



MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM

Special  
Edition

## The VSP and Retirement Benefits

GOVERNOR MARTIN O'MALLEY THIS MONTH SIGNED AN EXECUTIVE ORDER establishing the State Employees' Voluntary Separation Program (VSP). Under the program, eligible state employees may apply to voluntarily separate from state employment in return for certain severance benefits.

Information and instructions for employees interested in accepting the VSP are available on the Maryland Department of Budget and Management website at <http://dbm.maryland.gov>.

This special edition of *The Mentor* provides supplemental information for state employees who are members of the Maryland State Retirement and Pension System of Maryland.

## Impact on retirement benefits when considering the VSP

**EACH ELIGIBLE STATE EMPLOYEE CONSIDERING THE VSP** needs to determine how this program will impact his or her retirement benefits. The first step is to determine which of the following categories applies to you in the retirement/pension system.

### You are either:

1. Vested (i.e., have at least five years of eligibility service) and are eligible for immediate retirement benefits
2. Vested and are not currently eligible for retirement or
3. Not Vested (i.e., have less than five years of eligibility service). Note: Acceptance of VSP for this third group will mean you are not eligible for future pension benefits.

Once you determine which of the three categories applies to you, review and follow the appropriate instructions provided here.

### 1: Members eligible for retirement

Anyone retiring in conjunction with acceptance of the VSP *must* download the necessary retirement forms from the Department of Budget and Management's (DBM) website at <http://dbm.maryland.gov>. It is *extremely important* to use these forms, as standard retirement forms lack the special coding that ensures priority processing.

You should complete the Application for Estimate of Service Retirement Allowances form first and send it to the retirement agency to receive a personalized estimate of

your retirement benefits. Once you have received your retirement benefits estimate notice and have decided to elect the VSP, you must then complete the retirement forms listed here.

The VSP is expected to generate a large volume of requests for estimates. VSP applications will take priority. Only the specially coded forms from the DBM website will ensure expedited service.

If you have recently received an estimate, please use it in your decision making. You may also want to

*See Impact on retirement, page 2*

### Retirement forms available at <http://dbm.maryland.gov>

#### Estimate request

*Application for Estimate of Service Retirement Allowances (Form 9)*

#### Retirement forms

*Application for Service Retirement (Form 13)*

*Reemployment after Retirement (Form 127)*

*Direct Deposit Electronic Fund Transfer Sign-up (Form 85)*

*Federal and State Tax Withholding Request (Form 766)*

consider your June 30, 2010 Personal Statement of Benefits and the benefit estimators on the retirement agency website. Remember, these tools provide only an estimate of the Basic Allowance.

Applications for service or disability retirement that have been approved or are under consideration by the retirement agency and were submitted prior to submission of a VSP application may not be eligible for VSP severance benefits. Please contact DBM with questions.

For pension purposes, there are no changes in the reemployment rules. Carefully review Form 127 for an understanding of how future reemployment will impact your pension benefits. Separate VSP reemployment rules may apply and can be explored by contacting DBM. Remember, after receipt of their first retirement payment, retired members cannot rescind their retirement date and reenter the pension system.

Every effort will be made to process VSP retirement applications in a timely fashion. However, due to the restricted program acceptance process, your first retirement payment may be delayed until March 31, 2011. Payment will be retroactive to the February 1 retirement date.

## 2. Vested members not currently eligible for retirement benefits

If accepting the VSP option, keep your current address on file with the

# Retirement Benefits Seminars

## Baltimore

December 16 and 20  
January 6  
State Office Complex Auditorium  
300 W. Preston St.

## Annapolis

December 17 and 21  
Dept. of Agriculture  
Rooms 110, 112, 114  
50 Harry S Truman Parkway

## Hagerstown

December 21  
Western Md. Hospital Center  
First Floor Conference Room  
1500 Pennsylvania Avenue

## Cambridge

December 17  
Eastern Shore Hospital Ctr.  
English Hall  
5262 Woods Road

Seminars will be conducted at 9 a.m. and 2:30 p.m. each day and will focus on retirement benefits only.

retirement agency. The agency will contact you when benefits are payable.

Prior to retiring, you may apply for a refund of your member contributions and interest; however, such a withdrawal will cause you to forfeit all future benefits.

## 3. Non-vested members

Members with less than five years of service taking VSP should download the refund application (Form 5 package) from the retirement agency website at [www.sra.state.md.us](http://www.sra.state.md.us) and file for a refund of their employee contributions and interest.

For most applicants, refund payments may begin no earlier than March 31, 2011. Further delays are possible.

Unsure if you have five years of eligibility service? Review your 2010 Personal Statement of Benefits,

access the retirement agency's automated phone system, or speak with a retirement benefits specialist at the numbers provided below.

## Assistance from the retirement agency on retirement issues

The retirement agency will host seminars at regional locations to only discuss the impact of retirement benefits as they relate to VSP. Questions on the VSP program should be addressed to DBM.

You also may schedule a counseling appointment at the retirement agency office in Baltimore or one of the agency's regional counseling sites. Call the agency for details. Remember, retirement agency staff cannot discuss your monetary retirement benefits unless you have received your pension estimate notice.

**Questions regarding VSP:** Use the Department of Budget and Management website at <http://dbm.maryland.gov>; call 410-767-6831 or toll-free 1-855-500-4661; or contact the VSP administrator at [VSPAdministrator@dbm.state.md.us](mailto:VSPAdministrator@dbm.state.md.us).

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