

SENATE BILL 747

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2004 Regular Session  
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By: **Senators McFadden, Britt, Della, Exum, Frosh, Grosfeld, Hughes, Jones, Klausmeier, Lawlah, Pinsky, Ruben, Stone, and Teitelbaum**

Introduced and read first time: February 6, 2004

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' and Local Employees' Retirement Enhancement Act of 2004**

3 FOR the purpose of altering the definition of "earnable compensation" for certain  
4 members of the Teachers' Retirement System and the Teachers' Pension System;  
5 providing certain annual adjustments to the normal service retirement  
6 allowances of retirees of the Teachers' Retirement System and the Teachers'  
7 Pension System as of a certain date; providing for the adjustment to be subject  
8 to certain cost-of-living adjustments each fiscal year; providing for a certain  
9 cost-of-living adjustment to retirement allowances of certain retirees and  
10 former members of the Teachers' Retirement System; providing for an alternate  
11 contributory pension selection for certain members of the Teachers' Pension  
12 System; making the selection optional for certain members of the Teachers'  
13 Pension System; authorizing the purchase of certain service credit in a certain  
14 manner; providing for the member contribution rate and benefits for certain  
15 members of the Teachers' Pension System under a certain alternate contributory  
16 pension selection option; reducing the retirement age for certain members of the  
17 Teachers' Pension System; reducing certain penalties for early retirement for  
18 certain members of the Teachers' Pension System; increasing the cost-of-living  
19 adjustment for certain members of the Teachers' Pension System; authorizing  
20 certain employees of participating governmental units to elect to participate in a  
21 certain alternate contributory pension selection by a certain date; prohibiting  
22 the governing body of a county from eliminating or reducing certain retirement  
23 benefits for members of the Teachers' Retirement System or Teachers' Pension  
24 System; requiring the State Retirement Agency to provide certain information to  
25 members of the Teachers' Pension System and to certain participating  
26 governmental units; and generally relating to enhancements and modifications  
27 to pension and retirement benefits for certain teachers and employees of  
28 participating governmental units.

29 BY repealing and reenacting, with amendments,  
30 Article - State Personnel and Pensions  
31 Section 20-101(o), 22-401, 23-212, 23-217, 23-218, 23-308.2, 23-401, 23-402,  
32 29-425, and 31-112  
33 Annotated Code of Maryland

1 (1997 Replacement Volume and 2003 Supplement)

2 BY repealing and reenacting, without amendments,

3 Article - State Personnel and Pensions

4 Section 23-206

5 Annotated Code of Maryland

6 (1997 Replacement Volume and 2003 Supplement)

7 BY adding to

8 Article - State Personnel and Pensions

9 Section 23-219 and 23-220 to be under the new part "Part III. Alternate  
10 Contributory Pension Selection"; 23-308.3; and 29-428 through 29-430,  
11 inclusive, to be under the new part "Part VII. Five Percent Compound  
12 Adjustment"

13 Annotated Code of Maryland

14 (1997 Replacement Volume and 2003 Supplement)

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

17 **Article - State Personnel and Pensions**

18 20-101.

19 (o) "Earnable compensation" means one-twelfth of the member's annual  
20 salary rate payable for working the normal time in the member's position, including:

21 (1) the employer pickup contribution provided for in § 21-312 of this  
22 article; [or]

23 (2) a contribution made under a salary reduction or supplemental  
24 retirement plan in accordance with Title 35 of this article; OR

25 (3) FOR A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE  
26 TEACHERS' PENSION SYSTEM:

27 (I) COMPENSATION FOR PARTICIPATING AS A COACH OR AN  
28 ADVISOR FOR ANY EXTRACURRICULAR ACTIVITY; OR

29 (II) ANY STIPEND THE MEMBER RECEIVES FOR PARTICIPATING IN  
30 THE NATIONAL TEACHER CERTIFICATION PROGRAM.

31 22-401.

32 (a) A member may retire with a normal service retirement allowance if:

33 (1) on or before the date of retirement, the member:

34 (i) has at least 30 years of eligibility service; or

1 (ii) is at least 60 years old; and

2 (2) the member completes and submits a written application to the  
3 Board of Trustees stating the date when the member desires to retire.

