

SENATE BILL 443

K4

9lr2068

By: **Senator Madaleno**

Introduced and read first time: February 3, 2009

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Retirement and Pension Systems - Reemployment of Retirees -**
3 **Retired Higher Education Faculty**

4 FOR the purpose of requiring that certain retirees of the Teachers' Retirement System
5 or Teachers' Pension System who, prior to retirement received their salary in a
6 certain manner, are subject to a certain earnings limitation calculated in a
7 certain manner if they are reemployed by a certain employer; and generally
8 relating to the reemployment of retired higher education faculty.

9 BY repealing and reenacting, without amendments,
10 Article - State Personnel and Pensions
11 Section 22-406(c)(1) and 23-407(c)(1)
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2008 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - State Personnel and Pensions
16 Section 22-406(c)(2) and 23-407(c)(2)
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2008 Supplement)

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

21 **Article - State Personnel and Pensions**

22 22-406.

23 (c) (1) Except as provided in § 22-407 of this subtitle, the Board of
24 Trustees shall reduce the allowance of an individual who accepts employment as
25 provided under subsection (b) of this section if:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(i) the individual's current employer is a participating employer other than the State and is the same participating employer that employed the individual at the time of the individual's last separation from employment with a participating employer before the individual commenced receiving a service retirement allowance or vested allowance;

(ii) the individual's current employer is any unit of State government and the individual's employer at the time of the individual's last separation from employment with the State before the individual commenced receiving a service retirement allowance or vested allowance was also a unit of State government; or

(iii) the individual becomes reemployed within 12 months of receiving an early service retirement allowance under § 22-402 of this subtitle.

(2) (I) **[The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE** reduction required under paragraph (1) of this subsection shall equal:

[(i)] 1. the amount by which the sum of the individual's initial annual basic allowance and the individual's annual compensation exceeds the average final compensation used to compute the basic allowance; or

[(ii)] 2. for a retiree who retired under the Workforce Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual compensation and the retiree's annual basic allowance at the time of retirement, including the incentive provided by the Workforce Reduction Act, exceeds the average final compensation used to compute the basic allowance.

(II) 1. THIS SUBPARAGRAPH APPLIES TO A RETIREE OF THE TEACHERS' RETIREMENT SYSTEM WHO AS FACULTY RECEIVED A 10-MONTH SALARY AND RETIRED DIRECTLY FROM:

A. THE UNIVERSITY SYSTEM OF MARYLAND;

B. MORGAN STATE UNIVERSITY;

C. ST. MARY'S COLLEGE; OR

D. A COMMUNITY COLLEGE ESTABLISHED OR OPERATING UNDER TITLE 16 OF THE EDUCATION ARTICLE.

2. THE REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL EQUAL THE AMOUNT BY WHICH THE SUM OF THE RETIREE'S INITIAL ANNUAL BASIC ALLOWANCE AND THE RETIREE'S

1 ANNUAL COMPENSATION EXCEEDS THE AVERAGE ANNUAL EARNABLE
2 COMPENSATION OF THE RETIREE DURING THE 3 CONSECUTIVE YEARS THAT
3 PROVIDES THE HIGHEST AVERAGE EARNABLE COMPENSATION.

4 **3. THE CALCULATION OF THE RETIREE'S ANNUAL**
5 **EARNABLE COMPENSATION FOR EACH OF THE 3 CONSECUTIVE YEARS IN**
6 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, SHALL BE BASED ON ANY**
7 **EARNINGS THE RETIREE RECEIVED DURING THE ENTIRE CALENDAR YEAR FROM**
8 **THE EMPLOYER FROM WHICH THE RETIREE RETIRED.**

9 23-407.

10 (c) (1) Except as provided in § 23-408 of this subtitle, the Board of
11 Trustees shall reduce the allowance of an individual who accepts employment as
12 provided under subsection (b) of this section if:

13 (i) the individual's current employer is a participating employer
14 other than the State and is the same participating employer that employed the
15 individual at the time of the individual's last separation from employment with a
16 participating employer before the individual commenced receiving a service retirement
17 allowance or vested allowance;

18 (ii) the individual's current employer is any unit of State
19 government and the individual's employer at the time of the individual's last
20 separation from employment with the State before the individual commenced
21 receiving a service retirement allowance or vested allowance was also a unit of State
22 government; or

23 (iii) the individual becomes reemployed within 12 months of
24 receiving an early service retirement allowance or an early vested allowance computed
25 under § 23-402 of this subtitle.

26 (2) (I) **[The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
27 **THIS PARAGRAPH, THE** reduction required under paragraph (1) of this subsection
28 shall equal:

29 **[(i)] 1.** the amount by which the sum of the individual's
30 initial annual basic allowance and the individual's annual compensation exceeds the
31 average final compensation used to compute the basic allowance; or

32 **[(ii)] 2.** for a retiree who retired under the Workforce
33 Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the
34 retiree's annual compensation and the retiree's annual basic allowance at the time of
35 retirement, including the incentive provided by the Workforce Reduction Act, exceeds
36 the average final compensation used to compute the basic allowance.

1 (II) 1. THIS SUBPARAGRAPH APPLIES TO A RETIREE OF
2 THE TEACHERS' PENSION SYSTEM WHO AS FACULTY RECEIVING A 10-MONTH
3 SALARY, RETIRED DIRECTLY FROM:

4 A. THE UNIVERSITY SYSTEM OF MARYLAND;

5 B. MORGAN STATE UNIVERSITY;

6 C. ST. MARY'S COLLEGE; OR

7 D. A COMMUNITY COLLEGE ESTABLISHED OR
8 OPERATING UNDER TITLE 16 OF THE EDUCATION ARTICLE.

9 2. THE REDUCTION REQUIRED UNDER PARAGRAPH
10 (1) OF THIS SUBSECTION SHALL EQUAL THE AMOUNT BY WHICH THE SUM OF
11 THE RETIREE'S INITIAL ANNUAL BASIC ALLOWANCE AND THE RETIREE'S
12 ANNUAL COMPENSATION EXCEEDS THE AVERAGE ANNUAL EARNABLE
13 COMPENSATION OF THE RETIREE DURING THE 3 CONSECUTIVE YEARS THAT
14 PROVIDES THE HIGHEST AVERAGE EARNABLE COMPENSATION.

15 3. THE CALCULATION OF THE RETIREE'S ANNUAL
16 EARNABLE COMPENSATION FOR EACH OF THE 3 CONSECUTIVE YEARS IN
17 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, SHALL BE BASED ON ANY
18 EARNINGS THE RETIREE RECEIVED DURING THE ENTIRE CALENDAR YEAR FROM
19 THE EMPLOYER FROM WHICH THE RETIREE RETIRED.

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