



# Overview of the Voluntary Separation Program

Department of Budget and Management

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July 2025

# Agenda



## General Information

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## Retirement Information

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# Context for Voluntary Separation Program (VSP)



Headed into the FY 2026 budget cycle, Maryland faced both a **\$3 billion budget gap** and an **unpredictable federal outlook** which was also driving revenue uncertainty, the worst fiscal crisis in two decades.

As part of that ultimate plan to eliminate the structural deficit, the FY 2026 Budget passed by the General Assembly required personnel reductions in the budget totaling **\$121 million**.

Governor Moore announced four initiatives to capture the required savings:

- Identifying opportunities for promoting innovative cost savings and enhanced efficiency without PIN reductions, such as through facility consolidations;
- Launching a Voluntary Separation Program (VSP);
- Assessing opportunities to eliminate vacant PINS based on alignment with mission priorities; and
- Implementing a hiring freeze effective July 1st.

**The State launched the VSP on July 10th with the Governor's issuance of an Executive Order**

# VSP Process & Timeline for Employees



VSP program announced with an Executive Order	Jul 10
Deadline for employees to apply to participate in the program via Workday	Aug 4
Last day for employees to rescind their application	Aug 18
Employees notified of outcome of VSP application	Sep 16
Separation date for applicants accepted into the VSP	Sep 30
Last day of health benefits coverage for employees accepted into VSP	Mar 31 (2026)

# Important Reminders



## The VSP is voluntary

- You do not have to apply to the VSP if you decide the program is not right for you
- Management may not pressure any employee apply for the VSP

## Applying does not guarantee acceptance into the VSP. Your application is subject to approval by the Administration

- VSP decisions are final and not subject to an appeal

## If you are accepted into the VSP you **cannot take any other State job** (contractual, temporary, regular, etc.) for 18 months

- If this provision is found to be violated, an employee will be subject to repayment of the full severance package (VSP separation benefit of \$20,000 and \$300 per year of service AND the cost of the 6 months of benefits coverage)

## If you want to rescind your VSP application, **you must do so by 8/18/25**

- Failure to rescind by 8/18/25 will result in separation if your application is approved

# VSP Eligibility (1/2)



## Employee eligibility

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To be eligible, employee must meet all of the criteria:

1. Full-time permanent position;
2. Not be in an excluded class (see next slide); and
3. Have at least 24 months of current, continuous State service in a permanent position as of 8/4/25 <sup>1</sup>

An employee is not eligible if they:

1. Submit a resignation before a VSP application;
2. Prior to the submission of the VSP application, they apply for or are approved for service or disability retirement;
3. Are terminated or received notice of termination before the VSP separation date;
4. Accept another position with the State at any time prior to the VSP separation date;
5. Leave State employment before VSP separation date; or
6. Cease to meet the eligibility requirements

## Agencies excluded from the VSP

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- Higher education
- Non-budgeted agencies, such as the Maryland Stadium Authority, the MD Food Center Authority, the Maryland Automobile Insurance Fund, etc.
- Non-budget divisions in otherwise included agencies – e.g. the Investment Division in SRA, local boards of elections, or local non-budgeted health departments
- Non-Executive Branch entities such as the General Assembly and the Judiciary

<sup>1</sup> Includes continuous service prior to a contractual conversion

# VSP Eligibility (2/2)



Many individual classes will also not be eligible to participate in the VSP. These classes will generally be those in:

- Public safety and emergency response, e.g.:
  - Police officers (across State government)
  - Emergency Medical Services
  - Forensics & crime scene
- State institutions and parole, e.g.:
  - Correctional Officers
  - Parole Agents
  - DJS Comm Detention Officers
- Executive leadership and the Governor's Office
- Health care provision, e.g.:
  - Doctors
  - Nurses
  - Pharmacists
  - Community health
- Cybersecurity
- Inspections
- Unemployment insurance

See [DBM VSP Information Website](#) for full list

# VSP Incentive Package



	2025 VSP	Notes
Lump sum payment	\$20,000	
Service bonus	\$300 / year of service	Partial years of service are rounded up
Paid health benefits (State pays full amount)	6 months	Includes health, pharmacy, dental and life insurance benefits
Leave payout	As provided for in law	

*Note that employees who take the VSP will be required to repay the full value of their incentive package if they work for the State again within 18 months*



