

SENATE BILL 486

K4
HB 1317/11 – APP

7lr1796
CF 7lr2962

By: **Senators Serafini, Edwards, Hershey, Jennings, and Ready**

Introduced and read first time: January 30, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Employees and Teachers – Cash Balance Plan**

3 FOR the purpose of establishing a cash balance plan under the State Retirement and
4 Pension System; requiring that certain members of the Employees' Pension System
5 or the Teachers' Pension System become members of the cash balance plan on a
6 certain date; requiring that certain individuals who are employed by certain
7 participating employers on or after a certain date become members of the cash
8 balance plan; providing that certain individuals are not eligible to participate in the
9 optional retirement program; requiring the Board of Trustees of the State
10 Retirement and Pension System to administer the cash balance plan; requiring
11 participation in the cash balance plan as a condition of employment for certain
12 individuals; providing the vesting requirements for participating employees in the
13 cash balance plan; requiring that employee contributions to the cash balance plan be
14 a certain amount and be made in a certain manner; requiring certain participating
15 employees of the cash balance plan to be a certain age with a certain number of years
16 of service as an eligible employee prior to receiving certain distributions; requiring
17 certain participating employees of the cash balance plan who elect to receive certain
18 distributions before reaching a certain age with a certain number of years of service
19 to wait until a certain time to receive the distribution; providing for distribution of
20 certain benefits from the cash balance plan to a participating employee on
21 retirement; providing that certain participating employees in the cash balance plan
22 may make certain elections with regard to the method of distribution for certain
23 benefits payable under the cash balance plan; requiring the State to make certain
24 employer contributions to the cash balance plan in a certain manner; requiring
25 certain local employers to pay certain employer contributions for certain
26 participating employees in the cash balance plan; providing that certain
27 participating employees in the cash balance plan may receive a certain benefit from
28 the Employees' Pension System or the Teachers' Pension System; providing that
29 certain eligible employees in the cash balance plan may elect to convert a certain
30 accrued benefit to the cash balance plan or receive a return of certain member
31 contributions plus regular interest; prohibiting certain eligible employees who elect

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 to convert a certain benefit to the cash balance plan from receiving certain member
 2 contributions; altering certain local employer contributions for members of the
 3 Teachers' Pension System; defining certain terms; providing for a delayed effective
 4 date; and generally relating to the establishment of a cash balance plan for State
 5 employees and teachers.

6 BY repealing and reenacting, with amendments,

7 Article – State Personnel and Pensions

8 Section 21–304(b)(4)(iii), 23–203, 23–204(c), 23–208, and 30–302

9 Annotated Code of Maryland

10 (2015 Replacement Volume and 2016 Supplement)

11 BY adding to

12 Article – State Personnel and Pensions

13 Section 21–304(b)(4)(iv); and 33–101 through 33–209 to be under the new title “Title
 14 33. Cash Balance Plan”

15 Annotated Code of Maryland

16 (2015 Replacement Volume and 2016 Supplement)

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

18 That the Laws of Maryland read as follows:

19 **Article – State Personnel and Pensions**

20 21–304.

21 (b) (4) (iii) [Beginning in fiscal year 2017] **FOR FISCAL YEARS 2017 AND**
 22 **2018**, each local employer shall pay to the Board of Trustees its local share equal to the
 23 normal contribution rate for the Teachers' Retirement System and the Teachers' Pension
 24 System multiplied by the aggregate annual earnable compensation of the local employees
 25 of that local employer.

26 **(IV) BEGINNING IN FISCAL YEAR 2019, EACH LOCAL EMPLOYER**
 27 **SHALL PAY TO THE BOARD OF TRUSTEES ITS LOCAL SHARE EQUAL TO THE NORMAL**
 28 **CONTRIBUTION RATE FOR THE TEACHERS' RETIREMENT SYSTEM MULTIPLIED BY**
 29 **THE AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE LOCAL EMPLOYEES**
 30 **OF THAT LOCAL EMPLOYER WHO ARE MEMBERS OF THE TEACHERS' RETIREMENT**
 31 **SYSTEM.**

32 23–203.

