

Chapter 278

(House Bill 1122)

AN ACT concerning

State Retirement and Pension System – Death Benefits

FOR the purpose of allowing a certain surviving dependent parent of a member of the Correctional Officers' Retirement System to participate in the State Employee and Retiree Health and Welfare Benefits Program if the surviving dependent parent receives a certain allowance; altering the requirements for a certain surviving minor child to participate in the State Employee and Retiree Health and Welfare Benefits Program if the surviving child receives a certain allowance; altering the distribution of certain survivor benefits to surviving children of certain members of the State Retirement and Pension System; requiring a surviving disabled child to receive certain survivor benefits; allowing a certain death benefit to be paid if certain special death benefits are waived by certain individuals; altering the distribution of certain special death benefits to certain surviving children of certain members of the State Retirement and Pension System; requiring a surviving disabled child to receive certain special death benefits; providing for the distribution of certain special death benefits to surviving children; requiring a surviving dependent parent to receive certain special death benefits; requiring certain death benefits to be paid if the payment of certain special death benefits are waived by certain individuals; making conforming changes; providing for the application of this Act; and generally relating to death benefits in the State Retirement and Pension System.

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 2–507, 24–403, 26–402, 27–403, 29–202, 29–203, 29–204, 29–204.1, and
29–204.2

Annotated Code of Maryland

(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 29–201

Annotated Code of Maryland

(2015 Replacement Volume and 2016 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

2–507.

(a) Subject to the regulations adopted under § 2-503 of this subtitle, a State employee may enroll and participate in any of the health insurance or other benefit options established under the Program.

(b) The surviving spouse of a State employee who died while employed by the State may enroll and participate in the health insurance benefit options established under the Program as long as the surviving spouse:

(1) is receiving an allowance under Title 29, Subtitle 2 of this article; or

(2) is the sole primary designated beneficiary and receiving a periodic distribution of benefits under an optional retirement program under Title 30 of this article.

(c) The surviving [minor] child or dependent parent of a State Police officer who died while employed by the State may enroll and participate in the health insurance benefit options established under the Program as long as the child or parent is receiving an allowance under Title 29, Subtitle 2 of this article.

(d) The surviving [minor] child **OR DEPENDENT PARENT** of a correctional officer who at the time of death was a member of the Correctional Officers' Retirement System and who died while employed by the State may enroll and participate in the health insurance benefit options established under the Program as long as the child **OR PARENT** is receiving an allowance under Title 29, Subtitle 2 of this article.

(e) The surviving [minor] child or dependent parent of a State employee who at the time of death was a member of the Employees' Retirement System, Employees' Pension System, Teachers' Retirement System, or Teachers' Pension System and who was killed while employed by the State may enroll and participate in the health insurance benefit options established under the Program as long as the child or parent is receiving an allowance under Title 29, Subtitle 2 of this article.

24-403.

(a) This section applies only to a retiree who has retired with a service retirement allowance or a disability retirement allowance or a former member who has retired with a deferred vested allowance.

(b) On the death of a retiree or former member, the Board of Trustees shall pay 80% of the retiree's retirement allowance:

(1) to the surviving spouse; or

(2) if there is [not a] **NO** surviving spouse ~~for~~, if the surviving spouse dies ~~before the youngest child is [18] 26 years old, OR THERE IS A SURVIVING DISABLED CHILD,~~ to any children of the deceased retiree ~~who are under 18 years of age~~ **IN**

ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION OR DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION.

(c) (1) [If] EXCEPT AS PROVIDED IN ~~PARAGRAPH (2)~~ PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF the Board of Trustees pays an allowance to more than one child, the Board of Trustees shall divide the allowance ~~EQUALLY~~ among the children [under the age of 18 years] in a manner that provides for payments to continue until [each child dies or becomes 18 years old]:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ EACH CHILD HAS DIED; OR

(II) ~~THE YOUNGEST SURVIVING~~ EACH CHILD BECOMES ~~26~~ 18 YEARS OLD.

(2) NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 18 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(3) (I) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES ~~26~~ 18 YEARS OLD.

(II) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

26-402.