4 (b) On retirement under this section, a member is entitled to receive a normal  
5 service retirement allowance that equals THE SUM OF:

6 (1) one fifty-fifth of the member's average final compensation  
7 multiplied by the number of years of creditable service ATTAINED ON OR BEFORE  
8 JUNE 30, 2004; AND

9 (2) 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
10 MULTIPLIED BY THE NUMBER OF YEARS OF CREDITABLE SERVICE ATTAINED ON OR  
11 AFTER JULY 1, 2004.

12 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A RETIREE OR A  
13 BENEFICIARY OF A RETIREE WHO RETIRES FROM THE TEACHERS' RETIREMENT  
14 SYSTEM ON OR BEFORE JULY 1, 2004, WITH A NORMAL SERVICE RETIREMENT  
15 ALLOWANCE SHALL RECEIVE AN ANNUAL RETIREMENT ALLOWANCE ADJUSTMENT  
16 AS OF JULY 1, 2004, AS FOLLOWS:

17 (I) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5  
18 YEARS, \$1,200;

19 (II) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS  
20 BUT NOT MORE THAN 10 YEARS, \$1,500;

21 (III) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS  
22 BUT NOT MORE THAN 15 YEARS, \$1,800; AND

23 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,  
24 \$2,100.

25 (2) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE  
26 ADJUSTMENT RECEIVED BY THE RETIREE OR BENEFICIARY AS OF JULY 1, 2004, BY  
27 MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

28 (I) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE  
29 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

30 (II) AS ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE  
31 CALENDAR YEAR ENDING DECEMBER 31, 2003.

32 23-206.

33 (a) Except as provided in subsection (b) of this section, §§ 23-207 through  
34 23-210 of this subtitle apply only to:

1 (1) an employee of a day school in the State under the authority and  
2 supervision of a county board of education or the Baltimore City Board of School  
3 Commissioners, employed as:

4 (i) a clerk;

5 (ii) a helping teacher;

6 (iii) a principal;

7 (iv) a superintendent;

8 (v) a supervisor; or

9 (vi) a teacher;

10 (2) a faculty employee of an educational institution supported by and  
11 under the control of the State;

12 (3) a librarian or clerical employee of a library that is established or  
13 operates under the Education Article;

14 (4) a professional or clerical employee of a community college that is  
15 established or operates under the Education Article;

16 (5) a staff employee of the University System of Maryland, Morgan State  
17 University, or St. Mary's College who is a member of the Teachers' Pension System as  
18 of January 1, 1998, or who transfers from the Teachers' Retirement System on or  
19 after January 1, 1998; or

20 (6) a nonfaculty employee of the Baltimore City Community College who:

21 (i) is a member of the Teachers' Pension System as of October 1,  
22 2002 and does not transfer to the Employees' Pension System in accordance with §  
23 23-202.1 of this subtitle; or

24 (ii) transfers from the Teachers' Retirement System on or after  
25 October 1, 2002.

26 (b) Sections 23-207 through 23-209 of this subtitle do not apply to:

27 (1) an individual who has elected to participate in an optional retirement  
28 program under Title 30 of this article;

29 (2) an individual who is employed under a federal public service  
30 employment program;

31 (3) a professional or clerical employee of the Department of Public  
32 Libraries of Montgomery County who is participating in the Employees' Retirement  
33 System of Montgomery County;

1 (4) a staff employee of the University System of Maryland, Morgan State  
2 University, or St. Mary's College who becomes employed on or after January 1, 1998  
3 in a position as a staff employee of the educational institution that was eligible for  
4 membership in the Teachers' Retirement System or Teachers' Pension System under  
5 Chapter 6, § 8, paragraphs 1(a) and 2(a) of the Acts of 1994;

6 (5) an employee who is not a member of a State system and who accepts  
7 a position for which the budgeted hours per fiscal year are less than 500 hours in the  
8 first fiscal year of employment; or

9 (6) a nonfaculty employee of the Baltimore City Community College who  
10 becomes employed on or after October 1, 2002, or who transfers to the Employees'  
11 Pension System in accordance with § 23-202.1 of this subtitle.

12 23-212.

13 (a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this  
14 section, a member's contribution rate is 5% of the part of the member's earnable  
15 compensation that exceeds the taxable wage base for each year.

