

(2) The reduction required under paragraph (1) of this subsection shall equal:

(i) the amount by which the sum of the individual's initial annual basic allowance and the individual's annual compensation exceeds the average final compensation used to compute the basic allowance; or

(ii) for a retiree who retired under the Workforce Reduction Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual compensation and the retiree's annual basic allowance at the time of retirement, including the incentive provided by the Workforce Reduction Act, exceeds the average final compensation used to compute the basic allowance.

(3) A reduction of an early service retirement allowance under paragraph (1)(iii) of this subsection shall be applied only until the individual has received an allowance for 12 months.

(4) Except for an individual whose allowance is subject to a reduction as provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance under this subsection does not apply to:

(i) an individual who has been retired for more than 10 years;

(ii) an individual whose average final compensation was less than \$10,000 and who is reemployed on a temporary or contractual basis;

(iii) an individual who is serving in an elected position as an official of a participating governmental unit or as a constitutional officer for a county that is a participating governmental unit;

(iv) a retiree of the Teachers' Retirement System:

1. who retired and was reemployed by a participating employer other than the State on or before September 30, 1994; and

2. whose employment compensation does not derive, in whole or in part, from State funds; [or]

(v) a former employee of the Domestic Relations Division of Anne Arundel County Circuit Court who transfers into the State Employees' Personnel System under § 2-510 of the Courts Article; OR

(VI) A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS FOR NOT MORE THAN 4 YEARS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE HEALTH OCCUPATIONS ARTICLE, IN:

1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;

2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;