33 **(A) (1)** Except as provided in § 23–204 of this subtitle, an individual described
 34 in § 23–201(a) of this subtitle who becomes an employee of a participating employer on or
 35 after January 1, 1980, **AND ON OR BEFORE JUNE 30, 2018**, or who transfers membership
 36 from the Employees' Retirement System **ON OR BEFORE JUNE 30, 2018**, is a member of
 37 the Employees' Pension System as a condition of employment.

1 **(2) AN INDIVIDUAL DESCRIBED IN § 23-201(A) OF THIS SUBTITLE**
2 **WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON JUNE 30, 2018, AND**
3 **REMAINS AN EMPLOYEE OF A PARTICIPATING EMPLOYER ON JULY 1, 2018:**

4 **(I) SHALL BECOME A MEMBER OF THE CASH BALANCE PLAN**
5 **UNDER TITLE 33 OF THIS ARTICLE ON JULY 1, 2018; AND**

6 **(II) SHALL NO LONGER BE CONSIDERED A MEMBER OF THE**
7 **EMPLOYEES' PENSION SYSTEM.**

8 **(B) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**
9 **AN INDIVIDUAL WHO IS NOT A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON**
10 **JUNE 30, 2018, IS NOT ELIGIBLE FOR MEMBERSHIP IN THE EMPLOYEES' PENSION**
11 **SYSTEM.**

12 **(2) AN INDIVIDUAL IS A MEMBER OF THE EMPLOYEES' PENSION**
13 **SYSTEM IF THE INDIVIDUAL COMMENCES EMPLOYMENT ON OR AFTER JULY 1, 2018,**
14 **FOR A PARTICIPATING GOVERNMENTAL UNIT THAT ELECTED TO JOIN THE**
15 **EMPLOYEES' PENSION SYSTEM ON OR BEFORE JUNE 30, 2018.**

16 23-204.

17 **(c) (1) [Subject] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
18 **SUBSECTION AND SUBJECT to paragraph [(2)] (3) of this subsection, membership in the**
19 **Employees' Pension System is optional for an individual described in**
20 **§ 23-201(a)(2)(iv) of this subtitle who is elected or appointed as the Baltimore City Sheriff**
21 **ON OR BEFORE JUNE 30, 2018.**

22 **(2) AN INDIVIDUAL DESCRIBED IN § 23-201(A)(2)(IV) OF THIS**
23 **SUBTITLE WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON JUNE 30,**
24 **2018, AND REMAINS AS THE BALTIMORE CITY SHERIFF ON JULY 1, 2018:**

25 **(I) SHALL BECOME A MEMBER OF THE CASH BALANCE PLAN**
26 **UNDER TITLE 33 OF THIS ARTICLE ON JULY 1, 2018; AND**

27 **(II) SHALL NO LONGER BE CONSIDERED A MEMBER OF THE**
28 **EMPLOYEES' PENSION SYSTEM.**

29 **(3) (I) An individual who is elected or appointed as the Baltimore City**
30 **Sheriff ON OR BEFORE JUNE 30, 2018, and who does not elect to join the Employees'**
31 **Pension System is a member of the Law Enforcement Officers' Pension System under Title**
32 **26 of this article as a condition of employment.**

1 **(II) AN INDIVIDUAL WHO IS ELECTED AS THE BALTIMORE CITY**
 2 **SHERIFF ON OR AFTER JULY 1, 2018, AND WHO DOES NOT ELECT TO JOIN THE CASH**
 3 **BALANCE PLAN UNDER TITLE 33 OF THIS ARTICLE IS A MEMBER OF THE LAW**
 4 **ENFORCEMENT OFFICERS' PENSION SYSTEM UNDER TITLE 26 OF THIS ARTICLE AS**
 5 **A CONDITION OF EMPLOYMENT.**

6 **[(3)] (4) (I)** To elect to be a member of the Employees' Pension System
 7 **ON OR BEFORE JUNE 30, 2018**, under this subsection, an individual shall make the
 8 election at commencement of employment by filing a written application with the Board of
 9 Trustees on a form that the Board of Trustees provides.

