

THE Mentor

News from the Maryland State Retirement and Pension System

SPRING 2022
VOL. 44 NO. 2



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Get
your estimate
FAST!
See page 3



Disability retirement

Help when you need it

IF YOU BECOME PERMANENTLY DISABLED and are unable to perform your job, disability retirement benefits from the Maryland State Retirement and Pension System provide valuable protection.

Two types of disability

Your plan provides benefits for two types of disability retirement, ordinary and accidental/special.

Ordinary disability covers any permanent mental or physical condition that prevents you from doing your job.

Accidental or special disability generally covers a permanent condition caused by an accident that:

- occurred at a definite time and place in the performance of work duties,
- happened without willful negligence, and
- prevents you from doing your job.

See Disability, page 4

LEGISLATIVE UPDATE

Assembly tackles climate risk, COVID death benefits, Russian divestment

BEFORE THE FINAL GAVEL

fell on this year's legislative session in Annapolis, the Maryland General Assembly passed several bills of interest to members of the Maryland State Retirement and Pension System. Governor Lawrence J. Hogan, Jr., may sign these bills into law, veto them or permit the legislation to become law without his signature.

For the latest updates on pension legislation, visit the Maryland General Assembly's website at mgaleg.maryland.gov.

House Bill 740/Senate Bill 566: Investment Climate Risk – Fiduciary Duties

Synopsis: This legislation requires the System to consider the potential risks of climate change on the investment fund to ensure a path to a long-term sustainable portfolio. The legislation also requires the System to engage on this issue with investment managers and report progress annually to the legislature. Under this legislation, the System is not compelled to take any action that is inconsistent with its fiduciary responsibilities. **BREAKING: Enacted without Governor's signature**

House Bill 742/Senate Bill 409: COVID-19-Related Death Benefits – Sunset Extension

Synopsis: This legislation extends eligibility dates to June 30, 2023, for COVID-19-related death benefits. Family members of active members of the System who died from COVID-19 should contact the Maryland State Retirement Agency for more information.

House Bill 744: SRPS - Administration - Clarifications and Corrections

Synopsis: This legislation clarifies and corrects several provisions of the State Personnel and Pensions Article. Notably, the bill provides immediate pension vesting to heads of departments, offices or units of state government who are appointed by the Governor for a fixed term.

House Bill 763: Correctional Officers' Retirement System - Membership

Synopsis: This legislation requires membership in the Correctional Officers' Retirement System for resi-

See Update, page 7

Retiring soon? Be aware of reemployment rules

RETIREEES RETURN TO WORK to pursue other interests or earn extra retirement income. For retirees from the Maryland State Retirement and Pension System (SRPS), reemployment may be subject to state and federal laws. An agreement to follow these laws is part of your retirement application paperwork. You can find a detailed description of the reemployment rules in the *Application for Service or Disability Retirement* (Form 13-23 for employees, teachers and correctional officers; Form 14-24 for state police; Form 98-101 for law enforcement officers.) Four key provisions of reemployment law are described below.

1 Don't discuss

Under no circumstances should your decision to retire be conditioned upon an offer of reemployment. You should not have any discussions before your retirement with any participating employer* about potential offers of reemployment. There can be significant tax consequences to you and the SRPS if you retire before the normal retirement age of your plan and/or before age 59 1/2 and you are reemployed with a participating employer without a *bona fide* (see #3, below) separation from service.

*A *participating employer* is any employer that offers SRPS benefits to its employees.

2 Wait 45 days

When you retire, there must be at least 45 days between your date of retirement and the date you are re-employed on any basis (permanent, temporary, or contractual) by any employer that participates in the SRPS. This rule also applies to a retiree from a withdrawn governmental unit who was employed while the unit was participating.

3 Be *bona fide*

Bona fide means real or genuine. In order to avoid a tax penalty on your income there must be a *bona fide*, or genuine, separation from service between you and your former employer. While the IRS has not specifically defined what constitutes a *bona fide* separation from service, it is clear that the greater the difference between your last job before retirement and your job on reemployment, and the longer the break between the two jobs, the more likely it is that there has been a *bona fide* separation of service.

If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not likely qualify as a *bona fide* separation of service unless there is a lengthy break in employment. Even arrangements where you are rehired as an "independent contractor" may not meet the IRS standard.

4 Know your limits

If you are employed during retirement, an earnings limitation or suspension of benefits may apply. The rules are complex and vary depending on your type of retirement and plan of participation. Fortunately, state law provides for several earnings limit exemptions**.

