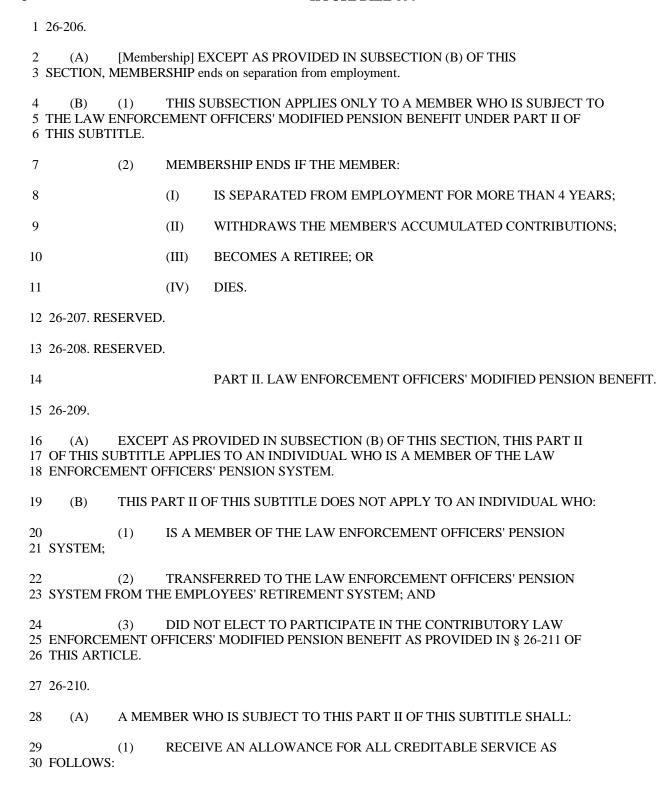
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2000 Regular Session 0lr0157

By: Chairman, Appropriations Committee (Departmental - Budget and Management)					
ntroduced and read first time: February 9, 2000					
Assign	ed to: Appropriations				
Commi	ttee Report: Favorable				
House a	action: Adopted				
Read se	econd time: March 21, 2000				
	CHAPTER				
1 AN	VACT concerning				
2	Law Enforcement Officers' Pension System - Benefits				
3 FC 4 5 6 7 8 9 10	R the purpose of altering the contribution rate of certain members of the Law Enforcement Officers' Pension System; altering the formula for computing the retirement allowance of certain members of the Law Enforcement Officers' Pension System; establishing a Deferred Retirement Option Program for certain members in the System; altering the criteria for which certain members of the System may be granted an accidental disability retirement allowance; altering the cost-of-living adjustment to be received by certain members of the System; providing for a contingency; and generally relating to the Law Enforcement Officers' Pension System.				
12 BY 13 14 15 16 17	Article - State Personnel and Pensions New part designation "Part I. Membership Generally" to immediately precede Section 26-201 Annotated Code of Maryland (1997 Replacement Volume and 1999 Supplement)				
18 BY 19 20 21 22 23	Y repealing and reenacting, with amendments, Article - State Personnel and Pensions Section 26-204, 26-206, 26-302, 26-401, 29-104, 29-109, 29-303, 29-404, and 29-425 Annotated Code of Maryland (1997 Replacement Volume and 1999 Supplement)				

1 2 3 4 5	Section 26-303 Annotated Code of Maryland						
6 7 8 9 10 11 12	6 BY adding 7 Article - State Personnel and Pensions 8 Section 26-209, 26-210, and 26-211 to be under the new part "Part II. Law 9 Enforcement Officers' Modified Pension Benefit"; 26-303, 26-307.1, and 10 26-401.1 11 Annotated Code of Maryland						
15	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the new part designation "Part I. Membership Generally" be added to immediately precede Section 26-201 of Article - State Personnel and Pensions of the Annotated Code of Maryland.						
17 18	7 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland 8 read as follows:						
19	Article - State Personnel and Pensions						
20	26-204.						
	(a) Except as provided in subsection (b) of this section, a member's contribution rate is [5] 4% of the [part of the] member's earnable compensation [that exceeds the taxable wage base for each year].						
24	(b) (1) THIS SUBSECTION APPLIES ONLY TO A MEMBER WHO:						
25 26	(I) TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND						
	(II) DID NOT ELECT TO PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT ON OR BEFORE DECEMBER 31, 2000 AS PROVIDED IN \S 26-211 OF THIS ARTICLE.						
30 31	(2) The contribution rate for a member who has transferred from the Employees' Retirement System is the rate set under:						
32 33	(i) Section 22-214(a) of this article, for a member who had elected Selection A (Additional member contributions) under § 22-219 of this article; or						
34 35	(ii) Section 22-214(b) of this article, for a member who had elected Selection B (Limited cost-of-living adjustment) under § 22-220 of this article.						



