



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Benefits

handbook

Revised
July 2011



Retirement
System for
State Police
of the State
of Maryland

STATE POLICE
RETIREMENT SYSTEM
OF THE STATE OF MARYLAND

Benefits Handbook

Prepared by The State Retirement Agency
120 East Baltimore Street
Baltimore, Maryland 21202-6700

410-625-5555
1-800-492-5909

July 2011 This booklet provides a summary of the features and benefits of your pension plan. Pension 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

This booklet provides detailed information on the features and benefits of your pension plan. Even though you're a member of the State Police Retirement System and are probably somewhat familiar with your benefits, we're sure this book will be a valuable resource. We've tried to explain your benefits in everyday language, with practical examples to make it easier for you to understand. Major topics addressed are:

- How to qualify for benefits
- How your benefits are earned
- How to file for benefits
- What you need to know when retiring
- How to calculate benefit income
- Where to get help with your retirement questions

The benefits described in this book are valuable to you and your family — not only when you retire, but now, while you work. We encourage you to use this booklet throughout your career and to contact the State Retirement Agency if you need assistance in any way. Our retirement benefits specialists can be reached at [410-625-5555](tel:410-625-5555) or toll-free at [1-800-492-5909](tel:1-800-492-5909). Useful information about your retirement benefits is also available on our website located at sra.maryland.gov.

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

Each of you has our very best wishes for a successful career.



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1



MEMBERSHIP IN SRPS

The Maryland State Retirement and Pension System (SRPS) has a long history of providing retirement benefits to the employees of the “Free State.” Our history began in 1927 with the creation of the Teachers’ Retirement System. Today SRPS covers close to 200,000 employees—from teachers and state personnel to our law makers in Annapolis.

The system is administered by the State Retirement Agency of Maryland (SRA), which manages the day-to-day operations of the pension fund and handles all membership matters — from enrollment to the payment of benefits. The Agency operates under the direction of a 14-member board of trustees, which establishes policy, oversees investments, and represents our various employee interests.

Who Participates

Our membership includes state and municipal employees, educators, State Police, law enforcement personnel, judges, and legislators. Each of these employee groups is covered under individual employee plans, or systems.

This booklet deals with the Retirement System for State Police, covering permanent, full-time sworn officers and cadets of the Maryland State Police. The State Police Retirement System was established in 1949.

Eligibility

If you are a permanent, full-time sworn officer or cadet of the Maryland State Police, you are automatically a member of the State Police Retirement System.

Other employees (civilians) hired by the Maryland State Police participate in one of the employee systems of the State of Maryland.

Enrollment

When you are first hired, you will be asked to complete the following enrollment materials.

- *Application for Membership* (Form 1): Provides the Retirement Agency with basic personnel information necessary to establish your pension account.

- *Designation of Beneficiary* (Form 4): Identifies the individual or individuals who will receive a death benefit if you die during your employment. You'll need to complete a new Form 4 whenever you wish to change or add beneficiaries during your membership. Simply complete a new form and send it to the Personnel Management Division located at Maryland State Police Headquarters whenever you need to make a change. Personnel Management will then forward this form to the Retirement Agency for processing.

Note: Your spouse may be entitled to a special survivor benefit even if he or she is not designated as your beneficiary (see section on Survivor Benefits).

- *Proof of Birth:* Along with your completed application and beneficiary form, you will be asked to provide the Retirement Agency with verification of your date of birth. The most commonly used documents for proof of age are a copy of your birth certificate or valid Maryland driver's license. Other documents may be used in lieu of the above. Check with your personnel office for details.

Taking An Active Role

Throughout your career it's wise to take an active interest in your retirement plan. That's why we offer a number of resources to keep you informed of benefit matters affecting you now and in the future. These include your Personal Statement of Benefits, which provides an annual summary of your pension account, and our quarterly newsletter *The Mentor*, designed to keep you up-to-date on important benefit news and information. See "SRPS Resources" for details on these and other SRPS member publications and services.

Beneficiary Changes

You originally designated your beneficiaries when you enrolled. It is important that the beneficiary(ies) you have on file with the Retirement Agency be kept current to reflect any changes in your life. Common reasons for changing beneficiaries include a change in marital status or the arrival of a new family member. You may update your beneficiary designation at any time by completing a new *Designation of Beneficiary* (Form 4), available through your personnel office. Your new designation goes into effect as soon as it is received by the State Retirement Agency.

You may designate both primary and contingent beneficiaries during your membership.

Primary Beneficiary: This is your first choice for the individual(s) who would receive survivor benefits should you die during membership. See discussion on Survivor Benefits on page 10, for more information.

Contingent Beneficiary: The individual(s) whom you designate to receive the one-time benefit in the event that all designated primary beneficiaries predecease you.

Terminating Membership

Membership ends if the member:

- (a) is separated from employment for more than four years,
- (b) withdraws his or her accumulated contributions,
- (c) becomes a retiree,
- (d) elects to participate in the Deferred Retirement Option Program (DROP) or
- (e) dies.

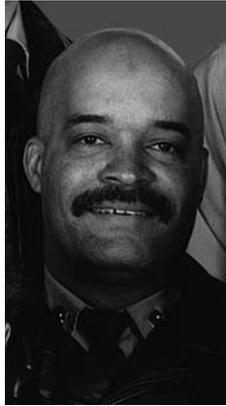
While we hope you remain an SRPS member for many years to come, you may leave your job before your planned retirement date due to a career or personal change. It's important to review your SRPS benefits before leaving. If you answer "yes" to any of the following questions, you may be eligible for benefits now or in the future. Check with your personnel office or contact the Retirement Agency before your last day of employment.

Questions to ask yourself about your benefits before leaving membership

| | | |
|--|---------|--------|
| Am I vested? (See "Vested Benefits") | () YES | () NO |
| Do I qualify for normal service retirement? (See "Service Retirement") | () YES | () NO |
| Do I qualify to participate in the Deferred Retirement Option Program (DROP)? (See "DROP Eligibility") | () YES | () NO |
| Do I qualify to apply for disability? (See page 12) | | |
| General Qualifications: Ordinary Disability Permanently disabled for duty, with 5 years of service. | () YES | () NO |
| General Qualifications: Special Disability Permanently disabled for duty, which arises out of or in the course of the actual performance of duty (no service requirement). | () YES | () NO |
| Have I checked with my personnel office regarding the impact of ending employment on other benefits offered through my employer such as health insurance? | () YES | () NO |

IMPORTANT: If you feel you are eligible to apply for a disability benefit, please contact the Retirement Agency immediately.

2



HOW YOU EARN OR ACCRUE SERVICE CREDIT

Earned Credit

As a member of the State Police Retirement System, you earn service credit toward your retirement benefits for each month your employer submits your employee contribution.

Your employer reports your contribution and hours worked each pay period. The Retirement Agency then credits your account with the appropriate amount of service credit. You earn a month of credit for any month in which contributions are reported.

Your service credits are used to determine both your eligibility for benefits and to calculate the amount of your benefits. If you make a contribution in any month, you will receive credit for the entire month.

Claimed Credit— It's Up to You

In addition to the service credit you earn through payroll reporting, you may be eligible to claim additional credit in certain special situations. Please note that it is your responsibility to claim this credit by completing the required forms, available through your personnel office or the Retirement Agency. You must be a member to claim service. See page 3 for when membership ends. No additional credit can be claimed after you have left membership or have retired.

There are two types of service for which you may claim credit:

- Previous service earned in another system
- U. S. military service.

SERVICE EARNED IN ANOTHER SRPS SYSTEM OR IN A LOCAL RETIREMENT OR PENSION SYSTEM

A member may be eligible to transfer service credit from a previous retirement system to a new retirement system. An example would be a regular state employee, currently a member of the state's Employees' Pension System who accepts a position as a state trooper.

OR

A member may be eligible to transfer previous service credit earned under another retirement or pension system operated under the laws of any political subdivision in Maryland. An example is a Baltimore City employee, with membership in Baltimore City's retirement plan who becomes a state trooper.

To transfer credit within SRPS, you must complete a *Request to Transfer* (Form 37). To transfer credit earned outside of SRPS, you must complete a *Request to Purchase Previous Service* (Form 26). **To qualify for the transfer of your credit, your employment must be continuous and you must apply to transfer the credit within one year of becoming a member of the new system.**

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 additional eligibility requirements and service credit limits.

Former members who have terminated membership with at least 10 years of creditable service may apply for military credit. Retired members who are receiving a monthly benefit are not eligible to claim military credit.

Eligible Types of Military Service

For SRPS purposes, eligible military service is limited to the following:

- Induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;
- 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 into the Armed Forces of the United States;
- Membership in the Maryland National Guard;
- Service in the Merchant Marines from December 7, 1941 to December 31, 1946;
- 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 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 while employed as a member of a state system 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 full year of Guard service, up to a maximum of 36 months of military credit. A member must have accrued at least 10 years of creditable service while employed as a member of a state system 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 accrued at least 10 years of creditable service while employed as a member of a state system 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 retirement plan notice of your absence.

You may claim up to five years of military credit upon returning to work 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 entrance and discharge dates. To claim National Guard or Reserve service, include a retirement credit record (Form NBG-23 or similar form).

