

# Benefits Handbook

## State Police Retirement System



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

# Benefits Handbook

## State Police Retirement System

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

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

**Revised July 2023**

## 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 State Police 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.

## Table of Contents

### 1. Membership in the State Police Retirement System

Eligibility .....	1
Enrollment .....	1
Designating Your Beneficiaries .....	1
Qualifying Leave of Absence .....	2
Terminating Membership.....	2
Questions to Ask Before Leaving Employment .....	2

### 2. Funding Your Benefits

Member Contributions .....	4
Employer Contributions.....	4
Employer Pick-Up Contributions.....	4
System Investments .....	4
Supplemental Retirement Contributions.....	5

### 3. How You Earn or Accrue Service Credit

Membership Credit .....	6
Claimed Credit.....	6
Purchased Credit.....	8
Unused Sick Leave .....	10

### 4. Your Benefits

Death Benefits.....	12
Disability Benefits .....	13
Retirement Benefits .....	16
Service Retirement.....	17
Retirement Allowance .....	17
Benefit Options.....	17
Applying for a Service Retirement .....	20

### 5. Calculating Your Benefits

Key Elements of the Benefit Formula.....	21
Assumptions Used in Sample Calculations .....	21
Normal Service Retirement.....	21
Ordinary Disability .....	22
Special Disability .....	22

### 6. Preparing for Retirement

Retirement Checklist.....	25
Retirement Forms.....	26
Filing Checklist.....	26

### 7. The Deferred Retirement Option Program (DROP)

Eligibility .....	27
Enrollment in DROP .....	28
Effective Date of DROP .....	28
Length of DROP Participation.....	28
Participation in DROP .....	28
DROP Benefits .....	29
Disability Benefits While Participating in DROP .....	29
Termination from DROP .....	29
Payment of DROP Account Balance .....	29

### 8. After You Retire and During Retirement

Reemployment.....	31
Earnings Limitation .....	32
Cost-of-Living Adjustments .....	32
Method of Payment .....	33
Address Changes .....	33
Tax Reporting .....	33
Garnishment of Pension Benefits .....	34
Voluntary Deductions From Your Retirement Allowance .....	34
Retiree Health Benefits.....	34

### 8. SRPS Resources

mySRPS.....	35
Automated Phone System.....	35
Office Visits.....	35
Inquiries by Letter or Email.....	35
Newsletters .....	36
Personal Statement of Benefits .....	36
Seminars .....	36
Your Retirement Coordinator .....	36
Internet.....	36
Confidentiality .....	36
Conflicts.....	37

Glossary of Terms.....	38
------------------------	----

**July 2023** 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.

# 1. Membership in the State Police Retirement System

The State Police Retirement System was established in 1949. Membership in the State Police Retirement System is only available to state employees who meet the eligibility criteria described below.

## Eligibility

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

Note: Civilian employees hired by the Maryland State Police may participate in the Employees' Retirement System (if hired before January 1, 1980), the Employees' Pension System (if hired on or after January 1, 1980), or the Law Enforcement Officers' Pension System (if an aviator operating an aircraft for the State Emergency Medical System).

## Enrollment

When you are first hired, you will be asked to complete and submit to the Retirement Agency an *Application for Membership* (Form 1) and to provide a document to verify your date of birth. The Form 1 provides the Retirement Agency with the basic information needed to create your membership record. The most common documents you can provide to verify your date of birth are a copy of your birth certificate or a copy of your valid driver's license.

## Designating Your Beneficiaries

You are also strongly encouraged to complete and submit a *Designation of Beneficiary* (Form 4), although it is not necessary for your enrollment. The Form 4 allows you to designate the individual or individuals who will receive the appropriate benefit should you die before you retire or withdraw. Note: Your spouse, disabled children, children under 26, or your dependent parent may be entitled to a special death benefit even if they are not designated as your beneficiary (see "Death Benefits" section for more information).

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

**Primary Beneficiary:** This is your first choice for the individual(s) you designate to receive death benefits in the event of your death.

**Contingent Beneficiary:** The individual(s) you designate to receive death benefits if all of your designated primary beneficiaries pre-decease you or otherwise lose rights as beneficiaries (e.g., by their disclaimer).

It is also very important that the beneficiaries you have on file with the Retirement Agency be kept current to reflect any changes in your life. Common reasons for changing beneficiaries include a change in marital status, the arrival of a new family member, or the death of one of your current beneficiaries.

Members may update their beneficiary designation at any time using the mySRPS secure member portal. Members and retirees also may update their beneficiary designation at any time by completing a new *Designation of Beneficiary* (Form 4), available through your personnel office or the Retirement Agency's website, [sra.maryland.gov](http://sra.maryland.gov). Your new designation goes into effect as soon as the Retirement Agency receives it.

## Qualifying Leave of Absence

At some time in your career, you may need to take an unpaid leave of absence, which may affect your service credit accrual. If certified by your employer, you may qualify to purchase eligibility service credit for the following specific types of qualifying leave:

- Personal illness
- Birth or legal adoption of a child
- Temporary assignment with another governmental employer
- Study

Only the types of leave listed here qualify. If you take an unpaid leave of absence for reasons other than those noted, your active membership ceases during the leave, and your accrued service credit may be affected.

### *Filing for a Qualifying Leave of Absence*

It's extremely important that you properly file for a qualifying leave of absence. Proper filing ensures that if you die while on an approved qualifying leave, your survivor benefits remain in effect. Proper filing also makes you eligible to purchase the leave period later if you wish to add to your service credit.

Before your leave of absence begins you must file a *Qualified Leave of Absence Request Or Notification of Military Service Entry* (Form 46) with the Retirement Agency, as well as any forms your employer requires. Your employer must also certify that the leave has been approved for one of the reasons specified above.

### *Purchasing credit from a Qualifying Leave of Absence*

Members must pay member contributions missed during an approved qualifying leave of absence, plus regular interest on the contributions compounded annually to the date of payment, to be eligible to receive service credit for the leave period. You must file a *Request to Purchase Previous Service* (Form 26). You may purchase the time you were on an approved qualifying leave of absence at any time during employment or, if you separate from employment, within 60 days after the leave of absence expires.

## Terminating Membership

Your membership ends if you:

- are separated from employment for more than four years,
- withdraw your accumulated contributions,
- become a retiree,
- elect to participate in the Deferred Retirement Option Program, or
- die.

## Questions to Ask Before Leaving Employment

If you leave your job before retirement, it's important to review your State Police Retirement System benefits before departing. If you answer "yes" to any of the following questions, you may be eligible for benefits now or in the future. Check with your personnel office or contact the Retirement Agency before your last day of employment.

