



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

# Benefits

## handbook

Revised  
July 2011



Retirement  
System  
for Judges

RETIREMENT SYSTEM  
FOR JUDGES  
OF THE STATE OF MARYLAND

# Benefits Handbook

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**July 2011** This booklet provides a summary of the features and benefits of your retirement plan. Retirement provisions outlined in this document are set forth in the State Personnel and Pensions Article of the Annotated Code of Maryland. If there are any questions of interpretation, the provisions of the State Personnel and Pensions Article will control to resolve them.



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

## Message from the Board of Trustees

Welcome to the Judges' Retirement System, part of the Maryland State Retirement and Pension System.

This handbook has been especially designed for you to become acquainted with the benefits and features of your retirement plan. Concise explanations and sample calculations are posted throughout. In addition to being a valuable resource for retirement planning, this handbook provides detailed information on benefits available to you and your family now and in the future.

You should also be aware of other benefits, such as health insurance, which may be offered through your employer after you retire. Contact your personnel office for more information.

If you ever need assistance, please contact the State Retirement Agency. You may call Mr. Michael Golden at [410-625-5603](tel:410-625-5603) or Ms. Anne Gawthrop at [410-625-5602](tel:410-625-5602). Or, you may call toll-free at [1-800-492-5909](tel:1-800-492-5909).

Each of you has our very best wishes for a productive, challenging career and a fulfilling retirement.

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**Illustrations used in this booklet.** MARYLAND STATE ARCHIVES (Maryland Manual Online Collection). Front cover: Robert C. Murphy Courts of Appeal Building, Annapolis, Maryland, April 1999. Photo by Diane P. Frese; Ch. 1: County Courts Building, Bosley Ave. (view from Pennsylvania Ave.), Towson, Maryland, March 2001. Photo by Diane F. Evartt; Ch. 2: Allegany County Courthouse, Washington St., Cumberland, Maryland, May 2000. Photo by Diane F. Evartt; Ch. 3: Courthouse, Frederick, Maryland, August 2000. Photo by Diane F. Evartt; Ch. 4: Queen Anne's County Courthouse, 100 Court House Square, Centreville, Maryland, April 1999. Photo by Diane P. Frese; Ch. 5: Calvert County Courthouse, 175 Main St., Prince Frederick, Maryland, May 1999. Photo by Diane P. Frese; Ch. 6: Prince George's County Courthouse, Marbury Wing, Upper Marlboro, Maryland, September 2000. Photo by Diane F. Evartt.

# 1



## MEMBERSHIP BASICS

### The System that Serves You

The Maryland State Retirement and Pension System has a long history of providing retirement benefits to the employees of the “Free State.” Created in 1927 to provide pension benefits to the state’s public school employees, the State Retirement and Pension System has grown to cover thousands of employees – from teachers, state and municipal employees, and law enforcement officers to you, our judges.

The Judges’ Retirement System (JRS) is administered by the State Retirement Agency (SRA), which manages the day-to-day operations of your retirement fund and handles all membership matters, from enrollment to benefit payments. The Agency operates under the direction of a 14-member Board of Trustees which establishes policy, oversees investments and represents the interests of our various members and retirees.

### Your Board of Trustees

Your Board of Trustees plays an important role in the stewardship of the Maryland State Retirement and Pension System. The board guides system operations, establishes investment policies, formulates administrative policy and oversees the management of system assets.

Some trustees serve on the board because of their position in state government. Others are appointed by the Governor because of their particular expertise. Also, there are trustees elected by you, our members. Members of the Judges' Retirement System participate in the elections for the two Employee Systems' trustees.

### Safeguards

To safeguard the proper operation and funding of this multi-billion dollar pension fund, operations are monitored both internally and externally. The system’s financial activities are subject to an annual audit by the state’s External Auditor and the system’s administrative activities are subject to a tri-annual audit by the state’s Legislative Auditor. Additionally, the system’s financial and administrative activities are subject to routing internal audits. Funding requirements are calculated by an independent actuary, who prepares an annual valuation of the system’s assets and liabilities. Before investment programs are undertaken by the board, they are reviewed by the board’s Investment Committee, which includes three outside investment experts. Pension law requires that assets be invested prudently and conservatively in the best interest of our members.

For an annual summary of how your assets are being managed, see the State Retirement Agency's quarterly newsletter, *The Mentor*, which is found on our website. The Retirement Agency also produces a Comprehensive Annual Financial Report that can be found on our website.

## Eligibility

Your membership in the Judges' Retirement System is mandatory.

The following individuals are members of the Judges' Retirement System:

1. A judge of the Court of Appeals, Court of Special Appeals, circuit court of a county, or District Court of Maryland;
2. A member of the State Workers' Compensation Commission; and
3. A master in chancery or master in juvenile causes who:
  - (a) was appointed by the circuit court of a county on or before June 30, 1989 and
  - (b) serves full-time as a master.

A former judge who is temporarily assigned to sit in a court of the state under the authority of Article IV, §3A of the Maryland Constitution is not eligible for membership.

