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

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Optional Retirement Allowances -**  
3 **Designated Beneficiaries**

4 FOR the purpose of prohibiting a member of the State Retirement and Pension  
5 System who elects to receive a certain optional form of retirement allowance  
6 from designating certain beneficiaries; repealing a certain optional form of  
7 retirement allowance; providing for the application of this Act; and generally  
8 relating to designated beneficiaries for optional forms of retirement allowances.

9 BY repealing and reenacting, with amendments,  
10 Article - State Personnel and Pensions  
11 Section 21-402  
12 Annotated Code of Maryland  
13 (2004 Replacement Volume)

14 BY repealing  
15 Article - State Personnel and Pensions  
16 Section 21-403(g)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume)

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

21 **Article - State Personnel and Pensions**

22 21-402.

23 (a) Each optional form of allowance shall be the actuarial equivalent of the  
24 basic allowance under the State system of a member.

25 (b) (1) Subject to paragraph (2) of this subsection, for an optional form of  
26 allowance providing for payment to a designated beneficiary for life, the designated  
27 beneficiary must be an individual.

1           (2)     If the designated beneficiary is a minor or an individual with a  
2 disability, the allowance may be paid into a trust for the benefit of the individual.

3     (C)     (1)     THIS SUBSECTION APPLIES TO A MEMBER WHO SELECTS AN  
4 OPTIONAL FORM OF ALLOWANCE AS PROVIDED IN § 21-403(B) OR (E) OF THIS  
5 SUBTITLE.

6           (2)     IF A MEMBER DESIGNATES A BENEFICIARY OTHER THAN THE  
7 MEMBER'S SPOUSE OR DEPENDENT DISABLED CHILD, A MEMBER MAY NOT  
8 DESIGNATE A BENEFICIARY WHO IS MORE THAN 10 YEARS YOUNGER THAN THE  
9 MEMBER.

10 21-403.

11     [(g)     Under Option 7, the Board of Trustees shall pay a retiree or, on the death  
12 of a retiree, the designated beneficiary benefits according to a method of payment  
13 requested before the retiree's retirement, if:

14           (1)     the actuary for the Board of Trustees certifies that the method of  
15 payment is the actuarial equivalent of the retiree's basic allowance; and

16           (2)     the Board of Trustees approves the method of payment.]

17     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
18 construed to apply only prospectively and may not be applied or interpreted to have  
19 any effect on or application to any member of the State Retirement and Pension  
20 System who retires on or after January 1, 2006.

21     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
22 effect July 1, 2005.