

A guide

.....
*for governmental units
considering participation*

Maryland
State Retirement
and Pension System



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This guide provides a general summary of certain features of the Maryland State Retirement and Pension System. The SRPS is governed by law, including Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland and Title 22 of the Code of Maryland Regulations. If there is a conflict between the law and this guide, the law prevails.

Participation in the Maryland State Retirement and Pension System

Thank you for your request for information about participation in the Maryland State Retirement and Pension System (System). This booklet will provide you with a basic understanding of the process and costs for seeking participation in the System.



There are several steps in the participation process, which must be completed on time in order for an eligible governmental unit to participate in the System effective July 1:

- 1. Determine eligibility to join the System** Any governmental unit considering participation in the System must determine if it is eligible to become a participating governmental unit (“PGU”) and approve participation of its employees in one of the retirement or pension systems (“State system”) that comprises the System. Currently, the State systems in which eligible governmental units may participate and enroll qualifying employees are: the Employees’ Pension System, Law Enforcement Officers’ Pension System, and the Correctional Officers’ Retirement System.

Each State system is established as a qualified governmental defined benefit plan under the Internal Revenue Code, and only the employees of a governmental employer are eligible to participate in a State system.

Additionally, an otherwise eligible governmental unit that currently operates a “local plan” for its employees, or whose employees are currently participating in a State system, may elect to become a PGU (or join a second State system) only if:

- The local plan¹ requires member contributions at the same rate as the member contribution rate that would apply to the unit’s employees in the applicable State system; or
- The eligible governmental unit:
 - does not provide for the employer pickup of member contributions to the local plan within the meaning of § 414(h)(2) of the Internal Revenue Code; and
 - certifies that it will not join the employer pickup program in the applicable State system.

For example, if an eligible governmental unit currently sponsors a local plan for its employees which has a member contribution rate of 5%, and member contributions are “picked up” (paid on a pre-tax basis), that employer may not elect to participate in the Employees’ Pension System, which has a member contribution rate of 7%. If the eligible governmental unit is not eligible for this reason, the

¹A “local plan” means a plan or other arrangement that is described in § 219(g)(5) of the Internal Revenue Code, and includes plans established under §§ 401(a), 401(k), 403(a), 403(b), 408(k), 408(p), and 501(c)(18) of the Internal Revenue Code.

unit may submit a request to the System's Board of Trustees by September 1 to determine whether any legislation could be enacted to allow the eligible government unit to become a PGU in the future. If legislation is then recommended to the Joint Committee on Pensions, the unit will need to work with its local representatives in the General Assembly towards passage.

2. **Submit an application** An eligible governmental unit considering participation must complete and submit a Participating Governmental Unit Entry Application on or before September 1 of the year prior to the fiscal year that the governmental unit seeks to join a State system. An eligible governmental unit that currently sponsors a local plan for its employees must also submit a copy of the plan's most recent favorable determination letter from the IRS, evidencing the plan's qualified status.
3. **Request a Preliminary Valuation** For any eligible governmental unit considering participation in the System, the System's actuary must perform a preliminary actuarial valuation to determine the unit's cost of participation. The cost of performing the valuation is an expense the governmental unit will bear whether or not it decides to participate in the System. **The estimated cost of the valuation is \$5,000-\$6,700.** To request a preliminary valuation, the governmental unit must notify the Retirement Agency, in writing, that it would like to have a preliminary valuation performed. The correspondence should be addressed to the Maryland State Retirement Agency, Attn: Finance Department, 120 E. Baltimore Street, Baltimore, MD 21202. The written request for the preliminary valuation must be received by the Retirement Agency no later than November 1 of the calendar year in which the governmental unit plans to join the System. The Retirement Agency will request the preliminary valuation from the actuary on the governmental unit's behalf. New employers may only join the System effective July 1. The first valuation is preliminary because it is based on the previous year's valuation. Depending on the provisions of state law applicable to your governmental unit, some or all of your employees may have the option to join the System.

In order for the actuary to develop an estimate, the governmental unit must provide the Retirement Agency with certain demographic data for the employees eligible to enroll in the System if the unit decides to participate.

"Eligible employees" include all full-time and part-time permanent employees for which the budgeted hours per fiscal year are 500 or more hours in the first fiscal year of employment, and any elected officials regardless of the hours worked. Contractual and temporary employees are not eligible for membership.

