



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

STATE RETIREMENT AGENCY
120 East Baltimore Street
Baltimore, MD 21202
Tel: 410-625-5555
1-800-492-5909
TDD/TTY 410-625-5535
sra.maryland.gov

R. Dean Kenderdine
Executive Director
Secretary To The Board

Dear Retiree:

Congratulations on your recent retirement. To help make your transition into retirement as smooth as possible, the Maryland State Retirement Agency prepared the enclosed information with your needs in mind.

The Maryland State Retirement Agency has been here to serve you throughout your career, from the day you enrolled as a new member to the day you applied to retire. This relationship does not end at retirement. Agency staff continues to be at your service. If you have any questions or need assistance, please contact us at 410-625-5555 or 1-800-492-5909.

In addition to contacting a retirement benefits specialist for information, there are other resources available to you. The enclosed *After You Retire* brochure provides valuable information on such topics as changing beneficiaries, cost-of-living increases and reemployment after retirement. An overview of the agency's website, *Visit the State Retirement Agency Online*, also is enclosed. The website address is sra.maryland.gov.

Thank you for your dedicated service as a public servant. We wish you the best for an enjoyable and happy retirement.

Sincerely,

Robin H. McClelland
Director, Member Services

Enclosure: *After You Retire*



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After You Retire

State Retirement Agency
120 East Baltimore Street
Baltimore, MD 21202-6700
410-625-5555 • 1-800-492-5909

Retiree Information from the Maryland State Retirement & Pension System

Congratulations on your recent retirement!

The Maryland State Retirement Agency has prepared this information to answer the questions most frequently asked by retirees of the Maryland State Retirement and Pension System (SRPS).

We've been here to serve you throughout your career, from the day you enrolled as a new member to the day you applied to retire. This relationship does not end at retirement. The staff of the Retirement Agency continues to be at your service.

If you have questions or need assistance, please call a Retirement Benefits Specialist at 410-625-5555 or toll-free at 1-800-492-5909.

Please accept our best wishes for an enjoyable retirement!



How was your retirement process? Take our New Retiree Survey online! See page 5.

Contacting the State Retirement Agency

Information by Telephone

410-625-5555 • 1-800-492-5909 (toll-free)

Our staff is available by phone from 8:30 a.m. to 4:30 p.m. to answer basic benefit questions. For your convenience, you can use your touch-tone phone to access account information, schedule an appointment, or hear up-to-date news on your pension plan 24 hours a day, seven days a week. TDD/TTY users may dial 410-625-5535 for automated information.

To protect your privacy, you must enter your personal identification number (PIN) to access account information. Your four-digit PIN is the month and year of your retirement. For example, if you retired July 2013, your PIN would be 0713.

Writing to the Retirement Agency

When making an inquiry in writing, remember to be specific about the information needing clarification and include copies of any related documents.

Be sure to identify yourself by full name and mailing address. You should also provide a daytime telephone number. Mail your correspondence to the address at the top of this page.

You also may e-mail your inquiry to the Retirement Agency. For security purposes, we encourage you to not include your full Social Security number when corresponding via e-mail. The last four digits are acceptable. Address e-mail correspondence to sra@sra.state.md.us

Baltimore Office Visits

You may schedule an appointment if you require assistance that cannot be provided by phone or letter. Counseling hours are 9 a.m. to 3:30 p.m.

Internet

The Retirement Agency's website features forms, newsletters, financial reports and links to the agency's Facebook, YouTube, Vimeo and Twitter pages. Visit the website at: sra.maryland.gov.

Moving? In order for us to mail your annual 1099-R, the bi-annual *Retiree News & Notes* newsletter and advice slips, it is important that you notify the Retirement Agency in writing when you change your mailing address. A change of address form can be found on our website at sra.maryland.gov.

2 Payment of your benefit

It is mandatory for all retirees to receive their monthly allowance through direct deposit to their financial institution. Payments are issued on the last business day of each month. 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. Thereafter, advice slips are issued in January, July and whenever your net amount changes.

If you make any change in your financial institution, please complete a new Form 85, available online at sra.maryland.gov. Also, inform the Retirement Agency in writing of any changes to your home mailing address.

Cost-of-Living Increases

Eligible retirees may receive an annual cost-of-living adjustment (COLA) each July. The adjustment is tied to the U.S. Department of Labor's Consumer Price Index. A member must be retired at least one year as of July 1 to be eligible to receive that year's increase.

Service earned before July 1, 2011, receives a COLA based on the plan provisions in place when the service was earned. For service earned on or after July 1, 2011, the adjustment is 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 this rate is not met. This cap does not apply to members and retirees of the Employees' and Teachers' Retirement System or to retired legislators or judges. Other caps may apply.

Taxes during retirement

Most retirees are required to pay both federal and state taxes on their Maryland state pension income.

Each January, the State Retirement Agency mails an IRS form 1099-R to all retirees. This tax statement provides information you will need for filing your annual tax returns.

