



MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Summary Plan Description

**Guaranteed Retirement
Income Plan (GRIP)**

January 2013

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Guaranteed Retirement Income Plan (GRIP)

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Introduction

The Guaranteed Retirement Income Plan (GRIP) is a tax-deferred cash balance defined benefit retirement plan (part of the Employees' Retirement System (ERS)) qualified under Internal Revenue Code Section 401(a) and defined in the Montgomery County Code, Chapter 33, Article III ("County Code"). The purpose of this Summary Plan Description (SPD) is to provide you with an informal guide to the key provisions of the GRIP. Every effort has been made to accurately summarize the GRIP, however, in the event of a conflict between this Summary Plan Description and the County Code, the County Code will govern.

While Montgomery County Government (the "County") expects to continue the GRIP, it is the County's position that there is no implied contract between employees and the County to do so. The County reserves the right to change or discontinue any of the terms of the GRIP, subject to applicable laws and collective bargaining agreements. The County may amend the GRIP, either prospectively or retroactively, as required by Federal or State law.

The GRIP is a multiple-employer plan sponsored by the County. Other government agencies and quasi-government agencies elect to participate in the County's retirement plans. If you are an employee of one of those agencies, you participate under the same terms and conditions as a County employee.

The GRIP is administered, along with the other County Retirement Plans, by the Montgomery County Employee Retirement Plans (MCERP) organization. To find out more about MCERP, please visit our website at www.montgomerycountymd.gov/retirement.

Eligibility

You are eligible to participate in the GRIP if you are a regular full-time or part-time employee who was hired after October 1, 1994 and are:

- an unrepresented employee; or
- a non-public safety employee represented by MCGEO; or
- an elected official

Participation and Required Election

Full-Time Employees

If you are an eligible full-time employee, you are required to participate in either the Retirement Savings Plan (RSP) or the GRIP. You cannot participate in both Plans. In order to participate in the GRIP, you must make an election no later than 150 days following your date of hire. Late submissions are not accepted. You can find this information in the *GRIP Key Dates Calendar*, available on the MCERP website (see the *Resources* section of this SPD).

Your decision to participate in the GRIP is a one-time irrevocable election. Once a retirement plan election form is received by the Office of Human Resources (OHR) Records Management at 101 Monroe Street, 8th Floor, it cannot be revoked. If you do not elect to participate in the GRIP, you will be automatically enrolled in the RSP. Also, once you become a retirement plan member, you cannot change Plans. To enroll in the GRIP, you must properly complete, sign and

return a *Guaranteed Retirement Income Plan (GRIP) Election Form for Eligible Full-Time Employees* to the OHR Records Management Team, 101 Monroe Street, 8th Floor (see the *Resources* section of this SPD). Unsigned forms will not be processed. For information about when participation in the GRIP would begin, see the following section—*Membership Date*.

Part-Time Employees

If you are an eligible part-time employee, participation in the RSP or GRIP is optional. You cannot participate in both Plans. However, if you elect to participate in the RSP or GRIP, you cannot elect to discontinue your participation or change Plans. Once a retirement plan election form is received by OHR, it cannot be revoked. Part-time employees may choose to enroll at any time by properly completing, signing and returning a *Retirement Plan Election Form for Eligible Part-Time Employees* to the OHR Records Management Team, 101 Monroe Street, 8th Floor (see the *Resources* section of this SPD). For information about when participation would begin, see the following section—*Membership Date*.

Elected Officials

An individual who is an elected official after December 6, 2010 and prior to May 5, 2011 had the option to make a one-time irrevocable decision to terminate participation in the Elected Officials' Plan (EOP) and participate in the GRIP. An elected official participates in the EOP on the date he or she becomes an elected official. An elected official must elect to participate in the GRIP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days. The elected official will have his or her Plan account transferred to the GRIP and the amount transferred into the GRIP will become the elected official's beginning GRIP account balance.

An elected official who does not elect to participate in the GRIP must continue to participate in the EOP.

Membership Date

Hire Date Before July 2, 2009: If you are a full-time or part-time employee who is an RSP member and you did not elect to transfer to the GRIP, your GRIP membership generally began on your date of hire as a regular employee.

If you are a part-time employee not participating in the RSP before July 2, 2009, your RSP membership begins as of the first full pay period 30 days from the date of submitting a properly completed election form. Forms are available by visiting the MCERP website (see the *Resources* section of this SPD.).

