



fairfax

COUNTY

POLICE OFFICERS
RETIREMENT
SYSTEM

JANUARY 2013

Retirement Handbook for Active Employees



Introduction

The Fairfax County Police Officers Retirement System was established to help provide you with financial security at retirement; one of the most important long-range goals for you and your family.

This booklet summarizes your Retirement System (“System”) as in effect on January 1, 2013. It is not an official plan document and is not part of your contract rights as a member of the system. You can find more detailed information about the System in the plan documents. The plan documents include applicable provisions of the Code of Virginia and the Fairfax County Code, Chapter 3, Article 7, as well as applicable rules, regulations, and resolutions of the Board of Trustees of the Retirement System. Those statutes, ordinances, rules, regulations and resolutions are controlling in the event of any conflict with this booklet. The System’s plan year ends June 30. Records are maintained on a fiscal year basis. Please feel free to contact the Retirement Agency with any questions about your retirement.

Fairfax County Retirement Administration Agency

10680 Main Street, Suite 280

Fairfax, VA 22030-3812

Phone: 703-279-8200

Toll-Free: 800-333-1633

FAX: 703-273-3185

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

**also accessible through links on the Fairfax County Government Intranet site, FairfaxNet.*

To calculate your own estimated retirement benefit, please visit **Web Member Services** at the Retirement Agency website: <http://www.fairfaxcounty.gov/retirement> and click on “Member Area: Secure Log In”, in the left navigation bar.

If you should need a sign language interpreter or any type of special accommodation, auxiliary aid, or translation assistance, please call the Retirement Agency at 703-279-8200 or the Virginia Relay Service at 1-800-828-1120 (TDD) or 1-800-828-1140 (voice).

POLICE OFFICERS RETIREMENT SYSTEM HIGHLIGHTS

The highlights of your retirement system show you the various benefits the system has to offer. In the highlights, there are references to various terms with which you may not be familiar. Explanations of Creditable Compensation, Average Final Compensation (AFC), and Creditable Service start on page 3. Information on retirement eligibility starts on page 7.

PROVISIONS	CONDITIONS	HIGHLIGHTS	PAGE
Membership	You must be a full-time police officer in the Fairfax County Police Department.	Membership begins on the day you are sworn in.	1
Contributions	Your contribution equals 10% of creditable compensation.	Contributions are deducted from your paycheck.	2
Normal Retirement	You are eligible for normal retirement if you are age 55 or when you have 25 years of creditable service.	Your normal retirement benefit is equal to 2.8% of your average final compensation times your years of creditable service. The total benefit is then increased by 3%.	7
Deferred Retirement Option Program (DROP)	Only those eligible for normal retirement can enter DROP. DROP applications must be completed and received by the Retirement Agency at least 60 days prior to DROP entry date.	DROP allows you to be treated as if you retired, for the purposes of the retirement plan, while continuing to work and receive a salary for a period of three years. Monthly benefit is credited to a DROP account and earns interest at the rate of 5% for 3 years.	8
Early Retirement	You are eligible for early retirement if you are under age 55, with 20 or more years of creditable service.	The formula for normal retirement determines early retirement benefits. However, your benefit is reduced based on your age and service at early retirement.	10
Service-Connected Disability Retirement	You are eligible for total or partial service-connected disability retirement if you become disabled due to an accident or injury while carrying out your official duties. The Rules and Policies Governing Disability Retirements apply.	The tax-free benefit is equal to 66 ² / ₃ % of salary at time of disability, less Workers' Compensation benefits.	13
Non Service-Connected Disability Retirement	You are eligible if you become totally disabled for a reason that does not qualify as a service-connected disability. The Rules and Policies Governing Disability Retirement apply.	The normal retirement formula determines benefits for a disability that is not service-connected. The minimum benefit is 10% of average final compensation. The total benefit is then increased by 3%.	14
Deferred Vested Benefit	You are eligible if: <ul style="list-style-type: none"> ◆ You terminate employment for reasons other than death or retirement ◆ You have at least 5 years of creditable service, and ◆ You leave your contributions in the System. 	You may receive benefits starting at age 55. The normal retirement formula determines benefits for a deferred vested benefit. This benefit is increased by 3%.	17

PROVISIONS	CONDITIONS	HIGHLIGHTS	PAGE
Cost-of-Living Adjustments (COLAs)	You must retire under the normal, early or disability retirement provisions, or receive deferred vested benefits. Applies also to the automatic benefit for spouse and children.	Each July 1, your pension may be increased by a cost-of-living adjustment. The increase would normally not exceed 4%. Increases are pro-rated for those who have been retired for less than 1 year.	18
Death Before Retirement (a) Return of Contributions (b) Automatic Benefit for Spouse and Children (c) Optional Family Benefit for Line of Duty Death	An optional spouse's benefit (see below) must not be payable. You must have an eligible spouse or eligible children. Optional family benefit must not be elected. Payable if you are killed in the line of duty and if your eligible spouse elects this benefit.	Your contributions will be paid to your beneficiary. Your eligible spouse's (or eligible handicapped child's) benefit is \$2,186.51 a month. Each eligible child's benefit is \$874.60 a month. The maximum family benefit is \$4,373.01 a month. Your eligible spouse (or eligible handicapped child) will receive 66 ² / ₃ % of your salary. The benefit is then increased by 3%.	18 18 18 19
Death After Retirement (a) Return of Contributions (b) Automatic Benefit to spouse and children (c) Joint and Contingent Spouse and Handicapped Child Option	A benefit must not be payable to your spouse or children. You must have an eligible spouse or eligible children, and have been receiving normal, early or service-connected total disability retirement benefits. You must elect this benefit before your retirement benefits start. This option is not available in the event of disability retirement.	The excess of your contributions over benefits paid to you before death will be paid to your beneficiary. Your eligible spouse's (or eligible handicapped child's) benefit is \$2,186.51 a month. Each eligible child's benefit is \$874.60 a month. The maximum family benefit is \$4,373.01 a month. You will receive a reduced benefit. After your death, your surviving spouse (or eligible handicapped child) will continue to receive a percentage of your benefit. This amount is in addition to the automatic death benefit.	20 20 20 21
Withdrawal of Contributions	<ul style="list-style-type: none"> ◆ You must terminate employment ◆ You must request a return of your contributions in writing. 	Your contributions will be refunded. Once you have withdrawn your contributions, you are no longer eligible for any benefits under the retirement system. Contributions must be withdrawn within two years of terminating employment.	22

TABLE OF CONTENTS

	<i>Page</i>
ELIGIBILITY AND MEMBERSHIP	
General	1
COST	1
SEPARATE PLANS: Plans A & B	1
CONTRIBUTIONS	
Employee Contributions.....	2
Tax Treatment of Employee Contributions	2
County Employer Contributions	2
Investment Income	2
SPECIAL TERMS	
Creditable Compensation	3
Average Final Compensation (AFC).....	3
Creditable Service	4
ADDITIONAL SERVICE	
Accrued Sick Leave	5
Prior Service in FCPORS	5
Military Service	6
Periods of Service-Connected Disability	6
Periods of Leave without Pay	7
NORMAL SERVICE RETIREMENT	
Eligibility	7
Types of Service retirement.....	7
Benefit Formula	7
Examples	8
DEFERRED RETIREMENT OPTION PROGRAM (DROP)	8
Eligibility for DROP	9
Sick Leave and DROP	9
EARLY SERVICE RETIREMENT	10
Eligibility	10
Table of Early Retirement Factors.....	11
APPLYING FOR SERVICE RETIREMENT	12
APPLYING FOR DROP	12

DISABILITY RETIREMENT	
Service-Connected Disability Retirement	13
Non Service-Connected Disability Retirement.....	14
Disability During DROP	15
Applying for Disability Retirement	15
Disability...Hypertension, Heart Disease or Negligence.....	15
If You Return to Work.....	16
Tax Returns.....	16
DEFERRED VESTED BENEFIT	17
COST-OF-LIVING ADJUSTMENTS (COLAs).....	18
DEATH BENEFITS.....	18
Death Benefits Before Retirement	18
Return of Contributions.....	18
Automatic Benefit for Spouse and Children	19
Line of Duty Death Benefit.....	19
Death During DROP.....	20
Death Benefits After Retirement	20
Return of Contributions.....	20
Automatic Benefit for Spouse and Children	20
J & C Spouse and Handicapped Child Option	21
Naming a Beneficiary	22
WITHDRAWAL OF CONTRIBUTIONS	22
If You <u>Are Not</u> Eligible For Benefits	22
If You <u>Are</u> Eligible For Benefits	23
Taxation of Withdrawals.....	23
Assignment of Benefits	23
Fraud.....	24
SOCIAL SECURITY BENEFITS.....	24
MEDICARE.....	24
ADDITIONAL RETIREMENT SYSTEM INFORMATION	
Home Address	25
Retirement System Administration.....	25
FREQUENTLY ASKED QUESTIONS	26
SUMMARY OF RULES AND REGULATIONS	
GOVERNING DISABILITY RETIREMENT.....	32

Eligibility and Membership

General

You automatically become a member of the Fairfax County Police Officers Retirement System on the date you are sworn in as a full-time police officer of the Fairfax County Police Department.

