

No changes are made.

(TT) VESTED ALLOWANCE.

“VESTED ALLOWANCE” MEANS AN ALLOWANCE THAT IS NOT PAYABLE AT THE TIME OF SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER, BUT IS DEFERRED UNTIL THE FORMER MEMBER BECOMES ELIGIBLE FOR IMMEDIATE PAYMENT.

REVISOR’S NOTE: This subsection formerly was Art. 73B, § 1-101(y).

The term “separation” is substituted for “withdrawal” to conform to Division I of this article.

The only changes are in style.

Defined terms: “Allowance” § 20-101

“Former member” § 20-101

“Participating employer” § 20-101

REVISOR’S NOTE TO SECTION:

In this section, the definitions for “allowance”, “annuity”, and “pension” are modified to reflect how the three types of benefits are computed under current law. An allowance is based on a formula depending on the system and the type of allowance. The part of an allowance that is attributable to member contributions is an annuity. The part of an allowance attributable to the employer contributions is a pension. The part of an allowance attributable to additional contributions is an additional annuity. The change in terminology reflects a change in the way the terms are used. When the first systems were created in 1927 (for the Teachers’ Retirement System) and 1941 (for the Employees’ Retirement System), the annuity and pension were separate and distinct. The pension was a defined benefit (i.e., one-seventieth of average final compensation times the number of years of service). The annuity, however, was the actuarial equivalent of the accumulated contributions of a member. Under current law, the distinctions are blurred since the entire allowance, exclusive of any additional annuity, is a defined benefit that differs among the several systems.

Former Art. 73B, §§ 4-101(a), 5-101(a), 6-101(a), 7-101(a), and 8-101(a), which were standard introductory language to definition sections, are deleted as unnecessary in light of the consolidation of definitions in this section.

Former Art. 73B, § 1-101(l), which defined the term “funds”, is deleted in light of the comprehensive term “assets”, which does not need a definition to amplify its meaning.

Former Art. 73B, § 1-101(u), which defined the term “several funds”, is deleted as unnecessary since the phrase “funds of the several systems” can be substituted without requiring a definition.

Former Art. 73B, §§ 2-101(f), 3-101(e), 6-101(g), and 7-101(d), which defined the term “membership service”, are deleted to reflect that “service” is no longer a defined term.