16 (b) The contribution rate of a member who is subject to the contributory  
17 pension benefit under Part II of this subtitle is 2% of the member's earnable  
18 compensation.

19 (C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION  
20 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE  
21 CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS 5% OF  
22 THE MEMBER'S EARNABLE COMPENSATION.

23 23-217.

24 (a) Except as provided in subsection (b) of this section, this Part II of this  
25 subtitle applies to an individual who is:

26 (1) a member of the Employees' Pension System or the Teachers' Pension  
27 System; or

28 (2) a member of the Employees' Retirement System or the Teachers'  
29 Retirement System subject to Selection C (Combination Formula) as provided in §  
30 22-221 of this article.

31 (b) This Part II of this subtitle does not apply to an individual who is:

32 (1) an employee of:

33 (i) a participating governmental unit that has not elected the  
34 contributory pension benefit for its employees under § 31-116 of this article; or

35 (ii) a former participating governmental unit, other than Frederick  
36 County, that has withdrawn; [or]

1 (2) a member of the Employees' Pension System or Teachers' Pension  
 2 System who transferred from the Employees' Retirement System or Teachers'  
 3 Retirement System after April 1, 1998; OR

4 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, TEACHERS'  
 5 PENSION SYSTEM, EMPLOYEES' RETIREMENT SYSTEM (SELECTION C - COMBINATION  
 6 FORMULA), OR TEACHERS' RETIREMENT SYSTEM (SELECTION C - COMBINATION  
 7 FORMULA) WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION  
 8 SELECTION UNDER PART III OF THIS SUBTITLE.

9 23-218.

10 A member who is subject to this Part II of this subtitle shall:

11 (1) receive an allowance for all creditable service as follows:

12 (i) for normal service retirement as provided in § 23-401(c) of this  
 13 title;

14 (ii) for early service retirement as provided in [§ 23-402] §  
 15 23-402(B) of this title;

16 (iii) for ordinary disability retirement as provided in § 29-108 of this  
 17 article; and

18 (iv) for accidental disability retirement as provided in § 29-110 of  
 19 this article;

20 (2) have the allowance adjusted as provided in Title 29, Subtitle 4, Part  
 21 VI of this article; and

22 (3) make the member contributions at the rate specified in § 23-212(b) of  
 23 this subtitle.

24 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

25 23-219.

26 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART III  
 27 OF THIS SUBTITLE APPLIES TO AN INDIVIDUAL WHO IS:

28 (1) A MEMBER OF THE TEACHERS' PENSION SYSTEM WHO BECOMES  
 29 EMPLOYED BY A PARTICIPATING EMPLOYER ON OR AFTER JULY 1, 2004;

30 (2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO, ON OR  
 31 AFTER JULY 1, 2004, BECOMES AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL  
 32 UNIT THAT HAS ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS  
 33 EMPLOYEES UNDER § 31-116 OF THIS ARTICLE;

1 (3) A MEMBER OF THE TEACHERS' PENSION SYSTEM ON JUNE 30, 2004,  
2 WHO ELECTS TO BE SUBJECT TO THIS PART;

3 (4) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM SUBJECT TO  
4 SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE  
5 ON JUNE 30, 2004, WHO ELECTS TO BE SUBJECT TO THIS PART; OR

6 (5) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO ON JUNE 30,  
7 2004, IS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT HAS  
8 ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS EMPLOYEES UNDER §  
9 31-116 OF THIS ARTICLE AND WHO ELECTS TO BE SUBJECT TO THIS PART.

10 (B) THIS PART III OF THIS SUBTITLE DOES NOT APPLY TO AN INDIVIDUAL  
11 WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION  
12 SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR  
13 TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

14 23-220.

15 A MEMBER WHO IS SUBJECT TO THIS PART III OF THIS SUBTITLE SHALL:

16 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS  
17 FOLLOWS:

18 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §  
19 23-401(D) OF THIS TITLE WITH AT LEAST 30 YEARS OF ELIGIBILITY SERVICE OR THE  
20 YEARS OF ELIGIBILITY SERVICE AT THE AGES SPECIFIED IN § 23-401(A)(2)(IV) OF THIS  
21 TITLE;

22 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402(C)  
23 OF THIS TITLE;

24 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §  
25 29-108 OF THIS ARTICLE; AND

26 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §  
27 29-110 OF THIS ARTICLE;

28 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,  
29 SUBTITLE 4, PART VII OF THIS ARTICLE; AND

30 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §  
31 23-212(C) OF THIS SUBTITLE.