(a) This section applies to the surviving spouse or a child of a retiree in receipt of a service retirement allowance or a disability retirement allowance.

(b) On the death of a retiree, the Board of Trustees shall pay 50% of the retiree's retirement allowance to:

(1) the surviving spouse; or

(2) if there is no surviving spouse ~~for~~, if the surviving spouse dies before the youngest child of the retiree is ~~[18] 26~~ years old, ~~[all] OR THERE IS A SURVIVING DISABLED CHILD, ANY, TO ANY~~ children of the deceased retiree ~~[who are under 18 26 years old]~~ IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION OR DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE.

(c) (1) ~~[If] EXCEPT AS PROVIDED IN PARAGRAPH (2)~~ PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF the Board of Trustees pays an allowance to more than one child, the Board of Trustees shall divide the allowance ~~EQUALLY~~ among the children ~~[under the age of 18 years]~~ in a manner that provides for payments to continue until ~~[each child dies]~~:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ EACH CHILD HAS DIED; or

(II) ~~THE YOUNGEST SURVIVING~~ EACH CHILD becomes ~~[18] 26~~ years old.

(2) NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(3) (I) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.

(II) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

(a) (1) Except as provided in paragraph (2) of this subsection, on the death of a member, the Board of Trustees shall pay to the surviving spouse 50% of the retirement allowance that would be payable were the member alive and eligible to receive a retirement allowance.

(2) (i) If at the time of death the member does not have a surviving spouse, the Board of Trustees shall pay to the member's designated beneficiary or beneficiaries a lump-sum death benefit consisting of the sum of:

1. the member's accumulated contributions; and
2. an amount equal to the member's annual salary at the time of death.

(ii) If a member has designated more than one beneficiary, the lump-sum death benefit provided in subparagraph (i) of this paragraph shall be divided equally among the beneficiaries.

(b) On the death of a former member or retiree, the Board of Trustees shall pay to the surviving spouse 50% of the retirement allowance that would be payable were the former member or retiree alive and eligible to receive a retirement allowance.

(c) (1) This subsection applies to a member, former member, or retiree who at the time of death:

- (i) does not have a spouse; and
- (ii) has a child under the age of [18] **26** years, **OR A CHILD WHO IS DISABLED.**

(2) [Until each child reaches the age of 18 years, the] **THE** Board of Trustees shall pay to the surviving children of the member, former member, or retiree [who are under the age of ~~18~~ **26** years] **OR ARE DISABLED** the retirement allowance that would have been paid to a surviving spouse under subsection (a) or (b) of this section, ~~SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION.~~

(3) (1) [If] **EXCEPT AS PROVIDED IN ~~SUBPARAGRAPH (II)~~ SUBPARAGRAPHS (II) AND (III) OF THIS PARAGRAPH**, IF the Board of Trustees pays an allowance to more than one child, the Board of Trustees shall divide the allowance equally among the children [who are under the age of 18 years becomes 18 years old] **IN A MANNER THAT PROVIDES FOR PAYMENTS TO CONTINUE UNTIL:**

1. ~~ALL SURVIVING CHILDREN HAVE~~ **EACH CHILD HAS DIED; OR**

2. ~~THE YOUNGEST SURVIVING~~ EACH CHILD BECOMES 26 YEARS OLD.

(II) NOTWITHSTANDING PARAGRAPH (3)(1)2 OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(III) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.

~~(III)~~ **(IV) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.**

29-201.

This subtitle does not apply to the Judges' Retirement System.

29-202.

(a) (1) ~~(I) When~~ **SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, WHEN** the Board of Trustees receives proof of death of an individual who died while employed as a member, the Board of Trustees shall pay to the designated beneficiary or, if there is no designated beneficiary, to the member's estate the amounts specified in this subsection.

(II) IF A MEMBER DESIGNATES MORE THAN ONE BENEFICIARY, ON THE DEATH OF THE MEMBER, THE BOARD OF TRUSTEES SHALL PAY THE AMOUNTS SPECIFIED IN THIS SUBSECTION IN EQUAL SHARES TO EACH OF THE DESIGNATED BENEFICIARIES.

