

# SENATE BILL 462

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CF HB 634

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By: **Senator Elfreth (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 28, 2020

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 4, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – Death Benefits for Children – ~~Age~~**

3 FOR the purpose of altering certain provisions of law related to the ~~age~~ time until which  
4 certain survivor benefits for surviving children of certain members of the State  
5 Retirement and Pension System are available; making corrective and technical  
6 changes; and generally relating to death benefits in the State Retirement and  
7 Pension System.

8 BY repealing and reenacting, with amendments,

9 Article – State Personnel and Pensions

10 Section 21–401(a), 24–401.1(i), 26–401.1(i), 27–403(a)(2)(i), 27–404, 27–405, and  
11 29–301(d)

12 Annotated Code of Maryland

13 (2015 Replacement Volume and 2019 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

15 That the Laws of Maryland read as follows:

16 **Article – State Personnel and Pensions**

17 21–401.

18 (a) (1) Subject to paragraph (2) of this subsection, instead of the basic  
19 allowance provided under the State system of a member, the member may elect a reduced  
20 allowance to be paid as one of the options under § 21–403 of this subtitle.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (2) Paragraph (1) of this subsection applies to a member of:

2 (i) the Law Enforcement Officers' Pension System or State Police  
3 Retirement System only if, at retirement, the member does not have a spouse; and

4 (ii) the Judges' Retirement System only if, at retirement, the  
5 member does not have a spouse or A child WHO IS under the age of [18] **26** years OR IS  
6 DISABLED.

7 24-401.1.

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

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

15 (i) the DROP member's surviving spouse;

16 (ii) if there is not a surviving spouse or if the surviving spouse dies  
17 [before the youngest child is 18 years old], each child of the deceased DROP member who  
18 is under [18] **26** years old OR IS DISABLED; or

19 (iii) if there is not a surviving spouse or a child who is under [18] **26**  
20 years old OR IS DISABLED, the DROP member's designated beneficiary.

21 26-401.1.

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

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

29 (i) the DROP member's surviving spouse;

30 (ii) if there is not a surviving spouse or if the surviving spouse dies  
31 [before the youngest child is 18 years old], each child of the deceased DROP member who  
32 is under [18] **26** years old OR IS DISABLED; or

1 (iii) if there is not a surviving spouse or a child who is under [18] **26**  
2 years old OR IS DISABLED, the DROP member's designated beneficiary.

3 27-403.

4 (a) (2) (i) If at the time of death the member does not have a surviving  
5 spouse OR A CHILD WHO IS UNDER THE AGE OF 26 YEARS OR IS DISABLED, the Board  
6 of Trustees shall pay to the member's designated beneficiary or beneficiaries a lump-sum  
7 death benefit consisting of the sum of:

8 1. the member's accumulated contributions; and

9 2. an amount equal to the member's annual salary at the  
10 time of death.

11 27-404.

12 Except for a retiree who elects an optional form of an allowance under §§ 21-401 and  
13 21-402 of this article, payment of an allowance ends and further rights may not arise from  
14 service as a member if:

15 (1) a member, former member, or retiree dies; and

16 (2) (i) the member, former member, or retiree leaves no surviving  
17 spouse or children WHO ARE under the age of [18] **26** years OR ARE DISABLED;

18 (ii) the surviving spouse dies and there are no children of the  
19 member, former member, or retiree, who are under the age of [18] **26** years OR ARE  
20 DISABLED; or

21 (iii) the last of any children under the age of [18] **26** years AND ARE  
22 NOT DISABLED becomes [18] **26** years old or dies before becoming [18] **26** years old.

23 27-405.

24 If a member's service is terminated by death and the member leaves no spouse, child  
25 WHO IS under the age of [18] **26** years OR IS DISABLED, or designated beneficiary or  
26 beneficiaries, the member's accumulated contributions shall be paid to the member's estate.

27 29-301.

28 (d) A vested allowance:

1 (1) is computed as a retirement allowance under § 27–402 of this article on  
2 the basis of the former member’s creditable service at the time of separation from  
3 employment; and

4 (2) may be paid in one of the optional forms of allowances under § 21–403  
5 of this article, if at retirement, the member does not have a spouse or child WHO IS under  
6 the age of [18] **26 OR IS DISABLED**.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
8 1, 2020.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.