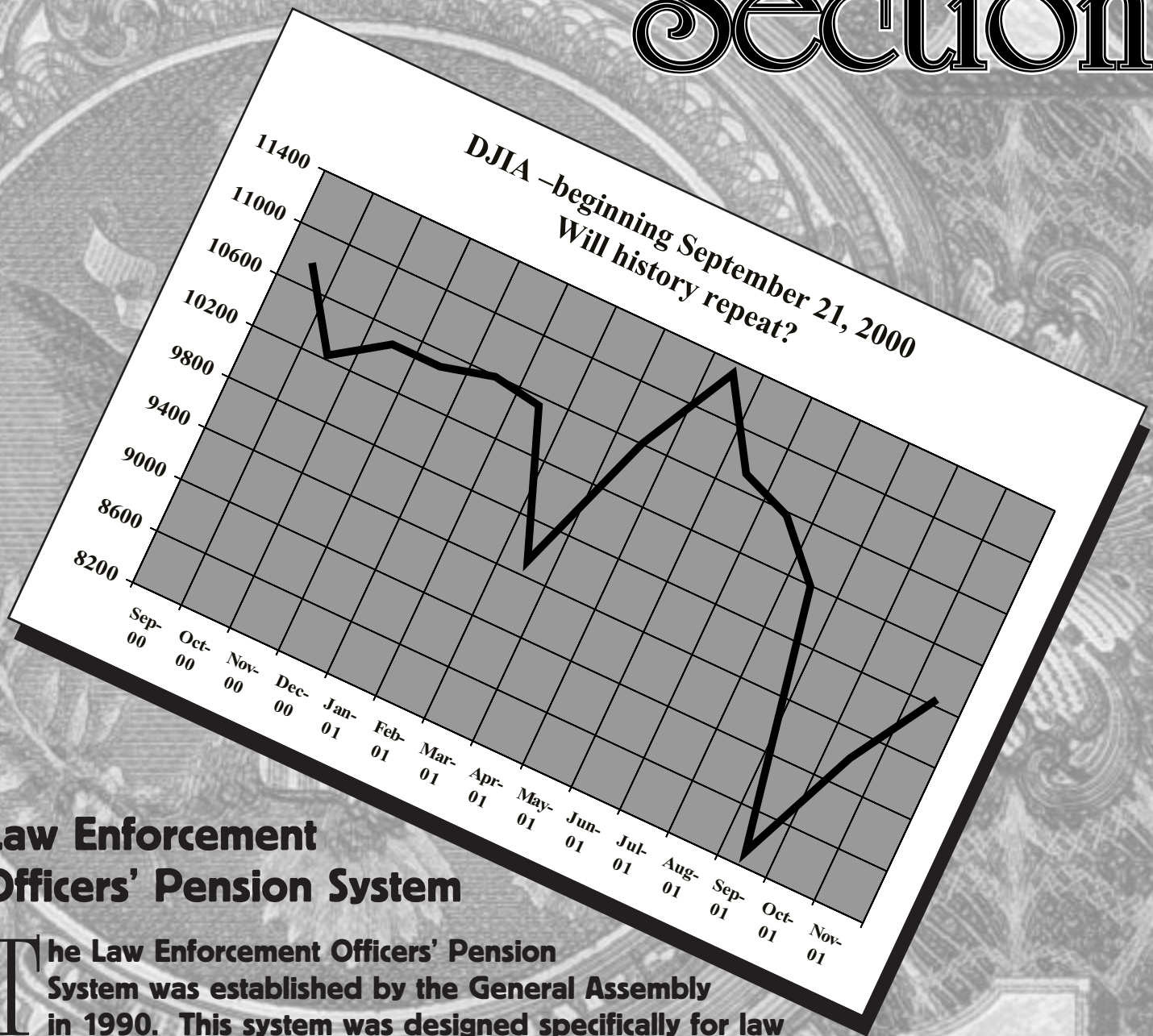


Plan Summary Section



Law Enforcement Officers' Pension System

The Law Enforcement Officers' Pension System was established by the General Assembly in 1990. This system was designed specifically for law enforcement officers employed by the Department of Natural Resources (DNR). In recent years this system has been expanded to include other Maryland State and local government law enforcement officer groups. The Maryland Natural Resources Police represent the largest participating group as well as the oldest state law enforcement organization in Maryland. This plan comprises highly trained professional officers who perform their duties on land, in the air, and on the water. This system provides future survivor, disability and retirement benefits for 980 participants.

Teachers' Retirement System

The Teachers' Retirement System (TRS) was established on August 1, 1927 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Prior to January 1, 1980, membership in the TRS was a condition of employment for State and local teachers and certain board of education, public library and community college employees, unless those who were eligible elected to participate in an optional retirement program. Effective July 1, 1971 Baltimore City teachers and retired teachers were included in the TRS.

Effective January 1, 1980, the TRS was effectively closed to new membership when the Teachers' Pension System (TPS) was established. Individuals who were members of the TRS on December 31, 1979, continue their TRS membership unless, and until, they elect to transfer to the TPS.

Member Contributions

All member contributions to the TRS are based on a specified percentage of annual earnable compensation. Members who elected in 1984 to receive unlimited future cost-of-living adjustments (COLA) contribute 7% if enrolled after June 30, 1973. Members enrolled before July 1, 1973 contribute the lesser of 7% or 2% more than the rate of contribution in effect on the date of their enrollment. This option is referred to as Selection A (Unlimited COLA).

Members who elected in 1984 to receive limited future COLA's contribute 5% if enrolled after June 30, 1973. Members enrolled before July 1, 1973 contribute the lesser of 5% or the rate of contribution in effect on the date of their enrollment. This option is referred to as Selection B (Limited COLA).

All other TRS members contribute 2%. This option is referred to as Selection C (Combination Formula), that provides a two-part benefit calculation upon retirement.

Service Retirement Allowances

Eligibility – TRS members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligibility service regardless of age.

