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By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

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Committee Report: Favorable with amendments

Senate action: Adopted

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System - Administration - Simplification**

3 FOR the purpose of providing that certain members of certain systems included in the  
 4 State Retirement and Pension System who retire within a certain period of time  
 5 after ~~terminating State employment~~ separating from employment with certain  
 6 employers may receive creditable service for their unused sick leave; providing  
 7 that certain members of the State Police Retirement System or the Law  
 8 Enforcement Officers' Pension System are not required to designate certain  
 9 beneficiaries if a reduced retirement allowance is selected at the time of  
 10 retirement; providing that certain ~~monthly~~ benefit payments may not be  
 11 included in the payment of certain optional retirement allowance death benefits;  
 12 providing that certain ~~monthly~~ benefit payments will not be made if certain  
 13 individuals die within a certain period of time; altering the criteria for when  
 14 membership ends for certain members of certain systems included in the State  
 15 Retirement and Pension System; limiting the period of time when certain  
 16 members of certain systems included in the State Retirement and Pension  
 17 System may purchase certain service credit; prohibiting certain retirees from  
 18 being rehired within a certain period of time under certain circumstances;  
 19 altering the period of time when a certain offset to a retirement allowance is  
 20 applied for certain members of the employees' systems and the teachers'  
 21 systems; providing that members of the Employees' Pension System, Teachers'  
 22 Pension System, or Law Enforcement Officers' Pension System may only earn a  
 23 certain amount of service credit for a certain period of time; ~~distributing~~  
 24 providing, under certain circumstances, for the distribution of the accumulated  
 25 contributions of a deceased member of the Law Enforcement Officers' Pension  
 26 System if the death occurs under certain circumstances; requiring that an  
 27 eligible governmental unit electing to participate in the Employees' Pension  
 28 System or the Law Enforcement Officers' Pension System begins participating

1 on a certain date; altering the types of service credit that certain members of  
 2 certain systems included in the State Retirement and Pension System may  
 3 purchase; altering the methods that certain members of certain systems  
 4 included in the State Retirement and Pension System may use to purchase  
 5 certain service credit; making certain technical and conforming changes;  
 6 providing for a delayed effective date of certain provisions of this Act; and  
 7 generally relating to simplifying the administration of the State Retirement and  
 8 Pension System.

9 BY repealing and reenacting, with amendments,  
 10 Article - State Personnel and Pensions  
 11 Section 20-206(c), 21-402, 21-403, 21-406, 22-217, 22-304, ~~22-406(b)~~  
 12 22-305(b), 22-406(a) and (b), 23-215, 23-302, 23-307(a), ~~23-407(b),~~  
 13 24-207, 24-305(a), 25-205, 26-206, 26-302, 23-407(a) and (b), 24-207,  
 14 24-305(a), 24-306(b), 24-405(a), 25-205, 25-306(b), 25-403(a), 26-206,  
 15 26-302, 26-307(a), 26-403(a), 28-206, 28-307(a), 28-402(a), and 29-203  
 16 Annotated Code of Maryland  
 17 (2004 Replacement Volume)

18 BY adding to  
 19 Article - State Personnel and Pensions  
 20 ~~Section 22-303.1, 23-304.1, 24-304.1, 25-304.1, 26-306.1, 28-306.1, 31-109.1,~~  
 21 Section 22-303.1, 22-406(h), 23-304.1, 23-407(h), 24-304.1, 24-405(d),  
 22 25-304.1, 25-403(h), 26-306.1, 26-403(f), 28-306.1, 28-402(g), 31-109.1,  
 23 and 31-2A-03.1  
 24 Annotated Code of Maryland  
 25 (2004 Replacement Volume)

26 ~~BY repealing and reenacting, without amendments,~~  
 27 ~~Article - State Personnel and Pensions~~  
 28 ~~Section 22-406(a) and 23-407(a)~~  
 29 ~~Annotated Code of Maryland~~  
 30 ~~(2004 Replacement Volume)~~

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

33 **Article - State Personnel and Pensions**

34 20-206.

35 (c) A member is entitled to receive creditable service for unused sick leave [as  
 36 provided in this section] IF THE MEMBER RETIRES ON OR BEFORE 30 DAYS AFTER  
 37 THE MEMBER ~~TERMINATES STATE EMPLOYMENT~~ IS SEPARATED FROM  
 38 EMPLOYMENT WITH A PARTICIPATING EMPLOYER OR A PARTICIPATING

1 GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM ONE OF THE SEVERAL  
 2 SYSTEMS UNDER TITLE 31 OF THIS ARTICLE.

3 21-402.

4 (a) Each optional form of allowance shall be the actuarial equivalent of the  
 5 basic allowance under the State system of a member.

