

# Benefits Handbook

## **Teachers' Pension System**

*Alternate Contributory Pension Selection  
For members enrolled before July 1, 2011*

DRAFT 11/19/20



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

# Benefits Handbook

## **Teachers' Pension System**

*Alternate Contributory Pension Selection  
For members enrolled before July 1, 2011*

DRAFT 11/19/20

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

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

**Revised November 2020**

## Does this Handbook Apply to Me?

This benefits handbook is written specifically for members and retirees of the Teachers' Pension System who are subject to the Alternate Contributory Pension Selection. Please review the following information to determine if you are a member of this system.

Within the Teachers' Pension System there are four separate and distinct components:

1. The Non-Contributory Pension Benefit: Relevant only to members who were employed on or after January 1, 1980, and separated from employment before July 1, 1998.
2. The Contributory Pension Benefit: Relevant only to members who were employed as of July 1, 1998 but separated from employment before June 30, 2006.
3. **The Alternate Contributory Pension Selection: Generally relevant only to individuals who were employed as members on June 30, 2006, or who became employed as members after June 30, 2006 and before July 1, 2011.**<sup>1</sup>
4. The Reformed Contributory Pension Benefit: Generally relevant only to members who either (a) were not employed as a member before July 1, 2011, or (b) were employed as a member before July 1, 2011, did not vest, and became employed as a member on or after July 1, 2011 after being separated from employment for more than four years.<sup>1</sup>

The benefits provided by each of these separate components are different.

If you are unsure which component of the Teachers' Pension System applies to you, you can find out by:

- 1) Reviewing your most recent Personal Statement of Benefits. Your component is listed on the top of page two.
- 2) Reviewing your account in mySRPS. Your system is listed at the top of your Home page.
- 3) Contacting the Retirement Agency.

---

<sup>1</sup> A member who was subject to the Alternate Contributory Pension Selection, and resumes membership in the Teachers' Pension System on or after July 1, 2011 after a period of separation from employment, remains subject to the Alternate Contributory Pension Selection if the member:

- (a) Was vested prior to July 1, 2011 and has not withdrawn member contributions or retired;
- (b) Was separated from employment for 4 years or less; or
- (c) Was separated from employment for military service that meets the requirements of the federal Uniformed Services Employment and Reemployment Rights Act (known as "USERRA").

Otherwise, an individual who resumes membership in the Teachers' Pension System on or after July 1, 2011 after a period of separation from employment is subject to the Reformed Contributory Pension Benefit.

## 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 Teachers' Pension System who is subject to the Alternate Contributory Pension Selection, 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 Maryland State 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 *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 Teachers' Pension System

Eligibility .....	1
Enrollment .....	2
Designating Your Beneficiaries .....	2
Qualifying Leave of Absence .....	2
Terminating Membership .....	3
Questions to Ask Before Leaving Employment .....	3

### 2. Funding Your Benefits

Member Contributions .....	4
Employer Contributions .....	4
Employer Pick-Up Contributions .....	4
System Investments .....	4

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

Membership Credit .....	6
Claimed Credit .....	7
Purchased Credit .....	10
Unused Sick Leave .....	11

### 4. Your Benefits

Death Benefits .....	13
Disability Benefits .....	14
Retirement Benefits .....	17
Service Retirement .....	18
Retirement Allowance .....	18
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
Early Service Retirement .....	22
Normal Vested Retirement Benefit .....	23
Early Vested Retirement Benefit .....	24
Ordinary Disability .....	25
Accidental Disability .....	25

### 6. Preparing for Retirement

Retirement Checklist .....	27
Retirement Forms .....	28
Filing Checklist .....	28

### 7. After You Retire and During Retirement

Reemployment .....	29
Earnings Limitation .....	30
Suspension of Disability Retirement .....	31
Reemployment at a Glance .....	32
Cost-of-Living Adjustments .....	33
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
-------------------------	----

**November 2020** 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 Teachers' Pension System

The Teachers' Pension System was established on January 1, 1980.

The Alternate Contributory Pension Selection component of the Teachers' Pension System was established on June 30, 2006 and is generally closed to members who were not enrolled before July 1, 2011. Individuals who were active members of the Teachers' Pension System on June 30, 2006 or became enrolled as members after June 30, 2006 and before July 1, 2011 (and certain other members, see "Does this handbook apply to me") are subject to the Alternate Contributory Pension Selection.

