

the context shall have the following meanings:

(12) (A) "Regular interest" MEANS, for PURPOSES OF INTEREST CREDITS TO the Annuity Savings Fund [shall mean interest at the rate of four per centum per annum compounded annually for members who became such on or before June 30, 1955; and for all other members shall mean], interest at a rate per centum per annum compounded annually as may be set from time to time by the board with a minimum rate of three per centum per annum and a maximum rate of four per centum per annum.

(B) "Regular interest" MEANS for [the] ALL OTHER purposes [of the] INCLUDING actuarial valuations [shall mean], interest at such rate as may be set from time to time by the board of trustees in accordance with § 55[, subsection] (2) of this article[, as amended from time to time].

(13) "Accumulated contributions" shall mean the sum of all the amounts deducted from the compensation of a member and credited to his individual account in the Annuity Savings Fund, together with regular interest thereon, as provided in § 56 of this subtitle[, and all amounts contributed by the State as provided in § 57 of this subtitle].

(15) (A) "Average final compensation" means the average annual earnable compensation of an employee during the three years of service as an employee, during which the employee's earnable compensation was highest or if the employee had less than three years of service, then the employee's average earnable compensation for his or her total service. IF AN EMPLOYEE TRANSFERRED FROM ANOTHER ACTUARIAL RETIREMENT SYSTEM IN THE STATE AND HAD LESS THAN THREE YEARS SERVICE AT THE TIME OF RETIREMENT, THE EARNABLE COMPENSATION AS A MEMBER IN THE OTHER SYSTEM SHALL BE USED IN DETERMINATION OF AVERAGE FINAL COMPENSATION.

(B) In the determination of average final compensation, any extraordinary salary increase in the last three years of service that would otherwise be included in average final compensation shall be excluded, and the board of trustees by a rule of general application shall determine what constitutes an extraordinary salary increase. The provisions of this paragraph of the definition of "average final compensation" do not apply in cases of promotion.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1978.

Approved May 16, 1978.