



**MONTGOMERY COUNTY GOVERNMENT**

## ***Summary Description***

### **For Members of the Elected Officials' Plan (EOP)**

*Including information regarding:*

- **EOP**
- **Long-Term Disability (LTD) Plan**

November 2022

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## **EMPLOYEES' RETIREMENT SYSTEM OF MONTGOMERY COUNTY ELECTED OFFICIALS' SUMMARY DESCRIPTION**

### **Introduction**

The Elected Officials' Plan (the "Plan") is a defined contribution plan within the Employees' Retirement System, Chapter 33, Article III ("County Code"). The Plan is a qualified retirement plan under Internal Revenue Code Section 401(a). The purpose of this Summary Description is to provide you with an informal guide to the key provisions of the Plan. Every effort has been made to accurately summarize the Plan. However, in the event of a conflict between this Summary Description and the County Code, the County Code will govern.

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

### **Participation and Eligibility**

Elected officials are eligible to participate in the Plan. An elected official is the sheriff, the state's attorney, a County Council member, the County Executive, and any County official elected for a fixed term as specifically provided in the Charter.

Unless an elected official was an active member of a County retirement plan before becoming an elected official, which includes being on leave without pay, an elected official must participate in the Plan upon becoming an elected official. An elected official who chooses to continue to participate in another County retirement plan may become a member of the Plan at any time while an elected official after terminating participation in the other plan.

### **Transfer to the Guaranteed Retirement Income Plan (GRIP)**

An individual who is an elected official after December 6, 2010 may make a one-time irrevocable decision to terminate participation in the Plan and participate in the Guaranteed Retirement Income Plan (GRIP). 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.

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, 12<sup>th</sup> Floor, it cannot be revoked. 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 Elected Officials* to the OHR Records Management Team, 101

Monroe Street, 12<sup>th</sup> Floor (see the *Resources* section of this SPD. Unsigned forms will not be processed.

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

## **Contributions**

Contributions are made to an account in your name at Fidelity Investments. Each quarter, you receive a statement of your account from Fidelity Investments. You may also check your account information online at [www.NetBenefits.com/MCG](http://www.NetBenefits.com/MCG).

Employee Contributions: Each pay day you contribute 4% of your pay (regular earnings) on a before-tax basis. Your pay advice will show the contributions as a deduction for retirement.

You may make additional voluntary after tax contributions into your account of up to 7% of bi-weekly gross pay.

Employer Contributions: Each payday the employer contributes 8% of pay (regular earnings before taxes). Your account statement will show both employer and employee contributions.

## **Rollovers**

No rollovers are permitted.

## **Establishment of Account and Default Investment Option**

When your membership begins, an account at Fidelity Investments will be opened in your name. Until you select an investment fund(s), all contributions will be invested in a default Target Date Fund. The default fund is currently a lifecycle investment fund based on your date of birth.

## **Investment Fund Options**

You are responsible for making the investment decisions for your account. You may choose one or more fund options depending on your investment objectives. You should note that you bear all investment risk and that gains or losses on your account balance are determined solely by your investment elections. No plan fiduciary is liable for any loss resulting from your investment decisions.

The Board of Investment Trustees (the “Board”) offers a diversified slate of investment options that:

- cover a risk and return spectrum of appropriate investment classes
- are distinguishable and have distinct risk and return characteristics
- are well-diversified and professionally managed
- charge fees that are reasonable for the asset class and investment style

Recognizing that some participants consider themselves experienced investors who want more variety, independence, and greater control in managing their account, the Board permits participants to select any mutual fund, unless otherwise prohibited, through a Self-Directed Brokerage Account (SDBA). The Board does not monitor or evaluate the mutual funds available within the SDBA. If you would like to open an SDBA, you must sign an agreement acknowledging your understanding that you exercise exclusive control

over the SDBA and that the Board does not select or monitor the mutual funds traded in the SDBA.