6 (b) (1) Subject to paragraph (2) of this subsection, for an optional form of  
 7 allowance providing for payment to a designated beneficiary for life, the designated  
 8 beneficiary must be an individual.

9 (2) If the designated beneficiary is a minor or an individual with a  
 10 disability, the allowance may be paid into a trust for the benefit of the individual.

11 (3) A MEMBER WHO ELECTS TO RECEIVE A REDUCED OPTIONAL  
 12 ALLOWANCE UNDER § 21-403 OF THIS SUBTITLE, MAY DESIGNATE AN INDIVIDUAL  
 13 OTHER THAN THE MEMBER'S CHILD AS THE MEMBER'S DESIGNATED BENEFICIARY.

14 21-403.

15 ~~(A) (1) IF A DEATH BENEFIT FOR A DECEASED RETIREE IS MADE UNDER~~  
 16 ~~SUBSECTION (B), (D), (E), OR (G) OF THIS SECTION, THE PAYMENT MAY NOT INCLUDE~~  
 17 ~~ANY PORTION OF THE MONTHLY BENEFIT THE RETIREE WOULD HAVE RECEIVED IN~~  
 18 ~~THE MONTH IN WHICH THE RETIREE DIED.~~

19 ~~(2) THE PAYMENT FOR THE MONTHLY BENEFIT DUE TO THE RETIREE IN~~  
 20 ~~THE MONTH THE RETIREE DIED SHALL BE PAID UNDER § 21-406 OF THIS SUBTITLE.~~

21 ~~(B)~~ (A) (1) Under Option 1, if a retiree dies before receiving payments  
 22 equal to the actuarial equivalent present value of the retiree's basic allowance  
 23 computed at the time of retirement, the Board of Trustees shall pay the balance as a  
 24 single payment:

25 (i) to the designated beneficiary; or

26 (ii) if there is no designated beneficiary, to the retiree's estate.

27 (2) (i) At the time of retirement, a member of the Judges' Retirement  
 28 System described in § 21-401(a)(2) of this subtitle may designate more than one  
 29 beneficiary for the optional benefit provided in paragraph (1) of this subsection.

30 (ii) If, at the time of retirement, a member of the Judges'  
 31 Retirement System does designate more than one beneficiary for the optional benefit  
 32 provided in paragraph (1) of this subsection, the single payment will be paid in equal  
 33 shares to each of the designated beneficiaries.

34 ~~(b)}~~ (C) Under Option 2, when a retiree dies, the Board of Trustees shall pay  
 35 the retiree's reduced allowance to the designated beneficiary for the designated  
 36 beneficiary's life.

1    ~~{c}~~    ~~(D)~~    Under Option 3, when a retiree dies, the Board of Trustees shall pay  
2 50% of the retiree's reduced allowance to the designated beneficiary for the  
3 designated beneficiary's life.

4    ~~{d}~~    ~~(E)~~    Under Option 4, if a retiree dies before receiving payments equal to  
5 the value of the retiree's accumulated contributions at the time of retirement, the  
6 Board of Trustees shall pay the balance as a single payment:

7           (1)    to the designated beneficiary; or

8           (2)    if there is no designated beneficiary, to the retiree's estate.

9    ~~{e}~~    ~~(F)~~    (1)    Subject to paragraph (2) of this subsection, under Option 5,  
10 when a retiree dies, the Board of Trustees shall pay the retiree's reduced allowance to  
11 the designated beneficiary for the designated beneficiary's life.

12           (2)    If the designated beneficiary dies before the retiree, then:

13                   (i)    from the date of death of the designated beneficiary, the Board  
14 of Trustees shall pay the retiree the basic allowance; or

15                           (ii)    1.    the retiree may designate a new beneficiary in accordance  
16 with § 21-404 of this subtitle; and

17   2.    the Board of Trustees shall pay the retiree an allowance as  
18 provided in § 21-404(d)(2) OF THIS SUBTITLE.

19    ~~{f}~~    ~~(G)~~    (1)    Subject to paragraph (2) of this subsection, under Option 6,  
20 when a retiree dies, the Board of Trustees shall pay 50% of the retiree's reduced  
21 allowance to the designated beneficiary for the designated beneficiary's life.

22           (2)    If the designated beneficiary dies before the retiree, then:

23                   (i)    from the date of death of the designated beneficiary, the Board  
24 of Trustees shall pay the retiree the basic allowance; or

25                           (ii)    1.    the retiree may designate a new beneficiary in accordance  
26 with § 21-404 of this subtitle; and

27   2.    the Board of Trustees shall pay the retiree an allowance as  
28 provided in § 21-404(d)(2) OF THIS SUBTITLE.