- 1 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN § 2 26-401(B) OF THIS TITLE;
- 3 (II) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN § 4 29-108 OF THIS ARTICLE; AND
- 5 (III) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §§ 6 29-109(C) AND 29-110 OF THIS ARTICLE;
- 7 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29, 8 SUBTITLE 4, PART VI OF THIS ARTICLE; AND
- 9 (3) MAKE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN \S 10 26-204(A) OF THIS TITLE.
- 11 (B) A MEMBER WHO IS NOT SUBJECT TO THIS PART II OF THIS SUBTITLE
- 12 SHALL RECEIVE AN ALLOWANCE FOR ACCIDENTAL DISABILITY RETIREMENT AS
- 13 PROVIDED IN §§ 29-109(C) AND 29-110 OF THIS ARTICLE.
- 14 26-211.
- 15 (A) THIS SECTION APPLIES ONLY TO A MEMBER OF THE LAW ENFORCEMENT
- 16 OFFICERS' PENSION SYSTEM WHO TRANSFERRED TO THE LAW ENFORCEMENT
- 17 OFFICERS' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM.
- 18 (B) ON OR BEFORE DECEMBER 31, 2000, A MEMBER MAY ELECT TO
- 19 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
- 20 UNDER PART II OF THIS SUBTITLE BY SUBMITTING AN ELECTION ON A FORM
- 21 PROVIDED BY THE STATE RETIREMENT AGENCY.
- 22 (C) (1) AN ELECTION BY A MEMBER UNDER THIS SECTION IS IRREVOCABLE.
- 23 (2) SUBJECT TO § 26-401(A)(2) OF THIS ARTICLE, AN ELECTION BY A
- 24 MEMBER UNDER THIS SECTION SHALL BE EFFECTIVE ON THE DATE THAT IT IS FILED
- 25 WITH THE STATE RETIREMENT AGENCY.
- 26 (3) THE BOARD OF TRUSTEES MAY NOT ACCEPT AN ELECTION TO
- 27 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT
- 28 THAT IS FILED WITH THE STATE RETIREMENT AGENCY AFTER 5 P.M. ON DECEMBER
- 29 29, 2000.
- 30 26-302.
- 31 (a) Subject to subsection (b) AND (C) of this section, a member is entitled to
- 32 eligibility service for periods of employment while a member of the Law Enforcement
- 33 Officers' Pension System.
- 34 (b) (1) If a member completes at least 500 hours of employment while a
- 35 member in any fiscal year, the member is entitled to 1 year of eligibility service.

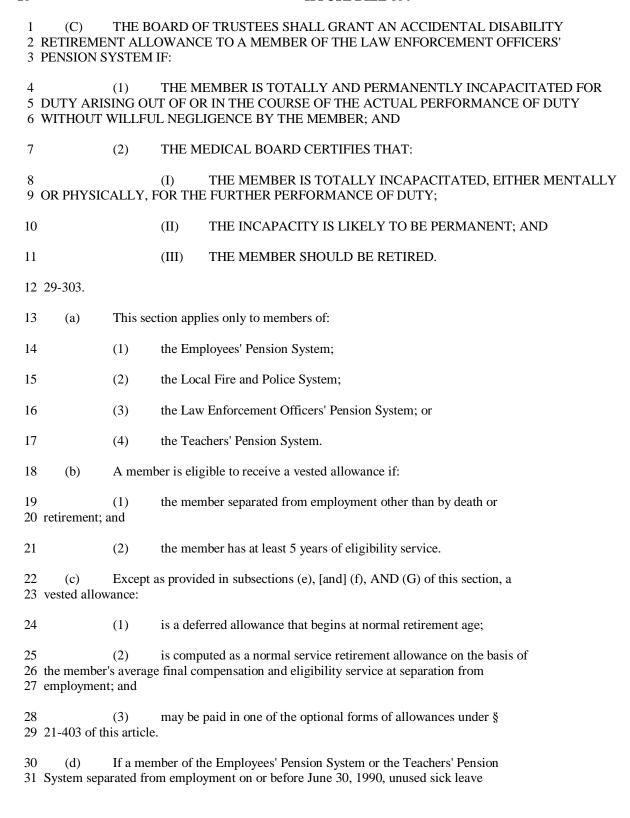
1	ony aligibilit	(2)		n the first and last fiscal years, a member may not receive ral year in which the member completes less than 500			
	hours of emp						
		•	while a r	rst and last fiscal years, if a member completes less than 500 nember, the Board of Trustees shall prorate the number of hours worked.			
9 10	LESS THAN	IF A MEMBER WHO IS SUBJECT TO THE LAW ENFORCEMENT OFFICERS' IFIED PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE COMPLETES THAN 500 HOURS OF EMPLOYMENT WHILE A MEMBER, THE BOARD OF STEES SHALL PRORATE THE MEMBER'S ELIGIBILITY SERVICE BASED ON THE IBER OF HOURS WORKED.					
12	[26-303.						
15	In this section, "break in service" means a period of separation from employment in a fiscal year after the one in which a member first becomes employed, if during that fiscal year the member does not complete more than 350 hours of employment while a member.						
17 18	7 (b) A former member is entitled to the eligibility service to which the former 8 member was entitled before the separation from employment if:						
19		(1)	the form	er member has not incurred a break in service;			
20 21	separation fr	(2) com empl		ner member was entitled to a vested allowance at the time of or			
22 23	after a break	(3) in service	(i) ce; and	the former member has completed 1 year of eligibility service			
	a break in serv		(ii) ess than t	the number of consecutive years in which the member incurred the years of eligibility service as a member before the			
	7 (c) To determine if a former member is eligible for prior eligibility service 8 under subsection (b)(3)(ii) of this section, the Board of Trustees shall determine the 9 number of years of prior eligibility service:						
30		(1)	as of the	day the former member separated from employment; but			
31 32	service.]	(2)	excludin	g any eligibility service lost because of a prior break in			
33	26-303.						
34 35	(A) OFFICERS'			APPLIES TO A MEMBER OF THE LAW ENFORCEMENT EM WHO:			