Am I vested? (See "Vested Benefits")  YES  NO

Do I qualify for normal service retirement?  
(See "Service Retirement")  YES  NO

Do I qualify to participate in the Deferred Option Retirement Program (DROP)?  YES  NO  
(See “DROP Eligibility”)

Do I qualify to apply for disability? (See “Disability Benefits”)  YES  NO

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

Have I checked with my personnel office regarding the impact that terminating membership might have on other benefits offered through my employer such as health insurance?  YES  NO

## 2. Funding Your Benefits

### Member Contributions

The State Police Retirement System is contributory for all members. You are required to contribute 8% of your normal salary until you have earned 28 years (336 months) of creditable service. Your payment is called your member contribution and is automatically deducted from your paycheck and sent to the Retirement Agency by your employer. Effective July 1, 2020, once you have earned 28 years (336 months) of creditable service you are no longer required to make member contributions.

Member contributions earn 4% regular interest each year, compounded annually, until you retire or withdraw your accumulated contributions, or your membership ends and you have not vested (see “Vested Benefits”). Upon leaving employment, and if you are not employed by any other employer that participates in the State Retirement and Pension System (“SRPS”), you may request to withdraw the balance of your accumulated contributions from the SRPS and either have this money paid directly to you or rolled over to another qualified retirement plan. However, if you withdraw your accumulated contributions, you forfeit any future benefit from the SRPS.

### Employer Contributions

The State Police Retirement System is also contributory for all employers. Your employer also contributes a percentage of your normal salary to help fund your benefits. Unlike your member contribution which currently is fixed at 8% of your normal salary, the rate that your employer pays may vary and is established annually by the Board of Trustees based upon an annual actuarial valuation.

### Employer Pick-Up Contributions

The state participates in an "employer pick-up program." Under a pick-up program, member contributions are treated as employer contributions for federal income tax purposes. Federal income tax on your member contributions is deferred until termination of your membership.

The employer pick-up program affects federal income tax only. Your member contributions remain subject to Maryland income tax during your active membership.

You should speak with your tax advisor if you have any further questions about the employer pick-up program and your taxes.

### System Investments

Member contributions, employer contributions, and the returns on those contributions are invested in accordance with an asset allocation policy adopted by the SRPS Board of Trustees. The Board oversees the management of assets with the goal of achieving an annualized investment return that over a long-term time frame: (1) meets or exceeds the investment policy benchmark for the System; (2) in nominal terms, equals or exceeds the actuarial investment return assumption adopted by the Board; and (3) in real terms, exceeds the U.S. inflation rate by at least three percent. The returns on these investments provide the majority of dollars that fund your benefits.

Both internal and external monitoring safeguards the proper operation and funding of this multi-billion dollar pension fund. SRPS’s financial management is subject to an annual audit by the state’s external auditor and SRPS’s administrative activities are subject to a tri-annual audit by the state’s legislative auditor. Additionally, SRPS’s financial and administrative activities are subject to a constant schedule of internal audits. An independent actuary calculates funding requirements and prepares an annual valuation of SRPS’s assets and liabilities.

Updates on the management of SRPS's assets are posted throughout the year at <https://sra.maryland.gov/fiscal-year-quarterly-updates>.

The Board of Trustees plays an important role in the stewardship of the SRPS. The Board's fundamental mission is to ensure that retirement benefits are paid in full, and in an accurate and timely manner. The Board oversees the investment of System assets in order to ensure the funding necessary to meet those obligations. Three trustees serve on the Board by virtue of the office they hold as State Treasurer, State Comptroller, and Secretary of the Maryland Department of Budget and Management. Other trustees are appointed by the Governor because of their particular experience as institutional investors or government managers, while others are actual members or retirees of SRPS and are elected by you, their fellow SRPS members and retirees.

SPECIAL NOTE:

**Supplemental Retirement Contributions**

Your benefits from the State Police Retirement System will provide an important financial foundation for your retirement. These benefits, however, are likely to be only a part of the total financial picture. You may wish to enhance your retirement savings by also participating in a supplemental retirement program which your employer may offer.

For state employees, the Maryland Teachers and State Employees Supplemental Retirement Plan is another way for you to save for your retirement.

The Maryland Teachers and State Employees Supplemental Retirement Plan offers State employees a low cost way to save additional money for retirement—through the 457 Deferred Compensation Plan, 401(k) Savings & Investment Plan, and 403(b) Tax Deferred Annuity Plan. All contributions are made through payroll deduction. You choose to contribute before- or after-taxes (Roth), or use a combination. You choose how much to save and how to invest your contributions.

The Retirement Agency does not administer this program.

For further information, contact the Maryland Teachers and State Employees Supplemental Retirement Plan by telephone at 410-767-8740 or 1-800-545-4730. Information also can be obtained at [www.marylanddc.com](http://www.marylanddc.com).

### 3. How You Earn or Accrue Service Credit

Your service credit determines both your eligibility for benefits and the amount of your benefits.

#### **Membership Credit**

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

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

If you make a member contribution in any month, you will receive service credit for the entire month.

#### **Claimed Credit**

In addition to the service credit you earn through your employment as an eligible member of the State Police Retirement System, you may be eligible to claim additional credit in certain special situations. Please note that it is your responsibility to claim this credit by completing the required forms, available through your personnel office or the Retirement Agency. You must be a member to claim service. See “Terminating Membership” for information on when membership ends. No additional credit can be claimed after you have left membership or have retired.

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

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

#### *Previous Service Earned in Another System*

There are also two types of service earned in another system:

- Previous service earned in another system of the SRPS, and
- Previous service earned in another system administered by another governmental employer within Maryland

#### *Previous Service Earned in Another System of the SRPS*

If you were previously a member of another system of the SRPS, you may be eligible to transfer your service credit from that system into the State Police Retirement System. For example, if you were a member of the SRPS’s Employees’ Pension System and changed jobs, becoming a trooper, you may be eligible to transfer your service from the Employees’ Pension System to the State Police Retirement System.

To be eligible to request such a transfer of service:

1. Your employment must be continuous. There must be no break in employment between your old employment and your new employment which made you eligible to be a member of the State Police Retirement System,
2. You must request the transfer of your service credit within one year of becoming a member of the State Police Retirement System. To request a transfer of your service you must file an *Election to Transfer Service* (Form 37), and
3. You must transfer from your previous system and deposit in the State Police Retirement System the total accumulated contributions to your credit in your previous system within one year of becoming a member of the State Police Retirement System, and any additional amounts required to be paid.

### Previous Service Earned in Another System Administered by Another Governmental Employer Within Maryland

If you were previously a member of another eligible defined benefit plan administered by another governmental employer within Maryland, you may be eligible to transfer your service credit from that system into the State Police Retirement System. For example, if you were a member of the Baltimore City Employees' Retirement System and changed jobs, becoming a trooper, you may be eligible to transfer your service from the Baltimore City Employees' Retirement System to the State Police Retirement System.

