

# Retiree News & Notes



MARYLAND  
STATE RETIREMENT  
and PENSION SYSTEM

JULY 2017  
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A Newsletter for Retirees from the Maryland State Retirement & Pension System

## Two elected to pension Board

A BALTIMORE CORRECTIONAL OFFICER AND A MONTGOMERY COUNTY ENGLISH TEACHER will take seats on the Board of Trustees of the Maryland State Retirement and Pension System in August.

The elections of Lisa James-Henson and Douglas Prouty were ratified by the 15-member Board earlier this year. Sgt. James-Henson and Mr. Prouty will succeed retiring Trustees

See Board, page 6

## Cost-of-living adjustment to boost monthly payments in July

RETIRED MARYLAND TEACHERS, STATE AND MUNICIPAL EMPLOYEES, CORRECTIONAL OFFICERS AND POLICE will notice an increase to their monthly retirement benefit in July as the annual cost-of-living adjustment (COLA) takes effect.

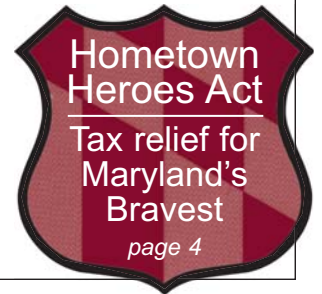
To receive the COLA, eligible retirees must have been retired at least one full year as of July 1, 2017.

For retirees from the Employees' or Teachers'

Retirement System or persons who retired on or before July 1, 2011, the COLA rate is 1.262%.

For persons who retired after July 2011 under the Employees' or Teachers' Pension System, Law Enforcement Officers' Pension System, Maryland State Police Retirement System or Correctional Officers'

See COLA, page 5



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# Welcome to retirement!

**CONGRATULATIONS** on your recent retirement!

Whether you were employed as a teacher, government employee, correctional officer, police officer or in another important role, you earned your Maryland State Retirement and Pension System benefits through your hard work and service to the citizens of the Free State.

To help make your transition to retirement as smooth as possible, answers to the questions most frequently asked by new retirees are provided here.

**Q.** *When will my first retirement payment be issued?*

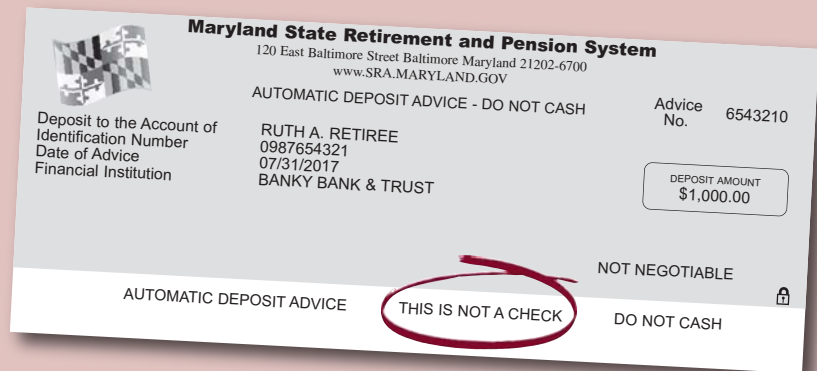
**A.** In general, retirement payments are issued the last business day of each month. You will receive a Notice of Retirement Allowance before your first monthly payment is issued. This document provides important information about your benefit, including your gross monthly allowance, beneficiaries and yearly earnings limit. It also confirms the retirement option you selected and shows any additional credit you received for unused sick leave. Please keep this document for your records.

**Q.** *How can I confirm that my payment was deposited in my bank account and that proper deductions were made?*

**A.** An Automatic Deposit Advice, pictured above, will be mailed to you the first time a deposit is made in your bank

## This is *not* a check (but you *are* being paid)

An Automatic Deposit Advice mailed to your home may *look* like a check, but it is not negotiable. This document simply alerts you that your payment has been electronically deposited at your bank.



account. This document shows the gross amount of your benefit; the value of any deductions for health insurance, tax withholding or other payments; and the net amount of the deposit.

