

HOUSE BILL 191

Unofficial Copy
K4

1999 Regular Session
(91r0218)

ENROLLED BILL
-- Appropriations/Budget and Taxation --

Introduced by **The Speaker (Administration) and Delegates Proctor, Hecht, Pitkin, Wood, Conroy, DeCarlo, Dobson, Frush, Fulton, Hutchins, K. Kelly, Malone, McKee, Moe, Owings, Rudolph, Shriver, Turner, Vallario, and ~~Weir~~ Weir, Cadden, Slade, and O'Donnell**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **State Police Retirement System - Benefits**

3 FOR the purpose of altering the formula for computing the retirement allowance of
4 certain members of the State Police Retirement System; altering the years of
5 eligibility service required for a normal service retirement under the System;
6 altering the contribution rate for certain members in the System; establishing a
7 Deferred Retirement Option Program for certain members in the System;
8 providing for certain annual adjustments to the service retirement allowances of
9 certain service and disability retirees of the System or beneficiaries of service
10 and disability retirees as of a certain date; providing for the adjustment to be
11 subject to certain cost-of-living adjustments each fiscal year; requiring the
12 State Retirement Agency to request a private letter ruling from the Internal
13 Revenue Service that makes certain confirmations; making certain provisions of
14 this Act contingent on receipt of a certain ruling from the Internal Revenue

1 Service; defining certain terms; and generally relating to ~~retirement benefits~~
2 ~~under~~ the State Police Retirement System.

3 BY repealing and reenacting, with amendments,
4 Article - State Personnel and Pensions
5 Section 24-205, 24-207, 24-401, and 24-405
6 Annotated Code of Maryland
7 (1997 Replacement Volume and 1998 Supplement)

8 BY adding to
9 Article - State Personnel and Pensions
10 Section 24-401.1 and 29-113
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 1998 Supplement)

13 *Preamble*

14 WHEREAS, The Maryland State Police is the State's lead law enforcement
15 organization responsible for enforcing criminal laws, providing safer highways,
16 reducing violent crimes, assisting with community policing activities, and leading
17 anti-terrorist efforts; and

18 WHEREAS, A position with the Maryland State Police is a difficult,
19 demanding, and dangerous lifestyle that takes its toll on those who serve to improve
20 the quality of life in Maryland; and

21 WHEREAS, The law enforcement professionals of the Maryland State Police
22 sacrifice personal comfort and a restful family environment to promote public safety;
23 and

24 WHEREAS, The men and women who serve in the Maryland State Police place
25 their lives in jeopardy every day to protect the citizens of this State; and

26 WHEREAS, The members of the State Police Retirement System are not eligible
27 for Social Security benefits and the State does not pay Social Security taxes for
28 members of the System; and

29 WHEREAS, Enhanced benefits are necessary to retain and recruit quality and
30 committed law enforcement officers to serve the State in a capacity that is critical to
31 the safety and peace of all Marylanders; now, therefore,

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

1 **Article - State Personnel and Pensions**

2 24-205.

3 A member's contribution rate is [:

4 (1) 8% of the member's earnable compensation[, if the member has 25
5 years or less of creditable service; or

6 (2) 4% of the member's earnable compensation, if the member has more
7 than 25 years of creditable service].

8 24-207.

9 Membership ends if the member:

10 (1) is separated from employment for more than 3 years;

11 (2) withdraws the member's accumulated contributions;

12 (3) becomes a retiree; [or]

13 (4) dies; OR

14 (5) ELECTS TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION
15 PROGRAM ESTABLISHED UNDER § 24-401.1 OF THIS TITLE.

16 24-401.

17 (a) A member may retire with a normal service retirement allowance if:

18 (1) on or before the date of retirement, the member:

19 (i) has at least [25] ~~20~~ 22 years of eligibility service; or

20 (ii) is at least 50 years old; and

21 (2) the member completes and submits a written application to the
22 Board of Trustees, on the form that the Board of Trustees provides, stating the date
23 when the member desires to retire.

