

SENATE BILL 502

P6

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

Introduced and read first time: January 27, 2022

Assigned to: Budget and Taxation

A BILL ENTITLED

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; and generally relating to the administration of the State
15 Retirement and Pension System.

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

22 BY repealing and reenacting, without amendments,
23 Article – State Personnel and Pensions
24 Section 24–403
25 Annotated Code of Maryland
26 (2015 Replacement Volume and 2021 Supplement)

27 BY repealing
28 Article – State Personnel and Pensions

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 27–304
2 Annotated Code of Maryland
3 (2015 Replacement Volume and 2021 Supplement)

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

6 **Article – State Personnel and Pensions**

7 21–104.

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

9 (4) 12 trustees elected or appointed as follows:

10 (i) one trustee who is [a] **AN ACTIVE** member of the Correctional
11 Officers’ Retirement System, the Employees’ Pension System, the Employees’ Retirement
12 System, the Judges’ Retirement System, the Legislative Pension Plan, the Local Fire and
13 Police System, or the Law Enforcement Officers’ Pension Plan, who shall be elected as
14 provided in subsection (b) of this section and may not be an employee of the State
15 Retirement Agency;

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

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

22 (b) (1) (i) The trustees who are members or retirees of the Correctional
23 Officers’ Retirement System, the Employees’ Pension System, the Employees’ Retirement
24 System, the Judges’ Retirement System, the Legislative Pension Plan, the Local Fire and
25 Police System, or the Law Enforcement Officers’ Pension Plan shall be elected by the
26 **ACTIVE** members and the retirees of those State systems.

27 (ii) The trustees who are members or retirees of the Teachers’
28 Pension System or the Teachers’ Retirement System shall be elected by the **ACTIVE**
29 members and the retirees of those State systems.

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

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

1 24-401.1.

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

7 24-403.

8 (a) This section applies only to a retiree who has retired with a service retirement
9 allowance or a disability retirement allowance or a former member who has retired with a
10 deferred vested allowance.

11 (b) On the death of a retiree or former member, the Board of Trustees shall pay
12 80% of the retiree's retirement allowance:

13 (1) to the surviving spouse; or

14 (2) if there is no surviving spouse or if the surviving spouse dies, to any
15 children of the deceased retiree who are under 18 years of age or disabled, as defined under
16 § 72(m)(7) of the Internal Revenue Code, in accordance with subsection (c) of this section.

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

21 (i) each child has died; or

22 (ii) each child becomes 18 years old.

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

26 (3) (i) If a surviving child receiving an allowance under paragraph (1)
27 of this subsection is disabled, as defined under § 72(m)(7) of the Internal Revenue Code, the
28 Board of Trustees shall pay to the disabled surviving child an allowance equal to the total
29 of the allowances paid under paragraph (1) of this subsection after:

30 1. all other nondisabled surviving children have died; or

31 2. the youngest nondisabled surviving child becomes 18
32 years old.

1 (ii) If more than one surviving child is disabled, as defined under §
2 72(m)(7) of the Internal Revenue Code, the allowance payable under this paragraph shall
3 be divided equally among the disabled children.

4 25-403.

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

7 (i) the individual's current employer is a participating employer
8 other than the State and is the same participating employer that employed the individual
9 at the time of the individual's last separation from employment with a participating
10 employer before the individual commenced receiving a service retirement allowance or
11 vested allowance; or

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

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

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

22 1. if the retiree retired from any unit of State government,
23 the retiree's monthly State-approved medical insurance premiums; or

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

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

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

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

33 (ii) an individual whose average final compensation was less than
34 \$25,000 and who is reemployed on a permanent, temporary, or contractual basis;

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

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

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

14 27–301.

15 A member is entitled to service credit:

16 (1) for service as a member;

17 (2) regained under § 27–302 of this subtitle by a member who redeposits
 18 accumulated contributions previously withdrawn;

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

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

21 (5) purchased under § 27–304 of this subtitle].

22 [27–304.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June
28 1, 2022.