To be eligible to request such a transfer of service:

- Your employment must be continuous. There must be no break in employment between your old employment and your new employment which made you eligible to be a member of the State Police Retirement System, and
- You must request the transfer of your service credit within one year of becoming a member of the State Police Retirement System. To request a transfer of your service you must file both a *Request to Purchase Previous Service* (Form 26) and an *Election to Transfer Service* (Form 37), and
- You must transfer from your previous system and deposit in the State Police Retirement System the total accumulated contributions to your credit in your previous system within one year of becoming a member of the State Police Retirement System.

Note: Members who did not apply to transfer the credit within the one-year deadline but who are otherwise eligible may be eligible for a waiver of the deadline under certain limited circumstances; please contact the Retirement Agency for more information.

### Eligibility for Military Service Credit

You may be eligible to claim additional service credit for your U.S. military service if:

- You did not and will not receive credit for this military service under any other pension system, including military pensions. This restriction is not applicable to benefits paid under Social Security, the National Railroad Retirement Act, any National Guard or Reserve pension or to benefits received from any disability pension, and
- For military service that occurred prior to your enrollment date in SRPS, you must have at least 10 years of creditable service earned through employment as a member of a State system, or
- For military service that interrupted your membership in the SRPS, there is no requirement that you have earned any amount of creditable service through employment as a member of a State system.

### *Eligible Types of Military Service*

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

- Induction into the armed forces of the United States for training and service under the Selective Training and Service Act of 1940 or a subsequent act of a similar nature;
- Membership in a reserve component of the armed forces of the United States on active duty or Maryland National Guard on active duty or on active or inactive duty for training;
- Enlistment into the armed forces of the United States;

or

- Active duty with the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration or the Coast and Geodetic Survey from:
  - a) December 7, 1941, to December 31, 1946;
  - b) June 25, 1950, to January 31, 1955, or
  - c) December 22, 1961, to May 7, 1975.

*Eligible Duty Preceding Membership (includes Active Duty Training Preceding and During Membership)*

Prior to retirement, and upon attainment of 10 years of service credit earned through employment, you may claim up to a maximum of five years of service credit for the following types of military duty:

1. Active Duty Preceding your Membership;
2. National Guard or U.S. Armed Forces Reserves Service  
For service in the National Guard or U.S. Armed Forces Reserves, four months of military credit may be granted for each full year of Guard or Reservist service (at least 50 inactive duty points), up to a maximum of 36 months of military credit;
3. Active Duty Training  
For active duty training in the National Guard or U.S. Armed Forces Reserves, one month of military credit may be granted for every 28 days of active duty training certified. No credit is granted for less than 28 days. The active duty training must have occurred prior to enrollment in the SPRS.

*Eligible Duty Interrupting Membership*

If you are called to active military duty or active/inactive duty for training during your membership, you should submit to the Retirement Agency a *Qualifying Leave of Absence Request OR Notification of Military Service Entry* (Form 46) before leaving employment. The filing of Form 46 provides notice to the Retirement Agency of your absence due to military service.

You may generally submit a claim for up to five years of service credit upon returning to work provided that:

- You return to work with a participating employer within one year of your discharge from active duty and
- You do not accept other permanent employment between your date of discharge and your return to work.

*How to Apply*

To apply for military credit, either preceding or interrupting your membership, complete and submit to the Retirement Agency a *Claim of Retirement Credit for Military Service* (Form 43). Attach a copy of your military discharge papers (Form DD 214) indicating your entrance and discharge dates. To claim National Guard or Reserve service, include a retirement credit record (Form NBG-23 or similar form).

**Purchased Credit**

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

Purchases fall into one of two categories:

- Normal cost
- Full cost

The type of employment service you purchase determines the type of cost.

#### *Normal Cost*

To complete a “normal cost purchase” an eligible member must pay the member contributions that would have been paid for the period of employment for which service credit is being purchased, plus regular interest at the statutory rate (currently 4% compounded annually) to the date of payment. At any time during membership, you may be eligible to purchase service credit at “normal cost” for the following types of service:

- Redeposit—Previous service credit withdrawn from the State Police Retirement System, the Employees’ Retirement System or the Teachers’ Retirement System.
- SRA Qualifying Leave of Absence—You may purchase the time you were on an approved qualifying leave of absence within 60 days after the leave expires if you are separated from employment. You may also purchase this leave time at any time you are an active member.
- Missed Membership Service—A period of time during eligible employment when contributions were not deducted and sent to the Retirement Agency on your behalf.

To purchase service, you will need to submit to the Retirement Agency a *Request to Purchase Previous Service* (Form 26) and attach verification of your employment, indicating your entrance and termination dates.

Generally, service credit must be purchased during membership. Please contact the Retirement Agency regarding specific timeliness requirements.

#### *Full Cost*

In the 12 months before retirement, an eligible member may be able to purchase service credits at full cost for not more than 10 years of:

- federal employment; or
- out-of-state service with a political subdivision

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

#### *Rollover Purchases*

In order to complete a purchase of service credit for an eligible period of employment, you may be able to rollover funds from the following:

- Traditional IRA;
- An individual retirement annuity (other than an endowment contract) under Section 408(a) of the IRC;
- Eligible Employer Plan, including a plan qualified under section 401(a) of the IRC such as a 401(k) plan, profit sharing plan, defined benefit plan, defined contribution plan, stock bonus plan, or money purchase plan;

- IRC Section 403(a) annuity plan;
- IRC Section 403(b) tax sheltered annuity; or
- Governmental 457(b) plan;
- SEP IRAs under Code Section 408(k); or
- SIMPLE IRAs under Code Section 408(p), if established for at least 2 years before a rollover is allowed from the account.

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

### **Unused Sick Leave**

If you retire immediately after terminating employment, you may be eligible to receive creditable service for any sick leave that you received but did not use during your employment. You must retire within 30 days after terminating employment with a participating employer to be eligible to receive creditable service for your accumulated unused sick leave. Since creditable service determines the amount of the benefit, unused sick leave credit accordingly can increase the amount of your benefit. Unused sick leave credit does not, however, affect when you are eligible to retire.

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

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

Please note these important points regarding unused sick leave:

- Unused sick leave is credited only when calculating the amount of your retirement benefit. Your unused sick leave is not used to determine your eligibility to retire and cannot be used by a member to qualify for retirement benefits.
- Unused sick leave is only available to a member who is retiring directly from employment and may not be used in the calculation of a deferred vested allowance.
- To qualify for unused sick leave credit, the leave must have been available to you as sick leave during your employment.
- For purposes of receiving credit for unused sick leave, a member may not accumulate more than 15 days of sick leave per year.

