

HOUSE BILL 604

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K4

2000 Regular Session
(01r0157)

ENROLLED BILL
-- Appropriations/Budget and Taxation --

Introduced by **Chairman, Appropriations Committee (Departmental - Budget and Management)**

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 **Law Enforcement Officers' Pension System - Benefits**

3 FOR the purpose of altering the contribution rate of certain members of the Law
4 Enforcement Officers' Pension System; altering the formula for computing the
5 retirement allowance of certain members of the Law Enforcement Officers'
6 Pension System; establishing a Deferred Retirement Option Program for certain
7 members in the System; altering the criteria for which certain members of the
8 System may be granted an accidental disability retirement allowance; altering
9 the cost-of-living adjustment to be received by certain members of the System;
10 providing for a contingency; repealing a certain exception to provisions of law
11 that govern certain transfers between State and local retirement and pension
12 systems; providing for the application of a portion of this Act; and generally
13 relating to the Law Enforcement Officers' Pension System.

14 BY adding to
15 Article - State Personnel and Pensions

1 New part designation "Part I. Membership Generally" to immediately precede
2 Section 26-201
3 Annotated Code of Maryland
4 (1997 Replacement Volume and 1999 Supplement)

5 BY repealing and reenacting, with amendments,
6 Article - State Personnel and Pensions
7 Section 26-204, 26-206, 26-302, 26-401, 29-104, 29-109, 29-303, 29-404, ~~and~~
8 ~~29-425~~ 29-425, and 37-201(b)
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 1999 Supplement)

11 BY repealing
12 Article - State Personnel and Pensions
13 Section 26-303
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 1999 Supplement)

16 BY adding
17 Article - State Personnel and Pensions
18 Section 26-209, 26-210, and 26-211 to be under the new part "Part II. Law
19 Enforcement Officers' Modified Pension Benefit"; 26-303, 26-307.1, and
20 26-401.1
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 1999 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the new part designation "Part I. Membership Generally" be
25 added to immediately precede Section 26-201 of Article - State Personnel and
26 Pensions of the Annotated Code of Maryland.

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

29 **Article - State Personnel and Pensions**

30 26-204.

31 (a) Except as provided in subsection (b) of this section, a member's
32 contribution rate is [5] 4% of the [part of the] member's earnable compensation
33 [that exceeds the taxable wage base for each year].

34 (b) (1) THIS SUBSECTION APPLIES ONLY TO A MEMBER WHO:

35 (I) TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'
36 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND

1 (II) DID NOT ELECT TO PARTICIPATE IN THE LAW ENFORCEMENT
2 OFFICERS' MODIFIED PENSION BENEFIT ON OR BEFORE DECEMBER 31, 2000 AS
3 PROVIDED IN § 26-211 OF THIS ARTICLE.

4 (2) The contribution rate for a member who has transferred from the
5 Employees' Retirement System is the rate set under:

6 (i) Section 22-214(a) of this article, for a member who had elected
7 Selection A (Additional member contributions) under § 22-219 of this article; or

8 (ii) Section 22-214(b) of this article, for a member who had elected
9 Selection B (Limited cost-of-living adjustment) under § 22-220 of this article.

10 26-206.

11 (A) [Membership] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS
12 SECTION, MEMBERSHIP ends on separation from employment.

13 (B) (1) THIS SUBSECTION APPLIES ONLY TO A MEMBER WHO IS SUBJECT TO
14 THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER PART II OF
15 THIS SUBTITLE.

16 (2) MEMBERSHIP ENDS IF THE MEMBER:

17 (I) IS SEPARATED FROM EMPLOYMENT FOR MORE THAN 4 YEARS;

18 (II) WITHDRAWS THE MEMBER'S ACCUMULATED CONTRIBUTIONS;

19 (III) BECOMES A RETIREE; OR

20 (IV) DIES.

21 26-207. RESERVED.

22 26-208. RESERVED.

23 PART II. LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT.

24 26-209.

25 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART II
26 OF THIS SUBTITLE APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE LAW
27 ENFORCEMENT OFFICERS' PENSION SYSTEM.