After this first deposit, an advice slip will be mailed to you only in January and July. In addition to these twice-yearly notifications, a Deposit Advice will be mailed to you any time the amount of your deposit changes.

**Q.** *Why was my payment made by paper check, not direct deposit?*

**A.** Sometimes a new retiree's direct deposit is not set up in time for the first monthly payment. In these cases, to avoid a delay in payment, retirees receive a paper check via mail until the direct deposit is initiated.

In some cases a direct deposit fails or is rejected by the bank. This is usually because the bank account number or routing number provided to the Maryland State Retirement Agency is incorrect. If a direct deposit fails, the retiree will receive a paper check by mail along with a notification about the failed deposit. It may take several days for a check to be issued in the case of a failed deposit.

**Q.** *Why have I received a refund check after my date of retirement?*

**A.** Retirement contributions are deducted automatically from your pay while you are employed. In some cases, a payroll deduction is received after your date of retirement and is not needed to fund your pension benefit. In these cases the excess contribution is refunded.

# Dial up your account data by phone

**YOUR RETIREMENT ACCOUNT DATA** is as close as your telephone when you use the Maryland State Retirement Agency's Interactive Voice Response system. Follow these simple instructions to access your account data any time, 24 hours a day.

**What is my PIN?** For your security, you must enter your Personal Identification Number (PIN) and Social Security number to access your account information. Your four-digit PIN is the month and year of your retirement. For example, if you retired in July 2012, your PIN would be 0712.

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

After listening to a recorded greeting, select:

**1** If you are a retiree or beneficiary receiving a monthly benefit.

**2** All other callers.

After listening to a recorded message, select:

- 1** Hot Topic: Listen to a recorded message featuring the latest news from the Retirement Agency.
- 2** Options for retirees or beneficiaries:
  - 1** Verify home mailing address.
  - 2** Obtain account information.
  - 3** Confirm retirement benefit option.
  - 4** Request forms.
- 4** Schedule a counseling session in Baltimore.
- 5** Report the death of a member or retiree.
- 6** Enter the extension for the person you are calling, if known.
- 7** Replay these options.
- 0** Speak with a retirement benefits specialist.

After listening to a recorded message, select:

- 1** Hot Topic: Listen to a recorded message featuring the latest news from the Retirement Agency.
- 3** Options for other callers:
  - 1** Obtain account information.
  - 2** Verify home mailing address.
  - 3** Confirm designated beneficiaries.
  - 4** Request forms.
- 4** Schedule a counseling session in Baltimore.
- 5** Report the death of a member or retiree.
- 6** Enter the extension for the person you are calling, if known.
- 7** Replay these options.
- 0** Speak with a retirement benefits specialist.

What to expect when dialing

**0**

**WHEN A CALLER** using the Interactive Voice Response telephone system dials 0, the initial message(s) will be replayed.

During periods of high phone volume, the number of callers who are ahead of you in the queue will be announced. *For your convenience, you may elect to receive a call back. If you choose this service, you will not lose your place in line.*

Use only the numbers above to contact the Retirement Agency. Only the Retirement Agency's retirement benefits specialists possess the specialized training and resources to assist you.

You then will be connected with a retirement benefits specialist.

## LEGISLATIVE UPDATE:

# Maryland thanks retired first responders with new tax exemption

**DID YOU KNOW** that you can exempt the first \$15,000 of retirement income from your Maryland state taxes if you're a retired first responder 55 years or older?

The Hometown Heroes Act (Senate Bill 597/House Bill 100) unanimously passed this legislative session to exempt retired law enforcement, fire, rescue and emergency response personnel from state taxes on retirement income.

The bill was proposed by Governor Lawrence J. Hogan, Jr., and sponsored by Senator Guy J. Guzzone and Delegate Sheila Hixson. Retirement income will

qualify for the state pension exclusion if you're 55 years or older and you previously served as a law enforcement officer or as fire, rescue or emergency services personnel (emergency medical technicians and paramedics). The maximum exclusion in the tax year is limited to \$15,000. The bill took effect July 1 and applies to tax year 2017 and beyond.

