

# SENATE BILL 353

K4

(7lr1430)

## ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by **Senator Guzzone (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 **Optional Retirement Program – Annuity Contracts – Employee Rights**

3 FOR the purpose of repealing a certain requirement that annuity contracts purchased  
4 under the optional retirement program shall be issued to and become the property  
5 of certain employees; clarifying that, in accordance with the Internal Revenue Code,  
6 the rights of certain employees who purchase annuity contracts under the program  
7 are fully vested and not subject to forfeit; authorizing the Board of Trustees for the  
8 State Retirement and Pension System to transfer existing balances of participating  
9 employees in the optional retirement program to a new annuity contract under  
10 certain circumstances; authorizing a participating employee in the optional  
11 retirement program to select certain annuity contracts for the transfer of existing  
12 balances; establishing that, under certain circumstances, a certain election is  
13 deemed to have been made by a participating employee in the optional retirement  
14 program; providing for the application of this Act; and generally relating to the rights  
15 of employees to annuity contracts purchased under the optional retirement program.

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#### 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 BY repealing and reenacting, without amendments,  
 2 Article – State Personnel and Pensions  
 3 Section 30–101(a), (b), (d), (f), and (h)  
 4 Annotated Code of Maryland  
 5 (2015 Replacement Volume and 2016 Supplement)

6 BY repealing and reenacting, with amendments,  
 7 Article – State Personnel and Pensions  
 8 Section 30–206 and 30–208  
 9 Annotated Code of Maryland  
 10 (2015 Replacement Volume and 2016 Supplement)

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

13 **Article – State Personnel and Pensions**

14 30–101.

15 (a) In this title the following words have the meanings indicated.

16 (b) (1) “Annuity contract” means a fixed or variable annuity contract or  
 17 combination of fixed or variable annuity contracts authorized under § 403(a) or (b) of the  
 18 Internal Revenue Code.

19 (2) “Annuity contract” includes a custodial account to be invested in  
 20 regulated investment company stock as provided in § 401(f) or § 403(b)(7) of the Internal  
 21 Revenue Code.

22 (d) “Eligible employee” means an individual eligible to participate in the program.

23 (f) “Participating employee” means an eligible employee who elects to participate  
 24 in the program.

25 (h) “Program” means the optional retirement program established under §  
 26 30–201 of this title.

27 30–206.

28 ~~[Annuity] IN ACCORDANCE WITH THE INTERNAL REVENUE CODE, THE RIGHTS~~  
 29 ~~OF PARTICIPATING EMPLOYEES TO ANNUITY contracts purchased under the program~~  
 30 ~~[shall be issued to and become the property of the participating employees] ARE NOT~~  
 31 ~~SUBJECT TO FORFEIT.~~

1 IN ACCORDANCE WITH § 403(B) OF THE INTERNAL REVENUE CODE, A  
2 PARTICIPATING EMPLOYEE'S RIGHTS TO BENEFITS UNDER AN ANNUITY CONTRACT  
3 PURCHASED UNDER THE PROGRAM SHALL BE FULLY VESTED AND  
4 NONFORFEITABLE.

5 30-208.

6 (a) Every 3 years the Board of Trustees shall review the performance, form, and  
7 contents of the annuity contracts offered under the program.

8 (b) After a review under subsection (a) of this section, the Board of Trustees may:

9 (1) eliminate a designated company from participation in the program; or

10 (2) withdraw approval for a type of annuity contract offered by a  
11 designated company under the program.

12 (c) (1) If a designated company is eliminated from the program or approval for  
13 a type of annuity contract is withdrawn, [:

14 (1) the Board of Trustees:

15 (I) TO THE EXTENT PERMITTED UNDER AN ANNUITY  
16 CONTRACT, MAY DIRECT THE TRANSFER OF EXISTING BALANCES OF PARTICIPATING  
17 EMPLOYEES TO A NEW ANNUITY CONTRACT; AND

18 (II) shall give [the relevant] participating employees an opportunity  
19 to select an annuity contract WITH A DESIGNATED COMPANY for future contributions  
20 AND EXISTING BALANCES SUBJECT TO TRANSFER under the [program; and]  
21 PROGRAM, IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH.

22 (2) [if] IF a participating employee does not make a [change] SELECTION  
23 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION within a period specified by the Board  
24 of Trustees, the participating employee shall be deemed to have elected for future  
25 contributions AND EXISTING BALANCES SUBJECT TO TRANSFER an annuity contract  
26 and a designated company specified by the Board of Trustees.

27 (d) All eligible employees shall have access to the information compiled for the  
28 purpose of conducting the review required under this section and shall be notified of the  
29 availability of the information by the Board of Trustees.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
31 apply only prospectively and may not be applied or interpreted to have any effect on or  
32 application to any annuity contract with a designated company that was eliminated from  
33 participation in the optional retirement program before the effective date of this Act.

1 SECTION ~~2~~ 3 AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2017.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.