28 (B) THIS PART II OF THIS SUBTITLE DOES NOT APPLY TO AN INDIVIDUAL WHO:

29 (1) IS A MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION
30 SYSTEM;

31 (2) TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS' PENSION
32 SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND

1 (3) DID NOT ELECT TO PARTICIPATE IN THE CONTRIBUTORY LAW
2 ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT AS PROVIDED IN § 26-211 OF
3 THIS ARTICLE.

4 26-210.

5 (A) A MEMBER WHO IS SUBJECT TO THIS PART II OF THIS SUBTITLE SHALL:

6 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
7 FOLLOWS:

8 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §
9 26-401(B) OF THIS TITLE;

10 (II) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §
11 29-108 OF THIS ARTICLE; AND

12 (III) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §§
13 29-109(C) AND 29-110 OF THIS ARTICLE;

14 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,
15 SUBTITLE 4, PART VI OF THIS ARTICLE; AND

16 (3) MAKE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §
17 26-204(A) OF THIS TITLE.

18 (B) A MEMBER WHO IS NOT SUBJECT TO THIS PART II OF THIS SUBTITLE
19 SHALL RECEIVE AN ALLOWANCE FOR ACCIDENTAL DISABILITY RETIREMENT AS
20 PROVIDED IN §§ 29-109(C) AND 29-110 OF THIS ARTICLE.

21 26-211.

22 (A) THIS SECTION APPLIES ONLY TO A MEMBER OF THE LAW ENFORCEMENT
23 OFFICERS' PENSION SYSTEM WHO TRANSFERRED TO THE LAW ENFORCEMENT
24 OFFICERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM.

25 (B) ON OR BEFORE DECEMBER 31, 2000, A MEMBER MAY ELECT TO
26 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
27 UNDER PART II OF THIS SUBTITLE BY SUBMITTING AN ELECTION ON A FORM
28 PROVIDED BY THE STATE RETIREMENT AGENCY.

29 (C) (1) AN ELECTION BY A MEMBER UNDER THIS SECTION IS IRREVOCABLE.

30 (2) SUBJECT TO § 26-401(A)(2) OF THIS ARTICLE, AN ELECTION BY A
31 MEMBER UNDER THIS SECTION SHALL BE EFFECTIVE ON THE DATE THAT IT IS FILED
32 WITH THE STATE RETIREMENT AGENCY.

33 (3) THE BOARD OF TRUSTEES MAY NOT ACCEPT AN ELECTION TO
34 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
35 THAT IS FILED WITH THE STATE RETIREMENT AGENCY AFTER 5 P.M. ON DECEMBER
36 29, 2000.

1 26-302.

2 (a) Subject to subsection (b) AND (C) of this section, a member is entitled to
3 eligibility service for periods of employment while a member of the Law Enforcement
4 Officers' Pension System.

5 (b) (1) If a member completes at least 500 hours of employment while a
6 member in any fiscal year, the member is entitled to 1 year of eligibility service.

7 (2) Except in the first and last fiscal years, a member may not receive
8 any eligibility service for a fiscal year in which the member completes less than 500
9 hours of employment while a member.

10 (3) In the first and last fiscal years, if a member completes less than 500
11 hours of employment while a member, the Board of Trustees shall prorate the
12 eligibility service based on the number of hours worked.

13 (C) IF A MEMBER WHO IS SUBJECT TO THE LAW ENFORCEMENT OFFICERS'
14 MODIFIED PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE COMPLETES
15 LESS THAN 500 HOURS OF EMPLOYMENT WHILE A MEMBER, THE BOARD OF
16 TRUSTEES SHALL PRORATE THE MEMBER'S ELIGIBILITY SERVICE BASED ON THE
17 NUMBER OF HOURS WORKED.

18 [26-303.

19 (a) In this section, "break in service" means a period of separation from
20 employment in a fiscal year after the one in which a member first becomes employed,
21 if during that fiscal year the member does not complete more than 350 hours of
22 employment while a member.

23 (b) A former member is entitled to the eligibility service to which the former
24 member was entitled before the separation from employment if:

25 (1) the former member has not incurred a break in service;

26 (2) the former member was entitled to a vested allowance at the time of
27 separation from employment; or

28 (3) (i) the former member has completed 1 year of eligibility service
29 after a break in service; and

30 (ii) the number of consecutive years in which the member incurred
31 a break in service is less than the years of eligibility service as a member before the
32 break in service.

