

EMPLOYEES ARE PAID SHALL BE LIABLE FOR A PENALTY OF 10 PERCENT OF THE AMOUNTS DUE. HOWEVER, THE SECRETARY OF THE BOARD MAY ALLOW A GRACE PERIOD NOT TO EXCEED 10 ADDITIONAL CALENDAR DAYS. ALL AMOUNTS DUE AND UNPAID ON THE DATE OF PAYMENT SHALL ALSO BEAR INTEREST AT THE RATE OF 10 PERCENT A YEAR UNTIL THE DATE OF PAYMENT. THE STATE COMPTROLLER, IF NOTIFIED BY THE SECRETARY THAT A DELINQUENCY EXISTS, IMMEDIATELY SHALL EXERCISE THE RIGHT OF SETOFF AGAINST ANY MONEY DUE OR TO BECOME DUE TO THE DELINQUENT SCHOOL SYSTEM OR INSTITUTION.

(D) SUBJECT TO THE APPROVAL OF THE BOARD OF TRUSTEES, IN ADDITION TO THE CONTRIBUTIONS DEDUCTED FROM EARNABLE COMPENSATION AS HEREINBEFORE PROVIDED ANY MEMBER MAY DEPOSIT THEREIN BY A SINGLE PAYMENT OR BY AN INCREASED RATE OF CONTRIBUTION AN AMOUNT COMPUTED TO BE SUFFICIENT TO PURCHASE AN ADDITIONAL ANNUITY THAT, TOGETHER WITH HIS PROSPECTIVE RETIREMENT ALLOWANCE, WILL PROVIDE FOR HIM A TOTAL RETIREMENT ALLOWANCE NOT IN EXCESS OF TWO-THIRDS OF HIS AVERAGE FINAL COMPENSATION AT THE AGE OF 62. IN ADDITION TO THE CONTRIBUTIONS HEREINBEFORE PROVIDED, SUBJECT TO THE CONDITIONS ESTABLISHED BY THE BOARD OF TRUSTEES, ANY ELIGIBLE MEMBER, IN ACCORDANCE WITH A CONTRACT WITH HIS EMPLOYER, MAY HAVE FURTHER CONTRIBUTIONS AT A FIXED PERCENTAGE OF 2 PERCENT OR MORE, BUT NOT TO EXCEED 20 PERCENT OF HIS COMPENSATION MADE ON HIS ACCOUNT, EITHER BY A REDUCTION IN HIS SALARY, OR INSTEAD OF AN INCREASE IN HIS COMPENSATION. THE COST OF ADMINISTERING ANNUITIES THAT QUALIFY UNDER § 403(B) OF THE INTERNAL REVENUE CODE, AS AMENDED FROM TIME TO TIME, SHALL BE PROVIDED FROM THE FUNDS INVESTED IN THESE ANNUITIES. THIS SECTION DOES NOT PROHIBIT A LOCAL BOARD OF EDUCATION FROM ADOPTING A SIMILAR PLAN THAT QUALIFIES UNDER § 403(B) OF THE INTERNAL REVENUE CODE AS AMENDED FROM TIME TO TIME, THROUGH A COMMERCIAL INSURANCE CARRIER, AND BEFORE ENTERING INTO AN AGREEMENT WITH THE BOARD OF TRUSTEES OF THIS PENSION SYSTEM, A COUNTY BOARD OF EDUCATION SHALL CONSIDER A PROPOSAL OF AT LEAST ONE COMMERCIAL INSURANCE CARRIER. THE STANDARDS FOR CHOOSING A PLAN SHALL BE THE SAME FOR BOTH THIS PENSION SYSTEM AND THE COMMERCIAL PLANS. THE ADDITIONAL AMOUNTS SO DEPOSITED SHALL BECOME A PART OF HIS ACCUMULATED CONTRIBUTIONS EXCEPT IN THE CASE OF RETIREMENT, WHEN THEY SHALL BE TREATED AS EXCESS CONTRIBUTIONS RETURNABLE TO THE MEMBER IN CASH OR AS AN ANNUITY OF EQUIVALENT ACTUARIAL VALUE.

(E) THE ACCUMULATED CONTRIBUTIONS OF A MEMBER THAT ARE WITHDRAWN BY HIM OR PAID TO HIS PERSONAL REPRESENTATIVE OR TO HIS DESIGNATED BENEFICIARY AT HIS DEATH, SHALL BE PAID FROM THE ANNUITY SAVINGS FUND. ON THE RETIREMENT OF A MEMBER, HIS ACCUMULATED CONTRIBUTIONS SHALL BE TRANSFERRED FROM THE ANNUITY SAVINGS FUND TO THE ACCUMULATION FUND.

(2) (A) THE ACCUMULATION FUND SHALL BE THE FUND IN WHICH SHALL BE ACCUMULATED ALL RESERVES FOR THE PAYMENT OF ALL ALLOWANCES AND OTHER BENEFITS PAYABLE FROM CONTRIBUTIONS MADE BY THE STATE, ANY AMOUNTS TRANSFERRED THERETO FROM THE