10 **[(4)] (II)** An individual who does not elect membership within 6 months of
 11 the date the individual begins serving as the Baltimore City Sheriff shall become a member
 12 of the Law Enforcement Officers' Pension System.

13 23-208.

14 **(A) (1)** Except as provided in § 23-209 of this subtitle, an individual described
 15 in § 23-206(a) of this subtitle who becomes employed by a participating employer on or
 16 after January 1, 1980, **AND ON OR BEFORE JUNE 30, 2018**, or who transfers membership
 17 from the Teachers' Retirement System **ON OR BEFORE JUNE 30, 2018**, is a member of the
 18 Teachers' Pension System as a condition of employment.

19 **(2) AN INDIVIDUAL DESCRIBED IN § 23-206(A) OF THIS SUBTITLE**
 20 **WHO IS A MEMBER OF THE TEACHERS' PENSION SYSTEM ON JUNE 30, 2018, AND**
 21 **REMAINS AN EMPLOYEE OF A PARTICIPATING EMPLOYER ON JULY 1, 2018:**

22 **(I) SHALL BECOME A MEMBER OF THE CASH BALANCE PLAN**
 23 **UNDER TITLE 33 OF THIS ARTICLE ON JULY 1, 2018; AND**

24 **(II) SHALL NO LONGER BE CONSIDERED A MEMBER OF THE**
 25 **TEACHERS' PENSION SYSTEM.**

26 **(B) AN INDIVIDUAL WHO IS NOT A MEMBER OF THE TEACHERS' PENSION**
 27 **SYSTEM ON JUNE 30, 2018, IS NOT ELIGIBLE FOR MEMBERSHIP IN THE TEACHERS'**
 28 **PENSION SYSTEM.**

29 30-302.

30 **(a) (1) [An] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
 31 **SUBSECTION, AN** election to participate in the program shall be made by an eligible
 32 employee within 1 year of first becoming an eligible employee of an employing institution.

1 **(2) AN INDIVIDUAL WHO DOES NOT ELECT TO PARTICIPATE IN THE**
2 **PROGRAM ON OR BEFORE JUNE 30, 2018, IS NOT ELIGIBLE FOR MEMBERSHIP IN THE**
3 **PROGRAM.**

4 (b) An eligible employee's election to participate in the program is a
5 one-time irrevocable election.

6 **TITLE 33. CASH BALANCE PLAN.**

7 **SUBTITLE 1. DEFINITIONS.**

8 **33-101.**

9 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
10 **INDICATED.**

11 **(B) "CASH BALANCE PLAN" MEANS A DEFINED BENEFIT PLAN QUALIFIED**
12 **UNDER THE INTERNAL REVENUE CODE THAT REQUIRES EMPLOYER**
13 **CONTRIBUTIONS AND EMPLOYEE CONTRIBUTIONS EQUAL TO A FIXED PERCENTAGE**
14 **OF A PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION THAT ARE**
15 **DEPOSITED INTO AN INTEREST BEARING ACCOUNT AND ADMINISTERED BY THE**
16 **BOARD OF TRUSTEES.**

17 **(C) (1) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL ELIGIBLE TO**
18 **PARTICIPATE IN THE CASH BALANCE PLAN.**

19 **(2) "ELIGIBLE EMPLOYEE" INCLUDES:**

20 **(I) A MEMBER OF THE FACULTY OF AN EMPLOYING**
21 **INSTITUTION;**

22 **(II) A PROFESSIONAL EMPLOYEE AT A COMMUNITY COLLEGE OR**
23 **REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE**
24 **EDUCATION ARTICLE;**

25 **(III) AN EMPLOYEE OF THE UNIVERSITY SYSTEM OF MARYLAND**
26 **WHO IS IN A POSITION DESIGNATED AS EXEMPT UNDER A POLICY ADOPTED BY THE**
27 **UNIVERSITY SYSTEM OF MARYLAND BOARD OF REGENTS;**