If you reside in another state after you retire, your pension will be subject to that state's taxes.

When you retired, you completed a tax withholding form. If you wish to change your tax withholdings during retirement, you must submit a new Federal and Maryland State Tax Withholding Request (Form 766). The State Retirement Agency withholds federal and Maryland state taxes only.

A printable version of Form 766 is available online at sra.maryland.gov or by calling or writing to the State Retirement Agency.

Changing Beneficiaries

Common reasons for changing beneficiaries include a marriage, divorce or the death of a spouse. Your beneficiary is not automatically updated. You must request the change.

Depending on your system and payment option, different rules apply when changing beneficiaries. Changing beneficiaries during retirement may cause your monthly benefit to be reduced.

Contact a Retirement Benefits Specialist for instructions if you are considering changing a beneficiary.

Survivor Benefits

The Retirement Agency should be contacted soon after the death of a retiree or the retiree's beneficiary.

If your beneficiary dies before you: Provide the Retirement Agency with a certified copy of the death certificate. If you wish to name a new beneficiary, inquire with the Retirement Agency about the necessary forms and documentation.

If you die before your beneficiary: The Retirement Agency will inform the beneficiary(ies) on file if any future benefits are due. Survivor benefits are paid according to the payment option selected at retirement. Changes may need to be made regarding direct deposit and taxes withheld if future benefits are paid to the beneficiary.

Reemployment after retirement

When you retire and begin receiving retirement benefits, your intention should be to permanently retire from employment with the State or participating governmental employer*. 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.

However, if after your retirement you consider reemployment with an employer that participates in the Maryland State Retirement and Pension System (SRPS), you need to be aware of two important issues. The first issue deals with Internal Revenue Service (IRS) requirements regarding reemployment, while the second issue deals with Maryland retirement law regarding reemployment.

Internal Revenue Service on reemployment

There can be significant consequences to you and the SRPS 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. Please note that all units of Maryland state government, including the University System of Maryland, are considered one employer.

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 retirement and prior to reemployment with the same employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the greater the difference 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

Video: For an overview of this information, go to sra.maryland.gov, select YouTube or Vimeo and watch “Reemployment After Retirement.”

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 likely not qualify as a bona fide separation of service unless there was 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 your former employer, 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.

Maryland retirement law on reemployment

After you retire, you must wait at least 45 days before accepting employment with any participating employer.* This rule applies even if you retired from an employer that has withdrawn from the SRPS. Again, all units of Maryland State government, including the University System of Maryland, are considered to be one employer under these reemployment rules.

If you retire early as a member of the Employees’ or Teachers’ Systems and return to work for *any* participating employer, you will be subject to an earnings limitation for the first 12 months of retirement.

If you accept a service retirement, or if you accept an early retirement and have been retired more than 12 months, you will be subject to an earnings limitation if you return to work for the *same* employer.

In these types of employment, if your earnings in a calendar year exceed your earnings limit, your monthly retirement payment will be reduced one dollar for each dollar you earn in excess of the limit.

(Continued on next page)

Note: In the event of future legislative changes to these rules, the most up-to-date information on reemployment regulations is available on the State Retirement Agency’s website at sra.maryland.gov.

* A *participating employer* is any employer that offers Maryland SRPS benefits to its employees.

4 Reemployment after Retirement

(Continued from previous page)

There is, however, no earnings limit and your monthly retirement check will not be reduced if ...

- You have been retired under a service or early retirement for at least five years. With the exception of a January 1 retirement date, the five year period begins January 1 of the year following the year of retirement.
- You have an average final compensation under \$25,000 and you accept permanent, temporary or contractual employment.
- Special exemption for Health Care Practitioners: You are a retiree reemployed on a contractual basis by the Department of Health & Mental Hygiene as a health care practitioner in a state residential center, a chronic disease center, state facility, or a local health department. If retired early, you still have an earnings limitation for the first 12 months. Also, retirees hired by any participating employer would be subject to the 45 day wait for reemployment.
- Special exemption for Parole and Probation Employees: You are a retiree of the Employees' Retirement or Employees' Pension Systems and you are reemployed on a contractual basis for not more than four years as a parole and probation employee in a position with the Division of Parole and Probation in the Department of Public Safety and Correctional Services. If retired early, you still have an earnings limitation for the first 12 months. Also, retirees hired by any participating employer would be subject to the 45 day wait for reemployment.
- Special exemption for Correctional Officers: You are a retiree reemployed on a contractual basis by the Division of Corrections, the Division of Pretrial Detention and Services or Patuxent Institution in the Department of Public Safety and Correctional Services as a correctional officer in a correctional facility for not more than four years. Also, retirees hired by any participating employer would be subject to the 45 day wait for reemployment.
- Special exemption for Teachers and Principals: You are a retiree reemployed as a classroom teacher, substitute teacher or teacher mentor in a public school which meets certain specific requirements or for the Maryland School for the Deaf, and you are teaching in an area of

critical shortage, a special education class for students with special needs, or a class for students with limited English proficiency.

