



MONTGOMERY COUNTY EMPLOYEE RETIREMENT PLANS

Retirement Savings Plan (RSP)

Summary Plan Description

July 2015

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Introduction

The Retirement Savings Plan (RSP), as defined in the Montgomery County Code, Chapter 33, Article VIII (“County Code”), is a tax-deferred defined contribution retirement plan qualified under Internal Revenue Code Section 401(a). The purpose of this Summary Plan Description (SPD) is to provide you with an informal guide to the key provisions of the RSP. Every effort has been made to accurately summarize the RSP. 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 RSP, 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 RSP, subject to applicable laws and collective bargaining agreements. The County may amend the RSP, either prospectively or retroactively, as required by Federal or State law.

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

Eligibility

You are eligible to participate in the RSP if you are a regular full-time or part-time employee who:

- was hired after October 1, 1994 and you are
 - an unrepresented employee; or
 - a non-public safety employee represented by MCGEO
- is a sworn police officer who has reached the maximum credited service under the ERS
- was hired before October 1, 1994, is otherwise eligible for the RSP and wishes to irrevocably elect to transfer to the RSP

Participation

Full-Time Employees

If you are an eligible full-time employee you are required to participate in either the RSP or the Guaranteed Retirement Income Plan (GRIP). You cannot participate in both Plans, nor can you change Plans.

Hired after June 30, 2015 – Full-time, Non-Represented and Participating Agency Employees: If you are a full-time, non-represented or participating agency employee and do not elect to participate in the GRIP by submitting an election form, you will be automatically enrolled in the RSP and your RSP membership will begin the first full pay period 180 days after your date of hire. You do not have to complete an election form in order to participate in the RSP.

Hired after June 30, 2015 – Full-time, MCGEO Union Employees: If you are a full-time, MCGEO union employee and did not elect to participate in the RSP by submitting an election form, you will be automatically enrolled in the GRIP and your GRIP membership will begin the first full pay period 180 days after your date of hire. You have to complete an election form in order to participate in the RSP.

Hired after June 30, 2009: If you did not elect to participate in the GRIP by submitting an election form, you will be automatically enrolled in the RSP and your RSP membership will begin the first full pay period 180 days after your date of hire. You do not have to complete an election form in order to participate in the RSP.

Hire Date Before July 1, 2009: If you are a full-time employee who is an RSP member and you did not elect to transfer to GRIP, your RSP membership generally began on your date of hire as a regular full time employee.

Part-Time Employees

If you are a part-time employee, participation is optional. You cannot participate in both the RSP and the GRIP. However, if you elect to participate in the RSP, you cannot elect to discontinue your participation or change Plans. Once a retirement plan election is received by the County's Office of Human Resources (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 OHR Records Management at 101 Monroe Street, 12th Floor, Rockville, MD 20850.

If you elect the RSP, your 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 a regular employee. Your membership begins as of the first pay period following the submission of a properly completed election form.

Hire Date Before July 1, 2009: If you are a part-time employee who is an RSP member and you did not elect to transfer to GRIP, your RSP membership generally began on your date of hire as a regular employee.

Previous Employment

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.

Transferring from the ERS to the RSP

If you wish to transfer from the Employees' Retirement System (ERS) to the RSP contact MCERP (see the *Resources* section of this SPD) for transfer information to assist you with your decision.

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 before-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 before-tax basis. You contribute 6% on any amounts over the SSWB. Your pay stub will show the contributions as a deduction for retirement. Montgomery County Employees Federal Credit Union employees will have employee contributions made on an after-tax basis.

Employer Contributions: Once your membership begins, each payday your RSP account will be 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.

Military Service

If you temporarily leave County service for qualified military service, your employer will contribute both employee and employer mandatory 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

Establishment of Account and Default Investment Option

When your membership begins, an account at the record keeper selected by the Board of Investment Trustees and the County (currently Fidelity Investments) will be opened in your name. Until you select an investment fund(s), all contributions will be invested in a default fund. The default fund is currently a lifecycle investment fund based on your date of birth and a projected retirement date of age 65.