4. **Action by Governing Body** After the governmental unit has reviewed the preliminary valuation results and the estimated costs to join the System, the governing body of the governmental unit may present the option of joining the System to its employees. If at least 60% of the employees of the governmental unit petition to become members of the System, the governing body of the unit must pass a formal resolution authorizing participation in the System. This resolution must be submitted to the Retirement Agency on or before May 1 of the year the unit intends to join the System.
5. **Employee Enrollment or Opt Out** If your employees have an election to participate in the System, this decision is a *one-time irrevocable* election. Employees should be given at least two weeks to consider their options and make their decision. Benefit summaries to be provided to employees are included on pages 16-18 of this document.
6. **Submission of Employee Enrollment Information** The governmental unit must submit to the Retirement Agency, no later than May 15, all required documents to ensure enrollment of all eligible employees and to initiate timely payroll reporting once the governing body has decided to join the System and at least 60% of the employees have voted in support of the governmental unit joining the System.

On or before May 15, the Retirement Agency must receive the following information properly completed, signed and notarized for all employees of the governmental unit who have indicated through the irrevocable election described in item 4 above to join the plan:

- a. *Application for Membership* (Form 1),
- b. *Designation of Beneficiary* (Form 4) and
- c. Proof of date of birth.

7. **Participation Agreement** On or about July 1, the governmental unit and the System will enter into a written Participation Agreement which sets forth the calculation of the cost of participation and the responsibilities of the participating governmental unit.
8. **Final Valuation** A final valuation will be performed by the actuary several months after the effective date of participation to adjust and finalize the costs of participation. The governmental unit will also be responsible for the expense of that final valuation.

To assist governmental units in making a decision about whether to join the System, this guide provides the following basic information on the operation of the System and the benefits offered to members:

- Copies of brochures describing the benefits that are earned by members of the Employees' and Teachers' Pension System, Law Enforcement Officers' Pension System and Correctional Officers' Retirement System (page 4)
- A link to the Maryland Municipal Corporation Valuation, the annual valuation of the entire portion of the System in which local governmental entities participate (page 15)
- Information concerning the "Employer Pick-up Program" which relates to the taxation of required employee contributions to the System (page 19)
- Links to applicable sections of the State Personnel and Pensions Article of the Annotated Code of Maryland that relate to membership and enrollment in the System (page 20)
- A link to regulations concerning employee eligibility (page 21)

In addition to the above referenced documents, governmental units are encouraged to visit the Retirement Agency's Web page: <http://sra.maryland.gov/Agency/Downloads/Default.aspx>. Here they can obtain and review the Retirement Agency's most current and previously issued Comprehensive Annual Financial Report and Maryland Municipal Corporation Valuation for the System.

It is important that a governmental unit understand that if it elects to participate in the System, the governmental unit becomes obligated to pay the liabilities and normal annual costs for its eligible participating employees. Should the unit determine at a later date that it does not wish to continue participation, the unit would be required to go through a formal withdrawal process. The governmental unit's employees, who are members of the System at that time, would be eligible to remain in the System. Therefore, the governmental unit would continue to have a financial obligation to those employees and the System for the costs of their continued participation.

I understand that this is a considerable amount of information to absorb and that you may have other questions related to the governmental unit's possible participation in the System. Please email any additional questions to me at mcountess@sra.state.md.us. You can also reach me by telephone at 410-625-5650.