Purchased Credit

Purchased credit refers to service credit you may buy through direct payment to the Retirement Agency for specific types of previous employment. If you are contemplating a purchase of service, you may wish to speak with a retirement benefits counselor for information on how the cost is calculated. Also remember that you must purchase service prior to retirement. Only members who are on paid employment or on a State Retirement Agency approved leave of absence may purchase service.

State Police Retirement System costs fall into one of two categories: “normal cost” or “full cost”. The type of cost is determined by the type of employment service being purchased. In some cases a full cost purchase is prohibitively expensive.

NORMAL COST

“Normal cost” is a rate determined by the contributions that should have been paid for the period in question, plus the statutory rate of interest, currently 4%, to the date of payment. At any time during membership, a State Police Retirement System member may purchase service credit at “normal cost” for the following types of service:

- *Retroactive/Missed Service*—A period of time during full-time permanent employment when contributions were not deducted, either prior to membership (retroactive) or during membership (missed). Cost is based on salaries paid during purchase period plus compounded interest to the date of payment.
- *SRA Approved Leave of Absence*—Approved only for personal illness, study, paternity, maternity (including adoption), service that is government sponsored and/or subsidized and service in a professional or employee organization. Cost is based on salary at the start of leave period plus compounded interest to the date of payment. You may purchase the time you were on an approved leave of absence within 60 days after the leave expires if you are separated from employment. You may also purchase this leave time at any time you are an active member.
- *Redeposit*—Previous service credit withdrawn from SRPS. Cost is based on the amount withdrawn plus compounded interest to the date of payment.
- Any period of membership in the State Police Retirement System during which the member’s credit was not vested.

A member may file an application to purchase credit at normal cost at any time. The cost is determined by the contributions that should have been paid for the period in question at the statutory interest rate, which is currently 4%. You will need to complete a *Request to Purchase Previous Service* (Form 26) and attach verification of your employment, indicating your entrance and termination dates.

FULL COST

In the 12 months before retirement, a member of the State Police Retirement System may purchase service credit at “full cost” for the following:

- federal employment
- Out-of-state municipal employment

An application to purchase service at full cost may only be made in the 12 months preceding retirement. The cost is determined by computing the additional reserves needed to fund the retirement benefit created by the additional purchased credit. A minimum of one month up to a maximum of 10 years may be purchased. You should apply to purchase service when you submit your application for an *Estimate of Service Retirement Allowances* (Form 10). You will need to complete a *Request to Purchase Previous Service* (Form 26) and attach verification of the employment you wish to purchase, indicating your entrance and termination dates.

The State Retirement Agency no longer accepts installment payments for the purchase of service.

ROLLOVER PURCHASES

You may purchase eligible service at normal or full cost by the rollover of funds from a Traditional IRA, or an Eligible Employer Plan which includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax sheltered annuity; and an eligible 457(b) plan maintained by a governmental employer (governmental 457 plan).

Your right to purchase service credit may be limited by the provisions of §415 of the Internal Revenue Code.

Unused Sick Leave

You must retire within 30 days of terminating employment with a participating employer to receive additional **creditable** service for your accumulated unused sick leave. Since creditable service determines the amount of the benefit, unused sick leave accordingly, can increase the amount of your benefit. *It does not, however, affect when you are eligible to retire.*

When you file your retirement application, your employer will verify the total unused sick leave you have accumulated. You receive one month of additional creditable service for each 22 days of unused sick leave reported. If, after calculating additional credit at the rate of 22 days per month, there are 11 or more days remaining, you receive an additional month of creditable service.

The maximum number of sick days that can be used to calculate additional service is 15 days for each year of your membership.

Important Notes on Unused Sick Leave:

- Unused sick leave is credited only when calculating the retirement benefit. It is not used to qualify for retirement benefits.
- Unused sick leave is not used in the calculation of a vested benefit.

The following table shows how unused sick leave may be converted to retirement credit.

Unused Sick Leave Conversion Chart

| Days of Unused Sick Leave | Months of Retirement Credit | Days of Unused Sick Leave | Months of Retirement Credit |
|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| 001–010 | 0 | 275–296 | 13 |
| 011–032 | 1 | 297–318 | 14 |
| 033–054 | 2 | 319–340 | 15 |
| 055–076 | 3 | 341–362 | 16 |
| 077–098 | 4 | 363–384 | 17 |
| 099–120 | 5 | 385–406 | 18 |
| 121–142 | 6 | 407–428 | 19 |
| 143–164 | 7 | 429–450 | 20 |
| 165–186 | 8 | 451–472 | 21 |
| 187–208 | 9 | 473–494 | 22 |
| 209–230 | 10 | 495–516 | 23 |
| 231–252 | 11 | 517–538 | 2 Years |
| 253–274 | 1 Year | | |

3



YOUR BENEFITS

It might surprise you to learn that your retirement plan is not only for the future. In addition to providing income when you retire, your plan provides important coverage throughout your career. Current and future benefits are as follows:

Your Benefits Include

Coverage While You Work

- Survivor protection if you die before retirement.
- Disability coverage in the event that you are unable to continue working due to a disabling injury or illness.

Retirement Benefits

- A basic monthly retirement allowance based on your service and salary upon retirement, which provides an 80% survivorship benefit to the surviving spouse.
- Optional benefit choices if unmarried at time of retirement.
- Annual cost-of-living adjustments.

Let's take a look at the eligibility requirements, payment formula, and filing procedures for each of these benefits.

Survivor Benefits

ELIGIBILITY REQUIREMENTS

Your designated beneficiary will receive a benefit if you die in active service before you are eligible for retirement. Depending on your years of membership or if your death occurred while on duty, your designated beneficiary or certain family members may receive either a Special Death Benefit or an Ordinary Death Benefit. Survivor protection remains in effect as long as you are on payroll.

SPECIAL DEATH BENEFIT

Benefit for death in the performance of duty

If your death arises out of or in the course of the actual performance of your duty through no willful negligence on your part, the following benefit will be paid:

1. A single payment consisting of your contributions with interest to your designated beneficiary, PLUS

2. An annual benefit for your spouse (paid monthly) equal to two-thirds of your Average Final Compensation. If you have no spouse, your children under 18 years of age receive this payment until each attains age 18. Or, if you have no spouse or minor children, this benefit is payable to your dependent parent for life.

If you have no spouse, minor children or dependent parent, then the Ordinary Death Benefit will be paid to your designated beneficiary.

Benefit for death not in the performance of duty

If you have more than two years of creditable service at the time of your death in active service, through no willful negligence on your part, the following benefits will be paid:

1. A single payment consisting of your contributions with interest to your designated beneficiary, PLUS
2. An annual benefit for your spouse (paid monthly) equal to 50% of your Average Final Compensation. If you have no spouse, your children under 18 years of age receive this payment until each attains age 18. Or, if you have no spouse or minor children, this benefit is payable to your dependent parents for life. If you have no spouse, minor children or dependent parents, then the Ordinary Death Benefit will be paid to your designated beneficiary.

ORDINARY DEATH BENEFIT

If you do not qualify for a Special Death Benefit, your beneficiary may receive an Ordinary Death Benefit.

If you die before retirement, not in the course of duty, and have less than one year of membership, your designated beneficiary will receive a single payment consisting of your accumulated contributions with interest.

If you should die in the course of duty and have no surviving spouse, minor children or parent

OR

If you die before retirement with at least one year of creditable service but less than two years, your designated beneficiary will receive a single payment consisting of:

- your accumulated contributions with interest, and
- 100% of your annual salary at the time of death.

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 Benefits

The State Retirement System provides important disability coverage in the unfortunate event that a serious injury, illness or injury due to military duty permanently incapacitates you from performing your job duties. While we hope you never have to apply for disability, an accident or illness can happen at any time. For this reason, it is important that you be aware of the disability provisions of your plan.

Your Personal Statement of Benefits provides an estimate of the basic disability allowance. As a member of the State Police Retirement System who takes a disability retirement, you are automatically eligible for continued health insurance coverage through the state.

Also, please be aware that disability retirement entails a two step process. Step 1, applying for disability is described below. The second step must be carried out if you are approved for disability benefits. (See page 14). At this point you must file an application to actually retire.

TYPES OF DISABILITY

Ordinary Disability versus Special Disability

The State of Maryland provides benefits for two types of disability: special and ordinary. Special disability applies to a permanently disabling medical condition arising out of or in the course of the actual performance of duty. Ordinary disability covers a permanently disabling medical condition that prevents you from performing the duties of your position.

ELIGIBILITY REQUIREMENTS

Individuals filing for disability must demonstrate that they are permanently incapacitated from performing their duties as a police officer, as determined by the Retirement Agency's medical board and approved by the board of trustees. The following are specific requirements for each category:

Two Types of Disability

Ordinary Disability

- A minimum five years of service.
- You are permanently disabled from performing your duties as a police officer.
- Approved by the medical board and the board of trustees.

Special Disability

There is no service requirement for special disability. Coverage is in effect immediately upon enrollment provided all of the following requirements are met:

- You are totally and permanently disabled from performing your duties as a police officer.
- Your incapacity for duty arises out of, or in the course of, the actual performance of duty.
- Your incapacity for duty is not the result of any willful negligence on your part.
- Approved by the medical board and the board of trustees.

