

SENATE BILL 633

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By: **Senator Serafini**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Employees' Retirement Savings Plan**

3 FOR the purpose of establishing the State Employees' Retirement Savings Plan;
4 authorizing certain individuals who are employed by certain participating employers
5 on or after a certain date to become members of the State Employees' Retirement
6 Savings Plan; prohibiting certain individuals from participation in the State
7 Employees' Retirement Savings Plan; requiring certain individuals to make a certain
8 election between the Employees' Pension System and the State Employees'
9 Retirement Savings Plan within a certain period of time and requiring notification
10 of the election to be filed with the State Board of Trustees of the Maryland Teachers
11 and State Employees Supplemental Retirement Plans and the Board of Trustees for
12 the State Retirement and Pension System; requiring the Supplemental Board to
13 administer the State Employees' Retirement Savings Plan and to adopt, implement,
14 and maintain the specific qualified plans that are part of the State Employees'
15 Retirement Savings Plan; requiring the Supplemental Board to adopt certain
16 regulations; providing that an election to participate in the State Employees'
17 Retirement Savings Plan is a one-time, irrevocable election and is a waiver of certain
18 rights and benefits provided by certain other retirement or pension systems; deeming
19 a certain date of separation from employment for the purpose of determining
20 eligibility for a certain vested benefit; providing for the computation of certain
21 benefits; prohibiting employees who are participating in the State Employees'
22 Retirement Savings Plan from participation in the State Retirement and Pension
23 System under certain circumstances; requiring employee contributions to the State
24 Employees' Retirement Savings Plan to be a certain amount unless an employee
25 makes a certain election; requiring the State to make certain employer contributions
26 of a certain amount to the State Employees' Retirement Savings Plan; requiring
27 contributions by participating employees and the State under the State Employees'
28 Retirement Savings Plan to be made in a certain manner; providing the vesting
29 requirements for contributions made by participating employees and the State and
30 interest earned on the contributions under the State Employees' Retirement Savings
31 Plan; authorizing certain distributions to participating employees from the State

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Employees' Retirement Savings Plan in accordance with certain guidelines;
 2 requiring the Governor to include a certain amount in the annual budget bill for the
 3 State Employees' Retirement Savings Plan; authorizing certain retirees of the State
 4 Employees' Retirement Savings Plan and their surviving spouses and dependent
 5 children to participate in the State Employees and Retirees Health and Welfare
 6 Benefits Program under certain circumstances; requiring the Supplemental Board
 7 and the Board of Trustees for the State Retirement and Pension System to exchange
 8 certain information relating to members of certain State pension systems and the
 9 State Employees' Retirement Savings Plan; altering certain provisions of law for the
 10 Supplemental Board to include the responsibilities and duties of the State
 11 Employees' Retirement Savings Plan; defining certain terms; and generally relating
 12 to the establishment of the State Employees' Retirement Savings Plan.

13 BY adding to

14 Article – State Personnel and Pensions
 15 Section 2–509.2; and 33–101 through 33–209 to be under the new title “Title 33.
 16 State Employees' Retirement Savings Plan”
 17 Annotated Code of Maryland
 18 (2015 Replacement Volume)

19 BY repealing and reenacting, with amendments,

20 Article – State Personnel and Pensions
 21 Section 21–505, 23–201, 35–204(c), 35–205, 35–301, and 35–302(a)
 22 Annotated Code of Maryland
 23 (2015 Replacement Volume)

24 BY repealing and reenacting, without amendments,

25 Article – State Personnel and Pensions
 26 Section 35–201
 27 Annotated Code of Maryland
 28 (2015 Replacement Volume)

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

31 **Article – State Personnel and Pensions**

32 **2–509.2.**

33 **(A) IN THIS SECTION, “STATE SERVICE” MEANS SERVICE WITH THE STATE**
 34 **BY AN INDIVIDUAL DESCRIBED IN § 23–201(A) OF THIS ARTICLE WHO IS ELIGIBLE TO**
 35 **PARTICIPATE AND ELECTS TO PARTICIPATE IN THE STATE EMPLOYEES’**
 36 **RETIREMENT SAVINGS PLAN ESTABLISHED UNDER TITLE 33 OF THIS ARTICLE.**

37 **(B) THIS SECTION APPLIES TO A RETIREE OF THE STATE EMPLOYEES’**
 38 **RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE.**

