

# HOUSE BILL 744

P6

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CF SB 502

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By: **Delegate Lierman (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2022

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 25, 2022

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – Administration – Clarifications and**  
3 **Corrections**

4 FOR the purpose of clarifying that certain elected trustees be active members of certain  
5 systems; clarifying that certain State Retirement and Pension System trustee  
6 elections limit voting to individuals who are active members of certain systems;  
7 clarifying the survivor benefit for certain beneficiaries of certain retirees of the State  
8 Police Retirement System; clarifying that certain individuals who are retirees of the  
9 Correctional Officers' Retirement System are exempt from a certain earnings offset  
10 under certain circumstances if the individuals are reemployed as parole and  
11 probation employees; repealing certain obsolete provisions of law that authorize the  
12 purchase of certain service credit in the Judges' Retirement System; requiring the  
13 Board of Trustees for the State Retirement and Pension System to accept certain  
14 applications for retirement; requiring service credit for certain members of the  
15 Employees' Pension System to be transferred to the Correctional Officers'  
16 Retirement System; and generally relating to the administration of the State  
17 Retirement and Pension System.

18 BY repealing and reenacting, with amendments,  
19 Article – State Personnel and Pensions  
20 Section 21–104(a)(4)(i), (iii), and (v) and (b)(1), 24–401.1(j)(2), 25–403(b), and  
21 27–301  
22 Annotated Code of Maryland  
23 (2015 Replacement Volume and 2021 Supplement)

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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.



1 BY repealing and reenacting, without amendments,  
2 Article – State Personnel and Pensions  
3 Section 24–403  
4 Annotated Code of Maryland  
5 (2015 Replacement Volume and 2021 Supplement)

6 BY repealing  
7 Article – State Personnel and Pensions  
8 Section 27–304  
9 Annotated Code of Maryland  
10 (2015 Replacement Volume and 2021 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 21–104.

15 (a) The Board of Trustees consists of the following 15 trustees:

16 (4) 12 trustees elected or appointed as follows:

17 (i) one trustee who is [a] **AN ACTIVE** member of the Correctional  
18 Officers' Retirement System, the Employees' Pension System, the Employees' Retirement  
19 System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and  
20 Police System, or the Law Enforcement Officers' Pension Plan, who shall be elected as  
21 provided in subsection (b) of this section and may not be an employee of the State  
22 Retirement Agency;

23 (iii) one trustee who is [a] **AN ACTIVE** member of the Teachers'  
24 Pension System or the Teachers' Retirement System, who shall be elected as provided in  
25 subsection (b) of this section and may not be an employee of the State Retirement Agency;

26 (v) one trustee who is either [a] **AN ACTIVE** member or retiree of the  
27 State Police Retirement System, who shall be elected as provided in subsection (b) of this  
28 section and may not be an employee of the State Retirement Agency;

29 (b) (1) (i) The trustees who are members or retirees of the Correctional  
30 Officers' Retirement System, the Employees' Pension System, the Employees' Retirement  
31 System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and  
32 Police System, or the Law Enforcement Officers' Pension Plan shall be elected by the  
33 **ACTIVE** members and the retirees of those State systems.

34 (ii) The trustees who are members or retirees of the Teachers'  
35 Pension System or the Teachers' Retirement System shall be elected by the **ACTIVE**  
36 members and the retirees of those State systems.

1 (iii) The trustee who is a member or retiree of the State Police  
2 Retirement System shall be elected by the ACTIVE members and the retirees of that State  
3 system.

4 (iv) The elections shall be conducted under regulations that the  
5 Board of Trustees adopts.

6 24-401.1.

7 (j) (2) If a DROP member dies before termination of the DROP member's  
8 participation in the DROP, the Board of Trustees shall pay [50% of the normal service  
9 retirement allowance, including the cost-of-living adjustments as provided in §§ 29-401  
10 through 29-403 and 29-408 of this article,] **THE SURVIVOR BENEFIT** to the beneficiary as  
11 provided in § 24-403 of this subtitle.

12 24-403.

13 (a) This section applies only to a retiree who has retired with a service retirement  
14 allowance or a disability retirement allowance or a former member who has retired with a  
15 deferred vested allowance.

16 (b) On the death of a retiree or former member, the Board of Trustees shall pay  
17 80% of the retiree's retirement allowance:

18 (1) to the surviving spouse; or

19 (2) if there is no surviving spouse or if the surviving spouse dies, to any  
20 children of the deceased retiree who are under 18 years of age or disabled, as defined under  
21 § 72(m)(7) of the Internal Revenue Code, in accordance with subsection (c) of this section.

22 (c) (1) Except as provided in paragraphs (2) and (3) of this subsection, if the  
23 Board of Trustees pays an allowance to more than one child, the Board of Trustees shall  
24 divide the allowance among the children in a manner that provides for payments to  
25 continue until:

26 (i) each child has died; or

27 (ii) each child becomes 18 years old.

