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By: **Delegates Proctor, Barve, Benson, Bobo, Bozman, Branch, E. Burns, Cadden, Conroy, C. Davis, DeCarlo, Donoghue, Dypski, Exum, Goldwater, Harrison, Healey, Heller, Hubbard, B. Hughes, Hurson, Jones, Linton, Malone, Marriott, McIntosh, Menes, Mohorovic, Opara, Taylor, Pitkin, Nathan-Pulliam, Workman, Howard, Frush, Owings, Weir, Stull, Muse, Patterson, Moe, McHale, Mossburg, Edwards, Palumbo, R. Baker, Morgan, Walkup, McClenahan, Wood, Montague, and Vallario**

Introduced and read first time: February 13, 1998  
Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Pension Systems - Alternate Pension Selection**

3 FOR the purpose of providing for an alternate pension selection for members of the  
4 Employees' Pension System who are not employees of participating  
5 governmental units and for members of the Teachers' Pension System; making  
6 the selection optional for certain members of the Employees' Pension System,  
7 the Employees' Retirement System, the Teachers' Pension System, and the  
8 Teachers' Retirement System and mandatory for certain other members;  
9 authorizing the Board of Trustees for the State Retirement and Pension System  
10 under certain circumstances to extend the period for making a certain election;  
11 making an election irrevocable; prohibiting the Board of Trustees from revoking  
12 or overturning an election; providing for the member contribution rate, the  
13 benefits, and the cost-of-living adjustment for members subject to the alternate  
14 pension selection; requiring that certain members who elect to be subject to the  
15 alternate pension selection make member contributions for a certain minimum  
16 number of months to receive certain benefits; providing for a certain adjustment  
17 of an allowance for certain members who transferred from the Employees'  
18 Retirement System or the Teachers' Retirement System and who received a  
19 certain transfer refund; providing for the prorating of certain credit for service  
20 for certain members who elect to be subject to the alternate pension selection  
21 and work fewer than a certain number of hours; providing for the funding of  
22 certain liabilities under this Act; and generally relating to an alternate pension  
23 selection for members of the Employees' Pension System who are State  
24 employees and for members of the Teachers' Pension System.

25 BY adding to  
26 Article - State Personnel and Pensions  
27 New part designation "Part I. Membership Generally" to immediately precede

1 Section 23-201  
2 Annotated Code of Maryland  
3 (1997 Replacement Volume)

4 BY repealing and reenacting, with amendments,  
5 Article - State Personnel and Pensions  
6 Section 21-304(d), 23-212, 23-302, 23-303, 23-401, and 29-404  
7 Annotated Code of Maryland  
8 (1997 Replacement Volume)

9 BY adding to  
10 Article - State Personnel and Pensions  
11 Section 23-217 and 23-218 to be under the new part "Part II. Alternate Pension  
12 Selection"; and 29-425 through 29-427, inclusive, to be under the new  
13 part "Part VI. Three Percent Compound Adjustment"  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume)

16 BY repealing and reenacting, without amendments,  
17 Article - State Personnel and Pensions  
18 Section 23-402, 29-108, 29-110, 29-206  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
22 MARYLAND, That the new part designation "Part I. Membership Generally" be  
23 added to immediately precede Section 23-201 of the State Personnel and Pensions  
24 Article of the Annotated Code of Maryland.

25 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
26 read as follows:

27 **Article - State Personnel and Pensions**

28 21-304.

29 (d) (1) For each State system, the accrued liability contribution rate shall be  
30 computed as the percent of the aggregate annual earnable compensation of the State  
31 members of that State system that is sufficient to liquidate over 40 years beginning  
32 July 1, 1980, the amount, as of June 30, 1980, by which the total liabilities of that  
33 State system on account of State members exceeded the sum of:

34 (i) the assets of the accumulation fund and the annuity savings  
35 fund of that State system, other than assets to the credit of the participating  
36 governmental units; and

1 (ii) the present value of future normal contributions and future  
2 member contributions to that State system on behalf of or by State members.