1 **(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN**
2 **INDIVIDUAL MAY ENROLL AND PARTICIPATE IN THE HEALTH INSURANCE BENEFIT**
3 **OPTIONS ESTABLISHED UNDER THE PROGRAM IF THE INDIVIDUAL RETIRED UNDER**
4 **THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS**
5 **ARTICLE AND:**

6 **(I) ENDED STATE SERVICE WITH AT LEAST 10 YEARS OF**
7 **SERVICE AND WAS AT LEAST AGE 57;**

8 **(II) ENDED STATE SERVICE WITH AT LEAST 25 YEARS OF**
9 **SERVICE; OR**

10 **(III) RETIRED DIRECTLY FROM STATE SERVICE AND HAD AT**
11 **LEAST 10 YEARS OF STATE SERVICE WITH A PERIODIC DISTRIBUTION OF BENEFITS**
12 **ON OR AFTER JULY 1, 2016.**

13 **(2) (I) FOR PURPOSES OF THIS SUBSECTION ONLY, "YEAR OF**
14 **SERVICE" MEANS A PERIOD OF 12 MONTHS DURING WHICH AN EMPLOYEE WAS A**
15 **PARTICIPANT IN THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER**
16 **TITLE 33 OF THIS ARTICLE AND THE PARTICIPANT'S EMPLOYER MADE**
17 **CONTRIBUTIONS TO THE PARTICIPANT'S ACCOUNT IN THE PROGRAM.**

18 **(II) TO DETERMINE ELIGIBILITY FOR HEALTH INSURANCE**
19 **BENEFITS UNDER THIS SECTION, EACH YEAR OF SERVICE SHALL BE MULTIPLIED BY**
20 **THE PARTICIPANT'S PERCENTAGE OF FULL-TIME EMPLOYMENT FOR THAT YEAR OF**
21 **SERVICE.**

22 **(3) THE SURVIVING SPOUSE OR DEPENDENT CHILD OF A DECEASED**
23 **INDIVIDUAL WHO WAS ELIGIBLE TO ENROLL MAY ENROLL AND PARTICIPATE IN THE**
24 **HEALTH INSURANCE BENEFIT OPTIONS ESTABLISHED UNDER THE PROGRAM AS**
25 **LONG AS THE SPOUSE OR CHILD IS RECEIVING A PERIODIC DISTRIBUTION OF**
26 **BENEFITS UNDER THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER**
27 **TITLE 33 OF THIS ARTICLE.**

28 **(D) (1) AN ENROLLEE UNDER THIS SECTION WHO WAS IN STATE SERVICE**
29 **AT THE TIME OF THE RETIREMENT IS ENTITLED TO THE SAME STATE SUBSIDY**
30 **ALLOWED A RETIREE UNDER § 2-508(C)(4) OF THIS SUBTITLE. HOWEVER, EXCEPT**
31 **AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE SUBSIDY SHALL APPLY**
32 **ONLY TO THE COSTS OF COVERAGE FOR THE ENROLLEE AND MAY NOT APPLY TO ANY**
33 **ADDITIONAL COSTS OF COVERAGE FOR THE ENROLLEE'S SPOUSE OR CHILDREN.**

1 **(2) IF THE ENROLLEE HAS 25 OR MORE YEARS OF STATE SERVICE,**
2 **THE ENROLLEE OR THE ENROLLEE’S SURVIVING SPOUSE OR DEPENDENT CHILD IS**
3 **ENTITLED TO THE SAME STATE SUBSIDY ALLOWED A RETIREE WITH 25 OR MORE**
4 **YEARS OF CREDITABLE SERVICE UNDER § 2-508(C)(4)(I) OF THIS SUBTITLE.**

5 21-505.

6 The Board of Trustees and the State Board of Trustees of the Maryland Teachers
7 and State Employees Supplemental Retirement Plans shall exchange information about
8 participating employees of the optional defined contribution system **AND THE STATE**
9 **EMPLOYEES’ RETIREMENT SAVINGS PLAN** as necessary to administer the system **AND**
10 **THE PLAN.**

11 23-201.

