16. Retirement and Pension Systems:

Maryland State Retirement and Pension Systems (System):

The State contributes to the Maryland State Retirement and Pension Systems (System), an agent multiple-employer public employee retirement system established by the State to provide pension benefits for State employees (other than employees covered by the Mass Transit Administration Pension Plan described later) and employees of 103 participating municipal corporations within the State. Additionally, the System provides benefits for the University of Maryland Medical System (a private, nonprofit, nonstock corporation), the Maryland Automobile Insurance Fund, and the Injured Workers' Insurance Fund (none of which are in the State's reporting entity). The non-State entities that participate within the System receive separate actuarial valuations in order to determine their respective funding rates and actuarial liabilities. Retirement benefits are paid from the State System's pooled assets rather than from assets relating to a particular plan participant. The System is considered part of the State's financial reporting entity and is included in the State's financial statements as a Pension Trust Fund. For the year ended June 30, 1992, excluding the participating municipalities, the covered payroll was $4,487,636,000 and the total payroll was $4,548,175,000.

Plan Description:

The System, which is administered in accordance with Article 73B of the Annotated Code of Maryland, consists of the following systems which are managed by the Board of Trustees for the System. All retirement and pension systems discussed herein are included in the System. All State employees and employees of the participating municipalities are covered by the systems.

"Retirement Systems"—retirement programs for substantially all State employees, teachers, State and Natural Resource police and judges who are not members of the State Pension System.

"Pension Systems"—retirement programs for employees and teachers hired after January 1, 1980, and prior employees who have elected to transfer from the Retirement Systems.

At June 30, 1992, membership (excluding participating municipalities) in the System consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them:	
Retirement Systems	46,472
Pension Systems	25,589
Current employees:	
Vested:	
Retirement Systems	38,694
Pension Systems	63,358
Nonvested:	
Retirement Systems	2,910
Pension Systems	34,158
Total members	211,181

The System provides retirement, death and disability benefits in accordance with State statutes. Vesting begins after completing 5 years of service. A member terminating employment before attaining retirement age but after completing 5 years of service, becomes eligible for a vested retirement allowance provided the member lives to age 60 (age 62 for the Pension Systems, age 50 for State Police) and does not withdraw his or her accumulated contributions. Members of the Retirement System may retire with full benefits after attaining the age of 60, or after completing 30 years of service credit regardless of age. A member of the Pension Systems may retire with full benefits after completing 30 years of service credit regardless of age, or at age 62 or older with specified years of service credit. State Police members may retire with full benefits after attaining age 50, or after completing 25 years of service credit regardless of age.

The annual benefit for Retirement System members is equal to $1/55$ of a member's high three-year average salary multiplied by the number of years of service credit. A member may retire with reduced benefits after completing 25 years of service, regardless of age. A member of the Pension System shall receive upon retirement an annual service retirement allowance equal to .8% of the member's high three-consecutive-year average salary multiplied by the number of years of service credit, with a provision for additional benefits for compensation earned in excess of the Social Security wage base. A member may retire with reduced benefits after attaining age 55 and completing 15 years of service. The annual retirement allowance for a State Police member is equal to $1/45$ of a member's high three-year average salary multiplied by each year of service up to 25 years, plus $1/90$ of the member's high three-year average salary multiplied by each year of service in excess of 25 years. The retirement allowance of retired members of the Systems is subject to annual adjustments to reflect increases in cost of living, not to exceed the growth in the Consumer Price Index.

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