

HOUSE BILL 817

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By: **Delegate Barkley**

Introduced and read first time: February 6, 2008

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pensions – Service Retirement Allowances**

3 FOR the purpose of providing that certain members of the Employees’ Pension System
4 or Teachers’ Pension System may combine certain service credit from the
5 Employees’ Retirement System or Teachers’ Retirement System to their service
6 credit in the Employees’ Pension System or Teachers’ Pension System for
7 purposes of calculating a service retirement allowance; providing that certain
8 service credit that certain members accrue in the Employees’ Retirement
9 System or Teachers’ Retirement System is applied to their service retirement
10 allowance in the Employees’ Pension System or Teachers’ Pension System using
11 a certain accrual rate; prohibiting the refund of certain Employees’ Retirement
12 System or Teachers’ Retirement System employee contributions to certain
13 members in the Employees’ Pension System or Teachers’ Pension System under
14 certain circumstances; requiring certain members of the Employees’ Pension
15 System or Teachers’ Pension System to complete and file certain documents
16 with the Board of Trustees of the State Retirement and Pension System by a
17 certain date; and generally relating to service retirement allowances for
18 members of the Employees’ Pension System or the Teachers’ Pension System.

19 BY repealing and reenacting, with amendments,
20 Article – State Personnel and Pensions
21 Section 23–401
22 Annotated Code of Maryland
23 (2004 Replacement Volume and 2007 Supplement)

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

26 **Article – State Personnel and Pensions**

27 23–401.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

9 (iii) has attained the age and the years of eligibility service as
10 follows:

11	Age		Years of Eligibility
12			Service
13	62	with	5
14	63	with	4
15	64	with	3
16	65	or more with	2

17 (b) Except as provided in subsections (c), (d), and (e) of this section, on
18 retirement under this section, a member is entitled to receive a normal service
19 retirement allowance that equals the number of years of the member's creditable
20 service multiplied by:

21 (1) 0.8% of the member's average final compensation that is not in
22 excess of the Social Security integration level; and

23 (2) 1.5% of the member's average final compensation that exceeds the
24 Social Security integration level.

25 (c) Except as provided in subsection (e) of this section, on retirement under
26 this section, a member who is subject to the contributory pension benefit under
27 Subtitle 2, Part II of this title is entitled to receive a normal service retirement
28 allowance that equals the sum of:

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

31 (2) the greater of:

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

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

3 1. 0.8% of the member's average final compensation that
4 is not in excess of the Social Security integration level; and

5 2. 1.5% of the member's average final compensation that
6 exceeds the Social Security integration level.

7 (d) Except as provided in subsection (e) of this section, a member who is
8 subject to the Alternate Contributory Pension Selection under Subtitle 2, Part III of
9 this title is entitled to receive a normal service retirement allowance that equals the
10 sum of:

11 (1) the greater of:

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

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

17 1. 0.8% of the member's average final compensation that
18 is not in excess of the Social Security integration level; and

19 2. 1.5% of the member's average final compensation that
20 exceeds the Social Security integration level; and

21 (2) the number of years of the member's creditable service on or after
22 July 1, 1998 multiplied by 1.8% of the member's average final compensation.

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

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

27 (i) **1.** an allowance based on the creditable service the
28 member earned in the Employees' Pension System;

29 [(ii)] **2.** an allowance based on the creditable service the
30 member earned in the Employees' Retirement System;

31 [(iii)] **3.** an allowance based on the creditable service the
32 member earned in the Teachers' Pension System; plus

1 [(iv)] 4. an allowance based on the creditable service the
2 member earned in the Teachers' Retirement System; OR

3 (II) 1. AN ALLOWANCE FROM THE EMPLOYEES' PENSION
4 SYSTEM BASED ON THE CREDITABLE SERVICE THE MEMBER EARNED IN THE
5 EMPLOYEES' PENSION SYSTEM AND THE EMPLOYEES' RETIREMENT SYSTEM;
6 OR

7 2. AN ALLOWANCE FROM THE TEACHERS' PENSION
8 SYSTEM BASED ON THE CREDITABLE SERVICE THE MEMBER EARNED IN THE
9 TEACHERS' PENSION SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM.

10 (3) (I) IF A MEMBER ELECTS TO RECEIVE A NORMAL SERVICE
11 RETIREMENT ALLOWANCE UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION,
12 THE CREDITABLE SERVICE EARNED IN THE EMPLOYEES' RETIREMENT SYSTEM
13 OR TEACHERS' RETIREMENT SYSTEM SHALL BE APPLIED TO THE MEMBER'S
14 RETIREMENT ALLOWANCE USING THE ACCRUAL RATE IN EFFECT IN THE
15 EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM AT THE TIME
16 THE CREDITABLE SERVICE WAS EARNED IN THE EMPLOYEES' RETIREMENT
17 SYSTEM OR TEACHERS' RETIREMENT SYSTEM.

18 (II) A MEMBER WHO ELECTS TO RECEIVE A NORMAL
19 SERVICE RETIREMENT ALLOWANCE UNDER PARAGRAPH (2)(II) OF THIS
20 SUBSECTION MAY NOT RECEIVE A REFUND OF THE INDIVIDUAL'S TOTAL
21 ACCUMULATED CONTRIBUTIONS FROM THE EMPLOYEES' RETIREMENT SYSTEM
22 OR TEACHERS' RETIREMENT SYSTEM IN EXCESS OF WHAT THE MEMBER WOULD
23 HAVE PAID AS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS'
24 PENSION SYSTEM FOR THE SAME PERIOD.

25 (4) A MEMBER SHALL MAKE AN ELECTION TO RECEIVE A NORMAL
26 SERVICE RETIREMENT ALLOWANCE UNDER PARAGRAPH (2)(I) OR (II) OF THIS
27 SUBSECTION ON A FORM PROVIDED BY THE BOARD OF TRUSTEES AND FILED
28 WITH THE BOARD OF TRUSTEES AT THE TIME OF RETIREMENT.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2008.