

# HOUSE BILL 333

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By: **Delegate Griffith (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 2, 2011

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Administration – Simplification**

3 FOR the purpose of clarifying that certain employees of the Baltimore Metropolitan  
4 Council may participate in the State Employee and Retiree Health and Welfare  
5 Benefits Program; clarifying that the definition of “Social Security integration  
6 level” for purposes of calculating certain State Retirement and Pension System  
7 benefits only applies to certain members of the several systems who are eligible  
8 to receive certain benefits; clarifying that the State is required to pay a certain  
9 amount of the cost of special death benefits for members of the State Police  
10 Retirement System; clarifying that certain retirees of withdrawn participating  
11 governmental units of the State Retirement and Pension System are subject to a  
12 certain break in service before becoming reemployed by the same withdrawn  
13 participating governmental unit; clarifying that a certain death benefit may not  
14 be paid for certain members of the Law Enforcement Officers’ Pension System if  
15 a certain other death benefit is also payable; and generally relating to  
16 simplifying the administration of the State Retirement and Pension System.

17 BY repealing and reenacting, with amendments,  
18 Article – State Personnel and Pensions  
19 Section 2–511, 20–101(nn), 21–307(e), 22–406(d), 23–407(d), 25–403(h),  
20 26–403(f), and 29–202  
21 Annotated Code of Maryland  
22 (2009 Replacement Volume and 2010 Supplement)

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

25 **Article – State Personnel and Pensions**

26 2–511.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) This section applies to employees of:

2 (1) the Maryland Environmental Service;

3 (2) the Northeast Maryland Waste Disposal Authority; and

4 (3) the Baltimore Metropolitan Council [who were employees of the  
5 Baltimore Regional Council of Governments on June 30, 1992].

6 (b) Subject to the regulations adopted under § 2-503 of this subtitle, an  
7 employee or, while receiving an allowance under the Employees' Retirement System of  
8 the State of Maryland or the Employees' Pension System of the State of Maryland, an  
9 employee's surviving spouse:

10 (1) may enroll and participate in the health insurance or other benefit  
11 options established under the Program; and

12 (2) except as provided in subsection (d) of this section, is subject to the  
13 same terms and conditions as those provided under § 2-507 of this subtitle.

14 (c) While receiving an allowance under the Employees' Retirement System of  
15 the State of Maryland or the Employees' Pension System of the State of Maryland, a  
16 former employee or a former employee's surviving spouse or dependent child:

17 (1) may enroll and participate in the health insurance benefit options  
18 established under the Program; and

19 (2) except as provided in subsection (d) of this section, is subject to the  
20 same terms and conditions as those provided under § 2-508 of this subtitle, with the  
21 employee's service with the Maryland Environmental Service, Northeast Maryland  
22 Waste Disposal Authority, and the Baltimore Metropolitan Council being included as  
23 part of the employee's State service.

24 (d) For each participant under this section, the Maryland Environmental  
25 Service, the Northeast Maryland Waste Disposal Authority, and the Baltimore  
26 Metropolitan Council or any successor agency, shall pay to the State the respective  
27 employer share of the cost of the Program based on the State subsidy allowed under  
28 this subtitle.

29 20-101.

30 (nn) "Social Security integration level" means, with respect to the calendar  
31 year in which a member retires or otherwise separates from employment, the average  
32 yearly amount of earnings for which old age and survivors benefits would be provided  
33 under Title II of the federal Social Security Act for an employee [65 years old] **WHO IS**  
34 **ELIGIBLE TO RECEIVE FULL OLD AGE AND SURVIVORS BENEFITS PROVIDED**

1 UNDER TITLE II OF THE FEDERAL SOCIAL SECURITY ACT in that calendar year  
2 that is:

3 (1) computed as though for each previous year yearly earnings are at  
4 least equal to the maximum amount of yearly earnings subject to tax under the  
5 Federal Insurance Contributions Act; and

6 (2) rounded to the next lower multiple of \$100.

7 21–307.

8 (e) (1) For a member of the State Police Retirement System, the State  
9 shall pay the FULL cost of special death benefits under [§ 29–204(a)(2)(i)2] **§ 29–204**  
10 of this article[, including the normal contribution rate and the accrued liability rate,  
11 up to the current contribution rate for employers for federal old age, survivors, and  
12 disability insurance.

13 (2) Except as provided in paragraph (3) of this subsection, the  
14 members shall pay the cost of the special death benefits that exceeds the current rate  
15 for federal old age, survivors, and disability insurance.

16 (3) The State shall pay the full costs of each special death benefit  
17 applicable to each member whose death arises out of or in the course of actual  
18 performance of duty].

19 22–406.

20 (d) An individual who is rehired under this section may not be rehired within  
21 45 days of the date the individual retired if:

22 (1) the individual's current employer is a participating employer other  
23 than the State and is the same participating employer that employed the individual at  
24 the time of the individual's last separation from employment with a participating  
25 employer before the individual commenced receiving a service retirement allowance;  
26 [or]

27 **(2) (I) AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**  
28 **MEMBER OF THE EMPLOYEES' RETIREMENT SYSTEM AS AN EMPLOYEE OF A**  
29 **WITHDRAWN GOVERNMENTAL UNIT; AND**

30 **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**  
31 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**  
32 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**  
33 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**  
34 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

1            ~~[(2)]~~ **(3)**     the individual's current employer is any unit of State  
2 government and the individual's employer at the time of the individual's last  
3 separation from employment with the State before the individual commenced  
4 receiving a service retirement allowance was also a unit of State government.