32 23-308.2.

33 (a) For periods of employment as a member of the Teachers' Retirement  
34 System or the Teachers' Pension System for which the member is not otherwise  
35 entitled to service credit, a member of the Teachers' Pension System may purchase  
36 credit for eligibility service as provided in this section.

1 (b) The total amount of service credit in the Teachers' Retirement System or  
2 Teachers' Pension System that a member may purchase under this section and §  
3 23-308 of this subtitle may not exceed 10 years.

4 (c) A member who purchases service credit under this section may not  
5 purchase service credit for any period of employment during which the member  
6 participated in the optional retirement program.

7 (d) To purchase service credit under this section, a member must:

8 (1) complete a claim for the service credit and file it with the Board of  
9 Trustees on the form that the Board of Trustees provides; and

10 (2) pay to the Board of Trustees an amount equal to one-half of the  
11 annuity reserve and one-half of the pension reserve required to fund the additional  
12 allowance.

13 (E) (1) A MEMBER MAY REDUCE THE FINAL COST OF SERVICE CREDIT  
14 PURCHASED UNDER THIS SECTION THROUGH A PAYROLL DEDUCTION OF NOT LESS  
15 THAN 2% OF ANNUAL SALARY PER YEAR WITH THE APPROPRIATE FINAL  
16 ADJUSTMENT MADE AT RETIREMENT.

17 (2) THE SURVIVING SPOUSE OF A MEMBER MAY PAY FOR THE  
18 APPROPRIATE FINAL ADJUSTMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION IF:

19 (I) THE MEMBER DIES WHILE EMPLOYED AS A MEMBER;

20 (II) THE MEMBER WAS PURCHASING SERVICE CREDIT THROUGH A  
21 PAYROLL DEDUCTION; AND

22 (III) THE SERVICE CREDIT QUALIFIES FOR BENEFITS UNDER §  
23 29-205 OF THIS ARTICLE.

24 23-308.3.

25 (A) FOR PERIODS OF EMPLOYMENT AS A MEMBER OF THE TEACHERS'  
26 RETIREMENT SYSTEM FOR WHICH THE MEMBER IS NOT OTHERWISE ENTITLED TO  
27 SERVICE CREDIT, A MEMBER OF THE TEACHERS' PENSION SYSTEM MAY PURCHASE  
28 ELIGIBILITY SERVICE AS PROVIDED IN THIS SECTION.

29 (B) THE TOTAL AMOUNT OF SERVICE CREDIT IN THE TEACHERS' PENSION  
30 SYSTEM THAT A MEMBER MAY PURCHASE UNDER THIS SECTION AND §§ 23-308 AND  
31 23-308.2 OF THIS SUBTITLE MAY NOT EXCEED 10 YEARS.

32 (C) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION MAY  
33 NOT PURCHASE SERVICE CREDIT FOR ANY PERIOD OF EMPLOYMENT DURING WHICH  
34 THE MEMBER PARTICIPATED IN THE OPTIONAL RETIREMENT PROGRAM.

35 (D) (1) TO PURCHASE SERVICE CREDIT UNDER THIS SECTION, A MEMBER  
36 SHALL:



1 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT  
2 WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES  
3 PROVIDE; AND

4 (II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE  
5 MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF  
6 EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR  
7 INTEREST TO THE DATE OF PAYMENT.

8 (2) EXCEPT AS PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS  
9 SUBSECTION, THE MEMBER SHALL PAY FOR SERVICE CREDIT PURCHASED UNDER  
10 THIS SECTION AT RETIREMENT.

11 (3) A MEMBER MAY REDUCE THE FINAL COST OF SERVICE CREDIT  
12 PURCHASED UNDER THIS SECTION THROUGH A PAYROLL DEDUCTION OF NOT LESS  
13 THAN 2% OF ANNUAL SALARY PER YEAR, WITH THE APPROPRIATE FINAL  
14 ADJUSTMENT MADE AT RETIREMENT.

