



## Legislation Text

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EXPLANATION: CAPITALS indicate matter added to existing law.  
[Brackets] indicate matter deleted from existing law.

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INTRODUCTORY\*

CITY OF BALTIMORE  
COUNCIL BILL 09-0295

Introduced by: The Council President  
At the request of: The Administration (Department of Finance)

A BILL ENTITLED

AN ORDINANCE concerning  
**Fire and Police Employees' Retirement System - Benefits**

FOR the purpose of amending provisions of the Fire and Police Employees' Retirement System law pertaining to the Deferred Retirement Option Plan ("DROP") benefits; clarifying, correcting, and conforming certain technical provisions of the existing DROP benefits law; discontinuing the current DROP benefit structure for all System members not yet eligible for DROP participation and establishing a new DROP 2 benefit structure for System members; providing for certain tests to be conducted to determine the savings to the City of enacting the DROP 2 benefit; giving the City the option to modify or terminate the DROP 2 benefit under certain conditions; clarifying, correcting, and conforming certain provisions; providing for a special effective date; and generally relating to the Fire and Police Employees' Retirement System of the City of Baltimore.

BY repealing and reordaining, with amendments

Article 22 - Retirement Systems  
Section(s) 36B(a)(i) and (ii), (c), (e), (h),  
(i), (j), (k)(2), (l)(1), (m), (n), and (o)  
Baltimore City Code  
(Edition 2000)

BY adding

Article 22 - Retirement Systems  
Section(s) 34(e-1)(4) and (f-1)(4), 36B(a)(viii), and 36C  
Baltimore City Code  
(Edition 2000)

SECTION 1. BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF BALTIMORE, That the Laws of Baltimore City read as follows:

Baltimore City Code

Article 22. Retirement Systems

Subtitle - Fire and Police Employees' Retirement System

§ 34. Benefits.

(e-1) Line-of-duty disability benefits.

(4) APPLICATION AFTER RECEIPT OF DROP OR DROP 2 BENEFITS.

A MEMBER WHO ELECTS TO RECEIVE DROP BENEFITS UNDER § 36B OF THIS SUBTITLE OR DROP 2 BENEFITS UNDER § 36C OF THIS SUBTITLE MAY NOT FILE FOR LINE-OF-DUTY DISABILITY RETIREMENT BENEFITS FOLLOWING THE MEMBER'S RETIREMENT UNLESS THE MEMBER FIRST PAYS BACK TO THE SYSTEM THE MEMBER'S DROP ACCOUNT DISTRIBUTION, DROP ANNUITY PAYMENTS, DROP 2 ACCOUNT DISTRIBUTION, OR DROP 2 ANNUITY PAYMENTS, AS APPLICABLE.

(f-1) 100% line-of-duty disability benefit.

(4) APPLICATION AFTER RECEIPT OF DROP OR DROP 2 BENEFITS.

A MEMBER WHO ELECTS TO RECEIVE DROP BENEFITS UNDER § 36B OF THIS SUBTITLE OR DROP 2 BENEFITS UNDER § 36C OF THIS SUBTITLE MAY NOT FILE FOR 100% LINE-OF-DUTY DISABILITY RETIREMENT BENEFITS FOLLOWING THE MEMBER'S RETIREMENT UNLESS THE MEMBER FIRST PAYS BACK TO THE SYSTEM THE MEMBER'S DROP ACCOUNT DISTRIBUTION, DROP ANNUITY PAYMENTS, DROP 2 ACCOUNT DISTRIBUTION, OR DROP 2 ANNUITY PAYMENTS, AS APPLICABLE.

§ 36B. Deferred Retirement Option Plan.

(a) Eligibility.

(i) Any active employee who becomes a member of this system on or before June 30, 2003, and who has acquired at least 20 years of service AS OF JUNE 30, 2009, is eligible to participate in the DROP PROVIDED BY THIS § 36B by making an election in the manner prescribed in paragraph (iii) of this subsection.

(ii) Any active employee who becomes a member of this system on or after July 1, 2003, and who, in addition to having acquired at least 20 years of service AS OF JUNE 30, 2009, has acquired at least 10 years of service as a contributing member of this system AS OF JUNE 30, 2009, is eligible to participate in the DROP by making an election in the manner prescribed in paragraph (iii) of this subsection.

(VIII) ANY MEMBER WHO DOES NOT MEET THE ELIGIBILITY REQUIREMENTS OF THIS § 36B AS OF JUNE 30, 2009, WILL NOT BE ENTITLED TO THE BENEFITS OF THIS SECTION EFFECTIVE JULY 1, 2009.

(c) Status of DROP participants.

(1) During DROP participation period.

(I) Notwithstanding any other provision of this subtitle to the contrary, a member shall remain a member of the [Retirement] System during the DROP participation period, provided, however, that the member shall not be credited with service during such period, and that, except with regard to the calculation of a member's intermediate DROP retirement benefit under subsection (f)(2), compensation, pay or salary earned during that period shall be disregarded in calculating the member's average final compensation.

(II) A member who becomes a participant in the DROP shall continue to make the contributions that are required under § 36(h) of this subtitle for members earning service credit. These contributions shall be accumulated in a subaccount within the Annuity Savings [Fund] RESERVE, but shall be credited with interest compounded annually in the same manner and at the same interest rate as though the contributions had been accumulated in the member's DROP account as provided under subsection (d). Contributions that are required under § 36(h) of this subtitle of any member entitled to protection of retirement benefits and credits on account of military service under § 32(e) of this subtitle, shall be paid by the system into the member's subaccount on his or her behalf for the duration of his or her absence from employment on account of military service.

(III) The contributions described in the preceding paragraph shall be treated as being "picked up" by the City of Baltimore within the meaning of § 414(h)(2) of the Internal Revenue Code of 1986, as amended. The contributions described in the preceding paragraph shall not be considered "accumulated contributions", as defined in § 30(10) of this subtitle.

(2) After DROP participation period.

(I) Any member who becomes a participant in the DROP may retire or terminate service, and thereby discontinue participation in the DROP, at any time during the DROP participation period or may retire or terminate service at the conclusion of that period.

(II) A member may elect to discontinue participation in the DROP and resume earning service credit in the system only as of the 1st or 2nd anniversary of the effective date of the member's DROP participation period.

(III) The election to discontinue participation shall be made on forms provided for that purpose by the Board of Trustees and shall be filed with the Board no less than 30 days NOR MORE THAN 90 DAYS before the effective date of the discontinuance of participation.

(IV) THE ADDITIONAL ACCRUAL RATE (RECOVERY RATE) PROVIDED BY SUBSECTION (F)(2) OR (G) (2) OF THIS SECTION MAY ONLY BE APPLIED TO THE MEMBER'S COMPLETED YEARS OF DROP PARTICIPATION.

(V) A member who continues employment at the conclusion of a full, 3year DROP participation period shall resume earning service credit in the system.

(VI) A member who becomes ineligible to participate in the DROP pursuant to subsection (a) or who elects to discontinue participation in the DROP pursuant to this subsection [(b)] (C)(2) may not elect to again participate in the DROP.

(3) Upon reemployment after retirement.

Notwithstanding § 31(1) of this subtitle, if a member retires and begins receiving a DROP retirement benefit under subsection (e), (f), or (g), and is then reemployed, all retirement benefit payments to the reemployed member shall be suspended until the member's subsequent retirement. Upon subsequent retirement or death, the member shall be

eligible to receive benefits under subsection [(i)] (L).

(e) Basic DROP retirement benefit.

Notwithstanding § 34(b) of this subtitle, any member who retires during or at the conclusion of a DROP participation period shall receive "a basic DROP retirement benefit" equal to:

- (1) the service retirement allowance the member would have received under § 34(b) had the member retired from service and commenced a service retirement allowance on the effective date of the DROP participation period;
- (2) the balance in the member's DROP account at the time of retirement, payable pursuant to the member's election under subsection (n) of this section; and
- (3) the balance in the member's Annuity Savings [Fund] RESERVE subaccount accumulated under subsection (c) of this section, payable pursuant to the member's election under subsection (n) of this section.

(h) Non-line-of-duty disability benefit.

Notwithstanding § 34(d) of this subtitle, any member who retires on account of non-line-of-duty disability:

- (1) during or at the conclusion of a DROP participation period, shall receive a non-line-of-duty disability benefit equal to the "basic DROP retirement benefit" provided under subsection (e) of this section;
- (2) less than 18 months following the conclusion of a DROP participation period, shall receive [an ordinary] A NON-LINE-OF-DUTY disability benefit equal to the "intermediate DROP retirement benefit" provided under subsection (f) of this section; and
- (3) 18 or more months following the conclusion of a DROP participation period, shall receive [an ordinary] A NON-LINE-OF-DUTY disability benefit equal to the "full DROP retirement benefit" provided under subsection (g) of this section.

(i) Line-of-duty disability benefit.

Any member who retires on account of line-of-duty disability under [§ 34(f)] § 34(E-1) OR (F-1) of this subtitle during or after a DROP participation period shall receive the line-of-duty disability benefits provided under [§ 34(f)] § 34(E-1) OR (F-1) in place of any DROP benefits provided by this § 36B (including any balance in the member's DROP account and Annuity Savings [Fund] RESERVE subaccount), as though the member had never participated in the DROP.

(j) Non-line-of-duty death benefit.