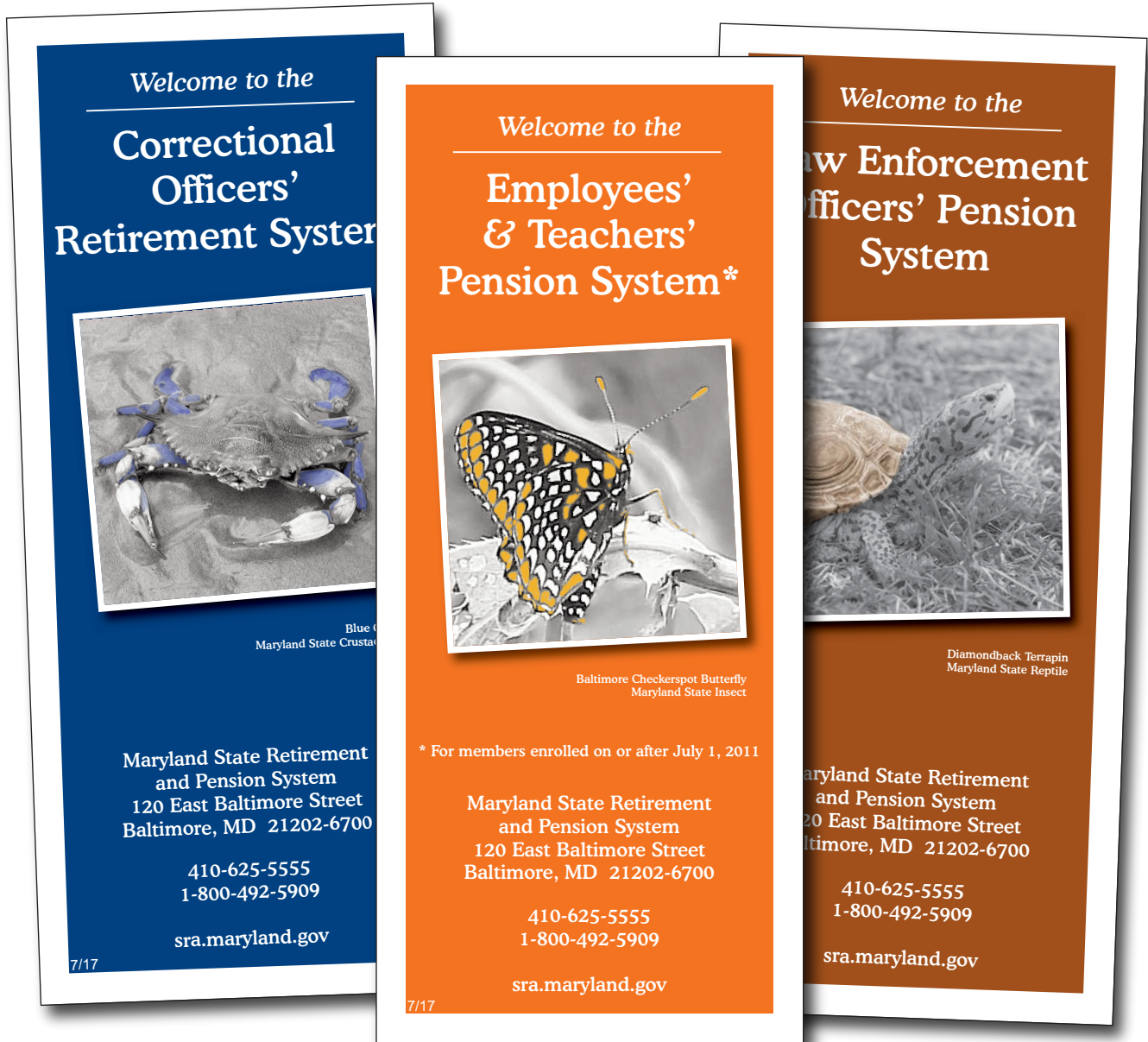
Very truly yours,



Melody Countess
Chief Operating Officer

Overview of State Retirement and Pension System Plans

These brochures provide a summary of the features and benefits of the Employees' and Teachers' Pension System, Law Enforcement Officers' Pension System and Correctional Officers' Retirement System. These Systems are governed by law, including Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland and Title 22 of the Code of Maryland Regulations. If there is a conflict between the law and these brochures, the law prevails.



LINKS:

Correctional Officers: sra.maryland.gov/Participants/Members/Downloads/WelcomeToCORS.pdf

Employees & Teachers: sra.maryland.gov/Participants/Members/Downloads/Welcome_to_Reformed_ETPS.pdf

Law Enforcement Officers: sra.maryland.gov/Participants/Members/Downloads/WelcomeToLEOPS.pdf

Actuarial Valuation and Funding

Annual actuarial valuations

Each year, the System’s consulting actuary performs an actuarial valuation of what are referred to as the “Maryland Municipal Corporations” that participate in the Maryland State Retirement and Pension System (System), either in the Employees’ Pension System, the Correctional Officers’ Pension System or the Law Enforcement Officers Pension System. The purpose of each annual valuation is to:

- Measure the financial position of the municipal corporations’ participation in the System, and
- Assist the Board of Trustees in establishing basic or pooled employer contribution rates necessary to fund the benefits provided by the System.

