

(PRE-FILED)

By: **Delegates Cadden, Boutin, Cluster, Edwards, and Jones**

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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
18 normal service retirement allowance for certain members of the Law
19 Enforcement Officers' Pension System; requiring certain members of the Law
20 Enforcement Officers' Pension System to forfeit certain creditable and eligibility
21 service for a certain period of time; requiring the Board of Trustees for the State
22 Retirement and Pension System to make certain payments to certain
23 individuals within a certain period of time; providing that certain payments
24 made by the Board of Trustees for the State Retirement and Pension System to
25 certain individuals may be made in a certain manner; defining a certain term;
26 ~~providing for the termination of this Act~~; and generally relating to the eligibility
27 of members of the Law Enforcement Officers' Pension System to participate in

1 the Deferred Retirement Option Program.

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
3 MARYLAND, That:

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

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

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

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

12 (3) had accrued more than 25 years of eligibility service as of July 1,
13 2000, preventing the member from participating in the DROP for 5 years.

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

16 ~~(i) 5 years;~~

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

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

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

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

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

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

27 3. the period that the member desires to participate in the
28 DROP, ~~as provided in subsection (c) of this section;~~

29 4. the date when the member intends to terminate
30 employment with the State in the form of a binding letter of resignation accepted by
31 the Secretary or the Secretary's designee of the Department for which the member is
32 employed; and

33 5. any other information required by the Board of Trustees to
34 implement the DROP; and

1 (ii) complete and submit a written retirement application form to
2 the Board of Trustees, on the form that the Board of Trustees provides.

3 (2) An eligible member's election to participate in the DROP is
4 irrevocable.

5 ~~(e)~~ ~~(4)~~ (d) The DROP period is the period elected by the member under
6 subsection ~~(e)~~ (f)(2) or (g)(3) of this section.

7 (e) An eligible member may elect to participate in the DROP either
8 retroactively or prospectively.

9 (f) (1) This subsection applies to an eligible member who elects to
10 participate in the DROP retroactively.

11 (2) A member who participates in the DROP retroactively, may elect to
12 participate in the DROP for a period not to exceed the lesser of:

13 (i) 4 years;

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

17 (iii) a term selected by the member.

18 ~~(2)~~ (3) (i) The DROP period ends on the date the member submits a
19 DROP application to the Board of Trustees.

20 ~~(3)~~ (ii) The start date for the DROP period is the date that precedes the
21 member's application date by the number of days in the DROP period.

22 ~~(4)~~ (4) ~~(4)~~ (i) The Board of Trustees shall determine the member's
23 normal service retirement allowance under § 26-401 of the State Personnel and
24 Pensions Article, as of the member's date of retirement under ~~subsection (e)(3) of this~~
25 ~~section~~ paragraph (3)(ii) of this subsection.

26 ~~(2)~~ (ii) For the period that a member retroactively participates in the
27 DROP, the Board of Trustees shall:

28 ~~(4)~~ 1. adjust the member's normal service retirement allowance
29 for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel
30 and Pensions Article that is included in the DROP period; and

31 ~~(4)~~ 2. calculate any interest retroactively, that would have
32 accrued on the amounts calculated under ~~subparagraph (i) of this paragraph~~ item 1 of
33 this subparagraph for the member into the DROP at the rate of 6% a year,
34 compounded monthly.

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

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

4 ~~(+)~~ 1. the amount determined under ~~subsection (f)(2) of this~~
 5 ~~section~~ paragraph (4)(i) of this subsection; and

6 ~~(+)~~ 2. any member contributions the member made during the
 7 DROP period, plus regular interest.

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

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

12 ~~(+)~~ 1. the member's surviving spouse;

13 ~~(+)~~ 2. if there is not a surviving spouse or if the surviving spouse
 14 dies before the youngest child is 18 years old, each child of the deceased member who
 15 is under 18 years old; or

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

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

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

26 ~~(+)~~ 1. date the Board of Trustees approves the member's
 27 application to participate retroactively in the DROP; and

28 ~~(+)~~ 2. receipt by the Board of Trustees of any other information
 29 that the Board of Trustees requires to process payments under ~~paragraph (1) of this~~
 30 ~~subsection~~ subparagraph (i) of this paragraph to the member, the designated
 31 beneficiary of the member, or the custodian of an eligible retirement plan.

32 ~~(+)~~ (7) ~~(+)~~ (i) Except as provided in ~~paragraph (2) of this subsection~~
 33 subparagraph (ii) of this paragraph, as of the first day of the month following the date
 34 the Board of Trustees approves the member's retroactive participation in the DROP,
 35 the Board of Trustees shall commence and continue payment of the normal service
 36 retirement allowance, including the cost-of-living adjustments as provided in Title
 37 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the member as
 38 provided in §§ 26-401 and 26-402 of the State Personnel and Pensions Article.

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

7 (g) (1) This subsection applies to an eligible member who elects to
8 participate in the DROP prospectively.

9 (2) Except as provided in paragraph (3) of this subsection, an eligible
10 member shall participate in the DROP in accordance with the provisions of §
11 26-401.1 of the State Personnel and Pensions Article.

12 (3) A member who participates in the DROP prospectively, may elect to
13 participate in the DROP for a period not to exceed the lesser of:

14 (i) 4 years;

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

18 (iii) a term selected by the member.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2005. ~~It shall remain effective for a period of 1 year and, at the end of June 30,~~
21 ~~2006, with no further action required by the General Assembly, this Act shall be~~
22 ~~abrogated and of no further force and effect.~~