

HOUSE BILL 896

K4

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CF SB 602

By: **Delegates Aumann, Ghrist, S. Howard, Kittleman, Krebs, McComas, W. Miller, Morgan, Saab, Vogt, and West**

Introduced and read first time: February 6, 2017

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – State Employees and Teachers –**
3 **Benefits**

4 FOR the purpose of altering certain local employer contributions for members of the
5 Teachers' Pension System; establishing a State Employees' and Teachers' Integrated
6 Pension System and a State Employees' and Teachers' Integrated Pension System
7 Savings Plan for certain members of the Employees' Pension System or the Teachers'
8 Pension System; providing for the member contribution rate and benefits for certain
9 members subject to the State Employees' and Teachers' Integrated Pension System;
10 altering the formula used to calculate the normal service retirement allowances of
11 certain members of the Employees' Pension System or the Teachers' Pension System
12 as of a certain date; providing that certain benefits accrued are not subject to the
13 early retirement reduction; providing that a certain benefit payment received by
14 certain members of the Employees' Pension System or the Teachers' Pension System
15 is not subject to certain cost-of-living adjustments; requiring the Board of Trustees
16 of the State Retirement and Pension System to administer the State Employees' and
17 Teachers' Integrated Pension System Savings Plan; requiring participation in the
18 State Employees' and Teachers' Integrated Pension System Savings Plan as a
19 condition of employment for certain individuals; providing the vesting requirements
20 for participating employees in the State Employees' and Teachers' Integrated
21 Pension System Savings Plan; providing for the amount of employee contributions
22 that certain participating employees may contribute to the State Employees' and
23 Teachers' Integrated Pension System Savings Plan; providing for the method of
24 distribution for certain benefits payable under the State Employees' and Teachers'
25 Integrated Pension System Savings Plan; requiring an employer to make certain
26 contributions to the State Employees' and Teachers' Integrated Pension System
27 Savings Plan in a certain manner; authorizing certain participating employees of the
28 State Employees' and Teachers' Integrated Pension System Savings Plan to borrow
29 certain funds in a certain manner and subject to certain repayment provisions;
30 defining certain terms; providing for a delayed effective date; and generally relating

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 to altering the retirement contributions and benefits of certain State employees and
 2 teachers who are members of the Employees' Pension System or the Teachers'
 3 Pension System.

4 BY adding to

5 Article – State Personnel and Pensions

6 Section 20–101(nn–1) and 21–304(b)(4)(iv); 23–229 and 23–230 to be under the new
 7 part “Part V. State Employees’ and Teachers’ Integrated Pension System”; and
 8 33–101 through 33–209 to be under the new title “Title 33. State Employees’
 9 and Teachers’ Integrated Pension System Savings Plan”

10 Annotated Code of Maryland

11 (2015 Replacement Volume and 2016 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – State Personnel and Pensions

14 Section 21–304(b)(4)(iii), 23–212, 23–401, 23–402, and 29–402(a)

15 Annotated Code of Maryland

16 (2015 Replacement Volume and 2016 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – State Personnel and Pensions**

20 20–101.

21 **(NN–1) “STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION**
 22 **SYSTEM” MEANS THE PART OF THE EMPLOYEES’ PENSION SYSTEM AND THE PART**
 23 **OF THE TEACHERS’ PENSION SYSTEM THAT PROVIDE THE EMPLOYEES’ AND**
 24 **TEACHERS’ INTEGRATED PENSION SYSTEM UNDER TITLE 23, SUBTITLE 2, PART V**
 25 **OF THIS ARTICLE.**

26 21–304.

27
 28 (b) (4) (iii) [Beginning in fiscal year 2017] **FOR FISCAL YEARS 2017 AND**
 29 **2018**, each local employer shall pay to the Board of Trustees its local share equal to the
 30 normal contribution rate for the Teachers’ Retirement System and the Teachers’ Pension
 31 System multiplied by the aggregate annual earnable compensation of the local employees
 32 of that local employer.

