

NEW *EXEMPT* EMPLOYEES AND *FULL-TIME* FACULTY Choosing a Retirement Plan: MD State Retirement and Pension System *or* Optional Retirement Plan (ORP)?

Retirement Plan Options Exempt PIN employees and full-time faculty are eligible for one of two Retirement Programs
They are the:

*MD State Retirement and Pension System (MSRPS), or
*Optional Retirement Programs (ORP). (ING, American Century, TIAA-CREF and VALIC)

Both programs offer income upon retirement. The main difference between the two plans is that the MSRPS guarantees a benefit amount while the ORP guarantees a contribution.

Making Your Selection Select a retirement program when you begin employment. Your election will take effect on the first of the month following receipt of your election form. If you select the MSRPS, you may change your election to the ORP at anytime. However, if you select the ORP, your election **cannot** be changed.

After choosing a retirement program, you should contact your Human Resources Representative. She will provide you with the appropriate forms and materials for the program you elect.

Some Things To Consider The following are some questions to ask yourself before choosing your retirement program. If you have any questions, or need more information, contact your Human Resources Representative.

- How long do you plan on working for the State of Maryland? Keep in mind that the MD State Retirement and Pension System's benefits are based on your length of service -- while the Optional Retirement Plans, are based on the amount of money contributed to your account.
- How comfortable are you with investing your money? Are you able to take risks? How long do you have until you retire? To be an effective investment manager, you need to make a commitment to review and manage your account.
- Do you have any other sources of retirement income (e.g., spouse's retirement plan)?
- Do you prefer a guaranteed retirement, disability or death benefit or a benefit based upon your investment decisions?
- How much money will you actually need to have when you retire?

YOUR RETIREMENT PROGRAMS AT-A-GLANCE

	<i>MD State Retirement and Pension System</i>	<i>Optional Retirement Program</i>
<i>Type of Program</i>	Defined benefit plan Provides a determinable benefit based upon your salary and service.	Defined contribution plan Provides a benefit based upon your accumulated account balance.
<i>How Benefits Are Determined</i>	Benefits are calculated using a specific formula that takes into consideration a fixed percentage of your years of creditable service and final average salary .	Benefits are based on your ORP account accumulation which consists of State contributions, income, expenses and investment gains and losses.
<i>Contributions</i>	State contributions vary annually. They are determined by the State System's actuary. You must contribute 2% of your annual salary.	The State contributes a certain percentage of our salary each year to your ORP account. (Currently, the contribution rate is 7.25% of salary.)
<i>Investment Management</i>	The MSRPS assets are invested by professional investment managers chosen by the SRPS Board of Trustees. You do not bear any investment risk.	You choose one of four investment vendors when you join the plan. You may invest your account among your vendor's investment options. You bear all investment risk.
<i>Retirement Benefit</i>	After 30 years of eligibility service , or age 62 with 5 years age 63 with 4 years age 64 with 3 years age 65 or older with 2 years	Benefits may begin upon separation from employment. [A federal penalty tax may apply.]
<i>Early Retirement Benefit</i>	After age 55 with 15 or more years of eligibility service . Benefit is reduced ½ % each month by which your retirement date precedes age 62.	Benefits may begin upon separation from employment. [A federal penalty tax may apply.]
<i>Disability</i>	Ordinary disability: you must be permanently disabled and have 5 or more years of eligibility service . Accidental disability: you must be permanently and totally disabled as a direct result of a job related injury.	The ORP investment accounts do not include disability benefits. However, if you become disabled, you may receive the full value of your current ORP account balance.

	<i>MD State Retirement and Pension System</i>	<i>Optional Retirement Program</i>
<i>Death Benefit</i>	Pre-retirement death benefits are available. The benefit amount depends upon the age and eligibility service at death.	Pre-retirement death benefits are available. The benefit is your account balance -- including all State contributions and investments earnings -- paid to your designated beneficiary(ies) or estate.
<i>Vested Retirement Allowance</i>	You are fully vested after completing five years of eligibility service . Benefit payments may commence at age 62 or reduced payments may commence as early as age 55 with 15 years of eligibility service.	You are immediately fully vested in your total account balance. Benefits may begin upon separation from employment. [A federal penalty tax may apply.]
<i>How Benefits are Paid</i>	You may elect one of several payment options available under the program.	You may elect one of several payment options available through your investment vendor.
<i>Cost-of-Living Increases</i>	Adjustment is made each July 1. Cost-of-living adjustment has a 3% simple interest annual cap.	ORP benefits do not include an annual cost-of-living adjustment.
<i>Portability</i>	MSRPS benefits are transferable among certain governmental plans within the State of Maryland	ORP accounts are fully transportable to any employer offering the same investment provider.
<i>Transferring Benefits</i>	Transfer is possible among certain governmental plans within the State of Maryland. However, there is no transfer between out-of state systems and the MD State Retirement and Pension System.	Your benefits are vested immediately. This means you may accumulate additional funds with the same vendor in another employer's 403(b) retirement program if that same vendor is offered as an investment provider in your new employer's plan.