# VSP offers certain Severance Benefits



The VSP package includes continuation of certain Health Benefits through March 31, 2026:

- Medical Insurance
- Prescription Drug Coverage
- Dental Benefits
- Life Insurance
- Note – coverage (plan(s) & levels) in effect on September 30, 2025 will continue without interruption

Other health benefits will end at 11:59pm on September 30, 2025, including:

- Flexible Spending Accounts
  - ★ Healthcare FSA may be COBRA eligible
- Accidental Death & Dismemberment

Retiree Health Benefits

Continuation through COBRA after March 2026

- ★ Medical, Dental and Prescription Drug only

Open Enrollment - October 14 thru November 7, 2025 (Workday)

- [VSP Exiting Employee Information](#)
- **Contact the Employee Benefits Division**  
**410.767.4775**  
**ebd.mail@maryland.gov**

# Available Health Benefits will change on conclusion of 6 months paid continuation



## **With Severance Benefits (Oct. 1 - Mar 31)**

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- Health Benefits will continue without interruption
  - Excluding Flexible Spending Accounts and Accidental Death & Dismemberment
- An offer to continue Health Care FSA will be sent to your home address
- Eligible for Open Enrollment October 14 through November 7, 2025
  - Medical, Prescription Drug and Dental Only
- Verify your contact information is up to date including personal email

## **After Severance Benefits – Apr 1+**

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### **Retired**

- Retirees who are receiving a pension AND eligible for health benefits, will be enrolled in a retiree benefit group
- If you are or have become Medicare eligible by April 1, 2026, you must be enrolled in Medicare Parts A and B, as well as Part D (Rx) through Via Benefits
- Life Insurance will continue - may be subject to the reduction schedule

### **Not a Retiree**

- An offer to continue medical, prescription drug and dental benefits through COBRA will be sent to your home address
- If enrolled, MetLife will offer you continuation through portability or conversion of your Life Insurance

# VSP Application



SPMS and MDOT employees will see the VSP Announcement in SPS/Workday

**SPMS employees** will get an error message if they:


- are not in an eligible job profile
- do not have the required service time
- have a completed future termination event


**MDOT employees** will not be evaluated in the online application process; ineligible employees will be notified by MDOT staff.

- VSP Applicants must acknowledge all of the statements online in order to submit their application
- VSP Applicants can follow the [Quick Guide](#) to complete the application and print/save their application

# Application Demo


DBM - OPSB - Shared Services


 MENU





Q

Search

 392

 17085






## Hello There

It's Wednesday, July 9, 2025

### Awaiting Your Action




**VSP Application Attestation and Agreement: | Employee Name**  
My Tasks - 2 hour(s) ago


...

### Announcements

1 of 2 < >



**VSP Submission**  
Employees that are not in  
VSP eligible job classes wil...





## VSP Submission

*SPMS employees that are not in VSP eligible job classes will get a general error message when starting this event by clicking "Submit VSP".*

Submit VSP

### Submit Resignation



This is the application process for the Voluntary Separation Program (VSP). VSP participation shall be on a strictly voluntary basis for all employees deemed eligible to apply. This process is a resignation event, and if approved for the VSP, you will resign or retire from your position as part of the VSP.

The existence of the VSP does not in any way change your relationship with the State. If you are eligible to apply and decline to do so, you will not be treated any differently with respect to future terms and conditions of employment than any other similarly situated employee. Similarly, if you apply and are not approved to participate in the VSP, you will continue to serve in your role with no change in treatment.

You also should understand that applying to participate does not confer any right to future employment with the State or otherwise affect the status or terms and conditions of your current employment, except that your employment relationship with the State will end on September 30, 2025, if you are approved to participate in the VSP.


Please complete the following data to move on in this application process:

Proposed Termination Date: This date must be September 30, 2025, 9/30/2025

Reason for Resignation: Please click on the dropdown icon on the right, to select *Voluntary Separation Program (VSP)*

To continue, please click on the *Submit* button at the bottom of this page.





