

## Chapter 204

**(Senate Bill 120)**

AN ACT concerning

**State Retirement and Pension System – Designation of Beneficiary**

FOR the purpose of altering a requirement for designating a beneficiary of a member, former member, or retiree of the State Retirement and Pension System; providing an option for a member, former member, or retiree to designate a beneficiary through an electronic process; altering a certain definition; making conforming changes; and generally relating to designation of a beneficiary with the State Retirement and Pension System.

BY repealing and reenacting, without amendments,  
 Article – State Personnel and Pensions  
 Section 20–101(a), 24–401.1(i)(1), and 26–401.1(i)(1)  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,  
 Article – State Personnel and Pensions  
 Section 20–101(n), 24–401.1(i)(2), and 26–401.1(i)(2)  
 Annotated Code of Maryland  
 (2015 Replacement Volume and 2018 Supplement)

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

**Article – State Personnel and Pensions**

20–101.

(a) In this Division II the following words have the meanings indicated.

(n) “Designated beneficiary” means a person named as beneficiary [in an acknowledged written designation filed with the Board of Trustees] by a member, former member, or a retiree **BY FILING:**

**(1) AN ACKNOWLEDGED WRITTEN DESIGNATION WITH THE STATE RETIREMENT AGENCY; OR**

**(2) A PROPERLY COMPLETED FORM SUBMITTED THROUGH THE STATE RETIREMENT AGENCY’S SECURE ACCESS PARTICIPANT PORTAL WITH AN ELECTRONIC SIGNATURE AFFIXED IN THE REQUIRED MANNER AND FORMAT.**

## 24-401.1.

(i) (1) Subject to paragraphs (2), (3), and (4) of this subsection, on termination of a DROP member's participation in the DROP, the Board of Trustees shall pay to the DROP member or, if the DROP member has died, the designated beneficiary of the DROP member, the amount accrued in the DROP for the DROP member under subsection (h)(2) of this section, reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority, in a lump sum.

(2) The designated beneficiary of a DROP member is:

(i) the DROP member's surviving spouse;

(ii) if there is not a surviving spouse or if the surviving spouse dies before the youngest child is 18 years old, each child of the deceased DROP member who is under 18 years old; or

(iii) if there is not a surviving spouse or a child who is under 18 years old, the [person named as a beneficiary in an acknowledged written designation filed with the Board of Trustees by the DROP member] **DROP MEMBER'S DESIGNATED BENEFICIARY.**

## 26-401.1.

(i) (1) Subject to paragraphs (2), (3), and (4) of this subsection, on termination of a DROP member's participation in the DROP, the Board of Trustees shall pay to the DROP member or, if the DROP member has died, the designated beneficiary of the DROP member, the amount accrued in the DROP for the DROP member under subsection (h)(2) of this section, reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority, in a lump sum.

(2) The designated beneficiary of a DROP member is:

(i) the DROP member's surviving spouse;

(ii) if there is not a surviving spouse or if the surviving spouse dies before the youngest child is 18 years old, each child of the deceased DROP member who is under 18 years old; or

(iii) if there is not a surviving spouse or a child who is under 18 years old, the [person named as a beneficiary in an acknowledged written designation filed with the Board of Trustees by the DROP member] **DROP MEMBER'S DESIGNATED BENEFICIARY.**

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

1, 2019.

**Approved by the Governor, April 18, 2019.**