The individual member data required for the valuations is furnished to the actuary by the Maryland State Retirement Agency, as it is provided by each participating employer to the Agency. The actuary checks all data for internal and year-to-year consistency, but does not otherwise audit the data.

Actuarial valuations are based upon assumptions regarding future activity in specific risk areas, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and longevity among retired lives. The Board adopts these assumptions after considering the advice of the actuary as well as the Board’s general investment consultant. These assumptions and the methods used by the actuary comply with the requirements of the Governmental Accounting Standards Board (“GASB”).

Each actuarial valuation takes into account all prior differences between actual and assumed ex-

perience and adjusts the contribution rates as needed. At least every five years, the actuary performs an experience study of the System. Certain assumptions from the experience study, including mortality rates, retirement rates, withdrawal rates and rates of salary increase are adopted by the Board and are applied to the next annual valuation performed.

For the June 30, 2018 valuation, the Board adopted an investment return assumption of 7.45%, a wage inflation assumption of 3.10%, and price inflation assumption of 2.60%.

Funding

Asset Valuation

The assets of the System are valued using a method referred to as “smoothing.” Asset smoothing is a mechanism that spreads out, or smoothes, annual investment returns, both gains or losses, over a designated period of time in order to minimize volatility. The System employs a five-year rolling average to calculate its actuarial value of assets. In this way, only one-fifth of a given annual gain or loss is recognized during the year in which it occurs. Asset smoothing is often limited by a final adjustment to keep the actuarial value of assets from being too far from the market value of assets. For the System, the actuarial value is not allowed to be lower than 80% of market value or higher than 120%.

Accrued Liabilities

The State Retirement and Pension System currently uses the “entry age normal cost method” to determine the actuarial accrued liability on which future employer contribution rates will be based. Under this funding method, the cost of each individual’s pension is allocated on a level percent of payroll between the time employment starts (entry

age) and the assumed retirement date. The goal is to spread the cost over the career of the member as a level percentage of payroll. The total contribution rate consists of two elements, the normal cost rate and the unfunded actuarial accrued liability rate. The normal cost represents the value of retirement benefits earned by employees in the current year, assuming all actuarial assumptions are precisely accurate, there are no changes in the plan over the lifetime of the employee, and all of the employee's service is accrued after the establishment of the plan. The unfunded actuarial accrued

liability represents the value of retirement benefits earned in prior years, and includes:

- The liability for benefits earned by employees under pre-existing pension plans before the establishment of the current plan;
- The total liability associated with any retroactive benefit enhancement; and
- The net effect of any previous actuarial gains and losses resulting from deviations from assumptions, or changes in assumptions.

Actuarial valuation reports for the Maryland municipal corporations that participate in the Maryland State Retirement and Pension System are available here:

http://sra.maryland.gov/Agency/Downloads/Valuation/Actuarial_Valuation_Reports.aspx

