



# Benefits Handbook

## Judges' Retirement System

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## Message from the Board of Trustees

This booklet provides detailed information on the features and benefits of your retirement plan. Even though, as a member of the Judges' Retirement System, you are probably somewhat familiar with your benefits, this book explains them in everyday language. Major topics addressed are:

- Who is eligible for membership
- When membership ends
- How your benefits are funded
- How you earn service credit
- What benefits are provided
- What the eligibility requirements for the different benefits are
- How to calculate benefit income
- How to file for benefits
- What you need to know after retiring
- 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 Retirement Agency if you need assistance. Please note, however, that this booklet provides only a summary of the features and benefits of your pension plan. Pension provisions summarized in this document are set forth in the State Personnel and Pensions Article of the Annotated Code of Maryland and Title 22 of the Code of Maryland Regulations. If there are any questions of interpretation, the provisions of the State Personnel and Pensions Article and regulations will control to resolve them.

Throughout your career it's wise to take an active interest in your retirement plan. That's why the Retirement Agency offers a number of resources to keep you informed of benefit matters affecting you now and in the future. You may access your account online by using the mySRPS secure access participant portal. Please see our website at [sra.maryland.gov](http://sra.maryland.gov) for more information. The Retirement Agency creates an annual Personal Statement of Benefits for you each fall, and publishes newsletters, *The Mentor* for members and the *Retiree News & Notes* for retirees. You may also reach a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909 with any questions you have.

You should also be aware of other benefits, such as health insurance, which may continue 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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**March 2021** This booklet provides a summary of the features and benefits of your pension plan as of the publication date. Pension provisions outlined in this document are set forth in the State Personnel and Pensions Article of the Annotated Code of Maryland and Title 22 of the Code of Maryland Regulations. If there are any questions of interpretation, the provisions of the State Personnel and Pensions Article and regulations will control to resolve them.

















## 4. Your Benefits

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.

### **Your Benefits Include**

#### *Coverage While You Work*

- Death Benefits if you die before you retire.
- Disability Benefits if 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 a 50% survivorship benefit to your surviving spouse (or, if you have no surviving spouse, to any of your children who are under 26 years of age or who meet federal disability criteria).
- Optional benefit choices if unmarried at time of retirement.
- Potential cost-of-living adjustments.

Let's take a look at the eligibility requirements and payment formulas for each of these benefits.

### **Death Benefits**

#### *Death Benefits for Members or Former Vested Members*

The Judges' Retirement System provides a benefit if you die during membership, or if you die after membership ends and were eligible to receive a retirement allowance.

If you are married at the time of your death, your spouse will receive 50% of the monthly retirement allowance to which you would have been entitled at your death.

If at the time of your death, you are not married, and you have at least one child under the age of 26 or at least one disabled child (regardless of their age), your eligible child will receive 50% of the monthly retirement allowance to which you would have been entitled at your death. That benefit will continue until each eligible child has reached 26 years of age, is no longer disabled, or dies. If you have more than one child under age 26 or disabled, the allowance shall be divided equally among the eligible children until each child has reached 26 years of age, is no longer disabled, or dies.

If you are not married, have no children under the age of 26 and no disabled children, your beneficiary(ies) will receive a single payment equal to your annual salary plus your balance of accumulated contributions.

#### *Death While Performing Military Service*

If death occurs while you are a member performing qualified military service that interrupts your membership, the ordinary death benefit (including the spouse-and-family option, if applicable), will be paid.

### **Disability Retirement**

The SRPS provides important disability coverage in the unfortunate event that a serious illness or injury permanently incapacitates you from performing your job duties. While we hope you never have to apply to retire due to a disability, a disabling 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.

Also, please be aware that disability retirement entails a two-step process. Step 1, submitting a statement of disability and related documents, is described below. Step 2, submitting an application for retirement if you are approved to retire because of disability is described later in this chapter.