Notice Period  
0 Day(s)

Notification Date

Proposed Termination Date \*

Reason for Resignation \*

Additional Reasons for Resignation

[Submit](#) [Save for Later](#) [Cancel](#)

Notification Date

Proposed Termination Date \*

07/09/2025



09/30/2025



← Voluntary Separation Program (VSP)

● Voluntary Separation Program (VSP) > Voluntary Separation Program (VSP) 2025

Search



Notice Period

0 Day(s)

Notification Date

07/09/2025

Proposed Termination Date \*

09/30/2025

Reason for Resignation \*

X Voluntary Separation Program (VSP) > Voluntary Separation Program (VSP) 2025

Additional Reasons for Resignation

enter your comment

Submit

Save for Later

Cancel



Q Search

### You have submitted

Up Next: Employee Name | Complete VSP Application Attestation and Agreement

[View Details](#)

[Complete Questionnaire](#)

## Complete VSP Application Attestation and Agreement

'VSP Application Attestation and Agreement v2' for Submit Resignation: David Marple (W1050386) ...

VSP Application Attestation and Agreement v2

### 1. General:

I wish to apply for the Voluntary Separation Program ("VSP"). I understand that if, for any reason, my employment with the State of Maryland ends before my VSP Application is approved, I will cease to be an Eligible Employee, and my application will be denied.

In the event my VSP Application is approved, I will be entitled to severance pay and severance benefits under the VSP so long as I remain an active employee in good standing until my separation date through the VSP on September 30, 2025.

(Required)

- ☐ I acknowledge paragraph 1 and want to continue to apply for the VSP.
- ☐ I do not acknowledge this statement and will not apply for the VSP. By selecting this option, my VSP application will not continue.

### 2. Voluntary Nature of Separation:

I acknowledge that I have read the Voluntary Separation Program Guide ("Guide"), which is available on the Department of Budget and Management's website and agree to the terms and conditions of the VSP as described fully in the Guide.

### Additional Information

Response



Status

Completed

Questionnaire

VSP  
Application  
Attestation  
and  
Agreement  
v2

Respondent

David Marple  
(W1050386)

Submission Date

07/09/2025

18 items



Question

Answers

1. General:

I acknowledge paragraph 1 and want to continue to apply for the

Approve

Send Back

Cancel

×

**You have submitted**

[View Details](#)

# Questions?

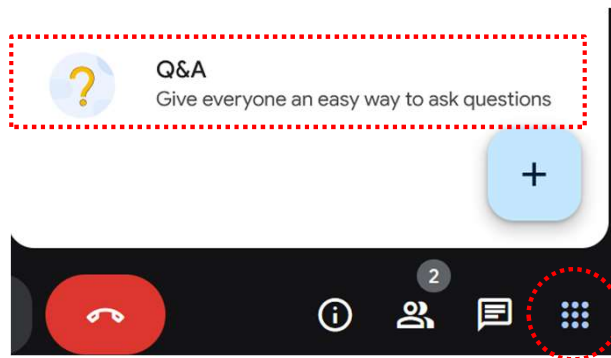


## General Q&A

- Please use the Q&A function to ask questions
- Questions may be asked anonymously by checking the “Post anonymously” box
- Use the upvote function rather than entering duplicate questions
- Please avoid sharing personal information and details – focus on generally-applicable questions
- For questions specific to personal situations: [vsp.administrator@maryland.gov](mailto:vsp.administrator@maryland.gov)

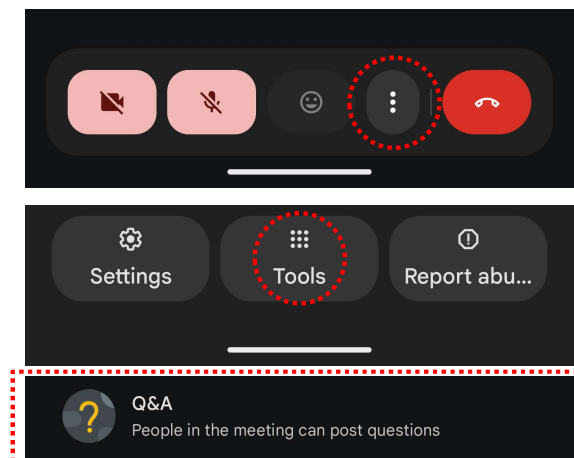
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### Mobile

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## For More Information:

Visit:

<https://dbm.maryland.gov/employees/Pages/VSP%20Information.aspx>

Email: [vsp.administrator@maryland.gov](mailto:vsp.administrator@maryland.gov)

