Anne Arundel County Government

Employees' Retirement Plan

Summary Plan Description

(Tier 1 & Tier 2)

Effective January 1, 2009

Revised January 2017

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INTRODUCTION

This booklet summarizes the most important features of the Employees' Retirement Plan, as amended and restated, incorporating all plan changes made through July 1, 2014. Specific details are contained in the County Code (Article 5, Title 3), which governs the operation of the plan. If there is any conflict between this booklet and the County Code, the County Code will govern. This booklet does not give you any rights to benefits that are not expressly provided under the terms of the County Code. This plan is an important part of the retirement benefits provided by the County. Please read this booklet carefully for a better understanding of the retirement benefits available to you.

PARTICIPATING IN THE PLAN

The retirement plan can be a key source of your retirement income. Along with Social Security and your own financial resources, it can help you enjoy a comfortable and secure retirement.

This plan allows you to:

- receive a pension based on your length of service
- provide survivor benefits to your spouse and/or children, even if you die before retirement
- receive a disability retirement benefit if you become totally disabled and cannot work
- choose among several payout options

Please review the plan features carefully.

Eligibility

You are eligible to participate in the Employees' Retirement Plan if you:

- are a classified County employee whose regular employment is at least 50% of the amount of time for the position,
- are a School Crossing Guard
- are an Appointed or Elected Official, except for participants of other retirement plans
- are an employee of one of the following agencies:

  — The Anne Arundel Soil Conservation District

  — The Anne Arundel Economic Development Corporation

- The Public Library Association of Annapolis and Anne Arundel County, Inc. in positions that are not eligible for any state pension plan
- The Circuit Court for Anne Arundel County in positions that are not eligible for any state pension plan.
- The Anne Arundel County Office of the State's Attorney.
- Board of License Commissioners in the positions of full-time Administrator and full-time secretary authorized by Article 2B, §15-112 (C)(5) of State Code.

There are some other organizations that are no longer actively participating in the plan, but which have a few employees and retirees that remain participants.

You are **not** eligible under this plan if you are a member of one of the following retirement plans:

- The Police Service Retirement Plan
- The Fire Service Retirement Plan
- The Detention Officers' and Deputy Sheriffs' Retirement Plan

Tier 1 and Tier 2 Participation and Transfer Rules

The plan has two different benefit tiers of participation. The amount of benefits that you are entitled to receive at retirement depends on whether you are a Tier 1 or Tier 2 participant. Tier 1 participants receive a higher level of benefits at retirement and must contribute 4% of their salary. Tier 2 participants receive a lower level of benefits at retirement and do not make any contributions.

For Employees hired **on or after** January 1, 2017, your Tier election is irrevocable. Additionally, employees hired **on or after** January 1, 2017 must return their Pension Enrollment and Tier Election form to the Office of Personnel within 30 calendar days from their date of hire. If the pension form is not received within 30 calendar days from their date of hire, the employee will be automatically enrolled in Tier 2 without exception and will not be permitted to elect Tier 1 in the future.

Generally, if you are eligible to join the plan, you must participate as of your date of hire. Employees of the State's Attorney, Circuit Court & School Crossing Guards hired after February 25, 2002 have a one-time irrevocable election to join the plan on their date of hire or date they are determined to be pension eligible by their Department.

For employees hired **on or before** December 31, 2016, if you elect to become a Tier 2 employee, you may elect to transfer to Tier 1 if done by the fifth anniversary of your date of hire.

Employees hired on or after September 14, 2000, may elect to be a Tier 1 participant or a Tier 2 participant upon their date of hire. If no election is made, you will be automatically enrolled in Tier 2.

If you were hired after June 30, 2002, and elect to become a Tier 1 employee, your election is permanent and you may not transfer to Tier 2 at a later date.

Impact of Transfers Between the Two Tiers

Note: This section applies only to employees hired *on or before* December 31, 2016.

