



# *fairfax*

COUNTY

UNIFORMED  
RETIREMENT  
SYSTEM

**JANUARY 2013**

**Retirement Handbook for Active Employees**



## Introduction

The Fairfax County Uniformed Retirement System was established to help provide you with financial security at retirement.

This booklet summarizes your Retirement System (“System”) as in effect on January 1, 2013. You can find more detailed information about the System in the County Code (Chapter 3, Article 3). All System benefits are subject to the provisions of the Code of Virginia and the Fairfax County Code, 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.

### Fairfax County Retirement Administration Agency

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*\*also accessible through links on the Fairfax County Government InfoWeb Intranet site.*

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).

## UNIFORMED RETIREMENT SYSTEM HIGHLIGHTS

These highlights of your Retirement System show you the various benefits the System has to offer. Explanations of the Plans start on page 1. Definitions of various terms used throughout this handbook, such as creditable compensation, average final compensation (AFC), and creditable service, start on page 3.

PROVISIONS	CONDITIONS	HIGHLIGHTS	PAGE
Membership	You must be a uniformed or sworn employee of the Fire and Rescue Department or the Sheriff's Department, or be an Animal Warden, a helicopter pilot or a park police officer who did not elect to transfer to the Police Officers Retirement System.	Your membership automatically begins on your date of hire.	1
Employee Contributions	You contributions will depend on whether you are a member of Plan A, B, C, D, or E. All eligible employees hired on or after April 1, 1997 and before January 1, 2013 are members in Plan D. <b>All eligible employees hired on or after January 1, 2013 are members in Plan E.</b>	<b>Plan A Contributions:</b> 4% of creditable compensation up to the Social Security (SS) taxable wage base <i>plus</i> 5.75% of compensation in excess of the SS taxable wage base. <b>Plan B Contributions:</b> 7.08% of creditable compensation up to the SS taxable wage base <i>plus</i> 8.83% of compensation in excess of the SS taxable wage base. <b>Plan C Contributions:</b> 4% of creditable compensation. <b>Plans D &amp; E Contributions:</b> 7.08% of creditable compensation.	2
Normal Retirement	You are eligible for normal retirement if: <ul style="list-style-type: none"> <li>You are age 55 with 6 years of creditable service; <i>or</i></li> <li>You have 25 years of creditable service.</li> </ul>	<b>Your normal retirement benefit for Plan A or B is equal to:</b> 2.0% of your average final compensation times creditable service. You may also be eligible to receive the Pre-62 Supplemental benefit and the Pre-Social Security benefit from the system. Your total benefit is then increased by 3%. <b>Your normal retirement benefit for Plan C, D, or E is equal to:</b> 2.5% of your average final compensation times creditable service. You may also be eligible to receive the Pre-Social Security benefit from the system. Your total benefit is then increased by 3%.	9 10 10 11
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 the 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 3 years. Monthly benefit is credited to a DROP account and earns interest at the rate of 5%.	13
Early Retirement	You are eligible for early retirement if: <ul style="list-style-type: none"> <li>You have 20 years of creditable service.</li> </ul>	The formula for normal retirement determines early retirement benefits. However, your benefit is reduced based on your age at retirement. Depending on your Plan, you may be eligible to receive the Pre-62 and/or the Pre-Social Security Benefit.	15
Ordinary Disability Retirement	<ul style="list-style-type: none"> <li>You must be a member of the system with at least 5 years of creditable service;</li> <li>The Medical Examining Board must certify that you are disabled; <b>and</b></li> <li>Your disability is not job-related.</li> </ul>	Your ordinary disability retirement benefit is equal to 2% of your average final compensation times creditable service (maximum 30 years). The total benefit is then increased by 3%. Between your disability retirement date and the date you would have been eligible for normal retirement, medical examinations are periodically required.	19 20