STEP 1: APPLYING FOR DISABILITY BENEFITS

Filing Requirements

You must be a member to apply for disability benefits. See page 3 "Terminating Membership" for when membership ends. In special cases, a 24-month filing extension may be granted if you can prove you were mentally or physically incapacitated from filing within the deadline due to the disability itself. The requirements to receive a filing extension are difficult to meet.

DROP participants are not eligible for ordinary disability retirement. DROP participants may apply for a special disability retirement allowance only if they are totally and permanently incapacitated for duty as a result of an accident or condition that arises out of or in the course of the actual performance of duty during their participation in DROP, and without willful negligence on their part.

How to File A Claim

Filing for a disability benefit can be a lengthy process. Normally at least two to four months can go by, from the time you file your claim to the point where a decision is made by the medical board and the board of trustees. Once approved by the board of trustees, you must then submit an *Application for Service or Disability Retirement* (Form 14-24), at which time the Retirement Agency will determine your retirement date. That's why you shouldn't wait until the last minute to apply. If you feel you may be eligible for disability retirement, contact a retirement benefits counselor immediately. Also, in the event you are incapacitated, let your family members know they should contact the Retirement Agency to find out what options are available to you. Under certain circumstances, the Superintendent of the Maryland State Police may file on your behalf for either Ordinary or Special Disability.

Keep in mind that the medical evaluation is based on the documentation you provide detailing the disabling condition, the diagnosis, and the prognosis. 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 requires your physician's medical report, which should include an opinion as to whether or not you are permanently disabled, and if so, why.
- **Job description:** The medical board evaluates the medical condition in relation to your job duties. The job description must be signed and dated by your supervisor.
- **All pertinent medical records:** Your doctor(s) will help you submit medical information in support of your claim (such as X-rays, test results, and hospital reports). The Form 20 provides a complete list of pertinent medical data.
- **Application for an Estimate of Disability Retirement Allowances** (Form 22) This form authorizes the Agency to provide benefit estimates under various allowance options. An estimate of the allowance options checked on this form is automatically generated if you are approved for disability benefits.

- **Notification of Social Security Claim/Award**
- It is no longer required to provide a report from the State Police Medical Director to file for a disability benefit.

In addition to the above, for special disability you must provide the following:

- **Special Disability Documentation:** For special disability claims, the employee must also submit evidence to document that the disability arose out of, or in the course of, the performance of duty.
- **Employer’s First Report of Injury**
- **Copies of any Workers’ Compensation decisions, awards or pending claims.**

QUESTIONS TO GUIDE YOU WHEN FILING A CLAIM FOR DISABILITY

If you answer “yes” to the questions that follow, you may file for disability benefits. Contact the Retirement Agency immediately.

General Requirements for Disability Benefits

1. Are you a member?
2. Have you met filing requirements?
3. Are you permanently disabled from performing your duties as a police officer?

Additional Requirements for Special Disability

- Did your disabling condition arise out of or in the course of the actual performance of duty?
- For DROP participants, did your disabling condition arise out of or in the course of the actual performance of duty during your participation in the DROP?

CLAIM REVIEW / APPROVAL

Disability claims are evaluated by the Retirement Agency’s medical board, which reviews cases on a weekly basis. Currently, the physicians serving on the Board represent a range of medical specialties. They are appointed by the system’s board of trustees and are not affiliated with the state.

The medical board’s recommendation regarding the disability claim is presented to the board of trustees for final action. 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 approves the action recommended by the medical board.

The review for a special disability claim usually takes three to four months. Reviews for ordinary disability cases take approximately two to three months. Complicated cases may take even longer.

STEP 2: IF APPROVED, FILE AN APPLICATION TO ACTUALLY RETIRE

RETIREMENT DATE

Complete an *Application for Service or Disability Retirement* (Form 14-24). On the Form 14-24 most retirees select the first day of the month as their retirement date, but it is not mandatory. Your health situation could dictate otherwise. Please contact a retirement benefits counselor for further information.

BENEFIT AMOUNT

The information that follows is based on the Basic Benefit, which is the maximum monthly payment available to the retiree, and upon the retiree's death provides the spouse with 80% of the monthly allowance. For unmarried officers, other options are available which provide a lower payment depending on the degree of beneficiary protection. See "Choices for Unmarried Officers" in this chapter and sample benefit calculations on page 17 for more information.

Ordinary Disability Benefit

The basic benefit is computed using the greater of the service retirement formula or 35% of your Average Final Compensation.

Special Disability Benefit

The basic benefit is equal to two thirds (.6667) of your Average Final Compensation (average of the three highest years of salary) plus an annuity based on your accumulated contributions and interest. If you are unmarried and choose one of the optional allowances, the benefit will be less.

Important Note on Workers' Compensation: It is IMPORTANT that you be aware of the impact of Workers' Compensation benefits on a special disability retirement. Special disability benefits are "coordinated" with benefits payable from Workers' Compensation. This does not reduce or affect your rights to apply for and receive Workers' Compensation benefits. It means that if you apply for and receive a Workers' Compensation award payable while retired, your special disability retirement benefit may be reduced.

Retirement law directs us to withhold from your special disability benefits an amount equivalent to the Workers' Compensation award, if the Workers' Compensation benefits and disability are based on the same event and are paid over the same period of time. However, the Retirement Agency does not offset your annuity (portion of benefit based on your contributions) and must leave enough benefit to cover the cost of your health insurance premiums. If you apply for Workers' Compensation benefits, please inform us immediately. Please include your Workers' Compensation case number in this notification. Benefits are not reduced for any Social Security disability payments you may receive.

REEMPLOYMENT RESTRICTIONS

Only members who retire on ordinary disability and are employed by a participating employer as a probationary law enforcement officer, a law enforcement officer or chief are subject to an earnings limitation. The earnings limitation is the difference between your Average Final Compensation at retirement plus \$5,000 and the

annualized basic allowance. Your earnings limit is listed on the letter of acknowledgement sent to you upon retirement.

If a retiree is under normal retirement age, these restrictions apply:

Retired and up to ten years of retirement

Reduction of one dollar for every two exceeding the earnings limit.

After ten years of retirement

Reduction of one dollar for every five exceeding the earnings limit.

Once you reach age 50

No earnings restrictions apply

Suspension of disability retirement

An ordinary or special disability allowance may be temporarily suspended if a retiree:

- Began receiving a disability retirement on or after July 1, 1998 and
- Is employed by a participating employer as a probationary law enforcement officer, law enforcement officer or chief and
- Is employed at an annual compensation that is at least equal to the retiree's average final compensation.

If suspended, the retiree's allowance will be reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer. Also, the retiree's allowance at the time of reinstatement will be adjusted to reflect the accumulated cost-of-living adjustments during the period of suspension. There is no additional benefit accrued while reemployed by a participating employer.

Vested Benefits

Once you are vested, your accumulated benefits are protected if you leave the State Police Retirement System and do not withdraw your employee contributions. Once vested, if you should leave your job for any reason prior to retirement, you are guaranteed to receive a future benefit beginning at age 50 for the years and months of service earned before ending employment.

ELIGIBILITY

Members enrolled on or after July 1, 2011, become vested once they have accrued at least 10 years of eligibility service. Members enrolled before July 1, 2011, are vested after five years of eligibility service you are vested.

PAYMENT

The calculation of a vested allowance uses the service retirement formula. Options for providing a survivor benefit to your beneficiary(ies) are the same as for members retired under a service or disability retirement. The calculation uses your Average Final Compensation at termination of employment and your creditable service. Unused sick leave is not included in the calculation of your vested allowance. See "Calculating Your Benefits," page 22 for more information.

Service Retirement

NOTIFICATION

Approximately three months before your 50th birthday, please contact the Retirement Agency to request an *Application for an Estimate of Service Retirement Allowances* (Form 10) or print one from the agency website. After you return the completed form, you'll receive an estimate of your vested allowance under various allowance options. It is important to keep the Retirement Agency apprised of any address changes over the years.

You qualify for a service retirement when you meet the following age or service criteria:

MEMBERS HIRED ON OR AFTER JULY 1, 2011

- age 50, regardless of service, or
- 25 years eligibility service, regardless of age.

MEMBERS HIRED BEFORE JULY 1, 2011

- age 50, regardless of service, or
- 22 years eligibility service, regardless of age.

Mandatory Retirement Age

A member of the State Police Retirement System must retire with a normal service retirement allowance no later than the first day of the month after the member becomes 60 years old.

Retirement Allowance

Your annual pension income is based on your service and Average Final Compensation upon retirement. See the sample benefit calculations on page 22 for more information on how this benefit is calculated.

Notes:

1. With the exception of salary increases due to promotions, salary increases of 20 percent or greater are not automatically included in the calculation of Average Final Compensation (AFC). These "extraordinary salary increases" are subject to review by the system's board of trustees on a case-by-case basis.
2. If a member of the State Police Retirement System who transferred from another retirement system in the state retires after less than three years of employment as a member of the State Police Retirement System, the salary as a member of the other system shall be used in the calculation of Average Final Compensation.