## Enrollment Process

You must apply to become a member of the JRS. The necessary forms may be obtained from your personnel office. To enroll in the JRS, you must complete and send to the State Retirement Agency the following enrollment materials:

- *Application for Membership* (Form 3) – Provides the SRA with basic personal information necessary to establish your retirement account.
- *Designation of Beneficiary* (Form 4) – Identifies who receives a survivor benefit should you die during your judges' service. You use the Form 4 to make your initial designation at enrollment *and* whenever you need to make changes during your membership. If you are married, your **spouse** must be designated as your beneficiary. If you are not married, and there are no children under age 18, you may designate anyone or your estate as beneficiary.
- *Proof of Birth* – Along with your completed membership application and beneficiary form, you are required to provide the State Retirement Agency with verification of your date of birth. This information is essential since your retirement date and benefits are based upon your age in combination with your service credit. The most commonly used documents for proof of age are a copy of your birth certificate, valid unexpired driver's license or passport. If you do not have one of these documents, contact the State Retirement Agency to find out other forms that can be supplied.

## Taking An Active Role

Throughout your career it's wise to take an active interest in your retirement. That's why the Retirement Agency offers a number of resources to keep you informed of benefit matters which may affect you now or in the future. These resources include your Personal Statement of Benefits, which provides an annual summary of your retirement account, and our quarterly newsletter *The Mentor*, which offers up-to-

date benefit news and information, as well as our Internet website and automated telephone system. See *SRPS Resources* for details on these and other SRPS member publications and services.

## Terminating Membership

While we hope you serve on the bench for many years to come, you may find it necessary to leave before your planned retirement date.

At the time of your termination or within six months thereafter, you may elect to withdraw your accumulated contributions from the JRS before you receive any retirement payments. If you withdraw your accumulated contributions, all rights to a benefit under the JRS cease.

Before leaving employment, you should contact the SRA and your personnel office.

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## CONTRIBUTIONS AND SERVICE

### Employer Contributions

The state pays on your behalf a contribution necessary to meet the funding requirements for your retirement benefits. Each year the system's Board of Trustees certifies to the state an employer rate. This employer rate is determined by the system's actuary based on actuarial assumptions adopted by the board. The state then pays the State Retirement Agency that percentage of your salary as its annual contribution to your retirement benefit.

### Employee Contributions

You are required to contribute 6% of your judges' earnable compensation each year of your membership until you accrue 16 years of service. After 16 years of membership, no further contributions are required. Contributions are deducted from your paycheck and credited directly to your individual account.

### Employer Pick-Up Program

Since January 1989, the state has participated in an "employer pick-up program." Under a pick-up program, an employee's contributions are treated as "employer" contributions for federal income tax purposes. Federal income tax on those contributions is deferred until termination of membership and withdrawal of contributions, or retirement.

The employer pick-up program affects federal income tax only. Employee contributions remain subject to Maryland income tax during active membership.

You should speak with your tax advisor if you have any further questions.

### Maryland Supplemental Retirement Plans

The Maryland Supplemental Retirement Plans offer state employees a low cost way to save additional money for retirement—through the 457 Deferred Compensation Plan, 401(k) Savings & Investment Plan, and 403(b) Tax Deferred Annuity Plan. All contributions are made through payroll deduction. You choose to contribute before- or after-taxes (Roth), or use a combination. You choose how much to save and how to invest your contributions.

The State Retirement Agency does not administer this program. For further information, contact the Maryland Teachers & State Employees Supplemental Retirement Plans by telephone at 410-767-8740 or 1-800-543-5605. Information also can be obtained from the website [www.msrp.state.md.us](http://www.msrp.state.md.us).

## Creditable Service

As a member of the JRS, you earn creditable service for each month you serve on the bench and make your required contribution. You earn 12 months of creditable service during each year you participate in and contribute to the JRS.

Your creditable service is used to:

- Determine your *eligibility* for a benefit and
- Calculate the *amount* of your benefit

You may also be entitled to credit for the following types of service:

- Prior judicial service not in your account including service as a full-time judge of a municipal or people's court,
- Military service,
- Service when employee contributions were not submitted or
- Redeposit of service credit previously withdrawn from the JRS

## Purchase Credit

As a member of the JRS, you may be eligible to purchase creditable service through a direct payment to the State Retirement Agency to qualify for future benefits. You will need to complete a *Request to Purchase Previous Service* (Form 26) in order for a bill to be sent to you for the purchase.

Types of service eligible for purchase:

- Prior service
- Missed contributions
- Redeposit (must be purchased within one year after re-joining the JRS)

### PRIOR SERVICE

You may buy credit for service as a member of the State Workers' Compensation Commission on or before June 30, 1977, or for service as a full-time master in chancery or juvenile causes on or before June 30, 1975, so long as that service is not used as service credit in another state or local system.

You may gain credit for service as a trial or appellate judge if, for example, you have incomplete credit because of missed contributions at enrollment or transfer between courts. You are also eligible to regain service credit that has been previously withdrawn from the JRS through redeposit.

### MISSED CONTRIBUTIONS

You may purchase service credit for service during your membership when your retirement contribution was not withheld from your salary.

The cost of this purchase is 6% of the annual salary(ies) missed during your membership plus interest at 4% compounded annually to the date of billing.

### REDEPOSIT

You may restore service credit that has been previously withdrawn from the Judges' System by redepositing your accumulated contributions plus interest. You must redeposit this money within one year from the date that you again begin membership in the Judges' System. The cost to you is the amount withdrawn plus 4% annually compounded interest to the date of redeposit.