15 (4) THE SURVIVING SPOUSE OF A MEMBER OF THE TEACHERS'  
16 RETIREMENT SYSTEM MAY PAY FOR THE APPROPRIATE FINAL ADJUSTMENT UNDER  
17 PARAGRAPH (3) OF THIS SUBSECTION IF:

18 (I) THE MEMBER DIES WHILE EMPLOYED AS A MEMBER;

19 (II) THE MEMBER WAS PURCHASING SERVICE CREDIT THROUGH A  
20 PAYROLL DEDUCTION; AND

21 (III) THE SERVICE CREDIT QUALIFIES FOR BENEFITS UNDER §  
22 29-205 OF THIS ARTICLE.

23 23-401.

24 (a) A member may retire with a normal service retirement allowance if:

25 (1) the member completes and submits a written application to the  
26 Board of Trustees stating the date when the member desires to retire; and

27 (2) on or before the date of retirement, the member:

28 (i) has at least 30 years of eligibility service;

29 (ii) has a combined total of at least 30 years of eligibility service  
30 from the Employees' Pension System, the Teachers' Pension System, the Employees'  
31 Retirement System, or the Teachers' Retirement System; [or]

32 (iii) EXCEPT AS PROVIDED IN ITEM (IV) OF THIS ITEM, has attained  
33 the age and the years of eligibility service as follows:

34	Age		Years of Eligibility Service
35	62	with	5

1	63	with	4
2	64	with	3
3	65	or more with	2

4 (IV) FOR MEMBERS WHO ARE SUBJECT TO THE ALTERNATE  
 5 CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE,  
 6 HAS ATTAINED THE AGE AND THE YEARS OF ELIGIBILITY SERVICE AS FOLLOWS:

7	AGE		YEARS OF ELIGIBILITY SERVICE
8	60	WITH	5
9	61	WITH	4
10	62	WITH	3
11	63	OR MORE WITH	2

12 (b) Except as provided in subsections (c), [and] (d), AND (E) of this section, on  
 13 retirement under this section, a member is entitled to receive a normal service  
 14 retirement allowance that equals the number of years of the member's creditable  
 15 service multiplied by:

16 (1) 0.8% of the member's average final compensation that is not in excess  
 17 of the Social Security integration level; and

18 (2) 1.5% of the member's average final compensation that exceeds the  
 19 Social Security integration level.

20 (c) Except as provided in subsection [(d)] (E) of this section, on retirement  
 21 under this section, a member who is subject to the contributory pension benefit under  
 22 Subtitle 2, Part II of this title is entitled to receive a normal service retirement  
 23 allowance that equals the sum of:

24 (1) the number of years of the member's creditable service on or after  
 25 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

26 (2) the greater of:

27 (i) the number of years of the member's creditable service on or  
 28 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;  
 29 or

30 (ii) the number of years of the member's creditable service on or  
 31 before June 30, 1998 multiplied by:

32 1. 0.8% of the member's average final compensation that is  
 33 not in excess of the Social Security integration level; and

34 2. 1.5% of the member's average final compensation that  
 35 exceeds the Social Security integration level.

1 (D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, ON  
2 RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO THE  
3 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF  
4 THIS TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE  
5 THAT EQUALS THE SUM OF:

6 (1) (I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
7 SERVICE THAT IS BETWEEN 1 AND 15 YEARS BEGINNING ON OR AFTER JULY 1, 2004,  
8 MULTIPLIED BY 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND

9 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
10 SERVICE THAT IS OVER 15 YEARS BEGINNING ON OR AFTER JULY 1, 2004, MULTIPLIED  
11 BY 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;

12 (2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON  
13 OR AFTER JULY 1, 1998, BUT BEFORE JULY 1, 2004, MULTIPLIED BY 1.4% OF THE  
14 MEMBER'S AVERAGE FINAL COMPENSATION; AND

15 (3) THE GREATER OF:

16 (I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
17 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE MEMBER'S  
18 AVERAGE FINAL COMPENSATION; OR

19 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
20 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:

21 1. 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
22 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

23 2. 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
24 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL.