Enrollment (MSRPS)

When you are first hired, you will be asked to complete the following enrollment materials with the help of your Human Resources department:

***Application for Membership.** Provides the Retirement Agency with basic personal information necessary to establish your pension account.

***Designation of Beneficiary.** Identifies the individual or individuals who will receive a survivor benefit if you die during your employment. You will need to complete a new Form 4 whenever you wish to change or add beneficiaries during your membership. Common reasons for beneficiary changes include a change in marital status or the arrival of a new family member.

***Proof of Birth.** Along with your completed application and beneficiary form, you will be asked to provide the Retirement Agency with verification of your date of birth. The information is essential since your retirement date and benefits are based upon your age in combination with your service credit. The most commonly used documents for proof of age are a copy of your birth certificate, or valid Maryland driver's license.

Enrollment (ORP)

When you are first hired, you will be asked to complete the following enrollment materials with the help of your Human Resources department:

***ORP Enrollment Form.** Provides the related ORP vendor with information that is necessary to establish your ORP account. This includes: basic personal information, asset allocation and beneficiary information.

***Election not to Participate in MSRP Form.** Signed with a notary present, acknowledges the employee's decision to decline participation in the MD State Retirement and Pension System.

*** ORP Selection Form USM (USM Form RV).** For administrative purposes, a copy is kept in your personnel file.

Related Pension website/phone number:

MSRPS: <http://www.sra.state.md.us/> (800-543-5605)

Related ORP websites/phone numbers:

ING: www.ingretirementplans.com (800-342-2000 ext. 2917)

American Century: Americancentury.com (800-345-3533 ext. 4601)

TIAA-CREF: Tiaa-cref.org (800-842-2088)

VALIC: Valic.com (800-892-5558)

In addition to the MSRPS or ORP, the following is also available for full-time faculty and staff:

Supplemental Retirement Account (SRA) Plan Options (Eligible to enroll at any time)

Exempt, full-time faculty, and non-Exempt Employees are eligible to contribute into any of the following SRA's:

[ING](#), [American Century](#), [TIAA-CREF](#), [PEBSCO](#) and [VALIC](#)

When you enroll in an SRA(s), you direct the university to put a portion of your salary into the SRA of your choice—before your taxes are calculated. Your contributions lower your taxable salary, so you pay less taxes now. All earnings from SRA's are tax deferred, so you don't pay taxes on your contributions or your earnings until you receive them as income. **If you are a member of the MD State Retirement and Pension System, you are also eligible for the match program in which the State matches, dollar for dollar, up to \$500 in pre-tax contributions to an approved SRA.** *Note: (American Century does not currently offer a match)*

Making Your Selection

After choosing a retirement program, you should contact the Human Resources department. A representative will provide you with the appropriate forms and materials for the plan you elect. (FYI: PEBSCO has online, easy enrollment.)

You can select and enroll in an SRA anytime after beginning employment. Your election takes effect on the first of the month following receipt of your election form. You are able to make changes in vendor selection and allocations at any time. *(Check with related vendor for more information about roll-overs).*

Some Things To Consider

The following are some questions to ask yourself before choosing your SRA. If you have any questions, or need more information, contact the Human Resources office.

- How comfortable are you with investing your money? Are you able to take risks? How long do you have until you retire? To be an effective investment manager, you need to make a commitment to review and manage your account.
- Do you have any other sources of retirement income (e.g., spouse's retirement plan)?
- Do you prefer a guaranteed retirement, disability or death benefit or a benefit based upon your investment decisions?
- How much money will you actually need to have when you retire?

Related SRA websites:

ING: www.ingretirementplans.com (800-342-2000 ext. 2917)

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