Notwithstanding § 34(h) of this subtitle, the non-line-of-duty death benefit payable on the death of a member who dies during or after a DROP participation period shall equal the non-line-of-duty death benefit provided in § 34(h), plus the balance of the member's DROP account and Annuity Savings [Fund] RESERVE subaccount at the time of death, subject to the following:

- (1) for a member who dies during or at the conclusion of a DROP participation period, § 34(h)(3) shall be applied by assuming that the member had elected to have a service retirement allowance calculated under subsection (e)(1) of this section paid under Option 3 of § 34(k)(1) of this subtitle;

(2) for a member who dies less than 18 months following the conclusion of a DROP participation period, § 34(h)(3) shall be applied by assuming that the member had elected to have a service retirement allowance calculated under subsection (f)(1), (2), and (3) of this section paid under Option 3 of § 34(k)(1) of this subtitle;

(3) for a member who dies 18 or more months following the conclusion of his DROP participation period, § 34(h)(3) shall be applied by assuming that the member had elected to have a service retirement allowance calculated under subsection (g)(1) and (2) of this section paid under Option 3 of § 34(k)(1) of this subtitle;

(4) for a recipient electing to receive non-line-of-duty death benefits under § 34(h)(1) and (2) of this subtitle, the balance of the deceased member's DROP account and Annuity Savings [Fund] RESERVE subaccount shall be payable in one lump sum;

(5) for a recipient electing to receive non-line-of-duty death benefits under § 34(h)(3) of this subtitle, the balance of the deceased member's DROP account and Annuity Savings [Fund] RESERVE subaccount shall be payable pursuant to the election of the recipient under subsection (n) of this section; and

(6) for a recipient electing to receive non-line-of-duty death benefits under § 34(h)(4) of this subtitle, the balance of the deceased member's DROP account and Annuity Savings [Fund] RESERVE subaccount shall be payable pursuant to the election of the recipient under subsection (n) of this section.

(k) Line-of-duty death benefit.

(2) Line-of-duty death benefit.

On the receipt of a written application, proper proof of death, and an award by a hearing examiner of a line-of-duty death benefit as provided for in paragraph (1) of this subsection, the Board of Trustees shall pay either:

(A) the [ordinary] death benefit payable on the death of a member under subsection (j) of this section; or

(B) the line-of-duty death benefit payable under § 34(i) in lieu of any DROP benefits provided by this Section, including any balance in the member's DROP account and Annuity Savings [Fund] RESERVE subaccount, as though the member had never participated in the DROP.

(l) Benefits for reemployed DROP participants.

(1) Notwithstanding § 34(b), (d), (E-2), and [(f)] (F-2) of this subtitle, if a member receives retirement benefits under subsection (e), (f), or (g) of this section, is subsequently reemployed in a position covered by this subtitle, and subsequently retires on account of service or disability, the member shall resume receiving the benefits under subsection (e), (f), or (g) that had been suspended at the time of the member's reemployment, plus 2% of the member's average final compensation for each year of service credit earned by the member during the period of reemployment. For purposes of this paragraph (1), if a member retires less than 18 months after his or her reemployment, "average final compensation" includes compensation earned immediately prior to his or her initial retirement. This retirement benefit shall also apply to a member who is disabled as a result of an injury in the line of duty.

(m) Postretirement increases.

(1) [Notwithstanding § 36A of this subtitle, for] FOR a member who retires during or at the conclusion of a

DROP participation period, the member's DROP participation period shall be counted toward the eligibility requirement for postretirement benefit increases under [§ 36A] § 36A-1 OR § 36A-2 OF THIS SUBTITLE, AS APPLICABLE.

(2) However, if a member resumes earning service credit following the conclusion of a DROP participation period, then the DROP participation period shall not be counted toward the eligibility requirement for postretirement increases.

(3) Postretirement benefit increases for former DROP participants shall be applied prospectively only (i.e., no increase shall be provided to make up for any postretirement benefit increases that the member would have received if the member had retired from service in lieu of electing to participate in the DROP).

(4) If a member elects under subsection (n) to receive the balance of his or her DROP account in the form of periodic payments, those payments shall be eligible for postretirement benefit increases under [§ 36A] § 36A-1 OR § 36A-2 OF THIS SUBTITLE, AS APPLICABLE, upon satisfaction by the member of the eligibility requirements of [§ 36A(a), as modified by this subsection (m)] § 36A-1(A) OR § 36A2(B), AS APPLICABLE.

(n) Form of payment of DROP account balance.

[The total balance of a member's DROP account and Annuity Savings Fund subaccount shall be payable in one lump sum as soon as administratively feasible after the member's retirement or death. However, a member may elect to receive the actuarial equivalent of that balance in the same form of periodic payments in which the member has elected to receive the remainder of his or her retirement benefit; and upon the retired member's death, the DROP account and the Annuity Savings Fund subaccount shall be paid in the same manner as the member's Annuity Savings Fund account.]

(1) The election of the form of payment of the DROP account balance shall be made on forms provided by the Board of Trustees and shall be filed with the Board.

(2) A MEMBER OR A BENEFICIARY, IF ENTITLED TO BENEFITS PAYABLE UNDER SUBSECTION (J) OF THIS SECTION, MAY ELECT TO RECEIVE HIS OR HER DROP ACCOUNT BALANCE AND ANNUITY SAVINGS RESERVE SUBACCOUNT IN EITHER:

(I) A LUMP SUM, WHICH CAN BE:

(A) TRANSFERRED IN TOTAL OR IN PART TO 1 OR MORE FINANCIAL INSTITUTIONS OR PENSION PLANS IN ACCORDANCE WITH § 34(W) OF THIS SUBTITLE, OR

(B) PAID IN TOTAL OR IN PART DIRECTLY TO THE MEMBER OR BENEFICIARY; OR

(II) AN ANNUITY, TO INCREASE THE MEMBER'S RETIREMENT BENEFIT, WHICH IS THE ACTUARIAL EQUIVALENT OF THE DROP ACCOUNT AND THE ANNUITY SAVINGS RESERVE SUBACCOUNT AND WHICH SHALL BE:

(A) PAID IN THE SAME FORM OF PERIODIC PAYMENTS THAT THE MEMBER OR BENEFICIARY ELECTED FOR THE RECEIPT OF THE RETIREMENT OR DEATH BENEFIT; AND

(B) PAID IN THE SAME MANNER AS THE MEMBER'S ANNUITY SAVINGS RESERVE SUBACCOUNT, ON THE DEATH OF THE RETIRED DROP PARTICIPANT.

(3) IF A LUMP SUM PAYMENT IS ELECTED UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION, THAT PAYMENT SHALL BE MADE AS SOON AS ADMINISTRATIVELY FEASIBLE AFTER THE MEMBER'S RETIREMENT, TERMINATION, OR DEATH.

(4) ANY BENEFIT PAYMENT MADE DIRECTLY TO THE MEMBER, THE MEMBER'S BENEFICIARY, OR AN ALTERNATE PAYEE (AS DEFINED IN § 38(D) OF THIS SUBTITLE) SHALL BE SUBJECT TO FEDERAL AND MARYLAND STATE INCOME TAX WITHHOLDING IF APPLICABLE.

(5) IF AN ALTERNATE PAYEE IS ENTITLED TO RECEIVE A PORTION OF THE MEMBER'S DROP ACCOUNT AND ANNUITY SAVINGS RESERVE SUBACCOUNT, THE ALTERNATE PAYEE MUST FILE AN APPLICATION WITH THE SYSTEM FOR HIS OR HER SHARE. DISTRIBUTION OF THE DROP ACCOUNT AND ANNUITY SAVINGS RESERVE SUBACCOUNT SHALL BE MADE IN THE SAME FORM OF PAYMENT AS THAT ELECTED BY THE MEMBER OR BENEFICIARY.

(o) Conflicts in elections for death benefits.

In the event of conflicting death benefit elections under this subtitle, an election for [special] LINE-OF-DUTY death benefits made by an eligible surviving spouse [shall override] OVERRIDES an election for [ordinary] NON-LINE-OF-DUTY death benefits made by a designated beneficiary.

#### § 36C. DEFERRED RETIREMENT OPTION PLAN 2.

(A) SCOPE OF SECTION.

EFFECTIVE JULY 1, 2009, A MEMBER WHO IS MAKING REGULAR MANDATORY CONTRIBUTIONS PURSUANT TO § 36(H) AND WHO IS NOT ELIGIBLE FOR THE DROP BENEFITS OF § 36B MAY ELECT TO BECOME A PARTICIPANT IN THIS DEFERRED RETIREMENT OPTION PLAN 2 ("DROP 2"), SUBJECT TO THE FOLLOWING PROVISIONS.

(B) DEFINITIONS.

(1) IN THIS § 36C, THE FOLLOWING TERMS HAVE THE MEANINGS INDICATED.

(2) "DROP 2" MEANS THE BENEFITS ESTABLISHED UNDER THIS § 36C.

(3) "DROP 2 START DATE" MEANS THE FIRST DAY OF A MEMBER'S DROP PARTICIPATION PERIOD.

(4) "DROP 2 END DATE" MEANS THE LAST DAY OF A MEMBER'S DROP PARTICIPATION PERIOD.

(5) "DROP 2 PARTICIPATION PERIOD" MEANS A MINIMUM PERIOD OF 1 YEAR AND A MAXIMUM PERIOD OF 3 CONSECUTIVE YEARS DURING WHICH THE MEMBER MAKES REGULAR CONTRIBUTIONS AND DURING WHICH DROP 2 CONTRIBUTIONS AND BENEFITS ARE ACCUMULATED ON BEHALF OF THE DROP 2 PARTICIPANT.

(6) "DROP 2 PARTICIPANT" MEANS A MEMBER WHO HAS ELECTED TO BE COVERED BY THE BENEFITS OF THIS § 36C.

(7) "INTEREST" MEANS THE REGULAR INTEREST RATE FOR THE ANNUITY SAVINGS RESERVE

AS DEFINED IN § 30(9) OF THIS SUBTITLE.