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

**Unused Sick Leave Conversion Chart**

Days of Unused Sick Leave	Months of Creditable Service
1-10	0
11-32	1
33-54	2
55-76	3
77-98	4
99-120	5
121-142	6
143-164	7
165-186	8
187-208	9
209-230	10
231-252	11
253-274	1 Year
275-296	13
297-318	14
319-340	15
341-362	16
363-384	17
385-406	18
407-428	19
429-450	20
451-472	21
473-494	22
495-516	23
517-532	2 Years

## 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 an 80% survivorship benefit to your surviving spouse (or, if you have no surviving spouse, to any of your children who are under 18 years of age or who meet federal disability criteria).
- Optional benefit choices if unmarried at time of retirement.
- Potential annual 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 Active Members*

The State Police Retirement System provides a benefit if you die while employed as a member. Depending on your years of membership, or if your death arose out of and in the course of the performance of duty, your designated beneficiaries or certain family members may receive either a Special Death Benefit or an Ordinary Death Benefit.

This death benefit protection remains in effect as long as you are on payroll or a SRPS-approved unpaid leave of absence. (To secure your death benefit during a leave of absence you must have your employer's prior approval and must file a special leave form with the Retirement Agency before your leave begins. See section on "Qualifying Leave of Absence" for more information.)

#### *Special Death Benefit (Death arises out of and in the course of duty)*

If you are killed and your death arises out of and in the course of the actual performance of your duty without your willful negligence, the following will be paid:

- A single payment consisting of your accumulated member contributions (with interest) to your designated beneficiaries, or, if you have no designated beneficiaries, to your estate, PLUS
- A monthly allowance to your spouse equal to two-thirds of your Average Final Compensation. If you have no surviving spouse, your disabled children or your children under 26 years of age share this payment until they are no longer disabled or until each attains age 26. If you have no surviving spouse, disabled children, or children under 26 at the time of your death, the benefit is payable to your dependent parent(s) for the rest of their lives. If you have no surviving spouse, no disabled children, no children under 26, and no dependent parent, or if all eligible individuals waive the Special Death Benefit, then the Ordinary Death Benefit will be paid to your designated beneficiaries.

#### *Special Death Benefit (Death does not arise out of and in the course of duty)*

If your death does not arise out of and in the course of the actual performance of your duty, but you have at least two years of eligibility service and your death occurs without your willful negligence, the following will be paid:

- A single payment consisting of your accumulated member contributions (with interest) to your designated beneficiaries, or, if you have no designated beneficiaries, to your estate, PLUS
- A monthly allowance to your spouse equal to fifty percent (50%) of your Average Final Compensation. If you have no surviving spouse, your disabled children or your children under 26 years of age share this payment until they are no longer disabled or until each attains age 26. If you have no surviving spouse, disabled children or children under 26 at the time of your death, the benefit is payable to your dependent parent(s) for the rest of their lives. If you have no surviving spouse, no disabled children, no children under 26, and no dependent parent, or if all eligible individuals waive the Special Death Benefit, then the Ordinary Death Benefit will be paid to your designated beneficiaries.

### *Ordinary Death Benefit*

If you do not qualify for a Special Death Benefit, your beneficiaries may receive an Ordinary Death Benefit if you die while employed as a member.

#### Single Payment Option

##### *With less than one year of eligibility service*

If you die during employment, have less than one year of eligibility service, and do not qualify for a Special Death Benefit, your designated beneficiaries will receive a single payment consisting of your accumulated member contributions (with interest). If there are no designated beneficiaries at your death, the benefit is payable to your estate.

##### *With at least one year of eligibility service, but less than two years of eligibility service*

If you die during employment, have at least one year of eligibility service, and do not qualify for a Special Death Benefit, your designated beneficiaries will receive a single payment consisting of your accumulated member contributions PLUS an amount equal to your annual earnable compensation (your salary for working the normal time in your position) at the time of death. If there are no designated beneficiaries at your death, the benefit is payable to your estate.

### *Death While Performing Military Service*

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

### *Death Benefits for Members Entitled to a Vested Allowance*

If you are a former vested member who dies before payment of the vested allowance starts, your designated beneficiaries will receive a single payment consisting of your accumulated member contributions (with interest).

## **Disability Benefits**

The SRPS provides important disability coverage in the unfortunate event that a serious injury, illness or injury permanently incapacitates you from performing your job duties. While we hope you never have to apply for 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, applying for disability benefits, is described below. Step 2, submitting an application for retirement if your application for disability benefits is approved, is described later in this chapter.

### *Types of Disability*

Ordinary Disability versus Special Disability

The SRPS provides benefits for two types of disability for members of the State Police Retirement System: ordinary and special. Ordinary disability covers a permanently disabling mental or physical condition that prevents you from performing the duties of your position. Special disability covers a permanently disabling mental or physical condition resulting out of and in the course of, the actual performance of your duty, without your willful negligence.

### *Eligibility Requirements*

Individuals filing for disability must 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:

## **Two Types of Disability**

### *Ordinary Disability*

- A minimum five years of eligibility service.
- You are permanently disabled from performing the normal duties of your position.
- Your disability has been certified by the medical board, and benefits are approved by the SRPS Board of Trustees.

### *Special Disability*

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

- You are totally and permanently incapacitated from performing the normal duties of your position arising out of and in the course of the actual performance of your duty, without your willful negligence.
- Your disability has been certified by the medical board, and benefits are approved by the SRPS Board of Trustees.

### *Step 1: Applying for Disability Benefits*

#### *Filing Requirements*

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

Note: A DROP participant is a retiree and is not eligible to apply for ordinary disability retirement. A DROP participant may apply for a special disability retirement allowance only if the DROP participant (a) became totally and permanently incapacitated for the performance of duty after commencing DROP participation, and (b) is totally and permanently incapacitated for duty by an occurrence that arose out of and in the course of the actual performance of duty while participating in DROP without willful negligence by the DROP participant.

#### *How to File a Claim*

Filing for a disability benefit 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 or Disability Retirement (Form 14-24) to the Retirement Agency to actually retire.

If you believe you may be eligible for disability retirement, contact the Retirement Agency immediately. Also, if you are incapacitated, let your family members know they should contact the Retirement Agency to find out what options are available to you. Under certain circumstances, the Superintendent of the Maryland State Police may file on your behalf for either ordinary or special disability.

Keep in mind that the medical evaluation is based on the documentation you provide detailing the disabling condition, the diagnosis, and the prognosis. It is in your best interest to submit as much supporting information as possible. To expedite your claim, all forms and supporting medical information should be submitted together.

Disability applicants must file the following:

- *Statement of Disability* (Form 20): Provides information on the nature and cause of the disability. It requires your physician's medical report, which should include an opinion as to whether or not you are permanently disabled, and if so, why.
- *Preliminary Application for Disability Retirement* (Form 129): Provides information to protect your benefit and your beneficiary during the period of time that begins when you have filed a claim for a disability benefit and ends when, if your claim is approved by the SRPS Board of Trustees, you submit a completed *Application for Service or Disability Retirement* (Form 14-24).
- 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.
- *Application for an Estimate of Disability Retirement Allowances* (Form 22) This form authorizes the Retirement Agency to provide benefit estimates under various allowance options. An estimate of the allowance options checked on this form is automatically generated if you are approved for disability benefits.
- Notification of Social Security Claim/Award

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

- Special Disability Documentation: Evidence to document that your claimed disability arose out of and in the course of your actual performance of duty without your willful negligence.
- Employer's First Report of Injury
- Copies of any Workers' Compensation decisions, awards or pending claims.