5     23-407.

6            (d)     An individual who is rehired under this section may not be rehired within  
7 45 days of the date the individual retired if:

8            (1)     the individual's current employer is a participating employer other  
9 than the State and is the same participating employer that employed the individual at  
10 the time of the individual's last separation from employment with a participating  
11 employer before the individual commenced receiving a service retirement allowance;  
12 **[or]**

13            **(2)     (I)     AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**  
14 **MEMBER OF THE EMPLOYEES' PENSION SYSTEM AS AN EMPLOYEE OF A**  
15 **WITHDRAWN GOVERNMENTAL UNIT; AND**

16            **(II)     THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**  
17 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**  
18 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**  
19 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**  
20 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

21            ~~[(2)]~~ **(3)**     the individual's current employer is any unit of State  
22 government and the individual's employer at the time of the individual's last  
23 separation from employment with the State before the individual commenced  
24 receiving a service retirement allowance was also a unit of State government.

25     25-403.

26            (h)     An individual who is rehired under this section may not be rehired within  
27 45 days of the date the individual retired if:

28            (1)     the individual's current employer is a participating employer other  
29 than the State and is the same participating employer that employed the individual at  
30 the time of the individual's last separation from employment with a participating  
31 employer before the individual commenced receiving a service retirement allowance;  
32 **[or]**

33            **(2)     (I)     AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**  
34 **MEMBER OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM AS AN**  
35 **EMPLOYEE OF A WITHDRAWN GOVERNMENTAL UNIT; AND**

1                   **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**  
2 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**  
3 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**  
4 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**  
5 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

6                   **[(2)] (3)** the individual's current employer is any unit of State  
7 government and the individual's employer at the time of the individual's last  
8 separation from employment with the State before the individual commenced  
9 receiving a service retirement allowance was also a unit of State government.

10 26-403.

11           (f) An individual who is rehired under this section may not be rehired within  
12 45 days of the date the individual retired if:

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

18                   **(2) (I) AT THE TIME OF RETIREMENT, THE INDIVIDUAL WAS A**  
19 **MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM AS AN**  
20 **EMPLOYEE OF A WITHDRAWN GOVERNMENTAL UNIT; AND**

21                   **(II) THE INDIVIDUAL'S CURRENT EMPLOYER IS THE SAME**  
22 **WITHDRAWN GOVERNMENTAL UNIT THAT EMPLOYED THE INDIVIDUAL AT THE**  
23 **TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH A**  
24 **WITHDRAWN GOVERNMENTAL UNIT BEFORE THE INDIVIDUAL COMMENCED**  
25 **RECEIVING A SERVICE RETIREMENT ALLOWANCE; OR**

26                   **[(2)] (3)** the individual's current employer is any unit of State  
27 government and the individual's employer at the time of the individual's last  
28 separation from employment with the State before the individual commenced  
29 receiving a service retirement allowance was also a unit of State government.

30 29-202.

31           (a) (1) When the Board of Trustees receives proof of death of an individual  
32 who died while employed as a member, the Board of Trustees shall pay to the  
33 designated beneficiary or, if there is no designated beneficiary, to the member's estate  
34 the amounts specified in this subsection.

35                   (2) Subject to paragraph (1) of this subsection, the Board of Trustees  
36 shall pay the member's accumulated contributions.

1           (3) Subject to paragraph (1) of this subsection, the Board of Trustees  
2 shall pay an amount equal to the member's annual earnable compensation at death if  
3 the member dies in the course of the performance of duty or the member has at least 1  
4 year of eligibility service.

5           (b) (1) A death benefit under this section may not be paid for the death of  
6 a member of the State Police Retirement System if a special death benefit under §  
7 29-204 of this subtitle is payable or has been paid for that death.

8           (2) A death benefit under this section may not be paid for the death of  
9 a member of the Correctional Officers' Retirement System if a special death benefit  
10 under § 29-204.1 of this subtitle is payable or has been paid for that death.

11           (3) A death benefit under this section may not be paid for the death of  
12 a member of the Employees' Retirement System, Employees' Pension System,  
13 Teachers' Retirement System, or Teachers' Pension System if a special death benefit  
14 under § 29-204.2 of this subtitle is payable or has been paid for that death.

15           **(4) A DEATH BENEFIT UNDER THIS SECTION MAY NOT BE PAID**  
16 **FOR THE DEATH OF A MEMBER OF THE LAW ENFORCEMENT OFFICERS'**  
17 **PENSION SYSTEM IF A SPECIAL DEATH BENEFIT UNDER § 29-203 OF THIS**  
18 **SUBTITLE IS PAYABLE OR HAS BEEN PAID FOR THAT DEATH.**

19           (c) The Board of Trustees may provide the death benefit as group life  
20 insurance if the Board of Trustees finds that the designated beneficiaries would  
21 receive a more favorable tax treatment of the death benefit.

22           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 July 1, 2011.