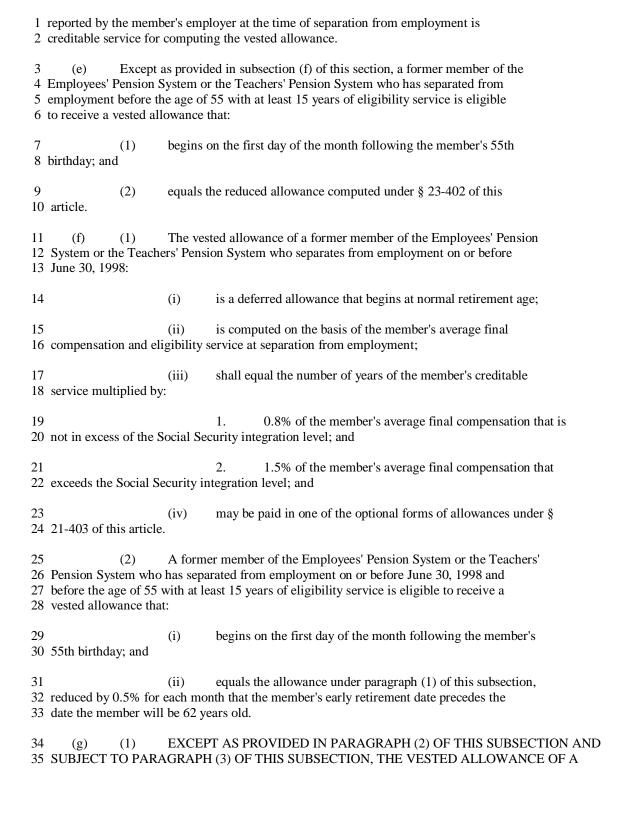
- 1 (1) IS SUBJECT TO THE LAW ENFORCEMENT OFFICERS' MODIFIED 2 PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE; AND
- 3 (2) HAS NOT WITHDRAWN THE MEMBER'S ACCUMULATED 4 CONTRIBUTIONS UNDER § 29-303(H) OF THIS ARTICLE.
- 5 (B) A MEMBER IS ENTITLED TO THE ELIGIBILITY SERVICE TO WHICH THE
- 6 MEMBER WAS ENTITLED BEFORE THE SEPARATION FROM EMPLOYMENT IF THE
- 7 MEMBER:
- 8 (1) WAS ENTITLED TO A VESTED ALLOWANCE FROM THE LAW
- $9\,$ ENFORCEMENT OFFICERS' PENSION SYSTEM AT THE TIME OF THE SEPARATION
- 10 FROM EMPLOYMENT: AND
- 11 (2) HAS COMPLETED 1 YEAR OF EMPLOYMENT AS A MEMBER OF THE
- 12 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS SUBJECT TO THE LAW
- 13 ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER SUBTITLE 2, PART II
- 14 OF THIS TITLE.
- 15 26-307.1.
- 16 (A) A MEMBER MAY PURCHASE SERVICE CREDIT AS PROVIDED IN
- 17 SUBSECTION (B) OF THIS SECTION FOR PERIODS OF EMPLOYMENT DESCRIBED IN
- 18 SUBSECTION (C) OF THIS SECTION FOR WHICH THE MEMBER IS NOT OTHERWISE
- 19 ENTITLED.
- 20 (B) (1) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION
- 21 SHALL:
- 22 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT
- 23 WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES
- 24 PROVIDES; AND
- 25 (II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE
- 26 MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF
- 27 EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR
- 28 INTEREST TO THE DATE OF PAYMENT.
- 29 (2) A MEMBER MAY PAY FOR SERVICE CREDIT PURCHASED UNDER THIS
- 30 SECTION AT ANY TIME BEFORE RETIREMENT.
- 31 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A MEMBER MAY
- 32 PURCHASE SERVICE CREDIT FOR A PERIOD OF EMPLOYMENT AS A MEMBER OF THE
- 33 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM IF THE MEMBER:
- 34 (I) HAS WITHDRAWN THE MEMBER'S ACCUMULATED
- 35 CONTRIBUTIONS AFTER A PRIOR TERMINATION OF MEMBERSHIP; AND