Benefit Options Differ for Married and Unmarried Officers

MARRIED OFFICERS BY LAW RECEIVE THE BASIC BENEFIT

If you are married on the date of retirement, by law, you will be provided with the Basic Allowance -- the largest monthly allowance you are entitled to receive during your lifetime. Upon your death following retirement, your spouse will receive 80% of your monthly allowance for the remainder of his or her lifetime. If you have no spouse or children under 18 years of age, no survivor's allowance is payable and

monthly payments cease at your death. If you marry after you retire and had previously chosen the Basic Allowance, upon your death your spouse will receive 80% of your monthly allowance for life.

CHOICES FOR UNMARRIED OFFICERS

Unmarried officers may either elect the Basic Benefit or choose from one of six additional options. You should carefully review your personal circumstances before selecting an option. Things to consider include the amount of income you'll need to maintain an acceptable standard of living during retirement and the needs of your survivor(s). Please keep in mind that you may not change your option after you retire. Also, if you select an option then later marry, you may change your beneficiary but not the option.

HOW THE OPTIONS WORK

Each option reduces your monthly allowance during your lifetime, but may provide either:

- a guaranteed return of a pre-established amount payable to you during your lifetime, with any remainder payable in a single payment to your survivor(s) at your death (Single-Life Annuities), OR
- a continued monthly payment to a 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 one-time payment to the retiree's designated beneficiaries.

Multiple beneficiaries may be named under the Single-Life Annuities. These beneficiaries may be changed as often as desired.

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

These 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 **single** 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. Because these options provide a continuing monthly payment to a beneficiary, they normally result in a smaller benefit payment than Option 1 or 4. Again, this is because benefits are expected to be paid over two lifetimes, the retiree's and the beneficiary's, rather than the retiree's alone.

Only one beneficiary may be named under the Dual-Life Annuities. This beneficiary may be changed, but it will cause a re-calculation of the retiree's benefit amount. In most cases the recalculated amount will be less than the current amount.

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 your original beneficiary dies and you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated under Option 5 based on the new beneficiary designation. 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 your original beneficiary dies and you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated under Option 6 based on the new beneficiary designation. 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 or, if you marry during retirement, your spouse.

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 after your first payment becomes normally due. We urge you to discuss your needs with your family and financial advisor. Contact the State Retirement Agency if you need assistance in determining which option best suits your situation.

Special Supplemental Survivor Benefit

For anyone retiring on or after July 1, 2008 under the State Police Retirement System, this special supplemental survivor benefit no longer applies.

Applying for Retirement

It is important that you allow yourself sufficient time to make informed decisions about your retirement.

If you are eligible at the time of retirement, you must decide if you wish to participate in the Deferred Retirement Option Program (DROP), which allows you to continue to work for the State Police for a pre-determined period of time after you are retired.

You should begin the application process approximately six months to one year from your desired retirement date and review the options available to you **before** you submit your final application. Step-by-step instructions on the application process follow. All retirement forms mentioned can be obtained through your personnel office. See page 28 for an expanded checklist that includes some important financial and personal planning matters.

We urge you to take advantage of our member services as you prepare for retirement. You should plan to meet with one of our retirement benefits specialists to discuss your situation when you are within one year of your intended retirement date. Additionally, the Retirement Agency holds pre-retirement workshops for members who are one to eight years from retirement. Registration can be done through your personnel office.

Recommended Time Line

1. ONE YEAR PRIOR TO RETIREMENT

File for an Estimate

One year, but no less than six months, before your targeted retirement date you should complete an *Application for an Estimate of Service Retirement Allowances* (Form 10). If you're married, by law you will receive the Basic Allowance - check the option marked "Basic." If you are unmarried, check all option choices to obtain information on the various payment plans.

Purchase/Claim Credit

You may wish to obtain an estimate of the cost to purchase any previous service for which you may be eligible since this will affect your benefit. You'll need to complete a *Request to Purchase Previous Service* (Form 26). See page 6 for further information on the purchase of credit. You may also be eligible to claim credit for active military service at no cost to you. Complete a *Claim of Retirement Credit for Military Service* (Form 43). See page 5 for further information on claiming military credit.

2. SIX MONTHS PRIOR TO RETIREMENT

Talk to a Retirement Benefits Specialist

You may wish to meet with one of our retirement benefits specialists at this point to discuss payment options or address any questions you might have. We encourage your spouse to attend.

See Your Personnel Officer

You should contact your personnel office to discuss what other benefits, such as health insurance, may be available to you and your family after you retire. Your personnel officer will guide you in completing the necessary forms to continue health insurance coverage or any other retiree benefits offered through your employer.

3. ONE TO TWO MONTHS PRIOR TO RETIREMENT

Submit Your Application for Retirement

Remember, it is up to you to file for retirement. **It is not automatic.** After obtaining an estimate of your retirement benefits, you must file an *Application for Service or Disability Retirement* (Form 14-24) to retire. On this form, you will commit to the date of your retirement and select the payment option you wish to receive.

At this time, if you are planning to participate in DROP, you must complete and file the *Application for the Deferred Retirement Option Program (DROP)* (Form 756) and submit a binding letter of resignation signed by the Secretary of the State Police or a designee of the Secretary.

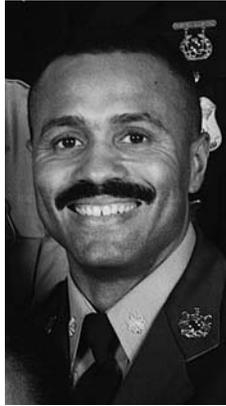
Your final application should be completed and given to your personnel department, which will then forward it to the Retirement Agency for processing. Your employer may also require written notification of your intention to retire. Check with your personnel office.

Your application must be filed **before** the effective date of your retirement. If you elect an option that will pay a monthly benefit to your beneficiary (Basic Allowance, if married, and Options 2, 3, 5 and 6), a proof of birth date for your beneficiary must accompany your final application.

Complete Additional Required Forms

When you file your retirement application, you will be asked to complete a number of additional forms. One is the *Electronic Fund Transfer Sign-Up* (Form 85) to initiate direct deposit of your retirement payments. Direct deposit has replaced mailed checks in order to expedite the monthly payment of pension benefits. Another required form is the *Reemployment After Retirement* (Form 128), to acknowledge an understanding of the consequences of reemployment after retirement. Finally you must complete a *Federal and Maryland State Tax Withholding Request* (Form 766) for federal and state tax withholding.

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CALCULATING YOUR BENEFITS

This section illustrates how to calculate dollar figures for the various SRPS benefits. The samples provided are examples only. The Retirement Agency will furnish you with a precise calculation when you file for benefits.

Key Elements of the Benefit Formula

1. *Average Final Compensation (AFC)*: The average of the three highest years of salary during your career. (If you were hired on or after July 1, 2011, your AFC is the average of your five highest years of salary.)

Note: With the exception of a salary increase due to a promotion, any increase exceeding 20% is excluded from the calculation of Average Final Compensation unless approved by the board of trustees.

2. *Creditable Service*: Your total creditable service as of your retirement date, up to a total of 28 years. This figure includes service credit earned during membership, service credit purchased, service credit claimed for active duty in the military and unused sick leave.

Assumptions Used In Sample Calculations

Each of the following sample calculations is based on the Basic Allowance, which provides the highest monthly retirement income to the retiree, and upon the retiree's death provides the spouse 80% of the monthly allowance for the remainder of his or her lifetime.

Service Retirement

FORMULA—The total basic allowance will equal 2.55% of the Average Final Compensation for each year of creditable service up to a maximum of 28 years. The maximum benefit a member may receive at retirement is 71.4% of his or her AFC. If you have more than 28 years of service, your benefit at retirement will only be based on your creditable service up to 28 years.

Service Retirement Benefit

$2.55\% \times \text{AFC} \times \text{Years of service} = \text{Annual Basic Allowance}$

Example: Service Retirement

Let's now look at how these components fit into the equation by way of an example. You are age 52 with 28 years of creditable service. Your Average Final Compensation is \$50,000.

$$2.55\% \times \$50,000 \text{ (AFC)} = \$1,275.00$$

$$\$1,275.00 \times 28 \text{ years (creditable service up to 28 years)} = \$35,700.00 \text{ Annual Basic Allowance}$$

$$\$35,700.00 \div 12 = \mathbf{\$2,975.00 \text{ monthly allowance (Basic Allowance)}}$$

Vested Benefit

FORMULA—A vested benefit (deferred allowance) is calculated in the same manner as the service retirement benefit. The two key elements in the benefit formula are:

- **Average Final Compensation (AFC)** at termination of employment
- **Creditable service** at termination of employment, up to 28 years (does not include unused sick leave)

Example: Vested Retirement (Full Benefit)

Let's assume that you leave membership with 16 years of creditable service and your Average Final Compensation is \$50,000. Your vested benefit, payable at age 50, is calculated as follows:

$$2.55\% \times \$50,000 \text{ (AFC)} = \$1,275.00$$

$$\$1,275.00 \times 16 \text{ years} = \$20,400.00 \text{ Annual Basic Allowance}$$

$$\$20,400.00 \div 12 = \mathbf{\$1,700.00 \text{ monthly allowance (Basic Allowance)}}$$

Note: Unused sick leave is not included as additional service in the calculation of your deferred benefit. It is forfeited for retirement purposes when you end employment.

