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

Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 2, 2005

CHAPTER_____

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:

1

Article - State Personnel and Pensions

2 21-402.

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

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

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

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

13 (2) IF A MEMBER DESIGNATES A BENEFICIARY OTHER THAN THE
14 MEMBER'S SPOUSE OR ~~DEPENDENT~~ DISABLED CHILD AS DEFINED UNDER § 72(M)(7)
15 OF THE INTERNAL REVENUE CODE, A MEMBER MAY NOT DESIGNATE A BENEFICIARY
16 WHO IS MORE THAN 10 YEARS YOUNGER THAN THE MEMBER.

17 21-403.

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

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

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

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
25 construed to apply only prospectively and may not be applied or interpreted to have
26 any effect on or application to any member of the State Retirement and Pension
27 System who retires ~~on or after January 1, 2006~~ on or before December 31, 2005.

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

