



# Understanding Your Retirement Statement



EMPLOYEE AND RETIREE SERVICE CENTER • MONTGOMERY COUNTY PUBLIC SCHOOLS • ROCKVILLE, MD

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## 2011 MCPS Retirement Benefit Statement Now Available

Your MCPS Retirement Benefit Statement is now available online. Your statement reports the projected future benefit amount of your MCPS Core and/or Supplemental Pension Plans. You can access your statement online by logging in to your [myMCPS](#) account.

► Access to your statement is secure and convenient—you can view or save your retirement information any time.

### ON YOUR RETIREMENT BENEFIT STATEMENT, YOU'LL FIND—

- Plan membership information
- Eligibility dates for retirement
- Projected benefit amounts at normal and early retirement dates
- Eligibility and credited service
- Purchased, transferred, and military service
- Projected vested benefits in the event of resignation prior to retirement
- Access to prior year statements ■

## 2011 Changes to Your Pension Benefits

In a time when many large employers have decreased or discontinued employee pensions, your MCPS Pension Plan continues to offer future income and stability as you plan for your retirement years.

This year, the Maryland General Assembly instituted pension reform for the State Teachers' Pension Plan, also known as the State core plan, as part of House Bill 72. To maintain equivalence with the state plan and to effectively respond to the current budget situation, MCPS also instituted changes to the MCPS core pension plan.

While changes to the pension system were necessary, MCPS strove to minimize the impact of these changes on current employees and to protect the availability of your future pension benefits. As a result, all current employees will continue to receive pension benefits upon retirement—in most cases, a benefit that equals 60 percent of average final earnings after 30 years of service. This stability was achieved in part by increasing the

employee contribution from 5.5 percent of salary to 7.5 percent of salary. The increased contribution is a small part of the total contribution to your pension, the rest a result of MCPS and State funding.

In addition, MCPS remains the only public school system in Maryland to offer a supplemental pension plan in addition to your core pension plan, regardless of whether you will receive a core benefit from the Maryland State Teachers' Pension or from the MCPS Core Pension Plan.

To learn more about the 2011 pension plan changes, visit the [Pension Plan Changes webpage](#). ■

### Did You Know?

You can click on any of the **blue text** in this issue to be linked directly to additional resources and forms.

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# Understanding Your Retirement Statement

## About Your Retirement Benefits

Your MCPS Personal Statement of Retirement Benefits provides an annual estimate of future retirement benefits. In order to provide this information, certain assumptions were made. The annual benefit amount shown assumes you will continue to work until you are eligible to retire. In addition, the amounts indicated do not assume any increase in wages or any change in work schedules, although it is expected that salaries will increase over time.

### NORMAL RETIREMENT

The normal retirement date is when you are eligible for a full, unreduced retirement benefit.

Eligibility service in the pension plan is used to qualify for retirement and credited service is used to calculate your retirement benefit. The more credited service you earn, the greater your retirement benefit.

The following chart details when and how MCPS pension plan members become eligible for normal retirement.

Age	Years of eligibility service
Any	30
62	at least 5 years
63	at least 4 years
64	at least 3 years
65	at least 2 years

### NORMAL RETIREMENT EXAMPLE

An employee at age 52 with 30 years of eligibility and credited service and an average final salary of \$60,000 is entitled to full retirement benefits.

	Monthly Benefit	Yearly Benefit
Supplemental benefit	\$ 300.00	\$ 3,600.00
Core benefit	\$2,700.00	\$32,400.00
<b>TOTAL</b>	<b>\$3,000.00</b>	<b>\$36,000.00</b>

### EARLY RETIREMENT

If you choose to retire prior to your normal retirement date, you will receive a reduced retirement benefit. This is referred to as early retirement. To retire early, you must be at least age 55 and have at least 15 years of eligibility service.

If you choose to retire early, your retirement benefit will be reduced by 6 percent per year, prorated for years and months of service for each year/month retired prior to age 62.