Ordinary Disability

FORMULA—The same formula used to calculate service retirement is used to calculate an ordinary disability allowance. However, the ordinary disability retirement allowance may not be less than 35% of your Average Final Compensation.

Example: Ordinary Disability Retirement

Here's how the benefit would be calculated for an officer age 42, with 21 years of creditable service and an Average Final Compensation of \$50,000.

$$2.55\% \times \$50,000 \text{ (AFC)} = \$1,275.00$$

$$\$1,275.00 \times 21 \text{ years} = \$26,775.00 \text{ Annual Basic Allowance}$$

$$\$26,775.00 \div 12 \text{ months} = \mathbf{\$2,231.25 \text{ monthly allowance (Basic Allowance)}}$$

If this same officer had only 13 years of creditable service, the annual allowance would be calculated the same way.

$$2.55\% \times \$50,000 \text{ (AFC)} = \$1,275.00$$

$$\$1,275.00 \times 13 \text{ years} = \$16,575.00^*$$

**Since this allowance is less than 35% of the Average Final Compensation, this officer would receive 35% of \$50,000, or \$17,500 annually.*

$$\$17,500 \div 12 \text{ months} = \mathbf{\$1,458.33 \text{ monthly allowance (Basic Allowance)}}$$

Special Disability

FORMULA—Unlike ordinary disability, the calculation for special disability does not make use of the service retirement formula. The special disability benefit is generally equal to two-thirds of an employee's Average Final Compensation at the time of disability, plus an annuity based on accumulated employee contributions.

Example: Special Disability Retirement

To illustrate, let's look at a State Police officer who retires under special disability with 12 years of creditable service, having qualified for a special disability allowance at age 35. His Average Final Compensation is \$50,000 and his employee contributions and interest are \$28,000. The two step formula uses a second calculation to determine the annuity based on the employee contributions.

STEP 1: Determine two-thirds of the Average Final Compensation (AFC)

$$\$50,000 \text{ (AFC)} \times 2/3 = \$33,333.33$$

$$\$33,333.33 \div 12 \text{ months} = \$ 2,777.77 \quad \$2,777.77$$

STEP 2: Calculate the annuity

$$\$28,000^* \div 7.846 \text{ (NAF)**} = \$ 3,568.69 \quad \text{PLUS}$$

$$\$3,568.69 \div 12 \text{ months} = \$ 297.39 \quad \underline{\$ 297.39}$$

**TOTAL \$3,075.16 monthly allowance
(Basic Allowance)**

* Employee contributions plus interest will vary for each employee.

** Normal Annuity Factor (NAF) is a number set according to age. The Retirement Agency consults an actuarial table for each person's NAF.

NOTES:

- A disability claim must be approved by the medical board and the board of trustees before the Retirement Agency can issue an estimate of benefits.
- Special disability benefits in most cases are offset against Workers' Compensation paid or payable for the same accident, over the same period of time.

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FUNDING YOUR BENEFITS

Types of Contributions

EMPLOYER CONTRIBUTIONS

The State Police Retirement System is contributory for all members. Your employer, however, contributes to fund your benefits. The employer contribution rate is established annually by the board of trustees based upon an annual actuarial valuation.

EMPLOYEE CONTRIBUTIONS

Mandatory Contributions

Members of the State Police Retirement System are required to pay 8% of their normal salary to the Retirement Agency throughout their career. Your payment is called your contribution and is automatically deducted from your paycheck.

Employer Pick-Up Contributions

Since January 1989, the state participates in an “employer pick-up” program. Under the pick-up program, your mandatory employee contributions are treated as employer contributions for federal income tax purposes. That is, your contributions are not subject to federal tax during your membership. Federal income taxes are deferred until you receive a benefit from the system.

The pick-up program affects federal taxes only. Your contributions are still subject to Maryland income tax during your employment.

SUPPLEMENTAL CONTRIBUTIONS

Your pension benefits will provide an important financial foundation for your retirement. These benefits, however, are likely to be only a part of the total financial picture. You may wish to supplement your retirement savings.

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.

System Investments

Pre-tax contributions are contributions made before taxes are withheld, reducing your taxable income. Distributions after retirement are treated as ordinary income and taxes are paid on them then, in the year they are received.

After-tax (Roth) contributions, which are available in MSRP's 401(k) and 457 only, are made after taxes are withheld. Roth contributions allow "qualified" distributions to be taken federal and Maryland tax-free.

Remember, the earlier you start, the more time you have to build your retirement account. 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.

Participating employers are required to contribute a certain percentage of payroll each year to fund pension benefits. The contribution rate is established annually by the board of trustees based upon an annual actuarial valuation. These contributions, along with employee contributions, are invested under the direction of the system's 14-member Board.

SYSTEM 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 routine 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 outside investment experts. All financial decisions require that assets be invested prudently and conservatively in the best interest of our members.

A summary of how your assets are being managed is published annually in the Retirement Agency's newsletter, *The Mentor*.

YOUR BOARD OF TRUSTEES

Your board of trustees plays an important role in the stewardship of the 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; while others are elected by you, our members.

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PREPARING FOR RETIREMENT

Primary Retirement Forms

All retirement forms are available through your retirement coordinator, located at Maryland State Police Headquarters in the Personnel Management Division.

| Title | Form Number | Purpose |
|---|-------------|--|
| Designation of Beneficiary | 4 | To designate multiple beneficiaries at retirement under options 1 or 4, and to make any later beneficiary changes. |
| Application for an Estimate | 10 | To obtain an estimate of various payment options for service retirement within one year of expected retirement date. |
| Application for Service or Disability Retirement | 14-24 | To apply for service or disability retirement. |
| Request to Purchase Previous Service | 26 | To transfer or purchase eligible periods of employment. |
| Claim of Retirement Credit for Military Service | 43 | To claim credit for eligible military service. |
| Electronic Fund Transfer Sign-Up | 85 | To authorize SRPS to transfer your monthly retirement allowance directly into your bank account. |
| Reemployment After Retirement | 128 | To inform new retiree of the consequences of reemployment after retirement. |
| Application for the Deferred Retirement Option Program (DROP) | 756 | To apply for DROP participation. |

| Title | Form Number | Purpose |
|--|-------------|---|
| Application for Withdrawal of DROP Account | 757 | To apply for DROP funds. |
| Federal and Maryland State Tax Withholding Request | 766 | To authorize federal and Maryland state withholding options to be applied to your monthly retirement allowance. |

Filing Checklist

Forms provide the necessary information to initiate important benefits and services on behalf of SRPS members—anything from a change in beneficiaries to the payment of your first retirement check. Because incomplete or inaccurate information hinders benefits processing, it is essential that all forms be properly executed. Before you file a retirement form, refer to the following checklist:

- Have you read all explanatory information before signing?
- Is your Social Security number correct?
- If necessary, has your retirement coordinator provided requested information and signed the form?
- Does the form require notarization?
- Did you keep a copy of the form for your files?
- Did you include required supporting documents with your form?
- If you are single and selecting Options 2, 3, 5 or 6 did you include proof of birth date of designated beneficiary?

Retirement Checklist

As you prepare for retirement, there is a general timetable you should try to follow in order to get the best service from the Retirement Agency. The timetable below illustrates the best time frames during which you can comfortably begin to file some of the required forms and make the necessary contacts with the Retirement Agency.

One to Three Years Prior to Retirement

- () Inquire about attending one of the Retirement Agency's Pre-Retirement Seminars. Contact the Retirement Agency or your personnel department for details.

Twelve Months Prior to Retirement

- () Request an estimate of benefits (Form 10). If you're married, by law you will receive the Basic Allowance. If you are unmarried, check all option choices to obtain information on the various payment plans.
- () Apply to purchase any eligible service (Form 26) with your request for an estimate.

- () Apply for any eligible military credit (Form 43).
- () Consider participating in the Deferred Retirement Option Program (DROP).

Six Months Prior to Retirement

- () Schedule an appointment, if desired, with a retirement benefits specialist to review your estimated benefits.
- () Discuss your estimated benefits/options with your family and financial advisor.
- () Contact your personnel office to inquire how you can continue employer-provided benefits, such as health insurance, after retiring.
- () Prepare a retirement budget, estimating your retirement expenses against your state pension benefit and any other income.
- () Obtain a complete medical check-up.
- () Update or prepare a will.

Two Months Prior to Retirement

Traditional Retirement (no Deferred Retirement Option Program participation)

- () Contact your personnel office and file your final retirement application (Form 14-24). (Must be received prior to the effective date of retirement or payments will not begin until the following month.)
- () Provide proof of birth for designated beneficiary (Basic Allowance, if married, and Options 2, 3, 5, 6, 7).
- () Complete authorization forms to continue your health coverage, and any other benefits provided by your employer.
- () Complete the *Electronic Fund Transfer Sign-up* (Form 85) for the electronic transmission of your payment to your bank, savings institution, or credit union (mandatory).
- () Complete the *Reemployment After Retirement* (Form 128) to acknowledge an understanding of the consequences of reemployment after retirement (mandatory). Your retirement will not be processed until this form is completed.
- () Complete a tax withholding form (Form 766) for federal and state tax withholding.