You are not eligible for membership if you are a contributing member (or are eligible to become a member) of one of the following retirement systems:

- Virginia Retirement System
- Fairfax County Employees' Retirement System
- Fairfax County Uniformed Retirement System

Cost

The cost of providing system benefits is paid from three sources:

1. Employee contributions;
2. County contributions; and
3. Earnings from investments made with the above funds.

Separate Plans: A and B

If you were sworn in as a police officer for Fairfax County on or before December 31, 2012, you were enrolled in Plan A of the Police Officers Retirement System.

If you are sworn is as a Police Officer in Fairfax County **on or after January 1, 2013**, you will be automatically enrolled in **Retirement Plan B** of the Police Officers Retirement System.

If you were previously a member of the Fairfax County Police Officers Retirement System, and left your money in the System when you terminated your employment, you must return to the plan that you were in during your previous period of membership.

Employee Contributions

All members of the Police Officers Retirement System **contribute 10%** of their gross earnings to the Police Officers Retirement System.

Note: Prior to July of 2007, Police Officers contributed 12% to the Retirement System. Effective July 1, 2007 the employee contribution amount was reduced to 11%. Effective July 1, 2008 the employee contribution amount was reduced to 10%.

Retirement benefit calculations are not affected by the change in employee contribution amounts.

Tax Treatment of Employee Contributions

Before January 1, 1985, your contributions were automatically deducted from your paycheck. Under this method, you paid taxes on your contributions before they were paid into the System.

All contributions into the FCPORS after January 1, 1985, will be deducted from your pay on a pre-tax basis. These two methods of contributing differ only in the way your contributions are taxed.

Under the second method, the pre-tax contributions are not considered part of your taxable income and do not appear as such on your W-2. You will not pay income taxes on these contributions for the year during which they were made.

You will pay taxes at the time you terminate employment if you request a refund or upon retirement when you begin receiving monthly benefits.

County Employer Contributions

Fairfax County contributes a substantial amount to the Police Officers Retirement System and your future retirement benefits. The Board of Supervisors determines employer contributions based on funding requirements. Employer contributions are in addition to, and generally larger than, your own contributions.

Investment Income

Employer and employee contributions are invested to provide additional income to the System. Assets are invested as directed

by the Board of Trustees. The financial statements of the System are audited by an independent accounting firm and are posted on the Retirement Administration Agency's website for review at http://www.fairfaxcounty.gov/retirement/active_police/publications.htm under the heading "Comprehensive Annual Financial Report".

Special Terms

Throughout this booklet, you will come across certain words or terms that are used often. Knowing what these terms mean will help you understand your benefits. A few of the common terms are explained on the following pages.

Creditable Compensation

For retirement purposes, your creditable compensation means the full compensation, including holiday hours worked, roll call pay, administrative emergency leave worked, shift differential paid and regularly scheduled hours paid, credited at the base rate of pay but excluding premium pay such as all overtime, including Fair Labor Standards Act (FLSA) overtime and excluding performance bonuses and payments made after termination of employment which represent unused leave. Effective for plan years after December 31, 1988, compensation in excess of \$200,000 (as indexed annually according to the IRS Code) will be disregarded. Notwithstanding the foregoing, effective for members hired on or after July 1, 1996, compensation in excess of the limit set forth in the IRS Code will be disregarded.

Average Final Compensation (AFC)

Average Final Compensation (AFC) is the average of your creditable compensation for the 36 consecutive months of employment during which you earned your highest average annual compensation (78 consecutive pay periods for members who are paid bi-weekly).

Unused sick leave at the time of retirement may be substituted for an equivalent period (subject to the limitation on employees whose county employment commenced by reporting to work on or after January 1, 2013) of employment as if you had continued to work at your final salary during the period of your unused sick

leave. The retirement system will use the method that results in the higher retirement benefit for you.

For sworn Police Officers whose county employment, and participation in the Police Officers Retirement System commenced by reporting to work before January 1, 2013, there is no limit on the amount of sick leave that can be used for determining retirement eligibility and for computing the member's retirement benefits and allowances.

For sworn Police Officers whose county employment commenced by reporting to work on or after January 1, 2013, the maximum amount of accrued sick leave credit that may be used for determining retirement eligibility and for computing the member's retirement benefits and allowances shall be the employee's accrued sick leave balance or 2,080 hours, whichever is less.

Periods of employment while a member is on approved Family and Medical Leave Act status (FMLA) in a leave without pay (LWOP) status (as defined in Section 10.15 of the Fairfax County Human Resources Regulations) will not be considered breaks in service when computing AFC. FMLA/LWOP will be ignored when determining the average of your highest 36 months or 78 bi-weekly pay periods.

For a member who is called to active military duty within the member's last three years prior to retirement and if that member is unable to use paid leave during the military leave, the compensation that the member would have received will be used in the calculation of AFC.

If you are enrolled in the Deferred Retirement Option Program (DROP), your AFC is calculated at the point of DROP entry. Any changes to your salary after DROP entry have no impact on your retirement benefit amount.

Creditable Service

In general, you are credited with one year of service for each year of full-time employment. In addition, you may also receive creditable service for certain periods when you are not an active employee. Periods of leave without pay (LWOP) while on approved Family and Medical Leave (as defined in Section 10.15 of the Fairfax County Personnel Regulations) are included as creditable service for eligibility purposes but are not included as service when benefits are calculated.

Additional Service

In addition to the creditable service mentioned above, you may also receive service credit in the following instances:

Accrued Sick Leave

(A) If you are a sworn Fairfax County Police Officer who started working in an eligible position before January 1, 2013, (as a member in Plan A), *accrued sick leave credit* means the credit allowed a member for purposes of determining retirement eligibility. Credit is allowed at the rate of one (1) month for every one hundred seventy-two (172) hours of accrued unused sick leave, and pro rata credit is allowed for each fraction thereof.

(B) If you are a sworn Fairfax County Police Officer who started working in an eligible position on or after January 1, 2013 (as a member of Plan B), *accrued sick leave credit* means the credit allowed a member with more than five (5) years of service for purposes of determining retirement eligibility. Credit is allowed at the rate of one (1) month for every one hundred seventy-two (172) hours of accrued unused sick leave, and pro rata credit is allowed for each fraction thereof; however, for Police Officers whose county employment commenced by reporting to work on or after January 1, 2013, notwithstanding the amount of the employee's accrued sick leave balance, the maximum amount of accrued sick leave credit that may be used for determining retirement eligibility and for computing the member's retirement benefits and allowances shall be the employee's accrued sick leave balance or 2,080 hours, whichever is less.

Prior Service as a Police Officer in FCPORS

If you return to work for Fairfax County as a Police Officer, and if you did not withdraw your accumulated member contributions, you must rejoin the Plan to which you formerly belonged.

If you were a former member of the system who removed your contributions from the system, and later become a member again, your prior period of membership may count as creditable service provided that you purchase membership service credit by paying into the System all accumulated contributions that would have been collected from you during your prior period or periods of membership, plus interest at the rate established by the Board, for the entirety of any period of prior service for which membership service

credit is sought. You may not purchase credit for only a portion of any prior period of service, but may only purchase credit for an entire prior period of service.

If your contributions were directly transferred to an IRA, they may be transferred back into the System to purchase the prior service. Other transfers from 457 or 403(b) plans may also be allowed.