	,		IIS TITL	UBJECT TO THE MODIFIED PENSION BENEFIT UNDER E WHEN THE MEMBER PREVIOUSLY TERMINATED CEMENT OFFICERS' PENSION SYSTEM.		
4 5	(2) A MEMBER MAY NOT PURCHASE ELIGIBILITY SERVICE CREDIT THAT EXCEEDS THE MEMBER'S CREDITABLE SERVICE CREDIT.					
6	26-401.					
7 8	(a) (1) Subject to paragraph (2) of this subsection, a member may retire with a normal service retirement allowance if:					
9		(i)	on or be	fore the date of retirement, the member:		
10			1.	has at least 25 years of eligibility service; or		
11			2.	is at least 50 years old; and		
	Board of Trustees on when the member dea		that the	aber completes and submits a written application to the Board of Trustees provides stating the date		
15 16	(2) employment ends.	A memb	er may n	ot retire before the first day of the month after		
19	(b) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of this subsection, on retirement under this section, a member is entitled to receive a normal service retirement allowance that equals the number of years of the member's creditable service multiplied by[:					
21 22	excess of the Social S	(i) Security in		ne member's average final compensation that is not in n level; and		
	the Social Security in COMPENSATION.	(ii) tegration		the member's average final compensation that exceeds % OF THE MEMBER'S AVERAGE FINAL		
	\ /	F THIS S	SUBSEC	ORMAL SERVICE RETIREMENT ALLOWANCE UNDER ΓΙΟΝ ΜΑΥ NOT EXCEED 60% OF THE MEMBER'S N.		
	(3) SUBJECT TO THE I UNDER SUBTITLE		FORCE	ARAGRAPH APPLIES ONLY TO A MEMBER WHO IS NOT MENT OFFICERS' MODIFIED PENSION BENEFIT HIS TITLE.		
34 35	contributions) or Sele	ection B (ARAGR	as elected Limited APH, the	member who has transferred from the Employees'd Selection A (Additional member cost-of-living adjustment), on] ON retirement emember is entitled to receive a normal service		

1 2	by each year of the m	1. nember's first 3	2% of the member's average final compensation multiplied 0 years of creditable service; and			
3	by each year of credit	2. table service in	1% of the member's average final compensation multiplied excess of 30 years.			
5	[(c) (1)	This subsecti	This subsection applies only to a member who:			
6		(i) has i	retired under subsection (b)(1) of this section; and			
7		(ii) is ur	nder the age of 62 years.			
8 9	(2) retirement allowance		t, a member shall receive a supplemental service difference between:			
10		(i) the i	member's normal service retirement allowance; and			
11 12	of creditable service.		6 of the member's average final compensation for each year			
13	29-104.					
	14 (a) Except as provided in subsection (c) of this section and subject to 15 subsection (d) of this section, an application for disability retirement must be 16 submitted before the date membership ends.					
19	accidental disability	retirement allo e System, Law	s subsection applies only to an application for an ordinary or wance under the Employees' Pension System, Enforcement Officers' Pension System, or the			
23		OFFICERS' PE OFFICERS' MO	S SUBSECTION DOES NOT APPLY TO A MEMBER OF THE LAW NSION SYSTEM WHO IS SUBJECT TO THE LAW ODIFIED PENSION BENEFIT UNDER TITLE 26, SUBTITLE			
25 26	(2) membership continu		ose of submitting an application for disability, after paid employment ends.			
29 30 31	(c) (1) Except as provided in [paragraph] PARAGRAPHS (2) AND (3) of this subsection, the Board of Trustees may accept an application for ordinary, accidental, or special disability retirement from a former member within 36 months after the month membership ended if the former member proves to the satisfaction of the medical board that failure to submit an application while a member was attributable solely to physical or mental incapacity during the filing period.					
35	System within 12 mo	retirement from onths after the	Trustees may accept an application for ordinary or ma former member of the Teachers' Retirement month membership ended if the former member of roves to the satisfaction of the medical board that			

