
By: **Senator Kasemeyer**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Benefit Enhancement Act of 2005**

3 FOR the purpose of altering the member contribution rate for certain members of the
4 Employees' Pension System and Teachers' Pension System; altering the formula
5 used to calculate the normal service retirement allowances of certain retirees of
6 the Employees' Pension System and Teachers' Pension System as of a certain
7 date; and generally relating to enhancements and modifications to service
8 retirement benefits for members of the Employees' Pension System and
9 Teachers' Pension System.

10 BY repealing and reenacting, with amendments,

11 Article - State Personnel and Pensions

12 Section 23-212 and 23-401

13 Annotated Code of Maryland

14 (2004 Replacement Volume)

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 23-212.

19 (a) Except as provided in subsection (b) of this section, a member's
20 contribution rate is 5% of the part of the member's earnable compensation that
21 exceeds the taxable wage base for each year.

22 (b) The contribution rate of a member who is subject to the contributory
23 pension benefit under Part II of this subtitle is [2%] 5% of the member's earnable
24 compensation.

25 23-401.

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

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

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

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

5 (ii) has a combined total of at least 30 years of eligibility service
6 from the Employees' Pension System, the Teachers' Pension System, the Employees'
7 Retirement System, or the Teachers' Retirement System; or

8 (iii) has attained the age and the years of eligibility service as
9 follows:

10 Age		Years of Eligibility Service
11 62	with	5
12 63	with	4
13 64	with	3
14 65	or more with	2

15 (b) Except as provided in subsections (c) and (d) of this section, on retirement
16 under this section, a member is entitled to receive a normal service retirement
17 allowance that equals the number of years of the member's creditable service
18 multiplied by:

19 (1) 0.8% of the member's average final compensation that is not in excess
20 of the Social Security integration level; and

21 (2) 1.5% of the member's average final compensation that exceeds the
22 Social Security integration level.

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

27 (1) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON
28 OR AFTER JULY 1, 2005 MULTIPLIED BY 1.75% OF THE MEMBER'S AVERAGE FINAL
29 COMPENSATION;

30 (2) the number of years of the member's creditable service BEFORE JULY
31 1, 2005 AND on or after July 1, 1998 multiplied by 1.4% of the member's average final
32 compensation; and

33 [(2)] (3) the greater of:

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

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

3 1. 0.8% of the member's average final compensation that is
4 not in excess of the Social Security integration level; and

5 2. 1.5% of the member's average final compensation that
6 exceeds the Social Security integration level.

7 (d) (1) This subsection applies only to a member who has a combined total of
8 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

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