



MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM

# MARYLAND STATE RETIREMENT AND PENSION SYSTEM

## STATE RETIREMENT AGENCY EMPLOYER EDUCATION MANUAL



Published by: The State Retirement Agency  
120 East Baltimore Street  
Baltimore, MD 21202-6700  
[www.sra.state.md.us](http://www.sra.state.md.us)

Local: 410-625-5555  
Toll Free: 1-800-492-5909  
TDD/TTY 410-625-5535

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*and* PENSION SYSTEM

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# INTRODUCTION

## INTRODUCTION

ICON KEY	
	Application/Form
	Attachment
	See for More Info

As a qualified plan under section 401(a) of the Internal Revenue Code, the Maryland State Retirement and Pension System (SRPS) is a defined benefit plan. The Maryland State Retirement Agency (SRA) is charged with the fiduciary responsibility for properly administering the retirement and pension allowances and other benefits, while striving to keep employer contribution rates as affordable as possible, maximizing investment returns and maintaining an acceptable level of risk. Members covered under the plans include State employees, teachers, law enforcement officers, legislators, judges, as well as local government employees whose employers have elected to participate in the SRPS.

In 1927, the first statewide retirement plan in Maryland (the Teachers' Retirement System) was established. Fourteen years later, in 1941, the Employees' Retirement System was established. Currently, SRA administers death, disability and retirement benefits to over 119,000 retirees and beneficiaries, and is an essential element of the future financial security for over 199,000 active participating members. The following 12 plans are included in the SRPS:

- Teachers' Retirement System (closed to new members)
- Employees' Retirement System (closed to new members)
- Correctional Officers' Retirement System
- State Police Retirement System
- Judges' Retirement System
- Legislative Pension Plan
- Teachers' Pension System
- Employees' Pension System
- Law Enforcement Officers' Pension System
- Law Enforcement Officers' Retirement System (closed to new members)
- Local Fire and Police Pension System (closed)
- Local Fire and Police Retirement System (closed)

## PURPOSE OF THE EMPLOYER EDUCATION MANUAL

We have developed this manual to assist you in fulfilling your day-to-day responsibilities as an employer-partner of the SRPS. Our goal is to ensure that proper resources are available to you in performing your daily duties. We look forward to providing you with the support you require and, in working together, ensuring a partnership benefiting the thousands of State and local members and retirees.

## USING THIS MANUAL

This manual has not been designed to make you an expert in retirement issues. Our hope is that you use this manual to supplement other resources currently available from the SRA. However, in this manual, we feel we have provided a comprehensive learning and training tool which should answer most of your questions that occur from day to day.

The manual is in loose leaf form and currently available on our website: [www.sra.state.md.us](http://www.sra.state.md.us). All information is current as of the revision date listed in the header of each page. However, from time to time, SRA will provide updates to the manual to reflect changes in the pension statute or SRA policy. Updates will be provided electronically and will also be available on our website.

We have compiled this employer education manual as a working tool for your use. However, please be aware that although it is designed to be comprehensive in the information it provides, the information outlined in this manual in no way should be taken as the basis for any contractual right between the SRPS and the employer or member. The information outlined herein does not replace statutory and regulatory requirements.




## SUMMARY

As our employer-partners, we hope this manual provides simple answers and solutions to many of your basic questions. However, we do understand that during the normal course of business, more complex questions and issues may arise. In these situations, SRA staff is available to assist you in providing resolutions in a timely manner. We look forward to continuing our partnership, which benefits thousands of State and participating governmental members and retirees.

**! The information provided in this manual should not be taken as the basis for any contractual right between the SRPS and the employer or member. The information outlined herein does not replace statutory and regulatory requirements.**

# MEMBERSHIP INFORMATION

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

Membership in the SRPS is governed by the State Personnel and Pensions Article, Annotated Code of Maryland, and the Code of Maryland Regulations (COMAR). SRPS membership is a mandatory condition of employment for all employees who meet the eligibility and membership criteria defined in the State Personnel and Pensions Article, and COMAR.

A qualifying employee cannot reject membership, nor can an ineligible employee elect membership.

Membership in the SRPS includes State and municipal employees, educators, judges, legislators, State Police, law enforcement officers, and correctional officers. Each of these employee groups is covered under an individual employee system and plan.

## PARTICIPATION ELIGIBILITY

The general rule is that all permanent State employees and all permanent employees of participating employers are eligible for membership in the SRPS. The position of the employee and the system(s) that their employer elected to join determine the system of participation. For example, membership in the Teachers' Systems is restricted to positions as outlined in the Code of Maryland Regulations (Title 22, Subtitle 04 - Membership). Actual determination of eligibility for membership in the Teachers' Systems is made on a case-by-case basis. Factors affecting determination for eligibility include a review of the position description as it relates to the definition in COMAR as well as the member's past enrollment history.

There are some rules to consider. Membership is contingent upon the permanent employee being expected (budgeted) to work at least 500 hours in a fiscal year<sup>1</sup>. If the permanent employee is expected (budgeted) to work 500 hours or more in the fiscal year then membership begins immediately when the employee is placed on payroll. Once an employee is a member of the SRPS, he or she must continue to be reported regardless of the number of hours he or she works in subsequent fiscal years.

Temporary, contractual, and emergency employees are not eligible for membership.

Membership in the SRPS ends if the member: <sup>2</sup>

- Is separated from employment for more than:
  - ✓ Teachers' and Employees' Pension Systems – 4 years
  - ✓ Employees' Retirement System – 4 years <sup>3</sup>
  - ✓ Teachers' Retirement System – 5 years <sup>3</sup>
  - ✓ Law Enforcement Officers' Pension System – 4 years<sup>4</sup>

<sup>1</sup> Fiscal year runs from July 1<sup>ST</sup> to June 30<sup>TH</sup>.

<sup>2</sup> Individual plan rules vary. For more specific information, please contact the SRA.

<sup>3</sup> Membership also ends if a member transfers to the Employees' or Teachers' Pension System

<sup>4</sup> Membership also ends if a member elects participation in the Deferred Retirement Option Program

- ✓ Correctional Officers' Retirement System – 4 years
- ✓ State Police Retirement System – 4 years<sup>5</sup>
- ✓ Local Fire and Police Pension System – 4 years (closed)
- Withdraws his or her accumulated contributions, if any;
- Becomes a retiree; or
- Dies.

**EMPLOYER RESPONSIBILITIES: MEMBERSHIP**

- ✓ Each participating employer should be aware of the general membership rules regarding eligibility for membership in the SRPS.
- ✓ In the event an employer is unsure whether a particular employee should be enrolled in the SRPS or which plan or system, the employer should contact the SRA for guidance.

**FREQUENTLY ASKED QUESTIONS**

**Question:** Who is eligible for membership in the SRPS?

**Answer:** As a general rule, all permanent employees of the State and of participating government units (PGUs) are eligible for membership in the SRPS. The SRPS is comprised of multiple individual plans, each with distinct plan rules. An employee's position and the plans that his or her employer has elected to join determines which plan he/she is eligible to participate. The SRA will determine whether an individual is eligible for membership based upon the pension statutes and Title 22 of the Code of Maryland Regulations (COMAR).

**Question:** Are permanent, part-time employees eligible for membership in the SRPS?

**Answer:** The short answer is yes. In general, membership is mandatory for permanent, part-time employees who are expected (budgeted) to work at least 500 hours in the fiscal year.

**Question:** Are temporary, contractual, and emergency employees eligible for membership in the SRPS?

**Answer:** No.

**Question:** Should an employee who is a current retiree from the SRPS be re-enrolled in SRPS should they become re-employed?

**Answer:** If your employer employs a person who is presently receiving a retirement allowance from the SRPS then you should contact the SRA Enrollment Supervisor for assistance in determining if the individual is eligible for re-enrollment. In general, retirees may not re-enroll and accrue additional benefits if they are already a retiree from the SRPS. However, the provision within the State Retirement System, Judges' Retirement System, and Legislative Pension Plan are complex and SRA should be consulted to determine if the individual may re-enroll before you process a new Application for Membership.

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<sup>5</sup> Membership also ends if a member elects participation in the Deferred Retirement Option Program

**Question:** What should an employer do if an employee's eligibility for membership is questionable?

**Answer:** Employers who are unsure whether a specific employee is eligible for membership in the SRPS should contact the SRA Enrollment Supervisor directly. In some instances, the SRA will require a copy of the position description to make a final determination as to eligibility for membership.<sup>6</sup>

**Question:** Are adjunct professors eligible for membership in the Teachers' Pension System of Maryland?

**Answer:** As we understand the nature of an adjunct professor's employment, he or she may be employed for a term at a time depending on need. Continued employment is not guaranteed, but many professors may work for extended periods of several consecutive years or more. In addition, the University of Maryland System reports that their adjunct professors are on tenure track and are entitled to all the benefits of regular faculty.

Certainly, when the nature of an adjunct professor's employment closely mirrors the situation outlined above, they should be enrolled into TPS and payroll should be reported in the normal way. Where the nature of employment differs significantly from those outlined, specific inquiry should be addressed to the SRA Membership Supervisor.

**Question:** When should a position description accompany the membership application for an employee applying for membership in the Teachers' Pension System?

**Answer:** A copy of the employee's position description should be attached to the membership application whenever the position title differs from the eligible titles listed in retirement statute. For Boards of Education, the listed titles are: clerk, helping teacher, principal, superintendent, supervisor or teacher. Even when the applicant's position title is the same as one in the statute, it is helpful to add a descriptive term to the title to distinguish it from an ineligible position with the same title. As an example, a teacher is clearly eligible for Teachers' Pension System membership unless there is some qualifying condition that would negate eligibility such as short term substitute or adult education teacher. To avoid the need for clarification, it would be helpful therefore, to add the term regular or day school to the position title to make further questioning unnecessary.

For Community Colleges, the classifications that are eligible by statute are: professional and clerical employees.

For state controlled educational institutions, the eligible classification is faculty employees.

For public libraries, the eligible classifications are: librarians, clerical employees and library associates.

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<sup>6</sup> The Membership Supervisor can be contacted directly at (410) 625-1414.



Position Classifications Determined to be Eligible for Teachers' Pension System Membership by Board of Trustees' Regulation:

1. Individuals who are eligible for a certificate under Education Article, Title 6, Annotated Code of Maryland, who perform teaching duties or who perform administrative or supervisory duties in the teaching field;
2. Principal employees on the central staff who supervise one or more of the following categories:
  - a. Transportation,
  - b. Building operations (includes maintenance, custodial, repair operations, and security services), or
  - c. Food Services;
3. Audiologists with proper degrees;
4. Bookmobile drivers who are designated as driver/clerks;
5. Bus attendants for handicapped children;
6. Dietitians with appropriate degrees;
7. Occupational therapists with proper degrees;
8. Professional speech pathologists with proper degrees;
9. Psychiatrists;
10. Psychologists;
11. Psychometrists with proper degrees;
12. Registered nurses;
13. Social workers with appropriate degrees;
14. Classroom teacher aides;
15. Physical therapists; and
16. Braillists.

Position Classifications Ruled Ineligible for Teachers' Pension System Membership by Board of Trustees' Regulation:<sup>7</sup>

1. The terms "clerk", "helping teacher", "principal", "superintendent", "supervisor", or "teacher" in State Personnel and Pensions Article, §22-205(a)(1) and §23-206(a)(1), Annotated Code of Maryland, do not include the employees 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.
2. The following employees of a day school are not included within the terms described above:<sup>8</sup>
  - a. Administrative assistants to the superintendent;
  - b. Architects;
  - c. Artists;
  - d. Assessments specialists;
  - e. Audiovisual technicians;
  - f. Bus drivers;
  - g. Cafeteria and food service workers;
  - h. Community aides and specialists;
  - i. Construction workers;

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<sup>7</sup> COMAR §22.03.02

<sup>8</sup> COMAR §22.03.03

- j. Consultants;
- k. Counselor aides and assistants;
- l. Custodians;
- m. Draftsmen;
- n. Driver education aides;
- o. Educational TV technicians;
- p. Engineers;
- q. Financial aid and job counselors;
- r. Foreman;
- s. Fringe benefits personnel;
- t. Health aides;
- u. Human relations, equal opportunity, affirmative action personnel;
- v. Inspectors;
- w. Institutional research and development personnel;
- x. Interagency programs and planning personnel;
- y. Interns;
- z. Janitors;
- aa. Laboratory aides/technicians;
- bb. Mail room couriers; messengers/clerks;
- cc. Maintenance workers;
- dd. Media specialists (review and evaluation centers);
- ee. Nurses' aides;
- ff. Ombudsmen;
- gg. Photographers;
- hh. Plant operations personnel;
- ii. Printers;
- jj. Public relations specialists, specialists in public relations publications and public information;
- kk. Purchasing agents or officials;
- ll. Quality assurance personnel and testing and evaluation personnel;
- mm. Reading/study skills technicians;
- nn. Repairs personnel;
- oo. Safety and insurance specialists;
- pp. School business managers – administrative assistants;
- qq. Security personnel;
- rr. Site acquisition personnel;
- ss. Site development personnel;
- tt. Site planning personnel;
- uu. Staff development and career programs personnel;
- vv. Statisticians;
- ww. Student affairs and student activities personnel;
- xx. Therapist aides/assistants;
- yy. Transportation personnel;
- zz. Warehousemen; and
- aaa. An individual who is employed under a federal public service employment program.

# ENROLLMENT



## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

The enrollment process for eligible employees is a simple, straightforward process which is crucial to ensuring that each eligible employee receives proper service credit. Each employee who is eligible for membership in the SRPS is required to complete and submit an Application for Membership, Active Member Designation of Beneficiary Form, and a valid proof of birth date document.

## ENROLLMENT

The Application for Membership provides the SRA with essential information about an employee which allows us to set up the necessary account information.



- Application for Membership ( **001**, )  
(Form 001 applies to all plans except Legislative and Judges) <sup>9</sup>

The SRA requires a valid proof of birth date document to accompany the Application for Membership. An acceptable proof of birth date document includes: <sup>10</sup>

- Adoption certificate
- Birth certificate
- Census record from the U.S. Bureau of the Census
- Certified hospital birth record
- Maryland identification card
- Military documentation from any branch of the U.S. Armed Forces
- Naturalization record
- Statement of age card from the county health department or U.S. Bureau of Vital Statistics
- Unexpired driver's license
- U.S. passport

It's important to remember to submit a valid proof of birth date with the Application for Membership. The SRA cannot process an Application for Membership without a valid proof of birth date.

**! The SRA cannot process an Application for Membership without a valid proof of birth date document.**

The Active Member Designation of Beneficiary Form ( **004**, ) is an essential part of the enrollment packet. It provides protection in the event a member dies prior to retirement. With a duly executed beneficiary form on file with the SRA, the SRA will pay any survivor benefits according to the Active Member Designation of Beneficiary Form. In the absence of the Active

<sup>9</sup> Legislative Pension Plan Application for Membership (Form 002) & Judges Retirement System Application for Membership (Form 003)

<sup>10</sup> Code of Maryland Regulations 22.01.05.02

Member Designation of Beneficiary Form, the SRA will pay any survivor benefits to the estate of the deceased member.

In addition to ensuring that a person is enrolled promptly in the correct system and plan, it is important to determine if there is any transfer of service issues. A transfer of service issue occurs when an employee changes employment, which requires participation in a different retirement plan. The employee may be able to transfer the service credit from the previous retirement system and/or plan to the current plan. If an employee participated in another Maryland retirement plan immediately prior to this new enrollment, service credit may be transferred from the previous system if certain criteria are met. While the employee must initiate any transfer, employers are in an important position to alert the employee of the transfer criteria. The criteria are as follows:

- Employment must be continuous meaning there is no break in time between the previous employment and the current employment (SRPS considers a break of 30 or less days as continuous employment)
- Employee must request to transfer the service credit within one year of the new employment (transferring within the one year is critical – the option to transfer the service credit is lost after the one year).

The form, which must be filed, depends on whether the previous plan was a SRPS plan.

- If the previous plan was a SRPS plan, then use an Election to Transfer Service Form (📁037,📄). The employee completes an Election to Transfer Service Form and forwards it to the employer for completion.
- Otherwise submit a Request to Purchase Previous Service Form (📁026,📄), which is completed by the employee and forwarded to the former employer for certification of the previous membership. The former employer should then forward the completed form to the SRA. SRA cannot take any action on the request until the former employer's certification of previous membership is received.

#### **EMPLOYER RESPONSIBILITIES: ENROLLMENT**

- ✓ An Application for Membership is required for each eligible member of the SRPS. Please ensure that each eligible member is properly enrolled.
- ✓ Review each Application for Membership to ensure that it is complete, accurate and legible. Information on the form should be typed, if possible, or printed clearly and accurately and be signed.
- ✓ Along with the Application for Membership, submit an acceptable proof of birth date document and a Designation of Beneficiary Form.
- ✓ Be sure to complete the Coordinator section at the bottom of the form, including signature, date, and telephone number.

## FREQUENTLY ASKED QUESTIONS

**Question:** Is an Application for Membership required from a member who already has an account established due to employment with another SRPS employer?

**Answer:** In some instances, yes, a member may be required to submit another Application for Membership. In general, if the duties of the new position require enrollment in a different system or plan, then yes, a new Application for Membership is required.

**Question:** Is a valid proof of birth date document required?

**Answer:** The SRA requires a valid proof of birth date document with the Application for Membership. Without a valid proof of birth date document, the SRA cannot process the Application for Membership.

**Question:** What are the consequences if an Application for Membership is not submitted?

**Answer:** If an Enrollment Form is not submitted for an active employee and payroll data is being reported, the SRA will contact the employer and the employee in writing. Should an employee not be properly enrolled into membership, he or she will not receive an annual Personal Statement of Benefits and any benefits becoming due may be delayed.

**In addition, the SRA is now mandated to assess an administrative fee of \$100.00 for each eligible individual who is not properly enrolled into the system. This fee will be assessed each year until an individual is properly enrolled.**

**Question:** Why are Application for Membership forms sometimes returned to the employer?

**Answer:** Application for Membership forms are occasionally returned for additional information or if incomplete or incorrect information was supplied. The SRA will provide a written explanation as to the reason for return and the required corrective action. It's imperative that each employer take immediate corrective action to ensure that the Application for Membership form is corrected and resubmitted in a timely manner.

**Question:** What happens if the member's SSN is reported incorrectly on the enrollment form or the retirement payroll data?

**Answer:** The SRA utilizes an automated validation process which can assist in identifying reporting errors. Whenever possible, the SRA will identify and correct the error with verification from the employer if necessary. However, if the employer is reporting the SSN incorrectly to SRA within the reported payroll then the employer must correct the SSN in their payroll system and files. Each time the incorrect SSN is reported to SRA it will create an additional automatic enrollment account for the member and until the error is corrected by the employer, the employee will not be properly enrolled in SRPS.

**Question:** Must a member complete the Designation of Beneficiary Form?

**Answer:** The SRA strongly urges all members to complete a Designation of Beneficiary Form. In the event of a member's death prior to retirement, the SRA will pay any applicable death benefit according to the last Designation of Beneficiary Form on file with the

SRA. In the absence of beneficiary information, the SRA will pay any applicable death benefit to the estate of the deceased member.

It is critical that the most recent Designation of Beneficiary form be on file with the SRA. The SRA cannot accept forms that are not on file with the Agency BEFORE a member's death. Forms on file with the employer, but not on file with SRA are not valid.

**Question:** Who can be named a beneficiary?

**Answer:** A member may designate a person, an estate, or an organization (i.e., a charitable organization) as a beneficiary.




- If a minor child is designated as a beneficiary, the member must designate an adult custodian to accept payment on behalf of the minor.
- If the member designates "my estate," the address of the person or business that will administer the estate must be submitted.
- If the member designates "Trustee as appointed by Agreement of Trust or Will," the address of the Trustee or of the person or business that will administer the trust must be submitted.
- If the member designates a church or charitable organization, the complete corporate legal name and address must be submitted.

**Question:** When can members change their designated beneficiary?

**Answer:** A member may change the designated beneficiary at any time by submitting a new notarized beneficiary form to the SRA. It is critical for members to keep their beneficiary designations current, since any payout due to the death of the member will be paid in accordance with the latest beneficiary designation form on file with the SRA prior to their death. New beneficiary forms MUST be on file with the SRA – forms filed with the employer, but not with SRA are not valid.

# AUTOMATIC ENROLLMENT

## GENERAL


ICON KEY	
	Application/Form
	Attachment
	See for More Info

Automatic Enrollment (AE) is a process that occurs when payroll data is submitted to the SRA for a previously unreported or non-enrolled individual. When payroll data is reported, the SRA automated system searches for an existing record with an identical social security number. If no existing record is found, the system automatically creates an AE record to post the incoming data.<sup>11</sup>

## AE REPORTS

The SRA provides each applicable participating employer with semi-annual listings of those individuals who are not properly enrolled in the system. Upon receiving the semi-annual listings, participating employers should review the report and submit the required enrollment forms to the SRA as soon as possible. Failure to do so may result in fines as required under Senate Bill 375. (State Personnel and Pensions Article, §21-110)

## SENATE BILL 375 – IMPOSITION OF ADMINISTRATIVE FEES

During the 2008 legislative session, the Maryland General Assembly passed and the Governor signed into law Senate Bill 375 – Imposition of Administrative Fees (Chapter 392, Laws of 2008) (). Senate Bill 375 provides for the imposition of an administrative fee for each eligible employee that an employer fails to promptly enroll into the SRPS.

Each participating employer will be charged an administrative fee of \$100.00 for each individual who began employment prior to April 1<sup>ST</sup> but was not properly enrolled as of June 30<sup>TH</sup> of each fiscal year (July 1 – June 30). Each non-enrolled employee must be active after May 31<sup>ST</sup> to be included in the administrative fee assessment. To assist each employer, SRA will continue to provide semi-annual reports to employers listing those individuals who have not been properly enrolled. Invoices for improperly or non-enrolled individuals will be mailed annually in August based upon enrollment reports generated with an effective date of June 30<sup>TH</sup>. Payment will be due no later than thirty (30) days from the invoice date.

**! Employers will be assessed the \$100 fee every year an individual is not properly enrolled.**

<sup>11</sup> It's important to ensure the accuracy of social security numbers when reporting payroll data. An incorrect social security number may result in the creation of an AE record.

**SENATE BILL 375 – ESTIMATED TIMELINE <sup>12</sup>**

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
AE Reports Distributed <sup>a</sup>												
Nov Report Correction Period <sup>b</sup>												
Apr Report Correction Period <sup>c</sup>												
FY Close AE Report <sup>d</sup>												
AE Billing to Employers <sup>e</sup>												
Billing Due Date <sup>f</sup>												

**Table 1: Estimated Timeline****Key:**

- <sup>a</sup> AE Reports Distributed – AE reports will be generated and distributed to each participating employer semi-annually (November & April).
- <sup>b</sup> November Report Correction Period – Period in which employers may submit the necessary forms or documentation to properly enroll an individual identified as not enrolled from the November AE Report prior to fee assessment.
- <sup>c</sup> April Report Correction Period – Period in which employers may submit the necessary forms or documentation to properly enroll an individual identified as not enrolled from the April AE Report prior to fee assessment.
- <sup>d</sup> Fiscal Year Close AE Report – AE Report effective June 30<sup>TH</sup>. Report will identify individuals at each participating employer who began employment prior to April 1<sup>ST</sup>, have been active after May 31<sup>ST</sup>, and who have yet to be enrolled properly. The SRA will bill employers based on this end of fiscal year report.
- <sup>e</sup> AE Billing to Employers – The SRA will calculate the administrative fee based upon the fiscal year end AE report. The administrative fee billing will go out to each applicable employer annually in August.
- <sup>f</sup> Billing Due Date – Full payment of the administrative fee invoice will be due no later than 30 days from the invoice date.

**Note: Any automatic enrollment record created after the April report will be assessed but will not be included on the report. This usually occurs when retroactive payroll data is reported.**

**EMPLOYER RESPONSIBILITIES: AUTOMATIC ENROLLMENT**

- ✓ Employers are responsible for ensuring that all eligible employees are properly enrolled into the SRPS on a timely basis.
- ✓ Upon receipt of the AE Report, employers should make every effort to contact employees with an AE status code and resolve the reason for non-enrollment.
- ✓ Employers are responsible for payment of any administrative fees assessed by the SRA per Senate Bill 375.

<sup>12</sup> Subject to change



## FREQUENTLY ASKED QUESTIONS

**Question:** What are the consequences if an Application for Membership is not submitted?

**Answer:** If an Enrollment Form is not submitted for an active employee and payroll data is being reported, the SRA will contact the employer and the employee in writing. Should an employee not be properly enrolled into membership, he or she will not receive an annual Personal Statement of Benefits and any benefits becoming due may be delayed.

In addition, the SRA is now mandated to assess an administrative fee of \$100.00 to the employer for each eligible individual who is not properly enrolled into the system. This fee will be assessed each year until an individual is properly enrolled.

**Question:** How will Senate Bill 375 be administered?

**Answer:** Senate Bill 375 provides for the imposition of an administrative fee for each eligible employee that a participating employer fails to promptly enroll into the SRPS.

The SRA will continue to provide semi-annual enrollment reports to each employer. The reports will reflect those individuals who have payroll data reported, but are not properly enrolled in the system. The SRA provides these reports to assist employers to identify those individuals who are not properly enrolled and take corrective action; however, employers cannot solely rely upon the SRA reports.




Annually in August, the SRA will invoice each employer for those employees who have not been properly enrolled. Employees who began employment prior to April 1<sup>ST</sup> and who are active after May 31<sup>ST</sup> will be identified as of June 30<sup>TH</sup> as not enrolled. The invoice will be calculated based upon a June 30<sup>TH</sup> report.

**Question:** Why are Application for Membership forms sometimes returned to the employer?

**Answer:** Application for Membership forms are occasionally returned for additional information or if incomplete or incorrect information was supplied. The SRA will provide a written explanation as to the reason for return and the required corrective action. It's imperative that each employer take immediate corrective action to ensure that the Application for Membership form is corrected and resubmitted in a timely manner.

# PAYROLL REPORTING

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

Employers are responsible for reporting accurate payroll data on a timely basis to SRA. The payroll data reported by employers is used by SRA to administer all benefits of the SRPS. SRA is responsible for collecting, reviewing and reconciling the payroll data, and posting and maintaining payroll data on our files. The Annotated Code of Maryland and the Code of Maryland Regulations govern the administration of the plans. To facilitate the reporting of payroll data, SRA, in accordance with Maryland State law, has developed many policies, programs, and procedures to control the payroll reporting process. Consistent reporting of payroll data by all employers based upon these policies, programs, and procedures helps to ensure the integrity of the data used by SRA and provides for accurate communication to members and correct payments to retirees and beneficiaries.

## IMPORTANT DATES FOR PAYROLL REPORTING

State law mandates that all payroll data be reported to SRA no later than 5 business days after the pay date, and that all employee contributions are to be remitted no later than the pay date. SRA is mandated by statute to assess a late charge of \$250 for each payroll for which the supporting data is late and interest on the delinquent late charges at 10% per year if the late charge is not paid by the date certified by SRA.<sup>13</sup> Furthermore, for employee contributions which are not paid by the pay date, the employer is assessed a penalty of 10% of the amounts due and interest on delinquent amounts at 10% per year until paid.<sup>14</sup>

## PAY PERIOD ENDING DATE VS. PAY DATE

It is important to define and make a distinction between pay period ending dates and pay dates. This is especially important since Maryland State law mandates that all payroll data be reported to SRA no later than 5 business days after the pay date, and that all employee contributions are to be remitted no later than the pay date.

The pay period ending date is the last day of the payroll period in which the employees worked. The pay date generally follows the pay period ending date by several days to a week since payroll centers need time to process the payroll. When you report payroll data to SRA, only include days up to and including the pay period ending date per your payroll schedule. It is also imperative that you adhere to the annual payroll schedule you submit to SRA at the end of each fiscal year for the following fiscal year. SRA processes data based upon pay period ending date and the pay period ending date also controls to which fiscal year the data is included in our files.

## OVERVIEW OF PAYROLL REPORTING REQUIREMENTS

Under Title 22.04.01 of the Code of Maryland Regulations (COMAR), each participating employer must certify certain payroll information to SRA at the end of each pay period. This information is also required to be submitted to SRA in an acceptable format. The required payroll information for each member is as follows:

<sup>13</sup> SPP, Ann. MD Code §21-314(d)(2)

<sup>14</sup> SPP, Ann. MD Code §21-314(d)(1)

- ✓ The full name, address, and social security number;
- ✓ The retirement system code and employer agency code;
- ✓ The earnable compensation paid during the pay period;
- ✓ The actual hours worked during the pay period (excluding overtime);
- ✓ The budgeted earnable compensation for the position;
- ✓ The budgeted earnable compensation for the position on an annualized basis, as if the member is regularly employed to perform the same duties on a full-time basis;
- ✓ The standard hours for the position during the pay period as if the member is regularly employed to perform the same duties on a full-time basis;
- ✓ The budgeted ratio that the position of employment bears to the standard for a full-time employee;
- ✓ Employer contributions required (applies to State employees only) on a pay period basis;
- ✓ Member contributions required, if any, during the pay period.

Employers must submit payroll information to SRA in a prescribed electronic format (described in more detail below) and include the following two forms with their data.

- ✓ **Remittance Reconciliation Form for Payroll Data** (☐ )  
This form tells us the amount of the cash you are remitting based upon the current pay period and based upon any adjustments to current or prior payroll data reported. (Cash based upon current pay period data plus or minus cash for your adjustments must equal the total amount you are remitting.)
- ✓ **Revenue Control Transmittal** (☐ )  
This form lists the applicable pay period ending date, your employer agency code, and the proper system to apply the contributions. This form also lists the type of payment, i.e., employee contributions or employer contributions.

## DETAILED INFORMATION ON PAYROLL REPORTING ELEMENTS

### NAME, ADDRESS, & SSN

It's important that each payroll submission to SRA contain the correct name, home address, and social security number of each member.

- Social Security Number – 9 position field
  - SRA internal process will identify any social security number on incoming payroll data which does not match an existing record on our files. In these instances, our automated system will post that specific incoming payroll data to an AE record. An AE record is a record that has incoming payroll, however lacks the required enrollment information. From that point, SRA staff with the employer's assistance must determine the proper resolution for the new record; whether due to an incorrect social security number or a new member.
- Name consists of Last – 17 position field, First – 12 position field, and Middle Initial – 1 position field
  - The first, middle initial and last name fields are updated automatically with each payroll update.
  - Any required name change for active employees can be accomplished by simply changing the required information on your regular payroll data submissions at the end of each pay period. This new data will automatically update to our files.

- For inactive employees, the employee may notify SRA by signed letter of the name change. Documentation, such as a marriage certificate or court order, is required. The employee's social security number should be included on any change of name correspondence.
- Address consists of Street Address – 35 position field, Miscellaneous Address – 35 position field, City – 33 position field, State – 2 position field, Zip Code (First 5) – 5 position field, and Zip Code (Last 4) – 4 position field (optional)
  - The address fields on SRA files are updated automatically with each payroll update.
  - Any required address change for active employees can be accomplished by simply changing the required information on your regular payroll data submissions at the end of each pay period. This new data will automatically update to our files.
  - For inactive employees, the employee may notify SRA by signed letter of his/her new address. The employee's social security number or member identification number should be included on any change of address correspondence.
  - Accurate reporting of the home address is especially important. It is the address on record that is used to distribute a personalized Statement of Benefits to all active members.

#### SYSTEM AND AGENCY CODE

- System Code – 1 position field
  - The system code designates which individual system the employee is a member of.
  - Each individual system has varying specific plan provisions.
  - Listing of individual systems:
 

	Code
Teachers' Retirement System	1
Employees' Retirement System	2
State Police Retirement System	3
Judicial Retirement System	4
Legislative Retirement System	5
Teachers' Pension System	6 <sup>15</sup>
Employees' Pension System	7 <sup>16</sup>
Law Enforcement Retirement System	8
Law Enforcement Pension System	9

(Note Codes differ for State Agencies – please refer to MS310 payroll form).

- Location Code – 8 position field
  - The Agency code is an 8 digit numeric code which is used to identify each individual employer.
  - First four digits assigned by SRA. The last four digits may be by used by local participating governmental units or contain state appropriation codes. The last four digits are generally '0000' if not used by the local participating governmental units.

<sup>15</sup> Includes Teachers' Retirement Bifurcated Plan.

<sup>16</sup> Includes Employees' Retirement Bifurcated Plan.

### EARNABLE COMPENSATION PAID DURING THE PAY PERIOD

- Pay Period Base Salary – 9 position field
  - The Pay Period Base Salary represents the gross recurring salary payable at the end of each pay period during the fiscal year. For full-time employees this can generally be determined by taking the gross total salary divided by the total number of regular pay periods for the fiscal year. However, because it is calculated on the number of hours worked, for full-time employees working less than standards hours (for example, in a case of leave without pay) the Pay Period Base Salary can fluctuate for that pay period. For part-time employees the Pay Period Base Salary should fluctuate based upon Actual Hours Worked.
  - The Pay Period Base Salary should not include overtime, shift differential, bonus, summer school wages, etc.
  - Reflected as both dollars and cents. Do not round to the nearest whole dollar.

### ACTUAL HOURS WORKED DURING THE PAY PERIOD

- Actual Hours Worked (Paid) – 4 position field
  - The Hours Worked field reflects the actual number of hours worked (including annual, personal, sick, and compensatory hours paid) during the pay period. For full time and part-time employees, the actual hours worked may not exceed the Total Standard Hours for the pay period.
  - Should not reflect overtime.
  - Should not be greater than Total Standard Hours for the pay period.

### BUDGETED EARNABLE COMPENSATION FOR THE POSITION ON AN ANNUALIZED BASIS

- Annual Earnable Compensation – 7 position field
  - The Annual Earnable Compensation represents the total earnable salary on an annualized basis for a full time position.
  - For full-time employees, the Annual Earnable Compensation will equal the Actual Annual Compensation.
  - For part-time employees, the Annual Earnable Compensation will represent the total amount a full-time employee would earn in that position.
  - Full dollars only, round cents to the nearest whole dollar.
- Earnable Compensation includes:
  - The employer pickup contribution provided for in SPP §21-313, Ann. MD Code
  - Contribution made under a salary reduction or supplemental retirement plan in accordance with SPP, Title 35, Ann. MD Code. (IRC 414(h)(2))
  - Longevity pay (Not lump sum). Must be permanent and continuously paid.
  - For a member of the State Police Retirement System, flight pay.
  - For a member of the Teachers' Retirement System or the Teachers' Pension System, the compensation paid to the member for performing the member's regular job responsibilities during the period of the member's mandatory assignment that extends beyond the member's 10-month assignment in accordance with the standards and guidelines adopted by the State Superintendent of Schools.

- Earnable Compensation **does not** include:
  - Bonuses
  - Overtime
  - Summer school salaries
  - Adult education salaries
  - Additional temporary payments from special research projects
  - Honorariums
  - Vehicle stipends
  - Retirement Incentives
  - Other payments that the Board of Trustees determines are not part of the normal salary for working the normal time in the member's position.

#### STANDARD HOURS FOR THE POSITION

- Standard Hours – 4 position field
  - The Standard Hours field reflects the normal or regular hours for a full time position during each pay period.
  - Should not reflect overtime.
  - Minimum standard hours for a position cannot be less than 30 hours per week for a teacher or ten month employee or 35 hours per week for a 12 month employee.

#### BUDGETED RATIO OF EMPLOYMENT

- Percentage of Time – 2 position field
  - The Percentage of Time field represents the percentage of budgeted time the employee is scheduled to work in a position.
  - For full time employees, fill with zeros.
  - For part time employees, fill with the applicable percentage.
  - The Percentage of Time should reflect the budgeted hours compared to the standard hours.
  - Does not fluctuate from pay period to pay period.

**! Example, if an employee is employed on a part-time basis at 50%, the reported Budgeted Ratio of Employment should be 50% reported for each applicable pay period.**

#### MEMBER CONTRIBUTIONS

- Member Contribution – 9 position field
  - The Member Contribution field represents the actual contribution amount for the pay period. Denoted in dollars and cents. Do not round.

## REPORTING REQUIREMENTS

Each participating employer is required to certify and submit payroll information electronically at the end of each pay period using our prescribed format described below. We no longer accept any data files containing social security numbers through regular email. While we do still accept submission of payroll data on CDs or diskettes, we strongly encourage all employers to use our secure website (<https://www.sra.state.md.us/>) for the transmission of payroll data. If you need assistance preparing your data in the prescribed format, SRA will provide a stand-alone retirement payroll program free of charge that creates the payroll information file in the correct electronic format. Otherwise, employers are responsible for submitting the payroll information in the correct electronic format. For more information on the payroll reporting program please see Appendix A.

Secure File Upload provides employers the ability to upload retirement payroll data directly to our website in a secure environment. This online payroll reporting is a safe, secure and efficient way to submit regular retirement payroll data. If you are interested in reporting your payroll data utilizing the secure file upload utility please contact the Payroll Collections Supervisor at (410) 625-5697. For more information on utilizing the secure website for payroll reporting, please see Appendix B.

When submitting payroll data to SRA, please be sure to label all reporting media (disk & upload) with your SRA assigned employer location code and the applicable pay period ending date (PPE). Please use a separate disk for each pay period ending date.