Current Maryland law provides pension exclusion in the form of a subtraction modification for individuals who are at least 65 years old or who are totally disabled. Additional income tax relief is provided to senior citizens regardless of the source of

their income. Each individual age 65 and older is allowed a \$1,000 personal exemption in addition to the regular personal exemption allowed for all individuals.

For more information on Maryland taxes and for answers to frequently asked tax questions, visit [www.marylandtaxes.com](http://www.marylandtaxes.com). Taxpayers in need of no-cost state tax assistance can call the Comptroller's taxpayer services line from 8:30 a.m. to 4:30 p.m. at 1-800-MD TAXES, or 410-260-7980.

*Maryland State Retirement Agency staff cannot provide advice on tax issues.*

## Earnings limit rules modified for disabled

**NEW LEGISLATION** passed in Annapolis has modified the earnings limit calculation for ordinary disability retirees who retired with an average final compensation (AFC) of at least \$25,000 and who return to work for a participating employer.\*

A reduction is required when the annual compensation exceeds the difference between the retiree's AFC and initial retirement allowance by at least \$5,000. House Bill 62, which took effect July 1, mandates that the \$5,000 cap be adjusted for inflation each year.

\*A participating employer is one that offers Maryland State Retirement and Pension System benefits to its employees.

## Health benefits open enrollment slated for retired state employees

**IF YOU ARE ENROLLED** in health benefits through the state of Maryland, look for your Open Enrollment packet in the mail at the end of September 2017.

Please read your Open Enrollment packet carefully and don't miss this opportunity to make changes to your health benefits. Any changes you make during Open Enrollment will have a January 1, 2018, effective date.

For the latest state health benefit updates go to

[www.dbm.maryland.gov/benefits](http://www.dbm.maryland.gov/benefits) or call 410-767-4775 or 1-800-307-8283.

*The preceding information was provided by the Maryland Department of Budget and Management. If you retired from a board of education, county, town or other non-state employer, contact your former employer for health benefits information. Maryland State Retirement Agency staff cannot answer questions about health benefits.*

## Your tax statement is available online!

**REPLACEMENT** 1099-R forms are available on the Maryland State Retirement Agency website. Go to [sra.maryland.gov](http://sra.maryland.gov) and click **1099-R Duplicate** to securely access your statement.

## Election slated for Trooper rep

**RETIRED AND ACTIVE** members of the Maryland State Police Retirement System who wish to represent their fellow Troopers on the Board of Trustees of the Maryland State Retirement and Pension System may obtain nomination petitions beginning September 1.

Qualified nominees will compete in an election next spring, with the successful candidate taking office August 1, 2018.

The Board of Trustees is responsible for establishing

investment and administrative policy and overseeing the management of the Maryland State Retirement Agency, which oversees retirement benefits for 345,000 active and retired teachers, state and municipal employees, correctional officers, law enforcement officers and Maryland State Police.

Incumbent State Police representative Richard E. Norman was elected to the Board in 2014.

## Watch your mail for Md. Charity appeal

**A PLEDGE FORM** and list of participating charities will soon be mailed to retirees' homes by the Maryland Charity Campaign.

This year's form contains a check box for retirees to indicate they wish to continue receiving MCC mailings.

For more information, please contact MCC Administrator Lori Parks at 410-260-3857 or [loraine.parks@maryland.gov](mailto:loraine.parks@maryland.gov) or visit [mcc.maryland.gov](http://mcc.maryland.gov).

*COLA, from page 1*

Retirement System, a two-part COLA applies. These retirees will receive the full COLA of 1.262% for service credit earned prior to July 1, 2011. For service earned on or after July 1, 2011, the COLA is capped at 1%.

This cap, part of sweeping pension reforms enacted by the Maryland General Assembly in 2011, applies only to service credit earned on or after July 1, 2011. It limits the COLA to 2.5% if the system's investment fund meets or exceeds its assumed rate of return during the preceding year. The cap is 1% if this target is not met. The system's 5.98% investment return for calendar year 2016 did not meet the assumed rate of 7.55%.

