FOR RETIREES OF THE TEACHERS' RETIREMENT/PENSION, EMPLOYEES' RETIREMENT/PENSION, CORRECTIONAL OFFICERS' RETIREMENT, OR LOCAL FIRE & POLICE PENSION SYSTEMS

Keep a copy of this form on file as a handy reference. You should also keep your Notice of Retirement Allowance that the State Retirement Agency sends to you as a new retiree. The Notice of Retirement Allowance lists the amount of your monthly retirement allowance, your designated beneficiary(ies) and your earnings limitation. Refer to your Notice of Retirement Allowance to identify the type of retirement you are receiving (service, ordinary disability or accidental disability) and the amount of your earnings limit. Then, apply the reemployment rules printed below to determine if an earnings limit applies for you. Once retired, you cannot enroll in another Maryland State Retirement and Pension System (SRPS) plan or the Optional Retirement Program (ORP).

Under no circumstances should your decision to retire be conditioned upon an offer of reemployment, and in fact, no offers of reemployment should be discussed by you and your employer prior to your retirement. However, if after your retirement you consider reemployment with an employer that participates in the SRPS you need to be aware of two important issues: Internal Revenue Service (IRS) guidelines regarding reemployment and Maryland retirement law regarding reemployment.

INTERNAL REVENUE SERVICE GUIDELINES REGARDING REEMPLOYMENT

There can be significant consequences to you and the SRPS if you retire before the normal retirement age of your plan and/or before age 59 1/2, and are reemployed with the same employer without a bona fide separation of service. Please note that all units of Maryland state government, including the University System of Maryland, are considered one employer.

The IRS can impose a significant tax penalty on your income if you are under the age of 59 1/2, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

If you retire before your normal retirement age, there are also serious IRS consequences to the SRPS if a bona fide separation does not take place following retirement and prior to reemployment with the same employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the greater the difference between your last job before retirement and the job being performed upon your reemployment, and the longer the break between the date of your retirement and the date of your reemployment, the more likely it is that there has been a bona fide separation of service. If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not likely qualify as a bona fide separation from service unless there is a lengthy break in employment. Even arrangements where you are rehired as an "independent contractor" may not meet the IRS' standard.

MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT

Maryland law requires that there must be a minimum of 45 DAYS between your retirement date and the date you are rehired by any employer that is a participating employer in the SRPS. This rule applies even if you retired from an employer that withdrew from the SRPS. All units of Maryland State government, including the University System of Maryland, are considered to be one employer under these reemployment rules.

Additionally, employment after retirement, under certain conditions, may cause your retirement allowance to be reduced.

SERVICE RETIREMENT

Applicable to all systems: If you accept employment with a participating employer, that is an employer who offers State Retirement Benefits to their employees (a list of these employers can be found on page three), you must notify the Board of Trustees in writing of your intent to accept reemployment and the amount of your anticipated compensation. If you accept employment with the same employer from which you retired, you are subject to an earnings limit. All units of Maryland State government, including the University System of Maryland, are considered to be one employer under these reemployment rules. If you are subject to an earnings limit, your allowance will be reduced only if your reemployment earnings exceed the earnings limitation printed on your Notice of Retirement Allowance.

Reemployment earnings are the annual reemployment compensation reported to the IRS that you received during a calendar year. Your benefit is reduced one dollar for every dollar you earn in excess of your limit, up to a maximum of the full retirement allowance. If you retired as an elected or appointed official, contact the State Retirement Agency to learn how the reemployment provisions apply to you.

Applicable only to Employees'/Teachers’ Systems: Additionally, if you accept an early retirement and have been retired fewer than 12 months, you are subject to an earnings limit if you return to work for any participating employer during the first 12 months of retirement.

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I acknowledge that I have received this information about my obligation with regard to reemployment and I agree to notify the Board of Trustees of my anticipated earnings should I return to work. I also understand that, should I exceed the earnings limitations imposed by law, my monthly retirement allowance may be reduced or terminated until such time that any resulting overpayment of benefits is recovered.

