Leaving Employment Seminar
Overview

There are three groups that will be covered during this seminar:

- **Group 1**: Members currently eligible for a retirement allowance
- **Group 2**: Vested members who are eligible for a future monthly allowance
- **Group 3**: Non-vested members who are ineligible for a future monthly allowance
Eligibility Requirements
Pension System

- **Service Retirement (full benefit)**
  - Age 62 with at least 5 years of eligibility service 
  - 30 years of eligibility service regardless of age

- **Early Retirement (reduced benefit)**
  - Age 55 with at least 15 years of eligibility service
  - Greatest reduction is 42%
Eligibility Requirements
Retirement System

- Service Retirement (full benefit)
  - Age 60 or
  - 30 years of service regardless of age

- Early Retirement (reduced benefit)
  - 25 years of service regardless of age
  - Greatest reduction is 30%
Purchase of Service

Normal Cost

- Missed contributions plus interest to date of purchase
- May be purchased at any time during membership
  - Must be on active payroll or SRA Approved Leave of Absence
- Submit Form 26
- Example:
  - SRA Approved Leave of Absence (Same System)
**Purchase Service**

**Full Cost**

- You pay the cost to fund the benefit your additional purchased service will provide.
- Submit Form 26 and Form 9 when you are within 12 months of retirement
  - Must be on active payroll to purchase service credit
- May purchase a minimum of 1 month and a maximum of 10 years of service credit
- **Examples:**
  - Federal Government
  - Public, Private or Parochial School Teaching
  - Municipal Employment
  - Prior State service for which you are not receiving credit
Purchase of Service

- Members may use funds from 457(b), 403(b), 401(k) or IRA for purchasing service credit. Member must complete Form SRA-192 Prior to Retirement.
Military Credit

- Must have 10 years of creditable service
- May receive up to 5 years additional credit
- Form 43 with military documentation verifying service
- Types of Military Service
  - Active duty
  - Reserves
  - National Guard
Monthly Option Selection

- Basic Allowance (Maximum)
  - Largest monthly allowance
  - No protection to beneficiary(ies)
  - Benefits cease at death

- Single Life Annuities
  - Lifetime monthly benefit to retiree and may provide single payment to beneficiary(ies) at retiree’s death

- Dual Life Annuity
  - Provides a continued monthly benefit to a surviving beneficiary
Single Life Annuities:  
Option 1

★ Lifetime monthly benefit to the retiree

- 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, if any, is paid in a lump-sum payment to the designated beneficiary(ies).

- Example: Monthly for the remainder of your life $1,800. The Present Value is $250,000. If you die before receiving the full guaranteed present value at the monthly rate of $1,800, your beneficiaries will be paid the balance in a lump-sum payment.
**Single Life Annuities:**

**Option 4**

🌟 Lifetime monthly benefit to the retiree

- Provides a return of the value of the member’s accumulated contributions (employee contributions 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(ies).

- Example: Monthly for the remainder of your life $1,900. The value of your accumulated contributions and interest is $10,500. If you die before receiving the total accumulated contributions and interest at the monthly rate of $75, your beneficiaries will be paid the balance in a lump-sum payment.
Dual Life Annuities

Provides a monthly benefit throughout the life of the retiree and then provides a continued lifetime monthly benefit to a sole surviving beneficiary.

Option 2
- 100% survivorship - Same lifetime monthly benefit to beneficiary

Option 3
- 50% survivorship - 1/2 lifetime monthly benefit to beneficiary
**Dual Life Annuities**

“Pop-Up” provision - If beneficiary dies before the retiree, the retiree’s monthly benefit “pops-up” to the Basic Allowance unless the retiree renames another beneficiary

**Option 5**

- 100% survivorship (with “pop-up” provision) - Same lifetime monthly benefit to beneficiary

**Option 6**

- 50% survivorship (with “pop-up” provision) - 1/2 lifetime monthly benefit to beneficiary
Naming a Beneficiary Under Options 2 and 5

You cannot designate a beneficiary who is more than 10 years younger than you unless the beneficiary is your spouse or disabled child.
Unused Sick Leave

- Must retire within 30 days of terminating employment
- Increases monthly benefit
- Cannot be used to qualify for a benefit
- Amount of days verified by employer at time of retirement
- 22 days of unused sick leave equal one month (if 11 or more days remaining, an additional month is credited)
- Maximum of 15 sick days per year of service may be credited
Vested Benefits

Five years = Vested

- Member retains accrued benefit
  as long as no withdrawal of contributions

Vested Allowance payable in future

Pension System

- Age 62, or
- Age 55 with 15 years of service

Retirement System

- Age 60
Vested Benefits

- Keep your last Personal Statement of Benefits (PSB)
- Inform Retirement Agency of address changes
- Contact the Retirement Agency when you become eligible
- Keep beneficiaries current
  - Survivors’ payment prior to retirement will consist of vested member’s accumulated contributions
Inside Your PSB

**VESTED RETIREMENT BENEFITS**

$720 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 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.
Withdrawal of Contributions

- Withdraw contributions = forfeit benefits
- Refund may be rolled into qualified plan, IRA or annuity
- Return to Active Employment in Alternate Contributory Pension System - may redeposit contributions and interest to regain service
**Non Vested Members:**

Less than 5 years of eligibility service:

- Four years to return to ACPS membership and retain non-vested service OR withdraw contributions
- Withdrawn contributions - eligible for rollover into qualified plan, IRA or annuity
- Return to membership may request to redeposit contributions and restored prior service
- Forfeit unused sick leave at termination of paid employment
Termination of Membership

- Membership in Alternate Contributory Pension System (ACPS) terminates four years after paid employment ends. Member may no longer apply for disability retirement.
- Member returns to active employment with a participating employer in ACPS, may be eligible to combine vested and current service.
- Forfeit unused sick leave at termination of paid employment.
Title 37 Transfer

Two Types:

- Transfer from one SRPS system to another SRPS system
- Transfer from SRPS to another Maryland Municipal system

Transfers are permitted if:

- No break in employment (less than 30 days)
- Must be completed within 1 year of transferring to the new system
Sources of Information

Telephone
410-625-5555 or
toll-free 1-800-492-5909

Mail/Office Visits
State Retirement Agency of MD
120 East Baltimore St., 14th Fl.
Baltimore, MD 21202-6700

Internet Web Site
www.sra.state.md.us

E-Mail
sra@sra.state.md.us

Information
*After You Retire* brochure
*Retiree News & Notes* newsletter