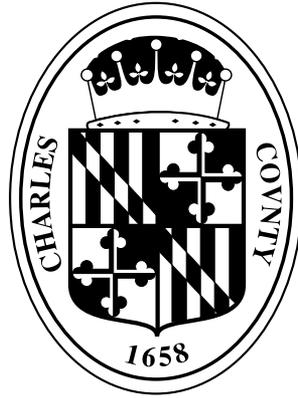


**Charles County Pension Plan**  
**NON-PUBLIC SAFETY**  
**PARTICIPANTS**  
**Summary Plan Description**



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## Introduction

The Charles County Pension Plan (“the Plan”) is a defined benefit plan which is sponsored by the County Commissioners of Charles County, Maryland (“the County”). This Plan, funded jointly by you and by the County, is a valuable benefit and is intended to supplement Social Security and your personal savings in meeting your post-retirement needs.

Since the benefits provided by the Plan play a key role in helping you to meet your financial needs in retirement, we urge you to read this summarized description of the Plan carefully. Please remember, however, that this information is only an overview of the Plan’s important provisions. The legal Plan document is always the final reference in determining what benefits the Plan will provide. Should there be any question or conflict between the terms stated in this booklet and those in the Plan document, the terms of the plan document will always prevail. If you have a question about the Plan or your benefit that is not answered by this booklet, consult the Plan document. If you would like your own copy of this document, you may obtain one by writing to the Plan Administrator (see “Getting Your Questions Answered” later in this Summary). There may be a small charge for this service. The plan document may also be found on Charles County Government Department of Human Resources website.

This Plan covers Non-Public Safety and Public Safety employees of the County. This booklet describes the benefits for Non-Public Safety Participants. For purposes of this Plan, a Dual Service Participant is a participant who has accrued service with the County after July 1, 2004, in the capacity of both a Non-Public Safety Participant and a Public Safety Participant.

## Effective Date of the Plan

The Plan was established on July 1, 1968. This booklet describes the Plan as most recently amended in 2012.

## When And How You Become A Non-Public Safety Participant

As a condition of employment with the Employer, except for elected officials of the County, any individual hired on or after July 1, 1997, in the Eligible Class must participate in the Plan. You are in the Eligible Class at any time you are an employee whose customary employment is for at least 25 hours or more per week, and at least 1,250 hours per calendar year.

**Note:** Employees who are in positions which qualify for participation in the Charles County Sheriff’s Office Retirement Plan (i.e., Police Officers, Correctional Officers and Communications Dispatchers) are not in the Eligible Class.

Once you meet the requirements listed above, you must sign and deliver to the Charles County Government – Department of Human Resources (CCG-DHR) a payroll deduction authorization for your Plan contributions to be deducted from your paycheck.

You will make contributions to the Plan at the rate of 4% of your basic Earnings. These contributions are deducted from your pay on a pre-tax basis. When a Non-Public Safety Participant has reached the maximum benefit allowed under the Plan, based on credited years of service, employee contributions will cease.

## The Factors That Determine Your Plan Benefit

### **Service**

The term service, as it is discussed in this booklet, refers to the portion of your employment with the County used to determine your eligibility to receive a benefit from the Plan.

## ***Vesting***

The term vesting, as it is discussed in this booklet, refers to the percentage of your accrued benefit attributable to County contributions that you are entitled to receive when you terminate employment with the County. You are always 100% vested in your own contributions to the Plan, plus the interest credited to your contributions. Your vested interest in your benefit derived from the County's contributions is determined on the basis of your years of service with the County. If you terminate employment with the County before you are 100% vested in your benefit, the percentage in which you are not vested will be forfeited. If you terminate employment with the County when you are 0% vested, your only benefit from the Plan is a refund of the contributions you made to the Plan, plus interest.

See "Your Plan Benefit When You Terminate Employment" for more information regarding vesting in your retirement benefits.

## ***Transfer of Credited Service from Another Government Employer***

You may elect to transfer your prior State, County or Municipal credited service provided there is no break in service between your prior governmental service and your starting to work for Charles County Government. You shall receive full credit for your years of service under the prior Plan.

If your prior plan was contributory, you will be required to transfer your contributions into your prior plan over to this Plan. If your prior plan was non-contributory, your retirement benefit shall be reduced by the actuarial equivalent of the accumulated contributions you would have made into this Plan, plus interest, had you earned the prior service under this Plan.

Your election to transfer your prior service shall be irrevocable and must be completed (including the transfer of any prior plan contributions) within one (1) year of your participation in this Plan. The transfer will also be contingent upon your complete forfeiture of any benefits and service credits under your prior plan from which service is being transferred.

