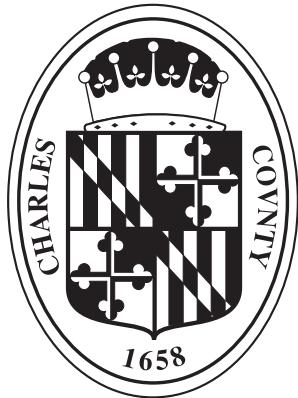


# Charles County Pension Plan

# **NON-PUBLIC SAFETY**

# **PARTICIPANTS**

## **Summary Plan Description**



**Charles County Government**

Department of Human Resources • 200 Baltimore Street • La Plata, Maryland 20646

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## **Introduction**

The Charles County Pension Plan ("the Plan") is a defined benefit plan which is sponsored by the County Commissioners of Charles County, Maryland ("the County"). This plan, funded jointly by you and by the County, is a valuable benefit and is intended to supplement Social Security and your personal savings in meeting your post-retirement needs.

Since the benefits provided by the Plan play a key role in helping you to meet your financial needs in retirement, we urge you to read this summarized description of the Plan carefully. Please remember, however, that this information is only an overview of the Plan's important provisions. The legal Plan document is always the final reference in determining what benefits the Plan will provide. Should there be any question or conflict between the terms stated in this booklet and those in the Plan document, the terms of the Plan document will always prevail. If you have a question about the Plan or your benefits that is not answered by this booklet, consult the Plan document. If you would like your own copy of this document, you may obtain one by writing to the Plan Administrator (see "Getting Your Questions Answered" later in this Summary). There may be a small charge for this service.

This Plan covers Non-Public Safety and Public Safety employees of the County. This booklet describes the benefits for Non-Public Safety Participants. For purposes of this plan, a Dual Service Participant is a participant who has accrued service with the County after July 1, 2004 in the capacity of both a Non-Public Safety participant and a Public Safety Participant.

## **Effective Date of the Plan**

The Plan was established on July 1, 1968, and was most recently amended effective in 2025.

## **When And How You Become A Non-Public Safety Participant**

As a condition of employment with the Employer, except for elected officials of the County, any individual hired on or after July 1, 1997 in the Eligible Class must participate in the Plan. Participation is mandatory for any individual whose customary employment is for at least 1,950 hours per year. However, if your date of hire with the County was before July 1, 2016, or, in certain cases, you were rehired after July 1, 2016, participation is mandatory for any individual whose customary employment is for at least 1,250 hours per year.

**Note:** You are a "Non-Public Safety Participant" if you are employed other than as a Paramedic, Emergency Medical Technician or Animal Control Officer. In addition, Employees who are in positions which qualify for participation in the Charles County Sheriff's Office Retirement Plan (i.e., Police Officers, Correctional Officers and Communications Dispatchers) are not in the Eligible Class.

Once you meet the requirements listed above, you must sign and deliver to the Benefits Administrator a payroll deduction authorization for your Plan contributions to be deducted from your paycheck.

You will make contributions to the Plan at the rate of 4% of your basic Earnings. These contributions are deducted from your pay on a pre-tax basis. When a Non-Public Safety Participant has reached the maximum benefit allowed under the Plan, based on credited years of service, employee contributions will cease.

## **Your Contribution into the Plan**

Your contribution is 4% of your Base Salary in effect at the beginning of the first full pay period closest to July 1 of each year and is deducted from your paycheck on a pre-tax basis.

## **The Factors That Determine Your Plan Benefit**

### **Service**

The term service, as it is discussed in this booklet, refers to the portion of your employment with the County used to determine your eligibility to receive a benefit from the Plan.

## **Transfer of Credited Service from Another Maryland Government Employer**

You may elect to transfer your prior Maryland State, County or Municipal credited service provided there is no break in service between your prior governmental service and your starting to work for the County, and you must have been a participant in a defined benefit plan sponsored by your prior employer. You shall receive full credit for your years of service under the prior plan.

