Pensions  
11 Section 37-203 and 37-203.1  
12 Annotated Code of Maryland  
13 (1997 Replacement Volume and 2003 Supplement)

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

16 **Article - State Personnel and Pensions**

17 37-203.

18 (a) This section does not apply to a transfer of service credit to or from the  
19 State Contributory Employees' Pension System, the State Contributory Law  
20 Enforcement Officers' Pension System, or the State Contributory Teachers' Pension  
21 System.

22 (b) (1) An individual may not transfer service credit under this title unless  
23 the individual makes a claim for the service credit within 1 year after becoming a  
24 member of the new system.

25 (2) An individual may not transfer service credit from one contributory  
26 system to another contributory system unless within 1 year after becoming a member  
27 of the new system the individual deposits in the annuity savings fund or other  
28 corresponding fund of the new system the total accumulated contributions to the

1 individual's credit in the annuity savings fund or other corresponding fund of the  
2 previous system.

3 (c) Except as provided in § 37-204 of this subtitle, an individual who transfers  
4 service credit under this title shall receive service credit in the new system in the  
5 amount of service credit accumulated under the previous system.

6 (d) On verification of the service credit, the previous system may not provide  
7 any benefit for service credit transferred from the previous system to a new system  
8 under this title.

9 (e) (1) Except as provided in paragraph (2) of this subsection, if an  
10 individual transfers service credit under this title, the previous system shall refund  
11 the individual's accumulated contributions on request.

12 (2) Accumulated contributions applicable to the receipt of service credit  
13 or benefits in the new system may not be refunded if:

14 (i) an individual transfers from one noncontributory system to  
15 another noncontributory system; or

16 (ii) a former member transfers under § 37-202(b) of this subtitle.

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

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

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

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

33 37-203.1.

34 (a) (1) An individual may transfer service credit from a contributory system  
35 to the State Contributory Employees' Pension System, the State Contributory Law  
36 Enforcement Officers' Pension System, or the State Contributory Teachers' Pension

1 System if, within 1 year after becoming a member of the pension system, the  
2 individual:

3 (i) completes a claim for the service credit and files it with the  
4 Board of Trustees of the State Retirement and Pension System on a form that the  
5 Board of Trustees provides; and

6 (ii) deposits in the annuity savings fund of:

7 1. the Employees' Pension System or Teachers' Pension  
8 System member contributions at the rate of 2% of the individual's earnable  
9 compensation while a member of the contributory system after June 30, 1998,  
10 including regular interest on the contributions at the rate of 5% per year compounded  
11 annually; or

12 2. the Law Enforcement Officers' Pension System member  
13 contributions at the rate of 4% of the individual's earnable compensation while a  
14 member of the contributory system after June 30, 2000, including regular interest on  
15 the contributions at the rate of 5% per year compounded annually.

16 (2) The contributory system shall refund the individual's accumulated  
17 contributions in excess of the amount determined under paragraph (1) of this  
18 subsection on request.

19 (b) (1) Subject to paragraph (2) of this subsection, an individual may  
20 transfer service credit from a noncontributory system to the State Contributory  
21 Employees' Pension System, the State Contributory Law Enforcement Officers'  
22 Pension System, or the State Contributory Teachers' Pension System if, within 1 year  
23 after becoming a member of the Pension System, the individual completes a claim for  
24 the service credit and files it with the Board of Trustees for the State Retirement and  
25 Pension System on a form that the Board of Trustees provides.

26 (2) The noncontributory system may not refund the individual's  
27 accumulated contributions.

28 (3) (i) 1. This subparagraph applies only to an individual who  
29 transferred service credit from a noncontributory system to the State Contributory  
30 Employees' Pension System or the State Contributory Teachers' Pension System and  
31 earned any portion of the transferred service credit in a noncontributory system after  
32 June 30, 1998.

33 2. On retirement, the individual's retirement allowance shall  
34 be reduced by the actuarial equivalent of the accumulated contributions that would  
35 have been deducted during the period after June 30, 1998, when the individual was a  
36 member of the noncontributory system, if the individual had earned the transferred  
37 service credit under the State Contributory Employees' Pension System or the State  
38 Contributory Teachers' Pension System, including regular interest on those  
39 contributions at the rate of 5% per year compounded annually.