33
 34 **(IV) BEGINNING IN FISCAL YEAR 2019, EACH LOCAL EMPLOYER**
 35 **SHALL PAY TO THE BOARD OF TRUSTEES ITS LOCAL SHARE EQUAL TO THE NORMAL**
 36 **CONTRIBUTION RATE FOR THE TEACHERS’ RETIREMENT SYSTEM MULTIPLIED BY**
 37 **THE AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE LOCAL EMPLOYEES**
 38 **OF THAT LOCAL EMPLOYER WHO ARE MEMBERS OF THE TEACHERS’ RETIREMENT**
 39 **SYSTEM.**

1 23-212.

2 (a) Except as otherwise provided in this section, a member's contribution rate is
3 5% of the part of the member's earnable compensation that exceeds the taxable wage base
4 for each year.

5 (b) The contribution rate of a member who is subject to the contributory pension
6 benefit under Part II of this subtitle is 2% of the member's earnable compensation.

7 (c) The contribution rate of a member who is subject to the Alternate
8 Contributory Pension Selection under Part III of this subtitle is:

9 (1) 3% of the member's earnable compensation received from July 1, 2006
10 to June 30, 2007, both inclusive;

11 (2) 4% of the member's earnable compensation received from July 1, 2007
12 to June 30, 2008, both inclusive;

13 (3) 5% of the member's earnable compensation received from July 1, 2008
14 to June 30, 2011, both inclusive; and

15 (4) 7% of the member's earnable compensation received on or after July 1,
16 2011.

17 (d) The contribution rate of a member who is subject to the reformed contributory
18 pension benefit under Part IV of this subtitle is 7% of the member's earnable compensation.

19 (E) **THE CONTRIBUTION RATE OF A MEMBER WHO IS SUBJECT TO THE**
20 **STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM UNDER PART**
21 **V OF THIS SUBTITLE IS 3% OF THE MEMBER'S EARNABLE COMPENSATION.**

22 **23-227. RESERVED.**

23 **23-228. RESERVED.**

24 **PART V. STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM.**

25 **23-229.**

26 (A) **IN THIS SECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT**
27 **SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER**
28 **OF THE STATE.**

29 (B) **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THIS PART**
30 **APPLIES TO AN INDIVIDUAL WHO, ON OR AFTER JULY 1, 2018, IS:**

1 **(1) AN ACTIVE MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR**
2 **THE TEACHERS' PENSION SYSTEM; OR**

3 **(2) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE**
4 **EMPLOYEES' RETIREMENT SYSTEM WHO IS SUBJECT TO SELECTION C**
5 **(COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE.**

6 **(C) THIS PART DOES NOT APPLY TO AN EMPLOYEE OF A PARTICIPATING**
7 **GOVERNMENTAL UNIT PARTICIPATING IN THE EMPLOYEES' PENSION SYSTEM OR A**
8 **FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM THE**
9 **EMPLOYEES' PENSION SYSTEM.**

10 **23-230.**

11 **A MEMBER WHO IS SUBJECT TO THIS PART SHALL:**

12 **(1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS**
13 **FOLLOWS:**

14 **(I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §**
15 **23-401(G) OF THIS TITLE;**

16 **(II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN §**
17 **23-402 OF THIS TITLE;**

18 **(III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §**
19 **29-108 OF THIS ARTICLE; AND**

20 **(IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN**
21 **§ 29-110 OF THIS ARTICLE;**

22 **(2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,**
23 **SUBTITLE 4 OF THIS ARTICLE; AND**

24 **(3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN**
25 **§ 23-212(E) OF THIS SUBTITLE.**

26 **23-401.**

27 **(a) Except as provided in subsection (f) of this section, a member may retire with**
28 **a normal service retirement allowance if:**

(1) the member completes and submits a written application to the Board of Trustees stating the date when the member desires to retire; and

(2) on or before the date of retirement, the member:

(i) has at least 30 years of eligibility service;

(ii) has a combined total of at least 30 years of eligibility service from the Employees' Pension System, the Teachers' Pension System, the Employees' Retirement System, or the Teachers' Retirement System; or

(iii) has attained the age and the years of eligibility service as follows:

Age	Years of Eligibility Service
62 with	5
63 with	4
64 with	3
65 or more with	2

(b) Except as provided in subsections (c), (d), (e), [and (f)] **(F), AND (G)** of this section, on retirement under this section, a member is entitled to receive a normal service retirement allowance that equals the number of years of the member's creditable service multiplied by:

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

(2) 1.5% of the member's average final compensation that exceeds the Social Security integration level.