28 **(IV) AN EMPLOYEE OF MORGAN STATE UNIVERSITY WHO IS IN A**
29 **POSITION DESIGNATED AS EXECUTIVE OR PROFESSIONAL ADMINISTRATIVE BY THE**
30 **BOARD OF REGENTS OF MORGAN STATE UNIVERSITY;**

1 **(V) AN EMPLOYEE OF ST. MARY’S COLLEGE OF MARYLAND**
2 **WHO IS IN A POSITION DETERMINED BY THE BOARD OF TRUSTEES OF THE COLLEGE**
3 **TO BE AN EXEMPT POSITION; OR**

4 **(VI) AN INDIVIDUAL WHO IS AN EMPLOYEE OF A PARTICIPATING**
5 **EMPLOYER AS:**

6 **1. A REGULAR EMPLOYEE WHOSE COMPENSATION IS**
7 **PROVIDED BY STATE APPROPRIATION OR PAID FROM STATE FUNDS;**

8 **2. AN APPOINTED OR ELECTED OFFICIAL OF THE STATE**
9 **WHO IS APPOINTED OR ELECTED FOR A TERM OF OFFICE THAT BEGINS ON OR AFTER**
10 **JULY 1, 2018, INCLUDING:**

11 **A. A CLERK OF THE CIRCUIT COURT;**

12 **B. A REGISTER OF WILLS;**

13 **C. A STATE’S ATTORNEY; AND**

14 **D. A SHERIFF;**

15 **3. AN EMPLOYEE OF A DAY SCHOOL IN THE STATE**
16 **UNDER THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR**
17 **THE BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:**

18 **A. A CLERK;**

19 **B. A HELPING TEACHER;**

20 **C. A PRINCIPAL;**

21 **D. A SUPERINTENDENT;**

22 **E. A SUPERVISOR; OR**

23 **F. A TEACHER;**

24 **4. A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY**
25 **THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE;**

26 **5. AN EMPLOYEE OF THE OFFICE OF THE SHERIFF OF**
27 **BALTIMORE CITY;**

1 **6. AN EMPLOYEE OR AGENT OF THE STATE RACING**
2 **COMMISSION AUTHORIZED BY § 11-207 OF THE BUSINESS REGULATION ARTICLE;**

3 **7. A PERMANENT EMPLOYEE OF THE BOARD OF**
4 **SUPERVISORS OF ELECTIONS OF A COUNTY;**

5 **8. A FULL-TIME MASTER IN CHANCERY OR IN JUVENILE**
6 **CAUSES WHO WAS APPOINTED ON OR AFTER JULY 1, 2018, IN ANY COUNTY BY THE**
7 **CIRCUIT COURT FOR THAT COUNTY;**

8 **9. A NONFACULTY EMPLOYEE OF THE BALTIMORE CITY**
9 **COMMUNITY COLLEGE; OR**

10 **10. A STAFF EMPLOYEE OF THE UNIVERSITY SYSTEM OF**
11 **MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY'S COLLEGE OF**
12 **MARYLAND.**

13 **(3) "ELIGIBLE EMPLOYEE" DOES NOT INCLUDE AN INDIVIDUAL WHO**
14 **ON OR BEFORE JUNE 30, 2018, IS A MEMBER OF THE OPTIONAL RETIREMENT**
15 **PROGRAM UNDER TITLE 30 OF THIS ARTICLE.**

16 **(D) "PARTICIPATING EMPLOYEE" MEANS AN ELIGIBLE EMPLOYEE WHO**
17 **PARTICIPATES IN THE CASH BALANCE PLAN.**

18 **SUBTITLE 2. CASH BALANCE PLAN.**

19 **33-201.**

20 **THERE IS A CASH BALANCE PLAN.**

21 **33-202.**

22 **THE BOARD OF TRUSTEES FOR THE STATE RETIREMENT AND PENSION**
23 **SYSTEM SHALL ADMINISTER THE CASH BALANCE PLAN.**

24 **33-203.**

25 **(A) THE BOARD OF TRUSTEES SHALL ADOPT, IMPLEMENT, AND MAINTAIN**
26 **THE CASH BALANCE PLAN.**

27 **(B) THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS TO CARRY OUT**
28 **THIS TITLE.**

