

HOUSE BILL 1524

K4

8lr3172

By: **Delegate Proctor**

Introduced and read first time: February 21, 2008

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Law Enforcement Officers' Pension System – Benefit Enhancement**

3 FOR the purpose of increasing the employee contribution rate for certain members of
4 the Law Enforcement Officers' Pension System; altering the formula used to
5 calculate the normal service retirement allowances of certain members of the
6 Law Enforcement Officers' Pension System as of a certain date; authorizing
7 certain governmental units that participate in the Law Enforcement Officers'
8 Pension System to elect to participate in the Alternate Contributory Law
9 Enforcement Officers' Pension Selection under this Act; providing that the
10 election by a participating governmental unit to participate is irrevocable;
11 providing for a certain purchase of service credit by certain employees of
12 participating governmental units that elect to participate in the Alternate
13 Contributory Law Enforcement Officers' Pension Selection under this Act; and
14 generally relating to enhancements and modifications to pension and retirement
15 benefits for members of the Law Enforcement Officers' Pension System.

16 BY repealing and reenacting, with amendments,
17 Article – State Personnel and Pensions
18 Section 26–204, 26–209, and 26–401
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2007 Supplement)

21 BY adding to
22 Article – State Personnel and Pensions
23 Section 26–215 and 26–216 to be under the new part “Part III. Alternate
24 Contributory Law Enforcement Officers' Pension Selection”; and 26–307.2
25 and 31–2A–06
26 Annotated Code of Maryland
27 (2004 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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 26–204.

5 (a) Except as **OTHERWISE** provided in [subsection (b) of] this section, a
6 member’s contribution rate is 4% of the member’s earnable compensation.

7 (b) (1) This subsection applies only to a member who:

8 (i) transferred to the Law Enforcement Officers’ Pension
9 System from the Employees’ Retirement System on or after January 1, 2001, and on or
10 before December 31, 2004; or

11 (ii) 1. transferred to the Law Enforcement Officers’ Pension
12 System from the Employees’ Retirement System on or before December 31, 2000; and

13 2. did not elect to participate in the Law Enforcement
14 Officers’ Modified Pension Benefit on or before December 31, 2000 as provided in
15 § 26–211 of this subtitle.

16 (2) The contribution rate for a member who has transferred from the
17 Employees’ Retirement System is the rate set under:

18 (i) Section 22–214(a) of this article, for a member who had
19 elected Selection A (Additional member contributions) under § 22–219 of this article;
20 or

21 (ii) Section 22–214(b) of this article, for a member who had
22 elected Selection B (Limited cost-of-living adjustment) under § 22–220 of this article.

23 **(C) THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO THE**
24 **ALTERNATE CONTRIBUTORY LAW ENFORCEMENT OFFICERS’ PENSION**
25 **SELECTION UNDER PART III OF THIS SUBTITLE IS 6%.**

26 26–209.

27 (a) Except as provided in subsection (b) of this section, this Part II of this
28 subtitle applies to an individual who is a member of the Law Enforcement Officers’
29 Pension System.

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

31 (1) **(I)** is a member of the Law Enforcement Officers’ Pension
32 System;

1 (I) IS A MEMBER OF THE LAW ENFORCEMENT OFFICERS'
2 PENSION SYSTEM;

3 (II) TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'
4 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND

5 (III) DID NOT ELECT TO PARTICIPATE IN THE
6 CONTRIBUTORY LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
7 AS PROVIDED IN § 26-211 OF THIS SUBTITLE.

8 **26-216.**

9 **A MEMBER WHO IS SUBJECT TO THIS PART SHALL:**

10 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
11 FOLLOWS:

12 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §
13 **26-401(B)(4)** OF THIS TITLE;

14 (II) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED
15 IN § **29-108** OF THIS ARTICLE; AND

16 (III) FOR ACCIDENTAL DISABILITY RETIREMENT AS
17 PROVIDED IN § **29-109(C)** AND **29-110** OF THIS ARTICLE;

18 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE **29**,
19 SUBTITLE 4, PART IV OF THIS ARTICLE; AND

20 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED
21 IN § **26-204(C)** OF THIS SUBTITLE.

22 **26-307.2.**

23 (A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER,
24 RETIREE, OR SURVIVING BENEFICIARY OF THE LAW ENFORCEMENT OFFICERS'
25 PENSION SYSTEM WHO, WHILE A MEMBER, WAS AN EMPLOYEE OF A
26 PARTICIPATING GOVERNMENTAL UNIT THAT ELECTED THE ALTERNATE
27 CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SELECTION FOR ITS
28 EMPLOYEES UNDER § **31-2A-06** OF THIS ARTICLE.