(c) Except as provided in [subsection (e)] **SUBSECTIONS (E) AND (G)** of this section, on retirement under this section, a member who is subject to the contributory pension benefit under Subtitle 2, Part II of this title is entitled to receive a normal service retirement allowance that equals the sum of:

(1) the number of years of the member's creditable service on or after July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

(2) the greater of:

(i) the number of years of the member's creditable service on or before June 30, 1998 multiplied by 1.2% of the member's average final compensation; or

(ii) the number of years of the member's creditable service on or before June 30, 1998 multiplied by:

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

3 2. 1.5% of the member's average final compensation that
4 exceeds the Social Security integration level.

5 (d) Except as provided in [subsection (e)] **SUBSECTIONS (E) AND (G)** of this
6 section, a member who is subject to the Alternate Contributory Pension Selection under
7 Subtitle 2, Part III of this title is entitled to receive a normal service retirement allowance
8 that equals the sum of:

9 (1) the greater of:

10 (i) the number of years of the member's creditable service on or
11 before June 30, 1998 multiplied by 1.2% of the member's average final compensation; or

12 (ii) the number of years of the member's creditable service on or
13 before June 30, 1998 multiplied by:

14 1. 0.8% of the member's average final compensation that is
15 not in excess of the Social Security integration level; and

16 2. 1.5% of the member's average final compensation that
17 exceeds the Social Security integration level; and

18 (2) the number of years of the member's creditable service on or after July
19 1, 1998 multiplied by 1.8% of the member's average final compensation.

20 (e) (1) This subsection applies only to a member who has a combined total of
21 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

22 (2) A member is entitled to receive a normal service retirement allowance
23 that equals:

24 (i) an allowance based on the creditable service the member earned
25 in the Employees' Pension System;

26 (ii) an allowance based on the creditable service the member earned
27 in the Employees' Retirement System;

28 (iii) an allowance based on the creditable service the member earned
29 in the Teachers' Pension System; plus

30 (iv) an allowance based on the creditable service the member earned
31 in the Teachers' Retirement System.

1 (f) (1) A member who begins membership on or after July 1, 2011, may retire
2 with a normal service retirement allowance if:

3 (i) the member completes and submits a written application to the
4 Board of Trustees stating the date when the member desires to retire; and

5 (ii) on or before the date of retirement, the member:

6 1. has at least 90 years of combined age and years of
7 eligibility service; or

8 2. is at least 65 years old and has at least 10 years of
9 eligibility service.

10 (2) **[A] EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, A**
11 **member who is subject to the reformed contributory pension benefit under Subtitle 2, Part**
12 **IV of this title is entitled to receive a normal service retirement that equals the number of**
13 **years of the member's creditable service multiplied by 1.5% of the member's average final**
14 **compensation.**

15 **(G) A MEMBER WHO IS SUBJECT TO THE STATE EMPLOYEES' AND**
16 **TEACHERS' INTEGRATED PENSION SYSTEM UNDER SUBTITLE 2, PART V OF THIS**
17 **TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT THAT EQUALS THE**
18 **SUM OF:**

19 **(1) THE GREATER OF:**

20 **(I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
21 **SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE MEMBER'S**
22 **AVERAGE FINAL COMPENSATION; OR**

23 **(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE**
24 **SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:**

25 **1. 0.8% OF THE MEMBER'S AVERAGE FINAL**
26 **COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION**
27 **LEVEL; AND**

28 **2. 1.5% OF THE MEMBER'S AVERAGE FINAL**
29 **COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL;**

30 **(2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE**
31 **ON OR AFTER JULY 1, 1998, AND ON OR BEFORE JUNE 30, 2011, MULTIPLIED BY**
32 **1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;**

1 **(3) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE**
2 **ON OR AFTER JULY 1, 1998, AND ON OR BEFORE JUNE 30, 2018, MULTIPLIED BY:**