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

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

#### *General Requirements for Disability Benefits*

- Are you a member?
- Have you met filing requirements?
- Are you permanently incapacitated from performing the normal duties of your position?

#### *Additional Requirement for Special Disability*

- Are you totally and permanently disabled from the further performance of duty as a result of a condition that arose out of and in the course of the actual performance of duty without your willful negligence?
- For DROP participants only, did you become disabled only after commencing participation in the DROP, and did your disabling condition arise out of and in the course of the actual performance of duty by an event that occurred during your participation in the DROP without your willful negligence?

### *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 Service or Disability Retirement* (Form 14-24) to the Retirement Agency.

### *Benefit Amount*

The information that follows is based on the Basic Allowance, which is the maximum monthly payment available to the retiree.

#### *Ordinary Disability Benefit*

The Basic Allowance is computed using the greater of:

1. a normal service retirement based upon the service credit you earned  
OR
2. 35% of your Average Final Compensation.

#### *Special Disability Benefit*

If you retire before age 50, the Basic Allowance is equal to the lesser of:

1. Your average final compensation; OR
2. two thirds (.6667) of your Average Final Compensation plus an annuity based on your accumulated contributions.

If you are at least age 50 when you retire, the Basic Allowance is equal to the greater of:

1. a normal service retirement based upon the service credit you earned  
OR
2. the lesser of (a) your Average Final Compensation, or (b) two thirds (.6667) of your Average Final Compensation plus an annuity based on your accumulated contributions.

**Important Note on Workers' Compensation:** It is IMPORTANT that you be aware of the impact of Workers' Compensation benefits on a special disability retirement. If you apply for and receive a Workers' Compensation award payable while retired, the Retirement Agency has a legal obligation to reduce your special disability retirement benefit in some circumstances.

### **Retirement Benefits**

#### *Vested Benefits*

As an active member, you should also be aware that your accumulated benefits from the State Police Retirement System are protected if you leave employment prior to retirement and you are vested. If you

should leave your job 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, 2011 are eligible to receive a vested allowance if they have earned at least five years of eligibility service and separated from employment other than by death or retirement.
- Members enrolled on or after July 1, 2011, are eligible to receive a vested allowance if they have earned at least ten years of eligibility service and separated from employment other than by death or retirement.

### *Payment*

A vested allowance is payable starting at age 50 and separating from all employment with a participating employer. The calculation of a vested allowance uses the normal service retirement formula. The calculation uses your Average Final Compensation and creditable service at termination. Unused sick leave is not included in the calculation of your vested allowance. See “Calculating Your Benefits” for more information.

### *Applying For A Vested Benefit*

Approximately six months before your 50<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 10) from the Retirement Agency’s website or call a retirement benefits specialist and request that a Form 10 be mailed to you. After you return the completed Form 10 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 or Disability Retirement* (Form 14-24) to the Retirement Agency to apply for your benefit.

### **Service Retirement**

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

Members before July 1, 2011:

- Age 50, regardless of service; or
- 22 years of eligibility service, regardless of age;

Members on or after July 1, 2011:

- Age 50, regardless of service;
- 25 years of eligibility service, regardless of age

### **Retirement Allowance**

The amount of your annual pension income is based on your creditable service and Average Final Compensation upon retirement. Sample benefit calculations are provided later in this handbook to show how your benefit is calculated.

### **Benefit Options**

Benefits options differ for married and unmarried members of the State Police Retirement System.

Married officers by law receive the Basic Allowance

If you are married on the date of retirement, by law, you will receive the Basic Allowance -- the largest monthly allowance you can receive during your lifetime. Under the Basic Allowance, and upon your death following retirement, your spouse will receive 80% of your monthly allowance for the remainder of his or her lifetime. If you have no spouse, but have any children who are under 18 years of age or disabled at your death after your retirement, then 80% of your monthly allowance shall be divided among the eligible children until each has died, becomes 18 years old, or is no longer disabled. If you have no spouse or children who are under 18 years of age or disabled at your death after your retirement, no survivor's allowance is payable and monthly payments cease at your death. If you marry after you retire and had previously chosen the Basic Allowance, upon your death your spouse will receive 80% of your monthly allowance for life.

#### Choices for unmarried members

Unmarried members 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 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 guaranteed return of a pre-established amount payable to you during your lifetime, with any remainder payable in a single payment to your survivor(s) at your death (single-life annuities), OR
- a continued monthly payment to a surviving beneficiary (dual-life annuities)

#### *Single-Life Annuities*

These options are classified as single-life because they provide benefits over your lifetime only. Upon your death, any reserve funds remaining in the account are distributed in a single payment to 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

Provides a lower monthly benefit than the Basic Allowance but guarantees monthly payments that equal the total of your retirement benefit's Present Value. The Present Value of your benefit is calculated at the time of your retirement. If you die before receiving monthly payments that add up to the Present Value, the remaining payments will be paid in a lump sum to your designated beneficiary or beneficiaries who remain alive. Option 1 does not provide for continued beneficiary health coverage after your death.

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

Provides a lower monthly benefit than the Basic Allowance but guarantees the return of your contributions and interest as established when you retire. If you die before you have recovered the full amount of your accumulated contributions and interest, the remainder will be paid in a lump sum to your designated beneficiary or beneficiaries who remain alive. Option 4 does not provide for continued beneficiary health coverage after your death.

### *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 your single 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

Provides a lower monthly benefit than the Basic Allowance but guarantees that after your death the same monthly benefit will continue to be paid to your surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of you and your beneficiary.

#### OPTION 3—50% Survivor's Benefit

Provides a lower monthly benefit than the Basic Allowance but guarantees that after your death one half of the monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of you and your beneficiary.

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

Provides a lower monthly benefit than the Basic Allowance but guarantees that after your death the same monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. It also provides that your monthly benefit will "pop-up" to the Basic Allowance for your lifetime the month following the death of your beneficiary if your beneficiary dies before you. If your original beneficiary dies and you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated under Option 5 based on the new beneficiary designation.

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

Provides a lower monthly benefit than the Basic Allowance but guarantees that after your death one half of the monthly benefit paid to you will be paid to your surviving beneficiary for his or her lifetime. It also provides that your monthly benefit will "pop-up" to the Basic Allowance for your lifetime the month following the death of your beneficiary if your beneficiary dies before you. If your original beneficiary dies and you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated under Option 6 based on the new beneficiary designation.

Note: If you choose any of the dual-life annuity options at your retirement, you must submit proof of your beneficiary's date of birth with your retirement application.

#### Special Limitation on Beneficiary under Option 2 and Option 5

If you choose Option 2 or Option 5, your beneficiary cannot be more than 10 years younger than you unless the beneficiary is your disabled child.