(2) Subject to paragraph (1) of this subsection, the Board of Trustees shall pay the member's accumulated contributions.

(3) Subject to paragraph (1) of this subsection, the Board of Trustees shall pay an amount equal to the member's annual earnable compensation at death if the member dies in the course of the performance of duty or the member has at least 1 year of eligibility service.

(b) (1) A death benefit under this section may not be paid for the death of a member of the State Police Retirement System if a special death benefit under § 29–204 of this subtitle is [payable or has been] paid for that death.

(2) A death benefit under this section may not be paid for the death of a member of the Correctional Officers' Retirement System if a special death benefit under § 29–204.1 of this subtitle is [payable or has been] paid for that death.

(3) A death benefit under this section may not be paid for the death of a member of the Employees' Retirement System, Employees' Pension System, Teachers' Retirement System, or Teachers' Pension System if a special death benefit under § 29–204.2 of this subtitle is [payable or has been] paid for that death.

(4) A death benefit under this section may not be paid for the death of a member of the Law Enforcement Officers' Pension System if a special death benefit under § 29–203 of this subtitle is [payable or has been] paid for that death.

(5) IF ALL INDIVIDUALS WHO ARE ELIGIBLE FOR A SPECIAL DEATH BENEFIT UNDER § 29–203, § 29–204, § 29–204.1, OR § 29–204.2 ELECT TO WAIVE THE PAYMENT OF A SPECIAL DEATH BENEFIT, A BENEFIT SHALL BE PAID IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION.

(c) The Board of Trustees may provide the death benefit as group life insurance if the Board of Trustees finds that the designated beneficiaries would receive a more favorable tax treatment of the death benefit.

29–203.

(a) (1) This subsection applies only to an individual who dies while employed as a member of the Law Enforcement Officers' Pension System:

- (i) without willful negligence by the member; and
- (ii) with more than 2 years of eligibility service.

(2) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in paragraph (1) of this subsection, the Board of Trustees shall pay:

(i) if the member is survived by a spouse [or], A child under the age of [18] **26** years, **A DISABLED CHILD, OR A DEPENDENT PARENT:**

1. the member's accumulated contributions to the designated beneficiary, or otherwise to the member's estate; and

2. an allowance of 50% of the ordinary disability retirement allowance provided for in § 29–108 of this title:

A. to the surviving spouse; [or]

B. if there is no surviving spouse or if the surviving spouse dies ~~before the youngest child of the member is [18] 26 years old~~, to ~~[any] ALL~~ children of the deceased member ~~[who are under the age of 18 26 years; or] IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~C. IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~D. IF THERE IS NO SURVIVING SPOUSE, NO CHILD YOUNGER THAN 26 YEARS OF AGE, OR NO DISABLED CHILD, TO THE MEMBER'S DEPENDENT PARENT TO CONTINUE AS THE BOARD OF TRUSTEES MAY DIRECT FOR THE REST OF THE PARENT'S LIFE; OR~~

(ii) if the member is not survived by a spouse [or], A child under the age of [18] **26** years, **A DISABLED CHILD, OR A DEPENDENT PARENT**, the death benefit under § 29–202 of this subtitle.

(b) (1) This subsection applies only to an individual who dies while employed as a member of the Law Enforcement Officers' Pension System:

(i) without willful negligence by the member; and

(ii) with death arising out of or in the course of the actual performance of duty.

(2) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in paragraph (1) of this subsection, the Board of Trustees shall pay:

(i) if the member is survived by a spouse [or], A child under the age of 26 years, **A DISABLED CHILD, OR A DEPENDENT PARENT:**

1. the member’s accumulated contributions to the designated beneficiary, or otherwise to the member’s estate; and

2. an allowance of two-thirds of the member’s average final compensation:

A. to the surviving spouse; [or]

B. if there is no surviving spouse or if the surviving spouse dies ~~before the youngest child of the member is 26 years old~~, to any children of the deceased member [who are under the age of 26 years; or] ~~IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION;~~ **DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR**

~~C. IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~D. IF THERE IS NO SURVIVING SPOUSE, NO CHILD YOUNGER THAN 26 YEARS OF AGE, OR NO DISABLED CHILD, TO THE MEMBER’S DEPENDENT PARENT TO CONTINUE AS THE BOARD OF TRUSTEES MAY DIRECT FOR THE REST OF THE PARENT’S LIFE; OR~~

(ii) if the member is not survived by a spouse [or], A child under the age of 26 years, **A DISABLED CHILD, OR A DEPENDENT PARENT**, the death benefit under § 29–202 of this subtitle.