29    ~~{g}~~    ~~(H)~~    Under Option 7, the Board of Trustees shall pay a retiree or, on the  
30 death of a retiree, the designated beneficiary benefits according to a method of  
31 payment requested before the retiree's retirement, if:

32           (1)    the actuary for the Board of Trustees certifies that the method of  
33 payment is the actuarial equivalent of the retiree's basic allowance; and

34           (2)    the Board of Trustees approves the method of payment.

1 21-406.

2 (a) (1) [When] IF a designated beneficiary who is receiving payments for  
 3 life dies ~~ON OR AFTER THE 1ST DAY OF THE MONTH AND ON OR BEFORE THE 15TH~~  
 4 DAY OF ~~THE A~~ MONTH, THE BOARD OF TRUSTEES MAY NOT PAY ANY PORTION OF THE  
 5 DESIGNATED BENEFICIARY'S ~~MONTHLY BENEFIT~~ ALLOWANCE TO THE DESIGNATED  
 6 BENEFICIARY'S ESTATE FOR THE MONTH IN WHICH THE DEATH OCCURS.

7 (2) IF A DESIGNATED BENEFICIARY WHO IS RECEIVING PAYMENTS FOR  
 8 LIFE DIES ON OR AFTER THE 16TH DAY OF ~~THE A~~ MONTH, the Board of Trustees shall  
 9 pay to the designated beneficiary's estate the [part of the] ~~FULL MONTHLY ENTIRE~~  
 10 allowance due to the designated beneficiary for the month in which the death occurs.

11 (b) (1) [When] IF a retiree dies ~~ON OR AFTER THE 1ST DAY OF THE MONTH~~  
 12 ~~AND ON OR BEFORE THE 15TH DAY OF THE A~~ MONTH, THE BOARD OF TRUSTEES MAY  
 13 NOT PAY ANY PORTION OF THE RETIREE'S ~~MONTHLY BENEFIT~~ ALLOWANCE TO THE  
 14 DESIGNATED BENEFICIARY OR THE RETIREE'S ESTATE FOR THE MONTH IN WHICH  
 15 THE DEATH OCCURS.

16 (2) IF A RETIREE DIES ON OR AFTER THE 16TH DAY OF ~~THE A~~ MONTH,  
 17 the Board of Trustees shall pay the [part of the] ~~FULL MONTHLY ENTIRE~~ allowance  
 18 due to the retiree for the month in which the death occurs:

19 (1) to the designated beneficiary; or

20 (2) if there is no designated beneficiary, to the retiree's estate.

21 22-217.

22 Membership ends if the member:

23 (1) is separated from employment for more than:

24 (i) [3] 4 years, if a member of the Employees' Retirement System;

25 or

26 (ii) 5 years, if a member of the Teachers' Retirement System;

27 (2) withdraws the member's accumulated contributions;

28 (3) transfers to the Employees' Pension System or Teachers' Pension

29 System;

30 (4) becomes a retiree; or

31 (5) dies.

32 22-303.1.

33 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
 34 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~

1 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 22-214 OF THIS TITLE~~  
2 ~~SEPARATED FROM EMPLOYMENT.~~

3 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
4 MEMBER IS ON AN APPROVED LEAVE OF ABSENCE PROVIDED UNDER § 9-1105 OF  
5 THIS ARTICLE.

6 22-406.

7 (a) ~~AN~~ EXCEPT AS PROVIDED IN SUBSECTION (H) OF THIS SECTION, AN  
8 individual who is receiving a service retirement allowance or vested allowance may  
9 accept employment with a participating employer on a permanent, temporary, or  
10 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 under § 22-402 of this subtitle.

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

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

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

1 (3) A reduction of an early service retirement allowance under paragraph  
2 (1)(iii) of this subsection shall be applied only until the individual has received an  
3 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 who has been retired for [more than 10] 9 years,  
8 BEGINNING ON JANUARY 1 AFTER THE DATE THE INDIVIDUAL RETIRES;

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

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

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

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

17 2. whose employment compensation does not derive, in whole  
18 or in part, from State funds; or

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

22 (H) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
23 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF:

24 (1) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING  
25 EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER  
26 THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST  
27 SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE  
28 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR

29 (2) THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT OF STATE  
30 GOVERNMENT AND THE INDIVIDUAL'S EMPLOYER AT THE TIME OF THE  
31 INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE BEFORE THE  
32 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE WAS  
33 ALSO A UNIT OF STATE GOVERNMENT.

34 23-215.

35 [(a) Except as provided in subsection (b) of this section, membership ends on  
36 separation from employment.

1 (b) If a member is subject to the contributory pension benefit under Part II of  
2 this subtitle, membership] MEMBERSHIP ends if the member:

3 (1) is separated from employment for more than 4 years;

4 (2) withdraws the member's accumulated contributions;

5 (3) becomes a retiree; or

6 (4) dies.

7 23-302.