33 (c) To determine if a former member is eligible for prior eligibility service
34 under subsection (b)(3)(ii) of this section, the Board of Trustees shall determine the
35 number of years of prior eligibility service:

36 (1) as of the day the former member separated from employment; but

1 (2) excluding any eligibility service lost because of a prior break in
2 service.]

3 26-303.

4 (A) THIS SECTION APPLIES TO A MEMBER OF THE LAW ENFORCEMENT
5 OFFICERS' PENSION SYSTEM WHO:

6 (1) IS SUBJECT TO THE LAW ENFORCEMENT OFFICERS' MODIFIED
7 PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE; AND

8 (2) HAS NOT WITHDRAWN THE MEMBER'S ACCUMULATED
9 CONTRIBUTIONS UNDER § 29-303(H) OF THIS ARTICLE.

10 (B) A MEMBER IS ENTITLED TO THE ELIGIBILITY SERVICE TO WHICH THE
11 MEMBER WAS ENTITLED BEFORE THE SEPARATION FROM EMPLOYMENT IF THE
12 MEMBER:

13 (1) WAS ENTITLED TO A VESTED ALLOWANCE FROM THE LAW
14 ENFORCEMENT OFFICERS' PENSION SYSTEM AT THE TIME OF THE SEPARATION
15 FROM EMPLOYMENT; AND

16 (2) HAS COMPLETED 1 YEAR OF EMPLOYMENT AS A MEMBER OF THE
17 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS SUBJECT TO THE LAW
18 ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER SUBTITLE 2, PART II
19 OF THIS TITLE.

20 26-307.1.

21 (A) A MEMBER MAY PURCHASE SERVICE CREDIT AS PROVIDED IN
22 SUBSECTION (B) OF THIS SECTION FOR PERIODS OF EMPLOYMENT DESCRIBED IN
23 SUBSECTION (C) OF THIS SECTION FOR WHICH THE MEMBER IS NOT OTHERWISE
24 ENTITLED.

25 (B) (1) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION
26 SHALL:

27 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT
28 WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES
29 PROVIDES; AND

30 (II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE
31 MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF
32 EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR
33 INTEREST TO THE DATE OF PAYMENT.

34 (2) A MEMBER MAY PAY FOR SERVICE CREDIT PURCHASED UNDER THIS
35 SECTION AT ANY TIME BEFORE RETIREMENT.

1 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A MEMBER MAY
2 PURCHASE SERVICE CREDIT FOR A PERIOD OF EMPLOYMENT AS A MEMBER OF THE
3 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM IF THE MEMBER:

4 (I) HAS WITHDRAWN THE MEMBER'S ACCUMULATED
5 CONTRIBUTIONS AFTER A PRIOR TERMINATION OF MEMBERSHIP; AND

6 (II) WAS SUBJECT TO THE MODIFIED PENSION BENEFIT UNDER
7 SUBTITLE 2, PART II OF THIS TITLE WHEN THE MEMBER PREVIOUSLY TERMINATED
8 MEMBERSHIP IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

9 (2) A MEMBER MAY NOT PURCHASE ELIGIBILITY SERVICE CREDIT THAT
10 EXCEEDS THE MEMBER'S CREDITABLE SERVICE CREDIT.

11 26-401.

12 (a) (1) Subject to paragraph (2) of this subsection, a member may retire with
13 a normal service retirement allowance if:

14 (i) on or before the date of retirement, the member:

15 1. has at least 25 years of eligibility service; or

16 2. is at least 50 years old; and

17 (ii) the member completes and submits a written application to the
18 Board of Trustees on the form that the Board of Trustees provides stating the date
19 when the member desires to retire.

20 (2) A member may not retire before the first day of the month after
21 employment ends.

22 (b) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of this
23 subsection, on retirement under this section, a member is entitled to receive a normal
24 service retirement allowance that equals the number of years of the member's
25 creditable service multiplied by[:

26 (i) 1% of the member's average final compensation that is not in
27 excess of the Social Security integration level; and

28 (ii) 1.7% of the member's average final compensation that exceeds
29 the Social Security integration level] 2% OF THE MEMBER'S AVERAGE FINAL
30 COMPENSATION.

