

SENATE BILL 403

K4

(11r1939)

ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by **Senator Jones–Rodwell (Chair, Joint Committee on Pensions)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Reemployment Earnings Offset –**
3 **Retiree Health Care Premiums**

4 FOR the purpose of limiting a certain reemployment earnings offset for certain
5 reemployed retirees of the State Retirement and Pension System to a certain
6 amount under certain circumstances; requiring the Board of Trustees of the
7 State Retirement and Pension System to recover a certain portion of certain
8 retirement income from certain retirees of the State Retirement and Pension
9 System under certain circumstances; providing for the effective date of certain
10 provisions of this Act; providing for the termination of certain provisions of this
11 Act; and generally relating to the reemployment earnings offset for reemployed
12 retirees of the State Retirement and Pension System.

13 BY repealing and reenacting, without amendments,
14 Article – State Personnel and Pensions

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 Section 22–406(c)(1), 23–407(c)(1), 24–405(a), and 25–403(a)
2 Annotated Code of Maryland
3 (2009 Replacement Volume and 2010 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article – State Personnel and Pensions
6 Section 22–406(c)(2), 23–407(c)(2), 24–405(b), and 25–403(b)
7 Annotated Code of Maryland
8 (2009 Replacement Volume and 2010 Supplement)

9 BY repealing and reenacting, without amendments,
10 Article – State Personnel and Pensions
11 Section 24–405(a)
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2010 Supplement)
14 (As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

15 BY repealing and reenacting, with amendments,
16 Article – State Personnel and Pensions
17 Section 24–405(b)
18 Annotated Code of Maryland
19 (2009 Replacement Volume and 2010 Supplement)
20 (As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

21 BY repealing and reenacting, with amendments,
22 Article – State Personnel and Pensions
23 Section 27–406(d)
24 Annotated Code of Maryland
25 (2009 Replacement Volume and 2010 Supplement)
26 (As enacted by Chapter 688 of the Acts of the General Assembly of 2010)

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

29 **Article – State Personnel and Pensions**

30 22–406.

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

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

1 (ii) 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 or vested allowance was also a unit of State
5 government; or

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

8 (2) (i) Except as provided in subparagraph (ii) of this paragraph
9 **AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH**, the reduction
10 required under paragraph (1) of this subsection shall equal:

11 1. the amount by which the sum of the individual's
12 initial annual basic allowance and the individual's annual compensation exceeds the
13 average final compensation used to compute the basic allowance; or

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

19 (ii) 1. This subparagraph applies to a retiree of the
20 Teachers' Retirement System who as faculty received a 10-month salary and retired
21 directly from:

22 A. the University System of Maryland;

23 B. Morgan State University;

24 C. St. Mary's College; or

25 D. a community college established or operating under
26 Title 16 of the Education Article.

27 2. The reduction required under paragraph (1) of this
28 subsection shall equal the amount by which the sum of the retiree's initial annual
29 basic allowance and the retiree's annual compensation, as calculated in
30 subparagraph 3 of this subparagraph, exceeds the average final compensation of
31 the retiree used to compute the basic allowance.

32 3. The calculation of the retiree's annual compensation
33 in subparagraph 2 of this subparagraph does not include any of the following
34 earnings the retiree received during the previous calendar year from the employer
35 with whom the retiree is reemployed:

- 1 A. bonuses;
- 2 B. overtime;
- 3 C. summer school salaries;
- 4 D. adult education salary;
- 5 E. additional temporary payments from special research
6 projects;
- 7 F. honorariums; and
- 8 G. vehicle stipends.

9 (III) 1. ANY REDUCTION TAKEN TO A RETIREE'S
10 ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT
11 WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED
12 TO BE DEDUCTED FOR:

13 A. IF THE RETIREE RETIRED FROM ANY UNIT OF
14 STATE GOVERNMENT, THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL
15 INSURANCE PREMIUMS; OR

16 B. IF THE RETIREE RETIRED FROM A PARTICIPATING
17 EMPLOYER OTHER THAN THE STATE, THE APPROVED MONTHLY MEDICAL
18 INSURANCE PREMIUMS REQUIRED BY THE PARTICIPATING EMPLOYER THAT
19 EMPLOYED THE RETIREE AT THE TIME OF THE RETIREE'S RETIREMENT.

20 2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN
21 UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE
22 REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE
23 BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL
24 TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH
25 LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS
26 SUBPARAGRAPH.

27 23-407.

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

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

6 (ii) 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 or vested allowance was also a unit of State
10 government; or

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

14 (2) (i) Except as provided in subparagraph (ii) of this paragraph
15 **AND SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH**, the reduction
16 required under paragraph (1) of this subsection shall equal:

17 1. the amount by which the sum of the individual's
18 initial annual basic allowance and the individual's annual compensation exceeds the
19 average final compensation used to compute the basic allowance; or

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

25 (ii) 1. This subparagraph applies to a retiree of the
26 Teachers' Pension System who as faculty receiving a 10-month salary, retired directly
27 from:

28 A. the University System of Maryland;

29 B. Morgan State University;

30 C. St. Mary's College; or

31 D. a community college established or operating under
32 Title 16 of the Education Article.

33 2. The reduction required under paragraph (1) of this
34 subsection shall equal the amount by which the sum of the retiree's initial annual
35 basic allowance and the retiree's annual compensation, as calculated in

1 subsubparagraph 3 of this subparagraph, exceeds the average final compensation of
2 the retiree used to compute the basic allowance.

