

HOUSE BILL 744

P6

2lr1811
CF SB 502

By: **Delegate Lierman (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2022

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: February 25, 2022

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Administration – Clarifications and**
3 **Corrections**

4 FOR the purpose of clarifying that certain elected trustees be active members of certain
5 systems; clarifying that certain State Retirement and Pension System trustee
6 elections limit voting to individuals who are active members of certain systems;
7 clarifying the survivor benefit for certain beneficiaries of certain retirees of the State
8 Police Retirement System; clarifying that certain individuals who are retirees of the
9 Correctional Officers' Retirement System are exempt from a certain earnings offset
10 under certain circumstances if the individuals are reemployed as parole and
11 probation employees; repealing certain obsolete provisions of law that authorize the
12 purchase of certain service credit in the Judges' Retirement System; requiring the
13 Board of Trustees for the State Retirement and Pension System to accept certain
14 applications for retirement; requiring service credit for certain members of the
15 Employees' Pension System to be transferred to the Correctional Officers'
16 Retirement System; and generally relating to the administration of the State
17 Retirement and Pension System.

18 BY repealing and reenacting, with amendments,
19 Article – State Personnel and Pensions
20 Section 21–104(a)(4)(i), (iii), and (v) and (b)(1), 24–401.1(j)(2), 25–403(b), and
21 27–301
22 Annotated Code of Maryland
23 (2015 Replacement Volume and 2021 Supplement)

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 BY repealing and reenacting, without amendments,
2 Article – State Personnel and Pensions
3 Section 24–403
4 Annotated Code of Maryland
5 (2015 Replacement Volume and 2021 Supplement)

6 BY repealing
7 Article – State Personnel and Pensions
8 Section 27–304
9 Annotated Code of Maryland
10 (2015 Replacement Volume and 2021 Supplement)

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

13 **Article – State Personnel and Pensions**

14 21–104.

15 (a) The Board of Trustees consists of the following 15 trustees:

16 (4) 12 trustees elected or appointed as follows:

17 (i) one trustee who is [a] AN ACTIVE member of the Correctional
18 Officers' Retirement System, the Employees' Pension System, the Employees' Retirement
19 System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and
20 Police System, or the Law Enforcement Officers' Pension Plan, who shall be elected as
21 provided in subsection (b) of this section and may not be an employee of the State
22 Retirement Agency;

23 (iii) one trustee who is [a] AN ACTIVE member of the Teachers'
24 Pension System or the Teachers' Retirement System, who shall be elected as provided in
25 subsection (b) of this section and may not be an employee of the State Retirement Agency;

26 (v) one trustee who is either [a] AN ACTIVE member or retiree of the
27 State Police Retirement System, who shall be elected as provided in subsection (b) of this
28 section and may not be an employee of the State Retirement Agency;

29 (b) (1) (i) The trustees who are members or retirees of the Correctional
30 Officers' Retirement System, the Employees' Pension System, the Employees' Retirement
31 System, the Judges' Retirement System, the Legislative Pension Plan, the Local Fire and
32 Police System, or the Law Enforcement Officers' Pension Plan shall be elected by the
33 ACTIVE members and the retirees of those State systems.

34 (ii) The trustees who are members or retirees of the Teachers'
35 Pension System or the Teachers' Retirement System shall be elected by the ACTIVE
36 members and the retirees of those State systems.

1 (iii) The trustee who is a member or retiree of the State Police
2 Retirement System shall be elected by the **ACTIVE** members and the retirees of that State
3 system.

4 (iv) The elections shall be conducted under regulations that the
5 Board of Trustees adopts.

6 24-401.1.

7 (j) (2) If a DROP member dies before termination of the DROP member's
8 participation in the DROP, the Board of Trustees shall pay [50% of the normal service
9 retirement allowance, including the cost-of-living adjustments as provided in §§ 29-401
10 through 29-403 and 29-408 of this article,] **THE SURVIVOR BENEFIT** to the beneficiary as
11 provided in § 24-403 of this subtitle.

12 24-403.