3 (2) On the recommendation of the actuary, the Board of Trustees may  
4 adjust the accrued liability contribution rates to reflect, over the greater of 15 years or  
5 the time remaining to amortize the accrued liability:

6 (i) experience gains and losses; and

7 (ii) the effect of changes in actuarial assumptions.

8 (3) Except as provided in [paragraph (4)] PARAGRAPHS (4) AND (5) of this  
9 subsection, if the accrued liability is increased by legislation enacted after July 1,  
10 1980, the additional liability shall be funded over 30 years beginning on July 1  
11 coincident with or next following the effective date of the increase.

12 (4) If the accrued liability is increased by legislation that provides for  
13 early retirement of State employees, the additional liability shall be funded over a  
14 period of 5 years beginning on:

15 (i) July 1, 1997 for legislation effective June 1, 1996; and

16 (ii) July 1, 1998 for legislation effective June 1, 1997.

17 (5) IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION  
18 EFFECTIVE JULY 1, 1998, THAT PROVIDES FOR AN ALTERNATE PENSION SELECTION  
19 FOR MEMBERS OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION  
20 SYSTEM, THE ADDITIONAL LIABILITY SHALL BE FUNDED OVER A PERIOD OF 20  
21 YEARS BEGINNING ON JULY 1, 1999.

22 23-212.

23 (A) [A] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, A  
24 member's contribution rate is 5% of the part of the member's earnable compensation  
25 that exceeds the taxable wage base for each year.

26 (B) THE CONTRIBUTION RATE OF A MEMBER SUBJECT TO THE ALTERNATE  
27 PENSION SELECTION UNDER PART II OF THIS SUBTITLE IS 3% OF THE MEMBER'S  
28 EARNABLE COMPENSATION.

29 23-215. RESERVED.

30 23-216. RESERVED.

31 PART II. ALTERNATE PENSION SELECTION.

32 23-217.

33 (A) THIS PART II OF THIS SUBTITLE APPLIES TO:

1 (1) AN INDIVIDUAL WHO ON OR AFTER JULY 1, 1998 BECOMES A  
2 MEMBER OF:

3 (I) THE EMPLOYEES' PENSION SYSTEM AND IS NOT AN EMPLOYEE  
4 OF A PARTICIPATING GOVERNMENTAL UNIT; OR

5 (II) THE TEACHERS' PENSION SYSTEM; AND

6 (2) AN INDIVIDUAL WHO ON OR BEFORE JUNE 30, 1999 OR ANY DATE OF  
7 AN EXTENSION MADE UNDER PARAGRAPH (B) OF THIS SUBSECTION, ELECTS TO BE  
8 SUBJECT TO THIS PART II OF THIS SUBTITLE AND WHO ON OR BEFORE JUNE 30, 1998:

9 (I) IS NOT AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL  
10 UNIT, BUT WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR A MEMBER  
11 OF THE EMPLOYEES' RETIREMENT SYSTEM WHO TRANSFERS TO THE EMPLOYEES'  
12 PENSION SYSTEM BEFORE THE ELECTION; OR

13 (II) IS A MEMBER OF THE TEACHERS' PENSION SYSTEM OR A  
14 MEMBER OF THE TEACHERS' RETIREMENT SYSTEM WHO TRANSFERS TO THE  
15 TEACHERS' PENSION SYSTEM BEFORE THE ELECTION.

16 (B) (1) THE BOARD OF TRUSTEES MAY EXTEND THE DATE FOR WHICH AN  
17 INDIVIDUAL MAY ELECT TO BE SUBJECT TO PART II OF THIS SUBTITLE IF, ON OR  
18 BEFORE JUNE 30, 1999, FEWER MAKE THE ELECTION THAN 60% OF THE NUMBER WHO  
19 ON JUNE 30, 1998 ARE MEMBERS OF THE TEACHERS' PENSION SYSTEM OR MEMBERS  
20 OF THE EMPLOYEES' PENSION SYSTEM WHO ARE NOT EMPLOYEES OF A  
21 PARTICIPATING GOVERNMENTAL UNIT.