For example, if you decide to retire at age 55 and have the required 15 years of eligibility service, you would retire seven years early, based on age. The benefit would be reduced by 42 percent (7 years x 6 percent).

Table 1 below is an example of an early retirement calculation.

### VESTED BENEFITS

If you resign employment before you qualify for retirement but after earning five years of eligibility service, the retirement benefit earned as of your termination date will be paid beginning at your normal retirement age of 62. This is called a vested benefit. You must apply for this benefit; it is not automatic.

If you resign before becoming vested, you will receive a refund, or you may roll over any accumulated employee contributions and interest to date. You will not be entitled to any future retirement benefit.

Vested	5 or more years of eligibility service
Non-vested	Less than 5 years of eligibility service

**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, it means that at the end of the fiscal year you had not yet earned the required five years of eligibility service.

**TABLE 1. EARLY RETIREMENT EXAMPLE—AGE 61 WITH 20 YEARS OF ELIGIBILITY SERVICE, \$60,000 AVERAGE FINAL SALARY (AFS)**

	Monthly benefit before reduction	Monthly benefit with reduction	Yearly benefit before reduction	Yearly benefit with reduction
Supplemental benefit	\$ 200.00	\$ 188.00	\$ 2,400.00	\$ 2,256.00
Core benefit	\$ 1,800.00	\$ 1,692.00	\$ 21,600.00	\$ 20,304.00
<b>TOTAL</b>	<b>\$ 2,000.00</b>	<b>\$ 1,880.00</b>	<b>\$ 24,000.00</b>	<b>\$ 22,500.00</b>

## Retirement COLA

Your benefit is adjusted during your retirement years based on an annual cost-of-living adjustment (COLA). Typically, a COLA is applied to your retirement benefit each year.

It is important to understand when COLAs are applied and how they are calculated so that you can plan accordingly for your retirement.

The date you will receive your first COLA depends on the date you choose to retire. The COLA is added to MCPS core and supplement plan benefits as of January 1 each year and to the State Teachers' Pension Plan (State core plan) benefits as of July 1 each year. MCPS Core and Supplemental Pension Plan members must be retired for at least one month to receive a COLA on January 1. Members of

the state core plan must be retired for one full year before receiving a July 1 COLA. This means that, in some instances, retiring one month later will result in a one-year delay in receipt of your first cost-of-living adjustment.

One of the recent changes to employee pensions is the way in which your post-retirement COLA will be calculated for the portion of your benefit based on credited service you earn after July 1, 2011.

## Understanding Your Retirement Statement

### Retirement COLA (continued)

The State core plan and MCPS core and supplemental plans will handle COLAs for this period of time differently.

- **State core plan members:** You will receive a conditional COLA for benefits based on credited service earned after July 1, 2011. A conditional COLA is applied only if certain conditions are met for that year. If the State Teacher Pension Trust's investment returns meet their expectations for the year, then a COLA will be applied that is equal to the consumer price index (CPI) with a 2½ percent cap. If the plan does not do as well as expected during the year, then the adjustment will be equal to the CPI but will be capped at 1 percent. For additional information about the conditional COLA, please visit the

[Maryland State Retirement Agency website.](#)

- **County core plan members:** The COLA for benefits based on credited service earned after July 1, 2011, will be based on the CPI and capped at 2 percent. No additional conditions will be applied to obtain the yearly COLA.
- **County supplement plan members** (all employees, regardless of core plan membership): The COLA for benefits based on credited service earned after July 1, 2011, will be based on the CPI and capped at 2 percent. No additional conditions will be applied to obtain the yearly COLA.

For benefits based on credited service earned prior to **July 1, 2011**, the annual COLA you receive as a retiree will be applied according to the yearly CPI, with a 3 percent cap, with no additional conditions. The COLA for your core and supplemental plans for all service earned prior to July 1, 2011, is applied in the same way, regardless of your core plan membership. ■

U.S. Department of Labor's Consumer Price Index (CPI) is the most widely used measure of inflation. The CPI provides information about price changes in the nation's economy to government, business, labor, and private citizens, and is used as a guide to make economic decisions.