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 earnings 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 investments through a Self-Directed Brokerage Account (SDBA). The Board does not monitor or evaluate the investments purchased/sold 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 1-800-430-2363 or visiting <http://plan.fidelity.com/MCG>. Your direction of investment 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

The following resources are available to assist you with your investment decisions:

Fidelity: (1-800-430-2363): 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 contacting the Fidelity onsite representative or Customer Service Center (see the *Resources* section of this SPD).

Individual Counseling Services. As a participant in the RSP, you have access to free personal financial planning and investment consulting each year. You may register for these services on the Board's website at www.montgomerycountymd.gov/retirement and click on Investments and Counseling and Planning.

The Board offers two types of investment counseling. You may select either:

- *A one-hour session* to discuss the investment options offered in the RSP and asset allocation strategies with a Fidelity representative, or
- *A comprehensive two-hour session* with NPC, a financial planning firm to assist you in:
 - defining your financial goals,
 - establishing an asset allocation strategy,
 - deciding on an investment structure,
 - building a solid foundation upon which to make future investment decisions,
 - analyzing and considering tax consequences, and
 - tracking annual goals and monitoring your strategy.

Two hours of administrative leave are provided annually so you may attend during work hours.

Rollovers

If you have other retirement funds in an eligible retirement plan (e.g. 401(k), 403(b), 457, IRA), you may be able to transfer these funds to the RSP. You may not rollover any after-tax contributions. Please refer to the instructions on the Fidelity rollover form about transfers of rollover accounts.

Withdrawals

Contributions must remain in your account until you retire or terminate employment with the County or your participating agency. Loans or hardship withdrawals are not permitted.

Vesting

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

You become vested in your employer's contributions upon:

- three years of County service, if hired before July 1, 2009
- three years of membership in a County retirement plan if hired after July 1, 2009
- disability as defined in the County Code section 33-128
- attainment of age 62
- your death

Designated Beneficiary(ies)

Your designated beneficiary(ies) will receive any funds in your account 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*, (unsigned) forms are invalid. You may change your beneficiary at any time by properly completing, signing and returning a new form to the Office of Human Resources Records Management (see the *Resources* section of this SPD).

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 be paid to your estate.

Termination of Employment

When you terminate employment with the County or a participating agency, you may leave your account in the RSP (unless a minimum distribution is required as described in the *Minimum Required Distributions* section) or receive a distribution of your vested account balance.

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 elect a direct rollover.

Note: If you leave County employment and return within 1 year, contact MCERP in writing to apply for the reinstatement of your forfeited County contributions.

Distribution Options

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

- **Installments.** Annual or monthly installment payments from your account over a period of time which cannot exceed your life expectancy or available funds.
- **Lump-sum payment.** 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 has acknowledged it can receive the distribution.
- **Annuities.** A retirement option that will produce a stream of income over a period you select. Your vested balance must be \$5,000 or more for the following options:

1. Annuity available from the Employees' Retirement System (ERS). You can transfer your RSP account balance to the ERS and elect one of the following annuities:
 - **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.

Please contact the Montgomery County Employee Retirement Plans at 240-777-8230 for a calculation and the RSP Annuity Application Form. The election form must be submitted prior to your separation of service from the County or participating agency.

2. Annuity available through the open market (outside of the Montgomery County ERS). You also have the option to purchase an annuity through an external company which would provide a range of annuity options.

Please contact the Board of Investment Trustees at (240) 777-8220 for more information.

If you receive a lump-sum distribution, 20% of your account balance will be withheld for Federal taxes and 7.75% for Maryland taxes if you are a Maryland resident. In addition, if you receive an early distribution before age 55, you will 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 70½ or termination of County employment, 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 MCERP for the QDRO procedures and model orders. Only a QDRO approved by MCERP will be honored.

Appeals

The Chief Administrative Officer is responsible for administering the RSP and has full discretion to interpret the RSP. 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 RSP.

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: Monica Smith
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.

Investment Counseling

Phone: 410-557-7300 (National Planning Corporation)
Web: www.montgomerycountymd.gov/bit or visit this direct link:
http://www.montgomerycountymd.gov/bittmpl.asp?url=/Content/BIT/QuickLinks/inv_edu_prog.asp

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

Web: www.montgomerycountymd.gov/retirement