You are a retiree reemployed as principal in a public school which meets certain specific requirements. To qualify you must have been employed as a principal within five years of retirement or employed as a principal not more than 10 years before retirement and were employed in a position supervising principals in your last assignment prior to retirement.

Additional qualifications regarding satisfactory job performance prior to retirement and while working after retirement are also required for both rehired teachers and principals.

If you retired early, you still have an earnings limitation for the first 12 months. Also, retirees hired by any participating employer would be subject to the 45 day wait for reemployment.

- Special exemption for State Police: You are a retiree of the State Police and accept permanent or contractual employment, unless you are reemployed on a contractual basis at the rank of Trooper First Class for more than four years.
- Other exceptions apply. Contact the Retirement Agency for more information.

Prior to accepting work with a participating employer, SRPS retirees are required by law to notify the State Retirement Agency in writing of their anticipated earnings.

Disability Retirees

Special rules apply for disability retirees.

Ordinary Disability: If you return to work for a participating employer, you will be subject to an earnings limit until you reach normal retirement age. Members who retired with an average final compensation less than \$25,000 are exempt from the earnings limit.

Ordinary and Accidental Disability: If you return to work for a participating employer, your monthly benefit may be suspended in certain circumstances.

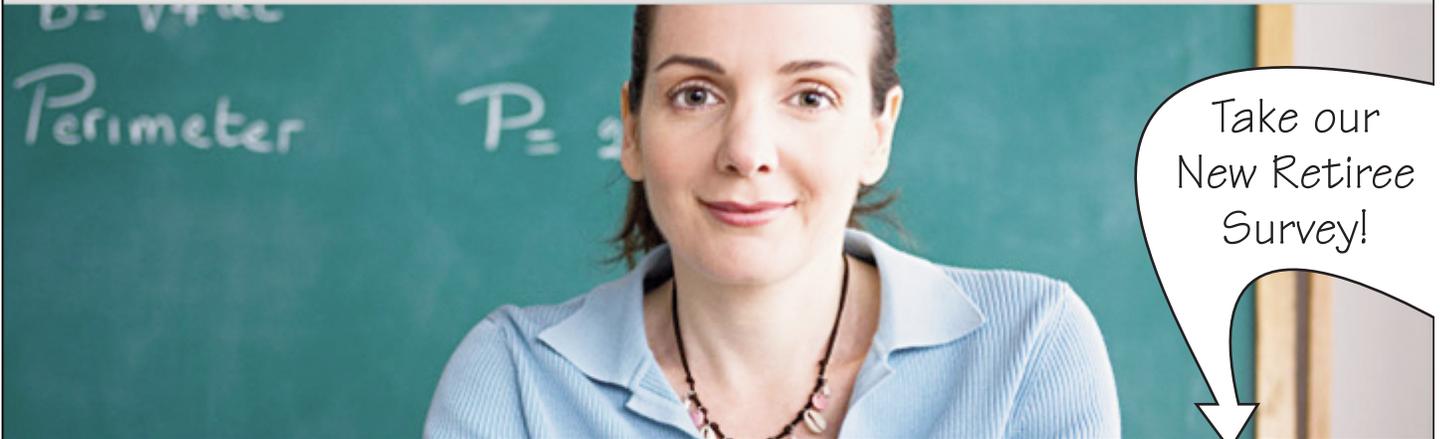
Different rules apply for retired State Police and law enforcement officers.

Visit the State Retirement Agency online! 5



MARYLAND

State Retirement and Pension System



Take our
New Retiree
Survey!

[PARTICIPANTS](#) [EMPLOYERS](#) [NEWS](#) [AGENCY](#) [CONTACT](#) [HELP](#) [SURVEYS](#)

New option and annuity factors will be in place for members of the Maryland State Retirement and Pension System (SRPS) who choose a retirement date effective on or after July 1, 2017. [More...](#)

News Highlights

- Personal Statement of Benefits
- Maryland State Retirement Agency reports returns in FY 2016
- BOT Election Announcement

Watch Information Videos:

- Retirement Part 1: Retirement Eligibility Video
- Choosing an Allowance Option Video

Get Started

1099-R Duplicate
Schedule an appointment

Members

- Informational Videos
- Print or order forms
- Estimate your benefit
- Personalized Statement of Benefits

Retirees

- Protect Yourself from Scams
- Pay Dates

Google™ Custom Search

General Interest

Investment

Reports, other financial materials

Jobs

Find a place for you at the Agency

Related Links

Other websites of interest

Public Records

Go to sra.maryland.gov for...

- Printable Forms
- Surveys
- Webinars
- Online Appointment Scheduling
- Social Media Links
- 1099-R Reprints
- Seminars
- Newsletters
- Benefit Estimators
- Payment Dates
- Tax Tables
- News
- Pamphlets
- Legislation
- Board of Trustees
- Annual Reports
- Investments
- Directions to Agency
- *And more!*