## Eligibility

If you are a permanent employee in a position as described below, you are automatically a member of the Teachers' Pension System:

- 1) An employee of a day school in the state under the authority and supervision of a county board of education or the Baltimore City Board of School Commissioners, employed as:
  - A clerk;
  - A helping teacher;
  - A principal;
  - A superintendent;
  - A supervisor; or
  - A teacher.
- 2) A faculty employee of an educational institution supported by and under control of the state;
- 3) A librarian or clerical employee of a library that is established or operates under the Education Article;
- 4) A professional or clerical employee of a community college that is established or operates under the Education Article;
- 5) A staff employee of the University System of Maryland, Morgan State University, or St. Mary's College who is a member of the Teachers' Pension System as of January 1, 1998, or who transfers from the Teachers' Retirement System on or after January 1, 1998; or
- 6) A nonfaculty employee of the Baltimore City Community College who:
  - Is a member of the Teachers' Pension System as of October 1, 2002 and does not transfer to the Employees' Pension System in accordance with §23-202.1 of State Personnel and Pensions Article of the Annotated Code of Maryland ("SPP"); or
  - Transfers from the Teachers' Retirement System on or after October 1, 2002.

Exceptions: The following employees are not members of the Teachers' Pension System:

- 1) An individual who has elected to participate in an optional retirement program under SPP Title 30;
- 2) An individual who is employed under a federal public service employment program;
- 3) A professional or clerical employee of the Department of Public Libraries of Montgomery County who is participating in the Employees' Retirement System of Montgomery County;
- 4) A staff employee of the University System of Maryland, Morgan State University, or St. Mary's College who becomes employed on or after January 1, 1998 in a position as a staff employee of the educational institution that was eligible for membership in the Teachers' Retirement System or the Teachers' Pension System under Chapter 6, §8, paragraphs 1(a) and 2(a) of the Acts of 1994;
- 5) an employee who is not a member of a state system and who accepts a position for which the budgeted hours per fiscal year are less than 500 hours in the first fiscal year of employment;

- 6) a nonfaculty employee of the Baltimore City Community College who becomes employed on or after October 1, 2002, or who transfers to the Employees' Pension System in accordance with SPP §23-202.1.

### **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.

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 your employer approves your leave of absence, 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 will 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 pre-retirement death 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, or
- Die.

**Questions to Ask Before Leaving Employment**

If you leave your job before retirement, it’s important to review your Teachers’ Pension 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 for early service retirement?  
(See “Early Service Retirement”)  YES  NO
- 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 Teachers' Pension System is contributory for all members. You are required to contribute 7% of your earnable compensation received on or after July 1, 2011 to help fund your benefits. (Your member contribution rate as a member subject to the Alternative Contributory Pension Selection was 3% of your earnable compensation received from July 1, 2006 through June 30, 2007; 4% of your earnable compensation received from July 1, 2007 through June 30, 2008; and 5% of your earnable compensation received from July 1, 2008 through June 30, 2011.) Your payment is called your member contribution and is automatically deducted from your paycheck and sent to the Retirement Agency by your employer.

Member contributions earn 5% 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 Teachers' Pension System is also contributory for your employer, and your benefits are also funded by employer contributions. Unlike your member contribution, which currently is fixed at 7% of your earnable compensation received on or after July 1, 2011, the rates that your employer and the State of Maryland pay may vary and are established annually by the SRPS Board of Trustees based upon an annual actuarial valuation.

### Employer Pick-Up Contributions

The state and many other participating employers participate 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.

If you are an employee of a participating employer other than the State of Maryland, you can speak with your employer or the Retirement Agency to determine if your employer participates in the employer pick-up program. 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 [sra.maryland.gov](http://sra.maryland.gov).

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 Teachers' Pension 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 Plans are another way for you to save for your retirement.

The Maryland Teachers and State Employees Supplemental Retirement Plans offer 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 Plans by telephone at 410-767-8740 or 1-800-545-4730. Information also can be obtained at [www.marylanddc.com](http://www.marylanddc.com).

For non-state employees, please check with your human resources or personnel office to learn more about supplemental retirement plans which may be available to you.

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

As a member of the Teachers' Pension System, you earn service credit toward your pension benefits each day on the job. Your service credit determines if you are eligible for benefits and how much your retirement benefit will be.

#### **Membership Credit**

Your employer reports your member contributions and the number of hours you work each pay period. The Retirement Agency then credits your account with the appropriate amount of service credit. You earn credit for every hour you are paid in a fiscal year (July 1 to June 30) including holidays, compensatory leave, annual leave and sick leave. Paid overtime hours are not included in the calculation of your service credit.

All members of the Teacher's Pension System, whether employed 10, 11, or 12 months per year, participate as 10-month members. Such members earn a full year of service credit for the period September through June, with each month of service credited as one-tenth of a year. A member may not receive more than 1 year of service credit for a calendar year.

During your membership you earn two types of service credit:

Eligibility service—which determines when you qualify for a retirement benefit

Creditable service—which determines the amount of your retirement benefit

Please note that the earning of service credit is contingent upon paying the appropriate member contribution (see "Funding Your Benefits" for more information).