Before you consider reemployment with your former employer, you also may wish to review and discuss your plans with your tax advisor.

**Earnings limit exemptions are described in the *Application for Service or Disability Retirement* (Form 13-23 for employees, teachers and correctional officers; Form 14-24 for state police; Form 98-101 for law enforcement officers.)

Getting an estimate of your future benefit is fast, easy

So why are you still doing it the old way?

THE LAUNCH of the Maryland State Retirement Agency's secure website **mySRPS** in 2020 enabled registered members to obtain an estimate of future benefits — a formerly paper-intensive process that required weeks of processing — with just a mouse click, any time in their career. Yet, there are still some employees, teachers, police and correctional officers who are dragging their feet. Are you ready to get a peek at your future retirement benefit *instantly*?

Signing up for **mySRPS** is easy. Visit sra.maryland.gov and, in the

top right of the webpage, click on **mySRPS Login**. Click **Register** and follow the instructions to receive your registration code and packet by mail.

Once registered, you'll be able to obtain benefits estimates based on different retirement dates, beneficiary choices and salaries. You also can find out the soonest date you can retire and view/update your beneficiary designations.

Still prefer a paper form?

If you don't have a computer, that's OK. Complete and return to the Retirement Agency a *Service Retirement*

Estimate Request (Form 9)*. This form was fully redesigned and updated in November 2020. If your employer provides you with an older form bearing a revision date *before* November 2020, please request the current version of the form. Note: Form 9 may be submitted only if you are eligible to retire within the next 12 months. Please wait up to 45 days to receive your estimate by mail.

*State Police and LEOPS members should use Form 10 and Form 97, respectively.

Board of Trustees Update

Norman reelected, Wyskiel appointed, membership noted

AN ELECTION AND AN APPOINTMENT were on the agenda of the Board of Trustees of the Maryland State Retirement and Pension System this spring.

Trooper rep wins new term

Trustee Richard E. Norman has been propelled to a third Board term by members and retirees of the State Police Retirement System.

As the only prospective candidate to collect the required nomination signatures to appear on the ballot, Mr. Norman's reelection was certified by the Board in February. The election slated for May is cancelled.

Governor appoints new Trustee

Matthew Wyskiel, the founder and President of a Baltimore investment firm, was appointed to the Board effective March 15 by Maryland Governor Lawrence J. Hogan, Jr. Trustee Wyskiel holds a BA in mathematics and economics from Williams College and an MBA in finance and accounting from New York University's Stern School of Business.

A native Baltimorean, Mr. Wyskiel will serve the remainder of an unexpired term ending in 2024.

Who are the trustees?

The Board of Trustees is responsible for administering the Maryland State Retirement Agency, managing the System's \$69.3 billion investment

fund and paying billions of dollars each year to retirees, beneficiaries and withdrawing employees. The Board's 15 members include:

Seven Trustees appointed by the Governor (two of these seats currently are vacant)

Three ex-officio Trustees (Maryland State Comptroller, Treasurer and Budget Secretary)

Two Trustees elected by Teachers' Systems members and retirees

Two Trustees elected by Employees' Systems members and retirees

One Trustee elected by active and retired State Troopers

Rules for police

If you are a member of the Law Enforcement Officers' Pension System, to qualify for accidental disability retirement you must be totally and permanently incapacitated for duty arising out of, and in the course of, the actual performance of duty without willful negligence. The same standard applies for State Police; however, the term "special disability" is used instead of "accidental disability."

If you participate in the Deferred Retirement Option Program, you are not eligible to file for ordinary disability. You may, however, file for accidental or special disability.

Eligibility

To be eligible to apply for *ordinary disability* retirement, you must have at least five years of eligibility service. There is no service requirement for members to apply for *accidental* or *special disability* retirement.

Members who terminate employment and withdraw their employee contributions are not eligible for disability benefits. Retirees, also, are not eligible to apply.

All disability claims are evaluated for ordinary disability if the member has at least five years of eligibility service.

If you apply for ordinary disability, you may not later apply for accidental or special disability.

Timely filing is essential

Submission of the required forms to the Retirement Agency is *your* responsibility. Information and documentation from your treating physician and employer (sections 2 and 3 of Form 20) must be properly

Considering disability retirement? Ask yourself these questions

If you answer "yes" to the questions that follow, you may file for disability benefits. Application forms are available online at sra.maryland.gov.

General requirements for disability benefits

- Are you a member?
- Have you met the filing requirements?
- Are you permanently incapacitated from performing the normal duties of your job?