Allowances – Full service retirement allowances equal 1/55 (1.8%) of the highest three years' average final salary (AFS) multiplied by the number of years and months of accumulated cred-

A Composite Picture		
	2001	2000
Total Membership		
Active Vested	10,395	11,620
Active Non-vested	1	14
Terminated Vested	1,730	1,857
Retired Members	29,599	29,061
Active Members		
Number	10,396	11,634
Average Age	54.4	53.8
Average Years of Service	27.4	26.7
Average Annual Salary	\$ 62,971	\$ 57,613
Retirees & Beneficiaries		
Number	29,599	29,061
Average Age	71.9	71.8
Average Monthly Benefit	\$ 1,940	\$ 1,837

itable service. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement. Service is accrued based on a full normal school year (ten months).

TRS members who have elected Selection A, B, or C continue to be eligible to transfer to the TPS. Upon transfer such members will receive a return of all, or a portion of their accumulated contributions, with interest calculated on the average rate of earnings on the cost basis of the System's assets over the five fiscal years preceding the transfer.

Early Retirement Allowances

Eligibility – TRS members are eligible for early service retirement allowances upon accumulating at least 25 years of eligibility service prior to attaining age 60.

Allowances – Early service retirement allowances equal the amount payable for a full service retirement reduced by 0.5% for each month by which the retirement date precedes the earlier of the date on which the member reaches age 60, or the date on which the member would have completed 30 years of service. The maximum reduction for a TRS member is 30 percent. The maximum reduction for a TRS member who elected Selection C is 42% on the second part of the benefit calculation.

Ordinary Disability Retirement Allowances

Eligibility – TRS members are eligible for ordinary disability retirement allowances upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – Ordinary disability retirement allowances generally equal 1/55 (1.8%) of the highest three years' AFS multiplied by the number of years of accumulated creditable service. However, the ordinary disability benefits can be no greater than 1.8% of AFS for each year of creditable service the members would have received had they continued to work until age 60.

Accidental Disability Retirement Allowances

Eligibility – TRS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they became totally and permanently disabled.

Allowances – Accidental disability allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, plus 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

Death Benefits

Eligibility – To be eligible for death benefits, TRS members must have either accumulated at least one year of eligibility service prior to the date of death or died in the line of duty.

Benefits – The benefit provided upon death for TRS members equals the members' annual earnable compensation at the time of death plus accumulated contributions. Under certain circumstances, surviving spouses who were named as sole primary beneficiaries may elect to receive either the aforementioned lump sum payment, or a monthly allowance calculated under Option 2 (100% survivor option).

Vested Retirement Allowances

Eligibility – TRS members are eligible for vested retirement allowances after separation from service and upon reaching normal retirement age, provided that at least five years of eligibility service was accumulated prior to separation.

Allowances – Vested allowances equal the normal service retirement allowances computed on the basis of the members' accumulated creditable service and AFS at the point of separation.

TRS members may elect to either withdraw their accumulated contributions, or transfer to the TPS, within five years of separation in lieu of receiving vested retirement allowances. If members do not withdraw their contributions, and die before attaining age 60, their accumulated contributions are returned to the designated beneficiary.

Cost-of-Living Adjustments

Retirement allowances are adjusted each year based on the Consumer Price Index. Cost-of-living adjustments (COLAs) are effective July 1st of each year and are applied to all allowances payable for the year. However, the method by which the annual COLAs are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service, for members who were inactive on July 1, 1984). Each option is explained below.

Selection A (Unlimited COLA) – TRS members who elected Selection A, agreed to contribute no more than 7% of earnable compensation in return for unlimited annual COLAs after retirement.

Selection B (Limited COLA) – TRS members who elected Selection B, agreed to contribute no more than 5% of earnable compensation in return for COLAs that are limited to 5% annually after retirement.

Selection C (Combination Formula) – TRS members who elected Selection C, agreed to contribute no more than 2% of earnable compensation in return for COLAs that, similar to the retirement benefit, are divided into two parts.

Part 1: For creditable service accumulated before electing Selection C, an allowance is calculated using the formula for determining a full service TRS retirement allowance. The COLAs are unlimited unless the member elected Selection B prior to electing Selection C, in which case COLAs are limited to 5%.

Part 2: For creditable service accumulated after electing Selection C, an allowance is calculated using the formula for determining a full service TPS pension allowance. The COLAs are limited to 3%.

Optional Forms of Payment

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the retirement allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits are payable. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.

Teachers' Pension System

The Teachers' Pension System (TPS) was established on January 1, 1980 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership in the TPS was a condition of employment for all State and local teachers and certain board of education, public library and community college employees hired after December 31, 1979, (unless those who are eligible elect to participate in an optional retirement program) until July 1, 1998. As of July 1, 1998, all TPS members, except for those who transfer from the TRS after April 1, 1998, became members of the Teachers' Contributory Pension System (TCPS).

Member Contributions

All TPS members are required to contribute 5% of earnable compensation in excess of the social security taxable wage base. Members of the TCPS are required to contribute 2% of earnable compensation.

Service Pension Allowances

Eligibility – TPS and TCPS members are eligible for full service pension allowances upon accumulating 30 years of eligibility service regardless of age. Absent 30 years of eligibility service, members must meet one of the following conditions to be eligible for full service pension allowances:

- age 62, & five years of eligibility service
- age 63, & four years of eligibility service
- age 64, & three years of eligibility service
- age 65 or older, & two years of eligibility service

Allowances – For TPS members, full service pension allowances equal 0.8% of the highest three consecutive years' AFS up to the SSIL, plus 1.5% of AFS in excess of the SSIL, multiplied by the number of years of accumulated creditable service.

For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the 35 years immediately prior to the year of retirement.

For TCPS members, full service pension allowances equals 1.2% of AFS for service accrued prior to July 1, 1998, (or if greater the TPS benefit noted above on service prior to July 1, 1998), plus 1.4% of AFS for service accrued on and after July 1, 1998.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	50,077	48,335
Active Non-vested	32,824	30,959
Terminated Vested	15,607	14,860
Retired Members	10,527	9,084
Active Members		
Number	82,901	79,294
Average Age	42.7	42.5
Average Years of Service	10.1	10.1
Average Annual Salary	\$ 41,464	\$ 38,878
Retirees & Beneficiaries		
Number	10,527	9,084
Average Age	64.6	64.4
Average Monthly Benefit	\$ 991	\$ 948

Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement. Service is accrued based on a full normal school year (ten months).