If your prior plan was contributory, you will be required to transfer your contributions from your prior plan over to this plan. If your prior plan was non-contributory, your retirement benefit shall be reduced by the actuarial equivalent of the accumulated contributions you would have made into this plan, plus interest, had you earned the prior service under this plan. Special rules apply for transfers of service credit for the Maryland State Retirement System.

Your election to transfer your prior service shall be irrevocable and must be made within one year of your participation in this Plan. The transfer will also be contingent upon your complete forfeiture of any benefits and service credits under your prior plan from which service is being transferred.

## **How You Earn Service**

Service is based on your years of continuous employment, computed to the nearest 1/12 year, with the County (aggregate employment if you are an elected official) from date of employment to the earlier of your Retirement Date or the date you leave the employ of the County.

However, there are other ways you can receive credit for service:

- Credit may be granted for eligibility for retirement, vesting, and benefit accrual purposes if you elect to have service transferred from another "government employer."
- You may elect to receive credit for service for eligibility for retirement, vesting, and benefit accrual purposes for military duty if the military duty disrupts your participation in the Plan. However, you must resume employment with the County within one year of discharge from military duty. In addition, if you received a cash out of your employee contributions when leaving for military duty, you must repay the amount of your cash out, plus interest. The maximum amount of credit you may receive is five years, unless a greater amount is required by law.
- If you have at least five years of service with the County, you may receive additional credit for benefit accrual purposes only for earned but unused sick leave. You will receive credit for one month of service for each 22 days of earned but unused sick leave which is credited at the time you terminate employment. If unused sick leave is reported in hours, the number of hours shall be divided by 7.5 to determine the number of days to be credited. If the number of days is not evenly divisible by 22, the number of months shall be rounded to the nearest full month. However, no more than 12 months of additional service will be credited for unused sick leave.
- If you have at least ten years of service, you may be eligible to receive additional credit for benefit accrual purposes only for pre-employment military service. You may receive credit for up to three years of pre-employment active duty service in the Armed Forces of the United States as additional years of service when calculating your retirement benefit. A participant may not receive additional service credit for military service if the participant is entitled to receive a benefit (except for disability benefits, Social Security benefits, or benefits under the Railroad Retirement, National Guard, or military reserve) from another retirement system on account of the military service. A copy of your DD 214 will be required to receive credit for military service.

Additional credited service for unused accrued sick leave and pre-employment military service may only apply to the extent that the Non-Public Safety Participant has not reached the maximum plan benefit of 65% of Final Average Earnings (31 years of credited service). Once a Non-Public Safety Participant reaches the 65% maximum benefit, any remaining unused accrued sick leave hours or pre-employment military service would not be applied to your retirement calculation.

EXAMPLE: Non-Public Safety Participant has 30.5 years of credited service and 1,800 hours of sick leave.

$1,800/7.5 \text{ hrs} = 240 \text{ days}/22^* = 10.9 \text{ months (rounded up to 11 months)}$

Based on 30.5 years of credited service, the individual would only be able to use six months (.5 years) of the unused accrued sick leave. This would bring the total years of credited service up to 31. The remaining five months of unused accrued sick leave would not be applied to the benefit calculation.

\* 22 days of sick leave = 1 month of service

### ***Sick Leave for a Dual-Service Participant***

Credit for unused sick leave is determined differently for Public Safety Participants and Non-Public Safety Participants. If you have accrued unused sick leave at the time of retirement, you may be eligible for additional annual retirement income. The additional benefit will be calculated based on the sick leave benefit applicable to the position you hold at the time of your retirement - Public Safety or Non-Public Safety.

### ***Absences From Service***

The following absences will not be considered an interruption in service for the County:

- An authorized leave of absence of up to 24 months, as long as you return to active employment with the County when your leave is over.
- Active duty with the Armed Forces of the United States, as long as you return to active employment, with the County, as required by law.
- If you are an elected official, absences from employment in accordance with the Plan, provided such absence does not exceed eight (8) years.
- A leave of absence due to reasons covered under the Family and Medical Leave Act. In this case, service will be credited to the extent required by the Act.