24 (b) (1) Subject to the approval of the Board of Trustees, the Secretary of the
25 State Police may order a member who is at least 50 years old to retire on the first day
26 of the month after the member is notified of the Secretary's order.

27 (2) Before approving the Secretary's order, the Board of Trustees shall
28 give the member at least 30 days' notice and an opportunity to be heard.

29 (c) Except for the Secretary of the State Police, a member shall retire with a
30 normal service retirement allowance not later than the first day of the month after
31 the member becomes 60 years old.

1 (d) (1) [On] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
2 ON retirement under this section, a member is entitled to receive a normal service
3 retirement allowance that equals:

4 (1) one forty-fifth] ~~2.75%~~ ~~2.65%~~ 2.55% of the member's average final
5 compensation multiplied by each year of the member's [first 25] years of creditable
6 service]; and

7 (2) one-ninetieth of the member's average final compensation multiplied
8 by each year of creditable service in excess of 25 years].

9 (2) A MEMBER'S NORMAL SERVICE RETIREMENT ALLOWANCE MAY NOT
10 EXCEED ~~77%~~ 71.4% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

11 (E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A RETIREE, OR A
12 BENEFICIARY OF A RETIREE, WHO RETIRES ON OR BEFORE JUNE 30, 1999 WITH A
13 SERVICE RETIREMENT ALLOWANCE, SHALL RECEIVE AN ANNUAL RETIREMENT
14 ALLOWANCE ADJUSTMENT AS OF JULY 1, 1999, AS FOLLOWS:

15 (I) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5
16 YEARS, \$1,000 \$1,200;

17 (II) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS
18 BUT NOT MORE THAN 10 YEARS, \$1,300 \$1,500;

19 (III) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS
20 BUT NOT MORE THAN 15 YEARS, \$1,600 \$1,800; AND

21 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
22 \$1,900 \$2,100.

23 (2) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE
24 ADJUSTMENT RECEIVED BY THE RETIREE OR THE BENEFICIARY AS OF JULY 1, 1999,
25 BY MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

26 (I) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE
27 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

28 (II) AS ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE
29 CALENDAR YEAR ENDING DECEMBER 31, 1998.

30 29-113.

31 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, A DISABILITY RETIREE OF
32 THE STATE POLICE RETIREMENT SYSTEM, OR A BENEFICIARY OF A DISABILITY
33 RETIREE OF THE STATE POLICE RETIREMENT SYSTEM, WHO RETIRES ON OR BEFORE
34 JUNE 30, 1999 WITH AN ORDINARY OR SPECIAL DISABILITY RETIREMENT ALLOWANCE
35 UNDER § 29-107 OR § 29-111 OF THIS SUBTITLE, SHALL RECEIVE AN ANNUAL
36 RETIREMENT ALLOWANCE ADJUSTMENT AS OF JULY 1, 1999, AS FOLLOWS:

1 (1) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5 YEARS,
 2 ~~\$1,000~~ \$1,200;

3 (2) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS BUT
 4 NOT MORE THAN 10 YEARS, ~~\$1,300~~ \$1,500;

5 (3) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS BUT
 6 NOT MORE THAN 15 YEARS, ~~\$1,600~~ \$1,800; AND

7 (4) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
 8 ~~\$1,900~~ \$2,100.

9 (B) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE
 10 ADJUSTMENT RECEIVED BY THE RETIREE OR THE BENEFICIARY AS OF JULY 1, 1999,
 11 BY MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

12 (1) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE
 13 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

14 (2) AS ~~IT~~ ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE
 15 CALENDAR YEAR ENDING DECEMBER 31, 1998.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 17 read as follows:

18 **Article - State Personnel and Pensions**

19 24-401.1.

20 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 21 INDICATED.

22 (2) "DROP" MEANS THE DEFERRED RETIREMENT OPTION PROGRAM
 23 ESTABLISHED UNDER THIS SECTION.