12 (a) Except as provided in subsection (b) of this section, §§ 23-203 through 23-205
13 of this subtitle apply only to:

14 (1) a regular employee whose compensation is provided by State
15 appropriation or paid from State funds;

16 (2) an appointed or elected official of the State, including:

17 (i) a clerk of the circuit court;

18 (ii) a register of wills;

19 (iii) a State’s Attorney; and

20 (iv) a sheriff;

21 (3) an employee or official of a participating governmental unit who is
22 eligible to participate under Title 31, Subtitle 1 of this article;

23 (4) an employee of the Office of the Sheriff of Baltimore City;

24 (5) an additional employee or agent of the State Racing Commission
25 authorized by § 11-207 of the Business Regulation Article;

26 (6) a permanent employee of the board of supervisors of elections of a
27 county;

28 (7) a full-time magistrate in chancery or in juvenile causes who is
29 appointed on or after July 1, 1989, in any county by the circuit court for that county;

1 (8) an employee of the Maryland Environmental Service who is a member
2 of the Employees' Pension System on June 30, 1993, or transfers from the Employees'
3 Retirement System on or after July 1, 1993;

4 (9) a former Baltimore City jail employee who became an employee of the
5 Baltimore City Detention Center and a member of the Employees' Pension System on July
6 1, 1991;

7 (10) a nonfaculty employee of the Baltimore City Community College who:

8 (i) is a member of the Employees' Pension System on October 1,
9 2002;

10 (ii) transfers from the Employees' Retirement System on or after
11 October 1, 2002;

12 (iii) transfers from the Teachers' Pension System in accordance with
13 § 23–202.1 of this subtitle; or

14 (iv) becomes an employee of the Baltimore City Community College
15 on or after October 1, 2002;

16 (11) a court reporter for the Circuit Court for Charles County who is a
17 member of the Employees' Pension System on July 1, 1994, or transfers from the
18 Employees' Retirement System on or after July 1, 1994;

19 (12) a staff employee of the University System of Maryland, Morgan State
20 University, or St. Mary's College who is:

21 (i) a member of the Employees' Pension System on January 1, 1998,
22 or transfers from the Employees' Retirement System on or after January 1, 1998; or

23 (ii) a staff employee of the University System of Maryland, Morgan
24 State University, or St. Mary's College who becomes an employee on or after January 1,
25 1998;

26 (13) An individual who, on and before the effective date of participation as
27 defined under § 31–101(c) of this article, is:

28 (i) a supportive service employee of the Board of Education of Kent
29 County;

30 (ii) an employee of the Town of Oakland;

31 (iii) an employee of the City of Frostburg;

32 (iv) an employee of the Town of Sykesville; or

1 (v) an employee of the Town of University Park; and

2 (14) an employee of the Maryland Automobile Insurance Fund on or after
3 the date that the Maryland Automobile Insurance Fund begins participation in the
4 Employees' Pension System.

5 (b) Sections 23–203 through 23–205 of this subtitle do not apply to:

6 (1) an individual who is or is entitled to be a member of any State system
7 other than the Employees' Pension System;

8 (2) a contractual, emergency, or temporary extra employee;

9 (3) an individual who is employed under a federal public service
10 employment program;

11 (4) an assessor who is a member of a retirement or pension system operated
12 by a political subdivision of the State;

13 (5) an employee of a local board of elections who chooses to stay in a local
14 merit system under § 2–207 of the Election Law Article;

15 (6) a nonclerical or nonprofessional employee of the Baltimore City
16 Community College who:

17 (i) was an employee of the New Community College of Baltimore
18 during the 1989–1990 academic year;

19 (ii) was employed by the New Community College of Baltimore on or
20 before December 31, 1990, as a “Class A” member of the Baltimore City Retirement Plan;
21 and

22 (iii) elected to remain a member of the Baltimore City Retirement
23 Plan;

24 (7) an employee who is not a member of a State system and who accepts a
25 position for which the budgeted hours per fiscal year are less than 500 hours in the first
26 fiscal year of employment;

27 (8) an employee of the Domestic Relations Division of the Anne Arundel
28 County Circuit Court who:

29 (i) was transferred on or after July 1, 2002, into the State Personnel
30 Management System as an employee of the Child Support Enforcement Administration of
31 the Maryland Department of Human Resources;

1 (ii) elected, under § 2–510 of the Courts Article, to remain as a
2 participant in the Anne Arundel County Retirement and Pension System; and