Social Security Number ____________________________________________________________
Signature                                                                 ____________
Date ____________
sra.maryland.gov
SERVICE RETIREMENT: EXCEPTIONS

Applicable to all systems: Earnings limits do not apply if your average final compensation used in your retirement calculation is less than $25,000 and you are reemployed on a permanent, temporary or contractual basis. Earnings limits do not apply if you have been retired more than five years. With the exception of a January 1st retirement date, the five year period begins on January 1st of the year following the year of retirement.

Applicable only to Teachers’ Systems: Earnings limits do not apply if you are a teacher who meets all of the following criteria:
- 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
- Retired with normal service retirement, or retired with an early service retirement and has been retired at least 12 months

AND

Is employed as a classroom teacher, substitute classroom teacher or teacher mentor for the Maryland School for the Deaf or 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 of 2001, or
- Is receiving funds under Title 1 of the federal No Child Left Behind Act of 2001, or
- Has more than 50% of the students attending that school who are eligible for free and reduced-price meals, or
- Provides alternative education program for adjudicated youths or students who have been expelled, suspended or identified for suspension or expulsion from public school

AND

- Shall teach in an area of critical shortage, 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 education services under a special limited provision granted to the superintendent.

The superintendent may also grant a special limited exception to the earnings limit if the retiree is employed at any school to teach in an area of critical shortage, a special education class with special needs, a class for students with limited English proficiency, or provide education services.

Earnings limits do not apply if you are employed: 1) as a principal within 5 years of retirement or 2) as a principal not more than 10 years before retirement and were employed in a position supervising principals in the retiree’s last assignment prior to retirement AND you are rehired as a principal at a public school outlined above.

Note: Teachers and principals must receive satisfactory or better performance evaluations each year to continue with the earnings limit exception.

If you retired directly from employment as a faculty member with a 10-month salary at the University System of Maryland, Morgan State University, St. Mary’s College or a Title 16 community college and are reemployed by the same employer, the following types of compensation will not be subject to an earnings limit: bonuses, overtime, summer school or adult education salaries, temporary payments for special research, honorariums or vehicle stipends.

Applicable to Employees’ Systems (rehired health care practitioners): Retirees of the Employees’ Retirement and Employees’ Pension Systems who are reemployed on a contractual basis as a health care practitioner by the Department of Health and Mental Hygiene in a state residential center, chronic disease center, a state facility or a local health department are exempt from the earnings limitation (applies only to normal service retirement or early service retirement once the retiree has been retired for 12 months.)

Applicable to Employees’ Systems (rehired as parole and probation employees): Retirees of the Employees’ Retirement and Employees’ Pension Systems who are reemployed on a contractual basis as parole and probation employees in positions with the Division of Parole and Probation in the Department of Public Safety and Correctional Services are exempt from an earnings limit for not more than 4 years.

Applicable to Correctional Officers’ Retirement System (rehired correctional officers): Retirees of the Correctional Officers’ Retirement System who are reemployed on a contractual basis as a correctional officer by the Division of Corrections, the Division of Pretrial Detention and Services or the Patuxent Institution in the Department of Public Safety and Correctional Services in an eligible correctional facility are exempt from the earnings limitation for a maximum of 4 years (does not apply to a disability retirement).

DISABILITY RETIREMENT

Suspension of Disability Retirement: An Ordinary or Accidental Disability allowance shall be temporarily suspended during a period of re-employment if a retiree is reemployed by any participating employer at an annual compensation that is at least equal to the retiree’s average final compensation at retirement. If the disability retiree is eligible to receive a normal service retirement or began receiving a disability retirement allowance before July 1, 1998, no suspension of benefits is applied. There is no additional benefit accrued while reemployed by a participating employer.

If suspended, the retiree’s allowance is reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer. Also, the retiree’s allowance at time of reinstatement is adjusted to reflect the accumulated cost of living adjustments during the period of suspension.

Earnings limitation for Ordinary Disability Retirees Only: If you have not reached normal retirement age and you accept employment with a participating employer and your current earnings from the employment exceeds your earnings limitation, then your benefit is reduced. The reduction is $1.00 for every $2.00 over the limit, if you have been retired less than 10 years. If you have been retired 10 years or longer, the reduction will be $1.00 for every $5.00 over the limit. If your pension is temporarily suspended as provided above, this earnings limitation does not apply during the period of suspension.