24 (3) "DROP MEMBER" MEANS A MEMBER OF THE STATE POLICE
 25 RETIREMENT SYSTEM WHO:

26 (I) IS ELIGIBLE TO PARTICIPATE IN THE DROP AS PROVIDED IN
 27 SUBSECTION (C) OF THIS SECTION; AND

28 (II) ELECTS TO PARTICIPATE IN THE DROP AS PROVIDED IN
 29 SUBSECTION (E) OF THIS SECTION.

30 (B) THERE IS A DROP FOR ELIGIBLE MEMBERS OF THE STATE POLICE
 31 RETIREMENT SYSTEM.

32 (C) (1) EXCEPT FOR THE SECRETARY OF THE STATE POLICE, A MEMBER OF
 33 THE STATE POLICE RETIREMENT SYSTEM IS ELIGIBLE TO PARTICIPATE IN THE DROP
 34 IF THE MEMBER:

1 (I) HAS AT LEAST ~~23~~ 22 AND LESS THAN 28 YEARS OF ELIGIBILITY
2 SERVICE; AND

3 (II) IS LESS THAN 60 YEARS OLD.

4 (2) THE SECRETARY OF THE STATE POLICE IS ELIGIBLE TO PARTICIPATE
5 IN THE DROP IF THE SECRETARY HAS AT LEAST ~~23~~ 22 YEARS OF ELIGIBILITY SERVICE.

6 (D) AN ELIGIBLE MEMBER MAY ELECT TO PARTICIPATE IN THE DROP FOR A
7 PERIOD NOT TO EXCEED THE LESSER OF:

8 (1) ~~5~~ 4 YEARS;

9 (2) THE DIFFERENCE BETWEEN 28 YEARS AND THE MEMBER'S
10 ELIGIBILITY SERVICE AS OF THE DATE OF THE MEMBER'S ELECTION TO
11 PARTICIPATE IN THE DROP AND RETIRE FROM THE STATE POLICE RETIREMENT
12 SYSTEM;

13 (3) THE DIFFERENCE BETWEEN AGE 60 AND THE MEMBER'S AGE AS OF
14 THE DATE OF THE MEMBER'S ELECTION TO PARTICIPATE IN THE DROP AND RETIRE
15 FROM THE STATE POLICE RETIREMENT SYSTEM; OR

16 (4) A TERM SELECTED BY THE MEMBER.

17 (E) (1) AN ELIGIBLE MEMBER WHO ELECTS TO PARTICIPATE IN THE DROP
18 SHALL:

19 (I) COMPLETE AND SUBMIT A WRITTEN ELECTION FORM TO THE
20 BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES,
21 STATING:

22 1. THE MEMBER'S INTENTION TO PARTICIPATE IN THE
23 DROP;

24 2. THE DATE WHEN THE MEMBER DESIRES TO RETIRE;

25 3. THE PERIOD THAT THE MEMBER DESIRES TO
26 PARTICIPATE IN THE DROP, AS PROVIDED IN SUBSECTION (D) OF THIS SECTION;

27 4. THE DATE WHEN THE MEMBER INTENDS TO TERMINATE
28 EMPLOYMENT WITH THE MARYLAND STATE POLICE IN THE FORM OF A BINDING
29 LETTER OF RESIGNATION ACCEPTED BY THE SECRETARY OF THE STATE POLICE OR
30 THE SECRETARY'S DESIGNEE; AND

31 5. ANY OTHER INFORMATION REQUIRED BY THE BOARD OF
32 TRUSTEES TO IMPLEMENT THE DROP; AND

33 (II) COMPLETE AND SUBMIT A WRITTEN RETIREMENT
34 APPLICATION FORM TO THE BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD
35 OF TRUSTEES PROVIDES.

1 (2) AN ELIGIBLE MEMBER'S ELECTION TO PARTICIPATE IN THE DROP IS
2 IRREVOCABLE.

