

# Retiree News & NOTES



MARYLAND STATE RETIREMENT and PENSION SYSTEM

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

## Two elected to SRPS Board

AS THE ONLY TWO CANDIDATES to secure the necessary nominations, the election of Sheila Hill and Ayana English-Brown to the Board of Trustees was certified in February. Their Board terms will begin August 1.

Because only one candidate qualified for each Board seat, the election slated for spring is cancelled.

*See Elected, page 4*

## Statutory caps result in varying rates for retirees' July COLA

ELIGIBLE PAYEES (retirees and beneficiaries) of the Maryland State Retirement and Pension System will notice an increase in their monthly allowance beginning in July as the 2023 cost-of-living adjustment takes effect.

This year's cost-of-living rate is 8.003%. However, because this figure exceeds the rate caps prescribed in state law, most retirees will receive a reduced

COLA rate for some or all of their benefit.

The Retirement Agency pays benefits under several retirement systems. There are plans for teachers, employees, police and other groups. Different COLA laws apply for each system.

To determine which COLA rate applies for you, you must know

*See COLA, page 2*

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your system of membership. The name of your retirement system is printed on the Notice of Retirement Allowance you received at retirement. You also can determine your system after signing up for **mySRPS**, the Retirement Agency's secure website.

### What are the COLA rate caps?

Under Maryland State pension law, COLA increases are capped, or limited, for all or a portion of the allowance payable to many payees. These caps apply every year.

An additional statutory rate cap applies this year because the

annual investment return was less than the actuarial assumed rate of return. As a result, the COLA rate for retirement credit earned on or after July 1, 2011, is capped at 1% for many payees.

Answers to frequently asked questions about the COLA are provided on the following page.

## Find your system of membership.

The COLA rate provided applies for most payees of that system.

### Employees' and Teachers' Pension Systems

- 3% on the portion of the allowance based on creditable service earned before July 1, 2011, and 1% on the portion earned on or after July 1, 2011.

### Employees' and Teachers' Retirement Systems\*

- For payees subject to Selection A (Additional member contributions) or who separated from service on or before June 30, 1984, the COLA is 8.003%.
- For payees subject to Selection B (Limited COLA), the COLA is 5%.
- Payees subject to Selection C (Combination formula) are subject to the following COLA rates:
  - For payees who were subject to Selection A before electing Selection C, the COLA is 8.003% on the portion of the allowance based upon creditable service earned before electing Selection C and 3% on the portion earned after electing Selection C.
  - For payees who were subject to Selection B before electing Selection C, the COLA is 5% on the portion of the allowance based upon creditable service earned before electing Selection C and 3% on the portion earned after electing Selection C.

*\*See the frequently asked questions on page 3 for a description of Selections A, B and C.*

### Correctional Officers' Retirement System

- 8.003% on the portion of the allowance based on creditable service earned before July 1, 2011, and 1% on the portion earned on or after July 1, 2011.

### State Police Retirement System

- 8.003% on the portion of the allowance based on creditable service earned before July 1, 2011, and 1% on the portion earned on or after July 1, 2011.

### Law Enforcement Officers' Pension System

- 3% on the portion of the allowance based on creditable service earned before July 1, 2011, and 1% on the portion earned on or after July 1, 2011, except for transferees from the Employees' or Teachers' Retirement System under Selections A or B who did not elect to participate in the Law Enforcement Modified Pension Benefit, who will receive 8.003% if subject to Selection A, or 5% if subject to Selection B.

### Local Fire and Police System

- 3% (except for transferees from the Employees' Retirement System, who will receive 8.003%).

### Legislative and Judges' Systems

- The COLA does not apply to most retired legislators or judges.

# Got COLA questions? We've got answers.

**Q.** Who qualifies to receive the COLA this July?

**A.** A payee must have retired on or before July 1, 2022, to receive this year's COLA. Those who retired August 2022 or later will receive their first COLA increase in July 2024.

**Q.** How is the annual COLA increase applied?

**A.** A payee's benefit system determines how the annual increase is calculated for their payment. Payees receive either a compound rate or a simple rate. Under 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 initial allowance.

**Q.** How is the COLA rate determined?

**A.** The COLA rate is based upon the calendar year over calendar year change in the annual average Consumer Price Index (all urban consumers – United States city average – all items, not seasonally adjusted, 1967 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics.

**Q.** What are Selections A, B and C for the Employees' and Teachers' Retirement Systems?

**A.** Employees and teachers hired before 1980 may fall under Selections A, B or C. These designations affect their COLA.

Under Selection A, the member elected to pay a higher contribu-

tion rate (generally 7% of pay) to maintain all benefits, including unlimited COLA.