Diskettes should be sent to SRA at:

State Retirement Agency  
Attn: Data Control – Payroll Section  
120 E. Baltimore Street, 15<sup>th</sup> Floor  
Baltimore, Maryland 21202-6700

Please be sure to allow several days for regular mail. You may utilize express delivery to reduce time in transit and improve data security.

## ELECTRONIC RECORD FORMAT

<u>Positions</u>	<u>Field Name</u>	<u>Field Value &amp; Descriptions</u>
1 - 3	Transaction Code	"405" Payroll data transaction
4 - 11*	Payroll Period Ending Date	Month-Day-Century-Year Ex. "01011999"
12	Space	Required

<b><u>Positions</u></b>	<b><u>Field Name</u></b>	<b><u>Field Value &amp; Descriptions</u></b>
13	System Code	"1" - Teachers Retirement, "2" - Employees Retirement, "6" - Teachers Pension, "7" - Employees Pension, "8" LEOPS Retirement, "9" LEOPS Pension  (Note: State codes differ – refer to MS310 payroll form).
14 - 21*	Employer Location Code	As assigned by the State Retirement Agency
22 - 26	Spaces	Required
27	Plan Code	"8" identifies members of the Contributory Pension Plan; " " identifies members of the Non-contributory Pension Plan
28 - 36*	Social Security Number	Required
37 - 53	Last Name	Left justified - space from end of data to end of field.
54 - 65	First Name	Left justified - space from end of data to end of field.
66	Middle Initial	As required.
67 - 73*	Actual Annual Compensation (formerly referred to as Actual Annual Budgeted Base Salary)	For full-time members this amount equals the annual earnable compensation. For part-time members, calculated as member's annual earnable compensation multiplied by the percentage of time. Dollars only.  Example: \$12,499.88 per year = 0012500
74 - 82*	Employee Contribution Amount	Dollars & cents of employee contribution amount withheld for the pay period.  Example: 000002680 represents \$26.80
83 - 86*	Hours Worked	The number of actual hours worked during this pay period, exclusive of overtime.  Example: 0355 represents 35.5 hours. (implied decimal point)



<b><u>Positions</u></b>	<b><u>Field Name</u></b>	<b><u>Field Value &amp; Descriptions</u></b>
87 - 90*	Standard Hours	The number of normal or regular hours for the full-time equivalent position during this pay period.  Example: 0710 represents 71.0 hours. (implied decimal point)
91 - 92*	Percentage of Time	If the member is a full-time employee, fill with zeros. If the member is a part-time employee, enter the budgeted part-time percentage into this field.  Example: "50" represents 50% of full-time, "00" = 100% .
93 - 101*	Pay Period Base Salary Paid	Dollars and cents of actual base earnings for the pay period, exclusive of overtime, shift-differential, bonus, summer school wages, etc.  Example: 000085495 represents \$854.95.
102 - 108*	Annual Earnable Compensation (Full Time Equivalent Compensation) (formerly referred to as Annualized Full-Time Salary)	For full-time members this amount equals the actual annual compensation. For part-time members, calculated as member's actual annual compensation divided by the percentage of time. Dollars only.  Example: \$12,499.88 per year = 0012500
109 - 124	Spaces	Required
125 - 159	Street Address	Required for each payroll (primary address line)
160 - 194	Miscellaneous Address	Report as necessary. Overflow address field for additional miscellaneous home address information such as Apt. B.
195 - 227	City	Required for each payroll
228 - 229	State	Required for each payroll
230 - 234*	Zip Code - First 5	Must be numeric. Use zeros if foreign or unknown.
235 - 238*	Zip Code - Last 4	Must be numeric. Use zeros if foreign or unknown.
239 - 250	Spaces	Required

- Filename must be PAYROLL.
- The record format must be setup as a fixed length 250 character ASCII (DOS TEXT) file.
- All characters must be upper case (capitalized). Lower case characters are not recognized by our automated systems.
- Numeric fields as indicated by an "\*" in the position column are right justified and require leading zeroes to fill out the field column. For example, a pay period ending January 1, 1999 must be reported as "01011999" and not "10199".
- Non-numeric fields (characters) are left justified and any unused positions for that field name must have spaces. Do not truncate fields.
- Do not include carriage returns or line feeds. The data should be continuous with each successive 250 character record following the preceding record.

## **REPORTING FOR FULL TIME EMPLOYEES**

Retirement payroll reporting for full time employees is a fairly straight forward process. However, there are some general guidelines which can make the process easier.

- Full Time Employees
  - The Actual Annual Compensation should always equal the Annual Earnable Compensation for full time employees
  - The Actual Hours Worked includes leave hours, such as sick and annual leave, and compensatory time. However, Total Hours Worked may not exceed Total Standard Hours.
  - Do not report payroll data for members who do not work during the summer months unless the member elects to receive wage payments during the summer. For these employees, report zero actual and zero standard hours. Report the appropriate base bi-weekly pay, actual annual earnable compensation (full-time equivalent), and any employee contributions due in accordance with your pay schedule.
  - There are a minimum number of standard hours for full time employees. If the member does not work the minimum number of hours, the employee is considered part-time and should be reported as a part-time employee. The minimum number of standard hours for the Teachers' Systems and the Employees' Systems for 10 month employees is 30 standard hours per week. All other systems, State Police, Legislative, Judges, and Law Enforcement Officers' have a minimum of 35 standard hours per week.
  - Actual hours worked may not exceed the number of standard hours.
  - Members do not receive service credit for unworked periods unless the member files for and is granted a board approved leave of absence (📁046, 📁) and upon completion of the leave, the member requests to purchase the leave period (📁026, 📁). The member must pay any payroll contributions that would have been due had the member been working plus interest to the billing date.
  - Do not report payroll data during the period a member is on a board qualified approved leave of absence unless the member returns to work before the leave expiration date.
  - For members who have non-contributory pay periods, SRA requires payroll data to be reported for each non-contributory pay period. Report zeroes in the contribution field.

**Example A** (Member works 12 months.)

Actual Salary:	\$52,000
Earnable Salary:	\$52,000
Cont Rate:	5% <sup>17</sup>
# of Pays:	26
# of Contributory Pays:	26

In this example of full time employment, the following is an example of what should be reported on a biweekly basis:

<u>PPED</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
10/05/09	52000	100.00	70.0	70.0	00	2000.00	52000

Annual payroll data totals in SRA's records would appear as follows for this employee:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Aug	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Sept	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Oct	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Nov	\$52,000	\$300.00	210.0	210.0	00	\$6,000.00	\$52,000
Dec	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Jan	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Feb	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Mar	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Apr	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
May	\$52,000	\$200.00	140.0	140.0	00	\$4,000.00	\$52,000
Jun	\$52,000	\$300.00	210.0	210.0	00	\$6,000.00	\$52,000
<b>Total:</b>		<b>\$2,600.00</b>	<b>1,820.0</b>	<b>1,820.0</b>			

Note the following in the example above:

- Actual Annual Compensation equals Actual Earnable Compensation
- Hours Worked equal Standard Hours (example assumes no leave without pay).
- Overtime hours are not reported.
- Minimum Standard Hours for a 12 month employee are 35 hours per week.
- Percentage of Time is 100% (reported as 00).
- Pay Period Base Salary does not fluctuate except for the months of November and June, which have 3 pay period ending dates. (Reminder – Pay Period Base Salary can fluctuate for a full-time employee if the employee is on leave without pay).

<sup>17</sup> Alternate Contributory Pension System

**Example B** (Member is a ten month employee who receives payments over a ten month period):

Actual Salary:	\$45,000
Earnable Salary:	\$45,000
Cont Rate:	5% <sup>18</sup>
# of Pays:	20 <sup>19</sup>
# of Contributory Pays:	20

In this example of full time employment, the following is an example of what should be reported on a biweekly basis:

<u>PPED</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
10/05/09	45000	112.50	60.0	60.0	00	2250.00	45000

Annual payroll data totals in SRA's records would appear as follows for this employee:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul							
Aug							
Sept	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Oct	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Nov	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Dec	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Jan	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Feb	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Mar	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Apr	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
May	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
Jun	\$45,000	\$225.00	120.0	120.0	00	\$4,500.00	\$45,000
<b>Total:</b>		<b>\$2,250.00</b>	<b>1,200.00</b>	<b>1,200.00</b>			

Note the following in the example above:

- Actual Annual Compensation equals Actual Earnable Compensation
- Hours Worked equal Standard Hours (example assumes no leave without pay).
- Overtime hours are not reported.
- Minimum Standard Hours for a teacher or 10 month employee are 30 hours per week.
- Percentage of Time is 100% (reported as 00).
- Pay Period Base Salary does not fluctuate. (Reminder – Pay Period Base Salary can fluctuate for a full-time employee if the employee is on leave without pay).

<sup>18</sup> Alternate Contributory Pension System

<sup>19</sup> 10 Month System. Does not receive payments during July or August.

**Example C** (Member is a ten month employee who receives payments over twelve months):

Actual Salary:	\$45,000
Earnable Salary:	\$45,000
Cont Rate:	5% <sup>20</sup>
# of Pays:	24
# of Contributory Pays:	20

In this example of full time employment, the following is an example of what should be reported on a biweekly basis (July and August):

<u>PPED</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
7/13/09	45000	0.00	0.0	0.0	00	1875.00	45000

Annual payroll data totals in SRA's records would appear as follows for this employee:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$45,000	\$ .00	0.0	0.0	00	\$3,750.00	\$45,000
Aug	\$45,000	\$ .00	0.0	0.0	00	\$3,750.00	\$45,000
Sept	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Oct	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Nov	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Dec	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Jan	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Feb	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Mar	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Apr	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
May	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
Jun	\$45,000	\$225.00	120	120	00	\$3,750.00	\$45,000
<b>Total:</b>		<b>\$2,250.00</b>	<b>1,200.00</b>	<b>1,200.00</b>			

Note the following in the example above:

- Actual Annual Compensation equals Actual Earnable Compensation
- Hours Worked equal Standard Hours (example assumes no leave without pay).
- Overtime hours are not reported.
- Minimum Standard Hours for a 10 month employee are 30 hours per week.
- Percentage of Time is 100% (reported as 00).
- Pay Period Base Salary does not fluctuate. (Reminder – Pay Period Base Salary can fluctuate for a full-time employee if the employee is on leave without pay).
- Payroll data is reported in July and August because although this individual does not work during those months, they do receive regular payments during these months.

<sup>20</sup> Alternate Contributory Pension System

**Example D** (Member in a non-contributory plan):

Actual Salary:	\$20,000
Earnable Salary:	\$20,000
Cont Rate:	0% (Paid Below Social Security Taxable Wage Base)
# of Pays:	26

In this example of full time employment, the following is an example of what should be reported on a biweekly basis:

<u>PPED</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
7/13/09	20000	0.00	80.0	80.0	00	769.23	20000

Annual payroll data totals in SRA's records would appear as follows for this employee:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Aug	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Sept	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Oct	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Nov	\$20,000	0.00	240	240	00	\$2,307.69	\$20,000
Dec	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Jan	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Feb	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Mar	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Apr	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
May	\$20,000	0.00	160	160	00	\$1,538.46	\$20,000
Jun	\$20,000	0.00	240	240	00	\$2,307.69	\$20,000
<b>Total:</b>		<b>\$0.00</b>	<b>2,080.00</b>	<b>2,080.00</b>			

Note the following in the example above:

- Actual Annual Compensation equals Actual Earnable Compensation
- A contribution amount must be reported even when the employee's year-to-date salary does not exceed the Social Security Taxable Wage Base. The contribution amount reported is \$0.00.
- Hours Worked equal Standard Hours (example assumes no leave without pay).
- Overtime hours are not reported.
- Percentage of Time is 100% (reported as 00).
- Pay Period Base Salary does not fluctuate except for the months of November and June, which have 3 pay period ending dates. (Reminder – Pay Period Base Salary can fluctuate for a full-time employee if the employee is on leave without pay).

**Example E** (Member works 12 months and has salary change during year.)

Actual Salary:	\$60,000
Earnable Salary:	\$60,000
Cont Rate:	5% <sup>21</sup>
# of Pays:	26
# of Contributory Pays:	26

In this example of full time employment, the employee was promoted effective with the first pay period of March 2009.

In this example of full time employment, the following is an example of what should be reported on a biweekly basis for the last pay in February and first pay in March):

<u>PPED</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
02/16/09	60000	115.38	80.0	80.0	00	2307.69	60000
03/02/09	65000	125.00	80.0	80.0	00	2500.00	65000

Annual payroll data totals in SRA's records would appear as follows for this employee:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Aug	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Sept	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Oct	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Nov	\$60,000	\$346.14	240	240	00	\$6,923.07	\$60,000
Dec	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Jan	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Feb	\$60,000	\$230.76	160	160	00	\$4,615.38	\$60,000
Mar	\$65,000	\$250.00	160	160	00	\$5,000.00	\$65,000
Apr	\$65,000	\$250.00	160	160	00	\$5,000.00	\$65,000
May	\$65,000	\$250.00	160	160	00	\$5,000.00	\$65,000
Jun	\$65,000	\$375.00	240	240	00	\$7,500.00	\$65,000
<b>Total:</b>		<b>\$3,086.46</b>	<b>2,080</b>	<b>2,080</b>			

Note the following in the example above:

- Actual Annual Compensation, Contribution, Pay Period Base Salary, and Actual Earnable Compensation all change with the promotion and salary increase effective in March.

<sup>21</sup> Alternate Contributory Pension System



## **REPORTING FOR PART TIME EMPLOYEES**

Membership is mandatory for part-time regular employees who work or are budgeted (expected) to work at least 500 hours in a fiscal year. If the employee is expected to work 500 hours, then membership begins immediately when the employee is placed on payroll. Once an employee is a member of the State Retirement and Pension System, he or she should continue to be reported regardless of the number of hours he or she works.

Part time employees can be difficult to report due to the inherent nature of part time employment. However, to facilitate reporting for part time employees, SRA has implemented a policy to simplify payroll reporting. SRA requires each employer to utilize the Budget Method for reporting payroll for part time employees with flexible hours.

- In using the Budget Method for part time employment, each employer should follow these steps to properly report retirement payroll.
  - a. Determine the average or budgeted number of hours per pay period that the employee is expected to work. Once determined, divide this number by the number of Standard Hours for your employer. The result is the percentage of time this employee is expected to work.
  - b. Determine what the annual salary would be for someone in the same position on a full-time basis. This is the FTE Salary.
  - c. Multiply the FTE Salary by the percentage of time expected from above. The result should be reported as the employee's Actual Annual Salary.
  - d. Multiply the Actual Annual Salary by the Contribution rate and then divide the product by the number of contributory pays (pay periods in which employee contributions will be withheld). This will yield the amount of contribution that should be remitted each pay period without respect to the number of hours actually worked during the pay period, and will only change if there is a change in pay rate, or budgeted hours.
  - e. Report the same Percentage of Time Worked, FTE Salary and Actual Annual Salary, Standard Hours, and Contribution amount each pay period, even though you report the actual number of hours worked.

**Example F** (Budget Method for a part time employee):

Cont Rate:	5% <sup>22</sup>
# of Pays:	26
# of Contributory Pays:	26

**Step 1:** Determine the Part Time Percentage.

To determine the Part Time Percentage, first determine the average, or budgeted, number of hours per pay period that the employee is expected to work. In this example, Mr. Doe is expected (budgeted) to work 32 hours each pay period during the fiscal year. Based upon 80 standard hours per pay period, this equates to a part time percentage of 40% (32.0 hours worked / 80 standard hours).

**Step 2:** Determine the Full Time Equivalent Compensation (FTE).

In this example, a full time employee in this position would earn \$41,600.

**Step 3:** Determine Actual Annual Compensation.

To determine the Actual Annual Compensation, multiply the Full Time Equivalent Compensation (step 2) by the Part Time Percentage (step 1).

$$\$41,600 \times 40\% = \$16,640.$$

**Step 4:** Determine Contributions Due each Pay Period.

To determine the contributions due each pay period, multiply the Actual Annual Compensation (step 3) by the contribution rate, then divide the product by the number of contributory pays.

$$\$16,640 \times 5\% / 26 = \$32.00$$

**Step 5:** Report the same Percentage of Time Worked, FTE and Actual Annual Compensation, Standard Hours, and Contribution each pay period, even though you report the number of hours actually worked.

In this example of part time employment, the following is an example of what should be reported on a biweekly basis for the months of July and August:

<b>PPED</b>	<b><u>Actual Annual Compensation</u></b>	<b><u>Contribution</u></b>	<b><u>Hours Worked</u></b>	<b><u>Hours Standard</u></b>	<b><u>% of Time</u></b>	<b><u>Pay Period Base Salary</u></b>	<b><u>Actual Earnable Compensation</u></b>
7/13/09	16640	32.00	32.0	80.0	40	640.00	41600
7/27/09	16640	32.00	32.0	80.0	40	640.00	41600
8/10/09	16640	32.00	35.0	80.0	40	700.00	41600
8/24/09	16640	32.00	33.0	80.0	40	660.00	41600

<sup>22</sup> Alternate Contributory Pension System

Below is the cumulative result of the payroll reporting for the fiscal year.

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Aug	\$16,640	\$64.00	68.0	160	40	\$1,360.00	\$41,600
Sept	\$16,640	\$64.00	70.0	160	40	\$1,400.00	\$41,600
Oct	\$16,640	\$64.00	58.0	160	40	\$1,160.00	\$41,600
Nov	\$16,640	\$96.00	96.0	240	40	\$1,920.00	\$41,600
Dec	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Jan	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Feb	\$16,640	\$64.00	66.0	160	40	\$1,320.00	\$41,600
Mar	\$16,640	\$64.00	66.0	160	40	\$1,320.00	\$41,600
Apr	\$16,640	\$64.00	70.0	160	40	\$1,400.00	\$41,600
May	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Jun	\$16,640	\$96.00	96.0	240	40	\$1,920.00	\$41,600
<b>Total:</b>		<b>\$832.00</b>	<b>846.0</b>	<b>2,080</b>			

Note the following in the example above:

- Actual Annual Compensation reflects the part-time status of the employee
- Actual Annual Compensation does not fluctuate based upon Hours Worked
- Contribution is consistent and does not fluctuate.
- Hours Worked does fluctuate based upon the employee's actual hours worked in a pay period.
- Standard Hours reflect the number of hours a full-time employee in this position would work.
- Percentage of Time is consistent and does not fluctuate based upon Hours Worked.
- Pay Period Base Salary fluctuates based upon the employee's actual earnings for the pay period.

**! There should be no fluctuation in reporting of Actual Earnable Compensation, Contribution, Percentage of Time, or Actual Annual Compensation unless the member changes positions or there is a consistent and significant change in the number of hours the employee is budgeted to work during the year. A significant change would be an increase or decrease of more than 10%**

**Example G:**

Let's assume that the budgeted number of hours for the employee above changes by 25% effective the first pay period in January. Based upon this change, the employer must recalculate and adjust the percentage of time that the member works in the member's position, and recalculate the actual salary and contributions.

**Step 1:** Determine the Part Time Percentage.

To determine the Part Time Percentage, first determine the average, or budgeted, number of hours per pay period that the employee is expected to work. In this example, the expected number of hours the employee is likely to work increases (25%) to 40 hours per pay period. There is no change in reported Standard Hours. This equates to a Part Time Percentage of 50% (40.0 hours worked / 80.0 standard hours).

**Step 2:** Determine the Full Time Equivalent Compensation (FTE).

In this example, a full time employee in this position would earn \$41,600.00.

**Step 3:** Determine Actual Annual Compensation.

To determine the Actual Annual Compensation, multiply the Full Time Equivalent Compensation (step 2) by the part time percentage (step 1).

$$\$41,600 \times 50\% = \$20,800$$

**Step 4:** Determine Contributions Due each Pay Period.

To determine the contributions due each pay period, multiply the Actual Annual Compensation (step 3) by the contribution rate, then divide the product by the number of contributory pays.

$$\$20,800 \times 5\% / 26 = \$40.00$$

**Step 5:** Report the same Percentage of Time Worked, FTE and Actual Annual Compensation, Standard Hours, and Contribution amount each pay period, even though you report the number of hours actually worked.

In this example of part time employment, the following is an example of what should be reported on a biweekly basis for the months of December and January:

<b>PPED</b>	<b><u>Actual Annual Compensation</u></b>	<b><u>Contribution</u></b>	<b><u>Hours Worked</u></b>	<b><u>Hours Standard</u></b>	<b><u>% of Time</u></b>	<b><u>Pay Period Base Salary</u></b>	<b><u>Actual Earnable Compensation</u></b>
12/08/09	16640	32.00	32.0	80.0	40	640.00	41600
12/22/09	16640	32.00	32.0	80.0	40	640.00	41600
01/05/09	20800	40.00	38.0	80.0	50	760.00	41600
01/19/09	20800	40.00	42.0	80.0	50	840.00	41600

Below is the cumulative result of the payroll reporting for the fiscal year:

<u>Month</u>	<u>Actual Annual Compensation</u>	<u>Contribution</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Actual Earnable Compensation</u>
Jul	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Aug	\$16,640	\$64.00	68.0	160	40	\$1,360.00	\$41,600
Sept	\$16,640	\$64.00	70.0	160	40	\$1,400.00	\$41,600
Oct	\$16,640	\$64.00	58.0	160	40	\$1,160.00	\$41,600
Nov	\$16,640	\$96.00	96.0	240	40	\$1,920.00	\$41,600
Dec	\$16,640	\$64.00	64.0	160	40	\$1,280.00	\$41,600
Jan	\$20,800	\$80.00	80.0	160	50	\$1,600.00	\$41,600
Feb	\$20,800	\$80.00	78.0	160	50	\$1,560.00	\$41,600
Mar	\$20,800	\$80.00	81.0	160	50	\$1,620.00	\$41,600
Apr	\$20,800	\$80.00	80.0	160	50	\$1,600.00	\$41,600
May	\$20,800	\$80.00	84.0	160	50	\$1,680.00	\$41,600
Jun	\$20,800	\$120.00	120.0	240	50	\$2,400.00	\$41,600
<b>Total:</b>		<b>\$936.00</b>	<b>943.0</b>	<b>2,080</b>			

Note the following in the example above:

- In January the new Actual Annual Compensation, Contribution, and Percentage of Time are calculated and reported based upon a consistent and significant change in the number of hours that the employee will be working.

**Example H** (Budget Method – Hourly Wage Example):

Cont Rate:	5% <sup>23</sup>
# of Pays:	26
# of Contributory Pays:	20
Hourly Wage:	\$15.00

**Step 1:** Determine the Part Time Percentage.

To determine the Part Time Percentage, first determine the average, or budgeted, number of hours per pay period that the employee is expected to work. In this example, Mr. Doe is expected (budgeted) to work 28 hours each pay period during the fiscal year. Based upon 80 standard hours per pay period, this equates to a Part Time Percentage of 35% (28.0 hours worked / 80.0 standard hours).

**Step 2:** Determine the Full Time Equivalent Compensation (FTE).

In this example, since the employee is paid based upon an Hourly Wage, to determine the Full Time Equivalent Compensation (FTE); multiply the hourly wage by the standard hours for the position times the total number of pay periods.

$$\$15.00 \times 80 \times 26 = \$31,200.00$$

**Step 3:** Determine Actual Annual Compensation.

To determine the Actual Annual Compensation, multiply the Full Time Equivalent Compensation (step 2) by the part time percentage (step 1).

$$\$31,200 \times 35\% = \$10,920.00$$

**Step 4:** Determine Contributions Due each Pay Period.

To determine the contributions due each pay period, multiply the Actual Annual Compensation (step 3) by the contribution rate, then divide the product by the number of contributory pays.

$$\$10,920 \times 5\% / 20 = \$27.30$$


**Step 5:** Report the same Percentage of Time Worked, FTE and Actual Annual Compensation, Standard Hours, and Contribution amount each pay period.

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<sup>23</sup> Alternate Contributory Pension System

## SRA PAYROLL EDIT CHECKS

Once SRA receives the payroll data it is processed through automated edit checks which determine that all reported data is within the proper specifications. If during the edit check, any data is found to be outside of defined parameters or found to be missing or incomplete, then SRA will request clarification from the employer.

A letter is generally sent to the employer because one of the individual records from the payroll records did not pass one of our edit checks prior to updating the member's account. Either a piece of required data was missing or the information supplied applies to more than one pay period, such as retroactive salary changes and employee contribution adjustments. The employer should submit a Prior Period Payroll Adjustment Form (714, ) to report the missing piece of information and the pay period to which it applies and return the letter to us signed by a person who is authorized to change payroll data.

## CROSSFOOT EXCEPTION ERROR REPORTS

The Crossfoot Exception Error Report is a SRA exception report that identifies discrepancies between expected and received employee contributions. Expected contributions are based on the Actual Annual Salary reported multiplied by the contribution rate on the member's account divided by the number of contributory pay periods listed on the member's account. It is important that you keep us apprised of any changes in your pay schedule and the employees affected and any reported retroactive member contributions.

When SRA sends you the Crossfoot Error Report it is because the expected contribution for a member did not equal the actual contribution reported. It may be that one of the contribution calculation elements for a member needs adjusting, i.e. actual salary, contribution rate or number of contribution pay periods. When you receive the Crossfoot Error Report, you should research and confirm the underlying data elements for each member on the list and return the report with corrected information. Correction may require that you send us a completed Prior Period Payroll Adjustment Form (SRA-714) to correct prior pay period information. We will correct the member's account to reflect the corrections you make. Without the corrections, the member may not receive the proper service credit.

## NOT ENROLLED/UNPOSTED CONTRIBUTIONS

The SRA automated system is programmed to post incoming payroll data that does not match an existing record on SRA files. This may be due to an incorrect social security number or a new member who has yet to be properly enrolled.

- When no account is identified for the social security number reported, SRA creates an AE status code record for the SSN reported, and the data is posted to that record.
- In some situations, the employer may need to submit an Application for Membership or valid proof of birth to properly enroll the member. Without a valid proof of birth, the enrollment application may not be processed. Or, the employer may need to correct the SSN being reported to SRA if that SSN is incorrect.

## CONTRIBUTION DEFICIENCY

There are some instances where, because of insufficient employee contributions being deducted or provided, a contribution deficiency may be applied to an employee account. The deficiency equals the amount of missing or underpaid employee contributions. The amount accrues interest applied at the end of each fiscal year on the cumulative balance.

If a member pays a contribution deficiency in full prior to the end of the fiscal year, no interest is applied to the deficiency amount paid for that year. If, when a member claims a benefit, a contribution deficiency exists, the retirement benefit is reduced actuarially by the contribution and interest deficiency. A member may pay off a contribution deficiency any time prior to retirement.

### **EMPLOYER RESPONSIBILITIES: PAYROLL REPORTING**

- ✓ Ensure all payroll data is reported to SRA no later than 5 business days after the pay date, and that all employee contributions are remitted no later than the pay date.
- ✓ With each payroll submission, you must include a Remittance Reconciliation Form for Payroll Data and a Revenue Control Transmittal.
- ✓ When reporting payroll data for part time employees, please be sure to use the Budget Method.
- ✓ When reporting payroll data for full time employees, Hours Worked should generally equal the Standard Hours and the Actual Annual Compensation should equal the Annual Earnable Compensation.
- ✓ The minimum number of standard hours for the Teachers' Retirement System, The Teachers' Contributory Pension System, and the Employees' Contributory Pension System for teacher members and 10 month employees is 30 standard hours per week. All others have a minimum of 35 standard hours per week.
- ✓ When submitting payroll data to SRA, please be sure to label all reporting media (disk) with your assigned location code and the applicable pay period ending date (PPE). Please use a separate disk for each pay period ending date.
- ✓ The diskette must be set up with the file name PAYROLL on the diskette. The record format must be set up as a fixed length ASCII (DOS TEXT) file with positions. All characters must be upper case (capitalized). Lower case characters are not recognized by our automated systems. Do not truncate fields. Do not include carriage returns or line feeds. The data should be continuous with each successive 250 character record following the preceding record.
- ✓ SRA requests that each employer contact our Data Control Division should you have any questions or concerns related to retirement payroll reporting.



## FREQUENTLY ASKED QUESTIONS

**Question:** What payroll data is required to be reported each pay period?

**Answer:** Under Title 22.04.01 of the Code of Maryland Regulations (COMAR), each participating employer must certify certain payroll information to SRA at the end of each pay period. The required payroll information for each member is as follows:

- The full name, address, and social security number;
- The retirement system code and employer agency code;
- The earnable compensation paid during the pay period;
- The actual hours worked during the pay period;
- The budgeted earnable compensation for the position on an annualized basis, as if the member is regularly employed to perform the same duties on a full-time basis;
- The standard hours for the position during the pay period as if the member is regularly employed to perform the same duties on a full-time basis;
- The budgeted ratio that the position of employment bears to the standard for a full-time employee;
- Employer contributions required, if any, during the pay period (State Only);
- Member contributions required, if any, during the pay period.

**Question:** When are the payroll data and cash remittance due? Are there any penalties for lateness?

**Answer:** Maryland State law mandates that all payroll data be reported to SRA no later than 5 business days after the pay date, and that all employee contributions are to be remitted no later than the pay date. SRA is mandated by statute to assess a late charge of \$250 for each payroll for which the supporting data is late and interest on the delinquent late charges at 10% per year if the late charge is not paid by the date certified by SRA. Furthermore, for employee contributions which are not paid by the pay date the participating employer is assessed a penalty of 10% of the amounts due and interest on delinquent amounts at 10% per year until paid.

**Question:** How is payroll data to be reported? What are my options?

**Answer:** Employers must submit payroll information to SRA in a prescribed electronic format. We no longer accept any data files containing social security numbers through regular email. While we do still accept submission of payroll data on CDs or diskettes, we strongly encourage all employers to use our secure website (<https://www.sra.state.md.us/>) for the transmission of payroll data. If you need assistance preparing your data in the prescribed format, SRA will provide a stand-alone retirement payroll program free of charge that creates the payroll information file in the correct electronic format. Otherwise, employers are responsible for submitting the payroll information in the correct electronic format.

Employers are strongly encouraged to upload retirement payroll data to SRA using the Secure File Upload Utility directly to our website in a secure environment. This online payroll reporting is a safe, secure and efficient way to submit regular retirement payroll data. (🔒 Secure File Upload Utility)

**Question:** Should anything else be submitted with the regular payroll data?

**Answer:** Whether payroll data is submitted via disk or uploaded to the secure website, it must always include a Remittance Reconciliation Form for Payroll Data and a Revenue Control Transmittal.

**Question:** How is creditable service earned?

**Answer:** In the retirement systems, creditable service is awarded to a member for each month in which there are retirement contributions. Service credit is awarded on an ongoing basis and there is no pro-ratio for part-time work, as the retirement benefit is based on actual salary.

In the pension systems, creditable service is awarded at the end of each fiscal year. For the contributory pension systems, service credit is calculated by dividing the member's hours worked by the member's standard hours for the fiscal year multiplied by the number of months contributions were made. Based on this formula, part-time employees earn a prorated amount of service credit based on their percentage of hours worked. While part-time employees earn a prorated amount of service credit, the pension benefit is based on an annualized salary. However, in the non-contributory pension systems, members earn no creditable and eligibility service for years in which less than 500 hours are worked except during the first and last years of employment.

**Question:** What is a Crossfoot Error report?




**Answer:** The Crossfoot Error Report is a SRA exception report that identifies discrepancies between expected and received member contributions. An employer will receive a Crossfoot Error Report when the expected contribution for a member did not equal the actual contribution amount reported. Upon receipt of the Crossfoot Error Report, an employer should research and confirm the underlying data elements for each member on the list and forward the corrected information. Correction may require a Prior Period Payroll Adjustment Form (SRA-714) to correct prior pay period information, such as missed payroll data or retroactive salary adjustments. SRA will update the member's account accordingly. Without correction of the payroll data, the member may not receive the proper service credit.

**Question:** Tips for electronic reporting of payroll data?

**Answer:** The record format must be setup as a 250 character fixed length ASCII (DOS TEXT) file. All characters must be upper case (capitalized). Lower case characters are not recognized by our automated systems. Numeric fields are right justified and require leading zeroes to fill out the field column. Non-numeric fields (characters) are left justified and any unused positions for that field name must have spaces. Please remember, do not truncate fields and do not include carriage returns or line feeds. The data should be continuous with each successive 250 character record following the preceding record.

# PAYROLL ADJUSTMENTS

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

As with any reported data, adjustments to payroll data may be required from time to time. SRA accepts prior period payroll adjustments with proper justification and certification. Such adjustments may be additions, deletions, or changes to payroll data. Each employer has the responsibility to report timely and accurate payroll data to SRA. This includes making payroll adjustments where applicable.

## ADJUSTMENTS TO PAYROLL

Adjustments may be necessary to correct current or previously reported payroll data. The most common types of retirement payroll adjustments are outlined below.

If you are doing a large volume of retroactive changes to members' accounts, please contact the Payroll Manager at SRA. The Payroll Manager's telephone number is 410-625-5589.

## RETROACTIVE SALARY ADJUSTMENT

Retroactive salary adjustments cover situations where an employee's salary has been increased or decreased as of a previous date. This may be due to acting capacity pay, retroactive promotion, or any other situation where the employee's salary was changed retroactive to a prior date. An adjustment is required if the correct salary was not accurately reported in previous pay periods. As member contributions are based upon the reported salary, salary changes also require an adjustment to a payroll remittance depending upon the plan requirements of the affected member or members.

**Example A:** <sup>24</sup>**Retroactive Salary Increase**

Name: John Doe  
 Previous Salary: \$50,000  
 Current Salary: \$60,000  
 Cont Rate: 3% <sup>25</sup>  
 Effective Date of Increase: 6/07/2006  
 Current Pay Period Ending: 8/29/2006  
 Pays: 26

**! Be especially aware of changing contribution rates across fiscal years. In this example the increase is effective for part of FY06 (when the contribution rate was 2% under the Alternate Contributory Pension Plan) and into FY07 (when the contribution became 3% under the Alternate Contributory Pension Plan).**

In this example of a retroactive salary increase, the employee, John Doe, received a retroactive salary increase effective June 21, 2006. The employer reports the old salary and contribution amount through regular payroll submissions. In this instance, the employer reported the old salary and contribution amount as follows since 6/20/06.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/2006	\$50,000	\$38.46	80	80	100%	\$1,923.07	\$50,000
7/4/2006	\$50,000	\$57.69	80	80	100%	\$1,923.07	\$50,000
7/18/2006	\$50,000	\$57.69	80	80	100%	\$1,923.07	\$50,000
8/1/2006	\$50,000	\$57.69	80	80	100%	\$1,923.07	\$50,000
8/15/2006	\$50,000	\$57.69	80	80	100%	\$1,923.07	\$50,000
Page Total:		\$269.22					

However, now Mr. Doe has received a retroactive salary increase. The employer must now submit a Prior Period Payroll Adjustment Form (SRA-714) to reflect the higher salary and contribution amount. The adjustment should be reported as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/2006	\$60,000	\$46.15	80	80	100%	\$2,307.69	\$60,000
7/4/2006	\$60,000	\$69.23	80	80	100%	\$2,307.69	\$60,000
7/18/2006	\$60,000	\$69.23	80	80	100%	\$2,307.69	\$60,000
8/1/2006	\$60,000	\$69.23	80	80	100%	\$2,307.69	\$60,000
8/15/2006	\$60,000	\$69.23	80	80	100%	\$2,307.69	\$60,000
Page Total:		\$332.07					

In this example, on the next pay period ending date, when the employer submits the Remittance Reconciliation Form for Payroll Data and the Revenue Control Transmittal, they must include an adjustment amount, along with a Prior Period Payroll Adjustment Form (SRA-714), for the extra contribution amount owed for Mr. Doe. In this case, \$57.70 is due. On the Remittance Reconciliation Form for Payroll Data, it should be reflected as follows:

**CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL \$2,062.85**

<sup>24</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

<sup>25</sup> Alternate Contributory Pension System

<b>PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (diskette and upload)</b>	
(a) Employee contributions attributed to current pay period, as reported on current media (DO NOT REPORT RETROACTIVE ADJUSTMENTS)	<u>\$2,000.00</u>
(b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record)	<u>\$ 62.85</u>
(c) Sum of prior period employee contribution adjustments (Attach SRA Prior Period Employee Contribution Adjustment form)	<u>\$ 0.00</u>
<b>TOTAL ADJUSTED PAYROLL DATA AMOUNT (sum of a, b and c)</b>	<u><b>\$2,062.85</b></u>

The total cash remittance reflects the total contribution payment for that specific pay period ending date. However, in this instance, since a prior period payroll adjustment was made, the additional contribution amount for Mr. Doe should be added under (b). Therefore, in this example, the total remittance amount should reflect the recurring bi-weekly payroll amount of \$2,000.00 and the additional contributions for the retroactive salary adjustment of \$62.85. In addition, total remittance reflected on the Remittance Reconciliation Form for Payroll Data should match exactly to the amount reflected on the Revenue Control Transmittal as shown below.

