

## 2009 RETIREMENT BENEFIT STATEMENT – Questions and Answers

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**Q.** How do I access my retirement statement?

**A.** To access your retirement statement from any MCPS computer, click on “For Staff” tab on the MCPS website. Next, click on “myMCPS” link located on the left navigation bar under the title “Most Requested”. Use your outlook ‘user id’ and ‘password’ to view your retirement statement for 2009. From any computer outside MCPS you follow the same procedure but you must enter the domain name (ES, SEC, or MCPSMD with a backslash in front of your login ID. Example: ES\smithjon or SEC\robinsla, or mcpsmd\kleinric.

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**Q.** Does it matter whether I receive my core plan benefits from the Maryland State Teachers’ Pension Plan or the MCPS Pension Plan?

**A.** The core benefit provided by the State Teachers’ Pension Plan and the MCPS Pension Plan is identical. The State plan permits membership based upon jobs and functions. Employees who are not eligible for State plan membership are automatically enrolled in the MCPS plan and receive identical benefits funded by MCPS.

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**Q.** Does my plan membership change if I take a different job with MCPS?

**A.** No. Once you are enrolled in a core and supplemental plan, you will remain in those pension plans regardless of changes in your job or assignment.

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**Q.** How can I confirm my plan membership?

**A.** Your core and supplemental plan membership is shown on of your MCPS Statement of Retirement Benefits.

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**Q.** What do I need to do with my retirement statement?

**A.** The information in your retirement statement about your projected benefits may be used in conjunction with your financial planning for retirement. In addition, you should review all of the information carefully, and promptly advise the Employee and Retiree Service Center (ERSC) in writing about any questions or discrepancies.

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**Q.** How often will I receive future retirement statements?

**A.** Retirement statements are produced each fall with information updated through the previous fiscal year. Beginning with the 2009 statement and going forward, all yearly statements will remain available for viewing online and may be printed or saved as a file on your own computer. As future year statements are added, they will appear in the order from the most recent fiscal year to the oldest.

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**Q.** Does my sick leave balance add additional credited service toward my retirement?

**A.** Yes, unused earned sick leave is converted to additional service credit at the time of retirement. The additional service credit is calculated on your earned sick leave balance at the time of retirement. Additional service credit based on your current earned sick leave is not included in the service credit on your statement.

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**Q.** How much do I contribute each year to the pension plan?

**A.** Pension Plan members contribute 5.0 percent of scheduled annual pay to the core plan and 0.5 percent of pay to the supplemental plan. Contributions are paid on a pre-tax basis and are mandatory.

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**Q.** Does MCPS contribute to my retirement plan?

**A.** Yes, MCPS makes annual contributions to a pension trust to fund future retirement benefits for all MCPS employees. The MCPS contribution amount is determined annually based on an actuarial valuation of plan assets and liabilities. The MCPS contributions are significantly more than the required employee contributions.

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**Q.** How is my retirement benefit amount determined?

**A.** The MCPS Pension Plan is a defined benefit plan where your benefit amount is determined by the plan formula using your years and months of credited service and your average final pay. Average final pay is the average of your highest three consecutive years of annualized pay.

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**Q.** Does the amount of my contributions affect my retirement benefit?

**A.** No. Although contributions are mandatory, your contribution balance does not affect the amount of your benefit at retirement. The MCPS pension plan is a defined benefit plan rather than a defined contribution plan.

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**Q.** Is there an advantage to working beyond my normal retirement date?

**A.** Yes. If you continue to work beyond your normal retirement date you will continue to earn additional retirement credit. Additionally, if your earnings increase, your average final salary will be higher. A higher average final salary and/or additional service will result in a greater retirement benefit amount when you eventually retire. There is no cap on the amount of service credit you may earn.

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**Q.** What is a vested benefit?

**A.** If you terminate employment prior to retirement eligibility, a vested benefit is a future retirement benefit that will be paid to you at your normal retirement date (age 62). You must have at least five years of eligibility service to be entitled to this future benefit.

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**Q.** The status is listed as “non-vested” with a benefit amount of zero in the Vested Benefits section of my statement. What does this mean?

**A.** If your statement has a zero under Vested Benefits, you had not yet earned the required 5 years of eligibility service at the end of the fiscal year to be vested.

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**Q.** What happens to my contributions if I terminate employment before I am vested?

**A.** If you are not vested and terminate employment, you will receive a refund of your employee contributions to the pension plan plus accrued interest. Refunds greater than \$200 may be rolled over into another tax-deferred plan such as an Individual Retirement Account (IRA) or the balance may be sent directly to you after the required tax withholdings have been deducted.

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**Q.** What are my options if I am vested and terminate employment?

**A.** If you are vested and terminate employment prior to retirement you may elect to receive a future monthly retirement benefit at age 62 or you may elect to receive a refund of your contributions plus interest or you may elect to rollover your accumulated contributions and interest into an Individual Retirement Account (IRA). If you elect the future retirement benefit, you must leave your contributions and interest in the plan. If you elect the refund option, you must request the refund in writing using the forms automatically sent to terminated employees. If you elect the refund or rollover option, you will not receive a monthly retirement benefit beginning at age 62.