31 (2) A MEMBER'S NORMAL SERVICE RETIREMENT ALLOWANCE UNDER
32 PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED 60% OF THE MEMBER'S
33 AVERAGE FINAL COMPENSATION.

34 (3) (I) THIS PARAGRAPH APPLIES ONLY TO A MEMBER WHO IS NOT
35 SUBJECT TO THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
36 UNDER SUBTITLE 2, PART II OF THIS TITLE.

1 (II) [As to a member who has transferred from the Employees'
2 Retirement System and who has elected Selection A (Additional member
3 contributions) or Selection B (Limited cost-of-living adjustment), on] ON retirement
4 under this [section] PARAGRAPH, the member is entitled to receive a normal service
5 retirement allowance that equals:

6 1. 2% of the member's average final compensation multiplied
7 by each year of the member's first 30 years of creditable service; and

8 2. 1% of the member's average final compensation multiplied
9 by each year of creditable service in excess of 30 years.

10 [(c) (1) This subsection applies only to a member who:

11 (i) has retired under subsection (b)(1) of this section; and

12 (ii) is under the age of 62 years.

13 (2) On retirement, a member shall receive a supplemental service
14 retirement allowance that equals the difference between:

15 (i) the member's normal service retirement allowance; and

16 (ii) 1.7% of the member's average final compensation for each year
17 of creditable service.]

18 29-104.

19 (a) Except as provided in subsection (c) of this section and subject to
20 subsection (d) of this section, an application for disability retirement must be
21 submitted before the date membership ends.

22 (b) (1) (I) This subsection applies only to an application for an ordinary or
23 accidental disability retirement allowance under the Employees' Pension System,
24 Local Fire and Police System, Law Enforcement Officers' Pension System, or the
25 Teachers' Pension System.

26 (II) THIS SUBSECTION DOES NOT APPLY TO A MEMBER OF THE LAW
27 ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS SUBJECT TO THE LAW
28 ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER TITLE 26, SUBTITLE
29 2, PART II OF THIS ARTICLE.

30 (2) For the purpose of submitting an application for disability,
31 membership continues for 3 years after paid employment ends.

32 (c) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of this
33 subsection, the Board of Trustees may accept an application for ordinary, accidental,
34 or special disability retirement from a former member within 36 months after the
35 month membership ended if the former member proves to the satisfaction of the

1 medical board that failure to submit an application while a member was attributable
2 solely to physical or mental incapacity during the filing period.

3 (2) The Board of Trustees may accept an application for ordinary or
4 accidental disability retirement from a former member of the Teachers' Retirement
5 System within 12 months after the month membership ended if the former member of
6 the Teachers' Retirement System proves to the satisfaction of the medical board that
7 failure to submit an application while a member of the Teachers' Retirement System
8 was attributable solely to physical or mental incapacity during the filing period.

9 (3) (I) THIS PARAGRAPH APPLIES ONLY TO A FORMER MEMBER OF
10 THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS SUBJECT TO THE LAW
11 ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER TITLE 26, SUBTITLE
12 2, PART II OF THIS ARTICLE.

13 (II) THE BOARD OF TRUSTEES MAY ACCEPT AN APPLICATION FOR
14 ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT FROM A FORMER MEMBER OF
15 THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WITHIN 24 MONTHS AFTER
16 THE MONTH MEMBERSHIP ENDED IF THE FORMER MEMBER OF THE LAW
17 ENFORCEMENT OFFICERS' PENSION SYSTEM PROVES TO THE SATISFACTION OF THE
18 MEDICAL BOARD THAT FAILURE TO SUBMIT AN APPLICATION WHILE A MEMBER OF
19 THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WAS ATTRIBUTABLE SOLELY
20 TO PHYSICAL OR MENTAL INCAPACITY DURING THE FILING PERIOD.

21 (4) If the Board of Trustees accepts a disability retirement application
22 under this subsection and grants a disability retirement allowance, the retirement
23 allowance begins as of the first day of the month after the Board of Trustees receives
24 the application.