## Learn More about Retirement

### MCPS RETIREMENT INFORMATIONAL SESSIONS

The Employee and Retiree Service Center (ERSC) will conduct Retirement Informational Sessions for employees who are considering retirement within the next two years. Pre-registration is not required to attend a session.

Topics for each session include a timeline for retirement, eligibility, benefit formulas, leave payoff, post-retirement health and life insurance, taxes, and forms. ERSC staff will be available to answer questions and assist members with the retirement process.

Visit [our website](#) to see dates and learn more.

### STATE TEACHERS RETIREMENT AND PENSION PLANS PRE-RETIREMENT SEMINARS

Pre-retirement planning seminars are scheduled for members of the State Teachers' Plan and their spouses who are within eight years of retirement. Topics include Social Security and health benefits, legal considerations, and financial planning. Visit [our website](#) for dates and to learn more. ■

## What is the Difference Between Eligibility Service and Credited Service?

Your retirement benefit statement reflects two types of service—eligibility and credited service.

### ELIGIBILITY SERVICE

Eligibility service is used to determine when you qualify for a retirement benefit.

You earn one year of eligibility service for each year you have worked a minimum of 500 hours. Even if you work less than 40 hours per week, you will receive full eligibility service as long as you work at least 500 hours during the year.

If you do not work 500 hours in a fiscal year, then your eligibility service will be prorated based on hours worked.

### CREDITED SERVICE

Credited service is used in the calculation of your retirement benefit. You earn credited service—1 year of credited service is defined as 10 months from September 1–June 30.

If you work part time, the credited service is prorated based on your scheduled hours. An example for two employees who have different work schedules and are eligible for retirement follows. As expected, if you work part time, you will earn less credited service and your retirement benefit will be lower.

### YEARLY SERVICE EARNED

Employee 1	Employee 2
Full-time hours (40/week)	Part-time hours (20/week)
1 year of eligibility service	1 year of eligibility service
1 year of credited service	½ year of credited service

## Understanding Your Retirement Statement

### Life Insurance and Pension Death Benefits

#### LIFE INSURANCE

You automatically are enrolled in basic employee term life insurance, effective the first day of the month following your hire date. The value of the basic employee life insurance is based on your annual salary (rounded down to the nearest \$1,000 and multiplied by 2). You share the cost of this insurance with MCPS—you pay 10 percent and MCPS pays 90 percent of the required premium. You may decline the life insurance when completing the benefit enrollment form as a new hire or make changes during a subsequent open enrollment period.

At the time of employment, you must name one or more beneficiaries for your basic employee life insurance. You may designate a person(s) as the beneficiary(ies), or you may name an estate or organization. You can elect to name both primary and contingent beneficiaries. A primary beneficiary(ies) is your first designation to receive the life insurance benefit at the time of your death. A contingent beneficiary(ies) would receive the life insurance benefit in the event that all primary beneficiary(ies) are no longer living at the time of your death.

All eligible employees enrolled in basic employee life insurance are entitled to purchase additional life insurance coverage equal to their annual salary. The cost of optional employee life insurance is based on age and is paid entirely by you through payroll deductions. Current employees who did not elect coverage during the initial period of eligibility can enroll during a future open enrollment. You will be required to provide evidence of insurability and be approved for coverage by the Prudential Life Insurance Company.

#### WHAT HAPPENS TO LIFE INSURANCE WHEN I RETIRE?

At retirement, you may either elect to continue life insurance coverage or cancel coverage completely. If you elect to cancel coverage, you are not permitted to re-enroll.

The life insurance carried into retirement is a reducing amount. At retirement, your basic life insurance value is 42.5 percent of the value of your active employee life insurance coverage. On the anniversary of your retirement over the next four years, your life insurance will be reduced by 7.5 percent of the active employee life insurance. In your fifth year, the final value of 12.5 percent of the active employee life amount will remain for your lifetime benefit, as long as the premiums are paid.