3 (iii) remains as an employee of the Child Support Enforcement
4 Administration of the Maryland Department of Human Resources or an attorney employed
5 to represent the Child Support Enforcement Administration;

6 (9) a nonfaculty employee of the Baltimore City Community College who is
7 eligible to participate and elects to participate in an optional retirement program under
8 Title 30 of this article;

9 (10) an appointed or elected official who on or after July 1, 2007, is a member
10 of any other State or local retirement or pension system as defined under Title 37 of this
11 article; [or]

12 (11) the Director of the Department of Social Services in Montgomery
13 County who:

14 (i) was transferred into the State Personnel Management System
15 as an employee of the Social Services Administration of the Maryland Department of
16 Human Resources;

17 (ii) elected, under § 3–403.1 of the Human Services Article, to
18 remain as a participant in the Montgomery County Employees’ Retirement System; and

19 (iii) remains as an employee of the Social Services Administration of
20 the Maryland Department of Human Resources; OR

21 **(12) AN INDIVIDUAL WHO IS ELIGIBLE TO PARTICIPATE AND ELECTS TO**
22 **PARTICIPATE IN THE STATE EMPLOYEES’ RETIREMENT SAVINGS PLAN**
23 **ESTABLISHED UNDER TITLE 33 OF THIS ARTICLE.**

24 **TITLE 33. STATE EMPLOYEES’ RETIREMENT SAVINGS PLAN.**

25 **SUBTITLE 1. DEFINITIONS.**

26 **33–101.**

27 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
28 **INDICATED.**

29 **(B) (1) “ELIGIBLE EMPLOYEE” MEANS AN INDIVIDUAL ELIGIBLE TO**
30 **PARTICIPATE IN THE STATE EMPLOYEES’ RETIREMENT SAVINGS PLAN**
31 **ESTABLISHED UNDER THIS TITLE.**

1 **(2) “ELIGIBLE EMPLOYEE” INCLUDES AN INDIVIDUAL DESCRIBED IN**
2 **§ 23–201(A) OF THIS ARTICLE WHO:**

3 **(I) BECOMES AN EMPLOYEE OF A PARTICIPATING EMPLOYER**
4 **ON OR AFTER JULY 1, 2016; OR**

5 **(II) 1. IS ENROLLED AS A MEMBER OF THE EMPLOYEES’**
6 **PENSION SYSTEM UNDER TITLE 23 OF THIS ARTICLE BEFORE JULY 1, 2016; AND**

7 **2. WITHDRAWS THE MEMBER’S ACCUMULATED**
8 **CONTRIBUTIONS BEFORE BECOMING AN EMPLOYEE OF A PARTICIPATING**
9 **EMPLOYER ON OR AFTER JULY 1, 2016.**

10 **(3) “ELIGIBLE EMPLOYEE” DOES NOT INCLUDE, EXCEPT AS**
11 **PROVIDED IN PARAGRAPH (2)(II) OF THIS SUBSECTION, AN INDIVIDUAL DESCRIBED**
12 **IN § 23–201(A) OF THIS ARTICLE WHO IS ENROLLED AS A MEMBER OF THE**
13 **EMPLOYEES’ PENSION SYSTEM UNDER TITLE 23 OF THIS ARTICLE BEFORE JULY 1,**
14 **2016.**

15 **(C) “PARTICIPATING EMPLOYEE” MEANS AN ELIGIBLE EMPLOYEE WHO**
16 **PARTICIPATES IN THE STATE EMPLOYEES’ RETIREMENT SAVINGS PLAN.**

17 **(D) “STATE EMPLOYEES’ RETIREMENT SAVINGS PLAN” MEANS THE PLAN**
18 **ESTABLISHED UNDER § 33–201 OF THIS TITLE.**

19 **(E) (1) “STATE SUPPLEMENTAL PLAN” MEANS A PLAN QUALIFIED UNDER**
20 **THE INTERNAL REVENUE CODE AND ADMINISTERED BY THE SUPPLEMENTAL**
21 **BOARD.**

22 **(2) “STATE SUPPLEMENTAL PLAN” INCLUDES:**

23 **(I) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K) OF**
24 **THE INTERNAL REVENUE CODE;**

