

HOUSE BILL 266

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CF SB 186

By: **Delegate B. Barnes (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 25, 2019

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Designated Beneficiary Change –**
3 **Rescission**

4 FOR the purpose of authorizing certain retirees of the State Retirement and Pension
5 System to rescind a request to change a designated beneficiary by sending certain
6 notice to the State Retirement Agency before a certain allowance payment normally
7 becomes due; allowing a retiree who rescinds a certain change of designated
8 beneficiary in a timely manner to receive the allowance payable prior to the change
9 of designated beneficiary, without a certain retroactive adjustment; making
10 conforming changes; and generally relating to designation of a beneficiary with the
11 State Retirement and Pension System.

12 BY repealing and reenacting, with amendments,
13 Article – State Personnel and Pensions
14 Section 21–404
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2018 Supplement)

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

19 **Article – State Personnel and Pensions**

20 21–404.

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (c) Subject to [subsection (d)] **SUBSECTIONS (D) AND (E)** of this section, if a
3 retiree changes a designated beneficiary, the Board of Trustees shall recompute the
4 allowance for the election based on the value of the balance in the retiree's annuity reserve
5 and pension reserve when the change is made.

6 **(D) (1) THIS SUBSECTION APPLIES ONLY TO A RETIREE WHO ELECTED**
7 **THE OPTIONAL FORM OF ALLOWANCE PAYABLE UNDER § 21-403(B) (OPTION 2), §**
8 **21-403(C) (OPTION 3), § 21-403(E) (OPTION 5), OR § 21-403(F) (OPTION 6) OF THIS**
9 **SUBTITLE.**

10 **(2) A RETIREE MAY RESCIND A REQUEST TO CHANGE THE**
11 **DESIGNATED BENEFICIARY AND RESTORE THE RETIREE'S PRIOR DESIGNATION OF**
12 **BENEFICIARY BY SENDING WRITTEN NOTICE TO THE STATE RETIREMENT AGENCY**
13 **THAT IS RECEIVED BY THE STATE RETIREMENT AGENCY BEFORE THE SECOND**
14 **ALLOWANCE PAYMENT NORMALLY BECOMES DUE AFTER THE CHANGE OF**
15 **BENEFICIARY.**

16 **(3) A RETIREE WHO RESCINDS A CHANGE OF DESIGNATED**
17 **BENEFICIARY IN A TIMELY MANNER UNDER PARAGRAPH (2) OF THIS SUBSECTION**
18 **SHALL RECEIVE, AFTER THE RESCISSION, THE ALLOWANCE PAYABLE PRIOR TO THE**
19 **CHANGE OF DESIGNATED BENEFICIARY, WITHOUT RETROACTIVE ADJUSTMENT OF**
20 **ANY ALLOWANCE PAYMENT MADE WHILE THE RESCINDED DESIGNATION OF**
21 **BENEFICIARY WAS IN EFFECT.**

22 **[(d)] (E) (1)** This subsection applies to a retiree if:

23 (i) the retiree elected the optional form of allowance payable under
24 § 21-403(e) (Option 5) or § 21-403(f) (Option 6) of this subtitle;

25 (ii) the retiree's designated beneficiary dies before the retiree; and

26 (iii) after the death of the designated beneficiary, the retiree elects to
27 change the designated beneficiary.

28 (2) The Board of Trustees shall recompute the reduced allowance payable
29 to a retiree and the retiree's new designated beneficiary using:

30 (i) the retiree's basic allowance at the time of the new beneficiary
31 designation;

32 (ii) the retiree's age at the time of the new beneficiary designation;

33 and

1 (iii) the age of the new designated beneficiary.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
3 1, 2019.