

Benefits Handbook

Employees' Pension System

Non-Contributory Pension Benefit

For current eligible employees of the City of Crisfield, the Housing Authority of Crisfield, Prince George's County Crossing Guards, Prince George's County Government, and the Town of North Beach; for certain eligible employees of Anne Arundel County Community Action Agency, Calvert County Government, Garrett County Commissioners, Harford County Government, Howard County Government, St. Mary's Nursing Center, and the University of Maryland Medical System; and for other employees who vested and separated from employment on or before June 30, 1998

Prepared by
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Does this Handbook Apply to Me?

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

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

1. **The Non-Contributory Pension Benefit was the original component and, in general, is relevant to members who:**
 - **Transferred from the Retirement System to the Pension System after April 1, 1998,**
 - **Terminated employment on or before June 30, 1998, and were vested (i.e. entitled to a future benefit), or**
 - **Are currently employed by a participating governmental unit that elected not to participate in the Contributory Pension Selection and/or the Alternate Contributory Pension Selection**
2. The Contributory Pension Selection was created in 1998 and, in general, is relevant to members who:
 - Terminated from employment before June 30, 2006, and were vested (i.e. entitled to a future benefit), or
 - Are currently employed by a participating governmental unit that elected to participate in the Contributory Pension Selection but did not elect to participate in the Alternate Contributory Pension Selection: City of Frostburg, City of Taneytown, Town of Emmitsburg, and Town of Middletown.
3. The Alternate Contributory Pension Selection was created in 2006 and, in general, is relevant to members who were employed as members on June 30, 2006, or who became employed as members after June 30, 2006 and before July 1, 2011.¹
4. The Reformed Contributory Pension Benefit was created in 2011 and, in general, is 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.¹

The benefits provided by each of these separate components are different. If you are unsure which component of the Employees' 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.

¹ A member who was subject to the Alternate Contributory Pension Selection, and resumes membership in the Employees' 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 Employees' 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 Employees' Pension System who is subject to the Non-Contributory Pension Benefit, 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 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.

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December 2022 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.

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 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 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 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 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:
 - Members enrolled before July 1, 2011: equals the average annual earnable compensation during the three consecutive years that provide the highest average earnable compensation during your membership.
 - Member enrolled on or after July 1, 2011: equals the average annual earnable compensation during the five 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.
3. Social Security Integration Level (SSIL): The SSIL is the average of all Social Security Taxable Wage Bases over the 35 calendar years prior to your retirement. The Social Security Taxable Wage Base is the maximum amount of earnings subject to the Federal Insurance Contribution Act (FICA) tax. The applicable year of SSIL that will apply to you is the SSIL for the last year you were paid by your employer.

Year	SSIL	Year	SSIL	Year	SSIL	Year	SSIL
1994	\$22,700	2002	\$37,200	2010	\$56,600	2018	\$77,800
1995	\$24,300	2003	\$39,400	2011	\$59,200	2019	\$80,500
1996	\$25,900	2004	\$41,700	2012	\$61,800	2020	\$83,200
1997	\$27,500	2005	\$44,000	2013	\$64,500	2021	\$86,000
1998	\$29,300	2006	\$46,300	2014	\$67,300	2022	\$88,900
1999	\$31,100	2007	\$48,800	2015	\$69,900	2023	\$91,800
2000	\$33,000	2008	\$51,300	2016	\$72,600		
2001	\$35,100	2009	\$53,900	2017	\$75,100		

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 follows:

$$\begin{aligned}
 &.8\% \times \text{Average Final Compensation up to SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Plus} \\
 &1.50\% \times \text{Average Final Compensation above SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Equals} \\
 &\text{Annual Basic Allowance}
 \end{aligned}$$

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

Note: For a member whose Average Final Compensation is less than SSIL, the entire benefit is calculated using the .8% multiplier.

Example: Normal Service Retirement (AFC below SSIL)

Let's assume you are 62 years old with 28 years of creditable service. Your Average Final Compensation is \$48,000 and the applicable SSIL is \$86,000. The basic benefit is calculated as follows:

$$\begin{aligned}
 &.8\% \times \$48,000 \text{ (AFC up to SSIL)} \times 28 \\
 &\quad \text{Plus} \\
 &1.50\% \times \$0 \text{ (AFC above SSIL)} \times 28 \\
 &\quad \text{Equals} \\
 &\$10,752 \text{ (Annual Basic Allowance)}
 \end{aligned}$$

$$\$10,752 \div 12 = \$896 \text{ (Monthly Basic Allowance)}$$

Example: Normal Service Retirement (AFC above SSIL)

Let's assume you are 62 years old with 28 years of creditable service. Your Average Final Compensation is \$98,000 and the applicable SSIL is \$86,000. The basic benefit is calculated as follows:

$$\begin{aligned}
 &.8\% \times \$86,000 \text{ (AFC up to SSIL)} \times 28 \\
 &\quad \text{Plus} \\
 &1.50\% \times \$12,000 \text{ (AFC above SSIL)} \times 28 \\
 &\quad \text{Equals} \\
 &\$24,304 \text{ (Annual Basic Allowance)}
 \end{aligned}$$

$$\$24,304 \div 12 = \$2,025.33 \text{ (Monthly Basic Allowance)}$$

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:

$$\begin{aligned}
 &.8\% \times \text{Average Final Compensation up to SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Plus} \\
 &1.50\% \times \text{Average Final Compensation above SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Equals} \\
 &\text{Annual Basic Allowance}
 \end{aligned}$$

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

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 (for members enrolled before July 1, 2011) or 65th birthday (for members enrolled on or after July 1, 2011):

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

Example: Early Service Retirement

Let's assume you were a member enrolled before July 1, 2011 and you are age 60 with 27 years of creditable service. Your Average Final Compensation is \$106,000 and the applicable SSIL is \$86,000.

