

HB312 SPONSOR Testimony SIMPSON FINAL 03 18 2026.p

Uploaded by: Karen Simpson

Position: FAV

KAREN SIMPSON
Legislative District 3
Frederick County

Judiciary Committee
Chair
Family Law Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 221
Annapolis, Maryland 21401
410-841-3436
800-492-7122 Ext. 3436
Karen.Simpson@house.maryland.gov

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB312 - Correctional Officers' Retirement System - Redeposit of Accumulated Contributions - Alterations

Hearing on 3/18/2026 at 1:00pm

To: Chair Barnes, Vice Chair Kaiser, and Members of the Appropriations Committee,

HB 312 – Correctional Officers’ Retirement System – Redeposit of Accumulated Contributions – Alterations provides members of the Correctional Officers’ Retirement System the ability to redeposit into their CORS account previously withdrawn accumulated contributions plus interest to the date of the redeposit to restore previously earned service credit from the Employees’ Pension System into their Correctional Officers account.

As intended by the Maryland General Assembly in 2014, 2015, 2016, 2017, 2018, and 2022, multiple positions in the Employees and Teachers retirement and pension system were legislatively transferred into CORS to reward them with a higher benefit, earlier retirement date, and discounted contributions rate.

HB312/SB239 was drafted because the Retirement Agency referred my constituent, Ms. Katherine Parron to her representatives for a legislative fix because the law does *not* currently permit her to purchase or redeposit her prior 7.5 years of service credit she earned as a parole and probation agent.

HB312/SB239 amends State Pensions § 25-304 because Ms. Parron would have been eligible to redeposit the withdrawn contributions plus interest if she had not been legislatively transferred to CORS.

When HB312/SB239 passes, Ms. Parron and others in a similar situation will greatly appreciate your role in their ability to redeposit the funds that they would have been able to redeposit had they not been legislatively transferred.

Please note that the Agency has the funds the State paid for Ms. Parron. They were not returned when the Agency refunded her contributions.

The intention of HB312/SB239 as drafted is in the spirit of the CORS transfers. HB312/SB239 restores Ms. Parron's eligibility to redeposit withdrawn contributions plus interest as if she had not been legislatively transferred to CORS.

We want her and the few others in a similar situation to be able to do the same because it is what they could have done if they were not transferred. It restores the benefits of the transfer.

The State needs Correctional Officers. EPS/TRS members were transferred because it is a better benefit.

For these reasons, I respectfully urge a favorable report on HB 312.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Karen Simpson".

Delegate Karen Simpson – District 3 – Frederick

HB0312 Maryland State Retirement Agency email 12.1

Uploaded by: Katherine Parron

Position: FAV



STATE RETIREMENT AGENCY
120 East Baltimore Street
Baltimore, MD 21202-6700

MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

410-625-5555 • 1-800-492-5909
TTY Users: call via Maryland Relay
sra.maryland.gov

December 17, 2024

KATHERINE PARRON
9261 RIDGEFIELD CIR
FREDERICK, MD 21701

Dear Ms. Parron:

Thank you for contacting the Maryland State Retirement Agency. We are responding to your request for information about your request to purchase previous service.

A review of your record reveals that you had 7 years and 5 months (89 months) of previous creditable service as a member of the pre-7/1/2011 Employees' Pension System. At resignation, this prior service was withdrawn effective 8/31/2012.

Effective 11/1/2012, you were enrolled anew as a member of the post-7/1/2011 Reformed Employees' Pension System when you accepted new employment.

During the 2018 Legislative Session, your job classification was moved from the Reformed Employees' Pension System (EPS) to the Reformed Correctional Officers' Retirement System (CORS) effective 7/1/2017 by enacted legislation.

All EPS service earned from 11/1/2012 to 7/1/2017 was transferred from the EPS plan to the CORS plan in accordance with §37 of the State Personnel and Pensions Article of the Maryland Annotated Code.

