

Chapter 234

(Senate Bill 481)

AN ACT concerning

State Retirement and Pension System – Nonvested Accounts – Regular Interest

FOR the purpose of requiring a certain rate of interest on certain member contributions in an active member's nonvested account in the State Retirement and Pension System if the member has not withdrawn contributions from the nonvested account and is not eligible to receive a certain vested allowance; providing for the retroactive application of this Act; and generally relating to the accrual of interest on member contributions in the State Retirement and Pension System.

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 22–215, 23–213, 24–206, 25–204, 26–205, and 27–203

Annotated Code of Maryland

(2015 Replacement Volume and 2022 Supplement)

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

Article – State Personnel and Pensions

22–215.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 4% a year compounded annually, until retirement or withdrawal of the accumulated contributions.

(b) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO** further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(I) IS A FORMER MEMBER OF THE EMPLOYEES’ RETIREMENT SYSTEM OR THE TEACHERS’ RETIREMENT SYSTEM;

(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM; AND

(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

23-213.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 5% per year compounded annually until retirement or withdrawal of contributions and interest.

(b) Except as provided in ~~subsection (c)] SUBSECTIONS (C) AND (D)~~ of this section, no further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(c) (1) In this subsection, "active member" means a member who is not separated from employment with the State or a participating employer of ~~the Employees' Pension System or the Teachers' Pension System~~ ONE OF THE SEVERAL SYSTEMS.

(2) This subsection applies only to an individual who:

(i) is a former member of the ~~Alternate Contributory Pension Selection~~ EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM;

(ii) is not eligible to receive a vested allowance from the ~~Alternate Contributory Pension Selection~~ EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM under Title 29, Subtitle 3 of this article;

(iii) has not withdrawn the individual's member contributions from the ~~Alternate Contributory Pension Selection~~ EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM; and

(iv) is an active member ~~subject to the Reformed Contributory Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

(3) An individual described in paragraph (2) of this subsection shall receive regular interest at the rate described under subsection (a) of this section on the individual's member contributions in ~~the Alternate Contributory Pension Selection~~ A NONVESTED ACCOUNT IN THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM while the individual is an active member ~~subject to the Reformed Contributory Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

~~(D) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.~~

~~(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:~~

~~(I) IS A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM;~~

~~(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE EMPLOYEES' PENSION SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;~~

~~(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE EMPLOYEES' PENSION SYSTEM; AND~~

~~(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

~~(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE EMPLOYEES' PENSION SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

24-206.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 4% a year, compounded annually, until retirement or withdrawal of the accumulated contributions.

(b) [No] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO** further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(I) IS A FORMER MEMBER OF THE STATE POLICE RETIREMENT SYSTEM;

(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE STATE POLICE RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(III) HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER CONTRIBUTIONS FROM THE STATE POLICE RETIREMENT SYSTEM; AND

(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL’S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE STATE POLICE RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

25–204.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 4% a year, compounded annually, until retirement or withdrawal of the accumulated contributions.

(b) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO** further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(I) IS A FORMER MEMBER OF THE CORRECTIONAL OFFICERS’ RETIREMENT SYSTEM;

(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM; AND

(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

26–205.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions until retirement or withdrawal of accumulated contributions at the rate of:

(1) 4% a year, compounded annually, for a member who has transferred from the Employees' Retirement System on or before December 31, 2004; or

(2) 5% a year, compounded annually, for each other member.

(b) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO** further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(c) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(I) IS A FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM;

(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM; AND

(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

27-203.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 4% a year compounded annually, until retirement or withdrawal of the accumulated contributions.

(b) (1) This subsection applies only to an individual who becomes a member of the Judges' Retirement System on or after July 1, 2012.

(2) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO** further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(C) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(I) IS A FORMER MEMBER OF THE JUDGES' RETIREMENT SYSTEM;

(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE JUDGES' RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE JUDGES' RETIREMENT SYSTEM; AND

(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE JUDGES' RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply retroactively and shall be applied to and interpreted to provide payment of interest on an individual's contributions as a former member in one of the several systems of the State Retirement and Pension System beginning on the date the individual became a member of one of the several systems if the individual is an active member of one of the several systems on the effective date of this Act.

SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Approved by the Governor, April 24, 2023.