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By: **Senators McFadden, Astle, Britt, Brochin, Conway, Currie, Della, Dyson, Exum, Frosh, Garagiola, Giannetti, Gladden, Green, Grosfeld, Hollinger, Hughes, Jimeno, Jones, Kelley, Klausmeier, Kramer, Lawlah, Middleton, Pinsky, Ruben, Stone, and Teitelbaum**

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' and Local Employees' Retirement Enhancement Act of 2005**

3 FOR the purpose of altering the definition of "earnable compensation" for certain  
 4 members of the Teachers' Retirement System or the Teachers' Pension System;  
 5 altering the formula used to calculate the normal service retirement allowances  
 6 of certain retirees of the Teachers' Retirement System or the Teachers' Pension  
 7 System as of a certain date; providing for an alternate contributory pension  
 8 selection for certain members of the Teachers' Pension System and members of  
 9 the Teachers' Retirement System subject to Selection C (Combination formula);  
 10 providing for the member contribution rate and benefits for certain members of  
 11 the Teachers' Pension System under a certain alternate contributory pension  
 12 selection option; authorizing certain employees of participating governmental  
 13 units to elect to participate in a certain alternate contributory pension selection  
 14 by a certain date; prohibiting the governing body of a county from eliminating or  
 15 reducing certain retirement benefits for members of the Teachers' Retirement  
 16 System or Teachers' Pension System; requiring the State Retirement Agency to  
 17 provide certain information to members of the Teachers' Pension System and to  
 18 certain participating governmental units; and generally relating to  
 19 enhancements and modifications to pension and retirement benefits for certain  
 20 teachers and employees of participating governmental units.

21 BY repealing and reenacting, with amendments,  
 22 Article - State Personnel and Pensions  
 23 Section 20-101(o), 22-401, 23-212, 23-217, 23-218, 23-401, and 31-112  
 24 Annotated Code of Maryland  
 25 (2004 Replacement Volume)

26 BY adding to  
 27 Article - State Personnel and Pensions  
 28 Section 23-221 and 23-222 to be under the new part "Part III. Alternate  
 29 Contributory Pension Selection"

1 Annotated Code of Maryland  
2 (2004 Replacement Volume)

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

5 **Article - State Personnel and Pensions**

6 20-101.

7 (o) "Earnable compensation" means one-twelfth of the member's annual  
8 salary rate payable for working the normal time in the member's position, including:

9 (1) the employer pickup contribution provided for in § 21-312 of this  
10 article; [or]

11 (2) a contribution made under a salary reduction or supplemental  
12 retirement plan in accordance with Title 35 of this article; OR

13 (3) FOR A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE  
14 TEACHERS' PENSION SYSTEM:

15 (I) COMPENSATION FOR PARTICIPATING AS A COACH OR AN  
16 ADVISOR FOR ANY EXTRACURRICULAR ACTIVITY; OR

17 (II) ANY STIPEND THE MEMBER RECEIVES FOR PARTICIPATING IN  
18 THE NATIONAL TEACHER CERTIFICATION PROGRAM.

19 22-401.

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

21 (1) on or before the date of retirement, the member:

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

23 (ii) is at least 60 years old; and

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

26 (b) On retirement under this section, a member is entitled to receive a normal  
27 service retirement allowance that equals THE SUM OF:

28 (1) one fifty-fifth of the member's average final compensation  
29 multiplied by the number of years of creditable service ATTAINED ON OR BEFORE  
30 JUNE 30, 2005; AND

31 (2) 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
32 MULTIPLIED BY THE NUMBER OF YEARS OF CREDITABLE SERVICE ATTAINED ON OR  
33 AFTER JULY 1, 2005.

1 23-212.

2 (a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this  
3 section, a member's contribution rate is 5% of the part of the member's earnable  
4 compensation that exceeds the taxable wage base for each year.

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

8 (C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION  
9 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE  
10 CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS 5% OF  
11 THE MEMBER'S EARNABLE COMPENSATION.

12 23-217.