Early Service Pension Allowances

Eligibility – TPS and TCPS members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

Allowances – Early service pension allowances for both the TPS and TCPS equal the amount

payable for a full service pension reduced by 0.5% for each month by which the retirement date precedes the date on which the members reach age 62. The maximum reduction is 42 percent.

Ordinary Disability Pension Allowances

Eligibility – TPS and TCPS members are eligible for ordinary disability pension allowances upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – For TPS and TCPS members, ordinary disability pension allowances equal the full service pension allowances if the members are at least age 62 on the date of retirement. Otherwise, the allowances equal the full service pension allowances computed as though the members had continued to accrue service credits until age 62 without any change in the rate of earnable compensation.

Accidental Disability Pension Allowances

Eligibility – TPS and TCPS members are eligible for accidental disability pension allowances if the Medical Board certifies that, in the course of their job performance and as the direct result of an accidental injury, they became totally and permanently disabled.

Allowances – For TPS and TCPS members, accidental disability pension allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, and 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

TPS members who apply for disability retirement within two years of transfer from the TRS receive disability benefits as provided under the TRS, reduced by any refunded contributions.

Death Benefits

Eligibility – To be eligible for death benefits, TPS and TCPS members must have either accumulated at least one year of eligibility service prior to the date of death or died in the line of duty.

Benefits – The benefit provided upon death of TPS or TCPS members equals the members' annual earnable compensation on the date of death plus accumulated contributions. Under certain circumstances, surviving spouses who were named as sole primary beneficiaries may elect to receive either the aforementioned lump sum payment, or a monthly allowance calculated under Option 2 (100% survivor option).

If at the time of death, the members had:

- accrued at least 25 years of eligibility service, or
- attained age 55 with at least 15 years of eligibility service, or
- attained age 62, then

the survivor's allowance is determined as if the members had been eligible to retire, and had in fact retired, 30 days prior to the date of death.

Vested Pension Allowances

Eligibility – TPS and TCPS members are eligible for vested pension allowances after separation from service and upon reaching age 62, provided that at least five years of eligibility service was accumulated prior to separation. TPS and TCPS members may be eligible for reduced vested pension allowances upon attaining age 55 with at least 15 years of eligibility service. Vested allowances are reduced by 0.5% for each month by which the allowance commencement date precedes the date on which the members attain age 62.

Allowances – For the TPS and TCPS, vested allowances equal the normal service pension allowances computed on the basis of the members' accumulated creditable service and AFS at the point of separation.

TPS members who elect to withdraw their accumulated contributions remain eligible to receive the employer-provided share of the vested benefit. If members do not withdraw their contributions, and die before attaining age 62, their accumulated contributions are returned to the designated beneficiary.

Cost-of-Living Adjustments

Retirement allowances for TPS and TCPS members are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each year and, beginning July 1998, are compounded annually for TCPS and TPS members. The Systems limit the increase a retiree may receive to a maximum of 3%.

Optional Forms of Payment

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the pension allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits were paid. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.

Employees' Retirement System

The Employees' Retirement System (ERS) was established on October 1, 1941 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Prior to January 1, 1980, membership in the ERS was a condition of employment for all State employees (other than those eligible for participation in another system) and employees of participating governmental units. For certain elected and appointed officials, participation in ERS was optional.

Effective January 1, 1980, the ERS was effectively closed to new membership when the Employees' Pension System (EPS) was established. Individuals who were members of the ERS on December 31, 1979, continue their ERS membership unless, and until, they elect to transfer to the EPS.

Member Contributions

All member contributions to the ERS are based on a specified percentage of annual earnable compensation. Members who elected in 1984 to receive unlimited future COLAs contribute 7% if enrolled after June 30, 1973. Members enrolled before July 1, 1973 contribute the lesser of 7% or 2% more than the rate of contribution in effect on their date of enrollment. This option is referred to as Selection A (Unlimited COLA).

Members who elected in 1984 to receive limited future COLAs contribute 5% if enrolled after June 30, 1973. Members enrolled before July 1, 1973 contribute the lesser of 5% or the rate of contribution in effect on the date of their enrollment. This option is referred to as Selection B (Limited COLA).

Members who are State employees as well as members whose employer elected to participate in the Employees' Contributory Pension System (ECPS) contribute 2% of earnable compensation under an option that provides a two-part benefit calculation upon retirement. This option is referred to as Selection C (Combination Formula). All other ERS members whose employer elected not to participate in the ECPS contribute 5% of the portion of annual earnable compensation in excess of the social security wage base under Selection C.

Service Retirement Allowances

Eligibility – ERS members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligibility service regardless of age.

Allowances – Full service retirement allowances equal 1/55 (1.8%) of the highest three years' AFS multiplied by the number

of years and months of accumulated creditable service. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement.

ERS members who have elected Selection A, B or C continue to be eligible to transfer to the EPS. Upon transfer such members will receive a return of all, or a portion of their accumulated contributions, with interest calculated on the average rate of earnings on the cost basis of the System's assets over the five fiscal years preceding the transfer.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	9,287	9,611
Active Non-vested	2,675	2,602
Terminated Vested	1,350	1,401
Retired Members	25,212	25,489
Active Members		
Number	11,962	12,213
Average Age	44.8	45.0
Average Years of Service	16.2	16.2
Average Annual Salary	\$ 39,122	\$ 36,804
Retirees & Beneficiaries		
Number	25,212	25,489
Average Age	72.7	72.4
Average Monthly Benefit	\$ 1,095	\$ 1,033

Early Retirement Allowances

Eligibility – ERS members are eligible for early service retirement allowances upon accumulating at least 25 years of eligibility service prior to attaining age 60.

Allowances – Early service retirement allowances equal the amount payable for a full service retirement reduced by 0.5% for each month by which the retirement date precedes the earlier of the date on which the member reaches age 60, or the date on which the member would have completed 30 years of service. The maximum reduction for an ERS member is 30 percent. The maximum reduction for an ERS member who elected Selection C is 42% on the second part of the benefit calculation.

Ordinary Disability Retirement Allowances

Eligibility – ERS members are eligible for ordinary disability retirement allowances upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – Ordinary disability retirement allowances generally equal 1/55 (1.8%) of the highest three years' AFS multiplied by the number of years of accumulated creditable service. However, the ordinary disability benefits can be no greater than 1.8% of AFS for each year of creditable service the members would have received had they continued to work until age 60.