#### *Eligibility Service*

Eligibility service is used to determine when you are eligible for a benefit. You earn one year of eligibility service during any fiscal year in which you work a minimum of 500 regular hours, excluding overtime.

#### *Prorated Eligibility Service*

You receive prorated eligibility service during any years of membership in which you work less than 500 hours. To prorate eligibility service, the Retirement Agency divides the hours you were paid by your employer, excluding overtime hours, by 500 and multiplies the resulting percentage by 10 months. Partial months are always rounded up to the next full month.

For example, if you work only 420 hours during a particular fiscal year, your eligibility service is calculated as follows:

$$420 \text{ hours} \div 500 \text{ hours} = .8400 \text{ (84\%)}$$

$$.8400 \times 10 \text{ months} = 8.4, \text{ which the Retirement Agency will round up to nine months}$$

Thus, by working 420 hours in the fiscal year, you would earn nine months of eligibility credit.

#### *Creditable Service*

Creditable service is used to calculate the amount of your monthly allowance for all benefits except accidental disability. You must earn eligibility service in a fiscal year before you earn creditable service for that same fiscal year. Full-time members earn one month of creditable service for each month of employment.

For part-time members, creditable service is prorated to reflect the actual percentage of time worked. This is accomplished by comparing the member's hours worked, excluding overtime hours, to the standard hours a full-time employee is budgeted to work. This is demonstrated in the following table.

Prorated Creditable Service					
FORMULA: (Hours Worked ÷ Standard Hours) × 10 months = Months Creditable Service					
Hours Worked	640	800	960	1,280	1,600
Standard Hours	1,600	1,600	1,600	1,600	1,600
Percentage Employed	40%	50%	60%	80%	100%
Months of Creditable Service Earned	4	5	6	8	10

The above table is based on a 40-hour work week and a 1,600-hour work year. Your employer's hours for a standard work week and a standard work year may differ.

### Claimed Credit

In addition to the service credit you earn through your employment as an eligible member of the Teachers' Pension 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 three types of service for which you may claim credit:

- Previous service earned in another benefit component of the Teachers' Pension System
- Previous service earned in another system
- U.S. military service.

#### *Previous Service Earned in Another Benefit Component of the Teachers' or Employees' Pension System*

The Teachers' and Employees' Pension Systems are comprised of 4 separate components, the Alternate Contributory Pension Selection being one of those components. If you were previously subject to the Non-Contributory Pension Benefit or the Contributory Pension Benefit, you may be eligible to combine your service from your prior period of membership in one of these components with your current membership in the Alternate Contributory Pension Selection.

If you were entitled to a vested allowance under the Non-Contributory Pension Benefit or Contributory Pension Benefit, and you have completed at least one year of membership in the Alternate Contributory Pension Selection of the Teachers' Pension System, you may request to combine your service. Submit an *Election to Combine Service within the Employees' or Teachers' Pension System (§23-303.1)* (Form 37.37) to the Retirement Agency to receive a bill for the amount of money that you must pay to the Teachers' Pension System to combine your records.

#### *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 Teachers' Pension System. For example, if you were a member of the SRPS's Law Enforcement Officers' Pension System and changed jobs without any break in employment, becoming a teacher, you may be eligible to transfer your service from the Law Enforcement Officers' Pension System to the Teachers' Pension 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 Teachers' Pension System, and
- You must request the transfer of your service credit within one year of becoming a member of the Teachers' Pension System. To request a transfer of your service you must file an *Election to Transfer Service* (Form 37), and
- You must transfer from your previous system and deposit into the Teachers' Pension System the total accumulated contributions to your credit in your previous system within one year of becoming a member of the Teachers' Pension 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 Teachers' Pension System. For example, if you were a member of the Baltimore City Employees' Retirement System and changed jobs, becoming a teacher for the state or a SRPS participating employer, you may be eligible to transfer your service from the Baltimore City Employees' Retirement System to the Teachers' Pension 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 Teachers' Pension System, and
- You must request the transfer of your service credit within one year of becoming a member of the Teachers' Pension 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 into the Teachers' Pension System the total accumulated contributions to your credit in your previous system within one year of becoming a member of the Teachers' Pension 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 within four years 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; or
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 days less than 28 days. The active duty training must have occurred prior to enrollment in the SRPS.

#### *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 in 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 5% 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 Teachers’ Pension System or Employees’ Pension 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 credit at full cost for employment:

- With an out-of-state public school,
- With the federal government,
- With a nonpublic school,
- With a political subdivision,
- As a postsecondary teacher,
- With the state,

- With a public school as a teacher, or
- As a Baltimore City teacher on or before December 31, 1970, on verified leave of absence of not more than two years that is similar in all respects to leaves of absence approved by the Board of Trustees.

