

# HOUSE BILL 1208

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By: **Delegate Jones**

Introduced and read first time: February 10, 2012

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Baltimore County – Transfers from Noncontributory System to Employees’**  
3 **Retirement System – Contributions and Interest**

4 FOR the purpose of requiring that in Baltimore County if an individual transfers from  
5 a noncontributory system to the Employees’ Retirement System, on retirement  
6 the individual’s retirement allowance must be reduced by the actuarial  
7 equivalent of certain accumulated contributions rather than the actuarial  
8 equivalent of certain member contributions; requiring interest on the  
9 contributions to be determined by a certain board in consultation with a certain  
10 actuary rather than using regular interest; providing for the application of this  
11 Act; and generally relating to contributions and interest used to determine  
12 reductions to a retirement allowance when an individual transfers from a  
13 noncontributory system to the Employees’ Retirement System in Baltimore  
14 County.

15 BY repealing and reenacting, with amendments,  
16 Article – State Personnel and Pensions  
17 Section 37–203  
18 Annotated Code of Maryland  
19 (2009 Replacement Volume and 2011 Supplement)

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

22 **Article – State Personnel and Pensions**

23 37–203.

24 (a) This section does not apply to a transfer of service credit to or from the  
25 State Alternate Contributory Employees’ Pension System, the State Alternate  
26 Contributory Teachers’ Pension System, the State Contributory Employees’ Pension

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 System, the State Contributory Law Enforcement Officers' Pension System, the State  
2 Contributory Teachers' Pension System, the State Reformed Contributory Employees'  
3 Pension System, or the State Reformed Contributory Teachers' Pension System.

4 (b) (1) An individual may not transfer service credit under this title  
5 unless the individual makes a claim for the service credit within 1 year after becoming  
6 a member of the new system.

7 (2) An individual may not transfer service credit from one contributory  
8 system to another contributory system unless within 1 year after becoming a member  
9 of the new system the individual deposits in the annuity savings fund or other  
10 corresponding fund of the new system the total accumulated contributions to the  
11 individual's credit in the annuity savings fund or other corresponding fund of the  
12 previous system.

13 (c) Except as provided in § 37-204 of this subtitle, an individual who  
14 transfers service credit under this title shall receive service credit in the new system  
15 in the amount of service credit accumulated under the previous system.

16 (d) On verification of the service credit, the previous system may not provide  
17 any benefit for service credit transferred from the previous system to a new system  
18 under this title.

19 (e) (1) Except as provided in paragraph (2) of this subsection, if an  
20 individual transfers service credit under this title, the previous system shall refund  
21 the individual's accumulated contributions on request.

22 (2) Accumulated contributions applicable to the receipt of service  
23 credit or benefits in the new system may not be refunded if:

24 (i) an individual transfers from one noncontributory system to  
25 another noncontributory system; or

26 (ii) a former member transfers under § 37-202(b) of this  
27 subtitle.

28 (f) (1) Except as otherwise provided in this subsection, after an individual  
29 transfers service credit to a new system under this title, the individual:

30 (i) shall pay the rate of contribution applicable to a member of  
31 the new system; and

32 (ii) is eligible for a pension and annuity as provided under the  
33 new system, determined by taking into account the transferred service credit.

34 (2) **(I)** Except as provided in § 37-204 of this subtitle **AND**  
35 **SUBPARAGRAPH (II) OF THIS PARAGRAPH**, if an individual transfers from a

1 noncontributory system to a contributory system, on retirement the individual's  
2 retirement allowance shall be reduced by the actuarial equivalent of the member  
3 contributions that would have been deducted if the individual had earned the  
4 transferred service credit under the new system, including regular interest on those  
5 contributions.

6 **(II) EXCEPT AS PROVIDED IN § 37-204 OF THIS SUBTITLE, IF**  
7 **AN INDIVIDUAL TRANSFERS FROM A NONCONTRIBUTORY SYSTEM TO THE**  
8 **BALTIMORE COUNTY EMPLOYEES' RETIREMENT SYSTEM, ON RETIREMENT THE**  
9 **INDIVIDUAL'S RETIREMENT ALLOWANCE SHALL BE REDUCED BY THE**  
10 **ACTUARIAL EQUIVALENT OF THE ACCUMULATED CONTRIBUTIONS THAT WOULD**  
11 **HAVE BEEN DEDUCTED IF THE INDIVIDUAL HAD EARNED THE TRANSFERRED**  
12 **SERVICE CREDIT UNDER THE BALTIMORE COUNTY EMPLOYEES' RETIREMENT**  
13 **SYSTEM, INCLUDING INTEREST ON THOSE CONTRIBUTIONS, AS DETERMINED BY**  
14 **THE BOARD OF TRUSTEES IN CONSULTATION WITH THE ACTUARY OF THE**  
15 **BALTIMORE COUNTY EMPLOYEES' RETIREMENT SYSTEM.**

16 (3) If an individual retires within 5 years after transferring into a new  
17 system, the benefits payable with respect to the transferred service credit may not be  
18 greater than the benefits that would have been payable by the previous system with  
19 respect to that service if the individual had remained in the previous system.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
21 construed to apply retroactively to July 1, 2007, and shall be applied to reflect the  
22 interpretation of the Board of Trustees of the Baltimore County Employees'  
23 Retirement System before the enactment of Chapter 337 of the Acts of 2007.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
25 July 1, 2012.