(8) "EARLY DROP 2 SERVICE RETIREMENT" MEANS RETIREMENT AFTER A MEMBER COMPLETES AT LEAST 1 YEAR OF DROP 2 PARTICIPATION AND RETIRES DURING OR AT THE CONCLUSION OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

(9) "MID DROP 2 SERVICE RETIREMENT" MEANS RETIREMENT AFTER THE CONCLUSION OF A MEMBER'S DROP 2 PARTICIPATION PERIOD WITH THE FOLLOWING YEARS OF SERVICE ACQUIRED THROUGH EMPLOYMENT COVERED BY THIS SYSTEM IMMEDIATELY FOLLOWING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(A) FOR POLICE MEMBERS, LESS THAN 3½ YEARS OF SERVICE, AND

(B) FOR FIRE MEMBERS, LESS THAN 5 YEARS OF SERVICE.

(10) "COMPLETE DROP 2 SERVICE RETIREMENT" MEANS RETIREMENT AFTER THE CONCLUSION OF A MEMBER'S DROP 2 PARTICIPATION PERIOD WITH THE FOLLOWING YEARS OF SERVICE ACQUIRED THROUGH EMPLOYMENT COVERED BY THIS SYSTEM IMMEDIATELY FOLLOWING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(A) FOR POLICE MEMBERS, 3½ OR MORE YEARS OF SERVICE,

(B) FOR FIRE MEMBERS, 5 OR MORE YEARS OF SERVICE.

(C) ELIGIBILITY AND APPLICATION.

(1) NOTWITHSTANDING § 30(6) OF THIS SUBTITLE, THE SERVICE CREDIT REQUIREMENTS FOR DROP 2 ELIGIBILITY ARE AS FOLLOWS:

(A) A MEMBER OF THIS SYSTEM AS OF JUNE 30, 2009, MUST ACQUIRE 20 OR MORE YEARS OF SERVICE, WHETHER THROUGH EMPLOYMENT COVERED BY THIS SYSTEM OR BY TRANSFER-IN, PURCHASE, OR MILITARY SERVICE PURSUANT TO § 32 OF THIS SUBTITLE.

(B) AN EMPLOYEE WHO BECOMES A MEMBER OF THIS SYSTEM ON OR AFTER JULY 1, 2009, MUST ACQUIRE 20 OR MORE YEARS OF SERVICE THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM. HOWEVER, SERVICE CREDIT FOR PRE-EMPLOYMENT MILITARY SERVICE WILL BE COUNTED FOR THE 20 YEARS OF CONTINUOUS EMPLOYMENT REQUIREMENT AS LONG AS THE MEMBER MEETS THE REQUIREMENTS OF § 32 (F) FOR PRE-EMPLOYMENT MILITARY SERVICE.

(2) AN ELIGIBLE MEMBER MAY ELECT TO PARTICIPATE IN DROP 2 BY:

(A) FILING A WRITTEN APPLICATION ON A FORM APPROVED BY THE BOARD OF TRUSTEES,

(B) FILING THE APPLICATION NOT LESS THAN 30 DAYS NOR MORE THAN 90 DAYS BEFORE THE MEMBER'S DROP 2 START DATE, AND

(C) SELECTING THE MEMBER'S DROP 2 START DATE.



- (3) THE ELECTION TO PARTICIPATE IN DROP 2 AND THE ELECTION TO CLAIM ANY BENEFIT UNDER THIS § 36C MUST BE MADE ON FORMS PROVIDED FOR THAT PURPOSE BY THE BOARD OF TRUSTEES AND FILED WITH THE BOARD.
- (4) A MEMBER'S DROP 2 START DATE MUST ALWAYS BE THE 1ST DAY OF A CALENDAR MONTH.
- (5) ANY MEMBER IN SERVICE WHO TERMINATES EMPLOYMENT, RETIRES, OR DIES BECOMES INELIGIBLE TO ELECT TO PARTICIPATE OR TO CONTINUE PARTICIPATION IN DROP 2.
- (6) ANY MEMBER WHO RETIRES OR TERMINATES EMPLOYMENT BEFORE THE 1ST ANNIVERSARY OF THE MEMBER'S DROP 2 START DATE IS NOT ENTITLED TO ANY BENEFITS UNDER THIS § 36C AND IS ONLY ENTITLED TO BENEFITS UNDER § 34 OF THIS SUBTITLE, CALCULATED AS IF THE MEMBER DID NOT PARTICIPATE IN DROP 2.
- (7) THE BENEFICIARY OF ANY MEMBER WHO DIES BEFORE THE 1ST ANNIVERSARY OF THE MEMBER'S DROP 2 START DATE IS NOT ENTITLED TO BENEFITS UNDER THIS § 36C AND IS ONLY ENTITLED TO BENEFITS UNDER § 34 OF THIS SUBTITLE, CALCULATED AS IF THE MEMBER DID NOT PARTICIPATE IN DROP 2.
- (8) UNLESS STATED WITHIN THIS § 36C, THE APPLICATION REQUIREMENTS OF § 34 OF THIS SUBTITLE APPLY TO THE APPLICABLE SERVICE RETIREMENT, DISABILITY RETIREMENT, AND DEATH BENEFITS PROVIDED BY THIS SECTION.
- (9) NOTWITHSTANDING § 34(E-1)(2)(II) AND § 34(F-1)(2)(II), A MEMBER WHO ELECTS TO RECEIVE DROP 2 BENEFITS UNDER THIS § 36C MAY NOT FILE FOR LINE-OF-DUTY DISABILITY OR 100% LINE-OF-DUTY DISABILITY RETIREMENT BENEFITS FOLLOWING THE MEMBER'S RETIREMENT UNLESS THE MEMBER FIRST PAYS BACK TO THE SYSTEM THE MEMBER'S DROP 2 ACCOUNT DISTRIBUTION OR DROP 2 ANNUITY PAYMENTS.
- (10) A MEMBER WHO PARTICIPATES OR HAS PARTICIPATED IN THE DROP PROVIDED BY § 36B MAY NOT PARTICIPATE IN THE DROP 2 UNDER THIS § 36C.
- (11) A MEMBER WHO BECOMES INELIGIBLE TO PARTICIPATE IN DROP 2 PURSUANT TO THIS SUBSECTION (C) OR A MEMBER WHO WAS ELIGIBLE TO HAVE PARTICIPATED IN EITHER THE DROP PROVIDED BY § 36B OR THIS DROP 2, BUT DID NOT PARTICIPATE AND INSTEAD RETIRED OR TERMINATED EMPLOYMENT, MAY NOT ELECT TO PARTICIPATE IN DROP 2 IF REEMPLOYED IN A POSITION COVERED BY THIS SYSTEM.
- (12) A DROP 2 PARTICIPANT WHO RETIRES WITH A BENEFIT UNDER THIS SECTION IS SUBJECT TO RESTRICTIONS OF THIS ARTICLE CONCERNING CONTEMPORANEOUS MEMBERSHIP IN MORE THAN ONE CITY OF BALTIMORE RETIREMENT SYSTEM.

(D) PARTICIPATION PERIOD, MEMBERSHIP STATUS, AND SERVICE CREDITS.

- (1) A MEMBER'S DROP 2 PARTICIPATION PERIOD SHALL BE A SINGLE TERM OF A MINIMUM OF 1 YEAR AND A MAXIMUM OF 3 CONSECUTIVE YEARS BEGINNING WITH THE MEMBER'S DROP 2 START DATE, AS PROVIDED IN SUBSECTION (C)(4) OF THIS SECTION.
- (2) A MEMBER'S DROP 2 PARTICIPATION PERIOD TERMINATES IF A MEMBER BECOMES INELIGIBLE TO PARTICIPATE OR TO CONTINUE PARTICIPATION IN DROP 2 PURSUANT TO

SUBSECTION (C) OF THIS SECTION.

(3) A MEMBER MUST REMAIN AN ACTIVE MEMBER OF THIS SYSTEM DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

(4) A MEMBER MAY NOT EARN SERVICE CREDIT FOR EMPLOYMENT DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

(5) NOTWITHSTANDING PARAGRAPH (4) OF THIS SUBSECTION, A DROP 2 PARTICIPANT MAY CONTINUE MAKING VOLUNTARY CONTRIBUTIONS FOR THE PURCHASE OF ADDITIONAL SERVICE CREDITS AS PROVIDED BY § 32 OF THIS SUBTITLE AND SUBSECTION (F)(6) OF THIS SECTION.

(6) A MEMBER WHO CONTINUES EMPLOYMENT COVERED BY THIS SYSTEM AT THE CONCLUSION OF HIS OR HER DROP 2 PARTICIPATION PERIOD RESUMES EARNING SERVICE CREDIT IN THIS SYSTEM.

(E) ELECTION TO DISCONTINUE DROP 2 PARTICIPATION.

(1) A MEMBER MAY ELECT TO DISCONTINUE PARTICIPATION IN DROP 2 AND RESUME EARNING SERVICE CREDIT IN THE SYSTEM ONLY AS OF THE 1ST OR 2ND ANNIVERSARY OF THE MEMBER'S DROP 2 START DATE.

(2) THE ELECTION TO DISCONTINUE DROP 2 PARTICIPATION MUST BE MADE ON A FORM PROVIDED FOR THAT PURPOSE BY THE BOARD OF TRUSTEES AND FILED WITH THE BOARD NO LESS THAN 30 DAYS NOR MORE THAN 90 DAYS BEFORE THE MEMBER'S DROP 2 DISCONTINUATION EFFECTIVE DATE.

(3) A MEMBER WHO ELECTS TO DISCONTINUE DROP 2 PARTICIPATION MAY NOT ELECT TO AGAIN PARTICIPATE IN DROP 2.

(F) MEMBER CONTRIBUTIONS BY DROP 2 PARTICIPANTS.

