

**ENROLLED BILL**

-- Appropriations/Budget and Taxation --

Introduced by **Delegates Cadden, James, Boutin, Cluster, Edwards, Jones, Kelly, Malone, Oaks, Anderson, Boteler, Bozman, Branch, Cardin, Costa, Dwyer, Elmore, Glassman, Impallaria, Jameson, Kach, Krebs, Leopold, Morhaim, Myers, O'Donnell, Parrott, Rudolph, Shewell, Smigiel, Stocksdale, Walkup, and Zirkin**

Read and Examined by Proofreaders:

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Proofreader.

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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 **State Police Retirement System— Deferred Retirement Option Program -**  
3 **Eligibility**

4 FOR the purpose of providing that certain members of the Law Enforcement Officers'  
5 Pension System or State Police Retirement System are eligible to participate in  
6 the Deferred Retirement Option Program; providing the period of time certain  
7 members of the Law Enforcement Officers' Pension System or State Police  
8 Retirement System may participate in the Deferred Retirement Option  
9 Program; requiring that certain members of the Law Enforcement Officers'  
10 Pension System or State Police Retirement System complete and submit certain  
11 forms to the Board of Trustees for the State Retirement and Pension System;  
12 providing that the period of time certain members of the State Police Retirement  
13 System may participate in the Deferred Retirement Option Program be applied

1 either retroactively or prospectively; *providing that the period of time certain*  
 2 *members of the Law Enforcement Officers' Pension System may participate in the*  
 3 *Deferred Retirement Option Program be applied retroactively; requiring that a*  
 4 *member of the Law Enforcement Officers' Pension System or State Police*  
 5 *Retirement System shall be a certain age if the member elects to participate in the*  
 6 *DROP retroactively; requiring the Board of Trustees for the State Retirement*  
 7 *and Pension System to calculate the normal service retirement allowance for*  
 8 *certain members of the Law Enforcement Officers' Pension System or State*  
 9 *Police Retirement System as of a certain date; requiring the Board of Trustees*  
 10 *for the State Retirement and Pension System to make certain adjustments to*  
 11 *the normal service retirement allowance for certain members of the Law*  
 12 *Enforcement Officers' Pension System or State Police Retirement System;*  
 13 *requiring certain members of the Law Enforcement Officers' Pension System or*  
 14 *State Police Retirement System to forfeit certain creditable service and*  
 15 *eligibility service for a certain period of time; requiring the Board of Trustees for*  
 16 *the State Retirement and Pension System to make certain payments to certain*  
 17 *individuals within a certain period of time; providing that certain payments*  
 18 *made by the Board of Trustees for the State Retirement and Pension System to*  
 19 *certain individuals be made in a certain manner; defining a certain term; and*  
 20 *generally relating to the eligibility of members of the Law Enforcement Officers'*  
 21 *Pension System or State Police Retirement System to participate in the Deferred*  
 22 *Retirement Option Program.*

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 24 MARYLAND, That:

25 (a) In this section, "DROP" means the Deferred Retirement Option Program  
 26 established under § 24-401.1 of the State Personnel and Pensions Article.

27 (b) This section applies only to a member of the State Police Retirement  
 28 System who:

29 (1) is a member of the State Police Retirement System on July 1, 2005;

30 (2) was a member of the State Police Retirement System on or before  
 31 July 1, 1999;

32 (3) had accrued more than 24 years of eligibility service as of July 1,  
 33 1999, preventing the member from participating in the DROP for 4 years; and

34 (4) is less than 60 years old.

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

37 (1) ~~4 years;~~

38 (2) ~~the difference between age 60 and the member's age as of the date~~  
 39 ~~that the member completes an application under subsection (d) of this section to~~  
 40 ~~participate in the DROP; or~~

1           ~~(3)~~     a term selected by the member.

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

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

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

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

8                             3.     the period that the member desires to participate in the  
9 DROP, ~~as provided in subsection (e) of this section;~~

10                            4.     the date when the member intends to terminate  
11 employment with the Maryland State Police in the form of a binding letter of  
12 resignation accepted by the Secretary of the State Police or the Secretary's designee;  
13 and

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

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

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

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

22     ~~(f)~~     (e)     An eligible member may elect to participate in the DROP either  
23 retroactively or prospectively.