Additional information regarding prior service “buy-backs”

Generally, if you “buy back” service, plus interest, service is given for the applicable period (unless such purchase fails to meet the requirements of the Internal Revenue Code).

Please Note:

All requests for a buy-back calculation must be made in writing, addressed to the Retirement Agency, stating your intention to buy back previous service credit.

In addition, if you had your contributions and interest transferred directly into an Individual Retirement Account (IRA) for a period of prior service you contributed to a Fairfax County Retirement System, you may transfer all or part of your balance in that IRA back into the System. Other transfers from 457 or 403(b) plans may also be allowed. (§3-7-20) (§3-7-23) (§3-7-23.1)

Military Service

A period of active military service counts as membership service credit provided you return to work within 90 days of discharge (other than dishonorable) in any employment covered by the system while you have reemployment rights under the law. However, you cannot receive credit for military service in the event of a dishonorable discharge. (§3-7-23(d))

Service-Connected Disability

A period of service-connected disability counts towards your membership service credit for any period during which you are taking leave without pay from County service and are receiving compensation from the County for temporary total or temporary partial disability under the Virginia Workers' Compensation Act. (§3-7-23(b))

Periods of Leave without Pay

Periods of Leave without Pay (LWOP) while on approved Family and Medical Leave (as defined in Section 10.15 of the Fairfax County Personnel Regulations) are included as creditable service for eligibility purposes but are not included as service when benefits are calculated.

Normal Service Retirement

Eligibility

You are eligible for normal service retirement if you are a member of the System **and**

- **On your 55th birthday** or thereafter, **OR**
- You have **at least 25 years** of creditable service.

Types of Service Retirement

Once you are eligible to retire with a normal service retirement, you have several options:

- You may apply for retirement and begin receiving a retirement benefit;
- You may enter the Deferred Retirement Option Program (DROP) if available; **or**
- You may continue to work beyond your normal retirement eligibility, gaining additional service credit, and have any salary increases included in the calculation of your AFC.

You **may** continue to work as a police officer after age 55.

Benefit Formula

The formula used to calculate your normal retirement benefit is:

2.8%	x	Average Final Compensation	x	Years of Creditable Service	x	1.03
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EXAMPLE #1: Normal Retirement Benefit – Age 55

Assume you retire at age 55 with 15 years of creditable service and average final compensation of \$75,000.

		<i>Average Final Compensation</i>			<i>Years of Creditable Service</i>		<i>Increased by 3%</i>	
2.8%	x	\$75,000	x	15	x	1.03	=	\$32,445

Annual Normal Retirement Amount = \$32,445

Monthly Benefit Amount = \$2,703.75

EXAMPLE #2: Normal Retirement Benefit – 25 Years of Service

Assume you retire with 25 years of creditable service and average final compensation of \$85,000.

		<i>Average Final Compensation</i>			<i>Years of Creditable Service</i>		<i>Increased by 3%</i>	
2.8%	x	\$85,000	x	25	x	1.03	=	\$61,285

Annual Normal Retirement Amount = \$61,285

Monthly Benefit Amount = \$5,107.08

Total Retirement Benefit

Your total retirement benefit cannot exceed limits on benefits set forth in Section 415 of the Internal Revenue Code and Treasury Regulations. (§3-7-48)

To calculate your own estimated retirement benefit, please visit **Web Member Services** at the Retirement Agency website: <http://www.fairfaxcounty.gov/retirement> and click on "Member Area: Secure Log In", in the left navigation bar.

Deferred Retirement Option Program (DROP)

Entering the DROP allows you to be treated as if you retired, for purposes of the retirement plan, while continuing to work and receive a salary for a maximum period of three years. Only members eligible for Normal Retirement may elect to enter the

DROP. As a DROP member, you will continue to work while an amount equal to what you could have received as a retirement benefit is credited to your DROP account balance. At the point of DROP entry, you are agreeing to participate in the DROP for a maximum of three years. The monthly benefit that will be credited to your DROP account is determined by your years of service and AFC at your DROP entry date. During the DROP period, the retirement plan accumulates your accrued monthly benefit, which is payable to you at the end of the DROP period. Your account balance is credited at an annual rate of 5% interest, compounded monthly. At the end of the DROP period, you **MUST** terminate employment with the County, and you will begin to receive your monthly retirement benefit directly instead of it being credited to your DROP account balance. Upon DROP exit, you can elect to receive the balance of your DROP account in the form of a lump sum distribution, a rollover to another qualified plan (or IRA), or you may have added to your monthly retirement annuity, an increase of the actuarial equivalent of the lump sum balance in your DROP account, thereby receiving a higher lifetime monthly benefit.

You are eligible to enter the DROP when you become eligible for Normal Service Retirement:

- **When you turn age 55; OR**
- **25 years of service**

At the end of three years in DROP, you should complete the DROP Exit Notification form and choose how you would like your DROP balance to be distributed. You must provide a completed DROP Exit Notification form to the Retirement Agency no less than 60 days prior to your intended DROP exit date to ensure there is no disruption to your benefit payments. If we do not receive your DROP Exit paperwork, your DROP account balance will be paid to you as a lump sum, with applicable taxes withheld.

Sick Leave and DROP

Plan A – If you are a Plan A Fairfax County Police officer who is entering the DROP, you have the option of converting your entire sick leave balance to retirement credit or you may retain 40 hours of your total balance to have available after entering the DROP. However, any sick leave balance carried forward, and any sick leave accrued during DROP, **will NOT** be converted to service credit at the point you exit the DROP.

Plan B – If you are a Plan B Fairfax County Police Officer who is entering the DROP, you can convert up to 2080 hours of sick leave to retirement service credit. You may retain 40 hours of your total sick leave balance or any sick leave balance in excess of 2080 hours, if applicable, to have available after entering the DROP. However, any sick leave balance carried forward, and any sick leave accrued during DROP, **will NOT** be converted to service credit at the point you exit the DROP.

Some additional notes about the DROP:

- You may participate in the DROP only once
- DROP enrollments are effective on the first day of a payroll period.
- If you would like to participate in the DROP, you must file an application with the Retirement Administration Agency **not less than 60 days prior** to your DROP entry date.
- Your election to participate in the DROP is irrevocable, (the one exception being that if you revoke your election **prior** to the commencement of your DROP period; you must wait at least 12 months from the date of revocation to re-apply).
- If you choose to provide a spousal benefit for your spouse, you must make that election in writing on your DROP Application. You cannot add or remove a spouse at a later date.
- If you do not choose to enter the DROP when first eligible, you may choose to enter the DROP at the beginning of any pay period following your initial eligibility.

Early Service Retirement

Eligibility

You are eligible to retire early once you have 20 years of creditable service.

To estimate your early retirement benefit you would first determine the benefit using the formula for normal retirement. You then reduce that total by an early retirement factor. This factor is based on your age and service at retirement according to the table on the following page:

EXAMPLE: Early Retirement Benefit

Assume you retire at age 50 with 23 years of creditable service and average final compensation of \$70,000. First calculate your benefit using the normal retirement benefit formula:

$$2.8\% \times \$70,000 \times 23 \times 1.03 = \$46,432$$

Average Final Compensation *Creditable Service* *Increased by 3%*

If you were eligible for normal retirement you would receive \$46,432 a year. But since you are retiring early, you apply the early retirement factor for age 50 and 23 years of creditable service (86.83% -- see table below).

$$\begin{array}{rclcl}
 \text{Normal Base} & & \text{Early Retirement Percentage} & & \text{Yearly} \\
 \text{Benefit Amount} & & \text{Age 50 with 23 years of service} & & \text{Benefit} \\
 \$46,432 & \times & 86.83\% & = & \$40,316.91
 \end{array}$$

Annual Early Retirement Amount = \$40,316.91

Monthly Early Retirement Amount = \$3,359.74

Table of Early Retirement Factors:					
<i>Age at Retirement</i>	<i>Years of Creditable Service</i>				
	20	21	22	23	24
38	74.50	79.17	84.06	89.18	94.48
39	74.18	78.89	83.83	89.01	94.39
40	73.84	78.61	83.60	88.84	94.30
41	73.49	78.32	83.37	88.67	94.21
42	73.11	78.01	83.13	88.50	94.12
43	72.72	77.68	82.88	88.33	94.03
44	72.32	77.34	82.61	88.14	93.93
45	71.89	76.98	82.34	87.95	93.83
46	71.74	76.61	82.04	87.75	93.73
47	70.97	76.22	81.74	87.53	93.62
48	70.48	75.81	81.41	87.31	93.50
49	69.96	75.38	81.08	87.07	93.38
50	69.42	74.92	80.72	86.83	93.25
51	74.45	74.45	80.35	86.57	93.11
52	79.95	79.95	79.95	86.29	92.97
53	86.00	86.00	86.00	86.00	92.82
54	92.66	92.66	92.66	92.66	92.66

NOTE: The table of Early Retirement Factors on the previous page contains just a partial list of early retirement percentages. These percentages vary based on your age in completed years and months. For simplicity's sake, use your age as of your birthday that is on or prior to your retirement date. Also, use completed years of creditable service and disregard partial years. For example, if you are 50 years and 8 months old with 22 years and 4 months of creditable service, your early retirement factor would be 80.72% -- the factor for age 50 with 22 years of creditable service.