Additional requirement for accidental disability

- Are you permanently incapacitated from performing the normal duties of your job as the result of an accident that occurred 1) in the performance of duty, 2) at a definite time and place, and 3) without your willful negligence?

completed and submitted to the retirement agency within 45 days of the date your claim is submitted. If you fail to meet this deadline, your disability claim will be terminated.

You may file for disability benefits while on payroll or within a set period of time, depending on your system, after leaving payroll, as follows:

- Members of the Teachers' Retirement System may file up to five years after leaving payroll. A one-year filing extension may be available.
- Members of all other systems may file up to four years after leaving payroll. For these members, a two-year filing extension may be available (excludes Judges' and Legislative Plans.)

Applications for accidental disability retirement must be filed within

five years from the date of the accident. This filing deadline does not apply to the State Police, Correctional Officers' or Law Enforcement Officers' systems.

When all necessary documentation has been received by the Retirement Agency, you will be informed in writing that the medical evaluation of your claim has begun. When a claim decision is rendered by the System's Board of Trustees, you will be notified promptly in writing.

See *Disability retirement is a two-step process* on the following page for detailed filing instructions.

Disability retirement is a two-step process

APPLYING FOR DISABILITY retirement need not be confusing. The process is described below, divided into two steps. First, submit a disability claim. Then, if approved, apply to retire. If your medical condition is terminal, or you need additional assistance in filing your claim, contact the Maryland State Retirement Agency.

Step 1: File a disability claim

Submit the following forms and documentation:

- *Statement of Disability* (Form 20),
- pertinent medical records,
- current job description signed and dated by employer,
- *Preliminary Application for Disability Retirement* (Form 129),
- *Application for an Estimate of Disability Retirement Allowances* (Form 21A; Form 22 for State Police; Form 100 for LEOPS),
- leave/attendance records for the last two years and
- performance evaluations for the last two years.

Forms are available online at sra.maryland.gov or from your employer's personnel office.

If, during the application process, your employer places you on a medical unpaid leave of absence, you also should file a *Qualified Leave of Absence Request OR Notification of Military Service Entry* (Form 46). This form preserves your death benefit while on medical unpaid leave.

If you are applying for accidental or special disability you also must submit the following:

- employer's first report of injury, forms submitted to Workers' Compensation and copies of awards,

- medical evidence establishing the accident as the cause of the disability or
- evidence that the disability arose out of, and in the course of, the performance of duty (Maryland State Police and LEOPS only).

Following a review by the System's medical board, the System's Board of Trustees takes final action on the claim and the applicant is notified. The filing process for ordinary disability can take up to six months. Accidental or special disability claims may take longer. Requests for reconsideration or the appeal process can extend the timeline by six to eight months or more.

A disability claim can be opened only upon receipt of a properly com-

Disability retirement videos

Two videos detailing disability retirement and the filing process are available online at sra.maryland.gov/member-videos. Aptly titled *Disability Overview* and *Filing for Disability*, these videos are a valuable resource for members considering disability retirement.

pleted Form 20 and Form 129. If either of these documents is not received or is not properly completed, the claim will be rejected and all documents will be returned to the member. A disability application is considered submitted on the date it is received by the Maryland State Retirement Agency.

Step 2: If approved, apply to retire

If the claim is approved, the member will receive an estimate of his or her monthly disability retirement payment. To retire and begin collecting monthly benefits, the member must submit within 120 days the following:

- *Application for Service or Disability Retirement* (Form 13-23; Form 14-24 for State Police; Form 98-101 for LEOPS),
- *Electronic Fund Transfer (Direct Deposit) Sign-Up* (Form 85),

- *Federal Tax Withholding Request* (IRS Form W-4R) and
- *Maryland State Tax Withholding Request* (Form 766.11).

You must retire within 120 days of claim approval or your disability claim will be closed and you will not be entitled to disability benefits. Additionally, if you are a state employee and do not file for retirement within 120 days of approval, you will be considered *resigned* by the State of Maryland.

The following article is provided courtesy of the Maryland Teachers and State Employees Supplemental Retirement Plans. For more information, please contact the MSRP directly.

Maryland Supplemental Plans can provide added retirement security for teachers, state employees

YOUR FUTURE MONTHLY BENEFIT from the Maryland State Retirement and Pension System, along with Social Security, are two important parts of your retirement security. They need not be the only parts.

The Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP) are administered by a nine-member Board of Trustees appointed by the Governor, and are offered to state employees as an employee benefit.

The plans offered are the 457(b), 401(k), and 403(b) plans. These plans are designed to help bridge the gap between your state retirement and Social Security benefits. MSRP has more than 68,000 members, with assets in excess of \$5 billion.