Accidental Disability Retirement Allowances

Eligibility – ERS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they became totally and permanently disabled.

Allowances – Accidental disability allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, plus 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

Death Benefits

Eligibility – To be eligible for death benefits, ERS members must have either accumulated at least one year of eligibility service prior to the date of death or died in the line of duty.

Benefits – The benefit provided upon death for ERS members equals the members' annual earnable compensation at the time of death plus accumulated contributions. Under certain circumstances, surviving spouses who were named sole primary beneficiaries may elect to receive either the aforementioned lump sum payment, or a monthly allowance calculated under Option 2 (100% survivor option).

Vested Retirement Allowances

Eligibility – ERS members are eligible for vested retirement allowances after separation from service and upon reaching normal retirement age, provided that at least five years of eligibility service was accumulated prior to separation.

Allowances – Vested allowances equal the normal service retirement allowances computed on the basis of the members' accumulated creditable service and AFS at the point of separation.

ERS members may elect to either withdraw their accumulated contributions, or transfer to the EPS within two years of separation, in lieu of receiving vested retirement allowances. If members do not withdraw their contributions, and die before attaining age 60, their accumulated contributions are returned to the designated beneficiary.

Cost-of-Living Adjustments

Retirement allowances are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each year and are applied to all allowances payable for the year. However, the method by which the annual COLAs are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service for members who were inactive on July 1, 1984). Each option is explained below.

Selection A (Unlimited COLA) – ERS members who elected Selection A, agreed to contribute no more than 7% of earnable compensation in return for unlimited annual COLAs after retirement.

Selection B (Limited COLA) – ERS members who elected Selection B, agreed to contribute no more than 5% of earnable compensation in return for COLAs that are limited to 5% annually after retirement.

Selection C (Combination Formula) – ERS members who elected Selection C, agreed to contribute 2% of earnable compensation (or 5% of earnable compensation in excess of the social

security wage base if the employer did not elect to participate in the ECPS) in return for COLAs that, similar to the retirement benefit, are divided into two parts:

Part 1: For creditable service accumulated before electing Selection C, an allowance is calculated using the formula for determining a full service ERS retirement allowance. The COLAs are unlimited unless the members elected Selection B prior to electing Selection C, in which case COLAs are limited to 5%.

Part 2: For creditable service accumulated after electing Selection C, an allowance is calculated using the formula for determining a full service EPS pension allowance. Generally, the COLAs are limited to 3%; however, if the employers do not participate in the ECPS, the COLA's are limited to 3% of the initial allowance.

Optional Forms of Payment

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the retirement allowance at the date of retirement minus the total amount of payments (less COLA's) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances, except for employees of participating governmental units, are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits are payable. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.

Miscellaneous Provisions for Members of the Maryland General Assembly

Upon attaining age 60 with at least eight years of eligibility service, members of the Maryland General Assembly are eligible for a service retirement allowance. The allowance is equal to 3% of the current salary for an active legislator multiplied by the number of years of accumulated creditable service (to a maximum of 22 years, 3 months). The maximum benefit payable is two-thirds of the current legislative salary.

Reduced benefits are payable upon attaining age 50 with at least eight years of eligibility service. Early service retirement allowances equal the amount payable for a full service retirement reduced by 0.5% for each month by which the retirement date precedes the date on which the member reaches age 60.

Legislators contribute 5% of annual earnable compensation during the first 22 years and 3 months of service, after which no employee contributions are required. If legislators are separated from service before accumulating eight years of eligibility service, they may elect to continue to contribute an amount equal to the combined member and employer contributions until the date the members would have completed eight years of eligibility service. By doing so, such legislators would be eligible for a retirement allowance equal to 24% of the current salary for an active legislator, payable at age 60 (or a reduced benefit upon attaining age 50).

Legislators who are certified as disabled may resign their positions and receive a normal service retirement allowance. Upon the death of a legislator, the surviving spouse generally receives 50% of the amount to which the legislator would have been

entitled. However, the surviving spouse of a legislator who dies in office with fewer than eight years of eligibility service will receive a lump sum death benefit equal to the sum of the legislator's annual earnable compensation at the time of death, plus accumulated contributions.

Legislators' retirement allowances are adjusted based on changes in the salaries of current members of the General Assembly.

Miscellaneous Provisions for State Correctional Officers

State correctional officers, within certain grades, become members of the Correctional Officers' Retirement System (CORS) as a condition of employment. Correctional officers are eligible for normal service retirement allowances upon accumulating 20 years of eligibility service. Members are eligible to receive vested retirement allowance payments upon attaining age 55. For administrative convenience, the CORS is accounted for as a component of the ERS.

Employees' Pension System

The Employees' Pension System (EPS) was established on January 1, 1980 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership in the EPS was a condition of employment for all State employees (other than those eligible for participation in another system) until July 1, 1998, and continues to be a condition of employment for employees of participating governmental units that have not elected to participate in the Employees' Contributory Pension System (ECPS). As of July 1, 1998, EPS members who were State employees, except for those who transfer from the ERS after April 1, 1998, became members of the ECPS. As of July 1, 1999, EPS members who were employees of governmental units were eligible to participate in the ECPS retroactive to July 1, 1998, provided the participating governmental unit elected participation in the ECPS.

Member Contributions

All EPS members are required to contribute 5% of earnable compensation in excess of the social security wage base. Members of the ECPS are required to contribute 2% of earnable compensation.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	48,584	48,117
Active Non-vested	27,440	25,095
Terminated Vested	24,396	24,305
Retired Members	16,702	15,241
Active Members		
Number	76,024	73,212
Average Age	45.0	44.7
Average Years of Service	11.0	11.0
Average Annual Salary	\$ 35,237	\$ 33,075
Retirees & Beneficiaries		
Number	16,702	15,241
Average Age	65.3	65.1
Average Monthly Benefit	\$ 523	\$ 494

Service Pension Allowances

Eligibility – EPS and ECPS members are eligible for full service pension allowances upon accumulating 30 years of eligibility service regardless of age. Absent 30 years of eligibility service, members must meet one of the following conditions to be eligible for full service pension allowances:

- age 62, & five years of eligibility service
- age 63, & four years of eligibility service
- age 64, & three years of eligibility service
- age 65 or older, & two years of eligibility service

Allowances – For EPS members, full service pension allowances equal 0.8% of the highest three consecutive years' AFS up to the SSIL, plus 1.5% of AFS in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the 35 years immediately prior to the year of retirement.