13 (a) This section applies only to a retiree who has retired with a service retirement
14 allowance or a disability retirement allowance or a former member who has retired with a
15 deferred vested allowance.

16 (b) On the death of a retiree or former member, the Board of Trustees shall pay
17 80% of the retiree's retirement allowance:

18 (1) to the surviving spouse; or

19 (2) if there is no surviving spouse or if the surviving spouse dies, to any
20 children of the deceased retiree who are under 18 years of age or disabled, as defined under
21 § 72(m)(7) of the Internal Revenue Code, in accordance with subsection (c) of this section.

22 (c) (1) Except as provided in paragraphs (2) and (3) of this subsection, if the
23 Board of Trustees pays an allowance to more than one child, the Board of Trustees shall
24 divide the allowance among the children in a manner that provides for payments to
25 continue until:

26 (i) each child has died; or

27 (ii) each child becomes 18 years old.

28 (2) Notwithstanding paragraph (1)(ii) of this subsection, a surviving child
29 who is disabled shall continue to receive an allowance under paragraph (1) of this
30 subsection past the age of 18 years, if the child continues to be disabled.

31 (3) (i) If a surviving child receiving an allowance under paragraph (1)
32 of this subsection is disabled, as defined under § 72(m)(7) of the Internal Revenue Code, the

1 Board of Trustees shall pay to the disabled surviving child an allowance equal to the total
2 of the allowances paid under paragraph (1) of this subsection after:

- 3 1. all other nondisabled surviving children have died; or
- 4 2. the youngest nondisabled surviving child becomes 18
5 years old.

6 (ii) If more than one surviving child is disabled, as defined under §
7 72(m)(7) of the Internal Revenue Code, the allowance payable under this paragraph shall
8 be divided equally among the disabled children.

9 25–403.

10 (b) (1) The Board of Trustees shall reduce the allowance of an individual who
11 accepts employment as provided under subsection (a) of this section if:

12 (i) the individual's current employer is a participating employer
13 other than the State and is the same participating employer that employed the individual
14 at the time of the individual's last separation from employment with a participating
15 employer before the individual commenced receiving a service retirement allowance or
16 vested allowance; or

17 (ii) the individual's current employer is any unit of State government
18 and the individual's employer at the time of the individual's last separation from
19 employment with the State before the individual commenced receiving a service retirement
20 allowance or vested allowance was also a unit of State government.

21 (2) (i) Subject to subparagraphs (ii) and (iii) of this paragraph, the
22 reduction under paragraph (1) of this subsection shall equal the amount by which the sum
23 of the individual's initial annual basic allowance and the individual's annual compensation
24 exceeds the average final compensation used to compute the basic allowance.

25 (ii) Any reduction taken under this subsection may not reduce the
26 retiree's allowance to an amount less than the required deduction for:

27 1. if the retiree retired from any unit of State government,
28 the retiree's monthly State–approved medical insurance premiums; or

29 2. if the retiree retired from a participating employer other
30 than the State, the approved monthly medical insurance premiums required by the
31 participating employer that employed the retiree at the time of the retiree's retirement.

32 (iii) The Board of Trustees shall recover from the retiree any
33 difference between the reduction required under subparagraph (i) of this paragraph and
34 the reduction taken under subparagraph (ii) of this paragraph.

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

2 (i) an individual who has been retired for 5 years, beginning on
3 January 1, after the date the individual retires;

4 (ii) an individual whose average final compensation was less than
5 \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;

6 (iii) an individual who is serving in an elected position as an official
7 of a participating governmental unit or as a constitutional officer for a county that is a
8 participating governmental unit; [or]

9 (iv) a retiree of the Correctional Officers' Retirement System who is
10 reemployed on a contractual basis for not more than 4 years by the Division of Corrections,
11 the Division of Pretrial Detention and Services, or the Patuxent Institution in the
12 Department of Public Safety and Correctional Services as a correctional officer in a
13 correctional facility defined in § 1-101 of the Correctional Services Article; **OR**

14 **(V) A RETIREE OF THE CORRECTIONAL OFFICERS'**
15 **RETIREMENT SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS FOR NOT**
16 **MORE THAN 4 YEARS AS A PAROLE AND PROBATION EMPLOYEE IN A POSITION**
17 **AUTHORIZED UNDER TITLE 6, SUBTITLE 1 OF THE CORRECTIONAL SERVICES**
18 **ARTICLE.**

19 27-301.