If you elect to transfer from Tier 2 to Tier 1, all of your service will be counted using the Tier 1 benefit formula. At the time of your transfer, you will be required to make a decision regarding the treatment of your service as a Tier 2 participant by electing one of the two options below:

1. Take a full Tier 1 retirement benefit and repay the employee contributions that were not made while a Tier 2 participant by:
   a. Making an immediate lump sum payment for the missing contributions plus interest, or

   b. Repaying the missing contributions plus interest through payroll withholding for a period not to exceed five years. If the installments are not completed, a benefit adjustment will occur.

2. Take an actuarial reduction of a full Tier 1 retirement benefit. You will not be required to make extra payments, but at retirement your benefit will be offset by the value of the missing contributions plus interest. The offset will be applied after your benefit has been calculated. Participants may not transfer more than one time, or be permitted to accrue benefits under both tiers simultaneously. **Once a tier transfer has been made, the election is irrevocable.**

You may contact the Pension Team if you wish to complete a tier transfer. A representative will provide you with your options.

Cost of the Plan

The Retirement and Pension System of Anne Arundel County is funded by contributions made by the County, participating employers, and plan participants as well as investment earnings. The County government pays most of the cost of this plan. However, if you are a participant under Tier 1, you are required to contribute 4% of your annual basic pay. Your basic pay is your rate of annual salary (including longevity) with the County on the day specified, excluding overtime payments and other forms of additional compensation. Tier 2 employees do not make contributions to the Plan.

Your contributions are withheld each pay period on a pre-tax basis. Effective October 1, 1989, Anne Arundel County implemented a pension "pick-up" program approved by the Internal Revenue Service which allows each participant to make regular contributions before federal income tax. Contributions prior to October 1, 1989 were made on an after-tax basis. NOTE:

Economic Development & remaining Housing Commission employees contribute on a post-tax basis.

Your Beneficiary

When you enroll in the plan, you are required to designate a beneficiary. You may change your beneficiary at any time by submitting a beneficiary change form to the Benefits Office. It is **your responsibility** to make sure your beneficiary designation form is up to date and properly completed. Forms may be obtained from the Office of Personnel. Should you die while actively employed, your legal spouse or if no spouse, your unmarried minor children, will take precedence over any person(s) or entity you designate as pension beneficiary.

Types of Credited Service

Credited Service is used to determine the amount of your retirement benefit and in some cases your eligibility for retirement. There are five different types of Credited Service:

1. Actual Plan Service includes:

   a. Continuous employment with the County (or other participating employer) while you are a member of this plan. Service is credited to the nearest month.

   b. Credited "In-Plan Military Service". This refers to time spent in military service during your County employment. There is no limit to the amount of service granted. However, you generally must return to County employment within 90 days of completion of your military service. In addition, the missed contributions must be repaid. If you think you are entitled to this service credit you should contact the county Office of Personnel shortly after you return to work.

   c. Transferred service from one of the County's other retirement plans. Members shall transfer on a 1:1 basis all actual plan service from the County plans for Police, Fire, or the Detention Officers' and Deputy Sheriffs' Plan. Employee contributions are also transferred with no adjustment for differences in contribution rates between plans. This does not apply to transfers from the State plans.

2. Pre-Employment active duty military service honorably completed up to a maximum of three years. Employees hired *on or before* June 30, 2015 are eligible for this service credit upon completing Actual Plan Service plus transferred service totaling 5 years. Employees hired *on or after* July 1, 2015 are eligible for this service credit upon completing Actual Plan Service plus transferred service totaling 10 years. Employees must submit satisfactory documentation for each period of service claimed. Service is credited in one-month increments.

