

## Q. What are my SPRS benefits while in DROP?

A. Members in DROP are “retirees” of the State Police Retirement System (SPRS). After commencing the DROP, a DROP participant:

1. Makes no employee contributions to SPRS.
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 special 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 18. 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 the 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 State Police 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.*

# Deferred Retirement Option Program for Maryland State Police



## Maryland State Retirement and Pension System

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## Q. What is DROP?

**A.** The Deferred Retirement Option Program (DROP) is a voluntary program for eligible members of the State Police Retirement 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 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 with the Maryland State Police. 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.** State Police members may elect to participate in the DROP when they:

- Have at least 22 years but less than 28 years of creditable service and
- Are under age 60.

### A note for new members

For members enrolled on or after July 1, 2011, DROP eligibility requirements and participation period limits are slightly different. Please contact the Maryland State Retirement Agency for more information.

## Q. How do I participate in DROP?

- A.** Eligible members must file the following:
1. A special DROP application form with the Retirement Agency stating:
    - a. Member’s intent to participate in DROP.
    - b. Member understands the election to participate in DROP is irrevocable.
    - c. Date when the member wants to retire.
    - d. Length of time the member wants to participate in DROP.
    - e. Date member will terminate employment with the MSP.
  2. A binding letter of resignation accepted by the Secretary of the State Police.
  3. An application to retire from the State Police Retirement System.

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

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

- A.** The participation period is limited to the *lesser of*:
1. Four years.
  2. Difference between 28 years of service and the member’s creditable service upon election.
  3. Difference between age 60 and the member’s age as of the date of the member’s election to participate in DROP.
  4. 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.** Clearly, the greatest benefit to DROP participation is the lump sum distribution (optional roll over) that the member accumulates during participation and then receives, along with a monthly retirement check, at the end of the DROP participation. You can elect to receive the lump sum (after withholding taxes have been taken) or, if you have participated in DROP for at least seven months, 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.

For DROP accounts established on or after July 1, 2011, retirement benefits deposited in the 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, a state retiree is subject to the personnel law, regulations and policies applicable to an employee of the State Police and continues to receive compensation, health insurance and other benefits under the state employee and retiree health and welfare benefit program.