

SENATE BILL 353

K4

7lr1430
CF HB 304

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

Introduced and read first time: January 25, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2017

CHAPTER _____

1 AN ACT concerning

2 **Optional Retirement Program – Annuity Contracts – Employee Rights**

3 FOR the purpose of repealing a certain requirement that annuity contracts purchased
4 under the optional retirement program shall be issued to and become the property
5 of certain employees; clarifying that, in accordance with the Internal Revenue Code,
6 the rights of certain employees who purchase annuity contracts under the program
7 are fully vested and not subject to forfeit; authorizing the Board of Trustees for the
8 State Retirement and Pension System to transfer existing balances of participating
9 employees in the optional retirement program to a new annuity contract under
10 certain circumstances; authorizing a participating employee in the optional
11 retirement program to select certain annuity contracts for the transfer of existing
12 balances; establishing that, under certain circumstances, a certain election is
13 deemed to have been made by a participating employee in the optional retirement
14 program; and generally relating to the rights of employees to annuity contracts
15 purchased under the optional retirement program.

16 BY repealing and reenacting, without amendments,
17 Article – State Personnel and Pensions
18 Section 30–101(a), (b), (d), (f), and (h)
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2016 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – State Personnel and Pensions
23 Section 30–206 and 30–208

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 Annotated Code of Maryland
2 (2015 Replacement Volume and 2016 Supplement)

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

5 **Article – State Personnel and Pensions**

6 30–101.

7 (a) In this title the following words have the meanings indicated.

8 (b) (1) “Annuity contract” means a fixed or variable annuity contract or
9 combination of fixed or variable annuity contracts authorized under § 403(a) or (b) of the
10 Internal Revenue Code.

11 (2) “Annuity contract” includes a custodial account to be invested in
12 regulated investment company stock as provided in § 401(f) or § 403(b)(7) of the Internal
13 Revenue Code.

14 (d) “Eligible employee” means an individual eligible to participate in the program.

15 (f) “Participating employee” means an eligible employee who elects to participate
16 in the program.

17 (h) “Program” means the optional retirement program established under §
18 30–201 of this title.

19 30–206.

20 ~~[Annuity] IN ACCORDANCE WITH THE INTERNAL REVENUE CODE, THE RIGHTS~~
21 ~~OF PARTICIPATING EMPLOYEES TO ANNUITY contracts purchased under the program~~
22 ~~[shall be issued to and become the property of the participating employees] ARE NOT~~
23 ~~SUBJECT TO FORFEIT.~~

24 IN ACCORDANCE WITH § 403(B) OF THE INTERNAL REVENUE CODE, A
25 PARTICIPATING EMPLOYEE’S RIGHTS TO BENEFITS UNDER AN ANNUITY CONTRACT
26 PURCHASED UNDER THE PROGRAM SHALL BE FULLY VESTED AND
27 NONFORFEITABLE.

28 30–208.

29 (a) Every 3 years the Board of Trustees shall review the performance, form, and
30 contents of the annuity contracts offered under the program.

31 (b) After a review under subsection (a) of this section, the Board of Trustees may:

1 (1) eliminate a designated company from participation in the program; or

2 (2) withdraw approval for a type of annuity contract offered by a
 3 designated company under the program.

4 (c) **(1)** If a designated company is eliminated from the program or approval for
 5 a type of annuity contract is withdrawn, [:

6 (1)] the Board of Trustees:

7 **(I)** TO THE EXTENT PERMITTED UNDER AN ANNUITY
 8 CONTRACT, MAY DIRECT THE TRANSFER OF EXISTING BALANCES OF PARTICIPATING
 9 EMPLOYEES TO A NEW ANNUITY CONTRACT; AND

10 **(II)** shall give [the relevant] participating employees an opportunity
 11 to select an annuity contract WITH A DESIGNATED COMPANY for future contributions
 12 AND EXISTING BALANCES SUBJECT TO TRANSFER under the [program; and]
 13 PROGRAM, IN ACCORDANCE WITH SUBPARAGRAPH (I) OF THIS PARAGRAPH.

14 (2) **[if] IF** a participating employee does not make a [change] SELECTION
 15 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION within a period specified by the Board
 16 of Trustees, the participating employee shall be deemed to have elected for future
 17 contributions AND EXISTING BALANCES SUBJECT TO TRANSFER an annuity contract
 18 and a designated company specified by the Board of Trustees.

19 (d) All eligible employees shall have access to the information compiled for the
 20 purpose of conducting the review required under this section and shall be notified of the
 21 availability of the information by the Board of Trustees.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 23 1, 2017.

Approved:

_____ Governor.

_____ President of the Senate.

_____ Speaker of the House of Delegates.