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Introduced and read first time: February 9, 2005 Assigned to: Appropriations

A BILL ENTITLED

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 State Police Retirement

- 5 System are eligible to participate in the Deferred Retirement Option Program;
- 6 providing the period of time certain members of the State Police Retirement
- 7 System may participate in the Deferred Retirement Option Program; requiring
- 8 that certain members of the State Police Retirement System complete and
- 9 submit certain forms to the Board of Trustees for the State Retirement and
- 10 Pension System; providing that the period of time certain members of the State
- Police Retirement System may participate in the Deferred Retirement Option
 Program be applied either retroactively or prospectively; requiring the Board of
- 13 Trustees for the State Retirement and Pension System to calculate the normal
- 14 service retirement allowance for certain members of the State Police Retirement
- 15 System as of a certain date: requiring the Board of Trustees for the State
- 16 Retirement and Pension System to make certain adjustments to the normal
- 17 service retirement allowance for certain members of the State Police Retirement
- 18 System; requiring certain members of the State Police Retirement System to
- 19 forfeit certain creditable service and eligibility service for a certain period of
- 20 time; requiring the Board of Trustees for the State Retirement and Pension
- 21 System to make certain payments to certain individuals within a certain period
- 22 of time; providing that certain payments made by the Board of Trustees for the
- 23 State Retirement and Pension System to certain individuals be made in a
- 24 certain manner; defining a certain term; and generally relating to the eligibility
- 25 of members of the State Police Retirement System to participate in the Deferred
- 26 Retirement Option Program.

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF28 MARYLAND, That:

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

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| 1 (b) 2 System who | This section applies only to a member of the State Police Retirement | | | | |
|---|--|---|------------|--|--|
| 3 | (1) | is a mer | mber of t | he State Police Retirement System on July 1, 2005; | |
| 4 5 July 1, 1999 | (2) ; | was a n | nember o | f the State Police Retirement System on or before | |
| 6 7 1999, preven | (3) had accrued more than 24 years of eligibility service as of July 1, renting the member from participating in the DROP for 4 years; and | | | | |
| 8 | (4) | is less t | han 60 ye | ears old. | |
| 9 (c) A member who is described in subsection (b) of this section may elect to 10 participate in the DROP for a period not to exceed the lesser of: | | | | | |
| 11 | (1) | 4 years; | | | |
| 12 (2) the difference between age 60 and the member's age as of the date 13 that the member completes an application under subsection (d) of this section to 14 participate in the DROP; or | | | | | |
| 15 | (3) | a term s | selected b | by the member. | |
| 16 (d) | (1) | An eligible member who elects to participate in the DROP shall: | | | |
| 17 (i) complete and submit a written election form to the Board of 18 Trustees on or before December 31, 2005, on the form that the Board of Trustees 19 provides, stating: | | | | | |
| 20 | | | 1. | the member's intention to participate in the DROP; | |
| 21 | | | 2. | the date when the member desires to retire; | |
| 3. the period that the member desires to participate in the DROP, as provided in subsection (c) of this section; | | | | | |
| 4. the date when the member intends to terminate employment with the Maryland State Police in the form of a binding letter of resignation accepted by the Secretary of the State Police or the Secretary's designee; and | | | | | |
| 28 29 implement | the DROI | P; and | 5. | any other information required by the Board of Trustees to | |
| 30 31 the Board o | f Trustee | (ii) s, on the | | te and submit a written retirement application form to the Board of Trustees provides. | |
| 3233 irrevocable. | (2) | An elig | ible mem | ber's election to participate in the DROP is | |

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| (e) The DROP period is the period elected by the member under subsection (c) of this section. | | | | | |
|---|--|--|--|--|--|
| 3 (f) An eligible member may elect to participate in the DROP either 4 retroactively or prospectively. | | | | | |
| (g) (1) This subsection applies to an eligible member who elects to participate in the DROP retroactively. | | | | | |
| 7 (2) (i) The DROP period ends on the date the member submits a 8 DROP application to the Board of Trustees. | | | | | |
| 9 (ii) The start date for the DROP period is the date that precedes the 10 member's application date by the number of days in the DROP period. | | | | | |
| (3) (i) The Board of Trustees shall determine the member's normal service retirement allowance under § 24-401 of the State Personnel and Pensions Article, as of the member's start date in the DROP under paragraph (2)(ii) of this subsection. | | | | | |
| 15(ii)For the period that a member retroactively participates in the16DROP, the Board of Trustees shall: | | | | | |
| adjust the member's normal service retirement allowance for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article that is included in the DROP period; and | | | | | |
| 20 2. calculate any interest retroactively, that would have 21 accrued on the amounts calculated under item 1 of this subparagraph for the member 22 into the DROP at the rate of 6% a year, compounded monthly. | | | | | |
| 3 (4) Any creditable service or eligibility service that the member has 4 received during the DROP period is forfeited by the member. | | | | | |
| 25 (5) (i) Upon approving the member's application under subsection (d) 26 of this section, the Board of Trustees shall pay in a lump sum to the member or, if the 27 member has died, the designated beneficiary of the member: | | | | | |
| 281.the amount determined under paragraph (3)(ii) of this29 subsection; and | | | | | |
| 302.31 DROP period, plus regular interest.any member contributions the member made during the | | | | | |
| 32 (ii) Any payments made under this subsection shall be reduced by 33 any withholding taxes remitted to the Internal Revenue Service or other taxing 34 authority. | | | | | |
| 35 (iii) The designated beneficiary of a member is: | | | | | |
| 361.the member's surviving spouse; | | | | | |

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| 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 |
|--|
| 3. if there is not a surviving spouse or a child who is under 18 years old, the person named as a beneficiary in an acknowledged written designation 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 17 this paragraph to the member, the designated beneficiary of the member, or the 18 custodian of an eligible retirement plan. |
| (6) (i) Except as provided in subparagraph (ii) of this paragraph, as of the first day of the month following the date the Board of Trustees approves the member's retroactive participation in the DROP, the Board of Trustees shall commence and continue payment of the normal service retirement allowance, including the cost of living adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the member as provided in §§ 24-401 and 24-403 of the State Personnel and Pensions Article. |
| (ii) If a member dies before the Board of Trustees approves the member's application to participate retroactively in the DROP, the Board of Trustees shall pay 50% of the normal service retirement allowance, including the cost of living adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the beneficiary as provided in § 24-403 of the State Personnel and Pensions Article. |
| 32 (h) (1) This subsection applies to an eligible member who elects to 33 participate in the DROP prospectively. |
| 34(2)An eligible member shall participate in the DROP in accordance with35the provisions of § 24-401.1 of the State Personnel and Pensions Article. |

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 37 July 1, 2005.