3 (F) (1) A DROP MEMBER'S PARTICIPATION IN THE DROP SHALL COMMENCE
4 ON THE FIRST DAY OF THE MONTH FOLLOWING ACCEPTANCE BY THE BOARD OF
5 TRUSTEES OF THE DROP MEMBER'S COMPLETED ELECTION FORM, RETIREMENT
6 APPLICATION FORM, AND ANY OTHER INFORMATION REQUIRED BY THE BOARD OF
7 TRUSTEES.

8 (2) A DROP MEMBER IS A RETIREE OF THE STATE POLICE RETIREMENT
9 SYSTEM.

10 (G) PARTICIPATION IN THE DROP ENDS IF THE DROP PARTICIPANT:

11 (1) SEPARATES FROM EMPLOYMENT IN ACCORDANCE WITH THE
12 BINDING LETTER OF RESIGNATION SUBMITTED WITH THE MEMBER'S ELECTION
13 FORM;

14 (2) EXCEPT FOR THE SECRETARY OF THE STATE POLICE, ATTAINS AGE
15 60;

16 (3) DIES;

17 (4) IS TERMINATED FROM EMPLOYMENT BY THE MARYLAND STATE
18 POLICE AT ANY TIME BEFORE THE DATE SPECIFIED ON THE MEMBER'S ELECTION
19 FORM;

20 (5) SHORTENS THE TIME PERIOD FOR PARTICIPATION IN THE DROP BY
21 DELIVERING TO THE MARYLAND STATE POLICE AND THE BOARD OF TRUSTEES
22 WRITTEN NOTICE OF THE INTENT OF THE DROP MEMBER TO TERMINATE
23 EMPLOYMENT; OR

24 (6) ACCEPTS A SPECIAL DISABILITY RETIREMENT ALLOWANCE AS
25 PROVIDED IN SUBSECTION (K) OF THIS SECTION.

26 (H) (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN THE DROP, THE
27 BOARD OF TRUSTEES SHALL DETERMINE THE DROP MEMBER'S NORMAL SERVICE
28 RETIREMENT ALLOWANCE UNDER § 24-401 OF THIS SUBTITLE.

29 (2) DURING THE PERIOD THAT A DROP MEMBER PARTICIPATES IN THE
30 DROP, THE BOARD OF TRUSTEES SHALL:

31 (I) ~~ACCRUE DEPOSIT~~ THE DROP MEMBER'S NORMAL SERVICE
32 RETIREMENT ALLOWANCE IN THE DROP FOR THE DROP MEMBER'S BENEFIT;

33 (II) ADJUST THE DROP MEMBER'S NORMAL SERVICE RETIREMENT
34 ALLOWANCE EACH FISCAL YEAR AS PROVIDED IN TITLE 29, SUBTITLE 4, PART III OF
35 THIS ARTICLE; AND

1 (III) ACCRUE INTEREST ON THE AMOUNTS CALCULATED UNDER
2 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH FOR THE DROP MEMBER INTO THE
3 DROP AT THE RATE OF ~~6.5%~~ 6% A YEAR, COMPOUNDED MONTHLY.

4 (3) A DROP MEMBER MAY NOT RECEIVE CREDITABLE SERVICE OR
5 ELIGIBILITY SERVICE DURING THE PERIOD THAT THE DROP MEMBER PARTICIPATES
6 IN THE DROP.

7 (4) A DROP MEMBER'S COMPENSATION DURING THE PERIOD THAT THE
8 DROP MEMBER PARTICIPATES IN THE DROP MAY NOT BE:

9 (I) SUBJECT TO THE EMPLOYER PICKUP PROVISIONS OF § 21-303
10 OF THIS ARTICLE OR ANY REDUCTION OR DEDUCTION AS A MEMBER CONTRIBUTION
11 FOR PENSION OR RETIREMENT PURPOSES; OR

12 (II) USED TO INCREASE THE DROP MEMBER'S AVERAGE FINAL
13 COMPENSATION EXCEPT AS PROVIDED IN SUBSECTION (K) OF THIS SECTION.