### *How to Apply to Purchase Credit*

If you wish to purchase or redeposit eligible service, you must file a *Request to Purchase Previous Service* (Form 26) which includes verification of previous employment.

Payment must be made in a lump sum by the due date stated on the billing. If you do not make payment by the due date, you later may request to be rebilled as long as you are still an active judge. Once you retire or otherwise terminate service, you cannot buy credit.

## Military Service

You may receive retirement credit for eligible military service as long as you have not (and will not) receive credit for this military service under any other pension system. This restriction includes military pensions. It does not apply to benefits paid under Social Security, the National Railroad Retirement Act, any National Guard or Reserve pension or to benefits received from any disability pension. Review the following section for eligibility requirements and service credit limits.

### *Eligible Types of Military Service*

Eligible military service is limited to the following:

- Membership in a reserve component of the Armed Forces of the United States on active duty or ordered or assigned to active duty, or on active or inactive duty for training that interrupts a member's service;
- Enlistment or induction into the Armed Forces of the United States;
- Membership in the Maryland National Guard;
- Participation in active or inactive duty training while a member of the National Guard or a reserve component of the Armed Forces of the United States;
- Service in the Merchant Marines from December 7, 1941 to December 31, 1946, or
- Active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration or the Coast and Geodetic Survey from:
  - a. December 7, 1941 to December 31, 1946;
  - b. June 25, 1950 to January 31, 1955, or
  - c. December 22, 1961 to May 7, 1975.

### *Active Duty Preceding Membership*

You may claim up to a maximum of five years of credit for active military duty preceding your membership. You must have accrued at least 10 years of **creditable** service to apply for credit for military service that preceded SRPS membership.

*Service in the Guard and Active/Inactive Duty Training—Preceding and During Membership*  
Special rules apply for service in the Maryland National Guard and active/inactive duty training in the National Guard or U.S. Armed Forces Reserves.

### *Maryland National Guard Service*

For service in the Maryland National Guard, four months of military credit may be credited for each year of Guard service, up to a maximum of 36 months of

military credit. A member must have 10 years of **creditable** service to claim this type of service.

**Exception:** If you are in the Maryland National Guard and are activated, you can claim this service immediately upon your return to active employment.

#### *Active Duty Training*

For days of active duty training in the National Guard or U.S. Armed Forces Reserves, one month of military credit may be credited for every 28 days of active duty training certified. No credit is granted for days less than 28. To claim this service, a member must have 10 years of **creditable** service and the active duty training must have occurred **prior** to enrollment in SRPS.

#### *Military Duty or Training Interrupting Membership*

If you are called to active military duty during your membership or assigned active or inactive duty training while serving in the National Guard or a reserve unit that results in a break in your membership, you should file an *Application to be Placed on a Qualifying Leave of Absence* (Form 46) before leaving employment. The filing of this form serves **only** to give your pension plan notice of your absence for military service.

You may claim up to a maximum five years of military credit upon returning to membership provided:

- you return to work with a participating employer within one year of your discharge from active duty, *and*
- you do not accept other permanent employment between your date of discharge and your return to work.

#### *How to Apply*

To file for military credit, either preceding or interrupting membership, complete a *Claim of Retirement Credit for Military Service* (Form 43). Attach a copy of your military discharge papers (Form DD 214) indicating your duty entrance and discharge dates. To claim National Guard or Reserve service, include a retirement credit record (Form NGB-23 or similar form).

Once retirement credit has been granted for military service, a member cannot ask that it be removed at a later date.

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## YOUR BENEFITS

In addition to providing income at retirement, the Judges' Retirement System offers important coverage throughout your career.

- Survivor protection, should you die before retirement
- Disability coverage if you are unable to continue to serve on the bench due to a disabling injury or illness
- A monthly retirement allowance based on your age and service
- Recalculation of the monthly allowance when the salary for active members increases
- Automatic spouse benefit
- Other options available

Let's take a more detailed look at the benefits your plan offers.

### Coverage While on the Bench

#### SURVIVOR BENEFIT

Your survivor protection, also referred to as death benefits, provides financial protection to your survivors.

If married, your surviving spouse will receive 50% of the monthly retirement allowance to which you would have been entitled at your death. Payments begin immediately and continue during your surviving spouse's lifetime, regardless of remarriage.

If you have no surviving spouse but do have one or more children under age 18, the child(ren) will receive, in equal shares, 50% of the monthly retirement allowance to which you would have been entitled. The payments begin immediately and continue, for each minor child, until age 18.

If you are not married and have no child(ren) under age 18 at the time of your death, your beneficiary(ies) will receive a single payment of:

- Your annual salary at the time of your death and
- Your accumulated contributions.

## DESIGNATING BENEFICIARIES

### *Spouse*

If you are married, your spouse must be your **sole** beneficiary. If you designate someone other than your spouse as beneficiary, the SRA will void that designation and pay your spouse any benefits that may become due. If you marry after designating some other individual as your beneficiary, then your designation is void, and your spouse is eligible for any benefits due at your death.

### *Minor Children*

While serving on the bench, if you die and have no spouse, your minor children (children under age 18) are deemed your designated beneficiaries. Your children are eligible to receive benefits until each child attains age 18.

### *Other Beneficiary(ies)*

If you are not married and you have no child(ren) under age 18, you may designate one or more beneficiaries.