Hire Date After December 31, 2008 through June 30, 2009: If you are a full-time or part-time employee who participated in the RSP and elected to transfer from the RSP to the GRIP, your GRIP membership begins the first full pay period 180 days after your date of hire. You can find this information in the *GRIP Key Dates Calendar*, available on the MCERP website (see the *Resources* section of this SPD).

If you are a part-time employee who was not participating in the RSP and you elect to participate in the GRIP, your GRIP membership begins the later of the first full pay period 30 days from the

date of submitting a properly completed *Retirement Plan Election Form for Eligible Part-Time Employees* or 180 days from date of hire as an employee. Forms are available on the MCERP website (see the *Resources* section of this SPD). Membership in the GRIP cannot begin prior to July 2, 2009.

Hire Date After June 30, 2009: If you are a full-time employee who elects the GRIP, membership begins as of the first full pay period following 180 days of employment. You can find this information in the *GRIP Key Dates Calendar*, available on the MCERP website (see the *Resources* section of this SPD).

If you are a part-time employee who elects the GRIP, your GRIP membership begins the later of the first full pay period 30 days from the date of submitting a properly completed *Retirement Plan Election Form for Eligible Part-Time Employees* or 180 days from date of hire as an employee. Forms are available by visiting the MCERP website (see the *Resources* section of this SPD).

An elected official must elect to either participate in the GRIP or the RSP during the first 150 days after becoming an elected official. Participation will begin on the first pay period after the elected official has been in office for 180 days.

Note: If you were previously employed by the County or a participating agency, your most recent date of hire is the date used to determine eligibility and participation. However, if you change employment from the County to a participating agency or vice versa, or from one participating agency to another with no break in service, you will continue to participate in your chosen plan.

Your GRIP Account

Contributions and earnings thereon are credited to an account with the record keeper (Fidelity Investments) selected by the Board of Trustees and the County. Contributions related to GRIP are held in the ERS Trust administered by the Board of Investment Trustees.

If you participated in the RSP and elected to transfer your RSP account balance into the GRIP, your final RSP balance became your beginning GRIP balance.

Contributions

Contributions are made to an account in your name at Fidelity Investments. Each quarter, you will receive a statement of your account from Fidelity Investments. You may also check your account information online at <http://plan.fidelity.com/MCG>.

Employee Contributions: Once your membership begins, each payday you contribute 4% of your regular pay (excluding overtime pay) on a pre-tax basis. You contribute 8% on any amounts over the Social Security Wage Base (SSWB). If you are a public safety employee, you contribute 3% of your regular pay (excluding overtime pay) on a pre-tax basis. You contribute 6% on any amounts over the SSWB. Your pay slip will reflect your contributions as a deduction for retirement. Montgomery County Employees Federal Credit Union employees will have

employee contributions made on an after-tax basis. *Note:* You may not make additional contributions to your GRIP account.

Employer Contributions: Once your membership begins, each payday you are credited with an employer contribution of 8% of your regular pay (excluding overtime pay) if you are a non-public safety employee and 10% of your regular pay (excluding overtime pay) if you are a public safety employee. Your account statement will reflect both employer and employee contribution credits.

Interest

Interest is accrued daily on your account balance and credited monthly at an annualized 7.25% rate.

Military Service

If you temporarily leave County service for qualified military service, your employer will contribute both employee and employer amounts that would have been contributed, up to five years, had you not left employment to serve in the military. Contributions will be credited to your account upon your return to County service. You will not receive retroactive earnings on the amount contributed to your account. You must return to County service within one year of leaving military service (two years in the case of recovery from a military related illness or injury) and cannot have had any other employment during this period

Rollovers into the GRIP

Direct rollovers into the GRIP are not permitted, however members who transferred their balance from the RSP were permitted to transfer their prior rolled over amounts.

Withdrawals and Loans

You cannot receive a distribution until you retire or terminate employment with the County or your participating agency. Loans and hardship withdrawals are not permitted.

Vesting

You are always fully vested in your employee contributions and interest on those contributions. You become vested in your employer's contributions upon:

- three years of credited service (includes RSP or EOP membership)
- disability in the County Code section 33-128
- death

If you were vested as a member of the RSP or EOP, you are vested as a member of the GRIP.

