

## Deferred Retirement Option Program



Rockfish  
Maryland State Fish

### Q. What can I expect while a participant in DROP?

A. Members in DROP are “retirees” of the Law Enforcement Officers’ Pension System. After commencing the DROP, a DROP participant:

1. Makes no employee contributions to the Law Enforcement Officers’ Pension System
2. Does not earn any service credit, and will have no change in the service credit used in the benefit formula
3. Will have no change in the average final compensation used in the benefit formula even if salary increases occur
4. Will have no additional sick leave accrual considered in the benefit formula
5. Will not be subject to any earnings limitations
6. Is not eligible to receive an ordinary disability retirement allowance
7. May be eligible for a accidental disability retirement allowance only if, after commencing the DROP, the DROP participant becomes totally and permanently incapacitated for duty arising out of or in the course of the actual performance of duty that occurs while participating in DROP, and without willful negligence of the participant

### Q. What if I die while a DROP participant?

A. If a DROP participant dies during participation, DROP participation immediately ends. The amount in his or her DROP account is paid to the surviving spouse or, if the spouse is deceased, to eligible children under 26. If the DROP participant had no spouse or children, the designated beneficiary then receives the amount in the DROP account.

In addition to payment of the DROP account, the spouse or children (if the spouse is deceased) start receiving a monthly retirement benefit computed as of the date of the retiree’s election to participate in DROP. If there is no spouse or children, the designated beneficiary receives a benefit based on the DROP participant’s option selection at retirement.

### Q. Must I be in DROP?

A. No, participation is optional to members of the Law Enforcement Officers’ Pension System who meet the eligibility requirements and file the necessary paperwork.

Remember, if you choose to participate, the decision is irrevocable. Be sure you clearly understand the provisions of DROP before making your election.

*Questions on DROP? Call a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.*

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## Q. What is DROP?

**A.** The Deferred Retirement Option Program (DROP) is a voluntary program for eligible members of the Law Enforcement Officers' Pension System. With DROP, you can "retire" (and begin accumulating your retirement benefits in a DROP account) while you continue to work (and draw a paycheck) with your same employer. While in DROP, your retirement benefits are deposited in a DROP account within the Maryland State Retirement and Pension System and earn tax deferred interest of 4% compounded annually for as long as you remain in DROP.

When your DROP participation ends, you must terminate employment. You will then begin receiving your monthly retirement allowance plus the accumulated balance in your DROP account as a one-time payment.

## Q. Who is eligible?

**A.** Law Enforcement Officers' Pension System members may elect to participate in DROP when they have at least 25 years, but fewer than 32 years, of creditable service.

## Q. How do I participate in DROP?

**A.** Eligible members must submit the following documents to their Retirement Coordinator:

- An application for retirement from the Law Enforcement Officers' Pension System (Form 98-101)
- A binding letter of resignation, accepted by your employer (Form 507)
- An application for DROP, which conveys your intent to participate in the program, as well as your enrollment and termination dates (Form 504)

DROP participation begins the first day of the month after the Maryland State Retirement Agency has accepted all required forms.

## Q. How long can I participate in DROP?

**A.** The participation period is limited to the *lesser of*:

1. Seven years
2. Difference between 32 years of service and the member's creditable service upon election
3. A term selected by the member

For the purpose of determining the length of the DROP period, a member's creditable service does not include credit for unused sick leave.

## Q. What are the benefits of DROP?

**A.** The greatest benefit to DROP participation is the lump sum payment (optional roll over) that the member accumulates during participation and then receives, along with a monthly retirement check, at the end of the DROP period. You can elect to receive the lump sum (after withholding taxes have been taken) or you may direct the Retirement Agency to rollover tax-free the taxable portion of your DROP account to a custodian of an eligible retirement plan.

Retirement benefits deposited in the DROP account earn 4% a year, compounded annually. These benefits also receive all eligible cost-of-living adjustments (COLA) applied while you are a DROP participant.

During DROP participation, you will be subject to the personnel law, regulations and policies applicable to an employee of your agency. You will continue to receive compensation, health insurance and other benefits from your agency's benefit program.