

SENATE BILL 141

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K4

1999 Regular Session
9lr0211
CF 9lr0218

By: **The President (Administration) and Senators Baker, Blount, Bromwell, Munson, Middleton, McFadden, Ruben, Conway, Frosh, Hollinger, Jimeno, Kelley, Mitchell, Sfikas, ~~and Stone~~ Stone, Green, Currie, DeGrange, Hoffman, Hogan, Kasemeyer, Lawlah, and Van Hollen**

Introduced and read first time: January 22, 1999
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 23, 1999

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 Preamble

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

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

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

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

18 WHEREAS, The members of the State Police Retirement System are not
19 eligible for Social Security benefits and the State does not pay Social Security taxes
20 for members of the System; and

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

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

26 **Article - State Personnel and Pensions**

27 24-205.

28 A member's contribution rate is [:

29 (1) 8% of the member's earnable compensation[, if the member has 25
30 years or less of creditable service; or

31 (2) 4% of the member's earnable compensation, if the member has more
32 than 25 years of creditable service].

1 24-207.

2 Membership ends if the member:

- 3 (1) is separated from employment for more than 3 years;
- 4 (2) withdraws the member's accumulated contributions;
- 5 (3) becomes a retiree; [or]
- 6 (4) dies; OR
- 7 (5) ELECTS TO PARTICIPATE IN THE DEFERRED RETIREMENT OPTION
- 8 PROGRAM ESTABLISHED UNDER § 24-401.1 OF THIS TITLE.

9 24-401.

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

- 11 (1) on or before the date of retirement, the member:
- 12 (i) has at least [25] ~~20~~ 22 years of eligibility service; or
- 13 (ii) is at least 50 years old; and

14 (2) the member completes and submits a written application to the

15 Board of Trustees, on the form that the Board of Trustees provides, stating the date

16 when the member desires to retire.

17 (b) (1) Subject to the approval of the Board of Trustees, the Secretary of the

18 State Police may order a member who is at least 50 years old to retire on the first day

19 of the month after the member is notified of the Secretary's order.

20 (2) Before approving the Secretary's order, the Board of Trustees shall

21 give the member at least 30 days' notice and an opportunity to be heard.

22 (c) Except for the Secretary of the State Police, a member shall retire with a

23 normal service retirement allowance not later than the first day of the month after

24 the member becomes 60 years old.

25 (d) (1) [On] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,

26 ON retirement under this section, a member is entitled to receive a normal service

27 retirement allowance that equals[:

28 (1) one forty-fifth] ~~2.75%~~ 2.5% of the member's average final

29 compensation multiplied by each year of the member's [first 25] years of creditable

30 service[; and

31 (2) one-ninetieth of the member's average final compensation multiplied

32 by each year of creditable service in excess of 25 years].

1 (2) A MEMBER'S NORMAL SERVICE RETIREMENT ALLOWANCE MAY NOT
2 EXCEED ~~77%~~ 70% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

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

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

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

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

13 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
14 \$2,100.

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

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

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

22 29-113.

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

29 (1) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5 YEARS,
30 \$1,200;

31 (2) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS BUT
32 NOT MORE THAN 10 YEARS, \$1,500;

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

35 (4) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
36 \$2,100.

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

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

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

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

10 **Article - State Personnel and Pensions**

11 24-401.1.

12 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 13 INDICATED.

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

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

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

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

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

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

27 (I) HAS AT LEAST ~~23~~ 22 YEARS OF ELIGIBILITY SERVICE; AND

28 (II) IS LESS THAN 60 YEARS OLD.

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

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

33 (1) ~~5~~ 3 YEARS;

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

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

8 (4) A TERM SELECTED BY THE MEMBER.

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

11 (I) COMPLETE AND SUBMIT A WRITTEN ELECTION FORM TO THE
12 BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES,
13 STATING:

14 1. THE MEMBER'S INTENTION TO PARTICIPATE IN THE
15 DROP;

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

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

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

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

25 (II) COMPLETE AND SUBMIT A WRITTEN RETIREMENT
26 APPLICATION FORM TO THE BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD
27 OF TRUSTEES PROVIDES.

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

30 (F) (1) A DROP MEMBER'S PARTICIPATION IN THE DROP SHALL COMMENCE
31 ON THE FIRST DAY OF THE MONTH FOLLOWING ACCEPTANCE BY THE BOARD OF
32 TRUSTEES OF THE DROP MEMBER'S COMPLETED ELECTION FORM, RETIREMENT
33 APPLICATION FORM, AND ANY OTHER INFORMATION REQUIRED BY THE BOARD OF
34 TRUSTEES.

35 (2) A DROP MEMBER IS A RETIREE OF THE STATE POLICE RETIREMENT
36 SYSTEM.

