



MONTGOMERY COUNTY RETIREMENT FOCUS

January 2022

Important Year-End Reminders

Financial Check-up

Everyone's road to retirement is personal so it is important to review and evaluate where you stand so you can make sound financial decisions along the way. Reaching your retirement savings goal starts with developing a plan now.

Schedule a one-on-one appointment to ensure you are on the right track with either **Fidelity** (*all plans except ERS*) or **Cambridge Investment Research** (*RSP & DCP*) by visiting our website at www.montgomerycountymd.gov/retirement and clicking on **Investment Counseling**, along the left-hand side of the page.

Deferred Compensation Plan Contribution Limits

The Internal Revenue Service has announced the limits for 2022 will increase from the 2021 levels. Shown below are the 2022 limits:

2022 Contribution Limits	
Regular	\$20,500
Age 50+ Limit	\$6,500 + regular Total \$27,000
3-year Catch-up	\$41,000

Questions about opening a County Deferred Compensation account or increasing your contributions? Call Fidelity at (800) 343-0860.

Required Minimum Distribution

Will you be 72 this year and no longer working for the County?

The IRS requires members of the Retirement Saving Plan (RSP), Guaranteed Retirement Income Plan (GRIP) or the Deferred Compensation (DCP), who are **no longer working** for the County, to begin taking annual distributions from their account once they reach age 72.

For more information, please contact the Fidelity onsite representative at (240) 777-8228 or Fidelity Customer Service Center (800) 343-0860 to determine when and how much you will need to withdraw.

Saver's Tax Credit

If you are a low-to-moderate income worker, as defined by the IRS, you may be eligible for a tax credit for making eligible contributions to the County's retirement plan.

You are eligible for the credit if you meet the income test, are at least age 18, not a full-time student, and not claimed as a dependent on another person's return.

The amount of the credit is 50%, 20% or 10% of your retirement plan contributions up to \$2,000 (\$4,000 if married filing jointly), depending on your filing status and your adjusted gross income. To find out more information visit the IRS website at: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement->

Important ERS Retiree Information

9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. Montgomery County Employees' Retirement System 101 Monroe Street 15th FL Rockville, MD 20850		1 Gross distribution \$ 25,801.44 2a Taxable amount \$ 25,547.88 2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>	OMB No. 1545-0119 2021 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S TIN 30-0606393	RECIPIENT'S TIN 111-111-111	3 Capital gain (included in box 2a) \$ 0.00	4 Federal income tax withheld \$ 2,247.28	Copy A For Internal Revenue Service Center File with Form 1096.
RECIPIENT'S name Benny Pension		5 Employee contributions/ Designated Roth contributions or insurance premiums \$ 253.56	6 Net unrealized appreciation in employer's securities \$ 0.00	For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns.
Street address (including apt. no.) 100 Retirement Row		7 Distribution code(s) 7	8 Other %	
City or town, state or province, country, and ZIP or foreign postal code Rockville, MD 20850		9a Your percentage of total distribution %	9b Total employee contributions \$ 0.00	
10 Amount allocable to IRR within 5 years \$ 0.00	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld \$ 1,020.00	15 State/Payer's state no.
Account number (see instructions)	13 Date of payment	17 Local tax withheld	18 Name of locality	16 State distribution \$ 25,547.88 19 Local distribution \$

Form 1099-R Cat. No. 14436Q www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

In January you will receive a Form 1099-R that reports the total benefit you received from the Employees' Retirement System (ERS).

The statements will be mailed to you on or about January 27, 2022.

If you move into Maryland, make sure to complete the MW507P form to have State taxes withheld.

If you move outside of Maryland, we will stop your Maryland state tax deductions. We do not withhold taxes for states other than Maryland.

FORM MW 507P Comptroller of Maryland Revenue Administration Division 110 Carroll Street Annapolis, Maryland 21411-0001	Maryland Income Tax Withholding for Annuity, Sick Pay and Retirement Distributions
Type or print full name _____	Social Security number _____
Home address (number & street) _____	
City, state and zip code _____	
A. Contract claim or identification number	N/A
B. Enter the amount withheld from each annuity, sick pay or retirement distribution payment	\$ _____
I request voluntary income tax withholding from any annuity, sick pay or retirement distribution payments as authorized by Section 10-9-07(b) of the Tax-General Article of the Annotated Code of Maryland.	
COMWRAD 044 11-42 (Signature)	_____ (Date)

Account Forms Review

A review of all personal information is important because of life changes that might have occurred during the year.