25 (d) (1) This subsection does not apply to an application for special disability
26 under the State Police Retirement System OR AN APPLICATION FOR ACCIDENTAL
27 DISABILITY UNDER THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

28 (2) The Board of Trustees may not accept an application for accidental
29 disability filed by a member or former member more than 5 years after the date of the
30 claimed accident.

31 29-109.

32 (a) This section does not apply to the State Police Retirement System.

33 (b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE
34 Board of Trustees shall grant an accidental disability retirement allowance to a
35 member if:

36 (1) the member is totally and permanently incapacitated for duty as the
37 natural and proximate result of an accident that occurred in the actual performance
38 of duty at a definite time and place without willful negligence by the member; and

39 (2) the medical board certifies that:

1 (i) the member is mentally or physically incapacitated for the
2 further performance of the normal duties of the member's position;

3 (ii) the incapacity is likely to be permanent; and

4 (iii) the member should be retired.

5 (C) THE BOARD OF TRUSTEES SHALL GRANT AN ACCIDENTAL DISABILITY
6 RETIREMENT ALLOWANCE TO A MEMBER OF THE LAW ENFORCEMENT OFFICERS'
7 PENSION SYSTEM IF:

8 (1) THE MEMBER IS TOTALLY AND PERMANENTLY INCAPACITATED FOR
9 DUTY ARISING OUT OF OR IN THE COURSE OF THE ACTUAL PERFORMANCE OF DUTY
10 WITHOUT WILLFUL NEGLIGENCE BY THE MEMBER; AND

11 (2) THE MEDICAL BOARD CERTIFIES THAT:

12 (I) THE MEMBER IS TOTALLY INCAPACITATED, EITHER MENTALLY
13 OR PHYSICALLY, FOR THE FURTHER PERFORMANCE OF DUTY;

14 (II) THE INCAPACITY IS LIKELY TO BE PERMANENT; AND

15 (III) THE MEMBER SHOULD BE RETIRED.

16 29-303.

17 (a) This section applies only to members of:

18 (1) the Employees' Pension System;

19 (2) the Local Fire and Police System;

20 (3) the Law Enforcement Officers' Pension System; or

21 (4) the Teachers' Pension System.

22 (b) A member is eligible to receive a vested allowance if:

23 (1) the member separated from employment other than by death or
24 retirement; and

25 (2) the member has at least 5 years of eligibility service.

26 (c) Except as provided in subsections (e), [and] (f), AND (G) of this section, a
27 vested allowance:

28 (1) is a deferred allowance that begins at normal retirement age;

29 (2) is computed as a normal service retirement allowance on the basis of
30 the member's average final compensation and eligibility service at separation from
31 employment; and

1 (3) may be paid in one of the optional forms of allowances under §
2 21-403 of this article.

3 (d) If a member of the Employees' Pension System or the Teachers' Pension
4 System separated from employment on or before June 30, 1990, unused sick leave
5 reported by the member's employer at the time of separation from employment is
6 creditable service for computing the vested allowance.

7 (e) Except as provided in subsection (f) of this section, a former member of the
8 Employees' Pension System or the Teachers' Pension System who has separated from
9 employment before the age of 55 with at least 15 years of eligibility service is eligible
10 to receive a vested allowance that:

11 (1) begins on the first day of the month following the member's 55th
12 birthday; and

13 (2) equals the reduced allowance computed under § 23-402 of this
14 article.

15 (f) (1) The vested allowance of a former member of the Employees' Pension
16 System or the Teachers' Pension System who separates from employment on or before
17 June 30, 1998:

18 (i) is a deferred allowance that begins at normal retirement age;

19 (ii) is computed on the basis of the member's average final
20 compensation and eligibility service at separation from employment;

21 (iii) shall equal the number of years of the member's creditable
22 service multiplied by:

23 1. 0.8% of the member's average final compensation that is
24 not in excess of the Social Security integration level; and

25 2. 1.5% of the member's average final compensation that
26 exceeds the Social Security integration level; and

27 (iv) may be paid in one of the optional forms of allowances under §
28 21-403 of this article.