Or contact your Agency's HR team

MDOT Employees contact [MDOTHumanResources@mdot.maryland.gov](mailto:MDOTHumanResources@mdot.maryland.gov)

### **State Retirement Information:**

[SRA Homepage](#)

Phone number: 1-800-492-5909

Email: [sra@sra.state.md.us](mailto:sra@sra.state.md.us)

### **MTA (Drivers / Mechanics):**

MTA Benefits Office numbers:

- 410-767-3852
- 410-767-3860
- 410-454-7222

### **Supplemental Retirement Information:**

[MSRP.maryland.gov](http://MSRP.maryland.gov)

Phone number: 410-767-8740 or 1-800-543-5605

Email: [membersrvs.MSRP@maryland.gov](mailto:membersrvs.MSRP@maryland.gov)

### **Benefits Information:**

[Employee Benefits Division](#)

Phone number: 410-767-4775

Email: [ebd.mail@maryland.gov](mailto:ebd.mail@maryland.gov)



# Voluntary Separation Program and **State Retirement and Pension System**

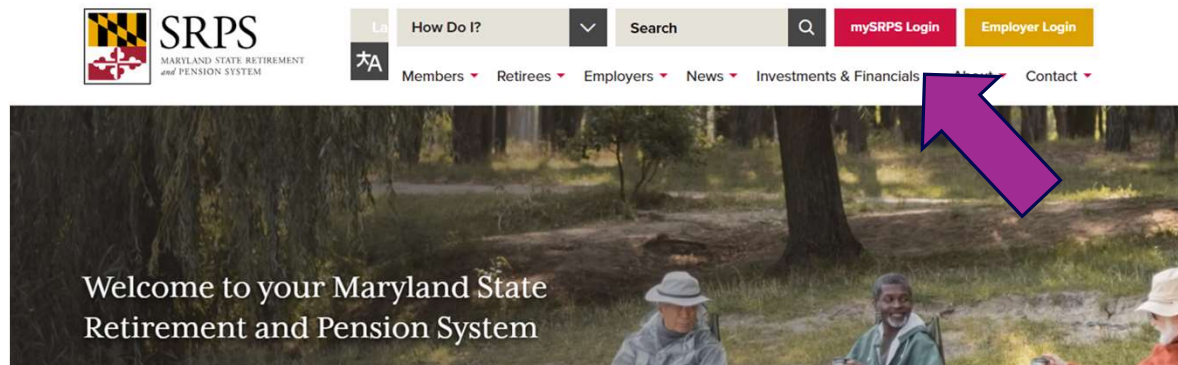


# How VSP Could Affect Retirement Benefits

1. You are currently vested and eligible for a retirement benefit on 10/1/2025.
2. You are currently vested, but not eligible for a retirement benefit on 10/1/2025.
3. You are not vested and want to withdraw your contributions and interest. (Upon withdrawal you forfeit your right to future retirement benefits.)

# mySRPS

- Our online secure portal will assist you in making a decision regarding your retirement benefits.
  - Determine your eligibility for retirement.
  - Get an estimate of your benefits.
  - View your accumulated contributions and interest.
  - Review your service credit history
  - Visit our website and get started today. [sra.maryland.gov](http://sra.maryland.gov)



## 1 Next Steps - Eligible for 10/1/2025 Retirement

- Register for mySRPS
- Review your Estimate of Benefits
  - Determine if you want to purchase any service credit or file for military service credit. Forms 26 and 43 can be found on the DBM website.
- Apply for VSP through SPS/Workday
- File for Retirement with your employer's Retirement Coordinator
  - Forms can be found on the DBM website to file for retirement based on VSP.
    - Form 13-23 – Application for Service Retirement
    - Form 85 – Direct Deposit Authorization
    - Form W-4P – Federal Tax Withholding Request
    - Form 766.11 – Maryland State Tax Withholding Request

## 2 Next Steps - Not Eligible for 10/1/2025 Retirement

- Register for mySRPS
- Review your Estimate of Benefits
  - Determine when you will be eligible to retire in the future.
- File for VSP through SPS/Workday
- Stay active in your mySRPS account until you are eligible for retirement.
  - Update your address, send secure messages, update your beneficiary on file, etc.

