

SENATE BILL 481

P6

3lr1356
CF HB 424

By: ~~Senator Lewis Young~~ **Senators Lewis Young and Benson**

Introduced and read first time: February 3, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2023

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Nonvested Accounts – Regular Interest**

3 FOR the purpose of requiring a certain rate of interest on certain member contributions in
4 an active member's nonvested account in the State Retirement and Pension System
5 if the member has not withdrawn contributions from the nonvested account and is
6 not eligible to receive a certain vested allowance; providing for the retroactive
7 application of this Act; and generally relating to the accrual of interest on member
8 contributions in the State Retirement and Pension System.

9 BY repealing and reenacting, with amendments,
10 Article – State Personnel and Pensions
11 Section 22–215, 23–213, 24–206, 25–204, 26–205, and 27–203
12 Annotated Code of Maryland
13 (2015 Replacement Volume and 2022 Supplement)

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

16 **Article – State Personnel and Pensions**

17 22–215.

18 (a) Except as provided in subsection (b) of this section, regular interest is payable
19 on member contributions at the rate of 4% a year compounded annually, until retirement
20 or withdrawal of the accumulated contributions.

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 (b) [No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO
 2 further interest shall be paid on member contributions after membership ends if the former
 3 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

4 (c) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO
 5 IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING
 6 EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

7 (2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

8 (I) IS A FORMER MEMBER OF THE EMPLOYEES' RETIREMENT
 9 SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM;

10 (II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM
 11 THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM
 12 UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

13 (III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER
 14 CONTRIBUTIONS FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS'
 15 RETIREMENT SYSTEM; AND

16 (IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

17 (3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS
 18 SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER
 19 SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS
 20 IN A NONVESTED ACCOUNT IN THE EMPLOYEES' RETIREMENT SYSTEM OR THE
 21 TEACHERS' RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER
 22 OF ONE OF THE SEVERAL SYSTEMS.

23 23-213.

24 (a) Except as provided in subsection (b) of this section, regular interest is payable
 25 on member contributions at the rate of 5% per year compounded annually until retirement
 26 or withdrawal of contributions and interest.

27 (b) Except as provided in ~~subsection (c)] SUBSECTIONS (C) AND (D)~~ of this
 28 section, no further interest shall be paid on member contributions after membership ends
 29 if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3
 30 of this article.

31 (c) (1) In this subsection, "active member" means a member who is not
 32 separated from employment with the State or a participating employer of ~~the Employees'~~
 33 ~~Pension System or the Teachers' Pension System~~ ONE OF THE SEVERAL SYSTEMS.

1 (2) This subsection applies only to an individual who:

2 (i) is a former member of the ~~Alternate Contributory Pension~~
3 ~~Selection~~ EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM;

4 (ii) is not eligible to receive a vested allowance from the ~~Alternate~~
5 ~~Contributory Pension Selection~~ EMPLOYEES' PENSION SYSTEM OR THE TEACHERS'
6 PENSION SYSTEM under Title 29, Subtitle 3 of this article;

7 (iii) has not withdrawn the individual's member contributions from
8 the ~~Alternate Contributory Pension Selection~~ EMPLOYEES' PENSION SYSTEM OR THE
9 TEACHERS' PENSION SYSTEM; and

10 (iv) is an active member ~~subject to the Reformed Contributory~~
11 ~~Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

12 (3) An individual described in paragraph (2) of this subsection shall receive
13 regular interest at the rate described under subsection (a) of this section on the individual's
14 member contributions in ~~the Alternate Contributory Pension Selection~~ A NONVESTED
15 ACCOUNT IN THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION
16 SYSTEM while the individual is an active member ~~subject to the Reformed Contributory~~
17 ~~Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

18 ~~(D) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO~~
19 ~~IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING~~
20 ~~EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.~~

21 ~~(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:~~

22 ~~(I) IS A FORMER MEMBER OF THE EMPLOYEES' PENSION~~
23 ~~SYSTEM;~~

24 ~~(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM~~
25 ~~THE EMPLOYEES' PENSION SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;~~

26 ~~(III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER~~
27 ~~CONTRIBUTIONS FROM THE EMPLOYEES' PENSION SYSTEM; AND~~

28 ~~(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

29 ~~(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS~~
30 ~~SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER~~
31 ~~SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS~~

1 ~~IN A NONVESTED ACCOUNT IN THE EMPLOYEES' PENSION SYSTEM WHILE THE~~
2 ~~INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

3 24-206.