8 (a) Subject to subsections [(b) and (c)] (B), (C), AND (D) of this section, a  
9 member is entitled to eligibility service for periods of employment while a member of  
10 the Employees' Pension System or the Teachers' Pension System.

11 (b) THE BOARD OF TRUSTEES MAY NOT ALLOW MORE THAN 1 YEAR OF  
12 SERVICE CREDIT FOR A CALENDAR YEAR.

13 (C) (1) If a member completes at least 500 hours of employment while a  
14 member in any fiscal year, the member is entitled to 1 year of eligibility service.

15 (2) Except in the first and last fiscal years or except as provided in  
16 subsection (c) of this section, a member may not receive any eligibility service for a  
17 fiscal year in which the member completes less than 500 hours of employment while  
18 a member.

19 (3) In the first and last fiscal years, if a member completes less than 500  
20 hours of employment while a member, the Board of Trustees shall prorate the  
21 eligibility service based on the number of hours worked.

22 [(c)] (D) If a member who is subject to the contributory pension benefit under  
23 Subtitle 2, Part II of this title completes less than 500 hours of employment while a  
24 member, the Board of Trustees shall prorate the member's eligibility service based on  
25 the number of hours worked.

26 23-304.1.

27 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
28 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~  
29 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 23-212 OF THIS TITLE~~  
30 SEPARATED FROM EMPLOYMENT.

31 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
32 MEMBER IS ON AN APPROVED LEAVE OF ABSENCE PROVIDED UNDER § 9-1105 OF  
33 THIS ARTICLE.



1 23-407.

2 (a) ~~An~~ EXCEPT AS PROVIDED IN SUBSECTION (H) OF THIS SECTION, AN  
3 individual who is receiving a service retirement allowance or a vested allowance may  
4 accept employment with a participating employer on a permanent, temporary, or  
5 contractual basis, if:

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

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

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

11 (i) the individual's current employer is a participating employer  
12 other than the State and is the same participating employer that employed the  
13 individual at the time of the individual's last separation from employment with a  
14 participating employer before the individual commenced receiving a service  
15 retirement allowance or vested allowance;

16 (ii) the individual's current employer is any unit of State  
17 government and the individual's employer at the time of the individual's last  
18 separation from employment with the State before the individual commenced  
19 receiving a service retirement allowance or vested allowance was also a unit of State  
20 government; or

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

24 (2) The reduction required under paragraph (1) of this subsection shall  
25 equal:

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

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

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

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

4 (i) an individual whose average final compensation was less than  
 5 \$10,000 and who is reemployed on a temporary or contractual basis;

6 (ii) an individual who is serving in an elected position as an official  
 7 of a participating governmental unit or as a constitutional officer for a county that is  
 8 a participating governmental unit; or

9 (iii) an individual who has been retired for [more than 10] 9 years,  
 10 BEGINNING ON JANUARY 1 AFTER THE DATE THE INDIVIDUAL RETIRES.

11 (H) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
 12 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF:

13 (1) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING  
 14 EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER  
 15 THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST  
 16 SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE  
 17 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR

18 (2) THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT OF STATE  
 19 GOVERNMENT AND THE INDIVIDUAL'S EMPLOYER AT THE TIME OF THE  
 20 INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE BEFORE THE  
 21 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE WAS  
 22 ALSO A UNIT OF STATE GOVERNMENT.

23 24-207.

24 Membership ends if the member:

25 (1) is separated from employment for more than [3] 4 years;

26 (2) withdraws the member's accumulated contributions;

27 (3) becomes a retiree;

28 (4) dies; or

29 (5) elects to participate in the Deferred Retirement Option Program  
 30 established under § 24-401.1 of this title.

31 24-304.1.

32 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
 33 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~  
 34 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 24-205 OF THIS TITLE~~  
 35 SEPARATED FROM EMPLOYMENT.

1 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
 2 MEMBER IS ON AN APPROVED LEAVE OF ABSENCE PROVIDED UNDER § 9-1105 OF  
 3 THIS ARTICLE.

4 24-405.

5 (a) [Subject] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION  
 6 AND SUBJECT to subsections (b) and (c) of this section, an individual who is receiving  
 7 a service retirement allowance or vested allowance may accept employment with a  
 8 participating employer on a temporary basis, if:

9 (1) the employment is not in a regularly allocated position; and

10 (2) the individual immediately notifies the Board of Trustees:

11 (i) of the individual's intention to accept the employment; and

12 (ii) of the compensation that the individual will receive.

13 (D) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
 14 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF THE  
 15 INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT OF STATE GOVERNMENT AND THE  
 16 INDIVIDUAL'S EMPLOYER AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION  
 17 FROM EMPLOYMENT WITH THE STATE BEFORE THE INDIVIDUAL COMMENCED  
 18 RECEIVING A SERVICE RETIREMENT ALLOWANCE WAS ALSO A UNIT OF STATE  
 19 GOVERNMENT.