25 [(d)] (E) (1) This subsection applies only to a member who has a combined  
26 total of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

27 (2) A member is entitled to receive a normal service retirement  
28 allowance that equals:

29 (i) an allowance based on the creditable service the member  
30 earned in the Employees' Pension System;

31 (ii) an allowance based on the creditable service the member  
32 earned in the Employees' Retirement System;

33 (iii) an allowance based on the creditable service the member  
34 earned in the Teachers' Pension System; plus

35 (iv) an allowance based on the creditable service the member  
36 earned in the Teachers' Retirement System.

1 (F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A RETIREE OR A  
2 BENEFICIARY OF A RETIREE WHO RETIRES FROM THE TEACHERS' PENSION SYSTEM  
3 ON OR BEFORE JULY 1, 2004, WITH A NORMAL SERVICE RETIREMENT ALLOWANCE  
4 SHALL RECEIVE AN ANNUAL RETIREMENT ALLOWANCE ADJUSTMENT AS OF JULY 1,  
5 2004, AS FOLLOWS:

6 (I) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5  
7 YEARS, \$1,200;

8 (II) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS  
9 BUT NOT MORE THAN 10 YEARS, \$1,500;

10 (III) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS  
11 BUT NOT MORE THAN 15 YEARS, \$1,800; AND

12 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,  
13 \$2,100.

14 (2) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE  
15 ADJUSTMENT RECEIVED BY THE RETIREE OR BENEFICIARY AS OF JULY 1, 2004, BY  
16 MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

17 (I) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE  
18 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

19 (II) AS ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE  
20 CALENDAR YEAR ENDING DECEMBER 31, 2003.

21 23-402.

22 (a) A member may retire with an early service retirement allowance if:

23 (1) the member completes and submits a written application to the  
24 Board of Trustees stating the date when the member desires to retire; and

25 (2) on or before the date of retirement, the member:

26 (i) has at least 15 years but less than 30 years of eligibility service;  
27 and

28 (ii) is at least 55 but less than 62 years old.

29 (b) [On] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON  
30 retirement under this section, a member is entitled to receive an early service  
31 retirement allowance that equals the normal service retirement allowance under §  
32 23-401 of this subtitle, reduced by 0.5% for each month that the member's early  
33 retirement date precedes the date the member will be 62 years old.

34 (C) ON RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO  
35 THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III  
36 OF THIS TITLE IS ENTITLED TO RECEIVE AN EARLY SERVICE RETIREMENT

1 ALLOWANCE THAT EQUALS THE NORMAL SERVICE RETIREMENT ALLOWANCE  
2 UNDER § 23-401(D) OF THIS SUBTITLE, REDUCED BY 0.4% FOR EACH MONTH THAT  
3 THE MEMBER'S EARLY RETIREMENT DATE PRECEDES THE DATE THE MEMBER WILL  
4 BE 60 YEARS OLD.

5 29-425.

6 (a) [This] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS  
7 Part VI of this subtitle applies:

8 (1) on or after July 1, 1998 only to an allowance received by a former  
9 member, retiree, or surviving beneficiary of a deceased member, former member, or  
10 retiree of the Employees' Pension System or the Teachers' Pension System; and

11 (2) on or after December 31, 2000, to an allowance received by a former  
12 member, retiree, or surviving beneficiary of a deceased member, former member, or  
13 retiree of the Law Enforcement Officers' Pension System.

14 (b) This Part VI of this subtitle does not apply if:

15 (1) the member, former member, or retiree was an employee of:

16 (i) a participating governmental unit that has not elected the  
17 contributory pension benefit of its employees under § 31-116 of this article; or

18 (ii) a former participating governmental unit, other than Frederick  
19 County, that has withdrawn before July 1, 1998, while a member; [or]

20 (2) the member, former member, or retiree:

21 (i) transferred to the Law Enforcement Officers' Pension System  
22 from the Employees' Retirement System; and

23 (ii) did not elect to participate in the Law Enforcement Officers'  
24 Modified Pension Benefit on or before December 31, 2000 as provided in § 26-211 of  
25 this article; OR

26 (3) THE MEMBER, FORMER MEMBER, OR RETIREE IS SUBJECT TO THE  
27 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23, SUBTITLE 2,  
28 PART III OF THIS ARTICLE.

29 PART VII. FIVE PERCENT COMPOUND ADJUSTMENT.

30 29-428.

