

(12) (a) "Regular interest" means, for purposes of interest credits to the Annuity Savings Fund, interest at an annual percentage rate compounded annually as may be set from time to time by the board with a minimum rate of 3 percent per year and a maximum rate of 4 percent per year.

(b) "Regular interest" means, for all other purposes, interest at such rate or rates as may be set from time to time by the board of trustees in accordance with § 88(2) of this article.

(13) "Accumulated contributions" means the sum of all the amounts deducted from the compensation of a member and credited to his individual account in the Annuity Savings Fund together with regular interest thereon as provided in § 89 of this article.

(14) "Earnable compensation" means the normal compensation payable to a teacher for working the normal time for his or her position and from which contributions are deducted in accordance with § 89(1) of this article.

(15) (a) "Average final compensation" means the average annual earnable compensation of a teacher for the three years of service as a teacher during which the teacher's earnable compensation was highest, or if the teacher had less than three years of service, then the teacher's average earnable compensation for his or her total service. If a teacher transferred from another actuarial retirement system in the State and had less than three years service at the time of retirement, the earnable compensation as a member in the other system may be used in determination of "average final compensation."

(b) In the determination of average final compensation, any extraordinary salary increase in the last three years of service that would otherwise be included in average final compensation shall be excluded, and the board of trustees by a rule of general application shall determine what constitutes an extraordinary salary increase. The provisions of this paragraph of the definition of "average final compensation" do not apply in cases of promotion.

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

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

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