THE Mentor

News from the Maryland State Retirement and Pension System

FEBRUARY 2015
VOL. 37 NO. 1

MARYLAND STATE RETIREMENT *and* PENSION SYSTEM

*Special Edition*

## The VSP and retirement

GOVERNOR LAWRENCE J. HOGAN, JR., THIS MONTH SIGNED AN EXECUTIVE ORDER establishing the State Employees' Voluntary Separation Program (VSP). Under the program, eligible state employees may apply to voluntarily separate from state employment in return for specific severance benefits.

Information and instructions for employees interested in accepting the VSP are available on the Maryland Department of Budget and Management website at **http://dbm.maryland.gov**.

This special edition of *The Mentor* provides supplemental information for state employees who are members of the Maryland State Retirement and Pension System.

### Questions regarding VSP?

*Visit* the Department of Budget and Management website at **http://dbm.maryland.gov**

*Call* 410-767-6831 or toll-free 1-855-500-4661

*Email* the VSP administrator at vsp.administrator@maryland.gov

# How will the VSP affect my state retirement benefits?

EACH ELIGIBLE STATE EMPLOYEE CONSIDERING THE VSP should determine how the program will impact his or her retirement benefits. The first step is to determine which of the following categories applies to you.

**As a member, you are either:**

**1.** Vested (i.e., have at least five years* of eligibility service) and are eligible for immediate retirement benefits

**2.** Vested (i.e., have at least five years* of eligibility service) and are not currently eligible for retirement or

**3.** Not Vested (i.e., have less than five* years of eligibility service). Note: Acceptance of VSP for this third group will mean you are not eligible for future pension benefits.

* *See page 2*

Once you determine which of the three categories applies to you, review and follow the appropriate instructions provided here.

### 1: Members eligible for retirement

Anyone retiring in conjunction with acceptance of the VSP *must* download the necessary retirement forms from the Department of Budget and Management's (DBM) website at **http://dbm.maryland.gov**. It is *extremely important* to use these forms, as standard retirement forms lack the special coding that ensures priority processing.

In preparation for the Voluntary Separation Program, the Retirement Agency mailed an *Unaudited Preliminary Projection of Benefit Allowance* to each member eligible for an early or normal service retirement as of May 1, 2015. Do not rely solely on this projection in making a decision whether to retire or participate in the VSP.

After reviewing the *Unaudited Preliminary Projection of Benefit Allowance* and the benefits of the VSP, you may wish to consider participation. If so, submit an *Application for Estimate of Service Retirement Allowance* (Form 9) to the Retirement Agency to receive a personalized estimate of your retirement benefits. Once you have received your retirement benefits estimate notice and have decided to elect the VSP, you

*See Retirement, page 2*

*Retirement, from page 1*

must then complete the retirement forms listed on page 3.

The VSP is expected to generate a large volume of requests for estimates. VSP applications will take priority. Only the specially coded forms from the DBM website will ensure expedited service.

If you have recently received an estimate, please use it in your decision making. You may also want to consider your June 30, 2014 Personal Statement of Benefits and the benefit estimators on the Retirement Agency website. Remember, these tools provide only an estimate of the Basic Allowance.

Applications for service or disability retirement that have been approved or are under consideration by the Retirement Agency and were submitted prior to submission of a VSP application will not be eligible for VSP severance benefits. Additional information is available at **http://dbm.maryland.gov**.

For pension purposes, there are no changes in the reemployment rules. Carefully review Form 127 for an understanding of how future reemployment will impact your pension benefits. Separate VSP reemployment rules apply. Additional information is available at **http://dbm.maryland.gov**. Remember, after receipt of their first retirement payment, retired members cannot rescind their retirement date and reenter the pension system.

Every effort will be made to process VSP retirement applications in a timely fashion. However, due to the restricted program acceptance process, your first retirement payment may be delayed until June 30, 2015. Payment will be retroactive to the May 1 retirement date.

### 2. Vested members not currently eligible for retirement benefits

If accepting the VSP option, keep your current address on file with the Retirement Agency. The agency will contact you when benefits are payable.

Prior to retiring, you may apply for a refund of your member contributions and interest; however, such a withdrawal will cause you to forfeit all future benefits.

### 3. Non-vested members

Members with less than five years* of service taking VSP should download the refund application (Form 5 package) from DBM website at **http://dbm.maryland.gov** and file for a refund of their employee contributions and interest.

For most applicants, refund payments may begin no earlier than June 30, 2015. Further delays are possible.

** For members of the Reformed Plan, vesting occurs after 10 years of service. Unsure if you are vested? Review your 2014 Personal Statement of Benefits, call the Retirement Agency's automated phone system, or speak with a retirement benefits specialist.*

# For questions on retirement matters...

THE RETIREMENT AGENCY WILL PARTICIPATE IN seminars at regional locations to discuss the impact of retirement benefits as they relate to VSP.

You also may visit the Retirement Agency office in Baltimore. Remember, Retirement Agency staff cannot discuss your monetary retirement benefits unless you have received your pension estimate.

Please address all questions concerning the VSP to the Maryland Department of Budget and Management.

## Special VSP Retirement Sessions

**Baltimore**
February 25
March 2 and 9
State Office Complex Auditorium
300 W. Preston St.

**Hagerstown**
March 6
Western Md. Hospital Center
First Floor Auditorium
1500 Pennsylvania Avenue

**Annapolis**
March 4 and 12
Maryland Automobile Insurance Fund (MAIF)
1754 Forest Drive

**Cambridge**
March 3
Eastern Shore Hospital Ctr.
English Hall
5262 Woods Road

Seminars will be conducted at 9 a.m. and 2:30 p.m. each day.

# Interested in the VSP? Act now to meet program deadlines

THE VOLUNTARY SEPARATION PROGRAM for Maryland State employees is available for a limited time, so timely action is necessary.

**Questions regarding VSP?**

*Visit* the Department of Budget and Management website at **http://dbm.maryland.gov**

*Call* 410-767-6831
or toll-free 1-855-500-4661

*Email* the VSP administrator at
vsp.administrator@maryland.gov

*Do not delay!*

## Retirement forms for members participating in the VSP

**Access all forms at: http://dbm.maryland.gov**

### Estimate request

*Application for Estimate of Service Retirement Allowances* (Form 9)

### Withdrawal request

*Application for Withdrawal of Accumulated Contributions* (Form 5)

### Retirement forms

*Application for Service Retirement* (Form 13)
*Reemployment after Retirement* (Form 127)
*Direct Deposit Electronic Fund Transfer Sign-up* (Form 85)
*Federal and State Tax Withholding Request* (Form 766)

*The Mentor* is published by
The State Retirement Agency
120 East Baltimore Street
Baltimore, MD 21202-6700
410-625-5555
1-800-492-5909
TDD/TTY 410-625-5535
sra.maryland.gov

**EDITOR:** Benjamin Robb

**BOARD OF TRUSTEES**

Nancy K. Kopp
CHAIRMAN

Peter Franchot
VICE CHAIRMAN

R. Dean Kenderdine
SECRETARY

David S. Blitzstein
David R. Brinkley
James A. Bush, Jr.
John W. Douglass
Robert R. Hagans, Jr.
Kenneth B. Haines
James M. Harkins
Linda A. Herman
F. Patrick Hughes
Theresa Lochte
Richard E. Norman
Harold Zirkin
Thurman W. Zollicoffer, Jr.