13 (a) Except as provided in subsection (b) of this section, this Part II of this  
14 subtitle applies to an individual who is:

15 (1) a member of the Employees' Pension System or the Teachers' Pension  
16 System; or

17 (2) a member of the Employees' Retirement System or the Teachers'  
18 Retirement System subject to Selection C (Combination Formula) as provided in §  
19 22-221 of this article.

20 (b) This Part II of this subtitle does not apply to an individual who is:

21 (1) an employee of:

22 (i) a participating governmental unit that has not elected the  
23 contributory pension benefit for its employees under § 31-116 of this article; or

24 (ii) a former participating governmental unit, other than Frederick  
25 County, that has withdrawn; [or]

26 (2) a member of the Employees' Pension System or Teachers' Pension  
27 System who transferred from the Employees' Retirement System or Teachers'  
28 Retirement System after April 1, 1998; OR

29 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, TEACHERS'  
30 PENSION SYSTEM, EMPLOYEES' RETIREMENT SYSTEM (SELECTION C - COMBINATION  
31 FORMULA), OR TEACHERS' RETIREMENT SYSTEM (SELECTION C - COMBINATION  
32 FORMULA) WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION  
33 SELECTION UNDER PART III OF THIS SUBTITLE.

1 23-218.

2 A member who is subject to this Part II of this subtitle shall:

3 (1) receive an allowance for all creditable service as follows:

4 (i) for normal service retirement as provided in § 23-401(c) of this  
5 title;

6 (ii) for early service retirement as provided in [§ 23-402] §  
7 23-402(B) of this title;

8 (iii) for ordinary disability retirement as provided in § 29-108 of this  
9 article; and

10 (iv) for accidental disability retirement as provided in § 29-110 of  
11 this article;

12 (2) have the allowance adjusted as provided in Title 29, Subtitle 4, Part  
13 VI of this article; and

14 (3) make the member contributions at the rate specified in § 23-212(b) of  
15 this subtitle.

16 23-219. RESERVED.

17 23-220. RESERVED.

18 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

19 23-221.

20 THIS PART APPLIES TO AN INDIVIDUAL WHO IS:

21 (1) A MEMBER OF THE TEACHERS' PENSION SYSTEM WHO BECOMES  
22 EMPLOYED BY A PARTICIPATING EMPLOYER ON OR AFTER JULY 1, 2005;

23 (2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO, ON OR  
24 AFTER JULY 1, 2005, BECOMES AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL  
25 UNIT THAT HAS ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS  
26 EMPLOYEES UNDER § 31-116 OF THIS ARTICLE;

27 (3) A MEMBER OF THE TEACHERS' PENSION SYSTEM ON JUNE 30, 2005,  
28 WHO ELECTS TO BE SUBJECT TO THIS PART;

29 (4) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM SUBJECT TO  
30 SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE  
31 ON JUNE 30, 2005, WHO ELECTS TO BE SUBJECT TO THIS PART; OR

32 (5) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO ON JUNE 30,  
33 2005, IS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT HAS

1 ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS EMPLOYEES UNDER §  
2 31-116 OF THIS ARTICLE AND WHO ELECTS TO BE SUBJECT TO THIS PART.

3 23-222.

4 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

5 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS  
6 FOLLOWS:

7 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §  
8 23-401(D) OF THIS TITLE;

9 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402(C)  
10 OF THIS TITLE;

11 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §  
12 29-108 OF THIS ARTICLE; AND

13 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §  
14 29-110 OF THIS ARTICLE;

15 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,  
16 SUBTITLE 4 OF THIS ARTICLE; AND

17 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §  
18 23-212(C) OF THIS SUBTITLE.

19 23-401.

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

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

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

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

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

28 (iii) has attained the age and the years of eligibility service as  
29 follows:

30 Age	Years of Eligibility Service
31 62 with	5
32 63 with	4
33 64 with	3

1 65 or more with 2

2 (b) Except as provided in [subsections (c) and (d)] SUBSECTIONS (C), (D), AND  
3 (E) of this section, on retirement under this section, a member is entitled to receive a  
4 normal service retirement allowance that equals the number of years of the member's  
5 creditable service multiplied by:

6 (1) 0.8% of the member's average final compensation that is not in excess  
7 of the Social Security integration level; and

8 (2) 1.5% of the member's average final compensation that exceeds the  
9 Social Security integration level.

