

SENATE BILL 947

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CF HB 1312

By: **Senator Jones–Rodwell**

Introduced and read first time: March 1, 2011

Assigned to: Rules

Re–referred to: Budget and Taxation, March 7, 2011

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 30, 2011

CHAPTER _____

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; providing for
15 the application of this Act; and generally relating to members or former
16 members of the State Retirement and Pension System receiving a vested
17 retirement allowance.

18 BY repealing and reenacting, with amendments,
19 Article – State Personnel and Pensions
20 Section 29–302 and 29–303
21 Annotated Code of Maryland
22 (2009 Replacement Volume and 2010 Supplement)

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.



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

3 **Article – State Personnel and Pensions**

4 29–302.

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

6 (1) the Correctional Officers' Retirement System;

7 (2) the Employees' Retirement System;

8 (3) the State Police Retirement System; and

9 (4) the Teachers' Retirement System.

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

12 (i) the member **OR FORMER MEMBER COMPLETES AND**
13 **SUBMITS A WRITTEN APPLICATION TO THE BOARD OF TRUSTEES STATING THE**
14 **DATE WHEN THE MEMBER OR FORMER MEMBER DESIRES TO COMMENCE**
15 **RECEIPT OF A VESTED ALLOWANCE; AND**

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

18 1. is separated from employment other than by death or
19 retirement; and

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

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

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

1 (c) [A] **SUBJECT TO SUBSECTION (B) OF THIS SECTION**, A vested
2 allowance is a deferred allowance ~~starting~~ **THAT MAY BEGIN** at:

3 (1) normal retirement age for members of:

4 (i) the Employees' Retirement System;

5 (ii) the State Police Retirement System; and

6 (iii) the Teachers' Retirement System;

7 (2) age 55 for a member of the Correctional Officers' Retirement
8 System who is:

9 (i) a correctional officer in the first six job classifications;

10 (ii) a detention center officer employed by a participating
11 governmental unit who has elected to participate in the Correctional Officers'
12 Retirement System;

13 (iii) an individual serving as a correctional dietary, maintenance,
14 laundry, or supply officer; or

15 (iv) an individual serving as a Maryland Correctional
16 Enterprises officer, officer trainee, plant supervisor, plant manager, or regional
17 manager; or

18 (3) age 60 for a member of the Correctional Officers' Retirement
19 System who is a maximum security attendant at the Clifton T. Perkins Hospital
20 Center.

21 (d) A vested allowance:

22 (1) is computed as a normal service retirement allowance on the basis
23 of the former member's creditable service and average final compensation at the time
24 of separation from employment; and

25 (2) may be paid in one of the optional forms of allowances under §
26 21-403 of this article.

27 (e) If a member **OR FORMER MEMBER** separated from employment on or
28 before June 30, 1990, unused sick leave reported by the member's **OR FORMER**
29 **MEMBER'S** employer at the time of separation from employment is creditable service
30 for computing the vested allowance.

1 (f) (1) If a **MEMBER OR** former member who elected a vested allowance
 2 requests the return of accumulated contributions before payment of the vested
 3 allowance begins, the Board of Trustees shall return the accumulated contributions to
 4 the **MEMBER OR** former member.

5 (2) When accumulated contributions are returned to a former member,
 6 the former member is not entitled to further benefits on account of the former
 7 member's previous membership.

8 29–303.

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

- 10 (1) the Employees' Pension System;
 11 (2) the Local Fire and Police System;
 12 (3) the Law Enforcement Officers' Pension System; or
 13 (4) the Teachers' Pension System.

14 (b) **(1)** A member [is eligible to] **OR FORMER MEMBER MAY** receive a
 15 vested allowance if:

16 ~~(1)~~ **(I)** the member **OR FORMER MEMBER COMPLETES AND**
 17 **SUBMITS A WRITTEN APPLICATION TO THE BOARD OF TRUSTEES STATING THE**
 18 **DATE WHEN THE MEMBER OR FORMER MEMBER DESIRES TO COMMENCE**
 19 **RECEIPT OF A VESTED ALLOWANCE; AND**

20 ~~(2)~~ **(II)** **ON OR BEFORE THE DATE OF COMMENCEMENT OF A**
 21 **VESTED ALLOWANCE, THE MEMBER OR FORMER MEMBER:**

22 ~~(1)~~ **1.** separated from employment other than by death or
 23 retirement; and

24 [(2)] ~~(H)~~ **2.** [the member] has at least 5 years of eligibility service.

25 **(2) A MEMBER OR FORMER MEMBER WHO RECEIVES A VESTED**
 26 **ALLOWANCE UNDER THIS SECTION MAY NOT RECEIVE BENEFITS FOR THE**
 27 **PERIOD BEFORE THE MEMBER OR FORMER MEMBER SUBMITTED A COMPLETED**
 28 **APPLICATION TO THE BOARD OF TRUSTEES.**

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

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

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

6 (3) may be paid in one of the optional forms of allowances under §
7 21-403 of this article.

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

12 (e) Except as provided in subsection (f) of this section, a former member of
13 the Employees' Pension System or the Teachers' Pension System who has separated
14 from employment before the age of 55 with at least 15 years of eligibility service is
15 eligible to receive a vested allowance that:

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

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

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

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

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

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

29 1. 0.8% of the member's average final compensation that
30 is not in excess of the Social Security integration level; and

31 2. 1.5% of the member's average final compensation that
32 exceeds the Social Security integration level; and

33 (iv) may be paid in one of the optional forms of allowances under
34 § 21-403 of this article.

1 (2) A former member of the Employees' Pension System or the
2 Teachers' Pension System who has separated from employment on or before June 30,
3 1998 and before the age of 55 with at least 15 years of eligibility service is eligible to
4 receive a vested allowance that:

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

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

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

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

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

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

20 1. 1% of the member's average final compensation that
21 is not in excess of the Social Security integration level; and

22 2. 1.7% of the member's average final compensation that
23 exceeds the Social Security integration level.

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

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

28 2. separates from employment on or before June 30,
29 2000.

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

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

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

3 3. shall equal:

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

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

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

9 1. receiving a deferred allowance under paragraph (1) of
10 this subsection; and

11 2. under the age of 62 years.

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

14 1. the former member's vested allowance; and

15 2. 1.7% of the member's average final compensation for
16 each year of creditable service.

17 (iii) Payment of the supplemental deferred allowance ends when
18 the former member:

19 1. attains the age of 62 years; or

20 2. dies.

21 **(H) (1) IF A MEMBER OR FORMER MEMBER REQUESTS THE RETURN**
22 **OF ACCUMULATED CONTRIBUTIONS BEFORE PAYMENT OF THE VESTED**
23 **ALLOWANCE BEGINS, THE BOARD OF TRUSTEES SHALL RETURN THE**
24 **ACCUMULATED CONTRIBUTIONS TO THE MEMBER OR FORMER MEMBER.**

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

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
29 construed to apply only prospectively and may not be applied or interpreted to have
30 any effect on or application to any member or former member of one of the several
31 systems of the State Retirement and Pension System that, as of June 30, 2011:

1 (a) has at least 5 years of eligibility service before the effective date of this
2 Act;

3 (b) separated from employment with a participating employer other than by
4 death or retirement; and

5 (c) has reached normal retirement age under Division II of the State
6 Personnel and Pensions Article.

7 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
8 effect July 1, 2011.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.