There is no earnings limit for an Ordinary Disability Retiree who is reemployed with a non-participating employer.

The earnings limit does not apply for Accidental Disability Retirees.

Note: An additional exception to the suspension of benefits and the earnings limitation applies to law enforcement officers formerly employed by an employer that participated in the Law Enforcement Officers’ Pension System. These former officers are exempt 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.

If you have any questions, call a retirement benefits specialist at 410-625-5555 or toll free 1-800-492-5909 to understand how the reemployment provisions apply to you. We will make every effort to assist you in understanding your options, but it is your responsibility to advise us of your reemployment.
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<thead>
<tr>
<th>Participating Governmental Units in the Employees’ System as of July 1, 2014</th>
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<tr>
<td>Allegany College of Maryland, Allegany County Board of Education, Allegany County Commission, Allegany County Housing Authority, Allegany County Library, Annapolis, City of, Anne Arundel County Board of Education, Anne Arundel County Community College, Berlin, Town of, Berwyn Heights, Town of, Bladensburg, Town of, Bowie, City of – Police Dept. (LEOPS), Brunswick, City of, Calvert County Board of Education, Cambridge, City of, Caroline County Board of Education, Caroline County Sheriff Deputies, Carroll County Board of Education, Carroll County Public Library, Carroll Soil Conservation District, Catoctin &amp; Frederick Soil Conservation District, Cecil County Board of Education, Cecil County Commission, Cecil County Library, Centreville, Town of, Chesapeake Bay Commission, Chestertown, Town of, Cheverly, Town of, College of Southern Maryland, College Park, City of, Crisfield, City of, Crisfield Housing Authority, Cumberland, City of, Cumberland, City of - Police Department, Denton, Town of, District Heights, City of, Dorchester County Board of Education, Dorchester County Commission, Dorchester County Roads Board, Eastern Shore Regional Library, Edmonston, Town of, Emmitsburg, City of, Federalsburg, Town of, Frederick County Board of Education, Frostburg, City of, Fruitland City of, Garrett County Board of Education, Garrett County Community Action Committee, Greenbelt, City of, Greensboro, Town of, Hagerstown, City of, Hagerstown Community College, Hampstead, Town of, Hancock, Town of, Harford Community College, Harford County Board of Education, Harford County Government, Harford County Library, Housing Authority of Cambridge, Howard Community College, Howard County Board of Education, Howard County Community Action Committee, Hurlock, Town of, Hyattsville, City of, Kent County Board of Education, Kent County Commissioners, Kent Soil and Water Conservation District, Landover Hills, Town of, La Plata, Town of, Lower Shore Private Industry Council, Manchester, Town of, Maryland Health &amp; Higher Education Facilities Authority, Middletown, Town of, Montgomery College, Morningside, Town of, Mount Airy, Town of, Mount Rainier, City of, New Carrollton, City of, North Beach, Town of, Northeast Maryland Waste Disposal Authority, Oakland, Town of, Oxford, Town of, Pocomoke, City of, Preston, Town of, Prince George’s Community College, Prince George’s County Board of Education, Prince George’s County Crossing Guards, Prince George’s County Government, Prince George’s County Memorial Library, Princess Anne, Town of, Queen Anne’s County Board of Education, Queen Anne’s County Commission, Queenstown, Town of, Ridgely, Town of, Rock Hall, Town of, St. Mary’s County Board of Education, St. Mary’s County Commission, St. Mary’s County, Housing Authority, St. Mary’s County Metropolitan Commission, St. Michaels, Commissioners of Salisbury, City of, Shore Up!, Snow Hill, Town of, Somerset County Board of Education, Somerset County Commission, Somerset County Economic Development Commission, Somerset County Sanitary District, Inc., Southern Maryland Tri-County Community Action Committee, Sykesville, Town of, Takoma Park, City of, Talbot County Board of Education, Talbot County Council, Taneytown, City of, Thurmont, Town of, Tri-County Council of Western Maryland, Tri-County Council for the Lower Eastern Shore, University Park, Town of, Upper Marlboro, Town of, Walkersville, Town of, Washington County Board of Education, Washington County Board of License Commission, Washington County Library, Westminster, City of, Worcester County Board of Education, Worcester County Commission, Wor-Wic Community College</td>
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