

# SENATE BILL 575

K4

(4lr1572)

## 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 – Code Simplification and**  
3 **Clarification**

4 FOR the purpose of making clarifying changes to a certain definition of “eligible  
5 retirement plan” and a certain definition of “eligible rollover distribution” as  
6 they relate to provisions on rollover distributions under the State pension laws;  
7 clarifying the manner in which a certain transfer of funds from the State  
8 Retirement Agency to an eligible rollover plan shall be made; clarifying that  
9 certain distributions of funds to a designated spouse beneficiary may be paid to  
10 an eligible retirement plan in a direct rollover; clarifying that certain references  
11 to individual retirement accounts include traditional and Roth individual  
12 retirement accounts; clarifying that a member of the Employees’ Pension  
13 System who resumes employment before a certain date may resume  
14 participation in the Alternate Contributory Pension Selection if the employer  
15 participates in the Alternate Contributory Pension Selection; clarifying that the

---

#### 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 Reformed Contributory Pension Benefit does not apply to employees of certain  
 2 participating governmental units; repealing an option to continue participation  
 3 in the Deferred Retirement Option Program in the State Police Retirement  
 4 System if a member is granted a special disability retirement allowance;  
 5 repealing an option to continue participation in the Deferred Retirement Option  
 6 Program in the Law Enforcement Officers' Pension System if a member is  
 7 granted ~~a special~~ an accidental disability retirement allowance; increasing the  
 8 maximum average final compensation that retirees of the Local Fire and Police  
 9 System must have at the time of retirement in order to be exempt from a certain  
 10 reemployment earnings limitation; altering the number of years required after  
 11 retirement for certain retirees of the Local Fire and Police System to be exempt  
 12 from a certain reemployment earnings limitation; *providing that certain retirees*  
 13 *of the Judges' Retirement System are exempt from a certain reemployment*  
 14 *earnings limitation after a certain number of years after retirement*; clarifying  
 15 that certain former members of the State Retirement and Pension System shall  
 16 have their accumulated contributions returned upon making a certain request;  
 17 clarifying that certain former members of the State Retirement and Pension  
 18 System who have their accumulated contributions returned are not entitled to  
 19 further benefits; clarifying that regular interest may not be paid on certain  
 20 member contributions after a certain time period under certain circumstances;  
 21 altering the methods that certain members of the Teachers' Pension System  
 22 may use to purchase certain service credit; providing for a delayed effective date  
 23 for a certain provision of this Act; and generally relating to clarifying provisions  
 24 that apply to the State Retirement and Pension System.

25 BY repealing and reenacting, with amendments,  
 26 Article – State Personnel and Pensions  
 27 Section 21–601, 21–602, 22–215, 23–213, 23–215.1, 23–225, 23–308(c), 24–206,  
 28 24–401.1(k), 25–204, 26–205, 26–401.1(k), 28–205, and 28–402(b)  
 29 Annotated Code of Maryland  
 30 (2009 Replacement Volume and 2013 Supplement)

31 BY repealing and reenacting, without amendments,  
 32 Article – State Personnel and Pensions  
 33 Section 22–217, 24–401.1(a) and (g), 26–401.1(a) and (g), 29–302(a) and (f), and  
 34 29–303(a)  
 35 Annotated Code of Maryland  
 36 (2009 Replacement Volume and 2013 Supplement)

37 BY repealing and reenacting, with amendments,  
 38 Article – State Personnel and Pensions  
 39 Section 27–406  
 40 Annotated Code of Maryland  
 41 (2009 Replacement Volume and 2013 Supplement)  
 42 (As enacted by Chapter 688 of the Acts of the General Assembly of 2010)

43 BY adding to

1 Article – State Personnel and Pensions  
2 Section 29–303(h)  
3 Annotated Code of Maryland  
4 (2009 Replacement Volume and 2013 Supplement)

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

7 **Article – State Personnel and Pensions**

8 21–601.

9 (a) In this subtitle the following words have the meanings indicated.

