

RETIREMENT PLANNING HANDBOOK

Carroll County Public Schools
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GENERAL INFORMATION

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Maryland State Retirement and Pension Systems
120 East Baltimore Street
Baltimore, Maryland 21202-1600
www.sra.state.md.us
1-800-492-5909
410-625-5555

Social Security Administration
125 Airport Drive, Unit 10
Westminster, MD 21157
www.ssa.gov
1-800-772-1213
TTY 1-800-325-0778

WHERE TO APPLY

Kelly M. Keith, Human Resources Specialist, and Stephanie H. Rauen, Employee Benefits & Insurance Administrator, are the designated Retirement Coordinators for the Carroll County Public Schools. They serve as a liaison between you and the retirement system. Answers to general questions and assistance in preparation and submission of retirement forms will be provided by Ms. Keith and Ms. Rauen. All forms mentioned in this booklet and other appropriate forms are available and may be obtained by writing directly or calling Ms. Keith or Ms. Rauen in the Department of Human Resources at the phone numbers on the previous page.

WHO MAY APPLY TO RETIRE

A member may apply to retire if the following eligibility requirements are met:

	Retirement System	Alternate Contributory Pension System	Reform Contributory Pension System
Service Retirement	Age 60 or 30 years of service at any age	Age 62 with 5 years of eligibility service or Age 63 with 4 years of eligibility service or Age 64 with 3 years of eligibility service or Age 65 with 2 years of eligibility service or 30 years of service at any age	Rule of 90 – at least 90 years of combined age plus years of eligibility service or Age 65 with 10 years of eligibility service
Early Service Retirement	25 years of service Reduction: 6% reduction for each year under age 60 or 30 years of service, whichever is smaller. Maximum Reduction: 30%	Age 55 with 15 years of eligibility service Reduction: 6% reduction for each year under age 62 Maximum Reduction: 42%	Age 60 with at least 15 years of eligibility service Reduction: 6% reduction for each year under age 65 Maximum Reduction: 30%

Retirement System – closed to new members as of December 1, 1979.

Alternate Contributory Pension System – closed to new members June 30, 2011

Reform Contributory Pension System – members enrolling July 1, 2011 or later

You can determine your plan by checking one of your Personal Statement of Benefits from the retirement system. It reflects the name of your plan at the top of the second page.

Benefits are based on your average final salary. This is defined differently for the Retirement System, Alternate Contributory Pension System, or Reform Contributory System

	Retirement System	Alternate Contributory Pension System	Reform Contributory Pension System
Average Final Salary	Average of the 3 highest years of annual base salary	Average of the 3 highest consecutive years of annual base salary	Average of the 5 highest consecutive years of annual base salary

PRIOR TO APPLYING

Make certain you have service credit for all eligible time. You can claim service credit for approved leaves of absence, military service, Federal government employment, out-of-state municipality employment, non-participating Maryland municipality employment, private, parochial or out-of-state school teaching, prior service with the State or a participating municipality not covered under your current account, redeposit of previous service credit withdrawn from your account, or retroactive/missed service (periods during employment when contributions were not deducted prior to or during membership). In addition, members of the Retirement System may purchase the period between July 1, 1970 and June 30, 1972 during which a member elected to delay enrollment or redeposit previous service credit withdrawn from the Retirement System.

Some of these service credits above will require a full cost (the cost to fund the benefit that your additional purchased service will provide) while others will require only the normal cost (the normal contributions that would have been made during the missed period of service plus accumulated interest). For military service, no cost is required but the appropriate form must be completed.

To determine whether you have missing service or military service that is eligible for service credit, please refer to the appropriate Maryland State Retirement Agency Benefits Handbook or contact the Retirement Coordinator.

WHEN TO APPLY FOR AN ESTIMATE OF RETIREMENT ALLOWANCES AND OPTIONS

Form MSRA-9, Estimate of Service Retirement Allowances

Request this form as quickly as possible when you contemplate retirement. You will be provided with a formal estimate of the amount of service retirement allowances, which will assist you in selecting an option best suited to your needs. This usually takes approximately 6-12 weeks. These estimates do not include additional time that may become credited to your service with accumulated sick leave.