PROVISIONS	CONDITIONS	HIGHLIGHTS	PAGE
Service-Connected Disability Retirement	<ul style="list-style-type: none"> <li>Your disability must be caused by a job-related accident or disease;</li> <li>The Medical Examining Board must certify that you are disabled; <b>and</b></li> <li>You must apply for Workers' Compensation and Social Security benefits.</li> </ul>	<p>Your service-connected disability retirement benefit is equal to:</p> <ul style="list-style-type: none"> <li>40% of your salary* at the time of retirement <i>minus</i> average monthly Workers' Compensation benefits and 25% of your Social Security disability benefits; or</li> <li>90% of your salary at the time of retirement, <b>IF</b> your disability meets one or more of the conditions (see page 20) that qualify for a severe service-connected disability, <i>minus</i> your average monthly Workers' Compensation benefits and 25% of your Social Security benefits.</li> </ul>	20 21 22
Deferred Vested Benefit	<ul style="list-style-type: none"> <li>You terminate employment for reasons other than death or retirement</li> <li>You have at least 5 years of creditable service; <b>and</b></li> <li>You leave your contributions in the System.</li> </ul>	<p>You may receive a deferred annuity payable beginning on your 55th birthday.</p> <p>The formula for normal retirement determines your deferred vested benefit.</p> <p>Members who choose a deferred vested benefit are not eligible to receive the Pre-62 supplement or the Pre-Social Security benefit.</p>	25
Cost-of-Living Increases (COLAs)	<p>Increases apply to normal, early, and disability retirement provisions, and to deferred vested benefits once benefits start.</p>	<p>Each July 1, your pension may be increased (cost-of-living increases are pro-rated during your first year of retirement). The maximum increase is 4%. Plan B, D, &amp; E participants are eligible upon retirement; Plan A &amp; C participants are eligible when they reach age 55. Cost-of-living increases do not apply to the Pre-62 Supplemental benefit or the Pre-Social Security benefit.</p>	25
Death Before Retirement (a) Return of Contributions (b) Spouse's Benefit	<p>(a) A spouse retirement allowance must not have been elected.</p> <p>(b) You must have at least five years of creditable service at time of death; <b>and</b></p> <ul style="list-style-type: none"> <li>Your spouse must be your named beneficiary.</li> </ul>	<p>(a) Your contributions plus interest will be paid to your beneficiary.</p> <p>(b) Your spouse will receive one-half of a benefit calculated under the normal retirement formulas (not including the additional Pre-62 Supplement or Pre-Social Security Benefit).</p>	26 26
Death After Retirement (a) Return of Contributions (b) Optional Joint and Last Survivor Benefit	<p>(a) A Joint &amp; Last Survivor benefit must not be payable.</p> <p>(b) You must retire under the normal, early or disability retirement provisions, or be eligible for a deferred vested benefit.</p> <ul style="list-style-type: none"> <li>You must elect the Joint &amp; Last Survivor benefit before your effective retirement date.</li> </ul> <p>Your death must be caused by a service-connected accident or illness.</p> <ul style="list-style-type: none"> <li>You must terminate employment.</li> <li>You must request a return of your contributions in writing.</li> </ul>	<p>(a) Your beneficiary will receive the difference (if any) between: (1) your contributions plus interest, <b>and</b> (2) retirement benefits paid to you before your death.</p> <p>(b) You will receive a reduced benefit during your retirement. After your death, your spouse will receive a percentage of your benefit, based on your election at the time of retirement.</p> <p>Benefit is equal to \$10,000, and is payable in addition to any other System benefits.</p>	26 26
Service-Connected Death Benefit	<p>Benefit is equal to \$10,000, and is payable in addition to any other System benefits.</p>	<p>Benefit is equal to \$10,000, and is payable in addition to any other System benefits.</p>	30
Withdrawal of Contributions	<p>Your contributions plus interest will be refunded. Once you have withdrawn your contributions, you are no longer eligible for any benefits under the Retirement System.</p>	<p>Your contributions plus interest will be refunded. Once you have withdrawn your contributions, you are no longer eligible for any benefits under the Retirement System.</p>	30

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# Eligibility and Membership

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## General

In most cases, you automatically become a member of the Uniformed Retirement System on your date of hire if you are a uniformed or sworn employee of one of the following groups:

- Fire and Rescue Department,
- Helicopter Pilots,
- Sheriff's Department,
- Animal Control, or
- Non-administrative staff in the Department of Public Safety Communications who were appointed on or after July 1, 2005

## Employees Not Eligible

You are not eligible to become a member of the Uniformed Retirement System (URS) if you are hired as a clerical employee or 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 Police Officers Retirement System
- Fairfax County Employees' Retirement System

## Separate Plans: Plan A, B, C, D, and Plan E

If you were a member of the Uniformed System prior to July 1, 1981, you were allowed to choose between Plan A and Plan B.