If you marry after designating your beneficiary(ies), your designation becomes void. Your spouse will automatically be eligible for any benefits due at your death.

## DEATH OF A FORMER MEMBER

At the death of a former member of the JRS, a monthly retirement will be paid to the surviving spouse. The monthly benefit will be 50% of the retirement allowance based on the member's service credit.

## DEATH WHILE PERFORMING MILITARY SERVICE

If death occurs while you are a member performing qualified military service, a survivor benefit of either the ordinary death benefit or spouse option, if eligible, will be paid to your designated beneficiary(ies).

## DISABILITY BENEFIT

The JRS provides disability coverage in the unfortunate event that a serious injury, illness or injury due to military service permanently incapacitates you from carrying out your responsibilities as a judge. While we hope you never need to apply for disability benefits, an accident or illness can happen at any time. For this reason, it is important that you be aware of the disability provision of the JRS.

### *Eligibility Requirements*

To qualify for a disability allowance, a member of the Judges' Retirement System must be found by the State Retirement Agency's Medical Board and Board of Trustees to be permanently disabled from performing his or her duties. You can apply for a disability retirement as long as you are a member.

### *Benefit Amount*

A member who qualifies for a disability benefit receives a service retirement allowance based on the years and months of creditable service at the time of disability. There is no reduction for receiving payments prior to attaining age 60. If, at the time of disability, you have at least three years of service, your monthly benefit would be no less than 1/3 of your annual salary.

### *Benefit Formula*

The disability allowance uses the same formula as a normal service retirement (see *Retirement Benefits*). The allowance is paid when you are found disabled by the State Retirement Agency, regardless of your age.

**No reduction applies. Regardless of your age at the time disability payments begin, you receive a full service retirement allowance as your disability allowance.**

### APPLYING FOR DISABILITY

Disability retirement entails a two step process. The first step is to apply for disability benefits. The second step, filing an application to actually retire, must be carried out if you are approved for disability benefits.

**IMPORTANT: If you believe you may be eligible for a disability retirement benefit, contact the Retirement Agency immediately. The application and approval processes can be lengthy, so do not delay filing.**

#### Step 1: Applying for Disability Benefits

##### *Filing for Disability*

Keep in mind that your medical evaluation is based on documentation you and your doctors provide to the Medical Board. It is in your best interest to submit as much supporting information as possible. To expedite your claim, all forms and supporting medical information should be submitted together.

Disability applicants must file the following:

- *Statement of Disability* (Form 20): Provides information on the nature and cause of the disability. It includes your doctor's medical report.
- All pertinent medical records: Your doctors need to submit all medical information (X-rays, test results, hospital reports, etc., depending on the nature of your disability) that supports your claim. The last page of the Form 20 lists various pertinent medical data for you to consider submitting.
- Job description: The Medical Board evaluates your medical condition in relation to your duties as a judge.

##### *Claim/Review Approval*

Disability claims are evaluated by the SRA's Medical Board. The doctors serving on the Medical Board represent a broad range of medical specialties. Each is appointed by the Board of Trustees and is not affiliated with the state. The Medical Board reviews the member's medical records.

The Medical Board's recommendation regarding the disability claim is presented to the Board of Trustees for final review. In some cases, the Medical Board will request an examination by a consulting physician at the Agency's expense for the purpose of providing an additional medical opinion.

##### *Notification*

The claimant is notified of the claim decision after the Board of Trustees rules on the action recommended by the Medical Board.

## Retirement Benefits

### Step 2: If Approved, File an Application to Actually Retire

If your disability claim is approved, you may then submit an *Application for Retirement* (Form 16). Your effective date of retirement is the day after you leave active payroll.

#### ELIGIBILITY REQUIREMENTS

To qualify for a normal service retirement allowance, you must be at least age 60 or retired by order of the Court of Appeals.

#### NORMAL SERVICE RETIREMENT ALLOWANCE

Your normal service retirement income is based upon your creditable service and the judicial salary for an active judge (i.e., an active judge holding the same position or level as you held on retirement or on termination of service) at time of your retirement.

For a retiree with at least 16 years of service, the retirement allowance is computed as 2/3 of the salary payable at that time to an active judge holding the same position or level as the retiree held on retirement or on termination of service.

For a retiree with less than 16 years of service, the retirement benefit is the proportionate share of the period of service to 16 years.

#### BENEFIT FORMULA

The maximum service credit you may accrue in the Judges' Retirement System is 16 years. With 16 years of service, you receive 2/3 of the salary of an active judge at the time of your retirement. With less than 16 years, your benefit is calculated as follows:

$$.666667 \times \text{salary of active judge} \times \frac{\text{creditable service up to 16 years}}{16} = \text{annual Basic Allowance}$$

#### *Sample Calculation*

The following sample calculation is the Basic Allowance, which provides the highest monthly retirement income to the retiree and a 50% survivor benefit to the spouse. A salary of \$127,252 is used. (Salary of district court judge as of July 2011.)

#### Example 1: Normal Service Retirement

Imagine you retire in 2011 at age 60. Your benefit would be calculated as follows.

