

SENATE BILL 809

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CF HB 942

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

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2020

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Reemployment Earnings Offset –**
3 **Clarification**

4 FOR the purpose of clarifying certain provisions of law pertaining to a certain
5 reemployment earnings offset of a retirement allowance for certain retirees of the
6 State Retirement and Pension System that are reemployed in certain positions; and
7 generally relating to clarifying certain provisions of law pertaining to a
8 reemployment earnings offset for certain retirees of the State Retirement and
9 Pension System.

10 BY repealing and reenacting, with amendments,
11 Article – State Personnel and Pensions
12 Section 22–406(c)(2)(i) and (iii), 23–407(c)(2)(i) and (iii), 24–405(c)(4), 25–403(b)(2),
13 and 27–406(d)
14 Annotated Code of Maryland
15 (2015 Replacement Volume and 2019 Supplement)

16 BY adding to
17 Article – State Personnel and Pensions
18 Section 22–406(c)(2)(iv) and 23–407(c)(2)(iv)
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2019 Supplement)

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

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 **Article – State Personnel and Pensions**

2 22–406.

3 (c) (2) (i) Except as provided in subparagraph (ii) of this paragraph and
 4 subject to [subparagraph (iii)] **SUBPARAGRAPHS (III) AND (IV)** of this paragraph, the
 5 reduction required under paragraph (1) of this subsection shall equal:

6 1. the amount by which the sum of the individual’s initial
 7 annual basic allowance and the individual’s annual compensation exceeds the average final
 8 compensation used to compute the basic allowance; or

9 2. for a retiree who retired under the Workforce Reduction
 10 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree’s annual
 11 compensation and the retiree’s annual basic allowance at the time of retirement, including
 12 the incentive provided by the Workforce Reduction Act, exceeds the average final
 13 compensation used to compute the basic allowance.

14 (iii) [1.] Any reduction taken [to a retiree’s allowance] under this
 15 subsection may not [exceed an amount that would reduce the retiree’s allowance to less
 16 than what is required to be deducted] **REDUCE THE RETIREE’S ALLOWANCE TO AN**
 17 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

18 [A.] 1. if the retiree retired from any unit of State
 19 government, the retiree’s monthly State–approved medical insurance premiums; or

20 [B.] 2. if the retiree retired from a participating employer
 21 other than the State, the approved monthly medical insurance premiums required by the
 22 participating employer that employed the retiree at the time of the retiree’s retirement.

23 [2. If a reduction for a calendar year taken under
 24 subparagraph 1 of this subparagraph is less than the reduction required under
 25 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
 26 amount equal to the reduction required under subparagraph (i) of this paragraph less the
 27 reduction taken under subparagraph 1 of this subparagraph.]

28 **(IV) THE BOARD OF TRUSTEES SHALL RECOVER FROM THE**
 29 **RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER**
 30 **SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE REDUCTION TAKEN UNDER**
 31 **SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

32 23–407.

1 (c) (2) (i) Except as provided in subparagraph (ii) of this paragraph and
2 subject to [subparagraph (iii)] **SUBPARAGRAPHS (III) AND (IV)** of this paragraph, the
3 reduction required under paragraph (1) of this subsection shall equal:

4 1. the amount by which the sum of the individual's initial
5 annual basic allowance and the individual's annual compensation exceeds the average final
6 compensation used to compute the basic allowance; or

7 2. for a retiree who retired under the Workforce Reduction
8 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
9 compensation and the retiree's annual basic allowance at the time of retirement, including
10 the incentive provided by the Workforce Reduction Act, exceeds the average final
11 compensation used to compute the basic allowance.

12 (iii) [1.] Any reduction taken [to a retiree's allowance] under this
13 subsection may not [exceed an amount that would reduce the retiree's allowance to less
14 than what is required to be deducted] **REDUCE THE RETIREE'S ALLOWANCE TO AN**
15 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

16 [A.] 1. if the retiree retired from any unit of State
17 government, the retiree's monthly State-approved medical insurance premiums; or

18 [B.] 2. if the retiree retired from a participating employer
19 other than the State, the approved monthly medical insurance premiums required by the
20 participating employer that employed the retiree at the time of the retiree's retirement.

