

Law Enforcement Officers' Pension System Deferred Retirement Option Program (DROP) Termination Package

This package contains

- Special Tax Notice Regarding Your Rollover Options
- Application for Withdrawal (Form 505)
- *Election to Terminate Participation* (Form 505.2)
- *Trustee-to-Trustee Distribution* (Form 193)

Please note the following

- Your termination paperwork must be received prior to the first of the month in which you wish to terminate from DROP.



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Deferred Retirement Option Program

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SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the **Maryland State Retirement and Pension System** (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment payable to your IRA or an employer plan for your benefit. However, the payment may be mailed to you for delivery to your IRA or employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. In addition, the Plan is required to withhold 7.75% for Maryland residents. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death; and
- Corrective distributions of contributions that exceed tax law limitations.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under an eligible domestic relations order (EDRO) to an alternate payee who is a former spouse of the member;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for EDROs does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

If you do not do a rollover, the Plan is required to withhold 7.75% for Maryland residents. This notice does not address any other State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under an EDRO. If you are the spouse or former spouse of the member who receives a payment from the Plan under an EDRO, you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the EDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

FOR MORE INFORMATION

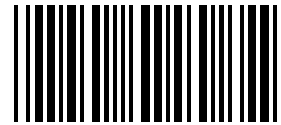
You may wish to consult with the Plan administrator or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

The State Retirement Agency strongly urges you to consult with a qualified tax advisor, the Internal Revenue Service, or a Certified Public Accountant regarding the tax consequences of your distribution as it relates to your specific tax situation.

Deferred Retirement Option Program

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**MARYLAND STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MD 21202-6700**



RETIREMENT
USE ONLY

FORM 505 (Rev. 11/24)

**APPLICATION FOR WITHDRAWAL OF DEFERRED RETIREMENT OPTION PROGRAM
(DROP) ACCOUNT: LAW ENFORCEMENT OFFICERS' PENSION SYSTEM (LEOPS)**

To be completed by member and forwarded to the agency retirement coordinator. (Print in ink or type. Use one space per letter or number and skip space between words.) Upon completion, make a copy for your records and forward the original form to the agency retirement coordinator. Allow 90 days for processing from the date of DROP termination, the date of receipt of the application (if later), or any other form needed to process payment. If you are exercising Choice #2 or #3, you must complete and return a *Trustee-to-Trustee Distribution Form (Form 193)*.

SOCIAL SECURITY NUMBER

DATE OF BIRTH

 - -

Month Day Year

DAYTIME TELEPHONE

 - -

NAME

First

Initial

Last

HOME ADDRESS

Number and Street

City

State

Zip Code

Termination Date of DROP Membership

Month

Day

Year

County/Baltimore City (If Maryland resident) _____

Email Address _____

<p align="center">REFUND CHOICE NO. 1 (Do Not Complete Form 193)</p> <p><input type="checkbox"/> Entire amount refunded to me.</p>	<p align="center">REFUND CHOICE NO. 2 (Complete Form 193)</p> <p><input type="checkbox"/> Refund \$ _____ to me. Balance transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, 408A Roth IRA or 457(b) governmental plan.) (If transferring to a 457(b) governmental plan or 403(a) annuity plan, the minimum payable to me is the non-taxable amount, if any.)</p>	<p align="center">REFUND CHOICE NO. 3 (Complete Form 193)</p> <p><input type="checkbox"/> Entire amount transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, 408A Roth IRA or 457(b) governmental plan.) Both 457(b) governmental plans and 403(a) annuity plans prohibit a rollover of non-taxable funds from this plan.)</p>
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If you choose to transfer your balance to an eligible retirement plan administered by the Maryland Teachers & State Employees Supplemental Retirement Plans, more information is available at 1-800-545-4730 or www.marylanddc.com.

A rollover of after-tax amounts is only permitted to an IRA or as a direct rollover to a 401(a) plan or 403(b) annuity that agrees to separately account for the after-tax amounts. Any employer pick-up contributions transferred under payment choices 2 or 3 lose their post-tax status for Maryland income tax purposes. Mandatory federal income tax withholding is at the rate of 20% on the taxable amount paid to you.

Are you a Maryland resident? No Yes (For Maryland residents, State income tax withholding of 7.75% will be withheld from the taxable amount paid to you.)