<b>REVENUE CONTROL TRANSMITTAL</b>				
Agency Name: _____				
<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
SRA USE ONLY	<u> X </u>	<u>XXXXXXXX</u>	<u>08/29/2006</u>	<u>\$2,062.85</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Check Amount				<u>\$2,062.85</u>

**Example B:** <sup>26</sup>**Retroactive Salary Increase**

Name: John Doe  
 Previous Salary: \$45,000  
 Current Salary: \$50,000  
 Cont Rate: 5%  
 Effective Date of Increase: 9/6/2009  
 Current Pay Period Ending: 10/31/2009  
 Pays: 20

In this second example of a retroactive salary increase, the employee, John Doe, received a retroactive salary increase effective September 5, 2009. In this instance, the employer has been reporting the old salary and contribution amount as follows since 9/5/09.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$45,000	\$112.50	70	70	100%	\$2,250.00	\$45,000
9/19/2009	\$45,000	\$112.50	70	70	100%	\$2,250.00	\$45,000
10/3/2009	\$45,000	\$112.50	70	70	100%	\$2,250.00	\$45,000
10/17/2009	\$45,000	\$112.50	70	70	100%	\$2,250.00	\$45,000
Page Total:		\$450.00					

The employer must now submit a Prior Period Payroll Adjustment Form (SRA-714) to reflect the higher salary and contribution amount.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$50,000	\$125.00	70	70	100%	\$2,500.00	\$50,000
9/19/2009	\$50,000	\$125.00	70	70	100%	\$2,500.00	\$50,000
10/3/2009	\$50,000	\$125.00	70	70	100%	\$2,500.00	\$50,000
10/17/2009	\$50,000	\$125.00	70	70	100%	\$2,500.00	\$50,000
Page Total:		\$500.00					

In this second example, on the next pay period ending date, when the employer submits the Remittance Reconciliation Form for Payroll Data and the Revenue Control Transmittal, they must include an adjustment amount, along with the Prior Period Payroll Adjustment Form (SRA-714), for the extra contribution amount owed for Mr. Doe. In this case, \$50.00 is due. On the Remittance Reconciliation Form for Payroll Data, it should be reflected as follows:

<sup>26</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL	<u>\$9,050.00</u>
PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (diskette and upload)	
(a) Employee contributions attributed to current pay period, as reported on current media (DO NOT REPORT RETROACTIVE ADJUSTMENTS)	<u>\$9,000.00</u>
(b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record)	<u>\$ 50.00</u>
(c) Sum of prior period employee contribution adjustments (Attach SRA Prior Period Employee Contribution Adjustment form)	<u>\$ 0.00</u>
TOTAL ADJUSTED PAYROLL DATA AMOUNT (sum of a, b and c)	<u>\$9,050.00</u>

The total cash remittance reflects the total contribution payment for that specific pay period ending date. However, in this instance, since a prior period payroll adjustment was made, the additional contribution amount for Mr. Doe should be added under (b). Therefore, in this example, the total remittance amount should reflect the recurring bi-weekly payroll amount of \$9,000.00 and the additional contributions for the retroactive salary adjustment of \$50.00. In addition, total remittance reflected on the Remittance Reconciliation Form for Payroll Data should match exactly to the amount reflected on the Revenue Control Transmittal as follows.

REVENUE CONTROL TRANSMITTAL				
Agency Name: _____				
<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
SRA USE ONLY	<u> X </u>	<u>XXXXXXXXX</u>	<u>10/31/2009</u>	<u>\$9,050.00</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Check Amount				<u>\$9,050.00</u>

## CONTRIBUTION ADJUSTMENT

In instances where the reported contribution amount was incorrect, whether over or understated, the employer should initiate actions to correct the amount of reported retirement contribution at the earliest possible date and make the necessary adjustment on the next remittance. A contribution adjustment may be required due to a reporting error or salary adjustment.

### Example C:<sup>27</sup>

#### Contribution Adjustment

Name:	John Doe
Reported Contribution:	\$106.15
Actual Contribution:	\$96.15
Effective Date:	6/20/2009
Current Pay Period Ending:	8/29/2009
Pays:	26

In this example of a contribution adjustment, the employer incorrectly reported and submitted remittance for John Doe. The correct amount of bi-weekly pension contributions should have been \$57.69 per pay period. However, due to a reporting error, the actual contribution amount reported and remitted was \$67.69 per pay period. Therefore, a retroactive adjustment is required. The actual reported payroll data is as follows:

<u>Pay Period</u> <u>Ending</u>	<u>Actual Annual</u> <u>Compensation</u>	<u>Contribution</u> <u>Amount</u>	<u>Hours</u> <u>Worked</u>	<u>Hours</u> <u>Standard</u>	<u>% of</u> <u>Time</u>	<u>Pay Period</u> <u>Base Salary</u>	<u>Earnable</u> <u>Compensation</u>
6/20/2009	\$50,000	\$106.15	80	80	100%	\$1,923.07	\$50,000
7/4/2009	\$50,000	\$106.15	80	80	100%	\$1,923.07	\$50,000
7/18/2009	\$50,000	\$106.15	80	80	100%	\$1,923.07	\$50,000
8/1/2009	\$50,000	\$106.15	80	80	100%	\$1,923.07	\$50,000
8/15/2009	\$50,000	\$106.15	80	80	100%	\$1,923.07	\$50,000
Page Total:		\$530.75					

However, whether due to a calculation error or a data entry error, the actual data should have been reported as follows:

<u>Pay Period</u> <u>Ending</u>	<u>Actual Annual</u> <u>Compensation</u>	<u>Contribution</u> <u>Amount</u>	<u>Hours</u> <u>Worked</u>	<u>Hours</u> <u>Standard</u>	<u>% of</u> <u>Time</u>	<u>Pay Period</u> <u>Base Salary</u>	<u>Earnable</u> <u>Compensation</u>
6/20/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
7/4/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
7/18/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
8/1/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
8/15/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
Page Total:		\$480.75					

<sup>27</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.



In this example, both the reported contribution data and actual contribution remittance were greater than the actual contribution amount. Therefore, an adjustment for the difference must be made to the cash remittance on a future payroll remittance as follows:

CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL	<u>\$1,950.00</u>
PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (diskette and upload)	
(a) Employee contributions attributed to current pay period, as reported on current media (DO NOT REPORT RETROACTIVE ADJUSTMENTS)	<u>\$2,000.00</u>
(b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record)	<u>\$ 0.00</u>
(c) Sum of prior period employee contribution adjustments (Attach SRA Prior Period Employee Contribution Adjustment form)	<u>(\$ 50.00)</u>
TOTAL ADJUSTED PAYROLL DATA AMOUNT (sum of a, b and c)	<u>\$1,950.00</u>

Of course, as with any payroll adjustment, the cash remittance must be supported by the proper documentation. In addition, total remittance reflected on the Remittance Reconciliation Form for Payroll Data should match exactly to the amount reflected on the Revenue Control Transmittal as follows.

REVENUE CONTROL TRANSMITTAL				
Agency Name: _____				
<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
SRA USE ONLY	<u> X </u>	<u>XXXXXXXXX</u>	<u>08/29/2009</u>	<u>\$1,950.00</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Check Amount				<u>\$1,950.00</u>

**Example D:**<sup>28</sup>**Contribution Adjustment**

Name: John Doe  
 Reported Contribution: \$87.50  
 Actual Contribution: \$100.00  
 Effective Date: 9/06/2009  
 Current Pay Period Ending: 10/31/2009  
 Pays: 20

The employer incorrectly reported and submitted remittance for John Doe. The correct amount of bi-weekly pension contributions should have been \$100.00 per pay period. However, due to a reporting error, the actual contribution amount reported and remitted was \$87.50 per pay period. Therefore, a retroactive adjustment is required. The actual reported payroll data is as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$40,000	\$87.50	70	70	100%	\$2,000.00	\$40,000
9/19/2009	\$40,000	\$87.50	70	70	100%	\$2,000.00	\$40,000
10/3/2009	\$40,000	\$87.50	70	70	100%	\$2,000.00	\$40,000
10/17/2009	\$40,000	\$87.50	70	70	100%	\$2,000.00	\$40,000
Page Total:		\$350.00					

However, whether due to a calculation error or a data entry error, the actual data should have been reported as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$40,000	\$100.00	70	70	100%	\$2,000.00	\$40,000
9/19/2009	\$40,000	\$100.00	70	70	100%	\$2,000.00	\$40,000
10/3/2009	\$40,000	\$100.00	70	70	100%	\$2,000.00	\$40,000
10/17/2009	\$40,000	\$100.00	70	70	100%	\$2,000.00	\$40,000
Page Total:		\$400.00					

In this example, both the reported contribution data and actual contribution remittance were less than the actual contribution amount. Therefore, an adjustment for the difference must be made to the cash remittance on a future payroll remittance as follows:

<sup>28</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL	<u>\$4,050.00</u>
PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (tape, diskette, C-SET)	
(a) Employee contributions attributed to current pay period, as reported on current media (DO NOT REPORT RETROACTIVE ADJUSTMENTS)	<u>\$4,000.00</u>
(b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record)	<u>\$ 50.00</u>
(c) Sum of prior period employee contribution adjustments (Attach SRA Prior Period Employee Contribution Adjustment form)	<u>\$ 0.00</u>
TOTAL ADJUSTED PAYROLL DATA AMOUNT (sum of a, b and c)	<u>\$4,050.00</u>

Of course, as with any payroll adjustment, the cash remittance must be supported by the proper documentation. In addition, total remittance reflected on the Remittance Reconciliation Form for Payroll Data should match exactly to the amount reflected on the Revenue Control Transmittal as follows.

<b>REVENUE CONTROL TRANSMITTAL</b>				
Agency Name: _____				
<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
SRA USE ONLY	<u>X</u>	<u>XXXXXXXXX</u>	<u>10/31/2009</u>	<u>\$4,050.00</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Check Amount				<u>\$4,050.00</u>

## HOURS WORKED/STANDARD HOURS ADJUSTMENT

It's important that each employer report the correct Hours Worked and Standard Hours each pay period. In the Pension Systems the reported hours determine the amount of creditable and eligibility service awarded. If it is determined that an employer incorrectly reported payroll hours, then a retroactive adjustment is necessary. For each affected pay period, the employer should submit an adjustment.

### Example E:<sup>29</sup>

#### Hours Adjustment

Name: John Doe  
 Current Pay Period Ending: 8/29/2009  
 Pays: 26

In this example of an hours worked/standard hours adjustment, the employer incorrectly reported the hours worked for John Doe. The actual reported payroll hours are as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/2009	\$50,000	\$96.15	40	80	100%	\$1,923.07	\$50,000
7/4/2009	\$50,000	\$96.15	50	80	100%	\$1,923.07	\$50,000
7/18/2009	\$50,000	\$96.15	60	80	100%	\$1,923.07	\$50,000
8/1/2009	\$50,000	\$96.15	50	80	100%	\$1,923.07	\$50,000
8/15/2009	\$50,000	\$96.15	40	80	100%	\$1,923.07	\$50,000
Page Total:		\$480.75					

In the reported data above, although the hours worked reflects a part time employee, the remaining data does not reflect part time employment. The employer, to correct the previously reported data, should make an adjustment as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
7/4/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
7/18/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
8/1/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
8/15/2009	\$50,000	\$96.15	80	80	100%	\$1,923.07	\$50,000
Page Total:		\$480.75					

This adjustment does not require an adjustment to the contributions remittance. However, the difference in the reported data would make a difference in the amount of creditable service the member earns.

<sup>29</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

**Example F:** <sup>30</sup>

## Hours Adjustment

Name: John Doe  
 Effective Date: 9/5/2009  
 Current Pay Period Ending: 10/31/2009  
 Pays: 20

In this example of an hours worked/standard hours adjustment, the employer incorrectly reported the hours worked for John Doe. The actual reported payroll hours are as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$25,000	\$62.50	35	80	100%	\$1,250.00	\$50,000
9/19/2009	\$25,000	\$62.50	45	80	100%	\$1,250.00	\$50,000
10/3/2009	\$25,000	\$62.50	45	80	100%	\$1,250.00	\$50,000
10/17/2009	\$25,000	\$62.50	35	80	100%	\$1,250.00	\$50,000
Page Total:		\$250.00					

In the reported data above, although the hours worked reflects a part time employee, the remaining data does not reflect part time employment. The employer, to correct the previously reported data, should make an adjustment as follows:

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
9/5/2009	\$25,000	\$62.50	35	80	50%	\$1,093.75	\$50,000
9/19/2009	\$25,000	\$62.50	45	80	50%	\$1,406.25	\$50,000
10/3/2009	\$25,000	\$62.50	45	80	50%	\$1,406.25	\$50,000
10/17/2009	\$25,000	\$62.50	35	80	50%	\$1,093.75	\$50,000
Page Total:		\$250.00					

It's important to realize that SRA has no way of determining whether the payroll data each employer submits is correct. Again, we rely upon each employer to submit accurate and timely payroll data.

**! Please complete all data elements for each affected pay period when submitting a Prior Period Payroll Adjustment form.**

<sup>30</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

**FAILURE TO REPORT PAYROLL DATA FOR ONE OR MORE EMPLOYEES**

Adjustments are required when a participating employer fails to report payroll data for one or more employees. Failure to report payroll data falls into 2 categories: a new employee who has never been enrolled in the system and has not had payroll data reported or an employee who is enrolled, but has not had all payroll reported.

For new employees who have not been enrolled in the System or have not had retirement payroll reported, the employer must take the necessary steps to ensure that the employee is added to the payroll data prospectively. It's also imperative that the employer properly enroll the employee into the SRPS. The law requires immediate enrollment for all new employees who are eligible for membership in the SRPS. This can be accomplished by submitting a completed Application for Membership. (🔗 **Enrollment**)

For employees who are already enrolled in the SRPS, a new enrollment may not be necessary (🔗 **Enrollment**). However, the employer must take the steps necessary to begin reporting retirement payroll data for that individual. In addition, the employer must also submit a Prior Period Payroll Adjustment Form (SRA-714) for the missed payroll data.

## PERCENTAGE OF TIME EMPLOYED ADJUSTMENT

SRA uses percentage of time employed, in part as a guide, to determine how much service credit a member should accrue. Actual part time employees receive pro-rated credit based upon the reported hours worked versus reported standard hours for their position.

When the percentage of time is reported incorrectly, the employer should take action to report the correct percentage of time employed via retirement payroll data prospectively. The employer must also submit Prior Period Payroll Adjustment Form (SRA-714) in order to correct the previously reported data. Reporting the correct percentage of time employed also includes reflecting the proper allocation of hours worked to standard hours and actual compensation to earnable compensation (full-time equivalent).

### Example G:<sup>31</sup>

#### Part Time Percentage Adjustment

Name: John Doe  
Effective Date: 6/20/2009  
Pays: 26

For example, in the payroll data listed below, the employer reports this individual as a 50% employee.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/09	\$50,000	\$96.15	80.0	80.0	50%	\$1,923.07	\$50,000

Page Total: \$96.15

To correct the situation, the employer should submit an adjustment as follows to reflect that the employee is not in a part time position.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
6/20/09	\$50,000	\$96.15	80.0	80.0	100%	\$1,923.07	\$50,000

Page Total: \$96.15

**! Please complete all data elements for each affected pay period when submitting a Prior Period Payroll Adjustment form.**

<sup>31</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.

## PAYROLL CANCELLATION ADJUSTMENT

Due to timing differences, there may be instances where an employer must submit a payroll cancellation adjustment via a Prior Period Payroll Adjustment Form (SRA-714) in order to delete previously reported data. As some employers process their retirement payroll prior to each actual pay period ending date, those employees may require a payroll cancellation adjustment for payroll data submitted for terminated, resigned, or employees on leave without pay.

The payroll cancellation adjustment differs from other payroll adjustments in that the cancellation deletes the entire pay period data. Therefore, it is not just a correction to prior reported payroll data, but a deletion of that data.

### Example H:<sup>32</sup>

#### Payroll Cancellation Adjustment

Name: John Doe  
Effective Date: 10/03/2009  
Pays: 26

In this example, the employer reported payroll data for pay period ending October 03, 2009. In this instance, the employee did not actually work this pay period due to termination or resignation of employment.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
10/03/09	\$35,000	\$67.30	80.0	80.0	100%	\$1,346.15	\$35,000
Page Total:		\$67.30					

To correct the situation, the employer should submit a cancellation (negative) adjustment as follows to reflect that the employee did not work during this pay period.

<u>Pay Period Ending</u>	<u>Actual Annual Compensation</u>	<u>Contribution Amount</u>	<u>Hours Worked</u>	<u>Hours Standard</u>	<u>% of Time</u>	<u>Pay Period Base Salary</u>	<u>Earnable Compensation</u>
10/03/09	(\$35,000)	(\$67.30)	(80.0)	(80.0)	(100%)	(\$1,346.15)	(\$35,000)
Page Total:		(\$67.30)					

In addition to the Prior Period Payroll Adjustment Form (SRA-714), an adjustment for the difference must be made to the cash remittance on a future payroll remittance as follows:

**! Please complete all data elements for each affected pay period when submitting a Prior Period Payroll Adjustment form.**

<sup>32</sup> Adjustment examples do not reflect all the required data elements of the Prior Period Payroll Adjustment Form. When submitting payroll adjustment forms, please complete all data elements for each applicable pay period.



CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL	<u>\$1,932.70</u>
PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (diskette and upload)	
(a) Employee contributions attributed to current pay period, as reported on current media (DO NOT REPORT RETROACTIVE ADJUSTMENTS)	<u>\$2,000.00</u>
(b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record)	<u>(\$ 67.30)</u>
(c) Sum of prior period employee contribution adjustments (Attach SRA Prior Period Employee Contribution Adjustment form)	<u>\$ 0.00</u>
TOTAL ADJUSTED PAYROLL DATA AMOUNT (sum of a, b and c)	<u>\$1,932.70</u>

Of course, as with any payroll adjustment, the cash remittance must be supported by the proper documentation. In addition, total remittance reflected on the Remittance Reconciliation Form for Payroll Data should match exactly to the amount reflected on the Revenue Control Transmittal as follows.

<b>REVENUE CONTROL TRANSMITTAL</b>				
Agency Name: _____				
<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
SRA USE ONLY	<u>X</u>	<u>XXXXXXXXX</u>	<u>10/31/2009</u>	<u>\$1,932.70</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Check Amount				<u>\$1,932.70</u>

**EMPLOYER RESPONSIBILITIES: PAYROLL ADJUSTMENTS**

- ✓ When making adjustments to prior or current payroll data, please ensure that proper documentation is provided. This may include the Prior Period Payroll Adjustment Form (SRA-714) and/or Prior Period Employee Contribution Adjustment form.
- ✓ When making adjustment, please ensure you complete any required documentation in its entirety. SRA relies upon each employer to provide us with accurate payroll information.
- ✓ If you are doing a large volume of retroactive changes to members' accounts, please contact our Payroll Manager.
- ✓ SRA requests that each employer contact our Data Control Division should you have any questions or concerns related to retirement payroll reporting.

**FREQUENTLY ASKED QUESTIONS**

**Question:** Can we submit forms and payroll information electronically?

**Answer:** Yes, in addition to the electronic filing of each pay period ending payroll data, employers may file other payroll forms and information electronically. SRA requires that any large adjustments (agency wide retroactive salary increases) be handled through an automated solution. Please contact the Payroll Manager at 410-659-8410 for guidance on reporting any specific form electronically.

**Question:** How do I submit a retroactive payroll adjustment?

**Answer:** To submit a retroactive payroll adjustment, complete a Prior Period Payroll Adjustment Form (SRA-714) for the affected payroll data and submit the adjustment to SRA. There are many reasons why an employer may need to submit a retroactive adjustment to prior payroll including: retroactive salary adjustment, contribution adjustment, or payroll data errors. In some cases, an adjustment, not only to the reported data, but also an adjustment to a future remittance, whether positive or negative will be necessary.

**Question:** How do I fill out a Prior Period Payroll Adjustment Form (SRA-714)?

**Answer:** The Prior Period Payroll Adjustment Form (SRA-714) includes instructions on the back of the form as to how each field is to be completed. The electronic copy of the Prior Period Payroll Adjustment Form has instructions included. The Prior Period Payroll Adjustment Form should reflect the correct information for the indicated pay period. Each pay period should be listed separately.

When a participating employer submits payroll records to SRA, two forms are needed. One is the Revenue Control Transmittal Form that accompanies the payment of contributions, and the other is the Remittance Reconciliation Form for Payroll Data. The Remittance Reconciliation Form for Payroll Data indicates the amount of the employee contribution payment and the amount of the data sent to SRA. In addition, there is also a space for Prior Period Payroll Adjustments entries.

The payment of contributions plus or minus the cumulative total of any Prior Period Payroll Adjustment Forms must equal the data that you are submitting.

**Question:** How do I adjust previous payroll data due to a retroactive salary adjustment?

**Answer:** The employer should submit a Prior Period Payroll Adjustment Form (SRA-714) for the affected period. Should the retroactive salary adjustment result in a contribution change during the affected period, the employer should reflect this contribution change on the next contribution remittance with documentation. The contributions you send us plus or minus the Prior Period Payroll Adjustment Forms must equal the payroll data you are sending to SRA.

**Question:** How do I adjust previous payroll data that was never reported?

**Answer:** In situations where a member was never reported for a period of time and should have been, the employer should submit a Prior Period Payroll Adjustment Form (SRA-714) for the affected period. SRA will not add that data to the member's record until the contributions are received.

**Question:** How do I adjust previous payroll data other than salary?

**Answer:** The employer should submit a Prior Period Payroll Adjustment Form (SRA-714) for the affected period. The Prior Period Payroll Adjustment Form can be used to adjust any previously reported payroll data. However, only in situations where an adjustment results in a change in retroactive contributions should the employer reflect that change on the contributions remittance.

**Question:** I received a letter requesting missing payroll information. What should I do with the letter?

**Answer:** The letter was sent because one of the individual 405 transactions from the payroll records failed an edit check prior to updating to the member's account. Either a piece of required data was missing or the supplied data applies to more than one pay period. In order to properly post the payroll data to the correct database record, submit a Prior Period Payroll Adjustment Form (SRA-714) to show the missing information and the pay period to which it applies and return the letter to us signed by an individual who is authorized to initiate changes to payroll data.

**Question:** How do we cancel a contribution made in error or refund a contribution made in error? Can we submit negative data through normal payroll reports?

**Answer:** To cancel a contribution made in error, submit a Prior Period Payroll Adjustment Form (SRA-714) showing the contribution as a negative adjustment to your payroll data. Please be sure that you reconcile the data plus any adjustments to the remittance reconciliation and any payment of contributions you made to us.

(↪ **Example H**)

Negative values are generally reported when there is a cancellation of a prior period payroll check or excess payroll information reported.




Please do not submit negative payroll data through the normal process. To cancel a contribution made in error, submit a Prior Period Payroll Adjustment Form. SRA

payroll update program does not accept negative payroll data and drops these amounts from any update. If negative data is included in a payroll submission, the validated data totals will not equal the Remittance Reconciliation Form or contribution payment for Payroll Data.

Any refunds of contributions taken in error must be adjusted via a Prior Period Payroll Adjustment Form (SRA-714). Under the provisions of IRC 414(n)(2), SRA may not refund employer contributions made under the employer pick-up program while the employee is actively employed. The Prior Period Payroll Adjustment Form can be used to adjust the member's record or reclaim the contribution from SRA. Please remember that a refund of contributions may require corrected tax reporting. A refund from a prior calendar year may require a revised W2 for the employee if the contribution was withheld as a "pick up" contribution (➤ **Employer Pick-up Contributions**).

# CONTRIBUTION DEFICIENCIES

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

Almost all members of the SRPS contribute a percentage of their pay to help fund their retirement benefit. Member contribution is defined in §20-101(aa) as “a contribution that is deducted from a member’s compensation.” These member contributions are remitted to the Agency each pay period as members are paid.

The formula to calculate the correct amount of member contributions to be deducted from the member’s compensation and remitted to the Agency is:

$$(\text{Actual Annual Compensation} \times \text{Contribution Rate}) \div \text{the number of Contributory Pay Periods}$$
  
(pay periods for which you will deduct contributions from the employee’s pay and remit to the SRA)

As retirement payroll data is received from the employers, the Agency’s automated system tests each member contribution amount against this formula to see if the member contribution received equals the member contribution expected based upon the Actual Annual Compensation amount being reported, the required Contribution Rate for the member’s System and Plan, and the number of Contributory Pay Periods.

The automated system generates a Cross Foot Error Report for each employer and generates an entry on that report for each member where the actual member contribution amount does not equal the expected member contribution amount.

These Cross Foot Error Reports are assigned to a staff member who must research each entry to determine what is causing the difference between the member contribution amount received and the member contribution amount expected to be received.

Staff will research and review each entry to ensure the calculation of the member contribution expected to be received is correct, the number of Contributory Pay Periods is correct for the employer, the Contribution Rate for the member’s System and Plan is correct, that there are no Prior Period Payroll Adjustments (714s) in process for the member, that there are no missing member contributions for the member from a previous payroll that have been added with the member contributions for this pay period, and will review our electronic document database to see if there are any other documents to support the difference between the member contribution amount received and the member contribution amount expected to be received.

If staff cannot resolve the difference with the information we have within our Agency databases, staff will contact the employer. Generally, our first contact is sending a cover letter with a copy of the Cross Foot Error Report to the employer. Should we receive no response to this initial contact, staff will contact the employer by telephone or email to follow up on the difference.

If there is no legitimate explanation for the difference, staff will post a contribution deficiency to the member's record and send the member an Invoice for the contribution deficiency.

### **Consequences of a Contribution Deficiency**

- The amount of the contribution deficiency will be reported on the member's Personal Statement of Benefits which is mailed annually to all active members around September 1<sup>st</sup>.
- Interest (either 4% or 5% depending upon the member's System) will be added to the amount of the unpaid contribution deficiency each June 30<sup>th</sup>.
- If the contribution deficiency is not paid before the member retires, retirement law (§21-312(e)) requires that the retirement allowance be reduced to actuarially reflect the impact of the missed accumulated contributions plus interest.

Efficient communication and partnering between the Agency and employers is required to quickly resolve potential member contribution/contribution deficiency issues. The Cross Foot Error Reports help us identify suspicious retirement payroll data, but sometimes the Agency cannot determine the cause without the employers' assistance. Quickly resolving these issues can reduce the amount of work for both the Agency and the employer by limiting the number of Prior Period Payroll Adjustments (714s) that must be completed and processed. A quick issue resolution can also reduce stressful situations for the Agency, the member, and the employer when a member receives a Bill and becomes upset.

#### **EMPLOYER RESPONSIBILITIES: CONTRIBUTION DEFICIENCIES**

- ✓ Ensure that the correct amount of member contributions to be deducted from the member's compensation and remitted to the Agency is computed using the formula:  $(\text{Actual Annual Compensation} \times \text{Contribution Rate}) \div \text{the number of Contributory Pay Periods}$
- ✓ Submit Prior Period Payroll Adjustment Forms (714) for Contribution Deficiencies identified on the Cross Foot Error Report.
- ✓ Contact SRA to resolve any items from the Cross Foot Error Report that you do not understand.

## FREQUENTLY ASKED QUESTIONS

**Question:** I received a letter requesting missing payroll information. What should I do with the letter?




**Answer:** The letter was sent because one of the individual 405 transactions from the payroll records failed an edit check prior to updating to the member's account. Either a piece of required data was missing or the supplied data applies to more than one pay period. In order to properly post the payroll data to the correct database record, submit a Prior Period Payroll Adjustment Form (SRA-714) to show the missing information and the pay period to which it applies and return the letter to us signed by an individual who is authorized to initiate changes to payroll data.

**Question:** What is a Cross Foot Error Report?

**Answer:** A Cross Foot Error Report is generated during payroll processing and identifies members where the actual member contribution amount does not equal the expected member contribution amount.

# EMPLOYER PICK UP PROGRAM

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

In 1988, the General Assembly enacted legislation (§21-313) that permits employers to “pick up” mandatory employee contributions paid to the SRPS so that these contributions may be exempt from federal taxation under Section 414(h) (2) of the Internal Revenue Code. These contributions are exempt from federal taxation when deducted from the employee’s paycheck, but will be taxed at a later date. Effective July 1, 2007, the General Assembly eliminated the need for an employer to obtain a private letter ruling from the Internal Revenue Service to participate in the pickup program. However, before an employer may participate, the employer must adopt a resolution to ‘pickup’ employee contributions.

All State agencies and many participating employers participate in the “employer pick-up program” within the meaning of §414(h)(2) of the Internal Revenue Code. Under this program, mandatory employee contributions are treated as pre-tax contributions for federal income tax purposes. That is, employee contributions are not subject to federal tax during membership. Federal income taxes are deferred until benefits are distributed in the form of monthly annuities or refunds. The pick-up program affects federal taxes only. Employee contributions are still subject to Maryland income tax during employment.

Employers who are not presently participating in the employer pick-up program, but who are interested in participation should contact Howard Pleines at (410) 625-5602.

SRPS requires an employer to submit a resolution accompanied by a letter requesting the Board of Trustee’s approval for participation. The letter must indicate the employer’s intention to participate, the anticipated future starting date, and the employee groups (location codes and Systems) which you report to us who would be covered under the program. Indicate the pay period ending date and pay date for which you wish your participation to start. Participation may only begin with the first pay period ending date for the month after the SRPS Board of Trustees has approved the resolution (it cannot be retroactive).

As a reminder, your payroll department will be required to modify its payroll programs so that the mandatory retirement contributions will not be included in taxable earnings for federal tax purposes. You must also modify your wage tax programs with the effective start date to separately report federal taxable earnings and state taxable earnings.

Effect on the Employee – Without approved participation in the Pickup Program, employees who contributed to the systems pay taxes on their compensation, including those amounts contributed to the SRPS. Under the pickup program, the employer is considered to have “picked up” the employee’s contribution, i.e., they are treated as if the employer made them for federal tax purposes.

The employee’s compensation is reduced, pre-tax, by the amount of the contributions picked up by the employer. The pickup contributions are not taxable for federal purposes until they are



distributed or made available to the employee. For state income tax purposes, however, the pickup contributions are added to federal adjusted gross income in computing Maryland adjusted gross income pursuant to Tax-General Article, Section 10-204(f).

Again, payment of federal taxes on the pickup amount is deferred until the employee actually begins receiving benefits or otherwise recovers the contributions. For all other purposes, the pickup program does not reduce the employee's income. Other purposes include, for example, calculating pension benefits, Social Security, or benefits under a flexible benefit program.

#### **EMPLOYER RESPONSIBILITIES: EMPLOYER PICKUP PROGRAM**

- ✓ Prepare a Resolution to participate in the Employer Pickup Program and have it approved by the SRPS Board of Trustees prior to implementation.
- ✓ Modify payroll programs to treat employee contributions as pre-tax for federal tax purposes, but not for Maryland state tax purposes.

#### **FREQUENTLY ASKED QUESTIONS**

**Question:** How do I become an employer that participates in the Employer Pickup Program?

**Answer:** SRPS requires an employer to submit a resolution accompanied by a letter requesting the Board of Trustees' approval for participation. The letter must indicate your intention to participate, the anticipated future starting date, and the employee groups who would be covered under the program. Participation should begin with the first pay period ending date for the month after the SRPS Board of Trustees has approved the resolution (it cannot be made retroactive). Employers who are not presently participating in the employer pick-up program, but who are interested in participation should contact Howard Pleines at (410) 625-5602.

**Question:** How does participation in the Employer Pickup Program impact my payroll software system?




**Answer:** Your payroll department will be required to modify its payroll programs so that the mandatory retirement contributions will not be included in taxable earnings for federal tax purposes. You must also modify your wage tax programs with the effective start date to separately report federal taxable earnings and state taxable earnings. For all other purposes, the pickup program does not reduce the employee's income. Other purposes include, for example, calculating pension benefits, Social Security, or benefits under a flexible benefit program.

**Question:** How does participation in the Employer Pickup Program impact my employees?



**Answer:** Without approved participation in the Pickup Program, employees pay taxes on their compensation, including those amounts contributed to the SRPS. Under the pickup program, the employer is considered to have "picked up" the employee's contribution, i.e., they are treated as if the employer made the contribution for federal tax purposes. Therefore, the employee's compensation is reduced, pre-tax, by the amount of the contributions picked up by the employer. The pickup contributions are not taxable for federal purposes until they are distributed or made available to the employee. For state income tax purposes, however, the pickup contributions are added to federal adjusted gross income in computing Maryland adjusted gross income.



# WORKERS' COMPENSATION PAYROLL REPORTING

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

Workers' compensation is an insurance program created by state statute providing compensation for injuries which occur out of and in the normal course of employment. Individuals who are receiving workers' compensation benefits present a unique circumstance regarding retirement payroll reporting.

Payroll data should not be reported for employees receiving a workers' compensation award even if the employer is paying a supplemental amount to bring the employee's compensation up to its full, normal amount. Instead, the employee should complete Form 046, Qualified Leave of Absence Request or Notification of Military Service Entry ( **046**, ), and enter "personal illness" as the type of leave. In addition, the beginning and ending dates of the leave period should be specified in the spaces provided.

Once the employee returns to employment, he or she should be returned to payroll reporting and the employee should complete Form 026, Request to Purchase Previous Service ( **026**, ), to purchase credit for the term of the leave of absence. Retirement credit for the period of the leave of absence will not be added until the missing employee contributions and interest are paid, but they may be paid (with additional interest charged) at any time prior to retirement or separation from a SRPS participating employer. Service credit will not be granted until the missing employee contributions and interest is paid. In the event a Form 046, Qualified Leave of Absence Request or Notification of Military Service Entry, is not filed, the individual will not be eligible to purchase that time upon return.

**! A member must file a Form 046, Qualified Leave of Absence Request or Notification of Military Service Entry, to be eligible to purchase the period of time he or she received workers' compensation benefits.**

The exception to the above rule is when the employee continues to receive his or her regular salary as payment for use of accumulated sick leave. In this case, normal payroll should be continued.

### EMPLOYER RESPONSIBILITIES: WORKERS' COMPENSATION REPORTING

- ✓ Do not report payroll data or submit retirement contributions for employees receiving a workers' compensation award unless the employee continues to receive his or her salary as compensation for leave usage.
- ✓ Submit a completed Form 46, Application to be Placed on a Qualifying Approved Leave of Absence with "personal illness" as the reason for leave.
- ✓ Upon return to employment, submit a Form 026, Request to Purchase Previous Service, to purchase time on approved leave.

## FREQUENTLY ASKED QUESTIONS

**Question:** How does a participating employer report an employee who is receiving workers' compensation?

**Answer:** Neither payroll data nor retirement contributions should be reported for an individual receiving workers' compensation benefits. The employee should complete and submit an Application to be Placed on a Qualifying Approved Leave of Absence and enter "personal illness" as the type of leave.




Once the employee returns to employment, the employee may submit a request to purchase the period of leave by submitting a Request to Purchase Previous Service. The employee will not receive credit for the period of leave until the total contributions and interest for the period of leave is paid in full.

**Question:** Are there any exceptions to reporting employees receiving workers' compensation?

**Answer:** Under normal circumstances, neither payroll data nor retirement contributions should be reported for an individual receiving workers' compensation benefits. However, if the employee continues to receive his or her regular salary as payment for use of accumulated sick leave, normal payroll data and contributions should be submitted.

# LEAVE OF ABSENCE



## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

During a member's employment with a participating governmental employer, they may need to take an unpaid leave of absence. It is important to note that a leave of absence that is approved by the employer may not meet the requirements of what constitutes an approved leave of absence for purposes of the Maryland State Retirement and Pension System. The only acceptable reasons for a qualifying leave of absence for SRPS purposes are strictly defined in COMAR as:

1. Personal illness;
2. Birth of a child;
3. Study;
4. Service in a professional or employee organization;
5. Legal adoption of a child.

An employee's employer may approve a leave of absence for reasons other than those listed above, but the SRPS can only accept and approve a leave of absence request for the above listed reasons. If the employer approves a leave of absence for a reason other than those above, the employee's membership ceases during the employer approved leave and the member's service credit may be affected. The maximum length of time that a member may request a leave of absence for SRPS purpose is two years.

To be placed on an approved qualifying leave of absence by the State Retirement Agency, a member must submit a Qualified Leave of Absence Request or Notification of Military Service Entry (**Form  046, **) before beginning the unpaid leave of absence. The employer may complete the Form 46 on behalf of the member and the Executive Director has limited authority to waive the filing requirements, but the easiest way to protect the member is to require them to file the Form 46 before beginning the unpaid leave of absence. The Form 046 must be completed by the member, and the employer must certify that they (the employer) has approved of the leave.

A member on a SRPS approved leave of absence protects their membership status with the System and this benefits the member by:

1. Protecting their beneficiaries should they die while on an approved leave of absence;
2. Continue to earn service credit (for members of a System and Plan that does not require employee contributions) for the period of the leave of absence;
3. Protect their ability to purchase the missed time (for members of a System and Plan that does require employee contributions) for the period of the leave of absence.

Upon returning to work from an approved leave of absence, members who participate in a System and Plan requiring employee contributions to help fund their retirement benefit must repay the missed employee contributions plus interest. To repay the missed employee contributions and interest, the member must submit a Request to Purchase Previous Service (Form 26). The Agency will then

calculate the amount of missed contributions and interest and send a bill to the member that must be paid by the end of current fiscal year or additional interest will accrue.

Efficient communication and partnering between the Agency and the employer is required to ensure that employees' membership status is protected during qualified leaves of absences. It is much simpler for SRA and the employers to take care of leave of absence requests before the member goes out on the unpaid leave rather than to try and correct a situation where the proper process has not been followed. Following the proper process reduces stress on the member, staff of the employer, and staff of the State Retirement Agency.

**EMPLOYER RESPONSIBILITIES: LEAVE OF ABSENCE**

- ✓ Ensure a member submits an Application to be Placed on a Qualifying Leave of Absence (Form 046) before beginning an unpaid leave of absence.
- ✓ Advise a member to submit a Request to Purchase Previous Service (Form 26) upon returning to work from an approved leave of absence.