	failure to submit an application while a member of the Teachers' Retirement System was attributable solely to physical or mental incapacity during the filing period.
5	(3) (I) THIS PARAGRAPH APPLIES ONLY TO A FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS SUBJECT TO THE LAW ENFORCEMENT OFFICERS' MODIFIED PENSION BENEFIT UNDER TITLE 26, SUBTITLE 2, PART II OF THIS ARTICLE.
9 10 11 12 13	(II) THE BOARD OF TRUSTEES MAY ACCEPT AN APPLICATION FOR ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT FROM A FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WITHIN 24 MONTHS AFTER THE MONTH MEMBERSHIP ENDED IF THE FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM PROVES TO THE SATISFACTION OF THE MEDICAL BOARD THAT FAILURE TO SUBMIT AN APPLICATION WHILE A MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WAS ATTRIBUTABLE SOLELY TO PHYSICAL OR MENTAL INCAPACITY DURING THE FILING PERIOD.
17	(4) If the Board of Trustees accepts a disability retirement application under this subsection and grants a disability retirement allowance, the retirement allowance begins as of the first day of the month after the Board of Trustees receives the application.
	(d) (1) This subsection does not apply to an application for special disability under the State Police Retirement System OR AN APPLICATION FOR ACCIDENTAL DISABILITY UNDER THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.
	(2) The Board of Trustees may not accept an application for accidental disability filed by a member or former member more than 5 years after the date of the claimed accident.
25	29-109.
26	(a) This section does not apply to the State Police Retirement System.
27 28	 (a) This section does not apply to the State Police Retirement System. (b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE Board of Trustees shall grant an accidental disability retirement allowance to a member if:
27 28 29 30 31	(b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE Board of Trustees shall grant an accidental disability retirement allowance to a
27 28 29 30 31	(b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE Board of Trustees shall grant an accidental disability retirement allowance to a member if: (1) the member is totally and permanently incapacitated for duty as the natural and proximate result of an accident that occurred in the actual performance
27 28 29 30 31 32 33	(b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE Board of Trustees shall grant an accidental disability retirement allowance to a member if: (1) the member is totally and permanently incapacitated for duty as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member; and
27 28 29 30 31 32 33	(b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, THE Board of Trustees shall grant an accidental disability retirement allowance to a member if: (1) the member is totally and permanently incapacitated for duty as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member; and (2) the medical board certifies that: (i) the member is mentally or physically incapacitated for the further performance of the normal duties of the member's position;