22 (2) AN EXTENSION UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY BE  
23 MADE ONLY ONCE FOR A PERIOD OF UP TO 12 MONTHS.

24 (C) (1) AN ELECTION TO BE SUBJECT TO THIS PART II OF THIS SUBTITLE IS  
25 IRREVOCABLE.

26 (2) THE BOARD OF TRUSTEES MAY NOT REVOKE OR OVERTURN AN  
27 ELECTION EVEN IF REQUESTED BY THE MEMBER MAKING THE ELECTION.

28 (3) THE EFFECTIVE DATE OF THE ELECTION IS THE FIRST DAY OF THE  
29 MONTH IN WHICH AN APPLICATION FOR THE ELECTION IS RECEIVED BY THE STATE  
30 RETIREMENT AGENCY.

31 23-218.

32 (A) EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS SECTION, A  
33 MEMBER WHO IS SUBJECT TO THIS PART II OF THIS SUBTITLE SHALL:

34 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS  
35 FOLLOWS:

1 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED BY §  
2 23-401(C) OF THIS TITLE;

3 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED BY § 23-402 OF  
4 THIS TITLE;

5 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED BY §  
6 29-108 OF THIS ARTICLE; AND

7 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED BY §  
8 29-110 OF THIS ARTICLE;

9 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED BY TITLE 29,  
10 SUBTITLE 4, PART VI OF THIS ARTICLE; AND

11 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED BY §  
12 23-212(B) OF THIS SUBTITLE.

13 (B) (1) A MEMBER WHO ELECTS TO BE SUBJECT TO THIS PART II OF THIS  
14 SUBTITLE IS ELIGIBLE TO RECEIVE THE BENEFITS AS PROVIDED UNDER  
15 SUBSECTION (A)(1) AND (2) OF THIS SECTION ONLY IF THE MEMBER MAKES MEMBER  
16 CONTRIBUTIONS UNDER § 23-212(B) OF THIS SUBTITLE FOR AT LEAST 60 MONTHS.

17 (2) IF A MEMBER WHO ELECTS TO BE SUBJECT TO THIS PART II OF THIS  
18 SUBTITLE RETIRES, SEPARATES FROM EMPLOYMENT, BECOMES DISABLED, OR DIES  
19 BEFORE THE MEMBER MAKES MEMBER CONTRIBUTIONS FOR AT LEAST 60 MONTHS:

20 (I) THE MEMBER OR THE MEMBER'S DESIGNATED BENEFICIARY  
21 SHALL RECEIVE BENEFITS AS IF THE MEMBER HAD NOT MADE THE ELECTION; AND

22 (II) THE MEMBER OR THE MEMBER'S DESIGNATED BENEFICIARY  
23 SHALL RECEIVE THE MEMBER'S CONTRIBUTIONS MADE AFTER THE ELECTION PLUS  
24 REGULAR INTEREST, LESS AN AMOUNT EQUAL TO ANY MEMBER CONTRIBUTIONS  
25 THAT WOULD HAVE BEEN MADE UNDER § 23-212(A) OF THIS SUBTITLE IF THE  
26 MEMBER HAD NOT MADE THE ELECTION PLUS REGULAR INTEREST.

27 (C) (1) THIS SUBSECTION DOES NOT APPLY TO THE COMPUTATION OF AN  
28 ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE.

29 (2) A MEMBER OR FORMER MEMBER WHO TRANSFERRED MEMBERSHIP  
30 OR VESTED RIGHTS FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE  
31 TEACHERS' RETIREMENT SYSTEM AND RECEIVED A REFUND UNDER § 22-212 OR §  
32 22-213 OF THIS ARTICLE SHALL BE SUBJECT TO AN ADJUSTMENT OF THE MEMBER'S  
33 OR FORMER MEMBER'S BASIC ALLOWANCE AS PROVIDED IN THIS SUBSECTION.