14 (5) DURING THE PERIOD THAT A DROP MEMBER PARTICIPATES IN THE
15 DROP, THE DROP MEMBER SHALL:

16 (I) CONTINUE TO RECEIVE COMPENSATION, HEALTH INSURANCE
17 AND OTHER BENEFIT OPTIONS ESTABLISHED UNDER THE STATE EMPLOYEE AND
18 RETIREE HEALTH AND WELFARE BENEFIT PROGRAM ADMINISTERED BY THE
19 SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT, AND ANY OTHER
20 BENEFITS AS AN EMPLOYEE OF THE MARYLAND STATE POLICE;

21 (II) BE SUBJECT TO THE PERSONNEL LAW, REGULATIONS, AND
22 POLICIES APPLICABLE TO AN EMPLOYEE OF THE MARYLAND STATE POLICE; AND

23 (III) RECEIVE RETIREMENT BENEFITS ONLY TO THE EXTENT
24 PROVIDED IN THIS SECTION.

25 (6) THE BOARD OF TRUSTEES IS NOT REQUIRED TO ESTABLISH AN
26 INDIVIDUAL DROP ACCOUNT FOR EACH DROP MEMBER.

27 (7) EACH YEAR, THE BOARD OF TRUSTEES SHALL PROVIDE A DROP
28 MEMBER WITH A WRITTEN ACCOUNTING OF THE DROP MEMBER'S ACCOUNT
29 BALANCE IN THE DROP.

30 (I) (1) SUBJECT TO PARAGRAPHS (2), (3), AND (4) OF THIS SUBSECTION, ON
31 TERMINATION OF A DROP MEMBER'S PARTICIPATION IN THE DROP, THE BOARD OF
32 TRUSTEES SHALL PAY TO THE DROP MEMBER OR, IF THE DROP MEMBER HAS DIED,
33 THE DESIGNATED BENEFICIARY OF THE DROP MEMBER, THE AMOUNT ACCRUED IN
34 THE DROP FOR THE DROP MEMBER UNDER SUBSECTION (H)(2) OF THIS SECTION,
35 REDUCED BY ANY WITHHOLDING TAXES REMITTED TO THE INTERNAL REVENUE
36 SERVICE OR OTHER TAXING AUTHORITY, IN A LUMP SUM.

37 (2) THE DESIGNATED BENEFICIARY OF A DROP MEMBER IS:

1 (I) THE DROP MEMBER'S SURVIVING SPOUSE;

2 (II) IF THERE IS NOT A SURVIVING SPOUSE OR IF THE SURVIVING
3 SPOUSE DIES BEFORE THE YOUNGEST CHILD IS 18 YEARS OLD, EACH CHILD OF THE
4 DECEASED DROP MEMBER WHO IS UNDER 18 YEARS OLD; OR

5 (III) IF THERE IS NOT A SURVIVING SPOUSE OR A CHILD WHO IS
6 UNDER 18 YEARS OLD, THE PERSON NAMED AS A BENEFICIARY IN AN
7 ACKNOWLEDGED WRITTEN DESIGNATION FILED WITH THE BOARD OF TRUSTEES BY
8 THE DROP MEMBER.

9 (3) A DROP MEMBER OR DESIGNATED BENEFICIARY OF A DROP MEMBER
10 MAY DIRECT THE BOARD OF TRUSTEES TO PAY ALL OR A PORTION OF THE AMOUNT
11 ACCRUED FOR THE DROP MEMBER'S BENEFIT UNDER SUBSECTION (H)(2) OF THIS
12 SECTION DIRECTLY TO THE CUSTODIAN OF AN ELIGIBLE RETIREMENT PLAN AS
13 PROVIDED IN TITLE 21, SUBTITLE 6 OF THIS ARTICLE.