There is a monthly premium for retiree life insurance. The current rate is .4236 cents per \$1,000 of coverage per month. The premiums will be deducted from your retirement benefit check. Rates for retiree life insurance are subject to change.

The optional life insurance plan ends at retirement. You may elect to convert the optional life insurance amount, as well as the difference between the basic employee life insurance and the initial retiree life insurance amount, to an individual policy through Prudential within 30 days of your retirement date. Please contact the Prudential Life Insurance Company directly at 1-877-889-2070 for life insurance benefit conversion information.

Remember to update your beneficiary information after a life event such as marriage, divorce, births, or a death in the family. All beneficiary designation forms are available on the [ERSC website](#).

#### PENSION DEATH BENEFIT

The pension plan death benefit is separate from the MCPS life insurance benefit. The retirement plan offers benefits for your designated beneficiary(ies) in the event of your death prior to retirement. The pension death benefit is based on your status at the time of death.

Coverage for an active employee is effective after you have completed one year of credited service.

#### WORKING–NOT ELIGIBLE TO RETIRE

If you do not have enough years of service to retire (early or normal), your beneficiary(ies) receives a one-time payment, equal to your annual salary at the time of death, plus a refund of all accumulated member contributions with interest. If you are on leave at the time of death, the leave must be an “approved leave of absence” to qualify for the death benefit.

#### WORKING–ELIGIBLE TO RETIRE

If you are working but eligible to retire (early or normal) at the time of death, and if your surviving spouse was named as your sole primary beneficiary, your spouse has the option of receiving the annual/monthly lifetime benefit that you were eligible for at the time of death instead of a one-time payment of salary and contributions with interest. The eligibility for retirement also makes a surviving spouse eligible for health insurance.

If you are working but eligible to retire at the time of death, and you do not have a surviving spouse named as your sole primary beneficiary, then your beneficiary(ies) will receive a single payment equal to your annual salary and a return of all accumulated member contributions with interest.

## Understanding Your Retirement Statement

### Obtaining Additional Service (Purchased, Transfer, Military)

#### PURCHASING SERVICE

During the 12 months preceding retirement, you may be able to purchase additional service under various categories. Purchasing service at retirement can increase your retirement benefit amount, and you may qualify for retirement earlier than anticipated. Additional service must be purchased at least 90 days prior to retirement.

You may purchase a minimum of one month, up to a maximum of 10 years, if you were previously employed by one of the following:

- Federal government
- Out-of-state municipality
- Nonparticipating Maryland municipality
- Private, parochial, or out-of-state school (teaching only)

As the employee, you pay the full cost of purchased service. The cost depends on age, final salary, and the amount of service you wish to purchase. Typically, purchasing service is expensive.

In addition, previous service may be purchased for periods of the following types of qualified approved leave:

- Personal illness
- Professional leave
- Academic leave
- Adoption leave
- Maternity/paternity leave
- Government-sponsored or subsidized employment
- Service in a professional or employee organization

You may receive retirement credit for the types of leave noted above. If you are on a paid qualified leave of absence, contributions are paid during the time of leave and you earn service credit. If you are on an unpaid qualified leave of absence, you can purchase service for the period of leave after returning to work.

You do not have to wait until the time of retirement to purchase credit for periods of approved leave. Purchasing leave of absence time is less costly when it is purchased immediately after returning to work.

It is extremely important to file all required paperwork during an approved leave of absence. This ensures that you are eligible to purchase service credit for the period of leave and the active employee pension death benefit will remain in effect during the period of leave. You must pay any contributions missed during the approved leave (plus interest) to be eligible for retirement credit.

To purchase service, you must submit **ERSC Form 421: Request to Purchase Service** to the Employee and Retiree Service Center at least 90 days prior to your retirement.