10 (b) “Direct rollover” means a payment by the State Retirement Agency  
11 directly to the eligible retirement plan specified by the participant, the surviving  
12 spouse of a participant, or the designated beneficiary of the participant.

13 (c) “Eligible retirement plan” means:

14 (1) an individual retirement account described in § 408(a) of the  
15 Internal Revenue Code;

16 (2) an individual retirement annuity, other than an endowment  
17 contract, described in § 408(b) of the Internal Revenue Code;

18 (3) a qualified trust described in § 401(a) of the Internal Revenue Code  
19 that is exempt from tax under § 501(a) of the Internal Revenue Code;

20 (4) an annuity plan described in § 403(a) of the Internal Revenue  
21 Code;

22 (5) an annuity plan described in § 403(b) of the Internal Revenue  
23 Code;

24 (6) a deferred compensation plan **DESCRIBED IN § 457(B) OF THE**  
25 **INTERNAL REVENUE CODE, OR ANY SUCCESSOR PROVISIONS**, that is maintained  
26 by [an eligible employer described in § 457 of the Internal Revenue Code or any  
27 successor provisions] **A STATE, POLITICAL SUBDIVISION OF A STATE, OR ANY**  
28 **AGENCY OR INSTRUMENTALITY OF A STATE OR A POLITICAL SUBDIVISION OF A**  
29 **STATE THAT AGREES TO ACCOUNT SEPARATELY FOR AMOUNTS TRANSFERRED**  
30 **INTO THAT PLAN; or**

31 (7) effective January 1, 2008, a Roth Individual Retirement Account  
32 described in § 408A of the Internal Revenue Code.

1 (d) (1) “Eligible rollover distribution” means a distribution:

2 (i) on or after January 1, 1993, to a participant of all or any  
3 part of the balance to the credit of the participant in any State system;

4 (ii) on or after January 1, 2002, to the surviving spouse of a  
5 member, former member, or retiree, or to a spouse or former spouse who is an  
6 alternate payee under an eligible domestic relations order, as defined in § 414(p) of the  
7 Internal Revenue Code, of all or any part of the balance to the credit of the member,  
8 former member, retiree, or surviving spouse in any State system; or

9 (iii) on or after January 1, 2007, to the designated **NONSPOUSE**  
10 beneficiary of a member, former member, or retiree of all or any part of the balance to  
11 the credit of the member, former member, retiree, or designated **NONSPOUSE**  
12 beneficiary in any State system.

13 (2) “Eligible rollover distribution” does not include:

14 (i) any distribution that is one of a series of substantially equal  
15 periodic payments that are made at least annually for the life or life expectancy of the  
16 participant or the joint lives or joint life expectancies of the participant and the  
17 participant’s beneficiary;

18 (ii) any distribution that is one of a series of substantially equal  
19 periodic payments made for a specified period of at least 10 years;

20 (iii) any distribution that is required under § 401(a)(9) of the  
21 Internal Revenue Code; [or]

22 (iv) any distribution that is reasonably expected to total less  
23 than \$200 during the calendar year; **OR**

24 **(V) ANY OTHER DISTRIBUTION THAT THE INTERNAL**  
25 **REVENUE SERVICE DOES NOT CONSIDER ELIGIBLE FOR ROLLOVER**  
26 **TREATMENT, INCLUDING CORRECTIVE DISTRIBUTIONS NECESSARY TO COMPLY**  
27 **WITH THE PROVISIONS OF § 415 OF THE INTERNAL REVENUE CODE.**

28 (3) (i) Effective January 1, 2002, a portion of a distribution will not  
29 fail to be an eligible rollover distribution merely because that portion consists of  
30 after-tax employee contributions that are not includible in gross income.