29 (2) A former member of the Employees' Pension System or the Teachers'
30 Pension System who has separated from employment on or before June 30, 1998 and
31 before the age of 55 with at least 15 years of eligibility service is eligible to receive a
32 vested allowance that:

33 (i) begins on the first day of the month following the member's
34 55th birthday; and

1 (ii) equals the allowance under paragraph (1) of this subsection,
2 reduced by 0.5% for each month that the member's early retirement date precedes the
3 date the member will be 62 years old.

4 (g) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION AND
5 SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE VESTED ALLOWANCE OF A
6 FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO
7 SEPARATES FROM EMPLOYMENT ON OR BEFORE JUNE 30, 2000:

8 (I) IS A DEFERRED ALLOWANCE THAT BEGINS AT NORMAL
9 RETIREMENT AGE;

10 (II) IS COMPUTED ON THE BASIS OF THE MEMBER'S AVERAGE
11 FINAL COMPENSATION AND ELIGIBILITY SERVICE AT SEPARATION FROM
12 EMPLOYMENT; AND

13 (III) SHALL EQUAL THE NUMBER OF YEARS OF THE MEMBER'S
14 CREDITABLE SERVICE MULTIPLIED BY:

15 1. 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
16 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

17 2. 1.7% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
18 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL.

19 (2) (I) THIS SUBSECTION APPLIES ONLY TO A FORMER MEMBER OF
20 THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO:

21 1. TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'
22 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND

23 2. SEPARATES FROM EMPLOYMENT ON OR BEFORE JUNE 30,
24 2000.

25 (II) THE VESTED ALLOWANCE OF A FORMER MEMBER:

26 1. IS A DEFERRED ALLOWANCE THAT BEGINS AT NORMAL
27 RETIREMENT AGE;

28 2. IS COMPUTED ON THE BASIS OF THE MEMBER'S AVERAGE
29 FINAL COMPENSATION AND ELIGIBILITY SERVICE AT SEPARATION FROM
30 EMPLOYMENT; AND

31 3. SHALL EQUAL:

32 A. 2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
33 MULTIPLIED BY EACH YEAR OF THE MEMBER'S FIRST 30 YEARS OF CREDITABLE
34 SERVICE; AND

35 B. 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
36 MULTIPLIED BY EACH YEAR OF CREDITABLE SERVICE IN EXCESS OF 30 YEARS.

1 (3) (I) THIS PARAGRAPH APPLIES ONLY TO A FORMER MEMBER WHO
2 IS:

3 1. RECEIVING A DEFERRED ALLOWANCE UNDER
4 PARAGRAPH (1) OF THIS SUBSECTION; AND

5 2. UNDER THE AGE OF 62 YEARS.

6 (II) ON RECEIPT OF A VESTED ALLOWANCE, A FORMER MEMBER
7 SHALL RECEIVE A SUPPLEMENTAL DEFERRED ALLOWANCE THAT EQUALS THE
8 DIFFERENCE BETWEEN:

9 1. THE FORMER MEMBER'S VESTED ALLOWANCE; AND

10 2. 1.7% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
11 FOR EACH YEAR OF CREDITABLE SERVICE.

12 (III) PAYMENT OF THE SUPPLEMENTAL DEFERRED ALLOWANCE
13 ENDS WHEN THE FORMER MEMBER:

14 1. ATTAINS THE AGE OF 62 YEARS; OR

15 2. DIES.

16 (H) (1) If a former member who elected a vested allowance requests the
17 return of accumulated contributions before payment of the vested allowance begins,
18 the Board of Trustees shall return the accumulated contributions to the former
19 member.

20 (2) (I) [When] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
21 PARAGRAPH, WHEN the former member is eligible to begin receiving a vested
22 allowance, the former member shall receive a pension only.

23 (II) WHEN ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A
24 FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS
25 SUBJECT TO THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
26 UNDER TITLE 26, SUBTITLE 2, PART II OF THIS ARTICLE, THE FORMER MEMBER IS
27 NOT ENTITLED TO FURTHER BENEFITS ON ACCOUNT OF THE FORMER MEMBER'S
28 PREVIOUS MEMBERSHIP UNLESS THE FORMER MEMBER PURCHASES THE SERVICE
29 CREDIT UNDER § 26-307.1 OF THIS ARTICLE.

30 29-404.

