

Retiree News & NOTES



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

JULY 2018
VOL. 36 NO. 2



A Newsletter for Retirees from the Maryland State Retirement & Pension System

The following information is provided courtesy of the Maryland Department of Budget and Management for retirees from Maryland state government.

Rx Alert

Important change to retiree prescription drug coverage

BEGINNING JANUARY 1, 2019, prescription drug coverage for state *Medicare-eligible* retirees will no longer be part of your healthcare coverage. In order to ensure that you have no gap in your prescription cov-

See Drug, page 6

Most retirees to see 2.13% COLA increase in July checks

POSITIVE INVESTMENT RETURNS will boost monthly benefits for eligible retirees by 2.13% as the annual cost-of-living adjustment takes effect in July.

To receive the COLA, eligible retirees must have been retired at least one full year as of July 1, 2018.

Because the System's investment program topped its assumed rate of return in calendar year 2017, eligible retirees will receive the full 2.13%

increase. Had the assumed rate not been matched or exceeded, the COLA applied to service earned on or after July 1, 2011, would be capped at 1%.

The Employees' and Teachers' Retirement and Pension Systems, Law Enforcement Officers' Pension System, Maryland State Police Retirement System and Correctional Officers' Retirement System provide an annual COLA. The COLA does not apply

See COLA, page 5

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Retiree
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For retirees who return to work, earnings limits may apply

RETIREES of the Maryland State Retirement and Pension System return to the workforce for many reasons: To pursue new interests, keep active in the community or simply to earn extra money. If you do seek reemployment after retirement, however, you should be aware that certain types of employment are subject to an earnings limit.

The rules discussed further in this article apply for most retirees.

Prior to accepting work with any participating employer — that is, any employer that offers Maryland SRPS benefits to its employees — you must notify the Retirement Agency in writing of your anticipated earnings. Your earnings limit is printed on

the Notice of Retirement Allowance that you received upon retirement.

Please review the information on pages three and four to determine how reemployment during retirement may affect your retirement benefit.

Jamaal R. A. Craddock to represent employee members on Board

A TEN-YEAR VETERAN of the Department of Juvenile Services will help guide Maryland's \$52 billion state pension plan as the active employee representative on the Maryland State Retirement and Pension System's Board of Trustees.

Trustee-elect Jamaal R. A. Craddock was tapped to replace former Trustee Lisa James-Henson, who retired from the Board in February. As the only candidate submitting the required 500 nomination signatures, Mr. Craddock's successful candidacy was certified at the Board's June meeting.

Mr. Craddock is a member of the Maryland chapter of AFSCME and has represented the organization on retirement matters before the Maryland General Assembly. Most recently, Mr. Craddock led

AFSCME's effort to bring DJS employees into the Correctional Officers' Retirement System.

He holds a bachelor's degree in business management from Morgan State University.

The Board of Trustees is responsible for establishing investment and administrative policy and overseeing the management of the Maryland State Retirement Agency.

For more information on the Board of Trustees, including member biographies, open meeting minutes and Board policies and charters, visit the Retirement Agency online at sra.maryland.gov and click on **Agency**.

Retirees to vie for Board seats in '19 election

RETIRED employees and teachers who wish to help lead the Maryland State Retirement and Pension System as members of the Board of Trustees may begin collecting nominations this September on official forms available from the Maryland State Retirement Agency.

Candidates for the teachers' Board seat must be retirees of the Teachers' Retirement or Pension Systems. Employee candidates must be retired from the Employees' Retirement or Pension Systems, Correctional Officers' System, Law Enforcement Officers' System, Local Fire and Police System or the Judges' or Legislators' plans.

Successful nominees will compete in an election slated to run May through June 2019.

Who is subject to an earnings limit?

ALL SERVICE RETIREES

who return to work for the same employer are subject to an earnings limit.

If a service retiree returns to work for a different employer, only early service retirees within the first 12 months of retirement are subject to an earnings limit.

There must be at least 45 days between your last day on payroll and the date you are rehired by any participating employer. This rule applies even if you retired from an employer that has withdrawn from the SRPS. Please note that all units of Maryland state government, including the University System of Maryland, are considered one employer.

Retirees of the Employees', Teachers' and Correctional Officers' Systems who retire with an average final compensation of \$25,000 or less and are reemployed with the same employer are exempt from an earnings limit.

All service retirees from the Employees', Teachers', Correctional Officers' and State Police Systems are exempt from earnings limits after five full calendar years of retirement.

Informational video

To view an online video detailing the possible consequences of reemployment, visit the Retirement Agency website at sra.maryland.gov and click on the YouTube or Vimeo icons. The 9-minute video is titled "Reemployment After Retirement."

New earnings limit exemption enacted for state retirees

LEGISLATION PASSED THIS YEAR by the Maryland General Assembly provides an additional exemption to the earnings limit for reemployed state retirees.

