
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

Committee Report: Favorable

Senate action: Adopted

Read second time: March 15, 2005

CHAPTER _____

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:

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

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

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

6 (i) the individual's current employer is a participating employer
7 other than the State and is the same participating employer that employed the
8 individual at the time of the individual's last separation from employment with a
9 participating employer before the individual commenced receiving a service
10 retirement allowance or vested allowance;

11 (ii) the individual's current employer is any unit of State
12 government and the individual's employer at the time of the individual's last
13 separation from employment with the State before the individual commenced
14 receiving a service retirement allowance or vested allowance was also a unit of State
15 government; or

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

18 (2) The reduction required under paragraph (1) of this subsection shall
19 equal:

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

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

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

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

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

35 (ii) an individual whose average final compensation was less than
36 \$10,000 and who is reemployed on a temporary or contractual basis;

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

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

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

7 2. whose employment compensation does not derive, in whole
8 or in part, from State funds; [or]

9 (v) a former employee of the Domestic Relations Division of Anne
10 Arundel County Circuit Court who transfers into the State Employees' Personnel
11 System under § 2-510 of the Courts Article; OR

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

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

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

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

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

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

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

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

33 (f) (1) Immediately on the employment of any individual receiving a service
34 retirement allowance or a vested allowance, a participating employer shall notify the
35 State Retirement Agency of the type of employment and the anticipated earnings of
36 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 23-407.

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

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

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

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

23 (i) the individual's current employer is a participating employer
24 other than the State and is the same participating employer that employed the
25 individual at the time of the individual's last separation from employment with a
26 participating employer before the individual commenced receiving a service
27 retirement allowance or vested allowance;

28 (ii) the individual's current employer is any unit of State
29 government and the individual's employer at the time of the individual's last
30 separation from employment with the State before the individual commenced
31 receiving a service retirement allowance or vested allowance was also a unit of State
32 government; or

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

36 (2) The reduction required under paragraph (1) of this subsection shall
37 equal:

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

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

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

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

15 (i) an individual whose average final compensation was less than
16 \$10,000 and who is reemployed on a temporary or contractual basis;

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

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

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

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

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

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

31 4. A COUNTY HEALTH DEPARTMENT UNDER THE DIRECTION
32 OF A HEALTH OFFICER SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL
33 ARTICLE.

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

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

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

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

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

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

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

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

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