THE BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN SUMMARY PLAN DESCRIPTION

January 1, 2020

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INTRODUCTION

This booklet provides an overview of retirement benefits for Charles County Public School employees who are employed in the category of operations, maintenance, food service or technical scale who are not enrolled in the State of Maryland Retirement System and who are covered under the Negotiated Agreement Between Charles County Board of Education and The Federation of State, County and Municipal Employees Council 67 and such other individuals who are employed in any other category or classification that is not eligible for participation in any Maryland State Retirement System. Please check with Human Resources to confirm your retirement plan enrollment.

Your employer wishes to reward your loyal service by providing you with:

- a monthly income when you retire

- an early retirement option

- a disability retirement benefit

- a death benefit payable to your beneficiary

- different ways of receiving your retirement benefit

Please study this booklet closely. It outlines the major provisions of your plan. If you have any questions after reviewing this booklet, discuss them with your plan administrator.

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GENERAL INFORMATION

This booklet is intended only as a general summary of the main features of the plan as it applies to participants under the plan and is not a substitute for the legal plan documents. For a more detailed statement of the plan's provisions, you may refer to the legal plan documents which are available upon request. If you have any questions about the plan, contact the plan administrator. If there is a conflict between this booklet and the plan documents, the plan documents will control.

Plan Information

Your plan became effective July 1, 1970, and was last amended effective January 1, 2020. This booklet describes the plan as last amended.

Plan records are kept on a 12-month period of time known as the plan year. The plan year begins on July 1 and ends on the following June 30.

Your plan is known as a defined benefit plan, meaning that your pension is calculated using a benefit formula.

Employer and Plan Administrator Information

Your employer is the Board of Education of Charles County. Your employer serves as the plan administrator. The plan administrator keeps the records for the plan and will answer any questions you have about the plan. Questions or requests for information should be directed to:

Benefits Manager
Charles County Board of Education
P.O. Box 2770
La Plata, MD 20646
Tel: 301-934-7459
EmployeeBenefits@ccboe.com

Or

Assistant Superintendent
Office of Fiscal Services
Charles County Board of Education
P.O. Box 2770
La Plata, MD 20646
EmployeeBenefits@ccboe.com

Pension Committee

The pension committee has discretion and authority to interpret the plan and to determine the eligibility and benefits of participants and beneficiaries pursuant to the provisions of the plan. The pension committee is composed of not less than three (3) individuals appointed by the Superintendent of Schools to serve for such time as shall be determined by the Superintendent.

Cost of Plan

The cost of your plan (in excess of participant contributions) is paid by your employer. The amount your employer must contribute is determined by an actuary. Plan contributions are deposited in a trust that is overseen by the Pension Committee.

PARTICIPATING IN THE PLAN

If you are not already a plan participant, you will become a plan participant on the first day of the month on or after the date you meet the following requirements:

(a) you are in an eligible group, (i.e., operations, maintenance, food service, technical scale that are not eligible for participation in any Maryland Retirement System and that are covered under the Negotiated Agreement Between Charles County Board of Education and The Federation of State, County and Municipal Employees Council 67 and any other categories of employment that are not eligible for participation in any Maryland State Retirement System).

(b) you are a full-time permanent employee regularly employed for at least 4 hours daily and for at least 10 months in any one year.

(c) you have completed an enrollment form.

By completing an enrollment form, you are deemed to have authorized your employer to reduce your compensation by a specified percentage (currently 5%) and contribute that amount to the plan. See “Your Contributions” below.

YOUR CONTRIBUTIONS

Once you meet the plan participation requirements and enroll in the Plan, your employer will reduce your salary by a percentage (currently 5%) and contribute that amount to the plan by payroll deduction. Your employer may change this percentage rate and will notify you of any new rate before the beginning of the plan year in which the change is effective. The plan administrator will notify you when you are eligible to participate and will provide the form you need to complete. If you are in the eligible class of employees, you are required to make salary reduction contributions as a condition of employment. You are always 100% vested in your salary reduction contributions. You must complete

5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011] to become vested in the employer-provided portion of your accrued benefit. Your salary reduction contributions are excluded from your earnings for purposes of federal income tax, under Section 414(h) of the Internal Revenue Code. Salary reduction contributions may be taxed as earnings for state income tax purposes (depending on your state of residence). Please consult with your income tax advisor if you have any questions regarding the tax treatment of your contributions under the plan.