You may change your investment elections at any time by calling Fidelity Investments at 800-343-0860 or visiting <https://nb.fidelity.com/public/nb/MCG/home>. Your investment direction remains in effect until you change it. Trade restrictions and fees on redemptions may be initiated by a particular investment option or by the record keeper at any time.

### **Resources to Assist You with Investment Decisions**

Fidelity is available to provide you with information regarding your investment options and other investment related decisions. You can request detailed fund information and prospectuses by calling Fidelity at 800-343-0860, 8:30 A.M. to Midnight EST to speak with a Participant Services Representative or by visiting [www.NetBenefits.com/MCG](http://www.NetBenefits.com/MCG).

### **Withdrawals and Loans**

Contributions must remain in your account until you leave office. Loans or hardship withdrawals are not permitted.

### **Retirement Date**

The normal retirement date is age 62 with the lesser of a full term of office or 4 years of credited service.

### **Vesting**

You are always fully vested in your employee contributions and any earnings or losses from the investment of those funds.

You become vested in your employer's contributions upon:

- four years of service
- completion of a full term of office

### **Termination**

When you leave office, you may leave your account (unless a minimum distribution is required as described in *Minimum Required Distributions*) or receive a distribution of your vested account balance.

### **Designated Beneficiary(ies)**

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

To name your beneficiaries, you must complete your beneficiary designations online via Fidelity's website.

To start the process of entering your beneficiary information, please log on to Fidelity's website following the instructions shown below. If you do not have a login ID or

password, please log on to [www.NetBenefits.com/MCG](http://www.NetBenefits.com/MCG) and click on Contact Us for assistance in setting up your personal login credentials:

1. Log on to Fidelity NetBenefits® at [www.NetBenefits.com/MCG](http://www.NetBenefits.com/MCG)
2. Click the Profile link.
3. Select Beneficiaries and follow the online instructions.

MCERP recommends reviewing and updating your beneficiary form at least every two years or when a life change occurs such as marriage, divorce, death of a spouse or dependent.

### **Distributions**

You may receive your account balance in one of the following methods:

- An annuity paid over your lifetime
- A joint and survivor annuity which is paid over your lifetime with guaranteed lifetime payments to your beneficiary(ies) if they survive you
- A single life annuity paid over your lifetime. If you die before receiving your account balance, your beneficiary will receive the difference.
- A life annuity with a ten-year certain which is paid over your lifetime with at least 120 payments made.
- An annuity that provides gradually increasing pension payments based on your life expectancy at the time of distribution. You receive payments for your lifetime.
- A single, lump-sum cash payment of your account balance.
- Installments over a period not exceeding the lesser of the joint life expectancy of you and your beneficiary or 20 years.
- 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.

Fidelity Investments can provide additional information on these options. The Board can also provide information about the annuity option. (See *Your Resources* section.)

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 if you are a Maryland resident. In addition, if you receive a distribution before age 55, you will also have a 10% early withdrawal penalty to report on your tax return. Penalties and taxes may apply for installments depending upon the option you select. No taxes will be withheld, and no penalties will apply if you elect a direct rollover to an eligible retirement plan (e.g., a rollover IRA or new employer's retirement plan). Fidelity Investments can provide you with information related to distributions.

**Minimum Required Distributions**

As required by federal law, upon the later of your attainment of age 72 or termination, you must begin to receive minimum distributions from your account. Fidelity Investments can provide you with more information related to distributions.

**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 the OHR Benefits Team for the QDRO procedures and model orders. Only a QDRO approved by the County will be honored.

**Appeals**

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 Plan.

**Disability Retirement**

Both service and non-service connected disability benefits are available for Elected Officials.



# **The LTD Plan**

## **Introduction**

The purpose of this Summary Description is to provide you with an informal guide to the key provisions of the Long-Term Disability (LTD) Plan, Montgomery County Code, Chapter 33, Article VIII, Division 2 (“County Code”). Every effort has been made to accurately summarize the LTD Plan. However, in the event of a conflict between this Summary Description and the County Code, the County Code will govern.