3. Unused disability leave that is credited as retirement service credit. The amount of credit is based on the number of scheduled hours you work per day and how frequently you are paid (weekly or bi-weekly). You should refer to table 2 in Appendix A to determine the amount of credit you may be entitled to receive.
4. Service purchased for prior service with the County, State or other political subdivision of the State. Purchases may only be made at the time of retirement. Employees hired before July 1, 2015 may not obtain and pay for any purchased service until the participant has completed actual plan service plus transferred service totaling 5 years. Employees hired on or after July 1, 2015 may not obtain and pay for any purchased service until the participant has completed actual plan service plus transferred service totaling ten years.. To obtain credit for purchased service, a lump sum payment shall be made to fund the benefits attributable to the service.
5. Service transferred from an eligible retirement system of the State or a political subdivision of the State. Generally, you have one year from your hire date to elect to transfer service. Contact the Office of Personnel for more information and limitations. Such credit is governed by State law and procedures established by the County. Benefit

Offsets may exist for transfers to reflect the transfer of Non-Contributory service into Tier 1. Any offset will be applied after the 60% Final Average Basic Pay cap has been applied to your benefit.

You may not purchase or transfer the following types of employment service:

1. Part-time service when you worked less than 50% of scheduled time,
2. contractual service, or
3. temporary service.

WHEN YOU CAN RETIRE

Normal Retirement

Your normal retirement date is the first day of the month after you reach the earlier of:

- 30 years of Credited Service, or
- Age 60 with 5 (five) years of Actual Plan Service plus transferred service for employees hired *on or before* June 30, 2015.
- Age 60 with 10 (ten) years of Actual Plan Service plus transferred service for employees hired *on or after* July 1, 2015.

Normal Retirement for certain Elected and Appointed Officials

For participants who are elected as a County Councilmember and whose first term **begins on or after December 1, 2014**

- 30 years of Credited Service, or
- Age 60 with 10 (ten) years of Actual Plan Service plus transferred service.

For participants who is an exempt employee hired under §6-2-101 or §6-2-103 of the County Code, or a County Executive, **who is hired on or after December 1, 2014**

- 30 years of Credited Service, or
- Age 60 with 8 (eight) years of Actual Plan Service plus transferred service

Early Retirement

You are eligible for early retirement provided you are at least 50 years old and have at least 20 years of credited service. If you elect to retire early, you are entitled to receive a reduced amount of your accrued benefit. Your benefit is reduced because you are beginning your pension payments early. As with a normal retirement date, your pension cannot exceed 60% of your final average earnings (plus 2% per year for Disability Leave Service and Pre-Plan Military Service). The 60% limit on the accrued benefit is applied before the early retirement reduction.

Your benefit is reduced from age 60 or when you were expected to attain 30 years of Credited Service whichever provides the lesser reduction in your monthly benefit. The amount of reduction is outlined below.

Early Retirement Reduction

The amount of the reduction is as follows and is prorated to the nearest month.

Year(s) Retired Before Normal Retirement Date (Age 60 or 30 years of service)	Approximate Amount of Reduction
0	0%
1	2%
2	5%
3	9%

4	14%
5	20%
6	28%
7	36%
8	44%
9	52%
10	60%

Vesting

Employees who were hired *on or before* June 30, 2015 will vest upon accruing 5 (five) years of combined Actual Plan Service and service transferred from another system within the State. If you are vested upon termination from County employment, you may elect to receive a retirement benefit commencing the first of the month following your 60th birthday or you may elect to receive a refund of your employee contributions including accrued interest.

Employees who were hired *on or after* July 1, 2015 will vest upon accruing 10 (ten) years of combined Actual Plan Service and service transferred from another system within the State. If you are vested upon termination from County employment, you may elect to receive a retirement benefit commencing the first of the month following your 60th birthday or you may elect to receive a refund of your employee contributions including accrued interest.

If you are not vested in the plan, you will receive a refund of your contributions plus accrued interest. You may elect to receive your distribution as a lump sum payment or directly rollover the eligible portion of your distribution to another plan or Individual Retirement Account that will accept your funds. If you are a terminated vested participant and you die prior to payment commencement, your beneficiary shall receive a lump sum payment of your contributions plus interest. No other payments shall be made.