1 (C) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS
2 MADE BY THE PARTICIPATING EMPLOYEE AND THE INTEREST EARNED ON THOSE
3 CONTRIBUTIONS UNDER THE CASH BALANCE PLAN:

4 (1) SHALL IMMEDIATELY BE 100% VESTED;

5 (2) SHALL BE HELD IN TRUST FOR THE EXCLUSIVE BENEFIT OF THE
6 PARTICIPATING EMPLOYEE; AND

7 (3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO
8 THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLAN TO MAINTAIN ITS
9 TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.

10 (D) A PARTICIPATING EMPLOYEE'S INTEREST IN THE CONTRIBUTIONS
11 MADE BY THE STATE ON BEHALF OF THE PARTICIPATING EMPLOYEE AND THE
12 INTEREST EARNED ON THOSE CONTRIBUTIONS UNDER THE CASH BALANCE PLAN:

13 (1) SHALL BEGIN 3 YEARS AFTER THE PARTICIPATING EMPLOYEE
14 BECOMES AN ELIGIBLE EMPLOYEE;

15 (2) SHALL BE 100% VESTED ON THE FIRST DAY OF THE 4TH YEAR
16 AFTER THE PARTICIPATING EMPLOYEE BECOMES AN ELIGIBLE EMPLOYEE; AND

17 (3) MAY BE DISTRIBUTED ONLY AT THE TIMES, IN THE MANNER, TO
18 THE EXTENT, AND TO THE INDIVIDUALS THAT ALLOW THE PLANS TO MAINTAIN
19 THEIR TAX-QUALIFIED STATUS UNDER THE INTERNAL REVENUE CODE.

20 33-204.

21 AN INDIVIDUAL IS A MEMBER OF THE CASH BALANCE PLAN AS A CONDITION
22 OF EMPLOYMENT IF THE INDIVIDUAL:

23 (1) COMMENCES EMPLOYMENT AS AN ELIGIBLE EMPLOYEE ON OR
24 AFTER JULY 1, 2018; OR

25 (2) WAS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE
26 TEACHERS' PENSION SYSTEM ON OR BEFORE JUNE 30, 2018, AND BECOMES AN
27 ELIGIBLE EMPLOYEE ON JULY 1, 2018.

28 33-205.

1 **(A) A PARTICIPATING EMPLOYEE'S CONTRIBUTION RATE IS 5% OF THE**
2 **PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.**

3 **(B) THE PARTICIPATING EMPLOYEE CONTRIBUTIONS SHALL BE MADE AS**
4 **PAYROLLS ARE PAID BY PAYROLL DEDUCTION OR BY A REDUCTION IN SALARY IN**
5 **ACCORDANCE WITH THE INTERNAL REVENUE CODE AND AS PROVIDED BY THE CASH**
6 **BALANCE PLAN.**

7 **33-206.**

8 **(A) (1) A PARTICIPATING EMPLOYEE MAY RETIRE FROM THE CASH**
9 **BALANCE PLAN IF THE PARTICIPATING EMPLOYEE HAS ATTAINED AT LEAST AGE 62**
10 **AND AT LEAST 10 YEARS OF SERVICE AS AN ELIGIBLE EMPLOYEE.**

11 **(2) IF A PARTICIPATING EMPLOYEE ELECTS TO RETIRE BEFORE**
12 **ATTAINING AGE 62 AND 10 YEARS OF SERVICE, THE PARTICIPATING EMPLOYEE MAY**
13 **NOT RECEIVE ANY DISTRIBUTION UNDER SUBSECTION (C) OF THIS SECTION UNTIL**
14 **JULY 1 FOLLOWING THE NEXT ACTUARIAL EVALUATION FOLLOWING THE**
15 **PARTICIPATING EMPLOYEE'S ELECTION.**