An eligible member may purchase up to 10 years of service credit for all of the employment types listed above with the exception of employment as a postsecondary teacher. For employment as a postsecondary teacher, an eligible employee may purchase up to five years of service credit.

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 the maximums described above may be purchased. You should apply to purchase service when you submit your application for an *Estimate of Service Retirement Allowances* (Form 9). 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 an eligible retirement plan, including the following:

- Traditional IRA;
- 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, stock bonus plan, or money purchase plan;
- IRC Section 403(a) annuity plan;
- IRC Section 403(b) tax sheltered annuity; or
- Eligible Section 457(b) deferred compensation plan maintained by a governmental employer (government 457 plan).

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 your 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	1 Year
231-252	1 Year
253-274	1 Year
275-296	11
297-318	12
319-340	13
341-362	14
363-384	15
385-406	16
407-428	17
429-450	18
451-472	19
473-494	2 Years
495-516	2 Years
517-538	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 age, service, and salary upon retirement.
- Optional benefit choices.
- 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 Teachers' Pension 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 in the course of duty)*

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

- A single payment consisting of your accumulated contributions 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 parents 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 (see below) 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 Benefit*

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 contributions. If there are no designated beneficiaries at your death, the benefit is payable to your estate.

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 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.

#### Monthly Retirement Allowance

If, at the time of your death, you are eligible for a normal service retirement allowance (see “Service Retirement”), have earned at least 25 years of eligibility service, or are at least 55 years old with at least 15 years of eligibility service, and are survived by a spouse at the time of your death during employment, your surviving spouse may elect to receive a monthly survivor allowance instead of the single payment benefit. If your spouse elects this option, then no single payment benefit is payable to any designated beneficiaries. The monthly survivor allowance is equal to the amount payable under Option 2, the 100% survivorship option. (See “Choosing an Allowance Option” for more information.)

If you are eligible for a normal service retirement allowance (see “Service Retirement”), have earned at least 25 years of eligibility service, or are at least 55 years old with at least 15 years of eligibility service and are not survived by a spouse, your disabled children or children under 26 may elect a monthly allowance instead of the single payment benefit. Unless every qualifying child waives the monthly allowance, no single payment benefit is payable to any designated beneficiaries. The monthly allowance shared by any qualifying children is equal to 50% of the Basic Allowance you would have been eligible to receive, and continues until each child dies, becomes age 26, or is no longer disabled.

#### *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-children option, if applicable), will be paid.

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

If you are a current or former member who is vested and dies after separation from employment but before payment of the vested allowance starts, your designated beneficiaries will receive a single payment consisting of your accumulated contributions.

#### **Disability Benefits**

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

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 Accidental Disability

The SRPS provides benefits for two types of disability for members of the Teachers’ Pension System: ordinary and accidental. Ordinary disability covers a permanently disabling mental or physical condition that prevents you from performing the normal duties of your position. Accidental disability covers a

permanently disabling mental or physical condition resulting from an on-duty accident 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.

#### Accidental Disability

There is no service requirement for accidental 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 as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without willful negligence by the member.
- You submitted a properly completed *Statement of Disability* (Form 20) and *Preliminary Application for Disability Retirement* (Form 129) within five years of the date of your claimed accident.
- 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.

#### 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 13-23) 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, your state or county superintendent, as defined by regulation, may file on your behalf for either Ordinary or Accidental 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 13-23).
- 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 21A): 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 accidental disability you must provide the following:

- Accidental Disability Documentation: Evidence to document that your claimed disability resulted from an on-duty accident at a definite time and place 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 the filing requirements?
- Are you permanently incapacitated from performing the normal duties of your position?

#### *Additional Requirement for Accidental Disability*

- Are you totally and permanently disabled from the further performance of duty as the natural and proximate result of an accident that occurred in the actual performance of duty at a definite time and place without your willful negligence?
- Did your claimed accident occur within five years of the date that you submitted a properly completed application?

#### *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 13-23) 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**

If you are at least normal retirement age, 62 years old, your ordinary disability retirement allowance is your normal service retirement allowance computed based upon your creditable service.

If you are under normal retirement age, 62 years old, your ordinary disability retirement allowance is computed by using the service credit that you would have earned if you continued to work to age 62, and the Average Final Compensation you would have received if you had continued employment without a change in earnable compensation.

Note: Certain exceptions to these rules may apply to members who transferred into the Teachers' Pension System from the Teachers' Retirement System, Employees' Retirement System, or the Law Enforcement Officers' Pension System.

#### **Accidental Disability Benefit**

An accidental disability allowance is the lesser of (a) your Average Final Compensation or (b) a pension equal to two-thirds (66.67%) of your Average Final Compensation plus an annuity based upon the actuarial equivalent of your accumulated contributions.

