

RETIREMENT PLAN FACT SHEET

Fairfax County Employees' Retirement System 401(a) Defined Benefit Plan

MOST FULL-TIME AND PART-TIME Merit System General County and School Support employees are members of the Fairfax County Employees' Retirement System (FCERS).

Employees in the following categories are **NOT** eligible for enrollment in the System:

- Employees who work less than 20 hours a week (except some school support personnel)
- Non-merit, benefits-eligible employees, temporary employees, or limited-term exempt employees



ALL ELIGIBLE EMPLOYEES WHOSE EMPLOYMENT COMMENCED BY REPORTING TO WORK AFTER JANUARY 1, 2013, ARE AUTOMATICALLY ENROLLED IN RETIREMENT PLAN C.

VERY IMPORTANT

- ✓ **You must choose whether to stay in Retirement Plan C or switch to Retirement Plan D within your first 30 days of employment.**
- ✓ Eligible employees may choose to switch to Plan D (a higher contribution and higher benefit Plan) **WITHIN the first 30 days of employment.** You must use the "Employees' Retirement Data/Plan Election" Form to elect Plan participation.
- ✓ If an eligible employee does not elect to participate in Plan D **within their first 30 days of Employment**, they will remain in Plan C for the duration of their System membership.
- ✓ You may not change your mind about Plan enrollment at a future date – **Your initial choice of Plans is irrevocable after the first 30 days.**



HOW MUCH DOES EACH MEMBER CONTRIBUTE FOR RETIREMENT?

You begin contributing into the retirement system with your first paycheck.

**PLAN
C
OR
PLAN
D**

PLAN C:

Under Plan C, each member contributes 4% of salary* up to the *Social Security taxable wage base* and 5.33% of salary* above the taxable wage base.**

- * Salary means retirement-eligible salary – excludes overtime
- ** The *Social Security taxable wage base* is the maximum amount of compensation that is subject to Social Security taxes each year. The Social Security wage base for 2014 is \$117,000. If you do not make more than the Social Security taxable wage base in any given year, your contributions will only be 4%.

PLAN D:

Under Plan D, each member contributes 5.33% of salary*
Employee contributions are made automatically by payroll deduction.





ARE FCERS RETIREMENT CONTRIBUTIONS TAXED?

No. All retirement contributions are deducted from your gross pay, before determining taxable income.



HOW MUCH DOES THE COUNTY CONTRIBUTE FOR EMPLOYEE RETIREMENT?

The *County Contribution Rate* is currently 19.30% of covered General County and School Support payroll to the Employees' Retirement System. This rate is adjusted annually, based on actuarial calculations. This percentage is not an employer matching amount. If an employee terminates employment before retirement without qualifying for, and electing a deferred retirement benefit, the only amount the terminating employee is eligible to receive from the system is their contribution balance and interest (at 5%) that has accumulated during their membership in the Fairfax County Employees' Retirement System.



WHAT IS ELIGIBILITY FOR NORMAL RETIREMENT for Members of Plans C & D?

- Age 65 with at least 5 years of service **OR**
- When member's age (**if at least 55**) plus years of service total **85** or more

Eligible part-time employees earn a full year of eligibility service toward reaching this total for each year they work their scheduled hours. Leave Without Pay (LWOP), except for approved Family and Medical Leave, does NOT count as eligible service.

Accumulated unused sick leave at retirement (up to 2,080 hours) counts as creditable service. 172 hours equals one month of service. Part-time employees receive credit for their sick leave based on their scheduled hours at the time of retirement.



WHAT IS ELIGIBILITY FOR EARLY RETIREMENT?

- Age 50 or beyond - when age plus years of service total 75 or more.
(LWOP and sick leave are treated the same as for normal retirement.)



WHAT DOES A MEMBER RECEIVE AT NORMAL RETIREMENT?

Your normal retirement benefit may consist of two elements – your base benefit for Plan C **or** Plan D and possibly a “Pre-Social Security Benefit” for which eligibility is determined based on your age at retirement.

◆ If you participate in PLAN C, your base benefit is:

1.8% of your average final compensation (AFC) up to Social Security breakpoint* PLUS 2% of your AFC above the breakpoint TIMES your number of years of service, increased by 3%.

◆ If you participate in PLAN D, your base benefit is:

2% of your average final compensation (AFC) regardless of Social Security breakpoint* TIMES your number of years of service, increased by 3%.

Average Final Compensation (AFC) is the average creditable compensation paid to a member during any 36 highest-paid consecutive months of service (78 consecutive pay periods for those paid on a bi-weekly basis).

◆ Additional **Temporary** Benefit called the **Pre-Social Security Benefit** (Pre-SSB)

At the time of your retirement from Fairfax County, **if you are not yet eligible for unreduced Social Security Benefits**, members of both Plans C and D will be entitled to an additional **TEMPORARY** benefit called the Pre-Social Security Benefit (Pre-SSB) calculated as follows:

1% of your average final compensation (AFC) up to your Social Security breakpoint* **TIMES** your number of years of service, increased by 3%. (This benefit, is discontinued the first of the month following the date the member is eligible for unreduced Social Security Benefits). For more detailed information on benefit calculations and the Pre-SSB, please refer to the FCERS Active Employee Retirement Handbook (*January 2013 version*).

