

# MARYLAND STATE RETIREMENT AGENCY

120 E. Baltimore Street, Baltimore, MD 21202-6700  
410-625-5555 or 1-800-492-5909

## REEMPLOYMENT AFTER RETIREMENT FOR RETIREES OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM

Keep your copy of this form on file as a handy reference for the future. You should also keep your Notice of Retirement Allowance that the Retirement Agency will send to you as a new retiree. The Notice of Retirement Allowance includes information such as the amount of your monthly retirement allowance, the beneficiary you designated and your earnings limitation. To determine what, if any, earnings limitation applies and the effect, if any, on your retirement allowance, you need your Notice of Retirement Allowance to identify the type of retirement you are receiving (service, ordinary disability or accidental disability) and your earnings limitation. Then apply the reemployment rules. Reemployment earnings are the annual reemployment compensation reported to the IRS that the retiree received during a calendar year. Note the reemployment rules do not apply while a retiree is participating in the Deferred Retirement Option Program.

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

### INTERNAL REVENUE SERVICE GUIDELINES REGARDING REEMPLOYMENT

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

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

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

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the more differences between your last job before retirement and the job being performed upon your reemployment, and the longer the break between the date of your retirement and the date of your reemployment, the more likely it is that there has been a bona fide separation of service. If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not likely qualify as a bona fide separation 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.

### MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT

There must be a minimum of **45 DAYS** between your last day on payroll and the date you are rehired by the *same employer* (i.e., the participating employer from which you retired). All units of Maryland State government, including the University of Maryland System, are considered to be *one employer* under these reemployment rules.

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

### SERVICE RETIREMENT

There is no earnings limit regardless of your employer. Your monthly benefit allowance will not be reduced by any earnings made after you have retired. If you are reemployed by a participating employer, you will not rejoin the system and you will not earn service credit from your new employment.

**(FOR DISABILITY RETIREMENT RULES, PLEASE TURN TO BACK PAGE)**

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

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

FORM 131 (REV. 1/11)

**DISABILITY RETIREMENT**  
**(CONTINUED FROM FRONT PAGE)**

**Suspension of Disability Retirement:** An ordinary or accidental disability allowance shall be temporarily suspended if the retiree:

- Is not eligible for normal service retirement, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that is at least equal to the retiree's average final compensation at retirement.

There is no additional benefit accrued while employed. If suspended, the retiree's allowance will be reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer. The retiree's allowance at time of reinstatement will be adjusted to reflect the accumulated cost-of-living adjustments during suspension. Please note that the temporary suspension of a disability benefit causes the temporary suspension of retiree health insurance coverage if a deduction was being made from your monthly benefit for this coverage.

**Earnings Limitation for Ordinary Disability Retirees Only:** A retiree receiving an ordinary disability allowance shall be subject to an earnings limitation if the retiree:

- Is under normal retirement age, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that exceeds the retiree's earnings limitation.

The reduction will be \$1 for every \$2 earned in excess of the limit, if you have been retired less than 10 years. If you have been retired 10 years or longer, the reduction will be \$1 for every \$5 over the limit.

**An earnings limitation does not apply for Accidental Disability Retirees.**

If you have any questions, call a retirement benefits counselor at 410-625-5555 or toll free 1-800-492-5909 to understand how the reemployment provisions apply to you. We will make every effort to assist you in understanding your options, but it is your responsibility to advise us of your reemployment.

**PARTICIPATING EMPLOYERS \***  
**Maryland State Retirement and Pension System**

**State of Maryland**  
**University System of Maryland**  
**Baltimore City and All County Boards of Education (Teachers' System)**  
**Community Colleges and All Public Libraries (Teachers' System)**

**Participating Governmental Units in the Employees' System as of January 1, 2011**

Allegany Community College	Emmitsburg, City of	Pocomoke, City of
Allegany County Board of Education	Federalsburg, Town of	Preston, Town of
Allegany County Commission	Frederick County Board of Education	Prince George's Community College
Allegany County Housing Authority	Frostburg, City of	Prince George's County Board of Education
Allegany County Library	Fruitland, City of	Prince George's County Crossing Guards
Allegany County Transit Authority	Garrett County Board of Education	Prince George's County Government
Annapolis, City of	Garrett County Community Action Committee	Prince George's County Memorial Library
Anne Arundel County Board of Education	Garrett County Partnership for Children and Families	Princess Anne, Town of
Anne Arundel County Community College	Greenbelt, City of	Queen Anne's County Board of Education
Anne Arundel County Economic Opportunity Commission	Greensboro, Town of	Queen Anne's County Commission
Berlin, Town of	Hagerstown, City of	Queenstown, Town of
Berwyn Heights, Town of	Hagerstown Community College	Ridgely, Town of
Bladensburg, Town of	Hampstead, Town of	Rock Hall, Town of
Bowie, City of – Police Dept. (LEOPS)	Hancock, Town of	St. Mary's County Board of Education
Brunswick, City of	Harford Community College	St. Mary's County Commission
Calvert County Board of Education	Harford County Board of Education	St. Mary's County, Housing Authority
Cambridge, City of	Harford County Government	St. Mary's County Metropolitan Commission
Caroline County Board of Education	Harford County Library	Salisbury, City of
Caroline County Sheriff Deputies	Housing Authority of Cambridge	Shore Up!
Carroll County Board of Education	Howard Community College	Snow Hill, Town of
Carroll County Public Library	Howard County Board of Education	Somerset County Board of Education
Carroll Soil Conservation District	Howard County Community Action Committee	Somerset County Commission
Catoctin & Frederick Soil Conservation District	Hurlock, Town of	Somerset County Sanitary District, Inc.
Cecil County Board of Education	Hyattsville, City of	Southern Maryland Tri-County Community Action Committee
Cecil County Commission	Kent County Board of Education	St. Michaels, Commissioners of
Cecil County Library	Kent County Commissioners	Takoma Park, City of
Chesapeake Bay Commission	Landover Hills, Town of	Talbot County Board of Education
Chestertown, Town of	La Plata, Town of	Talbot County Council
Cheverly, Town of	Lower Shore Private Industry Council	Taneytown, City of
College of Southern Maryland	Manchester, Town of	Thurmont, Town of
Cresaptown Civic Improvement Association	Maryland Health & Higher Education Facilities Authority	Tri-County Council of Western Maryland
Crisfield, City of	Middletown, Town of	Tri-County Council for the Lower Eastern Shore
Crisfield Housing Authority	Montgomery College	University Park, Town of
Cumberland, City of	Mount Airy, Town of	Upper Marlboro, Town of
Cumberland, City of - Police Department	Mount Rainier, City of	Walkersville, Town of
Denton, Town of	New Carrollton, City of	Washington County Board of Education
District Heights, City of	North Beach, Town of	Washington County Board of License Commission
Dorchester County Board of Education	Northeast Maryland Waste Disposal Authority	Washington County Library
Dorchester County Commission	Oakland, Town of	Westminster, City of
Dorchester County Roads Board	Oxford, Town of	Worcester County Board of Education
Eastern Shore Regional Library		Worcester County Commission
		Wor-Wic Community College

**\*NOTE:** The list of employers that participate in the Maryland State Retirement and Pension System (SRPS) is subject to change at any time. This list is updated annually. To determine whether a particular employer participates in SRPS, call a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.