



# MARYLAND STATE & D.C. AFL-CIO

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**Donna S. Edwards**

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**HB 424 - State Retirement and Pension System - Nonvested Accounts - Regular Interest  
House Appropriations Committee  
February 14, 2023**

**SUPPORT**

**Donna S. Edwards  
President**

**Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 424. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

HB 424 allows state employees that start a new job outside of their original pension system to continue accruing interest on their non-vested state retirement plans.

If a state worker transfers from one position in a state pension system to another, before they become fully vested, they are not allowed under IRS regulations to take out that money while they are still working. State rules currently prohibit refunds on old contributions effectively meaning this money is stuck. HB 424 allows employees to earn interest on this money until the employee quits working. The current system delays employees retirement, especially those late in their career, if they happen to switch pension systems before reaching the vesting requirements.

HB 424 is an issue of fairness and we seek a favorable report.