**Important Note on Workers' Compensation:** It is IMPORTANT that you be aware of the impact of Workers' Compensation benefits on an accidental 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 accidental 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 Teachers' Pension 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*

You are vested once you have earned at least five years of eligibility service.

#### *Payment*

A normal vested allowance is payable after reaching age 62 and separating from all employment with a participating employer. The calculation of a normal 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.

An early vested allowance is payable beginning on the first day of the month following your 55th birthday if you separated from employment before the age of 55 with at least 15 years of eligibility service. The calculation of an early vested allowance uses the early service retirement formula. The calculation uses your Average Final Compensation, your creditable service at termination, and a reduction factor. See “Calculating Your Benefits” for more information.

#### *Applying For a Vested Benefit*

Approximately six months before your 62nd 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 9) from the Retirement Agency’s website or call the Retirement Agency and request that a Form 9 be mailed to you. After you return the completed Form 9 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 13-23) 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:

- Age 62 with at least five years of eligibility service;
- At least 30 years of eligibility service, regardless of age; or
- If retiring directly upon separating from employment, at age 63 with four years of eligibility service, at age 64 with at least three years of eligibility service, or at age 65 or older with at least two years of eligibility service

#### **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.

#### *Choosing an Allowance Option*

When you retire, you will be able to choose from a number of payment options. These options range from the Basic Allowance, which provides the highest monthly allowance for you alone, to options that reduce your monthly payment but provide varying degrees of protection to your beneficiaries upon your death.

You may only change your option selection if you submit written notice to the State Retirement Agency 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. Also keep in mind that the option you choose may affect your beneficiary’s eligibility for continued health coverage after your death. Check with your personnel office.

You should carefully review your personal circumstances before selecting an option. Think about how much income you will need to maintain an acceptable standard of living during retirement, as well as the needs of your survivors.

#### *The Basic Allowance*

This provides the maximum lifetime allowance to you with all payment ceasing upon your death. There is no beneficiary coverage. If you believe your spouse or other survivors may need some form of income continuation after your death, you may wish to consider one of the following options.

### *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 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, the remainder will be paid in a lump sum to your designated beneficiary or beneficiaries who remain alive.

### *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 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 spouse or 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. Complete and attach *Verification of Retiree’s Disabled Child for Selection of Option 2/5 Beneficiary* (Form 143) with your application for retirement.

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: equals the average annual earnable compensation during the three consecutive years that provide the highest average earnable compensation during your membership.

Note: With the exception of a salary increase due to a promotion 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 SRPS 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, 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 with all payments ceasing upon your death.

#### Normal Service Retirement

The Basic Allowance under a normal service retirement is calculated as 1.20% or 1.80% of your Average Final Compensation for each year of creditable service that you have earned.

1.20% x Average Final Compensation x Years of Creditable Service earned through June 30, 1998\*

*Plus*

1.80% x Average Final Compensation x Years of Creditable Service earned after June 30, 1998

*Equals*

Annual Basic Allowance

Annual Basic Allowance ÷ 12 = Monthly Basic Allowance

\* The creditable service earned through June 30, 1998 is multiplied by 1.2% unless the former Non-Contributory Pension Benefit formula would produce a greater benefit. That formula is (0.8% x Average Final Compensation up to the Social Security Integration Level) plus (1.5% x Average Final Compensation that exceeds the Social Security Integration Level). For almost all members the 1.20% benefit multiplier will produce the greater benefit. For all benefit calculation examples we will show the 1.20% benefit multiplier only.

*Example: Normal Service Retirement*

Let's assume you are age 62 with 28 years of creditable service – six years earned through June 30, 1998 and 22 years earned after June 30, 1998. Your Average Final Compensation is \$88,000. The basic benefit is calculated as follows:

$$1.20\% \times \$88,000 \times 6$$

*Plus*

$$1.80\% \times \$88,000 \times 22$$

*Equals*

\$41,184 Annual Basic Allowance

$$\$41,184 \div 12 = \$3,432 \text{ Monthly Basic Allowance}$$

**Early Service Retirement**

The calculation of an early service retirement benefit is a two-step process.

Step one determines the normal service retirement allowance, unreduced for the early service reduction factor:

$$1.20\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned through June 30, 1998}$$

*Plus*

$$1.80\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned after June 30, 1998}$$

*Equals*

Unreduced Annual Basic Allowance

$$\text{Unreduced Annual Basic Allowance} \div 12 = \text{Unreduced Monthly Basic Allowance}$$

Step two applies the reduction factor which is equal to one-half of one percent, .005, for each month that you retire prior to your 62<sup>nd</sup> birthday:

$$\text{Unreduced Monthly Basic Allowance} \times (1 - \text{Reduction Factor}) = \text{Reduced Monthly Basic Allowance}$$

**Example: Early Service Retirement**

Let's assume you are age 60 with 20 years of creditable service – 2 years earned through 06/30/1998 and 18 years earned after 06/30/1998. Your Average Final Compensation is \$72,000.