#### TRANSFER OF SERVICE

If you are eligible, there is no cost to transfer service to MCPS from one of the following agencies:

- Another school system within Maryland
- State of Maryland government
- Maryland-National Capital Park and Planning Commission

To be eligible, you must transfer directly into an MCPS position from another position, with no break in service. The transfer of service must be between similar plans. The MCPS Pension Plan is a defined benefit plan, and to be eligible to transfer service into the MCPS plan, your service and contributions must be from another defined benefit plan. Transferred service has to be applied for within the first year after changing positions. Once approved, your service and contributions will be transferred. MCPS works in collaboration with your previous employer to verify and process the transfer of service and contributions.

#### MILITARY SERVICE

After 10 years of credited MCPS service, you may receive up to a maximum of five years of credited service for active duty military service. You may not claim this military service with any other retirement or pension system. This restriction also includes military pensions.

There is no cost to obtain military service credit. Once the military service is granted, future statements will reflect the additional service credit.

It is your responsibility to apply for military credit and complete the required forms before retirement or resignation from MCPS. Once you have retired or resigned, no additional credit may be claimed.

To obtain credited service in your MCPS Pension Plan for active duty military service, you must submit **MCPS Form 455-18: Statement of Military Service** to ERSC.

For specific instructions on how to purchase additional service or how to obtain credit for military or transferred service, please contact ERSC at [ersc@mcpsmd.org](mailto:ersc@mcpsmd.org) or by calling 301-517-8100, Monday–Friday, 8:00 a.m.–4:30 p.m. ■

#### Did you know?

The Employee and Retiree Service Center (ERSC) offers a Retirement Planning webpage to help you navigate the retirement process. If you are planning an upcoming retirement, you'll find a helpful timeline that will walk you through each step and connect you directly with all the forms you need.

**Visit us today.**

### Retirement Resources

The Employee and Retiree Service Center offers more resources to help you plan for retirement:

- **A DETAILED RETIREMENT TIMELINE**

Make sure you're prepared at every step of the way. Our [Retirement Planning](#) webpage will tell you what to do in even greater detail.

- **MCPS RETIREMENT INFORMATIONAL SESSIONS**

Retirement experts from ERSC will present important retirement information and take your most pressing retirement questions. [Visit our website](#) to learn more and see the upcoming dates.

- **MCPS FORMS WORKSHOPS**

Familiarize yourself with the necessary retirement forms and get help from the ERSC experts. See upcoming [workshop dates](#).

- **UNDERSTANDING YOUR RETIREMENT**

[Understanding Your Retirement](#) provides a comprehensive retirement guide. ■

### Retirement Savings Plans

You can supplement your retirement income with additional retirement savings by using the 403(b) and/or 457(b) defined contribution plans. The 403(b) and 457(b) plans are an important way to invest for retirement and offer savings on your current income taxes.

The defined contribution savings plans are tax-deferred personal retirement savings accounts where pre-tax contributions and account earnings are not subject to taxation until the money is withdrawn. All contributions and earnings are held in a personal account (in your name), and you receive statements from your selected vendor(s).

Any of the nine [MCPS-approved vendors](#) can assist with setting up an account, choosing investments, and providing valuable information for developing a sound financial plan for retirement. Currently, more than 11,000 MCPS employees participate in the voluntary retirement savings programs.

You may withdraw contributions and account earnings in the future (typically

after retirement, or on reaching age 59½). Contributions and earnings are subject to plan and Internal Revenue Service (IRS) withdrawal requirements.

All investments are made on a pre-tax basis through the convenience of payroll deductions. The investments are tax-deferred with no federal, state, or local income taxes imposed on the money contributed until withdrawn from the plan.

Currently, employees may contribute no more than 82 percent of their salary, up to the IRS maximum calendar year deferral limit in each retirement savings plan.