If you are designating your disabled child as your beneficiary at retirement, you need to have verification from a physician of your child's disability. You must complete and submit with your retirement application a *Verification of Retiree's Disabled Child for Selection of 2/5 Beneficiary* (Form 143).

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

1. Average Final Compensation (AFC):

If you became a member *on or before June 30, 2011*, your Average Final Compensation is your average earnable compensation for the three years of employment as a member during which your earnable compensation was highest.

If you become a member *on or after July 1, 2011*, your Average Final Compensation is your average earnable compensation for the five years of employment as a member during which your earnable compensation was highest.

NOTE: With the exception of a salary increase due to a promotion or appointment or election to a public office, a salary increase of more than 20% is generally not included in the calculation of Average Final Compensation, unless including the salary increase would increase the member's allowance by \$25 or less, or unless the SPRS Board of Trustees determines that the increase is not an "extraordinary salary increase."

2. Creditable Service: Your total creditable service as of your retirement date. This figure includes service credit earned during membership, service credit purchased, service credit claimed for military service and, if you retire within 30 days after terminating employment, service credit for unused sick leave.

### Assumptions Used in Sample Calculations

Each of the following sample calculations is based on the Basic Allowance, which provides the highest monthly retirement income to you, and upon your death provides your spouse or qualifying family members 80% of the monthly allowance.

#### Normal Service Retirement

FORMULA—The total Basic Allowance will be 2.55% of the Average Final Compensation for each year of creditable service up to a maximum of 28 years of creditable service. Your normal service retirement allowance may not exceed 71.4% (28 years x 2.55% per year) of your Average Final Compensation.

#### *Service Retirement Benefit*

$$2.55\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service} = \text{Annual Basic Allowance}$$

#### Example: Service Retirement

Let's assume you are age 52 with 28 years of creditable service. Your Average Final Compensation is \$58,000. The basic benefit is calculated as follows:

$$2.55\% \times \$58,000 \times 28 = \$41,412 \text{ (Annual Basic Allowance)}$$

$$\$41,412 \div 12 = \$3,451 \text{ (Monthly Basic Allowance)}$$

### *Vested Retirement Benefit*

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

$$2.55\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service} = \text{Annual Basic Allowance}$$

#### Example: Vested Retirement

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

$$2.55\% \times \$50,000 \times 16 = \$20,400 \text{ (Annual Basic Allowance)}$$

$$\$20,400 \div 12 = \$1,700.00 \text{ (Monthly Basic Allowance)}$$

NOTE: Unused sick leave is not included as additional service in the calculation of your vested benefit.

### **Ordinary Disability**

The calculation of an ordinary disability benefit is usually the normal service retirement formula. In some cases a minimum benefit of 35% of your Average Final Compensation will apply.

#### Example: Ordinary Disability Retirement

Let's assume you are age 42 with 21 years of creditable service and an Average Final Compensation of \$50,000 and have been approved for an ordinary disability retirement. Your ordinary disability benefit is calculated as follows:

Greater of:

$$2.55\% \times 50,000 \times 21 = \$26,775.00 \text{ (Annual Basic Allowance)}$$

$$\$26,775 \div 12 = \$2,231.25 \text{ (Monthly Basic Allowance)}$$

OR

$$35\% \times 50,000 = \$17,500 \text{ (Annual Basic Allowance)}$$

$$\$17,500 \div 12 = \$1,458.33 \text{ (Monthly Basic Allowance)}$$

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 disability retirement at that time in order to actually retire.

### **Special Disability**

Unlike an ordinary disability benefit, a special disability benefit does not make use of the normal service retirement formula if you are under normal retirement age. The special disability benefit generally is based on two-thirds of your Average Final Compensation at the time of disability retirement, plus an annuity based on your accumulated contributions. However, there are different formulas used depending upon whether, at the time of retirement, you are at least the normal retirement age of 50 years old.

Example: Special Disability Retirement (member is less than normal retirement age of 50 years old)

If you are less than age 50 at retirement, your special disability benefit is the lesser of:

1. Your Average Final Compensation; or

2. Two-thirds (.6667) of your Average Final Compensation PLUS an annuity based upon your member contributions and interest.

Let's assume you are age 35, your Average Final Compensation is \$50,000, and your member contributions and interest are \$28,000.

Your special disability allowance is the lesser of:

1. Your Average Final Compensation, which is \$50,000 (Annual Basic Allowance) or \$4,166.67 (Monthly Basic Allowance:  $\$50,000 \div 12 \text{ months} = \$4,166.67$ )

OR

2. Two-thirds of your Average Final Compensation (AFC)  
 $\$50,000 \text{ (AFC)} \times .6667 = \$33,335 \text{ (Annual Basic Allowance)}$   
 $\$33,335 \div 12 \text{ months} = \$2,777.92 \text{ (Monthly Basic Allowance)}$

PLUS

An annuity based upon your member contributions and interest.

$$\$28,000^* \div 22.66010 \text{ (NAF)**} = \$1,235.65$$

$$\$1,235.65 \div 12 \text{ months} = \$102.97$$

$$\$2,777.92 + \$102.97 = \$2,880.89 \text{ monthly allowance (Basic Benefit)}$$

\* Employee contributions plus interest – This value will vary for each employee.

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

So, in this example your special disability benefit would be \$2,880.89.

Example: Special Disability Retirement (member is at least normal retirement age of 50 years old)

If you are at least age 50 at retirement, your special disability benefit is the greater of:

1. A normal service retirement calculation; or
2. The lesser of:
  - a. Your Average Final Compensation; or
  - b. Two-thirds (.6667) of your Average Final Compensation PLUS an annuity based upon your member contributions and interest.

Let's assume you are age 52 with 26 years of creditable service, your Average Final Compensation is \$70,000, and your member contributions and interest are \$67,000.

Your special disability allowance is the greater of:

1.  $2.55\% \times \$70,000 \times 26 = \$46,410.00 \text{ (Annual Basic Allowance)}$

$$\$46,410 \div 12 = \$3,867.50 \text{ (Monthly Basic Allowance)}$$

OR

2. Lesser of:
  - a.  $\$70,000 \div 12 = \$5,833.33 \text{ (Monthly Basic Allowance)}$ , or

b.  $\$70,000 \text{ (AFC)} \times .6667 = \$46,669 \text{ (Annual Basic Allowance)}$   
 $\$46,669 \div 12 \text{ months} = \$3,889.08 \text{ (Monthly Basic Allowance)}$

PLUS

An annuity based upon your member contributions and interest.

$$\$67,000^* \div 18.06955 \text{ (NAF)**} = \$3,707.90$$

$$\$3,707.90 \div 12 \text{ months} = \$308.99$$

$$\$3,889.08 + \$308.99 = \$4,198.07 \text{ monthly allowance (Basic Benefit)}$$

\* Employee contributions plus interest – This value will vary for each employee.

