

## Terms to Know for UMCES Retirement

<b>Annuity</b>	Under the SRPS program, the annuity portion of your benefit is equal to your accumulated contributions plus any interest they may have earned.
<b>Creditable Service</b>	Employment service recognized for computing the amount of any benefit.
<b>Defined Benefit Plan</b>	Any retirement plan that is not an individual account plan. Under a defined benefit plan, there is a definite formula by which your benefit is calculated.
<b>Defined Contribution Plan</b>	Any retirement plan that provides for an individual account for each participant. Under a defined contribution plan, your benefits are based on contributions to your account and any interest gained or lost and contribution lost due to investment performance.
<b>Eligibility Service</b>	Employment service which determines when you are eligible to receive a benefit.
<b>Federal Penalty Tax</b>	A 10% penalty tax is charged on ORP distributions prior to age 59-1/2 unless the distribution was: 1) paid to your beneficiary after your death, 2) due to disability, 3) part of a series of materially equal payments, 4) made following your separation from service following age 55, or 5) made to an alternative payee pursuant to a qualified domestic relations order. Please consult your tax advisor for more information.
<b>Final Average Salary</b>	The average of your three highest consecutive years of compensation for members of the Employee or Teachers Pension System, or the average of the highest of <u>any</u> three years of compensation for members of the Retirement System.
<b>Normal Retirement Age</b>	<p>Your normal retirement age is:</p> <ul style="list-style-type: none"> <li>• age 62 with at least five years of eligibility service,</li> <li>• age 63 with four years of eligibility service,</li> <li>• age 64 with three years of eligibility service,</li> <li>• age 65 or older with two years of eligibility service, or</li> </ul>

	<ul style="list-style-type: none"> <li>any age with 30 years of eligibility service.</li> </ul>
<b>Social Security Integration Level</b>	The average of the Social Security Wage Bases for the 35 years preceding your year of retirement. Integration level can be obtained by contacting the Social Security Administration at 1-800-772-1213 or <a href="http://www.ssa.gov">www.ssa.gov</a> .
<b>Social Security Wage Base</b>	The amount of your salary which is taxed for Social Security or Federal Insurance Contributions Act (FICA).
<b>Vested</b>	Vesting means you are entitled to benefit payments. Under the SRPS, you are 100% vested after five years of eligibility service payable at age 62 or reduced payments as early as age 55 if you have 15 or more years of eligibility service. Under the ORP, you are immediately 100% vested in the State's contributions, your pre-tax contributions and any investment earnings accumulated in your account.