### ***What Happens to Service if You Terminate and are Rehired?***

If you terminate employment and are rehired after a period of more than 12 months, you will be considered a new employee. If you terminate employment and are rehired after a period 12 months or less, you will not be considered a new employee for pension purposes. You will not forfeit any previously accrued benefit provided you do not elect to receive a refund of your contributions during the period of terminated employment unless you repay your employee contributions and interest to the Plan within three months of your reemployment.

### ***Earnings and Final Average Earnings***

Earnings is defined as your basic compensation *excluding* overtime, commissions, bonuses and any other additional compensation received from the County, but including any contributions that are not includable in your gross income such as pre-tax deductions for health-related benefits, contributions to this Plan, or compensation deferred under the County's 457 program.

Final Average Earnings is the average of your three highest rates of earnings received during any three consecutive earnings computation periods during the last ten earnings computation periods before the earlier of your termination of employment date or your Retirement Date. Your "earnings computation period" is defined as the first full pay period closest to July 1 within the applicable plan year. The Plan document contains additional details and examples of the determination of the earnings computation period.

If you have less than three consecutive rates of earnings, the average is taken by using the consecutive rates of earnings that are available.

## How Your Retirement Benefit Is Calculated

### **Normal Retirement - Non Public Safety Participant**

Normal retirement is defined as the earlier of age 60 with 20 years of service, or age 62 with 5 years of service.

Your annual Normal Retirement income is calculated by adding (a), (b), (c), (d) and (e) as applicable:

- (a) 1.5% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan that are five or less;
- (b) 1.75% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of five but not more than ten;
- (c) 2.00% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of ten but not more than 15.
- (d) 2.25% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of 15 but not more than 20;
- (e) 2.50% of your Final Average Earnings multiplied by the number of years of service you had earned in the Plan in excess of 20.

In general, years of service for benefit accrual purposes is calculated using completed years and months of service as a Non-Public Safety Participant in the Eligible Class.

The maximum annual amount of retirement income you may receive is equal to 65% of your Final Average Earnings (this includes any credit for unused accrued sick leave and pre-employment military service).

**EXAMPLE:** You retire with 23 years of credited service, with 1000 hours of unused sick leave and your Final Average Earnings is \$75,000:

- (a)  $1.50\% \times \$75,000 \times 5 \text{ years} = \$5,625.00$
- (b)  $1.75\% \times \$75,000 \times 5 \text{ years} = \$6,562.50$
- (c)  $2.00\% \times \$75,000 \times 5 \text{ years} = \$7,500.00$
- (d)  $2.25\% \times \$75,000 \times 5 \text{ years} = \$8,437.50$
- (e)  $2.50\% \times \$75,000 \times 3 \text{ years} = \$5,625.00$
- (f)  $2.50\% \times \$75,000 \times .5 \text{ years}^* = \$937.50$

**Your annual Plan benefit would be: \$34,687.50**

\* 1000 hours of unused sick leave increased credited service by 6 months

At a minimum, you will receive a Normal Retirement benefit equal to the amount that can be provided by your required contributions, even if the benefit as determined by the preceding formula is less than that amount.

### **Normal Retirement - Dual Service Participant**

The normal retirement date for a participant who has worked for the County as both a Public Safety Participant and a Non-Public Safety Participant (also known as a "Dual Service Participant") shall be determined based upon the position held at the time of termination of employment. At the time of termination of employment, a Dual Service Participant's benefit will be calculated by adding together the benefit based on the years of credited service as a Public Safety Participant and the benefit based on the years of credited service as a Non-Public Safety Participant. For more information, please contact the Benefits Administrator.

### **Early Retirement**

You may retire before your Normal Retirement Date if you are at least 52 years of age and after you have completed five years of service and are within ten years of reaching your normal retirement date. For Non-Public Safety Participants who joined the plan prior to July 1, 1977,

you may retire early if you are at least 50 years of age and after you have completed five years of service and are within ten years of reaching your normal retirement date.