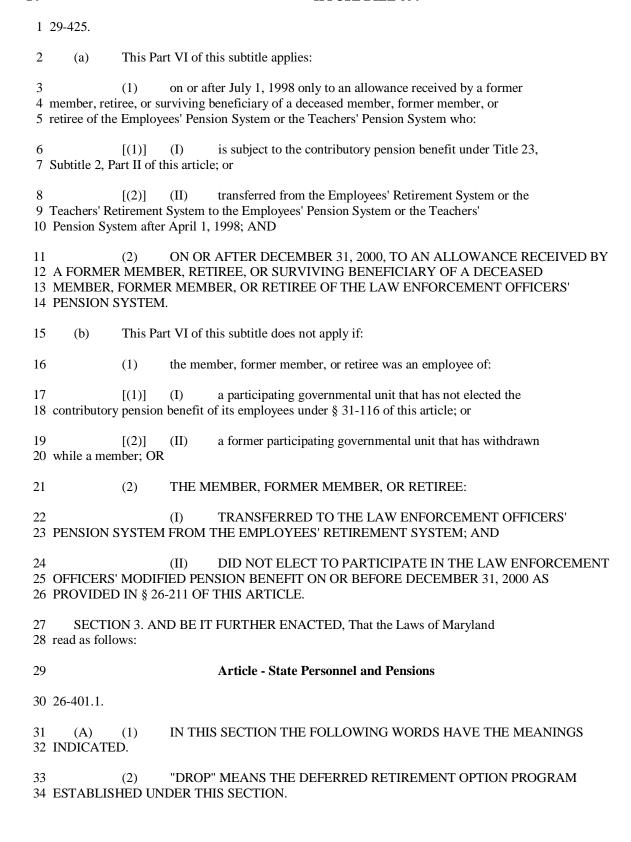




35 PARAGRAPH (1) OF THIS SUBSECTION; AND

1 FORMER MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO 2 SEPARATES FROM EMPLOYMENT ON OR BEFORE JUNE 30, 2000: (I) IS A DEFERRED ALLOWANCE THAT BEGINS AT NORMAL **4 RETIREMENT AGE:** IS COMPUTED ON THE BASIS OF THE MEMBER'S AVERAGE 6 FINAL COMPENSATION AND ELIGIBILITY SERVICE AT SEPARATION FROM 7 EMPLOYMENT; AND SHALL EQUAL THE NUMBER OF YEARS OF THE MEMBER'S (III)9 CREDITABLE SERVICE MULTIPLIED BY: 10 1. 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION 11 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND 12 1.7% OF THE MEMBER'S AVERAGE FINAL COMPENSATION 13 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL. THIS SUBSECTION APPLIES ONLY TO A FORMER MEMBER OF 14 (2) (I) 15 THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO: TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS' 16 1. 17 PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM; AND SEPARATES FROM EMPLOYMENT ON OR BEFORE JUNE 30, 2. 18 19 2000. 20 (II)THE VESTED ALLOWANCE OF A FORMER MEMBER: 21 1. IS A DEFERRED ALLOWANCE THAT BEGINS AT NORMAL 22 RETIREMENT AGE: IS COMPUTED ON THE BASIS OF THE MEMBER'S AVERAGE 23 2. 24 FINAL COMPENSATION AND ELIGIBILITY SERVICE AT SEPARATION FROM 25 EMPLOYMENT; AND 26 3. SHALL EQUAL: 27 2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION A. 28 MULTIPLIED BY EACH YEAR OF THE MEMBER'S FIRST 30 YEARS OF CREDITABLE 29 SERVICE; AND 30 B. 1% OF THE MEMBER'S AVERAGE FINAL COMPENSATION 31 MULTIPLIED BY EACH YEAR OF CREDITABLE SERVICE IN EXCESS OF 30 YEARS. THIS PARAGRAPH APPLIES ONLY TO A FORMER MEMBER WHO 32 (3) (I) 33 IS: RECEIVING A DEFERRED ALLOWANCE UNDER 1.

1	2.	UNDER THE AGE OF 62 YEARS.		
2 (II) 3 SHALL RECEIVE A SUPPI 4 DIFFERENCE BETWEEN:		CEIPT OF A VESTED ALLOWANCE, A FORMER MEMBER AL DEFERRED ALLOWANCE THAT EQUALS THE		
5	1.	THE FORMER MEMBER'S VESTED ALLOWANCE; AND		
6 7 FOR EACH YEAR OF CRE	2. DITABLI	1.7% OF THE MEMBER'S AVERAGE FINAL COMPENSATION E SERVICE.		
8 (III) PAYMENT OF THE SUPPLEMENTAL DEFERRED ALLOWANCE 9 ENDS WHEN THE FORMER MEMBER:				
10	1.	ATTAINS THE AGE OF 62 YEARS; OR		
11	2.	DIES.		
13 return of accumulated contri	butions be	ber who elected a vested allowance requests the efore payment of the vested allowance begins, accumulated contributions to the former		
16 (2) (I) 17 PARAGRAPH, WHEN the 18 allowance, the former member	former me	EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS ember is eligible to begin receiving a vested eceive a pension only.		
21 SUBJECT TO THE LAW E 22 UNDER TITLE 26, SUBTIT 23 NOT ENTITLED TO FURT	HE LAW INFORCE TLE 2, PA THER BEI P UNLES	ACCUMULATED CONTRIBUTIONS ARE RETURNED TO A ENFORCEMENT OFFICERS' PENSION SYSTEM WHO IS MENT OFFICERS' MODIFIED PENSION BENEFIT ART II OF THIS ARTICLE, THE FORMER MEMBER IS VEFITS ON ACCOUNT OF THE FORMER MEMBER'S IS THE FORMER MEMBER PURCHASES THE SERVICE IS ARTICLE.		
26 29-404.				
28 subtitle applies only to an all	lowance r	osection (b) of this section, this Part II of this eceived by a former member, retiree, or ember, former member, or retiree of:		
31 member, or retiree was an er	nployee o	Pension System if the deceased member, former f a participating governmental unit or a former as withdrawn while a member; OR		
33 (2) the Lo	cal Fire a	nd Police System[; or		
34 (3) the La	w Enforce	ement Officers' Pension System].		
35 (b) This Part II of t 36 adjustment under Part II, Par		e does not apply to an allowance that is subject to V, or Part VI of this subtitle.		