31 (ii) A portion of a distribution described in subparagraph (i) of  
32 this paragraph may be transferred only to:

33 1. an individual retirement account or annuity described  
34 in § 408(a) or (b) of the Internal Revenue Code;

1                   2.     a qualified defined contribution plan described in §  
2 401(a) of the Internal Revenue Code **THAT AGREES TO ACCOUNT SEPARATELY FOR**  
3 **AMOUNTS TRANSFERRED TO THE ACCOUNT AND EARNING RECEIVED AS A**  
4 **RESULT OF THE TRANSFERRED AMOUNTS; [or]**

5                   3.     on or after January 1, 2007, to a qualified defined  
6 benefit plan described in § 401(a) of the Internal Revenue Code or to an annuity  
7 contract described in § 403(b) of the Internal Revenue Code, that agrees to account  
8 separately for amounts transferred to the account and earnings received as a result of  
9 the transferred amounts; **OR**

10                   4.     **ON OR AFTER JANUARY 1, 2008, TO A ROTH IRA**  
11 **DESCRIBED IN § 408 OF THE INTERNAL REVENUE CODE.**

12                   **(III) A TRANSFER TO AN ELIGIBLE ~~ROLLOVER~~ RETIREMENT**  
13 **PLAN DESCRIBED IN SUBPARAGRAPH (II)2, 3, OR 4 MAY BE MADE ONLY**  
14 **THROUGH A DIRECT ROLLOVER.**

15           (e)     “Supplemental plan” means the Board of Trustees of the Maryland  
16 Teachers and State Employees Supplemental Retirement Plans.

17 21–602.

18           (a)     [Except as provided in subsections (b) and (c) of this section, a] **A**  
19 participant may elect on the form the Board of Trustees requires to have all or any  
20 part of an eligible rollover distribution paid to [the] **AN** eligible retirement plan in a  
21 direct rollover.

22           (b)     (1)   [Except as provided in paragraph (2) of this subsection, if] **IF** an  
23 eligible rollover distribution is payable to the designated **SPOUSE** beneficiary of a  
24 member, former member, or retiree, the designated **SPOUSE** beneficiary may [only]  
25 elect to have all or any part of the eligible rollover distribution paid [in a direct  
26 rollover] to an [individual] **ELIGIBLE** retirement [account or individual retirement  
27 annuity] **PLAN IN A DIRECT ROLLOVER.**

28                   (2)     (i)     A nonspouse designated beneficiary may roll over an eligible  
29 rollover distribution only to [an] **A TRADITIONAL OR ROTH** individual retirement  
30 account or individual retirement annuity established for the purpose of receiving the  
31 distribution.

32                           (ii)    [An] **A TRADITIONAL OR ROTH** individual retirement  
33 account or individual retirement annuity established under this paragraph shall be  
34 treated as an inherited individual retirement account or annuity within the meaning  
35 of § 408(d)(3)(C) of the Internal Revenue Code.

1 (c) A member who is eligible to participate in the plan administered by the  
2 supplemental plan under Title 35, Subtitle 5 of this article may elect to have all or any  
3 part of the eligible rollover distribution paid in a direct rollover to the plan in  
4 accordance with the regulations adopted by the supplemental plan.

5 23–215.1.

6 (a) This section applies to a member who:

7 (1) on or before June 30, 2011, is subject to the Alternate Contributory  
8 Pension Selection;

9 (2) (i) is separated from employment for 4 years or less; or

10 (ii) 1. is separated from employment for more than 4 years  
11 for military service that meets the requirements of the federal Uniformed Services  
12 Employment and Reemployment Rights Act; and

13 2. resumes employment within 1 year of leaving military  
14 service in a position that is included in the Employees' Pension System or Teachers'  
15 Pension System;

16 (3) does not withdraw the member's accumulated contributions; and

17 (4) does not become a retiree.

18 (b) A member described in subsection (a) of this section who on or before  
19 June 30, 2016, resumes employment ~~and is rehired into~~ **IN** a position that is included  
20 in the Employees' Pension System or Teachers' Pension System, shall resume  
21 participation in the Alternate Contributory Pension Selection **IF THE REHIRING**  
22 **EMPLOYER PARTICIPATES IN THE ALTERNATE CONTRIBUTORY PENSION**  
23 **SELECTION.**

24 (c) On or before October 1, 2012, and each October 1 through October 1,  
25 2016, the Board of Trustees shall submit a report in accordance with § 2–1246 of the  
26 State Government Article to the Joint Committee on Pensions that provides the  
27 number of members described under subsection (a) of this section who were:

28 (1) rehired in the preceding fiscal year into a position included in the  
29 Employees' Pension System or Teachers' Pension System; and

30 (2) participating in the Alternate Contributory Pension Selection.

