

MARYLAND STATE RETIREMENT AGENCY
120 EAST BALTIMORE STREET
BALTIMORE, MD 21202-6700
410-625-5555 OR 1-800-492-5909

**REEMPLOYMENT AFTER RETIREMENT FOR
RETIREES OF THE STATE POLICE RETIREMENT SYSTEM**

RETIREMENT USE ONLY FORM 128 (REV. 10/17)

VIDEO: For an overview of this information, go to sra.maryland.gov, select YouTube or Vimeo and watch "Reemployment After Retirement."

Keep your copy of this form on file as a handy reference for the future. You should also keep on hand your Notice of Retirement Allowance that the Retirement Agency will send to you as a new retiree. The Notice of Retirement Allowance includes information such as the amount of your monthly retirement allowance, the beneficiary you designated and your earnings limitation. To determine what, if any, earnings limitation applies and the effect, if any, on your retirement allowance, you need your Notice of Retirement Allowance to identify the type of retirement you are receiving (service, ordinary disability or special disability) and your earnings limitation. Then, apply the reemployment rules. Reemployment earnings are the annual reemployment compensation reported to the IRS that the retiree received during a calendar year. Note the reemployment rules do not apply while a retiree is participating in the State's Deferred Retirement Option Program (DROP).

Under no circumstances should your decision to retire be conditioned upon an offer of reemployment, and in fact, no offers of reemployment should be discussed by you and your employer prior to your retirement. However, if after your retirement you consider reemployment with an employer that participates in the State Retirement and Pension System (SRPS) you need to be aware of two important issues: Internal Revenue Service (IRS) guidelines regarding reemployment and Maryland retirement law regarding reemployment.

INTERNAL REVENUE SERVICE GUIDELINES REGARDING REEMPLOYMENT

There can be significant consequences to you and the SRPS if you retire before the normal retirement age of your plan and/or before age 59 1/2, and are reemployed with the same employer without a bona fide separation of service. Please note that all units of Maryland state government, including the University System of Maryland, are considered one employer.

The IRS can impose a significant tax penalty on your income if you are under the age of 59 1/2, retire and begin receiving your monthly retirement benefits, and are reemployed by the same employer from whom you retired. In order to avoid this penalty there must be a bona fide separation from service between you and your former employer.

If you retire before your normal retirement age, there are also serious IRS consequences to the SRPS if a bona fide separation does not take place following retirement and prior to reemployment with the same employer.

While the IRS has not specifically defined what constitutes a bona fide separation from service, it is clear that the more differences between your last job before retirement and the job being performed upon your reemployment, and the longer the break between the date of your retirement and the date of your reemployment, the more likely it is that there has been a bona fide separation of service. If you are reemployed to perform the same job, even if there is a reduction in your work schedule, this would not likely qualify as a bona fide separation of service unless there is a lengthy break in employment. Even arrangements where you are rehired as an "independent contractor" may not meet the IRS' standard.

MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT

Maryland law requires that there must be a minimum of **45 DAYS** between your retirement date and the date you are rehired by any employer that is a participating employer in the SRPS. All units of Maryland State government, including the University System of Maryland, are considered to be *one employer* under these reemployment rules.

Additionally, employment after retirement, under certain conditions, may cause your retirement allowance to be reduced.

SERVICE RETIREMENT

If you accept temporary employment (not in a regularly allocated position) with a *participating employer**, you must notify the Board of Trustees in writing of your intent to accept reemployment and the amount of your anticipated compensation. Temporary employment is defined as full time for 6 months or less or part-time for the equivalent of 6 months or less. Your retirement allowance will be reduced if your post retirement earnings exceed your earnings limitation. The benefit is reduced dollar for dollar up to a maximum of the full retirement allowance.

**A participating employer is any employer that offers State Retirement and Pension System benefits to its employees. A list of participating employers is printed on page three. Before accepting employment, contact the State Retirement Agency for updates to this list.*

(CONTINUED ON PAGE TWO)

I acknowledge that I have received this information about my obligation with regard to reemployment and I agree to notify the Board of Trustees of my anticipated earnings should I return to work. I also understand that, should I exceed the earnings limitations imposed by law, my monthly retirement allowance may be reduced or terminated until such time that any resulting overpayment of benefits is recovered. I understand that I must be separated from any and all employment, including substitute, seasonal, temporary, contractual, and/or permanent employment, with any employer that participates in the SRPS at the date of my retirement. By signing this form, I am certifying to the Maryland State Retirement Agency that at the date of my retirement, I will not be employed in any capacity by any employer that participates in the SRPS and that no discussions or offers of reemployment after my retirement have occurred between me and any employer that participates in the SRPS.

Social Security Number

Signature

Date

sra.maryland.gov

**MARYLAND RETIREMENT LAW REGARDING REEMPLOYMENT
SERVICE RETIREMENT
(CONTINUED FROM PAGE ONE)**

Reemployment rules for Service Retirement do not apply if you have been retired for more than 5 years. Rules also do not apply, if you accept permanent or contractual employment, unless you are reemployed on a contractual basis at the rank of Trooper First Class for more than four years.

DISABILITY RETIREMENT

Suspension of Disability Retirement: An Ordinary or Special Disability allowance shall be temporarily suspended if the retiree:

- Is not eligible for normal service retirement, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that is at least equal to the retiree's average final compensation at retirement.

