
By: ~~Senator Klausmeier~~ Senators Klausmeier, Kasemever, Currie, Hogan, DeGrange, Jones, Kramer, Lawlah, McFadden, Munson, Ruben, and Schrader Schrader, Miller, Astle, Brinkley, Britt, Brochin, Colburn, Conway, Della, Dyson, Forehand, Frosh, Garagiola, Giannetti, Green, Grosfeld, Hafer, Hollinger, Hooper, Hughes, Jacobs, Jimeno, Kelley, Kittleman, Middleton, Mooney, Pinsky, Pipkin, Stone, and Teitelbaum

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CHAPTER _____

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; stating the intent of the General
 11 Assembly to allow participating governmental units to elect to participate in a
 12 certain alternate contribution pension selection; requiring the State Retirement
 13 Agency to study and address issues related to allowing participating
 14 governmental units to elect to participate in a certain alternate contributory
 15 pension selection and to submit draft legislation to the Joint Committee on
 16 Pensions by a certain date; and generally relating to enhancements and
 17 modifications to pension and retirement benefits for State employees and
 18 teachers.

19 BY repealing and reenacting, with amendments,

20 Article - State Personnel and Pensions

21 Section 23-212, 23-217, and 23-401

1 Annotated Code of Maryland
2 (2004 Replacement Volume and 2005 Supplement)

3 BY adding to
4 Article - State Personnel and Pensions
5 Section 23-221 and 23-222 to be under the new part "Part III. Alternate
6 Contributory Pension Selection"
7 Annotated Code of Maryland
8 (2004 Replacement Volume and 2005 Supplement)

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

11 **Article - State Personnel and Pensions**

12 23-212.

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

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

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

22 (1) 3% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR
23 BEFORE JUNE 30, 2007;

24 (2) 4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM
25 JULY 1, 2007, TO JUNE 30, 2008, BOTH INCLUSIVE; AND

26 (3) 5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR
27 AFTER JULY 1, 2008.

28 23-217.

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

31 (1) a member of the Employees' Pension System or the Teachers' Pension
32 System; or

33 (2) a member of the Employees' Retirement System or the Teachers'
34 Retirement System subject to Selection C (Combination Formula) as provided in
35 § 22-221 of this article.

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

2 (1) an employee of:

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

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

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

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

13 23-219. RESERVED.

14 23-220. RESERVED.

15 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

16 23-221.

17 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART
18 APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES' PENSION
19 SYSTEM OR TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2006.

20 (B) THIS PART III DOES NOT APPLY TO AN EMPLOYEE OF A PARTICIPATING
21 GOVERNMENTAL UNIT PARTICIPATING IN THE EMPLOYEES' PENSION SYSTEM OR A
22 FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM THE
23 EMPLOYEES' PENSION SYSTEM.

24 23-222.

25 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

26 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
27 FOLLOWS:

28 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN
29 § 23-401(D) OF THIS TITLE;

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

32 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN
33 § 29-108 OF THIS ARTICLE; AND

1 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN
2 § 29-110 OF THIS ARTICLE;

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

5 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN
6 § 23-212(C) OF THIS SUBTITLE.

7 23-401.

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

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

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

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

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

16 (iii) has attained the age and the years of eligibility service as
17 follows:

18	Age		Years of Eligibility Service
19	62	with	5
20	63	with	4
21	64	with	3
22	65	or more with	2

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

27 (1) 0.8% of the member's average final compensation that is not in excess
28 of the Social Security integration level; and

29 (2) 1.5% of the member's average final compensation that exceeds the
30 Social Security integration level.

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

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

3 (2) the greater of:

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

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

9 1. 0.8% of the member's average final compensation that is
10 not in excess of the Social Security integration level; and

11 2. 1.5% of the member's average final compensation that
12 exceeds the Social Security integration level.

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

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

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

22 (E) (1) This subsection applies only to a member who has a combined total of
23 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

34 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
35 General Assembly that participating governmental units in the Employees' Pension

1 System be allowed to elect to participate in the Alternate Contributory Pension
2 Selection established under this Act and that the State Retirement Agency shall:

3 (a) study and address the issues relating to allowing participating
4 governmental units in the Employees' Pension System to elect to participate in the
5 Alternate Contributory Pension Selection established under this Act; and

6 (b) prepare draft legislation to be submitted to the Joint Committee on
7 Pensions on or before December 1, 2006, that would allow participating governmental
8 units in the Employees' Pension System to elect to participate in the Alternate
9 Contributory Pension Selection established under this Act in a manner that is
10 retroactive to the effective date of this Act.

11 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect July 1, 2006.