TO THE BOARD OF TRUSTEES: My participation in the Deferred Retirement Option Program (ADROP@) ended for one of the reasons specified in sec 26-401.1(g) of the State Personnel and Pensions Article of the Annotated Code of Maryland. Accordingly, I hereby apply to receive the amount held by the Board of Trustees in my DROP account as of the date my participation ended. I understand that my election to terminate participation in the DROP is irrevocable. Finally, I understand that the State Retirement Agency of Maryland shall commence and continue payment of my normal service retirement allowance to me, including the cost of living adjustments, as of the first day of the month following termination of my participation in the DROP as provided in sec 26-401 and sec 26-402 of the Pensions Article; provided however, if my participation in the DROP terminates because I have elected to receive an accidental disability retirement allowance, I hereby waive any benefits to which I may be entitled under sec 26.401.1 of the Pensions Article on account of my participation in the DROP.

I understand that a prompt return of this Application is important to maximize tax advantages to me, and that a delay in the making of this Application may change the tax treatment of the DROP amount payable to me.

I have had an opportunity to review the Special Tax Notice with my tax advisor, accountant, attorney, or the IRS, and understand my options with respect to receipt of a distribution from the System at this time. I understand that I have at least 30 days to review the Special Tax Notice and consider whether or not to have my payment rolled over. I further understand that, if I complete and submit this form prior to the end of the 30-day period for reviewing the Special Tax Notice, I have waived my right to the 30-day period to review the Special Tax Notice.

Signature _____ **Date Signed** _____

This form must be signed and properly notarized to be valid. The below section must be completed by a Notarial Officer (Notary Public, Clerk of the Court, etc.)

State of _____, County of _____ (or City of Baltimore)	
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Official stamp must be affixed </div>	This form was acknowledged before me on the _____ day of _____, 20____.
	By _____ Name of individual whose signature is being acknowledged*
Signature of Notarial Officer _____	
Title of office (<i>Notary Public, Clerk of the Court, etc.</i>) _____ My commission expires _____	
<input type="checkbox"/> Check here if this notarial act involved a remotely located individual and the use of communication technology.	
* IMPORTANT: If the name of the individual whose signature is being notarized is not filled in, this form will be invalid and have no legal effect.	

Deferred Retirement Option Program

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Reemployment After Retirement for Retirees of the Law Enforcement Officers' Pension System

VIDEO: For an overview of this information, go to sra.maryland.gov, select YouTube or Vimeo and watch "Reemployment After Retirement."

Keep a copy of this information on file as a handy reference for the future. You should also keep your Notice of Retirement Allowance that the Retirement Agency will send to you as a new retiree. The Notice of Retirement Allowance includes information such as the amount of your monthly retirement allowance, the beneficiary you designated and your earnings limitation. To determine what, if any, earnings limitation applies and the effect, if any, on your retirement allowance, you need your Notice of Retirement Allowance to identify the type of retirement you are receiving (service, ordinary disability or accidental disability) and your earnings limitation. Then apply the reemployment rules. Reemployment earnings are the annual reemployment compensation reported to the IRS that the retiree received during a calendar year. Note the reemployment rules do not apply while a retiree is participating in the Deferred Retirement Option Program (DROP).

Under no circumstances should your decision to retire be conditioned upon an offer of reemployment, and in fact, no offers of reemployment should be discussed by you and your employer prior to your retirement. However, if after your retirement you consider reemployment with an employer that participates in the State Retirement and Pension System (SRPS) you need to be aware of two important issues: Internal Revenue Service (IRS) guidelines regarding reemployment and Maryland retirement law regarding reemployment.

INTERNAL REVENUE SERVICE GUIDELINES REGARDING REEMPLOYMENT

There can be significant consequences to you and the SRPS if you retire before the normal retirement age of your plan and/or before age 59 1/2, and are reemployed with the same employer without a bona fide separation of service. Please note that all units of Maryland state government, including the University System of Maryland, are considered one employer.

The IRS can impose a significant tax penalty on your income if you are under the age of 59 1/2, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

If you retire before your normal retirement age, there are also serious IRS consequences to the SRPS if a bona fide separation does not take place following retirement and prior to reemployment with the same employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the more differences between your last job before retirement and the job being performed upon your reemployment, and the longer the break between the date of your retirement and the date of your reemployment, the more likely it is that there has been a bona fide separation of service. If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not likely qualify as a bona fide separation of service unless there is a lengthy break in employment. Even arrangements where you are rehired as an "independent contractor" may not meet the IRS' standard.

MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT

There must be a minimum of **45 DAYS** between your retirement date and the date you are rehired by any employer that is a participating employer in the SRPS. All units of Maryland State government, including the University System of Maryland, are considered to be *one employer* under these reemployment rules.

Additionally, employment after retirement, under certain conditions, may cause your retirement allowance to be reduced.