Your salary reduction contributions cannot be withdrawn from the plan until the earliest of your retirement, termination of employment, or death.

Interest

Your contributions earn 4% interest per year, compounded annually, prior to the earliest of the date you terminate employment and withdraw the contributions, your retirement date, or the date you die.

WHEN CAN YOU RETIRE

Normal Retirement Date

Your normal retirement date is the first day of the month on or after the earlier of the date you attain your 60th birthday and complete 5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011] or the date you complete 30 years of continuous service.

Early Retirement Date

You may retire before your normal retirement date if you have reached age 50 and you have completed 5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011]. You may elect to begin receiving your retirement benefit on the first day of any month on or after the date you retire.

Late Retirement Date

If your employment continues after your normal retirement date, your late retirement date is the first day of the month on or after the date you terminate your employment.

Disability Retirement Date

If you become permanently and totally disabled after you have reached age 50 and completed 5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011] your disability retirement date is the first day of the month that is 6 months after the date you became disabled. There are no disability retirement benefits before the age of 50.

Permanently and totally disabled means that you are physically and/or mentally unable to perform any job and your disability is expected to last more than 12 months or result in death. A determination of permanent and total disability under the plan is based on the determination of the Social Security Administration.

YOUR BENEFITS AT RETIREMENT

Benefit amounts illustrated in this section are based on the form of benefit payment described under "Normal Form of Benefit Payment."

The following definitions are provided to help you to better understand the benefits and examples shown on the next few pages.

DEFINITIONS

(1) **Accrued benefit** means the amount of normal retirement benefit you have earned under the plan at any given date (without regard to vesting), based on your years of continuous service.

(2) **Continuous services** is used in determining your benefits under the plan, and includes all of your service with your employer, computed in completed years, counting full months as fractions of a year. No credit is given for partial months.

Your continuous service will be broken by an absence from full-time employment, unless the absence is due to:

(a) paid vacation or holiday,

(b) a lay-off of less than 6 months,

(c) a leave of absence granted in writing by your employer for one of the following purposes: education, family obligation, sickness or injury lasting not more than one year, or

(d) a leave for military service if you return to work within the time your re-employment rights are protected by law. You are entitled to credit under the plan for certain military service if you were an employee before performing military service and your service counts as qualified military service under Internal Revenue Code section 414(u). Consult the plan administrator if you believe you may be eligible.

Your unused sick leave of at least 22 days is also counted as continuous service. Each 22 days of unused sick leave counts as one month of continuous service. Unused sick leave of less than 22 days will not count as continuous service.

Service for which you have already received a plan benefit on termination of employment is excluded. If you are later rehired, you may elect to repay the plan in order to receive credit for your prior service. The repayment must be made within two years of the date you are rehired, and the amount to be repaid is the total amount you received from the plan plus 4% interest per annum, compounded annually.

In addition, in limited circumstances, if you have service under another Maryland state or local retirement or pension system, you may be eligible to transfer service credit to this plan during the one year period following the date you become eligible to participate in this plan. In the event your employment with the Board of Education of Charles County terminates, you may also be eligible in limited circumstances to transfer service credit from this plan to another Maryland state or local retirement or pension system if you become employed with the sponsor of such system. Please contact the plan administrator for more information.

(3) **Monthly earnings** mean your basic monthly compensation received from your employer for the plan year, excluding bonuses, overtime pay, and all other extra compensation.

Your annual plan year earnings that can be included in your pension calculations are limited to an amount specified by the IRS each year. The limit for 2020 is $285,000. This amount is subject to change yearly as determined by the Secretary of the Treasury.

(4) **Average monthly earnings** means 1/36th of your total monthly earnings received during the 3 plan years of your greatest compensation prior to your retirement date or any earlier date on which you become entitled to an immediate or deferred benefit under the plan. If you have completed less than 3 years of service, your average monthly earnings shall be equal to the average of your earnings received for the actual months of service completed.

BENEFITS

Normal Retirement Benefit

The 1998 effective multiplier will increase from 1.8% to 2.0% beginning July 1, 2010 for all eligible employees, except for those employees who are eligible for grandfathered (age 55 or 30 years of continuous service as of July 1, 2007) late retirement benefits.

If you retire on your normal retirement date, your monthly benefit will be equal to 1.5% of your average monthly earnings (based on 3 plan years of highest compensation) multiplied by your years of continuous service prior to July 1, 1998, plus 2.0% of your Average Monthly Earnings multiplied by your years of continuous service after July 1, 1998 (1.8% if you are eligible for grandfathered (age 55 or 30 years of continuous service as of July 1, 2007) late retirement benefits.

