

SENATE BILL 947

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By: **Senator Jones–Rodwell**

Introduced and read first time: March 1, 2011

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Vested Retirement Allowance –**
3 **Members and Former Members**

4 FOR the purpose of requiring that certain members or former members of the State
5 Retirement and Pension System complete and submit a certain application
6 stating a certain date when the member or former member desires to commence
7 receipt of a certain vested retirement allowance; prohibiting certain members or
8 former members of the State Retirement and Pension System from receiving a
9 certain vested retirement allowance for a certain period of time; providing that
10 certain members or former members of the State Retirement and Pension
11 System may receive a return of their accumulated contributions before payment
12 of a certain vested allowance; providing that certain former members of the
13 State Retirement and Pension System to whom certain accumulated
14 contributions are returned are not entitled to any further benefits; and
15 generally relating to members or former members of the State Retirement and
16 Pension System receiving a vested retirement allowance.

17 BY repealing and reenacting, with amendments,
18 Article – State Personnel and Pensions
19 Section 29–302 and 29–303
20 Annotated Code of Maryland
21 (2009 Replacement Volume and 2010 Supplement)

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

24 **Article – State Personnel and Pensions**

25 29–302.

26 (a) This section applies only to members of:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (1) the Correctional Officers' Retirement System;
- 2 (2) the Employees' Retirement System;
- 3 (3) the State Police Retirement System; and
- 4 (4) the Teachers' Retirement System.

5 (b) (1) A member **OR FORMER MEMBER** may [elect to] receive a vested
6 allowance if:

7 (i) the member **OR FORMER MEMBER COMPLETES AND**
8 **SUBMITS A WRITTEN APPLICATION TO THE BOARD OF TRUSTEES STATING THE**
9 **DATE WHEN THE MEMBER OR FORMER MEMBER DESIRES TO COMMENCE**
10 **RECEIPT OF A VESTED ALLOWANCE; AND**

11 **(II) ON OR BEFORE THE DATE OF COMMENCEMENT OF A**
12 **VESTED ALLOWANCE, THE MEMBER OR FORMER MEMBER:**

13 1. is separated from employment other than by death or
14 retirement; and

15 [(ii)] 2. subject to paragraph (2) of this subsection, [the
16 member] has at least 5 years of eligibility service.

17 (2) A **MEMBER OR** former member of the State Police Retirement
18 System who separated from employment on or before June 30, 1989, must have at
19 least 15 years of eligibility service to elect a vested allowance.

20 (3) [A member is deemed to have elected a vested allowance, unless
21 the member requests the return of the accumulated contributions before membership
22 ends.] **A MEMBER OR FORMER MEMBER WHO RECEIVES A VESTED ALLOWANCE**
23 **UNDER THIS SECTION MAY NOT RECEIVE BENEFITS FOR THE PERIOD BEFORE**
24 **THE MEMBER OR FORMER MEMBER SUBMITTED A COMPLETED APPLICATION TO**
25 **THE BOARD OF TRUSTEES.**

26 (c) **[A] SUBJECT TO SUBSECTION (B) OF THIS SECTION,** A vested
27 allowance is a deferred allowance starting at:

- 28 (1) normal retirement age for members of:
 - 29 (i) the Employees' Retirement System;
 - 30 (ii) the State Police Retirement System; and

- 1 (iii) the Teachers' Retirement System;
- 2 (2) age 55 for a member of the Correctional Officers' Retirement
3 System who is:
- 4 (i) a correctional officer in the first six job classifications;
- 5 (ii) a detention center officer employed by a participating
6 governmental unit who has elected to participate in the Correctional Officers'
7 Retirement System;
- 8 (iii) an individual serving as a correctional dietary, maintenance,
9 laundry, or supply officer; or
- 10 (iv) an individual serving as a Maryland Correctional
11 Enterprises officer, officer trainee, plant supervisor, plant manager, or regional
12 manager; or
- 13 (3) age 60 for a member of the Correctional Officers' Retirement
14 System who is a maximum security attendant at the Clifton T. Perkins Hospital
15 Center.
- 16 (d) A vested allowance:
- 17 (1) is computed as a normal service retirement allowance on the basis
18 of the former member's creditable service and average final compensation at the time
19 of separation from employment; and
- 20 (2) may be paid in one of the optional forms of allowances under §
21 21-403 of this article.
- 22 (e) If a member **OR FORMER MEMBER** separated from employment on or
23 before June 30, 1990, unused sick leave reported by the member's **OR FORMER**
24 **MEMBER'S** employer at the time of separation from employment is creditable service
25 for computing the vested allowance.
- 26 (f) (1) If a **MEMBER OR** former member who elected a vested allowance
27 requests the return of accumulated contributions before payment of the vested
28 allowance begins, the Board of Trustees shall return the accumulated contributions to
29 the **MEMBER OR** former member.
- 30 (2) When accumulated contributions are returned to a former member,
31 the former member is not entitled to further benefits on account of the former
32 member's previous membership.
- 33 29-303.

1 (a) This section applies only to members of:

2 (1) the Employees' Pension System;

3 (2) the Local Fire and Police System;

4 (3) the Law Enforcement Officers' Pension System; or

5 (4) the Teachers' Pension System.

