

**Comparison of Retirement Plan Options - Regular Faculty and Regular Exempt Staff**

(Prior membership in either retirement plan may affect selection)

|                                     | <p><b>MD State Retirement &amp; Pension System</b><br/><b>(Employees' and Teachers' Plans)</b><br/><br/><i>Open to All Employees</i><br/><i>(Mandatory for Non-Exempt Staff)</i></p>   | <p><b>Optional Retirement Plan (ORP)</b><br/><b>(Fidelity or TIAA)</b><br/><br/><i>Open to Exempt Staff and Faculty ONLY</i></p>   |
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| <p><b>Type of Program</b></p>       | <p>Defined benefit plan - provides a determinable benefit based upon your salary and service.</p>  | <p>Defined contribution plan - provides a benefit based upon your accumulated account balance.</p>   |
| <p><b>Contributions</b></p>         | <p>TU's contribution is determined annually by the State's actuary. You must contribute 7% of your annual salary, pre-tax.</p> <p>Employee can also open a <a href="#">Supplemental Retirement Account (SRA)</a> to contribute additional funds on a pre or post taxed basis.</p>    | <p>TU contributes 7.25% of your annual salary to your ORP account, over the 20 designated pays (Contributions occur during Spring and Fall semesters. Contributions pause in Summer).</p> <p>You may not contribute to the ORP, but can set up and contribute pre or post tax dollars to a <a href="#">supplemental retirement plan</a>.</p> |
| <p><b>Vesting</b></p>               | <p><b>Members hired before July 1, 2011:</b> 5 years of eligibility service.*</p> <p><b>Members hired after 7/1/2011:</b> 10 years of eligibility service.* Please contact HR if you are transferring to TU from another USM institution or State agency.</p>                        | <p>Employee is vested 100% upon employment.</p>  |
| <p><b>Investment management</b></p> | <p>The State Retirement &amp; Pension System assets are invested by professional investment managers chosen by their Board of Trustees. You do not bear any investment risk.</p>   | <p>You may invest your account among your vendor's investment options. You bear all investment risk.</p>   |
| <p><b>Benefit Determination</b></p> | <p>Depending upon the pension system plan, benefits are calculated based on a formula which takes into account the employee's years of creditable service* and average final salary* and a multiplier (based on plan). Please see <a href="#">Pension Calculation Worksheet</a>.</p> | <p>Benefits are based on your ORP account accumulation, which consists of TU contributions, expenses, and investment gains or losses.</p>  |

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| <p><b>Eligibility For Retirement</b></p> | <p><b>Members hired before July 1, 2011:</b> 30 years of service regardless of age, or age 62 with 5 years of eligibility service.</p> <p><b>Members hired after 7/1/2011:</b> "Rule of 90" (Age + years of service must equal 90), or 65 years of age and 10 years of eligibility service*.</p>  | <p>Five years of full time ORP service is required for retirement. There is no set retirement age. However, the employee may be subject to an IRS tax penalty for eligible periodic distributions (i.e. periodic payments or annuities) received before the age of 55.</p> |
| <p><b>How to Enroll</b></p>              | <p>An <a href="#">Application for Membership</a> and a <a href="#">Designation of Beneficiary Form</a> are required. The beneficiary form must be notarized at the time of submission. A copy of your driver's license or other proof of age is also required.</p>  | <p>The <a href="#">ORP Vendor Selection Form</a>, and an <a href="#">Election Not to Participate in the Teachers'/Employees' System</a> are required. A copy of your driver's license or other proof of age is also required.</p>  |
| <p><b>Normal Service Retirement</b></p>  | <p>Eligibility service** + age = 90 (Rule of 90), or age 65 with at least 10 years of eligibility service. **</p>   | <p>Five years of full time ORP service is required for retirement. There is no set retirement age. However, if you begin payments before age 59 ½, a federal tax penalty may apply.</p>  |
| <p><b>Early Service Retirement</b></p>   | <p><b>Members hired before July 1, 2011:</b> 55 with 15 years of eligibility service* – reduced 6% per year under the age of 62.</p> <p><b>Members hired after 7/1/2011:</b> Age 60 with at least 15 years of eligibility service* – reduced 6% per year under the age of 65.</p>   | <p>Upon retirement, the employee may be subject to an IRS tax penalty for eligible periodic distributions (i.e. periodic payments or annuities) received before the age of 55. Some distributions upon retirement could be subject to tax penalty before age 59 ½.</p>     |
| <p><b>How Benefits are Paid</b></p>      | <p>Member may select one of several payment options offered by the Pension System. Some options have survivor benefits. Please see the <a href="#">Pension Options Brochure</a>.</p>  | <p>Member arranges payment method with the investment vendor, i.e. <a href="#">TIAA</a> or <a href="#">Fidelity</a>.</p>   |
| <p><b>Disability Retirement</b></p>      | <p>Disability retirement is subject to review and approval from State Retirement Agency &amp; Medical review board.</p> <ul style="list-style-type: none"> <li>▪ Ordinary disability - permanently disabled and have 5 or more years of eligibility service.**</li> <li>▪ Accidental disability – permanently and totally disabled as a direct result of a job-related injury.</li> </ul> | <p>The ORP does not include disability benefits. However, if you become disabled you may receive the full value of your ORP account.</p>   |