If you have at least 16 years of service:

$$.666667 \times \$127,252 = \$84,834.71 \text{ annual Basic Allowance}$$

$$\$7,069.56 \text{ monthly Basic Allowance}$$

If you have less than 16 years (sample shown uses 10 years):

$$.666667 \times \$127,252 \times 10/16 \text{ years}$$

$$.666667 \times \$127,252 \times 0.625 = \$53,021.69 \text{ annual Basic Allowance}$$

$$\$4,418.47 \text{ monthly Basic Allowance}$$

## Basic Allowance

At retirement, you **must** elect the Basic Allowance if you have a spouse or children under age 18. This provides you with the maximum benefit based on your creditable service at retirement. At your death, your spouse receives 50% of the benefit payable to you for the remainder of your spouse's lifetime.

If you are not married at the time of your death, any surviving child(ren) under age 18 receives the 50% monthly benefit until reaching age 18. The payable allowance is divided equally among the minor children until all have reached age 18.

If you are not married at your date of retirement but marry later, your spouse would be eligible for the 50% survivor benefit under the Basic Allowance.

## Choosing an Allowance Option

If at the time of retirement you are not married and have no minor children, you may elect from a group of options for an actuarial equivalent retirement allowance. Your option election reflects a reduction from the Basic Allowance to provide for payments made after your death.

You should carefully review your personal circumstances before selecting an optional allowance. Unlike the Basic Allowance, all optional allowances will reduce your monthly benefit. Your election of an optional allowance is irrevocable and you cannot change your beneficiary designation after you have named a beneficiary.

### *How the Options Work*

Each of the following options guarantees you a monthly allowance during your lifetime and may provide either:

- a return of a single payment to your survivor(s) at your death (single-life annuities) or
- a continuing monthly payment after your death to your surviving beneficiary (dual-life annuities).

### *Single-Life Annuities*

These options are classified as "single-life" because they provide benefits over the retiree's lifetime only. Upon the retiree's death, **any** reserve funds remaining in the account are distributed in a single payment to the retiree's designated beneficiary(ies).

Multiple beneficiaries may be named under the single-life annuities.

### **OPTION 1—Full Return of Present Value of Retiree's Basic Allowance**

Provides a lower monthly benefit than the Basic Allowance, but guarantees monthly payments that equal the total of your retirement benefit's Present Value. The Present Value of your benefit is figured at the time of your retirement. If you die before receiving monthly payments that add up to the Present Value, the remaining payments will be paid in a single payment to your designated beneficiary or beneficiaries who remain alive.

### **OPTION 4—Full Return of Employee Contributions**

Provides a lower monthly benefit than the Basic Allowance, but guarantees the return of your accumulated contributions and interest as established when you retire. If you die before you have recovered the full amount of your accumulated contributions and interest, the remainder will be paid in a single payment to your designated beneficiary or beneficiaries who remain alive.

### *Dual-Life Annuities*

The following options pay benefits over **two** lifetimes. They provide a benefit throughout the life of the retiree and then provide a continuing monthly benefit to a **sole** surviving beneficiary. The benefit amount is based on the retiree's age *and* the age of the beneficiary at the time of the member's retirement.

Only one beneficiary may be named under the dual-life annuities.

#### **OPTION 2—100% Survivor's Benefit**

Provides a lower monthly benefit than the Basic Allowance, but guarantees that after your death the same monthly benefit will continue to be paid to your surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of you and your beneficiary. If you choose this option, you must send proof of your beneficiary's date of birth with your final retirement application.

#### **OPTION 3—50% Survivor's Benefit**

Provides a lower monthly benefit than the Basic Allowance, but guarantees that after your death one half of the monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of you and your beneficiary. If you choose this option, you must send proof of your beneficiary's date of birth with your final retirement application.

#### **OPTION 5—100% Survivor's Benefit with Pop-Up Provision**

Provides a lower monthly benefit than the Basic Allowance, but guarantees that after your death the same monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. It also provides that your monthly benefit will "pop-up" to the Basic Allowance for your lifetime if your beneficiary dies before you. If you choose this option, you must send proof of your beneficiary's date of birth with your final retirement application.

#### **OPTION 6—50% Survivor's Benefit with Pop-Up Provision**

Provides a lower monthly benefit than the Basic Allowance, but guarantees that after your death one half of the monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. It also provides that your monthly benefit will "pop-up" to the Basic Allowance for your lifetime if your beneficiary dies before you. If you choose this option, you must send proof of your beneficiary's date of birth with your final retirement application.

#### *Special Limitation on Beneficiary under Option 2 and Option 5*

If you choose Option 2 or Option 5, your beneficiary cannot be more than 10 years younger than you unless the beneficiary is your disabled child.

If you are naming your disabled child at retirement, you need to have verification from a physician of your child's disability. Form 143 *Verification of Retiree's Disabled Child for Selection of Option 2/5 Beneficiary* must be completed and attached with your application for retirement.

**NOTE: You cannot change your option selection or beneficiary designation** after your first payment becomes normally due. It is very important to discuss your

## Applying to Retire

needs with your family and financial advisor. Contact the State Retirement Agency if you need assistance in determining which option best suits your situation.

It is your responsibility to apply for retirement. Receipt of a retirement benefit is not automatic. To be eligible, you must file the following:

- *Application for Retirement* (Form 16) – On this form, you select the date of your retirement *and* designate your beneficiary (your spouse, if married).
- *Direct Deposit Electronic Fund Transfer Sign-Up* (Form 85) – You must complete an Electronic Fund Transfer to initiate direct deposit of your retirement payments.

