

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 496

(Senator McFadden)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

**Law Enforcement Officers' Pension System - Deferred Retirement Option
Program - Participation**

This bill clarifies that unused sick leave credit may not be used in calculating creditable service for the purpose of qualifying for the Deferred Retirement Option Program (DROP) under the Law Enforcement Officers' Pension System (LEOPS).

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. The bill codifies existing practice.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: With the exception of the Judges' Retirement System and the Legislative Pension Plan, members of the State Retirement and Pension System earn additional creditable service for unused sick leave at the time of retirement. Members earn one month of creditable service for every 22 days of unused sick leave; partial days totaling more than 11 days due to unused sick leave entitle the member to one additional month of creditable service.

Background: LEOPS members with between 25 and 30 years of creditable service qualify to participate in DROP, which allows them to officially retire while continuing to work and earn salary and health benefits in their current jobs for up to five years.

During their participation in DROP, LEOPS members earn the same retirement benefits that they would have received if they had fully retired, including cost-of-living adjustments. Those benefits are deposited into DROP accounts and earn 6% interest, compounded monthly. During their participation in DROP, members do not earn service in LEOPS and do not make employee contributions to LEOPS. Also, their compensation earned while participating in DROP is not used in determining their average final compensation for the purpose of calculating their normal retirement benefits.

The Maryland State Retirement Agency advises that it currently does not consider unused sick leave credit in calculating LEOPS members' eligibility for DROP.

Additional Information

Prior Introductions: None.

Cross File: HB 773 (Delegate Griffith, *et al.*) (Chair, Joint Committee on Pensions) - Appropriations.

Information Source(s): Maryland State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 16, 2010
mpc/rhh

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