31 23–225.

1 (a) This Part IV of this subtitle (Reformed Contributory Pension Benefit)  
2 applies to:

3 (1) an individual who becomes a member of the Employees' Pension  
4 System or the Teachers' Pension System on or after July 1, 2011; and

5 (2) except as provided in § 23–215.1 of this subtitle, a member of the  
6 Employees' Pension System or Teachers' Pension System who separated from  
7 employment on or before June 30, 2011, and subsequently becomes employed in a  
8 position eligible for membership in the Employees' Pension System or the Teachers'  
9 Pension System on or after July 1, 2011.

10 (b) This Part IV does not apply to an employee of:

11 (1) a participating governmental unit **THAT WAS** participating in the  
12 Employees' Pension System **PRIOR TO JULY 1, 2011, AND** that has not elected to  
13 participate in the Alternate Contributory Pension Selection under § 31–116.1 of this  
14 article; or

15 (2) a former participating governmental unit, other than Frederick  
16 County, that has withdrawn from the Employees' Pension System.

17 24–401.1.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) "DROP" means the Deferred Retirement Option Program  
20 established under this section.

21 (3) "DROP member" means a member of the State Police Retirement  
22 System who:

23 (i) is eligible to participate in the DROP as provided in  
24 subsection (c) of this section; and

25 (ii) elects to participate in the DROP as provided in subsection  
26 (e) of this section.

27 (g) Participation in the DROP ends if the DROP participant:

28 (1) separates from employment in accordance with the binding letter  
29 of resignation submitted with the member's election form;

30 (2) except for the Secretary of State Police, attains age 60;

31 (3) dies;

1           (4) is terminated from employment by the Maryland State Police at  
2 any time before the date specified on the member's election form;

3           (5) shortens the time period for participation in the DROP by  
4 delivering to the Maryland State Police and the Board of Trustees written notice of the  
5 intent of the DROP member to terminate employment; or

6           (6) accepts a special disability retirement allowance as provided in  
7 subsection (k) of this section.

8           (k) (1) A DROP member is eligible to apply for a special disability  
9 retirement allowance under § 29-111 of this article if after the DROP member  
10 commences participation in the DROP:

11                   (i) the member is totally and permanently incapacitated for  
12 duty arising out of or in the course of the actual performance of duty that occurs while  
13 participating in DROP, and without willful negligence of the member; and

14                   (ii) the medical board certifies that:

15                           1. the member is totally incapacitated, either mentally  
16 or physically, for the further performance of duty by the occurrence described under  
17 item (i) of this paragraph;

18                           2. the incapacity is likely to be permanent; and

19                           3. the member should be retired.

20           (2) [If the Board of Trustees grants a DROP member a special  
21 disability retirement allowance, the DROP member may elect to receive the special  
22 disability retirement allowance or continue to participate in the DROP.

23           (3)] (i) If a DROP member ~~elects to receive~~ **IS GRANTED** a special  
24 disability retirement allowance [instead of continuing to participate in the DROP], the  
25 DROP member shall:

26                           1. submit an application to the Board of Trustees, on the  
27 form the Board of Trustees provides, to receive payment of the amount accrued in the  
28 DROP in accordance with subsection (i) of this section;

29                           2. execute a written waiver of any benefits to which the  
30 DROP member may be entitled under the DROP; and

1                   3.     submit an application to retire with a special  
2 disability retirement allowance, on the form the Board of Trustees provides, stating  
3 the effective date of the DROP member's retirement as a special disability retiree.

4                   (ii)    On acceptance of the application for payment and  
5 application to retire, the Board of Trustees shall commence payment of a special  
6 disability allowance to the DROP member as provided in § 29-111(c) of this article,  
7 except that the DROP member's average final compensation shall be computed as of  
8 the effective date of the DROP member's application for a special disability retirement  
9 allowance.