To ensure timely delivery of your benefit payments, SRA has instituted a mandatory direct deposit policy. Payments are issued the last business day of each month. Because they are sent electronically to the financial institution you designate, your payments post immediately to your account. You will receive an advice notice each month, mailed to your home, indicating the amount of your payment and the deductions taken (i.e., for taxes, health insurance, etc.).

- *Federal and Maryland State Tax Withholding Request* (Form 766) – This form allows you to designate how much federal and state tax you wish to be withheld from your retirement check.

While retired, you may request voluntary deductions be withheld from your monthly retirement payments, such as for health insurance, the State Credit Union, etc. Check with your personnel office for information on what benefits you may continue after retirement and the costs.

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## WHEN YOU RETIRE

### Address Changes

It is important that you maintain a current mailing address with the Retirement Agency. Although your monthly payments are transferred electronically to your bank, all other information – monthly advice notices, tax information, newsletters – are mailed to your home address.

To ensure continuing prompt delivery of this important information, you should notify the Retirement Agency whenever you change your mailing address. For your protection, the address change must be submitted to SRA in writing. Include your Social Security number and signature on your address change.

### Tax Reporting

Each January, the State Retirement Agency sends to your home or other mailing address on your file an IRS form, 1099-R tax statement, providing information you need to file annual federal and state tax returns.

When you file for retirement, you are asked to complete a tax withholding form (Form 766). If you elect not to have taxes withheld as a deduction from your monthly allowance, you may be required to make quarterly estimated payments to the appropriate taxing authority.

The State Retirement Agency does not provide tax advice. Payment of tax is your responsibility. You should contact a tax consultant or the appropriate taxing authority for specific information regarding your tax liabilities..

### Benefits After You Retire

When you retire, you may request various voluntary deductions from your monthly retirement payments for benefits such as health and life insurance. Check with your personnel office for information on what benefits you may continue after retirement and the costs.

## Health Benefits

Probably the most important benefit to you and your family is health insurance. Continuing health coverage through your employer may be available to retirees who meet the eligibility requirements. Health benefits for retired state employees are administered by the Department of Budget and Management, Employee Benefits Division.

### ELIGIBILITY

#### *Service Retirement*

Upon retirement, you may be eligible for continued health care coverage under the State Health Program.

As a retiree, you are eligible for either partial or full subsidy of your state health benefits if you meet one of the following criteria:

- You have at least 16 years of state creditable service,
- You retired directly from state service with a state retirement allowance and with at least five years of state creditable service,
- You left state service (deferring your retirement allowance) with at least 10 years of state creditable service and within five years of normal retirement age (see “Vested Retirement” in this section), or
- You retired directly from state service with a disability retirement allowance.

A state employee who retires with less than five years of creditable service is not eligible for participation in the State Health Program unless retiring directly from state service with a disability retirement benefit.

The surviving spouse of a deceased retiree with health benefits is eligible to receive continuing state health coverage provided the surviving spouse is receiving a **monthly** allowance under options 2, 3, 5 or 6. A surviving spouse can only cover dependents who would also be eligible dependents of the original state retiree. A surviving child, permanently disabled prior to age 19, who is receiving a monthly allowance is also eligible for continued state health coverage.

#### *Vested Retirement*

A former **state** employee who is vested qualifies for State Health Program coverage when applying to receive the vested allowance provided:

- The member left state service (deferring his or her retirement allowance) with at least 10 years of state creditable service and within five years of normal retirement age, or
- The member terminates state employment with at least 16 years of state creditable service.

#### *Disability Retirement*

A **state** employee who takes a disability retirement (accidental or ordinary) is automatically eligible for continued health insurance coverage through the State Health Program. No service requirements apply. Health benefits rules for the surviving spouse of a disabled retiree are the same as those described for the surviving spouse of a service retiree.

## ENROLLMENT

When you complete your final application to retire, your personnel department and your agency benefits coordinator will provide you with the appropriate health insurance application. Remember, it is up to you to apply for continuing health coverage. These benefits are not automatically continued. The plans are offered during open enrollment and may vary yearly. Plans offered for state retirees include:

- **Medical Plan** which includes vision and behavioral health benefits.
- **Prescription Drug Plan**
- **Dental Plan**
- **Term Life Insurance** (Available only to retirees who were actively employed by the state on or after January 1, 1995, and have term life insurance as an active employee at the time of retirement. Dependents not covered at the time of retirement may not be added to life insurance coverage upon retirement. Retirees can continue life insurance at the same amount or a reduced amount. The coverage amount cannot be increased at or after the time of retirement.)
- **Long Term Care** (You must return a conversion form to the plan within 90 days of your last day of work.)

A retiring state employee is not eligible for:

- Flexible spending accounts
- Accidental death and dismemberment insurance (Conversion policy available within 30 days of retirement.)

After retirement, enrollment in any state health plan or changes to coverage can occur during normal open enrollment periods (in the spring of each year for an effective date of July 1 of the same year) or within 60 days of a qualifying event.

## COST

The state subsidizes health premium costs for retired **state** employees. The amount of this subsidy is determined according to each retiree's state creditable service. A state employee who retires with 16 or more years of state creditable service (or with a disability benefit) receives the same subsidy provided to an active employee.