25 **(II) A DEFERRED COMPENSATION PLAN QUALIFIED UNDER §**
26 **457 OF THE INTERNAL REVENUE CODE; OR**

27 **(III) A PLAN QUALIFIED UNDER § 401(A) OF THE INTERNAL**
28 **REVENUE CODE.**

29 **(F) “SUPPLEMENTAL BOARD” MEANS THE STATE BOARD OF TRUSTEES OF**
30 **THE MARYLAND TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT**
31 **PLANS ESTABLISHED UNDER § 35–201 OF THIS ARTICLE.**

1 **SUBTITLE 2. STATE EMPLOYEES' RETIREMENT SAVINGS PLAN.**

2 **33-201.**

3 **(A) THERE IS A STATE EMPLOYEES' RETIREMENT SAVINGS PLAN IN WHICH**
4 **ELIGIBLE EMPLOYEES MAY PARTICIPATE.**

5 **(B) THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN SHALL CONSIST**
6 **OF THE STATE SUPPLEMENTAL PLANS.**

7 **33-202.**

8 **THE SUPPLEMENTAL BOARD SHALL ADMINISTER THE STATE EMPLOYEES'**
9 **RETIREMENT SAVINGS PLAN.**

10 **33-203.**

11 **(A) THE SUPPLEMENTAL BOARD SHALL ADOPT, IMPLEMENT, AND**
12 **MAINTAIN THE SPECIFIC QUALIFIED PLANS THAT ARE PART OF THE STATE**
13 **EMPLOYEES' RETIREMENT SAVINGS PLAN.**

14 **(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
15 **THE SUPPLEMENTAL BOARD SHALL ADOPT REGULATIONS TO CARRY OUT THIS**
16 **TITLE.**

17 **(2) THE SUPPLEMENTAL BOARD IS NOT REQUIRED TO ADOPT**
18 **REGULATIONS TO ADOPT OR AMEND THE PLANS UNDER THE STATE EMPLOYEES'**
19 **RETIREMENT SAVINGS PLAN.**

20 **(C) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS**
21 **MADE BY THE PARTICIPATING EMPLOYEE AND THE INTEREST EARNED ON THOSE**
22 **CONTRIBUTIONS UNDER THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN:**

23 **(1) SHALL IMMEDIATELY BE 100% VESTED;**

24 **(2) SHALL BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF THE**
25 **PARTICIPATING EMPLOYEE; AND**

26 **(3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO**
27 **THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLANS TO MAINTAIN**
28 **THEIR TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.**

1 **(D) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS**
2 **MADE BY THE STATE ON BEHALF OF THE PARTICIPATING EMPLOYEE AND THE**
3 **INTEREST EARNED ON THOSE CONTRIBUTIONS UNDER THE STATE EMPLOYEES'**
4 **RETIREMENT SAVINGS PLAN:**

5 **(1) SHALL BEGIN 3 YEARS AFTER THE PARTICIPATING EMPLOYEE**
6 **BECOMES AN ELIGIBLE EMPLOYEE;**

7 **(2) SHALL BE 100% VESTED ON THE FIRST DAY OF THE 4TH YEAR**
8 **AFTER THE PARTICIPATING EMPLOYEE BECOMES AN ELIGIBLE EMPLOYEE; AND**

9 **(3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO**
10 **THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLANS TO MAINTAIN**
11 **THEIR TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.**

12 **33-204.**

13 **(A) AN ELECTION TO PARTICIPATE IN THE STATE EMPLOYEES'**
14 **RETIREMENT SAVINGS PLAN SHALL BE MADE BY AN ELIGIBLE EMPLOYEE WITHIN 1**
15 **YEAR OF FIRST BECOMING AN ELIGIBLE EMPLOYEE.**

16 **(B) AN ELIGIBLE EMPLOYEE'S ELECTION TO PARTICIPATE IN THE STATE**
17 **EMPLOYEES' RETIREMENT SAVINGS PLAN IS A ONE-TIME, IRREVOCABLE**
18 **ELECTION.**

19 **33-205.**

20 **(A) AN ELIGIBLE EMPLOYEE SHALL ELECT TO:**

21 **(1) JOIN THE EMPLOYEES' PENSION SYSTEM IN ACCORDANCE WITH**
22 **THE PROVISIONS OF THIS DIVISION II APPLICABLE TO THAT SYSTEM; OR**