31 (a) Except as provided in subsection (b) of this section, this Part II of this
32 subtitle applies only to an allowance received by a former member, retiree, or
33 surviving beneficiary of a deceased member, former member, or retiree of:

34 (1) the Employees' Pension System if the deceased member, former
35 member, or retiree was an employee of a participating governmental unit or a former
36 participating governmental unit that has withdrawn while a member; OR

1 (2) the Local Fire and Police System[; or

2 (3) the Law Enforcement Officers' Pension System].

3 (b) This Part II of this subtitle does not apply to an allowance that is subject to
4 adjustment under Part II, Part IV, Part V, or Part VI of this subtitle.

5 29-425.

6 (a) This Part VI of this subtitle applies:

7 (1) on or after July 1, 1998 only to an allowance received by a former
8 member, retiree, or surviving beneficiary of a deceased member, former member, or
9 retiree of the Employees' Pension System or the Teachers' Pension System who:

10 [(1)] (I) is subject to the contributory pension benefit under Title 23,
11 Subtitle 2, Part II of this article; or

12 [(2)] (II) transferred from the Employees' Retirement System or the
13 Teachers' Retirement System to the Employees' Pension System or the Teachers'
14 Pension System after April 1, 1998; AND

15 (2) ON OR AFTER DECEMBER 31, 2000, TO AN ALLOWANCE RECEIVED BY
16 A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED
17 MEMBER, FORMER MEMBER, OR RETIREE OF THE LAW ENFORCEMENT OFFICERS'
18 PENSION SYSTEM.

19 (b) This Part VI of this subtitle does not apply if:

20 (1) the member, former member, or retiree was an employee of:

21 [(1)] (I) a participating governmental unit that has not elected the
22 contributory pension benefit of its employees under § 31-116 of this article; or

23 [(2)] (II) a former participating governmental unit that has withdrawn
24 while a member; OR

25 (2) THE MEMBER, FORMER MEMBER, OR RETIREE:

26 (I) TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'
27 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND

28 (II) DID NOT ELECT TO PARTICIPATE IN THE LAW ENFORCEMENT
29 OFFICERS' MODIFIED PENSION BENEFIT ON OR BEFORE DECEMBER 31, 2000 AS
30 PROVIDED IN § 26-211 OF THIS ARTICLE.

31 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
32 read as follows:

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

3 4. THE DATE WHEN THE MEMBER INTENDS TO TERMINATE
4 EMPLOYMENT WITH THE STATE IN THE FORM OF A BINDING LETTER OF
5 RESIGNATION ACCEPTED BY THE SECRETARY OR THE SECRETARY'S DESIGNEE OF
6 THE DEPARTMENT FOR WHICH THE MEMBER IS EMPLOYED; AND

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

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

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

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

19 (2) A DROP MEMBER IS A RETIREE OF THE LAW ENFORCEMENT
20 OFFICERS' PENSION SYSTEM.

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

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

25 (2) DIES;

26 (3) IS TERMINATED FROM EMPLOYMENT BY THE DROP MEMBER'S
27 PARTICIPATING EMPLOYER AT ANY TIME BEFORE THE DATE SPECIFIED ON THE
28 MEMBER'S ELECTION FORM;

29 (4) SHORTENS THE TIME PERIOD FOR PARTICIPATION IN THE DROP BY
30 DELIVERING TO THE DROP MEMBER'S PARTICIPATING EMPLOYER AND THE BOARD
31 OF TRUSTEES WRITTEN NOTICE OF THE INTENT OF THE DROP MEMBER TO
32 TERMINATE EMPLOYMENT; OR

33 (5) ACCEPTS AN ACCIDENTAL 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 § 26-401 OF THIS SUBTITLE.

