

of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security Wage base. A member of either type of Pension System may retire with reduced benefits after attaining age 55 and completing 15 years of service.

The annual retirement allowance for a State Police member is equal to 2.6% of the member's highest three-year average salary multiplied by each year of service up to a maximum of 28 years. The annual retirement allowance for a member of the Law Enforcement Officers Pension System is 2.0% of the member's highest three-consecutive year average salary multiplied by each year of service up to a maximum of 30 years. Neither the State Police Retirement System nor Law Enforcement Officers Pension System provide for an early retirement. Recent legislation and Internal Revenue Service approval has created a Deferred Retirement Option Program (DROP) for members of the State Police and Law Enforcement Officers System. This program allows for a member to retire from the system, accrue retirement earnings (which is held in a separate account) and continue employment until a pre-determined date.

*Funding Policy:*

The State's required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the Systems, all benefits of the System are funded in advance. The aggregate entry age normal cost method is the actuarial cost method used to determine the employers' contribution rates and the actuarial accrued liability. Members of the Retirement System are required to contribute to the System a fixed percentage of their regular salaries and wages (7.0% or 5.0% depending on the retirement plan selected). Members of the Contributory Pension System are required to contribute to the System 2.0% of their regular salaries and wages. Members of the Non-Contributory Pension System are required to contribute to the System 5.0% of their regular salaries and wages which exceed the Social Security wage base. State Police members are required to contribute 8.0% of their regular salaries and wages to the System. Members of the Law Enforcement Officers Pension System are required to contribute 4.0% of their regular salaries and wages. All contributions are deducted from each member's salary, and wage payments are remitted to the System on a regular, periodic basis.

The contribution requirements of the System are based upon the State's contribution requirements and the