To calculate your own estimated retirement benefit, please visit **Web Member Services** at the Retirement Agency website: <http://www.fairfaxcounty.gov/retirement> and click on "Member Area: Secure Log In", in the left navigation bar.

Applying for Service Retirement

You must apply for retirement before your retirement can become effective. This is in addition to any notice you may give to the Chief of Police. Your retirement application must indicate the date on which you plan to retire.

Proof of your birth is required with your retirement application. Acceptable documents include a birth certificate or passport. If you choose to provide an optional Joint and Contingent option for your spouse, you must also provide proof of birth for your spouse as well as a copy of your marriage license. Lastly, proof of birth is required for any children you may have that are under 18 years of age.

Note: *Your spouse is the person to whom you are legally married on the date of your death, if that marriage is recognized by the Commonwealth of Virginia.*

You may get an estimate of retirement benefits from the Retirement Agency before you apply. Application packets are also available from the Retirement Agency. Please feel free to contact the Retirement Agency with any questions you may have about how to apply for benefits. Please visit the RAA website at http://www.fairfaxcounty.gov/retirement/active_police/planning.htm for information about the "retirement process".

Applying for DROP

Only those eligible for Normal Service Retirement may enter the DROP. DROP applications are available from the Retirement Agency and must be completed and received at the Retirement

Agency at least 60 days prior to the DROP entry date requested. If you would like to calculate your own estimated DROP benefit, you can do this by visiting the “Member Area” of the Retirement Agency website at <http://www.fairfaxcounty.gov/retirement> and creating a “User Name” and “Password”. After logging in to this secure portal, you can generate your own retirement benefit estimates for DROP, normal, and early benefits. If you prefer to have an estimate calculated for you, and you are within one year of planned retirement or DROP entry, you may request a DROP estimate in writing. DROP counseling is available for those who are within 6 months of planned retirement or DROP entry. Estimate Request Forms and other information can be found at http://www.fairfaxcounty.gov/retirement/active_police/forms.htm.

Once your DROP application has been received at the Retirement Agency, a Retirement Counselor will verify your DROP eligibility. If you choose to provide an optional Joint and Contingent Spouse and Handicapped Child Option, you must also provide proof of birth for your spouse and/or handicapped child, as well as a copy of your marriage license. Once your eligibility date has been verified, you should notify your supervisor of your intent to enter the DROP.

Contact the Retirement Agency with any questions or to schedule an appointment.

Disability Retirement

Service-Connected Total or Partial Disability Retirement

If you become unable to perform the duties of a police officer due to a job-related injury or illness, regardless of your length of service, you may apply for a service-connected disability retirement. You or your agency may initiate the application process.

Service-Connected Disability Definitions

The Fairfax County Ordinance defines **total disability** as “the inability of the member to reasonably perform his or her duties as a police officer.” The ordinance defines **partial disability** as “the inability of the member to perform some part of the duties of a police officer, such as in administrative or desk assignments.”
(Fairfax County Ordinance (§3-7-29))

You must apply for Workers' Compensation to be eligible for service-connected disability retirement benefits. The Board of Trustees of the Police Officers Retirement System will rule, based upon medical evidence, whether you are totally or partially disabled and whether the injury or illness was job-related. (Fairfax County Ordinances §3-7-28, §3-7-30, §3-7-35, §3-7-36)

Service-Connected Disability Benefits

Total Disability - Your benefit with a total service-connected disability retirement is 66²/₃% of your salary on the date of accident or personal injury. This tax-free benefit is reduced by payments you receive from Workers' Compensation. In addition, your retirement benefit may be reduced if you have outside earnings.

Partial Disability - If you are awarded a retirement benefit for a partial disability, the benefit for a partial service-connected disability retirement is 66²/₃% of your salary as of the date of accident or personal injury. This benefit is tax-free and is reduced by payments you receive from Workers' Compensation. In addition, your retirement benefit may be reduced if you have outside earnings.

Non Service-Connected Disability Retirement

You may be retired on a non-service-connected disability retirement if you become totally disabled but it is not due to a job-related accident or illness or if it is due to your own negligence. No disability benefits are provided for partial non-service-connected disabilities. (Fairfax County Ordinances §3-7-31, §3-7-36)

Benefits for non-service-connected disability retirement are calculated as 2.8% times average final compensation (AFC) times your years of service (the minimum benefit is 10% of AFC). The total is then increased by 3%. Unused sick leave may be credited as service at the rate of 172 hours of sick leave per month of service. Benefits are taxable. To continue to receive benefits, non-service-connected disability retirees must satisfy medical examinations annually for the first five years after retirement then every three years thereafter as required by the County Code. Your level of benefits may also be reduced following completion of a rehabilitation or training program, a periodic medical re-evaluation, or based on other factors which significantly affect your ability to gain other employment and compensation equivalent to your prior position as a police officer. Also, benefits cease if you return to work with Fairfax County in a retirement eligible position under the

Police Officers Retirement System before your normal retirement date. You will not receive service credit while on non-service-connected disability retirement and no automatic surviving spouse and children's benefit is payable. (*Fairfax County Ordinances §3-7-31, §3-7-32, §3-7-33*)

Disability During DROP

Should you become disabled during the DROP period other than as the result of a service-connected disability, your employment would terminate. In this situation, the monthly benefit which would otherwise be payable to your DROP account, will be paid to you and you will also be eligible to receive the balance of the DROP account as of the effective date of your disability.

Should you become disabled during the DROP period as the result of a service-connected disability, you have a choice of either taking the DROP account balance plus the normal service retirement benefits or forfeiting the DROP account balance and taking a service-connected disability benefit as though DROP participation had not occurred.

Applying for Disability Retirement

You must apply for a disability retirement through application to the Police Officers Board of Trustees.

You are required to undergo a medical exam by your doctor to confirm that you are disabled. You may be required to undergo an independent medical examination at the Board's discretion. A second doctor, chosen by the Board, may also examine you. If the doctors disagree, they will select a third doctor to examine you. The Board will consider the findings of all doctors involved, when making its decision.

Once a year during the first five years of a disability retirement (and once every three years after that), you will be asked to provide proof of your continuing disability. The same process described in the paragraph above will be followed.

Disability Due to Hypertension, Heart Disease or Negligence

Your disability will be considered to be service-connected if you become disabled due to hypertension or heart disease, unless there is competent evidence to prove otherwise. Before granting a

benefit in either instance, the Board may require that you undergo a physical exam to prove that you do, in fact, have cardiovascular disease. The Board may ask you to take an exam from any doctor it chooses. You may have your own doctor present at this exam at your expense.

Your disability will be considered one that is **not** service-connected if disability is the result of:

- Your gross and willful negligence,
- Wanton neglect of duties and responsibilities,
- Drunkenness, or
- Illicit use of narcotics

If You Return to Work

If you start working while you are receiving a disability retirement benefit, and begin to earn more than the difference between your disability benefit and the current salary of the position from which you retired, your disability benefit will be reduced. Your reduced benefit will be combined with the amount you are earning to equal the current salary of the position from which you retired, but not taking into account roll call pay or holiday pay.

Example: Limits on Service-Connected Disability Benefit If You Return to Work

If the current monthly salary of your former position is \$2,100 and you are a receiving service-connected disability benefit of \$1,000 a month, you may earn up to \$1,100 a month with no change in your benefit ($\$2,100 - \$1,000 = \$1,100$).