### *Eligibility*

Members of the Judges' Retirement System who resigned due to a disability are eligible to retire because of disability if they demonstrate that they are permanently incapacitated from performing the normal duties of their position, as determined by the Retirement Agency's medical board and approved by the SRPS Board of Trustees. The following are specific requirements for each category:

#### *Step 1: Applying for Retirement Because of Disability*

##### *How to File a Claim*

Filing to retire because of disability can be a lengthy process. It may take several months from the time you file your claim until the medical board and the SRPS Board of Trustees decide your claim. If the SRPS Board of Trustees approves your claim, you must then submit an *Application for Service Retirement* (Form 16) to the Retirement Agency to actually retire.

If you believe you may be eligible to retire because of a disability, contact the Retirement Agency immediately.

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. Your supervisor must sign and date the job description.
- All pertinent medical records: Medical information from your doctor(s) in support of your claim (such as X-rays, test results, and hospital reports). The Form 20 provides a recommended list of pertinent medical data.
- Notification of Social Security Claim/Award

### **Questions to guide you when filing a claim for disability**

If you answer "yes" to the questions that follow, you may file a disability claim. Contact the Retirement Agency immediately.

#### *General Requirements for Disability Benefits*

- Did you resign because of a disability?
- Have you met filing requirements?
- Are you permanently incapacitated from performing the normal duties of your position?

#### *Claim Review/Approval*

The medical board reviews cases on a regular basis. The physicians serving on the medical board represent a range of medical specialties. Members of the medical board are appointed by the SRPS Board

of Trustees. In some cases, the medical board will request an evaluation by a consulting physician at the Retirement Agency's expense for the purpose of providing an independent medical opinion.

The medical board's recommendations regarding disability claims are presented to the SRPS Board of Trustees for final action.

#### *Notification*

The Agency notifies the claimant of the Board of Trustees' claim decision on the medical board's recommendation.

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

Submit a completed *Application for Retirement* (Form 16) to the Retirement Agency.

#### *Benefit Amount*

If you retire because of a disability, your monthly retirement will be calculated in the same manner as if you had retired on termination of service for any other reason, using the service credit that you earned as a member. However, if you have earned at least three years of service credit, your retirement allowance may not be less than one-third (1/3<sup>rd</sup>) of your normal salary at retirement.

### **Retirement Benefits**

#### *Vested Benefits*

As an active member, you should also be aware that your accumulated benefits from the Judges' Retirement System are protected if you leave your position prior to normal retirement age and you are vested. If you should leave your position for any reason, and you are vested, you are eligible to receive a future benefit for the years and months of service credit you earned before ending employment.

#### *Eligibility*

- Members enrolled before July 1, 2012 are immediately vested in the Judges' Retirement System. Even if you earned only one month of service credit you are vested if you are separated from your position for a reason other than death or retirement.
- Members enrolled on or after July 1, 2012, are vested in the Judges' Retirement System if they have earned at least five years of eligibility credit and are separated from their position for a reason other than death or retirement.

#### *Payment*

A vested allowance is payable starting at age 60.

You must be separated from all employment with any participating employer before applying for your vested allowance. The calculation of a vested allowance uses the normal service retirement formula.

#### *Applying for a Vested Benefit*

Approximately six months before your 60<sup>th</sup> birthday, please go to the mySRPS secure access participant portal and create an estimate of your vested allowance under the various options. Or, you may print an *Application for an Estimate of Service Retirement Allowances* (Form 12) from the Retirement Agency's website or call a retirement benefits specialist and request that a Form 12 be mailed to you. After you return the completed Form 12 to the Retirement Agency, you will receive an estimate of your vested allowance under the various options.

After you have received your estimate and made a decision about which retirement option you will select, submit a completed *Application for Service Retirement* (Form 16) to the Retirement Agency to apply for your benefit.

## **Service Retirement**

### *Eligibility*

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

For an individual who was a member before July 1, 2012:

- On termination of service, if the member is at least age 60;
- On the recommendation of the medical board, if the member or former member resigns because of disability; or
- When retired by order of the Court of Appeals.

