

(PRE-FILED)

By: **Senators Currie, Klausmeier, and Stone**
Requested: October 20, 2004
Introduced and read first time: January 12, 2005
Assigned to: Budget and Taxation

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 retroactively; requiring the Board of Trustees for the State
13 Retirement and Pension System to calculate the normal service retirement
14 allowance for certain members of the State Police Retirement System as of a
15 certain date; requiring the Board of Trustees for the State Retirement and
16 Pension System to make certain adjustments to the normal service retirement
17 allowance for certain members of the State Police Retirement System; requiring
18 certain members of the State Police Retirement System to forfeit certain
19 creditable service and eligibility service for a certain period of time; requiring
20 the Board of Trustees for the State Retirement and Pension System to make
21 certain payments to certain individuals within a certain period of time;
22 providing that certain payments made by the Board of Trustees for the State
23 Retirement and Pension System to certain individuals be made in a certain
24 manner; defining a certain term; providing for the termination of this Act; and
25 generally relating to the eligibility of members of the State Police Retirement
26 System to participate in the Deferred 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.

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

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

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

4 (3) had accrued more than 24 years of eligibility service as of July 1,
5 1999, preventing the member from participating in the DROP for 4 years; and

6 (4) is less than 60 years old.

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

9 (1) 4 years;

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

13 (3) a term selected by the member.

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

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

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

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

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

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

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

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

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

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

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

3 (3) 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 (f) (1) The Board of Trustees shall determine the member's normal service
6 retirement allowance under § 24-401 of the State Personnel and Pensions Article, as
7 of the member's start date in the DROP under subsection (e)(3) of this section.

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

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

13 (ii) calculate any interest retroactively, that would have accrued on
14 the amounts calculated under subparagraph (i) of this paragraph for the member into
15 the DROP at the rate of 6% a year, compounded monthly.

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

18 (h) (1) Upon approving the member's application under subsection (d) of this
19 section, the Board of Trustees shall pay in a lump sum to the member or, if the
20 member has died, the designated beneficiary of the member:

21 (i) the amount determined under subsection (f)(2) of this section;
22 and

23 (ii) any member contributions the member made during the DROP
24 period, plus regular interest.

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

27 (3) The designated beneficiary of a member is:

28 (i) the member's surviving spouse;

29 (ii) if there is not a surviving spouse or if the surviving spouse dies
30 before the youngest child is 18 years old, each child of the deceased member who is
31 under 18 years old; or

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

35 (4) A member or designated beneficiary of a member may direct the
36 Board of Trustees to pay all or a portion of the amount under paragraph (1) of this

1 subsection directly to the custodian of an eligible retirement plan as provided in Title
2 21, Subtitle 6 of the State Personnel and Pensions Article.

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

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

7 (ii) receipt by the Board of Trustees of any other information that
8 the Board of Trustees requires to process payments under paragraph (1) of this
9 subsection to the member, the designated beneficiary of the member, or the custodian
10 of an eligible retirement plan.

11 (i) (1) Except as provided in paragraph (2) of this subsection, as of the first
12 day of the month following the date the Board of Trustees approves the member's
13 retroactive participation in the DROP, the Board of Trustees shall commence and
14 continue payment of the normal service retirement allowance, including the cost of
15 living adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel
16 and Pensions Article, to the member as provided in §§ 24-401 and 24-403 of the State
17 Personnel and Pensions Article.

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

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2005. It shall remain effective for a period of 1 year and, at the end of June 30,
26 2006, with no further action required by the General Assembly, this Act shall be
27 abrogated and of no further force and effect.