

2007 RETIREMENT BENEFIT STATEMENT – Questions and Answers

Q. What does it mean if I have a green retirement statement?

A. If your statement is printed in green text, you receive both your core retirement benefit and your supplemental retirement benefit from Montgomery County Public Schools (MCPS). Your statement shows personal information, projected benefits, and service information about both core and supplemental pension plans.

Q. What does it mean if I have a blue retirement statement?

A. If your statement is printed in blue text, you receive your core retirement benefit from the Maryland State Teachers' Pension Plan and your supplemental retirement benefit from MCPS. Your statement only shows personal information, projected benefits, and service information about your supplemental pension plan. You receive a separate annual statement from the Maryland State Teachers' Pension Plan showing your core pension plan benefits.

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' 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.

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.

Q. How can I confirm my plan membership?

A. Your core and supplemental plan membership is shown on page 2 of your MCPS Statement of Retirement Benefits. If you received a blue statement, you are in the Maryland State Teachers' core plan and the MCPS supplemental plan. If you received a green statement, you are in both the MCPS core and supplemental plans.

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.

Q. My retirement statement was sent to an incorrect address. How can I correct my mailing address?

A. Complete *MCPS Form 445-1, Change in Personal Information*, and send the form to ERSC. This form can be found on the ERSC Web site at www.montgomeryschoolsmd.org/departments/forms/pdf/445-1.pdf.

Q. How often will I receive future retirement statements?

A. Retirement statements are produced each fall with information updated through the previous fiscal year.

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. Because the additional service credit is calculated on your earned sick leave at the time of retirement, the service credit earned for unused sick leave is not included in the service credit on your statement.

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

A. Pension Plan members contribute 4 percent of scheduled annual pay to the core plan and 0.4 percent of pay to the supplemental plan. Contributions are paid on a pre-tax basis and are mandatory. Contributions will increase to 5.5 percent of covered salary effective July 1, 2008.

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.

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.

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.

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 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.

Q. What is a vested benefit?

A. If you terminate employment, 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.

Q. The Vested Benefits section of my statement says "*I am not vested*" and shows a benefit amount of zero. 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.

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 all 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.

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 your normal retirement date or you may elect to receive a refund of your contributions plus interest. 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 option, you will not receive your earned monthly retirement benefit beginning at age 62. The return of contributions and interest may be rolled 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.

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.

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.

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.

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 Web site at:

<http://www.montgomeryschoolsmd.org/departments/forms/pdf/455-5.pdf>. The State Form 4 is available on the State Retirement Agency's Web site at:

www.sra.state.md.us. Once completed, these forms should be forwarded to the appropriate office for processing.

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 the plan in writing and provide details about service records that you believe are incorrect. Questions about your MCPS service record should be 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, 14th floor, Baltimore, Md. 21202-6700*.

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 request MCPS Form 455-18 from ERSC and State Form 43 from the State Retirement Agency (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.

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 Web site at www.montgomeryschoolsmd.org/departments/ersc/retirement_planning.shtm. Questions may also be directed to the ERSC Webmaster mailbox at ersc@mcpsmd.org.

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 Web site. Employees who participate in the Maryland State Teachers’ Pension Plan may also contact the State of Maryland Retirement Agency to schedule an appointment. ERSC is not able to offer individual counseling sessions.