6 (b) A member [is eligible to] **OR FORMER MEMBER MAY** receive a vested
7 allowance if:

8 (1) the member **OR FORMER MEMBER COMPLETES AND SUBMITS A**
9 **WRITTEN APPLICATION TO THE BOARD OF TRUSTEES STATING THE DATE WHEN**
10 **THE MEMBER OR FORMER MEMBER DESIRES TO COMMENCE RECEIPT OF A**
11 **VESTED ALLOWANCE; AND**

12 **(2) ON OR BEFORE THE DATE OF COMMENCEMENT OF A VESTED**
13 **ALLOWANCE, THE MEMBER OR FORMER MEMBER:**

14 **(I)** separated from employment other than by death or
15 retirement; and

16 **[(2)] (II)** [the member] has at least 5 years of eligibility service.

17 (c) Except as provided in subsections (e), (f), [and] (g), **AND (H)** of this
18 section **AND SUBJECT TO SUBSECTION (B) OF THIS SECTION**, a vested allowance:

19 (1) is a deferred allowance that [begins] **MAY BEGIN** at normal
20 retirement age;

21 (2) is computed as a normal service retirement allowance on the basis
22 of the member's average final compensation and eligibility service at separation from
23 employment; and

24 (3) may be paid in one of the optional forms of allowances under §
25 21-403 of this article.

26 (d) If a member of the Employees' Pension System or the Teachers' Pension
27 System separated from employment on or before June 30, 1990, unused sick leave
28 reported by the member's employer at the time of separation from employment is
29 creditable service for computing the vested allowance.

30 (e) Except as provided in subsection (f) of this section, a former member of
31 the Employees' Pension System or the Teachers' Pension System who has separated

1 from employment before the age of 55 with at least 15 years of eligibility service is
2 eligible to receive a vested allowance that:

3 (1) [begins] **MAY BEGIN** on the first day of the month following the
4 member's 55th birthday; and

5 (2) equals the reduced allowance computed under § 23-402 of this
6 article.

7 (f) (1) The vested allowance of a former member of the Employees'
8 Pension System or the Teachers' Pension System who separates from employment on
9 or before June 30, 1998:

10 (i) is a deferred allowance that [begins] **MAY BEGIN** at normal
11 retirement age;

12 (ii) is computed on the basis of the member's average final
13 compensation and eligibility service at separation from employment;

14 (iii) shall equal the number of years of the member's creditable
15 service multiplied by:

16 1. 0.8% of the member's average final compensation that
17 is not in excess of the Social Security integration level; and

18 2. 1.5% of the member's average final compensation that
19 exceeds the Social Security integration level; and

20 (iv) may be paid in one of the optional forms of allowances under
21 § 21-403 of this article.

22 (2) A former member of the Employees' Pension System or the
23 Teachers' Pension System who has separated from employment on or before June 30,
24 1998 and before the age of 55 with at least 15 years of eligibility service is eligible to
25 receive a vested allowance that:

26 (i) [begins] **MAY BEGIN** on the first day of the month following
27 the member's 55th birthday; and

28 (ii) equals the allowance under paragraph (1) of this subsection,
29 reduced by 0.5% for each month that the member's early retirement date precedes the
30 date the member will be 62 years old.

31 (g) (1) Except as provided in paragraph (2) of this subsection and subject
32 to paragraph (3) of this subsection, the vested allowance of a former member of the
33 Law Enforcement Officers' Pension System who separates from employment on or
34 before June 30, 2000:

1 (i) is a deferred allowance that [begins] **MAY BEGIN** at normal
2 retirement age;

3 (ii) is computed on the basis of the member's average final
4 compensation and eligibility service at separation from employment; and

5 (iii) shall equal the number of years of the member's creditable
6 service multiplied by:

7 1. 1% of the member's average final compensation that
8 is not in excess of the Social Security integration level; and

9 2. 1.7% of the member's average final compensation that
10 exceeds the Social Security integration level.

11 (2) (i) This subsection applies only to a former member of the Law
12 Enforcement Officers' Pension System who:

13 1. transferred to the Law Enforcement Officers' Pension
14 System from the Employees' Retirement System; and

15 2. separates from employment on or before June 30,
16 2000.

17 (ii) The vested allowance of a former member:

18 1. is a deferred allowance that [begins] **MAY BEGIN** at
19 normal retirement age;

20 2. is computed on the basis of the member's average
21 final compensation and eligibility service at separation from employment; and

22 3. shall equal:

23 A. 2% of the member's average final compensation
24 multiplied by each year of the member's first 30 years of creditable service; and

25 B. 1% of the member's average final compensation
26 multiplied by each year of creditable service in excess of 30 years.

27 (3) (i) This paragraph applies only to a former member who is:

28 1. receiving a deferred allowance under paragraph (1) of
29 this subsection; and

30 2. under the age of 62 years.

1 (ii) On receipt of a vested allowance, a former member shall
2 receive a supplemental deferred allowance that equals the difference between:

- 3 1. the former member's vested allowance; and
4 2. 1.7% of the member's average final compensation for
5 each year of creditable service.

6 (iii) Payment of the supplemental deferred allowance ends when
7 the former member:

- 8 1. attains the age of 62 years; or
9 2. dies.

10 **(H) (1) IF A MEMBER OR FORMER MEMBER REQUESTS THE RETURN**
11 **OF ACCUMULATED CONTRIBUTIONS BEFORE PAYMENT OF THE VESTED**
12 **ALLOWANCE BEGINS, THE BOARD OF TRUSTEES SHALL RETURN THE**
13 **ACCUMULATED CONTRIBUTIONS TO THE MEMBER OR FORMER MEMBER.**

14 **(2) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A**
15 **FORMER MEMBER, THE FORMER MEMBER IS NOT ENTITLED TO FURTHER**
16 **BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S PREVIOUS MEMBERSHIP.**

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