- Beneficiary Forms
- Direct Deposit/Tax Withholding
- Address Change

ERS Retirees please visit our website for forms at: <https://www.montgomerycountymd.gov/mcerp/retirees.html>

2022 ERS Pension Deposit Schedule

January 3, 2022	July 1, 2022
February 1, 2022	August 1, 2022
March 1, 2022	September 1, 2022
April 1, 2022	October 3, 2022
May 2, 2022	November 1, 2022
June 1, 2022	December 1, 2022

Top Things New ERS Retirees Should Know

We Are Here For You! MCERP is not only providing customer service for our employees but for our retired members as well. You might not be aware of some of the services available, so we have highlighted a few in the boxes below:

1

When and how the COLAs are determined:

The Cost-of-Living Adjustment (COLA) is an annual adjustment to your monthly pension benefit which reflects the change in the Consumer Price Index (CPI) from May 1 of the prior year through May 1 of the current year. It is applied July 1. If you retire during the prior fiscal year your COLA will be prorated.

2

Survivor Benefits:

If you elect the Joint & Survivor option at retirement and your spouse precedes you in death and you remarry, you **cannot** add your new spouse as a Joint Annuitant. If you select the Joint & Survivor “PopUp” option, your benefit will pop up to the Modified Cash Refund option amount in the event of your spouse’s death.

3

Income Verification Letter:

To obtain an income verification letter outlining your monthly annuity benefits, call MCERP at (240) 777-8230 or email us at retirement@montgomerycountymd.gov.

4

Social Security Seminars:

Social Security seminars are held 3 times a year virtually from 2-4pm. To register, please sign-up by using the link shown below:

<https://www.signupgenius.com/go/5080e4ea4a62aa6f85-social5>

5

Health Insurance:

Please call MC311 at (240) 777-0311 Monday – Friday 8am – 5pm to have your health insurance questions answered by the County’s Human Resources Office (OHR).

6

When to contact MCERP:

Please let us know if your name, phone number, or address changes. These changes can be made online with your AccessMCG credentials. If you do not have your credentials, please call (240) 777-8230 and we will provide assistance. To obtain forms for tax or direct deposit changes, visit our website at:

<https://www.montgomerycountymd.gov/mcerp/retirees.html>

If you have a life change such as a death or divorce, please call (240) 777-8230 or email us at retirement@montgomerycountymd.gov.

7

Investment Counseling for the County Deferred Compensation Plan:

If you have an account balance with Fidelity, you are entitled to meet with a Fidelity representative to answer questions on investments, distributions or other related topics. For an office near you call **(800) 343-0860 or (240) 777-8228**.

You also have the option to meet with Cambridge Investment Research, an independent financial planner, to discuss your financial goals and review your asset allocation. To make an appointment use the link shown below: <https://www.montgomerycountymd.gov/mcerp/education/>

Employees' Retirement System (ERS) including GRIP

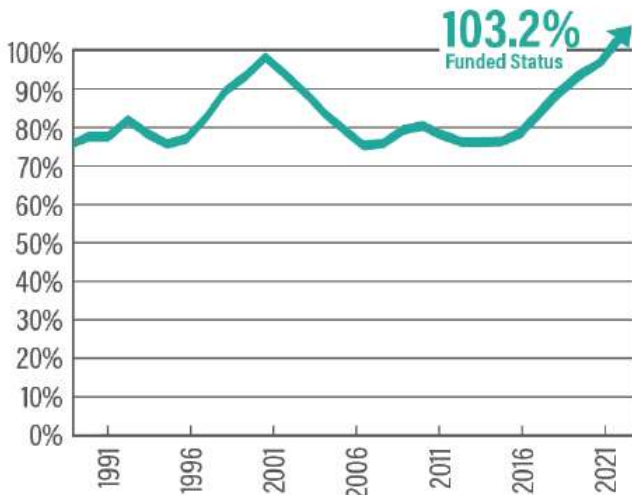
The ERS was established in 1965 as a cost-sharing, multiple-employer defined benefit pension plan to provide benefits to the employees of the County and other agencies or political subdivisions that elect to participate. The County Council passed legislation in 2009 enabling the County to establish and maintain the GRIP, a cash balance plan that is part of the ERS, for employees. The ERS is closed to employees hired on or after October 1, 1994, except public safety bargaining unit employees and GRIP participants. ERS benefits are determined based on the participant's years worked, age at retirement, and average final earnings. GRIP benefits are determined based upon the participant's account balance, which includes contributions and earnings.