The Maryland Supplemental Retirement Plans also provide state employees with important financial and retirement education through targeted communications, webinars, and seminars. Visit the MSRP website at MSRP.maryland.gov to register for current educational opportunities and for additional information. MSRP contracts with Nationwide, a third-party administrator, to handle daily transactions and provide guidance and account services through consultations with MSRP-dedicated Nationwide Retirement Specialists.

MSRP is a benefit worth having! Why? Salary deferrals for savings come directly from your paycheck, there are tax benefits, you can choose from a variety of

IMPORTANT: Participation in the Maryland Teachers and State Employees Supplemental Retirement Plans is open to active Maryland state employees, including contractual employees. While many county, city, and town government employees are provided a pension through the Maryland State Retirement Agency, MSRP is not an option for enrollment for them. These employees should contact their employee benefits administrators for information about supplemental retirement plans available to them.

investment options, fees are low, you can schedule individual consultations with Retirement Specialists, and you have access to funds through loans and financial hardships in case of an emergency.

Your “to do” list for a secure financial future:

- Enroll with MSRP as soon as possible
- Increase your contributions regularly
- Attend MSRP webinars and other educational programs to enhance your financial knowledge
- Review your account annually and make sure you are on track to meet your retirement goals
- Schedule meetings with your Nationwide Representative at **MarylandDC.com** for guidance

Enrolling with MSRP is EASY!

Click here to **enroll via DocuSign** OR enroll online at **MarylandDC.com**

You will need your six-digit Agency Code to enroll.

Enrollment Hotline: 800-545-4730

If already enrolled, consider setting up online access at **MarylandDC.com**

Protect your future pension benefit during an unpaid leave of absence

BEFORE BEGINNING an unpaid leave of absence granted by your employer, be sure to first submit a *Qualified Leave of Absence Request OR Notification of Military Service Entry* (Form 46).

Qualified leave of absence status preserves the rights of your beneficiaries to valuable active employee death benefits in the event of your de-

mise. It also preserves any right you may have to obtain credit for the leave period.

By law, the Maryland State Retirement Agency recognizes leaves of absence only if taken for personal illness, birth or legal adoption, government sponsored and/or subsidized employment, or study.

Update, from page 1

dential group life managers and case managers who are employed by the Department of Juvenile Services in state juvenile facilities. The legislation is effective on July 1, 2022. All new employees in these positions will be enrolled in CORS.

House Bill 1482/Senate Bill 1005: Divestment from Russia

Synopsis: This emergency bill requires the System to 1) review its investment holdings in Russian businesses and 2) take divestment action in these businesses, subject to the fiduciary duties of the System's Board of Trustees. **UPDATE: Enacted without Governor's signature**



BIPARTISAN TAX CUT FOR RETIREES Governor Lawrence J. Hogan, Jr., in April signed into law the Retirement Tax Elimination Act, providing tax relief for Maryland retirees. Gov. Hogan was joined by Senate President Bill Ferguson and House Speaker Adrienne A. Jones, along with lawmakers from both the House and Senate. Both chambers voted unanimously to pass the bipartisan legislation. Photo courtesy the Executive Office of the Governor.

IMPORTANT: Contact your tax advisor for more information. Maryland State Retirement Agency staff cannot provide tax advice.

Some departing members may consider a withdrawal

MEMBERS of the Maryland State Retirement and Pension System who separate from service before earning a vested future benefit, and who **do not plan to return** to work for a participating employer, may wish to consider withdrawing their member contributions.

Your contributions continue to earn interest for four years after you end employment. You may claim these funds at any time.

An irrevocable decision

Please be aware that withdrawn funds **cannot be redeposited** if you return to covered employment.

A returning member who previously withdrew contributions will begin a brand new retirement account. **All previous service is forfeited.**

Eligibility

To be eligible for a refund, you must be separated from any and all employment with an employer that participates in the Maryland State Retirement and Pension System.

If you are employed in any capacity (temporary, emergency, contractual, etc.) by any employer that participates in the SRPS, you are not eligible for a refund.

How to apply

To request a refund of your member contributions, print the *Application for Withdrawal of Accumulated Contributions Package*, also known as a Five Pack, from the Retirement Agency website at sra.maryland.gov. Your signature on the form must be notarized. If you have been separated from employment for fewer than six months, your former employer also must certify your separation date.

You may request that your withdrawn funds be paid directly to you, or that all or any portion be rolled over to a qualified retirement plan.

The Mentor is published by the Maryland State Retirement Agency
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