29 (B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A
30 MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY LAW

1 **ENFORCEMENT OFFICERS' PENSION SELECTION UNDER SUBTITLE 2, PART III**
2 **OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR THE**
3 **PERIOD OF EMPLOYMENT FROM JULY 1, 2008, THROUGH THE EFFECTIVE DATE**
4 **OF ELECTION OF THE MEMBER'S PARTICIPATING EMPLOYER, BY PAYING TO THE**
5 **BOARD OF TRUSTEES:**

6 (1) ON OR BEFORE **JUNE 30, 2009**, THE AMOUNT THE MEMBER
7 WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF
8 EMPLOYMENT; OR

9 (2) ON OR AFTER **JULY 1, 2009**, THE AMOUNT THE MEMBER
10 WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF
11 EMPLOYMENT PLUS REGULAR INTEREST COMPOUNDED ANNUALLY.

12 (C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED
13 UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL
14 REDUCE ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER,
15 RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER
16 MEMBER, OR RETIREE.

17 26-401.

18 (a) (1) Subject to paragraph (2) of this subsection, a member may retire
19 with a normal service retirement allowance if:

20 (i) on or before the date of retirement, the member:

21 1. has at least 25 years of eligibility service; or

22 2. is at least 50 years old; and

23 (ii) the member completes and submits a written application to
24 the Board of Trustees on the form that the Board of Trustees provides stating the date
25 when the member desires to retire.

26 (2) A member may not retire before the first day of the month after
27 employment ends.

28 (b) (1) Except as provided in paragraphs (2) [and (3)], **(3), AND (4)** of this
29 subsection, on retirement under this section, a member is entitled to receive a normal
30 service retirement allowance that equals the number of years of the member's
31 creditable service multiplied by 2% of the member's average final compensation.

32 (2) A member's normal service retirement allowance under [paragraph
33 **(1)] PARAGRAPHS (1) AND (4)** of this subsection may not exceed 60% of the member's
34 average final compensation.

1 (3) (i) This paragraph applies only to a member who is not subject
2 to the Law Enforcement Officers' Modified Pension Benefit under Subtitle 2, Part II of
3 this title.

4 (ii) On retirement under this paragraph, the member is entitled
5 to receive a normal service retirement allowance that equals:

6 1. 2.3% of the member's average final compensation
7 multiplied by each year of the member's first 30 years of creditable service; and

8 2. 1% of the member's average final compensation
9 multiplied by each year of creditable service in excess of 30 years.

10 **(4) A MEMBER WHO IS SUBJECT TO THE ALTERNATE**
11 **CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SELECTION UNDER**
12 **SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO RECEIVE A NORMAL**
13 **SERVICE RETIREMENT ALLOWANCE THAT EQUALS THE SUM OF:**

14 **(I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
15 **SERVICE ON OR BEFORE JUNE 30, 2008, MULTIPLIED BY 2% OF THE MEMBER'S**
16 **AVERAGE FINAL COMPENSATION; AND**

17 **(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
18 **SERVICE ON OR AFTER JULY 1, 2008, MULTIPLIED BY 2.5% OF THE MEMBER'S**
19 **AVERAGE FINAL COMPENSATION.**

20 **31-2A-06.**

21 **(A) ON OR BEFORE JUNE 30, 2009, A PARTICIPATING GOVERNMENTAL**
22 **UNIT MAY ELECT TO PROVIDE ITS EMPLOYEES WITH THE ALTERNATE**
23 **CONTRIBUTORY LAW ENFORCEMENT OFFICERS' PENSION SELECTION UNDER**
24 **TITLE 26, SUBTITLE 2, PART III OF THIS ARTICLE BY SUBMITTING ITS**
25 **ELECTION ON A FORM PROVIDED BY THE STATE RETIREMENT AGENCY.**

26 **(B) AN ELECTION BY A PARTICIPATING GOVERNMENTAL UNIT UNDER**
27 **THIS SECTION IS IRREVOCABLE.**

28 **(C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO**
29 **PROVIDE ITS EMPLOYEES WITH THE ALTERNATE CONTRIBUTORY LAW**
30 **ENFORCEMENT OFFICERS' PENSION SELECTION UNDER TITLE 26, SUBTITLE 2,**
31 **PART III OF THIS ARTICLE, AN EMPLOYEE OF THE PARTICIPATING**
32 **GOVERNMENTAL UNIT WHO IS A MEMBER OF THE LAW ENFORCEMENT**
33 **OFFICERS' PENSION SYSTEM SHALL BE ENTITLED TO THE BENEFITS AS**
34 **PROVIDED IN § 26-216 OF THIS ARTICLE, EFFECTIVE ON THE LATER OF JULY 1,**

1 **2008, OR THE DATE THE EMPLOYEE BECAME A MEMBER OF THE LAW**
2 **ENFORCEMENT OFFICERS' PENSION SYSTEM, UNLESS THE EMPLOYEE**
3 **TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM FROM**
4 **THE EMPLOYEES' RETIREMENT SYSTEM.**

5 **(2) IF AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT**
6 **TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM FROM**
7 **THE EMPLOYEES' RETIREMENT SYSTEM, THE EMPLOYEE IS NOT SUBJECT TO**
8 **TITLE 26, SUBTITLE 2, PART III OF THIS ARTICLE AND IS NOT ENTITLED TO**
9 **THE BENEFITS AS PROVIDED IN § 26-216 OF THIS ARTICLE.**

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