10 26-401.1.

11           (a)    (1)    In this section the following words have the meanings indicated.

12                   (2)    "DROP" means the Deferred Retirement Option Program  
13 established under this section.

14                   (3)    "DROP member" means a member of the Law Enforcement  
15 Officers' Pension System who:

16                           (i)    is eligible to participate in the DROP as provided in  
17 subsection (c) of this section; and

18                           (ii)   elects to participate in the DROP as provided in subsection  
19 (e) of this section.

20           (g)    Participation in the DROP ends if the DROP participant:

21                   (1)    separates from employment in accordance with the binding letter  
22 of resignation submitted with the member's election form;

23                   (2)    dies;

24                   (3)    is terminated from employment by the DROP member's  
25 participating employer at any time before the date specified on the member's election  
26 form;

27                   (4)    shortens the time period for participation in the DROP by  
28 delivering to the DROP member's participating employer and the Board of Trustees  
29 written notice of the intent of the DROP member to terminate employment; or

30                   (5)    accepts an accidental disability retirement allowance as provided  
31 in subsection (k) of this section.

1 (k) (1) A DROP member is eligible to apply for an accidental disability  
2 retirement allowance under § 29–109 of this article if after the DROP member  
3 commences participation in the DROP:

4 (i) the member is totally and permanently incapacitated for  
5 duty arising out of or in the course of the actual performance of duty that occurs while  
6 participating in DROP, and without willful negligence of the member; and

7 (ii) the medical board certifies that:

8 1. the member is totally incapacitated, either mentally  
9 or physically, for the further performance of duty by the occurrence described under  
10 item (i) of this paragraph;

11 2. the incapacity is likely to be permanent; and

12 3. the member should be retired.

13 (2) [If the Board of Trustees grants a DROP member an accidental  
14 disability retirement allowance, the DROP member may elect to receive the accidental  
15 disability retirement allowance or continue to participate in the DROP.

16 (3) (i) If a DROP member ~~elects to receive a~~ **IS GRANTED AN**  
17 **ACCIDENTAL** disability retirement allowance [instead of continuing to participate in  
18 the DROP], the DROP member shall:

19 1. submit an application to the Board of Trustees, on the  
20 form the Board of Trustees provides, to receive payment of the amount accrued in the  
21 DROP in accordance with subsection (i) of this section;

22 2. execute a written waiver of any benefits to which the  
23 DROP member may be entitled under the DROP; and

24 3. submit an application to retire with an accidental  
25 disability retirement allowance, on the form the Board of Trustees provides, stating  
26 the effective date of the DROP member's retirement as an accidental disability retiree.

27 (ii) On acceptance of the application for payment and  
28 application to retire, the Board of Trustees shall commence payment of an accidental  
29 disability allowance to the DROP member as provided in § 29–110 of this article,  
30 except that the DROP member's average final compensation shall be computed as of  
31 the effective date of the DROP member's application for an accidental disability  
32 retirement allowance.

1           (a)    This section does not apply to a retiree who:

2                   (1)    is temporarily assigned to sit in a court of this State under the  
3 authority of Article IV, § 3A of the Maryland Constitution; or

4                   (2)    is employed as a member of the faculty of a public institution of  
5 higher education in the State.

6           (b)    Subject to subsection (e) of this section, a retiree may accept employment in  
7 which all or part of the compensation for the employment comes from municipal,  
8 county, or State funds, if the retiree immediately notifies the Board of Trustees of:

9                   (1)    the retiree's intention to accept the employment; and

10                  (2)    the compensation that the retiree will receive.

11           (c)    (1)    [The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS  
12 SUBSECTION, THE Board of Trustees shall reduce the retirement allowance of a retiree  
13 who accepts employment as provided under subsection (b) of this section if the retiree's  
14 current employer is any unit of State government and the retiree's employer at the time  
15 of the retiree's last separation from employment with the State before the retiree  
16 commenced receiving a service retirement allowance was also a unit of State  
17 government.