Example –

Assume a participant who is not eligible for grandfathered late retirement benefits retires on July 1, 2013 with 28 years of continuous service and his three years of highest compensation are $35,000, $36,000 and $37,000.

Average monthly earnings = ($35,000 + $36,000 + $37,000) ÷ 36 = $3,000

Monthly Benefit:	1.5% x $3,000 (average monthly earnings) x 16 (years of continuous service prior to July 1, 1998) = $720
	plus
	2.0% x $3,000 (average monthly earnings) x 12 (years of continuous service after July 1, 1998) = $720
	= $1,440 per month or $17,280 per year.

Early Retirement Benefit

If you elect to retire under the plan's early retirement provisions and begin receiving your retirement benefit prior to age 55, then your benefit will be equal to the benefit determined as provided for normal retirement but considering only continuous service as of your early retirement date and will be reduced to reflect a longer payment period. The reduction factors are shown below and are based on your age when you elect to start your retirement benefit.

Age	Factor
50	45%
51	52%
52	61%
53	72%
54	85%
55 +	100%

Example –

Assume you are 50 years old, have 28 years of continuous service, your normal monthly retirement benefit would otherwise be $1,000, and you elect to retire early and start benefits on July 1, 2013:

Early retirement benefit = $1,000 x 45% = $450 per month.

Late Retirement Benefit

Except for those employees who are eligible for grandfathered (age 55 or 30 years of service as of July 1, 2007) late retirement provisions, there is no additional late retirement benefit. If you retire after your normal retirement date and are grandfathered (age 55 or 30 years of service as of July 1, 2007), you will receive a monthly benefit, beginning on your late retirement date. The monthly benefit will be in an amount equal to your accrued benefit at your late retirement date and will be actuarially increased because payments will be made for a shorter time.

Disability Retirement Benefit

If you retire on a disability retirement date, your benefit will be equal to your accrued benefit as of the date you became disabled but reduced because benefits will be paid to you before your normal retirement date. This benefit is payable, prior to your normal retirement date, for as long as you remain disabled. When you reach your normal retirement date, your benefit will be recalculated and paid under the Normal Retirement Benefit provision.

Consumer Price Index Supplement

If you retire from active employment with the employer on your normal, early, or late retirement date and begin receiving benefit payments at that time, you may be entitled to a consumer price index supplemental monthly benefit in addition to your monthly retirement benefit. You become eligible to share in any supplemental benefits once you have been receiving monthly retirement benefit payments under the plan for at least one year.

On each July 1, your employer will determine whether a monthly supplement is to be paid to qualified retirees, based on the increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers published by the Bureau of Labor statistics of the United States Department of Labor ("CPI-W"). Effective July 1, 2011, the CPI-W will be computed as the difference between the 12 month average CPI-W from May through April for each year. Any such supplement will be payable for your lifetime under the annuity option in effect for you. All increases will cease upon your death. Your monthly benefit on any July 1 will not increase by more than 3 percent over the amount paid to you immediately before the increase, and the total lifetime increase in your monthly benefit will never exceed 150% of the benefit you received when you first retired. The amount and timing of any cost of living supplement are subject to limitations as described in the plan, and will be determined by your employer.

If permitted in the collective bargaining agreement, your employer may amend or terminate cost of living supplemental monthly benefits at any time.

HOW YOUR BENEFITS WILL BE PAID

Normal Form of Benefit Payment

You will receive monthly benefit payments for life. If you die before the total of these payments equals the total of your plan contributions with interest to your retirement date, your beneficiary will receive the amount by which your contributions with interest exceed the payments you had received.

Optional Forms of Benefit Payment

Instead of receiving your benefit in the form described above, you may elect one of the following optional forms of payment. You may make or change an election at any time before your retirement date.

(a) Life Annuity with Payments Certain Option – You will receive monthly benefit payments for life. If you die before receiving 120 monthly payments, your beneficiary will receive, monthly payments until 120 are paid.

(b) Continent Annuitant Option – You will receive monthly benefit payments for life. When you die, your beneficiary will receive 100%, 66-2/3% or 50% (you choose the percent) of the monthly amount that was being paid to you for the rest of his or her life.

