

Remember!

Pension System member contributions will increase July 2008.



STATE RETIREMENT
and PENSION SYSTEM
of MARYLAND

Beginning with the *first pay period ending in July 2008*, contributions for eligible members of the Employees' and Teachers' Pension System and bifurcated members of the Employees' and Teachers' Retirement System will increase to 5% of eligible salary. The contributions will be automatically deducted from pay checks. Only Pension System members who are currently contributing 4% of eligible salary will be subject to the 5% contribution effective this July.

Why are my contributions increasing?

Legislation enacted in 2006 created the Alternate Contributory Pension Selection Plan. This plan provides a **better** monthly retirement benefit.

In exchange for the enhanced pension benefit, eligible members are required to make increased employee contributions to the system.

The first such increase occurred on July 1, 2006, when employee contributions rose to 3% of annual salary. Contributions increased to 4% on July 1, 2007, and will increase to 5% effective July 1, 2008.

Most employers participate in the Employer Pick-up Program, which means that employee contributions reduce the taxable portion of members' salary for federal tax purposes.

What is the alternate contributory pension selection plan formula?

For members eligible for the Alternate Contributory Pension benefit, the retirement allowance will be calculated as follows. In this formula, AFC stands for Average Final Compensation.

$$\begin{aligned} & \text{AFC} \times .012 \times \text{Years of Service to June 30, 1998} \\ & \quad \text{Plus} \\ & \text{AFC} \times .018 \times \text{Years of Service after June 30, 1998} \end{aligned}$$