There is no additional benefit accrued while employed. If suspended, the retiree's allowance will be reinstated on the first day of the month following the month in which the retiree ceased employment with the participating employer. The retiree's allowance at time of reinstatement will be adjusted to reflect the accumulated cost of living adjustments during suspension. Please note that the temporary suspension of disability benefit causes the temporary suspension of retiree health insurance coverage.

Earnings Limitation for Ordinary Disability Retirees Only: An Ordinary Disability allowance shall be reduced if the retiree:

- Is under normal retirement age, and
- Is employed by a participating employer as a probationary status law enforcement officer, a law enforcement officer, or chief as defined in §3-101 of the Public Safety Article, and
- Is receiving an annual compensation that exceeds the retiree's earnings limitation.

The reduction will be \$1.00 for every \$2.00 over the limit if the retiree has been retired less than 10 years. If the retiree has been retired 10 years or longer, the reduction will be \$1.00 for every \$5.00 over the limit.

An earnings limitation does not apply for Special Disability Retirees.

If you have any questions, call a Retirement Benefits Specialist at 410-625-5555 or toll free 1-800-492-5909 to understand how the reemployment provisions apply to you. We will make every effort to assist you in understanding your options, but it is your responsibility to advise us of your reemployment.

PARTICIPATING EMPLOYERS *
Maryland State Retirement and Pension System

State of Maryland
University System of Maryland
Baltimore City and All County Boards of Education (Teachers' System)
Community Colleges and All Public Libraries (Teachers' System)

Participating Governmental Units in the Employees' System as of July 1, 2017

Allegany College of Maryland	Federalsburg, Town of	Prince George's Community College
Allegany County Board of Education	Frederick County Board of Education	Prince George's County Board of Education
Allegany County Commission	Frostburg, City of	Prince George's County Crossing Guards
Allegany County Housing Authority	Fruitland, City of	Prince George's County Government
Allegany County Library	Garrett County Board of Education	Prince George's County Memorial Library
Allegany County Transit Authority	Garrett County Community Action Committee	Princess Anne, Town of
Annapolis, City of	Greenbelt, City of	Queen Anne's County Board of Education
Anne Arundel County Board of Education	Greensboro, Town of	Queen Anne's County Commission
Anne Arundel County Community College	Hagerstown, City of	Queenstown, Town of
Berlin, Town of	Hagerstown Community College	Ridgely, Town of
Berwyn Heights, Town of	Hampstead, Town of	Rock Hall, Town of
Bladensburg, Town of	Hancock, Town of	St. Mary's County Board of Education
Bowie, City of – Police Dept. (LEOPS)	Harford Community College	St. Mary's County Commission
Brunswick, City of	Harford County Board of Education	St. Mary's County, Housing Authority
Calvert County Board of Education	Harford County Government	St. Mary's County Metropolitan Commission
Cambridge, City of	Harford County Library	St. Michaels, Commissioners of
Caroline County Board of Education	Housing Authority of Cambridge	Salisbury, City of
Caroline County Sheriff Deputies	Howard Community College	Shore Up!
Carroll County Board of Education	Howard County Board of Education	Snow Hill, Town of
Carroll County Public Library	Howard County Community Action Committee	Somerset County Board of Education
Carroll Soil Conservation District	Hurlock, Town of	Somerset County Commission
Catoctin & Frederick Soil Conservation District	Hyattsville, City of	Somerset County Economic Development Commission
Cecil County Board of Education	Kent County Board of Education	Somerset County Sanitary District, Inc.
Cecil County Government	Kent County Commissioners	Southern Maryland Tri-County Community Action Committee
Cecil County Library	Kent Soil and Water Conservation District	Sykesville, Town of
Centreville, Town of	Landover Hills, Town of	Takoma Park, City of
Chesapeake Bay Commission	La Plata, Town of	Talbot County Board of Education
Chestertown, Town of	Lower Shore Private Industry Council	Talbot County Council
Cheverly, Town of	Manchester, Town of	Taneytown, City of
College of Southern Maryland	Maryland Health & Higher Education Facilities Authority	Thurmont, Town of
College Park, City of	Middletown, Town of	Tri-County Council of Western Maryland
Crisfield, City of	Montgomery College	Tri-County Council for the Lower Eastern Shore
Crisfield Housing Authority	Morningside, Town of	University Park, Town of
Cumberland, City of	Mount Airy, Town of	Upper Marlboro, Town of
Cumberland, City of - Police Department	Mount Rainier, City of	Walkersville, Town of
Denton, Town of	New Carrollton, City of	Washington County Board of Education
District Heights, City of	North Beach, Town of	Washington County Board of License Commission
Dorchester County Board of Education	Northeast Maryland Waste Disposal Authority	Washington County Library
Dorchester County Commission	Oakland, Town of	Westminster, City of
Dorchester County Roads Board	Oxford, Town of	Worcester County Board of Education
Dorchester County Sanitary Commission	Pocomoke, City of	Worcester County Commission
Eastern Shore Regional Library	Preston, Town of	Wor-Wic Community College
Edmonston, Town of		
Emmitsburg, City of		

***NOTE:** The list of employers that participate in the Maryland State Retirement and Pension System (SRPS) is subject to change at any time. This list is updated annually. To determine whether a particular employer participates in SRPS, call a retirement benefits specialist at 410-625-5555 or toll-free at 1-800-492-5909.