(c) Pop-Up Contingent Annuitant Option – This option is the same as the Contingent Annuitant Option except that, if your beneficiary dies before you and after your retirement date, your benefit will increase ("pop-up") to the amount you would be receiving if your benefits had been determined originally under the normal form of benefit described above. Instead of receiving the increased pop-up benefit, you may elect to designate a new beneficiary, but only if you complete this election no later than 90 days after your original beneficiary's death.

If your benefit is paid under a form other than the normal form, the amount of your monthly payments will be different than the amount would be under the normal form of unmarried participants.

Maximum Benefits

The maximum annual benefit payable to you is limited to a dollar amount that is specified by the IRS each year. For 2020, the limit is $230,000 for benefits payable starting between age 62 and 65. The limit is lower for benefits that start earlier than 62 and higher for benefits that start later than age 65.

WHEN BENEFIT PAYMENTS BEGIN

Unless you elect otherwise, payment of your benefit will generally begin no later than 60 days after the date on which you retire. You may not defer your benefit commencement beyond April 1 following the calendar year in which you reach the later of age 72 or termination of employment (age 70 ½ if you were born before July 1, 1949).

TAX WITHHOLDING

Certain benefit payments are subject to the 20% federal tax withholding rules as described under "Tax Withholding on Certain Plan Benefits."

YOUR BENEFITS AT DEATH

DESIGNATING A BENEFICIARY

You may designate your beneficiary or beneficiaries on a form provided by your employer, and you may change your beneficiary by filing a new form at any time prior to the date your benefit payments begin. However, special rules apply if you elect the pop-up contingent annuitant option.

If you do not designate a beneficiary, your estate will be considered your beneficiary.

BEFORE RETIREMENT

If you are not married, or if you are married but the Elective Spouse Benefit for Active Participants described below does not apply to you as of the date of your death, your beneficiary will receive a refund of your contributions with interest to the date of your death.

SPECIAL SPOUSE BENEFIT FOR ACTIVE PARTICIPANTS

If you die during approved work hours and within the scope of CCPS employment, the spouse benefit described below will apply even if you do not elect it.

ELECTIVE SPOUSE BENEFIT FOR ACTIVE PARTICIPANTS

The elective spouse benefit applies if you meet the requirements described below:

(a) you have met the age and service requirements for early retirement, and

(b) you have not retired or terminated employment, and

(c) you have been married for at least the one year period ending on the date of your death, and

(d) you make a written election to accept coverage under this benefit. (Contact the plan administrator for the appropriate form if you wish to elect this option.)

If you elect coverage under this benefit and die before retiring or terminating employment, your spouse will receive for life 50% of the monthly benefit you would have received if you had retired on the day before your death and had chosen to receive your benefit under the 50% Contingent Annuitant Option (as described under "Optional Forms of Benefit Payment") with an actuarial reduction as described under "Early Retirement Benefit" above. This benefit will be payable to your spouse beginning on the first day of the month on or after you date of death.

Your spouse may elect to delay payments until on or before the later of (1) the first day of any month up to the December 31st of the calendar year following the calendar year of your death, or (2) the December 31st of the calendar year in which you would have reached age 72 (age 70 ½ if you were born before July 1, 1949). The benefit will then be actuarially increased to reflect the later benefit commencement date.

If you elect coverage under this spouse benefit, your monthly benefit when you retire will be reduced by 1/2% for each year during which this coverage was in effect.

If the lump sum refund of your contributions plus interest described above would have provided a larger death benefit than this spouse benefit, the excess amount will be paid in one sum to your beneficiary.

AFTER RETIREMENT – UNMARRIED AND MARRIED PARTICIPANTS

Death benefits payable after retirement depend on the form of benefit payment you have chosen, as described previously.

TAX WITHHOLDING

Certain death benefits are subject to the 20% federal tax withholding rules as described under "Tax Withholding on Certain Plan Benefits."

BENEFITS AT TERMINATION OF EMPLOYMENT

If your employment terminates, you may elect either Option A or Option B described below. Whichever option you elect will apply instead of any other benefit under the plan. You are always fully vested in your participant contributions. You become vested in the employer-provided portion of your accrued benefit when you have completed 5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011]. If you have less than 5 years of continuous service [10 years of continuous service if you were hired on or after July 1, 2011] then Option A is the default.

OPTION A: CASH REFUND

Under this option, you will receive a cash refund of your employee contributions plus interest at the rate of 4% per annum to the first day of the month in which your employment terminates. You may elect to receive such refund either in cash to you or as a rollover to another qualified plan or IRA (see discussion of tax consequences below). If you elect this option and are later rehired, your service before the termination will be disregarded for plan purposes unless you elect to repay to the plan the amount you received plus interest from the time you received payment to the date you repay the plan at the rate of 4% per annum, compounded annually.