21 [2. If a reduction for a calendar year taken under
22 subsubparagraph 1 of this subparagraph is less than the reduction required under
23 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
24 amount equal to the reduction required under subparagraph (i) of this paragraph less the
25 reduction taken under subsubparagraph 1 of this subparagraph.]

26 **(IV) THE BOARD OF TRUSTEES SHALL RECOVER FROM THE**
27 **RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER**
28 **SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE REDUCTION TAKEN UNDER**
29 **SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

30 24-405.

31 (c) (4) (i) Any reduction taken to an allowance under paragraph (3) of this
32 subsection may not [reduce the allowance to less than the amount required to be deducted]
33 **REDUCE THE ALLOWANCE TO AN AMOUNT LESS THAN THE REQUIRED DEDUCTION**
34 for the individual's monthly State-approved medical insurance premiums.

35 (ii) [If a reduction for a calendar year taken under subparagraph (i)
36 of this paragraph is less than the reduction required under paragraph (3) of this subsection,

1 the] **THE** Board of Trustees shall recover from the individual [an amount equal to] **ANY**
 2 **DIFFERENCE BETWEEN** the reduction required under paragraph (3) of this subsection
 3 [less] **AND** the reduction taken under subparagraph (i) of this paragraph.

4 25–403.

5 (b) (2) (i) Subject to [subparagraph (ii)] **SUBPARAGRAPHS (II) AND (III)**
 6 of this paragraph, the reduction under paragraph (1) of this subsection shall equal the
 7 amount by which the sum of the individual’s initial annual basic allowance and the
 8 individual’s annual compensation exceeds the average final compensation used to compute
 9 the basic allowance.

10 (ii) [1.] Any reduction taken [to a retiree’s allowance] under this
 11 subsection may not [exceed an amount that would reduce the retiree’s allowance to less
 12 than what is required to be deducted] **REDUCE THE RETIREE’S ALLOWANCE TO AN**
 13 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

14 [A.] 1. if the retiree retired from any unit of State
 15 government, the retiree’s monthly State–approved medical insurance premiums; or

16 [B.] 2. if the retiree retired from a participating employer
 17 other than the State, the approved monthly medical insurance premiums required by the
 18 participating employer that employed the retiree at the time of the retiree’s retirement.

19 [2. If a reduction for a calendar year taken under
 20 subsubparagraph 1 of this subparagraph is less than the reduction required under
 21 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
 22 amount equal to the reduction required under subparagraph (i) of this paragraph less the
 23 reduction taken under subsubparagraph 1 of this subparagraph.]

24 (iii) **THE BOARD OF TRUSTEES SHALL RECOVER FROM THE**
 25 **RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER**
 26 **SUBPARAGRAPH (I) OF THIS PARAGRAPH ~~LESS~~ AND THE REDUCTION TAKEN UNDER**
 27 **SUBPARAGRAPH (II) OF THIS PARAGRAPH.**

28 27–406.

29 (d) (1) Any reduction taken [to a retiree’s allowance] under subsection (c) of
 30 this section may not [exceed an amount that would reduce the retiree’s allowance to less
 31 than what is required to be deducted] **REDUCE THE RETIREE’S ALLOWANCE TO AN**
 32 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for the retiree’s monthly
 33 State–approved medical insurance premiums.

34 (2) [If a reduction for a calendar year taken under paragraph (1) of this
 35 subsection is less than the reduction required under subsection (c) of this section, the] **THE**

1 Board of Trustees shall recover from the retiree [an amount equal to] **ANY DIFFERENCE**
2 **BETWEEN** the reduction required under subsection (c) of this section ~~less~~ **AND** the
3 reduction taken under paragraph (1) of this subsection.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.