10 (c) Except as provided in subsection [(d)] (E) of this section, on retirement  
11 under this section, a member who is subject to the contributory pension benefit under  
12 Subtitle 2, Part II of this title is entitled to receive a normal service retirement  
13 allowance that equals the sum of:

14 (1) the number of years of the member's creditable service on or after  
15 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

16 (2) the greater of:

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

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

22 1. 0.8% of the member's average final compensation that is  
23 not in excess of the Social Security integration level; and

24 2. 1.5% of the member's average final compensation that  
25 exceeds the Social Security integration level.

26 (D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, ON  
27 RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO THE  
28 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF  
29 THIS TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE  
30 THAT EQUALS THE SUM OF:

31 (1) (I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
32 SERVICE THAT IS BETWEEN 1 AND 15 YEARS BEGINNING ON OR AFTER JULY 1, 2005,  
33 MULTIPLIED BY 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND

34 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
35 SERVICE THAT IS OVER 15 YEARS BEGINNING ON OR AFTER JULY 1, 2005, MULTIPLIED  
36 BY 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;

1           (2)     THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON  
2 OR AFTER JULY 1, 1998, BUT BEFORE JULY 1, 2005, MULTIPLIED BY 1.4% OF THE  
3 MEMBER'S AVERAGE FINAL COMPENSATION; AND

4           (3)     THE GREATER OF:

5                   (I)     THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
6 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE MEMBER'S  
7 AVERAGE FINAL COMPENSATION; OR

8                   (II)    THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
9 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:

10                           1.     0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
11 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

12                           2.     1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
13 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL.

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

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

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

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

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

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

26 31-112.

27   (a)     Subject to subsection (b) of this section, an employee of a participating  
28 governmental unit who is a member of one of the employees' systems is entitled to the  
29 benefits to which State employees are entitled under that system.

30   (b)    (1)     [An] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, AN  
31 employee of a participating governmental unit that has elected to participate in the  
32 contributory pension benefit option under § 31-116 of this subtitle shall be subject to  
33 Title 23, Subtitle 2, Part II of this article.

34           (2)     An employee of a participating governmental unit that has not  
35 elected to participate in the contributory pension benefit option under § 31-116 of this  
36 subtitle is not subject to Title 23, Subtitle 2, Part II of this article.

1 (C) (1) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
2 HAS ELECTED TO PARTICIPATE IN THE CONTRIBUTORY PENSION SELECTION UNDER  
3 § 31-116 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF  
4 THIS ARTICLE, IF:

5 (I) THE EMPLOYEE IS AN EMPLOYEE OF THE PARTICIPATING  
6 GOVERNMENTAL UNIT ON DECEMBER 31, 2005, AND THE EMPLOYEE ELECTS TO BE  
7 SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE; OR

8 (II) THE EMPLOYEE BECOMES AN EMPLOYEE OF THE  
9 PARTICIPATING GOVERNMENTAL UNIT ON OR AFTER JANUARY 1, 2005.

10 (2) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
11 HAS NOT ELECTED TO PARTICIPATE IN THE ALTERNATE CONTRIBUTORY PENSION  
12 SELECTION UNDER § 31-116 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23,  
13 SUBTITLE 2, PART III OF THIS ARTICLE.

14 SECTION 2. AND BE IT FURTHER ENACTED, That the governing body of a  
15 county or Baltimore City that offers a supplemental retirement allowance or  
16 supplemental retirement plan to members of the Teachers' Retirement System or  
17 Teachers' Pension System may not eliminate or reduce any retirement benefits  
18 provided as of January 1, 2005.

19 SECTION 3. AND BE IT FURTHER ENACTED, That the State Retirement  
20 Agency shall inform members of the Teachers' Pension System and the governing  
21 bodies of participating governmental units about the elections that the members are  
22 entitled to make under this Act.

23 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
24 effect June 1, 2005.