34 (3) THE PRELIMINARY INCREASE IN ALLOWANCE SHALL BE COMPUTED  
35 BY SUBTRACTING THE BASIC ALLOWANCE THE MEMBER OR FORMER MEMBER IS  
36 ENTITLED TO UNDER § 23-401(C) OF THIS TITLE AND THE ALLOWANCE THE MEMBER  
37 OR FORMER MEMBER WOULD HAVE BEEN ENTITLED TO UNDER § 23-401(B) OF THIS  
38 TITLE.

1 (4) THE PRELIMINARY INCREASE IN PRESENT VALUE OF THE  
2 ALLOWANCE SHALL BE COMPUTED BY SUBTRACTING THE PRESENT VALUE OF THE  
3 BASIC ALLOWANCE THE MEMBER OR FORMER MEMBER IS ENTITLED TO UNDER §  
4 23-401(C) OF THIS TITLE AND THE PRESENT VALUE OF THE ALLOWANCE THE  
5 MEMBER OR FORMER MEMBER WOULD HAVE BEEN ENTITLED TO UNDER § 23-401(B)  
6 OF THIS TITLE.

7 (5) THE ANNUITY FACTOR FOR THE MEMBER OR FORMER MEMBER  
8 SHALL BE COMPUTED BY DIVIDING THE AMOUNT COMPUTED UNDER PARAGRAPH (4)  
9 OF THIS SUBSECTION BY THE AMOUNT COMPUTED IN PARAGRAPH (3) OF THIS  
10 SUBSECTION.

11 (6) THE PORTION OF THE PRELIMINARY INCREASE IN PRESENT VALUE  
12 OF THE ALLOWANCE THAT IS ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS SHALL  
13 BE COMPUTED BY SUBTRACTING THE ACCUMULATED CONTRIBUTIONS OF THE  
14 MEMBER OR FORMER MEMBER AFTER BECOMING SUBJECT TO THIS PART II OF THIS  
15 SUBTITLE FROM THE AMOUNT COMPUTED IN PARAGRAPH (4) OF THIS SUBSECTION.

16 (7) THE ADJUSTED INCREASE IN PRESENT VALUE OF THE ALLOWANCE  
17 THAT IS ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS SHALL BE COMPUTED TO BE  
18 AN AMOUNT NOT LESS THAN ZERO THAT IS EQUAL TO THE AMOUNT COMPUTED IN  
19 PARAGRAPH (6) OF THIS SUBSECTION LESS THE SUM OF:

20 (I) THE AMOUNT AS INTEREST EARNED THAT THE MEMBER OR  
21 FORMER MEMBER RECEIVED AS A REFUND UNDER § 22-212 OR § 22-213 OF THIS  
22 ARTICLE; AND

23 (II) INTEREST ON THE AMOUNT IN ITEM (I) OF THIS PARAGRAPH AT  
24 THE ACTUARIAL RATE OF INTEREST APPLICABLE FOR THE PERIOD FROM THE DATE  
25 OF THE REFUND THROUGH THE DATE OF RETIREMENT.

26 (8) THE ADJUSTED INCREASE IN PRESENT VALUE IN THE ALLOWANCE  
27 SHALL BE COMPUTED BY ADDING THE AMOUNT COMPUTED IN PARAGRAPH (7) OF  
28 THIS SECTION AND THE ACCUMULATED CONTRIBUTIONS OF THE MEMBER OR  
29 FORMER MEMBER AFTER BECOMING SUBJECT TO THIS PART II OF THIS SUBTITLE.

30 (9) THE ADJUSTED INCREASE IN ALLOWANCE SHALL BE COMPUTED BY  
31 DIVIDING THE AMOUNT COMPUTED IN PARAGRAPH (8) OF THIS SUBSECTION BY THE  
32 ANNUITY FACTOR COMPUTED IN PARAGRAPH (5) OF THIS SUBSECTION.