Purchase provisions pertaining to *State Redeposits* only apply if the member is redepositing member contributions and interest in the *same* System from which the member previously withdrew. Since the CORS plan and the EPS plan are different Systems under the law, redeposit rules do not apply.

Furthermore, our retirement administrator has determined that under current Maryland retirement law, this withdrawn service *is not* purchasable because the purchase provisions under the CORS plan do not permit CORS participants to purchase prior service withdrawn from the EPS plan.

While the State Retirement Agency cannot guarantee changes, we recommend contacting your elected officials in the Maryland General Assembly to propose modifications to the *purchase rules under the CORS plan* to allow this type of purchase in the future.

Alternatively, if you accept new employment in a position requiring EPS enrollment and change jobs/Systems with no break (i.e., within 30-days), you can transfer the CORS service to the EPS plan within one year (12-months) of EPS enrollment in accordance with §37 transfer rules. You can also then redeposit the previously withdrawn EPS contributions with interest to obtain credit for the pre-8/31/2012 EPS service on the active Reformed EPS account.

KATHERINE PARRON
December 17, 2024
PAGE 2

However, benefit formulas and retirement eligibility rules for the respective Systems differ and these rules should be considered as well. Eligibility for retirement under the CORS plan is Age 55 or 20 years of service regardless of age. Eligibility under the Reformed EPS plan for normal service retirement is age 65 or the Rule of 90 (age and eligibility service must total 90); reduced benefits for early retirement are available at age 60 for EPS members with at least 15 years of eligibility service. For more, see the benefits handbooks for these Systems on our website at: <https://sra.maryland.gov/member-benefit-handbooks>

So, transferring from the CORS plan to EPS plan may result in a desired change in work environment but you will be required to wait longer than originally anticipated to commence payment of your retirement benefit.

While this may not have been the answer you were seeking, hopefully it provides clarification on this complex matter.

If we can be of further assistance, please contact us at 410-625-5555 or 1-800-492-5909.

Sincerely,

Shane Brown

Shane Brown
Deputy Director, Member Services

998

HB0312 Testimony Parron.pdf

Uploaded by: Katherine Parron

Position: FAV

For the record, my name is Katherine Elizabeth Parron and I am asking the committee for a favorable report on HB312. I began my career with the Division of Parole & Probation in 2004 as a field agent. I had a brief disruption of my employment in 2012 for a period of four months and was reinstated that same year as a field agent.

After the murder of Agent Davis Martinez in 2024 during a home-contact, I started the process of my retirement. I attempted to purchase my prior state service time from 2004 through 2012 (Form 26). During the multitude of calls I made to SRPS, I would be given different directives on what the process would look like and what form I needed to complete. I was even given verbal retirement dates of December of 2024 and July of 2025. Going back and forth with the different SRPS representatives was stressful, beyond words. During this time and the influx of changes within the Division I was reassigned from Headquarters to the Field. I had been working on a special project involving Domestic/Intimate Partner Violence Initiative, but the Division determined that was no longer a focus, thus I was reassigned as a Field Supervisor.

On December 17, 2024, I received a phone call, as well as a written document from SRPS Deputy Director, Mr. Shane Brown. He stated that they had their legal department look at my request and there were no bylaws for accepting it, since I had a four month break of state service, before I was reinstated. SRPS lead me to believe that I was going to be able to retire after I purchased the eight years back after the submission of the Form 26. Mr. Brown said if I could get Legislation to add a line about the discrepancy in the January hearing I would then be able to purchase the time back. He said if I moved to another state job that was not under CORs, I would have no problem buying the time back.

Mr. Brown went on to say that when the Division of Parole & Probation moved to CORs, there were way too many situations for the bill to cover every loophole. He told me to reach out to my congressperson or union for assistance.

I do not want to lose my service time within the State, and I should have been able to retire in December of 2024. If I am unable to buy back my service time, I will have to work for the Division of Parole & Probation until 2032. Even then, it would not reflect the true about of time of 28 years that I worked, but only 20. At one time I was very proud of my association with the Division, but with the handling of everything these past years, I am not.