For more information about 403(b) and 457(b) plans, please visit [our website](#). This site features detailed information regarding both 403(b) and 457(b) plans, investment calculators, and links to plan documents and MCPS forms. It also features specific vendor information for each of our plan vendors, detailing their investment options and representative contact information, and forms to update or maintain your account(s). ■

### Should I Work Past My Normal Retirement Date?

Employees who have earned 30 years of eligibility service credit or who are 62 years old with at least five years of eligibility service credit are eligible for normal retirement. Once eligible, you may elect to retire and immediately begin to collect your normal retirement benefit. However, retirement is not mandatory, and many employees are not ready to enter retirement based on their individual situation.

You may continue working beyond the normal retirement date and will continue to earn additional retirement credit. Since retirement benefits are based on your years of credited service and average final pay, working beyond the normal retirement date will increase the amount of your eventual retirement benefit. For an

employee with 30 years of service, each additional year of service will typically result in a five percent to seven percent increase in annual retirement benefits.

Retirement is a major life event for most employees, and careful consideration and planning should begin at least one year prior to retirement. Many factors such as personal and family situations, as well as financial considerations, should be taken into account as part of the decision-making process in determining the appropriate time to retire.

Employees considering retirement should attend one of the Employee and Retiree Service Center's [Retirement Informational Sessions](#). ■

## Retirement Timeline

Employees thinking about retirement should carefully review the following timeline.

### 9–12 MONTHS PRIOR TO RETIREMENT

- Request an estimate of benefits from the state of Maryland (if applicable) and the Employee and Retiree Service Center (ERSC). Estimate forms are available on the [ERSC website](#).
- Prepare your retirement budget.
- Attend an MCPS [Retirement Informational Session](#).

### 6 MONTHS PRIOR TO RETIREMENT

- Discuss your retirement benefit payment options with your family and/or financial advisor.
- Check the applicable employee association contract for special rules or deadlines based on your membership.
- Review [retiree health plan options](#).

### 3 MONTHS PRIOR TO RETIREMENT

- [Apply](#) to purchase any eligible service.
- [Apply](#) for active duty military service credit.
- Download your [retirement forms](#).
- Determine your federal and state tax withholding amount from your pension; consult your tax advisor for assistance.
- If eligible, contact the Social Security Administration to file for Social Security benefits and enroll in Medicare Parts A and B if you and/or your spouse are 65 or older or will turn 65 in the next three months.
- Review your 403(b) and/or 457(b) plan options, including rollover of sick and/or annual leave payout.

### 1–2 MONTHS PRIOR TO RETIREMENT

Return all retirement forms to ERSC, including 403(b) or 457(b) salary reduction form(s) for rollover of sick and/or annual leave payment(s), and a copy of your Medicare card if you or your spouse are enrolled in Medicare.

**Note:** All forms must be received by ERSC at least 30 days prior to your retirement date. Failure to submit forms will delay your retirement by one month, resulting in the loss of one month's retirement income and possible delay of a cost-of-living adjustment of up to one year. ■

# Understanding Your Retirement Statement

## Sick and Annual Leave Balance at Retirement

### UNUSED EARNED SICK LEAVE BALANCE

At the time of retirement, you receive two separate benefits based on your earned unused sick leave balance.

#### 1. TERMINATION PAY FOR UNUSED SICK LEAVE—

This requires five years of service and is equal to your final hourly rate of pay times 25 percent of your earned sick leave balance. The 25 percent sick leave payoff is increased to 30 percent for SEIU and MCAAP employees with 30 years of service at retirement. If you are represented by MCEA, you will receive the 30 percent payment only if you elect to retire on July 1 and submit final retirement forms to the Employee and Retiree Service Center (ERSC) by April 1. MCEA members do not have to have 30 years of service to be eligible for the higher benefit. MCEA members electing to retire at any other time of the year or who do not submit paperwork for a July 1 retirement by April 1 will be paid 25 percent of your earned unused sick leave. The sick leave payoff will be sent from ERSC two pay periods after retirement. You may elect to tax-shelter a portion of your sick leave payoff using your 403(b) or 457(b) plans. Arrangements for the deposit of your payoff into a retirement savings account must be made two months prior to retirement and is subject to the IRS maximum annual 403(b) and 457(b) plan contribution limits.