23 **(2) PARTICIPATE IN THE STATE EMPLOYEES' RETIREMENT SAVINGS**
24 **PLAN.**

25 **(B) AN ELIGIBLE EMPLOYEE SHALL:**

26 **(1) MAKE AN ELECTION UNDER THIS SECTION IN WRITING; AND**

27 **(2) FILE THE ELECTION WITH THE SUPPLEMENTAL BOARD AND THE**
28 **BOARD OF TRUSTEES WITHIN 1 YEAR OF FIRST BECOMING AN ELIGIBLE EMPLOYEE.**

29 **(C) AN ELIGIBLE EMPLOYEE MAY NOT PARTICIPATE IN THE STATE**
30 **EMPLOYEES' RETIREMENT SAVINGS PLAN IF THE SUPPLEMENTAL BOARD AND THE**

1 **BOARD OF TRUSTEES HAVE NOT RECEIVED THE ELIGIBLE EMPLOYEE'S WRITTEN**
2 **ELECTION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION WITHIN 1 YEAR OF**
3 **FIRST BECOMING AN ELIGIBLE EMPLOYEE.**

4 **(D) THE EFFECTIVE DATE OF THE ELECTION SHALL BE THE FIRST DAY OF**
5 **THE MONTH AFTER THE ELECTION.**

6 **33-206.**

7 **(A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN ELECTION TO**
8 **PARTICIPATE IN THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN IS A WAIVER**
9 **OF ALL RIGHTS AND BENEFITS PROVIDED BY THE RETIREMENT OR PENSION SYSTEM**
10 **IN WHICH THE PARTICIPATING EMPLOYEE WAS A MEMBER ON THE EFFECTIVE DATE**
11 **OF THE ELECTION.**

12 **(B) FOR THE PURPOSE OF DETERMINING ELIGIBILITY FOR IMMEDIATE**
13 **VESTED RIGHTS OR BENEFITS IN A RETIREMENT SYSTEM OR PENSION SYSTEM, AN**
14 **ELIGIBLE EMPLOYEE WHO IS A MEMBER OF THAT STATE SYSTEM WHEN THE**
15 **EMPLOYEE ELECTS TO PARTICIPATE IN THE STATE EMPLOYEES' RETIREMENT**
16 **SAVINGS PLAN IS DEEMED TO HAVE SEPARATED FROM EMPLOYMENT ON THE**
17 **EFFECTIVE DATE OF THE ELECTION.**

18 **(C) THE BOARD OF TRUSTEES MAY ONLY COMPUTE RETIREMENT SYSTEM**
19 **OR PENSION SYSTEM BENEFITS ON THE BASIS OF YEARS OF CREDITABLE SERVICE**
20 **AS A MEMBER OF THAT STATE SYSTEM.**

21 **(D) (1) THIS SECTION APPLIES ONLY TO A PARTICIPATING EMPLOYEE**
22 **WHOSE LAST EMPLOYER PRIOR TO JOINING THE STATE EMPLOYEES' RETIREMENT**
23 **SAVINGS PLAN WAS A PARTICIPATING EMPLOYER THAT DOES NOT PARTICIPATE IN**
24 **THE EMPLOYER PICK-UP PROGRAM AS DEFINED IN § 414(H)(2) OF THE INTERNAL**
25 **REVENUE CODE.**

26 **(2) A PARTICIPATING EMPLOYEE MAY WITHDRAW ANY**
27 **ACCUMULATED CONTRIBUTIONS IN THE ANNUITY SAVINGS FUND ON OR AFTER THE**
28 **EFFECTIVE DATE OF THE PARTICIPATING EMPLOYEE'S ELECTION TO JOIN THE**
29 **STATE EMPLOYEES' RETIREMENT SAVINGS PLAN.**

30 **(3) IF A PARTICIPATING EMPLOYEE WITHDRAWS THE ACCUMULATED**
31 **CONTRIBUTIONS, THE PARTICIPATING EMPLOYEE FORFEITS ANY RIGHT TO A**
32 **BENEFIT IN THE STATE SYSTEM FROM WHICH THE ACCUMULATED CONTRIBUTIONS**
33 **WERE WITHDRAWN.**

1 **(E) A PARTICIPATING EMPLOYEE IS INELIGIBLE FOR MEMBERSHIP IN A**
2 **RETIREMENT SYSTEM OR PENSION SYSTEM WHILE THE PARTICIPATING EMPLOYEE**
3 **REMAINS ELIGIBLE FOR PARTICIPATION IN THE STATE EMPLOYEES' RETIREMENT**
4 **SAVINGS PLAN.**