The COLA does not apply to legislative and judicial retirees. Retirees from these systems receive adjustments based on the increases received by active legislators and judges.

Eligible retirees' increased monthly benefit will be shown on the Automatic Deposit Advice mailed to the homes of all retirees on July 31.

## Frequently asked COLA questions

**Q.** *Who qualifies to receive the COLA this July?*

**A.** A retiree who has completed at least one year of retirement as of July 1, 2017, qualifies for this year's COLA. Those who retired after July 2016 (August 2016 or later) will receive their first COLA increase in July 2018.

**Q.** *How is the annual COLA increase applied?*

**A.** A retiree's benefit system determines how the annual increase is applied to his or her payment. Eligible retirees receive either a compound rate or a simple rate. For retirees receiving the compound rate, the COLA increase is based on their current allowance, allowing COLAs to compound over time. Under the simple rate, the increase is based on the retiree's initial retirement allowance.

The compound rate applies for eligible retirees of all systems except the Employees' Non-Contributory Pension System and the Local Fire and Police System. (For retirees who transferred into the Local Fire and Police System from the Employees' Retirement System, the compound rate applies.)

**Q.** *How is the rate determined?*

**A.** To calculate the annual COLA rate, the Consumer Price Index for the calendar year ending December 31 in the second preceding fiscal year is subtracted from the CPI for the calendar year ending the same date in the preceding fiscal year. This difference is then divided by the CPI for the calendar year ending December 31 in the second preceding fiscal year.

The COLA rate is subject to the investment return-based caps enacted in 2011.

# Benefits extended for eligible disabled, adult children

**RETIRED STATE POLICE, LAW ENFORCEMENT OFFICERS AND JUDGES** can provide enhanced benefits to their surviving children thanks to new state legislation.

House Bill 1122/Senate Bill 913 modifies survivor benefits under the Maryland State Police Retirement System, Law Enforcement Officers' Pension System and Judges' Retirement System

## Disabled children

Under all three plans, following the death of a retiree, the

retiree's disabled children will now receive payments as long as they remain disabled.

## Adult children

For retired judges, the legislation extends the duration of payments to surviving nondisabled children until each child turns 26. Previously, benefit payments ended when a child reached age 18. Similar provisions were previously enacted for LEOPS retirees. The age limit for survivor benefits for nondisabled children of retired State Police remains 18.

## Other provisions

The bills also specify that eligible persons may elect to receive a general death benefit instead of a special death benefit.

Finally, the legislation makes dependent parents of deceased members of the Correctional Officers' Retirement System eligible for the Maryland state health plan. This provision brings CORS in line with other Maryland State Retirement and Pension System plans.

The legislation took effect July 1.

*Board, from page 1*

James A. Bush, Jr., and Kenneth B. Haines, respectively.

A 22-year veteran of Maryland state government service, Trustee-elect James-Henson is the Unit Manager Sergeant at Chesapeake Detention Facility, which houses federal detainees in downtown Baltimore. As President of AFSCME Local 1427 (Baltimore Correctional Institutions), Sgt. James-Henson manages the finances and organizing for the 1,200-plus member local. She also serves as an Executive Vice-President of AFSCME Council 3.

Sgt. James-Henson is a homeowner and lifelong resident of Edmondson Village in West Baltimore.

An English teacher at Richard Montgomery High School in Rockville, Trustee-elect Prouty has taught in Montgomery County Public Schools for more than two decades. In addition to serving as the county's Career Lattice Coordinator he is an at-large member of the Board of Directors for the Maryland State Education Association. He also served as President of the Montgomery County Education Association from 2009 to 2015.

The Silver Spring resident received an A.B. from Dartmouth College and an M.A. and B.A. from the University of Maryland.



*Trustees-elect Lisa James-Henson and Douglas Prouty will represent members and retirees of the Employees' and Teachers' Systems, respectively.*

The Board of Trustees is responsible for establishing investment and administrative policy and overseeing the management of the Maryland State Retirement Agency.

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