Vesting for certain Elected and Appointed Officials

A participant who is elected as a County Council member and whose first term **begins on or after December 1, 2014** vests in the Plan upon completion of Actual Plan Service plus transferred service totaling 10 (ten) years.

A participant who is an exempt employee hired under §6-2-101 or §6-2-103 of the County Code, or a County Executive, **who is hired on or after December 1, 2014** vests in the Plan upon completion of Actual Plan Service plus transferred service totaling 8 (eight) years.

If you are not vested in the plan, you will receive a refund of your contributions plus accrued interest. You may elect to receive your distribution as a lump sum payment or directly rollover the eligible portion of your distribution to another plan or Individual Retirement Account that will accept your funds. If you are a terminated vested participant and you die prior to payment commencement, your beneficiary shall receive a lump sum payment of your contributions plus interest. No other payments shall be made.

Disability Retirement

The plan provides special benefits if your retirement is due to a service-connected or non-service-connected disability. To be eligible for non-service-connected disability retirement, you must be vested in the plan. There is no service requirement for a service-connected disability retirement. For more details on disability retirement, see page 13. Please note that you may not be considered for disability retirement if you are eligible to retire under a normal service retirement.

DETERMINING YOUR RETIREMENT BENEFIT

The formula for calculating your retirement benefit depends on your salary history with the County (your final average basic pay) and your length of service with the County.

For Tier 1, the formula is 2% of your final average basic pay multiplied by your years of credited service, to the nearest $1/12^{th}$ of a year. The pension shall not exceed 60% of your final average basic pay except for credited service for disability leave service and credited **pre-plan** military service.

For Tier 2, the formula is 1% of your final average basic pay multiplied by your years of credited service, to the nearest $1/12^{th}$ of a year. The 60% limitation does not apply to a Tier 2 pension benefit.

Final Average Basic Pay

Your Final Average Basic Pay is your highest three years annual basic pays (salary) consisting of the participant's annual basic pay of the participant's date of separation from employment and *any* prior annual basic pay of the anniversary date of the date of separation. Earnings are based on your base rate of pay (excludes overtime, bonuses, etc.). You should note that your rate of pay, not your annual earnings, is used in the formula. See example in illustration below.

NOTE: If a participant's rate of pay was reduced based on an involuntary transfer, performance or disciplinary grounds, the Final Average Basic Pay will be the average of the three highest annual basic pays as of the date of separation and the last four anniversary dates as of the date of separation.

For example: If you elect to retire on May 1, 2015 and your employment terminated on April 30, 2015, your final average basic pay is determined by reviewing your pay history and selecting the five highest career salaries as of your date of separation as follows:

Last 5 years as of your termination date	**Pay Rate**	**High 3**
4/30/2015	$50,000	$50,000
4/30/2014	$48,000	
4/30/2013 *	$46,000	
4/30/2009	$60,000	$60,000
4/30/2008	$58,000	$58,000
**Voluntary* demotion	Total for 2015, 2009 & 2008	$168,000
	Divide by 3	÷3
	Your Final Average Basic Pay is	**$56,000**

RETIREMENT PAYMENT OPTIONS

At your Early or Normal retirement, you may elect one of the following payment options:

Normal Payment

The Modified Cash Refund is the normal form of payout under the Employees' Retirement Plan. This payment method provides you with a monthly benefit during your lifetime in the amount determined under the plan's benefit formula described on page 9.

If you die before you receive an amount equal to your employee contributions including interest, the remainder (your contributions plus interest minus benefit payments) will be paid to a beneficiary. For example, if, when you retired, your account had $10,000 in contributions and interest, and you receive $200 monthly but die after one year of payments, your beneficiary would be entitled to $7,600. (You received $2,400 in payments while you were alive and your contributions and interest were $10,000. Therefore, $10,000-$2,400 = $7,600.) No other payments will be made to your beneficiary after your death.

