

HOUSE BILL 191

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K4

1999 Regular Session  
9lr0218  
CF 9lr0211

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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**

Introduced and read first time: February 1, 1999  
Assigned to: Appropriations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 27, 1999

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

17 BY repealing and reenacting, with amendments,  
18 Article - State Personnel and Pensions  
19 Section 24-205, 24-207, 24-401, and 24-405  
20 Annotated Code of Maryland  
21 (1997 Replacement Volume and 1998 Supplement)

22 BY adding to

1 Article - State Personnel and Pensions  
2 Section 24-401.1 and 29-113  
3 Annotated Code of Maryland  
4 (1997 Replacement Volume and 1998 Supplement)

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

7 **Article - State Personnel and Pensions**

8 24-205.

9 A member's contribution rate is [:

10 (1) 8% of the member's earnable compensation[, if the member has 25  
11 years or less of creditable service; or

12 (2) 4% of the member's earnable compensation, if the member has more  
13 than 25 years of creditable service].

14 24-207.

15 Membership ends if the member:

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

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

18 (3) becomes a retiree; [or]

19 (4) dies; OR

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

22 24-401.

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

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

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

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

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

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

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

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

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

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

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

17 (2) A MEMBER'S NORMAL SERVICE RETIREMENT ALLOWANCE MAY NOT  
18 EXCEED 77% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

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

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

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

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

29 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,  
30 \$1,900.

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

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

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

3 29-113.

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

10 (1) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5 YEARS,  
11 \$1,000;

12 (2) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS BUT  
13 NOT MORE THAN 10 YEARS, \$1,300;

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

16 (4) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,  
17 \$1,900.

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

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

23 (2) AS IT DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE  
24 CALENDAR YEAR ENDING DECEMBER 31, 1998.

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

27 **Article - State Personnel and Pensions**

28 24-401.1.

29 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
30 INDICATED.

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

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

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

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

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

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

10 (I) HAS AT LEAST 23 AND LESS THAN 28 YEARS OF ELIGIBILITY  
11 SERVICE; AND

12 (II) IS LESS THAN 60 YEARS OLD.

13 (2) THE SECRETARY OF THE STATE POLICE IS ELIGIBLE TO PARTICIPATE  
14 IN THE DROP IF THE SECRETARY HAS AT LEAST 23 YEARS OF ELIGIBILITY SERVICE.

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

17 (1) 5 YEARS;

18 (2) THE DIFFERENCE BETWEEN 28 YEARS AND THE MEMBER'S  
19 ELIGIBILITY SERVICE AS OF THE DATE OF THE MEMBER'S ELECTION TO  
20 PARTICIPATE IN THE DROP AND RETIRE FROM THE STATE POLICE RETIREMENT  
21 SYSTEM;

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

25 (4) A TERM SELECTED BY THE MEMBER.

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

28 (I) COMPLETE AND SUBMIT A WRITTEN ELECTION FORM TO THE  
29 BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES,  
30 STATING:

31 1. THE MEMBER'S INTENTION TO PARTICIPATE IN THE  
32 DROP;

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

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

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

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

7                                   (II)     COMPLETE AND SUBMIT A WRITTEN RETIREMENT  
8 APPLICATION FORM TO THE BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD  
9 OF TRUSTEES PROVIDES.

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

12       (F)     (1)     A DROP MEMBER'S PARTICIPATION IN THE DROP SHALL COMMENCE  
13 ON THE FIRST DAY OF THE MONTH FOLLOWING ACCEPTANCE BY THE BOARD OF  
14 TRUSTEES OF THE DROP MEMBER'S COMPLETED ELECTION FORM, RETIREMENT  
15 APPLICATION FORM, AND ANY OTHER INFORMATION REQUIRED BY THE BOARD OF  
16 TRUSTEES.

17                               (2)     A DROP MEMBER IS A RETIREE OF THE STATE POLICE RETIREMENT  
18 SYSTEM.

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

20                               (1)     SEPARATES FROM EMPLOYMENT IN ACCORDANCE WITH THE  
21 BINDING LETTER OF RESIGNATION SUBMITTED WITH THE MEMBER'S ELECTION  
22 FORM;

23                               (2)     EXCEPT FOR THE SECRETARY OF THE STATE POLICE, ATTAINS AGE  
24 60;

25                               (3)     DIES;

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

29                               (5)     SHORTENS THE TIME PERIOD FOR PARTICIPATION IN THE DROP BY  
30 DELIVERING TO THE MARYLAND STATE POLICE AND THE BOARD OF TRUSTEES  
31 WRITTEN NOTICE OF THE INTENT OF THE DROP MEMBER TO TERMINATE  
32 EMPLOYMENT; OR

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

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

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

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

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

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

11 (3) A DROP MEMBER MAY NOT RECEIVE CREDITABLE SERVICE OR  
12 ELIGIBILITY SERVICE DURING THE PERIOD THAT THE DROP MEMBER PARTICIPATES  
13 IN THE DROP.