If you were to begin to earn \$1,500 a month, however, your disability benefit would be reduced to \$600. This would keep your total income at the level of the current salary of your former position ($\$1,500 + \$600 = \$2,100$).

Tax Returns

Retirees receiving service-connected disability benefits must submit copies of their federal income tax returns and W-2 forms (wage statements) to the Fairfax County Retirement Agency by May 30 of each year.

If you do not submit copies of your tax returns and W-2 forms, your disability benefit will be suspended. Your full benefit will be

restored when you submit the returns and forms, as long as your outside earnings are not exceeding the allowable amount. If you do not submit your tax returns and W-2 forms within one year after they're due, you will lose all rights to further service-connected disability benefits.

For more information on disability benefits, see page 32 for a "Summary of Rules and Procedures Governing Disability Retirement" at the end of this handbook.

Deferred Vested Benefit

Eligibility

You are eligible for a deferred vested benefit if:

- You terminate employment before you retire; and
- You have at least five years of creditable service; **and**
- You leave your contributions in the System.

If you choose to apply for a Deferred Vested Benefit, you should notify the Retirement Agency in writing of this fact when you terminate employment. Your Deferred Vested Benefit will begin at age 55. The formula for normal retirement determines your Deferred Vested Benefit. In lieu of a Deferred Vested Benefit, you have the option to request a refund of your contributions at any time prior to reaching age 55 or receiving retirement benefits.

Benefit

The formula for normal retirement determines your Deferred Vested Benefit (see page 7).

EXAMPLE: *Deferred Vested Benefit*

Assume you leave the County in 2013 at age 45 with 15 years of creditable service and average final compensation of \$60,000:

	<i>Average Final Compensation</i>			<i>Creditable Service</i>		<i>Increased by 3%</i>		
2.8%	x	\$60,000	x	15	x	1.03	=	\$25,956

At age 55 you will start receiving a Deferred Vested Benefit of \$25,956 a year or \$2,163 a month for your lifetime.

Cost-of-Living Adjustments (COLA)

Each July 1 your pension may be increased to reflect increases in the cost-of-living. Cost-of-living increases apply to normal, early and disability retirements, and to deferred vested benefits once benefits start.

The standard annual COLA is the lesser of 4% or the percentage increase in the Consumer Price Index (CPI-U) for the period ending in March of each year.

The cost-of-living increase will be pro-rated if you have received retirement benefits for less than a year, as follows:

<i>If you retire</i>	<i>Percentage of increase</i>
April 1 to July 1	0%
January 2 to April 1	25%
October 2 to January 1	50%
July 2 to October 1	75%

Death Benefits

Death Benefits Before Retirement

Return of Contributions

In the event of your death before retirement, your contributions plus interest will be paid to your beneficiary **unless** an automatic benefit is payable to your surviving spouse or children. **Note:** *Your spouse is the person to whom you are legally married on the date of your death, if that marriage is recognized by the Commonwealth of Virginia.*

Automatic Benefit for Surviving Spouse and Children

Your eligible surviving spouse (or eligible surviving handicapped child if there is no spouse) will receive a monthly death benefit of \$2,186.51. Each eligible surviving child will receive a benefit of \$874.60 a month. However, \$4,373.01 is the maximum monthly benefit payable to all surviving family members combined. *(Automatic benefit amounts quoted above are effective as of July 1, 2012, include the additional 3% increase, and are indexed to inflation each year.)*

Your spouse is the person to whom you are legally married on the date of your death, if that marriage is recognized by the Commonwealth of Virginia. Eligible surviving children include all unmarried children under 18 who are not supporting themselves. Unmarried children under age 23 may qualify if they are full-time students in an accredited college or secondary school. An eligible handicapped child is a member's natural or legally adopted child who, in the Board's judgment, is permanently mentally incompetent or permanently physically handicapped.

The benefit will continue to your surviving spouse until their death. The benefit will continue to a surviving child until that child marries, becomes self-supporting or reaches the age limit, whichever happens first. A handicapped child will receive the surviving child's benefit unless there is no surviving spouse. In that case the handicapped child will receive the spouse's benefit until the handicapped child is determined to be no longer permanently mentally incompetent or permanently physically handicapped. Each July 1 these benefits will be increased to reflect increases in the Consumer Price Index.

Optional Benefit for Family If Death Occurs in the Line of Duty

If you are killed in the line of duty, your surviving spouse (or surviving handicapped child if there is no surviving spouse) may, **instead of** the automatic benefit, elect to receive a benefit of $66\frac{2}{3}\%$ of your regular salary at the time of death. This benefit is then increased by 3%. Once this election is made, it cannot be revoked.

If elected, the optional benefit will be paid to your surviving spouse (or, if there was no spouse, to the surviving handicapped child as long as that child is determined to be permanently mentally incompetent or permanently physically handicapped).

EXAMPLE: *Death Before Retirement--Optional Family Benefit*

Assume you are killed in the line of duty and your surviving spouse elects the optional family benefit. If your monthly salary at the time of death is \$5,000, your spouse is entitled to:

$$66\frac{2}{3}\% \times \$5,000 \times 1.03 = \$3,433.33$$

In this case, your spouse would receive \$3,433.33 a month.

Death During DROP

In the event of your death during the DROP period, the benefits for your spouse will depend on whether your death was in the line of duty and what Joint and Contingent Spouse and Handicapped Child option you elected when you entered the DROP.

If your death is not service-connected, your spouse will be eligible to receive your accumulated DROP balance. If, at the time you entered DROP, you elected a Joint and Contingent Spouse and Handicapped Child option, your spouse would also be entitled to receive the benefits that would be payable under that election.

If your death occurs in the line of duty, your spouse will have the option of receiving benefits as though you had never entered the DROP, or the option of receiving the DROP balance plus benefits based on the Joint and Contingent Spouse and Handicapped Child option you selected when entering the DROP.

Your choice regarding a Joint and Contingent Spouse and Handicapped Child option or single life annuity is made **at the time of DROP entry**. You may not defer a Joint and Contingent Spouse decision. Regardless of whether your death is service-connected or not, the automatic death benefit is payable.

Death Benefits After Retirement

Return of Contributions

In the event of your death after retirement, your contributions plus interest, less any system benefits you received before death, will be paid to your beneficiary unless a benefit is payable to your surviving spouse or children.

Automatic Benefit to Surviving Spouse and Children

An automatic death benefit will be paid to your eligible surviving spouse and children in the event of your death after a service retirement, or retirement for a service-connected total disability. It is not payable if your death occurs while you are receiving a non-service connected or a deferred vested benefit.

The rules regarding eligibility for this death benefit are the same as for the automatic benefit payable to a spouse and children for your death **before** retirement. The amount of the benefit is also the same -- \$2,186.51 a month for a spouse, \$874.60 a month for each child, with a maximum monthly benefit of \$4,373.01. *(As of July 1, 2012)*

Joint and Contingent Spouse and Handicapped Child Option

At retirement, you may elect a Joint and Contingent Spouse and Handicapped Child Option that will provide a benefit for those survivors in the event of your death. Once you make this election you cannot revoke it. If you make this election, you will receive a reduced retirement benefit. After your death, your surviving spouse (or eligible handicapped child) will receive 100%, 66²/₃%, or 50% of the benefit you were receiving just before your death, depending on the option you chose. This would be in addition to the automatic monthly benefit payable to your surviving spouse.

<i>Percentage of Your Benefit to Continue To Your Spouse</i>	<i>Your Reduced Benefit</i>	<i>Joint and Contingent Spouse Benefit</i>
Spouse Age 55 (same age)		
100%	\$870	\$870
75%	\$900	\$675
66 ² / ₃ %	\$910	\$606
50%	\$930	\$465
Spouse Age 50 (five years younger)		
100%	\$835	\$835
75%	\$870	\$653
66 ² / ₃ %	\$885	\$589
50%	\$910	\$455
Spouse Age 60 (five years older)		
100%	\$905	\$905
75%	\$930	\$698
66 ² / ₃ %	\$935	\$623
50%	\$950	\$475

The amount of reduction to your benefit depends on the difference between your age and your spouse's (or handicapped child's) age and on the percentage of your benefit that your spouse will receive. The Retirement Agency can give you additional information about how the Joint and Contingent Spouse and Handicapped Child Option affects the amount of your benefit.