(1) A MEMBER WHO BECOMES A DROP 2 PARTICIPANT MUST CONTINUE TO MAKE THE REGULAR MANDATORY MEMBER CONTRIBUTIONS REQUIRED BY § 36(H) OF THIS SUBTITLE FOR MEMBERS EARNING SERVICE CREDIT.

(2) THE REGULAR MANDATORY MEMBER CONTRIBUTIONS REQUIRED UNDER § 36(H) AND MADE DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(A) SHALL BE ACCUMULATED IN A SUBACCOUNT WITHIN THE ANNUITY SAVINGS RESERVE AND SHALL BE CREDITED TO THE MEMBER'S DROP 2 ACCOUNT, ESTABLISHED UNDER SUBSECTION (G) OF THIS SECTION; AND

(B) ARE NOT CONSIDERED "ACCUMULATED CONTRIBUTIONS", AS DEFINED IN § 30(10) OF THIS SUBTITLE.

(3) THE CONTRIBUTIONS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE TREATED AS BEING "PICKED UP" BY THE CITY OF BALTIMORE WITHIN THE MEANING OF § 414(H) (2) OF THE INTERNAL REVENUE CODE, AS AMENDED.

(4) CONTRIBUTIONS THAT, UNDER § 36(H) OF THIS SUBTITLE, ARE REQUIRED OF ANY MEMBER ENTITLED TO PROTECTION OF RETIREMENT BENEFITS AND CREDITS ON ACCOUNT OF MILITARY SERVICE UNDER § 32(E) OF THIS SUBTITLE, SHALL BE PAID ON BEHALF OF THE MEMBER BY THE SYSTEM INTO THE MEMBER'S DROP 2 ACCOUNT SHOULD THE MEMBER BE ABSENT FROM EMPLOYMENT ON ACCOUNT OF MILITARY SERVICE DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

(5) CONTRIBUTIONS REQUIRED TO BE MADE BY THE MEMBER DURING THE DROP 2 PARTICIPATION PERIOD SHALL BE CREDITED WITH INTEREST, COMPOUNDED ANNUALLY, AS PROVIDED IN SUBSECTION (G) OF THIS SECTION.

(6) DURING A MEMBER'S DROP 2 PARTICIPATION PERIOD, THE MEMBER MAY CONTINUE TO MAKE VOLUNTARY CONTRIBUTIONS FOR THE PURCHASE OR THE TRANSFER-IN OF SERVICE CREDITS UNDER § 32 OF THIS SUBTITLE. VOLUNTARY CONTRIBUTIONS MAY NOT BE CREDITED TO THE MEMBER'S DROP 2 ACCOUNT.

(7) A MEMBER WHO CONTINUES EMPLOYMENT AT THE CONCLUSION OF HER OR HIS DROP 2 PARTICIPATION PERIOD SHALL CONTINUE MAKING REQUIRED MANDATORY MEMBER CONTRIBUTIONS. THESE CONTRIBUTIONS SHALL BE CREDITED TO THE MEMBER'S ANNUITY SAVINGS ACCOUNT AND SHALL BE "ACCUMULATED CONTRIBUTIONS".

(G) DROP 2 ACCOUNT.

(1) A DROP 2 ACCOUNT SHALL BE MAINTAINED FOR EACH MEMBER WHO BECOMES A DROP 2 PARTICIPANT. THE ACCOUNT SHALL COMPRISE:

(A) DROP 2 MEMBER CONTRIBUTIONS, WHICH SHALL BE MAINTAINED IN THE ANNUITY SAVINGS RESERVE, AND

(B) DROP 2 BENEFITS, WHICH SHALL BE MAINTAINED IN THE PENSION ACCUMULATION RESERVE.

(2) THE MEMBER CONTRIBUTIONS CREDITED TO THE DROP 2 ACCOUNT ARE THE CONTRIBUTIONS DESCRIBED IN SUBSECTION (F) OF THIS SECTION AND ARE CREDITED TO THE DROP 2 ACCOUNT, PLUS INTEREST.

(3) (A) THE BENEFITS CREDITED TO THE DROP 2 ACCOUNT ARE AS FOLLOWS:

(I) FOR EACH FULL 12-MONTH PERIOD ENDING JUNE 30 DURING A MEMBER'S DROP 2 PARTICIPATION PERIOD, AN AMOUNT EQUAL TO THE ANNUAL SERVICE RETIREMENT ALLOWANCE THAT THE MEMBER WOULD HAVE RECEIVED UNDER § 34(B)(4) OF THIS SUBTITLE HAD THE MEMBER RETIRED FROM SERVICE AND BEGAN RECEIVING THE MAXIMUM SERVICE RETIREMENT ALLOWANCE UNDER THE PROVISIONS OF THIS SECTION AND THIS SUBTITLE ON THE MEMBER'S DROP 2 START DATE, PLUS INTEREST; PLUS

(II) FOR EACH FULL MONTH OF A MEMBER'S DROP 2 PARTICIPATION PERIOD THAT DOES NOT FALL WITHIN ITEM (I) OF THIS PARAGRAPH (3)(A), AN AMOUNT EQUAL TO ONE-TWELFTH OF THE MEMBER'S ANNUAL BENEFIT CALCULATED IN ACCORDANCE WITH ITEM (I), PLUS INTEREST; PLUS

(III) FOR EACH DAY OF A MONTH NOT FALLING WITHIN ITEM (I) OR (II) OF THIS PARAGRAPH (3)(A), AN AMOUNT EQUAL TO ONE THREE HUNDRED SIXTY-FIFTHS OF THE MEMBER'S ANNUAL BENEFIT CALCULATED IN ACCORDANCE WITH ITEM (I), PLUS INTEREST.

(B) NOTWITHSTANDING PARAGRAPH (3)(A)(I) OF THIS SECTION OR § 32(F) OF THIS SUBTITLE, IF A MEMBER FAILS TO PROPERLY APPLY FOR CREDIT FOR PRE-EMPLOYMENT MILITARY SERVICE AND TO SUPPLY TO THIS SYSTEM THE PROPER AND COMPLETE DOCUMENTATION FOR THE MEMBER'S PRE-EMPLOYMENT MILITARY SERVICE PRIOR TO THE MEMBER'S DROP 2 PARTICIPATION START DATE, THAT CREDIT MAY NOT BE INCLUDED IN THE CALCULATION OF THE MEMBER'S "SERVICE RETIREMENT ALLOWANCE", AS USED IN THIS SUBSECTION (G), TO CALCULATE THE MEMBER'S DROP 2 BENEFITS FOR CREDIT TO THE MEMBER'S DROP 2 ACCOUNT.

(C) NOTWITHSTANDING PARAGRAPH (3)(B) OF THIS SECTION, A MEMBER WHO, SUBSEQUENT TO THE MEMBER'S DROP 2 START DATE, PROPERLY APPLIES FOR CREDIT AND PROVIDES THIS SYSTEM THE PROPER AND COMPLETE DOCUMENTATION FOR PRE-EMPLOYMENT MILITARY SERVICE WILL HAVE CREDIT FOR HIS OR HER PRE-EMPLOYMENT MILITARY SERVICE, AS PROVIDED IN § 32(F) OF THIS SUBTITLE, INCLUDED IN THE CALCULATION OF THE MEMBER'S RETIREMENT PENSION UNDER SUBSECTIONS (H), (I), AND (J) OF THIS SECTION.

(4) SHOULD A MEMBER NOT MAKE A REQUIRED MANDATORY CONTRIBUTION FOR A PAY PERIOD DURING THE MEMBER'S 3-YEAR DROP 2 PARTICIPATION PERIOD, EXCEPT IN THE CASE OF A MEMBER WHO IS ON LEAVE DUE TO MILITARY SERVICE, DROP BENEFITS SHALL NOT BE CREDITED TO THE MEMBER'S DROP 2 ACCOUNT FOR THAT SAME PAY PERIOD.

(5) INTEREST SHALL BE CREDITED AND COMPOUNDED ANNUALLY TO THE MEMBER'S DROP 2 ACCOUNT AT THE DROP 2 INTEREST RATE:

(A) UTILIZING THE SAME METHODOLOGY AS USED TO CREDIT INTEREST ON THE MEMBER'S NON-DROP ANNUITY SAVINGS ACCOUNT, AND

(B) FROM THE START DATE OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD THROUGH THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM.

(H) EARLY DROP 2 SERVICE RETIREMENT BENEFIT.

(1) EMPLOYMENT AND SERVICE REQUIREMENTS.

A DROP 2 PARTICIPANT MAY RETIRE WITH AN EARLY DROP 2 SERVICE RETIREMENT BENEFIT IF, ON THE MEMBER'S LAST DAY OF EMPLOYMENT COVERED BY THIS SYSTEM, THE MEMBER:

(A) COMPLETES A MINIMUM 1-YEAR OF HIS OR HER DROP 2 PARTICIPATION PERIOD;

(B) DOES NOT RESUME EARNING SERVICE CREDIT FOR EMPLOYMENT COVERED BY THIS SYSTEM; AND

(C) RETIRES DURING OR AT THE CONCLUSION OF HIS OR HER DROP 2 PARTICIPATION PERIOD.

(2) APPLICATION.

TO RETIRE WITH AN EARLY DROP 2 RETIREMENT BENEFIT UNDER THIS SUBSECTION (H), A DROP 2

PARTICIPANT MUST:

- (A) APPLY TO THE BOARD OF TRUSTEES ON A FORM APPROVED BY THE BOARD;
- (B) SET FORTH HIS OR HER RETIREMENT DATE; AND
- (C) SUBMIT THE APPLICATION TO THE BOARD NO LESS THAN 30 DAYS NOR MORE THAN 90 DAYS BEFORE THE DATE OF RETIREMENT.

(3) MAXIMUM ALLOWANCE ON EARLY DROP 2 SERVICE RETIREMENT.