18                  (2)    The reduction required under paragraph (1) of this subsection shall  
19 equal the amount that the sum of the retiree's annual retirement allowance and the  
20 retiree's annual compensation exceeds the amount of the compensation on which the  
21 retirement allowance is based.

22                  (3)    THE REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS  
23 SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO HAS BEEN RETIRED FOR  
24 5 YEARS, BEGINNING ON JANUARY 1 AFTER THE DATE THE INDIVIDUAL RETIRES.

25           (d)    (1)    Subject to paragraph (2) of this subsection, if a retiree accepts  
26 employment as allowed by subsection (a) of this section and is subsequently awarded  
27 retirement benefits because of that employment, the Board of Trustees shall reduce the  
28 retiree's benefits under this subtitle by the amount of the retirement benefits resulting  
29 from the subsequent employment if the retiree's current employer is any unit of State  
30 government and the retiree's employer at the time of the retiree's last separation from  
31 employment with the State before the retiree commenced receiving a service retirement  
32 allowance was also a unit of State government.

33                  (2)    (i)    Any reduction taken to a retiree's allowance under this  
34 subsection may not exceed an amount that would reduce the retiree's allowance to less  
35 than what is required to be deducted for the retiree's monthly State-approved medical  
36 insurance premiums.

1                   (ii) If a reduction for a calendar year taken under subparagraph  
2 (i) of this paragraph is less than the reduction required under paragraph (1) of this  
3 subsection, the Board of Trustees shall recover from the retiree an amount equal to the  
4 reduction required under paragraph (1) of this subsection less the reduction taken  
5 under subparagraph (i) of this paragraph.

6                   (e) A retiree may not be employed by the State or other participating employer  
7 on a permanent, temporary, or contractual basis within 45 days of the date the  
8 individual retired.

9 28–402.

10           (b) (1) The Board of Trustees shall reduce the allowance of an individual  
11 who accepts employment as provided under subsection (a) of this section if the  
12 individual's current employer is a participating employer other than the State and is  
13 the same participating employer that employed the individual at the time of the  
14 individual's last separation from employment with a participating employer before the  
15 individual commenced receiving a service retirement allowance or vested allowance.

16                   (2) The reduction required under paragraph (1) of this subsection shall  
17 equal the amount that the sum of the individual's initial annual basic allowance and  
18 the individual's annual compensation exceeds the average final compensation used to  
19 compute the basic allowance.

20                   (3) Except for an individual whose allowance is subject to a reduction  
21 as provided under paragraph (1) of this subsection, the reduction of an allowance  
22 under this subsection does not apply to:

23                   (i) an individual whose average final compensation was less  
24 than ~~[\$10,000]~~ **\$25,000** and who is reemployed on a temporary or contractual basis;

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

28                   (iii) an individual who has been retired for **[9] 5** years, beginning  
29 on January 1 after the date the individual retires.

30 29–302.

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

32                   (1) the Correctional Officers' Retirement System;

33                   (2) the Employees' Retirement System;

1 (3) the State Police Retirement System; and

2 (4) the Teachers' Retirement System.

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

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

10 29–303.

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

12 (1) the Employees' Pension System;

13 (2) the Local Fire and Police System;

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

15 (4) the Teachers' Pension System.

16 **(H) (1) IF A FORMER MEMBER WHO ELECTED A VESTED ALLOWANCE**  
17 **REQUESTS THE RETURN OF ACCUMULATED CONTRIBUTIONS BEFORE PAYMENT**  
18 **OF THE VESTED ALLOWANCE BEGINS, THE BOARD OF TRUSTEES SHALL RETURN**  
19 **THE ACCUMULATED CONTRIBUTIONS TO THE FORMER MEMBER.**

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

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

25 **Article – State Personnel and Pensions**

26 22–215.

27 **(A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**  
28 **REGULAR** interest is payable on member contributions at the rate of 4% a year  
29 compounded annually, until retirement or withdrawal of the accumulated  
30 contributions.

