

THE Mentor

News from the Maryland State Retirement and Pension System

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Gen. Assembly reforms pension funding policy

Legislation will help sustain system

THE 2013 GENERAL ASSEMBLY PASSED LEGISLATION (HB 496/SB 474) to phase out over ten years the so-called "corridor method" of funding pensions and return to using the more traditional actuarially determined Annual Required Contribution. The move was applauded by State Treasurer Nancy K. Kopp, Chair of the Board of Trustees of the Maryland State Retirement and Pension System.

Since its adoption in 2002, the corridor method has been cited as one of the causes for the current underfunding of the state pension system. Without change, this method would result in taxpayers paying significantly greater amounts over time.

"The Legislature has taken a very important step in eliminating a funding method that has contributed to an underfunding of the system," said Treasurer Kopp. "The pension reforms that the General Assembly enacted two years ago are on course to lead us to our goal

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Legislative update

A NUMBER OF BILLS of special interest to members of the Maryland State Retirement and Pension System were enacted during the 2013 session of the Maryland General Assembly.

With the exception of the phased retirement study described below, which does not require the Governor's signature, each of these bills may be signed into law by Governor Martin O'Malley, vetoed by him or

permitted to become law without his signature.

Phased Retirement for Maryland State Employees

Synopsis: The Senate and House budget committees have directed the Maryland State Retirement Agency and the Department of Budget and Management to conduct a study of

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Know the steps to apply for disability retirement benefits

DISABILITY RETIREMENT REGULATIONS (COMAR 22.06.01-07) were updated in October 2012. The updated regulations removed obsolete language, clarified administrative procedures and refined timelines of the disability process. See pages 4-6 for more information, including instructions on how to apply.

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phased retirement for state employees. The SRA and DBM, working in conjunction with the exclusive bargaining representatives, shall study phased retirement options for experienced state employees, including 1) the advantages and disadvantages of having experienced state employees mentor and train employees who will later fill the positions of the experienced employees who are preparing for retirement; 2) the potential fiscal effects on employees and the state if a phased retirement option is offered; and 3) the potential eligibility requirements for a phased retirement option. The SRA and DBM shall submit their findings and recommendations to the Joint Committee on Pensions on or before December 1, 2014.

House Bill 390 (Griffith and James)/Senate Bill 741 (Jones-Rodwell) – Board of Trustees

Synopsis: This legislation adds one trustee to the Board of Trustees of the State Retirement and Pension System of Maryland to represent the interests of county governments. This individual is required to have at least 10 years of experience in financial management and oversight

of county government budgets. He or she will be appointed by the Governor and may be selected from a list submitted by the Maryland Association of Counties.

House Bill 494 (Griffith, as chair of the Joint Committee on Pensions)/Senate Bill 477 (Jones-Rodwell, as chair of the JCP) - Employment of Retirees - Required Break in Service

Synopsis: These bills impose a 45-day break in service for any retiree reemployed by a participating employer in the system. This legislation also requires a 45-day break in service for disability retirees who are reemployed by any participating employer in the system.

House Bill 496 (Griffith, as chair of the JCP)/Senate Bill 474 (Jones-Rodwell, as chair of the JCP) - Funding Method and Amortization of Unfunded Liabilities or Surpluses

Synopsis: These bills amend the amortization period that is used for unfunded liabilities or surpluses of the State Retirement and Pension System to a 25-year closed amortization period. The legislation also

phases out the corridor funding methodology used for determining employer contribution rates for the Employees' and Teachers' Retirement and Pension Systems over a 10-year period. See *Gen. Assembly reforms pension funding policy* on page 1 for more information.

House Bill 718 (Serafini)/Senate Bill 813(Shank) - Service Credit for Unused Sick Leave

Synopsis: This legislation provides that a member of a state system who is transferred from the Correctional Officers' Retirement System to the Employees' Pension System as a result of a change in position and is rendered ineligible for membership in the correctional officers' plan is eligible to receive creditable service at retirement for unused sick leave accumulated in the correctional plan.

House Bill 902 (Guzzone)/Senate Bill 751 (Robey) - State Police Retirement System - Reemployment of Retirees

Synopsis: These bills extend the termination date for the reemployment provisions addressing reemployed Troopers first class to June 30, 2018.

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of a fully funded system, and this additional reform of the state funding policy will help sustain it in the long term.”

Under the corridor method, adopted in 2002, the state could maintain its contribution rate in effect for the Teachers' and Employees' combined systems at prior year

levels every year as long as the funding level for the systems remained between a “corridor” of 90 percent and 110 percent funded. If either system fell below 90 percent funded, the contribution rate for the subsequent fiscal year would be set at the rate in effect for the preceding fiscal year, plus 20 percent of the

difference between what is actuarially required and the prior fiscal year contribution rate. Since the recession of early 2003, the contribution level has been less than the actuarially appropriate amount. The 2013 law now enacted will correct this situation.

