

# Press Release

Maryland State Retirement and Pension System  
120 East Baltimore Street • Baltimore, Maryland 21202-6700



MARYLAND  
STATE RETIREMENT  
*and* PENSION SYSTEM

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**For Immediate Release**

Contact: Benjamin Robb

410-625-5506

brobb@sra.state.md.us

## Eligible retirees to receive up to 4.116% cost-of-living adjustment in July

Baltimore, MD (February 27, 2024) — Eligible payees (retirees and beneficiaries) of the Maryland State Retirement and Pension System will notice a boost in their monthly allowance beginning in July as the 2024 cost-of-living adjustment (COLA) takes effect.

This year's COLA rate of 4.116% exceeds the statutory rate caps that apply to all or a portion of the allowance payable to most payees. The information below summarizes the COLA rate that generally applies to payees of the various State systems:

### Correctional Officers' Retirement System

- 4.116% on the portion of the allowance based on creditable service earned before July 1, 2011, and 2.5% on the portion earned on or after July 1, 2011

### Employees' and Teachers' Pension Systems

- 3% on the portion of the allowance based on creditable service earned before July 1, 2011, and 2.5% on the portion earned on or after July 1, 2011

### Employees' and Teachers' Retirement Systems

- For payees subject to Selection A (Additional member contributions) or who separated from service on or before June 30, 1984, the COLA is 4.116%.
- For payees subject to Selection B (Limited COLA), the COLA is 4.116%.
- Payees subject to Selection C (Combination formula) are subject to the following COLA rates:
  - For payees who were subject to Selection A before electing Selection C, the COLA is 4.116% on the portion of the allowance based upon creditable service earned before electing Selection C and 3% on the portion earned after electing Selection C.
  - For payees who were subject to Selection B before electing Selection C, the COLA is 4.116% on the portion of the allowance based upon creditable service earned before electing Selection C and 3% on the portion earned after electing Selection C.
- See the frequently asked questions below for a description of Selections A, B, and C.

## **Law Enforcement Officers' Pension System**

- 3% on the portion of the allowance based on creditable service earned before July 1, 2011, and 2.5% on the portion earned on or after July 1, 2011, (except for transferees from the Employees' or Teachers' Retirement System under Selections A or B who did not elect to participate in the Law Enforcement Modified Pension Benefit, who will receive 4.116%)

## **Local Fire and Police System**

- 3% (except for transferees from the Employees' Retirement System, who will receive 4.116%)

## **State Police Retirement System**

- 4.116% on the portion of the allowance based on creditable service earned before July 1, 2011, and 2.5% on the portion earned on or after July 1, 2011

This COLA does not apply to most payees of the Legislative Pension Plan and Judges' Retirement System. The majority of payees from these systems receive adjustments based on the salary increases received by active legislators and judges.

The rules concerning COLAs are set forth in the Maryland Annotated Code, State Personnel and Pensions Article, Title 29, Subtitle 4. If there are any questions of interpretation, the law will control to resolve them.

## **Frequently asked questions**

**Q.** Who qualifies to receive the COLA this July?

**A.** A payee must be receiving an allowance based upon a retirement that was effective on or before July 1, 2023, to receive this year's COLA. Those receiving an allowance based on a retirement that was effective after July 1, 2023 (August 2023 or later) will receive their first COLA increase in July 2025.

**Q.** Which payment will include the new COLA increase?

**A.** Qualifying payees will see the adjustment in their July 2024 allowance payments, payable July 31, 2024.

**Q.** How is the annual COLA increase applied?

**A.** Each payee's benefit system determines how the annual increase is calculated for that person's payment. Eligible payees receive either a compound rate or a simple rate. For payees receiving the compound rate, the COLA increase is based on their current allowance, allowing COLAs to compound over time. Under the simple rate, the increase is based on the initial allowance.

**Q.** How is the COLA rate determined?

**A.** The COLA rate is based on the calendar-year-over-calendar-year change in the Consumer Price Index (all urban consumers – United States city average – all items, not seasonally adjusted, 1967 = 100) as published by the United States Department of Labor, Bureau of Labor Statistics.

**Q. What are Selections A, B, and C for the Employees' and Teachers' Retirement Systems?**

A. Under Selection A, the member elected to pay a higher contribution rate (generally 7% of pay) to maintain all benefits, including unlimited COLA. Under Selection B, the member continued to pay the pre-1984 contribution rate (generally 5% of pay) to maintain all benefits except unlimited COLA. COLA is capped at 5%. Under Selection C, the member chose a combination, or two-part (bifurcated) benefit. The portion of the allowance based on creditable service prior to the election is calculated based on the member's prior election of Selection A or B, and the portion based on creditable service after electing Selection C is calculated at retirement as a pension system benefit.

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The Maryland State Retirement and Pension System is charged with the fiduciary responsibility for properly administering the retirement and pension allowances of nearly 175,000 retirees and beneficiaries as well as the future benefits for more than 245,000 active and former members. These groups include state government employees, teachers, law enforcement personnel, legislators, judges and local government employees and fire fighters whose employers have elected to participate in the system.