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By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 28, 2002

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of allowing certain retirees of the State Retirement and Pension  
5 System who select certain optional retirement allowances to designate a new  
6 beneficiary under certain circumstances; and generally relating to the  
7 designation of beneficiaries by certain retirees of the State Retirement and  
8 Pension System.

9 BY repealing and reenacting, with amendments,  
10 Article - State Personnel and Pensions  
11 Section 21-403(e) and (f) and 21-404  
12 Annotated Code of Maryland  
13 (1997 Replacement Volume and 2001 Supplement)

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

16 **Article - State Personnel and Pensions**

17 21-403.

18 (e) (1) Subject to paragraph (2) of this subsection, under Option 5, when a  
19 retiree dies, the Board of Trustees shall pay the retiree's reduced allowance to the  
20 designated beneficiary for the designated beneficiary's life.

21 (2) If the designated beneficiary dies before the retiree, then:

22 (I) from the date of death of the designated beneficiary, the Board  
23 of Trustees shall pay the retiree the basic allowance; OR

24 (II) 1. THE RETIREE MAY DESIGNATE A NEW BENEFICIARY IN  
25 ACCORDANCE WITH § 21-404 OF THIS ARTICLE; AND

26 2. THE BOARD OF TRUSTEES SHALL PAY THE RETIREE AN  
27 ALLOWANCE AS PROVIDED IN § 21-404(D)(2).

1 (f) (1) Subject to paragraph (2) of this subsection, under Option 6, when a  
2 retiree dies, the Board of Trustees shall pay 50% of the retiree's reduced allowance to  
3 the designated beneficiary for the designated beneficiary's life.

4 (2) If the designated beneficiary dies before the retiree, then:

5 (I) from the date of death of the designated beneficiary, the Board  
6 of Trustees shall pay the retiree the basic allowance; OR

7 (II) 1. THE RETIREE MAY DESIGNATE A NEW BENEFICIARY IN  
8 ACCORDANCE WITH § 21-404 OF THIS ARTICLE; AND

9 2. THE BOARD OF TRUSTEES SHALL PAY THE RETIREE AN  
10 ALLOWANCE AS PROVIDED IN § 21-404(D)(2).

11 21-404.

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

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

14 (1) complete the appropriate form that the Board of Trustees provides;  
15 and

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

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

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

22 (I) THE RETIREE ELECTED THE OPTIONAL FORM OF ALLOWANCE  
23 PAYABLE UNDER § 21-403(E) (OPTION 5) OR § 21-403(F) (OPTION 6) OF THIS ARTICLE;

24 (II) THE RETIREE'S DESIGNATED BENEFICIARY DIES BEFORE THE  
25 RETIREE; AND

26 (III) AFTER THE DEATH OF THE DESIGNATED BENEFICIARY, THE  
27 RETIREE ELECTS TO CHANGE THE DESIGNATED BENEFICIARY.

28 (2) THE BOARD OF TRUSTEES SHALL RECOMPUTE THE REDUCED  
29 ALLOWANCE PAYABLE TO A RETIREE AND THE RETIREE'S NEW DESIGNATED  
30 BENEFICIARY USING:

31 (I) THE RETIREE'S BASIC ALLOWANCE AT THE TIME OF THE NEW  
32 BENEFICIARY DESIGNATION;

33 (II) THE RETIREE'S AGE AT THE TIME OF THE NEW BENEFICIARY  
34 DESIGNATION; AND

1 (III) THE AGE OF THE NEW DESIGNATED BENEFICIARY.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

3 July 1, 2002.