

(PRE-FILED)

By: **Senator Green**

Requested: July 21, 2004

Introduced and read first time: January 12, 2005

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Retirement and Pension Systems - Reemployment of Retirees**

3 FOR the purpose of exempting from a certain offset of a retirement allowance certain
4 retirees of the Teachers' Retirement System and Teachers' Pension System; and
5 generally relating to the reemployment of retirees of the Teachers' Retirement
6 System and Teachers' Pension System.

7 BY repealing and reenacting, with amendments,
8 Article - State Personnel and Pensions
9 Section 22-406 and 23-407
10 Annotated Code of Maryland
11 (2004 Replacement Volume)

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

14 **Article - State Personnel and Pensions**

15 22-406.

16 (a) An individual who is receiving a service retirement allowance or vested
17 allowance may accept employment with a participating employer on a permanent,
18 temporary, or contractual basis, if:

19 (1) the individual immediately notifies the Board of Trustees of the
20 individual's intention to accept this employment; and

21 (2) the individual specifies the compensation to be received.

22 (b) (1) The Board of Trustees shall reduce the allowance of an individual
23 who accepts employment as provided under subsection (a) of this section if:

24 (i) the individual's current employer is a participating employer
25 other than the State and is the same participating employer that employed the
26 individual at the time of the individual's last separation from employment with a

1 participating employer before the individual commenced receiving a service
2 retirement allowance or vested allowance;

3 (ii) the individual's current employer is any unit of State
4 government and the individual's employer at the time of the individual's last
5 separation from employment with the State before the individual commenced
6 receiving a service retirement allowance or vested allowance was also a unit of State
7 government; or

8 (iii) the individual becomes reemployed within 12 months of
9 receiving an early service retirement allowance under § 22-402 of this subtitle.

10 (2) The reduction required under paragraph (1) of this subsection shall
11 equal:

12 (i) the amount by which the sum of the individual's initial annual
13 basic allowance and the individual's annual compensation exceeds the average final
14 compensation used to compute the basic allowance; or

15 (ii) for a retiree who retired under the Workforce Reduction Act
16 (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
17 compensation and the retiree's annual basic allowance at the time of retirement,
18 including the incentive provided by the Workforce Reduction Act, exceeds the average
19 final compensation used to compute the basic allowance.

20 (3) A reduction of an early service retirement allowance under paragraph
21 (1)(iii) of this subsection shall be applied only until the individual has received an
22 allowance for 12 months.

23 (4) Except for an individual whose allowance is subject to a reduction as
24 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an
25 allowance under this subsection does not apply to:

26 (i) an individual who has been retired for more than 10 years;

27 (ii) an individual whose average final compensation was less than
28 \$10,000 and who is reemployed on a temporary or contractual basis;

29 (iii) an individual who is serving in an elected position as an official
30 of a participating governmental unit or as a constitutional officer for a county that is
31 a participating governmental unit;

32 (iv) a retiree of the Teachers' Retirement System[:

33 1. who retired and was reemployed by a participating
34 employer other than the State on or before September 30, 1994; and

35 2. whose employment compensation does not derive, in whole
36 or in part, from State funds]; or

1 (v) a former employee of the Domestic Relations Division of Anne
2 Arundel County Circuit Court who transfers into the State Employees' Personnel
3 System under § 2-510 of the Courts Article.

4 (c) An individual who is receiving a service retirement allowance or a vested
5 allowance and who is reemployed by a participating employer may not receive
6 creditable service or eligibility service during the period of reemployment.

7 (d) The individual's compensation during the period of reemployment may not
8 be subject to the employer pickup provisions of § 21-303 of this article or any
9 reduction or deduction as a member contribution for pension or retirement purposes.

10 (e) The State Retirement Agency shall institute appropriate reporting
11 procedures with the affected payroll systems to ensure compliance with this section.

12 (f) (1) Immediately on the employment of any individual receiving a service
13 retirement allowance or a vested allowance, a participating employer shall notify the
14 State Retirement Agency of the type of employment and the anticipated earnings of
15 the individual.

16 (2) At least once each year, in a format specified by the State Retirement
17 Agency, each participating employer shall provide the State Retirement Agency with
18 a list of all employees included on any payroll of the employer, the Social Security
19 numbers of the employees, and their earnings for that year.

