

## Comparison of Retirement Plan Options Available to UMBC Employees

Every employee must join *one* of the following two plans upon beginning employment. Faculty and Exempt employees may select either plan, but Non-Exempt employees may only select the SRPS. You may contact the Human Resources Department at 410-455-2337 for more details.

	<b>State Retirement and Pension System (SRPS)</b>	<b>Optional Retirement Plan (ORP)</b>
<i>Who is eligible</i>	Faculty/Exempt <u>and</u> Non-Exempt staff.	Exempt staff and Faculty <u>only</u> .
<i>Type of Program</i>	Defined <u>Benefit</u> Plan: Employee receives a benefit based on a pre-set formula.	Defined <u>Contribution</u> Plan: Employee receives a benefit based on contributions and investment performance.
<i>Election Decision</i>	Revocable. Employee may change selection to ORP <b>within 1 year</b> of date of first ORP eligibility. After that, change to ORP is not allowed.	Irrevocable. Once enrolled in the ORP, an employee may not change selection to SRPS plan.
<i>Benefit Determination</i>	Benefits are calculated based on a formula which takes years of creditable service and average final salary into account. Accumulated sick leave may also improve the benefit amount if the employee retires directly upon terminating employment.	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>Vesting</i>	After 5 years of eligibility service, employee is guaranteed a benefit (unless contributions are withdrawn) which may commence at age 62, or as early as age 55 with a reduced benefit.	Vesting is immediate. Employee may immediately receive account balance upon separation from employment (although a federal penalty tax may apply in certain situations).
<i>Contributions</i>	Employee contributes 5% of salary each paycheck. Employer contributes an amount determined actuarially each year.	Employee contributes nothing. Employer contributes 7.25% of employee's salary each year into employee's 403(b) retirement account.
<i>Investment Management</i>	SRPS assets are invested by professional investment managers chosen by the Board of Trustees of the State Retirement and Pension System. The employee has no investment decisions and bears no investment risk.	Employee selects one of the University System's investment vendors (TIAA-CREF or Fidelity) when enrolling, as well as the allocation mix of contributions among investment options offered by that vendor, and may change selections periodically. The employee bears the investment risk.

	<b>SRPS</b>	<b>ORP</b>
<i>Access to Benefits</i>	After 30 years of eligibility service at any age, or: Age 62 with 5 years of service Age 63 with 4 years of service Age 64 with 3 years of service Age 65 or older with 2 years. Reduced benefit may begin at age 55 with 15 years of service.	Employee may immediately receive account balance upon separation from employment (although a federal penalty tax may apply in certain situations).
<i>How Benefits are Paid</i>	Employee may select one of several payment options offered by SRPS.	Employee arranges payment method with the investment vendor.
<i>Disability Benefit</i>	Ordinary Disability: eligible for benefit after 5 years of eligibility service if permanently disabled.  Accidental Disability: eligible for benefit at any time if permanently disabled due to a job-related injury.	ORP does not include a disability benefit. However, employee may receive full account balance without penalty if permanently disabled.
<i>Pre-Retirement Death Benefit</i>	Beneficiaries will receive lump sum of employee's salary if employee has one year of creditable service. Service requirement is waived if death occurs while performing job duties.	ORP plan does not include a death benefit. Beneficiaries receive account balance upon employee's death (a federal penalty tax may apply).
<i>Retiree Health Benefits</i>	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.	Retirees 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 <u>may</u> be eligible for health benefits, depending on the circumstances of their retirement, but with a prorated subsidy. Dependents are eligible for the full State subsidy only after the retiree has 25 years of creditable service, and the dependent subsidy cannot be prorated for service credit under 25 years.
<i>Cost of Living Adjustments</i>	Adjustment is made each July 1. Cost of living adjustment has a 3% compound interest annual cap.	ORP plan does not grant cost of living adjustments.
<i>Portability</i>	SRPS benefits are transferable among certain government/university entities within Maryland.	ORP accounts are fully transportable to any employer offering a similar plan, inside or outside of Maryland.
<i>Supplemental Retirement Match Program</i>	Employee Pension System members are eligible to receive a match to Supplemental Retirement contributions, if approved each year.	ORP members are <u>not</u> eligible for a Supplemental Retirement match, even if approved for SRPS members.