

## 21-402. OPTION REQUIREMENTS.

## (A) ACTUARIAL EQUIVALENT.

EACH OPTIONAL FORM OF ALLOWANCE SHALL BE THE ACTUARIAL EQUIVALENT OF THE BASIC ALLOWANCE UNDER THE STATE SYSTEM OF A MEMBER.

## (B) DESIGNATED BENEFICIARIES — BENEFITS FOR LIFE.

FOR AN OPTIONAL FORM OF ALLOWANCE PROVIDING FOR PAYMENT TO A DESIGNATED BENEFICIARY FOR LIFE, THE DESIGNATED BENEFICIARY MUST BE AN INDIVIDUAL.

REVISOR'S NOTE: Subsection (a) of this section is new language derived without substantive change from former Art. 73B, §§ 2-407(a)(1), 3-407(a)(1), 4-409(a)(1), 5-409(a)(1), 6-406(b)(1), 7-407(a)(1), 8-404(b)(1), 9-104(f)(1), and 10-220(a)(1), as those sections required that an optional form of allowance be an equivalent actuarial value of the basic allowance.

Subsection (b) of this section is new language added to state expressly that an option providing payments to a designated beneficiary for life requires that an individual be named as designated beneficiary.

In subsection (a) of this section, the reference to "the basic allowance under the State system of a member" is added to distinguish that form of allowance from an optional form described in § 21-403 of this subtitle.

Defined terms: "Allowance" § 20-101  
 "Basic allowance" § 20-101  
 "Designated beneficiary" § 20-101  
 "Member" § 20-101  
 "State system" § 20-101

## 21-403. DESCRIPTION OF OPTIONS.

## (A) OPTION 1.

UNDER OPTION 1, IF A RETIREE DIES BEFORE RECEIVING PAYMENTS EQUAL TO THE ACTUARIAL EQUIVALENT PRESENT VALUE OF THE RETIREE'S BASIC ALLOWANCE COMPUTED AT THE TIME OF RETIREMENT, THE BOARD OF TRUSTEES SHALL PAY THE BALANCE AS A SINGLE PAYMENT:

- (1) TO THE DESIGNATED BENEFICIARY; OR
- (2) IF THERE IS NO DESIGNATED BENEFICIARY, TO THE RETIREE'S ESTATE.

## (B) OPTION 2.

UNDER OPTION 2, WHEN A RETIREE DIES, THE BOARD OF TRUSTEES SHALL PAY THE RETIREE'S REDUCED ALLOWANCE TO THE DESIGNATED BENEFICIARY FOR THE DESIGNATED BENEFICIARY'S LIFE.

## (C) OPTION 3.