Sincerely,

A handwritten signature in black ink that reads "Katherine Elizabeth Parron". The signature is written in a cursive, flowing style.

Katherine Elizabeth Parron

HB312 Correctional Officers' Retirement System Re

Uploaded by: Anne Gawthrop

Position: UNF



**Testimony in Opposition to House Bill 312
Correctional Officers' Retirement System – Redeposit of Accumulated Contributions - Alterations**

**House Appropriations Committee
March 18, 2026
1:00 P.M.**

**Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency**

The Board of Trustees for the State Retirement and Pension System (System) wishes to express its opposition to House Bill 312, Correctional Officers' Retirement System – Redeposit of Accumulated Contributions - Alterations. House Bill 312 would allow a member of the Correctional Officers' Retirement System (CORS) who previously terminated membership in the Employees' Pension System or Teachers' Pension System (EPS or TPS) and withdrew their member contributions from the EPS or TPS, to now deposit the withdrawn member contributions with regular interest in the CORS. After depositing the EPS or TPS member contributions with regular interest in the CORS, the member will receive CORS service credit for the previously earned EPS or TPS service.

The provisions of the State Personnel and Pensions Article provide that the member contribution rate in the CORS is 5%. The EPS and TPS member contribution rates range from 0% to 7%, depending on when a member enrolled in either plan. With these provisions of the CORS, EPS, and TPS in mind, we believe it would be helpful for the Committee to appreciate our concern that this legislation inequitably treats similarly situated members of CORS if we provided two examples of its potential impact. The first example would involve an active member of the CORS who had previously withdrawn EPS member contributions for service earned from 2000 through 2004. For those four years of service, the EPS member contribution rate was 2%. The provisions of House Bill 312 would allow this CORS member to now deposit their 2% EPS member contributions, with interest, and receive four years of CORS service. However, as previously noted above, the CORS member contribution rate for this same period of time was 5%. Under the provisions of House Bill 312, the CORS member in this example would receive four years of service credit paying 60% *less* in member contributions than all other CORS members who had earned their service in the CORS (2% member contribution rate vs. 5% member contribution rate). Moreover, House Bill 312 does not require that a deficiency be assessed on these accounts where the deposited member contributions were made at a rate less than 5%. This would result in a slight increase in the CORS employer contribution rate.

The second example we would like to provide would involve an active member of the CORS who had previously withdrawn EPS member contributions for service earned from 2012 through 2016. At that time, for those four years of service, the EPS member contribution rate was 7%. Again, under the provisions of House Bill 312, this member would be eligible to deposit their 7% EPS member contributions, with interest, and receive four years of CORS service. For members of the CORS who had earned all of their service in the CORS for this same period of time, their member contribution rate is 5%.

BOARD OF TRUSTEES

Dereck E. Davis, *Chair*
Jamaal R. A. Craddock
Ayana K. English-Brown
Sheila Hill

Charles Hopkins
Richard E. Norman
Mia N. Pittman

Vickrant Puri
Vernon A. Reid, Jr.
Michelle RhodesBrown

Brooke Lierman, *Vice-Chair*
Tarrus Richardson
Robert F. Sandlass, Jr.
Yaakov "Jake" Weissmann

Jonathan D. Martin, *Acting Executive Director*

However, unlike the previous example, in this case the CORS member depositing their EPS member contributions would receive four years of service credit paying 40% *more* in member contributions than all other CORS members who had earned all of their service in the CORS for this same period of time (7% member contribution rate vs. 5% member contribution rate). Under the provisions of the bill, these excess funds would not be returned to the member at the time of their retirement.