Membership Data

Membership - Fiscal Year 2021	ERS	GRIP
Active Participants	3,504	2,710
Former Participants	159	444
Retiree & Other Benefit Recipients	6,843	-
Total Membership	10,506	3,154

ERS Average Annual Retirement Benefit	
2021	2020
\$39,079	\$38,637

ERS Funded History



Funded Status

The funded status of a retirement plan measures the progress of accumulating the funds necessary to meet future obligations and is an important indicator of the soundness of a retirement plan. The funded status reflects the assets of the retirement plan available to pay benefit payments.

The funded status is affected by membership experience, as well as demographics, economic changes, and investment performance. The aggregate funded status of the 100 largest U.S. public pension plans was 82.6% as of June 30, 2021. *

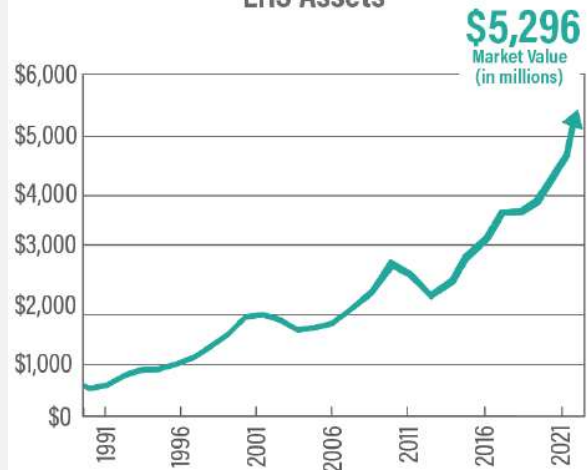
*Milliman Public Pension Funding Index, 2nd Quarter 2021

Growth of Assets

As of June 30, 2021, the market value of the ERS assets were \$5.926 billion, as compared to \$4.334 billion at June 30, 2020. The increase of \$962 million was attributable to the following:

- An increase of \$101 million from employer and employee contributions
- An increase of \$1,141 million from investment gains
- A decrease of \$280 million due to the payment of benefits to ERS retired and terminated participants and administrative expenses

ERS Assets



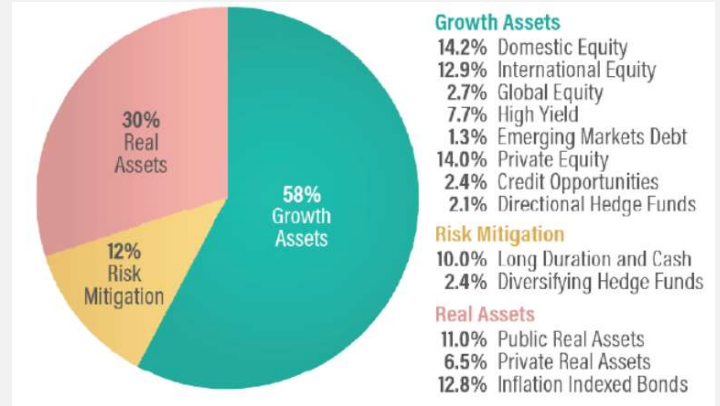
Employees' Retirement System (ERS) including GRIP

Investment Allocation

The Board invests ERS assets across a broad array of asset classes resulting in the June 30, 2021 allocation presented in the chart to the right. In overseeing the management of ERS assets, the Board has developed sound and prudent investment policies. The Board works to control the risk to which the ERS is exposed while maximizing the potential for long term increases in the value of the assets.