THE MAXIMUM EARLY DROP 2 SERVICE RETIREMENT BENEFIT SHALL BE A PERIODICALLY PAID ALLOWANCE, WHICH SHALL CONSIST OF:

(A) AN ANNUITY THAT IS, AS OF THE MEMBER'S RETIREMENT DATE, THE ACTUARIAL EQUIVALENT OF:

(I) THE MEMBER'S ACCUMULATED CONTRIBUTIONS AS OF THE MEMBER'S DROP 2 START DATE, PLUS INTEREST; PLUS

(II) ANY CONTRIBUTIONS MADE ON BEHALF OF A MEMBER WHO SERVED IN THE MILITARY SERVICE DURING EMPLOYMENT AS THOSE CONTRIBUTIONS WOULD BE CREDITED TO THE MEMBER'S ACCUMULATED CONTRIBUTIONS ACCORDING TO § 32 (E) OF THIS SUBTITLE, PLUS INTEREST; AND

(B) A PENSION THAT, TOGETHER WITH THE MEMBER'S ANNUITY, EQUALS:

(I) 2.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE DAY BEFORE THE MEMBER'S DROP 2 START DATE IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF THE FIRST 20 YEARS OF SERVICE; PLUS

(II) 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE DAY BEFORE THE MEMBER'S DROP 2 START DATE IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF SERVICE OVER 20 YEARS, PRORATED FOR PARTIAL YEARS, UP TO BUT NOT INCLUDING THE MEMBER'S DROP 2 START DATE.

(4) DROP 2 ACCOUNT PAYOUT.

IN ADDITION TO RECEIVING A PERIODICALLY PAID EARLY DROP 2 SERVICE RETIREMENT BENEFIT, A DROP 2 PARTICIPANT RETIRING UNDER THIS SUBSECTION (H) SHALL RECEIVE THE BALANCE IN HIS OR HER DROP 2 ACCOUNT PAYABLE PURSUANT TO THE MEMBER'S ELECTION UNDER SUBSECTION (O) OF THIS SECTION.

(5) OPTIONAL SURVIVORSHIP ELECTIONS.

THE BENEFITS PAYABLE UNDER THIS SUBSECTION (H) ARE SUBJECT TO THE MEMBER'S ELECTION OF OPTIONAL FORMS OF PAYMENT UNDER § 34(K) OF THIS SUBTITLE.

(6) RETURN OF VOLUNTARY CONTRIBUTIONS FOR EARLY DROP 2 RETIREMENTS.

IF A MEMBER RECEIVES AN EARLY DROP 2 RETIREMENT BENEFIT, VOLUNTARY CONTRIBUTIONS FOR THE PURCHASE OR TRANSFER-IN OF SERVICE CREDITS MADE DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(A) MAY NOT BE USED TO CALCULATE ADDITIONAL SERVICE CREDITS INCLUDED IN THE EARLY DROP 2 SERVICE RETIREMENT ALLOWANCE, AND

(B) SHALL BE REFUNDED WITH INTEREST TO THE MEMBER.

(I) MID DROP 2 SERVICE RETIREMENT BENEFIT.

(1) EMPLOYMENT AND SERVICE REQUIREMENTS.

A DROP 2 PARTICIPANT MAY RETIRE WITH A MID DROP 2 SERVICE RETIREMENT BENEFIT IF, ON THE MEMBER'S LAST DAY OF EMPLOYMENT COVERED BY THIS SYSTEM, THE MEMBER:

(A) COMPLETES A MINIMUM 1-YEAR OF HER OR HIS DROP 2 PARTICIPATION PERIOD;

(B) RESUMES EARNING SERVICE CREDIT FOR EMPLOYMENT COVERED BY THIS SYSTEM IMMEDIATELY FOLLOWING COMPLETION OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD; AND

(C) RETIRES WITH LESS THAN THE FOLLOWING REQUIRED YEARS OF SERVICE CREDIT ACQUIRED THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(I) FOR A POLICE DEPARTMENT MEMBER, 3½ YEARS; AND

(II) FOR A FIRE DEPARTMENT MEMBER, 5 YEARS.

(2) APPLICATION.

TO RETIRE WITH A MID DROP 2 RETIREMENT BENEFIT UNDER THIS SUBSECTION (I), A DROP 2 PARTICIPANT MUST:

(A) APPLY TO THE BOARD OF TRUSTEES ON A FORM APPROVED BY THE BOARD;

(B) SET FORTH HIS OR HER RETIREMENT DATE; AND

(C) SUBMIT THE APPLICATION TO THE BOARD NO LESS THAN 30 DAYS NOR MORE THAN 90 DAYS BEFORE THE DATE OF RETIREMENT.

(3) MAXIMUM ANNUAL ALLOWANCE ON MID DROP 2 SERVICE RETIREMENT.

THE MAXIMUM ANNUAL MID DROP 2 SERVICE RETIREMENT BENEFIT SHALL BE A PERIODICALLY PAID ALLOWANCE, WHICH SHALL CONSIST OF:

(A) AN ANNUITY THAT IS, AS OF THE MEMBER'S RETIREMENT DATE, THE ACTUARIAL EQUIVALENT OF:

(I) THE MEMBER'S ACCUMULATED CONTRIBUTIONS AS OF THE MEMBER'S DROP 2 START DATE, PLUS INTEREST; PLUS

(II) THE MANDATORY MEMBER CONTRIBUTIONS MADE AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD, PLUS INTEREST; PLUS

(III) ANY VOLUNTARY CONTRIBUTIONS MADE TO PURCHASE ADDITIONAL SERVICE CREDITS UNDER § 32 OF THIS SUBTITLE BEFORE, DURING, OR AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD, PLUS INTEREST; PLUS

(IV) ANY CONTRIBUTIONS MADE ON BEHALF OF A MEMBER WHO SERVED IN THE MILITARY SERVICE DURING EMPLOYMENT, AS THOSE CONTRIBUTIONS WOULD BE CREDITED TO THE MEMBER'S ACCUMULATED CONTRIBUTIONS ACCORDING TO §32 (E) OF THIS SUBTITLE, PLUS INTEREST; AND

(B) A PENSION THAT, TOGETHER WITH THE MEMBER'S ANNUITY, EQUALS:

(I) 2.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE DAY BEFORE THE MEMBER'S DROP 2 START DATE IN ACCORDANCE WITH §30(11) OF THIS SUBTITLE, FOR EACH YEAR OF THE FIRST 20 YEARS OF SERVICE; PLUS

(II) 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE DAY BEFORE THE MEMBER'S DROP 2 START DATE IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF SERVICE OVER 20 YEARS, PRORATED FOR PARTIAL YEARS, UP TO BUT NOT INCLUDING THE MEMBER'S DROP 2 START DATE; PLUS

(III) 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE DAY BEFORE THE MEMBER'S DROP 2 START DATE IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF SERVICE, PRORATED FOR PARTIAL YEARS, NOT ALREADY INCLUDED IN THE CALCULATION OF THE MEMBER'S RETIREMENT ALLOWANCE UNDER ITEMS (I) AND (II) OF THIS PARAGRAPH (3)(B), FOR SERVICE PURCHASED OR GRANTED UNDER § 32 DURING OR AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD; PLUS

(IV) 1. FOR A POLICE DEPARTMENT MEMBER, 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM CITY EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH FULL YEAR OF SERVICE CREDIT, PRORATED FOR PARTIAL YEARS, UP TO 3½ YEARS, EARNED BY THE MEMBER THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE END OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD; OR

2. A. FOR A FIRE DEPARTMENT MEMBER:

(1) 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM CITY EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH FULL YEAR OF SERVICE CREDIT, PRORATED FOR PARTIAL YEARS, UP TO 5 YEARS, EARNED BY THE MEMBER THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE

END OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD; PLUS

(2) A RECOVERY RATE, SUBJECT TO THE LIMITATIONS OF SUBPARAGRAPH B, OF 6.0% (1.5% FOR EACH OF 4 YEARS) OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH OF THE 4 YEARS OF SERVICE CREDIT EARNED BY THE MEMBER THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE END OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

B. THE TOTAL OF THE RECOVERY RATE WILL BE LIMITED TO:

(1) 2.0%, IF THE MEMBER ELECTED TO DISCONTINUE PARTICIPATION IN DROP 2 AFTER 1 YEAR OF DROP 2 PARTICIPATION IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION; OR

(2) 4.0%, IF THE MEMBER ELECTED TO DISCONTINUE PARTICIPATION IN DROP 2 AFTER 2 YEARS OF DROP 2 PARTICIPATION IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.

(4) DROP 2 ACCOUNT PAYOUT.

IN ADDITION TO RECEIVING A PERIODICALLY PAID MID DROP 2 SERVICE RETIREMENT BENEFIT, A DROP 2 PARTICIPANT RETIRING UNDER THIS SUBSECTION (I) SHALL RECEIVE THE BALANCE IN HIS OR HER DROP 2 ACCOUNT PAYABLE PURSUANT TO THE MEMBER'S ELECTION UNDER SUBSECTION (O) OF THIS SECTION.

(5) OPTIONAL SURVIVORSHIP ELECTIONS.

THE BENEFITS PAYABLE UNDER THIS SUBSECTION (I) ARE SUBJECT TO THE MEMBER'S ELECTION OF OPTIONAL FORMS OF PAYMENT UNDER § 34(K) OF THIS SUBTITLE.

(J) COMPLETE DROP 2 SERVICE RETIREMENT BENEFIT.

(1) EMPLOYMENT AND SERVICE REQUIREMENTS.