The provisions of House Bill 312 are counter to the provisions of the numerous bills over the past 10 years that have moved various groups from the EPS into the CORS. Each of these bills provide that an employee being moved into the CORS may transfer their EPS service into the CORS. Title 37 of the State Personnel and Pensions Article provides that if upon transferring service credit from one State or local retirement or pension system to another, member contributions that would have been made in the new system for the service being transferred are more than the member contributions that were actually made in the old system, the member's account will be assessed a deficiency that will accrue interest and be applied to the member's retirement allowance. If the difference between the member contributions that would have been made in the new system for the service being transferred are less than the member contributions that were actually made in the old system, the member's account will be assessed a surplus that will accrue interest and be returned to the member at the time they cease employment with a participating employer.

As discussed above, House Bill 312 does not provide for either deficiencies or surpluses once the member deposits their withdrawn member contributions with interest. As a result, the Agency is concerned that this bill would create an incentive for any member who is moving from the EPS or TPS into the CORS and who would otherwise have a deficiency assessed on their account if they transferred their service under Title 37, to now opt to withdraw their EPS and TPS member contributions and deposit them into the CORS under House Bill 312. This would provide them with their EPS and TPS service being moved into the CORS at a discounted rate.

It is also important to understand that CORS, EPS and TPS were each established as separate qualified governmental defined benefit plans pursuant to §§ 401(a) and 414(d) of the Internal Revenue Code. This bill does not provide for the transfer of the employer contributions associated with the member's service in the EPS or TPS to the CORS. For local employers participating in CORS, the basic employer contribution rate for EPS for FY 2027 is 9.99% while the employer contribution rate for CORS is 19.16%, and the funded ratio for EPS is 80.24% while the funded ratio for CORS is 73.95%. We note that allowing a member of CORS who works for a participating governmental unit to receive additional service credit in CORS by depositing withdrawn EPS or TPS member contributions, without addressing missing employer contributions needed to fund the additional benefits that would become due from CORS, could exacerbate the funding shortfall in CORS and further increase employer rates for participating governmental units who have opted to enroll their correctional officers in CORS.

In light of the inequities House Bill 312 would create among different CORS members, we are concerned that, without a reasonable basis for this differing treatment, this legislation would result in System operations that are inconsistent with the fiduciary duty of loyalty. The Committee should note that embedded in the Board's fiduciary duty of loyalty is also the duty of impartiality. The duty of impartiality is described in Section 7 of the Uniform Management of Public Employee Retirement Systems Act (UMPERSA). The Comment to Section 7 explains:

The duty of impartiality...derives from the duty of loyalty. A fiduciary for a retirement system owes a duty of loyalty to all participants and beneficiaries; respecting that duty requires the fiduciary to be impartial among any differing interests of participants and beneficiaries. The duty is well-recognized in trust law. Restatement of Trusts 2d §§ 183, 232; Uniform Prudent Investor Act § 6.

Differing interests are inevitable in the retirement system setting. Differences can arise between retirees and working members, young members and old, long- and short-term employees, and other groupings of those with interests in the retirement system. The duty of impartiality does not mean that fiduciaries must accommodate such interests according to some notion of absolute equality. ***The duty of impartiality permits a fiduciary to favor the interests of one group of participants and beneficiaries over another in particular circumstances, but requires that such decisions be made carefully and after weighing the differing interests.***

We have reviewed the provisions of House Bill 312 and considered this legislation in its context to existing provisions of the State Personnel and Pensions Article regarding transfers of service credit. Following this review, we are unable to find a reasonable justification for providing certain members of the CORS with the eligibility to receive service credit in the CORS at a lower member contribution than all other members are required to pay and not assessed any deficiency for this lower cost when all other similar transfer provisions require that a deficiency be assessed. Additionally, we are also unable to find a reasonable justification for providing that certain CORS members would be required to deposit member contributions greater than all other CORS members for certain service credit and not receive a return of these excess contributions. Without a reasonable justification for either of these scenarios, we believe that implementation of the bill would be at odds with the duty of impartiality.

We appreciate being given the opportunity to raise these issues with the Committee and stand ready to provide any further information or services the Committee might request regarding House Bill 312.