20 A member is entitled to service credit:

21 (1) for service as a member;

22 (2) regained under § 27-302 of this subtitle by a member who redeposits
23 accumulated contributions previously withdrawn;

24 (3) for prior service as provided in § 27-303 of this subtitle; **OR**

25 (4) for military service as provided in Title 38 of this article[; or

26 (5) purchased under § 27-304 of this subtitle].

27 [27-304.

28 (a) A member may purchase service credit as provided in subsection (b) of this
29 section for periods of service described in subsection (c) of this section for which the member
30 is not otherwise entitled to service credit.

31 (b) (1) To purchase service credit under this section, a member must:

1 (i) complete a claim for the service credit and file it with the Board
2 of Trustees on the form that the Board of Trustees provides; and

3 (ii) pay to the Board of Trustees in a single payment 6% of the
4 amount received in compensation for that full-time service plus regular interest to the date
5 of payment.

6 (2) A member may pay for service credit purchased under this section at
7 any time before retirement.

8 (c) A member may purchase service credit for prior service as:

9 (1) a full-time magistrate in chancery or magistrate in juvenile causes on
10 or before June 30, 1975; or

11 (2) a member of the State Workers' Compensation Commission on or before
12 June 30, 1977.

13 (d) Service credit that is purchased under this section may not be used as service
14 credit in another retirement or pension system of the State or a political subdivision of the
15 State.]

16 SECTION 2. AND BE IT FURTHER ENACTED, That:

17 (a) This section applies to an Application for Retirement submitted to the State
18 Retirement and Pension System by an individual who:

19 (1) on or after October 1, 1979, enrolled as a member of the Employees'
20 Retirement System;

21 (2) on or after August 1, 1984, transferred from the Employees' Retirement
22 System to the Non-Contributory Pension System tier of the Employees' Pension System of
23 the State Retirement and Pension System;

24 (3) on or after April 27, 2021, submitted an Application for Service or
25 Disability Retirement to the State Retirement and Pension System that the System
26 determined was not properly notarized;

27 (4) died on or after May 1, 2021, but before May 31, 2021; and

28 (5) as a result of the timing of the individual's death, did not have an
29 opportunity to submit a retirement application that was properly notarized.

30 (b) An application described in subsection (a) of this section shall be accepted by
31 the Board of Trustees for the State Retirement and Pension System.

1 2. at the time the individual applied for disability did not
 2 have 5 years of eligibility service in the Correctional Officers' Retirement System.

3 (b) On or after June 1, 2022, for an individual described in subsection (a) of this
 4 section, the Board of Trustees for the State Retirement and Pension System shall transfer
 5 all service credit accrued by the individual in the Employees' Pension System to the
 6 Correctional Officers' Retirement System.

7 (c) (1) Except as provided in paragraph (2) of this subsection, after the Board
 8 of Trustees transfers the individual's service credit under subsection (b) of this section, the
 9 individual shall deposit in the annuity savings fund of the Correctional Officers' Retirement
 10 System the sum of:

11 (i) the total accumulated contributions to the individual's credit in
 12 the annuity savings fund of the Employees' Pension System; and

13 (ii) the difference, if any, between the member contributions at the
 14 rate provided for in the Correctional Officers' Retirement System, including interest on
 15 those contributions, and the total accumulated contributions to the individual's credit in
 16 the annuity savings fund of the Employees' Pension System.

17 (2) On retirement from the Correctional Officers' Retirement System, the
 18 individual's retirement allowance shall be reduced, in accordance with § 21-312 of the State
 19 Personnel and Pensions Article, by the actuarial equivalent of the amounts determined
 20 under paragraph (1)(ii) of this subsection if the member elects not to deposit those amounts
 21 in the annuity savings fund of the Correctional Officers' Retirement System.

22 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
 23 June 1, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.