

SENATE BILL 481

P6

3lr1356
CF HB 424

By: **Senator Lewis Young**

Introduced and read first time: February 3, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Nonvested Accounts – Regular Interest**

3 FOR the purpose of requiring a certain rate of interest on certain member contributions in
4 an active member's nonvested account in the State Retirement and Pension System
5 if the member has not withdrawn contributions from the nonvested account and is
6 not eligible to receive a certain vested allowance; and generally relating to the
7 accrual of interest on member contributions in the State Retirement and Pension
8 System.

9 BY repealing and reenacting, with amendments,
10 Article – State Personnel and Pensions
11 Section 22–215, 23–213, 24–206, 25–204, 26–205, and 27–203
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2022 Supplement)

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

16 **Article – State Personnel and Pensions**

17 22–215.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

5 **(I) IS A FORMER MEMBER OF THE EMPLOYEES’ RETIREMENT**
6 **SYSTEM;**

7 **(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**
8 **THE EMPLOYEES’ RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS**
9 **ARTICLE;**

10 **(III) HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER**
11 **CONTRIBUTIONS FROM THE EMPLOYEES’ RETIREMENT SYSTEM; AND**

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

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

18 23–213.

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

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

26 (c) (1) In this subsection, “active member” means a member who is not
27 separated from employment with the State or a participating employer of the Employees’
28 Pension System or the Teachers’ Pension System.

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

30 (i) is a former member of the Alternate Contributory Pension
31 Selection;

32 (ii) is not eligible to receive a vested allowance from the Alternate

1 Contributory Pension Selection under Title 29, Subtitle 3 of this article;

2 (iii) has not withdrawn the individual's member contributions from
3 the Alternate Contributory Pension Selection; and

4 (iv) is an active member subject to the Reformed Contributory
5 Pension Benefit.

6 (3) An individual described in paragraph (2) of this subsection shall receive
7 regular interest at the rate described under subsection (a) of this section on the individual's
8 member contributions in the Alternate Contributory Pension Selection while the individual
9 is an active member subject to the Reformed Contributory Pension Benefit.

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

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

14 **(I) IS A FORMER MEMBER OF THE EMPLOYEES' PENSION**
15 **SYSTEM;**

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

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

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

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

26 24-206.

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

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

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

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

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

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

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

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

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

18 25–204.

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

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

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

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

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

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

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

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

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

13 26–205.

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

17 (1) 4% a year, compounded annually, for a member who has transferred
18 from the Employees' Retirement System on or before December 31, 2004; or

19 (2) 5% a year, compounded annually, for each other member.

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

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

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

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

29 **(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**
30 **THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM UNDER TITLE 29, SUBTITLE**
31 **3 OF THIS ARTICLE;**

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

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

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

10 27-203.

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

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

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

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

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

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

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

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

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

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
7 1, 2023.