

SENATE BILL 6

P6

(PRE-FILED)

3lr0695
CF HB 296

By: **Senator McCray**

Requested: November 4, 2022

Introduced and read first time: January 11, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 11, 2023

CHAPTER _____

1 AN ACT concerning

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

4 FOR the purpose of requiring the State Board of Trustees of the Maryland Teachers and
5 State Employees Supplemental Retirement Plans to study options and develop
6 recommendations to implement an automatic enrollment arrangement for certain
7 State employees; ~~requiring an eligible employer to deduct wages of an employee for~~
8 ~~contribution to a supplemental retirement plan in accordance with an automatic~~
9 ~~enrollment arrangement, unless the employee has elected to withdraw from or cease~~
10 ~~to contribute to the supplemental retirement plan;~~ and generally relating to the
11 automatic enrollment of State employees into 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 2022 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 2022 Supplement)~~

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

3 ~~Article State Personnel and Pensions~~

4 ~~§5-101.~~

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

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

11 (c) ~~“Board” means the State Board of Trustees of the Maryland Teachers~~
12 ~~and State Employees Supplemental Retirement Plans.~~

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

15 (e) ~~“Supplemental retirement plans” means the deferred compensation,~~
16 ~~tax sheltered annuity, salary reduction savings plans, and any other plans authorized by~~
17 ~~this title.~~

18 ~~§5-206.~~

19 (A) ~~THE BOARD SHALL IMPLEMENT AN AUTOMATIC ENROLLMENT~~
20 ~~ARRANGEMENT TO AUTOMATICALLY ENROLL ALL STATE EMPLOYEES HIRED ON OR~~
21 ~~AFTER JANUARY 1, 2024, IN A SUPPLEMENTAL RETIREMENT PLAN.~~

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

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

31 (i) ~~HAVE A DIFFERENT AMOUNT DEDUCTED;~~

1 ~~(H) CEASE MAKING CONTRIBUTIONS TO THE SUPPLEMENTAL~~
2 ~~RETIREMENT PLAN; OR~~

3 ~~(HH) WITHDRAW FROM THE SUPPLEMENTAL RETIREMENT PLAN.~~

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

6 ~~(1) PROVIDED A NOTICE WITH AN EXPLANATION OF:~~

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

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

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

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

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

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

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

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

~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply only to individuals eligible to participate in a supplemental retirement plan who commence employment or who are reinstated on or after January 1, 2024.~~

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

That:

(a) (1) In this section the following words have the meanings indicated.

(2) “Board” means the State Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans.

(3) “Eligible employee” means an individual eligible to participate in the Maryland Teachers and State Employees Supplemental Retirement Plans.

(4) “Eligible employer” means the employer of an individual eligible to participate in the Maryland Teachers and State Employees Supplemental Retirement Plans.

(5) “Plan” means the Maryland Teachers and State Employees Supplemental Retirement Plans.

(b) (1) The Board shall study options for establishing an automatic enrollment process for eligible employees into the Plan.

(2) In conducting the study under paragraph (1) of this subsection, the Board shall:

(i) review the implementation of automatic enrollment into supplemental retirement savings plans in other states for public employees who are also enrolled in a defined benefit retirement plan;

(ii) consult with the Department of Budget and Management and eligible employers regarding options to provide:

1. tutorials and education sessions for benefit coordinators and eligible employees; and

2. necessary disclosures to eligible employees regarding automatic enrollment in the Plan;

(iii) review options for default Plan investment options under automatic enrollment of eligible employees;

(iv) examine the impact of automatic enrollment on Plan administrative and investment management fees for Plan enrollees;

1 (v) review best practices for providing information, tutorials, and
2 education sessions to eligible employees regarding automatic enrollment in the Plan; and

3 (vi) consult with any exclusive bargaining representatives of eligible
4 employees regarding the process for determining default contribution amounts at the time
5 of automatic enrollment.

6 (c) (1) The Board shall make findings and recommendations regarding:

7 (i) the feasibility of requiring automatic enrollment of eligible
8 employees in the Plan;

9 (ii) default contribution rates and investment options for
10 automatically enrolled eligible employees;

11 (iii) necessary disclosures and education information for eligible
12 employees; and

13 (iv) statutory changes needed to implement automatic enrollment of
14 eligible employees into the Plan.

15 (2) On or before November 1, 2023, the Board shall report its findings and
16 recommendations to the Joint Committee on Pensions in accordance with § 2-1257 of the
17 State Government Article.

18 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.