33 (10) THE FINAL ADJUSTED BASIC ALLOWANCE SHALL BE COMPUTED BY  
34 ADDING THE AMOUNT COMPUTED IN PARAGRAPH (9) OF THIS SUBSECTION TO THE  
35 BASIC ALLOWANCE THE MEMBER OR FORMER MEMBER WOULD HAVE BEEN  
36 ENTITLED TO UNDER § 23-401(B) OF THIS TITLE.

37 23-302.

38 (a) Subject to subsection (b) of this section, a member is entitled to eligibility  
39 service for periods of employment while a member of the Employees' Pension System  
40 or the Teachers' Pension System.

1 (b) (1) If a member completes at least 700 hours of employment while a  
2 member in any fiscal year, the member is entitled to 1 year of eligibility service.

3 (2) Except in the first and last fiscal years OR EXCEPT AS PROVIDED IN  
4 SUBSECTION (C) OF THIS SECTION, a member may not receive any eligibility service  
5 for a fiscal year in which the member completes less than 700 hours of employment  
6 while a member.

7 (3) In the first and last fiscal years, if a member completes less than 700  
8 hours of employment while a member, the Board of Trustees shall prorate the  
9 eligibility service based on the number of hours worked.

10 (C) IF A MEMBER WHO IS SUBJECT TO THE ALTERNATE PENSION SELECTION  
11 UNDER SUBTITLE 2, PART II OF THIS TITLE COMPLETES LESS THAN 700 HOURS OF  
12 EMPLOYMENT WHILE A MEMBER SUBJECT TO THAT SELECTION, THE BOARD OF  
13 TRUSTEES SHALL PRORATE THE ELIGIBILITY SERVICE BASED ON THE NUMBER OF  
14 HOURS WORKED.

15 23-303.

16 (a) In this section, "break in service" means a period of separation from  
17 employment in a fiscal year after the one in which a member first becomes employed,  
18 if during that fiscal year the member does not complete more than 350 hours of  
19 employment while a member.

20 (b) (1) This section applies to a member of the Employees' Pension System  
21 or the Teachers' Pension System who was a member of one of those State systems.

22 (2) This section does not apply to:

23 (I) a retiree of the Employees' Pension System or the Teachers'  
24 Pension System; OR

25 (II) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR  
26 TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE PENSION  
27 SELECTION UNDER SUBTITLE 2, PART II OF THIS TITLE.

28 (c) A member is entitled to the eligibility service to which the member was  
29 entitled before the separation from employment if:

30 (1) the member has not incurred a break in service;

31 (2) the member was entitled to a vested allowance at the time of the  
32 separation from employment; or

33 (3) (i) the member has completed 1 year of eligibility service after a  
34 break in service; and

1 (ii) the number of consecutive years in which the member incurred  
 2 a break in service is less than the years of eligibility service as a member before the  
 3 break in service.

4 (d) To determine if a member is eligible for prior eligibility service under  
 5 subsection (c)(3)(ii) of this section, the Board of Trustees shall determine the number  
 6 of years of prior eligibility service:

7 (1) as of the day the member separated from employment; but

8 (2) excluding any eligibility service lost because of a prior break in  
 9 service.

10 (e) When a member receives credit for eligibility service under subsection (c)  
 11 of this section from the other system, the member has no further rights in the other  
 12 system.

13 23-401.

14 (a) A member may retire with a normal service retirement allowance if:

15 (1) the member completes and submits a written application to the  
 16 Board of Trustees stating the date when the member desires to retire; and

17 (2) on or before the date of retirement, the member:

18 (i) has at least 30 years of eligibility service; or

19 (ii) has attained the age and the years of eligibility service as  
 20 follows:

21 Age	Years of Eligibility Service
22 62 with	5
23 63 with	4
24 64 with	3
25 65 or more with	2

26 (b) [On] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON  
 27 retirement under this section, a member is entitled to receive a normal service  
 28 retirement allowance that equals the number of years of the member's creditable  
 29 service multiplied by:

30 (1) 0.8% of the member's average final compensation that is not in excess  
 31 of the social security integration level; and

32 (2) 1.5% of the member's average final compensation that exceeds the  
 33 social security integration level.