Optional Payments

To choose a payment method other than the normal form, you must make an election before retirement. Your choices are as follows:

Joint and Survivor Option

Under the Joint and Survivor Option, you may designate one joint annuitant, either a spouse or a minor child. This payment method provides you with a reduced monthly pension during your lifetime with your joint annuitant receiving 100%, 80%, 66 2/3%, or 50% of your monthly benefit (as you elect) after you die. The benefit paid while you're alive will be reduced based on the election you choose and the ages of you and your beneficiary at the time of retirement.

Joint & Survivor Pop-Up Option

This Pop-up option is only available if you are a Tier 1 participant. A Pop-up payment method is similar to the Joint and Survivor method. It provides you with a reduced monthly pension during your lifetime with your designated joint annuitant receiving 100%, 80%, 66 2/3%, or 50% of your monthly benefit (as you elect) after you die. However, if your joint annuitant dies before you, your benefit "pops-up" (increases) to the amount of the unreduced Modified Cash Refund amount.

Social Security Adjustment Option

The retiree is provided with a larger monthly benefit until attainment of age 62 and a smaller payment thereafter. The sum of the pension plan benefit and the social security benefit is intended to remain level before and after age 62. You may NOT combine this option with a Joint & Survivor Option. The reduction in this option occurs at age 62 regardless as to whether you chose to begin social security payments at that time.

Contingent Annuitant Option

This option is only available to employees hired prior to February 25, 2002. If, at the time of retirement, you do not have an eligible spouse or minor child, you may elect to receive reduced pension benefits during your lifetime. Upon your death payments shall be paid to your contingent annuitant in 100%, 66% or 50% of your monthly benefit (as you elect) after you die. If you or your contingent dies before your early or normal retirement date, the contingent annuitant option is void. IRS law requires that the 100% contingent annuitant may not be more than 10 years younger than the member at retirement.

COST OF LIVING ADJUSTMENT (COLA)

If the plan has not terminated, benefits may be increased or decreased after retirement. When awarded, benefit adjustments due to COLA's occur on July 1 each year. There are two different COLAs—one is applied to benefits earned (accrued) prior to February 1, 1997, and the other is applied to benefits earned after January 31, 1997.

COLA on pre-February 1, 1997 Benefit

The COLA is based on the change in the Consumer Price Index (CPI) from March of the year prior to March of the current year.. The COLA cannot exceed 3%. The percentage change is applied to the initial benefit (simple increase) based on the pre-February 1, 1997, accrued benefit. The COLA is proportionately adjusted in the initial year of retirement. You will be provided with a statement indicating these amounts when you receive your first COLA.

Pre-employment active duty military service will count as part of your pre-February 1, 1997 benefit only if you were eligible for such credit prior to February 1, 1997. Generally this means that you must have five years of actual plan service prior to that date. In all other cases, pre-employment active duty military service will count toward your post-February 1, 1997 benefit.

COLA on post-January 31, 1997 Benefit

The COLA is based on 60% of the change in the CPI from March of the prior year to March of the current year. The COLA cannot exceed 2.5%. The percentage change is applied to the current benefit (compound increase) based on your post-January 31, 1997, accrued benefit. In order to be eligible for this portion of the retiree COLA in your first year of retirement, a participant must have retired no later than January 1 of the year in which the COLA is applied.

NOTE: In any year where the COLA is determined to be negative, the pension allowance may not be less than the initial pension allowance determined at the time the member's retirement commenced.

DISABILITY BENEFITS

If you have a total and permanent disability, you may be retired by the County Personnel Officer on a disability retirement. You must submit a Disability Retirement Application to the Office of Personnel prior to your termination date. Benefits are payable the first of the month following the disability retirement. The initial payment is prorated for the portion of the month from the disability retirement date to the first day of the month when payments are to begin. Please note that you may not be considered for disability retirement if your are eligible to retire under a normal service retirement.