Step One:

$$1.20\% \times \$72,000 \times 2$$

*Plus*

$$1.80\% \times \$72,000 \times 18$$

*Equals*

\$25,056 Unreduced Annual Basic Allowance

$\$25,056 \div 12 = \$2,088$  Unreduced Monthly Basic Allowance

Step Two:

$\$2,088 \times (1 - .1200^*) =$  Reduced Monthly Basic Allowance

$\$2,088 \times (.8800) = \$1,837.44$  Reduced Monthly Basic Allowance

\* In this example you were 24 months short of your 62nd birthday and  $24 \text{ months} \times .005 = .12$  or 12%.

### **Normal Vested Retirement Benefit**

The Basic Allowance under a vested retirement is calculated in the same manner as a normal service retirement:

$1.20\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned through June 30, 1998}$

*Plus*

$1.80\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned after June 30, 1998}$

*Equals*

Annual Basic Allowance

$\text{Annual Basic Allowance} \div 12 = \text{Monthly Basic Allowance}$

#### *Example: Normal Vested Retirement*

Let's assume that you leave membership with 16 years of creditable service -10 years earned through June 30, 1998 and 6 years earned after June 30, 1998. Your Average Final Compensation is \$50,000. Your vested benefit, payable at age 62 is calculated as follows:

$1.20\% \times \$50,000 \times 10$

*Plus*

$1.80\% \times \$50,000 \times 6$

*Equals*

\$11,400 Annual Basic Allowance

$\$11,400 \div 12 = \$950$  Monthly Basic Allowance

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

### Early Vested Retirement Benefit

The Basic Allowance under an early vested retirement is calculated by the same two-step process as an early service retirement:

Step one determines the normal service retirement allowance, unreduced for the early service reduction factor:

$$1.20\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned through June 30, 1998}$$

*Plus*

$$1.80\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned after June 30, 1998}$$

*Equals*

Unreduced Annual Basic Allowance

$$\text{Unreduced Annual Basic Allowance} \div 12 = \text{Unreduced Monthly Basic Allowance}$$

Step two applies the reduction factor which is equal to one-half of one percent, .005, for each month that you retire prior to your 62nd birthday:

$$\text{Unreduced Monthly Basic Allowance} \times (1 - \text{Reduction Factor}) = \text{Reduced Monthly Basic Allowance}$$

#### *Example: Early Vested Retirement*

Let's assume you are age 58 with 25 years of creditable service – 10 years earned through 06/30/1998 and 15 years earned after 06/30/1998. Your Average Final Compensation is \$56,000.

Step One:

$$1.20\% \times \$56,000 \times 10$$

*Plus*

$$1.80\% \times \$56,000 \times 15$$

*Equals*

\$21,840 Unreduced Annual Basic Allowance

$$\$21,840 \div 12 = \$1,820 \text{ Unreduced Monthly Basic Allowance}$$

Step Two:

$$\$1,820 \times (1 - .2400^*) = \text{Reduced Monthly Basic Allowance}$$

$$\$1,820 \times (.7600) = \$1,383.20 \text{ Reduced Monthly Basic Allowance}$$

\* In this example you were 48 months short of your 62nd birthday and  $48 \text{ months} \times .005 = .24$  or 24%.

**Ordinary Disability**

The Basic Allowance under an ordinary disability retirement is calculated in the same manner as a normal service retirement with your creditable service projected to age 62 if you are under 62 years old when you retire:

$$1.20\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned through June 30, 1998}$$

*Plus*

$$1.80\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service earned after June 30, 1998}$$

*Equals*

Unreduced Annual Basic Allowance

$$\text{Annual Basic Allowance} \div 12 = \text{Monthly Basic Allowance}$$

*Example: Ordinary Disability Retirement*

Let's assume you are age 42 with 21 years (one year earned through June 30, 1998 and 20 years earned after June 30, 1998) of creditable service and an Average Final Compensation of \$50,000 and have been approved for an ordinary disability retirement.

In this case, you would receive projected service of 20 years, the difference between normal retirement age (62) and your age at retirement (42), added to your membership account. This would result in using 41 years (one year earned through June 30, 1998, 20 years earned after June 30, 1998, and 20 years projected after June 30, 1998 projected to age 62) of creditable service to calculate your benefit.