EXAMPLE: *Death After Retirement -- Joint and Contingent Spouse and Handicapped Child Option*

Let's assume you take a normal retirement at age 55 and your unreduced normal retirement benefit is \$3,600 a month. The table on the previous page shows the benefit that would be paid to you prior to your death and your surviving spouse after your death if you elected a 100%, 66²/₃%, or 50% Joint and Contingent Spouse and Handicapped Child Option.

Remember that the Joint and Contingent Spouse and Handicapped Child Option is payable in addition to the automatic benefit and it is payable for life.

Naming a Beneficiary

When you join the System, you will be asked to name one or more beneficiaries to receive your contribution balance and interest earnings in the event of your death. You may name anyone you wish, and as many beneficiaries as you wish. If you name more than one person, each person will share equally in the total amount payable unless you designate percentages or fixed amounts for each beneficiary.

You may change your beneficiary designation at any time by giving written notice to the Retirement Agency. Forms for naming or changing beneficiaries are available on the Retirement Agency website. If you do not name a beneficiary, payment will be made to your estate.

Withdrawal of Contributions

The County Code does not permit loans from your retirement account, partial withdrawals of employee contributions, or withdrawals of County contributions. Withdrawal of contributions may only be made upon termination of employment. Any member who elects to withdraw his or her contributions is no longer eligible for any benefits from the Retirement System.

If You Are Not Eligible For Benefits

If you are not eligible for a retirement benefit or a deferred vested benefit when you terminate employment, it is recommended that you withdraw your contributions. Payment is not automatic.

A withdrawal of contributions must be requested in writing within two years of separation of service. Payment will be made within 90 days of your last check as an active employee. Payments may be made by check to you or can be transferred directly to an Individual Retirement Account (IRA) or to another qualified retirement plan.

If You Are Eligible For Benefits

If you **are** eligible for a retirement benefit or a deferred vested benefit when you terminate employment, you have two choices:

- You may withdraw your contributions (either as a refund or a direct transfer to an IRA or other qualified retirement plan), in which case you will not be entitled to any future benefits from the system, or
- You may leave your contributions in the system and receive monthly retirement benefits immediately, or monthly deferred vested benefits starting at age 55.

You must make any request to withdraw contributions in writing, and send it to the Board of Trustees. You may not withdraw your contributions after you begin to receive monthly benefits from the system.

Taxation of Withdrawals

Currently, any part of your account that consists of pre-tax contributions will be taxed as ordinary income the year you receive it, and may also be subject to an additional 10% penalty. Taxes will be based on the federal and state tax laws in effect at the time of distribution. Refunds not transferred directly to an Individual Retirement Account (IRA) or other qualified retirement plan will have 20% withheld for federal taxes and, unless certain conditions are met, another 4% for Virginia state taxes. See page 29 -- "[How Are Benefits I Receive from the System Taxed?](#)" -- for more information.

If you are contemplating withdrawing your accumulated member contributions, you should consult a tax professional for current information on the tax treatment of withdrawn funds.

Assignment of Benefits

Your benefits under the plan cannot be assigned and are not subject to garnishment or attachment, except to the extent

permitted by law for child and/or spousal support, and for the division of marital property (Qualified Domestic Relations Orders – QDROs).

Fraud

It is a misdemeanor to attempt to defraud the System by making false statements or by falsifying (or allowing others to falsify) records of the System. Anyone found guilty of trying to defraud the System will forfeit all rights to the benefit or allowance obtained by the misrepresentation and is subject to dismissal from Fairfax County employment.

Social Security Benefits

Social Security taxes are not withheld from your Fairfax County salary as a police officer. You may still be eligible to receive benefits from Social Security if you had any other employment during which you did pay into the Social Security System.

Social Security benefits are based on the amount of your lifetime earnings that are subject to Social Security taxes.

For additional information contact Social Security directly:

Social Security Administration

Wilkes-Barre Data Operations Center
Box 20
Wilkes-Barre, PA 18703

Alternatively, Call 1-800-772-1213

Alternatively, via the internet: www.socialsecurity.gov

Medicare

You may also be entitled to Medicare benefits when you reach age 65. Medicare pays a significant portion of physician and hospital fees.

Additional Retirement System Information

Your Home Address and Direct Deposit Information

It is important that you keep the Retirement Agency informed of any change in your address or your Direct Deposit information so that you will receive your benefits check and any information about the System that is sent to you. In addition, if your current home address is not on file after you terminate employment, it is possible that a refund of your contributions sent to your old address will be returned and the Retirement Agency will not be able to locate you.

Retirement System Administration

The Fairfax County Police Officers Retirement System is administered by a Board of seven Trustees as follows:

- Citizens appointed by the County Board of Supervisors
 - Craig Dyson
 - Stephen K. Gallagher
 - Brendan D. Harold

- Fairfax County Employee-Elected Representatives
 - Aniello A. (Sweeney) DeSantis, President
 - Captain Edward C. O'Carroll, Vice President

- Fairfax County Retiree-Elected Representative
 - James R. Dooley, Jr.

- Fairfax County Director of Finance
 - Victor L. Garcia, Treasurer

- **System Administration--Staff**
 - Robert L. Mears, Executive Director
 - John P. (Jack) Sahm, Deputy Director
 - Lournz A. (Larry) Swartz, Chief Investment Officer
 - Jeffrey A. Willison, Senior Investment Officer

Members of the Board of Trustees may be contacted in writing through the Retirement Agency. Since members of the Board change from time to time, their names will be published on the Retirement Agency website as changes occur.

Duties of the Board include administering the System of retirement, disability and death benefits for the active and retired members of the System, as well as directing the investment of System funds. The Board meets monthly, normally on the second Wednesday of each month. Board meetings are open to all employees and members of the public.

The Board employs consultants and appoints an Executive Director who serves at the discretion of the Board and is responsible for the retirement system's administrative staff. The Executive Director, Robert L. Mears, is also the System's agent for service of legal process. The County Attorney serves as the legal advisor for the Board.

Frequently Asked Questions About The System

? When Should I Begin Planning For Retirement?

You should begin planning for retirement early in your career, considering the sources of your retirement.

? How Far in Advance Should I Apply for Retirement?

You should apply at least one month before the day you want to retire. At that time, you should send a letter of retirement to the Chief of Police. We encourage you to contact the Retirement Agency to arrange an appointment. When you have your appointment at the Retirement Agency you should bring with you a copy of the letter you sent to the Chief and a completed Retirement Application.

You should also bring copies of your marriage certificate and birth certificates for dependent children under age 18. In addition, if you want to provide for an optional Joint and Contingent Spouse and Handicapped Child benefit (*see page 21*), you should also bring birth certificates for yourself and your spouse (or handicapped child if there is no spouse). During your appointment a representative of the Retirement Agency will review your retirement options with you and answer your questions.

? Can I Retire After My Normal Service Retirement Date?

Yes. There is no mandatory retirement age.

? Is Benefits Counseling Available?

Yes, we feel that an educated member will be able to make decisions confidently.

As your retirement date nears, you will be faced with decisions you may find difficult to make. Even though the various retirement options are described in this handbook, a counseling session with one of the Retirement Agency staff offers a chance to discuss your options and provide you with a benefit estimate that may help you select the retirement option that is best for you. Counseling sessions are currently offered for members who are **within 6 months of normal service retirement eligibility or planned retirement or DROP entry**. With regards to estimate requests, the current procedure requires members to make written requests for benefit estimates. You may request an Estimate Request Form be mailed to your home or you can print a form by visiting the Retirement Agency's website. Please limit estimate requests to no more than one per year.

In addition to one-on-one counseling, the Retirement Agency offers several different workshops for members of the System to help employees understand their County retirement benefits. The workshops are open to all general County employees and are offered several times a year. For more information, please visit the Retirement Agency's website for workshop descriptions and a current schedule.

? Does It Make Any Difference When I Retire During the Year?

You might want to consider several things in deciding when you want to retire during the year.

Cost-of-Living: If your retirement were effective on or before July 1 of a particular year, you would be entitled to a full cost-of-living adjustment to your retirement benefit on July 1 of the following year.

