

HOUSE BILL 633

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By: **Delegate Cox**

Introduced and read first time: January 29, 2020

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Military Service – Purchase of Credit**

3 FOR the purpose of authorizing certain individuals to purchase a certain amount of service
4 credit for certain military service; specifying the manner in which the service credit
5 may be purchased; specifying the cost of the service credit that may be purchased;
6 making clarifying changes; and generally relating to military service credit in the
7 State Retirement and Pension System.

8 BY repealing and reenacting, with amendments,

9 Article – State Personnel and Pensions

10 Section 38–104

11 Annotated Code of Maryland

12 (2015 Replacement Volume and 2019 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – State Personnel and Pensions**

16 38–104.

17 (a) (1) This section applies to an individual who is:

18 (i) a member of a State system; or

19 (ii) a former member of a State system who is eligible to receive a
20 benefit under § 29–302 or § 29–303 of this article.

21 (2) This section does not apply to a retiree of a State system.

22 (b) Except as provided in subsection (c) of this section, an individual described in

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 subsection (a) of this section, who has not met the conditions set forth in § 38–103(a)(2)
2 through (4) of this subtitle, is entitled to receive service credit for military service only on
3 the attainment of 10 years of service credit earned through employment as a member of a
4 State system.

5 (c) (1) An individual described in subsection (a) of this section may not receive
6 credit for that military service if the individual receives credit for military service from
7 another retirement system for which retirement benefits have been or will be received by
8 the individual.

9 (2) Paragraph (1) of this subsection does not apply to:

10 (i) credit for military service provided under:

- 11 1. the Social Security Act;
- 12 2. the National Railroad Retirement Act; or
- 13 3. Title 3 or Title 10, Chapter 1223, §§ 12731 through 12737
14 of the United States Code; or

15 (ii) disability payments from a pension or retirement system.

16 (3) (i) Military service credit under **SUBSECTION (B) OF** this section
17 may not exceed 5 years.

18 (ii) Subject to subparagraph (i) of this paragraph, a member of the
19 Maryland National Guard or of a reserve component of the armed forces of the United
20 States who has not been activated under Title 10 of the United States Code, shall receive
21 service credit at the rate of 4 months for each full year of service with the Maryland
22 National Guard or with a reserve component of the armed forces of the United States, not
23 to exceed a total of 36 months.

24 **(D) (1) (I) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO**
25 **RECEIVES THE MAXIMUM SERVICE CREDIT ALLOWED UNDER SUBSECTION (C)(3) OF**
26 **THIS SECTION.**

27 **(II) THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO**
28 **IS NOT ELIGIBLE TO RECEIVE SERVICE CREDIT UNDER SUBSECTION (C)(1) OF THIS**
29 **SECTION.**

30 **(2) AN INDIVIDUAL MAY PURCHASE UP TO 5 YEARS OF SERVICE**
31 **CREDIT AS PROVIDED IN THIS SUBSECTION FOR MILITARY SERVICE IN EXCESS OF**
32 **THE MAXIMUM SERVICE CREDIT ALLOWED UNDER SUBSECTION (C)(3) OF THIS**
33 **SECTION.**

1 **(3) (I) AN INDIVIDUAL WHO PURCHASES SERVICE CREDIT UNDER**
2 **THIS SUBSECTION SHALL:**

3 **1. COMPLETE A CLAIM FOR THE SERVICE CREDIT AND**
4 **FILE IT WITH THE BOARD OF TRUSTEES ON THE FORM THAT THE BOARD OF**
5 **TRUSTEES PROVIDES; AND**

6 **2. PAY TO THE BOARD OF TRUSTEES AN AMOUNT EQUAL**
7 **TO THE ANNUITY RESERVE AND PENSION RESERVE REQUIRED TO FUND THE**
8 **ADDITIONAL ALLOWANCE.**

9 **(II) THE INDIVIDUAL SHALL PAY FOR SERVICE CREDIT**
10 **PURCHASED UNDER THIS SUBSECTION IN A SINGLE PAYMENT AT RETIREMENT.**

11 **[(d)] (E) (1)** Except as provided in paragraph (2) of this subsection, the
12 service credit for military service that an individual receives under this section shall be
13 applied to the individual's retirement allowance using the accrual rate in effect at the time
14 the individual retires from a State system.

15 (2) If an individual applies for military service credit on or after July 1,
16 2011, the service credit for military service that the individual receives under this section
17 shall be applied to the individual's retirement allowance using the accrual rate in effect at
18 the time the individual submits an application for military service credit to the State
19 Retirement Agency.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
21 1, 2020.