The Early Retirement benefit is calculated using the same formula as for a Normal Retirement, but includes adjustments made by one of two Early Retirement Factors. The schedule of early retirement factors is as follows:

***Non-Public Safety Participants Reaching Early Retirement Date Before January 29, 2010 or with Less than 25 Years of Service***

| Number of Whole Years Between<br>Annuity Starting Date and<br>Normal Retirement Date | Factor (Percentage of<br>Normal Retirement Benefit) |
|--|---|
| 1  | 94.0  |
| 2  | 88.0  |
| 3  | 82.0  |
| 4  | 76.0  |
| 5  | 70.0  |
| 6  | 66.4  |
| 7  | 62.8  |
| 8  | 59.2  |
| 9  | 55.6  |
| 10   | 52.0  |

***Non-Public Safety Participants Reaching Early Retirement Date On or After January 29, 2010, with 25 Years of Service***

If you retire as a Non-Public Safety Participant on or after January 29, 2010 and after you have earned at least 25 years of service (not counting service credit granted for pre-employment military service and unused sick leave), the early retirement factor equals 0.25% per month for each month your early retirement date precedes your normal retirement date.

***Early Retirement - Dual Service Participant***

The early retirement date for a Dual Service Participant shall be determined based upon the position held at the time of termination of employment – Public Safety or Non-Public Safety. For more information, please contact the Benefits Administrator.

***Late Retirement***

If you continue to work after your Normal Retirement Date, the day on which you do retire is called your Late Retirement Date. Please note that your benefit under the Plan continues to accrue as long as you are employed, subject to the 65% maximum benefit described earlier.

Your Late Retirement benefit will be equal to the greater of:

1. an amount calculated according to the formula under the heading "How Your Retirement Benefit Is Calculated", based on your years of service and earnings to the date you actually retire; or
2. an amount calculated according to the formula under the heading "How Your Retirement Benefit Is Calculated" on your years of service and earnings to your Normal Retirement Date and then increased actuarially to the date you actually retire.

***Cost Of Living Adjustment***

You (or your contingent pensioner, beneficiary, or spouse) will receive a cost-of-living adjustment on each May 1 after you retire. You must be retired at least 12 months prior to May 1. If you have been receiving payments for less than 12 months, you would be eligible to receive a COLA increase the following May 1st.

EXAMPLE: August 1, 2024: Annuity payments begin  
May 1, 2025: Received annuity payments for 10 months, therefore not eligible for a COLA increase  
May 1, 2026: First COLA increase would be received

These adjustments will be based on annual changes in the Consumer Price Index (U.S. Department of Labor Statistics). The maximum increase for any one year is 4%. If the cost-of-living adjustment is negative, your benefit payment will not be reduced. However, subsequent cost-of-living increases will be offset by the amount of the prior year's negative adjustment that would have applied to your benefit.

EXAMPLE: As of April 1, 2024, your monthly retirement benefit is \$2,000. The COLA as of May 1, 2024 would have decreased your monthly retirement benefit to \$1,980. Your monthly benefit will remain \$2,000. If the COLA for May 1, 2025 would increase your monthly benefit to \$2,025, your benefit will only increase to \$2,005 to recapture the \$20 decrease that was not applied for 2024

## **Your Plan Benefit When You Terminate Employment**

The Plan provides a retirement benefit for Non-Public Safety Participants who terminate employment with the County prior to becoming eligible to retire, provided they are vested at the time of termination and do not withdraw their contributions from the plan prior to meeting the Plan's Normal Retirement Date.

### ***Determining Your Vested Benefit***

The amount of retirement income to which you are entitled is called your vested benefit. Your vested benefit percentage can be found on one of the schedules of Vesting Factors which follows:

1. If you were hired prior to July 1, 1997:

| <u>Years of Service</u> | <u>Vested Percentage</u> |
|-------------------------|--------------------------|
| Less than 2 years       | 0%                       |
| 2 years                 | 25%                      |
| 3 years                 | 50%                      |
| 4 years                 | 75%                      |
| 5 years                 | 100%                     |

2. If you were hired on or after July 1, 1997:

| <u>Years of Service</u> | <u>Vested Percentage</u> |
|-------------------------|--------------------------|
| Less than 5 years       | 0%                       |
| 5 years                 | 100%                     |

You are always 100% vested in your own contributions.

