

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

(Prior membership in either retirement plan may affect selection)

	MD State Retirement & Pension System (Employees' and Teachers' Plans)	Optional Retirement Plan (ORP) (Fidelity or TIAA)
Type of Program	Defined benefit plan - provides a determinable benefit based upon your salary and service.	Defined contribution plan - provides a benefit based upon your accumulated account balance.
Contributions	TU's contribution is determined annually by the State's actuary. You must contribute 7% of your annual salary, pre-tax.	TU contributes 7.25% of your annual salary to your ORP account, over the 20 designated pays. You may not contribute to the ORP, but can contribute pre-tax dollars to a supplemental retirement plan.
Benefit Determination	Benefits are calculated using a specific formula that takes into consideration a fixed percentage of your years of creditable service* and average final compensation.	Benefits are based on your ORP account accumulation, which consists of TU contributions, expenses, and investment gains or losses.
Investment management	The State Retirement & Pension System assets are invested by professional investment managers chosen by their Board of Trustees. You do not bear any investment risk.	You may invest your account among your vendor's investment options. You bear all investment risk.
Vested Retirement Allowance	You are fully vested after completing 10 years of eligibility service. **	You are fully vested immediately.
How to Enroll	An Application for Membership and a Designation of Beneficiary Form 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.	The ORP Vendor Selection Form , and an Election Not to Participate in the Teachers'/Employees' System are required. A copy of your driver's license or other proof of age is also required.
Normal Service Retirement	Eligibility service** + age = 90 (Rule of 90), or age 65 with at least 10 years of eligibility service. **	Benefits may begin upon separation from employment. However, if you begin payments before age 59 ½, a federal tax penalty may apply.
Early Service Retirement	Age 60 with 15 or more years of eligibility service. ** A reduced benefit applies.	Benefits may begin upon separation from employment. However, if you begin payments before age 59 ½, a federal tax penalty may apply.

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Disability Retirement	Requirements to apply: <ul style="list-style-type: none"> ▪ Ordinary disability - permanently disabled and have 5 or more years of eligibility service.** ▪ Accidental disability – permanently and totally disabled as a direct result of a job related injury. 	The ORP does not include disability benefits. However, if you become disabled you may receive the full value of your ORP account.
Death Benefit	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.	Pre-retirement death benefits are available. The benefit is your account balance, which includes contributions, expenses, and investment gains or losses.
How Benefits are Paid	You may elect one of several payment options available under the plan.	You may elect one of several payment options available through your investment vendor.
Cost of Living Increases	Adjustment is made each July 1 st . 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.	The ORP does not include an annual cost-of-living adjustment.
Portability	Pension benefits are transferable among certain governmental plans within the state of Maryland.	The ORP may be transferrable to a broader array of other employers' retirement programs.
Sick Leave	Accrued, but unused sick leave may be used to increase creditable service* to your account at retirement.	Accrued, but unused sick leave does not increase retirement service credit; it is forfeited at retirement.
Reemployment	When you retire, you may not be reemployed with any State agency for a period of 45 days.	When you retire, you may not be reemployed with any State agency for a period of 45 days.
Earnings Limitation	You may be subject to an earnings limitation if you return to work for any State agency.	You are not subject to an earnings limitation if you return to work for any State agency.
Websites	www.sra.state.md.us You have access to forms, handbooks, pamphlets, newsletters, calculators, and a pre-retirement seminar schedule.	Please visit http://www.towson.edu/hr/current/benefits/ and click on the sidebar for retirement for more information on the ORP plans.

*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.