20 (g) At the request of the State Retirement Agency:

21 (1) a participating employer shall certify to the State Retirement Agency
22 that it is not the same participating employer that employed an individual at the time
23 of the individual's last separation from employment before the individual commenced
24 receiving a service retirement allowance or a vested allowance; or

25 (2) a unit of State government shall certify to the State Retirement
26 Agency that the individual was not employed by any unit of State government at the
27 time of the individual's last separation from employment before the individual
28 commenced receiving a service retirement allowance or a vested allowance.

29 23-407.

30 (a) An individual who is receiving a service retirement allowance or a vested
31 allowance may accept employment with a participating employer on a permanent,
32 temporary, or contractual basis, if:

33 (1) the individual immediately notifies the Board of Trustees of the
34 individual's intention to accept this employment; and

35 (2) the individual specifies the compensation to be received.

36 (b) (1) The Board of Trustees shall reduce the allowance of an individual
37 who accepts employment as provided under subsection (a) of this section if:

1 (i) the individual's current employer is a participating employer
2 other than the State and is the same participating employer that employed the
3 individual at the time of the individual's last separation from employment with a
4 participating employer before the individual commenced receiving a service
5 retirement allowance or vested allowance;

6 (ii) the individual's current employer is any unit of State
7 government and the individual's employer at the time of the individual's last
8 separation from employment with the State before the individual commenced
9 receiving a service retirement allowance or vested allowance was also a unit of State
10 government; or

11 (iii) the individual becomes reemployed within 12 months of
12 receiving an early service retirement allowance or an early vested allowance
13 computed under § 23-402 of this subtitle.

14 (2) The reduction required under paragraph (1) of this subsection shall
15 equal:

16 (i) the amount by which the sum of the individual's initial annual
17 basic allowance and the individual's annual compensation exceeds the average final
18 compensation used to compute the basic allowance; or

19 (ii) for a retiree who retired under the Workforce Reduction Act
20 (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
21 compensation and the retiree's annual basic allowance at the time of retirement,
22 including the incentive provided by the Workforce Reduction Act, exceeds the average
23 final compensation used to compute the basic allowance.

24 (3) A reduction of an early service retirement allowance or an early
25 vested allowance under paragraph (1)(iii) of this subsection shall be applied only until
26 the individual has received an allowance for 12 months.

27 (4) Except for an individual whose allowance is subject to a reduction as
28 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an
29 allowance under this subsection does not apply to:

30 (i) an individual whose average final compensation was less than
31 \$10,000 and who is reemployed on a temporary or contractual basis;

32 (ii) an individual who is serving in an elected position as an official
33 of a participating governmental unit or as a constitutional officer for a county that is
34 a participating governmental unit; [or]

35 (iii) an individual who has been retired for more than 10 years; OR

36 (IV) A RETIREE OF THE TEACHERS' PENSION SYSTEM.

1 (c) An individual who is receiving a service retirement allowance or a vested
2 allowance and who is reemployed by a participating employer may not receive
3 creditable service or eligibility service during the period of reemployment.

4 (d) The individual's compensation during the period of reemployment may not
5 be subject to the employer pickup provisions of § 21-303 of this article or any
6 reduction or deduction as a member contribution for pension or retirement purposes.

7 (e) The State Retirement Agency shall institute appropriate reporting
8 procedures with the affected payroll systems to ensure compliance with this section.

9 (f) (1) Immediately on the employment of any individual receiving a service
10 retirement allowance or a vested allowance, a participating employer shall notify the
11 State Retirement Agency of the type of employment and the anticipated earnings of
12 the individual.

13 (2) At least once each year, in a format specified by the State Retirement
14 Agency, each participating employer shall provide the State Retirement Agency with
15 a list of all employees included on any payroll of the employer, the Social Security
16 numbers of the employees, and their earnings for that year.

17 (g) At the request of the State Retirement Agency:

18 (1) a participating employer shall certify to the State Retirement Agency
19 that it is not the same participating employer that employed an individual at the time
20 of the individual's last separation from employment before the individual commenced
21 receiving a service retirement allowance or a vested allowance; or

22 (2) a unit of State government shall certify to the State Retirement
23 Agency that the individual was not employed by any unit of State government at the
24 time of the individual's last separation from employment before the individual
25 commenced receiving a service retirement allowance or a vested allowance.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2005.