20 25-205.

21 Membership ends if the member:

22 (1) is separated from employment for more than [3] 4 years;

23 (2) withdraws the member's accumulated contributions;

24 (3) becomes a retiree; or

25 (4) dies.

26 25-304.1.

27 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
 28 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~  
 29 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 25-203 OF THIS TITLE~~  
 30 SEPARATED FROM EMPLOYMENT.

31 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
 32 MEMBER IS ON AN APPROVED LEAVE OF ABSENCE PROVIDED UNDER § 9-1105 OF  
 33 THIS ARTICLE.

1 25-403.

2 (a) [An] EXCEPT AS PROVIDED IN SUBSECTION (H) OF THIS SECTION, AN  
3 individual who is receiving a service retirement allowance or vested allowance may  
4 accept employment with a participating employer on a permanent, temporary, or  
5 contractual basis, if the individual immediately notifies the Board of Trustees:

6 (1) of the individual's intention to accept the employment; and

7 (2) of the compensation that the individual will receive.

8 (H) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
9 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF:

10 (1) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING  
11 EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER  
12 THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST  
13 SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE  
14 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR

15 (2) THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT OF STATE  
16 GOVERNMENT AND THE INDIVIDUAL'S EMPLOYER AT THE TIME OF THE  
17 INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE BEFORE THE  
18 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE WAS  
19 ALSO A UNIT OF STATE GOVERNMENT.

20 26-206.

21 [(a) Except as provided in subsection (b) of this section, membership ends on  
22 separation from employment.

23 (b) (1) This subsection applies only to a member who is subject to the Law  
24 Enforcement Officers' Modified Pension Benefit under Part II of this subtitle.

25 (2)] Membership ends if the member:

26 [(i) (1) is separated from employment for more than 4 years;

27 [(ii) (2) withdraws the member's accumulated contributions;

28 [(iii) (3) becomes a retiree; or

29 [(iv) (4) dies.

30 26-302.

31 (a) Subject to subsections [(b) and (c)] (B), (C), AND (D) of this section, a  
32 member is entitled to eligibility service for periods of employment while a member of  
33 the Law Enforcement Officers' Pension System.

1 (b) THE BOARD OF TRUSTEES MAY NOT ALLOW MORE THAN 1 YEAR OF  
2 SERVICE CREDIT FOR A CALENDAR YEAR.

3 (C) (1) If a member completes at least 500 hours of employment while a  
4 member in any fiscal year, the member is entitled to 1 year of eligibility service.

5 (2) Except in the first and last fiscal years, a member may not receive  
6 any eligibility service for a fiscal year in which the member completes less than 500  
7 hours of employment while a member.

8 (3) In the first and last fiscal years, if a member completes less than 500  
9 hours of employment while a member, the Board of Trustees shall prorate the  
10 eligibility service based on the number of hours worked.

11 [(c)] (D) If a member who is subject to the Law Enforcement Officers' Modified  
12 Pension Benefit under Subtitle 2, Part II of this title completes less than 500 hours of  
13 employment while a member, the Board of Trustees shall prorate the member's  
14 eligibility service based on the number of hours worked.

15 26-306.1.

16 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
17 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~  
18 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 26-204 OF THIS TITLE~~  
19 SEPARATED FROM EMPLOYMENT.

20 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
21 MEMBER IS ON AN APPROVED LEAVE OF ABSENCE PROVIDED UNDER § 9-1105 OF  
22 THIS ARTICLE.

23 26-403.

24 (a) [A] EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, A retiree  
25 who is receiving a service retirement allowance may accept employment with a  
26 participating employer on a permanent, temporary, or contractual basis, without any  
27 reduction in retirement allowance.

28 (F) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
29 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF:

30 (1) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING  
31 EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER  
32 THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST  
33 SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE  
34 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR

35 (2) THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT OF STATE  
36 GOVERNMENT AND THE INDIVIDUAL'S EMPLOYER AT THE TIME OF THE  
37 INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE BEFORE THE

1 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE WAS  
2 ALSO A UNIT OF STATE GOVERNMENT.

3 28-206.

4 Membership ends [on separation from employment] IF THE MEMBER IS  
5 SEPARATED FROM EMPLOYMENT FOR MORE THAN 4 YEARS.

6 28-306.1.

7 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A MEMBER  
8 MAY NOT PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE MEMBER IS ~~NO~~  
9 ~~LONGER MAKING MEMBER CONTRIBUTIONS AS PROVIDED IN § 28-204 OF THIS TITLE~~  
10 SEPARATED FROM EMPLOYMENT.