Your ordinary disability benefit is calculated as follows:

$$1.20\% \times \$50,000 \times 1$$

*Plus*

$$1.80\% \times \$50,000 \times 40$$

*Equals*

\$36,600 Annual Basic Allowance

$$\$36,600 \div 12 = \$3,050 \text{ Monthly Basic Allowance}$$

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

**Accidental Disability**

Unlike an ordinary disability benefit, an accidental disability benefit does not make use of the normal service retirement formula. The accidental disability benefit is based on two-thirds of your Average Final Compensation at the time of disability, plus an annuity based on accumulated employee contributions, and is calculated as follows:

Two-thirds (.6667) of your Average Final Compensation

*Plus*

An annuity based upon your member contributions and interest

Example: Accidental Disability Retirement

Let's assume you are age 42, have an Average Final Compensation of \$50,000 with a balance of \$28,000 of member contributions and interest, and you have been approved for an accidental disability retirement. Your accidental disability benefit is calculated as follows:

$$\$50,000 \times .6667 = \$33,335$$

*Plus*

$$\$28,000^* \div 16.55559 \text{ (NAF)**} = \$1,691.27$$

$$\$33,335 + \$1,691.27 = \$35,026.27 \text{ Annual Basic Allowance}$$

$$\$35,026.27 \div 12 \text{ months} = \$2,918.86 \text{ Monthly Basic Allowance}$$

\* Member 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 to determine each person's NAF.

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.
- Accidental 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 9) 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.

#### *Three Months Prior to Retirement*

- Contact Social Security to file for benefits if you are age 62 or older.

#### *Two Months Prior to Retirement*

- Contact your personnel office and file your *Application for Service or Disability Retirement* (Form 13-23).
- If you 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.



## 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>	9	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>	13-23	To apply for service and disability retirement.
<i>Request to Purchase Previous Service</i>	26	To transfer or purchase service credit from 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 completed. 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 selecting options 2, 3, 5, or 6 did you include proof of date of birth for your designated beneficiary?

## 7. 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 in the SRPS.

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 whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

If you retire before your normal retirement age, there are also serious tax consequences to the 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 from 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 from 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.

If you become reemployed by a participating employer while receiving a service retirement or vested allowance, you may not receive any service credit during your period of reemployment, and member contributions may not be deducted from your compensation during your reemployment.

### **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 or Vested Allowance*

If you retired with a service retirement or vested allowance, 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 with a normal service retirement or vested allowance for more than five years, beginning on the January 1 after the date you retired;
- Your Average Final Compensation at retirement was less than \$25,000;
- You are serving in an elected position as an official of a participating governmental unit or as a constitutional officer for a county that is a participating governmental unit;
- You are a retired teacher or principal, meeting certain guidelines and returning to work in certain positions and working in certain schools. Please contact the Retirement Agency to determine if the position you are considering would qualify for these exceptions; or
- Your last employer prior to retirement was a unit of state government, you are reemployed by any unit of state government, your compensation from that state unit does not include any state funds, and your position is fully funded by a grant from a non-state source that specifically requires that grant funds be used to pay the full amount of your compensation.

If you are re-employed 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), and you do not meet one of the exemptions listed directly above, your monthly retirement benefits will be reduced \$1 for each \$1 that your earnings from your reemployment exceed 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.

#### *Early Service Retirement or Early Vested Allowance*

If you retired under an early service retirement or early vested allowance, you are also subject to a special earnings limitation during the first 12 months of your retirement. Should you, after accepting an early service retirement or early vested allowance, accept employment with any participating employer, you will be subject to the earnings limitation. After you have been retired for 12 months, you will be subject to the earnings limitation only if you return to work for the *same employer* you work for prior to

retirement (all units of Maryland state government, including the University System of Maryland, are considered one employer).

### *Disability Retirement*

Special rules apply if you are retired under either an ordinary disability retirement or an accidental disability retirement.

#### Ordinary Disability Retirement

If you are retired under an ordinary disability retirement, you are subject to the earnings limit until you reach age 62. If you are under age 62 and you are reemployed by *any employer* that participates in the SRPS, you need to be aware of your earnings limitation.

For an ordinary disability retiree, the earnings limit is the difference between your Average Final Compensation at retirement plus \$5,000\* and your annualized Basic Allowance.

Average Final Compensation + \$5,000\* – annualized Basic Allowance = Annual Earnings Limitation

\* This \$5,000 amount may be adjusted each year to reflect changes in the Consumer Price Index.

In addition to the earnings limitation under an ordinary disability retirement, your benefit may also be subject to suspension (see “Suspension of Disability Retirement”).

#### Accidental Disability Retirement

If you are retired under an accidental disability retirement, you are not subject to the earnings limit, but your benefit may be subject to suspension (see “Suspension of Disability Retirement”).

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.

### **Suspension of Disability Retirement**

In addition to the earnings limit restrictions that apply if you are retired under an ordinary disability retirement, your ordinary or accidental disability retirement benefit may be subject to suspension based upon your reemployment with the state *or any other employer* that participates in the SRPS.