4 (a) Except as provided in subsection (b) of this section, regular interest is payable
5 on member contributions at the rate of 4% a year, compounded annually, until retirement
6 or withdrawal of the accumulated contributions.

7 (b) [No] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO**
8 further interest shall be paid on member contributions after membership ends if the former
9 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

10 (c) (1) **IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO**
11 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**
12 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

13 (2) **THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

14 (i) **IS A FORMER MEMBER OF THE STATE POLICE RETIREMENT**
15 **SYSTEM;**

16 (ii) **IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**
17 **THE STATE POLICE RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS**
18 **ARTICLE;**

19 (iii) **HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER**
20 **CONTRIBUTIONS FROM THE STATE POLICE RETIREMENT SYSTEM; AND**

21 (iv) **IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

22 (3) **AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS**
23 **SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER**
24 **SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS**
25 **IN A NONVESTED ACCOUNT IN THE STATE POLICE RETIREMENT SYSTEM WHILE THE**
26 **INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

27 25-204.

28 (a) Except as provided in subsection (b) of this section, regular interest is payable
29 on member contributions at the rate of 4% a year, compounded annually, until retirement
30 or withdrawal of the accumulated contributions.

1 (b) [No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO
2 further interest shall be paid on member contributions after membership ends if the former
3 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

4 (c) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO
5 IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING
6 EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

7 (2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

8 (i) IS A FORMER MEMBER OF THE CORRECTIONAL OFFICERS'
9 RETIREMENT SYSTEM;

10 (ii) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM
11 THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE
12 3 OF THIS ARTICLE;

13 (iii) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER
14 CONTRIBUTIONS FROM THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM; AND

15 (iv) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

16 (3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS
17 SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER
18 SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS
19 IN A NONVESTED ACCOUNT IN THE CORRECTIONAL OFFICERS' RETIREMENT
20 SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL
21 SYSTEMS.

22 26-205.

23 (a) Except as provided in subsection (b) of this section, regular interest is payable
24 on member contributions until retirement or withdrawal of accumulated contributions at
25 the rate of:

26 (1) 4% a year, compounded annually, for a member who has transferred
27 from the Employees' Retirement System on or before December 31, 2004; or

28 (2) 5% a year, compounded annually, for each other member.

29 (b) [No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO
30 further interest shall be paid on member contributions after membership ends if the former
31 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

1 **(C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO**
2 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**
3 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

4 **(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

5 **(I) IS A FORMER MEMBER OF THE LAW ENFORCEMENT**
6 **OFFICERS’ PENSION SYSTEM;**

7 **(II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**
8 **THE LAW ENFORCEMENT OFFICERS’ PENSION SYSTEM UNDER TITLE 29, SUBTITLE**
9 **3 OF THIS ARTICLE;**

10 **(III) HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER**
11 **CONTRIBUTIONS FROM THE LAW ENFORCEMENT OFFICERS’ PENSION SYSTEM; AND**

12 **(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

13 **(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS**
14 **SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER**
15 **SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL’S MEMBER CONTRIBUTIONS**
16 **IN A NONVESTED ACCOUNT IN THE LAW ENFORCEMENT OFFICERS’ PENSION**
17 **SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL**
18 **SYSTEMS.**

19 27–203.

20 (a) Except as provided in subsection (b) of this section, regular interest is payable
21 on member contributions at the rate of 4% a year compounded annually, until retirement
22 or withdrawal of the accumulated contributions.

23 (b) (1) This subsection applies only to an individual who becomes a member of
24 the Judges’ Retirement System on or after July 1, 2012.

25 (2) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**
26 **NO** further interest shall be paid on member contributions after membership ends if the
27 former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this
28 article.

29 **(C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO**
30 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**
31 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

32 **(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

1 (I) IS A FORMER MEMBER OF THE JUDGES' RETIREMENT
2 SYSTEM;

3 (II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM
4 THE JUDGES' RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS
5 ARTICLE;

6 (III) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER
7 CONTRIBUTIONS FROM THE JUDGES' RETIREMENT SYSTEM; AND

8 (IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

9 (3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS
10 SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER
11 SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS
12 IN A NONVESTED ACCOUNT IN THE JUDGES' RETIREMENT SYSTEM WHILE THE
13 INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
15 apply retroactively and shall be applied to and interpreted to provide payment of interest
16 on an individual's contributions as a former member in one of the several systems of the
17 State Retirement and Pension System beginning on the date the individual became a
18 member of one of the several systems if the individual is an active member of one of the
19 several systems on the effective date of this Act.

20 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.