Summaries of Benefits

Employees' Pension System (for members enrolled on or after July 1, 2011)	
Member Contributions	7% of earnable compensation
Service Retirement Eligibility	Eligibility: Age 65 with 10 years of eligibility service or the Rule of 90 (age and eligibility service equals at least 90 – for example 57 years old with 33 years of eligibility service) Annual Maximum Allowance: 1.5 % of Average Final Compensation ¹ (AFC) for each year of creditable service (.015 x AFC x Years of Creditable Service)
Early Retirement	Eligibility: Age 60 with at least 15 years of eligibility service. Allowance: The early service retirement benefit is a reduced service retirement benefit. Reduction is 0.5% for each month (6% for each year) you retire prior to reaching age 65. Maximum reduction is 30%.
Ordinary Disability	Eligibility: Five years of eligibility service, permanent incapacity to perform your job duties due to medical reason, and approved by the Maryland State Retirement Agency Medical Board and the Board of Trustees. Allowance: Service retirement benefit formula with creditable service projected to age 65.
Accidental Disability	Eligibility: Permanent incapacity to perform your job duties as a result of an accident which occurs while you are performing your job duties, and approved by the Maryland State Retirement Agency Medical Board and the Board of Trustees Allowance: 2/3rds (66.67%) of AFC, plus an annuity based upon your member contributions.
Cost-of-Living Adjustment	Eligible to receive up to 2.5% compounded cost of living adjustment when the System's investment fund earns or exceeds its assumed actuarial rate of return or limited to 1% compounded cost of living adjustment in years when the assumed actuarial rate is not met.
Active Member Death Benefit	Payment of member's contributions and interest if the member has less than one year of eligibility service, or Payment of member's contributions and interest plus an amount equal to one year of the member's earnable compensation if the member has at least one year or eligibility service, or Payment to the member's surviving spouse of a monthly benefit payment under Option 2 if the spouse was the member's sole primary designated beneficiary and the member was at the date of death eligible to retire, had at least 25 years of eligibility service, or was at least 55 years old with at least 15 years of eligibility service, or Payment to the member's surviving spouse, child under 26 years of age, disabled child or dependent parent of a monthly benefit payment based upon 2/3rds (66.67%) of the member's AFC, plus payment of the member's balance of contributions and interest to their designated beneficiary if the member's death arose out of or in the course of the actual performance of duty and without willful negligence by the member.
Vested Benefit	Ten years of eligibility service. Accrued allowance payable at age 65.
Reemployment After Service or Disability Retirement	Service Retirement: A retiree returning to employment with the same participating employer from which they retired may be subject to an earnings limitation. Disability Retirement: Contact the State Retirement Agency for explanation on the effects of reemployment as a disability retiree.

¹Average Final Compensation equals the highest average earnable compensation of the member during a five consecutive year period.

Law Enforcement Officers' Pension System (for members enrolled on or after July 1, 2011)	
Member Contributions	7% of annual compensation
Service Retirement	Eligibility: Age 50 or any age with 25 years of eligibility service Allowance: 2% of Average Final Compensation (AFC) for each year of creditable service. Maximum benefit 65% of AFC. AFC is the average of five highest consecutive years.
Early Retirement	N/A
Ordinary Disability	Eligibility: Five years of eligibility service and certification by Maryland State Retirement Agency Medical Board that member is permanently disabled from performing their job duties. Allowance: Service benefit formula – projected to age 50. Maximum 32.5 years creditable service.
Accidental Disability	Eligibility: Certified by Maryland State Retirement Agency Medical Board, member is permanently and totally disabled from performing their job duties arising out of, or in the course of, the actual performance of duty. Allowance: 2/3rds of AFC, plus annuity of member's contributions and interest.
Cost-of-Living Adjustment	Eligible to receive up to 2.5% compounded cost of living adjustment when the System's investment fund earns or exceeds its assumed actuarial rate of return or limited to 1% compounded cost of living adjustment in years when the assumed actuarial rate is not met.
Survivor Benefit	Active Member – Normal Death Benefit If member has less than one year of eligibility and death does not arise out of or occur in the course of performance of duty, member's accumulated contributions paid to member's designated beneficiary(ies). If member has at least one year of eligibility service and death does not arise out of or occur in the course of performance of duty, an amount equal to the member's annual earnable compensation plus the member's accumulated contributions paid to member's designated beneficiary (ies). If member has at least two years of eligibility service and death does not arise out of or occur in the course of performance of duty, and the member is survived by a spouse, child under the age of 26 or disabled child, a monthly benefit of 50% of an ordinary disability allowance. Active Member - Special Death Benefit If death occurs without willful negligence and arising out of or in the course of the actual performance of duty, and the member is survived by a spouse, child under the age of 26 or disabled child, a monthly benefit of 2/3rds of the AFC with the member's accumulated contributions paid to member's designated beneficiary(ies). Retiree Basic Allowance Retiree's spouse will receive a monthly benefit of 50% of their monthly allowance. If member has no spouse, the monthly payment will be divided and paid to their children under age 26 years old until they are 26 years of age (lifetime for disabled child). Allowance ceases at death if retiree has no spouse or minor children. Optional Allowances All six provide a reduced retiree monthly allowance. See retirement application for information about survivor benefits under each optional allowance.
Vested Benefit	Retirement allowance payable at age 50 with at least 10 years of eligibility service.
Reemployment After Retirement	Must separate from employment in SRPS for at least 45 days. May have an earnings limit if returning to same employer or another participating employer. Contact the State Retirement Agency for clarification on the effects of reemployment.