3 **(I) 1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION**
4 **FOR CREDITABLE SERVICE EARNED WHILE THE MEMBER WAS SUBJECT TO THE**
5 **ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF**
6 **THIS TITLE; AND**

7 **(II) 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION**
8 **FOR CREDITABLE SERVICE EARNED WHILE THE MEMBER WAS SUBJECT TO THE**
9 **REFORMED CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART IV OF**
10 **THIS TITLE;**

11 **(4) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE**
12 **ON OR AFTER JULY 1, 2018, MULTIPLIED BY 1% OF THE MEMBER'S AVERAGE FINAL**
13 **COMPENSATION; AND**

14 **(5) THE MEMBER'S BENEFIT UNDER TITLE 33 OF THIS ARTICLE.**

15 23-402.

16 (a) Except as provided in subsection (b) of this section, a member may retire with
17 an early service retirement allowance if:

18 (1) the member completes and submits a written application to the Board
19 of Trustees stating the date when the member desires to retire; and

20 (2) on or before the date of retirement, the member:

21 (i) has at least 15 years but less than 30 years of eligibility service;
22 and

23 (ii) is at least 55 but less than 62 years old.

24 (b) A member who begins membership on or after July 1, 2011, may retire with
25 an early service retirement allowance if:

26 (1) the member completes and submits a written application to the Board
27 of Trustees stating the date when the member desires to retire; and

28 (2) on or before the date of retirement, the member:

29 (i) has at least 15 years of eligibility service; and

30 (ii) is at least 60 but less than 65 years old.

1 (c) (1) Except as provided in paragraph (2) of this subsection, on retirement
2 under this section, a member is entitled to receive an early service retirement allowance
3 that equals the normal service retirement allowance under § 23–401 of this subtitle,
4 reduced by 0.5% for each month that the member’s early retirement date precedes the date
5 the member will be 62 years old.

6 (2) On retirement under this section, a member who begins membership
7 on or after July 1, 2011, is entitled to receive an early service retirement allowance that
8 equals the normal service retirement allowance to which the member would otherwise be
9 entitled under § 23–401 of this subtitle, reduced by 0.5% for each month that the member’s
10 early retirement date precedes the date the member will be 65 years old.

11 **(D) ANY BENEFIT ACCRUED UNDER TITLE 33 OF THIS ARTICLE BY A**
12 **MEMBER OF THE STATE EMPLOYEES’ AND TEACHERS’ INTEGRATED PENSION**
13 **SYSTEM UNDER SUBTITLE 2, PART V OF THIS TITLE IS NOT SUBJECT TO AN EARLY**
14 **RETIREMENT REDUCTION UNDER THIS SECTION.**

15 29–402.

16 (a) (1) This subtitle applies only to an allowance paid to a former member, a
17 retiree, or the surviving beneficiary of a deceased member, former member, or retiree of:

- 18 (i) the Correctional Officers’ Retirement System;
- 19 (ii) the Employees’ Pension System;
- 20 (iii) the Employees’ Retirement System;
- 21 (iv) the Law Enforcement Officers’ Pension System;
- 22 (v) the Local Fire and Police System;
- 23 (vi) the State Police Retirement System;
- 24 (vii) the Teachers’ Pension System; and
- 25 (viii) the Teachers’ Retirement System.

26 (2) This subtitle does not apply to an allowance that is payable under the
27 Judges’ Retirement System, under the Legislative Pension Plan, or for a Governor under §
28 22–405 of this article.

29 **(3) THIS SUBTITLE DOES NOT APPLY TO ANY BENEFIT PAYMENT**
30 **RECEIVED UNDER TITLE 33 OF THIS ARTICLE BY A FORMER MEMBER, RETIREE, OR**

1 SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE
2 OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM.

3 **TITLE 33. STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM**
4 **SAVINGS PLAN.**

5 **SUBTITLE 1. DEFINITIONS.**

6 **33-101.**

7 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS
8 INDICATED.

9 (B) (1) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL ELIGIBLE TO
10 PARTICIPATE IN THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION
11 SYSTEM SAVINGS PLAN.