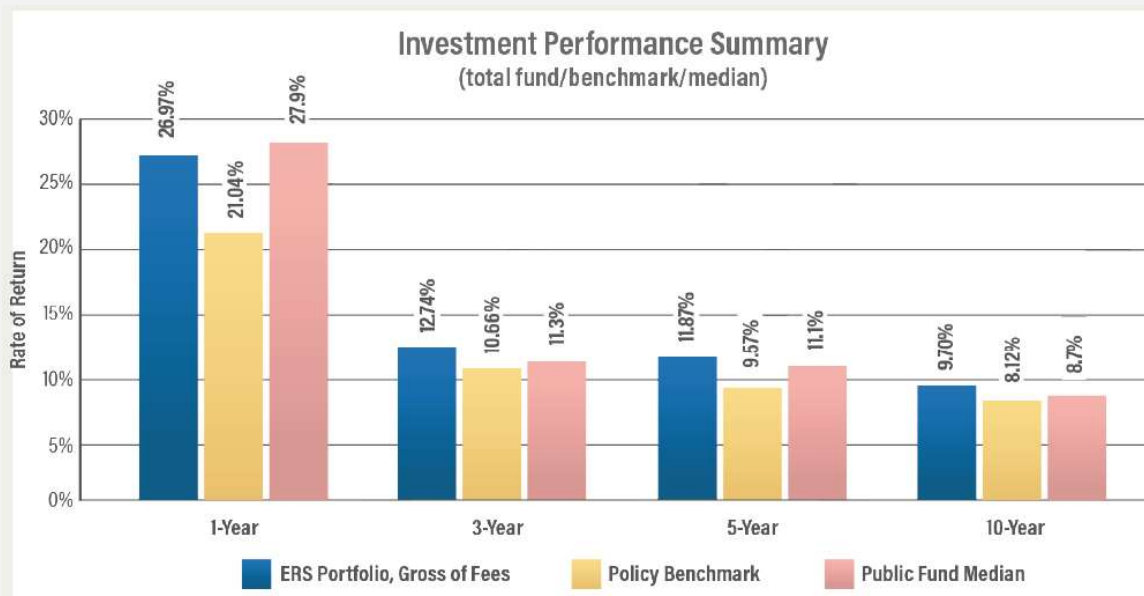
The Board's specific investment objectives are to:

- Realize the actuarial assumed rate of return of 7.5% annually, over a long term time horizon
- Manage portfolio risk to limit potential downside fluctuations in the value of the total ERS assets
- Realize as high a rate of total return as possible consistent with the above



Investment Performance Summary

The majority of the average retiree's benefit is paid from investment earnings. The median return among U.S. public pension plans over \$5 billion in size in FY 2021 was 27.9%, gross of fees. The ERS' return for the fiscal year was a gain of 27.0%, gross of fees, ranking slightly below the universe median. The key drivers of the performance for the twelve-month period ending June 30, 2021 were the ERS' domestic and private equity holdings. The ERS' five-year return of 11.9% ranks in the top quartile of the peer group universe, while its ten-year return of 9.7% ranks in the top decile of the peer group universe. Shown below is a comparison of the ERS' returns to its policy benchmark, which is composed of market indexes with weightings reflective of the ERS' asset allocation targets. Also shown is the public fund peer group comprised of funds with assets over \$5B.



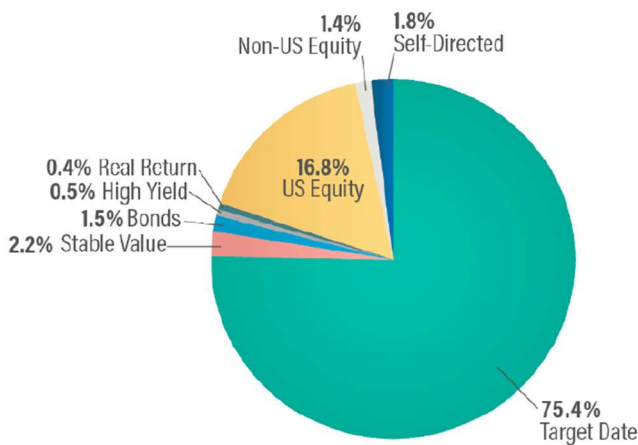
Retirement Savings & Deferred Compensation Plans

Retirement Savings Plan (RSP)

The RSP was established in 1994 as a cost-sharing multiple-employer defined contribution retirement plan to provide benefits to all non-public safety and certain public safety employees hired on or after October 1, 1994. Non-public safety employees contribute 4% of regular earnings up to the Social Security wage base and 8% above the wage base. Public safety employees contribute 3% up to the Social Security wage base and 6% above the wage base. During FY21, the County and participating agency employers contributed 8% of regular earnings for non-public safety employees, and 10% of regular earnings for public safety employees, as required by County law.

The Board has established a diversified slate of mutual and commingled funds from which participants may select investment options. The chart to the left depicts the allocation of RSP assets as of June 30, 2021.

Participants' Investment Allocation



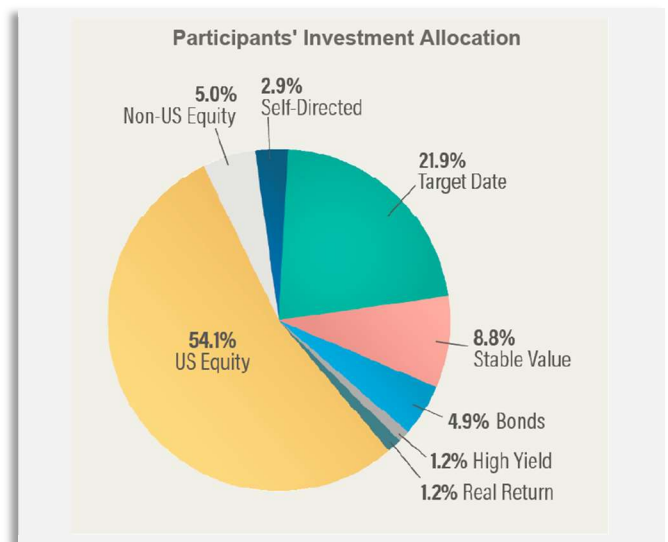
Membership - Fiscal Year 2021	
Active Members	3,328
Inactive Members	1,060
Total Membership	4,388