For an individual who became a member on or after July 1, 2012:

- On termination of service, if the member is at least age 60 and has at least five years of eligibility service;
- On the recommendation of the medical board, if the member or former member resigns because of disability;
- When retired by order of the Court of Appeals, if the member has at least five years of eligibility service;
- At the mandatory retirement age required by Article IV, § 3 of the Maryland Constitution with less than five years of eligibility service, if the member has eligibility service equal to the required mandatory retirement age minus the member's age when the member first became a member of the Judges' Retirement System.

## **Retirement Allowance**

For judges and workers' compensation commissioners, your retirement allowance is based on the annual salary for an active judge holding the same position or level as you held at termination of service. If you have at least 16 years of service credit, your retirement allowance will equal two-thirds of the salary payable in that fiscal year to a member holding the same level judicial position as you held at termination of service. If you have fewer than 16 years, your benefit will be prorated based on the service credit you earned during membership. Sample benefit calculations are provided later in this handbook to show how your benefit is calculated.

For magistrates in chancery or juvenile causes at the time of termination of service, your retirement allowance is based on two-thirds of the salary payable at the time of termination of service. Your retirement allowance increases each fiscal year that circuit court judges receive salary increases, at a rate equal to the average rate of increase of salaries of all circuit court judges for that fiscal year.

## **Benefit Options**

Retirement benefits and options differ for members of the Judges' Retirement System depending on your family status both at the time of retirement and at the time of death.

### *The Basic Allowance*

The Basic Allowance is the largest monthly allowance you can receive during your lifetime. You can receive the Basic Allowance either by law or by choice.

If on your retirement date you either are married, or are unmarried but have a child who is under 26 years old or disabled, then you will receive the Basic Allowance by law and may not select an optional form of

allowance at retirement. If you are unmarried and childless on your retirement date, you still can receive the Basic Allowance by choice.

Under the Basic Allowance, upon your death following retirement, your surviving spouse will receive 50% of your monthly allowance for the remainder of his or her lifetime. This is true even if you choose the Basic Allowance while unmarried, then marry during your retirement.

The Basic Allowance also provides benefits if you have no spouse, but do have eligible children, at the time of your death after retirement. If you have no spouse, but have any children who are under 26 years of age or disabled at your death after your retirement, then 50% of your monthly allowance shall be divided among the eligible children until each has died, becomes 26 years old, or is no longer disabled. If you have no spouse or children who are under 26 years of age or disabled at your death after your retirement, no survivor's allowance is payable and monthly payments cease at your death.

#### *Other Allowance Options*

If you are unmarried on the date of retirement and have no children who are under age 26 or disabled, you may either elect the Basic Allowance 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 your first monthly allowance payment normally becomes due. Also, if you select an option then later marry, you may change your beneficiary, but may not change the optional form of allowance that you selected at retirement.

#### How the options work

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

- 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 your lifetime only. Upon your death, any reserve funds remaining in the account are distributed in a single payment divided equally among your designated beneficiaries.

You may designate multiple beneficiaries under the Single-Life Annuities.

You may change these beneficiaries as often as you desire and your monthly allowance is not affected.

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

When you retire, we will calculate the "Present Value" of your benefit. This is the value of the total benefit we expect to pay you over the rest of your life. We calculated it in today's dollars.

Each month, we will reduce your Present Value balance by the amount of the allowance we paid you that month. (Including any cost-of-living adjustments.) Note that even if you "use up" the whole balance of your Present Value, you will continue to receive the same monthly allowance for the rest of your life.

After you die, we will look at your balance. If there is any money left, we will pay this amount to your surviving beneficiary. We will do that in the form of a single payment. If you have more than one surviving beneficiary, we will divide it equally among them.



But if you already received the total balance during your lifetime, your beneficiary will not receive any payment after you die.

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

When you retire, we will add up the amount of all the contributions you made during your employment. We'll add the interest earned on those contributions. The total is your Accumulated Contributions.