For ECPS members, full service retirement allowances equal 1.2% of AFS for service accrued prior to July 1, 1998, (or if greater, the EPS benefit noted above on service prior to July 1, 1998), plus 1.4% of AFS for service accrued on and after July 1, 1998.

Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement.

Early Service Pension Allowances

Eligibility – EPS and ECPS members are eligible for early service pension allowances upon attaining age 55 with at least 15 years of eligibility service.

Allowances – Early service pension allowances for both the EPS and ECPS equal the amount payable for a full service pension reduced by 0.5% for each month by which the retirement date precedes the date on which the member reaches age 62. The maximum reduction is 42 percent.

Ordinary Disability Pension Allowances

Eligibility – EPS and ECPS members are eligible for ordinary disability pension allowances upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – For EPS and ECPS members, ordinary disability pension allowances equal the full service pension allowances if the members are at least age 62 on the date of retirement. Otherwise, the allowances equal the full service pension allowances computed as though the members had continued to accrue service credits until age 62 without any change in the rate of earnable compensation.

Accidental Disability Pension Allowances

Eligibility – EPS and ECPS members are eligible for accidental disability pension allowances if the Medical Board certifies that, in the course of their job performance and as the direct result of an accidental injury, they became totally and permanently disabled.

Allowances – For EPS and ECPS members, accidental disability pension allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, and 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

EPS and ECPS members who apply for disability retirement within two years of transfer from the ERS receive disability benefits as provided under the ERS, reduced by any refunded contributions.

Death Benefits

Eligibility – To be eligible for death benefits, EPS and ECPS members must have either accumulated at least one year of eligibility service prior to the date of death or died in the line of duty.

Benefits – The benefit provided upon death of EPS and ECPS members equals the members' annual earnable compensation on the date of death plus accumulated contributions. Under certain circumstances, surviving spouses who were named sole

primary beneficiaries may elect to receive either the aforementioned lump sum payment, or a monthly allowance calculated as payment under Option 2 (100% survivor option).

If at the time of death, the members had:

- accrued at least 25 years of eligibility service, or
- attained age 55 with at least 15 years of eligibility service, or
- attained age 62, then

the survivor's allowance is determined as if the members had been eligible to retire, and had in fact retired, 30 days prior to the date of death.

Vested Pension Allowances

Eligibility – EPS and ECPS members are eligible for vested pension allowances after separation from service and upon reaching age 62, provided that at least five years of eligibility service was accumulated prior to separation. EPS and ECPS members may be eligible for reduced vested pension allowances upon attaining age 55 with at least 15 years of eligibility service. Vested allowances are reduced by 0.5% for each month by which the allowance commencement date precedes the date on which the members attain age 62.

Allowances – For the EPS and ECPS, vested allowances equal the normal service pension allowances computed on the basis of the members' accumulated creditable service and AFS at the point of separation.

EPS members who elect to withdraw their accumulated contributions, remain eligible to receive the employer-provided share of the vested benefit. If members do not withdraw their contributions, and die before attaining age 62, their accumulated contributions are returned to the designated beneficiary.

Cost-of-Living Adjustments

Retirement allowances for EPS and ECPS members are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each year and beginning July 1998, are compounded annually for ECPS members and EPS members, who are State employees, participating governmental unit employees, and for those who transferred from the ERS after April 1, 1998. The Systems limit the increase a retiree may receive to a maximum of 3%. COLAs for all other EPS members remain limited to 3% of the initial allowance annually.

Optional Forms of Payment

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the pension allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances, except for retirees of a participating governmental unit, are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits were paid.

The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.

Judges' Retirement System

The Judges' Retirement System (JRS) was established on June 30, 1969 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership was optional for judges in office on June 30, 1969, but is now a condition of employment for all District Court, Circuit Court, Court of Appeals and Special Court of Appeals judges. Full-time masters in chancery and masters in juvenile causes appointed prior to June 30, 1989 and Workers' Compensation Commission judges are also members of the JRS.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	281	283
Active Non-vested	—	—
Terminated Vested	13	13
Retired Members	297	285
Active Members		
Number	281	283
Average Age	55.5	55.2
Average Years of Service	9.7	9.6
Average Annual Salary	\$ 111,420	\$ 109,157
Retirees & Beneficiaries		
Number	297	285
Average Age	76.9	76.7
Average Monthly Benefit	\$ 4,587	\$ 4,363

Disability Retirement Allowances

Eligibility – JRS members are eligible for disability retirement allowances upon receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – The disability retirement allowances for JRS members generally equal the full service retirement allowance based on the members' actual length of service. However, for members completing at least three years of eligibility service, the disability benefit will be no less than 1/3 (33.3%) of the members' annual earnable compensation at the time of retirement.

Member Contributions

All members contribute 6% of annual earnable compensation during the first 16 years of service. After accruing 16 years of credit, no member contributions are required.

Service Retirement Allowances

Eligibility – JRS members are eligible for full service retirement allowances upon attaining age 60 or upon retirement by order of the Court of Appeals, with at least 16 years of eligibility service. All JRS members must retire at age 70.

Allowances – Full service retirement allowances equal 2/3 (66.7%) of the current salary for an active judge holding a comparable position. If members retire with less than 16 years of eligibility service, the annual retirement allowance is prorated accordingly.

Early Retirement Allowances

Eligibility – JRS members are not eligible for early service retirement allowances.

Death Benefits

Eligibility – All JRS members, and former members, are eligible for death benefits regardless of age or length of service.

Benefits – The benefit provided upon death for JRS members, former members or retirees equals 50% of a full service retirement allowance.

Special provisions apply in circumstances where deceased JRS members, former members or retirees have no surviving spouses, but are survived by a minor child (under age 18). In the event that deceased JRS members or former members are not survived by spouses or minor children, then all accumulated contributions are refunded to the estate.