In addition, in limited circumstances, if you have service under another Maryland state or local retirement or pension system, you may be eligible to transfer service credit to this plan during the one year period following the date you become eligible to participate in this plan. In the event your employment with the Board of Education of Charles County terminates, you may also be eligible, in limited circumstances, to transfer service credit from this plan to another Maryland state or local retirement or pension system if you become employed with the sponsor of such system.

OPTION B: DEFERRED ANNUITY

Under this option, you will receive a monthly benefit payable at your normal retirement date. If you have completed 5 or more years of service [10 years of continuous service if you were hired on or after July 1, 2011] the amount of the annuity will be computed as described under “Normal Retirement Benefit,” but based on your years of continuous service and your average monthly earnings as of your termination of employment. If you elect Option B and are later rehired, your service before the termination of employment will continue to count under the plan (but with no duplication of benefits).

Tax Withholding

Certain benefit payments at termination of employment are subject to the 20% federal tax withholding rules as described under “Tax Withholding on Certain Plan Benefits.”

Early Withdrawal Tax Penalty

If you terminate employment before you reach age 55 and receive a distribution of your benefit before you reach age 59-1/2, the amount you receive (except the amount from the principal of any after-tax employee contributions you may have made before September 1, 1990) may be subject to a 10% tax penalty.

TAX WITHHOLDING ON CERTAIN PLAN BENEFITS

The law requires your plan administrator to withhold 20% of any distribution that is eligible to be rolled over but is not transferred directly to another qualified plan or an Individual Retirement Account (IRA).

Generally, any taxable part of your distribution may be rolled over to another qualified plan or an IRA unless the distribution:

(1) is part of a series of equal periodic payments made over your lifetime, over your and your beneficiary’s lifetime, or over a period of 10 years or more, or
(2) is a minimum benefit payment which must be paid to you after age 72 (age 70 ½ if you were born before July 1, 1949).

Certain plan distributions are not eligible to be rolled over. Contact your plan administrator if you have any questions regarding whether or not a plan distribution is eligible to be rolled over.

If you choose to have your plan benefits paid to you and the benefits are eligible to be rolled over, you will receive only 80% of the benefit payment. Your plan administrator is required by law to withhold 20% of the benefit payment and send it to the IRS as income tax withholding to be credited against your taxes. (If you receive the benefit before you reach age 59-1/2, you may also have to pay an additional 10% tax.) You cannot elect out of the 20% withholding. The only way to avoid the 20% withholding is to have your plan benefits transferred directly to an IRA or another qualified plan that accepts rollovers.

You may still roll over any eligible distribution that is paid to you by paying the eligible distribution to an IRA or another qualified plan within 60 days of receiving it. If you want to roll over 100% of the eligible distribution to an IRA or another qualified plan, you must find other money to replace the 20% that was withheld.

You may also elect to have all or part of your distribution made payable to a Roth IRA. The portion that is rolled over to a Roth IRA is generally subject to immediate taxation. You are responsible for paying the tax. Because this amount is taxed at the time of the rollover, when you later take distributions from the Roth IRA, the distributions from the Roth IRA are tax-free.

Due to the complexities and frequency of changes in the federal tax law that govern withdrawal penalties, you should consult your tax advisor to determine your personal tax situation before taking any action. In addition, you should consult your tax advisor to determine what impact a distribution of your contributions to the plan has for state income tax purposes.

PLAN AMENDMENT AND TERMINATION

Your employer expects to continue the plan indefinitely. However your employer has the right to amend or terminate the plan at any time. If the plan terminates, participants become fully vested in their accrued benefits to the extent the plan’s assets are sufficient to provide those benefits.

CERTAIN COURT ORDERS

If you are divorced, the court may direct that all or part of your benefit be paid to an alternate payee, usually your ex-spouse or children. The plan administrator will notify you upon receiving such an order, and will tell you what effect it has on your benefit.

ADDITIONAL INFORMATION

This booklet is intended only to describe the main features of the plan as it applied to participants under the plan. For a more detailed statement of the plan's provisions, you may refer to the legal plan documents which are available upon request. If you have questions about the plan, contact the plan administrator. If there is a conflict between this booklet and the plan document, the plan document will control.

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