Each month, we will reduce your Accumulated Contributions by a calculated monthly reduction amount. Note that even if you "use up" the whole balance of your Accumulated Contributions, you will continue to receive the same monthly allowance for the rest of your life.

After you die, we will look at your balance. If there is any money left, we will pay this amount to your surviving beneficiary. We will do that in the form of a single payment. If you have more than one surviving beneficiary, we will divide it equally among them.

But if you already received the total balance during your lifetime, your beneficiary will not receive any payment after you die.

#### *Dual-Life Annuities*

These options pay benefits over two lifetimes. They provide a benefit throughout your life and then provide a continuing monthly benefit to one surviving beneficiary. The benefit amount is based on your age and the age of your beneficiary at the time of your retirement. Because these options provide a continuing monthly payment over two lifetimes (yours and your beneficiary's), they normally result in a smaller benefit payment than Option 1 or 4.

You may designate only one individual as your beneficiary under the Dual-Life Annuities. You may change this beneficiary, but it will cause a re-calculation of your monthly allowance. In most cases the recalculated amount will be less than the current amount.

#### OPTION 2—100% Survivor's Benefit

After you die, we will start paying your surviving beneficiary the same monthly allowance we were paying you. Your beneficiary will get those payments for the rest of his or her life. When that beneficiary dies, the payments will stop.

Note that your beneficiary cannot be more than 10 years younger than you. But this age restriction does not apply if your beneficiary is your spouse or disabled child.

You may change your beneficiary after you retire. But before you do, we will have to recalculate your monthly allowance. The new amount will likely be lower.

#### OPTION 3—50% Survivor's Benefit

After you die, we will start paying your surviving beneficiary half of the monthly allowance we were paying you. Your beneficiary will get those payments for the rest of his or her life. When that beneficiary dies, the payments will stop.

You may change your beneficiary after you retire. But before you do, we will have to recalculate your monthly allowance. The new amount will likely be lower.

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

After you die, we will start paying your surviving beneficiary the same monthly allowance we were paying you. Your beneficiary will get those payments for the rest of his or her life.

Note that your beneficiary cannot be more than 10 years younger than you. But this age restriction does not apply if your beneficiary is your spouse or disabled child.

You may change your beneficiary after you retire. But before you do, we will have to recalculate your monthly allowance. The new amount will likely be lower.

If your beneficiary dies before you, your monthly allowance will “pop up” to the amount of the Basic Allowance. You then have a choice:

- You can keep your allowance at that higher level for the rest of your life.
- Or you can name a new beneficiary. If you do, you will get a monthly allowance that is lower than the Basic Allowance.

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

After you die, we will start paying your surviving beneficiary half of the monthly allowance we were paying you. Your beneficiary will get those payments for the rest of his or her life.

You may change your beneficiary after you retire. But before you do, we will have to recalculate your monthly allowance. The new amount will likely be lower.

If your beneficiary dies before you, your monthly allowance will “pop up” to the amount of the Basic Allowance. You then have a choice:

- You can keep your allowance at that higher level for the rest of your life.
- Or you can name a new beneficiary. If you do, you will get a monthly allowance that is lower than the Basic Allowance.

NOTE: You may ONLY change your option selection before your first allowance payment normally becomes due. We urge you to discuss your needs with your family and financial advisor. Contact the Retirement Agency if you need assistance.

#### **Applying for a Service Retirement**

It is important that you allow yourself sufficient time to make informed decisions about your retirement and meet the various filing deadlines.

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. All retirement forms mentioned can be obtained through your personnel office or online at the Retirement Agency’s website. See “Preparing for Retirement” for a checklist that includes some important financial and personal planning matters.

## 5. 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

For judges and workers' compensation commissioners, the key elements of the benefit formula for computing your retirement allowance are:

1. Normal salary for an active judge or commissioner holding the same position or level that you held; and
2. Your total service credit as of your retirement date. This figure includes service credit earned during membership, service credit purchased, and service credit claimed for military service.

