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

Introduced and read first time: January 28, 2002

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: March 12, 2002

CHAPTER _____

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:

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

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

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

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

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

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

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

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

17 21-404.

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

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

20 (1) complete the appropriate form that the Board of Trustees provides;
21 and

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

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

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

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

30 (II) THE RETIREE'S DESIGNATED BENEFICIARY DIES BEFORE THE
31 RETIREE; AND

32 (III) AFTER THE DEATH OF THE DESIGNATED BENEFICIARY, THE
33 RETIREE ELECTS TO CHANGE THE DESIGNATED BENEFICIARY.

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

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

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

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

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 July 1, 2002.