

SENATE BILL 103

K4

5lr0902
CF HB 77

By: **Senator Peters (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 26, 2015

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 24, 2015

CHAPTER _____

1 AN ACT concerning

2 **Judges' Retirement System – Membership, ~~Accrual of Interest~~ Benefits, and**
3 **Reemployment**

4 FOR the purpose of clarifying that regular interest may not be paid on member
5 contributions of certain members of the Judges' Retirement System under certain
6 circumstances; providing that membership in the Judges' Retirement System ~~for~~
7 ~~certain members~~ ends under certain circumstances; clarifying the eligibility for a
8 retirement allowance for certain members of the Judges' Retirement System who are
9 retired by order of the Court of Appeals; establishing the eligibility for a retirement
10 allowance for certain members of the Judges' Retirement System who are retired by
11 order of the Court of Appeals; providing for the method of calculating a retirement
12 allowance for certain members of the Judges' Retirement System who are retired by
13 order of the Court of Appeals and have less than a certain amount of service credit;
14 repealing a limitation on when a member may withdraw accumulated contributions
15 from the Judges' Retirement System; repealing a duplicative provision pertaining to
16 the withdrawal of accumulated contributions from the Judges' Retirement System;
17 clarifying that certain retirees of the Judges' Retirement System are required to have
18 a certain break in service before obtaining certain employment; repealing obsolete
19 language pertaining to the reemployment of retired former members of the Judges'
20 Retirement System; making certain provisions of law relating to the return of
21 accumulated contributions applicable to the Judges' Retirement System; providing
22 that an individual who was a member of the Judges' Retirement System on or before
23 a certain date, is separated from employment for a certain period of time, and returns
24 to employment in a position that requires membership in the Judges' Retirement
25 System, is subject to certain requirements; making conforming changes; and

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 generally relating to membership, ~~accrual of interest~~ benefits, and reemployment in
2 the Judges' Retirement System.

3 BY repealing and reenacting, with amendments,
4 Article – State Personnel and Pensions
5 Section 27–203, 27–204, ~~27–401, 27–402(c)(2), 27–405, and 27–406,~~ and 29–502
6 Annotated Code of Maryland
7 (2009 Replacement Volume and 2014 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – State Personnel and Pensions
10 Section 27–402(a)
11 Annotated Code of Maryland
12 (2009 Replacement Volume and 2014 Supplement)

13 BY repealing
14 Article – State Personnel and Pensions
15 Section 29–501
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2014 Supplement)

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

20 **Article – State Personnel and Pensions**

21 27–203.

22 (A) [Regular] **EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION,**
23 **REGULAR** interest is payable on member contributions at the rate of 4% a year
24 compounded annually, until retirement or withdrawal of the accumulated contributions.

25 **(B) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO**
26 **BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER JULY 1,**
27 **2012.**

28 ~~(B)~~ **(2) NO FURTHER INTEREST SHALL BE PAID ON MEMBER**
29 **CONTRIBUTIONS AFTER MEMBERSHIP ENDS IF THE FORMER MEMBER:**

30 ~~(1) WAS NOT A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON~~
31 ~~OR BEFORE JUNE 30, 2012; AND~~

32 ~~(2)~~ **IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER**
33 **TITLE 29, SUBTITLE 3 OF THIS ARTICLE.**

34 27–204.

~~(A) (1) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO BECOMES A MEMBER OF THE JUDGES' RETIREMENT SYSTEM ON OR AFTER JULY 1, 2012.~~

~~(2)~~ (A) MEMBERSHIP ENDS IF THE MEMBER:

~~(1)~~ (1) IS SEPARATED FROM EMPLOYMENT FOR MORE THAN 4 YEARS;

~~(2)~~ (2) WITHDRAWS THE MEMBER'S ACCUMULATED CONTRIBUTIONS;

~~(3)~~ (3) BECOMES A RETIREE; OR

~~(4)~~ (4) DIES.

(B) A former member who withdraws accumulated contributions does not have further rights under the Judges' Retirement System.

27-401.

(a) (1) This subsection applies only to an individual who is a member of the Judges' Retirement System on or before June 30, 2012.

(2) A member or former member is entitled to a retirement allowance:

(i) on termination of service, if the member is at least 60 years old;

(ii) on the recommendation of the medical board, if the member or former member resigns because of disability;

(iii) when retired by order of the Court of Appeals; or

(iv) at the age of 60 years, if the former member's termination of service occurred earlier.

(b) (1) This subsection applies only to an individual who becomes a member of the Judges' Retirement System on or after July 1, 2012.

(2) A member or former member is entitled to a retirement allowance:

(i) on termination of service, if the member is at least 60 years old and has at least 5 years of eligibility service;

1 (ii) on the recommendation of the medical board, if the member or
2 former member resigns because of disability;

3 (iii) when retired by order of the Court of Appeals, IF THE MEMBER
4 HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;

5 (IV) WHEN RETIRED BY ORDER OF THE COURT OF APPEALS
6 WITH LESS THAN 5 YEARS OF ELIGIBILITY SERVICE, IF THE MEMBER HAS
7 ELIGIBILITY SERVICE EQUAL TO 70 YEARS MINUS THE MEMBER'S AGE WHEN THE
8 MEMBER FIRST BECOMES A MEMBER; or

9 [(iv)] (V) at the age of 60 years, if the former member's termination
10 of service occurred earlier and the former member had at least 5 years of eligibility service
11 when the former member terminated service.

