

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 256

(Senator Guzzone)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

Employees' and Teachers' Pension Systems - Reformed Contributory Pension
Benefit - Service Credit Purchase Clarification

This bill clarifies that a member of the Teachers' Pension System (TPS) or Employees' Pension System (EPS) who is subject to the Reformed Contributory Pension Benefit (RCPB) may purchase service credit for prior employment as a member of either plan if the member (1) withdrew accumulated contributions after a prior termination of membership and (2) was subject to the contributory benefit, the Alternate Contributory Pension Selection (ACPS), or RCPB at the time of termination.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: None. The bill clarifies current law.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A member of TPS/EPS who is subject to the contributory benefit or ACPS may purchase service credit for prior employment as a member of either plan if the member (1) withdrew accumulated contributions after a prior termination of membership and (2) was subject to the contributory benefit or ACPS at the time of termination. In order to purchase the service credit, the member must pay, in a single payment, the member contributions that the member would have made at the time, plus regular interest, to the

Board of Trustees of the State Retirement and Pension System. A member may purchase this service credit at any time prior to retirement and may not purchase eligibility service credit that exceeds the member's creditable service credit.

Background: When RCPB was created as a new benefit tier by Chapter 397 of 2011, reference to the new tier was added to relevant provisions throughout the State Annotated Code. However, it was inadvertently omitted from some provisions, including the provision addressed by this bill. The State Retirement Agency requested that the Joint Committee on Pensions (JCP) sponsor legislation to address this oversight, and JCP agreed to sponsor the legislation.

Additional Information

Prior Introductions: None.

Cross File: HB 201 (Delegate B. Barnes)(Chair, Joint Committee on Pensions) - Appropriations.

Information Source(s): State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - January 31, 2017
fn/rhh Third Reader - February 14, 2017

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