34 (C) ON RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO  
 35 THE ALTERNATE PENSION SELECTION UNDER SUBTITLE 2, PART II OF THIS TITLE IS  
 36 ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS



1 THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE MULTIPLIED BY  
2 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

3 23-402.

4 (a) A member may retire with an early service retirement allowance if:

5 (1) the member completes and submits a written application to the  
6 Board of Trustees stating the date when the member desires to retire; and

7 (2) on or before the date of retirement, the member:

8 (i) has at least 15 years but less than 30 years of eligibility service;  
9 and

10 (ii) is at least 55 but less than 62 years old.

11 (b) On retirement under this section, a member is entitled to receive an early  
12 service retirement allowance that equals the normal service retirement allowance  
13 under § 23-401 of this subtitle, reduced by 0.5% for each month that the member's  
14 early retirement date precedes the date the member will be 62 years old.

15 29-108.

16 (a) This section applies only to members of:

17 (1) the Employees' Pension System;

18 (2) the Local Fire and Police System;

19 (3) the Law Enforcement Officers' Pension System; and

20 (4) the Teachers' Pension System.

21 (b) Except as provided in subsections (c) and (d) of this section, an ordinary  
22 disability retirement allowance equals:

23 (1) if the member is at least normal retirement age, a normal service  
24 retirement allowance; or

25 (2) if the member is under normal retirement age, a normal service  
26 retirement allowance that is computed by using:

27 (i) the number of years of creditable service the member would  
28 have received if the member continued employment until normal retirement age; and

29 (ii) an average final compensation the member would have received  
30 if the member continued employment without a change in earnable compensation.

31 (c) A member of the Employees' Pension System or the Teachers' Pension  
32 System who has transferred from the Employees' Retirement System or the Teachers'

1 Retirement System shall receive the benefits provided under the State system from  
2 which the member transferred, offset by any refunded contributions including any  
3 interest received in connection with the transfer, if:

4 (1) the member applies for the retirement allowance within 2 years after  
5 the transfer; and

6 (2) the Board of Trustees grants a disability retirement allowance to the  
7 member.

8 (d) (1) This subsection applies only to:

9 (i) a member of the Local Fire and Police Pension System who has  
10 transferred from the Employees' Retirement System; or

11 (ii) a member of the Law Enforcement Officers' Pension System  
12 who has transferred from the Employees' Retirement System after electing to receive  
13 benefits in accordance with Selection A (Additional member contributions) as defined  
14 in § 22-101(b) of this article or Selection B (Limited cost-of-living adjustment) as  
15 defined in § 22-101(c) of this article.

16 (2) An ordinary disability retirement allowance equals the greater of:

17 (i) a normal service retirement allowance; or

18 (ii) 25% of the member's average final compensation.

19 29-110.

20 (a) This section does not apply to the State Police Retirement System.

21 (b) Except as provided in subsection (c) of this section, an accidental disability  
22 retirement allowance equals the lesser of:

23 (1) the member's average final compensation; or

24 (2) the sum of:

25 (i) an annuity that is the actuarial equivalent of the member's  
26 accumulated contributions at retirement; and

27 (ii) a pension equal to two-thirds of the member's average final  
28 compensation.

29 (c) (1) This subsection applies to a member of a State system other than the  
30 Law Enforcement Officers' Pension System who is at least normal retirement age.

31 (2) An accidental disability retirement allowance equals the greater of:

32 (i) a normal service retirement allowance; or

1 (ii) an accidental disability retirement allowance computed in  
2 accordance with subsection (b) of this section.

3 29-206.