Vested Retirement Allowances

Eligibility – JRS members are immediately vested. Members leaving the bench before attaining age 60 are eligible to receive their service retirement allowances commencing upon attaining age 60.

Allowances – Vested allowances equal the normal service retirement allowances computed on the basis of the members' accumulated creditable service and the salaries of active judges holding comparable positions.

JRS members may elect to withdraw their accumulated contributions within six months of separation in lieu of receiving vested retirement allowances.

Optional Forms of Payment

Generally, JRS retirement allowances are paid as a 50% joint and survivor annuity to the retirees' surviving spouse, or if there is no spouse, to any child under age 18. If the retirees have neither a living spouse nor children under 18 at retirement, retirees may select any one of the following seven payment options.

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the retirement allowance at the

date of retirement minus the total amount of payments made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

State Police Retirement System

The State Police Retirement System (SPRS) was established on July 1, 1949 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership is a condition of employment for all uniformed officers of the Maryland State Police. The Superintendent of the Maryland State Police may elect membership in either the SPRS or the EPS.

Member Contributions

All SPRS members contribute 8% of annual earnable compensation during employment.

Service Retirement Allowances

Eligibility – SPRS members are eligible for full service retirement allowances upon attaining age 50 or upon accumulating 22 years of eligibility service regardless of age. Except for the Superintendent, all SPRS members must retire at age 60.

Allowances – Full service retirement allowances equal 2.55% of the highest three years' AFS up to a maximum 71.4% of AFS (28 years). Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement.

A Composite Picture		
	2001	2000
Total Membership		
Active Vested	1,161	1,239
Active Non-vested	417	397
Terminated Vested	24	22
Retired Members	1,518	1,388
Active Members		
Number	1,578	1,636
Average Age	35.8	36.3
Average Years of Service	12.0	12.7
Average Annual Salary	\$ 51,223	\$ 50,495
Retirees & Beneficiaries		
Number	1,518	1,388
Average Age	58.1	58.3
Average Monthly Benefit	\$ 2,641	\$ 2,475

Early Retirement Allowances

Eligibility – SPRS members are not eligible for early service retirement allowances.

Ordinary Disability Retirement Allowances

Eligibility – SPRS members are eligible for ordinary disability retirement allowances upon completing five years of eligibility service and receiving certification from the Medical Board that they are permanently incapable of performing their necessary job functions.

Allowances – Ordinary disability retirement allowances generally equal 2.55% of the highest three years' AFS multiplied by the number of years of creditable service up to a maximum of 28 years. The minimum ordinary disability retirement allowance is 35% of AFS.

Special Disability Retirement Allowances

Eligibility – SPRS members are eligible for special disability benefits if the Medical Board certifies that they became totally and permanently incapacitated for duty arising out of or in the actual performance of duty.

Allowances – Special disability allowances equal the sum of an

annuity determined as the actuarial value of the members' accumulated contributions, and 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

Ordinary Death Benefits

Eligibility – To be eligible for ordinary death benefits, SPRS members must have accumulated at least one but less than two years of eligibility service prior to the date of death.

Benefits – The ordinary death benefit equals the members' annual earnable compensation at time of death plus accumulated contributions.

Special Death Benefits

Members in Service

Eligibility – To be eligible for special death benefits, SPRS members in service must have accumulated at least two years of eligibility service prior to the date of death or died in the line of duty.

Benefits – The special benefit provided upon the death of SPRS members in service equals 50% of the members' annual earnable compensation at time of death paid as an annuity plus return of accumulated contributions. In cases where the deceased members are not survived by a spouse, the decedents' children or dependent parents, if any, will continue to receive an annuity equal to 50% of the members' annual earnable compensation until the youngest child reaches age 18, or for the life of each dependent parent.

Retired Members

Eligibility – To be eligible for special death benefits, SPRS retirees must have retired on either a service retirement allowance or a disability allowance.

Benefits – The special benefit provided upon the death of an SPRS retiree equals 50% of the retirees' retirement allowance, paid as an annuity. In cases where the deceased members are not survived by a spouse, the decedents' children, if any, will continue to receive 50% of the retirees' allowance until the youngest child reaches age 18.

In addition to the special death benefits explained above, the survivors of both deceased members in service and deceased retirees may be eligible for certain additional benefits based upon Title II of the federal Social Security Act.

Vested Retirement Allowances

Eligibility – SPRS members are eligible for vested retirement allowances after separation from service and upon reaching age 50, provided that at least five years of eligibility service was accumulated prior to separation.

Allowances – Vested allowances equal the normal service retirement allowances computed on the basis of the members' accumulated creditable service and AFS at the point of separation.

SPRS members may elect to withdraw their accumulated contributions within two years of separation in lieu of receiving vested retirement allowances. If members do not withdraw their

contributions, and die before attaining age 50, their accumulated contributions are returned to the designated beneficiary.

Cost-of-Living Adjustments

Retirement allowances are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each year and are applied to all allowances payable for the year.

Optional Forms of Payment

Generally, SPRS retirement allowances are paid as a 50% joint and survivor annuity to the retirees' spouse, or if there is no spouse, to any child under age 18. If the retirees have neither a living spouse nor children under 18 at retirement, the retirees may select any one of the following seven payment options.

Option 1: Payment guarantees a cash reserve equal to the present value of the retirement allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits are payable. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.

Deferred Retirement Option Program

SPRS members are eligible to participate in a Deferred Retirement Option Program (DROP). To participate, the SPRS member must have at least 22 years of creditable service, but less than 28 years, and be under age 60. The maximum period of participation is 4 years. During the DROP period, the SPRS member is deemed retired and the retirement allowance is placed in an account earning 6% interest. At the end of the DROP period, the lump sum held in the DROP account is paid to the SPRS retiree. The SPRS member must end employment and fully retire at the end of the DROP period.

Law Enforcement Officers' Pension System

The Law Enforcement Officers' Pension System (LEOPS) was established on July 2, 1990 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership in the LEOPS is a condition of employment for all uniformed law enforcement officers of the Maryland State Department of Natural Resources; the Maryland Investigative Services Unit; the Maryland Transportation Authority Police Force; the Baltimore City Sheriff's Department; the State Fire Marshall's Office; the University of Maryland Police Force; Morgan University Police Force; the BWI Airport Fire and Rescue Department; the Department of General Services Police Force; the Department of Health and Hygiene; the Motor Vehicle Administration; and the Department of Labor, Licensing, and Regulation. In addition, membership includes law enforcement officers employed by a governmental unit that elects to participate in LEOPS.