For magistrates, the key elements of the benefit formula for computing your retirement allowance are:

1. Your salary payable at the time of termination of service; and
2. Your total service credit as of your retirement date. This figure includes service credit earned during membership, service credit purchased, and service credit claimed for military service.

### 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 you, and upon your death provides your spouse or qualifying family members 50% of the monthly allowance.

Also, each of the following sample calculations is for members who are judges or workers' compensation commissioners. For a more detailed explanation of calculation of retirement, vested, and disability benefits for members who are, contact the Retirement Agency.

### Service Retirement Benefit for Judges and Workers' Compensation Commissioners

The Service Retirement formula for calculating your benefit is:

$.6667 \times \text{normal salary of active judge or commissioner holding same position} \times (\text{years of service credit up to 16 years} \div 16) = \text{annual Basic Allowance}$

Example: Service Retirement

Let's assume you are age 63 with 22 years of service credit and the normal salary for an active judge holding the same position is \$156,333. Your service retirement benefit is calculated as follows:

$$.6667 \times \$156,333 \times (16 \div 16) = \text{annual Basic Allowance}$$

$$.6667 \times \$156,333 \times 1 = \text{annual Basic Allowance}$$

$$\$104,227.21 = \text{annual Basic Allowance}$$

$$\$104,227.21 \div 12 = \text{monthly Basic Allowance}$$

$$\$8,685.60 = \text{monthly Basic Allowance}$$

### **Vested Retirement Benefit for Judges and Workers' Compensation Commissioners**

A vested benefit is calculated in the same manner as the service retirement benefit:

$.6667 \times \text{normal salary of active judge or commissioner holding same position} \times (\text{years of service credit up to 16 years} \div 16) = \text{annual Basic Allowance}$

Example: Vested Retirement

Let's assume that you leave membership at age 54 with 10 years of service credit. When you reach 60 years of age and apply for your vested benefit, the normal salary for a judge holding the same position that you held when you were employed is \$169,433. Your vested benefit is calculated as follows:

$$.6667 \times \$169,433 \times (10 \div 16) = \text{annual Basic Allowance}$$

$$.6667 \times \$169,433 \times .625 = \text{annual Basic Allowance}$$

$$\$70,600.61 = \text{annual Basic Allowance}$$

$$\$70,600.61 \div 12 = \text{monthly Basic Allowance}$$

$$\$5,883.38 = \text{monthly Basic Allowance}$$

### **Disability Retirement Benefit for Judges and Workers' Compensation Commissioners**

The calculation of a disability benefit is the same as the calculation for service retirement. However, if you have earned at least three years of service, the minimum benefit is .3333 (1/3) of the normal salary for a judge holding the same position that you held.

Example: Disability Retirement

Let's assume you are age 58 with nine years of service credit, the normal salary for a judge or commissioner holding the same position that you held is \$178,633, and you have been approved for a disability retirement. Your disability benefit is calculated as follows:

Greater of a service retirement benefit:

$$.6667 \times \$178,633 \times (9 \div 16) = \text{annual Basic Allowance}$$

$$.6667 \times \$178,633 \times .5625 = \text{annual Basic Allowance}$$

$$\$66,990.72 = \text{annual Basic Allowance}$$

$$\$66,990.72 \div 12 = \text{monthly Basic Allowance}$$

$$\$5,582.56 = \text{monthly Basic Allowance}$$

OR (because in this example we assumed you had at least three years of service credit)

$$.3333 \times \$178,633 = \text{annual Basic Allowance}$$

$$\$59,538.38 = \text{annual Basic Allowance}$$

$$\$59,538.38 \div 12 = \text{monthly Basic Allowance}$$

\$4,961.53 = monthly Basic Allowance

Since the Basic Allowance benefit calculated using the service retirement formula is greater than the Basic Allowance benefit calculated using the .3333 (1/3) minimum, we would use the \$66,990.72 annual (\$5,582.56 monthly) Basic Allowance benefit.