3 3. The calculation of the retiree's annual compensation
4 in subsubparagraph 2 of this subparagraph does not include any of the following
5 earnings the retiree received during the previous calendar year from the employer
6 with whom the retiree is reemployed:

7 A. bonuses;

8 B. overtime;

9 C. summer school salaries;

10 D. adult education salary;

11 E. additional temporary payments from special research
12 projects;

13 F. honorariums; and

14 G. vehicle stipends.

15 (III) 1. **ANY REDUCTION TAKEN TO A RETIREE'S**
16 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
17 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
18 **TO BE DEDUCTED FOR:**

19 **A. IF THE RETIREE RETIRED FROM ANY UNIT OF**
20 **STATE GOVERNMENT, THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
21 **INSURANCE PREMIUMS; OR**

22 **B. IF THE RETIREE RETIRED FROM A PARTICIPATING**
23 **EMPLOYER OTHER THAN THE STATE, THE APPROVED MONTHLY MEDICAL**
24 **INSURANCE PREMIUMS REQUIRED BY THE PARTICIPATING EMPLOYER THAT**
25 **EMPLOYED THE RETIREE AT THE TIME OF THE RETIREE'S RETIREMENT.**

26 2. **IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
27 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
28 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
29 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
30 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
31 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
32 **SUBPARAGRAPH.**

1 25-403.

2 (a) Except as provided in subsection (h) of this section, an individual who is
3 receiving a service retirement allowance or vested allowance may accept employment
4 with a participating employer on a permanent, temporary, or contractual basis, if the
5 individual immediately notifies the Board of Trustees:

6 (1) of the individual's intention to accept the employment; and

7 (2) of the compensation that the individual will receive.

8 (b) (1) The Board of Trustees shall reduce the allowance of an individual
9 who accepts employment as provided under subsection (a) of this section if the
10 individual's current employer is any unit of State government and the individual's
11 employer at the time of the individual's last separation from employment with the
12 State before the individual commenced receiving a service retirement allowance or
13 vested allowance was also a unit of State government.

14 (2) (I) [The] **SUBJECT TO SUBPARAGRAPH (II) OF THIS**
15 **PARAGRAPH,** THE reduction under paragraph (1) of this subsection shall equal the
16 amount by which the sum of the individual's initial annual basic allowance and the
17 individual's annual compensation exceeds the average final compensation used to
18 compute the basic allowance.

19 (II) **1. ANY REDUCTION TAKEN TO A RETIREE'S**
20 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
21 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
22 **TO BE DEDUCTED FOR:**

23 **A. IF THE RETIREE RETIRED FROM ANY UNIT OF**
24 **STATE GOVERNMENT, THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
25 **INSURANCE PREMIUMS; OR**

26 **B. IF THE RETIREE RETIRED FROM A PARTICIPATING**
27 **EMPLOYER OTHER THAN THE STATE, THE APPROVED MONTHLY MEDICAL**
28 **INSURANCE PREMIUMS REQUIRED BY THE PARTICIPATING EMPLOYER THAT**
29 **EMPLOYED THE RETIREE AT THE TIME OF THE RETIREE'S RETIREMENT.**

30 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
31 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
32 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
33 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
34 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
35 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
36 **SUBPARAGRAPH.**

- 1 (3) The reduction under this subsection does not apply to:
- 2 (i) an individual who has been retired for 9 years, beginning on
3 January 1, after the date the individual retires;
- 4 (ii) an individual whose average final compensation was less
5 than \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;
- 6 (iii) an individual who is serving in an elected position as an
7 official of a participating governmental unit or as a constitutional officer for a county
8 that is a participating governmental unit; or
- 9 (iv) a retiree of the Correctional Officers' Retirement System
10 who is reemployed on a contractual basis for not more than 4 years by the Division of
11 Corrections, the Division of Pretrial Detention and Services, or the Patuxent
12 Institution in the Department of Public Safety and Correctional Services as a
13 correctional officer in a correctional facility defined in § 1-101 of the Correctional
14 Services Article.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
16 read as follows:

17 **Article – State Personnel and Pensions**

18 24–405.

19 (a) Except as provided in § 24–405.1 of this subtitle and subject to
20 subsections (b), (c), and (d) of this section, an individual who is receiving a service
21 retirement allowance or vested allowance may accept employment with a participating
22 employer on a temporary or contractual basis, if:

23 (1) the employment is not in a regularly allocated position; and

24 (2) the individual immediately notifies the Board of Trustees:

25 (i) of the individual's intention to accept the employment; and

26 (ii) of the compensation that the individual will receive.

