
By: **Senator Klausmeier**

Introduced and read first time: March 2, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Pension Benefit Enhancement**

3 FOR the purpose of altering the formula used to calculate the normal service
4 retirement allowances of certain members of the Employees' Pension System or
5 the Teachers' Pension System as of a certain date; providing for an alternate
6 contributory pension selection for certain members of the Employees' Pension
7 System and the Teachers' Pension System; providing for the member
8 contribution rate and benefits for certain members of the Employees' Pension
9 System and the Teachers' Pension System under a certain alternate
10 contributory pension selection option; and generally relating to enhancements
11 and modifications to pension and retirement benefits for State employees and
12 teachers.

13 BY repealing and reenacting, with amendments,
14 Article - State Personnel and Pensions
15 Section 23-212, 23-217, and 23-401
16 Annotated Code of Maryland
17 (2004 Replacement Volume and 2005 Supplement)

18 BY adding to
19 Article - State Personnel and Pensions
20 Section 23-221 and 23-222 to be under the new part "Part III. Alternate
21 Contributory Pension Selection"
22 Annotated Code of Maryland
23 (2004 Replacement Volume and 2005 Supplement)

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

1

Article - State Personnel and Pensions

2 23-212.

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

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

9 (C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION
10 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE
11 CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS:

12 (1) 3% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR
13 BEFORE JUNE 30, 2007;

14 (2) 4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM
15 JULY 1, 2007, TO JUNE 30, 2008, BOTH INCLUSIVE; AND

16 (3) 5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR
17 AFTER JULY 1, 2008.

18 23-217.

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

21 (1) a member of the Employees' Pension System or the Teachers' Pension
22 System; or

23 (2) a member of the Employees' Retirement System or the Teachers'
24 Retirement System subject to Selection C (Combination Formula) as provided in
25 § 22-221 of this article.

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

27 (1) an employee of:

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

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

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

1 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS'
2 PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION
3 SELECTION UNDER PART III OF THIS SUBTITLE.

4 23-219. RESERVED.

5 23-220. RESERVED.

6 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

7 23-221.

8 THIS PART APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES'
9 PENSION SYSTEM OR TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2006.

10 23-222.

11 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

12 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
13 FOLLOWS:

14 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN
15 § 23-401(D) OF THIS TITLE;

16 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402 OF
17 THIS TITLE;

18 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN
19 § 29-108 OF THIS ARTICLE; AND

20 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN
21 § 29-110 OF THIS ARTICLE;

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

24 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN
25 § 23-212(C) OF THIS SUBTITLE.

26 23-401.

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

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

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

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

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

4 (iii) has attained the age and the years of eligibility service as
5 follows:

6 Age		Years of Eligibility Service
7 62	with	5
8 63	with	4
9 64	with	3
10 65	or more with	2

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

15 (1) 0.8% of the member's average final compensation that is not in excess
16 of the Social Security integration level; and

17 (2) 1.5% of the member's average final compensation that exceeds the
18 Social Security integration level.

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

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

25 (2) the greater of:

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

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

31 1. 0.8% of the member's average final compensation that is
32 not in excess of the Social Security integration level; and

33 2. 1.5% of the member's average final compensation that
34 exceeds the Social Security integration level.

1 (d) A MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY
2 PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO
3 RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS THE SUM OF:

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

7 (2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON
8 OR AFTER JULY 1, 1998 MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL
9 COMPENSATION.

10 (E) (1) This subsection applies only to a member who has a combined total of
11 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2006.