Additionally, if you retire within five years after the date you transfer any prior service to this Plan, the portion of your benefit with respect to your transferred service credit may not be greater than any benefit payable by your prior plan had you remained a participant in that plan.

## ***How You Earn Service***

Service is based on your years of continuous employment, computed to the nearest 1/12 year with the County (aggregate employment if you are an elected official), from date of employment to the earlier of your Retirement Date or the date you leave employment of the County.

However, there are other ways you can receive credit for service:

- Credit may be granted for eligibility for retirement, vesting, and benefit accrual purposes if you elect to have service transferred from another "government employer."
- You may elect to receive credit for service for eligibility for retirement, vesting, and benefit accrual purposes for military duty if the military duty disrupts your participation in the Plan. However, you must resume employment with the County within one year of discharge from military duty. In addition, if you received a cash out of your employee contributions when leaving for military duty, you must repay the amount of your cash out, plus interest. The maximum amount of credit you may receive is five years, unless a greater amount is required by law.

- If you have at least five years of service with the County, you may receive additional credit for benefit accrual purposes only for earned but unused sick leave. You will receive credit for one month of service for every 22 days of earned but unused sick leave which is credited at the time you terminate employment. If unused sick leave is reported in hours, the number of hours shall be divided by 7.5 to determine the number of days to be credited. If the number of days is not evenly divisible by 22, the number of months shall be rounded to the nearest full month. However, no more than 12 months of additional service will be credited for unused sick leave.
- If you have at least ten years of service, you may be eligible to receive additional credit for benefit accrual purposes only for pre-employment Military Service. You may receive credit for up to three years of pre-employment active duty service in the Armed Forces of the United States as additional years of service when calculating your retirement benefit. A participant may not receive additional service credit for Military Service if the Participant is entitled to receive a benefit (except for disability benefits, Social Security benefits or benefits under the National Railroad Retirement, National Guard or military reserve) from another retirement system, on account of the Military Service. A copy of your DD214 will be required to receive credit for Military Service.

Additional credited service for unused accrued sick leave and pre-employment Military Service may only apply to the extent that the Non-Public Safety Participant has not reached the maximum plan benefit of 65% of Final Average Earnings (31 years of credited service). Once a Non-Public Safety Participant reaches the 65% maximum benefit, any remaining unused accrued sick leave hours or pre-employment Military Service would not be applied to your retirement calculation.

#### EXAMPLE

Non-Public Safety Participant has 30.5 years of credited service and 1,800 hours of sick leave.

$$1,800/7.5 \text{ hrs} = 240 \text{ days}/22^* = 10.9 \text{ months (rounded up to 11 months)}$$

Based on 30.5 years of credited service, the individual would only be able to use six months (.5 years) of the unused accrued sick leave. This would bring the total years of credited service up to 31. The remaining five months of unused accrued sick leave would not be applied to the benefit calculation.

\* 22 days of sick leave = 1 month of service

#### ***Sick Leave for a Dual Service Participant***

Credit for unused sick leave is determined differently for Public Safety Participants and Non Public Safety Participants. If you have accrued unused sick leave at the time of retirement, you may be eligible for additional annual retirement income. The additional benefit will be calculated based on the sick leave benefit applicable to the position you hold at the time of your retirement.

#### ***Absences From Service***

The following absences will not be considered an interruption in service for the County:

- An authorized leave of absence of up to 24 months, as long as you return to active employment with the County when your leave is over.
- Active duty with the Armed Forces of the United States, as long as you return to active employment, with the County, as required by law.

- If you are an elected official, absences from employment in accordance with the Plan, provided such absence does not exceed eight (8) years.
- A leave of absence due to reasons covered under the Family and Medical Leave Act. In this case, service will be credited to the extent required by the Act.

***What Happens to Service if You Terminate and are Rehired?***

If you terminate employment and are rehired after a period of more than 12 months, you will be considered a new employee. If you terminate employment and are rehired after a period of less than 12 months, you will not be considered a new employee for pension purposes. You will not forfeit any previously accrued benefit if you do not elect to receive a refund of your contributions during the period of terminated employment.

***Earnings and Final Average Earnings***

Earnings are defined as your basic compensation excluding overtime, commissions, bonuses and any other additional compensation received from the County, but *including* any contributions that are not includible in your gross income such as pre tax deductions for health related benefits, contributions to this Plan, or compensation deferred under the County’s 457(b) program.