16 **(B) ON RETIREMENT UNDER THIS SECTION, A PARTICIPATING EMPLOYEE**
17 **SHALL RECEIVE A DISTRIBUTION UNDER SUBSECTION (C) OF THIS SECTION THAT**
18 **EQUALS THE PARTICIPATING EMPLOYEE'S ACCOUNT WITH 5% INTEREST**
19 **COMPOUNDED ANNUALLY FOR EACH YEAR OF SERVICE AS AN ELIGIBLE EMPLOYEE.**

20 **(C) BENEFITS UNDER THE CASH BALANCE PLAN:**

21 **(1) SHALL BE PAYABLE TO A PARTICIPATING EMPLOYEE AS:**

22 **(I) A LUMP SUM PAYMENT; OR**

23 **(II) AN ANNUITY BEGINNING AT THE TIME OF RETIREMENT OF**
24 **THE PARTICIPATING EMPLOYEE WITH:**

25 **1. NO SURVIVOR BENEFIT;**

26 **2. A 100% JOINT AND SURVIVOR BENEFIT; OR**

27 **3. A 50% JOINT AND SURVIVOR BENEFIT; AND**

28 **(2) SHALL BE PAYABLE IN ACCORDANCE WITH THE INTERNAL**
29 **REVENUE CODE AND AS PROVIDED BY THE CASH BALANCE PLAN.**

1 **33-207.**

2 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, ON BEHALF
3 OF EACH PARTICIPATING EMPLOYEE WHO MAKES CONTRIBUTIONS UNDER § 33-205
4 OF THIS SUBTITLE, THE STATE SHALL CONTRIBUTE 5% OF THE PARTICIPATING
5 EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.

6 (B) (1) IN THIS SUBSECTION, "LOCAL EMPLOYER" MEANS:

7 (I) A DAY SCHOOL IN THE STATE UNDER THE AUTHORITY AND
8 SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE BALTIMORE CITY BOARD
9 OF SCHOOL COMMISSIONERS;

10 (II) A LIBRARY THAT IS ESTABLISHED OR OPERATES UNDER THE
11 EDUCATION ARTICLE; OR

12 (III) A COMMUNITY COLLEGE, OTHER THAN BALTIMORE CITY
13 COMMUNITY COLLEGE, THAT IS ESTABLISHED UNDER THE EDUCATION ARTICLE.

14 (2) THIS SECTION APPLIES TO EMPLOYER CONTRIBUTIONS FOR A
15 PARTICIPATING EMPLOYEE WHO IS:

16 (I) AN EMPLOYEE OF A DAY SCHOOL IN THE STATE UNDER THE
17 AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE
18 BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS EMPLOYED AS:

- 19 1. A CLERK;
- 20 2. A HELPING TEACHER;
- 21 3. A PRINCIPAL;
- 22 4. A SUPERINTENDENT;
- 23 5. A SUPERVISOR; OR
- 24 6. A TEACHER;

25 (II) A LIBRARIAN OR CLERICAL EMPLOYEE OF A LIBRARY THAT
26 IS ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE; OR

1 **(III) A PROFESSIONAL EMPLOYEE AT A COMMUNITY COLLEGE OR**
2 **REGIONAL COMMUNITY COLLEGE ESTABLISHED UNDER TITLE 16 OF THE**
3 **EDUCATION ARTICLE.**

4 **(3) ON BEHALF OF A PARTICIPATING EMPLOYEE DESCRIBED UNDER**
5 **PARAGRAPH (2) OF THIS SUBSECTION, EACH LOCAL EMPLOYER SHALL PAY 80% OF**
6 **THE EMPLOYER CONTRIBUTIONS THAT ARE REQUIRED UNDER SUBSECTION (A) OF**
7 **THIS SECTION.**

8 **(C) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO**
9 **ARE PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

10 **(2) AS PAYROLLS ARE PAID, THE CENTRAL PAYROLL BUREAU SHALL**
11 **PAY THE EMPLOYER CONTRIBUTIONS TO THE CASH BALANCE PLAN AS DIRECTED BY**
12 **THE BOARD OF TRUSTEES.**