28 (2) Notwithstanding paragraph (1)(ii) of this subsection, a surviving child  
29 who is disabled shall continue to receive an allowance under paragraph (1) of this  
30 subsection past the age of 18 years, if the child continues to be disabled.

31 (3) (i) If a surviving child receiving an allowance under paragraph (1)  
32 of this subsection is disabled, as defined under § 72(m)(7) of the Internal Revenue Code, the

1 Board of Trustees shall pay to the disabled surviving child an allowance equal to the total  
2 of the allowances paid under paragraph (1) of this subsection after:

- 3 1. all other nondisabled surviving children have died; or
- 4 2. the youngest nondisabled surviving child becomes 18  
5 years old.

6 (ii) If more than one surviving child is disabled, as defined under §  
7 72(m)(7) of the Internal Revenue Code, the allowance payable under this paragraph shall  
8 be divided equally among the disabled children.

9 25–403.

10 (b) (1) The Board of Trustees shall reduce the allowance of an individual who  
11 accepts employment as provided under subsection (a) of this section if:

12 (i) the individual's current employer is a participating employer  
13 other than the State and is the same participating employer that employed the individual  
14 at the time of the individual's last separation from employment with a participating  
15 employer before the individual commenced receiving a service retirement allowance or  
16 vested allowance; or

17 (ii) the individual's current employer is any unit of State government  
18 and the individual's employer at the time of the individual's last separation from  
19 employment with the State before the individual commenced receiving a service retirement  
20 allowance or vested allowance was also a unit of State government.

21 (2) (i) Subject to subparagraphs (ii) and (iii) of this paragraph, the  
22 reduction under paragraph (1) of this subsection shall equal the amount by which the sum  
23 of the individual's initial annual basic allowance and the individual's annual compensation  
24 exceeds the average final compensation used to compute the basic allowance.

25 (ii) Any reduction taken under this subsection may not reduce the  
26 retiree's allowance to an amount less than the required deduction for:

27 1. if the retiree retired from any unit of State government,  
28 the retiree's monthly State–approved medical insurance premiums; or

29 2. if the retiree retired from a participating employer other  
30 than the State, the approved monthly medical insurance premiums required by the  
31 participating employer that employed the retiree at the time of the retiree's retirement.

32 (iii) The Board of Trustees shall recover from the retiree any  
33 difference between the reduction required under subparagraph (i) of this paragraph and  
34 the reduction taken under subparagraph (ii) of this paragraph.

1 (3) The reduction under this subsection does not apply to:

2 (i) an individual who has been retired for 5 years, beginning on  
3 January 1, after the date the individual retires;

4 (ii) an individual whose average final compensation was less than  
5 \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;

6 (iii) an individual who is serving in an elected position as an official  
7 of a participating governmental unit or as a constitutional officer for a county that is a  
8 participating governmental unit; [or]

9 (iv) a retiree of the Correctional Officers' Retirement System who is  
10 reemployed on a contractual basis for not more than 4 years by the Division of Corrections,  
11 the Division of Pretrial Detention and Services, or the Patuxent Institution in the  
12 Department of Public Safety and Correctional Services as a correctional officer in a  
13 correctional facility defined in § 1-101 of the Correctional Services Article; **OR**

14 **(V) A RETIREE OF THE CORRECTIONAL OFFICERS'**  
15 **RETIREMENT SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS FOR NOT**  
16 **MORE THAN 4 YEARS AS A PAROLE AND PROBATION EMPLOYEE IN A POSITION**  
17 **AUTHORIZED UNDER TITLE 6, SUBTITLE 1 OF THE CORRECTIONAL SERVICES**  
18 **ARTICLE.**

19 27-301.

20 A member is entitled to service credit:

21 (1) for service as a member;

22 (2) regained under § 27-302 of this subtitle by a member who redeposits  
23 accumulated contributions previously withdrawn;

24 (3) for prior service as provided in § 27-303 of this subtitle; **OR**

25 (4) for military service as provided in Title 38 of this article[; or

26 (5) purchased under § 27-304 of this subtitle].

27 [27-304.

28 (a) A member may purchase service credit as provided in subsection (b) of this  
29 section for periods of service described in subsection (c) of this section for which the member  
30 is not otherwise entitled to service credit.

31 (b) (1) To purchase service credit under this section, a member must:

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

3 (ii) pay to the Board of Trustees in a single payment 6% of the  
4 amount received in compensation for that full-time service plus regular interest to the date  
5 of payment.

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

8 (c) A member may purchase service credit for prior service as:

9 (1) a full-time magistrate in chancery or magistrate in juvenile causes on  
10 or before June 30, 1975; or

11 (2) a member of the State Workers' Compensation Commission on or before  
12 June 30, 1977.