Final Average Earnings (“FAE”) is the average of your three highest rates of earnings received during any three consecutive earnings computation periods during the last ten earnings computation periods before the earlier of your termination of employment date or your Retirement Date. Your “earnings computation period” is defined as the first full pay period closest to July 1 within the applicable plan year. The Plan document contains additional details and examples of the determination of the earnings computation period.

If you have less than three consecutive rates of earnings, the average is taken by using the consecutive rates of earnings that are available.

**How Your Retirement Benefit Is Calculated**

***Normal Retirement - Non Public Safety Participant***

Normal retirement is defined as the earlier of age 60 with 20 years of service, or age 62 with 5 years of service. Your annual Normal Retirement income is calculated by adding (a), (b), (c), (d) and (e) as applicable:

- (a) 1.5% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan that are five or less;
- (b) 1.75% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of five but less than ten;
- (c) 2.00% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of ten but less than 15;
- (d) 2.25% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of 15 but less than 20;
- (e) 2.50% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of 20.

In general, years of service for benefit accrual purposes is calculated using completed years and months of service as a Non-Public Safety Participant in the Eligible Class.

The maximum annual amount of retirement income you may receive is equal to 65% of your Final Average Earnings (this includes any credit for unused accrued sick leave and pre-employment military service).

**EXAMPLE**

You retire with 23 years of credited service, with 1000 hours of unused sick leave and your Final Average Earnings is \$75,000:

(a)	1.50% x \$75,000 x 5 years	=	\$ 5,625.00
(b)	1.75% x \$75,000 x 5 years	=	\$ 6,562.50
(c)	2.00% x \$75,000 x 5 years	=	\$ 7,500.00
(d)	2.25% x \$75,000 x 5 years	=	\$ 8,437.50
(e)	2.50% x \$75,000 x 3 years	=	\$ 5,625.00
(f)	2.50% x \$75,000 x .5 years*	=	\$ 937.50

**Your annual Plan benefit would be: \$34,687.50**

\* 1000 hours of unused sick leave increased credited service by 6 months

At a minimum, you will receive a Normal Retirement benefit equal to the amount that can be provided by your required contributions, even if the benefit as determined by the preceding formula is less than that amount.

**Normal Retirement - Dual Service Participant**

The normal retirement date for a participant who has worked for the County as both a Public Safety Participant and a Non Public Safety Participant (also known as a “Dual Service Participant”) shall be determined based upon the position held at the time of termination of employment. At the time of termination of employment, a Dual Service Participant’s benefit will be calculated by adding together the benefit based on the years of credited service as a Public Safety Participant and the benefit based on the years of credited service as a Non-public Safety Participant.

**Early Retirement**

You may retire before your Normal Retirement Date if you are at least 52 years of age and after you have completed five years of service and are within ten years of reaching your normal retirement date. For Non-Public Safety Participants who joined the plan prior to July 1, 1977, you may retire early if you are at least 50 years of age and after you have completed five years of service and are within ten years of reaching your normal retirement date.

The Early Retirement benefit is calculated using the *same* formula as for a Normal Retirement, but includes adjustments made by a Vesting Factor and one of two Early Retirement Factors. The schedule of early retirement factors is as follows:

**Non Public Safety Participants Reaching Early Retirement Date Before January 29, 2010, or with Less than 25 Years of Service**

**EXAMPLE**

Number of Whole Years Between Annuity Starting Date and Normal Retirement Date

Years	1	2	3	4	5	6	7	8	9	10
Factor (% of Normal Retirement Benefit)	94.0	88.0	82.0	76.0	70.0	66.4	62.8	59.2	55.6	<b>52.0</b>

## **Non Public Safety Participants Reaching Early Retirement Date After January 29, 2010 with 25 Years of Service**

If you retire as a Non Public Safety Participant after January 29, 2010 and after you have earned at least 25 years of service (not counting service credit granted for pre employment military service and unused sick leave), the early retirement factor equals 0.25% per month for each month your early retirement date precedes your normal retirement date.

### **Early Retirement - Dual Service Participant**

The early retirement date for a Dual Service Participant shall be determined based upon the position held at the time of termination of employment.

### **Late Retirement**

If you continue to work after your Normal Retirement Date, the day on which you do retire is called your Late Retirement Date. Please note that your benefit under the Plan continues to accrue as long as you are employed, subject to the 65% maximum benefit described earlier.

Your Late Retirement benefit will be equal to the greater of:

1. An amount calculated according to the formula under the heading "How Your Retirement Benefit Is Calculated", based on your years of service and earnings to the date you actually retire; or
2. An amount calculated according to the formula under the heading "How Your Retirement Benefit Is Calculated" on your years of service and earnings to your Normal Retirement Date and then increased actuarially to the date you actually retire.