NOTE: A claim must be approved by the medical board and the Board of Trustees before the Retirement Agency can issue a calculation of benefits. You must file an application for retirement at that time in order to actually retire.

## 6. Preparing for Retirement

### 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.

#### *Two to Three Years Prior to Retirement*

- Attend one of the Retirement Agency's Pre-retirement Seminars. To view the schedule of upcoming seminars and to register for the seminar most convenient to you, visit our website, [sra.maryland.gov](http://sra.maryland.gov), and click on the Seminars and Webinars page under the Members tab.

#### *Twelve Months Prior to Retirement*

- Use the mySRPS secure online participant portal and create an estimate of your retirement benefits, or request an estimate of your retirement benefits by submitting an *Application for an Estimate of Service Retirement Allowance* (Form 12) to the Retirement Agency.
- If you have any other service credit which you may be able to purchase and add to your account, submit a *Request to Purchase Previous Service* (Form 26) to the Retirement Agency.
- If you have any military credit for which you may be able to claim additional service credit on your account, submit a *Claim of Retirement Credit for Military Service* (Form 43) to the Retirement Agency.

#### *Six Months Prior to Retirement*

- If needed, schedule an appointment 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 if you may continue employer-provided benefits, such as health insurance, after retiring.
- Prepare a retirement budget, estimating your retirement expenses against your state pension benefit, Social Security, and any other income.

#### *Two Months Prior to Retirement*

- Contact your personnel office and file your *Application for Service Retirement* (Form 16).
- Be prepared to submit a proof of birth date document (e.g. birth certificate, valid driver's license) for your beneficiary if:
  - you are married, or
  - you are unmarried but have at least one child under age 26 or who is disabled (regardless of age), or
  - you are unmarried with no children under age 26 or who are disabled, and will be selecting Option 2, 3, 5 or 6.
- Complete a *Direct Deposit Electronic Fund Transfer Sign-Up* (Form 85) for the electronic transmission of your payment to your bank, savings institution, or credit union (mandatory).
- Complete a *Federal and Maryland State Tax Withholding Request* (Form 766) for federal and state tax withholding.
- If eligible, complete authorization forms to continue your health coverage, and any other benefits provided by your employer.

## Retirement Forms

All retirement forms are available through your personnel office. You also can print most of the forms from our website at [sra.maryland.gov](http://sra.maryland.gov).

Title	Form Number	Purpose
<i>Designation of Beneficiary</i>	4.1	To designate multiple beneficiaries at retirement, under Options 1 or 4, and to make any later beneficiary changes.
<i>Application for an Estimate of Service Retirement Allowances</i>	12	To obtain an estimate of various payment options for normal or early service retirement within one year of expected retirement date.
<i>Application for Service Retirement</i>	16	To apply for service and disability retirement.
<i>Request to Purchase Previous Service</i>	26	To transfer or purchase credit for eligible periods of employment.
<i>Claim of Retirement Credit for Military Service</i>	43	To claim credit for military service.
<i>Direct Deposit Electronic Fund Transfer Sign-Up</i>	85	To authorize the deposit of your monthly retirement allowance directly into your bank account.
<i>Federal and Maryland State Tax Withholding Request</i>	766	To authorize federal and Maryland state tax 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 keep a record of when and how you filed the forms, in case you ever need to confirm their submission date?
- Did you include required supporting documents with your form?
- Did you include proof of date of birth for your designated beneficiary if you are married, or are unmarried but have at least one child under age 26 or who is disabled (regardless of age), or are unmarried with no children under age 26 or disabled and will be selecting Option 2, 3, 5 or 6?

## 8. After You Retire and During Retirement

There are a number of matters to be aware of immediately after you retire and during your retirement, including:

- Reemployment
- Earnings Limitations
- Cost of Living Adjustments
- Payment Method for your Monthly Benefit
- Address Changes
- Tax Reporting
- Garnishment of Pension Benefits
- Voluntary Deductions from Your Retirement Allowance

### **Reemployment**

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.