A disability condition does not include disability resulting from or consisting of:

- The participant currently engaging in the illegal use of drugs or narcotics;
- A willful effort on the participant's part to bring about injury or illness to the participant or another person, while sane or insane;
- The participant engaging in any illegal or criminal enterprise or activity;
- Injuries incurred on the job while under the influence of alcohol;

There are three types of disability retirement: Service-Connected , Non-Service- Connected and Military Service Disability.

Service-Connected Disability Retirement

The service-connected disability benefit equals 66 2/3% of your final average basic pay. You may elect an optional form of payment at your disability retirement date. In order to be eligible, the following conditions must be met:

- The Personnel Officer determines on the basis of a medical examination by one or more physicians selected by the Personnel Officer that:
  - — You have a total and permanent disability as the result of bodily injury incurred in the performance of your regular occupation, or occupational disease incurred in the performance of your occupation at some definite time or place without willful negligence on your part; and,
  - — You are unable to engage in your occupation or in some other position for which you are suited by, or which is appropriate to, your training and experience.
- For Tier 1 participants, you were making participants contributions immediately prior to your date of disability; and,
- The disability is the result of injury compensable under the State Workmen's Compensation law and a claim is filed with the State Workmen's Compensation Commission.

The disability benefit is offset by any earnings from gainful employment, which exceed the current earnings of an employee who is similarly classified.

Non-Service-Connected Disability Retirement

The non-service-connected disability benefit equals the greater of your accrued benefit under the Tier formula in which you are a participant, or 25% of your final average basic pay. You may elect an optional payment if you qualify for early retirement at the time you are awarded disability, otherwise you may elect an optional payment upon reaching age 60.

You may qualify if you are not eligible for normal retirement and the following conditions are met:

- The Personnel Officer determines on the basis of a medical examination by one or more physicians selected by the Personnel Officer that:
  - You have a total and permanent disability in that you are wholly and permanently prevented, as a result of bodily injury or disease not as a result of an occupational disease or injury incurred in the performance of duty, from:
  - Engaging in an occupation or employment for remuneration or profit; or
  - Continuing in the capacity of an employee.

- You were making participant's contributions immediately prior to the date of disability for Tier 1 participants;
- You have five years of actual plan service;
- You are not eligible for service-connected disability retirement; and
- You are eligible for disability benefits under the Social Security Act.

Military Service Disability Retirement

A participant who has a total and <u>permanent</u> disability as a direct result of performing military service may be eligible for a county disability retirement provided that:

- The military service qualified as credited In-Plan military service;
- The claimant has been discharged from the military and awarded a monthly military disability pension;
- Is prevented from continuing in the participant's regular assignment within the Department as a result of this disability.

Other Disability Provisions

If, within the first five years of receiving disability pension payments, you subsequently become gainfully employed, you must report your employment earnings to the Personnel Officer. This information shall be reported during the month of January for the prior year. The purpose of this reporting is to help the Personnel Officer decide whether you still qualify for benefits. The disability benefit is offset by any earnings from gainful employment, which exceed the current earnings of an employee who is similarly classified.

You cease to qualify for a service-connected disability pension if:

- The Personnel Officer determines on the basis of a medical examination by one or more physicians selected by the Personnel Officer that you no longer have a total and permanent disability that incapacitates you for duty, or you have sufficiently recovered but refuse to resume your regular occupation as an employee or to be reemployed by the County in some other position for which you are suited by, or which is appropriate to, your training and experience; or
- You refuse to undergo a medical examination requested by the Personnel Officer, provided you may not be required to undergo a medical examination more than once a year; or
- You refuse to submit a report of total earnings when requested by the Personnel Officer.

Medical examinations only apply during the first five years after your disability pension has been in effect.

You cease to qualify for a non-service-connected disability pension when you are no longer eligible for disability benefits under the provisions of the Social Security Act, or when you refuse to submit a report of total earnings when requested by the County.

PRE-RETIREMENT DEATH BENEFITS

There are two different types of death benefits for active participants: Line of Duty and Non-Line of Duty.