A DROP 2 PARTICIPANT MAY RETIRE WITH A COMPLETE DROP 2 SERVICE RETIREMENT BENEFIT IF, ON THE MEMBER'S LAST DAY OF EMPLOYMENT COVERED BY THIS SYSTEM, THE MEMBER:

(A) COMPLETES A MINIMUM 1-YEAR OF HER OR HIS DROP 2 PARTICIPATION PERIOD;

(B) RESUMES EARNING SERVICE CREDIT FOR EMPLOYMENT COVERED BY THIS SYSTEM IMMEDIATELY FOLLOWING COMPLETION OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD; AND

(C) RETIRES WITH THE FOLLOWING REQUIRED YEARS OF SERVICE CREDIT ACQUIRED THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE MEMBER'S DROP 2 PARTICIPATION PERIOD:

(I) FOR A POLICE DEPARTMENT MEMBER, 3½ OR MORE YEARS; AND

(II) FOR A FIRE DEPARTMENT MEMBER, 5 OR MORE YEARS.



(2) APPLICATION.

TO RETIRE WITH A COMPLETE DROP 2 RETIREMENT BENEFIT UNDER THIS SUBSECTION (J), A DROP 2 PARTICIPANT MUST:

(A) APPLY TO THE BOARD OF TRUSTEES ON A FORM APPROVED BY THE BOARD;

(B) SET FORTH HIS OR HER RETIREMENT DATE; AND

(C) SUBMIT THE APPLICATION TO THE BOARD NO LESS THAN 30 DAYS NOR MORE THAN 90 DAYS BEFORE THE DATE OF RETIREMENT.

(3) MAXIMUM ANNUAL ALLOWANCE ON COMPLETE DROP 2 SERVICE RETIREMENT.

THE MAXIMUM ANNUAL COMPLETE DROP 2 SERVICE RETIREMENT BENEFIT SHALL BE A PERIODICALLY PAID ALLOWANCE, WHICH SHALL CONSIST OF:

(A) AN ANNUITY THAT IS, AS OF THE MEMBER'S RETIREMENT DATE, THE ACTUARIAL EQUIVALENT OF:

(I) THE MEMBER'S ACCUMULATED CONTRIBUTIONS AS OF THE MEMBER'S DROP 2 START DATE, PLUS INTEREST; PLUS

(II) THE MANDATORY MEMBER CONTRIBUTIONS MADE AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD, PLUS INTEREST; PLUS

(III) ANY VOLUNTARY CONTRIBUTIONS MADE TO PURCHASE ADDITIONAL SERVICE CREDITS UNDER § 32 OF THIS SUBTITLE BEFORE, DURING, OR AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD, PLUS INTEREST; PLUS

(IV) ANY CONTRIBUTIONS MADE ON BEHALF OF A MEMBER WHO SERVED IN THE MILITARY SERVICE DURING EMPLOYMENT, AS THOSE CONTRIBUTIONS WOULD BE CREDITED TO THE MEMBER'S ACCUMULATED CONTRIBUTIONS ACCORDING TO § 32 (E) OF THIS SUBTITLE, PLUS INTEREST; AND

(B) A PENSION THAT, TOGETHER WITH THE MEMBER'S ANNUITY, EQUALS:

(I) 2.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF THE FIRST 20 YEARS OF SERVICE; PLUS

(II) 1. FOR A POLICE DEPARTMENT MEMBER, 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF SERVICE OVER 20 YEARS, PRORATED FOR PARTIAL YEARS, BUT EXCLUDING FROM THIS CALCULATION THE MEMBER'S EMPLOYMENT COVERED BY THIS SYSTEM DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD; OR

2. A. FOR A FIRE DEPARTMENT MEMBER:

(1) 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH YEAR OF SERVICE OVER 20 YEARS, PRORATED FOR PARTIAL YEARS, BUT EXCLUDING FROM THIS CALCULATION THE MEMBER'S EMPLOYMENT COVERED BY THIS SYSTEM DURING THE MEMBER'S DROP 2 PARTICIPATION PERIOD; PLUS

(2) A RECOVERY RATE, SUBJECT TO THE LIMITATIONS OF SUBPARAGRAPH B, OF 6.0% (1.5% FOR EACH OF 4 YEARS) OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH OF THE 4 YEARS OF SERVICE CREDIT EARNED BY THE MEMBER THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE END OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD.

B. THE TOTAL OF THE RECOVERY RATE WILL BE LIMITED TO:

(1) 2.0%, IF THE MEMBER ELECTED TO DISCONTINUE PARTICIPATION IN DROP 2 AFTER 1 YEAR OF DROP 2 PARTICIPATION IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION; OR

(2) 4.0%, IF THE MEMBER ELECTED TO DISCONTINUE PARTICIPATION IN DROP 2 AFTER 2 YEARS OF DROP 2 PARTICIPATION IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.

(4) DROP 2 ACCOUNT PAYOUT.

IN ADDITION TO RECEIVING A PERIODICALLY PAID COMPLETE DROP 2 SERVICE RETIREMENT BENEFIT, A DROP 2 PARTICIPANT RETIRING UNDER THIS SUBSECTION (J) SHALL RECEIVE THE BALANCE IN HIS OR HER DROP 2 ACCOUNT PAYABLE PURSUANT TO THE MEMBER'S ELECTION UNDER SUBSECTION (O) OF THIS SECTION.

(5) OPTIONAL SURVIVORSHIP ELECTIONS.

THE BENEFITS PAYABLE UNDER THIS SUBSECTION (J) ARE SUBJECT TO THE MEMBER'S ELECTION OF OPTIONAL FORMS OF PAYMENT UNDER § 34(K) OF THIS SUBTITLE.

(K) DROP 2 NON-LINE-OF-DUTY DISABILITY BENEFIT.

NOTWITHSTANDING § 34(D) OF THIS SUBTITLE, ANY MEMBER WHO RETIRES ON A NON-LINE-OF-DUTY DISABILITY AFTER BECOMING A DROP 2 PARTICIPANT AND WHO MEETS THE QUALIFICATIONS OF SUBSECTION (H), (I), OR (J), SHALL RECEIVE A DROP 2 RETIREMENT BENEFIT PURSUANT TO THAT SUBSECTION.

(L) DROP 2 NON-LINE-OF-DUTY DEATH BENEFITS.

(1) THE NON-LINE-OF-DUTY DEATH BENEFIT PAYABLE ON THE DEATH OF A MEMBER WHO DIES EITHER DURING OR AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD SHALL BE

DETERMINED BY THE BENEFICIARY ELIGIBILITY AND BENEFIT PROVISIONS OF § 34(H) OF THIS SUBTITLE AND SHALL BE SUBJECT TO THE FOLLOWING.

(2) A BENEFICIARY WHO ELECTS TO RECEIVE LUMP-SUM NON-LINE-OF-DUTY DEATH BENEFITS UNDER § 34(H)(2) OF THIS SUBTITLE SHALL RECEIVE THE DECEASED MEMBER'S DROP 2 ACCOUNT ONLY IF:

(A) THE MEMBER PARTICIPATED IN DROP 2 FOR A MINIMUM OF 1 YEAR; AND

(B) THE BENEFICIARY ELECTS TO RECEIVE THE DROP 2 ACCOUNT IN A LUMP SUM.

(3) A BENEFICIARY WHO ELECTS TO RECEIVE 100% SURVIVORSHIP NON-LINE-OF-DUTY DEATH BENEFITS UNDER § 34(H)(3) OF THIS SUBTITLE SHALL RECEIVE DROP 2 BENEFITS AS FOLLOWS:

(A) IF THE DROP 2 PARTICIPANT DIES WITHIN THE 1ST YEAR OF DROP 2 PARTICIPATION, THE BENEFICIARY IS ONLY ENTITLED TO BENEFITS UNDER § 34(H)(3) AND IS NOT ENTITLED TO ANY BENEFITS ACCUMULATED IN THE MEMBER'S DROP 2 ACCOUNT.

(B) IF THE DROP 2 PARTICIPANT DIES AFTER THE FIRST YEAR OF DROP 2 PARTICIPATION, THE DEATH BENEFIT PAYABLE SHALL:

(I) BE DETERMINED AS IF THE MEMBER HAD RETIRED ON THE DATE OF DEATH AND HAD ELECTED TO RECEIVE BENEFITS UNDER SUBSECTION (H), (I), OR (J), AS APPLICABLE;

(II) BE PAID UNDER THE 100% SURVIVORSHIP OPTION OF § 34(K) OF THIS SUBTITLE; AND

(III) INCLUDE THE BALANCE OF THE DECEASED MEMBER'S DROP 2 ACCOUNT AS OF THE DATE OF THE MEMBER'S DEATH, AND BE PAYABLE PURSUANT TO THE ELECTION OF THE BENEFICIARY UNDER SUBSECTION (O) OF THIS SECTION.

(4) A BENEFICIARY WHO ELECTS TO RECEIVE THE 25% PLUS NON-LINE-OF-DUTY DEATH BENEFITS UNDER § 34(H)(4) OF THIS SUBTITLE SHALL RECEIVE DROP 2 BENEFITS AS FOLLOWS:

(A) IF THE MEMBER DIES WITHIN THE 1ST YEAR OF THE DROP 2 PARTICIPATION PERIOD, THE BENEFICIARY IS ONLY ENTITLED TO BENEFITS UNDER § 34(H)(4) AND IS NOT ENTITLED TO ANY BENEFITS ACCUMULATED IN THE MEMBER'S DROP 2 ACCOUNT.