For a minimum of 45 days after your retirement date, you may not be reemployed on a permanent, temporary, or contractual basis by the State or any other employer who participates within the SPRS.

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

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 59½, 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 59½, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from which 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 SRPS 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 which 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.

### **Earnings Limitation**

An earnings limitation is the maximum annual income you may earn through reemployment (employment after retirement) without being subject to a reduction of your monthly retirement allowance. Your initial earnings limitation will be listed on the *Notice of Retirement Allowance* sent to you by the Retirement Agency when you retire.

If you accept employment that will be compensated wholly or partly with municipal, county or State funds, you must immediately notify the Board of Trustees of your intention to accept the employment and the compensation that you will receive.

If your employer before retirement was any unit of State government and the employer for your reemployment is also any unit of State government, you may be subject to an earnings limitation. Your retirement allowance may be reduced by the amount that your earnings from your annual retirement allowance plus your compensation from your re-employment exceeds the salary used to calculate your retirement allowance.

You are not subject to an earnings limit for re-employment if:

1. your re-employment consists of a temporary assignment to sit in a court of this State under the authority of Article IV, § 3A of the Maryland Constitution;
2. you have been retired for at least 5 years, beginning on the January 1 after the date of your retirement; or
3. you are employed as a faculty member of a public institution of higher education in the State.

### **Cost-of-Living Adjustments**

Your retirement allowance will be recalculated each time the salary for an active judge holding the same position you last held receives a salary increase.

Exception: For retired magistrates (formerly known as masters), the retirement allowance is adjusted each time that circuit court judges receive salary increases. The adjustment is based on the average rate of increase of salaries of all circuit court judges for that year.

### **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 benefit amount changes.

If you need to change your bank account information, please submit to the Retirement Agency a new *Direct Deposit – Electronic Funds Transfer Sign-Up Form* (Form 85).

### **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 phone.

### **Tax Reporting**

Retirees are required to pay both federal and state taxes on their Maryland state pension income. Each January, the 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 file for retirement, you are asked to complete a *Federal and Maryland State Tax Withholding Form* (Form 766). If you elect not to have taxes withheld as a deduction from your monthly allowance, you may be required to make quarterly estimated payments to the appropriate taxing authority. If you reside in another state after you retire, your pension may be subject to that state's taxes.

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

### **Garnishment of Pension Benefits**

Generally, a retiree's pension benefits are not subject to assignment, garnishment, execution, lien or attachment. These situations may occur, however, in cases involving divorce, alimony, child support, and unpaid taxes. A portion of the benefit may be assigned or transferred to a former spouse by court order or agreement incorporated in a court order consistent with regulations adopted by the SRPS Board of Trustees.

### **Voluntary Deductions From Your Retirement Allowance**

When you retire, you may request various voluntary deductions from your allowance. Check with your personnel office and benefits coordinator for information on what benefits you may continue after retirement.

### **Retiree Health Benefits**

Continuing health coverage through your employer may be available to retirees who meet the eligibility requirements.

#### *Retired State of Maryland Employees*

Health benefits for retired State of Maryland employees are administered by the Department of Budget and Management, Employee Benefits Division.

For additional information on matters regarding retiree health benefits, *State of Maryland employees* should contact:

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

#### *Employees Retired from Participating Employers*

Health benefits for retired employees of participating employers are administered by that participating employer.

For additional information on matters regarding retiree health benefits, *non-State of Maryland employees* should contact their human resources or personnel office.

## 8. SRPS Resources

The 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.

### **mySRPS**

The Retirement Agency offers a secure online participant portal, mySRPS. You can use mySRPS to view your account information, to make changes to your account, and to securely contact the Retirement Agency via email. If you are not already registered for mySRPS, please visit our website, [sra.maryland.gov](http://sra.maryland.gov), click on the “mySRPS Login” button in the upper right hand corner of the homepage, select the “Register” button, and then follow the on screen directions.

### **Automated Phone System**

Our automated phone system is available to you at any time. You can access the automated telephone system by calling 410-625-5555 or 1-800-492-5905.