5 **33-207.**

6 **(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A**
7 **PARTICIPATING EMPLOYEE'S CONTRIBUTION RATE IS THE FOLLOWING**
8 **PERCENTAGE OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE**
9 **COMPENSATION:**

10 **(1) 3% FOR THE 1ST YEAR OF PARTICIPATION;**

11 **(2) 4% FOR THE 2ND YEAR OF PARTICIPATION;**

12 **(3) 5% FOR THE 3RD YEAR OF PARTICIPATION;**

13 **(4) 6% FOR THE 4TH YEAR OF PARTICIPATION; AND**

14 **(5) 7% FOR THE 5TH YEAR OF PARTICIPATION AND EVERY YEAR OF**
15 **PARTICIPATION THEREAFTER.**

16 **(B) (1) A PARTICIPATING EMPLOYEE MAY CONTRIBUTE AT A DIFFERENT**
17 **RATE THAN THE RATE ESTABLISHED UNDER SUBSECTION (A) OF THIS SECTION,**
18 **INCLUDING A MINIMUM CONTRIBUTION RATE OF 0% UP TO A MAXIMUM**
19 **CONTRIBUTION RATE THAT DOES NOT EXCEED THE MAXIMUM AMOUNT ALLOWED**
20 **FOR THE PLAN UNDER THE INTERNAL REVENUE CODE.**

21 **(2) IF A PARTICIPATING EMPLOYEE ELECTS TO CONTRIBUTE AT A**
22 **DIFFERENT RATE THAN THE RATE ESTABLISHED UNDER SUBSECTION (A) OF THIS**
23 **SECTION, THE EMPLOYEE SHALL NOTIFY THE SUPPLEMENTAL BOARD ON A FORM**
24 **PROVIDED BY THE SUPPLEMENTAL BOARD.**

25 **(C) THE PARTICIPATING EMPLOYEE CONTRIBUTIONS SHALL BE MADE AS**
26 **PAYROLLS ARE PAID BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN**
27 **ACCORDANCE WITH THE INTERNAL REVENUE CODE AND AS PROVIDED BY THE**
28 **APPLICABLE STATE SUPPLEMENTAL PLAN WITHIN THE STATE EMPLOYEES'**
29 **RETIREMENT SAVINGS PLAN.**

30 **33-208.**

31 **(A) ON BEHALF OF EACH PARTICIPATING EMPLOYEE IN THE STATE**
32 **EMPLOYEES' RETIREMENT SAVINGS PLAN, THE STATE SHALL CONTRIBUTE TO THE**

1 APPLICABLE STATE SUPPLEMENTAL PLAN WITHIN THE STATE EMPLOYEES'
2 RETIREMENT SAVINGS PLAN 7% OF THE PARTICIPATING EMPLOYEE'S ANNUAL
3 EARNABLE COMPENSATION.

4 (B) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO
5 ARE PAID THROUGH THE CENTRAL PAYROLL BUREAU.

6 (2) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU SHALL
7 PAY THE EMPLOYER CONTRIBUTIONS TO THE APPLICABLE STATE SUPPLEMENTAL
8 PLAN AS DIRECTED BY THE SUPPLEMENTAL BOARD.

9 (3) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS OF
10 THE UNITS EMPLOYING THE PARTICIPATING EMPLOYEES.

11 (4) IF A PARTICIPATING EMPLOYEE'S SALARY IS PAID FROM SPECIAL
12 FUNDS OR FEDERAL FUNDS, OR BOTH, THE EMPLOYER CONTRIBUTION FOR THAT
13 EMPLOYEE SHALL BE PAID FROM THOSE FUNDS.

14 (C) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO
15 ARE NOT PAID THROUGH THE CENTRAL PAYROLL BUREAU.

16 (2) THE SUPPLEMENTAL BOARD SHALL PROVIDE BY REGULATION
17 HOW EMPLOYER CONTRIBUTIONS AND PARTICIPATING EMPLOYEE CONTRIBUTIONS
18 ARE TO BE MADE.

19 (3) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS OF
20 THE UNITS EMPLOYING THE PARTICIPATING EMPLOYEES WHO ARE EMPLOYED BY
21 THE STATE.