12 (2) "ELIGIBLE EMPLOYEE" INCLUDES AN INDIVIDUAL WHO:

13 (I) IS A MEMBER OF THE FACULTY OF AN EMPLOYING
14 INSTITUTION;

15 (II) IS A PROFESSIONAL EMPLOYEE AT A COMMUNITY COLLEGE
16 OR REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE
17 EDUCATION ARTICLE;

18 (III) IS AN EMPLOYEE OF THE UNIVERSITY SYSTEM OF
19 MARYLAND WHO IS IN A POSITION DESIGNATED AS EXEMPT UNDER A POLICY
20 ADOPTED BY THE UNIVERSITY SYSTEM OF MARYLAND BOARD OF REGENTS;

21 (IV) IS AN EMPLOYEE OF MORGAN STATE UNIVERSITY WHO IS IN
22 A POSITION DESIGNATED AS EXECUTIVE OR PROFESSIONAL ADMINISTRATIVE BY
23 THE BOARD OF REGENTS OF MORGAN STATE UNIVERSITY;

24 (V) IS AN EMPLOYEE OF ST. MARY'S COLLEGE OF MARYLAND
25 WHO IS IN A POSITION DETERMINED BY THE BOARD OF TRUSTEES OF THE COLLEGE
26 TO BE AN EXEMPT POSITION; OR

27 (VI) IS AN EMPLOYEE OF A PARTICIPATING EMPLOYER AS:

28 1. A REGULAR EMPLOYEE WHOSE COMPENSATION IS
29 PROVIDED BY STATE APPROPRIATION OR PAID FROM STATE FUNDS;

1 **2. AN APPOINTED OR ELECTED OFFICIAL OF THE STATE**
2 **WHO IS APPOINTED OR ELECTED FOR A TERM OF OFFICE THAT BEGINS ON OR AFTER**
3 **JULY 1, 2018, WHO ELECTS TO PARTICIPATE IN THE EMPLOYEES' PENSION SYSTEM;**

4 **3. AN EMPLOYEE OF A DAY SCHOOL IN THE STATE**
5 **UNDER THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR**
6 **THE BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:**

7 **A. A CLERK;**

8 **B. A HELPING TEACHER;**

9 **C. A PRINCIPAL;**

10 **D. A SUPERINTENDENT;**

11 **E. A SUPERVISOR; OR**

12 **F. A TEACHER;**

13 **4. A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY**
14 **THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE;**

15 **5. AN EMPLOYEE OF THE OFFICE OF THE SHERIFF OF**
16 **BALTIMORE CITY;**

17 **6. AN EMPLOYEE OR AGENT OF THE STATE RACING**
18 **COMMISSION AUTHORIZED BY § 11-207 OF THE BUSINESS REGULATION ARTICLE;**

19 **7. A PERMANENT EMPLOYEE OF THE BOARD OF**
20 **SUPERVISORS OF ELECTIONS OF A COUNTY;**

21 **8. A FULL-TIME MASTER IN CHANCERY OR IN JUVENILE**
22 **CAUSES WHO WAS APPOINTED ON OR AFTER JULY 1, 2018, IN ANY COUNTY BY THE**
23 **CIRCUIT COURT FOR THAT COUNTY;**

24 **9. A NONFACULTY EMPLOYEE OF THE BALTIMORE CITY**
25 **COMMUNITY COLLEGE; OR**

26 **10. A STAFF EMPLOYEE OF THE UNIVERSITY SYSTEM OF**
27 **MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY'S COLLEGE OF**
28 **MARYLAND.**

1 (C) "PARTICIPATING EMPLOYEE" MEANS AN ELIGIBLE EMPLOYEE WHO
2 PARTICIPATES IN THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION
3 SYSTEM SAVINGS PLAN.

4 (D) "STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM
5 SAVINGS PLAN" MEANS THE PLAN ESTABLISHED UNDER § 33-201 OF THIS TITLE.

6 (E) (1) "STATE SUPPLEMENTAL PLAN" MEANS A PLAN QUALIFIED UNDER
7 THE INTERNAL REVENUE CODE AND ADMINISTERED BY THE BOARD OF TRUSTEES.