Timing of Receiving Certain Payments: If you are thinking about retiring toward the end of the year, you should keep in mind that you will receive pay for annual leave, holiday pay and comp time on the payday following your last payday as an active employee. Depending on your situation, you may want to delay your retirement so this payoff is made in the following tax year as opposed to getting it in the same tax year as the effective date of your retirement. Call the Payroll Division in the Department of Human Resources for additional information.

Salary Increases: Active payroll salary increases would have some impact on your AFC, depending on how much sick leave you have and how long you work at that new hourly rate of pay. Sick leave hours are converted at the rate of pay at time of retirement. A large sick leave balance would have more of an impact on AFC than a small balance.

? **How Do I Apply For Retirement Benefits?**

You must apply for retirement benefits; they are not automatic. You should submit your application form within 60 days prior to your planned retirement date. You may obtain an application package by calling or writing the Retirement Agency or by visiting our website.

? **Once I Retire, How Long Before I Receive My First Retirement Payment?**

It depends on the time of month you turn in your retirement paperwork. Typically, if we receive your **completed application packet** before the 12th of a given month, you will receive your first retirement payment at the end of the following month.

? **Can I Have My Benefit Amount/Check Deposited Directly With A Financial Institution?**

Yes. Direct deposit is required for new retirees. You should arrange to have your benefit check deposited directly to a financial institution of your choice. All you have to do is complete and return a "Direct Deposit Authorization" form to the Retirement Agency. Benefit pay advices are currently mailed two days before the last business day of the month. Retirement payments are posted to your direct deposit account on the last business day of each month.

? **Will There Be Any Deductions from My Retirement Pay?**

Yes. You may request deductions for health, dental, group life, and Police Association dues from your benefit check, as well as contributions (if any) to the Fairfax County Federal Credit Union. In addition, federal and Virginia income tax will be withheld from your check, unless you choose otherwise. Virginia's tax can only be withheld if you reside in the Commonwealth of Virginia. You can change your income tax deductions at any time.

? How Are Benefits I Receive From The System Taxed?

Contributions made to the retirement system prior to January 1, 1985 have already been taxed. You will owe no taxes on these contributions when they are returned to you, whether in monthly benefit payments or in a lump sum when you leave employment. All contributions made to the system on or after January 1, 1985 have been made, or will be made, on a pre-tax basis. You will not owe taxes on any contributions made on a pre-tax basis until such time as you start receiving your retirement benefit.

The portion of your benefit that represents employee pre-tax contributions, employer contributions, and investment earnings (anything in excess of contributions made prior to 1/1/85 except post-tax contributions, which paid for prior service purchases) is subject to federal tax when it is paid to you.

In addition, your tax liability depends on whether you receive your benefits in monthly payments or a lump sum withdrawal of contributions.

Monthly Payments – Each monthly payment is made up of pre-tax employee contributions and employer contributions. If you contributed before January 1, 1985, each monthly payment will also contain a portion of your after-tax contributions. This means most of your benefit will be subject to federal, and possibly state, tax starting with your first benefit check.

Withdrawal of Contributions – If you withdraw your contributions before age 50 and request payment directly to you, the payment will be subject to regular income tax *plus* an additional 10% penalty imposed by the IRS. This additional penalty will not apply if the money is distributed due to retirement, termination, disability or death. It also does not apply to any contributions you made before January 1, 1985.

You may postpone paying taxes on a withdrawal of contributions by directly transferring/rolling over the taxable portion of the payment into an Individual Retirement Account (IRA) or another tax-qualified plan. You can postpone paying taxes on refunds that were not directly transferred but were paid to you if you roll over the entire amount you receive (plus an additional amount to equal the mandatory 20% which was withheld for federal taxes) into an IRA or into another tax-qualified plan within 60 days of receiving payment. If refunds are transferred or rolled over, you will be required to pay taxes only when you receive the money from your IRA or other tax-qualified plan.

Because tax laws are complicated and change frequently, you may want to talk to a professional tax advisor before receiving a payment from the System.

State Taxes – Retirement benefits are subject to Virginia State income tax for residents of the state. If you live outside of Virginia, contact the state and local tax agencies where you live to determine if your retirement benefits are taxable.

? **Can I Work For Fairfax County Government After Retiring?**

Maybe, but your retirement benefits may be affected. There is a “Guide to Returning to Fairfax County Employment” available at <http://fairfaxnet.fairfaxcounty.gov/Dept/DHR/Pages/Reemployment.aspx>.

? **Can I Continue My Health Insurance Coverage After I Retire?**

At this time, yes; however, keep in mind there is no guarantee that Fairfax County will continue offering health care benefits in retirement.

Please note the following: Fairfax County Government (FCG) provides information on their website and during Open Enrollment for Benefits each year. Current employees, especially those contemplating retirement, should review the Fairfax County Government Benefits Handbook for the current calendar year. FCG reserves the right to modify and/or discontinue any of the plans offered in the aforementioned handbooks. In addition, enrollment rules and rules regarding eligibility for coverage could change in the future.

If you retire from a general County position, you can continue the health insurance coverage you had before you retired, but you will be responsible for paying the entire premium, including the part the County has been paying. Normal service retirees receive a monthly subsidy toward their County health insurance, beginning when they turn age 55. The monthly amount of this subsidy is based upon years of service at retirement. Current premiums and subsidy amounts can be found on the Retirement Agency website or on FairfaxNet under Benefits. Those retiring on service-connected or non service-connected disability will receive the subsidy when they retire, regardless of their age. If you ever drop your County health or dental insurance, you will never be able to enroll again unless:

- Your spouse is an active employee and you enroll through his/her eligibility for coverage; or
- You are reemployed by the County and can enroll again as an active employee. This coverage may then be maintained when you retire again.

? Is the Police Officers Retirement System Also Responsible for Administering Workers' Compensation?

No. Payments from Workers' Compensation and the Retirement System come from different sources. So if you are entitled to benefits from both Workers' Compensation and the Retirement System at the same time, you will be getting two separate checks.

? How Do I Apply For Disability Benefits?

You must complete three forms to apply for disability benefits: your application, your attending physician's statement, and your statement of disability. These forms, like your retirement application, are available from the Retirement Agency.

All forms must be completed and returned to the Retirement Agency before processing of your benefits can begin.

Once the forms are received, the Retirement Agency will obtain your medical records from the County's agent for Workers' Compensation if your disability is service-connected. These documents will be sent to the Medical Examining Board, which may schedule an appointment with you.

After the review, the Medical Examining Board will submit its report to the Board of Trustees who will review your application at their next meeting. If the Board approves your application, your checks will be distributed in the manner described under "How Do I Apply for Retirement Benefits?"

If the Board does not approve your request, you have the right to appeal its decision.

? How Do I Appeal a Decision of the Board of Trustees?

To appeal a decision of the Board of Trustees, simply notify the Retirement Agency in writing of your desire to appeal. They will schedule a time for you to meet with the Board. Requests for appeals made more than 30 days after the Trustees' decision must show good cause why it was not filed within 30 days.

Summary of Rules and Procedures Governing Disability Retirement

Determining a member's eligibility for disability retirement is one of the most difficult tasks facing the Board of Trustees. For this reason, the Board has established certain rules to help ensure that all decisions regarding disability are equitable, made in an objective manner, and made in the best interests of all members of the system.

Objectives

The Board will administer the disability retirement provisions according to several primary objectives. They are:

- to ensure that those members who truly deserve disability retirement benefits get them;
- to encourage rehabilitation and retraining of disabled members when appropriate;
- to protect the rights of all members of the system; and
- to protect the assets of the system's retirement fund.

Determining Eligibility for Benefits

Before you can receive disability benefits you must apply for them. Applications are available from the Retirement Agency.

Before the Board will take action on your application, you must send in a written report from your own physician which describes the medical condition that supports your disability. The Board will then ask you to be examined by a physician of its choice.

The Board employs a consulting physician whose responsibility is to advise the Board on medical matters. This consulting physician will review the reports of the physicians who examined you to see if there is any substantial difference of opinion. If there is, then a third physician may be selected to examine you and give an opinion regarding your medical condition. The consulting physician's advice to the Board is privileged and confidential.

Once all opinions have been received, the Board's consulting physician will consult with the Board and explain the medical problems involved, and how the opinions of the examining physicians differ.

At the Board's discretion, an investigator may conduct a routine investigation to verify the facts stated in the member's Application for Disability.