22 (4) IF A PARTICIPATING EMPLOYEE'S SALARY IS PAID FROM SPECIAL
23 FUNDS OR FEDERAL FUNDS, OR BOTH, THE EMPLOYER CONTRIBUTION SHALL BE
24 PAID FROM THOSE FUNDS.

25 **33-209.**

26 THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET BILL AN
27 APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS FOR
28 PARTICIPATING EMPLOYEES REQUIRED UNDER § 33-208 OF THIS SUBTITLE.

29 35-201.

30 There is a Board of Trustees of the Maryland Teachers and State Employees
31 Supplemental Retirement Plans.

1 35-204.

2 (c) (1) The Board may employ a staff in accordance with the State budget.

3 (2) The Board may hire consultants, administrators, and other
4 professionals as necessary to help implement, maintain, and administer the supplemental
5 retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT**
6 **SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE.**

7 (3) (i) Except as provided in subparagraph (ii) of this paragraph or
8 otherwise by law, employees of the Board are subject to the provisions of Division I of this
9 article that govern nontemporary employees.

10 (ii) Employees of the Board whose labor is predominately
11 intellectual and who hold positions that the Board designates as professional or technical
12 positions involving specialized skill, education, and knowledge are in the executive service,
13 management service, or are special appointments of the skilled service or the professional
14 service in the State Personnel Management System.

15 (4) (i) Except as provided in paragraph (5) of this subsection, all
16 expenses, including employee costs, incurred to implement, maintain, and administer the
17 supplemental retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES'**
18 **RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE** shall be paid from
19 the contributions to or the income or assets of the supplemental retirement plans **UNDER**
20 **THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER**
21 **TITLE 33 OF THIS ARTICLE.**

22 (ii) Each supplemental retirement plan **UNDER THIS TITLE AND**
23 **THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS**
24 **ARTICLE** shall pay a proportionate share of the expenses specified in subparagraph (i) of
25 this paragraph.

26 (iii) Administrative expenses to implement, maintain, and
27 administer the supplemental retirement plans **UNDER THIS TITLE AND THE STATE**
28 **EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE** shall
29 be as provided in the State budget.

30 (5) At the request of the Board, and subject to an agreement governing the
31 payment of costs, a unit of State government shall help to implement, maintain, and
32 administer the supplemental retirement plans **UNDER THIS TITLE AND THE STATE**
33 **EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE.**

34 35-205.

35 (a) The Board shall:

1 (1) implement, maintain, and administer the supplemental retirement
2 plans **UNDER THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT SAVINGS PLAN**
3 **UNDER TITLE 33 OF THIS ARTICLE;**

4 (2) submit progress and status reports to participants in the supplemental
5 retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT**
6 **SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE;** and

7 (3) submit an annual report to the Governor and, subject to § 2–1246 of the
8 State Government Article, to the General Assembly.

9 (b) In case of doubt as to whether an individual is eligible to participate in any of
10 the supplemental retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES'**
11 **RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE,** the Board shall
12 determine the individual's eligibility.

13 35–301.

14 (a) In this section, “fiduciary” means a person with discretionary authority or
15 control over:

16 (1) the management or administration of any of the supplemental
17 retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT**
18 **SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE;** or

19 (2) the management or disposition of the assets of any of the supplemental
20 retirement plans **UNDER THIS TITLE AND THE STATE EMPLOYEES' RETIREMENT**
21 **SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE.**

22 (b) A fiduciary is subject to the duties and responsibilities imposed on fiduciaries
23 by Title 21, Subtitle 2 of this article.

24 (c) A fiduciary is entitled to indemnification and insurance as provided under §
25 21–207 of this article.

26 35–302.

27 (a) Assets of the supplemental retirement plans **UNDER THIS TITLE AND THE**
28 **STATE EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS**
29 **ARTICLE** may be deposited and invested in accordance with the investment elections
30 allowed under the supplemental retirement plans **UNDER THIS TITLE AND THE STATE**
31 **EMPLOYEES' RETIREMENT SAVINGS PLAN UNDER TITLE 33 OF THIS ARTICLE**
32 notwithstanding any other law limiting the types of investments that may be made with
33 State funds or imposing conditions on the deposit of State funds.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2016.