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**Q.** Why is my vested benefit amount higher than my early retirement benefit?

**A.** Your vested benefit is the amount you will receive if you terminate employment as of the date shown and wait until the first of the month following age 62 to begin collecting the vested benefit. Your early retirement benefit allows you to begin collecting your retirement benefit earlier, as early as age 55, if you have at least 15 years of eligibility service credit. However, an early retirement reduction or penalty reduces the amount of your benefit when you elect to retire early. The reduction is 6 percent of the benefit earned for each year you are early as measured from the normal retirement age of 62. As a result of these factors, your vested benefit amount payable at age 62 may be higher than your early retirement benefit paid at age 55.

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**Q.** I selected beneficiaries for my pension plan, but do not see any beneficiary information. Does this mean there is no record of my beneficiary designations?

**A.** Beneficiary information is currently stored on paper forms. In the future, beneficiary elections will be made in electronic format at which time beneficiary information will be added to your annual statement.

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**Q.** How can I verify my current beneficiary designations?

**A.** Beneficiary information cannot be provided over the telephone or via e-mail due to privacy regulations. If you are unsure about your beneficiary election then you should complete a new beneficiary form and submit the form to ERSC. If you are a member of the state core plan, you will also need to update your beneficiary with the state. Changing your beneficiary designations does not affect your life insurance or 403(b) or 457(b) accounts. You must contact the vendor directly to change your retirement savings account beneficiary(ies).

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**Q.** How can I update my beneficiary information?

**A.** Beneficiary designation forms are available for both the MCPS and State pension plans from several different sources. You can obtain these forms as follows: The *MCPS Form 455-5, Designation of Beneficiary/Beneficiaries* is available on the ERSC website at: [www.montgomeryschoolsmd.org/departments/forms/pdf/455-5.pdf](http://www.montgomeryschoolsmd.org/departments/forms/pdf/455-5.pdf). The State Form 4 is available on the State Retirement Agency's website at: [www.sra.state.md.us/forms/form\\_printing\\_active.htm](http://www.sra.state.md.us/forms/form_printing_active.htm). Once completed, these forms should be forwarded to the appropriate office for processing.

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**Q.** I have noticed there is a service credit difference between the service credit on my State Personal Statement of Benefits and my MCPS statement. Is there something wrong?

**A.** For a variety of reasons, credited and/or eligibility service on your State statement may be different than shown on your MCPS statement since each system keeps its own independent records. You may have participated in the State plan while working for another jurisdiction or you may have received credit for purchase of prior service, periods of leave, or military credit in one plan, and not the other. Each plan will determine the correct benefit amount based upon the service record for the respective plan. If you believe either statement shows an incorrect amount of service, contact that plan in writing and provide details about service records that you believe are incorrect. Questions about your MCPS service record should be requested in writing and sent to ERSC. Questions about your State service record must be sent in writing with a copy of your statement to the *Maryland State Retirement Agency, 120 East Baltimore Street, Baltimore, Md. 21202-6700*.

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**Q.** My service credit record does not include my active military service credit. How can I get that service included in my service balance and shown on my retirement statement?

**A.** After 10 years of employment with MCPS, you may receive up to 5 years of service credit for periods of active duty military service if you are not receiving credit for the military service period in any other retirement or pension system. If you have qualifying military service, you should visit the ERSC website to obtain MCPS Form 455-18, *Statement of Military Service Employee's Retirement or Pension System* and the SRA website to obtain State Form 43 (if you are a member of the State Pension System). Military service credit must be established with separate forms for each plan. Return both completed forms to ERSC and include a copy of your military discharge papers that reflect your dates and types of service. Active military service credit is granted at no cost to you once approved. You will be notified once the service is granted, and your annual retirement statement will show the additional credit in future years.

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**Q.** How can I obtain additional information about the details of my MCPS Pension Plan?

**A.** Please refer to the detailed articles in the “Understanding Your Retirement Statement” publication for explanations about your retirement statement. The publication and additional reference information is available on the ERSC website at [www.montgomeryschoolsmd.org/departments/ersc/retirement\\_planning.shtm](http://www.montgomeryschoolsmd.org/departments/ersc/retirement_planning.shtm). Questions may also be directed to the ERSC mailbox at [ersc@mcpsmd.org](mailto:ersc@mcpsmd.org).

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**Q.** Will I be able to meet with a retirement specialist to discuss my retirement options?

**A.** Employees may attend a retirement workshop hosted by the Employee and Retiree Service Center. Scheduled dates and topics to be discussed are posted on the ERSC website. Employees who participate in the Maryland State Teachers' Pension Plan may also contact the Maryland State Retirement Agency to schedule an appointment. ERSC is not able to offer individual counseling sessions.