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

Introduced and read first time: March 6, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' and Local Employees' Retirement Enhancement Act of 2006**

3 FOR the purpose of altering the formula used to calculate the normal service
4 retirement allowances of certain members of the Teachers' Retirement System,
5 the Teachers' Pension System, or the Employees' Pension System as of a certain
6 date; providing for an alternate contributory pension selection for certain
7 members of the Teachers' Retirement System, the Teachers' Pension System,
8 and the Employees' Pension System; providing for the member contribution rate
9 and benefits for certain members of the Teachers' Retirement System, the
10 Teachers' Pension System, and the Employees' Pension System under a certain
11 alternate contributory pension selection option; prohibiting the governing body
12 of a county from eliminating or reducing certain retirement benefits for
13 members of the Teachers' Retirement System or Teachers' Pension System;
14 requiring the State Retirement Agency to provide certain information to certain
15 participating governmental units; and generally relating to enhancements and
16 modifications to pension and retirement benefits for certain teachers and
17 employees of participating governmental units.

18 BY repealing and reenacting, with amendments,
19 Article - State Personnel and Pensions
20 Section 22-401, 23-212, 23-217, 23-401, and 31-112
21 Annotated Code of Maryland
22 (2004 Replacement Volume and 2005 Supplement)

23 BY adding to
24 Article - State Personnel and Pensions
25 Section 23-221 and 23-222
26 Annotated Code of Maryland
27 (2004 Replacement Volume and 2005 Supplement)

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

3 **Article - State Personnel and Pensions**

4 22-401.

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

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

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

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

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

11 (b) On retirement under this section, a member is entitled to receive a normal
12 service retirement allowance that equals [one fifty-fifth] 2% of the member's average
13 final compensation multiplied by the number of years of creditable service.

14 23-212.

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

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

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

25 23-217.

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

28 (1) a member of the Employees' Pension System or the Teachers' Pension
29 System; or

30 (2) a member of the Employees' Retirement System or the Teachers'
31 Retirement System subject to Selection C (Combination Formula) as provided in §
32 22-221 of this article.

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

1 (1) an employee of:

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

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

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

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

12 23-219. RESERVED.

13 23-220. RESERVED.

14 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

15 23-221.

16 THIS PART APPLIES TO AN INDIVIDUAL WHO IS:

17 (1) A MEMBER OF THE TEACHERS' PENSION SYSTEM ON OR AFTER JULY
18 1, 2006;

19 (2) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM SUBJECT TO
20 SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE
21 ON OR AFTER JULY 1, 2006; OR

22 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO, ON OR
23 AFTER JULY 1, 2006, IS EMPLOYED BY A LOCAL BOARD OF EDUCATION THAT IS A
24 PARTICIPATING GOVERNMENTAL UNIT THAT HAS ELECTED THE CONTRIBUTORY
25 PENSION SELECTION FOR ITS EMPLOYEES UNDER § 31-116 OF THIS ARTICLE.

26 23-222.

27 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

28 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
29 FOLLOWS:

30 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §
31 23-401(D) OF THIS TITLE;

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

1 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §
2 29-108 OF THIS ARTICLE; AND

3 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §
4 29-110 OF THIS ARTICLE;

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

7 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §
8 23-212(C) OF THIS SUBTITLE.

9 23-401.

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

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

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

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

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

18 (iii) has attained the age and the years of eligibility service as
19 follows:

20 Age		Years of Eligibility Service
21 62	with	5
22 63	with	4
23 64	with	3
24 65	or more with	2

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

29 (1) 0.8% of the member's average final compensation that is not in excess
30 of the Social Security integration level; and

31 (2) 1.5% of the member's average final compensation that exceeds the
32 Social Security integration level.

33 (c) Except as provided in [subsection (d)] SUBSECTION (E) of this section, on
34 retirement under this section, a member who is subject to the contributory pension

1 benefit under Subtitle 2, Part II of this title is entitled to receive a normal service
2 retirement allowance that equals the sum of:

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

5 (2) the greater of:

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

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

11 1. 0.8% of the member's average final compensation that is
12 not in excess of the Social Security integration level; and

13 2. 1.5% of the member's average final compensation that
14 exceeds the Social Security integration level.

15 (d) A MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY
16 PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO
17 RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS 2% OF THE
18 MEMBER'S AVERAGE FINAL COMPENSATION MULTIPLIED BY THE NUMBER OF YEARS
19 OF CREDITABLE SERVICE.

20 (E) (1) This subsection applies only to a member who has a combined total of
21 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

32 31-112.

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

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

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

8 (C) (1) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT
9 HAS ELECTED TO PARTICIPATE IN THE CONTRIBUTORY PENSION SYSTEM UNDER §
10 31-116 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF
11 THIS ARTICLE, IF:

12 (I) THE EMPLOYEE IS AN EMPLOYEE OF A LOCAL BOARD OF
13 EDUCATION THAT IS A PARTICIPATING GOVERNMENTAL UNIT ON DECEMBER 31,
14 2006, AND THE EMPLOYEE ELECTS TO BE SUBJECT TO TITLE 23, SUBTITLE 2, PART II
15 OF THIS ARTICLE; OR

16 (II) THE EMPLOYEE BECOMES AN EMPLOYEE OF A LOCAL BOARD
17 OF EDUCATION THAT IS A PARTICIPATING GOVERNMENTAL UNIT ON OR AFTER
18 JANUARY 1, 2006.

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

23 SECTION 2. AND BE IT FURTHER ENACTED, That the governing body of a
24 county or Baltimore City that offers a supplemental retirement allowance or
25 supplemental retirement plan to members of the Teachers' Retirement System or
26 Teachers' Pension System may not eliminate or reduce any retirement benefits
27 provided as of January 1, 2006.

28 SECTION 3. AND BE IT FURTHER ENACTED, That the State Retirement
29 Agency shall inform the governing bodies of participating governmental units about
30 the elections that the members are entitled to make under this Act.

31 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2006.