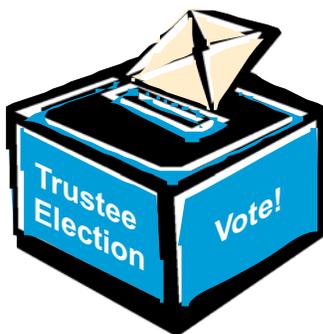
Trustee election slated for Employees' Systems; Kenneth B. Haines to retain Teachers' Systems seat

IMPORTANT ELECTION INFORMATION for the Board of Trustees of the Maryland State Retirement and Pension System will be mailed to eligible members of the Employees' Systems beginning the week of May 13.

Trustee candidates James A. Bush, Jr., and Linda G. Tilghman collected the required nominations and will vie for a seat on the board to be vacated by Employees' Systems representative Sheila Hill, who is retiring as a trustee after nearly a decade of dedicated board service.

Eligible active members and retirees of the Correctional Officers' Retirement System, Employees' Re-

tirement or Pension Systems, Judges' Retirement System, Legislative Pension Plan, Local Fire and



Police System, and Law Enforcement Officers' Pension System will receive ballots in the mail for this trustee election.

Candidate biographical statements submitted by Mr. Bush and Ms. Tilghman accompany this article.

Trustee Haines unchallenged

An election for a Teachers' Systems representative to the board will not be needed, as Trustee Kenneth B. Haines was the only teacher to collect the required nominations to qualify as a candidate for the board. Trustee Haines has served on the board since January 2012.

Trustee Haines and the successful Employees' Systems candidate will begin their four-year terms on the board beginning August 1, 2013.

Trustee election candidate biographical statements

James A. Bush, Jr.

My goal is to ensure that our retirement check is protected. To ensure that the pension we worked so hard to earn is there for us when we retire.

I have served as a trustee of the Baltimore City Employees Retirement System and the Baltimore City Elected Official Retirement System, a \$1.3 billion dollar pension fund. The employees of the City of Baltimore allowed me to serve in this position for ten years, from 1991 to 2001. My fellow board members selected me to serve as their board chairman the final three years of my tenure.

I resigned this position to take a position at Merrill Lynch, the next step along my journey in finance. Critical investment experience was obtained during my six year tenure at Merrill Lynch as a financial advisor. At Merrill, my clients included Fortune 500 corporations, state pension funds and wealthy individuals. My advice was crucial in helping these complex clients meet their investment objectives.

Currently, I am a budget analyst with the Maryland Transit Administration. I hold a degree in business/finance from The University of Baltimore and a degree in chemistry from Loyola University in Maryland. I am 51 years old, married and the father of four sons.

Thank you for your vote.

Linda G. Tilghman

A native of Baltimore, I grew up in a family with five sisters and one brother. So I am no stranger to managing limited resources.

I received my bachelor's degree in education from Towson University and have thirteen years experience managing budgets and employees in the private sector.

For the past ten years I have worked as a correctional officer at Patuxent Institution in Jessup where I enjoy mentoring new employees.

State and university employees like us work hard. And our service should be respected.

We faithfully contribute into our pension system. I want to be a watchdog on our retirement board to protect our contributions and our investment income.

I hope I earn your vote.

Your retirement system provides valuable disability benefits when you need them

DISABILITY RETIREMENT BENEFITS PROVIDE VALUABLE PROTECTION for eligible members who are determined by the system to be permanently disabled and unable to perform their normal job duties under state pension law.

Types of disability retirement

The Maryland State Retirement and Pension System provides benefits for two types of disability retirement: ordinary and accidental.

- **Ordinary disability** covers any permanent mental or physical incapacitation for the further performance of the normal duties of your position.
- **Accidental disability** generally covers an accident that occurred in the actual performance of work duties at a definite time and place without willful negligence. Accidental disability applicants must be totally and permanently incapacitated for the further performance of their normal duties as the natural and proximate result of the accident.

All disability claims will be evaluated for ordinary disability if the member has at least five years of eligibility service.

If an applicant/member does not apply for accidental or special disability, he or she may not later apply for accidental or special disability or submit a new claim based on an accident that took place prior to the date the claim is submitted.



Rules for LEOPS and State Police

To be eligible for accidental (special) disability retirement, a member of the Law Enforcement Officers' Pension System (LEOPS) must be totally and permanently incapacitated for duty arising out of, and in the course of, the actual performance of duty without willful negligence by the member. The same standard applies for State Police; however, the term "special disability" is used instead of "accidental disability."

Participants in the Deferred Retirement Option Program (DROP) are not eligible to file for ordinary disability retirement. They can, however, file for accidental or special disability retirement if their incapacity arose out of, and in the course of, the actual performance of duty during their DROP participation.

