

SENATE BILL 256

K4

7lr1420
CF HB 201

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

Introduced and read first time: January 20, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 8, 2017

CHAPTER _____

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems – Reformed Contributory Pension**
3 **Benefit – Service Credit Purchase Clarification**

4 FOR the purpose of clarifying that a member of the Employees' Pension System or the
5 Teachers' Pension System who is subject to the Reformed Contributory Pension
6 Benefit is eligible to purchase service credit for a certain period of employment under
7 certain circumstances; and generally relating to the purchase of service credit for a
8 member of the Employees' Pension System or the Teachers' Pension System who is
9 subject to the Reformed Contributory Pension Benefit.

10 BY repealing and reenacting, with amendments,
11 Article – State Personnel and Pensions
12 Section 23–306.2
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2016 Supplement)

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

17 **Article – State Personnel and Pensions**

18 23–306.2.

19 (a) A member who is subject to the contributory pension benefit, [or] the
20 Alternate Contributory Pension Selection, **OR THE REFORMED CONTRIBUTORY**

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 **PENSION BENEFIT** may purchase service credit as provided in subsection (b) of this
2 section for periods of employment described in subsection (c) of this section for which the
3 member is not otherwise entitled.

4 (b) (1) A member who purchases service credit under this section shall:

5 (i) complete a claim for the service credit and file it with the Board
6 of Trustees on a form that the Board of Trustees provides; and

7 (ii) pay to the Board of Trustees in a single payment the member
8 contributions the member would have made for the period of employment for which service
9 credit is being purchased if the member had earned the prior service in the same part of
10 the Employees' Pension System or Teachers' Pension System in which the member is
11 currently enrolled, plus regular interest to the date of payment.

12 (2) A member may pay for service credit purchased under this section at
13 any time before retirement.

14 (3) Subject to § 414(h)(2) of the Internal Revenue Code, an individual's
15 accumulated contributions in excess of the amount determined under paragraph (1) of this
16 subsection shall be refunded on request.

17 (c) (1) Except as provided in paragraph (2) of this subsection, a member may
18 purchase service credit for a period of employment as a member of the Employees' Pension
19 System or Teachers' Pension System if the member:

20 (i) has withdrawn the member's accumulated contributions after a
21 prior termination of membership; and

22 (ii) was subject to the contributory pension benefit, [or] the
23 Alternate Contributory Pension Selection, **OR THE REFORMED CONTRIBUTORY**
24 **PENSION BENEFIT** when the member previously terminated membership in the
25 Employees' Pension System or the Teachers' Pension System.

26 (2) A member may not purchase eligibility service credit that exceeds the
27 member's creditable service credit.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2017.