### **Cost Of Living Benefit**

You (or your contingent pensioner, beneficiary or spouse) will receive a COLA on May 1st of each year after you retire, provided you have been receiving annuity payments for at least 12 months prior to May 1. If you have been receiving payments for less than 12 months, you would be eligible to receive a COLA increase the following May 1st.

#### **EXAMPLE**

August 1, 2013:	Annuity payments begin
May 1, 2014:	Received annuity payments for 10 months, therefore not eligible for a COLA increase
May 1, 2015:	First COLA increase would be received

The cost of living adjustment will be based on annual changes in the Consumer Price Index. The maximum adjustment (increase or decrease) that will be made in one year is 4%. If your benefit decreases as a result of a COLA, it will not decrease below your initial benefit payment following retirement.

## **Your Plan Benefit When You Terminate Employment**

The Plan provides a retirement benefit for Non-Public Safety Participants who terminate employment with the County prior to becoming eligible to retire, provided they are vested at the time of termination and do not withdraw their contributions from the Plan prior to meeting the Plan's Normal Retirement Date.

## Determining Your Vested Benefit

The amount of retirement income to which you are entitled is called your vested benefit. Your vested benefit percentage can be found on one of the schedules of Vesting Factors which follows:

EXAMPLE					
<b>If you were hired prior to July 1, 1997:</b>					
Years of Service	Less than 2	2	3	4	5
Vested Percentage	0	25	50	75	100
<b>If you were hired on or after July 1, 1997:</b>					
Years of Service	Less than 5	5			
Vested Percentage	0	100			

You are always 100% vested in your own contributions.

You will be 100% vested at normal retirement age if you are still actively employed. If your job classification is transferred from the jurisdiction of the County to the jurisdiction of the State of Maryland, you will also be 100% vested.

At the time you terminate employment, you may either elect to receive a lump sum distribution of your total contributions plus accrued interest; or leave your employee contributions in the Plan to provide retirement benefits at a later time. However, if you elect a cash refund of your total contributions, the amount disbursed to you may be subject to Federal and State income tax and you will not be eligible to receive a retirement benefit from the County in the future.

### Direct Rollover Distributions

If you receive a distribution from the Plan in the form of a lump sum payment, you may choose to have all or part of your Plan Benefits rolled over directly to another employer's retirement plan or to an individual retirement account (IRA). The portion of your distributed benefit that is rolled over will be exempt from the mandatory federal and state tax withholding rules that may otherwise be applicable to distributions. Detailed information will be provided by CCG-DHR at the time of termination.

### Transfer of Service to Another Government Employer

If you terminate employment with the County and begin employment with another government employer within the State of Maryland, your service earned under this Plan may be transferrable to your new employer's retirement plan. You should contact the CCG-DHR of the new retirement plan for further details.

## Forms Of Benefit Payment

Your retirement benefit will be paid in the form of an annuity. An annuity is defined as the payment of a benefit in equal installments, usually monthly, over a period of time. The amount of these installments is usually based on life expectancy. You may choose among several different annuity arrangements. Depending on your election, you can provide a lifetime monthly income to your spouse or another beneficiary upon your death after retirement.

Whether you choose to retire on an Early, Normal or Late basis, Prudential Retirement will give you information about the Normal Form of Payment and your other payment

options 30 to 90 days before your benefit payments are due to begin, and you may make your election at that time. You may go to [www.prudential.com/online/retirement](http://www.prudential.com/online/retirement) or call 1-877-PRU-2100 (1-877-778-2100) to receive information regarding your retirement. Once your payments begin, this decision is final and cannot be changed.

In this section, we will discuss the Normal Form of Payment as well as your other payment options. All of these are intended to produce equivalent results.

### ***Normal Form Of Payment***

Your retirement income will be paid in the form of a Modified Cash Refund/Single Life Annuity -- that is, in level monthly payments to you as long as you live. If, after you die, any amount of your employee contributions plus interest still remains, your beneficiary will receive that amount at the time of your death. However, if the total amount of retirement income paid to you before your death is more than your employee contributions plus interest, your beneficiary will not receive any benefits.

### ***Ten Years Certain And Life Annuity***

The Ten Years Certain And Life Annuity provides you with monthly payments for as long as you live, with a guarantee of at least 10 years of payments. If you die within ten years after you retire, your beneficiary will receive the same monthly payments for the remainder of that 10-year period. If you die more than 10 years after your retirement date, no benefit will be paid to your beneficiary after your death.

