

SENATE BILL 680

K4

11r1602
CF HB 929

By: **Senator Jennings**

Introduced and read first time: February 3, 2021

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 23, 2021

CHAPTER _____

1 AN ACT concerning

2 ~~Teachers' Pension System – Vested Allowance – Break in Service~~
3 State Retirement and Pension System – Administration of Benefits –
4 Clarification

5 FOR the purpose of providing that certain vested former members of the Teachers' Pension
6 System of the State Retirement and Pension System who meet certain criteria may
7 commence receipt of a vested allowance while continuing certain employment with
8 certain participating employers; requiring the Board of Trustees for the State
9 Retirement and Pension System to accept certain forms that were timely submitted;
10 requiring certain individuals to submit a certain affidavit regarding the submission
11 of a certain form; providing that certain individuals are entitled to certain benefits
12 on a certain determination by the Board of Trustees; requiring an allowance provided
13 under this Act to be adjusted to a certain actuarial equivalent; requiring the State
14 Retirement Agency to submit a report on ordinary disability retirement applications
15 and allowances on or before a certain date; and generally relating to retirement from
16 ~~the Teachers' Pension System~~ the administration of benefits in the State Retirement
17 and Pension System.

18 BY repealing and reenacting, without amendments,
19 Article – State Personnel and Pensions
20 Section 21–113(a) and 29–303(b)
21 Annotated Code of Maryland
22 (2015 Replacement Volume and 2020 Supplement)

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

3 **Article – State Personnel and Pensions**

4 21–113.

5 (a) Except as provided in § 29–409 of this article, if, because of an error, a retiree
6 or beneficiary receives a benefit that differs from the benefit the retiree or beneficiary is
7 entitled to receive, the Board of Trustees shall:

8 (1) correct the error; and

9 (2) to the extent practicable, adjust the payment to the retiree or
10 beneficiary to provide the actuarial equivalent to which the retiree or beneficiary is
11 correctly entitled.

12 29–303.

13 (b) (1) This subsection applies to an individual who is a member on or before
14 June 30, 2011.

15 (2) A member is eligible to receive a vested allowance if:

16 (i) the member separated from employment other than by death or
17 retirement; and

18 (ii) the member has at least 5 years of eligibility service.

19 SECTION 2. AND BE IT FURTHER ENACTED, That:

20 (a) This section applies to an individual who:

21 (1) was a member of the Teachers' Pension System while an employee of:

22 (i) Queen Anne's County Board of Education beginning in January
23 of 1980 and ending in June of 1980;

24 (ii) Allegany County Board of Education beginning in August of 1990
25 and ending in August of 1997;

26 (iii) Washington County Board of Education beginning in July of
27 2001 and ending in August of 2003; and

28 (iv) Garrett County Board of Education beginning in August of 2004
29 and ending in June of 2005;

1 (2) on or after June 1, 2021, is employed:

2 (i) as an employee of a participating employer in a position that is
3 not eligible for membership in the State Retirement and Pension System; and

4 (ii) as a permanent employee of Baltimore City Public Schools in a
5 position that is not eligible for membership in the State Retirement and Pension System;

6 (3) on or before June 1, 2021, has reached or exceeded normal retirement
7 age to receive a vested allowance in the Teachers' Pension System; and

8 (4) as of the date of commencement of a vested allowance is not eligible for
9 membership in the State Retirement and Pension System as a result of employment with
10 any participating employer.

11 (b) Notwithstanding § 29–303(b) of the State Personnel and Pensions Article, an
12 individual described under subsection (a) of this section is not required to be separated from
13 employment with a participating employer in order to commence a vested allowance from
14 the Teachers' Pension System on attainment of normal retirement age.