Your ordinary or accidental disability allowance may be temporarily suspended if:

- You are under age 62,
- You began receiving a disability retirement on or after July 1, 1998, and
- You are employed by a participating employer at an annual compensation that is at least equal to your Average Final Compensation at retirement.

If your disability benefit is suspended, it can only be reinstated on the first day of the month following the month in which you ceased employment with the participating employer (reminder: a participating employer is any employer that offers SRPS benefits). Your allowance at the time of reinstatement will be adjusted to reflect the accumulated cost-of-living adjustments during the period of suspension. There is no additional benefit accrued while reemployed by a participating employer.

## Reemployment at a Glance

Review the following table for reemployment provisions that apply to you.

Type of Employment	Normal Service and Normal Vested Retirements	Early Service and Early Vested Retirements	Ordinary Disability Retirements	Accidental Disability Retirements
Employment with the same employer you worked for prior to retirement (all units of Maryland state government are considered the same employer)	2	2	3*	1*
Employment with a different participating employer	1	2†	3*	1*
Employment with a non-participating employer	1	1	1	1

† Only during the first 12 months after your early service or early vested retirement.

\* The amount of reemployment earnings may cause your disability allowance to be temporarily suspended (see “Suspension of Disability Retirement” above).

### Key to numbers in the chart

- No salary restrictions apply. Retiree will continue to receive full monthly allowance regardless of employment income.
- Retirement allowance generally is reduced \$1 for every \$1 earned in excess of earnings limit.
 

*Exception:* The earnings limit is waived after five years of retirement. With the exception of a January 1 retirement date, the five-year period begins on January 1 of the year following the year of retirement.

*Exception:* Retirees whose Average Final Compensation at retirement was less than \$25,000 are exempt from an earnings limitation.

*Exception:* Retirees who are elected to office as local officials or constitutional officers of a participating county are exempt from an earnings limit.

*Exception:* Retired teachers and principals who meet certain guidelines and return to work in certain positions and working in certain schools are not subject to an earnings limitation. Please contact a retirement benefits specialist to determine if the position you are considering would qualify for these exceptions.

*Exception:* Your last employer prior to retirement was a unit of state government, you are reemployed by any unit of state government, your compensation from that state unit does not include any state funds, and your position is fully funded by a grant from a non-state source that specifically requires that grant funds be used to pay the full amount of your compensation.

Note: The reduced allowance must be sufficient to cover approved deductions for medical insurance premiums.
- Retirement allowance is reduced \$1 for every \$2 earned in excess of earnings limit. After 10 years of retirement, the reduction is \$1 for every \$5 over the limit. With the exception of a January 1 retirement date, the 10-year period begins on January 1 of the year following the year of retirement. Ordinary disability retirees become exempt from the salary limits on January 1 of the year they reach age 62.

### **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. A member must be retired at least one year as of July 1 to be eligible to receive the adjustment.

Eligible retirees will receive a two-part COLA:

- COLA capped at 3% on the portion of your benefit earned through June 30, 2011, plus
- COLA capped at 2.5% or 1% on the portion of your benefit earned on or after July 1, 2011 (the cap is 2.5% in years when the system's investment fund earns or exceeds its assumed actuarial rate of return and the cap is 1% in years when the assumed actuarial rate is not met).

Note: 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 or more consecutive years, the total negative amount is carried over to be applied against the next positive year or years, until the total required rate deduction has been fully applied.

### **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 Request* (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 deductions you may have taken from your allowance.

### **Retiree Health Benefits**

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

#### *Employees Retired from Employment with the State of Maryland*

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

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

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

#### *Employees Retired from Employment with Participating Employers*

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

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

## 8. SRPS Resources

The Retirement Agency offers a number of resources to help you stay informed of benefit matters throughout your career. Some of these resources provide you with information specific to your account, while others provide general information on your pension plan. The more you know about your pension plan, the better able you are to prepare for the future. We encourage you to take advantage of all available resources and to contact us whenever you need special assistance.

### **mySRPS**

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

### **Automated Phone System**

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

The Retirement Agency's automated phone system is accessible for the hearing impaired.

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 *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 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 the policies and benefits of the SRPS.

DRAFT 11/19/20

## 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 subject to the Alternate Contributory Pension Selection, AFC is the average earnable compensation during their three highest consecutive earning years.
Basic Allowance	Maximum benefit payable to a retiree based on the member's total creditable service and average final compensation.
Beneficiary	Individual(s) named by a member or retiree to receive benefits in the event of the member's or retiree's death.
Contingent Beneficiary	Individual(s) named to receive benefits in the event that all primary beneficiaries die before the member/retiree or otherwise lose rights as beneficiary(ies).
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.
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	62 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

Maryland State Retirement and Pension System

DRAFT 11/19/20