**FREQUENTLY ASKED QUESTIONS**

**Question:** What are the acceptable reasons for a Qualifying Leave of Absence for SRPS purposes?

**Answer:** As defined in COMAR, the only acceptable reasons for a qualifying leave of absence for SRPS purposes are:




1. Personal illness;
2. Birth of a child;
3. Study;
4. Service in a professional or employee organization;
5. Legal adoption of a child.

**Question:** When should the Qualified Leave of Absence Request or Notification of Military Service Entry (Form 046) be submitted?

**Answer:** The Form 046 must be completed by the member and the employer must certify that they have approved of the leave before the beginning of the unpaid leave of absence.

# PURCHASES OF PREVIOUS SERVICE

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

All SRPS plans provide for purchases of service. In general, members may purchase previous lost service, previous state employment, federal employment, and certain types of out-of-state service by direct payment to the SRPS.

## PURCHASES OF SERVICE

Individuals may purchase a minimum of one month up to a maximum of ten (10) years of service credit, unless noted, to be included as eligibility service and creditable service. Service which can be purchased includes the following types of employment:

- Maryland State employment,
- Political subdivision employment,
- Out-of-state teaching service,
- Federal government employment,
- Public or non-public teaching service,
- Post-secondary school teaching service.

Only members currently on paid employment or a SRPS approved leave of absence may purchase previous service.

## COST

Most plans provide for two methods, determined by plan rules, of calculating the cost to purchase service. The two (2) methods for determining cost are:

- Normal Cost
  - ✓ Normal cost is determined by the contributions that should have been paid for the period in question, plus the statutory rate of interest of the plan of membership.
  - ✓ Application to purchase credit at normal cost may be made at any time.
  - ✓ Examples of service which may be purchased at normal cost include:
    - Retroactive or missed service
      - Period of time during full-time, permanent employment when mandatory contributions were not deducted, either prior to membership or during membership.
    - SRPS Approved Leave of Absence
      - Approved only for personal illness, study, paternity, maternity (including adoption), service that is government sponsored and/or subsidized or service in a professional or employee organization.
      - In order to be eligible to purchase approved leave, a member must have filed an Application to be Placed on a Qualifying Approved Leave of Absence before the leave began.
    - Redeposit
      - Previous service credit withdrawn from SRPS. Cost is based on the amount withdrawn plus compounded interest to the date of payment.

- Full Cost<sup>33</sup>
  - ✓ Cost is determined by computing the additional reserves needed to fund the retirement benefit created by the additional purchased credit.
  - ✓ Since the information required to calculate the reserves needed to fund your retirement benefit is only available as you approach retirement, application for a full cost purchase may only be made within the 12 months prior to retirement.
  - ✓ Examples of service which may be purchased at full cost include:
    - Out-of-state teaching service;
    - Federal employment;
    - Out-of-state municipal employment.
  - ✓ Purchases at full cost are prohibitively expensive since the cost has nothing to do with the salary earned for the period being purchased, but rather based upon the reserves needed to fund the additional benefit. In other words, the employment time being purchased adds a certain value to the retirement benefit. This value is determined by calculating the difference between the reserves needed to pay the retirement benefit with and without the purchase of service. The difference is the calculated cost.

### **SPECIAL COST RULES**

There are special situations which affect how the cost of a purchase is calculated. In the 12 months preceding retirement, a member of the Employees' Pension System may purchase service credit for periods of State employment not already credited. The cost for these periods of State employment equal 50% of the full cost amount. This also applies to a member of the Teachers' Pension System when purchasing service credit for periods of employment as a member of the Teachers' Retirement System or Teachers' Pension System not already credited. The reduced cost will be applied if:

- The member is not employed by a participating or withdrawn governmental unit, and
- The member is not otherwise entitled to service credit in a State system for the same period of employment.

### **PROCESS**

The SRA processes Requests to Purchase Previous Service in the order they are received. The forms are reviewed for completeness and accuracy. Incomplete forms will be returned directly to the individual, not the employer. The SRPS may contact the individual by telephone to try and correct any inaccurate information on the forms to avoid processing delays.

Once the cost to purchase has been calculated, the SRA mails the member a Notice of Cost to Purchase Previous Service. The Notice of Cost to Purchase Previous Service outlines the number of months which are eligible to be purchased, the accompanying cost of those months, and the due date for payment.

### **PAYMENT BY DIRECT ROLLOVER**

Members may purchase eligible previous service by transferring funds to the SRPS from another eligible employer plan or tax deferred plan. Under Federal law, the SRPS can accept transfers from the following:

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<sup>33</sup> Any change in the circumstances surrounding a full cost purchase (i.e., retirement date, salary, or service credit) requires the cost to be recalculated.

- Traditional IRA;
- Eligible employer plan under §401(a) of the Internal Revenue Code including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan;
- Section 403(a) annuity plan;
- Section 403(b) tax sheltered annuity; or
- Section 457(b) governmental plan.

To make a payment by direct rollover, a member must submit Form 192, Trustee-to-Trustee Transfer Request for Purchase of Service, along with payment.

**! The SRPS is a defined benefit plan under Section 401(a) of the Internal Revenue Code. As such, any tax deferred funds transferred via a direct rollover to the SRPS retain their tax deferred status until paid in the form of a monthly retirement allowance or refund.**

## FREQUENTLY ASKED QUESTIONS

**Question:** What types of service are purchasable?

**Answer:** In general, the SRPS allows for the following types of service to be purchased: Maryland State employment, political subdivision employment, out-of-state teaching position, federal government employment, public or non-public teaching position, or Post-secondary school in a teaching position. Only members who are on paid employment or a SRPS approved leave of absence may purchase previous service.

**Question:** How is the cost of each purchase calculated?

**Answer:** Based upon the type of service which is being purchased, the SRA uses 2 methods to determine cost. Normal cost is a rate determined by the contributions that should have been paid for the period in question, plus the statutory rate of interest.

Full cost is determined by computing the additional reserves needed to fund the retirement benefit created by the additional credit to be purchased. Since the information required to calculate the reserves needed to fund your retirement benefit is only available as you approach retirement, application for a full cost purchase can only be made within the 12 months prior to retirement.

**Question:** Once the cost to purchase has been calculated, how long does a member have to submit payment for the purchase?

**Answer:** After the SRA processes an Application to Purchase Previous Service, the member will receive a bill from the SRA. The bill will note the accompanying cost and due date of payment should the member elect to purchase that period of service. It is important that, should the member elect to make a purchase, payment is received by the due date at the latest. Late payment will result in the need to recalculate the bill. In addition, for full cost purchases, any change in retirement date, annual salary, or estimated total service will require a recalculation of the bill.



**Question:** What payment methods are available for purchases of previous service?

**Answer:** The SRPS provides several payment methods for purchases of previous service. A member may send in payment in any of the following forms.

- Personal check;
- Cashier's check;
- Certified check;
- Money order.




In addition, Federal law now allows a member to roll funds from another tax deferred plan or eligible employer plan for a purchase of previous service. Under Federal law, the SRPS can accept transfers from the following:

- Traditional IRA;
- Eligible employer plan under §401(a) of the Internal Revenue Code including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan;
- Section 403(a) annuity plan;
- Section 403(b) tax sheltered annuity; or
- Section 457(b) governmental plan.

To make a payment by direct rollover, a member must submit Form 192, Trustee-to-Trustee Transfer Request for Purchase of Service, along with payment.

# TITLE 37 TRANSFERS

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

The State Personnel and Pensions Article, Annotated Code of Maryland, provides for transfers of service between most systems in the SRPS. Title 37 governs transfer rules and provides that a member of any state or local pension system operated on an actuarial basis may transfer to any other state or local pension system provided there is no break in service and that the member makes application to transfer service within one year of becoming a member of the new system.

## TRANSFERS – IN GENERAL

Title 37 transfers generally relate to transfers from a State or local retirement or pension system to another State or local retirement or pension system if:

- Each system is operated on an actuarial basis, and
- Contributions under each system are computed to be sufficient to provide the reserves needed to cover the benefits payable on the account of the system's members.

Title 37 does not cover the following:

- A transfer to the Judges' Retirement System of the State of Maryland;
- A transfer to or from the Legislative Pension Plan of the State of Maryland;
- A transfer from the Employees' Retirement System of the State of Maryland to the Employees' Pension System of the State of Maryland on or before December 31, 2004 (transfers from ERS to EPS are no longer allowed per current State retirement law);
- A transfer from the Teachers' Retirement System of the State of Maryland to the Teachers' Pension System of the State of Maryland on or before December 31, 2004 (transfers from TRS to TPS are no longer allowed per current State retirement law);
- A transfer from the Employees' Retirement System of the State of Maryland to the Teachers' Retirement System of the State of Maryland;
- A transfer from the Employees' Pension System of the State of Maryland to the Teachers' Pension System of the State of Maryland if the member:
  - Is subject to the non-contributory pension benefit in both the previous and current system; or
  - Is subject to the contributory pension benefit in both the previous and current system; or
  - Is subject to the alternate contributory pension benefit in both the previous and current system; or
- A transfer from the Correctional Officers' Retirement System or Employees' Pension System to the Law Enforcement Officers' Pension System.<sup>34</sup>

Accrued service credit may be affected by various events that occur throughout a member's employment. If a member separates from employment, takes a leave of absence for personal

<sup>34</sup> Dept of Public Safety and Correctional Services Internal Investigative Unit only.

reasons, changes employers or, in some cases, changes positions with the same employer, the membership and accrued credit may be affected.

### **TRANSFERS – NON-CONTRIBUTORY SYSTEM TO CONTRIBUTORY SYSTEM**

In general, an individual may transfer service credit from a non-contributory system **to** the following contributory systems:

- State Alternate Contributory Employees' Pension System;
- State Alternate Contributory Teachers' Pension System;
- State Contributory Employees' Pension System;
- State Contributory Teachers' Pension System; or
- State Contributory Law Enforcement Officers' Pension System.

**To do so, the individual must file a claim for the service credit within one (1) year of becoming a member of the pension system.**

Individuals who transfer from a non-contributory system to the State Alternate Contributory Employees' Pension System, the State Alternate Contributory Teachers' Pension System, State Contributory Employees' Pension System, or the State Contributory Teachers' Pension System and earned any of the transferred service credit in a non-contributory system after June 30, 1998, at retirement the individuals retirement allowance shall be actuarially reduced by the equivalent of the member contributions that would have been deducted during the period after June 30, 1998 including regular interest should the member elect not to pay the contributions and statutory interest due. Statutory interest will continue to accrue should the member elect not to pay.

For individuals who transfer from a non-contributory system to the State Contributory Law Enforcement Officers' Pension System, upon retirement the individual's retirement allowance shall be reduced by the actuarial equivalent of the member contributions that would have been deducted during the period after June 30, 2000 including regular interest should the member elect not to pay the contributions and statutory interest due.

### **TRANSFERS – CONTRIBUTORY SYSTEM TO NON-CONTRIBUTORY SYSTEM**

In general, an individual may transfer service credit **from** the following systems:

- State Alternate Contributory Employees' Pension System;
- State Alternate Contributory Teachers' Pension System;
- State Contributory Employees' Pension System;
- State Contributory Teachers' Pension System; or
- State Contributory Law Enforcement Officers' Pension System

to a non-contributory system if the individual files a claim for the service credit **within one (1) year of becoming a member of the non-contributory system.** Subject to the provisions of §414(h)(2)<sup>35</sup> of the Internal Revenue Code, the previous system shall refund the individual's total accumulated contributions to the individual upon request.

### **TRANSFERS – CONTRIBUTORY SYSTEM TO CONTRIBUTORY SYSTEM**

In general, an individual may transfer service credit **from** the following systems:

- State Alternate Contributory Employees' Pension System;

<sup>35</sup> Section 414(h)(2) of the IRC prohibits a refund of employer pick-up contributions until separation of employment.

- State Alternate Contributory Teachers' Pension System;
- State Contributory Employees' Pension System;
- State Contributory Teachers' Pension System; or
- State Contributory Law Enforcement Officers' Pension System

to a contributory system **if the individual files a claim for the service credit within one (1) year of becoming a member of the contributory system.**

In addition, the member must deposit in the contributory system the sum of:

- the total accumulated contributions of the previous system;
- the difference, if any, between the member contributions at the rate provided for in the contributory system, including interest, and the total accumulated contributions of the previous system; and
- the accumulated contributions that would have been deducted during the period the individual was a member of the State system while it was a non-contributory system if the individual had earned the transferred service credit under the contributory system, including interest.

Upon retirement the individual's retirement allowance shall be reduced by the actuarial equivalent of the amounts described above, including regular interest, if not paid by retirement.

### **CAREER CHANGES WITHIN THE SAME PENSION SYSTEM**

If a member of one of the pension systems has a career change requiring membership in the same system and there is no break between the former and new employment periods, membership is continued automatically. No action is needed on the part of the member.

### **CAREER CHANGES INTO ANOTHER PENSION SYSTEM**

Career changes are categorized by whether or not they involve a break in covered employment. This break can occur within the context of memberships in the same pension system or within different pension systems.

- No Break in Employment Period
  - ✓ If a member of one of the pension systems (non-contributory, contributory or alternate contributory) has a career change requiring membership in a different pension system and there is no break between the former and new employment periods, the member needs to complete Form 37 to have the accounts combined. Member may be required to pay contributions based on the current plan's applicable plan rate.
- With a Break in Employment Period
 

Career changes with a break in employment period are categorized by whether or not the member was vested (employee has enough eligibility credit to have earned a future benefit from the SRPS upon reaching normal retirement age) or not vested (employee does not have enough eligibility credit to have earned a future benefit from the SRPS upon reaching normal retirement age) in prior plan. Additionally, the rules of transfer may also require the member to have at least one year of participation in the new plan.

  - ✓ If vested or not vested in prior plan and career change is:
    - From Contributory to Non Contributory Pension, or From Alternate Contributory to Non Contributory Pension. Accounts may be combined.
      - Member does not have to complete one year of service.

- Refund of excess member contributions (subject to Internal Revenue Code) based on the applicable new plan rate may be made.
- ✓ If vested in prior plan and career change is:
  - From Non Contributory to Contributory or Alternate Contributory Pension, or From Contributory to Alternate Contributory Pension. Accounts may be combined once the member has completed one year of service.
    - Member is required to make contributions based on the current plan's applicable plan rate or have a contribution deficiency placed on the member's account.
    - A contribution deficiency will actuarially reduce the amount of the retirement allowance paid to the member at retirement.
  - From Alternate Contributory to Contributory Pension
    - Accounts may be combined. Member does not have to complete one year of service.
    - Refund of excess member contributions (subject to Internal Revenue Code) based on the applicable new plan rate may be made.
- ✓ If not vested in prior plan and career change is:
  - From Contributory to Alternate Contributory Pension
    - Member may purchase the prior service as a normal cost purchase.
    - Member cannot receive more eligibility service than creditable service.
  - From Alternate Contributory to Contributory Pension
    - Member may purchase the prior service as a normal cost purchase.
  - From Non Contributory to Contributory Pension
    - Member may transfer the pre-1988 service if the member joined the Contributory Pension on or before June 30, 2003.
  - From Non Contributory to Alternate Contributory Pension
    - Once a member completes one year of service, a member may transfer the prior service earned within four years of end of prior membership and if the member joins the Alternate Contributory Pension on or before June 30, 2010.
    - Member is required to make contributions based on current applicable plan rate or have a deficiency on the member's account.
    - A deficiency will actuarially reduce the amount of the retirement allowance paid to the member at retirement.

## TRANSFERS – WAIVER OF ONE-YEAR REQUIREMENT

In general, an individual who has accrued service credit in a State or local retirement or pension system and has accepted new employment in a position requiring membership in the SRPS and who did not make a claim to transfer the previous service credit within one (1) year of transferring may request a waiver of the one (1) year requirement by submitting their request in writing to the Executive Director of the SRA.<sup>36</sup>

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<sup>36</sup> §37-203.2 SPP, Ann. MD Code

**EMPLOYER RESPONSIBILITIES: TITLE 37 TRANSFERS**

- ✓ Notify any individual who may be eligible to transfer service under Title 37 of the one year window for application.
- ✓ Complete the coordinator section by supplying complete and accurate employment information such as: former and new employer and position title, full time or part time employment, annual standard hours, annual salary, pay period count, and a brief job description. Verification must be signed by the retirement coordinator and dated to be valid.

**FREQUENTLY ASKED QUESTIONS**

**Question:** What types of transfers are covered under Title 37?

**Answer:** Title 37 transfers generally relate to transfers from a State or local retirement or pension system to another State or local retirement or pension system if each system is operated on an actuarial basis and contributions under each system are computed to be sufficient to provide the reserves needed to cover the benefits payable on the account of the system's members.

**Question:** What determines whether service from a previous system can be transferred or must be purchased?

**Answer:** In general, several factors are used to determine whether previous service can be transferred under Title 37 or purchased. One such factor is the system from which service is being transferred from or transferred to. Certain systems or plans do not allow for transfers of service (i.e.; Judge's Retirement System). Another factor to consider is whether there was a break in covered employment between the former employment and the current employment. In addition, transfers of service under Title 37 can be affected by whether a member was vested in the previous system. Lastly, in general, members must apply to transfer eligible service within one (1) year of becoming a member of the new system.

**Question:** What types of transfers are available under Title 37?




**Answer:** There are three (3) general types of transfers under Title 37: non-contributory to contributory systems, contributory to non-contributory systems, and contributory to contributory systems.

**Question:** How does a member apply to transfer service under Title 37?

**Answer:** To transfer allowable service under Title 37, the individual must submit a transfer application to the SRPS. A transfer application must be submitted within one year of membership in the new system.

# WITHDRAWALS

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

Almost all members of the SRPS contribute a percentage of their salary as employee contributions to help fund their future retirement benefit. SRA accumulates these employee contributions and awards interest at either 4% or 5%, depending upon the member's plan of participation, per fiscal year. Members are not able to take loans against their employee contributions, nor are they allowed to withdraw them from the System unless they have separated from employment.

Individuals who leave State or municipal employment have the option to withdraw their accumulated contributions from the SRPS and terminate their membership. By terminating their membership, individuals forego any right to a possible future benefit. Vested members should carefully consider the amount of the future retirement benefit they will be forfeiting before withdrawing their accumulated contributions.

## TERMINATING MEMBERSHIP

Membership in the SRPS ends if the member:

- Is separated from employment for more than four years<sup>37</sup>;
- Withdraws his or her accumulated contributions, if any;
- Becomes a retiree; or
- Dies.

## REFUND OF ACCUMULATED CONTRIBUTIONS

The majority of SRPS participants are eligible for a vested benefit once they have accumulated at least five (5) years of eligibility service.<sup>38</sup> The term "vest" refers to an accrued right to a retirement benefit payable at a later date. In the majority of SRPS plans, if a member withdraws his or her accumulated contributions and interest, he or she forfeits all service credit and the right to a future benefit. Members who separate from employment with less than the required amount of eligibility service to be eligible for a future retirement benefit should strongly consider withdrawing their accumulated balance of employee contributions and interest from the System. Once the membership period ends for the member, interest is no longer earned on their balance of employee contributions remaining in the system.

A member may elect to withdraw his/her contributions from the system by submitting an Application for Withdrawal of Accumulated Contributions packet to the SRA. The refund will include all contributions and accumulated interest up to the date of payment.

**! Members who elect to withdraw their contributions from the system lose all rights to benefits from the SRPS.**

<sup>37</sup> Five years for the Teachers' Retirement Plan.

<sup>38</sup> Plan rules vary. Please contact the SRA for more information.

## PROCESS

In order to process an individual's request to withdraw his/her contributions from the system the SRA needs the following completed forms:

1. Application for Withdrawal of Accumulated Contributions form, (📁005, 📄)
2. Trustee to Trustee Distribution form (only required if an individual selects Refund Choice No. 2 or Refund Choice No. 3 on the Application for Withdrawal of Accumulated Contributions form) (📁193, 📄), and
3. Acknowledgement of Receipt of Safe Harbor and Affirmative Election form. (📁746, 📄)

Individuals requesting a rollover of part or all of their refund payment must complete the Trustee to Trustee Distribution form. Rollover payments are made payable to the Financial Institution receiving the rollover for the benefit of the individual (e.g. First National Bank for benefit of Robert Smith) and are mailed to the individual who must then deliver the check to the financial institution. Section I of the Trustee to Trustee Distribution form must be completed by the member while section II must be completed by the financial institution receiving the direct rollover.

The completed forms are sent to the SRA for processing. The forms are reviewed for completeness and accuracy. Incomplete forms will be returned directly to the individual, not the employer. The SRA may contact the individual by telephone to try and correct any inaccurate information on the forms (e.g. the person selected Refund Choice No. 1, refund the entire amount to me, and submitted a Trustee to Trustee Distribution form) so as not to delay processing.

Please be aware that due to processing deadline requirements, refund applications received after the 10<sup>TH</sup> of the month will not be processed until the following month. For example, a refund application received on April 16<sup>TH</sup> will be processed for payment in May with a check date of May 31<sup>ST</sup>. Also, refund applications cannot be processed during the month of July because of the fiscal year end closing processes. Therefore any refund application received after June 10<sup>TH</sup> cannot be processed for payment until August with a check date of August 31<sup>ST</sup>.

All individuals who receive a refund payment from the SRA will be mailed a Form 1099-R tax document by January 31<sup>ST</sup> of the year following payment of the refund.

**! If a member has more than one account with the SRPS and he or she elects to withdraw from both accounts, he or she must complete a withdrawal application for each account.**

## SECTION 828 OF THE PENSION PROTECTION ACT

Under the Pension Protection Act, a qualified public safety employee is defined as an employee of a State or political subdivision of a State (such as county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for any area within the jurisdiction of the State or the political subdivision of the State.

The Application for Withdrawal of Accumulated Contributions now has a section where the employer can certify whether a terminating member is eligible for an exception to the 10% early



distribution penalty tax on certain distributions from eligible employer plans. Under the Internal Revenue Code, distributions from eligible employer plans may be subject to a 10% early distribution penalty tax if the member terminated service before age 55 and does not roll over their balance of accumulated contributions to another qualified retirement plan. The IRC provides for an exception to the 10% early distribution penalty tax for certain public safety employees who are at least age 50 in the calendar year of separation from service.

To be eligible for the waiver of the 10% early distribution tax, an individual must:

- Be a qualified public safety employee as described above; and
- Received a refund distribution after separating from service during or after the calendar year in which the qualified public safety employee attains age 50.

For individuals who meet the criteria for the exception to the 10% early distribution penalty tax, the SRA will code their 1099-R tax document to reflect the exception.

It's important that each employer accurately complete the certification at the bottom of the Application for Withdrawal of Accumulated Contributions. Failure to provide accurate certification may adversely affect a withdrawing member's tax reporting.

## TAX CONSIDERATIONS

There are important tax considerations for a member who elects to withdraw his or her accumulated contributions. In general, withdrawals of accumulated contributions are distributions eligible for roll over to another tax deferred plan or eligible employer plan. A rollover is a payment that allows an individual to defer taxation of that payment until it is distributed to the individual. However, please note that an eligible employer plan is not legally required to accept a rollover. Individuals should check with the administrator of a plan prior to making a decision.

Any portion of an eligible rollover distribution which is not rolled over to another tax deferred plan or eligible employer plan is subject to mandatory Federal and Maryland state tax withholding. Mandatory Federal tax withholding is 20% of the taxable amounts paid directly to a member. Mandatory Maryland tax withholdings for Maryland residents is 7.75% of the taxable amount paid directly to a member. In addition, any payments made prior to age 59 ½ may be subject to the early distribution penalty tax equal to 10% of the taxable portion of the payment.<sup>39</sup> The SRA does not withhold the 10% early distribution tax. It is the individual's responsibility to include the 10% early distribution tax on their federal tax return.

### EMPLOYER RESPONSIBILITIES: WITHDRAWALS

- ✓ Ensure the resignation/termination date is accurate.
- ✓ Complete the retirement coordinator certification section at the bottom of the withdrawal form. Be sure to provide accurate information regarding whether the member or former member meets the definition of a public safety employee.
- ✓ Be sure the member or former member has a copy of the Special Tax Notice Regarding Plan Payments.

<sup>39</sup> For more information regarding the 10% additional tax for distributions made prior to age 59 ½, please contact the IRS or a qualified tax advisor.

## FREQUENTLY ASKED QUESTIONS

**Question:** Is Federal and Maryland State withholding mandatory?

**Answer:** Any taxable amounts not rolled over to another tax deferred plan or eligible employer plan are subject to mandatory 20% Federal withholding and 7.75% Maryland State withholding (Maryland residents only) of the taxable amount.

Amounts which are rolled over to another tax deferred plan or eligible employer plan are not subject to withholding. For more information, please see the SRPS Special Tax Notice Regarding Plan Payments.

Individuals who receive distributions from eligible employer plans prior to normal retirement age may be subject to a 10% early distribution tax. This additional tax is not withheld by the SRA.

**Question:** Why does the SRA require information regarding whether an individual is transferring to a State Agency, County Board of Education or Participating Governmental Unit?

**Answer:** If an individual is transferring employment to a State Agency, County Board of Education or Participating Governmental Unit, he or she cannot withdraw funds if there is no break in employment (service). Under SRPS rules, a break in employment (service) represents a period of inactivity of thirty days or more.

**Question:** What's the definition of a qualified public safety employee?

**Answer:** Under the Pension Protection Act, a qualified public safety employee is an employee of a State or political subdivision of a State (such as county or city) whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for any area within the jurisdiction of the State or the political subdivision of the State.

**Question:** How long does an individual have to negotiate a rollover payment? What happens if the rollover payment becomes lost?

**Answer:** If an individual elects to rollover all or part of their withdrawal to another tax deferred plan or eligible employer plan, the SRA will forward payment directly to the member in the form of a direct rollover check. The direct rollover check will be made payable to the financial institution for benefit of the individual.

Checks issued by the SRA must be cashed within 180 days of the issue date. It is in the best interest of each individual to negotiate their rollover check as quickly as possible to ensure the check does not become lost or stolen.

If an individual loses a rollover check or does not receive the check in the mail, they must immediately notify the SRA. The SRA will place a stop payment on the check to ensure it is not improperly negotiated. Once the stop payment has been verified, the SRS will reissue the payment exactly as the original issuance.

**Question:** Which mailing address does the SRS use to mail payment?




**Answer:** The SRS will mail the withdrawal payment to the address listed on the Application for Withdrawal of Accumulated Contributions form. If a member has recently moved or will move within 45 days of applying for a refund, we urge members to use the new address on the Application for Withdrawal of Accumulated Contributions form.

**Question:** Who can I contact for questions related to withdrawals?

**Answer:** For more information regarding withdrawals, please contact a Retirement Benefit Specialist at (410) 625-5555 or toll free at 1-800-492-5908.

# WORKERS' COMPENSATION OFFSETS

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

Retirement law requires the SRA to reduce an accidental (special) disability retirement benefit by any related workers' compensation benefits paid or payable after the effective date of retirement.

The workers' compensation offset provisions only apply to State of Maryland retirees. Retirees of the Employees' Pension System who receive a disability benefit as a former employee of a county board of education, Board of School Commissioners of Baltimore City, or a participating governmental unit or a designated beneficiary of a retiree are not subject to the workers' compensation offset. Such a retiree or beneficiary would be governed by §9-610 of the Labor and Employment Article.

## WORKERS' COMPENSATION

Disability benefits are "coordinated" with benefits payable from workers' compensation. It does not reduce or affect your rights to apply for and receive workers' compensation benefits. However, if workers' compensation benefits are awarded to an accidental (special)<sup>40</sup> disability retiree, the disability benefit will be reduced for an accidental personal injury, if for the same injury, but not for an occupational disease.

## OFFSET PROVISIONS

Retirement law directs the SRA to withhold an amount equivalent to the workers' compensation award if the workers' compensation benefits and disability benefits are based on the same event and are paid for the same period of time.

The SRPS does not offset the portion of an accidental (special) disability benefit attributable to employee contributions. Only the employer funded portion of the benefit is subject to workers compensation offset. In addition, the SRA must leave sufficient funds to cover the cost of health insurance premiums and may not offset for workers' compensation benefits that are reimbursements for legal fees, medical expenses or other payments made to third parties.

## ADMINISTRATION OF OFFSETS

In general, the SRA reviews each accidental (special) disability prior to payment to ensure that there is no overlap of workers' compensation benefits and retirement benefits. If an offset is required, the SRA will offset retroactive benefits, if any, only to the extent allowed by law. In the event the retroactive benefits are not enough to satisfy the offset, then the SRA will initiate a monthly recovery with the affected individual.

### EMPLOYER RESPONSIBILITIES: WORKERS' COMPENSATION OFFSETS

- ✓ Ensure individuals who are applying for an accidental (special) disability allowance and who are or have received workers' compensation are aware of the SRA offset provisions.

<sup>40</sup> Special Disability refers to State Police Retirement System only.

## FREQUENTLY ASKED QUESTIONS

**Question:** Who is subject to the workers' compensation offsets?

**Answer:** The workers compensation offset applies to all State of Maryland retirees who are receiving or did receive workers compensation benefits while receiving an accidental (special) disability benefit from the SRPS.

Retirees of the Employees' Pension System who receive a disability benefit as a former employee of a county board of education, Board of School Commissioners of Baltimore City, or a participating governmental unit or a designated beneficiary of a retiree are not subject to the workers' compensation offset. Such a retiree or beneficiary would be governed by §9-610 of the Labor and Employment Article.

**Question:** How much of an individual's accidental (special) disability benefit is subject to the offset?

**Answer:** The workers compensation offset applies to the state paid portion of the accidental (special) disability benefit. The employee funded portion is not subject to the offset. In addition, the SRPS must leave sufficient funds to cover the cost of health insurance premiums and may not offset for workers' compensation benefits that are reimbursements for legal fees, medical expenses or other payments made to third parties.


# RE-EMPLOYMENT AFTER RETIREMENT

## GENERAL

### ICON KEY

 Application/Form

 Attachment

 See for More Info

For retirees of the SRPS certain types of employment after retirement are subject to an earnings limitation.

## INTERNAL REVENUE SERVICE GUIDELINES

There can be significant consequences to a member and the SRPS if a member retires prior to normal retirement age and/or before age 59 ½, and is reemployed with the same employer without a bona fide separation of service.<sup>41</sup> Please note that all units of Maryland state government, including the University of Maryland System, are considered one employer.

The Internal Revenue Service (IRS) can impose a significant tax penalty on a retiree if he or she is under the age of 59 ½ and is reemployed by the same employer from which he or she retired. In order to avoid this penalty, there must be a bona fide separation from service between the member and the member's former employer. There also may be no discussions of re-employment between the employee and the employer before the employee's retirement.

If a member retires prior to normal retirement age, there may also be serious tax consequences to the SRPS if a bona fide separation from service does not take place following retirement and prior to reemployment with the same employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the greater the difference between a member's last job prior to retirement and the job being performed upon reemployment, and the longer the break between the date of retirement and the date of reemployment, the more likely it is that there has been a bona fide separation of service. If a retiree is reemployed to perform the same job, even if there is a reduction in work schedule, this would likely not qualify as a bona fide separation of service unless there was a lengthy break in employment (bona fide separation of service). Even arrangements where a retiree is rehired as an "independent contractor" may not meet the IRS standard.<sup>42</sup> Under no circumstances should a member's decision to retire be based upon an offer of reemployment. Such a pre-existing agreement would signify that there was no intention to retire.

## MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT

In addition to the Internal Revenue Service regulations, Maryland law also comes into play regarding reemployment after retirement. The rules vary by type of retirement (service retirement

<sup>41</sup> Normal retirement age varies by individual plan. Please refer to the Benefits Handbooks or contact the SRPS for more information.

<sup>42</sup> The SRA strongly urges retirees who are considering reemployment with a former employer to discuss this information with the employer and a qualified tax advisor. Failure to do so may result in a significant tax penalty.

or disability retirement), retirement system and type of employer.

Regardless of the system, there must also be a minimum of 45 days between a member's retirement date and the date of re-employment with the same employer (i.e., the participating employer at time of retirement). Additionally, employment after retirement, under certain conditions, may cause a retirement allowance to be reduced.

Below are some common terms:

- Participating employer refers to an employer who participates in the Maryland State Retirement and Pension System (SRPS).<sup>43</sup>
- Same employer refers to the last employer prior to retirement. For purposes of re-employment, all state agencies and the University of Maryland System are considered one employer.
- Earnings limitation, where applicable, sets the amount of reemployment income that may be earned before a reduction in pension benefits occurs.

## EARNINGS LIMITATION

An earnings limitation is the maximum annual income an SRPS retiree may earn through reemployment (employment after retirement) without being subject to a reduction of the monthly retirement allowance.

For service retirees, the limit is the difference between the average final compensation (AFC) at retirement and the annualized basic allowance. With the exception of a January 1<sup>ST</sup> retirement, the earnings limit applies beginning the year following the year of retirement.

$$\text{AFC} - \text{Annualized Basic Allowance} = \text{Annual Earnings Limitation}$$

For ordinary disability retirees, the limit is the difference between the average final compensation (AFC) at retirement plus \$5,000 and the annualized basic allowance.

$$\text{AFC} + \$5,000 - \text{Annualized Basic Allowance} = \text{Annual Earnings Limitation}$$

For earnings limitation purposes, the annual earnings are the annual reemployment compensation received by a retiree during a calendar year (i.e., the total compensation reported to the IRS for earnings paid by the employer during the calendar year).

## REEMPLOYMENT WITH PARTICIPATING EMPLOYERS

In general, retirees who return to work for the State of Maryland or another employer that participates in the SRPS may be subject to a reduction in their monthly retirement allowance. Participating employers include State agencies, State universities and colleges, public schools and libraries, community colleges, and participating counties, cities and towns.

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<sup>43</sup> For a current listing of Participating Employers, please see the Comprehensive Annual Financial Report (CAFR) on the SRA website.

1. Employees' and Teachers' Retirement & Pension Systems, Correctional Officer Retirement System and Local Fire & Police Pension Systems (Table 2)
  - a) Service Retirement
    - Earnings Limitation
      - ✓ Subject to an earnings limitation for employment with the same employer (i.e., last participating employer before retirement).
      - ✓ Allowance is reduced \$1 for every \$1 earned in excess of the earnings limitation.
  - b) Early Service Retirement
    - Earnings Limitation
      - ✓ Subject to an earnings limitation for employment with **any** participating employer within the first 12 months of retirement.
  - c) Ordinary Disability Retirement
    - Earnings Limitation
      - ✓ Subject to an earnings limitation for employment with any participating employer until normal retirement age.
      - ✓ Allowance is reduced \$1 for every \$2 earned in excess of the earnings limitation.
      - ✓ After 10 years of retirement, allowance is reduced \$1 for every \$5 earned in excess of the earnings limitation.
    - Suspension
      - ✓ Ordinary disability allowance shall be temporarily suspended if reemployed by any participating employer at an annual compensation equal to or greater than the average final compensation (AFC) at retirement. (Does not apply if eligible for a normal service retirement or retired under disability prior to July 1, 1998).
      - ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer.
  - d) Accidental Disability Retirement
    - Earnings Limitation
      - ✓ Earnings limitation does not apply.
    - Suspension
      - ✓ Accidental disability allowance shall be temporarily suspended if reemployed by any participating employer at an annual compensation equal to or greater than the average final compensation (AFC) at retirement. (Does not apply if eligible for a normal service retirement or retired under disability prior to July 1, 1998).
      - ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer.
  - e) Service Retirement Exceptions
    - Earnings limit does not apply if the average final compensation (AFC) used in the retirement calculation is less than \$25,000 and you are reemployed on a temporary or contractual basis.
    - Earnings limit does not apply if retired more than nine (9) years. With the exception of a January 1<sup>ST</sup> retirement date, the nine (9) year period begins on January 1<sup>ST</sup> of the year following the year of retirement.



- For retirees of the teachers' systems, an earnings limit does not apply if all the following apply:
  - ✓ Is or has been certified to teach in the state,
  - ✓ Has verification of satisfactory or better performance in the last assignment prior to retirement,
  - ✓ Has been appointed in accordance with §4-103 of the Education article,
  - ✓ Retired with a normal service retirement, or retired with an early service retirement and has been retired at least twelve (12) months
  - ✓ Is employed as a classroom teacher, substitute classroom teacher or teacher mentor in a public school that:
    - Is not making adequate yearly progress or is a school in need of improvement as defined under the Federal No Child Left Behind Act of 2001, or
    - Is receiving funds under Title 1 of the Federal No Child Left Behind Act of 2001, or
    - Has more than 50% of the students attending that school who are eligible for free and reduced-priced meals, or
    - Provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from public school, or
  - ✓ Shall teach in an area of critical shortage, or a special education class for students with special needs, or a class for students with limited English proficiency or is hired to teach any subject or class to provide education services under a special limited provision granted to the superintendent.
- For retirees of the employees' systems, an earnings limit does not apply for a maximum of four (4) years if reemployed on a contractual basis as a health care practitioner for the Department of Health and Mental Hygiene in a state residential center, chronic disease center, a state facility or a local health department.
  - ✓ Only applies to normal service retirement or early service retirement once the retiree has been retired for 12 months.
- For retirees of the correctional system, an earnings limit does not apply for a maximum of four (4) years if reemployed on a contractual basis as a correctional officer by the Division of Corrections, the Division of Pretrial Detention and Services, or the Patuxent Institute in the Department of Public Safety and Correctional Services.
  - ✓ Does not apply to a disability retirement.

