

with a contract with his employer, have further contributions at a fixed percentage of two percent or more, but not to exceed twenty percent of his compensation made on his account, either by a reduction in his salary, or in lieu of an increase in his compensation. The cost of administering annuities qualifying under § 403(b) of the Internal Revenue Code, as amended from time to time, shall be provided from the funds invested in such annuities. Nothing in this section shall preclude the consideration and adoption by a local board of education of a similar plan qualifying under § 403(b) of the Internal Revenue Code as amended from time to time, through a commercial insurance carrier, and prior to entering into an agreement with the board of trustees of the State Teachers Retirement System, a county board of education shall consider a proposal of at least one commercial insurance carrier. The criteria for choosing a plan shall be the same for both the State Teachers' Retirement System and the commercial plans. Such additional amounts so deposited shall become a part of his accumulated contributions except in the case of [disability] retirement, when they shall be treated as excess contributions returnable to the member in cash or as an annuity of equivalent actuarial value. The accumulated contributions of the member withdrawn by him, or paid to his estate or to his designated beneficiary in event of his death as provided in this subtitle, shall be paid from the Annuity Savings Fund. Upon the retirement of a member his accumulated contributions shall be transferred from the Annuity Savings Fund to the [Annuity Reserve] ACCUMULATION Fund

(2) The Annuity Reserve Fund shall be the fund in which shall be held the reserves on all annuities in force and from which shall be paid all annuities and all benefits in lieu of annuities, payable as provided in this subtitle. Should a beneficiary retired on account of disability be restored to active service with a compensation not less than his average final compensation at the time of his last retirement his annuity reserve shall be transferred from the Annuity Reserve Fund to the Annuity Savings Fund and credited to his individual account therein.]

(3) (2) (a) The [Pension] Accumulation Fund shall be the fund in which shall be accumulated all reserves for the payment of all pensions and other benefits payable from contributions made by the State of Maryland and from which shall be paid ALL RETIREMENT ALLOWANCES AND the lump sum death benefits payable from the said contributions. Contributions to and payments from the [Pension] Accumulation Fund shall be made as follows:

(b) On account of each member there shall be paid annually into the [Pension] Accumulation Fund by the said State, for the preceding fiscal year an amount equal to a certain percentage of the earnable compensation of each member to be known as the "normal contribution," and an additional amount equal to a percentage of his earnable compensation to be known as the "accrued liability contribution." The rates per centum of such contributions shall be fixed on the basis of the liabilities of the retirement system as shown by actuarial valuation. [Until the first valuation the normal contribution shall be two and eighty-nine hundredths per centum, and the accrued liability contribution shall be three and fifty-six hundredths per centum of the annual compensation of all members.]

(c) On the basis of regular interest and of such mortality and other tables as shall be adopted by the board of trustees, the actuary engaged by the board to make each valuation required by this subtitle during the period over which the [deficiency] ACCRUED LIABILITY contribution is payable, immediately after making such valuation, shall determine the uniform and constant percentage of the earnable compensation of the average new entrant, which if contributed on the basis of compensation of such new entrant throughout his entire period of active service would be sufficient to provide for the payment of any death benefit or pension payable on his account. The rate per centum so determined shall be known as the "normal contribution" rate. After the accrued liability contribution has