SERVICE RETIREMENT

There is no earnings limit regardless of your employer. Your monthly benefit allowance will not be reduced by any earnings made after you have retired. If you are reemployed by a participating employer, you will not rejoin the system and you will not earn service credit from your new employment.

(FOR DISABILITY RETIREMENT RULES, PLEASE SEE FOLLOWING PAGE)

I acknowledge that I have received this information about my obligation with regard to reemployment and I agree to notify the Board of Trustees of my anticipated earnings should I return to work. I also understand that should I exceed the earnings limitations imposed by law, my monthly retirement allowance may be reduced or terminated until such time that any resulting overpayment of benefits is recovered. I understand that I must be separated from any and all employment, including substitute, seasonal, temporary, contractual, and/or permanent employment, with any employer that participates in the SRPS at the date of my retirement. By signing this form, I am certifying to the Maryland State Retirement Agency that at the date of my retirement, I will not be employed in any capacity by any employer that participates in the SRPS and that no discussions or offers of reemployment after my retirement have occurred between me and any employer that participates in the SRPS.

DISABILITY RETIREMENT
(continued from previous page)

Suspension of Disability Retirement: An ordinary or accidental disability allowance shall be temporarily suspended if the retiree:

- Is not eligible for normal service retirement, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that is at least equal to the retiree's average final compensation at retirement.

There is no additional benefit accrued while employed. If suspended, the retiree's allowance will be reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer. The retiree's allowance at time of reinstatement will be adjusted to reflect the accumulated cost-of-living adjustments during suspension. Please note that the temporary suspension of a disability benefit causes the temporary suspension of retiree health insurance coverage if a deduction was being made from your monthly benefit for this coverage.

Earnings Limitation for Ordinary Disability Retirees Only: A retiree receiving an ordinary disability allowance shall be subject to an earnings limitation if the retiree:

- Is under normal retirement age, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that exceeds the retiree's earnings limitation.

The reduction will be \$1 for every \$2 earned in excess of the limit, if you have been retired less than 10 years. If you have been retired 10 years or longer, the reduction will be \$1 for every \$5 over the limit.

An earnings limitation does not apply for Accidental Disability Retirees.

If you have any questions, call a retirement benefits specialist at 410-625-5555 or toll free 1-800-492-5909 to understand how the reemployment provisions apply to you. We will make every effort to assist you in understanding your options, but it is your responsibility to advise us of your reemployment.

PARTICIPATING EMPLOYERS*
Maryland State Retirement and Pension System

State of Maryland
University System of Maryland
Baltimore City and All County Boards of Education (Teachers' System)
Community Colleges and All Public Libraries (Teachers' System)

Participating Governmental Units in the Employees' System as of July 1, 2024

Allegany College of Maryland	Frederick County Soil Conservation	Prince George's County Memorial
Allegany County Board of Education	Garrett County Board of Education	Library
Allegany County Government	Garrett County Community Action	Princess Anne, Town of
Allegany County Public Library	Committee, Inc.	Queen Anne's County Board of
Annapolis, City of	Greenbelt, City of	Education
Anne Arundel County Board of	Greensboro, Town of	Queen Anne's County Commission
Education	Hagerstown, City of	Queenstown, Town of
Anne Arundel County Community	Hagerstown Community College	Ridgely, Town of
College	Hampstead, Town of	Rock Hall, Town of
Berlin, Town of	Harford County Board of Education	St. Mary's County Board of Education
Berwyn Heights, Town of	Harford Community College	St. Mary's County Government
Bladensburg, Town of	Harford County Government	Saint Mary's County Housing Authority
Bowie, City of - Police Dept. (LEOPS)	Harford County Public Library	St. Mary's County Metropolitan
Brentwood, Town of	Harford County Liquor Control Board	Commission
Brunswick, City of	Howard Community College	St. Michaels Commissioners
Calvert County Board of Education	Howard County Board of Education	Salisbury, City of
Cambridge, City of	Howard County Community Action	Shore Up!, Inc.
Caroline County Board of Education	Council	Snow Hill, Town of
Caroline County Sheriffs	Hurlock, Town of	Somerset County Board of Education
Carroll County Board of Education	Hyattsville, City of	Somerset County Economic
Carroll County Government	Kent County Board of Education	Development Commission
Carroll County Public Library	Kent County Government	Somerset County Government
Cecil County Board of Education	Kent Soil and Water Conservation	Somerset County Sanitary District
Cecil County Government	District	Southern Maryland, College of
Cecil County Public Library	Landover Hills, Town of	Southern Maryland Tri-County
Centreville, Town of	LaPlata, Town of	Community Action Committee, Inc.
Chesapeake Bay Commission	Manchester, Town of	Sykesville, Town of
Chestertown, Town of	Maryland Health and Higher Educational	Takoma Park, City of
Cheverly, Town of	Facilities Authority	Talbot County Board of Education
College Park, City of	Middletown, Town of	Talbot County Government
Crisfield, City of	Montgomery College	Taneytown, City of
Crisfield Housing Authority	Morningside, Town of	Thurmont, Town of
Cumberland, City of	Mount Airy, Town of	Tri County Council for Lower Eastern
Cumberland, City of - Police Department	Mount Rainier, City of	Shore, Maryland
Denton, Town of	New Carrollton, City of	Tri-County Council for Western
District Heights, City of	North Beach, Town of	Maryland, Inc.
Dorchester County Board of Education	Northeast Maryland Waste and Disposal	University Park, Town of
Dorchester County Council	Authority	Upper Marlboro, Town of
Dorchester County Roads Board	Oakland, Town of	Walkersville, Town of
Dorchester County Sanitary Commission	Oxford, Town of	Washington County Board of Education
Eastern Shore Regional Library, Inc.	Pocomoke, City of	Washington County Board of Liquor
Edmondston, Town of	Preston, Town of	Commissioners
Emmitsburg, Town of	Prince George's Community College	Washington County Free Library
Federalburg, Town of	Prince George's County Board of	Westminster, City of
Frederick County Board of Education	Education	Worcester County Board of Education
Frostburg, City of	Prince George's County Government	Worcester County Government
Fruitland, City of	Prince Georges County Crossing Guards	Wor-Wic Community College