At the time you terminate employment, you may either elect to receive a lump sum distribution of your total contributions plus accrued interest; or leave your employee contributions in the Plan to provide retirement benefits at a later time. If your employee contributions, plus accrued interest are \$1,000 or less, a distribution will automatically be made to you. If your employee contributions plus accrued interest is \$7,000 or less and you fail to make an election on the form of your distribution (cash or rollover), your employee contributions plus accrued interest will automatically be rolled over to an individual retirement account established for you. However, if you elect a cash refund of your total contributions, the amount distributed to you may be subject to Federal and State income tax and you will not be eligible to receive a monthly retirement benefit from the Plan in the future.

If you terminate employment before you are vested in your future benefit from the Plan, interest will stop being added to your employee contributions as of the July 1 immediately following your termination date. If you are reemployed by the County, interest will resume being added to your employee contributions as of the June 30 following your reemployment.

## ***Direct Rollover Distributions***

If you receive a distribution from the Plan in the form of a lump sum payment, you may choose to have all or part of your Plan Benefits rolled over directly to another employer's retirement plan or to a traditional individual retirement account (IRA). The portion of your distributed benefit that is rolled over will be exempt from the mandatory federal and state tax withholding rules that may otherwise be applicable to distributions. Detailed information will be provided by the benefits administrator at the time of termination of employment.

## ***Transfer of Service to Another Government Employer***

If you terminate employment with the County and immediately begin employment with another government employer within the State of Maryland, your service earned under this Plan may be transferrable to your new employer's retirement plan. You should contact the administrator of the new retirement plan for further details as soon as possible following your first day of employment with the new employer.

## ***Forms Of Benefit Payment***

Your retirement benefit will be paid in the form of an annuity. An annuity is defined as the payment of a benefit in equal monthly payments, over your life, or over your life and the life of a designated beneficiary. You may choose among several different annuity arrangements. Depending on your election, you can provide a lifetime monthly income to your spouse or another beneficiary when you die after retirement.

Whether you choose to retire on an Early, Normal or Late basis, the Benefits Administrator will give you information about the Normal Form of Payment and your other payment options 30 to 90 days before your benefit payments are due to begin, and you may make your election at that time.

**It is important to note that once your monthly annuity payments begin, your decision as to the form of payment and the identity of your contingent pensioner, if any, is final and cannot be changed even if you divorce or the person you name as a contingent pensioner dies before you.**

In this section, we will discuss the Normal Form of Payment as well as your other payment options.

### ***Normal Form Of Payment***

Your retirement income will be paid in the form of a Modified Cash Refund/Single Life Annuity -- that is, in level monthly payments to you as long as you live. If, after you die, any amount of your employee contributions plus interest still remains, your beneficiary will receive that amount at the time of your death. However, if the total amount of retirement income paid to you before your death is more than your employee contributions plus interest, your beneficiary will not receive any benefits after your death.

### ***Ten Years Certain And Life Annuity***

The Ten Years Certain And Life Annuity provides you with monthly payments for as long as you live, with a guarantee of at least 10 years of payments. If you die within ten years after you retire, your beneficiary will receive the same monthly payments for the remainder of that 10-year period. If you die more than 10 years after your retirement date, no benefit will be paid to your beneficiary after your death.

### ***Contingent Pensioner Annuity***

The Contingent Pensioner Annuity will provide you with monthly payments for life but, upon your death after retirement, payments will continue to a contingent pensioner for as long as that person lives. These payments to the contingent pensioner may be 100%, 66-2/3% or 50% of your monthly income, as you elect.

The Ten Years Certain and Life Annuity and Contingent Pensioner Annuity will generally provide a lower monthly payment than the Modified Cash Refund/Single Life Annuity form of payment because payments are designed to be made over two lives (yours and your beneficiary's).

## **Survivor Benefits**

### ***If You Are Married***

If you die before your retirement date or normal retirement date, whichever is earlier, your spouse will be eligible to receive a Pre-Retirement Spousal Benefit if you meet all the conditions described below.