<b>Types of Employment</b>	<b>Service Retirement</b>	<b>Ordinary Disability</b>	<b>Accidental Disability</b>
Any position with a non-participating employer.	A	A	A
Employment with a participating employer other than your employer at the time of your last separation from participating employment.	A	C <sup>1</sup>	A <sup>1</sup>
Employment with the same participating employer (i.e., your last participating employer before your final separation from employment).	B	C <sup>1</sup>	A <sup>1</sup>
Retired teacher or principal in eligible employment.	A	N/a	N/a

**Table 2: Employee' & Teachers' Retirement, Employees' & Teachers Pension, Correctional Officers' Retirement & Local Fire & Police Pension Reemployment**

Key:

- A No salary restrictions apply. Retiree will continue to receive full monthly allowance regardless of employment income.
- B Retirement allowance is reduced \$1 for every \$1 earned in excess of earnings limit.
- C 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 in excess of earnings limit. With the exception of January 1<sup>ST</sup> retirement, this 10-year period begins on January 1 of the year following the year of retirement. Ordinary disability retirees become exempt from salary limits on January 1 of the year they reach normal retirement age.
- 1 The amount earned may cause a disability retiree's allowance to be temporarily suspended.

## 2. State Police Retirement System (Table 3)

### a) Service Retirement

- Subject to earnings limitation for temporary employment with a participating employer.
  - ✓ Temporary employment is defined as full time employment for six (6) months or less or part-time for the equivalent of six (6) months or less.
  - ✓ Allowance is reduced \$1 for every \$1 earned in excess of the earnings limitation for temporary employment.

### b) Ordinary Disability

- Earnings Limitation
  - Subject to earnings limitation for employment with a participating employer as a probationary status law enforcement officer, law enforcement officer, or chief as defined in §3-101 of the Public Safety Article and is under normal retirement age.
    - ✓ Allowance is reduced \$1 for every \$2 earned in excess of the earnings limitation if retired less than ten (10) years.
    - ✓ Allowance is reduced \$1 for every \$5 earned in excess of the earnings limitation if retired more than ten (10) years.
- Suspension
  - Ordinary disability allowance shall be temporarily suspended if:
    - ✓ Reemployed by any participating employer as a probationary status law enforcement officer, law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
    - ✓ Not eligible for normal service retirement, and
    - ✓ Receives annual compensation equal to or greater than average final compensation (AFC) at retirement.
    - ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceases employment with the participating employer.

### c) Special Disability

- Earnings limitation does not apply.
- Suspension
  - Special disability allowance shall be temporarily suspended if:
    - ✓ Reemployed by any participating employer as a probationary status law enforcement officer, law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
    - ✓ Not eligible for normal service retirement, and
    - ✓ Receives annual compensation equal to or greater than average final compensation (AFC) at retirement.
    - ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceases employment with the participating employer.

<b>Types of Employment</b>	<b>Service Retirement</b>	<b>Ordinary Disability</b>	<b>Special Disability</b>
Any position with a non-participating employer.	A	A	A
Employment with a participating employer other than your employer at the time of your last separation from participating employment.	A <sup>2</sup>	C <sup>1</sup>	A <sup>1</sup>
Employment with the same participating employer (i.e., your last participating employer before your final separation from employment).	A <sup>2</sup>	C <sup>1</sup>	A <sup>1</sup>

Table 3: State Police Retirement Reemployment

## Key:

- A No salary restrictions apply. Retiree will continue to receive full monthly allowance regardless of employment income.
- B Retirement allowance is reduced \$1 for every \$1 earned in excess of earnings limit.
- C 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 in excess of earnings limit. With the exception of January 1<sup>ST</sup> retirement, this 10-year period begins on January 1 of the year following the year of retirement.
- 1 The amount earned may cause a disability retiree's allowance to be temporarily suspended.
- 2 Subject to earnings limitation for temporary employment with a participating employer. Temporary employment is defined as full time employment for six (6) months or less or part-time for the equivalent of six (6) months or less. Allowance is reduced \$1 for every \$1 earned in excess of the earnings limitation for temporary employment.

3. Law Enforcement Officers' Pension System (Table 4)

a) Service Retirement

- Earnings limitation does not apply.

b) Ordinary Disability

- Earnings Limitation

- o Subject to limitation if:

- ✓ Under normal retirement age,
- ✓ Employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined §3-101 of the Public Safety Article, and
- ✓ Receives annual compensation equal to or greater than earnings limitation.
- ✓ Allowance is reduced \$1 for every \$2 earned in excess of the earnings limitation if retired less than ten (10) years.
- ✓ Allowance is reduced \$1 for every \$5 earned in excess of the earnings limitation if retired more than ten (10) years.

- Suspension

- o Suspension of ordinary disability allowance occurs if:

- ✓ Not eligible for normal service retirement, and
- ✓ Employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- ✓ Receives annual compensation equal to or greater than average final compensation (AFC) at retirement.
- ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceases employment with the participating employer.

c) Special Disability

- Earnings limitation does not apply.

- Suspension

- o Suspension of special disability allowance occurs if:

- ✓ Not eligible for normal service retirement, and
- ✓ Employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- ✓ Receives annual compensation equal to or greater than average final compensation (AFC) at retirement.
- ✓ Allowance is reinstated on the first day of the month following the month in which the retiree ceases employment with the participating employer.

Types of Employment	Service Retirement	Ordinary Disability	Special Disability
Any position with a non-participating employer.	A	A	A
Employment with a participating employer other than your employer at the time of your last separation from participating employment.	A	C <sup>1</sup>	A <sup>1</sup>
Employment with the same participating employer (i.e., your last participating employer before your final separation from employment).	A	C <sup>1</sup>	A <sup>1</sup>

Table 4: LEOPS Reemployment

Key:

- A No salary restrictions apply. Retiree will continue to receive full monthly allowance regardless of employment income.
- B Retirement allowance is reduced \$1 for every \$1 earned in excess of earnings limit.
- C 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 in excess of earnings limit. With the exception of January 1<sup>ST</sup> retirement, this 10-year period begins on January 1 of the year following the year of retirement.
- 1 The amount earned may cause a disability retiree's allowance to be temporarily suspended.

## 4. Judges' Retirement System

## a) Service

## • Earnings Limitation

## ○ Subject to limitation if:

- ✓ Employed in a position with a unit of State government that is compensated wholly or in part by State, county, or municipal money after retiring from a unit of State government.
- ✓ Allowance is reduced until the sum of the total compensation and the reduced allowance does not exceed the salary on which the allowance was based.

## b) Ordinary Disability

## c) Accidental Disability

## d) Service Retirement Exceptions

## • Retirement law allows:

- Temporary assignments to sit in a court of the State under Article IV §3A of the Maryland Constitution (per diem payments cease when total per diem payments plus monthly retirement allowance annualized equals the current salary of a sitting judge);
- Employment with a community college as a faculty member without an earnings limitation; and
- Employment as a member of the faculty of a public institution of higher learning without an earnings limitation.

5. Legislative Pension System

- Earnings limit does not apply.
- If re-elected to the General Assembly, retirement allowance is suspended and all previous service credit is restored. Can rejoin the Legislative Pension plan and continue to accrue additional service.

**EMPLOYER RESPONSIBILITIES: REEMPLOYMENT**

- ✓ As certain types of reemployment can have a significant impact on an individual's pension benefits, all members contemplating retirement should be provided with the applicable reemployment information.
- ✓ Under no circumstances should a member's decision to retire be conditioned upon an offer of reemployment, and in fact, no offers of reemployment should be discussed prior to retirement. Such a pre-existing reemployment agreement would signify that there was no intention on the part of the member to retire and separate from service.

**Question:** What is an earnings limitation?

**Answer:** An earnings limitation is the maximum annual income an SRPS retiree may earn through reemployment (employment after retirement) without being subject to a reduction of the monthly retirement allowance.

Most plans within the SRPS provide for some type of earnings limitation with a possible benefit offset should a retiree's income through reemployment exceed the limitation.

**Question:** Under what circumstances will a benefit be suspended?

**Answer:** In general, most plans provide for a suspension of retirement benefits for ordinary or accidental disability retirees who earn an annual compensation equal to or greater than the average final compensation (AFC) at retirement from employment with a participating employer. The suspended allowance will be reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer.

**Question:** What is a bona fide separation of service and why is it important?

**Answer:** IRS guidelines provide for significant consequences to a member and the SRPS if a member retires prior to normal retirement age and is reemployed with the same employer without a true separation of service.

While the IRS has not specifically defined what constitutes a bona fide separation of service, it is clear that the greater the difference between a member's last job prior to retirement and the job being performed upon reemployment, and the longer the break between the date of retirement and the date of reemployment, the more likely it is that there has been a bona fide separation of service.

**In addition to IRS guidelines, Maryland retirement law requires a minimum of 45 days between a member's retirement date and the date of reemployment with the same employer.**

**Question:** How is an earnings limitation calculated?

**Answer:** The earnings limitation is the difference between a retiree's average final compensation (AFC) at retirement and the annualized basic allowance.

For service retirees, the formula is as follows:

$$\text{AFC} - \text{Annualized Basic Allowance} = \text{Annual Earnings Limitation}$$

For disability retirees, the formula is as follows:

$$\text{AFC} + \$5,000 - \text{Annualized Basic Allowance} = \text{Annual Earnings Limitation}$$

**Question:** Is there a special exemption from the earnings limitation for retirees of the teachers' systems?

**Answer:** The pension statute does provide a special exemption from the earnings limitation for retirees of the Teachers' Retirement System or Teachers' Pension System. This exemption applies if all of the following apply:

- Has been certified to teach in the state;
  - Has verification of satisfactory or better performance in the last assignment prior to retirement;
  - Has been appointed in accordance with §4-103 of the Education article;
  - Retired with a normal service retirement, or retired with an early service retirement and has been retired at least twelve (12) months;
- AND
- Is employed as a classroom teacher, substitute classroom teacher or teacher mentor in a public school that:
    - Is not making adequate yearly progress or is a school in need of improvements as defined under the Federal No Child Left Behind Act of 2001, or
    - Is receiving funds under Title 1 of the Federal No Child Left Behind Act of 2001, or
    - Has more than 50% of the students attending that school who are eligible for free and reduced-priced meals, or
    - Provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from public school.
- AND
- Shall teach in an area of critical shortage, or a special education class for students with special needs, or a class for students with limited English proficiency or is hired to teach any subject or class to provide education services under a special limited provision granted to the superintendent.

**Question:** Is there a special exemption from the earnings limitation for retirees of the employees' systems?

**Answer:** The pension statute does provide a special exemption from the earnings limitation for retirees of the Employees' Retirement System and Employees' Pension System. This special exemption allows retirees' of the employee's systems to be reemployed on a contractual basis for a maximum of four (4) years as a health care practitioner



for the Department of Health and Mental Hygiene in a state residential center, chronic disease center, a state facility or a local health department.




The exemption only applied to individuals who retired on a normal service retirement or an early service retirement once the early service retiree has been retired for at least 12 months.

**Question:** Is there a special exemption from the earnings limitation for retirees of the correctional officers' system?

**Answer:** The pension statute does provide a special exemption from the earnings limitation for retirees of the Correctional Officers' Retirement System. This special exemption allows retirees of the correctional officers' system to be reemployed on a contractual basis for a maximum of four (4) years as a correctional officer by the Division of Corrections, the Division of Pretrial Detention and Services, or the Patuxent Institute in the Department of Public Safety and Correctional Services. The exemption does not apply to disability retirees.

# PENSION ALLOWANCE OPTIONS

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

Members of the SRPS can choose from several payment options at the time of retirement. In addition to the Basic Allowance which provides the highest monthly benefit to the retiree, there are six (6) pension allowance options available to retirees. Two of these pension allowance options provide for a single life annuity payment with the potential for a lump sum payment to the retiree's beneficiary(ies), and four (4) provide for a dual life annuity payment where the retiree may name one beneficiary to receive a continuing monthly payment should they outlive the retiree. Retirement law provides that all of the pension allowance options must be actuarially calculated to provide the same expected benefit as the Basic Allowance.

**! Option selection can affect a beneficiary's eligibility for continued health coverage. For more information, retirees should contact their personnel office prior to selecting an option.**

## THE BASIC ALLOWANCE

For most retirees of the SRPS, the Basic Allowance provides the maximum lifetime allowance to the retiree with all payments ceasing upon the retiree's death. There is no beneficiary coverage. For those retirees who wish to provide income continuation to a beneficiary, the SRPS provides additional payment options. However, for retirees of certain systems, including the State Police, Judges, and Law Enforcement Officers, the Basic Allowance does provide a continuing monthly benefit to a sole beneficiary.

Each of the following options guarantees a monthly allowance during a retiree's lifetime and may provide either a return of a single payment to the retiree's survivor(s) upon death (single-life annuities) or a continuing monthly payment to a surviving beneficiary (dual-life annuities).

**! Certain plans provide a special survivor benefit in the event of the death of the retiree. These plans mandate the selection of the Maximum Allowance if the retiree has a spouse at time of retirement.<sup>44</sup>**

## SINGLE-LIFE ANNUITIES

These options are classified as "single-life" because they provide benefits over the retiree's lifetime only. Upon the retiree's death, reserve funds, if any, remaining in the account are distributed in a single payment to the retiree's designated beneficiary(ies). Multiple beneficiaries may be named under the single-life annuities. These beneficiaries may be changed as often as desired.

1. 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 Present Value at retirement. The Present Value of the benefit is calculated at the time of retirement. If a retiree dies prior to receiving monthly payments that add up to the Present Value, the remaining payments, if any,

<sup>44</sup> Applies to State Police Retirement System, Law Enforcement Officers' Pension System, Judges' Retirement System, Legislative Pension System

will be paid in a single payment to a designated beneficiary or beneficiaries who remain alive.

2. Option 4 – Full Return of Employee Contributions
  - Provides a lower monthly benefit than the Basic Allowance, but guarantees the return of the accumulated contributions and interest at time of retirement. If a retiree dies before recovering the full amount of the accumulated contributions and interest, the remainder, if any, will be paid in a single payment to a designated beneficiary or beneficiaries who remain alive.

## DUAL-LIFE ANNUITIES

The following options pay benefits over two lifetimes. They provide a benefit throughout the life of the retiree and then provide a continuing monthly benefit to a sole surviving beneficiary. The benefit amount is based on the retiree's age and the age of the beneficiary at the time of the member's retirement. Only one beneficiary may be named under the dual-life annuities. This beneficiary may be changed, but it will cause a re-calculation of the retiree's benefit amount. In most cases, the recalculated amount will be less than the current amount. The recalculated amount will be based upon the current age of the retiree and new beneficiary.

1. Option 2 – 100% Survivor's Benefit
  - Provides a lower monthly benefit than the Basic Allowance, but guarantees that after the retiree's death the same monthly benefit will continue to be paid to a surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of the retiree and beneficiary. Beneficiary's proof of date of birth must be provided with the final retirement application, and with any request to recalculate the benefit based upon a new beneficiary.
2. Option 3 – 50% Survivor's Benefit
  - Provides a lower monthly benefit than the Basic Allowance, but guarantees that after the retiree's death one half (  $\frac{1}{2}$  ) of the monthly benefit paid to the retiree will be paid to a surviving beneficiary for his or her lifetime. No further payments will be made after the deaths of the retiree and beneficiary. Beneficiary's proof of date of birth must be provided with the final retirement application, and with any request to recalculate the benefit based upon a new beneficiary.
3. Option 5 – 100% Survivor Benefit with Pop-Up Provision
  - Provides a lower monthly benefit than the Basic Allowance, but guarantees that after the retiree's death the same monthly benefit paid to the retiree will be paid to a surviving beneficiary for his or her lifetime. It also provides that the monthly benefit will "pop-up" to the Basic Allowance for the retiree's lifetime if the beneficiary predeceases the retiree. If the original beneficiary dies and the retiree is collecting the Basic Allowance and decides to name a new beneficiary, the benefit will be recalculated under Option 5 based on the new beneficiary designation. Beneficiary's proof of date of birth must be provided with the final retirement application, and with any request to recalculate the benefit based upon a new beneficiary
4. Option 6 – 50% Survivor's Benefit with Pop-Up Provision
  - Provides a lower monthly benefit than the Basic Allowance, but guarantees that after the retiree's death one half (  $\frac{1}{2}$  ) of the monthly benefit paid to the retiree will be paid to a surviving beneficiary for his or her lifetime. It also provides that the monthly benefit will "pop-up" to the Basic Allowance for the retiree's lifetime if the beneficiary predeceases the retiree. If the original beneficiary dies and the retiree is

collecting the Basic Allowance and decides to name a new beneficiary, the benefit will be recalculated under Option 6 based on the new beneficiary designation. Beneficiary's proof of date of birth must be provided with the final retirement application, and with any request to recalculate the benefit based upon a new beneficiary.

### **SPECIAL LIMITATION ON BENEFICIARY SELECTION**

Effective January 1, 2006, Maryland law restricts who can be designated as a beneficiary under payment options 2 & 5. Retirees who select payment option 2 or 5 cannot name a beneficiary who is ten (10) or more years younger than the retiree unless that beneficiary is a spouse or disabled child.

To name a disabled child as beneficiary under payment option 2 or 5, the child must be disabled as certified by a physician. An individual will be considered disabled if he or she is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration.

### **OPTION SELECTION**

A SRPS retiree cannot change his or her option selection after the first payment normally becomes due. As a result, we strongly urge all members to take the time to discuss their financial needs with their family and financial advisor and to carefully review specific financial circumstances before selecting an option. We advise all members preparing for retirement to consider their income needs during retirement and the needs of survivors after their death. Members may contact the SRPS for additional information regarding option selection.

#### **EMPLOYER RESPONSIBILITIES: PAYMENT OPTIONS**

- ✓ As selection of a payment option is an important decision, all members contemplating retirement should be encouraged by the employer to apply for a retirement benefit estimate before making their option election on their final retirement application.
- ✓ As payment option selection can affect a beneficiary's eligibility for continued health coverage, all members contemplating retirement should be provided with all applicable health information.

### **FREQUENTLY ASKED QUESTIONS**

**Question:** Which payment option provides the highest monthly benefit?

**Answer:** The Basic Allowance provides the largest lifetime allowance. For most retirees payments cease upon the retiree's death - there is no continuing beneficiary coverage. However, for certain retirees of the State Police Retirement System, Judges' Retirement System, and Law Enforcement Officers' Pension System, the Basic Allowance may provide continuing payments to a beneficiary.

**Question:** How can a retiree provide income continuation to a beneficiary after his or her death?

**Answer:** The SRPS provides several optional forms of allowances which provide varying degrees of protection for beneficiaries. Each of the optional forms of allowance that the SRPS offers guarantees a monthly allowance during a retiree's lifetime and may provide either a return of a single payment to the retiree's survivor(s) upon death (single-life annuities) or a continuing monthly payment to a surviving beneficiary (dual-life annuities).

**Question:** Who can be named as a beneficiary?

**Answer:** Beneficiaries can be anyone from family members to individuals who are not related to the retiree. Beneficiaries can also be estates, trusts, churches or charitable organizations, but only for single life annuities.

Under the Basic Allowance and the single life annuities (option 1 & 4), retirees may name more than one beneficiary. Under the dual life annuities (options 2, 3, 5, & 6), retirees may name only one beneficiary. Effective January 1, 2006, retirees who select payment option 2 or 5 cannot name a beneficiary who is ten (10) or more years younger than the retiree unless that beneficiary is a spouse or disabled child.




**Question:** Can a retiree change his or her payment option selection during retirement?

**Answer:** A SRPS retiree cannot change his or her payment option selection after the first payment normally becomes due. For example, an individual who retires on July 1<sup>ST</sup> cannot change his or her payment option selection after the July payment normally becomes due.

# ACTIVE MEMBER DECEASED



## BENEFITS

### GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

Upon the death of any member, SRA will pay to their designated beneficiaries the balance of the member's accumulated contributions and interest. Additionally, our survivor protection, also referred to as a death benefit, provides financial protection to the designated beneficiaries of members if they die during active membership. Active members are covered on the first day of employment for deaths that occur in the performance of their job. Active members are covered after earning one year of Eligibility Service for deaths that occur not in performance of their job. To be eligible for the survivor protection/death benefit, the member must be on active payroll or an SRA Approved Leave of Absence.

If the death occurs from the performance of the member's duty, in addition to the payment of the member's accumulated balance of contributions and interest, SRA will pay to the surviving spouse<sup>45</sup> a continuing benefit based upon two-thirds of the member's Average Final Compensation. If the death does not occur from the performance of the member's duty, in addition to the payment of the member's accumulated balance of contributions and interest, SRA will pay a one-time payment equal to the member's annual salary to the designated beneficiary.

The SRA receives notification of the death of an active State employee or a State employee on an approved leave of absence from the employing agency via a Certification of Annual Salary Form ( **028**,  ). If the SRA is notified by a source other than the employing agency, the SRA will contact the employing agency and request that a Certification of Annual Salary Form be completed and submitted. When completing the Certification of Annual Salary Form it is important for the employer to accurately complete all applicable items on the form.

It is very important for the employer to make sure that employees on an unpaid leave of absence have completed and submitted the necessary forms to be approved for an SRA Board Approved Leave of Absence. If the member is not on an SRA Board Approved Leave of Absence, or on active payroll, at the time of their death, then the only amount payable to their designated beneficiaries is the balance of their accumulated contributions and interest.

Based upon the information provided by the employing agency and the information on the deceased member's account with the SRA, the SRA will make payment to the deceased member's beneficiary(ies) in accordance with §29-201 through §29-207 of the Annotated Code of Maryland.

Your assistance in getting member's placed on an SRA Board Approved Leave of Absence and timely and accurate completion of the Certification of Annual Salary Form will help SRA ensure that the deceased member's designated beneficiaries are paid promptly and accurately.

<sup>45</sup> If there is no surviving spouse or if the surviving spouse dies before the youngest child of the member is 18 years old, to all children under the age of 18 years

**EMPLOYER RESPONSIBILITIES: ACTIVE MEMBER DECEASED BENEFITS**

- ✓ An Application for Membership is required for each eligible member of the SRPS. Please ensure that each eligible member is properly enrolled.
- ✓ Ensure that employees on an unpaid leave of absence submit an Application to be placed on a Qualifying Leave of Absence before beginning the unpaid leave of absence.
- ✓ Report the death of an employee to SRA using the Certification of Annual Salary Form.

**FREQUENTLY ASKED QUESTIONS**

**Question:** What is the definition of active membership used to determine the eligibility for Active Member deceased benefits?

**Answer:** To be eligible for the survivor protection/death benefit, the member must be on active payroll or an SRPS Board Approved Leave of Absence at the time of death.

**Question:** Are the eligibility requirements different if the death occurs on the job or not on the job?

**Answer:** Active members are covered on the first day of employment for deaths that occur in the performance of their job. Active members are covered after earning one year of eligibility service for deaths that occur not in performance of their job.

**Question:** Are the benefits different if the death occurs on the job or not on the job?




**Answer:** Upon the death of any member, SRA will pay to their designated beneficiaries the balance of the member's accumulated contributions and interest. If the death occurs from the performance of the member's duty, SRA will also pay to the surviving spouse<sup>46</sup> a continuing benefit based upon two-thirds of the member's Average Final Compensation. If the death does not occur from the performance of the member's duty and the member has at least one year of eligibility service, SRA will also provide a one-time payment equal to the member's annual salary to the designated beneficiary.

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<sup>46</sup> If there is no surviving spouse or if the surviving spouse dies before the youngest child of the member is 18 years old, to all children under the age of 18 years

# FISCAL YEAR CLOSING / OPENING

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

At the end of the fiscal year, June 30<sup>th</sup>, the State Retirement Agency performs many closing processes associated with the data being collected within our files. Before we can begin these closing processes, all payroll data (including adjustments) and employee and employer contributions applicable to the fiscal year must be received and updated to the SRA's files.

## Closing of the Fiscal Year

At the end of each fiscal year the SRA performs many jobs and reconciliations in order to award service and eligibility credit as well as interest on employee contributions to member records. The calculations within these jobs and reconciliations are all based upon the payroll data that you have reported to us throughout the fiscal year. To ensure accurate and complete information resulting from the closing process, there are several important steps that you must complete before we begin the closing process:

1. Notify SRA if you have any employees whose normal work schedule for the fiscal year ends in May rather than June. This situation is not common to all of our participating employers; however, for community colleges and local boards of education, it is not unusual for the last payroll period ending date of the fiscal year to occur in May. If an employer has no scheduled payroll for June, the Agency moves (in our Active Master File) one of the pay periods reported for May to a June date. This ensures that all active members will receive proper service credit and will also receive the annual Personal Statement of Benefits. Failure to notify SRA of this situation may impact your employee's eligibility for benefits, understate their earned service credit, and result in them not receiving a Personal Statement of Benefits.
2. Report all missing payroll data and payroll adjustments, and resolve all outstanding reconciling items. SRA must begin our closing process as soon as possible in July to meet our deadlines and ensure that your payroll data reported for the closing fiscal year is complete and updated before we can begin our opening process which will enable us to accept and process your payroll data for the new fiscal year.
3. Submit the necessary enrollment documents (Application for Enrollment, Designation of Beneficiary form, and proof of birth date document) for all of the employees for whom you are reporting payroll data to SRA by June 30<sup>TH</sup>. Legislation passed during the 2008 Legislative Session imposes a \$100.00 administrative fee to employers for each employee that began employment before April 1<sup>st</sup> that is not properly enrolled in the Maryland State Retirement and Pension System at the end of the fiscal year.



## Interest Workbook

Once all of the payroll data has been updated and reconciled, the Agency initiates a complex process called the Interest Workbook. During this process, several critical functions related to member accounts are performed:

- Interest is awarded on the balance of each member's accumulated employee contributions for the fiscal year at either 4% or 5%, depending upon each individual member's System and Plan of participation.
- Creditable Service and Eligibility Service are awarded to all members who participate in the Teachers', Employees' and Law Enforcement Officers' Pension Systems. Creditable and eligibility service are awarded in the Teachers', Employees', State Police, Judges', and Law Enforcement Officers' Retirement Systems throughout the fiscal year as payroll data, including contributions, are received by SRA for these employees.
- Membership records may be combined in cases where a member has more than one member record in the same System and Plan.

During the Interest Workbook process, several complex reconciliations are performed to ensure that each member gets the proper amount of service credit and the proper amount of interest on their balance of accumulated contributions. These important reconciliations ensure that the member data in the SRA files are complete and accurate since this data will be:

- Communicated to members via the Personal Statement of Benefits;
- Reported to the System's actuary so that an actuarial valuation can be performed to determine the value the assets and liabilities of the System in order to set the necessary employer contribution rates to properly fund the System; and
- Used by Agency staff to calculate retirement benefit payment amounts for members to retire during the next fiscal year.

## Opening of the new Fiscal Year

At the beginning of each new each fiscal year SRA establishes a payroll schedule for all of the participating employers so that we can plan and schedule the production jobs, updates, and reconciliations that make it possible for us to accept and process your payroll data and keep member records accurate and up-to-date. To ensure that we are ready to accept your payroll data we need you to complete one important step:

Submit a completed Payroll Information Report (Form  468, )

Form 468 reports the employer's payroll schedule for the next fiscal year, including contributory (pay periods in which you will deduct employee contributions from your employees and remit them to the SRA) and non-contributory pay periods (pay periods in which you will not deduct employee contributions from your employees and remit them to the SRA), and provides information on who to contact with payroll questions.

When SRA requests the Payroll Information Report (Form 468), several other important payroll reporting reminders are provided:

- **Regular Payroll Submission and Prior Period Adjustments**

When sending SRA each of your regular payroll submissions please remember to submit a properly completed *Remittance Reconciliation Form for Payroll Data* (and if necessary, a supporting *Prior Period Payroll Adjustment Form (SRA Form 714)*. A *Prior Period Payroll Adjustment Form* is required to correct any prior payroll reporting errors, retroactive salary increases, and missed payroll reporting.
- **Timely and Accurate Reporting of Payroll Information**

Maryland State law requires that all payroll data be reported to the SRA not later than 5 business days after the pay date and that all employee contributions be remitted to the SRA not later than the pay date.
- **Transmission of Payroll Data to SRA**

Due to data security concerns SRA no longer accepts any data files containing social security numbers through regular email. While we do still accept submission of payroll data on diskettes we strongly encourage all employers to use our secure website for transmission of data.
- **Payroll Reporting Rules**
  - Do not report overtime hours worked or overtime pay earned in your payroll data.
  - Do not report any bonus salary payments in your payroll data.
  - Do not report any payroll data for members not working during the summer months unless the member elects to receive wage payments during the summer.
  - For members not working over the summer months, but who elect to receive wages during the summer months report the following:
    - Hours Worked = 0 and Standard Hours = 0
    - Appropriate Pay Period Base Salary, Actual Annual Compensation, and Actual Earnable Compensation
    - Contributions due in accordance with your pay schedule
  - Standard full time hour minimums are 60 hours bi-weekly for members of the Teachers' systems and 70 hours bi-weekly for member of the Employees' systems.
  - Do not report members that do not receive any pay during a pay period (e.g., leave without pay).
  - Do not report payroll data during the period a member is on an SRA Qualifying Approved Leave of Absence unless the member returned to work prior to the leave expiration date.
  - Do not report workmen's compensation benefits paid as payroll wages.
  - Report retroactive salary increases using the Prior Period Payroll Adjustment Form.
- **Furlough or Temporary Salary Reduction Plans**

SRA understands that many of our participating employers have instituted furlough or temporary salary reductions plans in an effort to deal with budget constraints for fiscal year 2010 and beyond. How you report your payroll data to the Retirement Agency is critical during the implementation of these plans based on the impact on pension benefits defined in your specific plan.

- **Member Home Address Reporting**  
As part of the payroll reporting process, employers are required to report the member's current home address with each submission of payroll data. While this is important throughout the year it is particularly important with the last payroll submission of the fiscal year since that is the address we use to distribute the Personal Statement of Benefits to all active members.
- **IRC 401(a)(17) Annual Compensation Limit**  
This limit is the maximum amount of annual compensation that can be taken into account for determining benefits or contributions under a qualified plan. The Internal Revenue Service has announced that effective January 1, 2010 the Annual Compensation Limit is \$245,000. Any employee enrolled after June 30, 1996 is subject to this limitation. Please do not report any salary amounts or take any contributions on salary amounts in excess of this limitation for any employee enrolled after this date.

**EMPLOYER RESPONSIBILITIES: FISCAL YEAR CLOSING / OPENING**

- ✓ Notify SRA if you have any employees whose normal work schedule for the fiscal year ends in May rather than June to ensure that all active members receive proper service credit and the annual Personal Statement of Benefits.
- ✓ Report all missing payroll data and payroll adjustments, and resolve all outstanding reconciling items before the end of the fiscal year.
- ✓ Submit the necessary enrollment documents (Application for Enrollment, Designation of Beneficiary form, and proof of birth date document) for all of the employees for whom you are reporting payroll data to SRA by the end of the fiscal year to avoid the \$100 per employee non-enrollment fee.
- ✓ Submit a completed Payroll Information Report (Form 468) for the new fiscal year.

**FREQUENTLY ASKED QUESTIONS**

**Question:** Why does SRA need to know if some employees do not have a payroll payment during the month of June?

**Answer:** Failure to notify SRA of employees whose normal work schedule for the fiscal year ends in May rather than June may impact your employee's eligibility for benefits, understate their earned service credit, and result in them not receiving a Personal Statement of Benefits.

**Question:** If different employee groups have different payroll schedules, how is the Payroll Information Report to be completed?

**Answer:** If your workforce has multiple pay schedules, a separate Payroll Information Report is required for each pay schedule. There must be at least one contributory pay period (pay period during which member contributions are withheld and remitted) for each month that your employees.

**Question:** What are some of the key functions that occur at the end of the fiscal year?




**Answer:** The fiscal year closing process involves the following key functions:

- Interest is awarded on the balance of each member's accumulated employee contributions.
- Creditable Service and Eligibility Service are awarded to all members.
- Information is communicated to members via the Personal Statement of Benefits.
- Data is reported to the System's actuary to perform the annual actuarial valuation.
- Data is used by Agency staff to calculate retirement benefit payment amounts for members seeking to retire during the next fiscal year.

# PERSONAL STATEMENT OF BENEFITS (PSB)

## GENERAL

### ICON KEY

	Application/Form
	Attachment
	See for More Info

The Personal Statement of Benefits (PSB) provides an annual summary to each active, properly enrolled member of the important information regarding their membership in the SRPS. PSBs will not be issued for individuals who have failed to submit enrollment forms. The PSB provides important information regarding the account history and projections of retirement benefits available when a member becomes eligible for a benefit as well as beneficiary information. Of course, the retirement benefit projections are estimates only and may differ from actual benefits at time of retirement.

## SRPS PERSONAL STATEMENT OF BENEFITS (PSB)

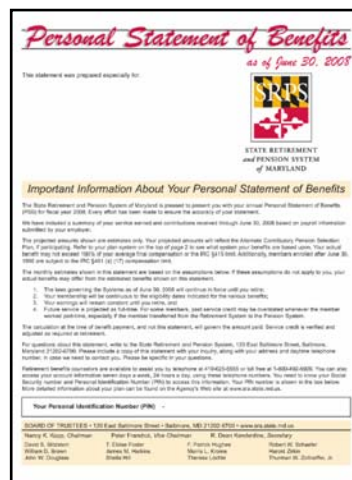


Figure 1

Page one of the PSB (Figure 1) provides important information about the assumptions used to prepare the benefit estimates. The key parameters used for the PSB include:

- The laws governing the Systems will continue in force until you retire;
- Membership will be continuous to the eligibility dates indicated for the various benefits;
- Earnings will remain constant until retirement; and
- Future service is projected as full-time. For some members, past service credit may be overstated whenever the member worked part-time, especially if the member transferred from the Retirement System to the Pension System.

Page one of the PSB also provides the member with their Personal Identification Number to access the SRA Interactive Voice Response system to obtain retirement account information seven days a week, 24 hours a day.

**Your Account History as of June 30, 2008**

**Enrollment Information**

System: \_\_\_\_\_ Enrollment Date: \_\_\_\_\_

**SERVICE CREDIT AS OF 6/30/08**

Total Eligibility Service: \_\_\_\_\_

Total Creditable Service: \_\_\_\_\_

Membership Credit: \_\_\_\_\_

Purchased Credit: \_\_\_\_\_

Military Credit: \_\_\_\_\_

Prior Credit: \_\_\_\_\_

**YOUR ACCOUNT HISTORY:** Eligibility Service determines when you qualify for a benefit. Creditable Service determines the amount of the benefit. For retirement System members, Creditable Service is also used to qualify for a benefit and to determine the amount of the benefit. Membership may be awarded for periods when a member worked part-time. Where indicated, the benefit amounts are also indicated.

**Have you changed your address?** To qualify for the transfer of service credit earned in another Maryland State or Maryland local retirement or pension system, your employment must be continuous and you must apply to transfer the service credit within one year of leaving a member of your new retirement/pension system (exceptions to a transfer outside of the one year window may be granted). To transfer all benefit amounts owed to your new retirement/pension system for your transferred service, you must apply within five years of your transfer.

**If you are a member of the House, Senate and have a previous pension account that required a different contribution rate, you may be able to continue those accounts. Contact a Retirement Benefits Coordinator for more information.**

**ACCOUNT BALANCE**

June 30, 2008 Balance	Current Year Contribution (House)	July 1, 2007 Balance	Your Contribution (Sen)
\$1,100.00	\$1,100.00	\$1,100.00	\$1,100.00

**ACCOUNT BALANCE:** If you have a deficiency on your account, it will appear in this section. Most deficiencies result when not enough contributions are deducted. At retirement, any unpaid deficiency reduces your retirement benefit. The projected benefit shown on this statement assumes you have paid any deficiency before you retire.

**BENEFICIARIES**

Type	Name	Address	Gender	Relationship

**DISCLAIMER:** This statement lists up to eight beneficiaries. Additional beneficiaries may be on record but not shown. If you need to update your beneficiaries, contact Payroll from your employer's personnel department or from our Web site at [www.ats.state.md.us](http://www.ats.state.md.us)

[www.ats.state.md.us](http://www.ats.state.md.us)

Figure 2

Page two of the PSB (Figure 2) provides important information about each member's account history as of June 30<sup>TH</sup>. The key parameters shown include:

- Enrollment Information
  - System – the retirement system that applies to the member
  - Birth Date of the member
  - Enrollment Date – the date the member was enrolled in the System
- Service Credit
  - Total Eligibility Service – the number of months that have been earned to date for determining eligibility for a retirement benefit.
  - Total Creditable Service – the number of months that have been earned to date for computing a retirement benefit.
  - Purchased Credit – the number of months that have been purchased from another source and added to the account.
  - Military Credit – the number of months that have been added to the account as a result of military duty.
  - Prior Credit – the number of months that have been added to the account as a result of membership in a plan that merged into the SRPS.
- Account Balance
  - The total amount of contributions and interest on the account.
  - Deficiency – if sufficient retirement contributions were not received, the amount of the missing contribution is listed. At retirement, an unpaid contribution deficiency will reduce the amount of the retirement benefit.
- Beneficiaries
  - The list of beneficiaries on the account is displayed.
  - To change beneficiaries, a member needs to submit a new Designation of Beneficiary form.