4 (a) This section applies to the surviving spouse of an individual who died  
5 while employed as a member of:

6 (1) the Employees' Pension System;

7 (2) the Teachers' Pension System; or

8 (3) the Local Fire and Police System, if the member had not transferred  
9 from the Employees' Retirement System.

10 (b) A surviving spouse may elect to receive one of the following:

11 (1) the death benefit under § 29-202 of this subtitle; or

12 (2) an allowance equal to the amount payable under Option 2 as  
13 described in § 21-403 of this article, if:

14 (i) the spouse is the sole primary designated beneficiary; and

15 (ii) the member:

16 1. was eligible to retire;

17 2. had at least 25 years of eligibility service; or

18 3. was at least 55 years old with at least 15 years of  
19 eligibility service.

20 29-404.

21 (a) Except as provided in subsection (b) of this section, this Part II of this  
22 subtitle applies only to an allowance received by a former member, retiree, or  
23 surviving beneficiary of a deceased member, former member, or retiree of:

24 (1) the Employees' Pension System;

25 (2) the Local Fire and Police System;

26 (3) the Law Enforcement Officers' Pension System; or

27 (4) the Teachers' Pension System.

28 (b) This Part II of this subtitle does not apply to an allowance that is subject to  
29 adjustment under Part III, Part IV, [or] Part V, OR PART VI of this subtitle.

1 29-423. RESERVED.

2 29-424. RESERVED.

3 PART VI. THREE PERCENT COMPOUND ADJUSTMENT.

4 29-425.

5 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART VI  
6 OF THIS SUBTITLE APPLIES ONLY TO AN ALLOWANCE RECEIVED BY A FORMER  
7 MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER  
8 MEMBER, OR RETIREE OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS'  
9 PENSION SYSTEM, WHO IS SUBJECT TO THE ALTERNATE PENSION SELECTION  
10 UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

11 (B) THIS PART VI OF THIS SUBTITLE DOES NOT APPLY IF THE MEMBER,  
12 FORMER MEMBER, OR RETIREE ELECTED TO BE SUBJECT TO THE ALTERNATE  
13 PENSION SELECTION AND DID NOT MAKE MEMBER CONTRIBUTIONS UNDER §  
14 23-212(B) OF THIS ARTICLE FOR AT LEAST 60 MONTHS.

15 29-426.

16 EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST EACH  
17 ALLOWANCE AS PROVIDED IN THIS PART VI OF THIS SUBTITLE.

18 29-427.

19 (A) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST AN  
20 ALLOWANCE BY MULTIPLYING THE ALLOWANCE FOR THE PRECEDING FISCAL YEAR,  
21 EXCLUSIVE OF ANY ADDITIONAL VOLUNTARY ANNUITY, BY A RATE NOT EXCEEDING  
22 3%, THAT IS OBTAINED BY DIVIDING THE CONSUMER PRICE INDEX FOR THE  
23 CALENDAR YEAR ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR BY THE  
24 CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING DECEMBER 31 IN THE  
25 SECOND PRECEDING FISCAL YEAR.

26 (B) THE ADJUSTMENT UNDER SUBSECTION (A) OF THIS SECTION SHALL  
27 BEGIN THE SECOND JULY 1 AFTER THE DAY PRECEDING THE RETIREE'S DATE OF  
28 RETIREMENT OR THE FORMER MEMBER'S EFFECTIVE DATE FOR RECEIPT OF A  
29 VESTED ALLOWANCE.

30 (C) THE TOTAL ALLOWANCE PAYABLE IN EACH FISCAL YEAR SHALL BE THE  
31 SUM OF:

32 (1) THE ANNUAL RATE OF ALLOWANCE PAID DURING THE PRECEDING  
33 FISCAL YEAR;

34 (2) THE ADJUSTMENT IN ALLOWANCE PROVIDED FOR UNDER THIS  
35 SECTION; AND

36 (3) ANY ADDITIONAL ANNUITY.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 1998.