(B) IF THE DROP 2 PARTICIPANT DIES AFTER THE 1ST YEAR OF THE DROP 2 PARTICIPATION PERIOD, BUT DURING THE 2ND OR 3RD YEAR OF THE DROP 2 PARTICIPATION PERIOD, THE DEATH BENEFIT PAYABLE SHALL:

(I) BE DETERMINED USING THE MEMBER'S EARNABLE COMPENSATION ON THE DAY BEFORE THE MEMBER'S DROP 2 START DATE;

(II) BE PAID UNDER THE 25% PLUS NON-LINE-OF-DUTY DEATH BENEFITS UNDER § 34(H)(4) OF THIS SUBTITLE; AND

(III) INCLUDE THE BALANCE OF THE DECEASED MEMBER'S DROP 2 ACCOUNT AS OF THE DATE OF THE MEMBER'S DEATH, AND BE PAYABLE PURSUANT TO THE ELECTION OF THE BENEFICIARY UNDER SUBSECTION (O) OF THIS SECTION.

(C) IF THE MEMBER DIES AFTER THE MEMBER'S DROP 2 PARTICIPATION PERIOD, THE DEATH BENEFIT PAYABLE SHALL:

(I) BE DETERMINED USING THE MEMBER'S EARNABLE COMPENSATION ON THE DATE OF THE MEMBER'S DEATH, AND

(II) INCLUDE THE BALANCE OF THE DECEASED MEMBER'S DROP 2 ACCOUNT AS OF THE DATE OF THE MEMBER'S DEATH, AND BE PAYABLE PURSUANT TO THE ELECTION OF THE BENEFICIARY UNDER SUBSECTION (O) OF THIS SECTION.

(M) DROP 2 BENEFITS EXCLUDED BY LINE-OF-DUTY DISABILITY BENEFITS AND LINE-OF-DUTY DEATH BENEFITS.

(1) A MEMBER WHO IS OTHERWISE ELIGIBLE FOR BENEFITS UNDER THIS § 36C AND WHO APPLIES FOR AND RETIRES ON A LINE-OF-DUTY DISABILITY RETIREMENT BENEFIT UNDER § 34(E-1) OR (F-1) OF THIS SUBTITLE IS NOT ENTITLED TO RECEIVE ANY BENEFITS UNDER THIS § 36C.

(2) A MEMBER WHO IS OTHERWISE ELIGIBLE FOR BENEFITS UNDER THIS § 36C AND WHO APPLIES FOR AND RETIRES ON A SERVICE RETIREMENT OR NON-LINE-OF-DUTY DISABILITY RETIREMENT MAY NOT APPLY FOR LINE-OF-DUTY DISABILITY RETIREMENT BENEFITS UNDER § 34 (E-1) OR (F1) OF THIS SUBTITLE AFTER THE MEMBER'S LAST DAY IN EMPLOYMENT COVERED BY THIS SYSTEM, UNLESS THE RETIRED MEMBER FIRST PAYS BACK TO THE SYSTEM THE MEMBER'S DROP 2 ACCOUNT DISTRIBUTION OR DROP 2 ANNUITY PAYMENTS.

(3) BENEFICIARIES APPLYING FOR AND RECEIVING LINE-OF-DUTY DEATH BENEFITS UNDER § 34(I) OF THIS SUBTITLE ARE NOT ENTITLED TO DROP 2 BENEFITS UNDER THIS § 36C.

(N) CONFLICTS IN ELECTIONS FOR DEATH BENEFITS.

IN THE EVENT OF CONFLICTING DEATH BENEFIT ELECTIONS UNDER § 34 OF THIS SUBTITLE, AN ELECTION FOR LINE-OF-DUTY DEATH BENEFITS MADE BY AN ELIGIBLE SPOUSE UNDER §34(I) OVERRIDES AN ELECTION FOR NON-LINE-OF-DUTY DEATH BENEFITS MADE BY A DESIGNATED BENEFICIARY.

(O) FORM OF PAYMENT OF DROP 2 ACCOUNT BALANCE.

(1) THE ELECTION OF THE FORM OF PAYMENT OF THE MEMBER'S DROP 2 ACCOUNT BALANCE SHALL BE MADE ON FORMS PROVIDED BY THE BOARD OF TRUSTEES AND SHALL BE FILED WITH THE BOARD.

(2) A MEMBER OR A BENEFICIARY, IF ENTITLED TO BENEFITS PAYABLE UNDER § 36C(L), MAY ELECT TO RECEIVE HIS OR HER DROP 2 ACCOUNT BALANCE IN EITHER:

(A) A LUMP SUM, WHICH CAN BE:

(I) TRANSFERRED IN TOTAL OR IN PART TO 1 OR MORE FINANCIAL INSTITUTIONS OR PENSION PLANS IN ACCORDANCE WITH § 34(W) OF THIS SUBTITLE; OR

(II) PAID IN TOTAL OR IN PART DIRECTLY TO THE MEMBER OR BENEFICIARY; OR

(B) AN ANNUITY, TO INCREASE THE MEMBER'S RETIREMENT BENEFIT, WHICH IS THE ACTUARIAL EQUIVALENT OF THE DROP 2 ACCOUNT AND WHICH SHALL BE:

(I) PAID IN THE SAME FORM OF PERIODIC PAYMENTS THAT THE MEMBER OR BENEFICIARY ELECTED FOR THE RECEIPT OF THE RETIREMENT OR DEATH BENEFIT; AND

(II) PAID IN THE SAME MANNER AS THE MEMBER'S ANNUITY SAVINGS RESERVE ACCOUNT, ON THE DEATH OF THE RETIRED DROP 2 PARTICIPANT.

(3) IF A LUMP-SUM PAYMENT IS ELECTED UNDER PARAGRAPH (2)(A) OF THIS SUBSECTION, THAT PAYMENT SHALL BE MADE AS SOON AS ADMINISTRATIVELY FEASIBLE AFTER THE MEMBER'S RETIREMENT, TERMINATION, OR DEATH.

(4) ANY BENEFIT PAYMENT MADE DIRECTLY TO THE MEMBER, THE MEMBER'S BENEFICIARY, OR AN ALTERNATE PAYEE (AS DEFINED IN § 38(D) OF THIS SUBTITLE) SHALL BE SUBJECT TO FEDERAL AND MARYLAND STATE INCOME TAX WITHHOLDING IF APPLICABLE.

(5) IF AN ALTERNATE PAYEE IS ENTITLED TO RECEIVE A PORTION OF THE MEMBER'S DROP 2 ACCOUNT, THE ALTERNATE PAYEE MUST FILE AN APPLICATION WITH THE SYSTEM FOR HER OR HIS SHARE. DISTRIBUTION OF THE DROP 2 ACCOUNT SHALL BE MADE IN THE SAME FORM OF PAYMENT AS THAT ELECTED BY THE MEMBER OR BENEFICIARY.

(P) DROP 2 BENEFIT RECIPIENTS AND POST-RETIREMENT INCREASE ELIGIBILITY.

ELIGIBILITY FOR POST-RETIREMENT INCREASES PAYABLE UNDER § 36A-1 OR § 36A-2 OF THIS SUBTITLE SHALL BE DETERMINED PURSUANT TO § 36A-1(A)(1)(I) OR § 36A-2(B), AS APPLICABLE.

(Q) RETIREMENT BENEFITS FOR REEMPLOYED DROP 2 RETIREE.

(1) NOTWITHSTANDING § 31(1) OF THIS SUBTITLE, IF A MEMBER RETIRES AND RECEIVES A DROP 2 ACCOUNT DISTRIBUTION OR DROP 2 ANNUITY PAYMENTS UNDER THIS § 36C AND IS SUBSEQUENTLY REEMPLOYED BY THE CITY OF BALTIMORE IN A POSITION COVERED BY THIS SYSTEM, THE MEMBER:

(A) SHALL HAVE HIS OR HER RETIREMENT BENEFIT PAYMENTS SUSPENDED AS OF THE DATE OF THE MEMBER'S REEMPLOYMENT; AND

(B) SHALL AGAIN BEGIN TO EARN CURRENT SERVICE CREDIT IN THIS SYSTEM.

(2) ON THE MEMBER'S SUBSEQUENT RETIREMENT, THE MEMBER SHALL RESUME RECEIVING:

(A) THE RETIREMENT BENEFITS THAT HAD BEEN SUSPENDED AT THE TIME OF THE MEMBER'S REEMPLOYMENT; AND

(B) 2% OF THE MEMBER'S CURRENT AVERAGE FINAL COMPENSATION AS OF THE MEMBER'S SUBSEQUENT RETIREMENT DATE FOR EACH YEAR OF SERVICE CREDIT EARNED BY THE MEMBER

DURING THE PERIOD OF REEMPLOYMENT, PRORATED FOR PARTIAL YEARS.

(3) FOR PURPOSES OF THIS SUBSECTION (Q), IF A MEMBER RETIRES LESS THAN 18 MONTHS AFTER REEMPLOYMENT, "AVERAGE FINAL COMPENSATION" SHALL INCLUDE COMPENSATION EARNED IMMEDIATELY BEFORE THE MEMBER'S INITIAL RETIREMENT DATE AND SHALL BE CALCULATED IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE.

(4) IF A RETIRED MEMBER RECEIVING BENEFITS UNDER THIS § 36C IS SUBSEQUENTLY REEMPLOYED IN A POSITION COVERED BY THIS SYSTEM AND DIES DURING EMPLOYMENT AS THE RESULT OF A LINE-OF-DUTY INJURY, AND IF THE MEMBER'S BENEFICIARY IS AWARDED A LINE-OF-DUTY DEATH BENEFIT BY THE HEARING EXAMINER, THE BENEFICIARY SHALL BE PAID THE LINE-OF-DUTY DEATH BENEFIT DETERMINED AS OF THE MEMBER'S DATE OF DEATH AND PAYABLE IN ACCORDANCE WITH § 34(I) OF THIS SUBTITLE.