8 (2) "STATE SUPPLEMENTAL PLAN" INCLUDES:

9 (I) A SALARY REDUCTION PLAN QUALIFIED UNDER § 401(K) OF
10 THE INTERNAL REVENUE CODE; OR

11 (II) A TAX SHELTERED ANNUITY PLAN QUALIFIED UNDER §
12 403(B) OF THE INTERNAL REVENUE CODE.

13 **SUBTITLE 2. STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM**
14 **SAVINGS PLAN.**

15 **33-201.**

16 **THERE IS A STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION**
17 **SYSTEM SAVINGS PLAN.**

18 **33-202.**

19 **THE BOARD OF TRUSTEES SHALL ADMINISTER THE STATE EMPLOYEES' AND**
20 **TEACHERS' INTEGRATED PENSION SYSTEM SAVINGS PLAN.**

21 **33-203.**

22 (A) **THE BOARD OF TRUSTEES SHALL ADOPT, IMPLEMENT, AND MAINTAIN**
23 **THE SPECIFIC STATE SUPPLEMENTAL PLANS THAT ARE PART OF THE STATE**
24 **EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM SAVINGS PLAN.**

25 (B) (1) **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
26 **THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS TO CARRY OUT THIS TITLE.**

27 (2) **THE BOARD OF TRUSTEES IS NOT REQUIRED TO ADOPT**
28 **REGULATIONS TO ADOPT OR AMEND THE PLANS UNDER THE STATE EMPLOYEES'**
29 **AND TEACHERS' INTEGRATED PENSION SYSTEM SAVINGS PLAN.**

1 **(C) (1) A PARTICIPATING EMPLOYEE HAS A 100% VESTED INTEREST IN**
2 **THE EMPLOYEE'S CONTRIBUTIONS TO A STATE SUPPLEMENTAL PLAN UNDER THE**
3 **STATE EMPLOYEES' AND TEACHERS' INTEGRATED PENSION SYSTEM SAVINGS**
4 **PLAN.**

5 **(2) A PARTICIPATING EMPLOYEE HAS A 100% VESTED INTEREST IN**
6 **THE CONTRIBUTIONS MADE, IN ACCORDANCE WITH § 33-207 OF THIS SUBTITLE, BY**
7 **THE EMPLOYEE'S EMPLOYER TO A STATE SUPPLEMENTAL PLAN THAT BEGINS**
8 **AFTER THE PARTICIPATING EMPLOYEE HAS ACCUMULATED 3 YEARS OF**
9 **CREDITABLE SERVICE AS AN EMPLOYEE SUBJECT TO TITLE 23, SUBTITLE 2, PART**
10 **V OF THIS ARTICLE.**

11 **(3) CONTRIBUTIONS MAY BE DISTRIBUTED AS BENEFITS, AS**
12 **PROVIDED UNDER § 33-206 OF THIS SUBTITLE.**

13 **33-204.**

14 **AN INDIVIDUAL WHO IS A MEMBER OF THE STATE EMPLOYEES' AND**
15 **TEACHERS' INTEGRATED PENSION SYSTEM UNDER TITLE 23, SUBTITLE 2, PART V**
16 **OF THIS ARTICLE IS A MEMBER OF THE STATE EMPLOYEES' AND TEACHERS'**
17 **INTEGRATED PENSION SYSTEM SAVINGS PLAN AS A CONDITION OF EMPLOYMENT.**

18 **33-205.**

19 **(A) THE PARTICIPATING EMPLOYEE CONTRIBUTIONS SHALL BE MADE AS**
20 **PAYROLLS ARE PAID BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN**
21 **ACCORDANCE WITH THE INTERNAL REVENUE CODE AND AS PROVIDED BY THE**
22 **APPLICABLE STATE SUPPLEMENTAL PLAN.**

23 **(B) A PARTICIPATING EMPLOYEE'S CONTRIBUTIONS TO THE**
24 **PARTICIPATING EMPLOYEE'S STATE SUPPLEMENTAL PLAN MAY NOT EXCEED ANY**
25 **ANNUAL CONTRIBUTION LIMITS IN ACCORDANCE WITH THE INTERNAL REVENUE**
26 **CODE.**