Correctional Officers' Retirement System (for members enrolled on or after July 1, 2011)	
Member Contributions	5% of earnable compensation
Service Retirement	<p>Eligibility: at least 20 years of creditable service with a minimum of the last five years of creditable service in the Correctional Officers' Retirement System</p> <p>Annual Maximum Allowance: 1.818 % of Average Final Compensation¹ (AFC) for each year of creditable service (.01818 x AFC x Years of Creditable Service)</p>
Ordinary Disability	<p>Eligibility: Five years of creditable service, permanent incapacity to perform your job duties due to medical reason, and approved by the Maryland State Retirement Agency Medical Board and the Board of Trustees.</p> <p>Allowance: If member is at least normal retirement age, 55 years old, the greater of a normal service retirement allowance or 25% of the member's AFC.</p> <p>If the member is less than normal retirement age, 55 years old, the greater of a normal service retirement allowance or the lesser of 25% of the member's AFC or a normal service retirement allowance computed to include the number of years of creditable service the member would have received had they worked until normal retirement age.</p>
Accidental Disability	<p>Eligibility: Permanent incapacity to perform your job duties as a result of an accident which occurs while you are performing your job duties, and approved by the Maryland State Retirement Agency Medical Board and the Board of Trustees</p> <p>Allowance: 2/3rds (66.67%) of AFC, plus an annuity based upon your member contributions.</p>
Cost-of-Living Adjustment	Eligible to receive up to 2.5% compounded cost of living adjustment when the System's investment fund earns or exceeds its assumed actuarial rate of return or limited to 1% compounded cost of living adjustment in years when the assumed actuarial rate is not met.
Active Member Death Benefit	<p>Payment of member's contributions and interest if the member has less than 1 year of creditable service, or</p> <p>Payment of member's contributions and interest plus an amount equal to one year of the member's earnable compensation if the member has at least 1 year of creditable service, or</p> <p>Payment to the member's surviving spouse of a monthly benefit payment under Option 2 if the spouse was the member's sole primary designated beneficiary and the member was at the date of death eligible to retire or was at least 55 years old and had at least 15 years of creditable service, or</p> <p>Payment to the member's surviving spouse, child under 26 years of age, disabled child or dependent parent of a monthly benefit payment based upon 2/3rds (66.67%) of the member's AFC, plus payment of the member's balance of contributions and interest to their designated beneficiary if the member's death arose out of or in the course of the actual performance of duty and without willful negligence by the member.</p>
Vested Benefit	10 years of creditable service. Accrued allowance payable at age 55.
Reemployment After Service or Disability Retirement	<p>Service Retirement - A retiree returning to employment with the same participating employer from which they retired may be subject to an earnings limitation.</p> <p>Disability Retirement - Contact the State Retirement Agency for an explanation on the effects of reemployment as a disability retiree.</p>

¹Average Final Compensation equals the average of the member's highest five years of earnable compensation.

Employer Pick-up Program

The following is provided to acquaint employers who are not currently participating in the “Employer Pick-up Program” with the procedures necessary to apply for the program. Participation in this program allows the employer to withhold mandatory employee retirement contributions on a pre-tax basis for federal income tax purposes. This program does not change Maryland income tax treatment.

In 1988, the General Assembly enacted legislation (now codified in the State Personnel and Pensions Article §21-313) that permits employers to “pick up” mandatory employee contributions paid to the Maryland State Retirement and Pension System so that these contributions may be exempt from federal taxation under Section 414(h)(2) of the Internal Revenue Code. Before an employer may participate, the employer must adopt a resolution to “pick up” employee contributions. (Ask for a sample employer pick-up resolution.)

The Maryland State Retirement Agency (Agency) requires an employer to submit the resolution accompanied by a letter requesting the Board of Trustees’ approval for participation. The letter must indicate the employer’s intention to participate, the anticipated future starting date, and the

employee groups (location codes and plans) which are reported to the System that would be covered under the program. Participation should begin with the first pay period ending date for that month and may not be retroactive. Allow at least sixty days for the Agency to obtain Board ratification and initiate automated program modifications.

Because employer pick-up contributions affect the tax reporting for retirement benefit payments and other Agency distributions, employers should not begin the Employer Pick-up Program until the Agency advises, in writing, that participation has been approved by the Board of Trustees. This is confirmation that the Agency’s payroll programs are ready to accept employee contributions as pick-up contributions.