**The Social Security Breakpoint is used in the Plan C benefit formula and in the computation of the Pre-Social Security Benefit for Plan C and Plan D. It is an average of annual Social Security wage bases for the last 35 years before you reach age 65.*



WHAT DOES A MEMBER RECEIVE AT EARLY RETIREMENT?

A member who chooses early retirement will receive benefits as computed for normal retirement, reduced by an actuarially determined percentage based on age. Furthermore, early retirees from FCERS will lose all eligibility for Pre-Social Security Benefits.



WHAT HAPPENS WHEN A MEMBER LEAVES COUNTY EMPLOYMENT BEFORE RETIREMENT?

If you leave County employment, prior to retirement eligibility, the contributions you made for retirement can be refunded, with interest, if any, as a lump sum payment or the contributions may be transferred directly into an Individual Retirement Account (IRA) or into another qualified plan that will accept a rollover of the funds.

If you have five or more years of service, you may leave the contributions in the Retirement System until age 65 when you would be eligible for a **Deferred Vested Benefit**. The benefit is calculated based on the average final compensation and amount of benefit service at the time of termination.



ARE THERE DISABILITY RETIREMENT BENEFITS AVAILABLE?

The system provides for disability retirement benefits should you become disabled and unable to work. There are two types of disability - ordinary disability (member must be vested), which results from an illness or injury suffered away from the job in the course of normal events, and service-connected disability, which results from an illness or injury suffered as a direct result of employment. Each claim for disability retirement is handled on a case-by-case basis and is subject to certain regulations. For complete information on disability retirement, refer to the FCERS Active Employee Retirement Handbook. (*January 2013 version*)



DO RETIREES EARN COST-OF-LIVING ADJUSTMENTS?

Fairfax County retirees may receive an annual cost-of-living adjustment (COLA), effective each July 1. This COLA amount (capped at 4%) is based on the consumer price index (CPI-U) for the period ending in March of each year, and applies only to your base benefit amount. During the first year of retirement, COLAs are pro-rated.



WHAT BENEFITS ARE PAID IN THE *EVENT OF DEATH* OF AN ACTIVE EMPLOYEE?

If you have at least 5 years of service and your surviving spouse is your **sole primary beneficiary of record**, your spouse may elect either a lump-sum contribution refund or a lifetime annuity, based on 50% of what your normal retirement benefit would have been as of the date of your death. If you are not married at the time of your death or have not listed your spouse as your sole primary beneficiary, your entire contribution balance and the interest in the account, is payable to your beneficiary(ies) as listed on your Data/Plan Election form.



WHAT BENEFITS ARE PAID IN THE *EVENT OF DEATH* OF A RETIRED EMPLOYEE?

The retirement systems allow you to elect, at the time of actual retirement, a "joint and last survivor" option, by which you agree to accept a decreased monthly retirement allowance during your lifetime, in order to provide that amount or a specified percentage of that benefit amount to your surviving spouse in the event of your death. Should the your spouse pre-decease you, your retirement allowance will then revert to the unreduced amount, as though the option was never elected.



HOW IS THE RETIREMENT SYSTEM GOVERNED?

The FCERS Retirement System is governed by a Board of Trustees which acts as the sole trustee of the accumulated monies in the Retirement System. The FCERS Board of Trustees has ten members.



HOW AND WHERE IS THE SYSTEM ADMINISTERED?

The day-to-day administration is entrusted to the Executive Director who manages a full-time staff. The Retirement Administration Agency is located at 10680 Main Street, Suite 280, Fairfax, VA 22030-3815. The phone number for the Retirement Agency is 703-279-8200 or toll free 1-800-333-1633. Questions about your retirement system **Defined Benefit Plan** may be directed to this office.

FOR MORE INFORMATION

Please visit the Retirement Administration Agency's (RAA) website at

<http://www.fairfaxcounty.gov/retirement/>

for additional information including:

- **Active Employee Retirement Handbook** for members of the Employees' Retirement System
- **Current year's figures** of the following quoted numbers
 - ◆ *Social Security Taxable Wage Base* (updated January 1 each year)
 - ◆ *Social Security Breakpoint* (updated July 1 each year)
 - ◆ *County Contribution Rate* (updated July 1 each year)
- **Estimator program** to help employees determine future retirement eligibility dates and dollars

The information in this fact sheet has been drawn from the Retirement Ordinances for Fairfax County as found in Chapter 3 (County Employees), Articles 2, 3 and 7 of the Code of Fairfax County, and was prepared solely for general information purposes. Should there be a conflict between any statement, fact or figure and the Articles cited above, the latter shall take precedence as the sole authority. No such authority should be inferred or construed from this fact sheet, and responsibility is hereby disclaimed.