While Montgomery County Government (the “County”) expects to continue the LTD Plan, 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 LTD Plan, subject to applicable laws and collective bargaining agreements. The County may amend the LTD Plan, either prospectively or retroactively, as required by Federal or State law.

The LTD Plan is sponsored by the County. Other government agencies and quasi-government agencies elected to participate in the County’s LTD Plan. If you are an employee of one of those agencies, you participate under the same terms and conditions as a County employee.

## **Eligibility**

You are eligible for LTD coverage if you are budgeted to work for the County or a participating agency at least 20 hours a week and participate in the:

- RSP,
- GRIP, or
- EOP.

## **Entry Date**

Your LTD coverage begins automatically on your date of retirement plan membership.

## **Definition of Disability**

To qualify for LTD benefits, you must meet the LTD Plan’s definition of disabled. Disability is divided into two categories: initial disability and continued disability. If you qualify for an initial disability, the County will re-evaluate you before the end of 36 months (12 months for a public safety employee who has a non-service-related disability) to determine if you meet the requirements for a continuing disability.

### Initial Disability

You are considered disabled if you cannot perform the job, you held when you became disabled. Your condition must be the result of an accident, illness or injury and not caused by your willful misconduct or willful negligence.

### Continuing Disability

If you qualify for an initial disability, then, at the end of the initial period, you are considered disabled if your condition has not changed and you cannot perform any job for which you are reasonably suited, based on your education, training or retraining and experience and your condition is likely to be permanent.

### **Benefits**

You receive monthly payments which replace a percentage of your final earnings. Your final earnings means your average annual pay earned at the County or participating agency for the 18 consecutive-month period for which you earned the most money. The amount you receive depends on whether your disability is service-related or non-service-related.

### Service-Related Disability

A service-related disability is a condition due to an accident, illness or circumstance which is aggravated while performing your duties as an employee. You will not receive any benefits for an accident or illness caused by your own willful misconduct or willful negligence.

If your disability is service-related, you will receive 52½% of your final earnings each month (adjusted by benefits from other sources as explained below).

### Non-Service-Related Disability

A non-service-related disability is a condition due to an accident or illness that is not the direct result of performing your duties. You must have worked for the County for the six months immediately preceding the disability. You will not receive any benefits for an accident or illness caused by your own willful misconduct or willful negligence.

If your disability is non-service-related, you will receive 2% of your final earnings multiplied by the number of years you have been a member of one or more of the County's retirement plans, up to a maximum of 60% of your final earnings. You will receive a minimum benefit of 30% of your final earnings.

### *Examples:*

1. If you have been a member of the County's retirement plan for 17 years, your monthly payment is 34% of your final earnings (2% x 17 years of service).
2. If you have been a member of the retirement plan for 10 years, your monthly payment is 30% of your final earnings (2% x 10 years is 20%, but the minimum payment is 30%).

*Note:* The benefit calculated under this formula may be adjusted by benefits from other sources and you may receive less than 30% of your final earnings.

## **Reduction in Benefits**

### Other LTD Benefits

Your benefits will be reduced one dollar for each dollar you receive from:

- Social Security disability benefits (including benefits paid to your dependents because of your disability)
- any other government group income maintenance insurance coverage
- any government disability plan
- the Employees' Retirement System
- the GRIP – any amount you are entitled to receive (i.e., your plan account)

Note: If you receive any of these payments as a lump sum, your LTD benefit will be adjusted as if the lump sum were being paid as an annuity.

### Employment

Your County disability benefit will be reduced one dollar for each three dollars of your earnings or income you receive because of employment, including net earnings from self-employment.

### Workers' Compensation

The LTD payment you receive from the County is subject to reduction by any workers' compensation award for which you may be eligible. If you are eligible for both and your disability benefit is greater than what you are entitled to receive from workers' compensation, you will receive only the disability benefit. (Your LTD payment satisfies the County's workers' compensation obligation.) You must report any changes in your income to the OHR Benefits Team.