Designated Beneficiary(ies)

Your designated beneficiary(ies) will receive your account balance upon your death. If your account balance has been distributed, there is no benefit upon your death.

To name your beneficiaries, you must complete a *Retirement Beneficiary Designation/Change Form*, available by visiting the MCERP website (see the *Resources* section of this SPD). Unsigned forms are invalid. You may change your beneficiary at any time by properly completing, signing and returning a new form to the MCERP.

If you do not designate a beneficiary or fail to properly complete your form, your surviving spouse or registered domestic partner will receive your account balance. If you do not have a surviving spouse or registered domestic partner, your account balance will be split equally among any surviving children. If you do not have any surviving children, your account balance will go to your estate.

Termination of Employment

When you terminate employment with the County or a participating agency, you may leave your account in the GRIP, until the account is required to be distributed under Federal law (*Distribution Options* for additional information) or receive a distribution of your account balance.

Distribution Options

Upon termination, you may receive your account balance in one of the following methods:

- *Lump-sum payment.* You receive your account balance in one lump-sum payment.
- *Direct rollover.* One lump-sum payment of your account balance will be transferred to a retirement plan of your choice which will accept the distribution.
- *Life Annuity.* Your account balance is calculated as a life annuity which is a monthly benefit paid over your lifetime with no benefits payable after death.
- *Joint and Survivor Annuity.* Your account balance is calculated as a joint and survivor life annuity which is a monthly benefit paid over your lifetime. At your death, your surviving joint annuitant, who must be your spouse, child or eligible domestic partner, will receive a percentage of the benefit for the rest of his or her life. Generally, the larger the percentage your joint annuitant receives, the less the amount that will be paid to you during your lifetime. You may choose any percentage but not less than 10%. Typically percentages elected are 100%, 70%, 50%, 30% or 20%. Benefits end when both you and your joint annuitant die.
- *Note:* Any benefits due to a joint annuitant who is a minor will be paid in accordance with applicable State law. Under most State laws, minors cannot receive pension payments directly.

Distributions of \$1,000 or Less

If your account balance is \$1,000 or less, you will receive a distribution in a lump sum as soon as administratively possible after termination of employment. For amounts greater than \$200, you may be able to elect a direct rollover.

If you receive a lump-sum distribution, you will have 20% of your account balance withheld for Federal taxes and 7.75% for Maryland taxes (Maryland residents). You will also have a 10% early withdrawal penalty to report on your income tax return if you receive a distribution before

age 55. No taxes will be withheld and no penalties will apply if you elect a direct rollover to an eligible retirement plan (e.g., IRA or new employer's retirement plan).

Required Distribution

As required by Federal law, upon the later of your attainment of age 70½ or termination of County employment, you must take a distribution. Under the GRIP, this distribution is 100% of your account balance.

Assignment and Qualified Domestic Relations Orders (QDRO)

Except in the case of an approved qualified domestic relations order (QDRO), you may not assign your account balance. If you are going through a divorce proceeding, you should contact MCERP for the QDRO procedures and model orders (see the *Resources* section of this SPD). Only a QDRO approved by MCERP will be honored.

Appeals

The Chief Administrative Officer has full discretion for interpreting the GRIP. If you disagree with a benefit or eligibility determination, you may appeal to the Chief Administrative Officer who must respond in writing within 60 days. If the Chief Administrative Officer denies your claim, you may appeal the denial to the Merit System Protection Board within 15 days.

Errors

If you receive any monetary amount due to an error, you must return it to the GRIP.

Resources

MCERP

Mail: 101 Monroe Street, 15th Floor
Rockville, MD 20850

Email: Retirement@montgomerycountymd.gov

Phone: 240-777-8230

Fax: 301-279-1424

Web: www.montgomerycountymd.gov/retirement

Fidelity Investments

Onsite representative : Jason Su

Mail: 101 Monroe Street, 15th Floor
Rockville, MD 20850

Email: fidelityonsite@montgomerycountymd.gov

Phone: 240-777- 8228

Fax: 301-279-1424

Web: <http://plan.fidelity.com/MCG>

Customer Service: 1-800-430-2363

8:30 A.M. to Midnight EST to speak with a Participant Services Representative

Board of Investment Trustees (fund offerings, quarterly performance and other related information)

Web: www.montgomerycountymd.gov/retirement