15 SECTION 3. AND BE IT FURTHER ENACTED, That:

16 (a) This section applies to a Maryland State Retirement Agency Form 703,
17 Change of Previous Option Election signed in the presence of a notary on or before April
18 30, 2018, that was completed by an individual who:

19 (1) was enrolled in the Employees' Pension System as an employee of the
20 St. Mary's County Metropolitan Commission on or after July 1, 2004;

21 (2) on applying for ordinary disability retirement from the Employees'
22 Pension System, submitted a Form 129, Preliminary Application for Disability Retirement;

23 (i) designating the individual's spouse to receive the Option 2
24 Survivor Allowance (100% Joint and Survivor Allowance); and

25 (ii) on or after December 1, 2017, that was signed in the presence of
26 a notary;

27 (3) (i) was awarded ordinary disability retirement effective on or after
28 March 1, 2018; and

29 (ii) submitted a Maryland State Retirement Agency Form 13–23,
30 Application for Service or Disability Retirement selecting the "Basic Allowance" as the
31 method of distribution to receive the individual's ordinary disability retirement allowance;

32 (4) on or after April 1, 2018, received notice from the Maryland State
33 Retirement Agency stating that:

1 (i) the individual's selection of the "Basic Allowance" did not provide
2 any survivorship benefit at the individual's death; and

3 (ii) if the individual wished to change this election, such a change
4 had to be completed and submitted before the first allowance payment was due, which was
5 on April 30, 2018;

6 (5) (i) on or before April 30, 2018, requested the Maryland State
7 Retirement Agency to send the individual a Maryland State Retirement Agency Form 703,
8 Change of Previous Option Election; and

9 (ii) on or before April 30, 2018, signed, in the presence of a notary, a
10 Form 703, Change of Previous Option Election, designating the individual's spouse to
11 receive the Option 2 Survivor Allowance (100% Joint and Survivor Allowance); and

12 (6) died on or before December 1, 2019.

13 (b) (1) A Maryland State Retirement Agency Form 703, Change of Previous
14 Option Election, completed by an individual described in subsection (a) of this section shall
15 be accepted by the Board of Trustees for the State Retirement and Pension System if the
16 Board of Trustees determines that it was timely submitted before the first allowance
17 payment was made.

18 (2) In order for the Board of Trustees to determine that the form described
19 in subsection (b)(1) of this section was timely submitted, the surviving beneficiary shall
20 submit to the Board of Trustees a sworn affidavit signed by an individual who witnessed
21 the deceased member sending the form to the Maryland State Retirement Agency via U.S.
22 mail that attests that the form was mailed to the Maryland State Retirement Agency before
23 the date that the first allowance payment was due.

24 (3) If the Board of Trustees determines that the form described in
25 subsection (b)(1) was timely submitted, the designated beneficiary for the Option 2 Survivor
26 Allowance (100% Joint and Survivor Allowance) shall be entitled to benefits from the date
27 on which benefits would have been paid in accordance with a Maryland State Retirement
28 Agency Form 703 accepted on or before April 30, 2018.

29 (4) The Maryland State Retirement Agency shall adjust the amount of the
30 Option 2 Survivor Allowance (100% Joint and Survivor Allowance) provided under
31 subsection (b)(3) of this section to provide the actuarial equivalent amount to which the
32 beneficiary is correctly entitled.

33 (c) On or before December 1, 2021, in accordance with § 2-1257 of the State
34 Government Article, the Maryland State Retirement Agency shall report to the Joint
35 Committee on Pensions on:

1 (1) the number of ordinary disability retirement allowances awarded on or
2 after July 1, 2018;

3 (2) of the ordinary disability retirement allowances reported under
4 paragraph (1) of this subsection:

5 (i) the number of applications in which a selection was made on the
6 preliminary application for:

7 1. Option 1; and

8 2. Option 2;

9 (ii) the number of allowances, by age of the retiree, that were paid:

10 1. the basic allowance; and

11 2. each of the benefit option elections under § 21-403 of the
12 State Personnel and Pensions Article; and

13 (iii) the number of allowances awarded based only on a preliminary
14 application.

15 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 June 1, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.