

ACKNOWLEDGMENTS:

By submitting this application, I hereby acknowledge and certify, as follows:

(1) **Understand the DROP.** I have carefully reviewed the summary of the terms of the DROP and Section 26.401.1 of the pension article establishing the DROP that are attached to this Application. I have discussed any questions I have about retirement benefits payable under the DROP and the Law Enforcement Officers' Pension System with a retirement counselor at the State Retirement Agency.

(2) **Irrevocable Election.** My election to participate in the DROP is irrevocable.

(3) **Retiree.** As of the effective date of my DROP participation, I have retired from the Law Enforcement Officers' Pension System, and therefore, during my DROP participation period, I will not earn any additional service credits in, or make member contributions to the Law Enforcement Officers' Pension System.

(4) **Agency Acceptance of Application.** My election to participate in the DROP will not be accepted by the State Retirement Agency if I do not: (a) satisfy the eligibility requirements for the DROP specified in Ch. 395 of the Acts of Md. 2000; or (b) submit the required attachments specified in Section III of this Application. The Agency shall notify me promptly if it does not accept my application under these circumstances.

(5) **Agency Audit of Retirement Account.** The period of my participation in the DROP is subject to adjustment by the State Retirement Agency on audit of my retirement account. If the Agency makes any adjustments to my retirement account that affects my participation in the DROP, including the duration of my participation in the DROP, I understand that the Agency will notify me of the adjustment and I agree to promptly submit to the Agency a revised application to participate in the DROP.

(6) **Unused Sick Leave.** As of the effective date of my participation in the DROP, the Agency computed my normal service retirement allowance, granting me creditable service for my unused sick leave as provided in §20-206 of the pension article. If, at the end of my DROP participation period, I have any unused sick leave, I will not receive any additional creditable service and my retirement allowance will not be adjusted.

(7) **Beneficiary.** If I die before the end of the DROP participation period, the balance in my DROP account shall be payable as follows:

- (a) to my surviving spouse;
- (b) if I am not survived by my spouse, in equal shares to my children who have not attained age 18;
- (c) if I am not survived by my spouse or any child who is under age 18, to the person named as the beneficiary of my retirement allowance on the Application For Service Retirement (SRA Form 98) submitted with this application; or
- (d) if the person designated as the beneficiary of my retirement allowance on the SRA Form 98 is not living, to my estate.

(8) **Voluntary Funds.** I understand that participation in the DROP precludes me from withdrawing my voluntary funds, if any. The State Retirement Agency shall pay my voluntary money as an additional annuity over my lifetime. (if applicable)

(9) **Accidental Disability Retirement.** I understand that as a DROP member I am eligible for line of duty (accidental) disability benefits only if I am totally and permanently incapacitated for duty as a result of an accident or condition that arises out of or in the course of the actual performance of duty during my participation in the DROP, and without willful negligence on my part.

SECTION III – REQUIRED ATTACHMENTS: Attached to this application are the following:

- (1) Application For Service Retirement (SRA Form 98);
- (2) Binding Letter of Resignation (SRA Form 507) accepted by the Secretary of your Department or the Secretary's designee reflecting termination of my employment with my employer on the ending date of my DROP participation period; and
- (3) Acknowledgement of Receipt of Safe Harbor Notice and Affirmative Election (SRA Form 746)

SECTION IV	
Applicant's Signature _____	Date _____
RETIREMENT COORDINATOR COMPLETES THIS SECTION:	
Retirement Coordinator Signature: _____	Date: _____

Deferred Retirement Option Program (DROP) Summary

for Members of the Law Enforcement Officers' Pension System

Rev. 7/11

Eligibility to Participate	At least 25 but less than 30 years of creditable service in the Law Enforcement Officers' Pension System (LEOPS).
Participation Period	<p>Lesser of:</p> <ul style="list-style-type: none"> a. 5 years, b. Difference between 30 years and the member's creditable service as of the date the member elects to participate or c. A term selected by the member (which may not exceed five years).
How to Participate	<p>File an election form with the State Retirement Agency (SRA), stating:</p> <ul style="list-style-type: none"> a. Intent to participate in the DROP, b. Date when the member desires to retire, c. Period for participating, d. Date when the member intends to terminate employment in the form of a binding letter of resignation accepted by the secretary or secretary's designee and e. Election to participate in the DROP is irrevocable. <p>In addition, the member must file the SRA's retirement forms.</p>
LEOPS Benefits During DROP Participation	<p>A DROP participant is a "retiree" of the Law Enforcement Officers' Pension System and as a retiree:</p> <ul style="list-style-type: none"> a. Does not pay any member contributions, b. Does not accrue additional retirement service credit in LEOPS, c. Does not derive a benefit from any increases in earnable compensation or unused sick leave, d. Is not eligible to receive an ordinary disability retirement allowance, but may be eligible to receive an accidental disability retirement allowance and e. Is not subject to reemployment rules while participating in DROP.
DROP Benefits During DROP Participation	<p>SRA credits to the participant's DROP account:</p> <ul style="list-style-type: none"> a. Normal service retirement allowances that the participant would have received had he or she received pension payments as of the effective date of his or her participation in the DROP, b. Retiree cost-of-living adjustments payable when eligible and c. Interest on the balance in the account at the rate of 4% a year, compounded annually, effective July 1, 2011. <p>SRA will provide an annual statement of the balance in the participant's DROP account.</p>
DROP -- Accidental Disability Benefits	DROP participants are not eligible for ordinary disability retirement. DROP participants may apply for an accidental disability retirement allowance only if they are totally and permanently incapacitated for duty as a result of an accident or condition that arises out of or in the course of the actual performance of duty during their participation in the DROP, and without willful negligence on their part.
Participation Ends	<ul style="list-style-type: none"> a. On the DROP termination date selected by the participant, or b. If the employer terminates the participant's employment, or c. If the participant terminates employment early, or d. If the participant accepts an accidental disability retirement allowance, or e. If the participant dies.
Effect of End of DROP Participation	<p>Payment of balance in DROP account: Upon application for withdrawal of the accumulated DROP funds, the SRA will pay the amount accrued in the DROP account as directed. Any taxable amounts not rolled over to another tax deferred plan will be subject to mandatory federal and Maryland state withholdings. Please refer to the "Special Tax Notice Regarding Plan Payments" for important information regarding your options to continue to defer federal income tax on your plan benefits.</p> <p>Payment of LEOPS benefits: The SRA begins paying the normal service retirement allowance, increased by any cost-of-living adjustments occurring during DROP participation. The allowance is not adjusted for any increases in the member's earnable compensation or additional unused sick leave.</p>
DROP Death Benefits	If the participant dies prior to ending DROP participation, the balance in the DROP account is paid to the participant's surviving spouse. If not survived by a spouse, the participant's children who have not attained age 18 are entitled to the balance in the DROP account. If the DROP participant is not survived by a spouse or minor children, the balance in the account is payable to the designated beneficiary. SRA also begins paying the surviving spouse 50% of the participant's normal service retirement allowance (computed as of the date of the participant's election to participate in the DROP).
Other	While in DROP, a State participant is subject to the personnel law, regulations and policies applicable to an employee of the State. The participant continues to receive compensation, health insurance and other benefit options established under the State employee and retiree health and welfare benefit program.