
By: **Chairman, Budget and Taxation Committee (By Request -
Departmental - Health and Mental Hygiene)**

Introduced and read first time: February 4, 2005

Rules suspended

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of exempting from a certain offset of a retirement allowance for
4 certain retirees of, and individuals receiving a vested allowance from, the
5 Employees' Retirement System or the Employees' Pension System who are
6 reemployed on a contractual basis by the Department of Health and Mental
7 Hygiene under certain circumstances; and generally relating to the
8 reemployment of retirees of the Employees' Retirement System and the
9 Employees' Pension System.

10 BY repealing and reenacting, with amendments,
11 Article - State Personnel and Pensions
12 Section 22-406 and 23-407
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 22-406.

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

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

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

25 (b) (1) The Board of Trustees shall reduce the allowance of an individual
26 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 under § 22-402 of this subtitle.

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

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

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

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

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

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

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

32 (iii) 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;

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

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

1 of the individual's last separation from employment before the individual commenced
2 receiving a service retirement allowance or a vested allowance; or

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

7 23-407.

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

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

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

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

16 (i) the individual's current employer is a participating employer
17 other than the State and is the same participating employer that employed the
18 individual at the time of the individual's last separation from employment with a
19 participating employer before the individual commenced receiving a service
20 retirement allowance or vested allowance;

21 (ii) the individual's current employer is any unit of State
22 government and the individual's employer at the time of the individual's last
23 separation from employment with the State before the individual commenced
24 receiving a service retirement allowance or vested allowance was also a unit of State
25 government; or

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

29 (2) The reduction required under paragraph (1) of this subsection shall
30 equal:

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

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

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

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

7 (i) an individual whose average final compensation was less than
8 \$10,000 and who is reemployed on a temporary or contractual basis;

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

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

13 (IV) A RETIREE OF THE EMPLOYEES' PENSION SYSTEM WHO IS
14 REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND
15 MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE
16 HEALTH OCCUPATIONS ARTICLE, IN:

17 1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF
18 THE HEALTH - GENERAL ARTICLE;

19 2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19,
20 SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

21 3. A STATE FACILITY AS DEFINED IN § 10-101 OF THE
22 HEALTH - GENERAL ARTICLE; OR

23 4. A COUNTY HEALTH DEPARTMENT UNDER THE DIRECTION
24 OF A HEALTH OFFICER SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL
25 ARTICLE.

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

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

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

34 (f) (1) Immediately on the employment of any individual receiving a service
35 retirement allowance or a vested allowance, a participating employer shall notify the
36 State Retirement Agency of the type of employment and the anticipated earnings of
37 the individual.

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

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

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

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

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