(c) (1) ~~[If] EXCEPT AS PROVIDED IN PARAGRAPH (2)~~ **PARAGRAPHS (2) AND (3) OF THIS SUBSECTION**, IF the Board of Trustees pays an allowance under [subsection (a) of] this section to more than one child, the Board of Trustees shall divide the allowance among the children [under the age of 18 years] in a manner that provides for payments to continue until [each child dies or becomes 18 years old]:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ **EACH CHILD HAS DIED; OR**

(II) ~~THE YOUNGEST SURVIVING~~ **EACH CHILD BECOMES 26 YEARS OLD.**

(2) NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE

UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(3) (I) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

- 1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR**
- 2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.**

(II) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

[(2) If the Board of Trustees pays an allowance under subsection (b) of this section to more than one child, the Board of Trustees shall divide the allowance among the children under the age of 26 years in a manner that provides for payments to continue until each child dies or becomes 26 years old.]

(D) BEFORE THE PAYMENT OF ANY SPECIAL DEATH BENEFIT IS MADE UNDER THIS SECTION, IF ALL INDIVIDUALS ELIGIBLE FOR A SPECIAL DEATH BENEFIT UNDER THIS SECTION ELECT TO WAIVE THE PAYMENT OF THE SPECIAL DEATH BENEFIT, A BENEFIT SHALL BE PAID IN ACCORDANCE WITH § 29-202(A) OF THIS SUBTITLE.

29-204.

(a) (1) This subsection applies only to an individual who dies while employed as a member of the State Police Retirement System:

- (i) without willful negligence by the member; and
- (ii) with more than 2 years of eligibility service.

(2) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in paragraph (1) of this subsection, the Board of Trustees shall pay:

(i) if the member is survived by a spouse, a child under the age of [18] 26 years, **A DISABLED CHILD**, or a dependent parent:

1. the member's accumulated contributions to the designated beneficiary, or otherwise to the member's estate; and

2. an allowance of 50% of the member's average final compensation:

A. to the surviving spouse;

B. if there is no surviving spouse or if the surviving spouse dies ~~before the youngest child of the member is [18] 26 years old~~, to all ANY children [under the age of 18 years; or] OF THE DECEASED MEMBER IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; WHO ARE UNDER THE AGE OF 26 YEARS OR DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR

~~C. IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~D.~~ if there is no surviving spouse [or], **NO** children younger than [18] 26 years of age, **OR NO DISABLED CHILD**, to the member's dependent parent to continue as the Board of Trustees may direct for the rest of the parent's life; or

(ii) if the member is not survived by a spouse, a child under the age of [18] 26 years, **A DISABLED CHILD**, or a dependent parent, the death benefit under § 29-202 of this subtitle.

(b) (1) This subsection applies only to an individual who dies while employed as a member of the State Police Retirement System:

(i) without willful negligence by the member; and

(ii) with death arising out of or in the course of the actual performance of duty.

(2) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in paragraph (1) of this subsection, the Board of Trustees shall pay:

(i) if the member is survived by a spouse, a child under the age of [18] 26 years, **A DISABLED CHILD**, or a dependent parent:

1. the member's accumulated contributions to the designated beneficiary, or otherwise to the member's estate; and

2. an allowance of two-thirds of the member's average final compensation:

A. to the surviving spouse;

B. if there is no surviving spouse or if the surviving spouse dies ~~before the youngest child of the member is [18] 26 years old~~, to ~~all~~ ANY children [under the age of 18 years; or] ~~OF THE DECEASED MEMBER IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION;~~ WHO ARE UNDER THE AGE OF 26 YEARS OR DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR

~~C. IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~D.~~ if there is no surviving spouse [or], ~~NO~~ children younger than [18] **26** years of age, ~~OR NO DISABLED CHILD~~, to the member's dependent parent to continue as the Board of Trustees may direct for the rest of the parent's life; or

(ii) if the member is not survived by a spouse, a child under the age of [18] **26** years, ~~A DISABLED CHILD~~, or a dependent parent, the death benefit under § 29-202 of this subtitle.