This form can only be submitted for proposed retirement dates within one year of the date submitted. If you anticipate a salary change prior to the retirement date calculated in the estimate, your estimate will not reflect this change in your average final salary.

WHEN TO FORMALLY APPLY FOR RETIREMENT

You should contact a Retirement Coordinator at least 90 days prior to a July 1 retirement date or 30 days prior to the month of retirement for other retirement dates to allow sufficient time to complete and process your forms. This assures receipt of the initial monthly retirement check on the last business day of the month of retirement.

Please Note - Schedule a retirement conference with a Retirement Coordinator sometime between February 1 and May 31 if you are planning to retire as of July 1.

It is very important that the following information be available at this conference:

1. Name and complete address of the employee's primary beneficiary.
2. Primary beneficiary proof of birth (driver's license or birth certificate) if choosing Option 2, 3, 5 or 6.
3. Very important: Primary beneficiary correct social security number.

OPTION SELECTION

At retirement, you must make an important decision in choosing the option best suited to your individual circumstances. You may decide to select the largest possible income, the Basic Allowance, or to select an option which reduces your monthly income during your lifetime, but provides some degree of financial protection for your surviving beneficiary.

The law offers a choice of several retirement payment plans in an effort to meet your needs and desires. You may choose either the Basic Allowance or any one of six options. All option allowances are determined from the Basic Allowance, and are a reduction from that benefit. The six options may be classified into two main groups:

- A. **Single Life Annuity** - Guarantees a lump sum amount in one single payment to beneficiary(ies).
- B. **Dual Life Annuity** - Guarantees a continued monthly benefit to one surviving beneficiary.

BASIC ALLOWANCE

The basic allowance pays you the largest possible amount of money each month during your lifetime. At your death, all payments cease. If your death occurs between the 16th and 31st of the month, your beneficiary(ies) receive the final monthly benefit. If your death occurs between the 1st and 15th of the month, no benefit is payable to your beneficiary(ies). You may change your beneficiaries at any time and you may have as many beneficiaries as you want.

SINGLE LIFE ANNUITIES:

- Option 1 -** This option guarantees monthly payments that equal at least the total of your Present Value (your contributions and interest plus employer's contributions established at retirement). If you die before receiving monthly payments that add up to the Present Value, the remainder of your funds will be paid in a lump sum to your beneficiary(ies). You may change your beneficiaries at any time and you may have as many beneficiaries as you want. If the Present Value is depleted at the time of death, your beneficiary(ies) receive the final monthly benefit only if your death occurs between the 16th and 31st of the month.
- Option 4 -** This option guarantees the return of your accumulated contributions and interest as established at retirement. Your accumulated contributions are paid to you in equal amounts during your lifetime as a portion of your monthly benefit. The balance of your total monthly benefit is from employer's contributions. If you die before you have received the full amount of your accumulated contributions and interest, the remainder will be paid in one lump sum to your beneficiary(ies). You may change your beneficiaries at any time and you may have as many beneficiaries as you want. If the accumulated contributions are depleted at the time of death, your beneficiary(ies) receive the final monthly benefit only if your death occurs between the 16th and 31st of the month.

DUAL LIFE ANNUITIES:

The four remaining options provide a continuing monthly allowance to one surviving beneficiary. The amount is based on your age and the age of your designated beneficiary at the time of your retirement.

Under these options, your beneficiary may be changed; however, your monthly benefit must be re-calculated based on the new beneficiary and the balance of your account. This will result in a change of the monthly benefit paid to you and your new beneficiary. Under Options 2 or 5, you are prohibited from naming a beneficiary who is more than 10 years younger unless the beneficiary is your spouse or a disabled child.

- Option 2 -** 100% Survivor's Benefit - Guarantees that the same a monthly benefit paid to you will continue to be paid to your beneficiary after your death for the remainder of that surviving beneficiary's lifetime.
- Option 3 -** 50% Survivor's Benefit - Guarantees that one-half of the monthly benefit paid to you will continue to be paid to your beneficiary after your death for the remainder of that beneficiary's lifetime.
- Option 5 -** 100% Survivor's Benefit with Pop-Up Provision - Guarantees that the same monthly benefit paid to you will continue to be paid to your beneficiary after your death or the remainder of that surviving beneficiary's lifetime. If the beneficiary predeceases you, your monthly benefit will "pop-up" to the Basic Allowance for the remainder of your lifetime.