The LEOPS consists of two separate components – a retirement plan and a pension plan. Retirement plan provisions are applicable to those officers who, on the date they elected to participate in the LEOPS, were members of ERS. Pension plan provisions are applicable to all other LEOPS members.

Member Contributions

All member contributions to the LEOPS are based on the members' annual earnable compensation. Members subject to retirement plan provisions that elected to receive unlimited future COLAs contribute 7% if enrolled in the ERS after June 30, 1973. Those members enrolled in the ERS before July 1, 1973 contribute the lesser of 7% or 2% more than the rate of contribution in effect on the date of enrollment. This option is referred to as Selection A (Unlimited COLA).

Members subject to retirement plan provisions that elected to receive limited future COLAs contribute 5% if enrolled in the ERS after June 30, 1973. Those members enrolled in the ERS before July 1, 1973 contribute the lesser of 5% or the rate of contribution in effect on the date of enrollment. This option is referred to as Selection B (Limited COLA).

Members subject to pension plan provisions contribute 4% of annual earnable compensation during employment.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	980	904
Active Non-vested	338	226
Terminated Vested	49	36
Retired Members	309	206
Active Members		
Number	1,318	1,130
Average Age	39.7	41.2
Average Years of Service	12.6	13.8
Average Annual Salary	\$ 46,988	\$ 45,614
Retirees & Beneficiaries		
Number	309	206
Average Age	56.8	57.6
Average Monthly Benefit	\$ 1,899	\$ 1,806

Service Retirement Allowances

Eligibility – LEOPS members are eligible for full service retirement allowances upon attaining age 50 or upon accumulating 25 years of eligibility service regardless of age.

Allowances – For members subject to the retirement plan provisions, full service retirement allowances equal 1/50 (2.0%) of AFS for the first 30 years of creditable service, plus 1/100 (1.0%) of AFS for each additional year.

For members subject to the pension system provisions, full service pension allowances equal 2.0% of AFS up to a maximum benefit of 60% (30 years of credit).

Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to the date of retirement.

Early Retirement Allowances

Eligibility – LEOPS members are not eligible for early service retirement allowances.

Ordinary Disability Retirement Allowances

Eligibility – LEOPS members are eligible for ordinary disability retirement allowances upon completing five years of eligibility service and receiving Medical Board certification as to their permanent incapacity to perform their necessary job functions.

Allowances – Ordinary disability retirement allowances for LEOPS members subject to retirement plan provisions equal the greater of the normal service retirement allowance or 25% of AFS.

Ordinary disability retirement allowances for LEOPS members subject to pension plan provisions equal the full service pension allowance if the member is at least age 50 on the date of retirement. Otherwise, the allowances equal full service pension allowances computed as though the member had continued to work until age 50 without any change in the rate of earnable compensation.

Accidental Disability Retirement Allowances

Eligibility – LEOPS members are eligible for accidental disability benefits if the Medical Board certifies that they became totally and permanently incapacitated for duty arising out of or in the actual performance of duty.

Allowances – Accidental disability allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, and 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

Ordinary Death Benefits

Eligibility – To be eligible for ordinary death benefits, LEOPS members must have accumulated at least one but less than two years of eligibility service prior to the date of death.

Benefits – The ordinary death benefit equals the members' annual earnable compensation at the time of death plus accumulated contributions.

Special Death Benefits

Members in Service

Eligibility – To be eligible for special death benefits, LEOPS members in service must have accumulated at least two years of eligibility service prior to the date of death or died in the line of duty.

Benefits – The special death benefit provided upon death for LEOPS members in service equals 50% of the applicable ordinary disability allowance. In cases where the deceased members are not survived by a spouse, the decedents' children or dependent parents, if any, will continue to receive the special death benefit until the youngest child reaches age 18, or for the life of each dependent parent.

Retired Members

Eligibility – To be eligible for special death benefits, LEOPS retirees must have retired on either a service retirement allowance or a disability allowance.

Benefits – The special death benefit provided upon death for LEOPS retirees equals 50% of the retirees' retirement allowance, paid as an annuity. In cases where the deceased members are not survived by a spouse, the decedents' children, if any, will continue to receive 50% of the retirees' allowance until the youngest child reaches age 18.

Vested Pension Allowances

Eligibility – LEOPS members are eligible for vested pension allowances after separation from service and upon attaining age 50, provided that they accumulated at least five years of eligibility service prior to separation.

Allowances – Vested allowances equal the normal service retirement or pension allowances computed on the basis of the members' accumulated creditable service and AFS at the date of separation.

Cost-of-Living Adjustments

Retirement allowances are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each

year and are applied to all allowances payable for the year. For LEOPS members subject to retirement plan provisions, annual COLAs are determined under the various methods applicable to ERS members. Each method is explained below:

Selection A (Unlimited COLA) – LEOPS members who elected Selection A (while enrolled in the ERS), agreed to contribute 7% of earnable compensation in return for unlimited annual COLAs after retirement.

Selection B (Limited COLA) – LEOPS members who elected Selection B (while enrolled in the ERS), agreed to contribute no more than 5% of earnable compensation in return for COLAs which are limited to 5% annually after retirement.

For all other LEOPS members, annual COLA's are limited to 3% of the annual allowance.

Optional Forms of Payment

Generally, LEOPS retirement allowances are paid as a 50% joint and survivor annuity to the retirees' spouse, or if there is no spouse, to any child under age 18. If the retirees have neither a living spouse nor children under 18 at retirement, the retirees may select any one of the following seven payment options.

Option 1: Payment guarantees a cash reserve equal to the excess of the present value of the retirement allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits are payable. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retirees' monthly health insurance premiums.

Deferred Retirement Option Program

LEOPS members are eligible to participate in a Deferred Retirement Option Program (DROP). To participate, the LEOPS member must have at least 25 years of creditable serv-

ice, but less than 30 years. The maximum period of participation is 5 years. During the DROP period, the LEOPS member is deemed retired and the retirement allowance is placed in an account earning 6% interest. At the end of the DROP period, the lump sum held in the DROP account is paid to the LEOPS retiree. The LEOPS member must end employment and fully retire at the end of the DROP period.