11 (B) A MEMBER MAY PURCHASE SERVICE CREDIT UNDER THIS TITLE IF THE  
12 MEMBER IS ON A LEAVE OF ABSENCE APPROVED BY THE MEMBER'S EMPLOYER.

13 28-402.

14 (a) [An] EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, AN  
15 individual who is receiving a service retirement allowance or vested allowance may  
16 accept employment with a participating employer on a permanent, temporary, or  
17 contractual basis, without any reduction in the allowance, if:

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

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

21 (G) AN INDIVIDUAL WHO IS REHIRED UNDER THIS SECTION MAY NOT BE  
22 REHIRED WITHIN 45 DAYS OF THE DATE THE INDIVIDUAL RETIRED IF THE  
23 INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING EMPLOYER OTHER THAN  
24 THE STATE AND IS THE SAME PARTICIPATING EMPLOYER THAT EMPLOYED THE  
25 INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM  
26 EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE INDIVIDUAL  
27 COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE.

28 29-203.

29 (a) (1) This subsection applies only to an individual who dies while  
30 employed as a member of the Law Enforcement Officers' Pension System:

31 (i) without willful negligence by the member; and

32 (ii) with more than 2 years of eligibility service.

33 (2) When the Board of Trustees receives proof of death of a member and  
34 finds that the death has occurred in the manner described in paragraph (1) of this  
35 subsection, the Board of Trustees shall pay:

1 (i) if the member is survived by a spouse or child under the age of  
2 18 years[,]:

3 1. THE MEMBER'S ACCUMULATED CONTRIBUTIONS TO THE  
4 DESIGNATED BENEFICIARY, OR OTHERWISE TO THE MEMBER'S ESTATE; AND

5 2. an allowance of 50% of the ordinary disability retirement  
6 allowance provided for in § 29-108 of this title:

7 [1.] A. to the surviving spouse; or

8 [2.] B. if there is no surviving spouse or if the surviving  
9 spouse dies before the youngest child of the member is 18 years old, to any children of  
10 the deceased member who are under the age of 18 years; or

11 (ii) if the member is not survived by a spouse or child under the age  
12 of 18 years, the death benefit under § 29-202 of this subtitle.

13 (b) (1) This subsection applies only to an individual who dies while  
14 employed as a member of the Law Enforcement Officers' Pension System:

15 (i) without willful negligence by the member; and

16 (ii) with death arising out of or in the course of the actual  
17 performance of duty.

18 (2) When the Board of Trustees receives proof of death of a member and  
19 finds that the death has occurred in the manner described in paragraph (1) of this  
20 subsection, the Board of Trustees shall pay:

21 (i) if the member is survived by a spouse or child under the age of  
22 18 years[,]:

23 1. THE MEMBER'S ACCUMULATED CONTRIBUTIONS TO THE  
24 DESIGNATED BENEFICIARY, OR OTHERWISE TO THE MEMBER'S ESTATE; AND

25 2. an allowance of two-thirds of the member's average final  
26 compensation:

27 [1.] A. to the surviving spouse; or

28 [2.] B. if there is no surviving spouse or if the surviving  
29 spouse dies before the youngest child of the member is 18 years old, to any children of  
30 the deceased member who are under the age of 18 years; or

31 (ii) if the member is not survived by a spouse or child under the age  
32 of 18 years, the death benefit under § 29-202 of this subtitle.

33 (c) If the Board of Trustees pays an allowance under this section to more than  
34 one child, the Board of Trustees shall divide the allowance among the children under

1 the age of 18 years in a manner that provides for payments to continue until each  
2 child dies or becomes 18 years old.

3 31-109.1.

4 THE EFFECTIVE DATE OF PARTICIPATION FOR AN ELIGIBLE GOVERNMENTAL  
5 UNIT IS JULY 1 OF THE YEAR FOLLOWING THE FISCAL YEAR IN WHICH THE ELIGIBLE  
6 GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE EMPLOYEES' PENSION  
7 SYSTEM.

8 31-2A-03.1.

9 THE EFFECTIVE DATE OF PARTICIPATION FOR AN ELIGIBLE GOVERNMENTAL  
10 UNIT IS JULY 1 OF THE YEAR FOLLOWING THE FISCAL YEAR IN WHICH THE ELIGIBLE  
11 GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE LAW ENFORCEMENT  
12 OFFICERS' PENSION SYSTEM.

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
14 read as follows:

15 **Article - State Personnel and Pensions**

16 22-304.

17 (a) A member may purchase service credit as provided in subsection (b) of this  
18 section for periods of employment described in subsection (c) or (d) of this section for  
19 which the member is not otherwise entitled to service credit.