To be eligible for this exemption provided under Senate Bill 1252, a retiree must:

1. Be retired under the Employees' or Teachers' Systems,
2. Be reemployed by the same unit of Maryland state government from which he or she retired *and*
3. Receive reemployment compensation that includes no Maryland state funds.

Your employer's appointing authority must certify to the Maryland State Retirement Agency that you are eligible for this earnings limit exemption.

This earnings limit exemption does not apply to retirees from boards of education, counties, towns or other non-state employers.

Refunds are available for eligible retirees

Persons who retired on or after October 1, 1994, who were subsequently reemployed by the same Maryland state employer *and* whose compensation did not include any state funds are entitled to a return of the earnings that were offset by the Maryland State Retirement Agency.

The legislation was signed into law by Governor Lawrence J. Hogan, Jr., on May 8.

Frequently asked questions

Q. *Is there a deadline for requesting a return of the earnings that were previously offset by the Retirement Agency?*

A. Yes. Retroactive requests for refunds must be received by the Agency by June 30, 2019.

Q. *What should I do if I think the exemption should have applied to me for a prior year's earnings limitation?*

A. Call your employer and ask them to contact the Retirement Agency to obtain a copy of *Employer Certification of Exemption from Earnings Limitation for a Reemployed State Retiree Whose Compensation Does not Include any State Funds* (Form 931). This form must be signed and dated by the employer's appointing authority.

Q. *In addition to my employer completing and submitting a Form 931 to the Retirement Agency, am I required to provide any additional information?*

A. No. Your employer will be required to provide conclusive documentation to show that your compensation does not include any Maryland state funds.

Q. *What happens if my exemption is approved?*

A. If the Retirement Agency approves the exemption, you will be repaid all money due.

For questions, please contact a Retirement Benefits Specialist at 410-625-5555 or toll-free 1-800-492-5909.

Earnings limit exemptions available for teachers

RETIREES WHO MEET THE FOLLOWING CRITERIA are exempt from an earnings limit.

Teachers and principals

A service retiree from the Teachers' Systems is exempt from earnings limits if he or she returns to work for the same employer 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 (NCLBA) of 2001, or
- Is receiving funds under NCLBA, or
- Has more than 50% of the students attending that school who are eligible for free and reduced-price meals, or
- Provides an alternative education program for adjudicated youths or students who have been expelled, suspended or identified for sus-

pension or expulsion from public school,

AND

- Teaches 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 or provide educational services under a special limited provision granted to the superintendent,
- AND
- Is or has been certified to teach in the state,
 - Has verification of satisfactory or better performance in last assignment prior to retirement,
 - Has been appointed in accordance with §4-103 of the Education Article, and
 - If receiving an early retirement benefit, has been retired at least 12 months.

Earnings limits also do not apply to a retiree who was employed as a principal within a certain

period before retirement AND is rehired as a principal at a public school meeting the requirements listed here. During the period of reemployment, the principal's performance must be satisfactory.

Eligible teachers who retired from the Maryland School for the Deaf, and then return to work for that school, will receive this earnings limit exemption.

If you qualify for this exemption as a rehired teacher or principal, your employer must report your hiring to the Maryland State Retirement Agency and the Department of Education within 30 days.

Additionally, up to five retirees, total, from the Teachers' Retirement and Pension Systems may be hired by each local school system and the Maryland School for the Deaf in any position, teaching at any school in the district, and not be subject to a reemployment earnings limitation.

Special reemployment rules apply for disability retirees

ORDINARY DISABILITY

retirees who accept employment with a participating employer are subject to an earnings limit until they reach normal retirement age for their system.

Ordinary disability retirees reemployed by a non-participating employer and those who retired with an average final compensation less than \$25,000 are exempt from earnings limits, as are accidental disability retirees.

Suspension rules

An ordinary or accidental disability retiree's monthly

allowance shall be temporarily suspended if the retiree:

- Retired on or after July 1, 1998,
- Is not eligible to receive a normal service retirement and
- Is employed by a participating employer at an annual compensation at least equal to his or her average final compensation at time of retirement.

Important: Disability retirees from the State Police Retirement System, Law Enforcement Officers' Pension System, Local

Fire and Police System and Employees' Retirement and Pension Systems (former law enforcement officers employed by an employer that participates in the Law Enforcement Officers' Pension System only) are exempt from the earnings limit and suspension if reemployed by a participating employer in any position other than a probationary status law enforcement officer, a law enforcement officer or chief, as defined in §3-101 of the Public Safety Article.

Retired Trooper reelected to Board

MARYLAND STATE TROOPERS have returned Richard E. Norman to the Board of Trustees of the Maryland State Retirement and Pension System.

Incumbent Trustee Norman, who was uncontested in the election, will begin his second Board term August 1. He presently serves as Acting Chairman of the Board's Audit Committee and is a member of both the Administrative and Investment Committees.

After retiring in 2005 at the rank of Captain from the Maryland State Police after 28 years of service, Trustee Norman served eight years as Director of Administration for the Office of Administrative Hearings. He is a CPA and served as Treasurer for the Maryland Troopers Association.