31 THIS PART VII OF THIS SUBTITLE APPLIES ON OR AFTER JULY 1, 2004, ONLY TO  
32 AN ALLOWANCE RECEIVED BY A FORMER MEMBER, RETIREE, OR SURVIVING  
33 BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE WHO IS  
34 SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23,  
35 SUBTITLE 2, PART III OF THIS ARTICLE.

1 29-429.

2 EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST EACH  
3 ALLOWANCE AS PROVIDED IN THIS PART VII OF THIS SUBTITLE.

4 29-430.

5 (A) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST AN  
6 ALLOWANCE BY MULTIPLYING THE ALLOWANCE FOR THE PRECEDING FISCAL YEAR,  
7 EXCLUSIVE OF ANY ADDITIONAL VOLUNTARY ANNUITY, BY A RATE NOT EXCEEDING  
8 5%, THAT IS OBTAINED BY DIVIDING THE CONSUMER PRICE INDEX FOR THE  
9 CALENDAR YEAR ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR BY THE  
10 CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING DECEMBER 31 IN THE  
11 SECOND PRECEDING FISCAL YEAR.

12 (B) THE ADJUSTMENT UNDER SUBSECTION (A) OF THIS SECTION SHALL  
13 BEGIN THE SECOND JULY 1 AFTER THE DAY PRECEDING THE RETIREE'S DATE OF  
14 RETIREMENT OR THE FORMER MEMBER'S EFFECTIVE DATE FOR RECEIPT OF A  
15 VESTED ALLOWANCE.

16 (C) THE TOTAL ALLOWANCE PAYABLE IN EACH FISCAL YEAR SHALL BE THE  
17 SUM OF:

18 (1) THE ANNUAL RATE OF ALLOWANCE PAID DURING THE PRECEDING  
19 FISCAL YEAR;

20 (2) THE ADJUSTMENT IN ALLOWANCE PAID DURING THE PRECEDING  
21 FISCAL YEAR; AND

22 (3) ANY ADDITIONAL ANNUITY.

23 31-112.

24 (a) Subject to subsection (b) of this section, an employee of a participating  
25 governmental unit who is a member of one of the employees' systems is entitled to the  
26 benefits to which State employees are entitled under that system.

27 (b) (1) [An] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, AN  
28 employee of a participating governmental unit that has elected to participate in the  
29 contributory pension benefit option under § 31-116 of this subtitle shall be subject to  
30 Title 23, Subtitle 2, Part II of this article.

31 (2) An employee of a participating governmental unit that has not  
32 elected to participate in the contributory pension benefit option under § 31-116 of this  
33 subtitle is not subject to Title 23, Subtitle 2, Part II of this article.

34 (C) (1) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
35 HAS ELECTED TO PARTICIPATE IN THE CONTRIBUTORY PENSION SELECTION UNDER  
36 § 31-116 OF THIS SUBTITLE, SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF  
37 THIS ARTICLE, IF:

1 (I) THE EMPLOYEE IS AN EMPLOYEE OF THE PARTICIPATING  
2 GOVERNMENTAL UNIT ON DECEMBER 31, 2004 AND THE EMPLOYEE ELECTS TO BE  
3 SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE; OR

4 (II) THE EMPLOYEE BECOMES AN EMPLOYEE OF THE  
5 PARTICIPATING GOVERNMENTAL UNIT ON OR AFTER JANUARY 1, 2004.

6 (2) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
7 HAS NOT ELECTED TO PARTICIPATE IN THE ALTERNATE CONTRIBUTORY PENSION  
8 SELECTION UNDER § 31-116 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23,  
9 SUBTITLE 2, PART III OF THIS ARTICLE.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the governing body of a  
11 county or Baltimore City that offers a supplemental retirement allowance or  
12 supplemental retirement plan to members of the Teachers' Retirement System or  
13 Teachers' Pension System may not eliminate or reduce any retirement benefits  
14 provided as of January 1, 2004.

15 SECTION 3. AND BE IT FURTHER ENACTED, That the State Retirement  
16 Agency shall inform members of the Teachers' Pension System and the governing  
17 bodies of participating governmental units about the elections that the members are  
18 entitled to make under this Act.

19 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 June 1, 2004.