

(15) "Average final compensation" shall mean the average annual earnable compensation of a teacher for the three years of service as a teacher during which his earnable compensation was highest, or if he had less than three years of service, then his average earnable compensation for his total service. Effective July 1, 1971, the provisions of this subsection shall be applicable to members who retired after July 1, 1970, as well as to those members who retire on or after July 1, 1971. Effective July 1, 1972, the provisions of this subsection shall be applicable to those members who retired on or prior to July 1, 1970.

In the determination of average final compensation, any extraordinary salary increase in the last year prior to retirement shall be excluded, and the board of trustees by a rule of general application shall determine what constitutes an extraordinary salary increase.

(16) "Annuity" shall mean payments for life derived from the accumulated contributions of a member. All annuities shall be payable in equal monthly installments.

(17) "Pension" shall mean payments for life derived from money provided by the State of Maryland. All pensions shall be payable in equal monthly installments.

(18) "Retirement allowance" shall mean the sum of the "annuity" and the "pension," or any optional benefit payable in lieu thereof.

(19) "Retirement" shall mean withdrawal from active service with a retirement allowance granted under the provisions of this article.

(20) "Annuity reserve" shall mean the present value of all payments to be made on account of any annuity or benefit in lieu of any annuity computed upon the basis of such mortality tables as shall be adopted by the board of trustees, and regular interest.

(21) "Pension reserve" shall mean the present value of all payments to be made on account of any pension or benefit in lieu of any pension computed upon the basis of such mortality tables as shall be adopted by the board of trustees, and regular interest.

(22) "Actuarial equivalent" shall mean a benefit of equal value when computed upon the basis of such mortality tables as shall be adopted by the board of trustees, and regular interest.

(23) "County" shall include the City of Baltimore.

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The membership of this retirement system shall be composed as follows:

(1) Persons becoming teachers after establishment; veterans of World War II excepted. --All persons who shall become teachers after the date as of which the retirement system is established, except those specifically excluded under subsection (3) of this section, shall become members of the retirement system as a condition of their employment, but this section shall not apply to veterans of World War II who are not eligible to become members of the retirement system because of some physical disability which disqualifies them for membership, and such veterans who have completed the courses of study required for teaching and have passed the required examinations shall be eligible for teaching positions in the State regardless of their ability to become members of the retirement system. Any person, employed during the period July 1, 1970 through June 30, 1972, who elected not to join the retirement system, must become a member on the two year anniversary