- you have reached age 55,
- you have completed 5 years of service,
- you were an active employee with the County at the time of your death, and
- you were married for at least one year to your current spouse at the time of your death.

If you meet the conditions stated above, your spouse will receive 50% of your retirement income (based on your credited years of service as of the date of your death). However, if your spouse is at least 10 years younger than you, the percentage will be reduced by 1% for each full year in excess of nine years that you spouse is younger than you.

If you die *after* your Normal Retirement Date, your spouse will receive 100% of your retirement income in the form of a Contingent Pensioner Annuity (based on your credited years of service to the date of your death). However, if you remain employed after your Normal Retirement Date, you do have the option to elect to choose the death benefit coverage provided under an *optional form of payment*, which would be payable if you die while still employed.

The Pre-Retirement Spousal Benefit will be payable monthly with each payment equal to 1/12th of the yearly amount. The first payment will be made as of the first day of the month following your death and each month thereafter until your spouse dies. When your spouse dies, your beneficiary will receive a refund of the remainder, if any, of your required contributions plus interest.

### ***If You Are Not Married***

If you are not married and die before your Normal Retirement Date, a monthly death benefit is not payable. However, your beneficiary will receive all of your contributions plus interest. If you die after your Retirement Date, or after your Normal Retirement Date while actively employed, a death benefit will be payable in accordance with the form of payment you elected.

## **Receiving Your Plan Benefit**

### ***To Make A Claim***

You do not normally have to file a claim to receive any benefits to which you are entitled. However, if you feel there is a problem regarding your benefits, you may file a written claim with the Plan Administrator stating the specific reasons you feel you are entitled to other benefits.

After a full review of the claim, you will be notified in writing that it has either been approved or denied.

### ***If Your Claim Is Denied***

The Plan Administrator follows a written procedure for determining appeals of claim denials. Generally, you have 15 days following denial of your claim to appeal the denial. Upon request to the Plan Administrator, a copy of the "Procedures for Determining Entitlement to Rights, Status or Benefits" will be provided to you.

## Getting Your Questions Answered

The Plan Administrator is a committee comprised of the following:

- County Administrator
- Director of Fiscal and Administrative Services
- Director of Human Resources
- Assistant Director of Human Resources
- County Attorney
- A County Employee
- A County Citizen
- A former County employee who is receiving retirement benefits or is eligible to receive retirement benefits in the future

The Committee may be contacted at:

County Commissioners of Charles County, Maryland  
Charles County Government Building  
200 Baltimore Street  
La Plata, MD 20646  
(301) 645-0585 or 870-2681

In addition to administering the Plan, the committee is responsible for benefit information and the Plan's adherence to legal requirements. Service of legal process may be made upon the committee.

## Continuation Of The Plan

While the County fully intends to continue this Plan indefinitely, it does reserve the right to modify, suspend or terminate the Plan at any time. However, no modification, suspension or termination of the Plan may reduce any benefits you have already accrued. Should the Plan be terminated, you will not earn any additional benefits, but you will be 100% vested in your accrued retirement income at the time of the Plan's termination.

## HOW TO CONTACT THE COMMITTEE

Plan Administrator: Retirement Plan Committee  
Charles County Government – Department of Human Resources  
La Plata, Maryland 20646  
301-645-0585 • 301-870-2681

# CHARLES COUNTY COMMISSIONERS



### Charles County Government

200 Baltimore Street • La Plata, Maryland 20646

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MD Relay: 711 • Relay TDD: 1-800-735-2258

Equal Opportunity Employer

**[www.CharlesCountyMD.gov](http://www.CharlesCountyMD.gov)**

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### About Charles County Government

The mission of Charles County Government is to provide our citizens the highest quality service possible in a timely, efficient and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long- and short-term planning and have an appropriate managerial organization tempered by fiscal responsibility. We support and encourage efforts to grow a diverse workplace. Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount; where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.

It is the policy of Charles County to provide equal employment opportunity to all persons regardless of race, color, sex, age, national origin, religious or political affiliation or opinion, disability, marital status, sexual orientation, genetic information, gender identity or expression, or any other status protected by law.