14 (4) A DROP MEMBER OR DESIGNATED BENEFICIARY OF A DROP MEMBER
15 IS ELIGIBLE TO RECEIVE THE AMOUNT DUE UNDER THIS SUBSECTION WITHIN 90
16 DAYS AFTER THE:

17 (I) DATE OF TERMINATION OF THE DROP MEMBER'S
18 PARTICIPATION IN THE DROP;

19 (II) RECEIPT BY THE BOARD OF TRUSTEES OF A COMPLETED
20 APPLICATION TO RECEIVE THE DROP AMOUNT, ON THE FORM THAT THE BOARD OF
21 TRUSTEES PROVIDES; AND

22 (III) RECEIPT BY THE BOARD OF TRUSTEES OF ANY OTHER
23 INFORMATION THAT THE BOARD OF TRUSTEES REQUIRES TO PROCESS PAYMENT OF
24 THE DROP MEMBER'S ACCOUNT BALANCE TO THE DROP PARTICIPANT, THE
25 DESIGNATED BENEFICIARY OF THE DROP PARTICIPANT, OR THE CUSTODIAN OF AN
26 ELIGIBLE RETIREMENT PLAN.

27 (J) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AS
28 OF THE FIRST DAY OF THE MONTH FOLLOWING TERMINATION OF A DROP MEMBER'S
29 PARTICIPATION IN THE DROP, THE BOARD OF TRUSTEES SHALL COMMENCE AND
30 CONTINUE PAYMENT OF THE NORMAL SERVICE RETIREMENT ALLOWANCE,
31 INCLUDING THE COST OF LIVING ADJUSTMENTS AS PROVIDED IN TITLE 29, SUBTITLE
32 4, PART III OF THIS ARTICLE, TO THE MEMBER AS PROVIDED IN §§ 24-401 AND 24-403
33 OF THIS SUBTITLE.

34 (2) IF A DROP MEMBER DIES BEFORE TERMINATION OF THE DROP
35 MEMBER'S PARTICIPATION IN THE DROP, THE BOARD OF TRUSTEES SHALL PAY 50%
36 OF THE NORMAL SERVICE RETIREMENT ALLOWANCE, INCLUDING THE COST OF
37 LIVING ADJUSTMENTS AS PROVIDED IN TITLE 29, SUBTITLE 4, PART III OF THIS
38 ARTICLE, TO THE BENEFICIARY AS PROVIDED IN § 24-403 OF THIS SUBTITLE.

39 (K) (1) A DROP MEMBER IS ELIGIBLE TO APPLY FOR A SPECIAL DISABILITY
40 RETIREMENT ALLOWANCE UNDER § 29-111 OF THIS ARTICLE.

1 (2) IF THE BOARD OF TRUSTEES GRANTS A DROP MEMBER A SPECIAL
2 DISABILITY RETIREMENT ALLOWANCE, THE DROP MEMBER MAY ELECT TO RECEIVE
3 THE SPECIAL DISABILITY RETIREMENT ALLOWANCE OR CONTINUE TO PARTICIPATE
4 IN THE DROP.

5 (3) (I) IF A DROP MEMBER ELECTS TO RECEIVE A SPECIAL DISABILITY
6 RETIREMENT ALLOWANCE INSTEAD OF CONTINUING TO PARTICIPATE IN THE DROP,
7 THE DROP MEMBER SHALL:

8 1. SUBMIT AN APPLICATION TO THE BOARD OF TRUSTEES,
9 ON THE FORM THE BOARD OF TRUSTEES PROVIDES, TO RECEIVE PAYMENT OF THE
10 AMOUNT ACCRUED IN THE DROP IN ACCORDANCE WITH SUBSECTION (I) OF THIS
11 SECTION;

12 2. EXECUTE A WRITTEN WAIVER OF ANY BENEFITS TO
13 WHICH THE DROP MEMBER MAY BE ENTITLED UNDER THE DROP; AND

14 3. SUBMIT AN APPLICATION TO RETIRE WITH A SPECIAL
15 DISABILITY RETIREMENT ALLOWANCE, ON THE FORM THE BOARD OF TRUSTEES
16 PROVIDES, STATING THE EFFECTIVE DATE OF THE DROP MEMBER'S RETIREMENT AS
17 A SPECIAL DISABILITY RETIREE.

