
By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 15, 2001

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Optional Forms of Allowance -**
3 **Recalculation of Allowance**

4 FOR the purpose of altering the method of recalculating certain optional retirement
5 allowances for certain retirees of the State Retirement and Pension System; and
6 generally relating to the recalculation of optional retirement allowances for
7 certain retirees of the State Retirement and Pension System.

8 BY repealing and reenacting, with amendments,
9 Article - State Personnel and Pensions
10 Section 21-402 and 21-404
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 2000 Supplement)

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

15 **Article - State Personnel and Pensions**

16 21-402.

17 (a) [Each] EXCEPT AS PROVIDED IN § 21-404(D), EACH optional form of
18 allowance shall be the actuarial equivalent of the basic allowance under the State
19 system of a member.

20 (b) For an optional form of allowance providing for payment to a designated
21 beneficiary for life, the designated beneficiary must be an individual.

22 21-404.

23 (a) This section does not apply to the Judges' Retirement System.

24 (b) To change a designated beneficiary, a retiree shall:

25 (1) complete the appropriate form that the Board of Trustees provides;
26 and

1 (2) file the form with the Board of Trustees.

2 (c) [If] SUBJECT TO SUBSECTION (D) OF THIS SECTION, IF a retiree changes a
3 designated beneficiary, the Board of Trustees shall recompute the allowance for the
4 election based on the value of the balance in the retiree's annuity reserve and pension
5 reserve when the change is made.

6 (D) (1) THIS SUBSECTION APPLIES TO A RETIREE IF:

7 (I) THE RETIREE ELECTED THE OPTIONAL FORM OF ALLOWANCE
8 PAYABLE UNDER § 21-403(B) (OPTION 2) OR § 21-403(C) (OPTION 3) OF THIS ARTICLE;

9 (II) THE RETIREE'S DESIGNATED BENEFICIARY DIES BEFORE THE
10 RETIREE; AND

11 (III) AFTER THE DEATH OF THE DESIGNATED BENEFICIARY, THE
12 RETIREE ELECTS TO CHANGE THE DESIGNATED BENEFICIARY.

13 (2) THE BOARD OF TRUSTEES SHALL RECOMPUTE THE REDUCED
14 ALLOWANCE PAYABLE TO A RETIREE AND THE RETIREE'S NEW DESIGNATED
15 BENEFICIARY USING THE SAME METHODOLOGY THAT THE BOARD OF TRUSTEES
16 ADOPTS FOR RECOMPUTING THE REDUCED ALLOWANCE PAYABLE TO A RETIREE
17 AND THE RETIREE'S NEW DESIGNATED BENEFICIARY IF THE RETIREE FILES AN
18 ELECTION TO CHANGE THE DESIGNATED BENEFICIARY WHEN THE BENEFICIARY
19 ORIGINALLY DESIGNATED BY THE RETIREE IS LIVING.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 2001.