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

2 (1) SEPARATES FROM EMPLOYMENT IN ACCORDANCE WITH THE
3 BINDING LETTER OF RESIGNATION SUBMITTED WITH THE MEMBER'S ELECTION
4 FORM;

5 (2) EXCEPT FOR THE SECRETARY OF THE STATE POLICE, ATTAINS AGE
6 60;

7 (3) DIES;

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

11 (5) SHORTENS THE TIME PERIOD FOR PARTICIPATION IN THE DROP BY
12 DELIVERING TO THE MARYLAND STATE POLICE AND THE BOARD OF TRUSTEES
13 WRITTEN NOTICE OF THE INTENT OF THE DROP MEMBER TO TERMINATE
14 EMPLOYMENT; OR

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

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

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

22 (I) ACCRUE THE DROP MEMBER'S NORMAL SERVICE RETIREMENT
23 ALLOWANCE IN THE DROP FOR THE DROP MEMBER'S BENEFIT;

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

27 (III) ACCRUE INTEREST ON THE AMOUNTS CALCULATED UNDER
28 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH FOR THE DROP MEMBER INTO THE
29 DROP AT THE RATE OF ~~6.5%~~ 5% A YEAR, COMPOUNDED ~~MONTHLY~~ ANNUALLY.

30 (3) A DROP MEMBER MAY NOT RECEIVE CREDITABLE SERVICE OR
31 ELIGIBILITY SERVICE DURING THE PERIOD THAT THE DROP MEMBER PARTICIPATES
32 IN THE DROP.

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

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

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

6 (5) DURING THE PERIOD THAT A DROP MEMBER PARTICIPATES IN THE
7 DROP, THE DROP MEMBER SHALL:

8 (I) CONTINUE TO RECEIVE COMPENSATION, HEALTH INSURANCE
9 AND OTHER BENEFIT OPTIONS ESTABLISHED UNDER THE STATE EMPLOYEE AND
10 RETIREE HEALTH AND WELFARE BENEFIT PROGRAM ADMINISTERED BY THE
11 SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT, AND ANY OTHER
12 BENEFITS AS AN EMPLOYEE OF THE MARYLAND STATE POLICE;

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

15 (III) RECEIVE RETIREMENT BENEFITS ONLY TO THE EXTENT
16 PROVIDED IN THIS SECTION.

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

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

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

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

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

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

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

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

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

9 (I) DATE OF TERMINATION OF THE DROP MEMBER'S
10 PARTICIPATION IN THE DROP;

11 (II) RECEIPT BY THE BOARD OF TRUSTEES OF A COMPLETED
12 APPLICATION TO RECEIVE THE DROP AMOUNT, ON THE FORM THAT THE BOARD OF
13 TRUSTEES PROVIDES; AND

14 (III) RECEIPT BY THE BOARD OF TRUSTEES OF ANY OTHER
15 INFORMATION THAT THE BOARD OF TRUSTEES REQUIRES TO PROCESS PAYMENT OF
16 THE DROP MEMBER'S ACCOUNT BALANCE TO THE DROP PARTICIPANT, THE
17 DESIGNATED BENEFICIARY OF THE DROP PARTICIPANT, OR THE CUSTODIAN OF AN
18 ELIGIBLE RETIREMENT PLAN.

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

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

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

33 (2) IF THE BOARD OF TRUSTEES GRANTS A DROP MEMBER A SPECIAL
34 DISABILITY RETIREMENT ALLOWANCE, THE DROP MEMBER MAY ELECT TO RECEIVE
35 THE SPECIAL DISABILITY RETIREMENT ALLOWANCE OR CONTINUE TO PARTICIPATE
36 IN THE DROP.

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

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

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

7 3. SUBMIT AN APPLICATION TO RETIRE WITH A SPECIAL
8 DISABILITY RETIREMENT ALLOWANCE, ON THE FORM THE BOARD OF TRUSTEES
9 PROVIDES, STATING THE EFFECTIVE DATE OF THE DROP MEMBER'S RETIREMENT AS
10 A SPECIAL DISABILITY RETIREE.

11 (II) ON ACCEPTANCE OF THE APPLICATION FOR PAYMENT AND
12 APPLICATION TO RETIRE, THE BOARD OF TRUSTEES SHALL COMMENCE PAYMENT OF
13 A SPECIAL DISABILITY ALLOWANCE TO THE DROP MEMBER AS PROVIDED IN §
14 29-111(C) OF THIS ARTICLE, EXCEPT THAT THE DROP MEMBER'S AVERAGE FINAL
15 COMPENSATION SHALL BE COMPUTED AS OF THE EFFECTIVE DATE OF THE DROP
16 MEMBER'S APPLICATION FOR A SPECIAL DISABILITY RETIREMENT ALLOWANCE.

17 24-405.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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