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

So, in this example your special disability benefit would be \$4,198.07.

NOTES:

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

## 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 10) 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 (If you are not planning to participate in the DROP)*

- Contact your personnel office and file your *Application for Service or Disability Retirement* (Form 14-24).
- If you are married and you are required to select the Basic Allowance, or if you are unmarried and will be selecting Option 2, 3, 5 or 6, obtain a proof of birth date document (e.g. birth certificate, valid driver's license) for your beneficiary.
- 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.

#### *Two Months Prior to Retirement (If you are planning to participate in the DROP)*

- Complete and submit to your personnel department the *Deferred Retirement Option Program (DROP) Enrollment Package*. Your personnel department should then forward it to the Retirement Agency for processing. Your employer may also require written notification of your intention to retire. Check with your personnel office. Please remember that ultimately you are

responsible for making sure your properly completed application form is submitted to the Retirement Agency.

*One Month Prior to Retirement (If you are not planning to participate in the DROP)*

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

**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	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>	10	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 or Disability Retirement</i>	14-24	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**

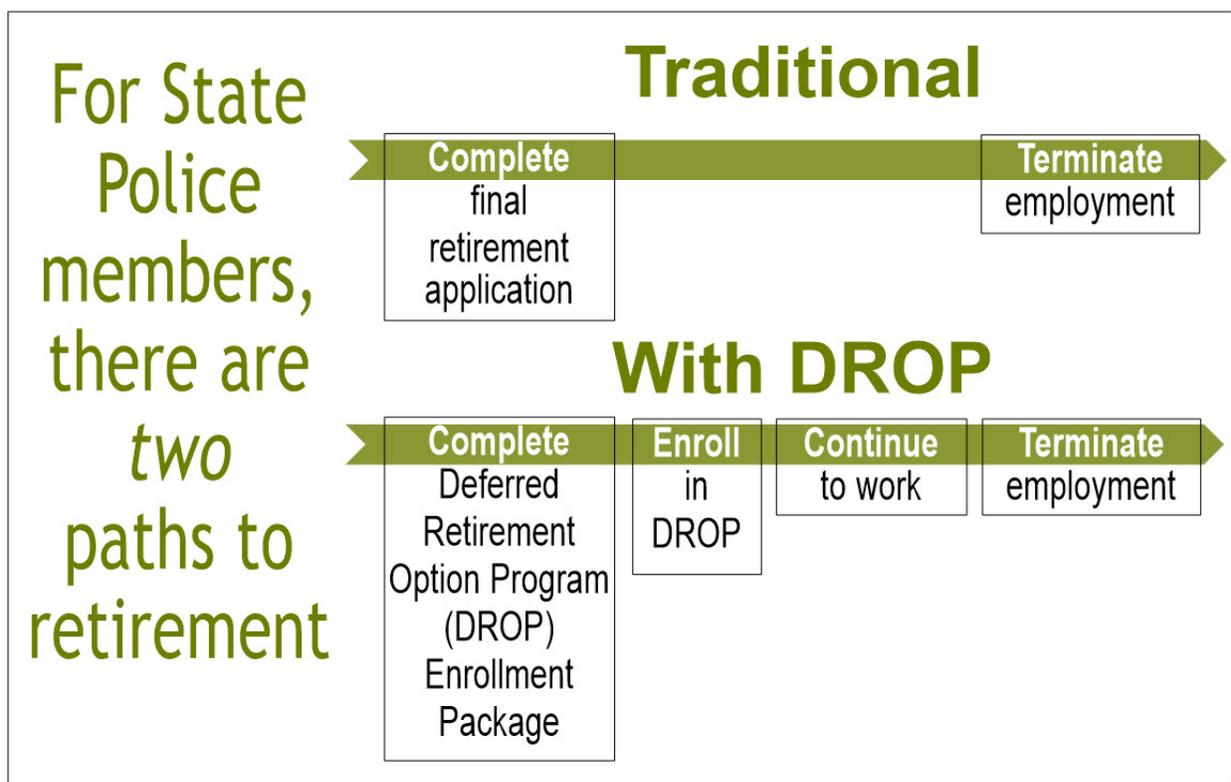
Forms provide the necessary information to initiate important benefits and services on behalf of SRPS members—anything from a change in beneficiaries to the payment of your first retirement check. Because incomplete or inaccurate information hinders benefits processing, it is essential that all forms 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?
- If you are married and required to select the Basic Allowance, or if you are unmarried and selecting options 2, 3, 5, or 6, did you include proof of date of birth for your designated beneficiary?

## 7. The Deferred Retirement Option Program (DROP)

The Deferred Retirement Option Program (DROP) provides another path to retirement for eligible members of the State Police Retirement System. Under this voluntary program, you can “retire” (and begin accumulating your retirement benefits in a DROP account) while you continue to work (and draw a paycheck) with your same employer. While in DROP, your monthly retirement benefits are not immediately payable to you but are deposited in a DROP account within the State Retirement and Pension System and earn compounded interest for as long as you remain in DROP.

An election to participate in DROP is irrevocable. When your DROP participation ends, you must terminate employment with the Maryland State Police. You will receive a one-time payment for the accumulated balance in your DROP account and you will begin receiving your monthly retirement allowance.



### Eligibility

State Police members hired before July 1, 2011, are eligible to elect to participate in DROP if they:

- have at least 22 years but less than 32 years of eligibility service, and
- are less than 60 years old.

State Police members hired on or after July 1, 2011, are eligible to elect to participate in DROP if they:

- have at least 25 years but less than 32 years of eligibility service, and
- are less than 60 years old.

Special rules apply to DROP participation by the Secretary of State Police.

### **Enrollment in DROP**

To begin participation in DROP, eligible members must submit to the Retirement Agency a completed *Deferred Retirement Option Program (DROP) Enrollment Package* stating:

- Member's intent to participate in DROP.
- Member's understanding that the election to participate in DROP is irrevocable.
- Date when the member wants to retire.
- Length of time the member wants to participate in DROP.
- Date member will terminate employment with the Maryland State Police.

### *Unused Sick Leave*

As a DROP participant, you may wish to retain all or a portion of your sick leave days to use during your DROP participation. You can choose to have all of your unused sick leave recorded on your *Application for Service or Disability Retirement (Form 14-24)* or only a portion of your unused sick leave, with the remainder continuing to be available for your use during DROP participation. You will accrue additional sick leave during DROP subject to personnel regulations with your employer.

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

### **Effective Date of DROP**

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

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

### **Length of DROP Participation**

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

- Seven years;
- Difference between 32 years of service and the member's eligibility service upon election;
- Difference between age 60 and the member's age as of the date the member elects to participate in DROP; or
- A term selected by the member (not to exceed seven years).