20 (b) (1) A member who purchases service credit under this section shall:

21 (i) complete a claim for the service credit and file it with the Board  
22 of Trustees on a form that the Board of Trustees provides; and

23 (ii) pay to the Board of Trustees in a single payment the member  
24 contributions the member would have made for the period of employment for which  
25 service credit is being purchased plus regular interest to the date of payment.

26 (2) A member may pay for service credit purchased under this section at  
27 any time before retirement.

28 (c) (1) A member of the Employees' Retirement System may purchase  
29 service credit for a period of employment:

30 (i) [from July 1, 1970, to June 30, 1972, both inclusive, during  
31 which a member elected to delay enrollment in the Employees' Retirement System;

32 (ii) from January 1, 1972, to July 1, 1975, both inclusive, for which  
33 a member has been employed by a board of supervisors of elections;

34 (iii) as staff for the Commission to Revise the Annotated Code;



1 (iv) by the Division of Employment Service when it was under  
2 federal control;

3 (v) by the Maryland Tuberculosis Association during which the  
4 member operated radiologic equipment under the supervision of the Maryland Health  
5 Department or its successors;

6 [(vi)] by the State or a participating governmental unit ~~on a~~  
7 ~~temporary or emergency basis;~~

8 [(vii)] (II) as a member of the State Police Retirement System for  
9 which the member was not vested in that State system;

10 [(viii)] when membership was mandatory but for which member  
11 contributions were not made;

12 [(ix)] (III) when the member was on an employer-approved leave of  
13 absence not exceeding 2 years that has qualified for purchase under regulations  
14 adopted by the Board of Trustees;

15 [(x)] (IV) by the Department of Legislative Services, the Office of  
16 the Attorney General, or as secretary to the Speaker of the House of Delegates or as  
17 secretary to the President of the Senate during a session of the General Assembly;

18 [(xi)] (V) by a member of the Senate or House of Delegates or the  
19 office of the Secretary of the Senate or the Chief Clerk of the House of Delegates; or

20 [(xii)] (VI) as a member of the Employees' Retirement System or the  
21 Teachers' Retirement System for which the member had withdrawn the member's  
22 accumulated contributions after a prior termination of membership.

23 (2) For service credit purchased under:

24 (i) paragraph [(1)(x)] (1)(IV) of this subsection, a year or part of a  
25 year of employment equals 1 year of service credit; and

26 (ii) paragraph [(1)(xi)] (1)(V) of this subsection, employment for at  
27 least 130 days per year as a legislative employee equals 1 year of service credit.

28 (d) A member of the Teachers' Retirement System may purchase service credit  
29 for periods of employment:

30 (1) [from July 1, 1970, to June 30, 1972, both inclusive, during which a  
31 member elected to delay enrollment in the Teachers' Retirement System;

32 (2) on or before December 30, 1969, for which membership in the  
33 Teachers' Retirement System was contingent on the member's election;

34 (3)] during which a member held an emergency teaching certificate;

1 [(4)] (2) as a member of the State Police Retirement System for which  
2 the member was not vested in that State system;

3 [(5)] (3) when membership was mandatory but for which member  
4 contributions were not made;

5 [(6)] (4) when the member was on an employer-approved leave of  
6 absence not exceeding 2 years that has qualified for purchase under regulations  
7 adopted by the Board of Trustees; or

8 [(7)] (5) as a member of the Employees' Retirement System or the  
9 Teachers' Retirement System for which the member had withdrawn the member's  
10 accumulated contributions after a prior termination of membership.

11 22-305.

12 (b) (1) A member who purchases service credit under this section shall:

13 (i) complete a claim for the service credit and file it with the Board  
14 of Trustees on a form that the Board of Trustees provides; and

15 (ii) pay to the Board of Trustees an amount equal to the annuity  
16 reserve and pension reserve required to fund the additional allowance.

17 (2) Except as provided in paragraphs (3) and (4) of this subsection, the  
18 member shall pay for service credit purchased under this section at retirement.

19 (3) [A member may reduce the final cost of service credit purchased  
20 under this section through a payroll deduction of not less than 2% of annual salary  
21 per year, with the appropriate final adjustment made at retirement for:

22 (i) the purchase of federal or out-of-state municipal service credit  
23 for a member of the Employees' Retirement System; or

24 (ii) the purchase of service credit under subsection (d) of this  
25 section for a member of the Teachers' Retirement System.

26 (4) The surviving spouse of a member of the Teachers' Retirement  
27 System may pay for the appropriate final adjustment under paragraph (3) of this  
28 subsection if:

29 (i) the member dies while employed as a member;

30 (ii) the member was purchasing service credit through a payroll  
31 deduction; and

32 (iii) the service credit qualifies for benefits under § 29-205 of this  
33 article.

1 23-307.