Understanding Total Service-Connected Disability

Your benefit with a total service-connected disability retirement is 66²/₃% of your salary on the date of accident or personal injury. This tax-free benefit is reduced by payments you receive from Workers' Compensation. In addition, your retirement benefit may be reduced if you have outside earnings. If your retirement benefits and outside earnings exceed what you would have earned if you had not retired, your benefits will be reduced. Your level of benefits may also be reduced based on completion of rehabilitation or a training program, a periodic medical re-evaluation, or other factors which significantly increase your ability to gain other employment and compensation. This amount may be reduced due to recovery from your disability, even if you do not choose to be re-employed.

(Fairfax County Ordinances §3-7-28, §3-7-32, §3-7-33, §3-7-34)

You will continue to accrue service credit, and when you reach your normal retirement date your total disability benefit will change to 60% of the maximum salary for the position from which you retired. These benefits are still tax-free and any benefits you receive from Workers' Compensation will continue to offset your retirement benefit.

(Fairfax County Ordinance §3-7-28)

Understanding Partial Service-Connected Disability

You must apply for Workers' Compensation to be eligible for service-connected partial disability retirement benefits. The Board of Trustees of the Police Officers Retirement System will determine your disability retirement status based upon medical evidence. The Board will determine whether you are totally or partially disabled, and whether the injury or illness was job-related.

(Fairfax County Ordinances §3-7-28, §3-7-30, §3-7-35, §3-7-36)

Any member determined by The Board of Trustees to be partially disabled, but who remains employed by the Police Department in a police officer position, will not receive pension benefits until service credit is earned for a normal retirement benefit and the member applies for retirement.

If the Chief of Police determines that there is no suitable police officer position available for you as a partially disabled member, you will then be treated as totally disabled under the provisions of a Total Disability Retirement.

If you are awarded retirement benefit for a partial disability, you are subject to recall to the active service by the Board when a police officer position is available and you are capable of performing as a police officer, as determined by the Chief of Police. If you are recalled to active duty, all retirement benefits cease at that time. The determination of partial disability shall be based upon the medical record and the ability of the member to seek gainful employment in light of education, training, experience, retraining and rehabilitation.

The benefit for a partial service-connected disability retirement is 66²/₃% of your salary as of the date of accident or personal injury. This benefit is tax-free and is reduced by payments you receive from Workers' Compensation. In addition, your retirement benefit may be reduced if you have outside earnings and these earnings exceed your pre-retirement salary. The reduction is dollar for dollar of any excess beyond your pre-retirement salary. Your level of benefits may also be reduced based on completion of rehabilitation or a training program, a periodic medical reevaluation, or other factors which significantly increase your ability to gain other employment and compensation.

(Fairfax County Ordinances §3-7-29, §3-7-32, §3-7-33, §3-7-34)

You will continue to accrue service credit, and once you reach eligibility for normal retirement, your partial disability benefit will be changed to 60% of the maximum salary for the position from which you retired. These benefits are still tax-free and any benefits you receive from Workers' Compensation will continue to offset your Fairfax County retirement benefit. *(Fairfax County Ordinance §3-7-29)*

Provisions Applicable to Total and Partial Disabilities

Total and partial service-connected disability retirees must accept medical services, vocational rehabilitation, or other employment under the Workers' Compensation Act or face suspension of their Workers' Compensation benefits. If those benefits are suspended, the Board of Trustees has the option to continue calculating the retirement benefit as though the retiree was still receiving those benefits. Benefits may be terminated if a retiree fails to cooperate with Workers' Compensation rehabilitation, vocational or medical requirements. *(Fairfax County Ordinance §3-7-33)*

Service-connected disability retirees must undergo medical re-evaluations annually for the first five years and every three years thereafter until the member reaches their normal retirement date.

(Fairfax County Ordinance §3-7-33)

Total and partial service-connected disability retirees who have not yet reached their normal retirement age must send in a copy of their tax returns and W-2 forms each year to verify their outside earnings. Benefits will be reduced to the extent your earnings plus your retirement benefit exceed what you would have earned if you had not retired. *(Fairfax County Ordinance §3-7-34)*

There is an automatic benefit payable to the surviving spouse and children of service-connected disability retirees. If you should die after retirement, your spouse (or eligible surviving handicapped child, if there is no spouse) will receive a monthly death benefit. In addition, each eligible surviving child will receive a monthly benefit up to a maximum monthly family benefit. These monthly amounts are indexed to inflation each year, on July 1. For the specific monthly amounts, please visit the Retirement Agency website at http://www.fairfaxcounty.gov/retirement/active_police/benefit.htm. The benefit to your surviving spouse continues until his or her death. Surviving unmarried children under age 18 who are not supporting themselves (up to age 23 if they are full-time students) are eligible for the benefit. *(Fairfax County Ordinances §3-7-29, §3-7-41, §3-7-42)*

Administrative Hearings

Administrative hearings may be held at your request or at the request of the Board regarding:

- whether or not a disability exists;
- whether a disability is total or partial;
- whether a disability is service-connected;
- whether rehabilitation or retraining is appropriate; and/or
- whether a modification, termination or denial of benefits is appropriate.

If you are applying for disability benefits, you will have the burden of proving that you are entitled to them. On the other hand, if the Board is seeking to reduce, terminate, or deny disability benefits that you are already receiving, the Board has the burden of proving that you have failed to comply with appropriate rules and that there is good cause for not continuing the benefits you are receiving. Upon periodic medical re-evaluations, the Board will determine whether you have sufficiently recovered to be engaged in gainful employment, what your status is regarding retraining and rehabilitation, and whether your benefits should be continued, reduced or terminated.

In any event, the hearings are conducted in a manner to give each side the opportunity to fully present its case. After both parties have presented their arguments, the Board will make a decision. If the decision is not in your favor because you did not comply with certain rules and procedures, you will be given a chance to comply with these rules before the decision goes into effect. After the decision has been made, you have 30 days to notify the Board in writing if you wish to appeal their decision.

Retraining and Rehabilitation

One of the main objectives of the Board in administering the system's disability policy is to encourage the rehabilitation and retraining of disabled members who are capable of pursuing new or related careers. Therefore, while you are disabled, the Board may ask you to be tested and evaluated for determining whether or not a retraining or rehabilitation program would make sense for you. In determining whether you will be tested and evaluated, the Board will take into account your education, work experience, medical condition, attitude toward rehabilitation, and your individual needs as well as the need to preserve the assets of the retirement fund. The Board will take the results of the test and evaluation into account, but these results will not be the only factors in recommending a program of rehabilitation.

Before requiring you to take a rehabilitation or retraining program, the Board will do its best to accommodate your individual needs.

For example, you would not be required to participate in a rehabilitation program:

- if you will become eligible for normal retirement shortly after applying for disability benefits;
- if you have skills which would enable you to become employed without having to take a rehabilitation program and your income in the new job would be comparable to the income you were receiving before you became disabled;
- if the evaluation shows that the prospects of you successfully being retrained and rehabilitated are unlikely.

On the other hand, the Board would generally require retraining when disability payments would continue for a long period of time before service retirement benefits would start. This is especially true where the evaluation shows that you are likely to successfully complete a retraining or rehabilitation program.

In any event, the Board will consider all of the following factors before requiring you to go into a rehabilitation or retraining program:

- the length of time you will be on disability retirement;
- your aptitude;
- your motivation;
- your other work history;
- the severity of your injury;
- the likelihood of your employment after retraining or rehabilitation;
- the cost of retraining or rehabilitation balanced against the savings to the retirement fund;
- your rank and the duties you have at time of disability; and the income you would have received if you had not become disabled.

When the Board requires you to undergo a retraining or rehabilitation program, this means the Board believes, that by the time you are finished with the program, you would be able to get a job that has income potential similar to what your income potential would have been if you had not become disabled and continued your career as a police officer.

Terminating or Reducing Disability Benefits

Disability benefits may be terminated or reduced in the following circumstances.

- If you withhold or misrepresent material facts when you apply for disability benefits.
- If you refuse to take part in or comply with a retraining or rehabilitation program as required by the Board.
- If you fail to take prescribed medical treatment which would either eliminate or reduce your disability.
- If you are found to be in non-compliance with Workers' Compensation's medical or rehabilitation requirements.

Notes



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