

# Title 22 STATE RETIREMENT AND PENSION SYSTEM

## Subtitle 02 OPTION AND ANNUITY TABLES

### 22.02.01 Option Factors and Annuity Values

Authority: State Personnel and Pensions Article, §§20-202, 21-108, 21-110, 21-125, and 21-402, Annotated Code of Maryland

#### Notice of Proposed Action

[20-188-P]

The Board of Trustees for the State Retirement and Pension System proposes to amend Regulations .01, .03, and .05, repeal existing Regulation .04, and adopt new Regulation .04 under **COMAR 22.02.01 Option Factors and Annuity Values**. This action was considered by the Board of Trustees for the State Retirement and Pension System at an open meeting held on September 22, 2020, notice of which was given by publication on the website for the Maryland State Retirement and Pension System pursuant to General Provisions Article, §3-302, Annotated Code of Maryland.

Also, at this time, the Board of Trustees is withdrawing the proposal to amend Regulations .01, .03, and .05, repeal existing Regulation .04, and adopt new Regulation .04 under **COMAR 22.02.01 Option Factors and Annuity Values** that was proposed in 47:23 Md. R. 1007—1009 (November 6, 2020).

#### Statement of Purpose

The purpose of this action is to update the option factors and annuity values used by the State Retirement Agency when making calculations related to benefits payable upon the commencement of a retirement allowance, vested allowance, or allowance payable on the death of an active member. These proposed regulations are also being amended to make technical and clarifying changes to the existing regulations and to explain when certain updated factors will apply to the Agency's calculations.

#### Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

#### Estimate of Economic Impact

The proposed action has no economic impact.

#### Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Anne E. Gawthrop, Esq., Director, Legislative Affairs, State Retirement Agency, 120 East Baltimore Street, Baltimore, MD 21202, or call 410-625-5602, or email to agawthrop@sra.state.md.us, or fax to 410-468-1710. Comments will be accepted through December 21, 2020. A public hearing has not been scheduled.

**Open Meeting**

Final action on the proposal will be considered by the Board of Trustees for the State Retirement and Pension System during a public meeting to be held on January 19, 2021, at 9:30 a.m., via live stream from the Agency's website. Please check the website closer to the meeting date for further details.

**.01 Definitions.**

A. (text unchanged)

B. Terms Defined.

(1) (text unchanged)

(2) "Post-reform COLA rate" means the assumed cost-of-living adjustment rate under Regulation .03 or .04 of this chapter, for creditable service that is subject to State Personnel and Pensions Article, §29-408, Annotated Code of Maryland.

(3) "Pre-reform COLA rate" means the assumed cost-of-living adjustment rate under Regulation .03 or .04 of this chapter, for

creditable service that is not subject to State Personnel and Pensions Article, §29-408, Annotated Code of Maryland.

(4) (text unchanged)

**.03 Option and Annuity Factors [on or after] from July 1, 2017, until December 31, 2021.**

A. This regulation applies to an effective date of retirement [on or after] from July 1, 2017, until December 31, 2021.

B. General option factors and annuity values, which are established by the System's actuary and are based on the actuarial assumptions adopted by the Board of Trustees as set forth in [§E] §F of this regulation, shall be applicable to the Correctional Officers' Retirement System, Employees' Pension System, Employees' Retirement System, Judges' Retirement System, Teachers' Pension System, and Teachers' Retirement System.

C. Law Enforcement option factors and annuity values, which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in [§E] §F of this regulation, shall be applicable to the Law Enforcement Officers' Pension System, Local Fire and Police System, and State Police Retirement System.

D. Legislative plan option factors and annuity values, which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §F of this regulation, shall be applicable to the Legislative Pension Plan.

[D.] E. (text unchanged)

[E.] F. Actuarial Assumptions.

	Interest Rate	Pre-reform COLA Rate	Post-reform COLA Rate	Mortality	Disabled Mortality	Unisex Mix
General Option Factors and Annuity Values — Law Enforcement Option Factors and Annuity Values	(text unchanged)					
Legislative Plan Option Factors and Annuity Values	5.85%	3.20%	3.20%	RP 2014 Combined Annuitant Mortality	RP 2014 Disabled Annuitant Mortality, Set Forward 1 / 3 Years for Males / Females	75% / 25% Male / Female

**.04 Option and Annuity Factors on or After January 1, 2022.**

A. This regulation applies to an effective date of retirement on or after January 1, 2022.

B. Employee option factors and annuity values, which are established by the System's actuary and are based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation, shall be applicable to the Employees' Pension System and Employees' Retirement System.

