

Chapter 774

(House Bill 1033)

AN ACT concerning

**State Retirement and Pension System – Reemployment Earnings Limitations –
Maximum Average Final Compensation**

FOR the purpose of clarifying that the maximum average final compensation that certain retirees of the State Retirement and Pension System is to be based on the minimum annual salary on the standard State pay scale as of January 1 of the preceding calendar year in order to be exempt from a certain reemployment earnings limitation; adding an average final compensation reemployment exemption for the temporary suspension of a retirement allowance for disability retirees; and generally relating to the maximum average final compensation for exempting reemployment earnings limitations for retirees of the State Retirement and Pension System.

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 22–406(c)(1)(iii) and (3), 23–407(b) and (c)(1)(iii) and (3), and 29–116(a)(1)

Annotated Code of Maryland

(2024 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 22–406(c)(4)(ii), 23–407(c)(4)(i), 25–403(b)(3)(ii), 29–115(a), and 29–116(a)(2)

Annotated Code of Maryland

(2024 Replacement Volume and 2024 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

22–406.

(c) (1) Except as provided in § 22–407 of this subtitle, the Board of Trustees shall reduce the allowance of an individual who accepts employment as provided under subsection (b) of this section if:

(iii) the individual becomes reemployed within 12 months of receiving an early service retirement allowance under § 22–402 of this subtitle.

(3) A reduction of an early service retirement allowance under paragraph (1)(iii) of this subsection shall be applied only until the individual has received an allowance for 12 months.

(4) Except for an individual whose allowance is subject to a reduction as provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance under this subsection does not apply to:

(ii) an individual whose average final compensation was less than **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a permanent, temporary, or contractual basis;

23–407.

(b) Except as provided in subsection (d) of this section, an individual who is receiving a service retirement allowance or a vested allowance may accept employment with a participating employer on a permanent, temporary, or contractual basis, if:

(1) the individual immediately notifies the Board of Trustees of the individual's intention to accept this employment; and

(2) the individual specifies the compensation to be received.

(c) (1) Except as provided in § 23–408 of this subtitle, the Board of Trustees shall reduce the allowance of an individual who accepts employment as provided under subsection (b) of this section if:

(iii) the individual becomes reemployed within 12 months of receiving an early service retirement allowance or an early vested allowance computed under § 23–402 of this subtitle.

(3) A reduction of an early service retirement allowance or an early vested allowance under paragraph (1)(iii) of this subsection shall be applied only until the individual has received an allowance for 12 months.

(4) Except for an individual whose allowance is subject to a reduction as provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance under this subsection does not apply to:

(i) an individual whose average final compensation was less than **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a permanent, temporary, or contractual basis;

25–403.

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

(ii) an individual whose average final compensation was less than **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a permanent, temporary, or contractual basis;

29–115.

(a) (1) This section applies only to a disability retiree who is not eligible to receive a normal service retirement.

(2) This section does not apply to a disability retiree [who is]:

(i) **WHO IS** a retiree of:

1. the State Police Retirement System;
2. the Law Enforcement Officers' Pension System;
3. the Local Fire and Police System; or
4. the Employees' Retirement System or the Employees' Pension System, if at the time of retirement the retiree was a law enforcement officer for a participating employer under § 26–201(a) of this article; [and]

(ii) **WHO IS** reemployed by a participating employer in any position other than a probationary status law enforcement officer, a law enforcement officer, as defined in § 1–101 of the Public Safety Article, or chief; **AND**

(III) WHOSE AVERAGE FINAL COMPENSATION WAS LESS THAN THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR.

29–116.

(a) This section does not apply to a disability retiree:

(1) (i) who is a retiree of:

1. the State Police Retirement System;
2. the Law Enforcement Officers' Pension System;
3. the Local Fire and Police System; or

4. the Employees' Retirement System or the Employees' Pension System, if at the time of retirement the retiree was a law enforcement officer for a participating employer under § 26–201(a) of this article; and

(ii) who is reemployed by a participating employer in any position other than a probationary status law enforcement officer, a law enforcement officer, as defined in § 1–101 of the Public Safety Article, or chief; or

(2) (i) whose average final compensation was less than **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR**; and

(ii) who is reemployed by a participating employer.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.

Approved by the Governor, May 20, 2025.