

tions and interest). If the retiree dies before receiving the full guaranteed amount, the remainder is paid in a single sum to the retiree's beneficiary or divided equally among multiple beneficiaries.

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 lifetime monthly benefit to a sole surviving beneficiary. The monthly benefit amount is based on the retiree's age and the age of the beneficiary at the retirement date.

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 may be less than the current amount.

OPTION 2 - 100% Survivor's Benefit

Guarantees that at the retiree's death, the retiree's entire monthly benefit will continue to be paid to his or her beneficiary for the remainder of the beneficiary's lifetime. Payments cease upon the death of the beneficiary. Retirees electing Option 2 cannot designate a beneficiary who is more than 10 years younger unless the beneficiary is the retiree's disabled child.

OPTION 3 - 50% Survivor's Benefit

Guarantees that at the retiree's death, one-half of the retiree's monthly benefit will continue to be paid to his or her beneficiary for the remainder of the beneficiary's lifetime. Payments cease upon the death of the beneficiary.

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

Guarantees that at the retiree's death, the retiree's entire monthly benefit will continue to be paid to his or her beneficiary for the remainder of the beneficiary's lifetime. If the beneficiary predeceases the retiree, the retiree's monthly amount will increase, or "pop up," to the Basic Allowance. If you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated and revert back to the provisions under Option 5. Retirees electing Option 5 cannot designate a beneficiary who is more than 10 years younger unless the beneficiary is the retiree's disabled child.

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

Guarantees that at the retiree's death, one-half of the retiree's monthly benefit will be paid to his or her beneficiary for the remainder of the beneficiary's lifetime. If the beneficiary predeceases the retiree, the retiree's monthly benefit will increase, or "pop up," to the Basic Allowance. If you are collecting the Basic Allowance and decide to name a new beneficiary, your benefit will be recalculated and revert back to the provisions under Option 6.

You cannot change your option selection after your first payment becomes normally due. Contact the Maryland State Retirement Agency at 410-625-5555 or 1-800-492-5909 if you need assistance in determining which option best suits your situation.

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Guide to **Choosing an Allowance Option**

for

State Police Retirement System
and

Law Enforcement Officers' Pension System



prepared by

**The State Retirement
and Pension System
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For Retirement Counseling call:

410-625-5555

or

1-800-492-5909

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When you retire, your monthly benefit will be paid according to one of several payment options. Your payment option will affect the amount of your monthly benefit. It also will determine the type and amount of benefit, if any, your beneficiary will receive after your death.

Married Officers by Law

Receive the Basic Allowance

If you're married on the date of retirement, by law, you will receive the Basic Allowance. This provides you with the largest monthly allowance during your lifetime that you are entitled to receive. Upon your death following retirement, your spouse will receive 80% if you are a state trooper or 50% if you are a member of LEOPS of your monthly allowance for the remainder of his or her lifetime.

If you are a state trooper and have no spouse, but have a child or children under age 18, the child or children will be paid 80% of your benefit until each child is age 18. The allowance is divided equally among the children if there is more than one child under age 18.

If you are a member of LEOPS and have no spouse, but have a child or children under age 26, the child or children will be paid 50% of your benefit until each child is age 26. The allowance is divided equally among the children if there is more than one child under age 26.

If you have no spouse or children under 18 years of age, no survivor's allowance is payable and monthly payments cease at your death.

If you marry *after* you retire and had chosen the Basic Allowance, upon your death your spouse

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will receive 80% if you are a state trooper or 50% if you are a member of LEOPS of your monthly allowance for life.

Choices for Unmarried Officers

Unmarried officers may either elect the Basic Allowance or choose from one of six additional options. You should carefully review your personal circumstances before selecting an option.

Things to consider include the amount of income you'll need to maintain an acceptable standard of living during retirement and the needs of your survivor(s). Please keep in mind that you may not change your option after you retire. Also, if you select an option then later marry, you may change your beneficiary but not the option.

Benefits under Options 1 through 6 are determined based on the Basic Allowance and actuarial factors. The actuarial factors used depend on the type of retirement (service or disability), the retirement date, the age of the retiree and, with some options, the age of the beneficiary. Ages of the retiree and beneficiary are rounded up to the next age if the person is within six months of the older age. For example, if the age is 62 years and six months, the age used to determine the option factor will be age 63. Likewise, if the age is 62 years and five months, the age used will be age 62.

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

The option you choose may affect your beneficiary's eligibility for continued health coverage after your death. Check with your personnel office for more information regarding health coverage after retirement.

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How the Options Work

Options 1 through 6 guarantee you a monthly allowance during your lifetime and may provide either:

Single-Life Annuity

- a return of a lump-sum amount payable to your survivor(s) at your death

or

Dual-Life Annuity

- a continuing monthly payment after your death to your surviving beneficiary.

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, any reserve funds remaining in the retiree's account are distributed in a one-time, lump-sum payment to the retiree's designated beneficiary.

Multiple beneficiaries may be named under the single-life annuities. These beneficiaries may be changed as often as desired.

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

Guarantees the full return of the present value of the retiree's Basic Allowance computed at the time of retirement. If the retiree dies before receiving the full guaranteed amount, the remainder is paid in a single sum to one beneficiary or divided equally among multiple beneficiaries.

OPTION 4 - Full Return of Employee Contributions

Provides a return of the value of the member's accumulated contributions (employee contribu-

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