(5) IF A RETIRED MEMBER RECEIVING BENEFITS UNDER THIS § 36C IS SUBSEQUENTLY REEMPLOYED IN A POSITION COVERED BY THIS SYSTEM AND DIES DURING EMPLOYMENT AS THE RESULT OF A NON-LINE-OF-DUTY ILLNESS OR INJURY, AND IF THE MEMBER'S BENEFICIARY APPLIES FOR BENEFITS UNDER § 34(H) OF THIS SUBTITLE AS A RESULT OF THE MEMBER'S DEATH, THE BENEFICIARY SHALL BE PAID THE NON-LINE-OF-DUTY DEATH BENEFIT DETERMINED AS OF THE MEMBER'S DATE OF DEATH AND PAYABLE IN ACCORDANCE WITH § 34(H), SUBJECT TO THE FOLLOWING QUALIFICATIONS:

(A) FOR LUMP-SUM BENEFITS PAYABLE UNDER § 34(H)(2):

(I) THE PAYMENT OF THE MEMBER'S ACCUMULATED CONTRIBUTIONS SHALL INCLUDE THE MEMBER'S ACCUMULATED CONTRIBUTIONS AS OF THE PREVIOUS RETIREMENT DATE, LESS ANY ANNUITY PAYMENTS MADE DURING THE MEMBER'S PERIOD OF RETIREMENT, PLUS THE MEMBER CONTRIBUTIONS MADE DURING THE MEMBER'S PERIOD OF REEMPLOYMENT, WITH INTEREST CREDITED TO THE MEMBER'S DATE OF DEATH; AND

(II) THE MEMBER'S CURRENT COMPENSATION SHALL BE DETERMINED AS OF THE DATE OF THE MEMBER'S DEATH.

(B) FOR THE 100% SURVIVORSHIP BENEFIT PAYABLE UNDER § 34(H)(3), THE OPTIONAL BENEFIT SHALL BE DETERMINED ACCORDING TO PARAGRAPH (2) OF THIS SUBSECTION (Q) AS IF THE MEMBER HAD RETIRED ON THE DATE OF DEATH.

(C) A RECOVERY RATE, SUBJECT TO THE LIMITATIONS OF SUBPARAGRAPH B, OF 6.0% (1.5% FOR EACH OF 4 YEARS) OF THE MEMBER'S AVERAGE FINAL COMPENSATION, CALCULATED AS OF THE MEMBER'S DATE OF TERMINATION FROM EMPLOYMENT COVERED BY THIS SYSTEM IN ACCORDANCE WITH § 30(11) OF THIS SUBTITLE, FOR EACH OF THE 4 YEARS OF SERVICE CREDIT EARNED BY THE MEMBER THROUGH CONTINUOUS EMPLOYMENT AS A CONTRIBUTING MEMBER OF THIS SYSTEM IMMEDIATELY FOLLOWING THE END OF THE MEMBER'S DROP 2 PARTICIPATION PERIOD. FOR THE 25% PLUS DEATH BENEFIT PAYABLE UNDER § 34(H)(4), THE MEMBER'S COMPENSATION ON THE DATE OF DEATH SHALL BE USED TO DETERMINE THE BENEFIT.

(6) IF A RETIRED MEMBER RECEIVING BENEFITS UNDER THIS § 36C IS SUBSEQUENTLY REEMPLOYED IN A POSITION COVERED BY THIS SYSTEM AND IS AWARDED A LINE-OF-DUTY DISABILITY RETIREMENT BY THE HEARING EXAMINER, THE LINE-OF-DUTY DISABILITY

RETIREMENT BENEFIT PAYABLE SHALL BE DETERMINED ACCORDING TO PARAGRAPH (2) OF THIS SUBSECTION AS OF THE MEMBER'S DATE OF RETIREMENT. THIS LINE-OF-DUTY DISABILITY BENEFIT CALCULATION SHALL BE TREATED THE SAME FOR TAX PURPOSES AS THE BENEFIT CALCULATED AND PAID ACCORDING TO § 34(E)(2) OR (F)(2).

(7) FOR PURPOSES OF THIS SUBSECTION (Q), ANY POST-RETIREMENT BENEFIT INCREASE THAT THE MEMBER WOULD HAVE RECEIVED HAD THE MEMBER NOT RETURNED TO EMPLOYMENT COVERED BY THIS SYSTEM MAY NOT BE ADDED TO THIS RETIREMENT BENEFIT WHEN THE MEMBER SUBSEQUENTLY RETIRES.

(8) ON THE SUBSEQUENT RETIREMENT OF A MEMBER WHO HAS RETURNED TO EMPLOYMENT UNDER THIS SUBSECTION (Q), THE RETIRING MEMBER OR BENEFICIARY WILL AGAIN HAVE TO MEET THE POST-RETIREMENT ELIGIBILITY REQUIREMENTS OF § 36A-1 OR § 36A-2 OF THIS SUBTITLE, AS APPLICABLE.

(R) DROP 2 EXPERIENCE REPORTS AND SAVINGS TESTS.

(1) (A) BEGINNING WITH THE FISCAL YEAR ENDED JUNE 30, 2010, AND CONTINUING UNTIL THE FISCAL YEAR ENDED JUNE 30, 2021, THE ENROLLED ACTUARY RETAINED BY THE SYSTEM SHALL SUBMIT TO THE BOARD OF TRUSTEES, AS PART OF THE ANNUAL ACTUARIAL VALUATION REPORT, A DROP 2 EXPERIENCE REPORT.

(B) THE DROP 2 EXPERIENCE REPORT SHALL INCLUDE:

(I) THE DROP 2 PARTICIPATION RATES;

(II) A COMPARISON OF ACTUAL TO EXPECTED TIMING OF RETIREMENT; AND

(III) THE ACTUARY'S ASSESSMENT OF THE IMPLICATIONS OF THE DROP 2 EXPERIENCE FOR THE CITY OF BALTIMORE'S EXPECTATIONS OF CONTRIBUTION REDUCTIONS, AS DEFINED IN PARAGRAPH (2)(F) OF THIS SUBSECTION (R), DUE TO THE IMPLEMENTATION OF THE DROP 2 EFFECTIVE JULY 1, 2009.

(C) THE BOARD OF TRUSTEES SHALL FORWARD THE DROP 2 EXPERIENCE REPORT TO THE DIRECTOR OF FINANCE.

(2) (A) BEGINNING WITH THE FISCAL YEAR ENDED JUNE 30, 2017, AND EVERY 4 YEARS FOLLOWING, THE ENROLLED ACTUARY RETAINED BY THIS SYSTEM SHALL PROVIDE THE BOARD OF TRUSTEES WITH THE RESULTS OF A DROP 2 SAVINGS TEST.

(B) IN THE DROP 2 SAVINGS TEST, THIS SYSTEM'S ACTUARY, IN CONSULTATION WITH THE ENROLLED ACTUARY RETAINED BY THE MEMBERS ACTING THROUGH THEIR ELECTED REPRESENTATIVES, SHALL DETERMINE WHETHER THE CITY OF BALTIMORE'S EXPECTATIONS OF CONTRIBUTION REDUCTIONS, AS DEFINED IN SUBPARAGRAPH (F) OF THIS PARAGRAPH (2), HAVE BEEN REALIZED.

(C) BEGINNING WITH THE SAVINGS TEST PERFORMED AS OF THE FISCAL YEAR ENDED JUNE 30, 2021, IF A SAVINGS TEST INDICATES THAT THE CITY'S EXPECTATIONS OF CONTRIBUTION REDUCTIONS HAVE NOT BEEN REALIZED, THE CITY OF BALTIMORE WILL HAVE THE OPTION OF

ENACTING LEGISLATION TO MODIFY OR TERMINATE THE EXISTING DROP 2, BUT ONLY WITH RESPECT TO MEMBERS WHO ARE NOT ELIGIBLE FOR THE DROP 2 ON THE EFFECTIVE DATE OF THAT MODIFICATION OR TERMINATION AND NOT WITH RESPECT TO MEMBERS WHO ARE PARTICIPATING OR WHO ARE ELIGIBLE TO PARTICIPATE IN THE DROP 2.

(D) LEGISLATION ENACTED TO MODIFY OR TERMINATE THE DROP 2 MAY NOT HAVE ANY EFFECT ON ANY OTHER BENEFITS PAYABLE UNDER THE SYSTEM APART FROM THE DROP 2 BENEFIT.

(E) NOTWITHSTANDING SUBPARAGRAPH (C) OF THIS PARAGRAPH (2), IT IS THE INTENTION OF THE CITY OF BALTIMORE TO MAINTAIN A DEFERRED RETIREMENT OPTION PLAN FOR THE MEMBERS OF THIS SYSTEM. SHOULD THE DROP 2 SAVINGS TEST FAIL TO MEET EXPECTED CONTRIBUTION REDUCTIONS, THE CITY WILL ESTABLISH AT A MINIMUM A COST-NEUTRAL DEFERRED RETIREMENT OPTION PLAN FOR THE MEMBERS OF THIS SYSTEM.

(F) FOR PURPOSES OF THIS SUBSECTION (R), THE CITY OF BALTIMORE'S EXPECTATIONS OF CONTRIBUTION REDUCTIONS ARE AT LEAST:

(I) \$5 MILLION FOR THE FISCAL YEAR BEGINNING JULY 1, 2010, (FISCAL YEAR 2011), WHICH REFLECTS THE RESULTS OF THE ACTUARIAL VALUATION PERFORMED FOR THE FISCAL YEAR ENDED JUNE 30, 2009, THE YEAR WHEN THE DROP 2 WAS ESTABLISHED; AND

(II) \$5 MILLION, AS ADJUSTED FOR PAYROLL INCREASES, FOR EACH SUBSEQUENT FISCAL YEAR.

SECTION 2. AND BE IT FURTHER ORDAINED, That the catchlines contained in this Ordinance are not law and may not be considered to have been enacted as a part of this or any prior Ordinance.

SECTION 3. AND BE IT FURTHER ORDAINED, Tha this Ordinance takes effect on July 1, 2009.

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