Target Date Funds invest in a combination of equities, bonds, and other assets. The asset allocation is adjusted over time to balance risk and return throughout a participant's lifetime. Each strategy is managed with an estimated retirement date, becoming more conservative (less equity exposure) to and through retirement.



Deferred Compensation Plan (DCP)

The County established the DCP for employees in 1980. All non-represented employees are eligible to join the DCP at any time, and non-represented employees hired after June 6, 2010 are automatically enrolled in the DCP 60 days after the date they are hired with a 1% contribution unless a written election not to participate is submitted. Employees who are members of Municipal and County Government Employees Organization (MCGEO) and were hired prior to March 1, 2005 and were not members of the DCP at that time, time, may also join the plan at any time. The Board has established a diversified slate of mutual and commingled funds, administered by Fidelity, from which participants may select investment options.



Membership - Fiscal Year 2021	
Active Members	2,161
Inactive Members	1,262
Total Members	3,423



For calendar year 2021, annual contributions were limited to the lesser of \$19,500 or 100% of the employee's compensation. Participants who are age 50 or older may make an additional annual catch-up contribution of \$6,000.00. In addition, participants may be eligible to participate in the 3-year catch-up option.

Do you know how much money you need to retire?

How much do you need to save for retirement is one of the most common questions participants ask.

There are so many unknowns: When will you retire? How much will you spend in retirement? How do you calculate how much to withdraw? What do you think your lifestyle will be in retirement? Do you expect your expenses, including taxes, to go down when you retire?

The age you plan to retire can have a big effect on the amount you need to save. The longer you delay retirement, the more years of savings and compounded earnings you will have. This means you will have fewer years in retirement, a higher Social Security benefit and a higher probability that you can maintain your current lifestyle and have money left over.



Do you know if you are on track? A financial consultant can help you review your financial situation and activate a plan of action, assist you in choosing an appropriate investment mix, how to adjust your portfolio over time, and withdraw your savings in a tax-efficient way to help realize your saving goals.

Working with a financial consultant can provide:

- ❖ annual portfolio reviews and progress reports
- ❖ updates to reflect new goals or life events
- ❖ management of investment risks
- ❖ discussions of tax law changes and the impact to your retirement goals

Whether you want to plan for retirement, pay for college, buy a house or have other financial goals, the Board of Investment Trustees has resources to assist you.

The key is to take action. So, **Ready to Start?**

- ERS (AK, HK, EK, GK, FK & JK) Make an appointment to meet with a Retirement Analyst or run a pension estimate online by logging into the [portal](#).
- RSP (RN, RP & RM) and DCP Participants make an appointment to meet with:
Cambridge Research: <https://www.montgomerycountymd.gov/mcerp/education/one-on-one-sessions.html>
Fidelity Investments: <https://www.montgomerycountymd.gov/mcerp/education/fidelity-sessions.html>
- GRIP (CN, CP & CM) Participants make an appointment to meet with the Fidelity on-site representative.
<https://www.montgomerycountymd.gov/mcerp/education/fidelity-sessions.html>

Need help scheduling an appointment? Call MCERP at (240) 777 – 8230 for assistance.

RETIREMENT FOCUS is a newsletter published by Montgomery County Employee Retirement Plans and the Board of Investment Trustees for active members, retirees and beneficiaries of the Employees' Retirement System, Guaranteed Retirement Income Plan, Retirement Savings Plan and the County Deferred Compensation Plan.

OBTAIN INFORMATION YOUR WAY



Answers to common questions:
www.montgomerycountymd.gov/retirement



Answers to your specific retirement questions:
retirement@montgomerycountymd.gov



Retirement Benefits (240) 777 - 8230
Fidelity on-site rep. (240) 777 - 8228
Disability Benefits (240) 777 - 0815

Montgomery County Employee Retirement Plans
Executive Office Building
101 Monroe Street, 15th Floor
Rockville, MD 20850

