

THERE IS A SALARY REDUCTION SAVINGS PLAN FOR ELIGIBLE PARTICIPANTS AS ALLOWED BY § 401(K) OF THE INTERNAL REVENUE CODE.

(B) FEDERAL APPROVAL REQUIRED.

THE BOARD SHALL OBTAIN APPROVAL FROM THE INTERNAL REVENUE SERVICE FOR THE SALARY REDUCTION SAVINGS PLAN.

REVISOR'S NOTE: This section is new language substituted for former Art. 73C, § 4(b). This substitution reflects the existence of the salary reduction plan.

Throughout this subtitle, the term "salary reduction savings plan" is substituted for the former, misleading term "profit sharing and salary reduction plan". Profits are no longer necessary for a plan under § 401(k) of the Internal Revenue Code.

Defined term: "Board" § 35-101

35-502. PARTICIPANTS IN PLAN.

AN INDIVIDUAL IS ELIGIBLE TO PARTICIPATE IN THE SALARY REDUCTION SAVINGS PLAN IF THE INDIVIDUAL IS:

- (1) AN OFFICER OF THIS STATE; OR
- (2) AN EMPLOYEE OF THIS STATE, INCLUDING A CONTRACTUAL EMPLOYEE.

REVISOR'S NOTE: This section is new language substituted for former Art. 73C, § 4(a); which, as amended by Ch. 22, Acts of 1993, referred to "classified service employees in the State Personnel Management System". The purpose of Ch. 22 was to make technical changes throughout the Code to conform terminology to that used in Division I of this article.

The substitution in this section reflects the scope of the existing salary reduction savings plan, and is supported by the reference to "employees as defined in § 1 of Article 64A" that existed in former Art. 73C, § 4(a) before the 1993 amendment. The following definitions of the term "employee" existed in 1985, when former Art. 73C, § 4 was first enacted: (1) "employee", which was defined as meaning "a person who holds under the terms of this article, a position in the classified service, but shall not include a person employed by contract to render a temporary special service for the State"; and (2) "classified service", which was defined as meaning "all offices of profit or trust and all places of employment, whether permanent or temporary, in the service of any State officer, department, commission, board or institution, other than those in the military forces, and other than those enumerated in § 3 of this article".

To reflect that Maryland allows all officers and employees to participate in the plan, contractual employees are specifically included as eligible participants.