18 (II) ON ACCEPTANCE OF THE APPLICATION FOR PAYMENT AND
19 APPLICATION TO RETIRE, THE BOARD OF TRUSTEES SHALL COMMENCE PAYMENT OF
20 A SPECIAL DISABILITY ALLOWANCE TO THE DROP MEMBER AS PROVIDED IN §
21 29-111(C) OF THIS ARTICLE, EXCEPT THAT THE DROP MEMBER'S AVERAGE FINAL
22 COMPENSATION SHALL BE COMPUTED AS OF THE EFFECTIVE DATE OF THE DROP
23 MEMBER'S APPLICATION FOR A SPECIAL DISABILITY RETIREMENT ALLOWANCE.

24 24-405.

25 (a) Subject to subsections (b) and (c) of this section, an individual who is
26 receiving a service retirement allowance or vested allowance may accept employment
27 with a participating employer on a temporary basis, if:

28 (1) the employment is not in a regularly allocated position; and

29 (2) the individual immediately notifies the Board of Trustees:

30 (i) of the individual's intention to accept the employment; and

31 (ii) of the compensation that the individual will receive.

32 (b) (1) This subsection does not apply to:

33 (I) an individual who has been retired for more than 10 years; OR

34 (II) AN INDIVIDUAL WHO PARTICIPATES IN THE DEFERRED
35 RETIREMENT OPTION PROGRAM ESTABLISHED UNDER § 24-401.1 OF THIS SUBTITLE.

1 (2) The Board of Trustees shall reduce an individual's allowance by the
2 amount that the sum of the individual's initial annual basic allowance and the
3 individual's annual compensation exceeds the average final compensation used to
4 compute the basic allowance.

5 (c) For purposes of this section, employment is not on a temporary basis if, in
6 any 12-month period, an individual works:

7 (1) full time for more than 6 months; or

8 (2) part time for the equivalent of more than 6 months of full-time work.

9 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before July 1, 1999,
10 the State Retirement Agency shall request a private letter ruling from the Internal
11 Revenue Service that confirms:

12 (1) the continued qualification under § 401 of the Internal Revenue Code
13 of the State Police Retirement System as amended by the Deferred Retirement
14 Option Program established under Section 2 of this Act;

15 (2) the continued pretax qualification under § 414(h)(2) of the Internal
16 Revenue Code of a member's contributions under the employer pickup plan of the
17 State Police Retirement System as amended by the Deferred Retirement Option
18 Program established under Section 2 of this Act; and

19 (3) that a distribution from a member's account under the Deferred
20 Retirement Option Program established under Section 2 of this Act constitutes an
21 eligible rollover distribution under the Internal Revenue Code.

22 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
23 take effect contingent on the receipt of a private letter ruling by the Internal Revenue
24 Service that makes the confirmations specified under Section 3 of this Act. If a private
25 letter ruling by the Internal Revenue Service is received that makes the
26 confirmations specified under Section 3 of this Act, Section 2 of this Act shall take
27 effect the first day of the month after the State Retirement Agency receives the
28 ruling. If a private letter ruling is received by the State Retirement Agency from the
29 Internal Revenue Service that does not make all of the confirmations specified in
30 Section 3 of this Act, Section 2 of this Act, with no further action required by the
31 General Assembly, shall be null and void and of no force and effect. The State
32 Retirement Agency, within 5 days after receiving the ruling from the Internal
33 Revenue Service, shall forward a copy of the ruling to the Department of Legislative
34 Services, 90 State Circle, Annapolis, Maryland 21401.

35 ~~SECTION 5.~~ SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the
36 provisions of Section 4 of this Act, this Act shall take effect July 1, 1999.

