

(4) (i) The Board of Trustees shall determine the member's normal service retirement allowance under § 26-401 of the State Personnel and Pensions Article, as of the member's date of retirement under paragraph (3)(ii) of this subsection.

(ii) For the period that a member retroactively participates in the DROP, the Board of Trustees shall:

1. adjust the member's normal service retirement allowance for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article that is included in the DROP period; and

2. calculate any interest retroactively, that would have accrued on the amounts calculated under item 1 of this subparagraph for the member into the DROP at the rate of 6% a year, compounded monthly.

(5) Any creditable service or eligibility service that the member has received during the DROP period is forfeited by the member.

(6) (i) Upon approving the member's application under subsection (c) of this section, the Board of Trustees shall pay in a lump sum to the member or, if the member has died, the designated beneficiary of the member:

1. the amount determined under paragraph (4)(ii) of this subsection; and

2. any member contributions the member made during the DROP period, plus regular interest.

(ii) Any payments made under this subsection shall be reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority.

(iii) The designated beneficiary of a member is:

1. the member's surviving spouse;

2. if there is not a surviving spouse or if the surviving spouse dies before the youngest child is 18 years old, each child of the deceased member who is under 18 years old; or

3. if there is not a surviving spouse or a child who is under 18 years old, the person named as a beneficiary in an acknowledged written designation filed with the Board of Trustees by the member.

(iv) A member or designated beneficiary of a member may direct the Board of Trustees to pay all or a portion of the amount under subparagraph (i) of this paragraph directly to the custodian of an eligible retirement plan as provided in Title 21, Subtitle 6 of the State Personnel and Pensions Article.

(v) A member or designated beneficiary of a member is eligible to receive the amount due under this subsection within 90 days after the: