

Application for Withdrawal of Accumulated Contributions Package

This package contains

- Frequently Asked Questions About Form 5
- Special Tax Notice Regarding Your Rollover Options
- Summary of Major Retirement Benefits
- *Application for Withdrawal of Accumulated Contributions* (Form 5)
- *Trustee-to-Trustee Distribution Form for Rollovers* (Form 193)



MARYLAND
STATE RETIREMENT
and PENSION SYSTEM

Application for Withdrawal of Accumulated Contributions Package

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Frequently Asked Questions...

when filing the

Application for Withdrawal of Accumulated Contributions (Form 5)

Please review the following information in regard to applying to withdraw your accumulated contributions. For retirement counseling call: 410-625-5555 or 1-800-492-5909.

Question: Do I need to have my former employer sign the Form 5?

Answer: If your termination date is less than six months from the date you complete the Form 5, you must forward the form to your former employer. You should send to the attention of the retirement coordinator or personnel office.

If your termination date is more than six months from the date you complete the Form 5, then you may send the form directly to the Maryland State Retirement Agency.

Question: Does the Form 5 need to be notarized?

Answer: Yes. You must sign and date the form in the presence of a notary who will then affix the official seal and complete the required information. Be sure the notary enters your name on the line provided after “personally appeared” or the form will not be valid and no action will be taken.

By completing the Form 5, you are terminating your membership in the Maryland State Retirement and Pension System and are forfeiting any right to a future benefit including disability benefits. It is important that you acknowledge this forfeiture in the presence of a notary.

Question: Do I need to complete the *Trustee-to-Trustee Distribution Form for Rollovers* (Form 193)?

Answer: If you choose Refund Choice 2 or 3 you must sign and complete page one of the Form 193. Your financial institution must complete and return page two of the Form 193. The Form 193 is not valid unless both sections are properly completed.

Some “eligible retirement plans” do not accept rollovers, some do not accept rollovers of after-tax amounts and some may accept after-tax amounts if they separately account for the amount. IRC Section 457(b) governmental plans and IRC Section 403(a) annuity plans do not accept transfers of non-taxable amounts. Please check with the receiving plan as to whether or not they can accept the rollover before sending the Form 193 to the Agency.

Non-Taxable amounts – these amounts have already been subject to federal tax. If that is the only amount you wish refunded to you, write “NON-TAXABLE” on the line provided in Choice #2.

Note: The non-taxable amount will be determined at the time of the refund.

Question: If I choose Refund Choice 2 or 3 will the refund check be mailed directly to the financial institution accepting the rollover?

Answer: No. The refund check will be mailed to you at the address you provide on the Form 5. The refund check will be payable to you and the financial institution and you are responsible for delivering the check to the financial institution as soon as possible to complete the rollover.

Question: How long will it take for me to get my refund?
Answer: Please allow up to 90 days from the latter of the receipt by the retirement agency of your last payroll contribution (the last pay period from your resignation/termination) or the date of receipt of the properly completed forms for processing.

Due to the volume of requests, the agency does not acknowledge receipt of withdrawal requests. Requests for withdrawals are processed in the order received. If you are rolling over your money, please inform the financial institution that it could take up to 90 days to receive the money.

Question: Is there any way to expedite payment?
Answer: No. Withdrawal requests are processed in the order that they are received.

Question: Will my refund be sent direct deposit?
Answer: No. You will receive a paper check mailed to the address you provide on the Form 5.

If you move before the refund has been processed, notify the agency in writing of your new address, including a full signature and social security number or date of birth. You can mail or fax the change of address to 410-468-1713.

Question: Are taxes withheld from my refund?
Answer: If you select Refund Choice 1, "entire amount refunded," or Refund Choice 2, refund a designated amount, then the agency is required to withhold 20% of any taxable amount paid to you for federal taxes, and if you are a Maryland resident, the agency is required to withhold 7.75% of any taxable amount for Maryland state taxes.

If you select Refund Choice 3, "entire amount transferred to an eligible retirement plan," then the agency will not withhold any amount for federal or Maryland state taxes.

If you have any questions about your specific tax situation, consult your financial advisor, CPA or the Internal Revenue Service. The retirement agency cannot advise you on tax issues.

Question: Where do I send the completed forms?
Answer: Return the completed forms to:
Maryland State Retirement Agency
120 E. Baltimore Street
Baltimore, MD 21202-6700

Or fax to:
410-468-1700

Please note: If you fax your completed forms to the Retirement Agency, the Notary seal on Form 5 must be visible by Agency staff.

SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the **Maryland State Retirement and Pension System** (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice is provided to you by the **State Retirement Agency** (your "Plan Administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover by you or your Plan Administrator to an IRA or an eligible employer plan. A rollover is a payment by you or the Plan Administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Coverdell Education Savings Account (formerly known as an education IRA). An "eligible employer plan" includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan).

This Notice is designed to satisfy the requirements of Section 402(f) of the Internal Revenue Code. The State Retirement Agency has customized the IRS Safe Harbor Explanation by omitting those portions of the Notice that do not apply to the Plan and by providing additional relevant information.

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if an eligible employer plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll your distribution over to an IRA or split your rollover amount between the employer plan in which you will participate and an IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from this Plan. Check with the administrator of the plan that is to receive your rollover prior to making the rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59 ½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59 ½), unless an exception applies.

If you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception applies).

If you do a rollover to a Roth IRA, you will be taxed on the amount rolled over (reduced by any after-tax amount). However, if you are under age 59 ½ at the time of the rollover, the 10% additional income tax will not apply. See the section below titled "If you roll over your payment to a Roth IRA" for more details.

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment of the rolled over amount in the future. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment payable to your IRA or an employer plan for your benefit. However, the payment may be mailed to you for delivery to your IRA or employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes. In addition, the Plan is required to withhold 7.75% for Maryland residents. If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) (This means that your lifetime monthly benefits are not eligible for rollover.);
- Required minimum distributions after age 70 ½ (or after death); and
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If any portion of your payment is taxable but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask the Plan administrator for the election form and related information.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under an eligible domestic relations order (EDRO) to an alternate payee who is a former spouse of the member;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days; and
- Payments for certain distributions relating to certain federally declared disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions from the IRA on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply.
- The exception for eligible domestic relations orders (EDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

Except as described above in “How do I do a rollover,” this notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60 day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

Note that the Form 1099-R that you receive from the Plan administrator will report the deducted insurance premium as taxable. If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59 ½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the member was born on or before January 1, 1936.

If you are a surviving spouse.* If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59 ½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70 ½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70 ½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. If you do not do a direct rollover to an inherited IRA, the Plan must withhold 20% of the payment for federal income tax. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

* A spouse is an individual recognized under a marriage validly entered into in any state or foreign jurisdiction, whether opposite-gender or same-gender, and regardless of whether or not those married individuals reside in the state or foreign jurisdiction in which such marriage occurred. A domestic partner is not treated as a spouse under federal law.

Payments under an eligible domestic relations order. If you are the spouse or former spouse of the member who receives a payment from the Plan under an eligible domestic relations order (EDRO), you generally have the same options and tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the EDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*. You may also have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

NOTICE PERIOD

Generally, payment cannot be made from the Plan until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment rolled over. If you do not wish to wait

until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your payment will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

The State Retirement Agency strongly urges you to consult with a qualified tax advisor, the Internal Revenue Service, or a Certified Public Accountant regarding the tax consequences of your distribution as it relates to your specific tax situation.

Application for Withdrawal of Accumulated Contributions Package

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IMPORTANT: PLEASE READ “SUMMARY OF MAJOR RETIREMENT BENEFITS”

BENEFITS	Non-Contributory /Contributory Pension System	Alternate Contributory Pension Selection Plan – enrolled before 7/1/2011	Reformed Contributory Pension Benefit – Enrolled on or after July 1, 2011	SYSTEMS
Service Retirement Eligibility	<p><u>Members enrolled prior to 7/1/2011:</u> Age 62 with at least 5 years of eligibility service, OR Age 63 with at least 4 years of eligibility service, OR Age 64 with at least 3 years of eligibility service, OR Age 65 or older with at least 2 years of eligibility service, OR At least 30 years of eligibility service regardless of age.</p>	<p>Age 62 with at least 5 years of eligibility service, OR Age 63 with at least 4 years of eligibility service, OR Age 64 with at least 3 years of eligibility service, OR Age 65 or older with at least 2 years of eligibility service, OR At least 30 years of eligibility service regardless of age.</p>	<p>Age 65 with at least 10 years of eligibility service, OR Rule of 90 (sum of age and eligibility service equal 90).</p>	<p>Retirement System – Note: <i>Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement & applicable Pension System</i></p>
Formula	<p><u>Members enrolled 7/1/2011 or later:</u> See Reformed Contributory Pension section</p> <p><u>Non-Contributory Pension:</u> .8% of average final compensation up to Social Security integration level, plus 1.5% of average final compensation in excess of the Social Security Integration Level, times creditable service. <u>Contributory Pension:</u> 1.2% of average final compensation times service credit as of June 30, 1998, plus 1.4% of average final compensation times creditable service earned after June 30, 1998.</p>	<p>1.2% of average final compensation times creditable service as of June 30, 1998, plus 1.8% of average final compensation after June 30, 1998.</p>	<p>1.5% of average final compensation times creditable service.</p>	<p>1.8% of average final compensation times creditable service.</p>

SYSTEMS

BENEFITS

	Non-Contributory /Contributory Pension System	Alternate Contributory Pension Selection Plan – enrolled before 7/1/2011	Reformed Contributory Pension Benefit – Enrolled on or after July 1, 2011	Retirement System – <i>Note: Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement & applicable Pension System</i>
Early Retirement Eligibility	Member enrolled prior to 7/1/2011: At least age 55 with at least 15 years of eligibility service. Member enrolled 7/1/2011 or later: At least age 60 with at least 15 years of eligibility service	At least age 55 with at least 15 years of eligibility service.	At least age 60 with at least 15 years of eligibility service.	At least 25 years of creditable service.
Early Retirement Formula	Member enrolled prior to 7/1/2011: Same as service retirement formula, but reduced .005 times the number of months to age 62. Maximum reduction of 42%. Member enrolled 7/1/2011 and later: Same as service retirement formula, but reduced .005 times the number of months to age 65. Maximum reduction of 30%.	Same as service retirement formula, but reduced .005 times the number of months to age 62. Maximum reduction of 42%. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to age 62.	Same as service retirement formula, but reduced .005 times the number of months to age 65. Maximum reduction of 30%. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to age 65.	Same as service retirement formula, but reduced .005 times the lesser of the number of months to age 60 or 30 years of service. For members who earn service credit on a ten month basis, the reduction is .006 for each month prior to 30 years.
Vested Service Retirement Eligibility	Member enrolled prior to 7/1/2011: At least 5 years of eligibility service. Member enrolled 7/1/2011 or later: At least 10 years of eligibility service.	At least 5 years of eligibility service.	At least 10 years of eligibility service.	At least 5 years of eligibility service.
Formula	Member enrolled prior to 7/1/2011: Same as service formula with benefits beginning at age 62, OR an early service retirement if eligible. Member enrolled 7/1/2011 or later: Same as service formula with benefits beginning at age 65, OR an early service retirement if eligible.	Same as service formula with benefits beginning at age 62, OR an early service retirement if eligible.	Same as service formula with benefits beginning at age 65, OR an early service retirement if eligible.	Same as service formula with benefits beginning at age 60.

SYSTEMS

BENEFITS

	Non-Contributory /Contributory Pension System	Alternate Contributory Pension Selection Plan – enrolled before 7/1/2011	Reformed Contributory Pension Benefit – Enrolled on or after July 1, 2011	Retirement System – <i>Note: Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement & applicable Pension System</i>
Ordinary Disability Retirement Eligibility	Permanently disabled after 5 years of eligibility service.	Permanently disabled after 5 years of eligibility service.	Permanently disabled after 5 years of eligibility service.	Permanently disabled after 5 years of eligibility service.
Formula	<u>Member enrolled prior to 7/1/2011:</u> Same as service retirement formula using creditable service projected to age 62. <u>Member enrolled prior to 7/1/2011:</u> Same as service retirement formula using creditable service projected to age 65.	Same as service retirement formula using creditable service projected to age 62.	Same as service retirement formula using creditable service projected to age 65.	Same as service retirement formula with a minimum of 25% of average final compensation or a formula using creditable service projected to age 60.
Accidental Disability Retirement Eligibility	Permanently and totally disabled by an accident in the performance of duty.	Permanently and totally disabled by an accident in the performance of duty.	Permanently and totally disabled by an accident in the performance of duty.	Permanently and totally disabled by an accident in the performance of duty.
Accidental Disability Retirement Formula	2/3 of average final compensation plus accumulated contributions paid as an annuity.	2/3 of average final compensation plus accumulated contributions paid as an annuity.	2/3 of average final compensation plus accumulated contributions paid as an annuity.	2/3 of average final compensation plus accumulated contributions paid as an annuity.

BENEFITS

SYSTEMS

	Non-Contributory /Contributory Pension System	Alternate Contributory Pension Selection Plan – enrolled before 7/1/2011	Reformed Contributory Pension Benefit – Enrolled on or after July 1, 2011	Retirement System – <i>Note: Bifurcated members are in the Retirement System but receive a combination benefit from both the Retirement & applicable Pension System</i>
Cost-of-Living Adjustment to Retirement Benefit Eligibility Formula	Retired at least 1 year as of July 1 st . <u>Member enrolled prior to 7/1/2011:</u> Any annual adjustment based on changes in the Consumer Price Index. Any annual adjustment limited to a maximum of 3% of the <u>initial/current</u> (for non-Contributory/Contributory plan) retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met. <u>Member enrolled 7/1/2011 or later:</u> Any annual adjustment based on Consumer Price Index. Limited to 2.5% if assumed rate of return for investments is prior calendar year met otherwise 1% if investment target not met.	Retired at least 1 year as of July 1 st . Any annual adjustment based on changes in the Consumer Price Index. Any annual adjustment limited to a maximum of 3% of the current retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.	Retired at least 1 year as of July 1 st . Any annual adjustment based on Consumer Price Index. Capped at 2.5% if assumed rate of return for investments is prior calendar year met otherwise 1% if investment target not met.	Retired at least 1 year as of July 1 st . Any annual adjustment based on Consumer Price Index. Unlimited annual adjustment for Plan A; maximum of 5% for Plan B; and a combination for Plan C based upon previous and current plans of participation.
Death Benefits – If you die before retirement while actively employed or while on an approved leave of absence and you have at least one year of eligibility. Beneficiary may receive:	(1) a single payment of your accumulated contributions plus your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance instead of the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of eligibility service, or (3) were age 55 or older and had at least 15 years of eligibility service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent.	(1) a single payment of your accumulated contributions plus your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance instead of the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of eligibility service, or (3) were age 55 or older and had at least 15 years of eligibility service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent.	(1) a single payment of your accumulated contributions plus your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance instead of the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of creditable service, or (3) were age 55 or older and had at least 15 years of creditable service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent.	(1) a single payment of your accumulated contributions plus your annual salary. If your sole primary beneficiary is your spouse, the spouse may choose a monthly allowance instead of the above benefit, if you: (1) were eligible to retire; or (2) had 25 years of creditable service, or (3) were age 55 or older and had at least 15 years of creditable service. If you are killed in the line of duty, different benefits are paid to your eligible spouse, minor children, or dependent parent.

PUBLIC SAFETY PLANS

STATE POLICE RETIREMENT SYSTEM

1. **Service Retirement:** at age 50, or with 22 years (25 years for members enrolled 7/1/2011 or later) of eligibility service.
2. **Vested Retirement:** at age 50 if you have at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Special Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost-of-Living Adjustment to Retirement Benefit:** Must be retired at least one year as of July 1. Any annual adjustment based on changes in the Consumer Price Index. Any annual adjustment unlimited for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

CORRECTIONAL OFFICERS' RETIREMENT SYSTEM

1. **Service Retirement:** at age 55 OR have 20 years of eligibility service, the last 5 years of which must be as a member in one of the classifications listed above.
2. **Vested Retirement:** at age 55 (60 for security attendants at Clifton T. Perkins Hospital Center who separated employment before July 1, 2016) if you have at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Accidental Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost-of-Living Adjustment to Retirement Benefit:** Must be retired at least one year as of July 1. Any annual adjustment based on changes in the Consumer Price Index. Any annual adjustment unlimited for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

LAW ENFORCEMENT OFFICERS' PENSION PLAN

1. **Service Retirement:** at age 50 or with 25 years of eligibility service.
2. **Vested Retirement:** at age 50 with at least 5 years (10 years for members enrolled 7/1/2011 or later) of eligibility service.
3. **Ordinary Disability Retirement:** If you are permanently incapacitated with at least 5 years of eligibility service, regardless of age.
4. **Accidental Disability Retirement:** If you are permanently incapacitated in the performance of duty, regardless of age or creditable service.
5. **Cost-of-Living Adjustment to Retirement Benefit:** Must be retired at least one year as of July 1. Any annual adjustment based on changes in the Consumer Price Index. Any annual adjustment limited to a maximum of 3% of the current retirement benefit for service credit earned by 7/1/2011. Service after 7/1/2011 earns adjustment capped at 2.5% if assumed rate of return for investments in prior calendar year is met otherwise 1% if investment target not met.

OTHER RETIREMENT SYSTEMS

JUDGES' RETIREMENT SYSTEM

1. For an individual who was a member of the Judges' Retirement System on or before June 30, 2012:
 - a. **A Retirement Allowance** if: (1) You are at least age 60 regardless of the years of creditable service as a judge or (2) You resign because of an incapacitating illness regardless of age or years of creditable service as a judge.
 - b. **A Vested Retirement Allowance:** At age 60 if you leave your accumulated contributions on deposit with the Maryland State Retirement Agency.
2. For an individual who was a member of the Judges' Retirement System on or after July 1, 2012:
 - a. **A Retirement Allowance** if: (1) You are at least age 60 and have at least five years of eligibility service or (2) You resign because of an incapacitating illness regardless of age or years of creditable service as a judge.
 - b. **A Vested Retirement Allowance:** At age 60 if you have at least five years of eligibility service and if you leave your accumulated contributions on deposit with the Maryland State Retirement Agency.

LEGISLATIVE PENSION SYSTEM - For members of the Legislative Pension System, please call the Maryland State Retirement Agency for information.

If you wish to apply for one of the benefits, contact your employer's retirement coordinator or a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909 for the appropriate form or for additional information. Keep this information for your records.

Application for Withdrawal of Accumulated Contributions Package

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**APPLICATION FOR WITHDRAWAL
OF ACCUMULATED CONTRIBUTIONS**

RETIREMENT USE ONLY

Form 5 (REV. 10/20)

Purpose of this form: This form is used by an individual to request a withdrawal of his or her balance of accumulated contributions from the Maryland State Retirement and Pension System (System). An individual is eligible to request a withdrawal only if he or she has resigned or has been terminated from the position which made the person eligible to participate in the System. If you have not resigned your position or you have not been terminated from your position you are not eligible to withdraw your balance of accumulated contributions from the System.

INSTRUCTIONS

- Please print in ink, using one space per letter or number and skip a space between words.
 - The top portion of this form (Section I) is to be completed by the person who is applying to withdraw his or her balance of accumulated contributions from the System.
 - Your signature on this form must be notarized.
Do not sign on the Member's Signature line until you are in the presence of a Notary Public who can notarize your signature.
 - If your resignation/termination date is less than six months from the date that you are completing and submitting this form, a representative from your former employer's human resources department must complete the bottom portion of the form (Section II), titled "To be completed by the Retirement Coordinator," before you submit the completed form to the Retirement Agency.
 - If you choose Refund Choice No. 1 you do not need to complete the Form 193 *Trustee-to-Trustee Distribution Form for Rollovers*.
 - If you choose Refund Choice No. 2 or Refund Choice No. 3 a completed copy of the Form 193 *Trustee-to-Trustee Distribution Form for Rollovers* must be submitted with this form.
 - Please allow up to 90 days from the latter of the Retirement Agency's receipt of your payroll contribution (the last pay period from your resignation/termination) or the receipt of your properly completed forms for the Retirement Agency to process your request.
 - Refunds are paid by paper checks which are mailed to the address that you provide on this form. Note: Even if you requested to roll over all or a portion of your refund, all checks are mailed to you at the address provided on this form.
 - The Retirement Agency will withhold federal taxes equal to 20% and Maryland state taxes (only if you are a Maryland resident) equal to 7.75% of the taxable refund amount not rolled over to another qualified retirement plan.
 - If you need additional assistance to complete this form, you may call 410-625-5555 or toll-free 1-800-492-5909.
 - The original, completed form must be returned to the Maryland State Retirement Agency, 120 E. Baltimore Street, Baltimore, Maryland 21202-6700 or faxed to 410-468-1700.
- Please note: If you fax your completed forms to the Retirement Agency, the Notary seal on Form 5 must be visible by Agency staff.

SECTION I — To be completed by the Withdrawal Applicant



SOCIAL SECURITY NUMBER

DATE OF BIRTH

 - -

NAME

First

HOME ADDRESS

Number and Street

 - -

Daytime Telephone Number

City

Email address:

State

ZIP Code

Are you a resident of Maryland? No ☐ Yes ☐ (For Maryland residents, State income tax withholding of 7.75% will be withheld from the taxable amount paid to you.)

Resignation/Termination Date: - -

Mo. Day Yr.

If date entered is less than six months from date this form is signed, return completed form to your former employer's retirement coordinator to complete bottom section.

Have you submitted a claim for disability? No ☐ Yes ☐ If Yes, know that by completing and submitting this form, you are forfeiting all rights to a future benefit, including disability, and your disability claim will be terminated.

Are you transferring to a State Agency, County Board of Education, or Participating Governmental Unit? No ☐ Yes ☐

If yes, give name of new employing agency

PLEASE READ THE FREQUENTLY ASKED QUESTIONS AND SPECIAL TAX NOTICE BEFORE SELECTING YOUR CHOICE. CHECK ONE:

REFUND CHOICE NO. 1 (Do Not Complete Form 193)

☐ Entire amount refunded to me.

REFUND CHOICE NO. 2 (Complete Form 193)

Refund \$ to me. Balance transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, 408A Roth IRA or 457(b) governmental plan.) (If transferring to a 457(b) governmental plan or 403(a) annuity plan, the minimum payable to me is the non-taxable amount, if any.)

REFUND CHOICE NO. 3 (Complete Form 193)

☐ Entire amount transferred to an "eligible retirement plan" (Traditional IRA, 401(a) plan, 403(a) or (b) annuity, 408A Roth IRA or 457(b) governmental plan.) Both 457(b) governmental plans and 403(a) annuity plans prohibit a rollover of non-taxable funds from this plan.)

A rollover of after-tax amounts is only permitted to an IRA or as a direct rollover to a 401(a) plan or 403(b) annuity that agrees to separately account for the after-tax amounts. Any employer pick-up contributions transferred under payment choices 2 or 3 lose their post tax status for Maryland income tax purposes. Mandatory federal income tax withholding is at the rate of 20% on the taxable amount paid to you.

Signature and Certification: I apply for the withdrawal of my accumulated contributions with interest earned and thereby terminate my membership in the Maryland State Retirement and Pensions System **and forfeit any further right to receive a future benefit, including disability retirement benefits.** I have read and understand the Summary of Major Retirement Benefits. By signing below, I certify the following:

- 1) the information I have provided herein is correct;
- 2) as of the date of this application, I have separated from my employment with all employers that participate in the System; and
- 3) I have received the IRS Safe Harbor explanation titled **Special Tax Notice Regarding Your Rollover Options** ("Special Tax Notice"), have had an opportunity to review the Special Tax Notice with my tax advisor, accountant, attorney, or the IRS, and understand my options with respect to receipt of a distribution from the System at this time. I understand that I have at least 30 days to review the Special Tax Notice and consider whether or not to have my payment rolled over. I further understand that, if I complete and submit this form prior to the end of the 30-day period for reviewing the Special Tax Notice, I have waived my right to the 30-day period to review the Special Tax Notice.



Do Not Sign This Form Until You Are in the Presence of a Notary Public.



Member's Signature

Date

▶ ▶ ▶ ▶ ▶ This form MUST be signed and notarized in order to be valid. ◀ ◀ ◀ ◀ ◀

State of , County of (or City of Baltimore)

This form was acknowledged before me on the day of , 20 .

By

Name of individual whose signature is being acknowledged*

Signature of notary public

Title of office My commission expires

☐ Check here if this notarial act involved a remotely located individual and the use of communication technology.

* IMPORTANT: If the name of the individual whose signature is being notarized is not filled in, this form will be invalid and have no legal effect.

SECTION II — To be completed by the Retirement Coordinator

RETIREMENT COORDINATOR COMPLETES THIS SECTION

EMPLOYING AGENCY NAME:

This member's **resignation/termination** date is: This member's **pay period ending** date is:

I certify that the above information regarding resignation/termination date is true and accurate to the best of my knowledge and that I am authorized to certify this information by my employer.

Retirement Coordinator Signature

Date

()

Telephone Number

**TRUSTEE-TO-TRUSTEE DISTRIBUTION FORM
FOR ROLLOVERS**

RETIREMENT USE ONLY Form 193 (REV. 2/20)

Purpose of this form: This form is used by an individual applying to receive a lump sum payment from the Maryland State Retirement Agency and who wants to rollover all or a portion of the payment to another qualified retirement plan.

Instructions

- Section I of this form is to be completed by the individual (the Payee) who is applying to receive the lump sum payment from the Retirement Agency.
- Section II of this form is to be completed by a representative of the financial institution who will be accepting the rollover.
- Please print in ink, using one space per letter or number and skipping a space between words.
- Keep a copy of the completed form for your records.
- If you need additional assistance, please contact a retirement benefits specialist at 410-625-5555 or toll-free 1-800-492-5909.
- The completed form must be returned to the Maryland State Retirement Agency, 120 E. Baltimore Street, Baltimore, Maryland 21202-6700 or faxed to 410-468-1700.

SECTION I — To be completed by the Payee



SOCIAL SECURITY NUMBER

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

DAYTIME PHONE NUMBER

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Ext. _____

NAME

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

First

Initial

Last

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

HOME ADDRESS

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number and Street

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

City

State

ZIP Code

Based on the payment option I selected, I direct the SRA to do the following:

Check [☒] only one option to indicate payment selection.

☐ Pay to me my designated flat dollar refund amount of \$ _____.

OR

☐ Pay to me all federal "NON-TAXABLE" funds to be determined at time of payment.

AND

The account balance will be made payable to your designated IRA or Eligible Employer Plan. *(Note: distributions to a 457(b) governmental plan or a 403(a) annuity may not exceed the taxable amount.)*

I understand the Agency may issue two checks to me: one payable to my order for an amount I elect to receive and the other payable to the order of both me and the IRA or Eligible Employer Plan that is to receive my rollover distribution. I understand that I am responsible for delivering the check for my rollover distribution directly to the IRA or Eligible Employer Plan for processing within 60 days after I receive the check, and I agree to do so.

SRA will not process more than one trustee-to-trustee distribution. Thus, if you want to move funds between IRA's and/or Eligible Employer Plans, contact the IRA or Eligible Employer Plan to which you are making the direct rollover to determine whether transfers are allowable.

I understand and agree to the above distribution conditions.

PAYEE (Signature): _____

DATE: _____

NEXT PAGE ALSO MUST BE COMPLETED

For help in completing this form, please view the training video on the Retirement Agency's website at sra.maryland.gov. If you need additional assistance, telephone a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.

**SECTION II — To be completed by a representative of
the financial institution that will accept the rollover**

PAYEE'S NAME

First

Initial

Last

PAYEE'S SOCIAL SECURITY NUMBER

DEPOSITOR ACCOUNT TITLE: In order to properly prepare the check, the Retirement Agency needs the name of the financial institution/account into which the check will be made payable. Enter in the spaces below this information, up to 34 characters. The check payable to your designated financial institution/account will carry the notation "DIRECT ROLLOVER," and will contain the name for the individual indicated in Section I. For IRA's, the check will read payable to: [Information Below] as trustee of IND. RET. ACCT of [Payee in Section I]. For Eligible Employer Plans, the check will read payable to: [Information Below] FBO [Payee in Section I].

The arrangement selected by the Payee is: (Check [✓] one):

Traditional IRA

☐

Eligible Employer Plan

☐

Qualified plan under §401(a), including a 401(k) plan

Check [✓] Box to Affirm that Plan Separately Accounts for After-Tax Contributions & Earnings

☐

Check indicates plan separately accounts for after-tax contributions and earnings

Roth IRA

☐☐

§403(a) qualified annuity

☒

Plan may NOT accept after-tax contributions from a 401(a) qualified plan

☐

§403(b) tax sheltered annuity

☐

Check indicates plan separately accounts for after-tax contributions and earnings

☐

§457(b) governmental plan

☒

Plan may not accept after-tax contributions

I confirm that the payee, account number and title are correct. Further, I confirm that the plan designated by the payee is (or is intended to be) an IRA, or an Eligible Employer Plan which includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax sheltered annuity; or an eligible section 457(b) plan maintained by a governmental employer (governmental 457 plan), that the plan designated may accept such payment (including any after-tax contributions, if applicable) and that I am authorized to act on behalf of the designated plan and will accept the direct rollover for the payee and account for it as required by the Internal Revenue Code.

PRINT OR TYPE REPRESENTATIVE'S NAME

SIGNATURE OF REPRESENTATIVE

DATE

REPRESENTATIVE'S AREA CODE/TELEPHONE:

PLEASE READ THIS CAREFULLY: All information on this form, including the individual's Social Security number, is required. The information is confidential and will be used only to process payment data from the Maryland State Retirement Agency to the financial institution and its agent. Failure to provide the requested information may prevent or delay release or payment.

For help in completing this form, please view the training video on the Retirement Agency's website at sra.maryland.gov. If you need additional assistance, telephone a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.