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

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

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

21 (5) DURING THE PERIOD THAT A DROP MEMBER PARTICIPATES IN THE  
22 DROP, THE DROP MEMBER SHALL:

23 (I) CONTINUE TO RECEIVE COMPENSATION, HEALTH INSURANCE  
24 AND OTHER BENEFIT OPTIONS ESTABLISHED UNDER THE STATE EMPLOYEE AND  
25 RETIREE HEALTH AND WELFARE BENEFIT PROGRAM ADMINISTERED BY THE  
26 SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT, AND ANY OTHER  
27 BENEFITS AS AN EMPLOYEE OF THE MARYLAND STATE POLICE;

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

30 (III) RECEIVE RETIREMENT BENEFITS ONLY TO THE EXTENT  
31 PROVIDED IN THIS SECTION.

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

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

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

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

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

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

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

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

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

25 (I) DATE OF TERMINATION OF THE DROP MEMBER'S  
26 PARTICIPATION IN THE DROP;

27 (II) RECEIPT BY THE BOARD OF TRUSTEES OF A COMPLETED  
28 APPLICATION TO RECEIVE THE DROP AMOUNT, ON THE FORM THAT THE BOARD OF  
29 TRUSTEES PROVIDES; AND

30 (III) RECEIPT BY THE BOARD OF TRUSTEES OF ANY OTHER  
31 INFORMATION THAT THE BOARD OF TRUSTEES REQUIRES TO PROCESS PAYMENT OF  
32 THE DROP MEMBER'S ACCOUNT BALANCE TO THE DROP PARTICIPANT, THE  
33 DESIGNATED BENEFICIARY OF THE DROP PARTICIPANT, OR THE CUSTODIAN OF AN  
34 ELIGIBLE RETIREMENT PLAN.

35 (J) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AS  
36 OF THE FIRST DAY OF THE MONTH FOLLOWING TERMINATION OF A DROP MEMBER'S  
37 PARTICIPATION IN THE DROP, THE BOARD OF TRUSTEES SHALL COMMENCE AND  
38 CONTINUE PAYMENT OF THE NORMAL SERVICE RETIREMENT ALLOWANCE,  
39 INCLUDING THE COST OF LIVING ADJUSTMENTS AS PROVIDED IN TITLE 29, SUBTITLE



1 4, PART III OF THIS ARTICLE, TO THE MEMBER AS PROVIDED IN §§ 24-401 AND 24-403  
2 OF THIS SUBTITLE.

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

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

10 (2) IF THE BOARD OF TRUSTEES GRANTS A DROP MEMBER A SPECIAL  
11 DISABILITY RETIREMENT ALLOWANCE, THE DROP MEMBER MAY ELECT TO RECEIVE  
12 THE SPECIAL DISABILITY RETIREMENT ALLOWANCE OR CONTINUE TO PARTICIPATE  
13 IN THE DROP.

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

17 1. SUBMIT AN APPLICATION TO THE BOARD OF TRUSTEES,  
18 ON THE FORM THE BOARD OF TRUSTEES PROVIDES, TO RECEIVE PAYMENT OF THE  
19 AMOUNT ACCRUED IN THE DROP IN ACCORDANCE WITH SUBSECTION (I) OF THIS  
20 SECTION;

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

23 3. SUBMIT AN APPLICATION TO RETIRE WITH A SPECIAL  
24 DISABILITY RETIREMENT ALLOWANCE, ON THE FORM THE BOARD OF TRUSTEES  
25 PROVIDES, STATING THE EFFECTIVE DATE OF THE DROP MEMBER'S RETIREMENT AS  
26 A SPECIAL DISABILITY RETIREE.

27 (II) ON ACCEPTANCE OF THE APPLICATION FOR PAYMENT AND  
28 APPLICATION TO RETIRE, THE BOARD OF TRUSTEES SHALL COMMENCE PAYMENT OF  
29 A SPECIAL DISABILITY ALLOWANCE TO THE DROP MEMBER AS PROVIDED IN §  
30 29-111(C) OF THIS ARTICLE, EXCEPT THAT THE DROP MEMBER'S AVERAGE FINAL  
31 COMPENSATION SHALL BE COMPUTED AS OF THE EFFECTIVE DATE OF THE DROP  
32 MEMBER'S APPLICATION FOR A SPECIAL DISABILITY RETIREMENT ALLOWANCE.

33 24-405.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

28 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
29 take effect contingent on the receipt of a private letter ruling by the Internal Revenue  
30 Service that makes the confirmations specified under Section 3 of this Act. If a private  
31 letter ruling by the Internal Revenue Service is received that makes the  
32 confirmations specified under Section 3 of this Act, Section 2 of this Act shall take  
33 effect the first day of the month after the State Retirement Agency receives the  
34 ruling. If a private letter ruling is received by the State Retirement Agency from the  
35 Internal Revenue Service that does not make all of the confirmations specified in  
36 Section 3 of this Act, Section 2 of this Act, with no further action required by the  
37 General Assembly, shall be null and void and of no force and effect. The State

1 Retirement Agency, within 5 days after receiving the ruling from the Internal  
2 Revenue Service, shall forward a copy of the ruling to the Department of Legislative  
3 Services, 90 State Circle, Annapolis, Maryland 21401.

4 SECTION ~~2~~, 5. AND BE IT FURTHER ENACTED, That, subject to the  
5 provisions of Section 4 of this Act, this Act shall take effect July 1, 1999.