Step One:

$$\begin{aligned} &8\% \times \$86,000 \times 27 \\ &\quad \text{Plus} \\ &1.50\% \times \$20,000 \times 27 \\ &\quad \text{Equals} \\ &\$26,676 \text{ (Annual Basic Allowance)} \end{aligned}$$

$$\$26,676 \div 12 = \$2,223 \text{ (Monthly Basic Allowance)}$$

Step Two:

$$\$2,223 \times (1 - .1200^*) = \text{Reduced Monthly Basic Allowance}$$

$$\$2,223 \times (.8800) = \$1,956.24 \text{ (Reduced Monthly Basic Allowance)}$$

* In this example you were 24 months short of your 62nd birthday and 24 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:

$$\begin{aligned} &.8\% \times \text{Average Final Compensation up to SSIL} \times \text{Years of Creditable Service} \\ &\quad \text{Plus} \\ &1.50\% \times \text{Average Final Compensation above SSIL} \times \text{Years of Creditable Service} \\ &\quad \text{Equals} \\ &\text{Annual Basic Allowance} \end{aligned}$$

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

Example: Normal Vested Retirement

Let's assume that you were a member on or after July 1, 2011 and leave membership with 16 years of creditable service. Your Average Final Compensation is \$75,000 and the applicable SSIL is \$67,300 (in this example we are assuming that you were last paid by your employer in 2014). Your vested benefit, payable at age 65 is calculated as follows:

$$\begin{aligned} &.80\% \times \$67,300 \text{ (AFC up to SSIL)} \times 16 \\ &\quad \text{Plus} \\ &1.50\% \times \$7,700 \text{ (AFC above SSIL)} \times 16 \\ &\quad \text{Equals} \\ &\$10,462.40 \text{ (Annual Basic Allowance)} \end{aligned}$$

$$\$10,462.40 \div 12 = \$871.87 \text{ (Monthly Basic Allowance)}$$

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

Early Vested Retirement Benefit

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

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

$$\begin{aligned}
 &.8\% \times \text{Average Final Compensation up to SSIL} \times \text{Years of Creditable Service} \\
 &\qquad\qquad\qquad \textit{Plus} \\
 &1.50\% \times \text{Average Final Compensation above SSIL} \times \text{Years of Creditable Service} \\
 &\qquad\qquad\qquad \textit{Equals} \\
 &\qquad\qquad\qquad \text{Annual Basic Allowance}
 \end{aligned}$$

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

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 (for members enrolled before July 1, 2011) or 65th birthday (for members enrolled on or after July 1, 2011):

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

Example: Early Vested Retirement

Let’s assume you were a member enrolled on or after July 1, 2011 and you are age 61 with 15 years of creditable. Your Average Final Compensation is \$66,000 and the applicable SSIL is \$86,000 (in this example we are assuming that you were last paid by your employer in 2021).

Step One:

$$\begin{aligned}
 &8\% \times \$66,000 \text{ (AFC up to SSIL)} \times 15 \\
 &\qquad\qquad\qquad \textit{Plus} \\
 &1.50\% \times \$0 \text{ (AFC above SSIL)} \times 15 \\
 &\qquad\qquad\qquad \textit{Equals} \\
 &\qquad\qquad\qquad \$7,920 \text{ (Annual Basic Allowance)}
 \end{aligned}$$

$$\$7,920 \div 12 = \$660.00 \text{ (Unreduced Monthly Basic Allowance)}$$

Step Two:

$$\$660.00 \times (1 - .2400^*) = \text{Reduced Monthly Basic Allowance}$$

$$\$660.00 \times (.7600) = \$501.60 \text{ (Reduced Monthly Basic Allowance)}$$

* In this example you were 48 months short of your 65th birthday and 24 months x .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 (for members enrolled before July 1, 2011) or age 65 (for members enrolled on or after July 1, 2011) if you are under age 62 or 65 years old when you retire:

$$\begin{aligned}
 &.8\% \times \text{Average Final Compensation up to SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Plus} \\
 &1.50\% \times \text{Average Final Compensation above SSIL} \times \text{Years of Creditable Service} \\
 &\quad \text{Equals} \\
 &\text{Annual Basic Allowance}
 \end{aligned}$$

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

Example: Ordinary Disability Retirement

Let's assume you were enrolled on or after July 1, 2011, are age 42 with 9 years of creditable service. Your Average Final Compensation is \$60,000, the applicable SSIL is \$86,000, and have been approved for an ordinary disability retirement.