OR

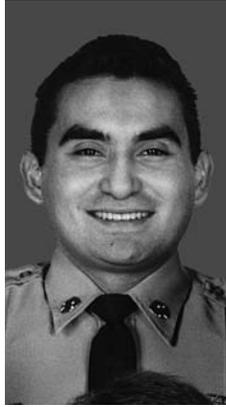
Deferred Retirement Option Program (if eligible)

- () Contact your personnel office and file your *Application for the Deferred Retirement Option Program (DROP)* (Form 756).
- () File your final retirement application (Form 14-24).
- () Submit a binding letter of resignation from the State Police signed by the Secretary of the State Police or a designee of the Secretary.
- () Submit proof of birth for designated beneficiary (Basic Allowance, if married, and Options 2, 3, 5, 6, 7).

One Month Prior to Retirement

- () Have your supervisor send a MILES message electronically, announcing your retirement date. This must be done so that all Maryland State Police units, divisions and installations are notified.

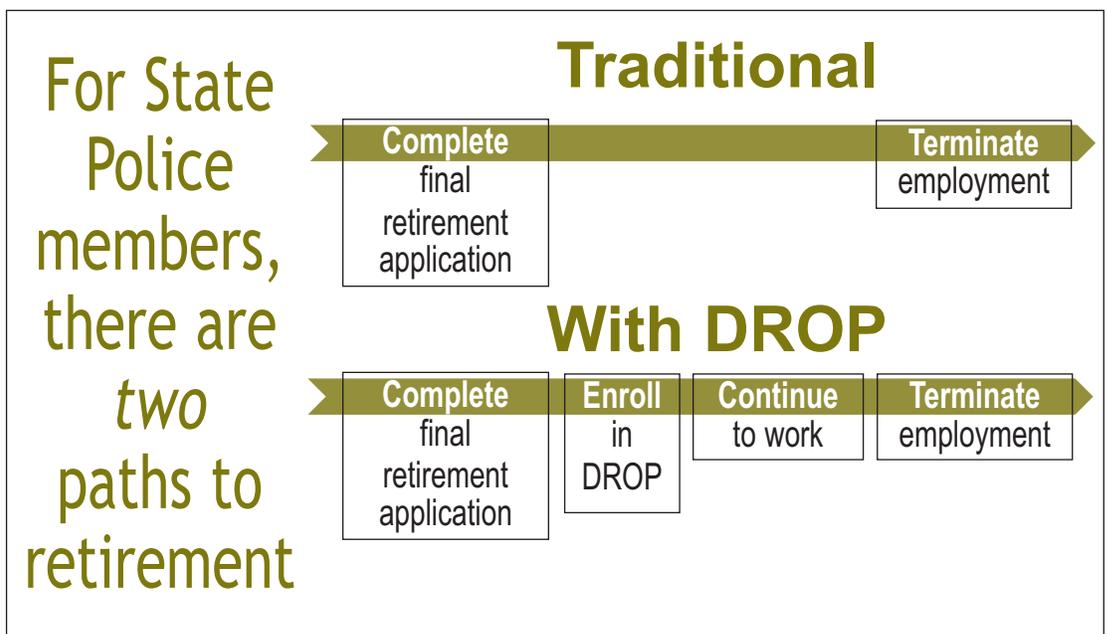
7



THE DEFERRED RETIREMENT OPTION PROGRAM (DROP)

The Deferred Retirement Option Program (DROP) provides another path to retirement for eligible members of the State Police Retirement System. Under this voluntary program, you can “retire” (and begin accumulating your retirement benefits in a DROP account) while you continue to work (and draw a paycheck) with your same employer. While in DROP, your monthly retirement benefits are deposited in a DROP account within the State Retirement and Pension System and earn compounded interest for as long as you remain in DROP.

When your DROP participation ends, you must terminate employment with the Maryland State Police. You will then begin receiving your monthly retirement allowance plus the accumulated balance in your DROP account.



DROP Eligibility

State Police members hired on or after July 1, 2011, may elect to participate in DROP when they:

- Have at least 25 years but less than 29 years of creditable service *and* are under age 60.

Those hired before July 1, 2011, may elect to participate in DROP when they:

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

State Police officers who retired before July 1, 2000 (the effective date of the program) are not eligible to participate in DROP.

Enrolling in DROP

NECESSARY FORMS

To begin participation in DROP, eligible members must file an *Application for the Deferred Retirement Option Program (DROP)* (Form 756) with the Retirement Agency stating:

- Member's intent to participate in DROP.
- Member understands the election to participate in DROP is irrevocable.
- Date when the member wants to retire.
- Length of time the member wants to participate in DROP.
- Date member will terminate employment with the Maryland State Police. A binding letter of resignation accepted by the Secretary of the State Police or a designee of the Secretary is required.

The member also must submit an *Application for Service or Disability Retirement* (Form 14-24).

Unused Sick Leave

On your retirement application (Form 14-24), your Retirement Coordinator notifies the Retirement Agency of the number of the unused sick leave days you have at retirement.

As a DROP participant, you may wish to retain all or a portion of your sick leave days to use during your DROP participation. You can choose to have all of your unused sick leave recorded to the Retirement Agency or only a portion of your unused sick leave, with the remainder continuing in effect during DROP participation. You will accrue sick leave during DROP subject to personnel regulations.

At the end of DROP participation, any unused sick leave days cannot be re-applied as creditable service in your benefit formula

Effective Date of DROP

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

Note: If you choose to participate in DROP, the decision is irrevocable. Be sure you clearly understand the provisions of DROP before making your election.

Participating in DROP

LENGTH OF DROP PERIOD

An officer applying to enter DROP must indicate the length of time he or she wants to participate in the program. The DROP participation period is limited to the lesser of:

- Four years.
- Difference between 29 years of service (28 years for members hired before July 1, 2011) and the member's creditable service upon election.
- Difference between age 60 and the member's age as of the date the member elects to participate in DROP.
- A term selected by the member (not to exceed four years).

While participating in DROP, the retiree is subject to the personnel law, regulations and policies applicable to an employee of the State Police and continues to receive compensation, health insurance and other benefits under the state employee and retiree health and welfare benefit program.

Members in DROP are "retirees" of the State Police Retirement System. While employed, a DROP participant:

- Makes no employee contributions to SRPS.
- Does not earn any service in his or her retirement account.
- Will have no change in the Average Final Compensation used in the benefit formula even if salary increases occur.
- Will have no additional sick leave accrual considered in the benefit formula.
- Will not be subject to any earnings limitations.
- Is not eligible to receive an ordinary disability retirement allowance.
- May be eligible for a special disability retirement allowance only if he or she is totally and permanently incapacitated for duty as a result of an accident or condition that arises out of or in the course of the actual performance of duty during his or her participation in the DROP, and without willful negligence.

End of Participation

A retiree's participation in DROP ends:

- On the DROP termination date selected by the participant on Form 756, or
- If the State Police terminates the participant's employment, or
- If the participant elects to shorten the DROP participation period by terminating employment with the State Police prior to the termination date originally selected, or
- If the participant accepts a special disability retirement allowance.

Once participation ends, the Retirement Agency will begin paying to the retiree the monthly retirement allowance chosen by the retiree on the *Application for Service or Disability Retirement* (Form 14-24) plus any cost of living adjustments (COLA's) which were payable during the DROP participation period.

The monthly retirement allowance paid is based on the retiree's creditable service and Average Final Compensation when the retiree elected to participate in DROP.

DROP Benefits

WHILE PARTICIPATING

DROP participation allows a retiree to accumulate a single payment while still working for the State Police. Each month of DROP participation, the retiree's monthly retirement check is deposited in a DROP account which earns compounded interest. For DROP accounts established before July 1, 2011, interest accrues at the rate of 6% a year, compounded monthly. For DROP accounts established on or after July 1, 2011, interest accrues at the rate of 4% compounded annually.

During the time a retiree participates in DROP, the benefits provided by the Retirement Agency are different than benefits for active members.

Disability Benefits

DROP participants are not eligible to file for ordinary disability retirement. They can, however, file for the special disability retirement provided the incapacity for duty arose out of or in the course of the actual performance of duty that occurred while participating in DROP and not prior to entering the DROP program.

If the board of trustees approves the special disability benefit, the participant must elect to either:

- Accept the special disability retirement allowance, which is computed using the participant's Average Final Compensation as of the date of the application for special disability retirement, **and** receive payment of the DROP balance

OR

- Continue as a DROP participant with no change in retirement benefits.

See "Disability Benefits" for eligibility requirements and application instructions for special disability retirement.

Survivor Benefits

If a DROP participant dies while in DROP, the balance in his or her DROP account is paid to the surviving spouse. If not survived by a spouse, the amount is paid to the retiree's child(ren) under age 18. If the DROP participant is not survived by a spouse or minor children, the balance in the account is paid to the participant's designated beneficiary.

In addition, the spouse (or if no spouse, minor children) would start receiving a monthly retirement benefit equal to 80% of the participant's monthly retirement allowance. If the retiree had no spouse and children, payment of the retirement account to the designated beneficiary would be based on the option selected by the participant at the time of retirement. (See descriptions of benefit options on page 17 for a complete explanation.)