#### 2. ADDITIONAL RETIREMENT CREDITED SERVICE—

Earned unused sick leave automatically is converted to additional credited service at retirement and the additional service is included when your retirement benefit amount is calculated. You receive one month of additional credited service for every 22 days (or 176 hours) of unused sick leave accumulated, up to a maximum of 20 months or two years of credit.

Sick Leave (in hours)	Service Credit (in months)
0–87	0
88–263	1 month
264–439	2
440–615	3
616–791	4
792–967	5
968–1143	6
1144–1319	7
1320–1495	8
1496–1671	9
1672–2199	1 year/10 months
2200–2375	11 months
2376–2551	12
2552–2727	13
2728–2903	14
2904–3079	15
3080–3255	16
3256–3431	17
3432–3697	18
3608–3783	19
3784—and up	2 years

*Important Note:* For all pension plan members, eligibility service determines when an employee qualifies for a retirement benefit. Credited service is used to determine the amount of the benefit. Unused sick leave does not count toward eligibility service; therefore, it does not affect when you can retire. Any unused sick leave will increase your benefit amount based on the additional credited service. Conversion of sick leave credit is on a graduated scale. Please consult your ePaystub where hours of earned leave are displayed. The table above displays how unused sick leave is converted to credited service for retirement. For all members, 10 months equals one year of credit from September to June.

### UNUSED ANNUAL LEAVE

MCPS 12-month employees also receive a payoff for earned unused annual leave at

retirement, according to the provisions of the employee association contract. Please consult your negotiated employee association contract for the maximum number of days.

Your earned annual and/or sick leave payments are subject to income tax withholding upon payment, unless deferring payments using a 403(b) and/or 457(b) retirement account. If you are getting close to retirement, you should attend a Retirement Informational Session and refer to the ERSC website for complete details about deferring sick and/or annual leave payoff and other retirement-related topics. ■

## Q&A

### Q: How can I learn more about my MCPS Pension Plan?

A: In addition to the information in this publication, reference information is available on the [ERSC website](#). You can also [contact ERSC](#) with questions or comments.

### 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 MCPS contribute to my retirement plan?

A: Yes, MCPS makes annual contributions to a trust account to fund future retirement benefits for eligible 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 amount employees contribute.

# Understanding Your Retirement 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 rules. If you are unsure about your beneficiary election, you should update this very important information.

## Q: How can I update my pension plan beneficiary information?

A: Beneficiary designation forms are available online for both the MCPS and state pension plans:

- **MCPS Form 455-5: Designation of Beneficiary/Beneficiaries**
- **State Form 4**

Once completed, please forward these forms to ERSC for processing. Remember, separate beneficiary designations are needed for each 403(b) and/or 457(b) account(s). Contact your vendor for applicable forms.

## 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: What do I need to do with my retirement benefit statement?

A: The information contained in the 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 contact ERSC with any questions or discrepancies.

## Q: What is a vested benefit?

A: A vested benefit is paid at age 62, providing you have five years of eligibility service and resign from employment with MCPS before you are eligible to retire.

## Q: How often will I receive future retirement statements?

A: An updated retirement benefit statement will be available each fall. Access future and past statements via your **myMCPS account**.

## 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 credited MCPS service, you may receive up to five years of credited service 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 submit **MCPS Form 455-18: Statement of Military Service**. If you are a member of the Maryland State Pension System, you also must submit **State Form 43: Claim of Retirement Credit for Military Service**. Military service credit must be established with separate forms for each plan. Please return both completed forms to ERSC and include a copy of your military discharge papers that reflect your dates and type 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. ■



## UNDERSTANDING YOUR RETIREMENT STATEMENT

is published by the  
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## Retirement Forms

Nearing retirement? Retirement forms are now available online. Click your core pension plan to access a complete list of the necessary retirement forms.

[Members of the Maryland State Retirement Agency Core Pension Plan](#)

[Members of the Montgomery County Public Schools Core Pension Plan](#)