### **Participation in DROP**

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

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

- Makes no employee contributions to SRPS.
- Does not earn any service credit in his or her retirement account.
- Has no change in the Average Final Compensation used in the benefit formula even if salary increases occur.
- Has no additional sick leave accrual considered in the benefit formula.
- Is not subject to any earnings limitation.
- Is not eligible to receive an ordinary disability retirement allowance.

- May be eligible for a special disability retirement allowance only if, after the DROP member commences participation in the DROP, the DROP member is totally and permanently incapacitated for duty arising out of and in the course of the actual performance of duty that occurs while participating in the DROP, and without willful negligence.

### **DROP Benefits**

During each month of DROP participation the retiree's monthly retirement benefit is deposited in a DROP account which earns compounded interest. Interest on the balance in the DROP account accrues interest at the rate of 4% compounded annually; 2% interest is calculated on the beginning balance of the DROP account and 2% interest is calculated on the ending balance of the DROP account each fiscal year-end.

### **Disability Benefits While Participating in DROP**

DROP participants are not eligible to file for ordinary disability retirement. A DROP participant may apply for a special disability retirement allowance only if the DROP participant (a) became totally and permanently incapacitated for the performance of duty after commencing DROP participation, and (b) is totally and permanently incapacitated for duty by an occurrence that arose out of and in the course of the actual performance of duty while participating in DROP without willful negligence by the DROP participant.

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

### **Termination from DROP**

A retiree's participation in DROP ends:

- On the DROP termination date selected by the participant, or
- If the State Police terminates the participant's employment, or
- If the participant elects to shorten the DROP participation period by terminating employment with the State Police prior to the agreed upon termination date, or
- The participant attains age 60, or
- If the participant accepts a special disability retirement allowance, or
- The participant dies.

Once participation ends, the Retirement Agency will begin paying the retiree their monthly retirement allowance chosen by the retiree at enrollment in DROP, plus any applicable cost of living adjustments. The monthly retirement allowance paid is based on the retiree's creditable service and Average Final Compensation when the retiree elected to participate in DROP.

### **Payment of DROP Account Balance**

At the end of DROP participation, the Retirement Agency pays the balance in your account within 90 days of the receipt of the *Deferred Retirement Option Program (DROP) Termination Package*. This balance includes all of your monthly retirement benefit payments accrued during your DROP participation and any applicable cost of living adjustments as well as accumulated interest.

You can choose to receive a single payment of the entire amount paid directly to you, or you can elect to roll it over into an Eligible Employer Plan or an IRA. Or you can choose to have a portion of the money paid directly to you and roll over the remaining funds.

For any portion that you choose not to roll over, the Retirement Agency is required by law to withhold 20% for federal taxes and 7.75% for Maryland state taxes (if you are a resident of Maryland). You should consult a tax advisor to determine if any additional penalties apply.

Meet with your employer 90 days before your DROP termination date to complete the *Deferred Retirement Option Program (DROP) Termination Package*. At that time, general information on the Safe Harbor rules and taxation will be provided.

If a DROP participant dies while in DROP, the balance in his or her DROP account is paid in a lump sum to the surviving spouse. If not survived by a spouse, the amount is paid to the retiree's child(ren) who are under age 26 or disabled. If the DROP participant is not survived by a spouse or a child who is under age 26 or disabled, the balance in the account is paid to the participant's designated beneficiary.

#### *Payment of Monthly Retirement Allowance*

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

## 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 earnings limitation will be listed on the *Notice of Retirement Allowance* sent to you by the Retirement Agency when you retire.

#### *Service Retirement*

If you retired under a service retirement, your earnings limitation is the difference between your Average Final Compensation at retirement and your annualized Basic Allowance.

$$\text{Average Final Compensation} - \text{annualized Basic Allowance} = \text{Annual Earnings Limitation}$$

You are exempt from an earnings limitation if:

- You have been retired under a normal service retirement for more than five years, starting the January 1<sup>st</sup> after you retire.

If you are re-employed as a temporary employee with *the same employer* you worked for prior to retirement (all units of Maryland state government, including the University System of Maryland, are considered to be one employer under these rules), your monthly retirement benefits will be reduced \$1 for each \$1 dollar that your earnings from your reemployment exceeds your earnings limit.

Prior to accepting work with the state or a participating employer, please contact the Retirement Agency if you have any questions about the effect, if any, your reemployment will have on your monthly retirement benefits.

Notes:

- If, after you have had a bona fide separation from employment, you are re-employed on any basis other than temporary employment, you are not subject to an earnings limitation. Therefore, if you are re-employed on a permanent or contractual basis, you are not subject to a limitation on your earnings from this permanent or contractual employment, regardless as to whether or not you are re-employed with the same employer.
- Temporary employment is defined as full-time employment without any fringe benefits for six months or less, or part-time employment for the equivalent of six months or less of full-time work.

#### *Disability Retirement*

If you retired under an ordinary disability or special disability retirement, your earnings are not subject to any restrictions.

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

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

During years in which the CPI produces a negative COLA, a "zero" COLA will be applied. The negative COLA then is carried over and applied against the positive COLA to be paid the following year. If

negative COLAs occur for two consecutive years, the total negative amount is carried over to be applied against the next positive year or years.

#### *Adjustment Caps*

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

Members enrolled on or after July 1, 2011

Eligible retirees will receive a COLA capped at 2.5% when the total investment performance of the SPRS equals or exceeds the assumed rate of investment return established by the SPRS Board of Trustees or capped at 1% in years when the assumed actuarial rate was not met.

Members enrolled before July 1, 2011

A two-part adjustment applies. For service earned before July 1, 2011, the COLA rate for eligible retirees is uncapped and is not tied to investment performance. For the portion of the benefit based upon service earned on or after July 1, 2011, the COLA is capped at 2.5% when the total investment performance of the SPRS equals or exceeds the assumed rate of investment return established by the SPRS Board of Trustees, or capped at 1% in years when the assumed actuarial rate was not met.

#### **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.

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)

## 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.

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

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.
Average Final Compensation (AFC)	Average earnable compensation that is computed in accordance with State law. For members on or after July 1, 2011, the AFC is the average earnable compensation during their five highest earning years. The AFC for members before July 1, 2011, is the average earnable compensation during their three highest earning years.
Basic Allowance	Provides the largest benefit payable to a retiree based on member's total creditable service and average final compensation. Provides 80% 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.
Cost-of-Living Adjustment (COLA)	Annual adjustment of state pension benefit based on changes to the Consumer Price Index and capped as provided by State law.
Creditable Service	The service credit of a member that is recognized for computing the amount of a benefit.
Earnable Compensation	A member's annual salary rate payable for working the normal time in the member's position.
Eligibility Service	The service credit of a member that is recognized for determining eligibility for a benefit.
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.
Normal Retirement Age	50 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.
Qualifying Leave of Absence	An employer-approved, SRPS-authorized absence from work without pay, granted for the following specific purposes: personal illness, birth or legal adoption of a child, temporary employment with another governmental employer, and study.
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