Trustee Richard E. Norman

COLA, from page 1

to retired legislators and judges, as retirees from these systems receive adjustments based on the increases received by active members.

Eligible retirees' increased monthly benefit will be shown on the Automatic Deposit Advice mailed to the homes of all retirees on July 31.

Q. Who qualifies to receive the COLA this July?

A. A retiree who has completed at least one year of retirement as of July 1, 2018, qualifies for this year's COLA. Those who retired after July 2017 (August 2017 or later) will receive their first COLA increase in July 2019.

Q. How is the annual COLA increase applied?

A. A retiree's benefit system determines how the annual increase is applied to his or her payment. Eligible retirees receive either a compound rate or a simple rate. For retirees receiving the compound rate, the COLA increase is based on their current allowance, allowing

COLAs to compound over time. Under the simple rate, the increase is based on the retiree's initial retirement allowance.

The compound rate applies for eligible retirees of all systems except the Employees' Non-Contributory Pension System and the Local Fire and Police System. (For retirees who transferred into the Local Fire and Police System from the Employees' Retirement System, the compound rate applies.)

Q. How is the rate determined?

A. The COLA rate is calculated using a formula provided in state law. The formula compares the value of the Consumer Price Index for the most recent calendar year to the CPI value for the prior calendar year. The percentage difference between these two values is the COLA rate.

This rate is then compared to the maximum COLA rate allowed by state law for the various SRPS systems and plans to determine the correct adjustment to each individual retirement allowance.

Charity campaign to kick off this summer

PLEDGE PACKETS for the Maryland Charity Campaign will be mailed to participating retirees this summer.

Last year's campaign generated more than \$3 million for more than 900 approved charities.

The MCC adheres to the highest standards of data privacy and will contact retirees only with their permission, according to a campaign spokesperson.

For more information, please contact MCC Administrator Lori Parks at 410-260-3857 or loraine.parks@maryland.gov or visit mcc.maryland.gov.

Open enrollment slated for state of Maryland retirees

ATTENTION RETIREES of Maryland state government agencies: If you are enrolled in health benefits, watch the mail for your Open Enrollment packets at the end of September 2018.

Please read your packet carefully and don't miss this opportunity to make changes to your health benefits. Any changes you make during Open Enrollment will have an effective date of January 1, 2019.

For the latest state health benefit updates go to www.dbm.maryland.gov/benefits or call 410-767-4775 or 1-800-307-8283.

This information applies only to persons who retired from units of Maryland state government. It does not apply to retirees from counties, municipalities or other non-state governmental units.

Drug, from page 1

erage you will need to enroll in a Medicare Part D prescription drug plan either directly with Medicare or through other options available in the market-place. Your enrolled dependents who have not yet reached Medicare eligibility will still have coverage through the State plan and will continue to be eligible for prescription drug benefits until they become Medicare eligible. *This does not apply to your medical coverage – if you are enrolled in medical coverage as a State retiree, that coverage remains in effect.*

Start preparing now

Call Medicare at 1-800-MEDICARE or visit their website at <https://www.medicare.gov/part-d/> to start learning about your Medicare Part D options. This is coverage you have to select, enroll in, and pay for on your own. The 2019 Medicare information is not yet on the website, but you can get an idea of what the plans cover and see a range of costs. Please go to the Employee Benefits Division (EBD) website at <http://dbm.maryland.gov/benefits/Pages/EGWP.aspx> for additional information and resources to assist you with this transition.

Have questions?

Maryland Department of Budget and Management
Employee Benefits Division

410-767-4775 or 1-800-307-8283
(weekdays 8:30 a.m. - 4:30 p.m.)

ebd.mail@maryland.gov

Save these dates

You may enroll in Medicare Part D during Medicare's Open Season which runs from *October 15 through December 7, 2018*. If you do not enroll in Medicare Part D you *will have to pay the full cost for your prescriptions until you do enroll in a Medicare Part D plan*. Waiting to enroll could mean that you also have to pay a penalty in the form of an additional monthly premium and this penalty may be significant.

If you or any of your enrolled family members are Medicare-eligible, a letter was mailed to your home on May 15 with information about this change from the Employee Benefits Division. Additional information was sent mid-June and your State Open Enrollment kit (arriving in the

fall) will also have information and resources to assist you with this transition.

The Department of Budget and Management's Employee Benefits Division understands that losing your retiree prescription drug coverage is stressful but they are here to help you. *EBD can't choose a Medicare Part D plan for you* but they are available to answer your questions, guide you to additional resources, and to help ensure you maintain prescription drug coverage. Please look for the additional information from EBD as it comes out later this year.

Note: The Maryland State Retirement Agency does not administer health benefits and staff cannot answer health benefits questions.

Retiree News is published by
The Maryland State Retirement Agency
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Baltimore, MD 21202-6700
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sra.maryland.gov

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