



UNIVERSITY OF MARYLAND

UNIVERSITY HUMAN RESOURCES

Employees Benefits

1101 Chesapeake Building
College Park, Maryland 20742
301.405.5654 TEL 301.405.8243 FAX
www.uhr.umd.edu

June 14, 2007

MEMORANDUM

TO: Vice Presidents, Deans, Directors, and Department Chairs

FROM: David R. Rieger
Assistant Director for Benefits

SUBJECT: **Important Retirement Enrollment Information**

The University has been informed by the Maryland State Retirement Agency that each institution is required to implement a process that will *automatically* default eligible faculty and staff to the State Teachers' or Employees' Alternate Pension System when the employee does not make a voluntary retirement plan selection by the first day of employment. One consequence of this change is that any eligible faculty or staff member who is defaulted to one of the State plans will have a mandatory 4% of their pay deducted from their paycheck as the employee contribution required by State of Maryland law. This mandatory employee contribution will increase to 5% on July 1, 2008. The Maryland Annotated Code requires enrollment in a retirement plan as a condition of employment.

The implementation of the new default process will be effective the first pay period of the new fiscal year (pay date July 13, 2007). The default to the State pension system will occur automatically via Payroll Human Resources (PHR) when the system recognizes that a retirement selection is not entered into the appointment record. To avoid defaulting to a State retirement plan, faculty and exempt staff that have accepted offers of employment must make a selection no later than their first day of employment. This will allow the unit's PHR creator to enter the retirement selection when the appointment is established.

Any new faculty or exempt staff member who is defaulted to the State plan will have twelve months from the original date of eligibility to switch from the State retirement plan to one of the Optional Retirement Programs (ORP). If the employee opts to switch to one of the ORPs within the twelve month allowance period, participation will be prospective and any premiums paid to the State Pension System will remain with that system until the employee retires or otherwise leaves the institution.

The UHR-Office of Employee Benefits will be conducting training sessions for departments to include more detailed information and specific instructions for departmental PHR creators and benefits administrators. Should you have questions on this matter, please contact the Office of Employee Benefits at (301) 405-5654.

cc: PHR Creators and Approvers
Departmental Benefits Coordinators