

YOUR Personal Statement of Benefits

Your *Personal Statement of Benefits* should arrive during the month of September, but was printed on June 30. You had to be actively employed in the month of June to receive this statement. It takes about eight weeks for a change to be processed, so any changes or purchases made after May 1 may not be reflected on your statement. If you did not receive one **and** you were active in June, it was probably due to a change of address; personal statements are not forwarded. You can call 1-800-492-5909, hit "O" for counselor, and request your statement.

Important items to check on your statement:

Enrollment date

Is this the date you started *permanent* employment with The Howard County Public School System (HCPSS) or some other agency, school system, etc. under The Maryland State Retirement and Pension Systems? If not, sometimes this loss of time can be easily credited without cost to you. You will need to complete a Form 26, *Request to Purchase Previous Service*.

Eligible vs. Creditable Service

Eligible service determines **WHEN** you can retire. Creditable service determines **HOW MUCH**; in other words, creditable service tells you the exact amount of time you worked, which in turn will be your multiplier in your final retirement formula. For instance, if you worked half-time during your 30 year tenure, then you would see 30 years of *eligible* service, but only 15 years of *creditable* service. Also, if you are a 12-month employee and started *after* July 1 (*after* September 1 for 10-month employees), then your eligible service will be more than your creditable service, since you can get one year of eligible service, if you work 500 hours in a year. (Prior to July 1, 1998 it was 700 hours.); creditable service, however, reflects the time you actually worked.

Missing Service

Are you missing service? Subtract the year and month you were enrolled from the year and month the *Personal Statement* was printed. Does your total service agree with this? If not, were you on an unpaid leave of absence? Was some of your service part-time? Did you have any unpaid breaks? Some leaves/breaks may be purchasable by completing Form 26, *Request to Purchase Previous Service*. If your service was continuous and you have no explanation for the missed service, then your statement may be wrong. If you are eligible to retire within one year, complete a Form 9, *Application for an Estimate of Service Retirement Allowance*; the retirement system will audit your account with no obligation to retire. If you are not eligible to retire, request in writing an audit.

On July 1, 2006 the pension system was enhanced and renamed the Alternate Contributory Pension System. If you were on an unpaid **and** unapproved leave (e.g., childrearing, caring for an ill family member, etc.), did not complete the proper leave Form 46, *Application to Be Placed on a Qualifying Leave of Absence*) or had a break in service during the month of June 2006, your statement may not have prior years of service listed; it may only reflect the School Year 06/07. You will have to work one year and then the previous service will be combined with your current account. You can call 1-800-492-5909 (and hit "O" for counselor) in late January to see if your time was added, or you can wait for it to appear on your June 2007 statement.

Military Credit

If you have ten years of creditable retirement service, and you have **any** military service, you may be eligible to receive retirement credit for that military service by completing a Form 43, *Claim of Retirement Credit for Active Duty Military Service*, and attaching a DD214 or something similar. Active duty is not the only type of service you can claim.

Transfer Credit

Credit earned under a non-pension system, which is operated under the laws of a political subdivision of Maryland (e.g., Howard County Government), can sometimes be transferred to a pension system account. If you have this type of credit, it will be posted here.

Deficiency

As of the July 2004 Personal Statement, the word deficiency started appearing when insufficient contributions were made during any pay period since July 1, 1998. This deficiency equals the amount of missed contributions plus the interest (5% compounded) applied at the end of a fiscal year.

A deficiency may have occurred because one had a change in payroll due to a promotion or raise; the difference between your old contribution and the new contribution amount may have caused a small deficiency. If one is in the employees' pension system, your deficiency may represent missed contributions for the whole School Year 98/99. Members of the employees' pension system were previously billed for this amount; if it wasn't paid, it will continue to appear on each statement.

If one has a deficiency, call the Maryland State Retirement Agency to determine when it occurred. If it occurred in Fiscal Year 2000, then it is School Year 1999/00. A counselor will be able to pinpoint the exact time of the missed contributions. To determine the correct contribution per pay, multiply the gross salary times .02 and divide by 20 (if you are a 10-month employee) or 24 (if you are a 12-month employee). Don't forget that the deficiency has accumulated interest. If the deficiency seems logical, then one has to decide whether or not to pay it.

If one decides to pay this deficiency, contact MSRA at 1 800 492 5909 and request a bill. If one decides not to pay it, remember that a deficiency is accumulating 5% interest, compounded at the end of each fiscal year. If one is years from retirement, this deficiency could impact on the retirement benefits. If one is close to retirement, then it will affect it less so.

Beneficiaries

Check your beneficiaries and their birthdates. Request a Form 4, *Designation of Beneficiary*, if you need to change or add anything. Note that in the event of your death, your spouse may be eligible for a monthly allowance rather than a lump sum. The monthly allowance is noted under *Death Benefits for Your Beneficiary(ies)*, **only if** your spouse is the sole primary and is eligible for your retirement under the spousal law. The spouse becomes eligible for the spousal law when the employee becomes eligible to retire under this law.

Retirement Benefits

Your estimated benefits are based on the salary noted on your *Personal Statement of Benefits*. If you are within two years of retirement, however, your benefits are based on the average salary of your last three years. The closer you get to your retirement age, the more accurate the statement.

Vested Retirement Benefits

If you have five years of eligible service, you are vested. If you resign today, you can defer your Maryland State retirement benefits to age 62, and this is the amount you would receive. If you have fifteen years of service, you will be eligible to collect at 55, but it will be a lower amount. **You cannot defer your Howard County health and life insurance benefits.**

resources

Automated state phone system

You can access your account at any time by calling The Maryland State Retirement Agency at 1 800 492 5909 or locally at 410 625 5555. You will have to enter your social security number and PIN or four digit enrollment date (month and year: 0101 for January 2001), which is printed at the bottom of page one. This information may be more current than your *Personal Statement*. This is an easy way to verify your beneficiaries, if they were not reflected on your statement.

Web sites

The Maryland State Retirement Agency has a wonderful website. Forms, all issues of *The Mentor*, etc. can be found on www.sra.state.md.us. Most recently, you can find an online calculator for estimating your maximum retirement benefit at http://www.sra.state.md.us/estimators/emp_teach_alt_contr_sys_estimate.htm. One drawback from this calculator is that it does not compute a penalty for an early retirement. This site is for the Alternate Contributory Pension System. If you are in the old system, click on *Online Benefit Estimators* to the left of this site and choose *Employees' and Teachers' Retirement System*.

The Howard County *Retirement Handbook* is at <http://www.hcpss.org/employees/benefits/retirement.shtml>; this site also has information about health benefits in retirement, a retirement checklist. Also, check your local conference site for updated information regarding retirement seminars, *The Mentor*, any important legislative updates, etc. For social security information, visit www.socialsecurity.gov.

Nancy Scoville, HCPSS Retirement Specialist, is also available on CLC or at 410 313 6785.