1 "DROP MEMBER" MEANS A MEMBER OF THE LAW ENFORCEMENT (3) 2 OFFICERS' PENSION SYSTEM WHO: (I)IS ELIGIBLE TO PARTICIPATE IN THE DROP AS PROVIDED IN 4 SUBSECTION (C) OF THIS SECTION; AND ELECTS TO PARTICIPATE IN THE DROP AS PROVIDED IN (II)6 SUBSECTION (E) OF THIS SECTION. THERE IS A DROP FOR ELIGIBLE MEMBERS OF THE LAW ENFORCEMENT 7 (B) 8 OFFICERS' PENSION SYSTEM. A MEMBER OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM IS 10 ELIGIBLE TO PARTICIPATE IN THE DROP IF THE MEMBER HAS AT LEAST 25 AND LESS 11 THAN 30 YEARS OF ELIGIBILITY SERVICE. 12 AN ELIGIBLE MEMBER MAY ELECT TO PARTICIPATE IN THE DROP FOR A 13 PERIOD NOT TO EXCEED THE LESSER OF: 14 (1) 5 YEARS; THE DIFFERENCE BETWEEN 30 YEARS AND THE MEMBER'S 15 16 ELIGIBILITY SERVICE AS OF THE DATE OF THE MEMBER'S ELECTION TO 17 PARTICIPATE IN THE DROP AND RETIRE FROM THE LAW ENFORCEMENT OFFICERS' 18 PENSION SYSTEM: OR 19 (3) A TERM SELECTED BY THE MEMBER. 20 AN ELIGIBLE MEMBER WHO ELECTS TO PARTICIPATE IN THE DROP (E) (1) 21 SHALL: 22 COMPLETE AND SUBMIT A WRITTEN ELECTION FORM TO THE (I) 23 BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD OF TRUSTEES PROVIDES. 24 STATING: THE MEMBER'S INTENTION TO PARTICIPATE IN THE 25 1. 26 DROP; 27 2. THE DATE WHEN THE MEMBER DESIRES TO RETIRE: THE PERIOD THAT THE MEMBER DESIRES TO 28 29 PARTICIPATE IN THE DROP, AS PROVIDED IN SUBSECTION (D) OF THIS SECTION; THE DATE WHEN THE MEMBER INTENDS TO TERMINATE 30 31 EMPLOYMENT WITH THE STATE IN THE FORM OF A BINDING LETTER OF 32 RESIGNATION ACCEPTED BY THE SECRETARY OR THE SECRETARY'S DESIGNEE OF 33 THE DEPARTMENT FOR WHICH THE MEMBER IS EMPLOYED; AND ANY OTHER INFORMATION REQUIRED BY THE BOARD OF 35 TRUSTEES TO IMPLEMENT THE DROP; AND

- 1 (II) COMPLETE AND SUBMIT A WRITTEN RETIREMENT
 2 APPLICATION FORM TO THE BOARD OF TRUSTEES, ON THE FORM THAT THE BOARD
 3 OF TRUSTEES PROVIDES.
- 4 (2) AN ELIGIBLE MEMBER'S ELECTION TO PARTICIPATE IN THE DROP IS 5 IRREVOCABLE.
- 6 (F) (1) A DROP MEMBER'S PARTICIPATION IN THE DROP SHALL COMMENCE
- 7 ON THE FIRST DAY OF THE MONTH FOLLOWING ACCEPTANCE BY THE BOARD OF
- 8 TRUSTEES OF THE DROP MEMBER'S COMPLETED ELECTION FORM, RETIREMENT
- 9 APPLICATION FORM, AND ANY OTHER INFORMATION REQUIRED BY THE BOARD OF 10 TRUSTEES.
- 11 (2) A DROP MEMBER IS A RETIREE OF THE LAW ENFORCEMENT 12 OFFICERS' PENSION SYSTEM.
- 13 (G) PARTICIPATION IN THE DROP ENDS IF THE DROP PARTICIPANT:
- 14 (1) SEPARATES FROM EMPLOYMENT IN ACCORDANCE WITH THE
- 15 BINDING LETTER OF RESIGNATION SUBMITTED WITH THE MEMBER'S ELECTION
- 16 FORM;
- 17 (2) DIES;
- 18 (3) IS TERMINATED FROM EMPLOYMENT BY THE DROP MEMBER'S
- 19 PARTICIPATING EMPLOYER AT ANY TIME BEFORE THE DATE SPECIFIED ON THE
- 20 MEMBER'S ELECTION FORM;
- 21 (4) SHORTENS THE TIME PERIOD FOR PARTICIPATION IN THE DROP BY
- 22 DELIVERING TO THE DROP MEMBER'S PARTICIPATING EMPLOYER AND THE BOARD
- 23 OF TRUSTEES WRITTEN NOTICE OF THE INTENT OF THE DROP MEMBER TO
- 24 TERMINATE EMPLOYMENT; OR
- 25 (5) ACCEPTS AN ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE AS
- 26 PROVIDED IN SUBSECTION (K) OF THIS SECTION.
- 27 (H) (1) AS OF THE EFFECTIVE DATE OF PARTICIPATION IN THE DROP, THE
- 28 BOARD OF TRUSTEES SHALL DETERMINE THE DROP MEMBER'S NORMAL SERVICE
- 29 RETIREMENT ALLOWANCE UNDER § 26-401 OF THIS SUBTITLE.
- 30 (2) DURING THE PERIOD THAT A DROP MEMBER PARTICIPATES IN THE
- 31 DROP, THE BOARD OF TRUSTEES SHALL:
- 32 (I) DEPOSIT THE DROP MEMBER'S NORMAL SERVICE RETIREMENT
- 33 ALLOWANCE IN THE DROP FOR THE DROP MEMBER'S BENEFIT;
- 34 (II) ADJUST THE DROP MEMBER'S NORMAL SERVICE RETIREMENT
- 35 ALLOWANCE EACH FISCAL YEAR AS PROVIDED IN TITLE 29, SUBTITLE 4, PART VI OF
- 36 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% 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 STATE;
- 21 (II) BE SUBJECT TO THE PERSONNEL LAW, REGULATIONS, AND
- 22 POLICIES APPLICABLE TO AN EMPLOYEE OF THE STATE AGENCY FOR WHICH THE
- 23 MEMBER IS EMPLOYED; AND
- 24 (III) RECEIVE RETIREMENT BENEFITS ONLY TO THE EXTENT
- 25 PROVIDED IN THIS SECTION.
- 26 (6) THE BOARD OF TRUSTEES IS NOT REQUIRED TO ESTABLISH AN
- 27 INDIVIDUAL DROP ACCOUNT FOR EACH DROP MEMBER.
- 28 (7) EACH YEAR, THE BOARD OF TRUSTEES SHALL PROVIDE A DROP
- 29 MEMBER WITH A WRITTEN ACCOUNTING OF THE DROP MEMBER'S ACCOUNT
- 30 BALANCE IN THE DROP.
- 31 (I) SUBJECT TO PARAGRAPHS (2), (3), AND (4) OF THIS SUBSECTION, ON
- 32 TERMINATION OF A DROP MEMBER'S PARTICIPATION IN THE DROP, THE BOARD OF
- 33 TRUSTEES SHALL PAY TO THE DROP MEMBER OR, IF THE DROP MEMBER HAS DIED.
- 34 THE DESIGNATED BENEFICIARY OF THE DROP MEMBER, THE AMOUNT ACCRUED IN
- 35 THE DROP FOR THE DROP MEMBER UNDER SUBSECTION (H)(2) OF THIS SECTION,
- 36 REDUCED BY ANY WITHHOLDING TAXES REMITTED TO THE INTERNAL REVENUE
- 37 SERVICE OR OTHER TAXING AUTHORITY, IN A LUMP SUM.
- 38 (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:
- 17 (I) THE DATE OF TERMINATION OF THE DROP MEMBER'S
- 18 PARTICIPATION IN THE DROP;
- 19 (II) THE 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) THE 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,
- 32 SUBTITLE 4, PART VI OF THIS ARTICLE, TO THE MEMBER AS PROVIDED IN §§ 26-401
- 33 AND 26-402 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
- 37 COST-OF-LIVING ADJUSTMENTS AS PROVIDED IN TITLE 29, SUBTITLE 4, PART VI OF
- 38 THIS ARTICLE, TO THE BENEFICIARY AS PROVIDED IN § 26-402 OF THIS SUBTITLE.
- 39 (K) (1) A DROP MEMBER IS ELIGIBLE TO APPLY FOR AN ACCIDENTAL
- 40 DISABILITY RETIREMENT ALLOWANCE UNDER § 29-109 OF THIS ARTICLE.