**Disability and Death Benefits**

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**DISABILITY BENEFITS**

Monthly estimated allowance for Ordinary Disability if you are permanently incapacitated for duty after accumulating five years of service (single years of service for a Legislator) and having your claim approved.

☐ **OR**

Monthly estimated allowance for Accidental/Special Disability if your permanent disability condition is due to injuries sustained from an accident on the job and you claim is approved.

**ELIGIBILITY BENEFITS:** Disability benefits are available if you have a medical condition which permanently incapacitates you from performing your job duties. You must submit a claim to the Retirement Agency and be approved to receive a monthly benefit. You must meet certain conditions to submit a claim. If you terminate your employment and withdraw your employee contributions or if beneficiary, you are not eligible to submit a claim.

Claim for ordinary or accidental/special disability must be filed while on payroll or within four years of leaving paid employment. Members of the Teachers Pension System must file within five years of leaving paid employment. A vested benefit extension may be granted if you were physically or mentally incapacitated from meeting the aforementioned filing deadlines.

To be for an ordinary disability benefit, you must have at least five years of eligible service. If eligible, you must have at least eight years of service. If there is no eligible service requirement to file for accidental/special disability, you must file within five years from the date of the accident. The State Police, Correctional Officers, and Law Enforcement Officers must have no less than accident requirements.

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**DEATH BENEFITS FOR YOUR BENEFICIARY(ES)**

as a Single One-Time Payment consisting of:

- Death Benefit (Annual Salary)
- and
- Contributions and Interest

☐ **OR** an estimated Monthly Allowance of \_\_\_\_\_

for your surviving spouse, if your spouse is named as the only primary beneficiary.

NOTE: BENEFITS: Death benefits are paid in the event of your death while employed or as an SRA qualified member. Once you are retired, the death benefits are governed by the option you selected at retirement.

If you are eligible and have filed your spouse as your sole primary beneficiary, a monthly benefit is shown as an optional benefit to that spouse. If you are not eligible, the rate when you are the eligible is shown. If you are currently eligible and a spouse is not the sole primary beneficiary, no monthly benefit is shown since, for most plans, only a spouse is entitled to a monthly benefit.

In case of the benefits shown above, members of the Employees and Teachers Pension and Retirement Systems whose death occurred due to the nature of the active performance of the job are entitled to dependent or their paid and eligible for a regular death benefit. This benefit, consisting of a monthly allowance of the benefit of the member's average full compensation plus the member's accumulated contributions, will be paid to the surviving spouse, children under age 18 or dependent parent.

[www.srs.state.md.us](http://www.srs.state.md.us)

Figure 3

**Your Estimated Monthly Retirement Benefits**

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**RETIREMENT BENEFITS**

Early Service	Normal Retirement
Retirement Date	Retirement Age
Lifetime Monthly Estimated Allowance	

**RETIREMENT BENEFITS:** The estimated monthly projected benefit is based on the assumption that (1) your wage rate and service credit and you were (2) the proceeds of your plan member's account (3) you have made all required contributions prior to retirement (4) no deductions and (5) all unpaid future credits is assumed to be full time. Any past time employment may result in service credit adjustments and a reduction in your monthly retirement benefit.

Calculations for normal service assume a minimum of five years in an eligible occupational classification immediately preceding retirement. Calculations for normal service assume the full rate and member service in an eligible maximum security plan's classification. Certain vested and appointed officers may be eligible for full benefits after 10 years of service.

The estimated monthly amounts shown are the basic allowances which are the largest benefit amounts that would be paid at retirement, most members may choose another benefit option which will provide a lower monthly benefit than shown here while providing some form of protection for beneficiaries. The estimate does not reflect payment to an alternate spouse after an eligible domestic partner's death.

At retirement, you will receive credit for any of your unpaid sick leave, but only if you retire within 30 days of your separation from employment.

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**VESTED RETIREMENT BENEFITS**

is your estimated monthly vested benefit earned as of June 30, 2008 and payable at your plan's normal retirement age.

**VESTED BENEFITS:** If you have at least five years of eligible service, you are vested eight years of service for a legislator and have earned the right to receive a monthly benefit when you reach your plan's normal retirement age, even if you are not working at that time. The vested benefit option is selected if you have not elected early as of June 30, 2008. To determine the normal retirement age for your plan, please refer to your plan's handbook or our Web site at [www.srs.state.md.us](http://www.srs.state.md.us) for this information. In some plans, you may be eligible to collect a reduced early benefit prior to your normal retirement age. Withdrawal of your contributions will allow you to forfeit your vested benefit.

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**COST OF LIVING ADJUSTMENT (COLA)**

COST OF LIVING ADJUSTMENT (COLA): Automatic cost retirement adjustments are part of the benefit structure of the State Retirement and Pension System. This annual adjustment has been designed to help your retirement benefit keep pace with inflation. A member must be retired at least one year as of June 1st to be eligible to receive that year's increase in the July check.

[www.srs.state.md.us](http://www.srs.state.md.us)

Figure 4

Page three of the PSB (**Figure 3**) provides important information about applicable disability and death benefits. The PSB outlines a monthly estimated allowance for both an ordinary and accidental (special) disability if eligibility requirements have been met. This page also displays any applicable death benefits should the death occur while the member is on active payroll or an SRA Approved Leave of Absence.

Page four of the PSB (**Figure 4**) provides important information about retirement benefits. The PSB outlines the estimated monthly retirement benefits under an early service or normal service retirement. This page also displays an estimate of the monthly vested benefit that has been earned (if applicable). Additionally, this page displays the Cost of Living Adjustment rules applicable to the members' plan of participation.

### EMPLOYER RESPONSIBILITIES: PERSONAL STATEMENT OF BENEFITS (PSB)

- ✓ Submit the necessary enrollment documents (Application for Enrollment, Designation of Beneficiary form, and proof of birth date document) for all employees so that each employee will receive a PSB.
- ✓ Update employee home address information as part of the regular payroll reporting process so that each employee will receive the PSB at their current address.




### FREQUENTLY ASKED QUESTIONS

**Question:** Who receives the annual Personal Statement of Benefits?

**Answer:** A PSB is sent to all properly enrolled members in an active status as of June 30<sup>th</sup> and provides information about the SRPS plan associated with their current membership.

# MARYLAND PENSION ADMINISTRATION SYSTEM (MPAS)

## GENERAL

I C O N   K E Y	
	Application/Form
	Attachment
	See for More Info

The Maryland Pension Administration System (MPAS) is a multi-step program to modernize the technologies that support the Agency pension administration business processes. MPAS Step One: Modernizing Legacy Technology (MPAS-1) will address the current limitations present in the Legacy Pension System (LPS) that make it difficult, risky, and time-consuming to implement major changes required by pension law changes.

This project has two primary goals:

1. Implement a new agile technology to enable:
  - a. Easier software maintenance
  - b. Greater flexibility for future enhancements
2. Reverse-engineer to re-create existing legacy system functionality and:
  - a. Use the same inputs [no changes for PGUs]
  - b. Generate the same outputs [no changes for PGUs]

The expected outcome is a new pension administration system that can do what our LPS does now in an architecture that can be easily adapted and expanded based on future needs. Completion of MPAS-1 will create a solid foundation for future projects in the modernization program that will address other identified business needs, including data quality, business process improvement, and online services for customers.

The MPAS-1 Project was initiated in July of 2006 and is on schedule to complete in July of 2010.

### EMPLOYER RESPONSIBILITIES: MARYLAND PENSION ADMINISTRATION SYSTEM

- ✓ Continue to provide information to SRPS related to the administration of members enrolled in the SRPS.

## FREQUENTLY ASKED QUESTIONS




**Question:** Will MPAS affect the way information flows to and from my agency to SRA?

**Answer:** Initially, because MPAS is being developed to replicate the existing LPS, the inputs and output requirements for the new system remain the same and there will be no changes to the way information flows. Changes are expected in the future as MPAS is enhanced to improve existing business processes.



# SRA RESOURCES

## GENERAL

ICON KEY	
	Application/Form
	Attachment
	See for More Info

As part of its dedication to providing comprehensive support, the SRA has attempted to provide complete and comprehensive retirement payroll information within this manual. However, questions not answered in this manual may be directed to the appropriate SRA contacts below.

## SRA COMMUNICATIONS

The SRA has several established lines of communication to keep employers and members up to date with retirement news and information. In addition to this employer education manual, the SRA website has valuable information, as well as, printable membership and retirement forms for your use. In addition, you may also order paper forms by mail via the website.<sup>47</sup>

## SRA MEMBER SERVICES UNIT

The SRA Member Services Unit provides benefit counseling and account information for active members and retirees. This division provides invaluable service in three primary ways: retirement counseling, telephone response, and correspondence. The Retirement Counseling Unit meets one-on-one with members and retirees conducting sessions at the Agency and various other on-site locations throughout the state of Maryland. The Telephone Response Unit provides telephone counseling and account resolution services to participants and pension annuitants through daily telephone calls. Lastly, the Correspondence Section responds to written inquiries from members, former members, beneficiaries, retirees, employers, and other related parties. As a whole, the Member Services Unit serves thousands of members, retirees, and other related parties annually by working to provide exceptional service.<sup>48</sup>

## SRA RETIREMENT COORDINATORS

In addition to our in-house Retirement Benefit Specialists, the SRA works in conjunction with Retirement Coordinators to provide basic services to members and retirees. With approximately 600 Retirement Coordinators located around the state of Maryland, coordinators provide convenient access to basic retirement information and filing assistance. Additionally, coordinators play an important role in disseminating retirement information, such as quarterly newsletters, to employees and help to facilitate benefits processing by assisting members in filing the necessary forms. However, Retirement Coordinators are not SRA agents and are not authorized to provide specific account information. Furthermore, since a member or retiree's retirement account information is confidential, no account information, except in certain instances, should be disseminated without the express written authorization of the member or the retiree.

<sup>47</sup> [www.sra.state.md.us](http://www.sra.state.md.us)

<sup>48</sup> The Member Services Division is also responsible for processing all applications for disability.

## SRA MEMBER HANDBOOKS

The SRA also publishes member handbooks to provide information on the specific provisions of each individual plan. Each plan handbook provides a wealth of valuable information from accruing service to applying for retirement. Plan handbooks are available in electronic format on our website at:

<http://www.sra.state.md.us/Participants/Members/Downloads/BenefitHandbooks.aspx>.

## SRA NEWSLETTERS

In addition to the plan handbooks, the SRA also publishes The Mentor and the Retiree News & Notes newsletters.

The Mentor is published at least quarterly and provides valuable membership information for

active members of the System. The Mentor focuses on membership issues and news. The Retiree News & Notes newsletter is specifically published for retirees of the System. It's specifically designed to keep retirees updated with pertinent retirement news. The Mentor is distributed electronically to each employer for distribution.



Figure 1

The Retiree News & Notes is distributed semi-annually each January and July with printed retirement checks and advice slip notices. The retiree newsletter provides important information for retirees of the system such as cost of living increases, re-employment, Federal and Maryland State withholding, and 1099-R tax information.



Figure 2

## SRPS PERSONAL STATEMENT OF BENEFITS (PSB)

The SRA sends each active member an annual Personal Statement of Benefits (PSB) (Figure 3).

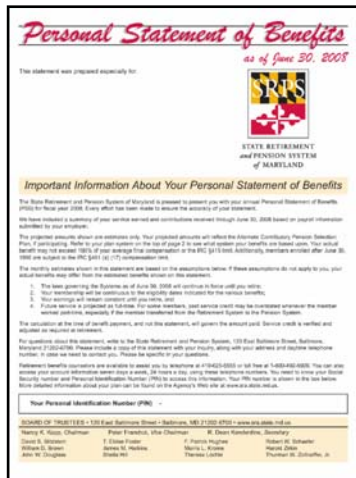


Figure 3

The PSB, which was recently redesigned, provides each active member with important information regarding their account history and projections of their retirement benefit available when they become eligible for a retirement benefit. Of course, the retirement benefit projections are estimates only and may differ from actual benefits at time of retirement.

## SRA WEBSITE

To ensure all employers have access to the most current plan information, the SRA website has a section dedicated specifically for employers



Figure 4

(<http://www.sra.state.md.us/Employers/Default.aspx>). It provides information on employer contribution rates, forms, and frequently asked questions. In addition, employers may also view and print copies of our Comprehensive Annual Financial Reports (CAFR) and individual system benefit handbooks.

It also provides a copy of the SRA Employer Payroll Reporting Manual and Multimedia Training.

## SRA CEB EDUCATION & TRAINING OFFICE

The SRA has a section dedicated to providing support to employers and coordinators. The CEB Education and Training Office work to ensure that all coordinators and employers are provided with up to date retirement information. The office coordinates and administers annual training and informational meetings in the spring and fall. These meetings take place over a two (2) week span with centralized meeting locations across Maryland. Additionally, an annual meeting takes place each June to discuss retirement issues, new forms and procedures, and to provide reminders on important issues. To keep employers updated between these annual meetings, the CEB Education and Training Office also publishes the RC Bulletin newsletter. This quarterly newsletter provides important detailed answers to many important retirement related issues.

The SRA strives to continue our dedication to our members, retirees, and employer-partners by working to ensure that all are provided with comprehensive and accurate retirement information.

**MAILING ADDRESS**

Maryland State Retirement Agency  
120 E. Baltimore Street  
Baltimore, Maryland 21202-6700

Visit us on the web at [www.sra.state.md.us/](http://www.sra.state.md.us/)

**CONTACT INFORMATION****Member Services Unit**

General membership and retirement questions.

Local: (410) 625-5555

Fax: (410) 468-1707

Toll Free: 1-800-492-5908

Email: [sra@sra.state.md.us](mailto:sra@sra.state.md.us)

# SAMPLE ATTACHMENTS

<b>MARYLAND STATE RETIREMENT AGENCY</b> 120 EAST BALTIMORE STREET BALTIMORE, MARYLAND 21202 <b>APPLICATION FOR MEMBERSHIP</b>		<b>FOR RETIREMENT USE ONLY</b> FORM 001 (REV. 3/10)
<b>IMPORTANT: PLEASE PRINT CLEARLY AND READ THE INSTRUCTIONS FIRST.</b>		
APPLICANT'S SOCIAL SECURITY NUMBER <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	GENDER (M or F) <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	DATE OF BIRTH <div style="display: flex; justify-content: space-between;"> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>Month</span> <span>Day</span> <span>Year</span> </div>
APPLICANT'S NAME <div style="display: flex; justify-content: space-between;"> <div style="border-bottom: 1px solid black; width: 40%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 10%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 45%; height: 1.2em;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <span>First</span> <span>Initial</span> <span>Last</span> </div>		
HOME ADDRESS <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
Number and Street <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
City <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
State <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
Zip Code <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
Home Phone Number <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>		
1. Have you ever been a member of the Maryland State Retirement and Pension System? ..... Yes <input type="checkbox"/> No <input type="checkbox"/> 2. Are you presently receiving a retirement allowance from the Maryland State Retirement and Pension System? ..... Yes <input type="checkbox"/> No <input type="checkbox"/> 3. Are you presently a member of another State or local retirement or pension system operated under the laws of Maryland or any political subdivision of Maryland? ..... Yes <input type="checkbox"/> No <input type="checkbox"/> <b>IMPORTANT:</b> If yes, read carefully the transfer provisions on the back of this form and then initial here: _____ 4. Have you attached acceptable proof of birth date as described on the back of this form? ..... Yes <input type="checkbox"/> No <input type="checkbox"/>		
I certify that all statements made on this application are correct. I authorize any required deductions from my salary at the prescribed rate. And if I am presently a member of another State or local retirement or pension system, I have read and understand the transfer provisions.		
Complete Signature _____		Date Signed _____
<b>RETIREMENT COORDINATOR COMPLETES THIS SECTION</b>		
A. IS THE APPLICANT A PERMANENT EMPLOYEE? ..... Yes <input type="checkbox"/> No <input type="checkbox"/> if part-time, what percentage of time is the applicant employed? ..... percent		
B. When did applicant begin present continuous service? ..... Month _____ Day _____ Year _____		
C. What is the applicant's complete job classification or title? _____		
D. What is the applicant's annual salary? \$ _____ What is the applicant's annual standard hours? _____		
E. If applying for membership in the Law Enforcement Officers' Pension System, does the applicant meet the eligibility requirements? ..... Yes <input type="checkbox"/> No <input type="checkbox"/>		
F. Number of pay periods reported per year .....		
<b>INDICATE SYSTEM:</b> <input type="checkbox"/> Teachers' Pension <input type="checkbox"/> Employees' Pension <input type="checkbox"/> Correctional Officers' Retirement <input type="checkbox"/> State Police Retirement <input type="checkbox"/> Law Enforcement Officers' Pension		
EMPLOYING AGENCY CODE <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	# OF RETIREMENT CONTRIBUTIONS DEDUCTED PER YEAR <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>	SYSTEM <div style="border-bottom: 1px solid black; width: 100%; height: 1.2em;"></div>
<div style="border: 1px solid black; padding: 5px; text-align: center;"> <b>FOR RETIREMENT USE ONLY</b>  <div style="display: flex; justify-content: space-around; margin: 5px 0;"> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 1.2em;"></div> </div> <div style="display: flex; justify-content: space-around; font-size: 0.8em; margin: 5px 0;"> <span>MO</span> <span>DAY</span> <span>YEAR</span> </div> <b>ENTRANCE DATE</b> </div>		
RETIREMENT COORDINATOR SIGNATURE _____ DATE _____ TELEPHONE # _____		

### Form 001 – Application for Membership

**PLEASE READ CAREFULLY BEFORE FILLING OUT FORM**

*Designation of Beneficiary (Form 4) should be completed and submitted with this Application for Membership (Form 1).*

**Purpose of this form:**

This form is your application for membership in the Maryland State Retirement and Pension System. When complete, keep a copy for your records. Send the original to your Retirement Coordinator with proof of your birth date. Submission of this form and supporting documents is not a prerequisite for membership but is required for proper enrollment and reporting.

**Acceptable Proof of Birth Date**

Attach a visible and readable photocopy of one of the following as proof of your birth date:

- Birth Certificate
- United States passport
- Maryland identification card
- Valid Driver's License
- Naturalization records



Are you presently a member of another State or local retirement or pension system operated under the laws of Maryland or any political subdivision of Maryland? If so, the following information may affect your future benefit:

**Transfer Provisions for Service Credit Earned in Another Maryland State or Maryland Local Retirement or Pension System**

This provision addresses the situation involving a change in employment, which necessitates a membership change in a retirement or pension system. Previous membership may be in a retirement or pension system administered by the State Retirement Agency or by a political subdivision within Maryland.

To qualify for the transfer of service credit, your employment must be continuous and you must apply to transfer the qualified credit within one year of becoming a member of your new retirement or pension system. Continuous employment as a requirement for transfer means that you changed jobs **without** having a break in employment.

**It is important to remember that any transfer of service credit must be done within one year after becoming a member of your new system.** The employee contribution requirements of your new retirement or pension system determine the amount of employee contributions with interest needed to accompany the transfer of service. Inadequate employee contributions will result in a contribution deficiency on your account.

To transfer credit in another Maryland State Retirement and Pension System (SRPS) system complete a *Request to Transfer* (Form 37). To transfer credit earned outside of SRPS, you must complete a *Request to Purchase Previous Service* (Form 26). All forms can be obtained from your Retirement Coordinator or from the SRPS Web site at [www.sra.state.md.us](http://www.sra.state.md.us).

**Need Help?**

If you need help to complete this form or clarification, please call a Retirement Benefits Specialist at 410-625-5555 (local) or 1-800-492-5909.

Form 001 – Application for Membership

**MARYLAND STATE RETIREMENT AGENCY**  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202-6700

**DESIGNATION OF BENEFICIARY**

**IMPORTANT:** PLEASE RETURN COMPLETED FORM TO THE ADDRESS LISTED ABOVE.  
PRINT CLEARLY AND READ THE INSTRUCTIONS FIRST. FILL IN ALL  
SECTIONS. RETAIN A COPY FOR YOUR RECORDS.

FOR RETIREMENT USE ONLY FORM 4 (REV. 3/10)

APPLICANT'S SOCIAL SECURITY NUMBER

\_\_\_\_ - \_\_\_\_ - \_\_\_\_

CHECK ONE: ☐ Working ☐ Vested ☐ Retired (If retiring, retirement date \_\_\_\_\_)

**IMPORTANT:** If you are retired under Option 2, 3, 5 or 6, **STOP**. You cannot use this form. You must complete a Form 66 to initiate any beneficiary changes.

APPLICANT'S NAME

\_\_\_\_ First \_\_\_\_ Initial \_\_\_\_ Last \_\_\_\_

HOME ADDRESS

\_\_\_\_ Number and Street \_\_\_\_

\_\_\_\_ City \_\_\_\_ State \_\_\_\_ Zip Code \_\_\_\_

**PRIMARY BENEFICIARY(IES)** All money shall be paid in equal shares to the primary beneficiary(ies) who are living at the time of my death.

☐ Check if you used an additional Form 4 to name additional primary beneficiaries.

BENEFICIARY'S NAME RELATIONSHIP

\_\_\_\_ First \_\_\_\_ Initial \_\_\_\_ Last \_\_\_\_

Gender: \_\_\_\_ Birthdate: \_\_\_\_  
(M or F) Month Day Year

BENEFICIARY'S ADDRESS

BENEFICIARY'S NAME RELATIONSHIP

\_\_\_\_ First \_\_\_\_ Initial \_\_\_\_ Last \_\_\_\_

Gender: \_\_\_\_ Birthdate: \_\_\_\_  
(M or F) Month Day Year

BENEFICIARY'S ADDRESS

**CONTINGENT BENEFICIARY(IES)** If all primary beneficiaries die before me all money shall be paid in equal shares to the following person(s) who are living at the time of my death.

☐ Check if you used an additional Form 4 to name additional contingent beneficiaries.

BENEFICIARY'S NAME RELATIONSHIP

\_\_\_\_ First \_\_\_\_ Initial \_\_\_\_ Last \_\_\_\_

Gender: \_\_\_\_ Birthdate: \_\_\_\_  
(M or F) Month Day Year

BENEFICIARY'S ADDRESS

BENEFICIARY'S NAME RELATIONSHIP

\_\_\_\_ First \_\_\_\_ Initial \_\_\_\_ Last \_\_\_\_

Gender: \_\_\_\_ Birthdate: \_\_\_\_  
(M or F) Month Day Year

BENEFICIARY'S ADDRESS

**TO THE MARYLAND STATE RETIREMENT AGENCY**

I authorize the Maryland State Retirement Agency to pay the death benefit to my designated beneficiary or beneficiaries. I agree on behalf of my estate, heirs and assigns that the payment made by the agency will release the agency from any further obligation regarding this benefit. I direct the agency to pay the death benefit to my estate if I have not designated any beneficiary or if all of the primary and contingent beneficiaries I have named die before me. I understand that I may change beneficiaries at any time by filing a new Designation of Beneficiary form with the Maryland State Retirement Agency. Any new Designation of Beneficiary form I file will replace this form. I understand certain payment due to a minor shall be made only to the legal guardian of that minor. SIGN IN THE PRESENCE OF A NOTARY PUBLIC. (Form not valid unless notarized.)

Signature \_\_\_\_\_ Date Signed \_\_\_\_\_

State of \_\_\_\_\_ County of \_\_\_\_\_ (or City of Baltimore) On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer, personally appeared \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that (he/she) executed the same for the purposes therein contained. In witness whereof I hereunto set my hand and official seal.

{ Official  
Seal must  
be affixed }

Signature of Notary Public \_\_\_\_\_

Printed Name of Notary Public \_\_\_\_\_

My Commission Expires \_\_\_\_\_

### **Form 004 – Designation of Beneficiary**



## PLEASE READ CAREFULLY BEFORE FILLING OUT FORM

### 1. Purpose of this form:

**Active Members:** Use this form to name the person or persons (beneficiaries) you want to receive any accumulated retirement contributions and death benefits if you die while you are employed.

**Vested Members:** The person or persons you designate on this form receive your accumulated retirement contributions, if any. No death benefits are payable upon the death of a vested member.

**Retirees:** Use this form only if you chose Basic Allowance, Option #1 or #4. The person or persons named receive one payment if your death occurs on the 16<sup>th</sup> of the month or later (Basic Allowance), any remaining portion of the present value of your benefit (Option #1) or the remaining portion of your accumulated contributions (Option #4).

If you are retired under Option 2, 3, 5 or 6, **STOP**. You cannot use this form. You must complete a *Request for Calculation of Joint Survivorship by a Retiree Considering Changing a Beneficiary* (Form 66.) Please see the Maryland State Retirement Agency (MSRA) Web site at [www.sra.state.md.us](http://www.sra.state.md.us) or call a Retirement Benefits Specialist.

### 2. Changing beneficiaries:

You may change your beneficiaries at any time by completing a new form and filing it with the Maryland State Retirement Agency located at 120 East Baltimore Street, Baltimore, Maryland 21202. You must fill out a new form and file it with the MSRA each time you add, subtract or change beneficiaries.

The most recent form on file at the Maryland State Retirement Agency replaces any form(s) previously filed with the MSRA.

### 3. Number of beneficiaries

Fill out only the spaces needed. If you need space for more beneficiaries, complete another form and check the box or boxes to show that you have used a second form.

### 4. Full names of beneficiaries:

Give the full names of your beneficiaries. For example, "Mary Jones", not "Mrs. John Jones."

### 5. Who can be a beneficiary:

Beneficiaries do not need to be related to you.

#### Minor children:

You may name minor children as beneficiaries, but in some cases payments can only be made to the legal guardian of a minor. You cannot use this form to name a legal guardian for minor children.

#### Your estate:

You may name "my estate". Do not name a personal representative of your estate as your beneficiary. Instead, use the space for the beneficiary's address to show the address of the person or business that will administer your estate.

#### Trustee:

If you have established an Agreement of Trust or Testamentary Trust, you may name "Trustee as appointed by Agreement of Trust or Will" in the space provided for the beneficiary's address. Give the address of the Trustee or of the person or business that will administer the trust.

#### Church or charitable organization:

List the complete corporate or legal name.

#### Monthly allowance for husband or wife:

If you die before retirement and your age and/or years of service at death meet certain requirements, your husband or wife is eligible to elect to receive either a one-time payment or a monthly allowance. If you want your husband or wife to be eligible to make this election, you must name him or her as your only primary beneficiary. You may still name contingent beneficiaries, but they are not eligible for a monthly allowance.

6. The total benefits due at your death are paid in equal shares to the living beneficiaries named on your Designation of Beneficiary form. If you name multiple primary beneficiaries, and one of the primary beneficiaries dies before you, the total benefits due at your death are divided in equal shares among the remaining primary beneficiaries. If all primary beneficiaries die before you, and one of multiple contingent beneficiaries also dies before you, then the total benefits payable at your death are divided equally among the remaining contingent beneficiaries.

A deceased beneficiary's share of your total benefits cannot be paid to that deceased beneficiary's heirs. Payment is made only to the living beneficiaries listed on your Designation of Beneficiary form.

### 7. Notarization

Sign in the presence of a Notary Public. This form is not valid unless notarized.

Properly completed forms should be mailed to:

**Maryland State Retirement Agency  
120 E. Baltimore St.  
Baltimore, MD 21202-6700**

### NEED HELP?

IF YOU NEED HELP TO COMPLETE THIS FORM, CALL A RETIREMENT BENEFITS SPECIALIST  
AT 410-625-5555 (LOCAL) or 1-800-492-5909 (TOLL FREE)  
[www.sra.state.md.us](http://www.sra.state.md.us)

STATE RETIREMENT AGENCY  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202  
410-625-5555 OR 1-800-492-5909

### ELECTION TO TRANSFER SERVICE

Social Security No.

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Name: \_\_\_\_\_

Home Address: \_\_\_\_\_  
 Number & Street City State Zip Code

To the Board of Trustees: I do hereby elect to transfer my creditable service, and/or accumulated contributions, if required, from the \_\_\_\_\_ Retirement/Pension System to the \_\_\_\_\_ (former) Retirement/Pension System within the State (new) Retirement and Pension System.

Date

Day-time Telephone Number

Signature

### UPON COMPLETION, FORWARD TO YOUR RETIREMENT COORDINATOR

#### RETIREMENT COORDINATOR COMPLETES THIS SECTION:

Former Employer: \_\_\_\_\_ Former Job Title: \_\_\_\_\_  
 New Employer: \_\_\_\_\_ New Job Title: \_\_\_\_\_

- A. When did this person begin employment with your agency? \_\_\_\_\_
- B. Is this person a PERMANENT full-time employee? { } If part-time what are scheduled hours per pay periods? \_\_\_\_\_  
 part-time employee? { }
- C. If a permanent part-time employee, does this person:  
 1) Receive an annualized salary? { } Yes { } No  
 2) Receive pro-rata fringe benefits? { } Yes { } No  
 3) Maintain a fixed work schedule? { } Yes { } No
- D. What are this person's annual standard hours? \_\_\_\_\_
- E. What is this person's annual salary? \_\_\_\_\_
- F. How many pay periods will be reported per year? \_\_\_\_\_
- G. Please provide a brief job description for this position. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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Sys

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Agency Code

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# Pay Periods  
Reported Per Year

Signature/Retirement Coordinator

Date

FORM #037 (Rev. 6/00)

Agency Telephone Number

## Form 037 – Election to Transfer Service

STATE RETIREMENT AGENCY 120 EAST BALTIMORE STREET BALTIMORE, MARYLAND 21202															REQUEST TO PURCHASE PREVIOUS SERVICE																													
IMPORTANT: TURN THIS FORM OVER AND READ THE INSTRUCTIONS FIRST. MEMBER SHOULD COMPLETE FORM DOWN TO DOTTED LINE.															FOR RETIREMENT USE ONLY										FORM 26 (REV. 11/07)																			
APPLICANT'S SOCIAL SECURITY NUMBER															FORMER NAME(S)															DATE OF BIRTH														
NAME																														Month Day Year														
First															Initial															Last														
HOME ADDRESS																																												
Number and Street																																												
City															State										Zip Code																			
<b>CHECK TYPE OF SERVICE REQUESTED</b> (see back of form) <input type="checkbox"/> In State Service <input type="checkbox"/> Leave of Absence <input type="checkbox"/> State Redeposit <input type="checkbox"/> Non-State Service <input type="checkbox"/> Municipal Redeposit <input type="checkbox"/> Other _____															<b>FORWARD THIS FORM TO THE AGENCY INDICATED BELOW FOR VERIFICATION</b> Provide Name and Address of Place of Employment or Retirement System during the period to be purchased															<b>DATES OF SERVICE TO BE PURCHASED</b>														
																														FROM					TO									
																														MO. DAY YR.					MO. DAY YR.									
<b>Note:</b> Enter proposed retirement date if applicable: _____ and amount of service to be purchased: _____ years, _____ months. Also submit Form -9 (Application for an Estimate of Service Retirement Allowance) if applicable.																																												
Member's Signature _____ Date _____ Day-time phone# _____																																												
<b>MEMBER CANNOT VERIFY HIS/HER OWN EMPLOYMENT</b> -----																																												
<b>VERIFICATION OF EMPLOYMENT: MUST BE COMPLETED BY EMPLOYER</b>																																												
AGENCY		DATES OF SERVICE						ANNUAL SALARY	IF THIS PERIOD WAS A LEAVE OF ABSENCE, WHAT WAS THE REASON?	TYPE OF EMPLOYMENT				CLASSIFICATION OR POSITION																														
		FROM			TO					CHECK: <input type="checkbox"/> FULL-TIME <input type="checkbox"/> PART-TIME																																		
		MO	DAY	YR	MO	DAY	YR			PERM.	TEMP.	OTHER	% OF TIME WORKED																															
<input type="checkbox"/> I Cannot Verify The Requested Employment																																												
Signature of Verifier _____															Title _____										Telephone No. _____										Date _____									
<b>CERTIFICATION OF WITHDRAWN MEMBERSHIP: MUST BE COMPLETED BY PREVIOUS RETIREMENT SYSTEM</b>																																												
RETIREMENT SYSTEM		DATES OF MEMBERSHIP						TOTAL SERVICE		TOTAL AMOUNT			DATE WITHDRAWN (IF APPLICABLE)																															
		FROM			TO			YEARS	MONTHS	CONTRIBUTIONS	INTEREST	TOTAL																																
<input type="checkbox"/> I Cannot Provide Requested Information																																												
IS APPLICANT RECEIVING A BENEFIT FROM YOUR SYSTEM FOR THIS PERIOD OF SERVICE? <input type="checkbox"/> YES <input type="checkbox"/> NO																																												
Signature of Certifier _____															Title _____										Telephone No. _____										Date _____									

**Form 026 – Request to Purchase Previous Service**

## INSTRUCTIONS FOR COMPLETING FORM-26

### TO THE MEMBER:

Complete all sections of the form down to the dotted line. Use a separate form for each employer or retirement system. To purchase retirement credit for EMPLOYMENT, indicate the agency name and address where you were employed and the period of service worked.

To redeposit or transfer credit from a RETIREMENT SYSTEM, indicate the name and address of the retirement system and dates of your former membership. Sign and date the form; upon completion, submit it to the agency verifying employment.

### TO THE AGENCY VERIFYING EMPLOYMENT:

Verify employment and yearly salaries, including employment dates (month/day/year), resignation dates, periods of leave of absence (indicate reason) and dates of salary changes.

Indicate the percentage of part-time employment for each year or partial year of employment.

Indicate position, title and type of employment (for example: permanent, temporary, contractual, etc.)

Verification must be signed and dated.

Upon completion, return to the State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202-1600.

### TO THE RETIREMENT SYSTEM CERTIFYING MEMBERSHIP:

Certify amount of service credited and refund given to former member of your system.

Withdrawal date and total amount withdrawn must be completed. If retirement plan is non-contributory, indicate under Total Amount Withdrawn.

**Important:** Indicate if member is currently receiving a benefit from your system for this period of service.

Certification must be signed and dated.

Upon completion, return to the State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202-1600.

**NOTE:** If the previous Retirement System is the State Retirement and Pension System of Maryland, this section is to be left blank.

## TYPE OF SERVICE REQUESTED

**In State Service**--Employment with an agency which participates in the State Retirement and Pension System. This includes: State Employment, Permanent Teaching Service, and employment with a participating municipality.

**Leave of Absence**--Credit for a qualifying approved leave of absence up to a maximum of 2 years.

**State Redeposit**--Funds previously withdrawn from the State Retirement System of Maryland.

**Non-State Service**--Credit for out of state and/or private school teaching, federal government, out of state municipal and non-participating municipal service, (may only be claimed in the twelve month period immediately preceding retirement).

**Municipal Redeposit**--Redeposit of funds withdrawn or credit transferred from a municipal retirement system.

**Other**--If none of the above apply, describe the type of service to be purchased.

**Note:** If service may be claimed only in the year of retirement, enter proposed retirement date and amount of service to be purchased. Also, submit Form -9 (Application For an Estimate of Service Retirement Allowance). The proposed effective date of retirement must be within one year of application.

When complete, send this form to the agency or retirement system you have indicated.

### NEED HELP?

IF YOU NEED HELP TO COMPLETE THIS FORM, CALL A RETIREMENT COUNSELOR AT  
410-625-5555 (LOCAL) OR TOLL FREE 1-800-492-5909.