***NOTE:** The list of employers that participate in the Maryland State Retirement and Pension System (SRPS) is subject to change at any time. This list is updated annually. To determine whether a particular employer participates in SRPS, call a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.

Deferred Retirement Option Program

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**MARYLAND STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MD 21202-6700**



**ELECTION TO TERMINATE PARTICIPATION
DEFERRED RETIREMENT OPTION PROGRAM (DROP)
LAW ENFORCEMENT OFFICERS' PENSION SYSTEM (LEOPS)**

FOR RETIREMENT
USE ONLY

FORM 505.2 (Rev. 8/19)

Important: Print in ink or type all entries except for signatures. Complete all sections. Contact a Retirement Benefits Specialist at 410-625-5555 or toll-free 1-800-492-5909 for assistance.

SOCIAL SECURITY NUMBER

DAYTIME PHONE NUMBER - -

DATE OF BIRTH / /
Month Day Year

NAME
First Initial Last

HOME ADDRESS
Number and Street

City State ZIP Code -

Email Address

Pursuant to State Personnel and Pensions Article, § 26-401.1 (g) (4), I hereby elect to terminate my participation in the Deferred Retirement Option Program (DROP). I understand that my election to terminate my participation from the DROP is irrevocable.

I have completed the following forms:

1. Form 505 Withdrawal of DROP Account
2. Form 193 Trustee-to-Trustee Distribution Form (if applicable)

I have read and understood the rules and regulations pertaining to all aspects of the DROP and hereby elect to

terminate my participation from the Deferred Retirement Option Program effective / /
Month Day Year

I have read the information about reemployment after retirement on pages 11 through 13 of this application and understand my obligations with regard to reemployment. I agree to notify the Board of my anticipated earnings if I return to work. I understand that if I exceed the earnings limitations imposed by law, my monthly retirement allowance may be reduced or terminated until any resulting overpayment of benefits is recovered. I understand that I must be separated from any and all employment, including substitute, seasonal, temporary, contractual, and/or permanent employment, with any employer that participates in the SRPS at the date of my retirement. I also certify to the Board that at the date of my retirement, I will not be employed in any capacity by any employer that participates in the SRPS and that no discussions or offers of reemployment after my retirement have occurred between me and any employer that participates in the SRPS.

Applicant's Signature: _____	Date: _____
Retirement Coordinator Signature: _____	Date: _____

Deferred Retirement Option Program

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**TRUSTEE-TO-TRUSTEE DISTRIBUTION FORM
FOR ROLLOVERS**

Purpose of this form: This form is used by an individual applying to receive a lump sum payment from the Maryland State Retirement Agency *and* who wants to rollover all or a portion of the payment to another qualified retirement plan.

Instructions

- Section I of this form is to be completed by the individual (the Payee) who is applying to receive the lump sum payment from the Retirement Agency.
- Section II of this form is to be completed by a representative of the financial institution who will be accepting the rollover.
- Please print in ink, using one space per letter or number and skipping a space between words.
- Keep a copy of the completed form for your records.
- If you need additional assistance, please contact a retirement benefits specialist at 410-625-5555 or toll-free 1-800-492-5909.
- The completed form must be returned to the Maryland State Retirement Agency, 120 E. Baltimore Street, Baltimore, Maryland 21202-6700.

