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TO: Staff Employees Enrolled in the State Employees "Alternate" Pension System
FROM: Chancellor William E. Kirwan *WE Kirwan*
DATE: April 25, 2007
RE: State's \$600 Match Program – Supplemental Retirement Plans

For the upcoming fiscal year 2008, the General Assembly has funded the State of Maryland's deferred compensation "Match" program at a maximum level of \$600 per employee. This means that for every dollar you contribute in FY 2008, the State will contribute a dollar on your behalf until the maximum of \$600 is reached. *This amount provides a significant savings incentive and all eligible employees are encouraged to participate in a deferred compensation program in order to receive the Match.*

Who is eligible for the Match?

To be eligible for the Match under current law, you must be a member of the State Employees "Alternate" Pension System. You are a member if you are a Regular Status Nonexempt or Exempt Staff employee and the abbreviation ST EMP ALT PEN appears on the right side of your paycheck stub. In addition, you must make contributions to one of three supplemental retirement plans to get the match: 403(b), 457(b) or 401(k). The current program vendors are: AIG-Valic, MSRP-Nationwide, and TIAA-CREF. At the present time, Fidelity does not have a contract in place for its clients to participate in the Match plan, but we expect to have it implemented very soon. You don't have to sign up for the Match — so long as you meet the above requirements, the Match automatically comes to you to a 401(a) account in which you are 100% vested.

Note Groups of Employees NOT Eligible for the \$600 Match: Exempt Staff employees who are enrolled in the Optional Retirement Plan (ORP); Faculty employees enrolled in the ORP or State Teachers Pension System; Staff and Faculty Employees in the State Employees/Teachers Retirement System; Employees on Contingent Status.

To get the full \$600 match for FY 2008, you will need to contribute about \$24 per biweekly pay — assuming 26 pay periods — into one of the participating plans. It is important to note that the State's Match contribution does not affect your contribution limit to the supplemental plans. Also, the IRS does not consider the State's contributions as wages because the contributions are made to a retirement plan. Note that the paycheck stub shows the Match contribution accumulation on a calendar year basis.

If I am not participating in the supplemental retirement plans, what do I need to do to get the Match?

You will need to enroll in one of the three supplemental retirement plans sponsored by the USM: 401(k), 403(b), 457(b). To enroll, please contact your institution's Benefits Coordinator.

Implementation

The effective date of this program is the first pay period for FY 2008. For the former BOT institutions, the first State Match will show on the July 11, 2007 paycheck. For the former UM institutions, the first State Match will show on the July 13, 2007 paycheck. There are 26 pay periods in the fiscal year.

Also, please remember that as a member of the State's Employees Pension System, in order to increase your retirement savings, your current 3% employee contribution to your State Pension Plan will be increasing on July 1, 2007 to 4% and it will cap at 5% on July 1, 2008 per Maryland Law.

Should you have any questions, please contact your institution's Benefits Coordinator.

cc: Presidents; Systemwide Human Resources Committee (SHRC) Members