Form 026 – Request to Purchase Previous Service

<b>MARYLAND STATE RETIREMENT AGENCY</b> 120 EAST BALTIMORE STREET BALTIMORE, MARYLAND 21202-6700 www.sra.state.md.us						FOR RETIREMENT USE ONLY    FORM-046 (REV. 3/10)	
<b>QUALIFIED LEAVE OF ABSENCE REQUEST OR NOTIFICATION OF MILITARY SERVICE ENTRY</b>							
<b>IMPORTANT: YOU MUST FILE THIS FORM <u>BEFORE</u> GOING ON A QUALIFYING LEAVE OF ABSENCE OR ON ACTIVE DUTY IN ORDER TO PRESERVE ANY RIGHT YOU MAY HAVE TO OBTAIN CREDIT FOR THE PERIOD OF YOUR LEAVE. RETAIN A COPY FOR YOUR RECORDS AND RETURN THE ORIGINAL TO YOUR RETIREMENT COORDINATOR.</b>							
<b>NEED HELP TO COMPLETE THIS FORM? CALL A RETIREMENT BENEFITS SPECIALIST AT 410-625-5555 OR 1-800-492-5909.</b>							
<b>MEMBER'S SOCIAL SECURITY NUMBER</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>				<b>HOME TELEPHONE NUMBER</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>			
<b>MEMBER'S NAME</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>First</span> <span>Initial</span> <span>Last</span> </div>							
<b>HOME ADDRESS</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>							
<b>Number and Street</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>						<div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>	
<b>City</b> <div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>						<div style="display: flex; justify-content: space-between;"> <div style="border-bottom: 1px solid black; width: 40%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 40%; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>State</span> <span>Zip Code</span> </div>	
<b>TYPE OF QUALIFYING LEAVE: (Check One)</b>							
<input type="checkbox"/> <b>Personal Illness</b>				<b>FROM</b> <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Month</span> <span>Day</span> <span>Year</span> </div>			
<input type="checkbox"/> <b>Maternity (including Adoption)</b>				<b>TO</b> <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Month</span> <span>Day</span> <span>Year</span> </div>			
<input type="checkbox"/> <b>Service that is Government sponsored and/or subsidized (Attach explanation of leave)</b>							
<input type="checkbox"/> <b>Service in a professional or employee organization (Attach explanation of leave)</b>							
<input type="checkbox"/> <b>Study</b>							
1) I understand that I may be able to obtain credit for my employer approved leave of absence if my leave is for any of the reasons listed above, does not last longer than two (2) years, and I am later determined to be eligible for credit. 2) In return for any membership service credit for which I may become eligible, I agree to pay any retirement contributions within the required timeframe of my system which would have been due had I remained in active employment for the term of the leave of absence.							
<b>Member's Signature</b> _____						<b>Date Signed</b> _____	
<b>RETIREMENT COORDINATOR COMPLETES THIS SECTION</b>							
<b>INDICATE SYSTEM:</b> <div style="display: flex; justify-content: space-between; font-size: small;"> <div> <input type="checkbox"/> TEACHERS' RETIREMENT PLAN  <input type="checkbox"/> EMPLOYEES' RETIREMENT PLAN  <input type="checkbox"/> STATE POLICE  <input type="checkbox"/> CORRECTIONAL OFFICERS           </div> <div> <input type="checkbox"/> TEACHERS' PENSION PLAN  <input type="checkbox"/> EMPLOYEES' PENSION PLAN  <input type="checkbox"/> LAW ENFORCEMENT OFFICERS           </div> </div>				<b>FOR RETIREMENT USE ONLY</b>  <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-around;"> <span>3</span><span>1</span><span>4</span> </div> <div style="text-align: center; font-size: small;">Code</div> </div> <div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-around;"> <span>A</span><span>L</span> </div> <div style="text-align: center; font-size: small;">Status</div> </div> </div>			
<b>Leave was approved on:</b> _____				<div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>			
<b>Agency Name</b> _____				<div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>			
<b>Signature</b> _____				<div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>			
<b>Date/Telephone</b> _____				<div style="border-bottom: 1px solid black; width: 100%; height: 20px;"></div>			
<b>NOTIFICATION OF MILITARY SERVICE ENTRY:</b>							
I will report for military service on: <div style="display: flex; justify-content: space-between; width: 100%;"> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> <div style="border-bottom: 1px solid black; width: 20%; height: 20px;"></div> </div> <div style="display: flex; justify-content: space-between; font-size: small;"> <span>Month</span> <span>Day</span> <span>Year</span> </div>							
If I return to my job within one (1) year of release from active duty without accepting other permanent work, I will be reinstated in the retirement or pension system and, upon application and verification of my military service, receive membership credit for the term of my active duty military service.							
<b>Member's Signature</b> _____						<b>Date Signed</b> _____	

***Form 046 – Qualified Leave of Absence Request or Notification of Military Service Entry***

### Instructions for Completing Form 46

#### TO THE MEMBER:

To apply to be placed on a qualifying approved leave of absence, complete the identification boxes at the top of the form, including social security number, phone number, name and address.

Check the type of qualifying leave you are requesting and complete the boxes for the beginning and ending dates. It is important to sign and date at the bottom of the Type of Qualifying Leave section.

If you are notifying the Maryland State Retirement Agency of military service entry, please enter the date you report for service. It is important to sign and date the form at the bottom of the Notification of Military Service Entry section. The Retirement Coordinator section does not need to be completed when reporting a military service entry date.

#### TO THE RETIREMENT COORDINATOR:

Check the appropriate system for the applicant for a qualifying approved leave of absence. Enter the date the leave was approved. Enter the employing agency code, input the Agency Name, then sign and date the form. A phone number is requested should questions arise.

When Form-46 is used for notification of military service entry, you do not need to complete the Retirement Coordinator section.

### Service Credit for a Qualifying Leave of Absence

Except as provided below, the Retirement Agency shall grant eligibility and creditable service to a member whose absence from employment is the result of a qualifying leave of absence for the period of the member's absence if the member:

- Submits a completed application for a qualifying leave of absence form to the Retirement Agency before the member commences a qualifying leave of absence;
- Is not otherwise entitled to receive eligibility and creditable service credit during the period of the member's absence under State Personnel and Pensions Article, Division II or III, Annotated Code of Maryland; and
- Pays the member contributions with regular interest before retirement, as provided in this regulation.

COMAR 22.05.01.03

A member who is absent from employment to serve as a fulltime executive officer of an employee organization designated as exclusive representative under a public bargaining law or the State affiliate of an organization so designated may receive eligibility or creditable service credit for the period of the member's absence if the Retirement Agency received: (1) the completed application for a qualifying leave of absence form; and (2) payment during the period of member's absence of the member contributions and the employer contributions.

### Notification of Military Service Entry

If you are called to active military duty or active/inactive duty for training during your membership, you should file form 46 before leaving employment. The filing of this form serves only to give the Maryland State Retirement Agency notice of your absence.

You may claim up to five years of military credit upon returning to work, provided:

- you return to work with a participating employer within one year of your discharge from active duty or training; and,
- you do not accept other permanent employment between your date of discharge and your return to work

For additional information, refer to the following form/pamphlet. Forms can be ordered online at [www.sra.state.md.us](http://www.sra.state.md.us).

SRA Form 43 – Claim of Retirement Credit for Military Service  
SRA Pamphlet – Guide to Military Service

#### Mail completed form to:

**Maryland State Retirement Agency • 120 East Baltimore Street • Baltimore, MD 21202-6700**

**NEED HELP? CALL A RETIREMENT BENEFITS SPECIALIST AT 410-625-5555 OR 1-800-492-5909.**

**Form 046 – Qualified Leave of Absence Request or Notification of Military Service Entry**

If you need assistance in completing this application, telephone a retirement benefits specialist at 410-625-5555 or toll free at 1-800-492-9909.

MARYLAND STATE RETIREMENT AGENCY  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202-6700

## APPLICATION FOR WITHDRAWAL OF ACCUMULATED CONTRIBUTIONS

TO BE COMPLETED BY MEMBER AND FORWARDED TO THE AGENCY FROM WHICH YOU RESIGNED, OR WERE LAST EMPLOYED: SEE REVERSE SIDE FOR INSTRUCTIONS  
(Print in ink or type. Use one space per letter or number and skip space between words. PRESS HARD TO ENSURE LEGIBILITY ON ALL COPIES OF THIS FORM.)

### SOCIAL SECURITY NUMBER

\_\_\_\_ - \_\_\_\_ - \_\_\_\_

\_\_\_\_\_  
Name of the Employing Agency at Resignation/Termination

### NAME

\_\_\_\_\_  
First

### Initial

\_\_\_\_

### Last

\_\_\_\_\_

### MISCELLANEOUS

\_\_\_\_\_

### Daytime Phone Number

( ) \_\_\_\_\_

### HOME ADDRESS

\_\_\_\_\_

### Ext

Number and Street

\_\_\_\_\_

City

County/Baltimore City (If Maryland Resident) \_\_\_\_\_

State

Zip Code

Resignation/Termination Date: \_\_\_\_\_

Mo. Day Yr.

Date of Birth: \_\_\_\_\_

Mo. Day Yr.

Are you terminating from an approved leave of absence? ( ) Yes No ( ) If Yes, Give date cancelled: \_\_\_\_\_

Mo. Day Yr.

Are you transferring to a State Agency, County Board of Education, or Participating Governmental Unit? ( ) Yes ( ) No

If yes, give name of new employing Agency \_\_\_\_\_

PLEASE READ REVERSE SIDE FOR INSTRUCTIONS AND FOR IMPORTANT TAX INFORMATION BEFORE SELECTING YOUR CHOICE. CHECK ONE:

### REFUND CHOICE NO. 1

Entire amount refunded to me.

### REFUND CHOICE NO. 2

Refund \$ \_\_\_\_\_ to me.  
Balance transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, or 457(b) plan.)  
(For 457(b) plans, the minimum payable to me is the non-taxable amount, if any.)

### REFUND CHOICE NO. 3

Entire amount transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, or 457(b) plan.)  
(457(b) plans prohibit a rollover of non-taxable funds.)

Any employer pick-up contributions transferred under payment choices 2 or 3 lose their post tax status for Maryland income tax purposes.

Mandatory federal income tax withholding is at the rate of 20% on the taxable amount paid to you.

Are you a resident of Maryland? No \_\_\_\_ Yes \_\_\_\_ (For Maryland residents, State income tax withholding of 7.75% will be withheld from the taxable amount paid to you.)

**TO THE BOARD OF TRUSTEES:** I apply for the withdrawal of my accumulated contributions with interest earned and thereby terminate my membership in the Maryland State Retirement and Pension System and forfeit any further right to receive a future benefit, including disability retirement benefits. I have read and understand the Summary of Major Retirement Benefits. I have read and understand the Special Tax Notice Regarding Plan Payments (IRS Safe Harbor Explanation). **NOTE:** An exception to the above applies to vested members of the Non-Contributory Pension System. Withdrawal of accumulated contributions creates a deficiency on the account while retaining right to future benefit.

Member's Signature \_\_\_\_\_ Date \_\_\_\_\_

State of \_\_\_\_\_ County of \_\_\_\_\_ (or City of Baltimore) On this \_\_\_\_\_ day

of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer, personally appeared

\_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that (he/she) executed the same for the purposes therein contained. In witness whereof I hereunto

set my hand and official seal.

Signature of Notary Public \_\_\_\_\_

Printed Name of Notary Public \_\_\_\_\_

My Commission Expires \_\_\_\_\_

### RETIREMENT COORDINATOR COMPLETES THIS SECTION

### EMPLOYING AGENCY NAME: \_\_\_\_\_

This member's resignation/termination date is: \_\_\_\_\_

Section 828 of the Pension Protection Act of 2006 provides for a waiver of the ten percent (10%) early withdrawal penalty tax on certain distributions by pension plans to qualified public safety employees. Qualified public safety employees are defined by the Act as any employee of a State or political subdivision of a State who provides police protection, fire-fighting services or emergency medical services. Does this member or former member meet the definition of a qualified public safety employee with respect to his/her employment with you? \_\_\_\_ Yes \_\_\_\_ No

I certify that the above information regarding resignation/termination date and eligibility under section 828 of the Pension Protection Act is true and accurate to the best of my knowledge and that I am authorized to certify this information by my employer.

Retirement Coordinator Signature \_\_\_\_\_

Date \_\_\_\_\_

Telephone Number \_\_\_\_\_

FORM 005 (Rev. 12/09)

ORIGINAL

## Form 005 – Application for Withdrawal of Accumulated Contributions

## INSTRUCTIONS

1. Upon completion, retain the Applicant's Copy, forward the remaining copies to the Retirement Coordinator at the agency where you resigned/terminated.
2. Allow 60 days from the date of resignation/termination or the date of receipt of this application, if later, for processing of your application.
3. Submit this application form no earlier than (10) days before the date of resignation/termination.
4. If you are on an approved leave of absence, please follow your agency's procedures for cancellation of such approved leave of absence.
5. Enter in the spaces marked 'address' the location to which you want your refund check mailed. Be sure to notify the Post Office of any subsequent changes.
6. If you are exercising Refund Choices No. 2 or No. 3, you must complete the Trustee-to-Trustee Distribution Form 193. Payment shall be made after this Application, the Trustee-To-Trustee Distribution Form, and any other required forms are properly completed and received by SRA. Be sure to include your current address on all forms.
7. Non-Taxable Amounts - These are amounts that have already been subject to federal tax. If that is the only amount you wish refunded to you, write "NON-TAXABLE" on the line provided in Choice No. 2.

**NOTE:** The non-taxable amount will be calculated at the time of refund.

8. Some "eligible retirement plans" do not accept rollovers and some do not accept rollovers of after-tax amounts. 457(b) plans do not accept transfers of non-taxable amounts. Be sure to check with the receiving plan as to whether or not they can accept the rollover.
9. In order to receive a refund, you must also complete and submit form 746, "Acknowledgement of Receipt of Safe Harbor Notice and Affirmative Election." Call the State Retirement Agency at 410-625-5555 or toll free at 1-800-492-5909 if you do not have a copy of this form.
10. Before signing this form, read the enclosed Summary of Benefits. You will be forfeiting any further rights to these benefits.

## IMPORTANT TAX INFORMATION ON REFUNDS

Before signing this Form, it is important that you read the SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS (IRS Safe Harbor Explanation) which describes the Federal tax consequences of receiving a refund. Call the State Retirement Agency at 410-625-5555 or toll free at 1-800-492-5909 if you do not have a copy of this notice.

For Maryland residents who elect not to roll their payment over into another eligible retirement plan, Maryland income tax withholding of 7.75% (the sum of 3% and the maximum, marginal state income tax rate, 4.75%) will be withheld from the taxable amount paid to you.

**You should consult with your financial advisor, CPA or the IRS if you have any questions about your specific tax situation.**

(CONTINUED ON FOLLOWING PAGE)

Form 005 – Application for Withdrawal of Accumulated Contributions



## IMPORTANT: PLEASE READ

### SUMMARY OF MAJOR RETIREMENT BENEFITS

**NON-CONTRIBUTORY PENSION SYSTEM****CONTRIBUTORY PENSION SYSTEM AND  
ALTERNATE CONTRIBUTORY PENSION  
SELECTION PLAN****RETIREMENT SYSTEM**

*NOTE: Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement and the applicable Pension System.*

**SERVICE RETIREMENT****ELIGIBILITY:**

Age 62 with at least 5 years of eligibility service, OR  
Age 63 with at least 4 years of eligibility service, OR  
Age 64 with at least 3 years of eligibility service, OR  
Age 65 or older with at least 2 years of eligibility service, OR  
At least 30 years of eligibility service, regardless of age.

Age 62 with at least 5 years of eligibility service, OR  
Age 63 with at least 4 years of eligibility service, OR  
Age 64 with at least 3 years of eligibility service, OR  
Age 65 or older with at least 2 years of eligibility service, OR  
At least 30 years of eligibility service, regardless of age.

At least age 60, regardless of creditable service, OR at least 30 years of creditable service, regardless of age.

**FORMULA:**

.8% of average final compensation up to Social Security integration level, plus 1.5% of average final compensation in excess of the Social Security integration level, times the years and months of creditable service.

1.2% of average final compensation times service credit as of June 30, 1998, plus 1.8% (or 1.4% for Contributory Pension System members) of average final compensation times service credit earned after June 30, 1998.

1.8% of average final compensation times the years and months of creditable service.

**EARLY SERVICE RETIREMENT****ELIGIBILITY:**

At least age 55 with at least 15 years of eligibility service

At least age 55 with at least 15 years of eligibility service

At least 25 years of creditable service.

**FORMULA:**

Same as service retirement formula, but reduced by an amount equal to .005 times number of months to age 62. Maximum reduction of 42%.

Same as service retirement formula, but reduced by an amount equal to .005 times number of months to age 62. Maximum reduction of 42%.

Same as service retirement formula, but reduced by an amount equal to a 6% reduction for each year the payments begin prior to age 60 or 30 years of service, whichever produces the smaller reduction. The reduction is calculated on a monthly basis which means that generally, the benefit is reduced by .005 for each month payments begin early. However, for members who earn service credit on a ten month basis (all teacher members and some employee members), the reduction for service is .006 for each month prior to 30 years.

**VESTED SERVICE RETIREMENT****ELIGIBILITY:**

At least 5 years of eligibility service.

At least 5 years of eligibility service.

At least 5 years of creditable service.

**FORMULA:**

Same as service retirement formula with benefits beginning at age 62, OR an early service retirement if eligible.

Same as service retirement formula with benefits beginning at age 62, OR an early service retirement if eligible.

Same as service retirement formula with benefits beginning at age 60.

**ORDINARY DISABILITY RETIREMENT****ELIGIBILITY:**

Permanently disabled after 5 years of eligibility service.

Permanently disabled after 5 years of eligibility service.

Permanently disabled after 5 years of eligibility service.

**FORMULA:**

Same as service retirement formula using creditable service projected to age 62. However, if disabled within two years of transfer to the pension system, the retirement system formula applies, with the benefit reduced by the amount of the transfer refund.

Same as service retirement formula using creditable service projected to age 62. However, if disabled within two years of transfer to the pension system, the retirement system formula applies, with the benefit reduced by the amount of the transfer refund.

Same as service retirement formula with a minimum of 25% of average final compensation or a formula using creditable service projected to age 60.

**ACCIDENTAL DISABILITY RETIREMENT****ELIGIBILITY:**

Permanently and totally disabled by an accident in the performance of duty.

Permanently and totally disabled by an accident in the performance of duty.

Permanently and totally disabled by an accident in the performance of duty.

**FORMULA:**

2/3 of average final compensation plus accumulated contributions paid as an annuity.

2/3 of average final compensation plus accumulated contributions paid as an annuity.

2/3 of average final compensation plus accumulated contributions paid as an annuity.

**COST OF LIVING ADJUSTMENT TO RETIREMENT ALLOWANCE****ELIGIBILITY:**

Retired at least 1 year as of July 1st.

Retired at least 1 year as of July 1st.

Retired at least 1 year as of July 1st.

**FORMULA:**

Annual adjustment based on changes in the Consumer Price Index-U.S. Cities Average All Urban; annual adjustment amounts limited to a maximum of 3% of the initial retirement allowance.

Annual adjustment based on changes in the Consumer Price Index-U.S. Cities Average All Urban; annual adjustment amounts limited to a maximum of 3% of the current retirement allowance.

Annual adjustment based on changes in the Consumer Price Index-U.S. Cities Average All Urban; unlimited annual adjustment amount for Plan A; maximum of 5% for Plan B; and a combination for Plan C based upon previous and current plans of participation.

(CONTINUED ON FOLLOWING PAGE)

Form 005 – Application for Withdrawal of Accumulated Contributions

**DEATH BENEFIT****NON-CONTRIBUTORY PENSION SYSTEM**

If you die before retirement while actively employed or while on an approved leave of absence and you have at least one year of eligibility, your beneficiary will receive: (1) a single payment of contributions, including Employer Pick-up contributions, plus 5% interest; and (2) an amount equal to your annual salary.

However, if your sole primary beneficiary is your spouse, he or she may choose a monthly allowance instead of the above benefit, if:

- you were eligible to retire; or
- you had 25 years of eligibility service, or,
- you were age 55 or older and had 15 years of eligibility service.

In lieu of the benefits mentioned above, if you are killed in the line of duty, your spouse (if no spouse, to minor children or if no children to your dependent parent) will receive: (1) a single payment of contributions, including Employer Pick-up, plus 5% interest and (2) a monthly lifetime allowance of two-thirds of the your average final compensation.

**CONTRIBUTORY PENSION SYSTEM AND  
ALTERNATE CONTRIBUTORY PENSION  
SELECTION PLAN**

If you die before retirement while actively employed or while on an approved leave of absence and you have at least one year of eligibility, your beneficiary will receive: (1) a single payment of contributions, including Employer Pick-up contributions, plus 5% interest; and (2) an amount equal to your annual salary.

However, if your sole primary beneficiary is your spouse, he or she may choose a monthly allowance instead of the above benefit, if:

- you were eligible to retire; or
- you had 25 years of eligibility service, or,
- you were age 55 or older and had 15 years of eligibility service.

In lieu of the benefits mentioned above, if you are killed in the line of duty, your spouse (if no spouse, to minor children or if no children to your dependent parent) will receive: (1) a single payment of contributions, including Employer Pick-up, plus 5% interest and (2) a monthly lifetime allowance of two-thirds of the your average final compensation.

**RETIREMENT SYSTEM**

If you die before retirement while actively employed or while on an approved leave of absence and you have at least one year of service, your beneficiary will receive: (1) a single payment of contributions, including Employer Pick-up contributions, plus 4% interest; and (2) an amount equal to your annual salary.

However, if your sole primary beneficiary is your spouse, he or she may choose a monthly allowance instead of the above benefit, if:

- you were age 60 or older; or
- you had 25 years of eligibility service, or,
- you were age 55 or older and had 15 years of eligibility service.

In lieu of the benefits mentioned above, if you are killed in the line of duty, your spouse (if no spouse, to minor children or if no children to your dependent parent) will receive: (1) a single payment of contributions, including Employer Pick-up, plus 4% interest and (2) a monthly lifetime allowance of two-thirds of the your average final compensation.

**POLICE PLANS****STATE POLICE RETIREMENT SYSTEM**

- (A) **A SERVICE RETIREMENT:** at age 50, or with 22 years of eligibility service.  
 (B) **A VESTED RETIREMENT:** at age 50 if you have at least 5 years of eligibility service.  
 (C) **AN ORDINARY DISABILITY RETIREMENT:** if you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.  
 (D) **A SPECIAL DISABILITY RETIREMENT:** if you are permanently incapacitated in the performance of duty, regardless of age or creditable service.

**CORRECTIONAL OFFICERS' RETIREMENT SYSTEM**

- (A) **SERVICE RETIREMENT:** at age 55 for a correctional officer in the first six job classifications; a detention center officer employed by a participating governmental unit; a member serving as a correctional dietary, maintenance, laundry, or supply officer; a member serving as a Maryland Correctional Enterprises officer, officer trainee, plant supervisor, plant manager, or regional manager; or at age 60 for a maximum security attendant at the Clifton T. Perkins Hospital Center;  
 Or  
 Have 20 years of eligibility service, the last five years of which must be as a member in one of the classifications listed above.  
 (B) **VESTED RETIREMENT:** at age 55 for a correctional officer and age 60 for a maximum security attendant at the Clifton T. Perkins Hospital Center. Requires at least 5 years of eligibility service.  
 (C) **ORDINARY DISABILITY RETIREMENT:** if you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.  
 (D) **ACCIDENTAL DISABILITY RETIREMENT:** if you are permanently incapacitated by an accident in the performance of duty, regardless of age or creditable service.

**LAW ENFORCEMENT OFFICERS'  
PENSION SYSTEM**

- (A) **SERVICE RETIREMENT:** at age 50 or with 25 years of eligibility service.  
 (B) **VESTED RETIREMENT:** at age 50 with at least 5 years of eligibility service.  
 (C) **ORDINARY DISABILITY RETIREMENT:** if you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.  
 (D) **ACCIDENTAL DISABILITY RETIREMENT:** if you are permanently incapacitated in the performance of duty, regardless of age or creditable service.

**FOR JUDGES ONLY****YOU ARE ENTITLED TO:**

- (A) **A RETIREMENT ALLOWANCE IF:**  
 (1) You are at least age 60, regardless of the years of creditable service as a Judge.  
 (2) You resign because of an incapacitating illness, regardless of age or years of creditable service as a Judge.  
 (B) **A VESTED RETIREMENT ALLOWANCE:** at age 60 if you leave your accumulated contributions on deposit with the Maryland State Retirement Agency

\* FOR MEMBERS OF THE LEGISLATIVE SYSTEM PLEASE CALL THE STATE RETIREMENT AGENCY FOR INFORMATION.

IF YOU WISH TO APPLY FOR ONE OF THE BENEFITS, CONTACT YOUR RETIREMENT COORDINATOR OR A RETIREMENT BENEFITS SPECIALIST AT 410-625-5555 OR TOLL FREE AT 1-800-492-5909 FOR THE APPROPRIATE FORM OR FOR ADDITIONAL INFORMATION.  
**(TEAR OFF AND RETAIN FOR YOUR RECORDS)**

STATE RETIREMENT AGENCY  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202

## TRUSTEE-TO-TRUSTEE DISTRIBUTION FORM

FORM 193 (REV. 11/07)

### SECTION I

To be completed by Payee and forwarded to Payee's financial institution

Last Name	First	M.I.	Social Security #
			- -
MISCELLANEOUS:			Day Time Phone #
HOME ADDRESS:			( ) - -
CITY:	STATE:	ZIP:	Ext

TYPE OF DISTRIBUTION: Check ☒ Distribution Type:

- ☐ Withdrawal of Accumulated Contributions (Form-5)
- ☐ Withdrawal of Voluntary Funds (Form-742)
- ☐ Application for Payment of Lump Sum Deferred Vested Benefit (Form-742.1)
- ☐ Death Benefit (Surviving Spouse of Employee or Retiree) (Form-745)
- ☐ Withdrawal of Deferred Retirement Option Program (DROP) Account (Forms-505; 757)

Based on the distribution option I selected on my Withdrawal of Accumulated Contributions (Form-5), Withdrawal of Voluntary Funds (Form-742), Application for Payment of Lump Sum Deferred Vested Benefit (Form-742.1), Death Benefit Claim Form (Form-745) or Withdrawal of DROP Account (Forms-505; 757), I direct the SRA to do the following:

Check ☒ only one option to indicate payment selection.

- ☐ Pay to me my designated flat dollar refund amount of \$\_\_\_\_\_.
- OR
- ☐ Pay to me all federal "NON-TAXABLE" funds to be determined at time of payment.

### AND

The account balance will be made payable to your designated IRA or Eligible Employer Plan. (Note: distributions to a 457(b) governmental plan or a 403(b) tax sheltered annuity may not exceed the taxable amount.)

I understand the Agency may issue two checks to me: one payable to my order and the other payable to the order of the IRA or Eligible Employer Plan that is to receive my distribution. I understand that I am responsible for promptly delivering the check for my distribution directly to the IRA or Eligible Employer Plan for processing, and I agree to do so.

SRA will not process more than one trustee-to-trustee distribution. Thus, if you want to move funds between IRA's and/or Eligible Employer Plans, contact the IRA or Eligible Employer Plan to which you are making the direct rollover to determine whether transfers are allowable.

I understand and agree to the above distribution conditions.

PAYEE (Signature)

DATE

If you need assistance in completing this application, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.

REVERSE SIDE MUST ALSO BE COMPLETED

## Form 193 – Trustee-to-Trustee Distribution Form

## SECTION II

(TO BE COMPLETED BY FINANCIAL INSTITUTION)

**Verify Information in Section I.**

**Send completed form to: State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland 21202-1600**

Payee's Name: \_\_\_\_\_ Payee's Social Security No. \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

## NAME AND ADDRESS OF FINANCIAL INSTITUTION/ACCOUNT

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**DEPOSITOR ACCOUNT TITLE:** In order to properly prepare the check, the Retirement Agency needs the name of the financial institution/account into which the check will be made payable. Enter in the spaces below this information, up to 34 characters. The check payable to your designated financial institution/account will carry the notation "DIRECT ROLLOVER," and will contain the name for the individual indicated in Section I. For IRA's, the check will read payable to: [Information Below] as trustee of IND. RET. ACCT of [Payee in Section I]. For Eligible Employer Plans, the check will read payable to: [Information Below] FBO [Payee in Section I].

[illegible]

ENTER THE PAYEE'S ACCOUNT NUMBER (OPTIONAL):

[illegible]

The arrangement selected by the Payee is: (Check [✓] one):

### Traditional IRA

Eligible Employer Plan

Check ☒ Box to Affirm that Plan Separately  
Accounts for After-Tax Contributions & Earnings

5

9

Qualified plan under §401(a), including a 401(k) plan

7

Check indicates plan separately accounts for after-tax contributions and earnings

7

§403(a) qualified annuity

5

Check indicates plan separately accounts for after-tax contributions and earnings

5

§403(b) tax sheltered annuity



Plan may NOT accept after-tax contributions from a 401(a) qualified plan

7

§457(b) governmental plan

1

Plan may not accept after-tax contributions

I confirm that the payee, account number and title are correct. Further, I confirm that the plan designated by the payee is (or is intended to be) a Traditional IRA, or an Eligible Employer Plan which includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax sheltered annuity; or an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan), that the plan designated may accept such payment (including any after-tax contributions, if applicable) and that I am authorized to act on behalf of the designated plan and will accept the direct rollover for the payee and account for it as required by the Internal Revenue Code.

PRINT OR TYPE REPRESENTATIVE'S NAME

**SIGNATURE OF REPRESENTATIVE**

DATE \_\_\_\_\_

AREA CODE/TELEPHONE #: \_\_\_\_\_ - \_\_\_\_\_

PLEASE READ THIS CAREFULLY

All information on this form, including the individual's social security number, is required. The information is confidential and will be used only to process payment data from the State Retirement Agency of Maryland to the financial institution and its agent. Failure to provide the requested information may prevent or delay release or payment.

If you need assistance in completing this application, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.

FORM 193 (11/07) Pg. 2

**STATE RETIREMENT AGENCY  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202**

**ACKNOWLEDGEMENT OF RECEIPT OF SAFE  
HARBOR NOTICE AND AFFIRMATIVE ELECTION**

FOR RETIREMENT USE ONLY FORM 746 (REV. 4/03)

Name: \_\_\_\_\_ Soc. Sec. No. : \_\_\_\_\_

The Internal Revenue Service has advised the State Retirement Agency (the "Agency") that it must provide you with the Safe Harbor Tax Notice entitled "SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS" no earlier than 90 days and no later than 30 days before a payment is made to you. If, after receiving the Safe Harbor Tax Notice, you affirmatively choose to make or not make a direct rollover, then the distribution may be made to you even if the 30 day period has not expired.

So that you are not required to wait 30 days after receipt of the Tax Notice, the Agency will make the distribution in accordance with Agency procedures to you or to the trustee of your traditional IRA or Eligible Employer Plan upon receipt of this form signed by you to evidence your agreement to the following matters:

1. That you have received the Safe Harbor Tax Notice entitled "SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS" from the Agency;
2. That you have had an opportunity to review it with your tax advisor, accountant, attorney or the IRS and understand your options with respect to receipt of a distribution from the Agency at this time;
3. That you affirmatively chose to make or not make a direct rollover by executing the appropriate Agency form; and
4. That you request the Agency to make a distribution of the funds in accordance with your instructions and you understand that the payment may be made less than 30 days after you received the Safe Harbor Tax Notice.

**If you have any questions about this form, before signing it, telephone a retirement benefits counselor at 410-625-5555 or toll free at 1-800-492-5909.**

ALL OF THE ABOVE IS AS AGREED:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

***Form 746 – Acknowledgement of Receipt of Safe Harbor Notice and Affirmative Election***



**ATTACHMENT B****PLEASE READ CAREFULLY BEFORE FILLING OUT FORM**

FORM-55 DESIGNATION OF BENEFICIARY  
MUST BE COMPLETED WITH THIS FORM-2

**Purpose of this form:**

This form is your application for membership in the State Retirement and Pension System of Maryland.

When complete, keep the copy marked "Applicant's Copy" in the lower right corner. Send the other copies to your Retirement Coordinator with proof of your birth date.

**ACCEPTABLE PROOF OF BIRTH DATE**

Attach a photocopy of one of the following as proof of your birth date:

1. Birth Certificate
2. Valid Driver's License

**NEED HELP?**

If you need help to complete this form, call The State Retirement Agency at  
410-625-5555 (local) or 1-800-492-5909.

ATTACHMENT C

**STATE RETIREMENT AGENCY OF MARYLAND**  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202-1600

## JUDGES' RETIREMENT SYSTEM APPLICATION FOR MEMBERSHIP

FOR RETIREMENT USE ONLY

FORM 003 REV. (9/05)

APPLICANT COMPLETES THIS SECTION: (Print in Ink or Type)

SOCIAL SECURITY NUMBER

\_\_\_\_\_ - \_\_\_\_\_

NAME \_\_\_\_\_

[illegible]

First

Initial

Last

DATE OF BIRTH

SEX (M OR F)

DATE OF BIRTH: | | - | | - | | | | | | SEX (M/F): | |

Court

ADDRESS

[illegible]

Number and Street :

Number and Street

City

State

Zip Code

- |    |  |   |        |   |   |   |
|----|--|---|--------|---|---|---|
| 1. | Have you ever been a member of the State Retirement and Pension System of Maryland?                          | ( ) Yes   | ( ) No |   |   |   |
| 2. | If Yes, have you withdrawn your accumulated contributions?   | ( ) Yes   | ( ) No |   |   |   |
| 3. | Are you presently receiving a retirement allowance from the State Retirement and Pension System of Maryland? | ( ) Yes   | ( ) No |   |   |   |
| 4. | Do you wish to claim any previous service AS A JUDGE?  | ( ) Yes   | ( ) No |   |   |   |
| 5. | If Yes, indicate the periods of service you wish to claim:   | <table border="1"> <tr> <td>—</td> <td>—</td> <td>—</td> </tr> </table> |        | — | — | — |
| —  | —  | —   |        |   |   |   |

From			To			COURT
Mo.	Day	Yr.	Mo.	Day	Yr.	

**TO THE BOARD OF TRUSTEE:**

I certify that all statements made on this application are correct. I authorize any required deductions from my salary in accordance with the prescribed rate of contributions and these amounts shall be recorded to my credit by the State Retirement and Pension System of Maryland.

Complete Signature

Date \_\_\_\_\_

EMPLOYING AGENCY CODE

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	-----

# OF RETIREMENT  
CONTRIBUTIONS  
DEDUCTED PER YEAR

1 1

SYSTEM

FOR RETIREMENT USE ONLY

[illegible]

MO	DAY	YEAR
----	-----	------

ENTRANCE DATE

SIGNATURE

DATE \_\_\_\_\_

TELEPHONE #

**ORIGINAL COPY**

**Form 003 – Judges' Retirement System Application for Membership**



**ATTACHMENT C****PLEASE READ CAREFULLY BEFORE FILLING OUT FORM**

FORM-4.1 DESIGNATION OF BENEFICIARY  
MUST BE COMPLETED WITH THIS FORM-3

**Purpose of this form:**

This form is your application for membership in the State Retirement and Pension System of Maryland.

When complete, keep the copy marked "Applicant's Copy" in the lower right corner. Send the other copies to your Retirement Coordinator with proof of your birth date.

**ACCEPTABLE PROOF OF BIRTH DATE**

Attach a photocopy of one of the following as proof of your birth date:

1. Birth Certificate
2. Valid Driver's License

**NEED HELP?**

If you need help to complete this form, call The State Retirement Agency at  
410-625-5555 (local) or 1-800-492-5909.

**MARYLAND STATE RETIREMENT AGENCY  
REMITTANCE RECONCILIATION FORM FOR PAYROLL DATA**

**Purposes:** To standardize the following:

- Reconciliation of employee contribution amounts to the reported payroll data
- Identification of retroactive employee contribution adjustments included with current payroll data to facilitate the State Retirement Agency's adjustment of member records

**Employer Name:**

**Employer Location(s):**

**Pay Period Ending Date** (one form for each pay period ending date):

**Contact Name and Telephone Number:**

**CASH REMITTANCE AS PER REVENUE CONTROL TRANSMITTAL** \$

**PAYROLL DATA AMOUNTS AS PER EMPLOYER MEDIA (tape, diskette, C-SET)**

- (a) Employee contributions attributed to current pay period, as reported on current media (**DO NOT REPORT RETROACTIVE ADJUSTMENTS**) \$
- (b) Sum of contributions for previously omitted and current period payroll data requiring SRA-714 (attach SRA-714 for each adjusted member record) \$
- (c) Sum of prior period employee contribution adjustments \$  
(Attach SRA Prior Period Employee Contribution Adjustment form)

**TOTAL ADJUSTED PAYROLL DATA AMOUNT** (sum of a, b and c) \$

**CASH PER REVENUE CONTROL TRANSMITTAL AMOUNT MUST EQUAL  
TOTAL ADJUSTED PAYROLL DATA AMOUNT**

**Reference Notes:**

- (a) Represents employee contribution amounts remitted to the SRA applicable to the current pay period only. Retroactive prior pay period employee contribution adjustments not applicable to the current pay period must be separately manually reported in accordance with note(s) "b" or "c".
- (b) Employer's are required to submit an SRA-714 form to report current and prior pay periods worked by members not previously reported to the SRA. However, an abbreviated format is available to report adjustments that only impact the calculation of the employee contribution amount (see note c).
- (c) For previously reported pay periods where the employer correctly reported the data elements except for the calculation of the employee contribution amount, the employer must use the SRA's 'Prior Period Employee Contribution Adjustment Form' rather than the SRA-714 form.