- Option 6 -** 50% Survivor's Benefit with Pop-Up Provision - Guarantees that one-half of the monthly benefit paid to you will continue to be paid to your beneficiary after your death for the remainder of that surviving beneficiary's lifetime. If the beneficiary predeceases you, your monthly benefit will "pop-up" to the Basic Allowance for the remainder of your lifetime.

GENERAL

- All option allowances are determined from the Basic Allowance.
- **You cannot change your option selection** after your first payment becomes normally due. It is very important to discuss your needs with your family and financial advisor.

NOTE: Regardless of the option selected, you will receive a monthly income during your lifetime.

UNUSED SICK LEAVE

When a member of the Maryland State Retirement System makes a formal application for retirement, membership credit is given for unused sick leave based on the schedule below. Sick leave credit cannot be used to qualify for retirement. If a member is retiring with reduced benefits for early retirement, unused sick leave is used in the final computation of benefits only.

The maximum number of sick leave days that may be accumulated in any year for the purpose of membership service credit is fifteen (15) days. The following conversion schedule applies when converting unused sick leave days to retirement credit:

MARYLAND STATE RETIREMENT SYSTEMS Accumulated Sick Leave Conversion Schedule

Days of Unused Sick Leave	Months of Retirement Credit 10 Month Member*	Months of Retirement Credit 12 Month Member
001-010	0	0
011-032	1	1
033-054	2	2
055-076	3	3
077-098	4	4
099-120	5	5
121-142	6	6
143-164	7	7
165-186	8	8
187-208	9	9
209-230	1 Year	10

Days of Unused Sick Leave	Months of Retirement Credit 10 Month Member	Months of Retirement Credit 12 Month Member
231-252	1 Year	11
253-274	1 Year	1 Year
275-296	11	13
297-318	12	14
319-340	13	15
341-362	14	16
363-384	15	17
385-406	16	18
407-428	17	19
429-450	18	20
451-472	19	21
473-494	2 Years	22
495-516	2 Years	23
517-538	2 Years	2 Years

*All employees enrolled in the Teachers' systems are considered 10 month members even if they work 12 months per year.

COST-OF-LIVING ADJUSTMENTS

Retirees of the **Retirement System** receive annual adjustments to their basic retirement allowance based on increases in the average Consumer Price Index For All Urban Consumers - U.S. City Average as developed by the United States Department of Labor. These increases are unlimited for Plan A members and, in effect, increase the previous year's allowance by the percentage of difference between the average yearly consumer price indexes. For Plan B members annual adjustments are capped at 5%. The plan selection is determined by the rate of contributions. Plan A members contribute approximately 7% of their gross pay. Plan B members contribute 5%.

The cost-of-living adjustments in the **Alternate Contributory Pension System and the Reform Contributory Pension System** will be capped at 3%. As in the Retirement System, the COLA is compounded each year over the life of your Benefit.

Retirees must receive a retirement benefit for 12 months prior to receiving the COLA. Unless retired one full year by July 1, no cost-of-living is paid that year. A retiree must wait until the following July to receive adjustment based on the cost-of-living increase of that year. The shortest time for a cost-of-living adjustment - 12 months (July 1 retiree); the longest time for a cost-of-living adjustment - 23 months (August 1 retiree).

CONTINUATION OF INSURANCE

MEDICAL/PRESCRIPTION DRUG

Retired employees may remain in the Carroll County Public Schools Health Insurance Program, and will be eligible for benefits under the following formula:

<u>30+ years of service:</u>	CCPS will contribute 100% of the annual cap towards the cost of your medical/prescription drug coverage.
<u>20-29 years of service:</u>	CCPS will contribute 75% of the annual cap towards the cost of your medical/prescription drug coverage.
<u>10-19 years of service:</u>	CCPS will contribute 50% of the annual cap towards the cost of your medical/prescription drug coverage.

