

ENROLLED BILL
-- Appropriations/Budget and Taxation --

Introduced by **Delegates Cadden, Boutin, Cluster, Edwards, and Jones**

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 - Deferred Retirement Option**
3 **Program - Eligibility**

4 FOR the purpose of providing that certain members of the Law Enforcement Officers'
5 Pension System are eligible to participate in the Deferred Retirement Option
6 Program; providing the period of time certain members of the Law Enforcement
7 Officers' Pension System may participate in the Deferred Retirement Option
8 Program; requiring that certain members of the Law Enforcement Officers'
9 Pension System complete and submit certain forms to the Board of Trustees for
10 the State Retirement and Pension System; ~~providing that the period of time~~
11 ~~certain members of the Law Enforcement Officers' Pension System may~~
12 ~~participate in the Deferred Retirement Option Program be applied retroactively~~
13 ~~either retroactively or prospectively; requiring the Board of Trustees for the~~
14 ~~State Retirement and Pension System to calculate the normal service~~
15 ~~retirement allowance for certain members of the Law Enforcement Officers'~~
16 ~~Pension System as of a certain date; requiring the Board of Trustees for the~~
17 ~~State Retirement and Pension System to make certain adjustments to the~~

1 normal service retirement allowance for certain members of the Law
 2 Enforcement Officers' Pension System; requiring certain members of the Law
 3 Enforcement Officers' Pension System to forfeit certain creditable and eligibility
 4 service for a certain period of time; requiring the Board of Trustees for the State
 5 Retirement and Pension System to make certain payments to certain
 6 individuals within a certain period of time; providing that certain payments
 7 made by the Board of Trustees for the State Retirement and Pension System to
 8 certain individuals may be made in a certain manner; defining a certain term;
 9 providing for the termination of this Act; and generally relating to the eligibility
 10 of members of the Law Enforcement Officers' Pension System to participate in
 11 the Deferred Retirement Option Program.

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 13 MARYLAND, That:

14 (a) In this section, "DROP" means the Deferred Retirement Option Program
 15 established under § 26-401.1 of the State Personnel and Pensions Article.

16 (b) This section applies only to a member of the Law Enforcement Officers'
 17 Pension System who:

18 (1) is a member of the Law Enforcement Officers' Pension System on
 19 July 1, 2005;

20 (2) was a member of the Law Enforcement Officers' Pension System on
 21 or before July 1, 2000; and

22 (3) had accrued more than 25 years of eligibility service as of July 1,
 23 2000, preventing the member from participating in the DROP for 5 years.

24 (c) ~~A member who is described in subsection (b) of this section, may elect to~~
 25 ~~participate in the DROP for a period not to exceed the lesser of:~~

26 (i) ~~5 years;~~

27 (ii) ~~the difference between the mandatory retirement age for the~~
 28 ~~member and the member's age as of the date that the member completes an~~
 29 ~~application under subsection (d) of this section to participate in the DROP; or~~

30 (iii) ~~a term selected by the member.~~

31 (d) (c) (1) An eligible member who elects to participate in the DROP shall:

32 (i) complete and submit a written election form to the Board of
 33 Trustees on or before December 31, 2005, on the form that the Board of Trustees
 34 provides, stating:

35 1. the member's intention to participate in the DROP;

36 2. the date when the member desires to retire;

1 (i) 1 adjust the member's normal service retirement allowance
 2 for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel
 3 and Pensions Article that is included in the DROP period; and

4 (ii) 2 calculate any interest retroactively, that would have
 5 accrued on the amounts calculated under subparagraph (i) of this paragraph item 1 of
 6 this subparagraph for the member into the DROP at the rate of 6% a year,
 7 compounded monthly.

8 (g) (5) Any creditable service or eligibility service that the member has
 9 received during the DROP period is forfeited by the member.

10 (h) (6) (1) (i) Upon approving the member's application under subsection
 11 (d) (c) of this section, the Board of Trustees shall pay in a lump sum to the member or,
 12 if the member has died, the designated beneficiary of the member:

13 (i) 1 the amount determined under subsection (f)(2) of this
 14 section paragraph (4)(ii) of this subsection; and

15 (ii) 2 any member contributions the member made during the
 16 DROP period, plus regular interest.

17 (2) (ii) Any payments made under this subsection shall be reduced by
 18 any withholding taxes remitted to the Internal Revenue Service or other taxing
 19 authority.

20 (3) (iii) The designated beneficiary of a member is:

21 (i) 1 the member's surviving spouse;

22 (ii) 2 if there is not a surviving spouse or if the surviving spouse
 23 dies before the youngest child is 18 years old, each child of the deceased member who
 24 is under 18 years old; or

25 (iii) 3 if there is not a surviving spouse or a child who is under 18
 26 years old, the person named as a beneficiary in an acknowledged written designation
 27 filed with the Board of Trustees by the member.

28 (4) (iv) A member or designated beneficiary of a member may direct the
 29 Board of Trustees to pay all or a portion of the amount under paragraph (1) of this
 30 subsection subparagraph (i) of this paragraph directly to the custodian of an eligible
 31 retirement plan as provided in Title 21, Subtitle 6 of the State Personnel and
 32 Pensions Article.

33 (5) (v) A member or designated beneficiary of a member is eligible to
 34 receive the amount due under this subsection within 90 days after the:

35 (i) 1 date the Board of Trustees approves the member's
 36 application to participate retroactively in the DROP; and

1 (ii) 2 receipt by the Board of Trustees of any other information
 2 that the Board of Trustees requires to process payments under paragraph (1) of this
 3 subsection subparagraph (i) of this paragraph to the member, the designated
 4 beneficiary of the member, or the custodian of an eligible retirement plan.

5 (j) ~~(7)~~ (1) (i) Except as provided in paragraph (2) of this subsection
 6 subparagraph (ii) of this paragraph, as of the first day of the month following the date
 7 the Board of Trustees approves the member's retroactive participation in the DROP,
 8 the Board of Trustees shall commence and continue payment of the normal service
 9 retirement allowance, including the cost of living adjustments as provided in Title
 10 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the member as
 11 provided in §§ 26-401 and 26-402 of the State Personnel and Pensions Article.

12 (2) (ii) If a member dies before the Board of Trustees approves the
 13 member's application to participate retroactively in the DROP, the Board of Trustees
 14 shall pay 50% of the normal service retirement allowance, including the cost of living
 15 adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and
 16 Pensions Article, to the beneficiary as provided in § 26-402 of the State Personnel and
 17 Pensions Article.

18 ~~(g)~~ (e) (1) This subsection applies to an eligible member who elects to
 19 participate in the DROP prospectively.

20 (2) Except as provided in paragraph ~~(3)~~ (2) of this subsection, an eligible
 21 member shall participate in the DROP in accordance with the provisions of §
 22 26-401.1 of the State Personnel and Pensions Article.

23 ~~(3)~~ (2) A member who participates in the DROP prospectively under
 24 this Act, may elect to participate in the DROP for a period not to exceed the lesser of:

25 (i) 4 years;

26 (ii) the difference between the mandatory retirement age for the
 27 member and the member's age as of the date that the member completes an
 28 application under subsection (c) of this section to participate in the DROP; or

29 (iii) a term selected by the member.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 31 July 1, 2005. It shall remain effective for a period of 1 year and, at the end of June 30,
 32 2006, with no further action required by the General Assembly, this Act shall be
 33 abrogated and of no further force and effect.