2 (a) (1) Except as provided in subsection (b) of this section, in the year of  
3 retirement, a member of the Employees' Pension System may purchase credit for  
4 eligibility service of up to 10 years for periods of employment described in paragraph  
5 (4) of this subsection for which the member is not otherwise entitled to service credit.

6 (2) To purchase service credit under this subsection, a member must:

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

9 (ii) pay to the Board of Trustees an amount equal to the annuity  
10 reserve and pension reserve required to fund the additional allowance.

11 (3) ~~A member may pay the amount required by paragraph (2) of this~~  
12 ~~subsection on an installment basis by contributing at least 2% of earnable~~  
13 ~~compensation per year with the appropriate final adjustments being made in the year~~  
14 ~~the member retires.~~

15 ~~(4)~~ A member may only purchase service credit under this subsection for  
16 employment with:

17 (i) the State;

18 (ii) [the Division of Employment Service while the Division was  
19 under federal control;

20 (iii) the Maryland Tuberculosis Association as the operator of  
21 radiological equipment under the supervision of the Maryland Health Department;

22 (iv)] a political subdivision in the State;

23 [(v)] (III) an out-of-state school as a teacher;

24 [(vi)] (IV) the federal government;

25 [(vii)] (V) an out-of-state political subdivision; or

26 [(viii)] (VI) a public school as a teacher.

27 24-305.

28 (a) A member may purchase service credit as provided in subsection (b) of this  
29 section for[:

30 (1) periods of employment from July 1, 1970, through June 30, 1972,  
31 both inclusive, during which the member elected to delay enrollment in the State  
32 Police Retirement System and for which the member is not otherwise entitled to  
33 service credit; and

1 (2)] a period of employment when the member was on an  
2 employer-approved leave of absence not exceeding 2 years that has qualified for  
3 purchase under regulations adopted by the Board of Trustees.

4 24-306.

5 (b) (1) A member who purchases service credit under this section shall:

6 (i) complete a claim for the service credit and file it with the Board  
7 of Trustees on the form that the Board of Trustees provides; and

8 (ii) pay to the Board of Trustees an amount equal to the annuity  
9 reserve and pension reserve required to fund the additional allowance.

10 (2) The member shall pay for service credit purchased under this  
11 section[:

12 (i) in a single payment at retirement[: or

13 (ii) through a payroll deduction of not less than 2% of earnable  
14 compensation, with the appropriate final adjustment made at retirement].

15 25-306.

16 (b) (1) A member who purchases service credit under this section shall:

17 (i) complete a claim for the service credit and file it with the Board  
18 of Trustees on the form that the Board of Trustees provides; and

19 (ii) pay to the Board of Trustees an amount equal to the annuity  
20 reserve and pension reserve required to fund the additional allowance.

21 (2) The member shall pay for service credit purchased under this  
22 section[:

23 (i) in a single payment at retirement[: or

24 (ii) through a payroll deduction of not less than 2% of earnable  
25 compensation, with the appropriate final adjustment made at retirement].

26 26-307.

27 (a) (1) In the year of retirement, a member may purchase service credit for  
28 eligibility service of up to 10 years for periods of employment for which the member:

29 (i) would have been entitled to purchase the service credit under  
30 the Employees' Pension System; and

31 (ii) is not otherwise entitled to service credit under the Law  
32 Enforcement Officers' Pension System.

1           (2)     To purchase service credit under this section, a member must:

2                   (i)     complete a claim for the service credit and file it with the Board  
3 of Trustees on the form that the Board of Trustees provides; and

4                   (ii)    pay to the Board of Trustees an amount equal to the annuity  
5 reserve and pension reserve required to fund the additional allowance.

6           [(3)    A member may pay the amount required by paragraph (2) of this  
7 subsection on an installment basis by contributing at least 2% of earnable  
8 compensation with the appropriate final adjustments being made in the year the  
9 member retires.]

10 28-307.

11       (a)     (1)     In the year of retirement, a member may purchase service credit for  
12 eligibility service of up to 10 years for periods of employment for which the member:

13                   (i)     would have been entitled to purchase service credit under the  
14 Employees' Pension System; and

15                   (ii)    is not otherwise entitled to service credit under the Local Fire  
16 and Police System.

17       (2)     To purchase service credit under this section, a member must:

18                   (i)     complete a claim for the service credit and file it with the Board  
19 of Trustees on the form that the Board of Trustees provides; and

20                   (ii)    pay to the Board of Trustees an amount equal to the annuity  
21 reserve and pension reserve required to fund the additional allowance.

22       [(3)    A member may pay the amount required by paragraph (2) of this  
23 subsection on an installment basis by contributing at least 2% of earnable  
24 compensation per year with the appropriate final adjustments being made in the year  
25 the member retires.]

26       SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act  
27 shall take effect January 1, 2006.

28       SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
29 Section 3 of this Act, this Act shall take effect July 1, 2005.