27 **33-206.**

28 **BENEFITS UNDER THE STATE EMPLOYEES' AND TEACHERS' INTEGRATED**
29 **PENSION SYSTEM SAVINGS PLAN:**

30 **(1) SHALL BE PAYABLE TO A PARTICIPATING EMPLOYEE AS:**

31 **(I) A LUMP SUM PAYMENT; OR**

1 (II) AN ANNUITY BEGINNING AT THE TIME OF RETIREMENT OF
2 THE PARTICIPATING EMPLOYEE WITH:

3 1. NO SURVIVOR BENEFIT;

4 2. A 100% JOINT AND SURVIVOR BENEFIT; OR

5 3. A 50% JOINT AND SURVIVOR BENEFIT;

6 (2) SHALL BE PAYABLE IN ACCORDANCE WITH THE INTERNAL
7 REVENUE CODE AND AS PROVIDED BY THE APPLICABLE STATE SUPPLEMENTAL
8 PLAN; AND

9 (3) ARE NOT PAYABLE BY THE STATE.

10 **33-207.**

11 (A) ON BEHALF OF EACH PARTICIPATING EMPLOYEE WHO MAKES
12 CONTRIBUTIONS UNDER § 33-205 OF THIS SUBTITLE, THE EMPLOYER SHALL
13 CONTRIBUTE TO THE APPLICABLE STATE SUPPLEMENTAL PLAN EMPLOYER
14 CONTRIBUTIONS EQUAL TO:

15 (1) FOR A PARTICIPATING EMPLOYEE CONTRIBUTING NOT MORE
16 THAN 3% OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION,
17 100% OF THE PARTICIPATING EMPLOYEE'S CONTRIBUTIONS; AND

18 (2) FOR A PARTICIPATING EMPLOYEE CONTRIBUTING MORE THAN 3%
19 OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION:

20 (i) 100% OF THE PARTICIPATING EMPLOYEE'S
21 CONTRIBUTIONS UP TO 3% OF THE PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE
22 COMPENSATION; AND

23 (ii) 50% OF THE PARTICIPATING EMPLOYEE'S CONTRIBUTIONS
24 GREATER THAN 3% BUT LESS THAN OR EQUAL TO 5% OF THE PARTICIPATING
25 EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.

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

1 **(2) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU SHALL**
2 **PAY THE EMPLOYER CONTRIBUTIONS TO THE APPLICABLE STATE SUPPLEMENTAL**
3 **PLAN AS DIRECTED BY THE BOARD OF TRUSTEES.**

4 **(3) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS OF**
5 **THE UNITS EMPLOYING THE PARTICIPATING EMPLOYEES.**

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

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

11 **(2) THE BOARD OF TRUSTEES SHALL PROVIDE BY REGULATION THE**
12 **PROCESS BY WHICH EMPLOYER CONTRIBUTIONS AND PARTICIPATING EMPLOYEE**
13 **CONTRIBUTIONS ARE TO BE MADE.**

14 **33-208.**

15 **THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET BILL AN**
16 **APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS FOR**
17 **PARTICIPATING STATE EMPLOYEES REQUIRED UNDER § 33-207 OF THIS SUBTITLE.**

18 **33-209.**

19 **(A) IF A PARTICIPATING EMPLOYEE HAS ACCUMULATED AT LEAST \$2,000 IN**
20 **THE PARTICIPATING EMPLOYEE'S ACCOUNT, THE PARTICIPATING EMPLOYEE MAY**
21 **BORROW UP TO 50% OF THE PARTICIPATING EMPLOYEE'S ACCOUNT BALANCE, NOT**
22 **TO EXCEED \$50,000.**

23 **(B) A PARTICIPATING EMPLOYEE WHO BORROWS AGAINST THE**
24 **PARTICIPATING EMPLOYEE'S ACCOUNT UNDER SUBSECTION (A) OF THIS SECTION**
25 **SHALL REPAY THE LOAN WITHIN 5 YEARS, UNLESS THE LOAN WAS USED FOR THE**
26 **PURCHASE OR FINANCE OF THE PARTICIPATING EMPLOYEE'S PRIMARY RESIDENCE.**

27 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June**
28 **1, 2018.**