Approved: \_\_\_\_\_

Distributed: \_\_\_\_\_

***Remittance Reconciliation Form For Payroll Data***

STATE RETIREMENT AGENCY  
REVENUE CONTROL TRANSMITTAL

Agency Name: \_\_\_\_\_

<u>TYPE CODE</u>	<u>SYSTEM</u>	<u>LOCATION</u>	<u>PPE DATE</u>	<u>AMOUNT</u>
<u>MSRA USE</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>Only</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Total Check Amount

Certified By: \_\_\_\_\_

Telephone: \_\_\_\_\_

Date: \_\_\_\_\_

***Revenue Control Transmittal***

PREPARER INFORMATION

Preparer: \_\_\_\_\_

---

Title: \_\_\_\_\_

---

---

Date: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

## MEMBER INFORMATION

Social Security No.: \_\_\_\_\_

Name: \_\_\_\_\_

System Code: \_\_\_\_\_

Employer Location: \_\_\_\_\_

PRIOR PERIOD PAYROLL ADJUSTMENT FORM  
PENSION SYSTEM AND BIFURCATED MEMBERS ONLY

[illegible]

PAGE TOTAL \$

SEE REVERSE SIDE FOR PREPARATION INSTRUCTIONS

STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND  
PRIOR PERIOD PAYROLL ADJUSTMENT FORM FOR PENSION SYSTEM AND BIFURCATED MEMBERS

INSTRUCTIONS FOR PREPARING TRANSACTION CODE 714

Telephone Number 410-625-4899 or Toll Free 1-800-492-5909

REPORT ALL PAY PERIODS WITHIN EACH MONTH BEING REPORTED

<u>FIELD</u>	<u>DESCRIPTION</u>
SOCIAL SECURITY NUMBER	INDIVIDUAL MEMBER NUMBER
MEMBER'S NAME	(LAST, FIRST, MI) - FORMAT
SYSTEM CODE	6 = TEACHERS' PENSION AND TEACHERS' BIFURCATED; 7 = EMPLOYEES' PENSION AND EMPLOYEES' BIFURCATED; H = MCLEO PENSION
LOCATION CODE	AS ASSIGNED BY STATE RETIREMENT AGENCY
PAY PERIOD ENDING DATE	MONTH/DAY/YEAR - FORMAT
JOB TITLE	INDICATE JOB TITLE FOR PERIOD
STATUS OF EMPLOYMENT	IDENTIFY EMPLOYMENT AS PERMANENT, CONTRACTUAL OR TEMPORARY
ACTUAL ANNUAL COMPENSATION	MEMBER'S ACTUAL ANNUAL SALARY ROUNDED TO WHOLE DOLLARS
EMPLOYEE CONTRIBUTION AMOUNT	DOLLAR AND CENTS OF EMPLOYEE CONTRIBUTION AMOUNT WITHHELD FOR THE PAY PERIOD
HOURS PAID	NUMBER OF ACTUAL HOURS PAID FOR THE PAY PERIOD
STANDARD HOURS	NUMBER OF NORMAL OR REGULAR HOUR FOR THE FULL-TIME EQUIVALENT POSITION DURING THE PAY PERIOD
PERCENTAGE OF TIME	IF MEMBER IS FULL-TIME FILL WITH ZEROES. IF THE MEMBER IS PART-TIME, ENTER THE BUDGETED PART-TIME PERCENTAGE.
PAY PERIOD BASE SALARY PAID	DOLLAR AND CENTS OF ACTUAL BASE EARNINGS FOR THE PAY PERIOD, EXCLUSIVE OF OVERTIME, SHIFT DIFFERENTIAL, BONUS, SUMMER SCHOOL WAGES, ETC.
ANNUAL EARNABLE COMPENSATION	FULL-TIME EQUIVALENT SALARY PER EMPLOYER'S STANDARD SALARY STRUCTURE
OTHER NOTES: PLEASE COMPLETE ALL INFORMATION. PLEASE DO NOT SEND IN DUPLICATES OR DATA THAT WAS PREVIOUSLY REPORTED ON A PRIOR SRA-714 FORM. SEND FORM TO THE ATTENTION OF THE DATA CONTROL DIVISION - PAYROLL UNIT.	

Approved:

Distributed:

SRA-714 (rev 4/00)

Form 714 – Prior Period Payroll Adjustment Form

# *Personal Statement of Benefits*

*as of June 30, 2008*

This statement was prepared especially for:



STATE RETIREMENT  
and PENSION SYSTEM  
of MARYLAND

## *Important Information About Your Personal Statement of Benefits*

The State Retirement and Pension System of Maryland is pleased to present you with your annual Personal Statement of Benefits (PSB) for fiscal year 2008. Every effort has been made to ensure the accuracy of your statement.

We have included a summary of your service earned and contributions received through June 30, 2008 based on payroll information submitted by your employer.

The projected amounts shown are estimates only. Your projected amounts will reflect the Alternate Contributory Pension Selection Plan, if participating. Refer to your plan system on the top of page 2 to see what system your benefits are based upon. Your actual benefit may not exceed 100% of your average final compensation or the IRC §415 limit. Additionally, members enrolled after June 30, 1996 are subject to the IRC §401 (a) (17) compensation limit.

The monthly estimates shown in this statement are based on the assumptions below. If these assumptions do not apply to you, your actual benefits may differ from the estimated benefits shown on this statement.

1. The laws governing the Systems as of June 30, 2008 will continue in force until you retire;
2. Your membership will be continuous to the eligibility dates indicated for the various benefits;
3. Your earnings will remain constant until you retire, and
4. Future service is projected as full-time. For some members, past service credit may be overstated whenever the member worked part-time, especially if the member transferred from the Retirement System to the Pension System.

The calculation at the time of benefit payment, and not this statement, will govern the amount paid. Service credit is verified and adjusted as required at retirement.

For questions about this statement, write to the State Retirement and Pension System, 120 East Baltimore Street, Baltimore, Maryland 21202-6700. Please include a copy of this statement with your inquiry, along with your address and daytime telephone number, in case we need to contact you. Please be specific in your questions.

Retirement benefits counselors are available to assist you by telephone at 410-625-5555 or toll free at 1-800-492-5909. You can also access your account information seven days a week, 24 hours a day, using these telephone numbers. You need to know your Social Security number and Personal Identification Number (PIN) to access this information. Your PIN number is shown in the box below. More detailed information about your plan can be found on the Agency's Web site at [www.sra.state.md.us](http://www.sra.state.md.us).

**Your Personal Identification Number (PIN) -**

BOARD OF TRUSTEES • 120 East Baltimore Street • Baltimore, MD 21202-6700 • [www.sra.state.md.us](http://www.sra.state.md.us)

Nancy K. Kopp, *Chairman*

Peter Franchot, *Vice Chairman*

R. Dean Kenderdine, *Secretary*

David S. Blitzstein

T. Eloise Foster

F. Patrick Hughes

Robert W. Schaefer

William D. Brown

James M. Harkins

Morris L. Krome

Harold Zirkin

John W. Douglass

Sheila Hill

Theresa Lochte

Thurman W. Zollicoffer, Jr.

## *Personal Statement of Benefits*

## Your Account History as of June 30, 2008

System: \_\_\_\_\_

Birthdate: \_\_\_\_\_

Enrollment Date: \_\_\_\_\_

### SERVICE CREDIT AS OF 6/30/08

Total Eligibility Service: \_\_\_\_\_

Total Creditable Service: \_\_\_\_\_

Membership Credit: \_\_\_\_\_

Purchased Credit: \_\_\_\_\_

Military Credit: \_\_\_\_\_

Prior Credit: \_\_\_\_\_

**YOUR ACCOUNT HISTORY:** Eligibility Service determines when you qualify for a benefit. Creditable Service determines the amount of the benefit. For Retirement System members, Creditable Service is used both to qualify for a benefit and to determine the amount of the benefit. Membership may be overstated for periods when a member worked part-time. Where overstated, the benefit estimates are also overstated.

Have you changed your employer? To qualify for the transfer of service credit earned in another Maryland State or Maryland local retirement or pension system, your employment must be continuous and you must apply to transfer the qualified credit within one year of becoming a member of your new retirement/pension system (exceptions to a transfer outside of the one year window may be granted). To receive full benefit allowance value in your new retirement/pension system for your transferred service, you cannot retire within five years of your transfer.

If you are a member of the Pension System and have a previous pension account that required a different contribution rate, you may be able to combine these accounts. Contact a Retirement Benefits Counselor for more information.

### ACCOUNT BALANCE

June 30, 2008 Balance	Current Year Contributions / Interest	July 1, 2007 Balance	Your Contribution Rate %

**ACCOUNT BALANCE:** If you have a deficiency on your account, it will appear in this section. Most deficiencies result when not enough contributions are deducted. At retirement, any unpaid deficiency reduces your retirement benefit. The projected benefits shown on this statement assume you have paid any deficiency before you retire.

### BENEFICIARIES

Type	Name	Birthdate	Gender	Relationship

**BENEFICIARIES:** This statement lists up to eight beneficiaries. Additional beneficiaries may be on record but not shown. If you need to update your beneficiaries, obtain Form 4 from your employer's personnel department or from our Web site at [www.sra.state.md.us](http://www.sra.state.md.us).

[www.sra.state.md.us](http://www.sra.state.md.us)

## Personal Statement of Benefits

## Disability and Death Benefits

### DISABILITY BENEFITS

monthly estimated allowance for Ordinary Disability if you are permanently incapacitated for duty after completing five years of service (eight years of service for a Legislator) and having your claim approved.

OR

monthly estimated allowance for Accidental/Special Disability if your permanently disabling condition is due to injuries sustained from an accident on the job and your claim is approved.

**DISABILITY BENEFITS:** Disability benefits are available if you have a medical condition which permanently incapacitates you from performing your job duties. You must submit a claim to the Retirement Agency and be approved to receive a disability benefit. You must meet certain conditions to submit a claim. If you terminate your employment and withdraw your employee contributions or if you retire, you are not eligible to submit a claim.

A claim for ordinary or accidental/special disability must be filed while on payroll or within four years of leaving paid employment. Members of the Teachers' Retirement System must file within five years of leaving paid employment. A limited filing extension may be granted if you were physically or mentally incapacitated from meeting the aforementioned filing deadlines.

To file for an ordinary disability benefit, you must have at least five years of eligibility service. (Legislators must have at least eight years.) While there is no eligibility service requirement to file for accidental/special disability, you must file within five years from the date of the accident. The State Police, Correctional Officers', and Law Enforcement Officers' plans have no five year accident requirement.

### DEATH BENEFITS FOR YOUR BENEFICIARY(IES)

as a Single One-Time Payment consisting of:

Death Benefit (Annual Salary)  
and  
Contributions and Interest

OR an estimated Monthly Allowance of:

for your surviving spouse, if your spouse is named as the only primary beneficiary.

**DEATH BENEFITS:** Death Benefits are paid in the event of your death while still employed or on an SRA qualified leave. Once you are retired, the death benefits paid are governed by the option you selected at retirement.

If you are eligible and have listed your spouse as your sole primary beneficiary, a monthly benefit is shown as an optional payout to your spouse. If you are not eligible, the date when you are first eligible is shown. If you are currently eligible and a spouse is not the sole primary beneficiary, no monthly benefit is shown since, for most plans, only a spouse is entitled to a monthly benefit.

In lieu of the benefits shown above, members of the Employees' and Teachers' Pension and Retirement Systems whose death arises out of or in the course of the actual performance of duty with no willful negligence on their part are eligible for a special death benefit. This benefit, consisting of a monthly allowance of two-thirds of the member's average final compensation plus the member's accumulated contributions, will be paid to the surviving spouse, children under age 18 or dependent parent.

[www.sra.state.md.us](http://www.sra.state.md.us)

### Personal Statement of Benefits



## Your Estimated Monthly Retirement Benefits

### RETIREMENT BENEFITS

	Early Service	Service Retirement
Retirement Date		
Retirement Age		
Lifetime Monthly Estimated Allowance		

**RETIREMENT BENEFITS:** The estimated monthly projected lifetime benefits are based on the assumptions that (1) your earnings will remain constant until you retire; (2) the provisions of your plan remain unchanged; (3) you have made all required contributions prior to retirement (i.e., no deficiency); and (4) all projected future credit is assumed to be full time. Any part time employment may result in service credit adjustments and a reduction in your monthly retirement benefits.

Calculations for correctional officers assume a minimum of five years in an eligible correctional officer classification immediately preceding retirement. Calculations for maximum security attendants assume that past and projected service is in an eligible maximum security attendant classification. Certain elected and appointed officials may be eligible for full benefits after 16 years of service.

The estimated monthly amounts shown are the basic allowances which are the largest benefit amounts that would be paid. At retirement, most members may choose another benefit option which will provide a lower monthly benefit than shown here while providing some form of protection for beneficiary(ies). The estimates also do not reflect payment to an alternate payee under an eligible Domestic Relations Order.

At retirement, you will receive credit for any of your unused sick leave, but only if you retire within 30 days of your separation from employment.

### VESTED RETIREMENT BENEFITS

is your estimated monthly vested benefit earned as of June 30, 2008 and payable at your plan's normal retirement age.

**VESTED BENEFITS:** If you have at least five years of eligibility service, you are vested (eight years of service for a legislator) and have earned the right to receive a monthly benefit when you reach your plan's normal retirement age, even if you are not working at that time. The vested benefit shown is calculated as if you had stopped work as of June 30, 2008. To determine the normal retirement age for your plan, please refer to your plan's handbook or our Web site at [www.sra.state.md.us](http://www.sra.state.md.us) for this information. In some plans, you may be eligible to collect a reduced early benefit prior to your normal retirement age. Withdrawal of your contributions will cause you to forfeit your vested benefit.

### COST OF LIVING ADJUSTMENT (COLA)

**COST OF LIVING ADJUSTMENT (COLA):** Automatic post retirement adjustments are part of the benefit structure of the State Retirement and Pension System. This annual adjustment has been designed to help your retirement benefit keep pace with inflation. A member must be retired at least one year as of July 1 to be eligible to receive that year's increase in the July check.

[www.sra.state.md.us](http://www.sra.state.md.us)

### Personal Statement of Benefits

## CHAPTER 392

(Senate Bill 375)

AN ACT concerning

### **State Retirement and Pension System – Imposition of Administrative Fees on Employers**

FOR the purpose of authorizing the Board of Trustees of the State Retirement and Pension System to adopt regulations to impose certain fees on certain participating employers that fail to provide certain information to the State Retirement Agency with regard to the enrollment of eligible employees in the State Retirement and Pension System; and generally relating to the imposition of administrative fees on employers participating in the State Retirement and Pension System.

BY repealing and reenacting, with amendments,  
Article – State Personnel and Pensions  
Section 21–110(a)  
Annotated Code of Maryland  
(2004 Replacement Volume and 2007 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

#### **Article – State Personnel and Pensions**

21–110.

(a) The Board of Trustees shall adopt regulations providing for:

- (1) the administration of the several systems;
- (2) the management of the assets of the several systems; [and]
- (3) the transaction of its business; AND

(4) THE IMPOSITION OF AN ADMINISTRATIVE FEE ON ANY PARTICIPATING EMPLOYER THAT FAILS TO PROVIDE THE INFORMATION REQUIRED BY THE STATE RETIREMENT AGENCY TO PROPERLY ENROLL ELIGIBLE EMPLOYEES IN THE SEVERAL SYSTEMS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2008.

**Approved by the Governor, May 13, 2008.**

### ***Chapter 392, Laws of 2008***

**STATE RETIREMENT AGENCY**  
120 EAST BALTIMORE STREET  
BALTIMORE, MARYLAND 21202  
410-625-5555

## REQUEST FOR CERTIFICATION OF ANNUAL SALARY

IMPORTANT: PRINT IN INK OR TYPE.

**RETIREMENT USE ONLY**

FORM 28 (Rev. 11/99)

We regret to learn of the death of the following employee who was a member of the State Retirement and Pension System of Maryland. You are requested to certify to the State Retirement Agency the annual salary being paid at the date of death to the following deceased member/employee. The accuracy of the annual salary is most important since it determines the amount of death benefit proceeds payable to the beneficiary(ies) of the deceased member/employee. The annual salary should agree with the employer's current salary scales or with a current contract negotiated by the employer. Please explain any variance between the certified annual salary and the current scales or contract.

(RETIREMENT COORDINATOR PLEASE COMPLETE ALL APPROPRIATE ITEMS)

**ADDRESS:**

Name: \_\_\_\_\_

First Middle Last

Social Security No: \_\_\_\_\_

Address: \_\_\_\_\_  
Number and Street

Date of Death: \_\_\_\_\_  
Month Day Year

---

City & State
Zip Code

Member's Telephone No.: \_\_\_\_\_

Employing Agency: \_\_\_\_\_ Annual Salary \$ \_\_\_\_\_ /Grade \_\_\_\_\_ /Step \_\_\_\_\_

Title of Position: \_\_\_\_\_ Sick Leave - Days Unused \_\_\_\_\_ (If none enter word "NONE")

Explanation: \_\_\_\_\_ As of \_\_\_\_\_  
Mo. Day Yr.

**CERTIFICATION:**

I HEREBY CERTIFY THAT THE ABOVE ANNUAL SALARY IS THE SALARY BEING PAID THE DECEASED MEMBER/EMPLOYEE AT THE DATE OF DEATH AND THAT THE TOTAL DAYS OF UNUSED SICK LEAVE MEET THE MAXIMUM SICK LEAVE ACCUMULATION CRITERIA AS DESCRIBED IN THE RETIREMENT COORDINATOR'S MANUAL.

Signature	Title	Date	(Area Code) Telephone Number
-----------	-------	------	------------------------------

**PAYROLL INFORMATION:**

Last Reported Payroll Period:	Ending			MO.	DAY	YR.
	Wk., Mo., Qtr., Bi-wk, semi-mo.					

Contribution \$ \_\_\_\_\_, Standard Hours \_\_\_\_\_, Actual Hours Paid \_\_\_\_\_, Pay Period Ending \_\_\_\_\_  
Mo. Day Yr.

Contribution \$ \_\_\_\_\_, Standard Hours \_\_\_\_\_, Actual Hours Paid \_\_\_\_\_, Pay Period Ending \_\_\_\_\_  
Mo. Day Yr.

Employee's Final Contribution of \$ \_\_\_\_\_, Standard Hours of \_\_\_\_\_ and Actual Hours Paid of \_\_\_\_\_.

will be Reported on Payroll Period Ending            Mo.            Day            Yr.

Signature \_\_\_\_\_ Date \_\_\_\_\_ Agency Name \_\_\_\_\_ (Area Code) Telephone Number \_\_\_\_\_

**Form 028 - Request for Certification of Annual Salary**

# APPENDIX A – Payroll Reporting Software Program

## PAYROLL PROGRAM INSTALLATION

The Payroll Program provides each employer with a convenient, reliable methodology for reporting retirement payroll data to SRA. The program allows users to view, print, and edit payroll data. To install the program, follow these simple step-by-step instructions.

1. Turn on the computer and open the MS DOS Command Prompt by selecting Start, Programs, and Command Prompt if you're using any Windows Operating System.
2. When the c:\??????\> appears, type "cd\" & press the **ENTER** key.
3. Type "MD PAYROLL" & press the **ENTER** key.
4. Type "cd\payroll" & press the **ENTER** key.
5. Type "copy a:\\*.\*"
6. Type "PAYRLPRG" & press the **ENTER** key. The required files will expand automatically.
7. To start the program, type "RUNTIME PAYRL250".
8. To view instructions to print, access a word processing program, such as Word Perfect, MS Word, Notepad, etc. or Wordpad to view the file prinstru.wpd or prinstru.txt that is located in the c:\ payroll directory on your computer's hard drive.

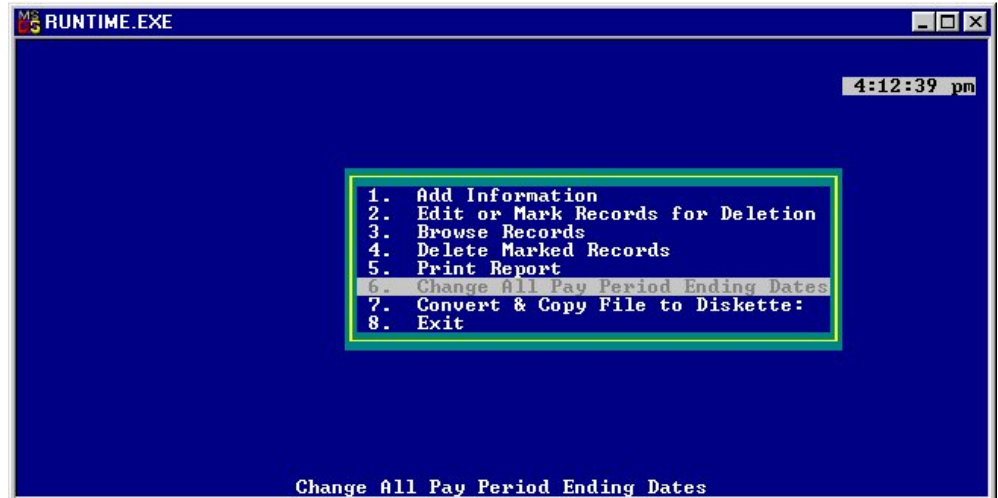
To create a shortcut on the desktop, click the right mouse button anywhere on the Desktop Area. Highlight (Select) New and then Shortcut. Click on Shortcut, double click the directory called payroll, double click the filename runtime.exe, click the left mouse button once at the end of the letter "e" of "runtime.exe", press the **SPACE BAR** once, type "payrl250", click on the "next" button, type "Payroll" for the name to appear below the icon, click the "next" button, and finally double click the icon you wish to appear on your desktop area. The Payroll Program can now be accessed by clicking on the icon.

## PAYROLL PROGRAM GENERAL USE INSTRUCTIONS

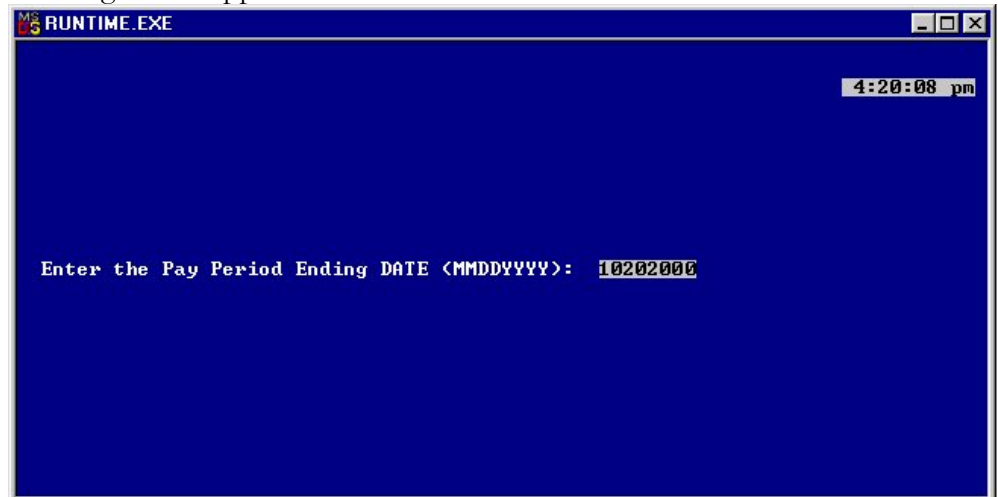
1. Add Information
  - a. Highlight this topic using the **ARROW UP** or **DOWN** key and then press the **ENTER** key.
  - b. Type all of the known information into each field except the Pt/AnlSalary field.
  - c. Use the **TAB** key to move to another field.
  - d. The **PAGE DOWN** or **PAGE UP** key can be used at any time to get to the next or previous page.
  - e. The screen will automatically advance to a blank record if data is put in the last field.
  - f. If unable to complete all of the fields with data, press and hold the **CTRL** key down while pressing the **END** key to save your entries and to exit back to the menu screen.
  - g. Press the **ESC** key to stop entering data or records without saving.
2. Edit or Mark Records for Deletion
  - a. Highlight this topic using the up or down arrow key and then press the **ENTER** key.

- b. Press the **ENTER** key for the Seek Record Selection.
  - c. Type the SSN.
    - The program will automatically search the database for this record immediately after the last number of the SSN is entered. The record will be displayed and you can change the necessary information.
  - d. To advance to a desired field with or without changing the data by using the **TAB** key or by pressing the **ENTER** key until you reach that field.
  - e. To go back to a previous field, hold down the **SHIFT** key while pressing the **TAB** key.
    - Hold down the **CTRL** key while pressing the **END** key to save your changes to the record. If you press the **ESC** key to Finish or Cancel this transaction, the change will not be accepted.
  - f. To mark a record for deletion, hold down the **CTRL** key while pressing the **U** key (not case sensitive).
    - To verify the record was marked for deletion, view the status bar in the lower right corner of the screen. It should read "Del". After marking a record for deletion, please remember to hold down the **CTRL** key while pressing the **END** key to save this record change for deletion.
3. Browse Records
  - a. Highlight this topic using the up or down arrow key and then press the **ENTER** key.
  - b. Use the **PAGE UP** or the **PAGE DOWN** key or **ARROW UP** or **DOWN** keys to scroll through the list of records.
  - c. Once the desired record is found, to advance to the desired field without changing the data by using the **TAB** key or by pressing the **ENTER** key until you reach that field.
  - d. To go back to a previous field, hold down the **SHIFT** key while pressing the **TAB** key.
  - e. The **F2** key displays each field on a separate line.
4. Delete Marked Records
  - a. Highlight this topic using the **ARROW UP** or **DOWN** key and then press the **ENTER** key.
  - b. Read the display and press any key to continue.
5. Print Report to a File
  - a. Highlight this topic using the **ARROW UP** or **DOWN** key and then press the **ENTER** key.
  - b. Press "1" and the program will automatically print the report by SSN to a file called PAYRLSSN.TXT.
  - c. Press "2" and the program will automatically print the Last Name report to a file called PAYRLLN.TXT.
  - d. Press "3" to EXIT back to the Main Menu Screen.
    - These files can be located in the c:\payroll directory and they can be viewed, modified, or printed by using your word processing program to retrieve them.
    - If you do not have a Word processing program such as WordPerfect, MS Word, etc., DOS machines can use the Edit Program, Windows 3.1, 95, 98, and Windows NT machines can use the Notepad or the Wordpad Program.
6. Change All Pay Period Ending Dates
  - a. Highlight this topic using the up or down arrow key and then press the **ENTER** key.
  - b. Type the desired payroll ending date (02101999=MMDDYYYY). The program will automatically change the dates for each record and return you to the Main Menu screen.

- c. The number of records that were changed will appear in the upper left corner of the Main Menu Screen (i.e. 49 records replaced).
7. Convert & Copy File to Diskette
  - a. Highlight this topic using the up or down arrow key and then press the **ENTER** key.
  - b. Make sure there is a formatted diskette in the A:\ (Diskette Drive). Type "payroll" in the field provided that is next to "Enter file Name = = = >" and then press the **ENTER** key.
    - The program will convert the file from a database format to a text format and copy the file to the A:\(Diskette Drive), as payroll. Then Open the A:\ (Diskette Drive), right click on filename (payroll) then click rename.
  - c. Rename as follows: location number and pay period ending date (082605=mmddyy), example 810100082605.
8. Exit
  - a. Highlight this topic using the up or down arrow key and then press the **ENTER** key.
9. To View and/or Print Reports from the Payroll Program
  - a. Open the Payroll program.
  - b. This program does not actually print out reports, nor does it show them on the screen. It creates a text file inside the payroll program that you can open using either any word processor (Word, for example) or text editor (Notepad, for example).
  - c. From the Main menu, select choice number 5, Print Report and **ENTER**.
  - d. From the next screen, choose the type of report you want.
    - If you select choice #1, List all records by SSN, the report's name and location will be c:\payroll\payrlssn.txt.
    - If you select choice #2, List all records by Last Name, the report's name and location will be c:\payroll\payrlln.txt.
    - If you select choice #3, List all report totals by SSN, the report's name and location will be c:\payroll\payrltot.txt.
    - Run your report (or reports).
    - To open and view these reports, open your word processor or Notepad and go to the C:\ drive and find the Payroll directory. Next, locate the name of the report you wish to see. Click on it, then click OK to open the file in your word processing program.
    - Print it as you would any other document.
10. How to Properly Change All Pay Period Ending Dates.
  - a. Open your Payroll program.
  - b. Highlight the **CHANGE ALL PAY PERIOD ENDING DATES** topic using the up or down arrow key to scroll to the sixth item, and then press the **ENTER** key.



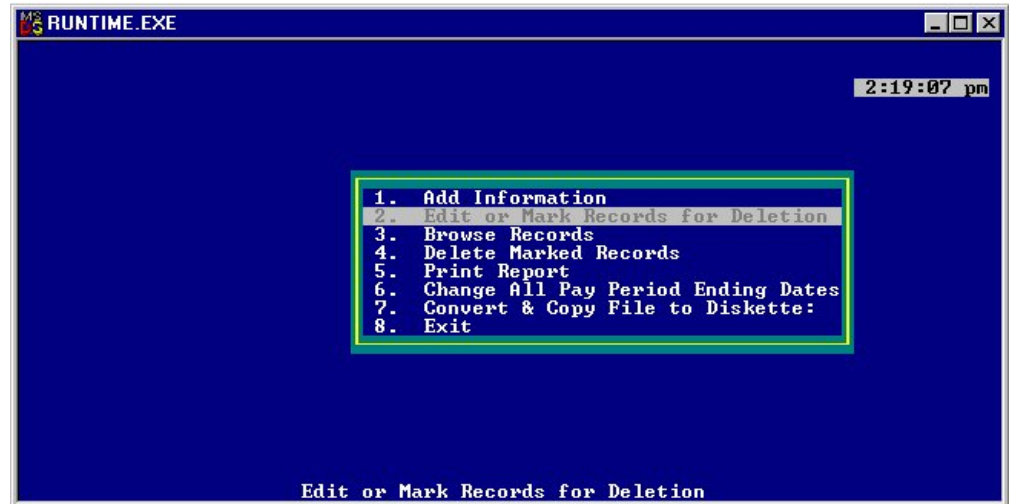
- c. The following screen appears:



- d. Make sure you type the desired payroll ending date in MMDDYYYY format!
- For example, if the desired date is October 2, 2000, 10022000 is what you enter -- MMDDYYYY. M is month, D is day, and Y is year. The program will allow you to enter it incorrectly, so please be careful. The program will automatically change the dates for each record and return you to the Main Menu screen. The number of records that were changed will appear in the upper left corner of the Main Menu Screen (i.e. 49 records replaced).

#### 11. How to Remove Empty Records

- Open the Payroll program.
- Highlight the **Edit or Mark Records for Deletion** topic using the **ARROW UP** or **DOWN** key. A screen saying "Position By" and "Seek Record" will come up. "Seek Record" will be highlighted. Press the **ENTER** key.



- c. Type 000000000 as the desired SSN. The program will automatically search the database for these records immediately after the last number of the SSN is entered.
- d. The first empty record will be displayed. Mark this record for deletion by holding down the **CTRL** key while pressing the **U** key (not case sensitive). You can verify that the record was marked for deletion by looking at the status bar in the lower right corner of the screen. It should read "Del". It's circled in the picture below. Press **PAGE DOWN** twice to go to the next empty record. (The first PAGE DOWN will take you to the second page of the first record.) Mark all first pages of all empty records with **CTRL-U** just like the first one. When you've marked all empty records, hold down the **CTRL** key while pressing the **END** key to save your changes.



- e. You'll be back at the main menu. Highlight the **Delete Marked Records** topic using the **ARROW UP** or **DOWN** key.





- f. Press the **ENTER** key to confirm what the program is going to do, namely, copy the database minus the deleted records. You'll end up back at the main menu again.
- g. If you like, from the main menu, choose the third option, **Browse Records** to check your work. At the prompt, choose to sort by SSN. There should be no blank records at the top. Escape out of the screen by hitting the **ESC** key.
- h. Now you're ready to change to the proper date, update necessary records, run your reports, and save the file to a diskette.

## APPENDIX B – Secure File Upload

### SECURE FILE UPLOAD UTILITY

As described earlier, SRA has implemented a new secure website which allows employers to upload payroll data. This online payroll reporting is a safe, secure and efficient way to submit regular retirement payroll data. The reporting system is part of SRA effort to provide efficient and secure online service to our employers. The new system allows employers the ability to upload retirement payroll data directly to our website in a secure environment.

In order to secure access to the upload utility, you must be granted access to the system by logging in through our secure server (<https://www.sra.state.md.us/upload>).

#### 1. Logging In

Perform the following operations to login:

- a. Enter your username in the “Username” textbox
  - Your default username is the first letter of your first name + the first letter of your middle name (if provided) + your entire last name
- b. If another user already exists with this username, a number (1-9) will be concatenated onto the end of your username
- c. Enter your password in the “Password” textbox
- d. Your default password is your default username
- e. Click the “Secure Login” button to attempt to login

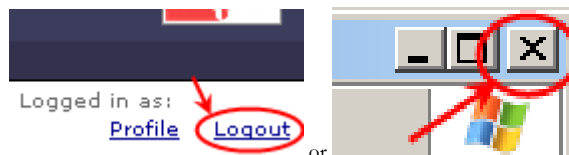
**! If you forget your password, contact SRA Data Control division to have it reset. For first time users, or if your password has just been reset, you will be asked to personalize your password. To cancel this operation at any time, click the “Cancel” button.**



#### 2. Logging Out

Perform the following operations to login:

- a. Click the “Logout” link beneath your username, or simply close the web browser



#### 3. Possible Error Messages

<u>Message</u>	<u>Possible Cause</u>	<u>Possible Solution</u>
“Access has been denied. You	The session has expired.	Log in again.

<u>Message</u>	<u>Possible Cause</u>	<u>Possible Solution</u>
must first login with an active account's credentials in order to access this application.”	The account has been disabled.	Contact SRA Data Control staff.
“Invalid username and/or password.”	Username is invalid.	Enter a valid username.
	Password is invalid.	Enter a valid password.
	Account has been deleted.	Contact SRA Data Control staff.
“Username is required.”	A username was not entered.	Enter a username.
“Password is required.”	A password was not entered.	Enter a password.
“Your account is currently suspended.”	The sender’s account has been suspended.	Contact SRA Data Control staff.
“Your browser security may be preventing you from logging in to this site. Find out how to fix this...”	Cookies are disabled, and are required to log the user in to the system.	Enable cookies in the browser (click the link in the error message to learn how to enable cookies).
“Your browser security settings must allow for active scripting. Find out how to fix this...”	JavaScript is disabled, and is required in order to verify security via a browser test.	Enable JavaScript in the browser (click the link in the error message to learn how to enable JavaScript).

#### 4. Uploading Files

- a. Before uploading files, you must understand the simple concept of the Upload List. Essentially, before a file can be uploaded, it must be added to the Upload List, thereby allowing multiple files to be uploaded at the same time. An upload operation will not be possible unless there is at least one item in the Upload List, and there is no limit to the number of files that can be uploaded at any one time.

## 5. Adding Files to the Upload List

Perform the following operations to add files onto the Upload List:

**! A successful login will automatically redirect you into the actual upload utility.**

- Select the location for which you are uploaded from the “Location” dropdown list
- Select a file category (Payroll, Wages...) from the “Category” dropdown list
- Choose the file to add to the upload list by clicking the “Browse...” button
- Complete additional data required for the file category of the file being added
  - Payroll: Pay Period End Date
  - Deductions: Total Records, Total Dollar Amount, Process Month
  - Wages: Total Records, Total Dollar Amount
  - Remittance: Pay Period End Date
  - Other: Attention Email(s)
- Insert comments in the “Comments” textbox if desired
- Click “Add to Upload List” to add the file to the upload list

**Step 1 of 1: Create the upload list.**

**Add File**

Location  ← 1

Category  ← 2

File to Upload  Browse... ← 3

Comments (Optional)  ← 5

Add to Upload List ← 6

**! To cancel this operation at any time, click the “Cancel” button**

## 6. Modifying Files on the Upload List

Please note that this operation removes the file from the Upload List and loads the data into editable fields. Perform the following operation to modify files currently on the Upload List:

- Click the “Modify” button within the file you would like to modify



## 7. Removing Files from the Upload List

Please note that this operation removes the file from the Upload List and is irreversible. Perform the following operation to remove files currently on the Upload List:

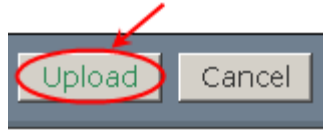
- Click the “Remove” button within the file you would like to remove



## 8. Uploading Files on the Upload List

Perform the following operation to upload files currently on the Upload List:

- a. Click the “Upload” or “Upload All” button to upload all files in the upload list



**! To cancel this operation at any time, click the “Cancel” button.**

## 9. Possible Error Messages

<u>Message</u>	<u>Possible Cause</u>	<u>Possible Solution</u>
“The desired file to add to the upload list cannot be found.”	No file was chosen, the path to the file is invalid, or the file is empty.	Choose a valid file to upload that contains data.
“The form was incomplete, so the file was not added to the Upload List.”	The required fields on the form were not completed.	Complete the highlighted fields and try the addition again.
“The year you entered must be between 1900 and 2078.”	The year entered is not within a valid range.	Enter a year between 1900 and 2078.
“The date you entered is invalid.”	The date entered is not a valid date, or the month was left empty.	Enter a valid date.
“The specified email address is in an invalid format, so the file was not added to the Upload List.”	The email address to be notified is not in a valid format.	Verify that the email address contains the '@' and '.' characters.

<u>Message</u>	<u>Possible Cause</u>	<u>Possible Solution</u>
“(file extension)’ is not a permitted file extension.”	The file you are attempting to add is of a file type that is potentially dangerous to our security, and is not permitted to be uploaded.	Select a different file to upload.
“There are no files to be uploaded.”	No files were added to the upload list prior to the upload.	Add at least one file to the upload list before uploaded files.
“None of the files in the upload list could be uploaded.”	An error occurred for every file to be uploaded preventing it from being uploaded, perhaps file corruption.	Verify that all failed files are accessible.
“An error occurred when opening a transaction, so no files were uploaded.”	The database reported an error when attempting to execute a stored procedure.	Notify SRA Systems Development staff.

## 10.Modifying the User Profile

- a. Each sender has the capability of updating certain information pertaining to that sender’s user account.

## 11.Updating the Username/Password

- a. Perform the following operation to modify the sender’s username or password:
- b. Click the “Profile” link beneath your username

Logged in as: 

- c. Enter your current username and password to verify your identity
- d. Update your profile
  - If updating your username
    - Enter a new username in the “New Username” textbox
    - Click “Update Username” to attempt to update the username
  - If updating your password

- Enter a new password in the “New Password” textbox
- Retype the new password in the “New Password (Retype)” textbox
- Click “Update Password” to attempt to update the password

**Step 1 of 1: Update Your User Profile.**

**Re-Verify Your Identity**

Username

Password

2

**Update Username or Password**

Username and password cannot contain spaces, hyphens, or apostrophes, and must be between 4 and 25 characters long.

New Username

3.a.i

3.a.ii →

- or -

New Password

3.b.i

New Password (Retype)

3.b.ii

3.b.iii →

**! To cancel this operation at any time, click the “Cancel” button.**

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