PAYMENT OF DROP ACCOUNT BALANCE

At the end of DROP participation, the State Retirement Agency pays the balance in your account within 90 days of the receipt of the *Application for Withdrawal of DROP Account* (Form 757) and all other required distribution forms. This balance includes all of your monthly retirement checks deposited, any cost of living adjustments that may have been made during participation, and the accumulated interest.

It is your choice as to the form of payment. You can receive a single payment of the entire amount or you can elect to roll it over into an Eligible Employer Plan or a Traditional IRA. The rollover to a 457(b) governmental plan or a 403(b) tax sheltered annuity is limited to the taxable amount.

If you choose to receive the entire amount, SRA is required by law to withhold 20% for federal taxes. You should consider consulting a tax advisor to determine if any additional penalties apply.

Contact the Retirement Agency within two months of your DROP termination date to receive Form 757 and the other required distribution forms. At that time, general information on the Safe Harbor rules and taxation will be provided.

PAYMENT OF SRPS BENEFITS

When a retiree concludes participation in DROP, the retiree will begin receiving the monthly retirement allowance, increased by any cost of living adjustments that were made during participation. The monthly benefit is based on the option chosen on Form 14-24 at the time the member retired. The monthly benefit is not recalculated to account for any increases in salary during DROP participation or for any remaining unused sick leave days.

DROP Accumulation

The amount of money a participant will have at the end of the DROP period depends on a variety of factors:

- Amount of monthly retirement benefit deposited
- Length of participation in DROP
- Amount of the cost of living adjustments each year applied to the account
- Number of cost of living adjustments applied during the participation period

The following are some examples of how your DROP balance can grow based on your monthly retirement allowance and various time periods of DROP participation.

Examples of Balance Accumulation

Let's assume a member with 22 years of service retires and decides to participate in DROP. The monthly retirement benefit is \$2,805.00 (based on an Average Final Compensation of \$60,000) and the retiree chooses to participate for four years. The member retires July 1 and receives a cost-of-living adjustment (COLA) of 3% for three years. At the end of DROP, this participant would accumulate approximately \$152,266.

If, in the above example, the retiree had chosen to participate for only two years instead of four years and had only one year of COLA at 3%, the participant would accumulate approximately \$71,069.

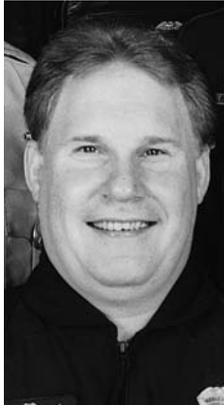
As another example, consider a member with 25 years of service who retires and decides to be a DROP participant for three years. The monthly retirement benefit is \$3,718.75 (based on an Average Final Compensation of \$70,000) and the retirement date is July 1. Assuming two years of COLA at 3%, the participant would accumulate approximately \$146,279.

If this same participant only participated for two years and four months, he or she would accumulate approximately \$111,363.

If the actual COLA is higher than 3% during participation, the accumulated amount in the examples shown would be higher. If the COLA is lower than 3%, the accumulated amount would be less.

See “Length of DROP Period” in this section to determine the period of time you can participate.

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DURING RETIREMENT

There are a number of matters to be aware of during retirement from the manner in which pension payments are paid, to the importance of staying in touch with the Retirement Agency throughout the years.

Method of Payment

To ensure the timely delivery of benefit payments, the Retirement Agency has instituted a mandatory direct-deposit policy for the payment of monthly benefits.

Payments are issued on the last day of each month. Because the payments are sent electronically, funds post immediately to the retiree's bank account. With your first direct deposit, you will receive by mail an advice slip listing your payment amount and withholdings (taxes, health insurance, etc.) Thereafter, advice slips are issued in January, July and whenever your net amount changes.

Tax Liability

Retirees are required to pay both federal and state taxes on their Maryland state pension income. Each January, the State Retirement Agency issues an IRS Form 1099-R to all retirees. This tax statement provides information you will need for filing your annual tax returns.

When you retire, you will be asked to complete a tax withholding form. If you do not have taxes deducted from your monthly check, you will be required to make quarterly estimated payments to the appropriate tax authority. If you reside in another state after you retire, your pension will be subject to that state's taxes.

You should contact a tax consultant or the appropriate tax agency for specific information on your tax responsibilities.

Cost-of-Living Adjustments

A cost-of-living adjustment (COLA) may be applied to State Police retirees' retirement allowances each July to help benefit payments keep pace with inflation. The annual adjustment is tied to the U. S. Department of Labor's Consumer Price Index (CPI), which is the standard unit of measurement for price changes nationwide. A member must be retired at least one year as of July 1 to be eligible to receive the adjustment.

During years in which the CPI produces a negative COLA, a “zero” COLA will be applied. The negative COLA then is carried over and applied against the positive COLA to be paid the following year. If negative COLAs occur for two consecutive years, the total negative amount is carried over to be applied against the next positive year or years.

ADJUSTMENT CAPS

The COLA rate may be capped if it exceeds the limits set by your plan.

Members hired on or after July 1, 2011

Eligible retirees will receive a COLA capped at 2.5% when the system’s investment fund earns or exceeds its assumed actuarial rate of return (currently 7.75%) or capped at 1% in years when the assumed actuarial rate is not met.

Members hired before July 1, 2011

A two-part adjustment applies. For service earned before July 1, 2011, the COLA rate for eligible retirees is uncapped and is not tied to investment performance. For service earned on or after July 1, 2011, the same caps apply as for members hired on or after July 1, 2011.

Address Changes

It’s important that you maintain a current mailing address on file with the Retirement Agency for tax statements, newsletters, and special bulletins issued throughout the year. To ensure prompt delivery of this information, you must keep the Retirement Agency apprised of any address changes during your retirement. For your protection, you are required to notify the Retirement Agency of address changes in writing. We cannot accept this information by telephone.

Reemployment

When you retire and begin receiving retirement benefits, your intention should be to permanently retire from employment with the State of Maryland. Under no circumstances should your decision to retire be conditioned upon an offer of reemployment, and in fact, no offers of reemployment should be discussed by you and your employer prior to your retirement. Such a pre-existing reemployment agreement would signify that there was no intention on your part to retire.

If after retirement you consider reemployment with the same employer from whom you retired (note: all units of Maryland state government, including the University of Maryland System, are considered one employer), you need to be aware of the following important information.

There can be significant consequences to you and the State Retirement and Pension System if you retire before the normal retirement age of your plan and/or before age 59 ½, and are reemployed with the same employer without a bona fide separation of service.

The Internal Revenue Service (IRS) can impose a significant tax penalty on your income if you are under the age of 59 ½, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

If you retire before your normal retirement age, there are also serious tax consequences to the State Retirement and Pension System if a bona fide separation from service does not take place following your retirement and prior to your reemployment with the same employer.

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

If after retirement you consider reemployment with the same employer from whom you retired you may wish to review and discuss this information with the employer and your tax advisor. Failure to do so could result in a significant tax penalty on your income.

WHAT'S AN EARNINGS LIMITATION?

Your earnings limitation is listed on the Notice of Retirement sent to you when you retire. For a service retiree, it is the difference between your Average Final Compensation at retirement and your annualized basic allowance.

SERVICE RETIREMENT (See page 15 for reemployment as a disability retiree)

Reemployment with Non-participating Employer

An earnings limitation won't apply if you work for yourself, in private industry, for the federal government, or work for any non-participating local governmental employer.

Reemployment with a Participating Employer

An earnings limitation will be in effect if you accept *temporary employment* with a participating employer. Temporary employment (in a non-regularly allocated position) is defined as full time employment for 6 months or less, or part-time for the equivalent of 6 months or less of full time work. A retiree who is rehired by the State of Maryland must have a break in service of 45 days.

Exception: Rehired at the Rank of Trooper First Class

If you are rehired by the Maryland State Police on a contractual basis as a police employee at a rank of Trooper First Class, you have no earnings limitation if reemployed for four years or until age 60. This exception is effective until June 30, 2014. (Note: If in DROP, you must enter DROP participation before becoming reemployed.)

Examples of Participating Employers are:

- State Agencies
- State universities or colleges
- Any of the municipal corporations (counties, cities, towns, etc.) that participate in the state systems.
- Public schools or libraries
- Community colleges

State law limits the amount you can earn with a participating employer in any calendar year for a *temporary* position. If you exceed the earnings limitation, your retirement allowance is reduced one dollar for every dollar you earn in excess of your limit. The earnings limitation applies, except under the following conditions:

Temporary Employment

The earnings limitation does not apply after nine years of retirement. With the exception of a January 1 retirement date, the nine-year period begins on January 1 of the year following the year of retirement.

Contractual Employment

No earnings restrictions

Permanent Employment

Reemployment with the state in a non-state trooper position: the retiree collects his/her State Police pension, has no earnings limitation and does not join the Pension System.

Reemployment with a participating governmental unit prior to July 1, 2009: the retiree collects his/her State Police pension, has no earnings limitation, and **does** become a member of the Pension System.

Reemployment with a participating governmental unit on or after July 1, 2009: the retiree collects his/her State Police pension, has no earnings limitation, and **does not** become a member of the Pension System.