Active Participant Line of Duty Death Benefit

This benefit applies if your death occurs as the direct result of the active performance of your duties.

The annual line of duty benefit equals the greater of:

- Your accrued benefit at your date of death, or

- 50% of your Final Average Basic Pay

This annuity benefit is payable to your surviving spouse or unmarried minor children as a group. The total payment made shall not be less than your contributions plus interest. Payments cease upon your spouse's death or when your unmarried minor children reach age 18 or marry, whichever occurs first. This provision of the law for spouse and minor children supersedes any person(s) designated as pension beneficiary,

If there is no surviving spouse or unmarried minor children, there will be a lump sum benefit paid to your beneficiary, or the estate if there is no beneficiary equal to:

- Your contributions plus interest, and

- 50% of your Final Average Basic Pay

Active Participant Non-Line of Duty Death Benefit

This benefit applies to active participants whose death does not occur as a direct result of performance of duties, including a participant whose death occurs as a result of performing military service that qualifies as credited in-plan military service.

If you die before you terminate employment with the County (or before normal retirement date if you are disabled), your spouse and/or children may be eligible for the benefits described below. If no benefits are payable to your spouse or children, then the lump sum benefit is payable. Unless you are disabled, you must be making contributions, or a Tier 2 participant at the time of your death to be eligible for these benefits.

If you are vested at the time of your death, your spouse or unmarried minor children have the option of receiving 1) a lump sum equal to your employee contributions plus 50% of your final average basic pay or 2) a lifetime payment equivalent to what you would have been entitled to had you terminated employment on the date of your death and elected a 100% Joint & Survivor Option. If you were eligible for retirement on the date of your death, then benefits are payable immediately. Otherwise benefits are payable at what would have been your normal retirement date.

If you are not vested, your spouse or unmarried minor children shall receive a lump sum payment equal to your accumulated contributions and interest and 50% of your final average basic pay.

This provision in the law regarding spouse and minor children supersedes any person(s) designated as pension beneficiary.

If you are not married and do not have minor children, a lump-sum payment will be made to your beneficiary or estate. The amount of the lump sum will be:

- Your contributions plus interest, plus

- 50% of your Final Average Basic Pay.

BREAKS IN SERVICE

Unless you are vested when you terminate employment and your contributions remained in the plan, you are treated as a new employee upon re-employment and your previous service is disregarded. If you withdrew your contributions when you terminated employment, you have the option to repurchase/restore the forfeited service at an actuarially determined cost at the time of your subsequent retirement.

If your employment was terminated by the County and you successfully appeal to have your employment reinstated and you withdrew your accumulated contributions between the date of termination and reinstatement the following applies:

Within 90 days of your reinstatement, you may repay the withdrawn accumulated contributions and if credited service is granted for the period of absence, make payment of employee contributions for that period. Interest may not be charged for this period.

If you do not make payment or repayment within 90 days, you will lose all credit for prior credited service.

Temporary Absence

A temporary absence due to illness, accident or authorized leave of absence will not be considered termination of service, as long as this absence does not exceed one year. An adjustment in credited service may be required.

If your service is terminated during a period of temporary absence, the provisions governing termination of service will apply.

Absence from employment because of active duty with the armed forces of the United States is counted as service if you return to active service with the County within 90 days after becoming eligible for release from active duty.

SWITCHING BETWEEN PART TIME AND FULL TIME EMPLOYMENT

Alternating employment status between full time and part time can have a significant impact on your benefit. You should be aware of the following before you make any change in employment status.

1) Switching from part time to full time: Effective February 25, 2002, credited service earned while part time will be prorated based on scheduled hours divided by 2080 hours per year, for the purpose of determining credited service for the amount of the pension benefit, but not for the purpose of determining the normal retirement date or the early retirement date. Prior to February 25, 2002, all past service as a part time participant will be counted as full service

2) The rate of pay for any year shall be converted to a full-time equivalent for the year, based upon your rate of pay for the year divided by the part-time ratio determined above, for the purpose of determining your annual basic pay for the period of part-time service.