~~(B) (1) REGULAR INTEREST MAY NOT BE PAID ON MEMBER CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER OF THE EMPLOYEES' RETIREMENT SYSTEM CEASES TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

~~(2) REGULAR INTEREST MAY NOT BE PAID ON MEMBER CONTRIBUTIONS AFTER 5 YEARS FROM THE DATE A FORMER MEMBER OF THE TEACHERS' RETIREMENT SYSTEM CEASES TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

(B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.

22-217.

Membership ends if the member:

(1) is separated from employment for more than:

(i) 4 years, if a member of the Employees' Retirement System;

or

(ii) 5 years, if a member of the Teachers' Retirement System;

(2) withdraws the member's accumulated contributions;

(3) transfers to the Employees' Pension System or Teachers' Pension System;

(4) becomes a retiree; or

(5) dies.

23-213.

(A) Regular EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, REGULAR interest is payable on member contributions at the rate of 5% per year compounded annually until retirement or withdrawal of contributions and interest.

1 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~  
2 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~  
3 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~  
4 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~  
5 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

6 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
7 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT  
8 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF  
9 THIS ARTICLE.

10 24-206.

11 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
12 REGULAR interest is payable on member contributions at the rate of 4% a year,  
13 compounded annually, until retirement or withdrawal of the accumulated  
14 contributions.

15 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~  
16 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~  
17 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~  
18 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~  
19 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

20 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
21 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT  
22 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF  
23 THIS ARTICLE.

24 25-204.

25 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
26 REGULAR interest is payable on member contributions at the rate of 4% a year,  
27 compounded annually, until retirement or withdrawal of the accumulated  
28 contributions.

29 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~  
30 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~  
31 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~  
32 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~  
33 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

34 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
35 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT

1 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF  
2 THIS ARTICLE.

3 26–205.

4 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
5 REGULAR interest is payable on member contributions until retirement or withdrawal  
6 of accumulated contributions at the rate of:

7 (1) 4% a year, compounded annually, for a member who has  
8 transferred from the Employees' Retirement System on or before December 31, 2004;  
9 or

10 (2) 5% a year, compounded annually, for each other member.

11 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~  
12 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~  
13 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~  
14 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~  
15 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

16 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
17 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT  
18 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF  
19 THIS ARTICLE.

20 28–205.

21 (A) ~~Regular~~ EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,  
22 REGULAR interest is payable on member contributions until retirement or withdrawal  
23 of accumulated contributions at the rate of:

24 (1) 4% a year, compounded annually, for a member who has  
25 transferred from the Employees' Retirement System; or

26 (2) 5% a year, compounded annually, for each other member.

27 ~~(B) REGULAR INTEREST MAY NOT BE PAID ON MEMBER~~  
28 ~~CONTRIBUTIONS AFTER 4 YEARS FROM THE DATE A FORMER MEMBER CEASES~~  
29 ~~TO BE EMPLOYED BY A PARTICIPATING EMPLOYER IF THE FORMER MEMBER~~  
30 ~~DOES NOT HAVE THE MINIMUM ELIGIBILITY SERVICE NEEDED TO QUALIFY FOR~~  
31 ~~A VESTED BENEFIT UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE.~~

32 (B) NO FURTHER INTEREST SHALL BE PAID ON MEMBER  
33 CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER IS NOT

1 ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29, SUBTITLE 3 OF  
2 THIS ARTICLE.

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

5 **Article – State Personnel and Pensions**

6 23–308.

7 (c) A member may pay the amount required by subsection (b) of this section[:

8 (1) on an installment basis by contributing at least 2% of earnable  
9 compensation per year; or

10 (2)] by transferring, on written request to the Board of Trustees, any  
11 prior contributions to a voluntary retirement benefit, less any costs of administering  
12 that benefit.

13 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
14 take effect January 1, 2015.

15 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in  
16 Section 4 of this Act, this Act shall take effect July 1, 2014.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
President of the Senate.

\_\_\_\_\_  
Speaker of the House of Delegates.