13 **(3) THE PAYMENTS SHALL BE CHARGED AGAINST THE BUDGETS OF**
14 **THE UNITS EMPLOYING THE PARTICIPATING EMPLOYEES.**

15 **(4) IF A PARTICIPATING EMPLOYEE'S SALARY IS PAID FROM SPECIAL**
16 **FUNDS OR FEDERAL FUNDS OR BOTH, THE EMPLOYER CONTRIBUTION FOR THAT**
17 **EMPLOYEE SHALL BE PAID FROM THOSE FUNDS.**

18 **(D) (1) THIS SUBSECTION APPLIES TO PARTICIPATING EMPLOYEES WHO**
19 **ARE NOT PAID THROUGH THE CENTRAL PAYROLL BUREAU.**

20 **(2) THE BOARD OF TRUSTEES SHALL PROVIDE BY REGULATION THE**
21 **MANNER IN WHICH EMPLOYER CONTRIBUTIONS AND PARTICIPATING EMPLOYEE**
22 **CONTRIBUTIONS ARE TO BE MADE.**

23 **33-208.**

24 **THE GOVERNOR SHALL INCLUDE IN THE ANNUAL STATE BUDGET BILL AN**
25 **APPROPRIATION THAT IS SUFFICIENT TO PAY THE EMPLOYER CONTRIBUTIONS FOR**
26 **PARTICIPATING EMPLOYEES REQUIRED UNDER § 33-207 OF THIS SUBTITLE.**

27 **33-209.**

28 **(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A PARTICIPATING**
29 **EMPLOYEE WHO BEFORE JULY 1, 2018, WAS A MEMBER OF THE EMPLOYEES'**
30 **PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM SHALL RECEIVE A BENEFIT**
31 **UNDER § 23-401 OF THIS ARTICLE FOR THE PERIOD OF TIME THE PARTICIPATING**

1 EMPLOYEE WAS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE
2 TEACHERS' PENSION SYSTEM.

3 (B) TO QUALIFY FOR A BENEFIT FROM THE EMPLOYEES' PENSION SYSTEM
4 OR THE TEACHERS' PENSION SYSTEM UNDER SUBSECTION (A) OF THIS SECTION,
5 THE PARTICIPATING EMPLOYEE IS SUBJECT TO THE PROVISIONS OF TITLE 23 OF
6 THIS ARTICLE.

7 (C) (1) THIS SECTION APPLIES TO AN ELIGIBLE EMPLOYEE WHO ON JUNE
8 30, 2018, IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE UNDER TITLE 29,
9 SUBTITLE 3 OF THIS ARTICLE FROM THE EMPLOYEES' PENSION SYSTEM OR THE
10 TEACHERS' PENSION SYSTEM.

11 (2) AN ELIGIBLE EMPLOYEE DESCRIBED IN PARAGRAPH (1) OF THIS
12 SUBSECTION:

13 (I) MAY ELECT TO RECEIVE A RETURN OF THE ELIGIBLE
14 EMPLOYEE'S MEMBER CONTRIBUTIONS, WITH REGULAR INTEREST, FROM THE
15 EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM; OR

16 (II) MAY ELECT TO CONVERT THE BENEFIT THE ELIGIBLE
17 EMPLOYEE HAS ACCRUED IN THE EMPLOYEES' PENSION SYSTEM OR THE
18 TEACHERS' PENSION SYSTEM ON JUNE 30, 2018, TO AN EQUIVALENT BENEFIT IN
19 THE CASH BALANCE PLAN.

20 (3) AN ELIGIBLE EMPLOYEE WHO ELECTS TO CONVERT THE BENEFIT
21 THE ELIGIBLE EMPLOYEE HAS ACCRUED IN THE EMPLOYEES' PENSION SYSTEM OR
22 THE TEACHERS' PENSION SYSTEM UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION
23 MAY NOT RECEIVE A RETURN OF THE ELIGIBLE EMPLOYEE'S MEMBER
24 CONTRIBUTIONS.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
26 1, 2018.