A **state** employee retiring with at least five (but less than 16) years of state creditable service receives a prorated subsidy. The subsidy equals .5208% (.005208) of the health premium cost for each month of state creditable service, up to 100% with 16 years. The retiree pays the uncovered portion of the prorated subsidy in addition to the normal retiree's portion of the premium. This cost is deducted from the retiree's monthly pension check.

In the event that the monthly pension check does not cover a full monthly premium, the retiree will be billed for the premium directly and must send in monthly premium payments with coupons provided by the Employee Benefits Division.

Membership in the State Health Program does not constitute a contract. The provisions of the program are subject to annual review and modification. Costs may vary each year.

#### EFFECTS OF MEDICARE

Medicare is the Federal health insurance program administered by the Social Security Administration for persons who:

- Have been certified by the SSA as disabled (must have Parts A and B within two years of the date of disability) **or**
- Are age 65 or older.

A retired state employee and his or her eligible dependents **must sign up for Medicare Parts A and B as soon as they are eligible by way of age or disability** in order to have full claims coverage. The State Health Program is, thereafter, supplemental to Medicare. Anyone covered under the state retirees' health benefits program who does not have Medicare Parts A and B when eligible will become responsible for approximately 80% of claims amounts that would have been paid by Medicare.

#### **This is Not a Contract**

The preceding information summarizes the health benefits generally available to retirees of the State of Maryland and the procedures to be followed to secure benefits. Wherever conflicts occur between the contents of this information and the contracts, rules, regulations, or laws governing the administration of the various programs, the terms and conditions set forth in the various program contracts, rules, regulations or laws shall prevail. Space does not permit listing of all limitations and exclusions which apply to each plan. Before using your benefits, contact the Employee Benefits Division for coverage information.

For additional information on matters regarding health benefits, contact:

State Department of Budget and Management  
Employee Benefits Division  
301 West Preston Street, Room 510  
Baltimore, MD 21201  
410-767-4775  
1-800-30-STATE (outside Baltimore-Washington area)  
[www.dbm.maryland.gov/benefits](http://www.dbm.maryland.gov/benefits)

## **Cost-Of-Living Adjustments (COLA)**

Retirees of the JRS have their retirement benefit recalculated each time the salary for an active judge increases.

For retired Masters, the retirement allowance is adjusted in each fiscal year that circuit court judges receive salary increases. The adjustment is based on the average increase to the salaries of all circuit court judges.

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## Employment After Retirement

If a retired judge accepts employment that will be compensated wholly or partly with state, county or municipal funds, the judge must give the SRA notice of the employment and of the compensation to be received for the employment.

A retired judge who retired from employment with the State of Maryland may not return to work for any unit of Maryland state government for a period of 45 days after the date of retirement. This requirement does not apply to a retired judge who is temporarily assigned to sit in a Maryland court under the authority of Article IV, § 3A of the Maryland Constitution.

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## Garnishment of Retirement Benefits

Generally, a retiree's benefit allowance is not subject to assignment, garnishment, execution or attachment. However, there are exceptions to this general rule. A portion of the retired judge's benefit may be assigned or transferred to an ex-spouse in a decree or order of divorce or an agreement incident to a divorce. Liens also can be placed against a retirement allowance for child support or delinquent payment of federal or state taxes.

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## SRPS RESOURCES

There are several ways to obtain additional information about the Judges' Retirement System and your benefits. This handbook provides you with an overall picture of the system and gives general guidance in calculating your benefits.

### Personal Statement of Benefits

Your Personal Statement of Benefits is an annual report that provides you with a summary of the basic data in your Judges' Retirement System account. It also provides estimates of your benefits in the event of your retirement, disability or death.

Use your statement to check your annual contributions and to verify your service credit each year. You also should make certain your beneficiary designation shown on the statement is up to date.

If there is a difference between your personal information and that which is reported on your statement, or if you question your estimated benefits, discuss the matter with the Retirement Agency at the earliest opportunity.

### Newsletters

Our quarterly newsletter, *The Mentor*, provides easy-to-read facts and information on your retirement plan – from filing tips to changes in the law that could affect you and your family. After you retire, we continue to stay in touch with you through our informative retiree newsletter, *Retiree News & Notes*.

### Website

The State Retirement Agency maintains an Internet website which features basic information about the State Retirement and Pension System, investment information, an archive of recent Agency newsletters and annual financial reports, and links to other sites of interest.

You may visit the Agency's website at: [sra.maryland.gov](http://sra.maryland.gov).

### Counseling Services

The State Retirement Agency offers a number of resources to help you stay informed of benefit matters throughout your career. The more you know about your plan, the better able you are to prepare for the future. We encourage you to use all available resources and to contact us whenever you need special assistance.

You may contact the State Retirement Agency by telephone, letter or in person when you have a question or need information about your account.

#### INQUIRE BY TELEPHONE

For answers to specific benefit questions, telephone either:

Ms. Anne E. Gawthrop 410-625-5603

or

Mr. Michael D. Golden 410-625-5603

or

Toll-free 1-800-492-5909

#### INQUIRE IN WRITING

If you desire a written response to your questions, or if you have doubts about information on your Personal Statement of Benefits, it is best to make your inquiry in writing. Include in your specific request:

- Full name
- Mailing address
- Member ID
- Telephone number
- Detailed information on the problem(s) for which you need assistance

Address your questions to Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-6700. You will receive a written response to your inquiry in a timely fashion.