12 27-402.

13 (a) Except as provided in subsection (b) of this section and subject to subsections
14 (c) and (d) of this section, on retirement under this subtitle, a retiree is entitled to receive
15 a retirement allowance that equals two-thirds of the salary payable in that fiscal year to a
16 member holding the same level judicial position as that held by the retiree on termination
17 of service.

18 (c) (2) (i) This paragraph applies only to an individual who becomes a
19 member of the Judges' Retirement System on or after July 1, 2012.

20 (ii) On retirement under this subtitle by a retiree who has at least 5
21 years but less than 16 years of service credit as a member, the retiree is entitled to a
22 reduced retirement allowance that equals the retirement allowance computed under
23 subsection (a) or (b) of this section multiplied by a fraction that has:

24 1. for its numerator, the number of years of service credit as
25 a member; and

26 2. for its denominator, 16.

27 (III) ON RETIREMENT UNDER THIS SUBTITLE BY A RETIREE WHO
28 IS ELIGIBLE TO RETIRE UNDER § 27-401(B)(2)(IV) OF THIS SUBTITLE, THE RETIREE
29 IS ENTITLED TO A REDUCED RETIREMENT ALLOWANCE THAT EQUALS THE
30 RETIREMENT ALLOWANCE COMPUTED UNDER SUBSECTION (A) OR (B) OF THIS
31 SECTION MULTIPLIED BY A FRACTION THAT HAS:

32 1. FOR ITS NUMERATOR, THE NUMBER OF YEARS OF
33 SERVICE CREDIT AS A MEMBER; AND

34 2. FOR ITS DENOMINATOR, 16.

1 27-405.

2 [(a)] If a member's service is terminated by death and the member leaves no
3 spouse, child under the age of 18 years, or designated beneficiary or beneficiaries, the
4 member's accumulated contributions shall be paid to the member's estate.

5 [(b) (1)] At the time of termination of service, or within 6 months thereafter, but
6 before receiving payment of a retirement allowance, a former member may elect to
7 withdraw in a single payment the former member's accumulated contributions from the
8 dates of payment.

9 (2) If the former member elects to withdraw the accumulated
10 contributions, the former member has no further rights under the Judges' Retirement
11 System.]

12 27-406.

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

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

16 (2) is employed as a member of the faculty of a public institution of higher
17 education in the State].

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

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

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

23 (c) (1) Except as provided in paragraph (3) of this subsection, the Board of
24 Trustees shall reduce the retirement allowance of a retiree who accepts employment as
25 provided under subsection (b) of this section if the retiree's current employer is any unit of
26 State government and the retiree's employer at the time of the retiree's last separation
27 from employment with the State before the retiree commenced receiving a service
28 retirement allowance was also a unit of State government.

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

1 (3) The reduction required under paragraph (1) of this subsection does not
2 apply to an individual who:

3 (I) has been retired for 5 years, beginning on January 1 after the
4 date the individual retires; OR

5 (II) IS EMPLOYED AS A MEMBER OF THE FACULTY OF A PUBLIC
6 INSTITUTION OF HIGHER EDUCATION IN THE STATE.

7 (d) (1) [Subject to paragraph (2) of this subsection, if a retiree accepts
8 employment as allowed by subsection (a) of this section and is subsequently awarded
9 retirement benefits because of that employment, the Board of Trustees shall reduce the
10 retiree's benefits under this subtitle by the amount of the retirement benefits resulting
11 from the subsequent employment if the retiree's current employer is any unit of State
12 government and the retiree's employer at the time of the retiree's last separation from
13 employment with the State before the retiree commenced receiving a service retirement
14 allowance was also a unit of State government.

15 (2) (i)] Any reduction taken to a retiree's allowance under [this
16 subsection] **SUBSECTION (C) OF THIS SECTION** may not exceed an amount that would
17 reduce the retiree's allowance to less than what is required to be deducted for the retiree's
18 monthly State-approved medical insurance premiums.

19 (ii)] **(2)** If a reduction for a calendar year taken under
20 [subparagraph (i) of this paragraph] **PARAGRAPH (1) OF THIS SUBSECTION** is less than
21 the reduction required under [paragraph (1) of this subsection] **SUBSECTION (C) OF THIS**
22 **SECTION**, the Board of Trustees shall recover from the retiree an amount equal to the
23 reduction required under [paragraph (1) of this subsection] **SUBSECTION (C) OF THIS**
24 **SECTION** less the reduction taken under [subparagraph (i) of this paragraph]
25 **PARAGRAPH (1) OF THIS SUBSECTION**.

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

29 [29-501.

30 This subtitle does not apply to the Judges' Retirement System.]

31 [29-502.] 29-501.

32 The Board of Trustees shall pay a member or former member the amount of the
33 member's or former member's accumulated contributions if:

1 (1) the member or former member separated from employment for a reason
2 other than death or retirement; and

3 (2) the member or former member requests the payment.

4 SECTION 2. AND BE IT FURTHER ENACTED, That an individual who was a
5 member of the Judges' Retirement System on or before June 30, 2012, is separated from
6 employment for more than 4 years, and returns to employment in a position that requires
7 membership in the Judges' Retirement System, is subject to the same requirements to
8 which an individual is subject who was a member of the Judges' Retirement System on or
9 before June 30, 2012.

10 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.