The employer’s payroll department will be required to modify its payroll programs effective with the Agency approved pick-up start date so that the mandatory retirement contributions will not be included in taxable earnings for federal tax purposes. Employers must also modify their wage tax programs with the effective start date to separately report federal taxable earnings and state taxable earnings.

Selected Sections of the State Personnel and Pensions Article, Annotated Code of Maryland

The Maryland State Retirement and Pension System is governed by law, including Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland. Excerpts of the Annotated Code of particular interest to governmental units considering participating in the System are provided here. Click on the links to access the corresponding sections.

- § 21-125. Actuary
- § 21-305. Employer contributions -- Participating governmental units
- § 21-305.1. Employer contributions -- Normal contributions
- § 21-305.2. Employer contributions -- Accrued liability contributions
- § 21-305.3. Employer contributions -- Special accrued liability contributions
- § 21-305.4. Employer contributions -- Required employer contributions
- § 21-305.5. Employer contributions -- Withdrawal liability contribution
- § 21-305.6. Employer contributions -- Partial withdrawal
- § 21-309. Employer contributions -- Payment by participating governmental unit
- § 21-309.1. Employer contributions -- Payment by local employers
- § 21-311. Annuity savings funds
- § 21-312. Member contributions -- In general
- § 21-313. Member contributions -- Employer pickup of member contributions
- § 21-314. Member contributions -- Duties of participating employers
- § 21-315. Expense funds
- § 21-316. State and local employer pro rata payments for administrative and operational expenses of Board of Trustees and State Retirement Agency

- § 23-201. Membership in the Employees' Pension System -- Scope
- § 23-212. Contributions by members
- § 23-215. Termination of membership
- § 23-225. Scope
- § 23-226. General consideration
- § 23-401. Normal service retirement

- § 31-101 to § 31-306. Participating governmental units

- § 37-101. Definitions
- § 37-201. Scope of title
- § 37-202. When transfer allowed

- § 25-201. Membership in the Correctional Officers' Retirement - Scope
- § 25-203. Contribution by members
- § 25-205. Termination of membership
- § 25-401. Normal service retirement

§ 26-201	Membership in the Law Enforcement Officers' Pension System - Scope
§ 26-204	Contribution by members
§ 26-206	Termination of membership
§ 26-401	Service retirement
§ 26-401.1	Deferred Retirement Option Program (DROP)

Code of Maryland Regulations, Title 22: Regulations Concerning Employee Eligibility

The Maryland State Retirement and Pension System is governed by law, including the Code of Maryland Regulations. Excerpts of COMAR of particular interest to governmental units considering participating in the System are provided here. Click on the link to access the corresponding section.

Title 22 STATE RETIREMENT AND PENSION SYSTEM

Subtitle 01 GENERAL REGULATIONS

Chapter 11 Employment of a Retiree by a Participating Employer

- .01 Scope
- .02 Definition
- .03 Notification at Retirement by Retirement Agency
- .04 Employment of a Retiree by a Participating Employer
- .05 Offset if Earnings Exceed Limit
- .06 Procedures for Obtaining Relief from the Offset Provisions
- .07 Effect of Retirement for More Than 10 Years

Chapter 12 Enrollment in the State System

- .01 Enrollment Required
- .02 Enrollment Procedure
- .03 Imposition of Penalty Procedure
- .04 Due Date for Payment of Penalty

Subtitle 04 MEMBERSHIP

Chapter 01 Payroll Reporting Requirements of Participating Employers

- .01 Payroll Reporting Requirements of Participating Employers

Chapter 02 Membership in the Employees' System or the Teachers' System—General

- .01 Determination by the Board of Trustees
- .02 Optional Membership
- .03 Continuation of Membership
- .04 Membership in the Employees' Pension System

MARYLAND STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MARYLAND 21202

**PARTICIPATING GOVERNMENTAL
UNIT ENTRY APPLICATION**

IMPORTANT: An electronically-fillable version of this form is available at sra.maryland.gov.