TRANSFERRING SERVICE FROM GOVERNMENTAL EMPLOYERS

This plan conforms with State of Maryland rules related to the transfer of service between governmental retirement plans within the State. Generally, you can transfer service credit from the State of Maryland or another local jurisdiction's plan (e.g. City of Baltimore Employees Retirement System or State of Maryland Retirement and Pension System) to this plan if:

- There is no break in your government employment which exceeds 30 days and

- You apply for a transfer of service credit within one year of your hire date with the County.

You may be required to transfer your accumulated contributions and interest, if any, from your prior plan to the County's plan. If you retire from the County prior to completing at least five years of service, your transferred service credit may be based on the provisions of the plan you transferred from.

You may also be required to pay any contribution deficiency applicable as a result of the transfer of non-contributory service or contributory service where the contribution rate is less than the rate required by the County.

If you are interested in applying for transferred service, please contact the Pension Unit to request a Claim Form.

INTERNAL REVENUE CODE LIMITATIONS AND PLAN AMENDMENTS

This plan is considered a "qualified plan". This means that it meets the qualification requirement of the Internal Revenue Code. For example, Section 415 limits the annuity benefit at age 62 to $180,000 per year in 2007. These restrictions may not impact your benefit but the plan may be amended from time to time to conform to changes in the Anne Arundel County Code or State law. This plan is not subject to the Employees Retirement Income Security Act (ERISA).

The County reserves the right to amend the plan at any time.

QUALIFIED DOMESTIC RELATIONS ORDER (QDRO)

A QDRO is an Order signed by a Court appointed authority that requires the Plan to pay benefits to an alternate payee. The language of the Order must meet with the approval of the Office of Personnel, therefore it is advised that a draft of the Order be submitted to the Office of Personnel for review prior to receiving a court signature. The County will not accept a Judgment of Absolute Divorce, Divorce Decree or Property Settlement Agreement in lieu of a proper QDRO. Should you have any questions concerning a QDRO, please contact a member of the Pension Team.

Offsets

In some situations involving transfers of service, your benefit may be reduced by an "offset". Offsets represent that value of employee contributions not made during a period of credited service transferred from another plan or for service while a Tier 2 employee

ADMINISTRATIVE INFORMATION

Please contact the Office of Personnel's Pension Unit at 2660 Riva Road, Annapolis, Maryland 21401; 410-222-7400, if you have any questions regarding this plan.

APPENDIX

A

TABLE 2 HOURS PER PAYPERIOD			
40/80 Hours			MONTHS
# Of Hours		Decimal Equivalent	
0	87	0.0000	**0**
88	263	0.0833	**1**
264	439	0.1667	**2**
440	615	0.2500	**3**
616	791	0.3333	**4**
792	967	0.4167	**5**
968	1143	0.5000	**6**
1144	1319	0.5833	**7**
1320	1495	0.6667	**8**
1496	1671	0.7500	**9**
1672	1847	0.8333	**10**
1848	2023	0.9167	**11**
2024	2199	1.0000	**12**
2200	2375	1.0833	**13**
2376	2551	1.1667	**14**
2552	2727	1.2500	**15**
2728	2903	1.3333	**16**
2904	3079	1.4167	**17**
3080	3255	1.5000	**18**
3256	3431	1.5833	**19**
3432	3607	1.6667	**20**
3608	3783	1.7500	**21**
3784	3959	1.8333	**22**
3960	4135	1.9167	**23**
4136	4311	2.0000	**24**

TABLE 1	
# Of Months	Decimal Equivalent
0	0.0000
1	0.0833
2	0.1667
3	0.2500
4	0.3333
5	0.4167
6	0.5000
7	0.5833
8	0.6667
9	0.7500
10	0.8333
11	0.9167
12	1.0000