In this case, you would receive projected service of 23 years, the difference between normal retirement age (65) and your age at retirement (42), added to your membership account. This would result in using 32 years (9 years that you earned prior to retirement plus 23 years projected to age 65) of creditable service to calculate your benefit.

Your ordinary disability benefit is calculated as follows:

$$\begin{aligned}
 &.8\% \times \$60,000 \text{ (AFC up to SSIL)} \times 32 \\
 &\quad \text{Plus} \\
 &1.5\% \times \$0 \text{ (AFC above SSIL)} \times 32 \\
 &\quad \text{Equals} \\
 &\$15,360 \text{ (Annual Basic Allowance)}
 \end{aligned}$$

$$\$15,360 \div 12 = \$1,280 \text{ (Monthly Basic Allowance)}$$

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:

$$\begin{aligned}
 &\text{Two-thirds (.6667) of your Average Final Compensation} \\
 &\quad \text{Plus} \\
 &\text{An annuity based upon your member contributions and interest (if any)} \\
 &\quad \text{Equals} \\
 &\text{Annual Basic Allowance}
 \end{aligned}$$

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

Example: Accidental Disability Retirement

Let's assume you are age 42, have an Average Final Compensation of \$50,000. Because your earnable compensation has never exceeded the Social Security Taxable Wage Base, you have never made member contributions. Therefore, your balance of member contributions and interest is \$0, and you have been

approved for an accidental disability retirement. Your accidental disability benefit is calculated as follows:

$$\begin{aligned} \$50,000 \times .6667 &= \$33,335 \\ &\text{Plus} \\ \$0^* \div 16.55559 \text{ (NAF)**} &= \$0 \end{aligned}$$

$$\$33,335 + \$0 = \$33,335 \text{ (Annual Basic Allowance)}$$

$$\$33,335 \div 12 \text{ months} = \$2,777.92 \text{ (Monthly Basic Allowance)}$$

* 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, 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.

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>Service Retirement Estimate Request</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 Tax Withholding Request</i>	W-4P	To authorize federal tax withholding options to be applied to your monthly retirement allowance.
<i>Maryland State Tax Withholding Request</i>	761.11	To authorize 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 (for member enrolled before July 1, 2011) or age 65 (for members enrolled on or after July 1, 2011). If you are under age 62 or 65 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 (for members enrolled before July 1, 2011) or age 65 (for member enrolled on or after July 1, 2011),
- 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 reemployed in certain positions are exempt from an earnings limit. Specifically, Employees’ Pension System retirees are not subject to an earnings limitation when they are:
 - elected to office as local officials or constitutional officers of a participating county;
 - reemployed by the Maryland Department of Health as contractual health care practitioners in certain positions (please contact a retirement benefits specialist for further details);
 - temporarily assigned to sit as a judge in a State Court under certain circumstances (please contact a retirement benefits specialist for further details); or
 - reemployed on a contractual basis for not more than 4 years in an authorized position as a parole and probation employee.

Exception: You are not subject to an earnings limitation if 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.

3. 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 (for member enrolled before July 1, 2011) or age 65 (for members enrolled on or after July 1, 2011).

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.

Adjustment Caps

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

Members enrolled on or after July 1, 2011

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

Members enrolled before July 1, 2011

A two- part adjustment applies. For service earned before July 1, 2011, the COLA rate for eligible retirees is capped at 3% and is not tied to investment performance. For the portion of the benefit based upon service earned on or after July 1, 2011, the COLA is capped at 2.5% when the total investment performance of the SRPS equals or exceeds the assumed rate of investment return established by the SRPS Board of Trustees, or capped at 1% in years when the assumed actuarial rate was 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 your 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, your 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 your 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.

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

For additional information on matters regarding retiree health benefits, please contact your 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, 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 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.

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.

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.

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/Hearings

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.

If a conflict occurs, a member may ask for a hearing before the Board of Trustees. To request a hearing, mail a written request to the executive director of the Maryland State Retirement Agency. A member unsatisfied with a final decision of the Board of Trustees or the executive director may appeal the decision as provided by law. Contact a retirement benefits specialist for additional information on the appeal process.

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)	<p>Average earnable compensation that is computed in accordance with state law.</p> <p>The AFC for a member enrolled before July 1, 2011, is the average earnable compensation during their <u>three</u> highest consecutive earning years.</p> <p>The AFC for a member enrolled on or after July 1, 2011, is the average earnable compensation during their <u>five</u> highest consecutive earning years.</p>
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	<p>62 years of age for a member enrolled before July 1, 2011.</p> <p>65 years of age for a member enrolled on or after July 1, 2011.</p>
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.
Social Security Integration Level	The average yearly amount of earnings for which old age and survivors benefits would be provided under Title II of the federal Social Security Act for an employee who is eligible to receive full old age and survivor benefits
Social Security Taxable Wage Base	The maximum amount of annual earnings for employees subject to tax under the federal Old Age, Survivors, and Disability Insurance Act
SRA	State Retirement Agency. The state agency that administers the State Retirement and Pension System.
SRPS	Maryland State Retirement and Pension System