- The subsidy cap as of January 1, 2019 is \$5,848 per year.
- Service = Years of service with CCPS and up to 2 years eligible military service credit.

DENTAL

CCPS does not provide a dental program for retirees. Your coverage will cease on your retirement date. However, under **COBRA**, you have the right to continue your dental coverage for 18 months. You must complete a *Continuation Request Form* **within 60 days after the date of retirement** to exercise your continuation option. You will then be billed for the applicable premium.

VISION

CCPS does not provide a separate vision program for retirees. [Coverage is provided in the medical plan for one eye exam every two years if you elect retiree medical coverage.] If you elected the Voluntary Vision Plan, your coverage will cease on your retirement date. However, under **COBRA**, you have the right to continue your vision coverage for 18 months. You must complete a *Continuation Request Form* **within 60 days after the date of retirement** to exercise your continuation option. You will then be billed for the applicable premium.

SURVIVING SPOUSE BENEFITS

Carroll County Public Schools offers continuation of the group health insurance plans at full cost to the survivor for the remainder of the surviving spouse's life. If the surviving spouse of a retiree remarries, their new spouse is not eligible for coverage.

INSURANCE PREMIUMS

Insurance premiums can be deducted from the monthly retirement check issued by the Maryland State Retirement Agency. Arrangements for this deduction are completed during the retirement conference. You will be required to complete a retiree enrollment form during the conference to continue your health insurance benefits when you retire. It will also be necessary for you notify the Department of Human Resources if you become eligible for Medicare benefits prior to normal Medicare age (age 65) after you retire. Insurance premiums that are not deducted from your retirement check will be billed by CCPS' billing company.

LIFE INSURANCE CONVERSION COVERAGE

Life Conversion Coverage is individual permanent life insurance issued without evidence of insurability, and can be obtained when your life insurance (both the Board paid basic life insurance and any employee paid supplemental life insurance) under the CCPS group policy ends. The appropriate forms will be given you at your retirement conference in the Department of Human Resources. Your conversion policy will be effective on the first day of the month after your group insurance ends. During the interim period, you remain covered under the continued coverage provision of your group certificate.

SOCIAL SECURITY

Since Social Security information can vary so tremendously relative to eligibility, benefits, work regulations, and payment, it is recommended that the individual contact the closest Social Security office no more than three (3) months in advance of retirement or the date you are eligible to receive Social Security benefits. In addition, it is recommended that you read the booklet, Your Social Security, available at any Social Security Office or online at www.ssa.gov.

Some Points to Remember When Applying for Social Security:

1. You should apply for your Social Security benefit two (2) months before you would like to receive your first check.
2. Social Security benefits can be requested by filing an application with a phone appointment or on the internet, thus saving you a trip to the Social Security Office. To file for benefits by phone you should call 1-800-772-1213. A phone appointment will be set-up for you. To file for benefits on the internet, go to www.ssa.gov.
3. If you would prefer to file in person with the local office, you must make an appointment. Most offices are open Monday, Tuesday, Thursday and Friday from 9:00 a.m. and 4:00 p.m. and Wednesday from 9:00 a.m. to 12:00 p.m. You can call 1-800-772-1213 for an appointment.

RETIREMENT CHECKLIST

Twelve months prior to retirement:

Purchase any eligible service from Retirement (Form MSRA-26A).

Contact Social Security (local office) concerning future benefits.

Six months prior to retirement:

Update or prepare a will.

Prepare a retirement budget - estimated expenses versus estimated income.

Discuss possible benefits/options with family, beneficiary, and financial advisor.

Request an estimate of benefits - all options (Form MSRA-9).

Two or three months prior to retirement:

Schedule an appointment with the Retirement Coordinator to complete and submit final application (MSRA-13/23) and other forms for retirement.

Contact your local Social Security Administration Office if age 62 or over (or otherwise eligible as a surviving spouse).

Note: Retirement is always effective the first day of the month; you must be retired a full month before you will receive a check, which is always direct deposited the last working day of the month you retire.