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

3 (I) DEPOSIT THE DROP MEMBER'S NORMAL SERVICE RETIREMENT
4 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 VI 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% 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 STATE;

28 (II) BE SUBJECT TO THE PERSONNEL LAW, REGULATIONS, AND
29 POLICIES APPLICABLE TO AN EMPLOYEE OF THE STATE AGENCY FOR WHICH THE
30 MEMBER IS EMPLOYED; AND

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

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

35 (7) EACH YEAR, THE BOARD OF TRUSTEES SHALL PROVIDE A DROP
36 MEMBER WITH A WRITTEN ACCOUNTING OF THE DROP MEMBER'S ACCOUNT
37 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:

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

27 (II) THE 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) THE 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,

1 SUBTITLE 4, PART VI OF THIS ARTICLE, TO THE MEMBER AS PROVIDED IN §§ 26-401
2 AND 26-402 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
6 COST-OF-LIVING ADJUSTMENTS AS PROVIDED IN TITLE 29, SUBTITLE 4, PART VI OF
7 THIS ARTICLE, TO THE BENEFICIARY AS PROVIDED IN § 26-402 OF THIS SUBTITLE.

8 (K) (1) A DROP MEMBER IS ELIGIBLE TO APPLY FOR AN ACCIDENTAL
9 DISABILITY RETIREMENT ALLOWANCE UNDER § 29-109 OF THIS ARTICLE.

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

14 (3) (I) IF A DROP MEMBER ELECTS TO RECEIVE A 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 AN
24 ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE, ON THE FORM THE BOARD OF
25 TRUSTEES PROVIDES, STATING THE EFFECTIVE DATE OF THE DROP MEMBER'S
26 RETIREMENT AS AN ACCIDENTAL 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 AN ACCIDENTAL DISABILITY ALLOWANCE TO THE DROP MEMBER AS PROVIDED IN §
30 29-110 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 AN ACCIDENTAL DISABILITY RETIREMENT
33 ALLOWANCE.

34 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland
35 read as follows:

36 Article - State Personnel and Pensions

37 37-201.

38 (b) This title does not apply to:

1 (1) a transfer to the Judges' Retirement System of the State of Maryland;

2 (2) a transfer to or from the Legislative Pension Plan of the State of
 3 Maryland except to the extent provided by the Joint Resolution submitted to the
 4 General Assembly by the General Assembly Compensation Commission under Article
 5 III, § 15 of the Maryland Constitution;

6 (3) a transfer from the Employees' Retirement System of the State of
 7 Maryland to the Employees' Pension System of the State of Maryland under § 22-212
 8 or § 22-213 of this article; OR

9 (4) a transfer from the Teachers' Retirement System of the State of
 10 Maryland to the Teachers' Pension System of the State of Maryland under § 22-212 or
 11 § 22-213 of this article]; or

12 (5) a transfer from the Employees' Retirement System of the State of
 13 Maryland or the Employees' Pension System of the State of Maryland to the Law
 14 Enforcement Officers' Pension System of the State of Maryland].

15 SECTION 4. 5. AND BE IT FURTHER ENACTED, That, on or before July 1,
 16 2000, the State Retirement Agency shall request a determination letter from the
 17 Internal Revenue Service that confirms the continued qualification under § 401 of the
 18 Internal Revenue Code of the Law Enforcement Officers' Pension System, as
 19 amended by the Deferred Retirement Option Program established under Section 3 of
 20 this Act.

21 SECTION ~~5.~~ 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act
 22 shall take effect contingent on receipt of a determination letter from the Internal
 23 Revenue Service that confirms that the Law Enforcement Officers' Pension System,
 24 as amended by the Deferred Retirement Option Program, is a qualified plan under §
 25 401 of the Internal Revenue Act. If a favorable determination letter is received,
 26 Section 3 of this Act shall take effect the first day of the month after the State
 27 Retirement Agency receives the letter. If the State Retirement Agency does not
 28 receive a favorable determination letter, Section 3 of this Act, with no further action
 29 required by the General Assembly, shall be null and void and of no further force and
 30 effect. The State Retirement Agency, within 5 days after receiving the determination
 31 letter from the Internal Revenue Service, shall forward a copy of the ruling to the
 32 Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401.

33 SECTION 7. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall
 34 be construed retroactively and shall be applied to and interpreted to affect all transfers
 35 to the Law Enforcement Officers' Pension System from the Employees' Retirement
 36 System or the Employees' Pension System on or after July 1, 1996.

37 SECTION ~~6.~~ 8. AND BE FURTHER ENACTED, That, subject to the provisions
 38 of Section ~~5~~ 6 above, this Act shall take effect July 1, 2000.