### ***Contingent Pensioner Annuity***

The Contingent Pensioner Annuity will provide you with monthly payments for life but, upon your death after retirement, payments will continue to a contingent pensioner for as long as that person lives. These payments to the contingent pensioner may be 100%, 66-2/3% or 50% of your monthly income, as you elect.

The Ten Years Certain and Life Annuity and Contingent Pensioner Annuity will generally provide a lower monthly payment than the Modified Cash Refund/Single Life Annuity form of payment because payments are designed to be made over two lives (yours and your beneficiary's).

## **Survivor Benefits**

*If You Are Married:* If you die before your retirement date or normal retirement date, whichever is earlier, your spouse will be eligible to receive a Pre-Retirement Spousal Benefit if you meet all the conditions described below.

- You have reached age 55,
- You have completed 5 years of service,
- You were an active employee at the time of your death, and
- You were married for at least one year to your current spouse at the time of your death.

If you meet the conditions stated above, your spouse will receive 50% of your retirement income (based on your credited years of service as of the date of your death). However, if your spouse is at least 10 years younger than you, the percentage will be reduced by 1% for each full year in excess of nine years that your spouse is younger than you.

The Pre-Retirement Spousal Benefit will be payable monthly with each payment equal to 1/12th of the yearly amount. The first payment will be made as of the first day of the month following your death and each month thereafter until your spouse dies. When

your spouse dies, your beneficiary will receive a refund of the remainder, if any, of your required contributions plus interest.

If you die *after* your Normal Retirement Date, your spouse will receive 100% of your retirement income in the form of a Contingent Pensioner Annuity (based on your credited years of service to the date of your death). However, if you remain employed after your Normal Retirement Date, you do have the option to elect to choose the death benefit coverage provided *under an optional form of payment*, which would be payable if you die while still employed.

*If You Are Not Married:* Your beneficiary would be entitled to a lump sum disbursement equal to your employee contributions plus accrued interest. Upon reaching your normal retirement date, you may, however, designate an optional form of payment for your beneficiary. An Optional Form of Payment Election Form can be obtained from CCG-DHR.

## **Receiving Your Plan Benefit**

### ***To Make A Claim***

You do not normally have to file a claim to receive any benefits to which you are entitled. However, if you feel there is a problem regarding your benefits, you may file a written claim with the Plan Administrator stating the specific reasons you feel you are entitled to other benefits.

After a full review of the claim, you will be notified in writing that it has either been approved or denied.

### ***If Your Claim Is Denied***

Within 60 days after the denial date, you may appeal the denial by filing a written request for review by the Plan Administrator. If you wish, you (or your representative) may review the Plan document and submit written information supporting your claim to the Plan Administrator.

The Plan Administrator will notify you in writing whether your claim has been approved or denied and will include the specific reasons to support the decision.

## **Getting Your Questions Answered**

The Plan Administrator is a committee comprised of the following: County Administrator, Director of Fiscal & Administrative Services, Director of Human Resources, Benefits Administrator, and an Employee Representative. In addition to administering the Plan, the committee is responsible for benefit information and the Plan's adherence to legal requirements.

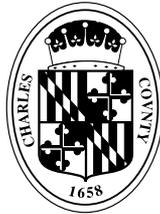
## **Continuation Of The Plan**

While the County fully intends to continue this Plan indefinitely, it does reserve the right to modify, suspend or terminate the Plan at any time. However, no modification, suspension or termination of the Plan may reduce any benefits you have already accrued. Should the Plan be terminated, you will not earn any additional benefits, but you will be 100% vested in your accrued retirement income at the time of the Plan's termination.

## HOW TO CONTACT THE COMMITTEE

Plan Administrator: Retirement Plan Committee  
Charles County Government – Department of Human Resources  
P. O. Box 2150 • La Plata, Maryland 20646  
301-645-0585 • 301-870-2681

# CHARLES COUNTY COMMISSIONERS



*Equal Opportunity County*

### Charles County Government

P.O. Box 2150 • 200 Baltimore Street • La Plata, Maryland 20646  
301-645-0550 • 301-870-3000  
MD Relay: 711 • Relay TDD: 1-800-735-2258

[www.CharlesCountyMD.gov](http://www.CharlesCountyMD.gov)

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**Mission Statement** – The mission of Charles County Government is to provide our citizens the highest quality service possible in a timely, efficient and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long- and short-term planning and have an appropriate managerial organization tempered by fiscal responsibility. We support and encourage efforts to grow a diverse workplace.

**Vision Statement** – Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount; where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.