

(g) All pensions and benefits in lieu thereof, with the exception of those payable on account of members who receive no prior service credit, and all lump sum death benefits on account of death in active service payable from contributions of the State, shall be paid from the Pension Accumulation Fund.

(h) Upon the retirement of a member not entitled to credit for prior service, an amount equal to his pension reserve shall be transferred from the Pension Accumulation Fund to the Pension Reserve Fund.

(i) The Board of Trustees may in its discretion transfer to and from the Pension Accumulation Fund the amount of any surplus or deficit which may develop in the reserve held in the Annuity Reserve Fund or the Pension Reserve Fund.

(4) PENSION RESERVE FUND

The Pension Reserve Fund shall be the fund in which shall be held the reserves on all pensions granted to members not entitled to credit for prior service and from which such pensions and benefits in lieu thereof shall be paid. Should a beneficiary not entitled to credit for prior service and retired on account of disability be restored to membership, his pension reserve shall be transferred from the Pension Reserve Fund to the Pension Accumulation Fund. Should the pension of a disability beneficiary not entitled to credit for prior service be reduced as a result of an increase in his earning capacity, the amount of the annual reduction in his pension shall be paid annually into the Pension Accumulation Fund during the period of such reduction.

(5) EXPENSE FUND

The Expense Fund shall be the fund to which shall be credited all money provided by the State to pay the administration expenses of the retirement system and from which shall be paid all the expenses necessary in connection with the administration and operation of the system. Annually the Board of Trustees shall estimate the amount of money, not in excess of one and four-tenths per centum of the payroll of members, which shall be deemed necessary to be paid in to the Expense Fund during the ensuing year to provide for the expense of operation of the retirement system, and such amount shall be paid to the Expense Fund for this purpose.

(6) STATE CONTRIBUTIONS

(a) On or before the first day of November next preceding each regular meeting of the General Assembly of Maryland,