To: Staff Employees Enrolled in the State Employees Pension System-Modified
From: Chancellor William E. Kirwan
Date: June 1, 2005
Re: Deferred Compensation - State's Match Program

For the upcoming fiscal year, the General Assembly has funded the State of Maryland's deferred compensation "match" program at a maximum level of $400 per employee. This means that for every dollar you contribute in FY 2006, the State will contribute a dollar on your behalf until the maximum of $400 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 "Modified" Pension System. You are a member of the modified pension system if you are a Nonexempt or Exempt Staff employee and the abbreviation ST EMP PEN-MOD 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. The current program vendors are: AIG-Valic, MSRP-Nationwide, and TIAA-CREF. You don't have to sign up for the match — so long as you meet the above requirements, the match automatically comes to you.

Note: Exempt Staff employees who are enrolled in one of the Optional Retirement Plans are not eligible for the $400 match. Faculty employees are not eligible for the match program.

To get the full $400 match for FY 2006, you will need to contribute about $16 per biweekly pay — assuming 26 pay periods — into one of the participating plans. It is important to note that the State’s contributions do not affect your contribution limit. Also, the IRS does not consider the State’s contributions as wages because the contributions are made to a retirement plan.

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. To enroll, please contact your campus Benefits Coordinator.

Implementation
The effective date of this program is the first pay period for FY 2006. For the former UM institutions, the first pay period is June 12 - June 25; the State match will show on the July 1, 2005 paycheck. For the former BOT institutions, the first pay period date is June 22 - July 5; the State match will show on the July 13, 2005 paycheck. There are 26 pay periods in the fiscal year.

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

CC: Presidents
SHRC Members