

# SENATE BILL 491

P6

4lr2087  
CF HB 630

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By: **Senator Jackson (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 24, 2024

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2024

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

1 AN ACT concerning

2 **State Retirement and Pension System – Transfers of Service**

3 FOR the purpose of repealing a requirement for certain transfers of service to be calculated  
4 under a certain formula; correcting a reference to a contribution rate for transfers of  
5 service into the Law Enforcement Officers' Pension System; and generally relating  
6 to the transfer of service in the State Retirement and Pension System.

7 BY repealing and reenacting, with amendments,  
8 Article – State Personnel and Pensions  
9 Section 37–203(f) and 37–203.1(a) and (g)  
10 Annotated Code of Maryland  
11 (2015 Replacement Volume and 2023 Supplement)

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

14 **Article – State Personnel and Pensions**

15 37–203.

16 (f) (1) Except as otherwise provided in this subsection, after an individual  
17 transfers service credit to a new system under this title, the individual:

18 (i) shall pay the rate of contribution applicable to a member of the  
19 new system; and

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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 (ii) is eligible for a pension and annuity as provided under the new  
2 system, determined by taking into account the transferred service credit.

3 (2) Except as provided in § 37–204 of this subtitle, if an individual transfers  
4 from a noncontributory system to a contributory system, on retirement the individual's  
5 retirement allowance shall be reduced by the actuarial equivalent of the member  
6 contributions that would have been deducted if the individual had earned the transferred  
7 service credit under the new system, including regular interest on those contributions.

8 [(3) If an individual retires within 5 years after transferring into a new  
9 system, the benefits payable with respect to the transferred service credit may not be  
10 greater than the benefits that would have been payable by the previous system with respect  
11 to that service if the individual had remained in the previous system.]

12 37–203.1.

13 (a) (1) An individual may transfer service credit from a contributory system to  
14 the State Alternate Contributory Employees' Pension System, the State Alternate  
15 Contributory Teachers' Pension System, the State Contributory Employees' Pension  
16 System, the State Contributory Law Enforcement Officers' Pension System, the State  
17 Contributory Teachers' Pension System, the State Reformed Contributory Employees'  
18 Pension System, or the State Reformed Contributory Teachers' Pension System if, within  
19 1 year after becoming a member of the pension system, the individual:

20 (i) completes a claim for the service credit and files it with the Board  
21 of Trustees of the State Retirement and Pension System on a form that the Board of  
22 Trustees provides; and

23 (ii) deposits in the annuity savings fund of:

24 1. the Employees' Pension System or Teachers' Pension  
25 System member contributions at the rate applicable for the period of service if the member  
26 had earned the transferred service credit in the new system, including regular interest on  
27 the contributions at the rate of 5% per year compounded annually; or

28 2. the Law Enforcement Officers' Pension System member  
29 contributions at the rate [of 4% of the individual's earnable compensation while a member  
30 of the contributory system after June 30, 2000] **APPLICABLE FOR THE PERIOD OF**  
31 **SERVICE IF THE MEMBER HAD EARNED THE TRANSFERRED SERVICE CREDIT IN THE**  
32 **NEW SYSTEM**, including regular interest on the contributions at the rate of 5% per year  
33 compounded annually.

34 (2) Subject to § 414(h) of the Internal Revenue Code, the contributory  
35 system shall refund the individual's accumulated contributions in excess of the amount  
36 determined under paragraph (1) of this subsection on request.

1 (g) [(1)] Except as otherwise provided in this subsection, after an individual  
2 transfers service credit to a new system under this title, the individual:

3 [(i)] (1) shall pay the rate of contribution applicable to a member  
4 of the new system; and

5 [(ii)] (2) is eligible for a pension and annuity as provided under the  
6 new system, determined by taking into account the transferred service credit.

7 [(2) If an individual retires within 5 years after transferring into a new  
8 system, the benefits payable with respect to the transferred service credit may not be  
9 greater than the benefits that would have been payable by the previous system with respect  
10 to that service if the individual had remained in the previous system.]

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
12 1, 2024.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.