If you prefer, you may submit your question via e-mail at the following address:

[sra@sra.state.md.us](mailto:sra@sra.state.md.us)

## Obtaining Retirement Forms

You may obtain Judges' Retirement System forms from your Retirement Coordinator. Your coordinator will assist you in completing forms and answering basic questions on various state employee benefits, such as health insurance. Your specific questions on retirement should be directed to the State Retirement Agency.

## Special Communications Concerns

#### CONFIDENTIALITY

Under Maryland's Public Information Act, all information in a member's retirement account is confidential, including addresses, telephone numbers, birth dates and enrollment dates. Accordingly, the Retirement Agency can disclose information only to the member who holds the account. Authorization to release this information to a third party must be furnished in writing by the member. There are exceptions to this rule including (but not limited to):

- The member's employer.
- After the death of the member, the member's beneficiary, personal representative or other person who has a valid claim to the member's benefits.
- Court-ordered release of information to a third party.

**Note:** Certain member information for elected and appointed officials is exempt from the confidentiality rule.

#### CONFLICTS / APPEALS

Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland takes precedence in resolving questions regarding the policies and benefits of the State Retirement and Pension System. If a member disagrees with information concerning his or her account or entitlement to benefits, the Board of Trustees may grant the individual an administrative hearing.

Any request for an appeal must be filed in writing to the executive director of the State Retirement Agency. Contact the Retirement Agency for additional information on the appeal process.

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## FOR YOUR CONVENIENCE

### Judges' Retirement System Forms

All forms are available through your personnel office.

Title	Form Number	Purpose
Application for Membership	3	To enroll in the Judges' Retirement System
Designation of Beneficiary	4	To designate or change a beneficiary at enrollment. Also, used to update beneficiary designation during membership
Retirement Application	16	To apply for a service or disability retirement
Statement of Disability	20	Statement of the nature and cause of disability, completed in part by member's doctor
Request to Purchase Previous Service	26	To request to purchase service, including verification of previous judges' service, when necessary
Claim of Retirement Credit for Military Service	43	To claim military service credit, including documentation of military service.
Direct Deposit Electronic Fund Transfer Sign-Up	85	To authorize SRA to direct deposit your monthly retirement allowance directly to your designated financial institution
Federal and Maryland State Tax Withholding Request	766	To authorize Federal and Maryland income tax deductions from your monthly payment



## GLOSSARY OF TERMS

<b>Actuary</b>	An expert who analyzes risks and computes rates according to probabilities which are based on known experience.
<b>Annuity</b>	Income payable for the lifetime of the retired member in equal monthly payments.
<b>Basic Allowance</b>	Provides the retiree with the largest possible monthly allowance during his or her lifetime. At the retiree's death, the spouse will receive one-half of the monthly allowance. If the retiree had no spouse, his or her children under 18 years of age will receive one-half of the monthly allowance divided equally, until each reaches 18 years of age. If there is no spouse or children under 18, no survivor's allowance is payable and monthly payments cease at the retiree's death. If a judge retires under the Basic Allowance, then marries, upon his or her death the surviving spouse will receive one-half of the monthly allowance for life.
<b>Beneficiary</b>	Individual(s) named by a judge to receive benefits in the event of the judge's death.
<b>Claimed Credit</b>	Additional retirement credit including service transferred from other pension systems and eligible military service. A judge must apply for this credit, unlike earned credit which accrues automatically.
<b>Cost-of-Living Adjustment (COLA)</b>	Adjusts the retirement benefit when the salary for an active judge increases.
<b>Creditable Service</b>	Service credit used for calculating the amount of a benefit, and credit used to determine when a member qualifies to receive a benefit. Consists of earned, purchased or claimed credit.
<b>Disability</b>	Permanent disabling medical condition.
<b>Fiscal Year</b>	The annual period beginning July 1 and ending June 30.

<b>Medical Board</b>	A panel of three or more doctors, appointed by the SRPS Board of Trustees, who determine eligibility for disability retirement.
<b>Military Duty</b>	Period of eligible duty with any of the Armed Forces of the United States, Maryland National Guard or Reserves as verified by military discharge papers.
<b>Municipality</b>	A city, county or other local government or any other employer specifically named in retirement law.
<b>Normal Service Retirement</b>	Retirement at age 60 or by order of the Court of Appeals.
<b>Participating Employer</b>	Public employers offering State Retirement Agency of Maryland benefits to their personnel. Includes state agencies; public schools and libraries; state universities and colleges; community colleges; participating counties, cities and towns; and municipal corporations.
<b>Primary Beneficiary(ies)</b>	Individual(s) with first claim to a judge/retiree's benefits.
<b>Purchased Credit</b>	Service credit you may buy through direct payment to the Retirement Agency for specific types of previous employment.
<b>Retirement Allowance</b>	Monthly allowance paid to a retiree.
<b>Retirement Coordinator</b>	A personnel officer who is trained to assist judges with basic retirement matters, such as the completion of SRPS forms.
<b>SRA</b>	State Retirement Agency. The state agency that administers the State Retirement and Pension System.
<b>SRPS</b>	State Retirement and Pension System