1 (ii) 1. This subparagraph applies only to an individual who  
2 transferred service credit from a noncontributory system to the State Contributory  
3 Law Enforcement Officers' Pension System and earned any portion of the transferred  
4 service credit in a noncontributory system after June 30, 2000.

5 2. Upon retirement the individual's retirement allowance  
6 shall be reduced by the actuarial equivalent of the accumulated contributions that  
7 would have been deducted during the period after June 30, 2000, when the individual  
8 was a member of the noncontributory system, if the individual had earned the  
9 transferred service credit under the State Contributory Law Enforcement Officers'  
10 Pension System, including regular interest on those contributions at the rate of 5%  
11 per year compounded annually.

12 (c) (1) An individual may transfer service credit from the State  
13 Contributory Employees' Pension System, the State Contributory Law Enforcement  
14 Officers' Pension System, or the State Contributory Teachers' Pension System to a  
15 noncontributory system if, within 1 year after becoming a member of the  
16 noncontributory system, the individual completes a claim for the service credit and  
17 files it with the administrator of the noncontributory system on a form that the  
18 administrator provides.

19 (2) The State Contributory Employees' Pension System, the State  
20 Contributory Law Enforcement Officers' Pension System, or the State Contributory  
21 Teachers' Pension System shall refund the individual's total accumulated  
22 contributions to the individual on request.

23 (d) (1) An individual may transfer service credit from the State  
24 Contributory Employees' Pension System, the State Contributory Law Enforcement  
25 Officers' Pension System, or the State Contributory Teachers' Pension System to a  
26 contributory system if, within 1 year after becoming a member of the contributory  
27 system, the individual:

28 (i) completes a claim for the service credit and files it with the  
29 administrator of the contributory system on a form that the administrator provides;  
30 and

31 (ii) deposits in the annuity savings fund or other corresponding  
32 fund of the contributory system the sum of:

33 1. the total accumulated contributions to the individual's  
34 credit in the annuity savings fund of the State Contributory Employees' Pension  
35 System, the State Contributory Law Enforcement Officers' Pension System, or the  
36 State Contributory Teachers' Pension System;

37 2. the difference, if any, between the member contributions  
38 at the rate provided for in the contributory system, including interest on those  
39 contributions, and the total accumulated contributions to the individual's credit in the  
40 annuity savings fund of the State Contributory Employees' Pension System, the State  
41 Contributory Law Enforcement Officers' Pension System, or the State Contributory  
42 Teachers' Pension System; and

1                                   3.           the accumulated contributions that would have been  
2 deducted during the period the individual was a member of the State system while it  
3 was a noncontributory system if the individual had earned the transferred service  
4 credit under the contributory system, including interest on those contributions.

5                   (2)        On retirement from the contributory system, the individual's  
6 retirement allowance shall be reduced by the actuarial equivalent of the amounts  
7 determined under paragraph (1)(ii)2 and 3 of this subsection if the member elects not  
8 to deposit those amounts in the annuity savings fund or other corresponding fund of  
9 the contributory system.

10       (e)        Except as provided in § 37-204 of this subtitle, an individual who transfers  
11 service credit under this title shall receive service credit in the new system in the  
12 amount of service credit accumulated under the previous system.

13       (f)        On verification of the service credit, the previous system may not provide  
14 any benefit for service credit transferred from the previous system to a new system  
15 under this title.

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

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

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

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

26       SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the  
27 1-year limitation on transferring service credit in §§ 37-203 and 37-203.1 of the  
28 State Personnel and Pensions Article, an employee of Baltimore County may transfer  
29 service credit earned prior to 1990 into the Baltimore County pension system that the  
30 employee is a member of, if the employee meets all of the other requirements of §§  
31 37-203 and 37-203.1.

32       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 July 1, 2004. It shall remain effective for a period of 6 months and, at the end of  
34 December 31, 2004, with no further action required by the General Assembly, this Act  
35 shall be abrogated and of no further force and effect.