

Chapter 195

(Senate Bill 466)

AN ACT concerning

State Retirement and Pension System – Amortization of Unfunded Liabilities and Surpluses

FOR the purpose of altering the amortization periods to be used for certain unfunded liabilities or surpluses of the State Retirement and Pension System; and generally relating to the funding of the State Retirement and Pension System.

BY repealing and reenacting, with amendments,
 Article – State Personnel and Pensions
 Section 21–304(d)
 Annotated Code of Maryland
 (2015 Replacement Volume and 2022 Supplement)

BY adding to
 Article – State Personnel and Pensions
 Section 21–304(e)
 Annotated Code of Maryland
 (2015 Replacement Volume and 2022 Supplement)

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

Article – State Personnel and Pensions

21–304.

(d) **(1)** Beginning July 1, [2013] **2023**, each year the Board of Trustees shall set contribution rates for each State system that shall amortize:

[(1)] (I) all unfunded liabilities or surpluses accrued as of June 30, [2013] **2023**, over [25 years] **THE TIME REMAINING UNTIL JUNE 30, ~~2038~~ 2039**; and

[(2)] (II) any new unfunded liabilities or surpluses that have accrued from July 1 of the preceding fiscal year over **CLOSED PERIODS OF** [the time remaining until June 30, 2038, to reflect]:

[(i)] 1. **15 YEARS FOR** experience gains and losses;

[(ii)] 2. **25 YEARS FOR** the effect of changes in actuarial assumptions and methods; [and]

[(iii)] 3. AT LEAST 10 BUT NOT EXCEEDING 15 YEARS FOR the effect of ANY NEW legislation [effective on or after July 1, 2013]; AND

4. 5 YEARS FOR ACCRUED LIABILITY RESULTING FROM LEGISLATION PROVIDING INCENTIVES FOR THE EARLY RETIREMENT OF STATE EMPLOYEES.

(2) ON RECOMMENDATION OF THE SYSTEM’S ACTUARY, FOR THE PURPOSE OF MITIGATING TAIL VOLATILITY IN THE ANNUAL CONTRIBUTION RATE, THE BOARD OF TRUSTEES MAY ADJUST THE PERIOD OF AMORTIZATION UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION FOR LIABILITIES OR SURPLUSES ACCRUED IN ANY FISCAL YEAR.

(E) THE BOARD OF TRUSTEES MAY NOT CERTIFY CONTRIBUTION RATES UNDER THIS SECTION THAT WOULD RESULT IN A CONTRIBUTION RATE BELOW THE NORMAL COST, AS DETERMINED BY THE SYSTEM’S ACTUARY.

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

Approved by the Governor, April 24, 2023.