SECTION I — To be completed by the Payee



SOCIAL SECURITY NUMBER

Grid for Social Security Number

DAYTIME PHONE NUMBER

Grid for Daytime Phone Number

Ext. _____

NAME

Grid for Name

First

Initial

Last

HOME ADDRESS

Grid for Home Address

Number and Street

Grid for City

City

State

ZIP Code

Based on the payment option I selected, I direct the SRA to do the following:

Check [✓] only one option to indicate payment selection.

Pay to me my designated flat dollar refund amount of \$ _____.

OR

Pay to me all federal "NON-TAXABLE" funds to be determined at time of payment.

AND

The account balance will be made payable to your designated IRA or Eligible Employer Plan. (Note: distributions to a 457(b) governmental plan or a 403(a) annuity may not exceed the taxable amount.)

I understand the Agency may issue two checks to me: one payable to my order for an amount I elect to receive and the other payable to the order of both me and the IRA or Eligible Employer Plan that is to receive my rollover distribution. I understand that I am responsible for delivering the check for my rollover distribution directly to the IRA or Eligible Employer Plan for processing within 60 days after I receive the check, and I agree to do so.

SRA will not process more than one trustee-to-trustee distribution. Thus, if you want to move funds between IRA's and/or Eligible Employer Plans, contact the IRA or Eligible Employer Plan to which you are making the direct rollover to determine whether transfers are allowable.

I understand and agree to the above distribution conditions.

PAYEE (Signature): _____

DATE: _____

NEXT PAGE ALSO MUST BE COMPLETED

For help in completing this form, please view the training video on the Retirement Agency's website at sra.maryland.gov. If you need additional assistance, telephone a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.

**SECTION II — To be completed by a representative of
the financial institution that will accept the rollover**

PAYEE'S NAME

First	Initial	Last

PAYEE'S SOCIAL SECURITY NUMBER

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DEPOSITOR ACCOUNT TITLE: In order to properly prepare the check, the Retirement Agency needs the name of the financial institution/account into which the check will be made payable. Enter in the spaces below this information, up to 34 characters. The check payable to your designated financial institution/account will carry the notation "DIRECT ROLLOVER," and will contain the name for the individual indicated in Section I. For IRA's, the check will read payable to: [Information Below] as trustee of IND. RET. ACCT of [Payee in Section I]. For Eligible Employer Plans, the check will read payable to: [Information Below] FBO [Payee in Section I].

The arrangement selected by the Payee is: (Check [✓] one):

Traditional IRA	Eligible Employer Plan	Check [✓] Box to Affirm that Plan Separately Accounts for After-Tax Contributions & Earnings
<input type="checkbox"/>	<input type="checkbox"/> Qualified plan under §401(a), including a 401(k) plan	<input type="checkbox"/> Check indicates plan separately accounts for after-tax contributions and earnings
Roth IRA	<input type="checkbox"/> §403(a) qualified annuity	<input checked="" type="checkbox"/> Plan may <u>NOT</u> accept after-tax contributions from a 401(a) qualified plan
<input type="checkbox"/>	<input type="checkbox"/> §403(b) tax sheltered annuity	<input type="checkbox"/> Check indicates plan separately accounts for after-tax contributions and earnings
	<input type="checkbox"/> §457(b) governmental plan	<input checked="" type="checkbox"/> Plan may not accept after-tax contributions

I confirm that the payee, account number and title are correct. Further, I confirm that the plan designated by the payee is (or is intended to be) an IRA, or an Eligible Employer Plan which includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax sheltered annuity; or an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan), that the plan designated may accept such payment (including any after-tax contributions, if applicable) and that I am authorized to act on behalf of the designated plan and will accept the direct rollover for the payee and account for it as required by the Internal Revenue Code.

PRINT OR TYPE REPRESENTATIVE'S NAME	SIGNATURE OF REPRESENTATIVE	DATE

REPRESENTATIVE'S AREA CODE/TELEPHONE:

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PLEASE READ THIS CAREFULLY: All information on this form, including the individual's Social Security number, is required. The information is confidential and will be used only to process payment data from the Maryland State Retirement Agency to the financial institution and its agent. Failure to provide the requested information may prevent or delay release or payment.

For help in completing this form, please view the training video on the Retirement Agency's website at sra.maryland.gov. If you need additional assistance, telephone a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.