

SENATE BILL 287

K4

9lr1199
CF 9lr1198

By: **Senator McFadden (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 28, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State or Local Retirement or Pension System – Transfer of Service Credit**
3 **– Ordinary Disability Retirees**

4 FOR the purpose of exempting from certain benefit calculations certain individuals
5 who retire from the State Retirement and Pension System with a certain
6 retirement allowance within 5 years of transferring into one of the several
7 systems of the State Retirement and Pension System; and generally relating to
8 the transfer of service credit for ordinary disability retirees of the State
9 Retirement and Pension System.

10 BY repealing and reenacting, with amendments,
11 Article – State Personnel and Pensions
12 Section 37–203(f)
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2008 Supplement)

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

17 **Article – State Personnel and Pensions**

18 37–203.

19 (f) (1) Except as otherwise provided in this subsection, after an individual
20 transfers service credit to a new system under this title, the individual:

21 (i) shall pay the rate of contribution applicable to a member of
22 the new system; and

23 (ii) is eligible for a pension and annuity as provided under the
24 new system, determined by taking into account the transferred service credit.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) Except as provided in § 37-204 of this subtitle, if an individual
2 transfers from a noncontributory system to a contributory system, on retirement the
3 individual's retirement allowance shall be reduced by the actuarial equivalent of the
4 member contributions that would have been deducted if the individual had earned the
5 transferred service credit under the new system, including regular interest on those
6 contributions.

7 (3) (I) **1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS**
8 **SUBPARAGRAPH, THIS PARAGRAPH DOES NOT APPLY TO AN INDIVIDUAL WHO**
9 **RETIRES WITH AN ORDINARY DISABILITY RETIREMENT ALLOWANCE UNDER §**
10 **29-105 OF THIS ARTICLE WITHIN 5 YEARS AFTER TRANSFERRING INTO A NEW**
11 **SYSTEM.**

12 **2. AN INDIVIDUAL WHO RETIRES WITH AN ORDINARY**
13 **DISABILITY RETIREMENT ALLOWANCE UNDER § 29-105 OF THIS ARTICLE**
14 **WITHIN 5 YEARS AFTER TRANSFERRING INTO A NEW SYSTEM IS SUBJECT TO THE**
15 **PROVISIONS OF THIS PARAGRAPH IF THE BASIS OF THE ORDINARY DISABILITY**
16 **RETIREMENT IS DETERMINED TO BE A PREEXISTING CONDITION THAT EXISTED**
17 **BEFORE TRANSFERRING INTO THE NEW SYSTEM.**

18 (II) If an individual retires within 5 years after transferring into
19 a new system, the benefits payable with respect to the transferred service credit may
20 not be greater than the benefits that would have been payable by the previous system
21 with respect to that service if the individual had remained in the previous system.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2009.