## **Length of Benefits**

Your continued disability benefits will generally last until:

- you recover from your disability,
- you fail to provide the Chief Administrative Officer with any necessary information (such as any earnings or tax information, or if you refuse to see a doctor)
- you reach age 70, or
- your death.

### **Re-Evaluating Your Disability**

After the initial disability period, you must undergo a medical examination to determine if you are entitled to receive continued disability. If you are not eligible, your disability benefits will end.

If you are eligible to receive continued disability benefits, you will be required to undergo a medical examination as often as every year. You will be notified when you need an examination and will receive further details then. You must report any changes in your condition to the OHR Occupational Medical Services Division.

### **Deadline to Apply for Benefits**

In order to receive benefits from this Plan, if you incurred a service-related disability, you must report the injury within one year of the injury or submit a timely claim for workers' compensation. You must also file an application for benefits within one year of separation from County service.

### **Applying for Benefits**

In applying for LTD benefits, the OHR Benefits Team will provide you with the proper form and any help you need with the application process. In addition to completing the form and submitting it to the OHR Benefits Team, you will also need to provide copies of your medical records to OHR, Occupational Medical Services (OMS). Your application and, upon receipt, your medical records will be forwarded to the Disability Review Panel.

The Disability Review Panel will review your application and medical records. Upon completion of the review, the Panel will recommend to the Chief Administrative Officer whether or not you are eligible to receive LTD benefits. When making its determination, the Disability Review Panel will require you to undergo a medical examination.

The OHR Benefits Team will notify you in writing of the Chief Administrative Officer's decision. The effective date of your payments would be the earlier of the date by which you have exhausted all accrued sick and compensatory leave in excess of 80 hours or the date of the Chief Administrative Officer's decision.

### **Appeals**

The Chief Administrator has the full discretion to interpret the Plan. If you disagree with any decisions regarding your eligibility for disability benefits, including a decision to discontinue your benefits, you may appeal the decision within 20 days of your receipt of written claim denial. The appeal should be sent to the OHR Benefits Team at 101 Monroe Street, 7<sup>th</sup> Floor, Rockville, Maryland 20850. The Disability Arbitration Board will decide the appeal and should issue a decision within 30 days after a hearing.

### **Errors**

If you receive any monetary amount due to an error, you must return it to the County or, if applicable, your participating agency.

## **Funding**

The LTD Plan is not part of the EOP, and no separate trust fund has been established to fund these benefits. Benefits are paid from the County's general assets. Once your retirement plan membership begins, participants must also make after-tax LTD contributions each pay period. The deduction amount is determined each year and announced during Open Enrollment on the group insurance rate sheet.

## **Acronyms**

|          |                                   |
|----------|-----------------------------------|
| BIT      | Board of Investment Trustees      |
| EOP      | Elected Officials' Plan           |
| ERS      | Employees' Retirement System      |
| GRIP     | Guaranteed Retirement Income Plan |
| LTD Plan | Long-Term Disability Plan         |
| OHR      | Office of Human Resources         |
| RSP      | Retirement Savings Plan           |
| SDBA     | Self-Directed Brokerage Account   |

## **Your Resources**

### **Fidelity Investments**

*Web:* <https://nb.fidelity.com/public/nb/MCG/home>

*Phone:* 800-343-0860

### **Board of Investment Trustees**

*Web:* <https://www.montgomerycountymd.gov/mcerp/trustees.html>

### **Investment Policy, Annual Report and Comprehensive Annual Financial Report**

*Web:* <https://www.montgomerycountymd.gov/mcerp/trustees.html> "Reports" under Board of Investment

### **Retirement Benefits Team**

*Email:* [Retirement@montgomerycountymd.gov](mailto:Retirement@montgomerycountymd.gov)

*Phone:* 240-777-8230