24     ~~(g)~~     (f)     (1)     This subsection applies to an eligible member who elects to  
25 participate in the DROP retroactively.

26                     (2)     *A member may only participate in the DROP retroactively if the*  
27 *member is at least 57 years old on or before July 1, 2005.*

28                     ~~(2)~~    (3)     A member who participates in the DROP retroactively, may  
29 elect to participate in the DROP for a period not to exceed the lesser of:

30                            (i)     3 years; or

31                            (ii)    the difference between age 60 and the member's age as of the  
32 date that the member completes an application under subsection (e) of this section to  
33 participate in the DROP; or

34                            ~~(iii)~~   (ii)     a term selected by the member.

1                   ~~(2)~~   ~~(3)~~   (4)   (i)           The DROP period ends on the date the member  
2 submits a DROP application to the Board of Trustees.

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

5                   ~~(3)~~   ~~(4)~~   (5)   (i)           The Board of Trustees shall determine the member's  
6 normal service retirement allowance under § 24-401 of the State Personnel and  
7 Pensions Article, as of the member's start date in the DROP under paragraph ~~(2)(ii)~~  
8 (3)(ii) of this subsection.

9                               (ii)       For the period that a member retroactively participates in the  
10 DROP, the Board of Trustees shall:

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

14                               2.       calculate any interest retroactively, that would have  
15 accrued on the amounts calculated under item 1 of this subparagraph for the member  
16 into the DROP at the rate of 6% a year, compounded monthly.

17                   ~~(4)~~   ~~(5)~~   (6)   Any creditable service or eligibility service that the  
18 member has received during the DROP period is forfeited by the member.

19                   ~~(5)~~   ~~(6)~~   (7)   (i)           Upon approving the member's application under  
20 subsection ~~(d)~~ (c) of this section, the Board of Trustees shall pay in a lump sum to the  
21 member or, if the member has died, the designated beneficiary of the member:

22                               1.       the amount determined under paragraph ~~(3)(ii)~~ (4)(ii) of  
23 this subsection; and

24                               2.       any member contributions the member made during the  
25 DROP period, plus regular interest.

26                               (ii)       Any payments made under this subsection shall be reduced by  
27 any withholding taxes remitted to the Internal Revenue Service or other taxing  
28 authority.

29                               (iii)      The designated beneficiary of a member is:

30                               1.       the member's surviving spouse;

31                               2.       if there is not a surviving spouse or if the surviving spouse  
32 dies before the youngest child is 18 years old, each child of the deceased member who  
33 is under 18 years old; or

34                               3.       if there is not a surviving spouse or a child who is under 18  
35 years old, the person named as a beneficiary in an acknowledged written designation  
36 filed with the Board of Trustees by the member.

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

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

7 1. date the Board of Trustees approves the member's  
 8 application to participate retroactively in the DROP; and

9 2. receipt by the Board of Trustees of any other information  
 10 that the Board of Trustees requires to process payments under subparagraph (i) of  
 11 this paragraph to the member, the designated beneficiary of the member, or the  
 12 custodian of an eligible retirement plan.

13 ~~(6)~~ ~~(7)~~ (8) (i) Except as provided in subparagraph (ii) of this  
 14 paragraph, as of the first day of the month following the date the Board of Trustees  
 15 approves the member's retroactive participation in the DROP, the Board of Trustees  
 16 shall commence and continue payment of the normal service retirement allowance,  
 17 including the cost of living adjustments as provided in Title 29, Subtitle 4, Part III of  
 18 the State Personnel and Pensions Article, to the member as provided in §§ 24-401 and  
 19 24-403 of the State Personnel and Pensions Article.

20 (ii) If a member dies before the Board of Trustees approves the  
 21 member's application to participate retroactively in the DROP, the Board of Trustees  
 22 shall pay 50% of the normal service retirement allowance, including the cost of living  
 23 adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and  
 24 Pensions Article, to the beneficiary as provided in § 24-403 of the State Personnel and  
 25 Pensions Article.

26 ~~(h)~~ (g) (1) This subsection applies to an eligible member who elects to  
 27 participate in the DROP prospectively.