Pension Change

Legislation enacted during the 2001 legislative session alters the benefits payable to members of the Law Enforcement Officers' Pension System - retirement plan. The retirement benefit for the first 30 years will be based on 2.3% of AFS. Membership is extended to include the Martin State Airport Firefighters.

Local Fire and Police System

The Local Fire and Police System (LFPS) was established on July 1, 1989 and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Membership in the LFPS is open to all law enforcement officers and fire fighters employed by participating governmental units on the date participation begins. Membership is mandatory for all officers and fire fighters hired after a unit's date of election to participate.

The LFPS consists of two separate components – a retirement plan and a pension plan. Retirement plan provisions are applicable to those officers and fire fighters that, on the date they elected to participate in the LFPS, were members of ERS. Pension plan provisions are applicable to all other LFPS members.

Member Contributions

Members subject to retirement plan provisions contribute 7% of annual earnable compensation. Members subject to pension plan provisions contribute 5% of earnable compensation in excess of the social security wage base.

Service Retirement Allowances

Eligibility – All LFPS members are eligible for full service retirement or pension allowances upon accumulating 25 years of eligibility service, regardless of age. Also, regardless of the length of service, LFPS retirement plan members are eligible for full service retirement allowances upon attaining age 60; and LFPS pension plan members are eligible for full service pension allowances upon attaining age 62.

Allowances – For members subject to retirement plan provisions, full service retirement allowances equal 1/50 (2.0%) of AFS for the first 30 years of creditable service, plus 1/100 (1.0%) of AFS for each additional year.

A Composite Picture

	2001	2000
Total Membership		
Active Vested	91	129
Active Non-vested	49	55
Terminated Vested	30	20
Retired Members	21	19
Active Members		
Number	140	184
Average Age	35.1	35.5
Average Years of Service	10.3	10.9
Average Annual Salary	\$ 40,995	\$ 38,636
Retirees & Beneficiaries		
Number	21	19
Average Age	49.5	49.7
Average Monthly Benefit	\$ 1,681	\$ 1,650

For members subject to pension plan provisions, full service pension allowances equal 1.0% of AFS up to the SSIL, plus 1.5% of AFS in excess of the SSIL, multiplied by the number of years of accumulated creditable service. Additionally, LFPS pension plan members whose employers do not contribute to social security receive the difference between the aforementioned pension allowance and 1.5% of their entire AFS as a supplemental pension allowance.

Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to the date of retirement.

Early Retirement Allowances

Eligibility – LFPS members are not eligible for early service retirement allowances.

Ordinary Disability Retirement Allowances

Eligibility – LFPS members are eligible for ordinary disability retirement allowances upon completing five years of eligibility service with Medical Board certification as to their permanent incapacity to perform their necessary job functions.

Allowances – Ordinary disability retirement allowances for LFPS members subject to retirement plan provisions equal the greater of the normal service retirement allowance or 25% of AFS.

Ordinary disability retirement allowances for LFPS members subject to pension plan provisions equal the full service pension allowance if the member is at least age 62 on the date of retirement. Otherwise, the allowances equal full service pension allowances computed as though the member had continued to work until age 62 without any change in the rate of earnable compensation.

Accidental Disability Retirement Allowances

Eligibility – LFPS members are eligible for accidental disability benefits if the Medical Board certifies that, in the course of job performance and as the direct result of an accidental injury, they became totally and permanently disabled.

Allowances – Accidental disability allowances equal the sum of an annuity determined as the actuarial value of the members' accumulated contributions, and 2/3 (66.7%) of AFS. Allowances may not exceed the members' AFS.

Ordinary Death Benefits

Eligibility – To be eligible for death benefits, LFPS members must have accumulated at least one year of eligibility service prior to the date of death or died in the line of duty.

Benefits – The benefit provided upon death for LFPS members equals the members' annual earnable compensation at the time of death plus accumulated contributions. Under certain circumstances, surviving spouses who were named sole primary beneficiaries may elect to receive either the aforementioned lump sum payment or a monthly allowance calculated under Option 2 (100% survivor option).

Vested Pension Allowances

Eligibility – LFPS members are eligible for vested pension allowances after separation from service and upon attaining age 62, provided that they accumulated at least five years of eligibility service prior to separation. LFPS members subject to pension plan provisions may be eligible for reduced vested pension allowances upon attaining age 55 with at least 15 years of eligibility service. Vested allowances are reduced by 0.5% for each month by which the allowance commencement date precedes the date on which the members attain age 62.

Allowances – Vested allowances equal the normal service retirement or pension allowances computed on the basis of the members' accumulated creditable service and AFS at the date of separation.

LFPS retirement plan members may elect to withdraw their accumulated contributions within two years of separation in lieu of receiving the accrued vested retirement allowances. If members do not withdraw their contributions, and die before attaining age 60, their accumulated contributions are returned to the designated beneficiary.

LFPS pension plan members, who elect to withdraw their accumulated contributions, if any, remain eligible to receive the employer-provided vested benefit.

Cost-of-Living Adjustments

Retirement and pension allowances are adjusted each year based on the Consumer Price Index. COLAs are effective July 1st of each year and are applied to all allowances payable for the year. For all LFPS members who are not former members of the ERS, annual COLAs are limited to 3% of the initial allowance annually.

Optional Forms of Payment

Option 1: Payment guarantees a cash reserve equal to the present value of the retirement allowance at the date of retirement minus the total amount of payments (less COLAs) made to the date of death.

Option 2: 100% joint and survivor annuity.

Option 3: 50% joint and survivor annuity.

Option 4: Payment guarantees a minimum return of the members' accumulated contributions.

Option 5: 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6: 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 7: Any benefit (monthly allowance) which is actuarially equivalent to the retirement allowance and is approved by the Board of Trustees.

Workers' Compensation Benefits Reduction

Disability retirement allowances are generally reduced by workers' compensation benefits paid after retirement if, and to the extent that, such benefits are for the same injury and the same period of time for which the retirement benefits are payable. The workers' compensation benefit reduction cannot reduce any retirement allowance to less than the amount necessary to cover the retiree's monthly health insurance premiums.