(c) **(1)** ~~[If] EXCEPT AS PROVIDED IN PARAGRAPH (2)~~ PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, IF the Board of Trustees pays an allowance under this section to more than one child, the Board of Trustees shall divide the allowance among the children [under the age of 18 years] in a manner that provides for payments to continue until [each child dies or becomes 18 years old]:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ EACH CHILD HAS DIED; OR

(II) ~~THE YOUNGEST SURVIVING~~ EACH CHILD BECOMES **26** YEARS OLD.

(2) NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(3) (i) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.

(ii) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

(D) BEFORE THE PAYMENT OF ANY SPECIAL DEATH BENEFIT IS MADE UNDER THIS SECTION, IF ALL INDIVIDUALS ELIGIBLE FOR A SPECIAL DEATH BENEFIT UNDER THIS SECTION ELECT TO WAIVE THE PAYMENT OF THE SPECIAL DEATH BENEFIT, A BENEFIT SHALL BE PAID IN ACCORDANCE WITH § 29-202(A) OF THIS SUBTITLE.

29-204.1.

(a) This section applies only to an individual who dies while employed as a member of the Correctional Officers' Retirement System:

(1) without willful negligence by the member; and

(2) with death arising out of or in the course of the actual performance of duty.

(b) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in subsection (a) of this section, the Board of Trustees shall pay:

(1) if the member is survived by a spouse [or], a child under the age of [18] 26 years, A DISABLED CHILD, OR A DEPENDENT PARENT:

(i) the member's accumulated contributions to the designated beneficiary, or otherwise to the member's estate; and

(ii) an allowance of two-thirds of the member's average final compensation:

1. to the surviving spouse; or

2. if there is no surviving spouse or if the surviving spouse dies before the youngest child of the member is ~~[18]~~ **26** years old, to ~~any~~ **ALL** children of the deceased member ~~[who are under the age of 18]~~ **26** years; or ~~IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION;~~ **DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR**

~~3. IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~4. IF THERE IS NO SURVIVING SPOUSE, NO CHILD YOUNGER THAN 26 YEARS OF AGE, OR NO DISABLED CHILD, TO THE MEMBER'S DEPENDENT PARENT TO CONTINUE AS THE BOARD OF TRUSTEES MAY DIRECT FOR THE REST OF THE PARENT'S LIFE; OR~~

(2) if the member is not survived by a spouse [or], a child under the age of [18] **26** years, A **DISABLED CHILD, OR A DEPENDENT PARENT**, the death benefit under § 29-202 of this subtitle.

(c) (1) ~~[If] EXCEPT AS PROVIDED IN PARAGRAPH (2)~~ **PARAGRAPHS (2) AND (3)** OF THIS SUBSECTION, IF the Board of Trustees pays an allowance under this section to more than one child, the Board of Trustees shall divide the allowance among the children [under the age of 18 years] in a manner that provides for payments to continue until [each child dies or becomes 18 years old]:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ **EACH CHILD HAS** DIED; OR

(II) ~~THE YOUNGEST SURVIVING~~ **EACH** CHILD BECOMES **26** YEARS OLD.

(2) **NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.**

(3) (I) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.

(II) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

(D) BEFORE THE PAYMENT OF ANY SPECIAL DEATH BENEFIT IS MADE UNDER THIS SECTION, IF ALL INDIVIDUALS ELIGIBLE FOR A SPECIAL DEATH BENEFIT UNDER THIS SECTION ELECT TO WAIVE THE PAYMENT OF THE SPECIAL DEATH BENEFIT, A BENEFIT SHALL BE PAID IN ACCORDANCE WITH § 29–202(A) OF THIS SUBTITLE.

