

## Chapter 136

(House Bill 634)

AN ACT concerning

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

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

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 22–406(c)(1), 23–407(c)(1), 24–405(a), and 25–403(a)

Annotated Code of Maryland

(2009 Replacement Volume and 2010 Supplement)

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 22–406(c)(2), 23–407(c)(2), 24–405(b), and 25–403(b)

Annotated Code of Maryland

(2009 Replacement Volume and 2010 Supplement)

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 24–405(a)

Annotated Code of Maryland

(2009 Replacement Volume and 2010 Supplement)

(As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 24–405(b)

Annotated Code of Maryland

(2009 Replacement Volume and 2010 Supplement)

(As enacted by Chapter 644 of the Acts of the General Assembly of 2009)

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

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

**Article – State Personnel and Pensions**

22–406.

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

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

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

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 annual compensation, as calculated in subparagraph 3 of this subparagraph, exceeds the average final compensation of the retiree used to compute the basic allowance.

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

- A. bonuses;
- B. overtime;
- C. summer school salaries;
- D. adult education salary;
- E. additional temporary payments from special research projects;
- F. honorariums; and
- G. vehicle stipends.

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

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

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

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

23-407.

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

(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 or an early vested allowance computed under § 23-402 of this subtitle.

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

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

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' Pension System who as faculty receiving a 10-month salary, 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 annual compensation, as calculated in subparagraph 3 of this subparagraph, exceeds the average final compensation of the retiree used to compute the basic allowance.

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

A. bonuses;

B. overtime;

C. summer school salaries;

D. adult education salary;

E. additional temporary payments from special research projects;

F. honorariums; and

G. vehicle stipends.

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

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

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

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

25-403.

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

- (1) of the individual's intention to accept the employment; and
- (2) of the compensation that the individual will receive.

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

(2) (I) [The] **SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE** reduction under paragraph (1) of this subsection shall equal 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.

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

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

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

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

(3) The reduction under this subsection does not apply to:

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

(ii) an individual whose average final compensation was less than \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;

(iii) an individual who is serving in an elected position as an official of a participating governmental unit or as a constitutional officer for a county that is a participating governmental unit; or

(iv) a retiree of the Correctional Officers' Retirement System who is reemployed on a contractual basis for not more than 4 years by the Division of Corrections, the Division of Pretrial Detention and Services, or the Patuxent Institution in the Department of Public Safety and Correctional Services as a

correctional officer in a correctional facility defined in § 1–101 of the Correctional Services Article.

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

**Article – State Personnel and Pensions**

24–405.

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

- (1) the employment is not in a regularly allocated position; and
- (2) the individual immediately notifies the Board of Trustees:
  - (i) of the individual’s intention to accept the employment; and
  - (ii) of the compensation that the individual will receive.

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

- (i) the individual’s current employer is any unit of State government; and
- (ii) 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.

(2) **(I) [The] SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE** reduction under paragraph (1) of this subsection shall equal 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.

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



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

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

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

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

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

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

**Article – State Personnel and Pensions**

24–405.

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

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

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

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

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

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

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

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

(2) (I) [The] **SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,** THE Board of Trustees shall reduce an individual's allowance by the amount that 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.

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

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

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

#### **Article – State Personnel and Pensions**

27–406.

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

(2) (I) **ANY REDUCTION TAKEN TO A RETIREE'S ALLOWANCE UNDER THIS SUBSECTION MAY NOT EXCEED AN AMOUNT THAT WOULD REDUCE THE RETIREE'S ALLOWANCE TO LESS THAN WHAT IS REQUIRED TO BE**

**DEDUCTED FOR THE RETIREE'S MONTHLY STATE-APPROVED MEDICAL INSURANCE PREMIUMS.**

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

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

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

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

**Approved by the Governor, April 12, 2011.**