

# HOUSE BILL 64

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CF SB 120

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By: **Delegate B. Barnes (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 17, 2019

Assigned to: Appropriations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Designation of Beneficiary**

3 FOR the purpose of altering a requirement for designating a beneficiary of a member,  
4 former member, or retiree of the State Retirement and Pension System; providing  
5 an option for a member, former member, or retiree to designate a beneficiary through  
6 an electronic process; altering a certain definition; making conforming changes; and  
7 generally relating to designation of a beneficiary with the State Retirement and  
8 Pension System.

9 BY repealing and reenacting, without amendments,  
10 Article – State Personnel and Pensions  
11 Section 20–101(a), 24–401.1(i)(1), and 26–401.1(i)(1)  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2018 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – State Personnel and Pensions  
16 Section 20–101(n), 24–401.1(i)(2), and 26–401.1(i)(2)  
17 Annotated Code of Maryland  
18 (2015 Replacement Volume and 2018 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
20 That the Laws of Maryland read as follows:

21 **Article – State Personnel and Pensions**

22 20–101.

23 (a) In this Division II the following words have the meanings indicated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (n) "Designated beneficiary" means a person named as beneficiary [in an  
2 acknowledged written designation filed with the Board of Trustees] by a member, former  
3 member, or a retiree **BY FILING:**

4 (1) **AN ACKNOWLEDGED WRITTEN DESIGNATION WITH THE STATE**  
5 **RETIREMENT AGENCY; OR**

6 (2) **A PROPERLY COMPLETED FORM SUBMITTED THROUGH THE**  
7 **STATE RETIREMENT AGENCY'S SECURE ACCESS PARTICIPANT PORTAL WITH AN**  
8 **ELECTRONIC SIGNATURE AFFIXED IN THE REQUIRED MANNER AND FORMAT.**

9 24-401.1.

10 (i) (1) Subject to paragraphs (2), (3), and (4) of this subsection, on termination  
11 of a DROP member's participation in the DROP, the Board of Trustees shall pay to the  
12 DROP member or, if the DROP member has died, the designated beneficiary of the DROP  
13 member, the amount accrued in the DROP for the DROP member under subsection (h)(2)  
14 of this section, reduced by any withholding taxes remitted to the Internal Revenue Service  
15 or other taxing authority, in a lump sum.

16 (2) The designated beneficiary of a DROP member is:

17 (i) the DROP member's surviving spouse;

18 (ii) if there is not a surviving spouse or if the surviving spouse dies  
19 before the youngest child is 18 years old, each child of the deceased DROP member who is  
20 under 18 years old; or

21 (iii) if there is not a surviving spouse or a child who is under 18 years  
22 old, the [person named as a beneficiary in an acknowledged written designation filed with  
23 the Board of Trustees by the DROP member] **DROP MEMBER'S DESIGNATED**  
24 **BENEFICIARY.**

25 26-401.1.

26 (i) (1) Subject to paragraphs (2), (3), and (4) of this subsection, on termination  
27 of a DROP member's participation in the DROP, the Board of Trustees shall pay to the  
28 DROP member or, if the DROP member has died, the designated beneficiary of the DROP  
29 member, the amount accrued in the DROP for the DROP member under subsection (h)(2)  
30 of this section, reduced by any withholding taxes remitted to the Internal Revenue Service  
31 or other taxing authority, in a lump sum.

32 (2) The designated beneficiary of a DROP member is:

33 (i) the DROP member's surviving spouse;

1 (ii) if there is not a surviving spouse or if the surviving spouse dies  
2 before the youngest child is 18 years old, each child of the deceased DROP member who is  
3 under 18 years old; or

4 (iii) if there is not a surviving spouse or a child who is under 18 years  
5 old, the [person named as a beneficiary in an acknowledged written designation filed with  
6 the Board of Trustees by the DROP member] **DROP MEMBER'S DESIGNATED**  
7 **BENEFICIARY.**

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
9 1, 2019.