Under Selection B, the member continued to pay the pre-1984 contribution rate (generally 5% of pay) to maintain all benefits except unlimited COLA. COLA is capped at 5%.

Under Selection C, the member chose a combination, or two-part (bifurcated) benefit. The portion of the allowance based on creditable service prior to the election is calculated based on the member's prior election of Selection A or B, and the portion based on creditable service after electing Selection C is calculated at retirement as a pension system benefit.

## Where do SRPS retirees live?



Maryland .....	74.6%
Florida .....	4.7%
Pennsylvania .....	3.6%
Virginia .....	2.6%
Delaware .....	2.4%
North Carolina .....	2.2%
South Carolina .....	1.5%
West Virginia .....	1.4%

No other state is home to more than 1% of our payees.

**More than \$3.40 billion in annual pension payments stay in Maryland.**

**FOR MORE INFORMATION LIKE THIS**, including member and retiree demographics, average pension payments by plan, value of pension payments for each Maryland county, total retirements by year, detailed investment performance figures *and more*, check out the award-winning Popular Annual Financial Report available online. Go to [sra.maryland.gov](http://sra.maryland.gov), click on **Investments & Financials**, then click on **Annual Financial Reports**. Scroll down. Links to the latest editions of the PAFR are listed under the heading **Popular Annual Financial Report**. If you prefer, save a few clicks and use the QR code provided here.



## Board of Trustees Update

# Incumbent Hill wins new term; English-Brown elected to succeed retiring Haines on Board

*Elected, from page 1*

Trustee Hill and Trustee-elect English-Brown will represent retired employees and teachers, respectively.

### **Trustee Sheila Hill**

Trustee Hill has represented the interests of retirees from the Employees' Systems since her election in 2015. Previously, she represented active employees from 2004 until her retirement from state employment in 2012.

### **Trustee-elect English-Brown**

Ayana English-Brown retired in 2022 following a 35-year teaching career. In her last assignment, Ms. English-Brown

served 24 years in Prince George's County Public Schools as a Career Technical Education teacher.

Trustee-elect English-Brown in August will assume the seat of Trustee Kenneth B. Haines, who is retiring from Board service.

### **Trustee Haines concludes service on System Board**

Retired teacher representative Kenneth B. Haines, himself a retired Prince George's County educator, is stepping down from the Board of Trustees July 31.

Trustee Haines was elected as a representative for retired

teachers in 2019. He previously served two terms on the Board representing active teachers. Mr. Haines is Chair of the Board's Administrative Committee and a member of the Audit Committee.



*Trustee and retired teacher, Kenneth B. Haines*

## Governor's appointees succeeded on Board

**TWO TRUSTEES** appointed to the Board of the Maryland State Retirement and Pension System by former Governor Lawrence J. Hogan, Jr., will complete their terms July 31. Their Board seats will be filled the following day by two new Trustees tapped by Governor Wes Moore.

By law, seven of the Board's 15 members are appointed to that role by the Governor.

Thomas M. Brandt and Michael J. Stafford, Jr., have served three and six years on the Board, respectively. Trustee Brandt is a member of the Administrative Committee and the Corporate Governance and Securities Litigation Committee. He is Vice-Chair of the Audit Committee. Trustee Stafford is Chair of the Board's Investment Committee.

New gubernatorial appointees Mia N. Pittman and Michelle RhodesBrown will join the Board August 1.

Ms. Pittman is Deputy Assistant Secretary for the Office of Risk Management and Regulatory Affairs

for the Federal Housing Administration. In this role, she serves as the Chief Risk Officer for FHA's \$1.4 trillion insured mortgage portfolio. She earned a BA degree in economics from the University of Pennsylvania, an MA degree from George Washington University and an MBA in Finance from Temple University. She is a Chartered Financial Analyst.

Ms. RhodesBrown is Chief Financial Officer at the Walters Art Museum in Baltimore. Prior to joining the Walters, she held positions of increasing responsibility at firms including Integra Life-Sciences and Biegel Waller Investment Advisory Services. She holds a BSE in Mechanical Engineering and Applied Mechanics from the University of Pennsylvania and an MBA from the Kellogg School of Management at Northwestern University.

### **Who are my Trustees?**

Learn more about the System's 15 Trustees online at <https://sra.maryland.gov/board-trustees>.

## New law provides benefit equity for long-retired Troopers, LEOs, judges in same-sex marriages

### PENSION LAW ENABLES

police and judges to receive the largest lifetime benefit to which they are eligible while still providing a monthly payment to their surviving spouse. Until Maryland legalized same-sex marriage a decade ago, police and judges with same-sex spouses were denied this benefit. New legislation will rectify this disparity.

