

SENATE BILL 322

P6
SB 6/23 – B&T

4lr1702

By: **Senator Jackson**

Introduced and read first time: January 12, 2024

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 25, 2024

CHAPTER _____

1 AN ACT concerning

2 **Maryland Teachers and State Employees Supplemental Retirement Plans –**
3 **Automatic Enrollment**

4 FOR the purpose of requiring the State Board of Trustees of the Maryland Teachers and
5 State Employees Supplemental Retirement Plans to implement an automatic
6 enrollment arrangement for certain State employees; requiring an eligible employer
7 to deduct wages of an employee for contribution to a supplemental retirement plan
8 in accordance with an automatic enrollment arrangement, unless the employee has
9 elected to withdraw from or cease to contribute to the supplemental retirement plan;
10 and generally relating to the automatic enrollment of State employees into
11 supplemental retirement plans.

12 BY repealing and reenacting, with amendments,
13 Article – State Personnel and Pensions
14 Section 35–101
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2023 Supplement)

17 BY adding to
18 Article – State Personnel and Pensions
19 Section 35–206
20 Annotated Code of Maryland
21 (2015 Replacement Volume and 2023 Supplement)

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

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 That the Laws of Maryland read as follows:

2 **Article – State Personnel and Pensions**

3 35–101.

4 (a) In this title the following words have the meanings indicated.

5 (B) “AUTOMATIC ENROLLMENT ARRANGEMENT” MEANS A SUPPLEMENTAL
6 PLAN PROVISION THAT REQUIRES AN ELIGIBLE EMPLOYER TO DEDUCT ELECTIVE
7 DEFERRALS FROM AN EMPLOYEE’S WAGES FOR CONTRIBUTION TO A
8 SUPPLEMENTAL RETIREMENT PLAN UNLESS THE EMPLOYEE MAKES AN ELECTION
9 NOT TO CONTRIBUTE OR TO CONTRIBUTE A DIFFERENT AMOUNT.

10 [(b)] (C) “Board” means the State Board of Trustees of the Maryland Teachers
11 and State Employees Supplemental Retirement Plans.

12 (D) “ELIGIBLE EMPLOYER” MEANS THE EMPLOYER OF AN INDIVIDUAL
13 ELIGIBLE TO PARTICIPATE IN A SUPPLEMENTAL RETIREMENT PLAN.

14 [(c)] (E) “Supplemental retirement plans” means the deferred compensation,
15 tax sheltered annuity, salary reduction savings plans, and any other plans authorized by
16 this title.

17 35–206.

18 (A) THE BOARD SHALL IMPLEMENT AN AUTOMATIC ENROLLMENT
19 ARRANGEMENT TO AUTOMATICALLY ENROLL ALL STATE EMPLOYEES HIRED ON OR
20 AFTER JANUARY 1, 2025, IN A SUPPLEMENTAL RETIREMENT PLAN.

21 (B) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN ELIGIBLE
22 EMPLOYER SHALL DEDUCT AN AMOUNT FROM THE WAGES OF AN EMPLOYEE FOR
23 CONTRIBUTION TO A SUPPLEMENTAL RETIREMENT PLAN AS PART OF AN
24 AUTOMATIC ENROLLMENT ARRANGEMENT, UNLESS THE EMPLOYEE HAS ELECTED
25 TO WITHDRAW FROM THE SUPPLEMENTAL RETIREMENT PLAN OR CEASE MAKING
26 CONTRIBUTIONS TO THE SUPPLEMENTAL RETIREMENT PLAN.

27 (2) THE AMOUNT DEDUCTED FROM THE WAGES OF AN EMPLOYEE
28 EACH PAY PERIOD SHALL BE THE MINIMUM AMOUNT SET BY THE BOARD, UNLESS
29 THE EMPLOYEE ELECTS TO:

30 (I) HAVE A DIFFERENT AMOUNT DEDUCTED;

31 (II) CEASE MAKING CONTRIBUTIONS TO THE SUPPLEMENTAL

1 RETIREMENT PLAN; OR

2 (III) WITHDRAW FROM THE SUPPLEMENTAL RETIREMENT PLAN.

3 (C) AN EMPLOYEE ENROLLED IN A SUPPLEMENTAL RETIREMENT PLAN
4 UNDER AN AUTOMATIC ENROLLMENT ARRANGEMENT SHALL BE:

5 (1) PROVIDED A NOTICE WITH AN EXPLANATION OF:

6 (I) THE TERMS OF THE EMPLOYEE'S ENROLLMENT IN THE
7 SUPPLEMENTAL RETIREMENT PLAN, INCLUDING THE CURRENT CONTRIBUTION
8 AMOUNT PROVIDED FOR UNDER THE AUTOMATIC ENROLLMENT ARRANGEMENT;

9 (II) THE EMPLOYEE'S RIGHT TO INCREASE, DECREASE, OR
10 CEASE CONTRIBUTIONS TO THE SUPPLEMENTAL RETIREMENT PLAN;

11 (III) THE EMPLOYEE'S RIGHT TO DISCONTINUE PARTICIPATION
12 IN THE SUPPLEMENTAL RETIREMENT PLAN WITHIN 90 DAYS AFTER THE START OF
13 EMPLOYMENT;

14 (IV) THE EMPLOYEE'S RIGHT TO RECEIVE A REFUND OF THEIR
15 ACCOUNT CONTRIBUTIONS AS SOON AS PRACTICABLE AFTER DISCONTINUING
16 PARTICIPATION WITHIN 90 DAYS AFTER THE START OF EMPLOYMENT; AND

17 (V) THE EMPLOYEE'S RIGHTS REGARDING THE INVESTMENT OF
18 THE EMPLOYEE'S ACCOUNT AND THE INVESTMENT OPTIONS AVAILABLE UNDER THE
19 SUPPLEMENTAL RETIREMENT PLAN; AND

20 (2) TREATED AS EXERCISING CONTROL OF THE ASSETS IN THE
21 SUPPLEMENTAL RETIREMENT PLAN ACCOUNT REGARDING THE AMOUNT OF
22 CONTRIBUTIONS AND EARNINGS.

23 (D) IF A PARTICIPANT IS ENROLLED IN A SUPPLEMENTAL RETIREMENT
24 PLAN UNDER AN AUTOMATIC ENROLLMENT ARRANGEMENT, THE BOARD SHALL
25 INVEST THE PARTICIPANT'S CONTRIBUTIONS IN A DESIGNATED DEFAULT
26 INVESTMENT OPTION IN ACCORDANCE WITH EACH APPLICABLE SUPPLEMENTAL
27 RETIREMENT PLAN.

28 (E) EACH UNIT THAT HIRES AN ELIGIBLE EMPLOYEE WHO IS NOT ALREADY
29 ENROLLED IN A SUPPLEMENTAL RETIREMENT PLAN SHALL PROVIDE THE BOARD
30 WITH THE INFORMATION NECESSARY TO COMPLETE THE ENROLLMENT OF THE
31 EMPLOYEE UNDER THE AUTOMATIC ENROLLMENT ARRANGEMENT.

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1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply only to
2 individuals eligible to participate in a supplemental retirement plan who commence
3 employment or who are reinstated on or after January 1, 2025.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.