

Retirement/Pension Information

This article, printed for the convenience of our members, was received from the State Retirement Agency, and includes information about the pension enhancement passed by the 2006 Maryland General Assembly. Every effort has been made to provide accurate and factual information, but interpretations of law and administrative rulings vary. Before making important decisions pertaining to your retirement, MSTA advises you to discuss the matter with a counselor at the Maryland State Retirement Agency at 410/625-5555 or 800/492-5909, or visit their website, www.sra.state.md.us.

Please note that this section applies to education support personnel as well as teachers, with a few exceptions. Most ESP members are in the state retirement or pension systems as a member of their local governmental units. ESP in Baltimore City, Baltimore County, Charles, Montgomery and Wicomico are covered by retirement plans through their local school systems. If you work in one of those systems, please contact your district's personnel office for more information.

Teachers' Pension System

During the 2006 legislative session, the General Assembly passed legislation creating the Alternate Contributory Pension System (ACPS). The ACPS is an enhancement of the benefit of those in the Teachers' Contributory Pension System (TCPS). The enhanced benefit increases the current multiplier in the benefit formula from 1.4% to 1.8% of salary for Pension System participants. This increase is applied retroactively to years of service from July 1, 1998, forward.

For service credit earned before July 1998, ACPS members will continue to calculate their benefit for this service using the 1.2% multiplier. Full service pension allowances are calculated using the average of the highest three consecutive years of salary multiplied by the number of years and months of accumulated creditable service.

Service Pension Allowances

ACPS members are eligible for full service pension allowances upon accumulating 30 years of eligibility service regardless of age. Absent 30 years of eligibility service, members must meet one of the following conditions to be eligible for full service pension allowances:

- age 62, & five years of eligibility service
- age 63, & four years of eligibility service
- age 64, & three years of eligibility service

- age 65 or older, & two years of eligibility service

For ACPS members, full service pension allowances equals:

- 1.2% of AFS for service accrued prior to July 1, 1998, plus
- 1.8% of AFS for service accrued on and after July 1, 1998.

Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement. Service is accrued based on a full normal school year (ten months).

Member Contributions

The bill also increases the employee contribution from 2% of salary to 5% of salary. This increase will be phased in at a rate of 1 additional percent per year for the next three years, such that employee contributions are 3% of salary in 2006-07, 4% of salary in 2007-08, and 5% of salary in 2008-09 and beyond.

Optional Forms of Payment

Option 1 Payment guarantees cash reserve equal to excess of present value of pension allowance at date of retirement minus total amount of payments (less COLAs) made to date of death.

Option 2 100% joint and survivor annuity.

Option 3 50% joint and survivor annuity.

Option 4 Payment guarantees a minimum return of members' accumulated contributions.

Option 5 100% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Option 6 50% joint and survivor annuity with adjustment to maximum benefit if beneficiary predeceases retiree.

Legislation enacted during the 2006 session creating the ACPS did not affect any other features of the Pension system benefits, such as COLAs, early retirement, accidental/ordinary disability, etc. For information on these features, please consult the State Retirement Agency or Randal Mickens at MSTA, 410/263-6600 ext. 3628.

Teachers' Retirement System

The Teachers' Retirement System (TRS) was established on August 1, 1927, and is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland. Prior to January 1, 1980, membership in the TRS was a condition of employment for State and local teachers and certain board of education, public library and community college employees.

Effective December 31, 1979, the TRS was effectively closed to new membership when the Teachers' Pension System (TPS) was established. Individuals who were members of the TRS on December 31, 1979, continued their TRS membership unless, or until, they elect to transfer to the newly created pension system.

Service Retirement Allowances

TRS members are eligible for full service retirement allowances upon attaining age 60 or upon accumulating 30 years of eligibility service regardless of age.

Full service retirement allowances equal $1/55$ (1.818%) of the highest three years' average final salary (AFS) multiplied by the number of years and months of accumulated creditable service. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to date of retirement. Service is accrued based on a full normal school year (ten months).

Member Contributions

All member contributions to the TRS are based on a specified percentage of annual earnable compensation. Members who elected in 1984 to receive unlimited future cost of living adjustments (COLA) contribute 7%. This option is referred to as Selection A (Unlimited COLA).

Members who elected in 1984 to receive limited future COLA's contribute 5%. This option is referred to as Selection B (Limited COLA).

The member contribution rate for all other TRS members is the same as for members of the ACPS, under an option that provides a two-part benefit calculation upon retirement. This option is referred to as Selection C (Combination Formula).

Optional Forms of Payment

Same as for Teachers' Pension System. See above.

For more information

For more information regarding your retirement and pension benefits, please contact the State Retirement Agency at 410/625-5555 or 800/492-5909. There is also a wealth of information on the State Retirement Agency's website, which can be found at www.sra.state.md.us. For pension and retirement questions at MSTA, please contact Randal Mickens at 410/263-6600 ext. 3628.