28 (2) ~~An~~ Except as provided in paragraph (3) of this subsection, an eligible  
 29 member shall participate in the DROP in accordance with the provisions of §  
 30 24-401.1 of the State Personnel and Pensions Article.

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

33 (i) 3 years;

34 (ii) the difference between age 60 and the member's age as of the  
 35 date that the member completes an application under subsection (c) of this section to  
 36 participate in the DROP; or

37 (iii) a term selected by the member.

38 SECTION 2. AND BE IT FURTHER ENACTED, That:

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

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

5 (1) is a member of the Law Enforcement Officers' Pension System on July  
6 1, 2005;

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

9 (3) had accrued more than 25 years of eligibility service as of July 1,  
10 2000, preventing the member from participating in the DROP for 5 years.

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

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

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

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

17 3. the period that the member desires to participate in the  
18 DROP;

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

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

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

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

29 (d) The DROP period is the period elected by the member under subsection  
30 (f)(2) of this section.

31 (e) An eligible member may elect to participate in the DROP retroactively.

32 (f) (1) A member may only participate in the DROP retroactively if the  
33 member is at least 56 years old on or before July 1, 2005.

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

3                   (i)       4 years; or

4                   (ii)      a term selected by the member.

5           (3)    (i)       The DROP period ends on the date the member submits a DROP  
6 application to the Board of Trustees.

7                   (ii)     The start date for the DROP period is the date that precedes the  
8 member's application date by the number of days in the DROP period.

9           (4)    (i)       The Board of Trustees shall determine the member's normal  
10 service retirement allowance under § 26-401 of the State Personnel and Pensions  
11 Article, as of the member's date of retirement under paragraph (3)(ii) of this  
12 subsection.

13                   (ii)     For the period that a member retroactively participates in the  
14 DROP, the Board of Trustees shall:

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

18                               2.       calculate any interest retroactively, that would have  
19 accrued on the amounts calculated under item 1 of this subparagraph for the member  
20 into the DROP at the rate of 6% a year, compounded monthly.

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

23           (6)    (i)       Upon approving the member's application under subsection (c)  
24 of this section, the Board of Trustees shall pay in a lump sum to the member or, if the  
25 member has died, the designated beneficiary of the member:

26                               1.       the amount determined under paragraph (4)(ii) of this  
27 subsection; and

28                               2.       any member contributions the member made during the  
29 DROP period, plus regular interest.

30                   (ii)     Any payments made under this subsection shall be reduced by  
31 any withholding taxes remitted to the Internal Revenue Service or other taxing  
32 authority.

33           (iii)   The designated beneficiary of a member is:

34                               1.       the member's surviving spouse;

1                                   2.        *if there is not a surviving spouse or if the surviving spouse*  
2 *dies before the youngest child is 18 years old, each child of the deceased member who*  
3 *is under 18 years old; or*

4                                   3.        *if there is not a surviving spouse or a child who is under 18*  
5 *years old, the person named as a beneficiary in an acknowledged written designation*  
6 *filed with the Board of Trustees by the member.*

7                                   (iv)     *A member or designated beneficiary of a member may direct the*  
8 *Board of Trustees to pay all or a portion of the amount under subparagraph (i) of this*  
9 *paragraph directly to the custodian of an eligible retirement plan as provided in Title*  
10 *21, Subtitle 6 of the State Personnel and Pensions Article.*

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

13                                   1.        *date the Board of Trustees approves the member's*  
14 *application to participate retroactively in the DROP; and*

15                                   2.        *receipt by the Board of Trustees of any other information*  
16 *that the Board of Trustees requires to process payments under subparagraph (i) of this*  
17 *paragraph to the member, the designated beneficiary of the member, or the custodian of*  
18 *an eligible retirement plan.*

19                                  (7)     (i)     *Except as provided in subparagraph (ii) of this paragraph, as of*  
20 *the first day of the month following the date the Board of Trustees approves the*  
21 *member's retroactive participation in the DROP, the Board of Trustees shall commence*  
22 *and continue payment of the normal service retirement allowance, including the*  
23 *cost-of-living adjustments as provided in Title 29, Subtitle 4, Part III of the State*  
24 *Personnel and Pensions Article, to the member as provided in §§ 26-401 and 26-402 of*  
25 *the State Personnel and Pensions Article.*

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

32     SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take  
33 effect July 1, 2005.