29–204.2.

(a) This section applies only to an individual who is killed while a member of the Employees' Retirement System, Employees' Pension System, Teachers' Retirement System, or Teachers' Pension System:

(1) without willful negligence by the member; and

(2) with death arising out of or in the course of the actual performance of duty.

(b) When the Board of Trustees receives proof of death of a member and finds that the death has occurred in the manner described in subsection (a) of this section, the Board of Trustees shall pay:

(1) if the member is survived by a spouse, a child under the age of [18] 26 years, A DISABLED CHILD, or a dependent parent:

(i) the member's accumulated contributions to the designated beneficiary, or otherwise to the member's estate; and

(ii) an allowance of two-thirds of the member's average final compensation:

1. to the surviving spouse;

2. if there is no surviving spouse or if the surviving spouse dies ~~before the youngest child of the member is [18] 26 years old~~, to ~~all ANY~~ children of the deceased member ~~[who are under the age of 18 26 years; or] IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

3. ~~IF THERE IS NO SURVIVING SPOUSE OR NO CHILD YOUNGER THAN 26 YEARS OF AGE, TO ALL DISABLED CHILDREN, IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; OR~~

~~4.~~ if there is no surviving spouse [or children], ~~NO CHILD~~ younger than [18] 26 years of age, ~~OR NO DISABLED CHILD~~, to the member's dependent parent to continue as the Board of Trustees may direct for the rest of the parent's life; or

(2) if the member is not survived by a spouse, a child under the age of [18] 26 years, ~~A DISABLED CHILD~~, or a dependent parent, the death benefit under § 29–202 of this subtitle.

(c) (1) [If] ~~EXCEPT AS PROVIDED UNDER PARAGRAPH (2) PARAGRAPHS (2) AND (3) OF THIS SUBSECTION~~, IF the Board of Trustees pays an allowance under this section to more than one child, the Board of Trustees shall divide the allowance among the children [under the age of 18 years] in a manner that provides for payments to continue until [each child dies or becomes 18 years old]:

(I) ~~ALL SURVIVING CHILDREN HAVE~~ EACH CHILD HAS DIED; OR

(II) ~~THE YOUNGEST SURVIVING~~ EACH CHILD BECOMES 26 YEARS OLD.

(2) NOTWITHSTANDING PARAGRAPH (1)(II) OF THIS SUBSECTION, A SURVIVING CHILD WHO IS DISABLED SHALL CONTINUE TO RECEIVE AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION PAST THE AGE OF 26 YEARS, IF THE CHILD CONTINUES TO BE DISABLED.

(3) (1) IF A SURVIVING CHILD RECEIVING AN ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE BOARD OF TRUSTEES SHALL PAY TO THE DISABLED SURVIVING CHILD AN ALLOWANCE EQUAL TO THE TOTAL OF THE ALLOWANCES PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION AFTER:

1. ALL OTHER NONDISABLED SURVIVING CHILDREN HAVE DIED; OR

2. THE YOUNGEST NONDISABLED SURVIVING CHILD BECOMES 26 YEARS OLD.

(II) IF MORE THAN ONE SURVIVING CHILD IS DISABLED, AS DEFINED UNDER § 72(M)(7) OF THE INTERNAL REVENUE CODE, THE ALLOWANCE PAYABLE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE DIVIDED EQUALLY AMONG THE DISABLED CHILDREN.

(D) BEFORE THE PAYMENT OF ANY SPECIAL DEATH BENEFIT IS MADE UNDER THIS SECTION, IF ALL INDIVIDUALS ELIGIBLE FOR A SPECIAL DEATH BENEFIT UNDER THIS SECTION ELECT TO WAIVE THE PAYMENT OF THE SPECIAL DEATH BENEFIT, A BENEFIT SHALL BE PAID IN ACCORDANCE WITH § 29-202(A) OF THIS SUBTITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively and may not be applied or interpreted to have any effect on or application to any death benefits provided for the death of a member *or retiree* of the State Retirement and Pension System that occurred before the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.

Approved by the Governor, April 18, 2017.