

SENATE BILL 693

P6

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CF 5l2232

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

Introduced and read first time: January 26, 2025

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

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

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

12 BY repealing and reenacting, without amendments,

13 Article – State Personnel and Pensions

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

15 Annotated Code of Maryland

16 (2024 Replacement Volume and 2024 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – State Personnel and Pensions

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

20 Annotated Code of Maryland

21 (2024 Replacement Volume and 2024 Supplement)

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

24 **Article – State Personnel and Pensions**

25 22–406.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

12 (ii) an individual whose average final compensation was less than
13 **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS**
14 **OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a
15 permanent, temporary, or contractual basis;

16 23–407.

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

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

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

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

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

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

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

1 (i) an individual whose average final compensation was less than
2 **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS**
3 **OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a
4 permanent, temporary, or contractual basis;

5 25-403.

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

7 (ii) an individual whose average final compensation was less than
8 **[\$25,000] THE MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS**
9 **OF JANUARY 1 OF THE PRECEDING CALENDAR YEAR** and who is reemployed on a
10 permanent, temporary, or contractual basis;

11 29-115.

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

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

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

16 1. the State Police Retirement System;

17 2. the Law Enforcement Officers' Pension System;

18 3. the Local Fire and Police System; or

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

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

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

28 29-116.

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

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

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- 1 1. the State Police Retirement System;
- 2 2. the Law Enforcement Officers' Pension System;
- 3 3. the Local Fire and Police System; or
- 4 4. the Employees' Retirement System or the Employees'
- 5 Pension System, if at the time of retirement the retiree was a law enforcement officer for a
- 6 participating employer under § 26–201(a) of this article; and
- 7 (ii) who is reemployed by a participating employer in any position
- 8 other than a probationary status law enforcement officer, a law enforcement officer, as
- 9 defined in § 1–101 of the Public Safety Article, or chief; or
- 10 (2) (i) whose average final compensation was less than **[\$25,000] THE**
- 11 **MINIMUM ANNUAL SALARY ON THE STANDARD STATE PAY SCALE AS OF JANUARY 1**
- 12 **OF THE PRECEDING CALENDAR YEAR; and**
- 13 (ii) who is reemployed by a participating employer.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2025.