C. Judicial option factors and annuity values, which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation, shall be applicable to the Judges' Retirement System.

D. Legislator option factors and annuity values, which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation, shall be applicable to the Legislative Pension Plan.

E. Public safety option factors and annuity values, which are established by the System's actuary and based on the actuarial

assumptions adopted by the Board of Trustees as set forth in §I of this regulation, shall be applicable to the Correctional Officers' Retirement System, Law Enforcement Officers' Pension System, Local Fire and Police System, and State Police Retirement System.

F. Teacher option factors and annuity values, which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §I of this regulation, shall be applicable to the Teachers' Pension System and Teachers' Retirement System.

G. For mortality and disabled mortality table assumptions, the base table rates (with scaling) are projected from the year 2010 using the MP-2018 generational mortality projection scales and birth year based on age in 2023.

H. Upon request, the Retirement Agency shall make the option factors and annuity values established by the System's actuary available to a participant.

*I. Actuarial Assumptions.*

	<i>Interest Rate</i>	<i>Pre-reform COLA Rate</i>	<i>Post-reform COLA Rate</i>	<i>Mortality</i>	<i>Disabled Mortality</i>	<i>Unisex Mix</i>
<i>Employee Option Factors and Annuity Values</i>	5.85%	2.19%	1.42%	<i>PubG-2010 Healthy Mortality (for General Employees), sex distinct, with rates scaled by 111% for males and 109% for females</i>	<i>PubG-2010 Disabled Mortality (for General Employees), sex distinct, with rates scaled by 134% for males and 99% for females</i>	50% / 50% Male / Female
<i>Judicial Option Factors and Annuity Values</i>	5.85%	3.10%	3.10%	<i>PubG-2010 Healthy Above Median Mortality (for General Employees), sex distinct, with rates scaled by 97% for males and 99% for females</i>	<i>PubG-2010 Healthy Above Median Mortality (for General Employees), sex distinct, with rates scaled by 97% for males and 99% for females</i>	75% / 25% Male / Female
<i>Legislator Option Factors and Annuity Values</i>	5.85%	3.10%	3.10%	<i>PubG-2010 Healthy Mortality (for General Employees), sex distinct, with rates scaled by 111% for males and 109% for females</i>	<i>PubG-2010 Disabled Mortality (for General Employees), sex distinct, with rates scaled by 134% for males and 99% for females</i>	75% / 25% Male / Female
<i>Public Safety Option Factors and Annuity Values</i>	5.85%	2.60%	1.42%	<i>PubS-2010 Healthy Mortality (for Safety Employees), sex distinct, with rates scaled by 108% for males and 103% for females</i>	<i>PubS-2010 Disabled Mortality (for Safety Employees), sex distinct, with rates scaled by 122% for males and 121% for females</i>	85% / 15% Male / Female
<i>Teacher Option Factors and Annuity Values</i>	5.85%	2.19%	1.42%	<i>PubT-2010 Healthy Mortality (for Teachers), sex distinct, with rates scaled by 105% for males and 110% for females</i>	<i>PubT-2010 Disabled Mortality (for Teachers), sex distinct, with rates scaled by 105% for males and 113% for females</i>	25% / 75% Male / Female

**.05 Determining a Member's or Beneficiary's Age.**

A. (text unchanged)

B. If the effective date of retirement is 6 months or more [from] after the previous birth date of the member, former member, or designated beneficiary, the Retirement Agency shall increase the age of the member, former member, or designated beneficiary to the next full year.

C. For the recalculation of an allowance payable under State Personnel and Pensions Article, § 21-403(b), (c), (e), or (f), Annotated Code of Maryland (Options 2, 3, 5, or 6), to determine the applicable option factor, the Retirement Agency shall use:

(1) The option factors and annuity values described under Regulation [.02 or .03] .02, .03, or .04 of this chapter which are applicable to the retiree as of the effective date of retirement; and

(2) (text unchanged)

R. DEAN KENDERDINE  
Executive Director