

PENSION PLAN/OPTIONAL RETIREMENT PROGRAM COMPARISON CHART

	State Retirement and Pension System (SRPS)	Optional Retirement Plan (ORP)
<i>Benefit Determination</i>	Depending upon the retirement plan, benefits are calculated based on a formula which takes years of creditable service and average final salary into account.	Benefits are based on account accumulation at the time of separation from service. Account accumulation consists of employer contributions and investment performance, minus expenses.
<i>Employee Contribution</i>	Current Members & Transfers: 7% contribution and 1.8% multiplier. LEOPS Members: 6% for FY 2012 and 7% for FY 2013 and thereafter New Members (hired 7/1/2011): 7% contribution and 1.5% multiplier	Employer-only contribution of 7.25% over 20 pay periods
<i>Eligibility for Retirement</i>	Current Members & Transfers: 30 years of service regardless of age, or age 62 with 5 years of service New Members (hired 7/1/2011): "Rule of 90" (Age + years of service must add up to 90), or 65 years old and 10 years of service.	Member may begin receiving monthly benefit at age 59 ½. Earlier distribution could be subject to a federal tax penalty in certain situations.
<i>Early Retirement</i>	Current Members & Transfers: 55 with 15 years of service -- reduced .5% for every month before age 62 New Members (hired 7/1/2011): Age 60 with at least 15 years of service -- reduced .5% for every month before age 65	No early retirement provision; distribution before age 59 ½ could be subject to federal tax penalty.
<i>Disability Retirement</i>	After 5 years of eligibility service; subject to review and approval from State Retirement Agency.	No disability retirement provision.
<i>How Benefits are Paid</i>	Member may select one of several payment options offered by SRPS.	Member arranges payment method with the investment vendor.
<i>Sick Leave</i>	Unused sick leave may be credited toward retirement allowance. For every 22 days of accrued sick leave, one month of creditable service is received. Monthly allowance adjusted once application for retirement is made.	No credit for unused sick leave toward retirement allowance.
<i>Retiree Health Benefits</i>	Current PENSION Members & Transfers: Retirees <u>and</u> their dependents are eligible for health benefits with full State subsidy after 16 years of creditable service. Retirees with more than 5 years but less than 16 years, and their dependents, <u>may</u> be eligible for health benefits, depending on the circumstances of their retirement, but with a prorated subsidy. New Members (hired 7/1/2011): 1) 10 years to qualify 2) full premium at 25 years 3) premium subsidy prorated for service between 10-25 years. Spouse eligible at 25 years.	Retirees are eligible for health benefits with full State subsidy for after 16 years of creditable service, individual only coverage. Retirees with more than 5 years but less than 16 years <u>may</u> be eligible for health benefits, depending on the circumstances of their retirement, but with a prorated subsidy. Must retire directly from USM service. Dependents are eligible for the full State subsidy only after the retiree has 25 years of creditable service; dependent subsidy cannot be prorated for service credit under 25 years. New Members (hired 7/1/2011): Maximum subsidy after 25 years or more (<i>changed from 16 or more years</i>) of service maximum subsidy; or

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		<p>at least 10 years or more (<i>changed from 5 years</i>) of service 1/25 of the State subsidy for each year of creditable service up to 25 years (<i>changed from up to 16 years</i>)</p> <p>Dependent subsidy: no subsidy if retiree has less than 25 years of service; maximum subsidy if retiree has 25 or more years of service</p>
<i>Cost of Living Adjustments (COLA)</i>	<p>Current PENSION Members & Transfers: Adjustment is made each July 1. Compound COLA with a 3% interest cap. Must be retired one full year.</p> <p>All Members as of 7/1/2011: Capped at 2.5% when pension fund achieves projected earned rate of return and capped at 1 % when fund does not meet its projected rate of return.</p>	ORP plan does not grant cost of living adjustments.
<i>Re-employment</i>	A 45-day break in service must occur before re-employment at any State or USM agency.	A 45-day break in service is strongly recommended before re-employment at any State or USM agency. IRS implications involved.
<i>Earnings Limitation</i>	<p>If re-employed at any State agency, limitation is the difference between AFC – annual retirement income:</p> <p>\$50,000 (AFC) - \$30,000 (annual ret. income) = \$20,000 earning limitation</p> <p>Monthly benefit reduced \$1 for every \$2 earned if limit is exceeded.</p>	No earnings limitation.