Garnishment of Pension Benefits

Generally, a retiree's pension benefits are not subject to assignment, garnishment, execution, or attachment. These situations may occur, however, in cases involving divorce, alimony, child support, and tax liens. A portion of the benefit may be assigned or transferred to a former spouse by court order or agreement incorporated in a court order. Furthermore, liens can be placed against a pension for child support, alimony or delinquent payment of federal or state tax.

Health Insurance

GENERAL BENEFITS

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 agency personnel office and agency benefits coordinator for information on what benefits you may continue after retirement.

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's 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. 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:

- 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
- The member terminates state employment with at least 16 years of state creditable service.

Disability Retirement

A **state** employee who takes a disability retirement (special 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 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 (usually late autumn of each year for an effective date of January 1 of the following 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

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SRPS RESOURCES

The State Retirement Agency offers a number of resources to help you stay informed of benefit matters throughout your career. Some of these resources provide you with information specific to your account, while others provide general information on your pension plan. The more you know about your pension plan, the better able you are to prepare for the future. We encourage you to take advantage of all available resources and to contact us whenever you need special assistance.

Information By Telephone

Retirement benefits specialists are available by phone from 8:30 a.m. to 4:30 p.m. weekdays to answer basic benefit questions.

State Retirement Agency-Member Services Division

410-625-5555

1-800-492-5909 (toll-free)

For your convenience, you may choose to use the Agency's automated phone system to obtain account information, schedule an appointment or hear up-to-date news on your pension plan. You can access the automated phone system at any time. The TDD/TTY number for automated information is 410-625-5535.

The following selections are available using your touch-tone phone:

- 0 Staff Assistance**
- 1 Hot Topic**
Listen to a recorded message with the latest news and information from the Retirement Agency.
- 2 For Retirees & Beneficiaries receiving a monthly payment**
Retrieve account information, verify your current mailing address and request forms for retirees and beneficiaries receiving a monthly payment.
- 3 For Current or Vested Members**
Retrieve account information, check beneficiary information on file and request forms for current members and vested members.

4 Appointments

Schedule a counseling session at our Baltimore office or the regional location nearest you.

5 Survivor Benefits

Report the death of a member or retiree.

To protect the confidentiality of member accounts, a member must enter his or her Social Security number and four-digit personal identification number (PIN) before accessing personal account information via the automated phone system. Your initial PIN is the month and year of your enrollment. At retirement, your PIN changes to the month and year of your retirement.

Your PIN is listed on your Personal Statement of Benefits.

The Agency's automated phone system is accessible for the hearing impaired. TDD/TTY users may dial 410-625-5535 to access the automated phone system.

Counseling

OFFICE VISITS

You may schedule an appointment to meet with a retirement benefits specialist if you require assistance that cannot be provided by phone or letter. While walk-in counseling appointments are welcome, we recommend that members schedule appointments in advance for quickest service.

Office Location:

**120 East Baltimore Street, 14th Floor
Baltimore, Maryland 21202-6700**

Counseling Hours: 9:00 a.m. to 3:30 p.m.

To schedule an appointment:

410-625-5555

1-800-492-5909

Press 4 on your touch tone phone

Regional Counseling

From September to June of each year, retirement benefits specialists are available monthly at locations across the state. Contact your personnel office or the Retirement Agency for specific dates and locations. Counseling is by appointment only.

Inquiries by Letter

The Retirement Agency maintains a correspondence unit to respond to written inquiries regarding benefit matters. When making an inquiry in writing, remember to be specific about the information needing clarification and include copies of any related documents, such as your Personal Statement of Benefits. Be sure to identify yourself by full name, mailing address and Social Security number. You should also provide a daytime telephone number.

You also may contact the Retirement Agency by e-mail. Address e-mail to:

sra@sra.state.md.us

Address Changes

It's important that you maintain a current mailing address on file with the Retirement Agency for benefit statements and special bulletins issued throughout the year. To ensure prompt delivery of this information, you must keep the Retirement Agency apprised of any address changes during your retirement. For your protection, you are required to notify the Retirement Agency of address changes in writing. We cannot accept this information by telephone.

Correspondence should be addressed to:

The State Retirement Agency
120 East Baltimore Street
Baltimore, Maryland 21202-6700

Newsletter

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. We devote one issue to a summary of the system's financial performance, with details on how your money is being invested and safeguarded for the future. After you retire, we continue to stay in touch with you through our informative retiree newsletter, *Retiree News & Notes*.

Personal Statement of Benefits

As an active member, each fall you will receive an individualized statement of your retirement benefits. Your Statement of Benefits highlights everything you need to know about your account – from the amount of service credit and beneficiaries on your record to estimates of future pension income. We encourage you to use this information to verify your account data for accuracy and to contact the Retirement Agency with any changes necessary to correct your account.

Seminars

The Retirement Agency offers various seminars spanning the entire period of membership – from enrollment to retirement. Our Pre-Retirement seminar is highly recommended for members who are within eight years of retirement. Contact your Retirement Coordinator for information on current seminars.

Your Retirement Coordinator

For certain retirement matters, you'll need to contact your retirement coordinator, located at the Personnel Management Division at Maryland State Police Headquarters. This office will assist you with basic retirement matters such as filing the necessary forms to keep your account records current and your benefits in force. Your coordinator will also distribute Agency newsletters and bulletins to keep you up-to-date on important benefit information.

However, keep in mind that he or she is not an agent of the State Retirement and Pension System and is not authorized to advise you on specific matters. For this type of assistance, you must contact the Retirement Agency.

Internet

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

You may visit the Agency's website at: sra.maryland.gov

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 a retirement benefits counselor for additional information on the appeal process.

GLOSSARY OF TERMS

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| Actuary | An expert who analyzes risks and computes rates according to probabilities which are based on known experience. |
| Annuity | Income payable for the lifetime of the retired member in equal monthly payments. |
| Average Final Compensation (AFC) | For members hired on or after July 1, 2011, the AFC is the average of their <i>five</i> highest earning years. The AFC for members hired before July 1, 2011, is the average of their <i>three</i> highest earning years. |
| Basic Allowance | Provides the retiree with the largest possible monthly allowance during his or her lifetime. At the retiree's death, the spouse will receive 80% 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, until reaching 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 member retires under the Basic Allowance, <i>then marries</i> , upon his or her death the spouse will receive one-half of the monthly allowance for life. |
| Beneficiary | Individual(s) named by a member to receive benefits in the event of the member's death. |
| Claimed Credit | Additional retirement credit including service transferred from other pension systems and eligible military service. Member must apply for this credit, unlike earned credit which accrues automatically. |
| Contingent Beneficiary | Individual(s) named to receive benefits in the event that there are no primary beneficiaries who survive the member/retiree. |
| Cost-of-Living Adjustment | Annual adjustment of state pension benefit based on changes to the Consumer Price Index. |
| Creditable Service | Service credit used for calculating the <i>amount</i> of a benefit. Consists of earned, purchased, or claimed credits. |
| Deferred Retirement Option Program (DROP) | A program administered by the State Retirement Agency that permits eligible retirees to continue to work for the State Police while depositing their monthly retirement allowance in an account which earns compounded interest. |
| Earned Credit | Retirement credit earned through payroll reporting. |

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| Eligibility Service | Service credit used to determine <i>when</i> a member qualifies to receive a benefit. Consists of earned, purchased, or claimed credits. |
| Fiscal Year | The annual period beginning July 1 and ending June 30. |
| Medical Board | A panel of three or more doctors, appointed by the SRPS Board of Trustees, who determine eligibility for disability retirement. |
| Military Duty | Period of eligible duty with any of the Armed Forces of the United States, National Guard or Reserves as verified by military discharge papers. |
| Normal Service Retirement | <p><u>Members hired on or after July 1, 2011</u> Retirement at age 50, or after 25 years of eligibility service, with a full monthly benefit.</p> <p><u>Members hired before July 1, 2011</u> Retirement at age 50, or after 22 years of eligibility service, with a full monthly benefit.</p> |
| Ordinary Disability | Permanent disabling medical condition. Member must have at least 5 years of retirement credit to apply. |
| Participating Employer | 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. |
| Participating Governmental Unit | A city, county or other local municipal government or any other employer specifically named in retirement law. |
| Primary Beneficiary(ies) | Individual(s) with first claim to a member/retiree's benefits. |
| Purchased Credit | Service credit you may buy through direct payment to the Retirement Agency for specific types of previous employment. |
| Retirement Coordinator | A personnel officer at Maryland State Police Headquarters who is trained to assist State Police officers with basic retirement matters such as the completion of SRPS forms. |
| Special Disability | Permanent disabling medical condition arising out of or in the course of the actual performance of duty. |
| SRA | State Retirement Agency. The state agency that administers the State Retirement and Pension System. |

SRPS

State Retirement and Pension System

Vesting

Entitlement to retirement benefits at a later date. A member hired on or after July 1, 2011, is vested after 10 years of service. A member hired before July 1, 2011, is vested after five years of service.

Vested Allowance

Members hired on or after July 1, 2011

A benefit payable at age 50 to a member who terminates employment with 10 or more years of eligibility service but who is not eligible for service or disability retirement.

Members hired before July 1, 2011

A benefit payable at age 50 to a member who terminates employment with five or more years of eligibility service but who is not eligible for service or disability retirement.