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| <b>Death Benefit</b>            | <p>Pre-retirement death benefits are available. The benefit amount depends upon your age, eligibility service, ** accumulated member contributions, and your salary at the time of death.</p> <p>Member's beneficiary will receive 1x the member's annual salary plus contributions plus interest to date.</p>  | <p>Pre-retirement death benefits are available. The benefit is your account balance, which includes contributions, expenses, and investment gains or losses – paid to your designated beneficiary(ies) or estate.</p> |
| <b>Cost of Living Increases</b> | <p>Adjustment is made each July 1<sup>st</sup>. Cost of living adjustment has (i) a 2.5% compounded interest annual cap if the pension investment target is reached; or (ii) a 1% compounded interest annual cap if the pension investment target is not reached.</p>   | <p>The ORP does not include an annual cost-of-living adjustment.</p>  |
| <b>Portability</b>              | <p>Benefits are transferable among certain governmental plans within the State of MD. Upon leaving employment with the State,</p> <ol style="list-style-type: none"> <li>1. Member may withdraw accumulated employee contributions only (IRS tax penalty may apply).</li> <li>2. Member may transfer accumulated employee contributions to another preretirement plan without penalty (i.e. "Rollover").</li> <li>3. Member may leave funds in the Pension to earn interest for up to 4 years.</li> </ol> | <p>Employee balance is transferable to a broad array of other employers' pre-retirement plans. Employee may withdraw employer contributions (IRS tax penalty may apply).</p>  |
| <b>Sick Leave</b>               | <p>Unused sick leave may be credited toward retirement allowance. Please see Retirement Handbook for <a href="#">Unused Sick Leave Conversion Chart</a></p>   | <p>Accrued, but unused sick leave does not increase retirement service credit; it is forfeited at retirement.</p>   |
| <b>Reemployment</b>             | <p>When you retire, you may not be reemployed with any State agency for a period of 45 days.</p>  | <p>When you retire, you may not be reemployed with any State agency for a period of 45 days.</p>  |
| <b>Earnings Limitation</b>      | <p>You may be subject to an earnings limitation if you return to work for any State agency after retirement.</p>  | <p>You are not subject to an earnings limitation if you return to work for any State agency after retirement.</p>   |

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| <p><b>Retiree Health Benefits</b></p> | <p><b>Members hired before July 1, 2011:</b> Retirees and their dependents are eligible for health benefits with full State subsidy after 16 years of <i>creditable</i> service*. Retirees (and their dependents) with more than 5 years but less than 16 years, may be eligible for health benefits with a prorated State subsidy.</p> <p><b>Members hired after 7/1/2011:</b> Retirees and their dependents are eligible for health benefits with full State subsidy after 25 years of <i>creditable</i> service*. Retirees (and their dependents) with more than 10 years but less than 25 years, may be eligible for health benefits with a prorated State subsidy.</p> | <p><b>Employees hired before July 1, 2011:</b> retiree is eligible for health benefits with full State subsidy after 16 years of State employment. Retirees with more than 5 years but less than 16 years of ORP service <u>may</u> be eligible for a prorated portion of their health benefits upon <u>direct retirement</u> from USM service. In order to be considered a “direct retiree”, employees <b>MUST</b> work with the TU HR Benefits Office prior to their retirement to set up the appropriate distribution upon retirement.</p> <p>Dependents are eligible for the full State subsidy after the retiree has 25 full-time years of ORP/State employment.</p> <p><b>Employees hired on/after July 1, 2011:</b> retiree is eligible for health benefits with full State subsidy after 25 years of State employment. Retirees with more than 10 years but less than 25 years of ORP service may be eligible for a prorated portion of their health benefits upon direct retirement from USM service. In order to be considered a “direct retiree”, employees <b>MUST</b> work with the TU HR Benefits Office prior to their retirement to set up the appropriate distribution upon retirement. Dependents are eligible for the full State subsidy after the retiree has 25 full-time years of ORP/State employment.</p> |
| <p><b>Websites</b></p>                | <p><a href="http://www.sra.state.md.us">www.sra.state.md.us</a></p> <p>You have access to forms, handbooks, pamphlets, newsletters, calculators, and a pre-retirement seminar schedule.</p>   | <p>Please visit <a href="https://www.towson.edu/hr/current/benefits/retirement.html">https://www.towson.edu/hr/current/benefits/retirement.html</a> for more information on the ORP plans.</p>  |

\*Creditable Service – Used to calculate the monthly retirement allowance.

\*\*Eligibility Service – Used to determine when you are eligible for a benefit. One year of eligibility service is earned during any fiscal year in which you work a minimum of 500 hours, excluding overtime.

This document is a summary of the provisions of the Maryland State Retirement & Pension System and the Optional Retirement Plan. If there is a discrepancy between this summary and the plan documents, the plan documents will prevail.