## 3 Next Steps - Not Vested

- Register for mySRPS
  - Review your membership account to validate that you are not eligible for a future benefit.
- File for VSP through SPS/Workday
- Work with your employer to submit a withdrawal packet to SRPS
  - Forms can be found on the DBM website.
  - For additional information on the taxability of your withdrawal, please consult with your tax advisor.

# Need Additional Information on your Retirement Benefits?



## Telephone

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



## Mail/Office Visits

Maryland State Retirement Agency  
120 East Baltimore St., 14th Fl.  
Baltimore, MD 21202-6700



## mySRPS/Web Site [www.sra.maryland.gov](http://www.sra.maryland.gov)

- Send secure messages
- Register for Webinars
- Counseling appointments



## E-Mail

[sra@sra.state.md.us](mailto:sra@sra.state.md.us)

**Note: Some MTA employees may use a different pension system.**

### **For MTA (Drivers / Mechanics):**

MTA Benefits Office numbers:

- 410-767-3852
- 410-767-3860
- 410-454-7222

# Voluntary Separation Program and **Maryland Supplemental Retirement Plans**

Maryland Supplemental Retirement Plans



# 2025 **V**oluntary **S**eparation **P**rogram

## **MSRP is here for you!**

Your 457(b), 401(k), and 403(b) Supplemental Retirement Plans



Maryland Supplemental Retirement Plans

6 Saint Paul Street - Suite 200

Baltimore, Maryland 21202-1608

Tel: 410-767-8740 or 1-800-543-5605

Website: [MSRP.Maryland.gov](https://MSRP.Maryland.gov)

Federal income tax laws are complex and subject to change. The information in this presentation is based on current interpretations of the law and is not guaranteed. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. Investors should work with your financial professional to discuss your specific situation.

Further, TEAM MSRP representatives do not give legal, investment, or tax advice.



## We will discuss...

- Your MSRP Plans
- Annual Leave (Important Considerations)
- MSRP Distribution Options
- MSRP Plan Rollover Options
- Key Takeaways
- Contacts

# MSRP Plans, What's the Difference?

## When you can access your funds...

### 457(b) Plan

You may begin distributions regardless of age, without penalty, upon separation from State service

### 401(k), 403(b), and 401(a) Match Plan

- If you leave State service in the year you turn age 55 or later, you can begin distributions without penalty
- If you leave before age 55, you must wait until age 59½ to avoid an early withdrawal penalty
- In-Service Distributions are allowed at age 59½ for 401(k) and 403(b) only

**401(k), 403(b), and 457(b) plans allow for financial hardship withdrawals and offer loan options, subject to plan rules**

# Unused Annual Leave – Important Considerations

## The Choice is Yours:

You can have your unused Annual Leave payment paid directly to you; the payment will be taxed immediately as ordinary income.

**OR**

You can defer/contribute a portion of your Annual Leave payment to your existing MSRP account or establish a new account for these funds. **This can serve as a tax management strategy as well as a powerful “boost” to your retirement savings.**



# To defer your Annual Leave into your MSRP Plan(s)

Details Coming Soon!!!!

The [VSP website](#) and [MSRP website](#) will be updated once information is available. Please keep these pages bookmarked and check back!

## 2025 Deferral/ Contribution Limits

Annual Leave  
deferral/contribution  
must stay within the  
IRS maximum limits.

You can  
defer/contribute  
up to two plan types  
simultaneously.

Visit  
[MarylandDC.com](https://marylanddc.com)

	Maximum Deferral/ Contribution Limit	Deferral/ Contribution Limit plus Age 50 Catch-up	Deferral/ Contribution Limit age Catch- up SECURE 2.0	Special 457(b) Catch-up Deferral Limit
YEAR 2025	If you're under age 50 this year, you may defer/contribute as much as...	If you're at least age 50 this year, you may defer/contribute as much as...	*If you're age 60 – 63 this year, you may defer/contribute as much as...	For the 3 years prior to your retirement year, you may defer/contribute as much as...
Roth/Pre-tax 457(b)	Combined \$23,500	Combined \$31,000	Combined \$34,750	Combined \$47,000
Roth/Pre-tax 401(k) Pre-tax 403(b)	Combined \$23,500	Combined \$31,000	Combined \$34,750	Combined \$31,000  * \$34,750
TOTAL	\$47,000	\$62,000	\$69,500	\$78,000  * \$81,750

# Need to Open an MSRP Account? Visit MarylandDC.com or text MSRPReady to 877697

To enroll you will need to provide your  
[6-digit Agency Code](#) and your [Payroll Center](#)

MarylandDC.com is the best way!