House Bill 601 and Senate Bill 454, enacted in Annapolis this year, will permit eligible retired police and judges to claim the

retirement benefits enjoyed before 2013 only by opposite-sex couples. To be eligible, the retiree must meet *all* the following requirements:

- Retired from the State Police Retirement System, Law Enforcement Officers' Pension System or Judges' Retirement System on or before December 31, 2012,
- Was not married at the time of retirement,
- Selected on optional form of allowance, naming an

individual of the same sex to be the retiree's designated beneficiary and

- Married the designated beneficiary on or after January 1, 2013.

If a retiree who met these qualifications has died, his or her surviving spouse may still be eligible for the survivor benefit.

Please contact Legislative Director Anne Gawthrop at [agawthrop@sra.state.md.us](mailto:agawthrop@sra.state.md.us) if you think this situation applies to you.

## Legislative Update: Amortization policy change will reduce contribution swings for employers

### SOME PENSION LEGISLA-

**TION** captures the public's attention. Other bills fly under the radar. Senate Bill 466 and its companion, House Bill 804, fall under the latter category, even though they will provide important policy guidance for the funding of the Maryland State Retirement and Pension System for the next 15 years.

This legislation amends the System's amortization policy. (What is an amortization policy? See below.) The changes to the existing policy are intended to help avoid significant increases or decreases in the System's employer contribution rates.

By containing contribution swings, this new policy will help ensure a sustainable pension plan. The newly revised amorti-

zation policy, which originally was enacted a decade ago, will expire in 2039, at which time the System's Board of Trustees, in collaboration with its actuaries, will craft a new policy.

### What is an amortization policy?

An amortization policy is a component of a pension system's plan for accumulating enough funds to pay all current and future retirement benefits. An important part of this policy is the amount of contributions paid by employers who participate in the pension plan. Employers participating in the Maryland System include county school



Governor Wes Moore signed the legislation on April 24. He is pictured with Senate President Bill Ferguson, left, and House Speaker Adrienne A. Jones. Photo courtesy of the Exec. Office of the Governor.

systems, some county and city governments, and Maryland State government agencies.

In addition to contributions from employers, investment earnings and contributions deducted from participants' pay are used to fund retiree benefits.

## Done with paperwork? Sign up for mySRPS!



**AFTER DECADES** of government service, the last thing you want to do is fill out another form. *And you don't have to!*

With the Retirement Agency's secure website **mySRPS**, you can perform the following tasks online without cumbersome and slow paper forms.

- Sign up or change your direct deposit
- Update your federal and Maryland State tax withholdings
- Identify and, for single life annuities, change beneficiaries
- Print your annual tax statement
- Review your payment history, including deductions
- Print an income verification letter for a landlord or lender

Go to [sra.maryland.gov](http://sra.maryland.gov) and click on **mySRPS** in the top-right corner to register and "retire" from filling out forms today!

## New DEI webpage launched

**HOW DOES THE MARYLAND** State Retirement and Pension System incorporate Diversity, Equity and Inclusion (DEI)? Go to [sra.maryland.gov](http://sra.maryland.gov) and click the pop-up link to learn more.

The following information is provided courtesy of the Maryland Department of Budget and Management for retirees from Maryland state government. If you retired from a public school, county or town, contact your former employer for information on health benefits. **The Maryland State Retirement Agency does not administer health benefits.**

## 2024 open enrollment slated for State of Maryland retirees

**FALL OPEN ENROLLMENT** for calendar year 2024 has been scheduled for Oct. 16 through Nov. 9, 2023, for retirees from Maryland state government. State retirees will be able to use the State Personnel System/Workday web enrollment or paper enrollment forms.

- Be sure to update your address with the Employee Benefits Division:  
**[ebd.mail@maryland.gov](mailto:ebd.mail@maryland.gov)**
- Open enrollment packets will be mailed in late September.
- Not making a change? Do nothing!

### Retiree Rx update

Retiree prescription drug benefits will continue through at least December 31, 2024. Retirees will be notified of any changes once litigation is finalized.



### Questions?

Call the Employee Benefits Division at 410-767-4775 or 1-800-307-8283.

## Md. Charity Campaign slated

**WATCH YOUR MAILBOX THIS FALL** for information about the 2023 Maryland Charity Campaign, a workplace charitable giving program that offers retirees the opportunity to donate to vetted, pre-approved, reputable charities.

For more information, please visit <http://mcc.maryland.gov/> or contact MCC Administrator Lori Parks at 410-260-3857.

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