13 (d) Service credit that is purchased under this section may not be used as service  
14 credit in another retirement or pension system of the State or a political subdivision of the  
15 State.]

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

17 (a) This section applies to an Application for Retirement submitted to the State  
18 Retirement and Pension System by an individual who:

19 (1) on or after October 1, 1979, enrolled as a member of the Employees'  
20 Retirement System;

21 (2) on or after August 1, 1984, transferred from the Employees' Retirement  
22 System to the Non-Contributory Pension System tier of the Employees' Pension System of  
23 the State Retirement and Pension System;

24 (3) on or after April 27, 2021, submitted an Application for Service or  
25 Disability Retirement to the State Retirement and Pension System that the System  
26 determined was not properly notarized;

27 (4) died on or after May 1, 2021, but before May 31, 2021; and

28 (5) as a result of the timing of the individual's death, did not have an  
29 opportunity to submit a retirement application that was properly notarized.

30 (b) An application described in subsection (a) of this section shall be accepted by  
31 the Board of Trustees for the State Retirement and Pension System.

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

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

3            (1)    (i)    is at least 64 years old on or before July 1, 2022;

4                    (ii) enrolled in the Employees' Pension System of the State  
5 Retirement and Pension System on or after December 1, 1992;

6                    (iii) accrued at least 34 years of eligibility service as a member of the  
7 Employees' Pension System;

8                    (iv) was transferred to the Correctional Officers' Retirement System  
9 of the State Retirement and Pension System on July 1, 2016, in accordance with the  
10 provisions of Chapters 218 and 219 of the Acts of the General Assembly of 2016;

11                    (v) after transferring to the Correctional Officers' Retirement  
12 System on July 1, 2016, did not transfer the service credit accrued in the Employees'  
13 Pension System to the Correctional Officers' Retirement System; and

14                    (vi)    1.    applied for a disability retirement from the Correctional  
15 Officers' Retirement System by submitting a Statement of Disability and Preliminary  
16 Application for Disability Retirement on or after May 1, 2019; and

17                                    2.    at the time the individual applied for disability did not  
18 have 5 years of eligibility service in the Correctional Officers' Retirement System; or

19            (2)    (i)    is at least 50 years old on or before July 1, 2022;

20                    (ii) enrolled in the Employees' Pension System of the State  
21 Retirement and Pension System on or after October 1, 2000;

22                    (iii) accrued at least 17 years of eligibility service as a member of the  
23 Employees' Pension System;

24                    (iv) was transferred to the Correctional Officers' Retirement System  
25 of the State Retirement and Pension System on July 1, 2017, in accordance with the  
26 provisions of Chapters 688 and 689 of the Acts of the General Assembly of 2017;

27                    (v) after transferring to the Correctional Officers' Retirement  
28 System on July 1, 2017, did not transfer the service credit accrued in the Employees'  
29 Pension System to the Correctional Officers' Retirement System; and

30                    (vi)    1.    applied for a disability retirement from the Correctional  
31 Officers' Retirement System by submitting a Statement of Disability and Preliminary  
32 Application for Disability Retirement on or after March 1, 2021; and

1                                    2. at the time the individual applied for disability did not  
 2 have 5 years of eligibility service in the Correctional Officers' Retirement System.

3            (b) On or after June 1, 2022, for an individual described in subsection (a) of this  
 4 section, the Board of Trustees for the State Retirement and Pension System shall transfer  
 5 all service credit accrued by the individual in the Employees' Pension System to the  
 6 Correctional Officers' Retirement System.

7            (c) (1) Except as provided in paragraph (2) of this subsection, after the Board  
 8 of Trustees transfers the individual's service credit under subsection (b) of this section, the  
 9 individual shall deposit in the annuity savings fund of the Correctional Officers' Retirement  
 10 System the sum of:

11                                    (i) the total accumulated contributions to the individual's credit in  
 12 the annuity savings fund of the Employees' Pension System; and

13                                    (ii) the difference, if any, between the member contributions at the  
 14 rate provided for in the Correctional Officers' Retirement System, including interest on  
 15 those contributions, and the total accumulated contributions to the individual's credit in  
 16 the annuity savings fund of the Employees' Pension System.

17            (2) On retirement from the Correctional Officers' Retirement System, the  
 18 individual's retirement allowance shall be reduced, in accordance with § 21-312 of the State  
 19 Personnel and Pensions Article, by the actuarial equivalent of the amounts determined  
 20 under paragraph (1)(ii) of this subsection if the member elects not to deposit those amounts  
 21 in the annuity savings fund of the Correctional Officers' Retirement System.

22            SECTION ~~3~~ 4, AND BE IT FURTHER ENACTED, That this Act shall take effect  
 23 June 1, 2022.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.