Scan the QR Code



DocuSign

Text to enroll  
Send **MSRPReady**  
to **877697**

A screenshot of the Maryland Teachers & State Employees Supplemental Retirement Plans website. The header includes the organization's name and a 'Contact us' button. The main content area is titled 'Your Employer' and features a 'SELECT EMPLOYER' section. Below this, it says 'Select employer' and 'Select your employer from the list below.' There are two search results listed: 'Employer/Paycenter' and 'MARYLAND SUPPLEMENTAL RETIREMENT PLANS CENTRAL PAY BUREAU #501'. A third result, 'MARYLAND SUPPLEMENTAL RETIREMENT PLANS MARYLAND AUTOMOBILE INSURANCE FUND', is partially visible.

# Key Takeaways



- **Unused annual leave** can be rolled over into a **Pre-tax** (up to 85% of amount) or **After-tax Roth Plan** (up to 50% of amount)
- You may **keep your money in your MSRP Plan** when you leave State service
  - Rollovers are allowed into and out of the Plans at any time (subject to IRS rules)
  - Note: Rolling over your investments to an IRA may subject them to stricter distribution rules
- MSRP Plan Distribution options are flexible (monthly, quarterly, fixed amount, etc.)
- No post employment contributions are permitted



# Contacts/Questions?

## Maryland Supplemental Retirement Plans

410-767-8740 or 1-800-543-5605

[MSRP.maryland.gov](https://msrp.maryland.gov)

**A full version of these slides will be available  
on the MSRP website soon**

### Questions?

[membersrvs.MSRP@maryland.gov](mailto:membersrvs.MSRP@maryland.gov)

### **Prior to September 18th**

Plan website: [MarylandDC.com](https://MarylandDC.com)  
available until 9/10 at 4PM

Nationwide Hunt Valley Office  
443-886-9402

Nationwide Customer Service  
1-800-545-4730



### **Beginning September 18th**

**Empower assumes new role as  
MSRP Plan Administrator**

New Plan website: [mymsrp.com](https://mymsrp.com)

**Empower Retirement Customer Service:**  
833-272-0093

*There will be a "blackout" period starting  
September 10, 2025 at 4pm ET and is expected to  
end the week of September 21st.* During this time, no  
transactions will be permitted in MSRP accounts.

# Questions?

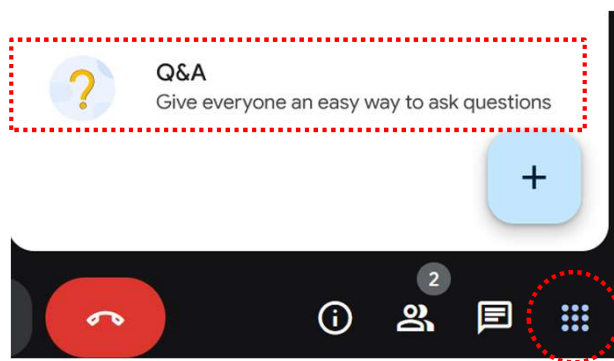


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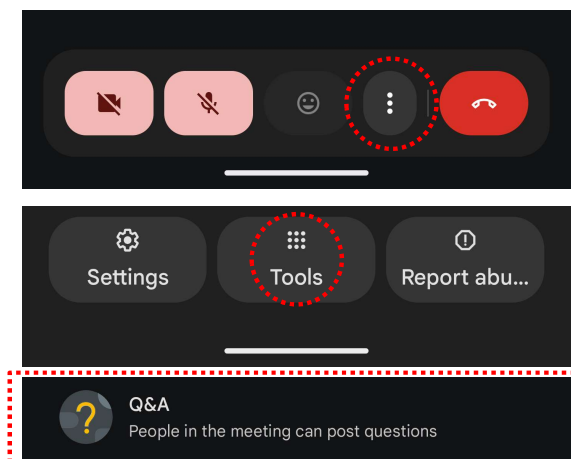
### Desktop

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Visit:

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