27 (b) (1) The Board of Trustees shall reduce the allowance of an individual
28 who accepts employment as provided under subsection (a) of this section if:

29 (i) the individual's current employer is any unit of State
30 government; and

1 (ii) the individual's employer at the time of the individual's last
2 separation from employment with the State before the individual commenced
3 receiving a service retirement allowance or vested allowance was also a unit of State
4 government.

5 (2) (I) [The] **SUBJECT TO SUBPARAGRAPH (II) OF THIS**
6 **PARAGRAPH, THE** reduction under paragraph (1) of this subsection shall equal the
7 amount by which the sum of the individual's initial annual basic allowance and the
8 individual's annual compensation exceeds the average final compensation used to
9 compute the basic allowance.

10 (II) **1. ANY REDUCTION TAKEN TO A RETIREE'S**
11 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
12 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
13 **TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
14 **INSURANCE PREMIUMS.**

15 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
16 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
17 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
18 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
19 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
20 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
21 **SUBPARAGRAPH.**

22 (3) The reduction under paragraph (1) of this subsection does not
23 apply to:

24 (i) an individual who has been retired for 9 years, beginning on
25 January 1, after the date the individual retires;

26 (ii) an individual who participates in the Deferred Retirement
27 Option Program established under § 24-401.1 of this subtitle; or

28 (iii) a retiree of the State Police Retirement System who is
29 reemployed by the Department of State Police on a contractual basis as a police
30 employee, as defined in § 2-101 of the Public Safety Article, at a rank of trooper first
31 class.

32 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
33 read as follows:

34 **Article – State Personnel and Pensions**

35 24-405.

1 (a) Except as provided in § 24–405.1 of this subtitle and subject to
 2 subsections (b) and (c) of this section, an individual who is receiving a service
 3 retirement allowance or vested allowance may accept employment with a participating
 4 employer on a temporary basis, if:

5 (1) the employment is not in a regularly allocated position; and

6 (2) the individual immediately notifies the Board of Trustees:

7 (i) of the individual's intention to accept the employment; and

8 (ii) of the compensation that the individual will receive.

9 (b) (1) This subsection does not apply to:

10 (i) an individual who has been retired for 9 years, beginning on
 11 January 1, after the date the individual retires; or

12 (ii) an individual who participates in the Deferred Retirement
 13 Option Program established under § 24–401.1 of this subtitle.

14 (2) **(I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
 15 **PARAGRAPH, THE** Board of Trustees shall reduce an individual's allowance by the
 16 amount that the sum of the individual's initial annual basic allowance and the
 17 individual's annual compensation exceeds the average final compensation used to
 18 compute the basic allowance.

19 **(II) 1. ANY REDUCTION TAKEN TO A RETIREE'S**
 20 **ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT**
 21 **WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED**
 22 **TO BE DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL**
 23 **INSURANCE PREMIUMS.**

24 **2. IF A REDUCTION FOR A CALENDAR YEAR TAKEN**
 25 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS LESS THAN THE**
 26 **REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE**
 27 **BOARD OF TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL**
 28 **TO THE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH**
 29 **LESS THE REDUCTION TAKEN UNDER SUBSUBPARAGRAPH 1 OF THIS**
 30 **SUBPARAGRAPH.**

31 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 32 read as follows:

33 **Article – State Personnel and Pensions**

1 27-406.

2 (d) (1) [If] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF a
3 retiree accepts employment as allowed by subsection (a) of this section and is
4 subsequently awarded retirement benefits because of that employment, the Board of
5 Trustees shall reduce the retiree's benefits under this subtitle by the amount of the
6 retirement benefits resulting from the subsequent employment if the retiree's current
7 employer is any unit of State government and the retiree's employer at the time of the
8 retiree's last separation from employment with the State before the retiree commenced
9 receiving a service retirement allowance was also a unit of State government.

10 (2) (I) ANY REDUCTION TAKEN TO A RETIREE'S ALLOWANCE
11 UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT WOULD REDUCE
12 THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED TO BE
13 DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL
14 INSURANCE PREMIUMS.

15 (II) IF A REDUCTION FOR A CALENDAR YEAR TAKEN UNDER
16 SUBPARAGRAPH (I) OF THIS PARAGRAPH IS LESS THAN THE REDUCTION
17 REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD OF
18 TRUSTEES SHALL RECOVER FROM THE RETIREE AN AMOUNT EQUAL TO THE
19 REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION LESS THE
20 REDUCTION TAKEN UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

21 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
22 take effect on the taking effect of the termination provision specified in Chapter 644, §
23 3 of the Acts of the General Assembly of 2009. If that termination provision takes
24 effect, Section 2 of this Act shall be abrogated and of no further force and effect. This
25 Act may not be interpreted to have any effect on that termination provision.

26 SECTION 6. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall
27 take effect on the taking effect of the termination provision specified in Chapter 688, §
28 2 of the Acts of the General Assembly of 2010. This Act may not be interpreted to have
29 any effect on that termination provision.

30 SECTION 7. AND BE IT FURTHER ENACTED, That, subject to the provisions
31 of Sections 5 and 6 of this Act, this Act shall take effect July 1, 2011.