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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**

Introduced and read first time: February 9, 2005

Assigned to: Appropriations

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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  
11 Police Retirement System may participate in the Deferred Retirement Option  
12 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 OF  
28 MARYLAND, That:

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

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

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

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

6 (3) had accrued more than 24 years of eligibility service as of July 1,  
7 1999, preventing the member from participating in the DROP for 4 years; and

8 (4) is less than 60 years 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 selected 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;

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

24 4. the date when the member intends to terminate  
25 employment with the Maryland State Police in the form of a binding letter of  
26 resignation accepted by the Secretary of the State Police or the Secretary's designee;  
27 and

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

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

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

1 (e) The DROP period is the period elected by the member under subsection (c)  
2 of this section.

3 (f) An eligible member may elect to participate in the DROP either  
4 retroactively or prospectively.

5 (g) (1) This subsection applies to an eligible member who elects to  
6 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.

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

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

17 1. adjust the member's normal service retirement allowance  
18 for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel  
19 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.

23 (4) Any creditable service or eligibility service that the member has  
24 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:

28 1. the amount determined under paragraph (3)(ii) of this  
29 subsection; and

30 2. any member contributions the member made during the  
31 DROP period, plus regular interest.

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:

36 1. the member's surviving spouse;