(REV. 2/19)

Organization Name

Address

Phone

Fax

Primary Contact

Title

Phone

Email

Secondary Contact

Title

Phone

Email

Status: Non-Participating Employer Existing Participating Employer

Name of State System:

Nature of your request: Information Only New Entrance

Tentative entry date: What is the proposed date of entrance? July 1, 20

(Note: All new entries into the plan take effect at the beginning of the state's fiscal year)

Please select the system you are applying to enter:

Employees

Law Enforcement Officers

Correctional Officers

Do you participate in the Employer Pick-up? (i.e. Do you have pretax deductions?) Yes No

A. GOVERNANCE

1. Please provide the name and contact information of the official of the city/town/other entity who has the authority to act on behalf of the governing body and will be responsible for handling this Entry Application.

Name

Title

Phone

Email

2. Your organization is a :

County

Municipal corporation

Special taxing area

Other:

How is your organization governed? (eg., council, executive director, board of directors, etc.)

B. RELATED PROFESSIONALS

1. Please provide the name, contact person and phone number of your legal counsel:

Legal Counsel / Law Firm

Legal Counsel Email

Legal Counsel Contact Person

Legal Counsel Phone

2. If you employ the services of an actuary, please provide the name of the actuarial firm, contact person and phone number.

Actuary (if applicable)

Actuary Email

Actuary Contact Person

Actuary Phone

3. If you are you working with a third party plan administrator, please provide the name of the plan administrator, contact person and phone number.

Third Party Administrator (if applicable)

Third Party Administrator Email

Third Party Administrator Contact Person

Third Party Administrator Phone

C. CURRENT PLAN INFORMATION

1. Do you provide your employees with a local plan*? Yes No

2. If so, is it a

Defined Benefit Plan?

Defined Contribution Plan?

Other – Please explain

3. If so, do you have an IRS determination letter that your retirement plan is a qualified plan?
Yes No

4. If you currently sponsor a local plan for your employees, please attach a copy of the plan's most recent favorable determination letter from the IRS, evidencing the plan's qualified status. Important: the Agency cannot process your application without a copy of the plan's determination letter.

5. What provision of the Internal Revenue Code governs your retirement plan?

[eg., Section 457(b), 401(a), 401(k), 403(a), 403(b), 408(k), 408(p), 501(c)(18)]

*A "local plan" means a plan or other arrangement that is described in § 219(g)(5) of the Internal Revenue Code and includes plans established under §§ 401(a), 401(k), 403(a), 403(b), 408(k), 408(p), and 501(c)(18) of the Internal Revenue Code.

6. What is the rate of member contributions for your local plan?
7. Do you provide for employer pick up of member contributions within the meaning of §414(h)(2) of the Internal Revenue Code? Yes No
8. Do you intend to close your current retirement plan when you join the state system? Yes No

D. PURCHASE OF PRIOR SERVICE

The Maryland Annotated Code provides that an entering employer shall purchase 100% of prior service credit for each employee upon entering the state system. Any purchase of less than 100% prior service credit by any employer will require the enactment of special state legislation. The cost of any purchase is determined by the system’s actuary. The actuary will perform a preliminary valuation at the employer’s expense prior to joining the system. If the employer joins the system, the actuary will perform a final valuation at the employer’s expense after enrollment occurs.

1. Do you intend to purchase prior service credit for your employees? Yes No
2. If so, do you intend to purchase 100% 50%
3. By completion of this application, do you have the authority, and do you so authorize the system, to obtain, at your cost, a preliminary actuarial valuation of the cost of purchasing 100% 50% (select one or both) of prior service credit for your employees? The cost will run approximately \$6,700 for each valuation.
Yes No

E. EMPLOYEE INFORMATION

1. Please provide the number of existing employees.

Total Employees: Full-Time Employees: Part-Time Employees:

Emergency, temporary extra and contractual employees are exempt from enrollment in the Employees’ Pension System.

2. Do you have any emergency or temporary extra employees? Yes No

If yes, how many?

3. Do you have any contractual employees? Yes No

If yes, how many?

4. Are any of your employees retirees of the Maryland State Retirement System and collecting a benefit?

Yes No

If yes, please provide their names and the last four-digits of their Social Security numbers.

<u>Name</u>	<u>S.S.N.</u>	<u>Name</u>	<u>S.S.N.</u>
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Organization Name:

By (signature): _____

Printed Name	Title	Phone	Email
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Maryland State Retirement and Pension System
120 East Baltimore Street, Baltimore MD 21202
sra.maryland.gov