Eligibility

To be eligible to apply for *ordinary disability* retirement, a member must have at least five years of eligibility service. There is no service requirement for members to apply for *accidental* or *special disability* retirement. Members who terminate employment and withdraw their employee contributions are not eligible to apply for disability benefits. Retirees, also, are not eligible to apply.

Filing requirements

By signing and submitting a claim for disability, you certify that you are mentally or physically incapacitated for further performance of the normal duties of your job, and that this incapacity is likely to be permanent. Additionally, you are affirming that

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under the penalties of perjury, all information provided is true to the best of your knowledge and belief.

Members filing for disability must actively pursue their claim and comply with all requests by the Maryland State Retirement Agency.

Timely filing is essential

Submission of the required forms to the retirement agency is your responsibility. Information and documentation from your treating physician and employer (sections 2 and 3 of Form 20) must be properly

completed and submitted to the retirement agency within 45 days of the date your claim is submitted. If you fail to meet this deadline, your disability claim will be terminated.

Members may file for disability benefits while on payroll or within a set period of time, depending on their system, after leaving payroll. These filing deadlines are highlighted at the bottom of page 6.

Applications for accidental disability retirement **must be filed within five years from the date of the accident**. This filing deadline

for accidental disability does not apply to the State Police, Correctional Officers', or Law Enforcement Officers' systems.

When all documentation necessary to submit a disability claim has been received by the retirement agency, the applicant will be informed in writing that the medical evaluation of his or her claim has begun. Applicants will be promptly notified in writing of a claim decision as soon as it is rendered by the Maryland State Retirement and Pension System Board of Trustees.

Applying for disability is a two-step process

FILING FOR DISABILITY RETIREMENT BENEFITS is a two-step process. A member seeking disability benefits must 1) file a disability claim and, if approved, then 2) apply to actually retire.

Step 1: File a disability claim

A member filing for ordinary or accidental/special disability benefits must properly complete and submit to the Maryland State Retirement Agency (SRA) the following forms (available online at sra.maryland.gov) and materials:

- *Statement of Disability* (Form 20)*,
- pertinent medical records,
- current job description signed and dated by employer,
- *Preliminary Application for Disability Retirement* (Form 129)*,
- *Application for an Estimate of Disability Retirement Allowances* (Form 21A; Form 22 for State Police; Form 100 for LEOPS),
- leave/attendance records for the last two years and
- performance evaluations for the last two years.

If, during the disability application process, your employer places you on a medical unpaid leave of absence, you also should file an *Application to be Placed on a Qualifying Approved Leave of Absence* (Form 46). This form preserves your death benefit while on medical unpaid leave.

Members applying for accidental or special disability also must submit the following:

- employer's first report of injury, forms submitted to Workers' Compensation and copies of awards,
 - medical evidence establishing the accident as the cause of the disability
- OR
- evidence that the disability arose out of, and in the course of, the performance of duty (Maryland State Police and LEOPS only).

Following a review by the system's medical board, the Maryland State Retirement and Pension System Board of Trustees takes final action on the claim and the applicant is notified. The filing process for ordinary disability can take up to six months. Accidental or special

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disability claims may take longer. Requests for reconsideration or the appeal process can extend the timeline by six to eight months or more.

*A disability claim can only be opened upon receipt of a properly completed Form 20 and Form 129. If either of these documents is not received or is not properly completed, the claim will be rejected and all documents will be returned to the member. A disability application is considered submitted on the date it is received by the Maryland State Retirement Agency.

Step 2: If approved, apply to retire

If the claim is approved, the member will receive an estimate of his or her monthly disability retirement payment. To retire and begin collecting monthly benefits, the member must submit within 120 days the following:

- *Application for Service or Disability Retirement* (Form 13-23; Form 14-24 for State Police; Form 98-101 for LEOPS),
- *Electronic Fund Transfer (Direct Deposit) Sign-Up* (Form 85),
- *Reemployment After Retirement* (Form 127; Form 128 for State Police; Form 131 for LEOPS) and
- *Federal and Maryland State Tax Withholding Request* (Form 766).



Retirement benefits specialists at the Maryland State Retirement Agency are available to answer questions and guide members through the filing process. For more information, call a retirement benefits specialist at 410-625-5555 or toll-free 1-800-492-5909.

If these forms are not submitted within 120 days of claim approval, the disability claim will be closed and you will not be entitled to disability benefits. It is important to note that personnel regulations provide that state employees approved for disability retirement have 120 days to accept and file for retirement or will be considered resigned by their employer. (COMAR 17.04.03.16E)

Disability Webinars are available on the Maryland State Retirement Agency Website to help members navigate the application process. Simply go to sra.maryland.gov and click the buttons for YouTube or Vimeo.



Disability Filing Deadlines

Teachers' Retirement System: Five years after leaving payroll. A one-year filing extension may be available.

All other systems: Four years after leaving payroll. A two-year filing extension may be available (excludes Judges' and Legislative Plans.)

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