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.

Retirement Benefits Specialists are available by phone, at the same numbers listed above, from 8:30 a.m. to 4:30 p.m. weekdays to answer basic benefit questions.

### **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:

Visit our website at [sra.maryland.gov](http://sra.maryland.gov) and select the Contact option, or call  
410-625-5555 or 1-800-492-5909

### **Inquiries by Letter or Email**

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 and mailing address. You should also provide a daytime telephone number.

### **Newsletters**

The Retirement Agency publishes two newsletters: *The Mentor* and the *Retiree News & Notes*.

*The Mentor* is targeted to members of the SRPS and is distributed electronically through your Retirement Coordinator. You may also view the current and prior editions of the newsletter on our website, [sra.maryland.gov](http://sra.maryland.gov).

*Retiree News & Notes* is targeted to retirees of the SRPS and is mailed to your address twice a year. You also may view the current and prior editions of the newsletter on our website, [sra.maryland.gov](http://sra.maryland.gov).

### **Personal Statement of Benefits**

While you are an active member, each fall the Retirement Agency will create an individualized statement of your retirement benefits. Your Personal 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. You may view your current and previous Personal Statement of Benefits by logging into your mySRPS account (see mySRPS above).

### **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 two to three years of retirement. Contact your Retirement Coordinator for information on current seminars or view that information on our website, [sra.maryland.gov](http://sra.maryland.gov).

### **Your Retirement Coordinator**

For certain retirement matters, you'll need to contact your retirement coordinator, whose office will assist you with basic retirement matters such as your filing the necessary forms to keep your account records current and your benefits in force. Your coordinator will also distribute Retirement Agency newsletters and bulletins to keep you up-to-date on important benefit information.

However, keep in mind that your retirement coordinator is not an agent of the SRPS and is not authorized to advise you on specific matters concerning the details of your account. For this type of assistance, you must contact the Retirement Agency.

### **Internet**

The Retirement Agency's maintains an internet website which features basic information about the SRPS, an archive of recent Retirement Agency newsletters and annual financial reports, useful forms and links to other sites of interest.

### **Confidentiality**

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

- Certain personnel of 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. Also, if asked, the Retirement Agency may state whether an individual is receiving a pension or not.

**Conflicts**

Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland, and Title 22 of the Code of Maryland Regulations control in resolving questions regarding policies and benefits of SRPS.

## Glossary of Terms

Accumulated Contributions	The balance of member contributions and regular interest earned on those member contributions.
Actuary	An expert who analyzes risks and computes rates according to probabilities which are based on known experience.
Basic Allowance	Provides the largest monthly benefit payable to a retiree based on member's total service credit and salary of an active judge in the position that you last held. Provides 50% survivor benefit to retiree's spouse or qualifying children.
Beneficiary	Individual(s) named by a member or retiree to receive benefits in the event of the member or retiree's death.
Contingent Beneficiary	Individual(s) named to receive benefits in the event that there are no primary beneficiaries who survive the member/retiree.
Earnable Compensation	A member's annual salary rate payable for working the normal time in the member's position.
Fiscal Year	The annual period beginning July 1 and ending June 30.
Medical Board	A panel of three doctors (and up to three alternates), appointed by the SRPS Board of Trustees, who review, investigate and make preliminary determinations on claims for disability retirement.
Military Duty	Period of eligible duty with any of the Armed Forces of the United States, as verified by military discharge papers.
Normal Retirement Age	60 years of age
Participating Employer	Public employer that employs individuals who are eligible for membership in a State Retirement or pension system
Primary Beneficiary	Your first choice for the individual(s) you designate to receive benefits in the event of your death.
Retirement Coordinator	An employee, usually a personnel officer of a participating employer, who is trained to assist members with basic retirement matters such as the completion of SRPS forms.
SRA	State Retirement Agency. The state agency that administers the State Retirement and Pension System.
SRPS	State Retirement and Pension System