- 1 (2) IF THE BOARD OF TRUSTEES GRANTS A DROP MEMBER AN 2 ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE, THE DROP MEMBER MAY ELECT
- 3 TO RECEIVE THE ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE OR CONTINUE
- 4 TO PARTICIPATE IN THE DROP.
- 5 (3) (I) IF A DROP MEMBER ELECTS TO RECEIVE A 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 AN
- 15 ACCIDENTAL DISABILITY RETIREMENT ALLOWANCE, ON THE FORM THE BOARD OF
- 16 TRUSTEES PROVIDES, STATING THE EFFECTIVE DATE OF THE DROP MEMBER'S
- 17 RETIREMENT AS AN ACCIDENTAL 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 AN ACCIDENTAL DISABILITY ALLOWANCE TO THE DROP MEMBER AS PROVIDED IN §
- 21 29-110 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 AN ACCIDENTAL DISABILITY RETIREMENT
- 24 ALLOWANCE.
- 25 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before July 1, 2000,
- 26 the State Retirement Agency shall request a determination letter from the Internal
- 27 Revenue Service that confirms the continued qualification under § 401 of the Internal
- 28 Revenue Code of the Law Enforcement Officers' Pension System, as amended by the
- 29 Deferred Retirement Option Program established under Section 3 of this Act.
- 30 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
- 31 take effect contingent on receipt of a determination letter from the Internal Revenue
- 32 Service that confirms that the Law Enforcement Officers' Pension System, as
- 33 amended by the Deferred Retirement Option Program, is a qualified plan under § 401
- 34 of the Internal Revenue Act. If a favorable determination letter is received, Section 3
- 35 of this Act shall take effect the first day of the month after the State Retirement
- 36 Agency receives the letter. If the State Retirement Agency does not receive a favorable
- 37 determination letter, Section 3 of this Act, with no further action required by the
- 38 General Assembly, shall be null and void and of no further force and effect. The State
- 39 Retirement Agency, within 5 days after receiving the determination letter from the
- 40 Internal Revenue Service, shall forward a copy of the ruling to the Department of
- 41 Legislative Services, 90 State Circle, Annapolis, Maryland 21401.

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