If you joined the system between July 1, 1981 and March 21, 1997, you were automatically covered by Plan B.

During an open enrollment period which ended March 21, 1997, Plan A members were allowed to choose membership in Plan C, and Plan B members were allowed to choose membership in Plan D.

If your employment commenced on or after April 1, 1997, but on or before December 31, 2012, you were enrolled in Plan D.

If you are an eligible employee whose county employment commenced by reporting to work **on or after January 1, 2013**, you will be automatically enrolled in **Retirement Plan E**.

If you were previously a member of the Fairfax County Uniformed Retirement System and left your money in the System when you terminated your employment, you must remain in the plan that you were in during your previous period of membership. This “prior service credit” clause means that a re-hired employee might be required to rejoin Plan A, B, C, D, or E. See page 6 for additional information on prior membership service credit in FCURS.

**Cost**

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

- 1.) Employee contributions;
- 2.) Employer contributions;
- 3.) Earnings from investments made with the above contributions.

**Employee Contributions**

**You contribute to the Uniformed System as follows:**

<b>If You Participate in:</b>	<b>Your Contribution is:</b>
<b>Plan A</b>	4% of your creditable compensation up to the Social Security taxable wage base, plus 5.75% of creditable compensation in excess of the Social Security taxable wage base.
<b>Plan B</b>	7.08% of your creditable compensation up to the Social Security taxable wage base, plus 8.83% of creditable compensation in excess of the Social Security wage base.
<b>Plan C</b>	4% of your creditable compensation
<b>Plan D or Plan E</b>	7.08% of your creditable compensation
<p><i>Note: The Social Security taxable wage base is the amount of your compensation which is subject to Social Security taxes each year. The Social Security taxable wage base for 2013 is \$113,700.</i></p>	

## **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 FCURS 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.

## **Employer Contributions**

Fairfax County contributes a substantial amount to the 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\\_uniformed/publications.htm](http://www.fairfaxcounty.gov/retirement/active_uniformed/publications.htm) under the heading "Comprehensive Annual Financial Report".

## **Special Terms**

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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 pick-up contributions, holiday hours worked, 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 employees whose county employment 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 employees 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**

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

### **Accrued Sick Leave**

(1) If you are a county employee who started working in a merit position before January 1, 2013, (as a member in Plan A, B, C, or D), *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.

(2) If you are a county employee who started working in a merit position on or after January 1, 2013 (as a member of Plan E), *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 employees 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.

**Note:** *For 24-hour shift personnel, sick leave balances will first be adjusted to reflect what would have been earned had the employee been working 8-hour shifts.*

### **Prior Service in FCURS**

If you return to work for Fairfax County in a position under the Uniformed Retirement System, and if you did not withdraw your accumulated member contributions, you must rejoin the Plan to which you formerly belonged, and you will receive membership service credit for your prior period of service. If you withdrew your accumulated member contributions, you may receive membership service credit for periods in which you received compensation and were a member of this System, 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 or rates 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.

In the event that you were a member of either Plan A, B, C, or D, who ceased your county employment and withdrew your accumulated member contributions from the System, and seek, on or after January 1, 2013, to purchase credit for periods during which you received compensation as a member of this System, you may only become a member of, and purchase membership service credit in Plan E, by paying into the System all accumulated

contributions which would have been collected from you during your prior period or periods of membership, plus interest at the rate or rates established by the Board, for the entirety of any period of prior service for which membership service credit is sought.

**For information on the purchase of prior service credit, please refer to the section below.**

**Additional information regarding prior service “buy-backs”**

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

- Prior period of plan membership if you withdrew your contributions when you terminated employment;
- Prior period of plan membership in another Fairfax County retirement system;
- Period of time you were employed by Fairfax County Public Schools and were a member of the Virginia Retirement System (VRS) **and** the Educational Employees’ Retirement System of Fairfax County (ERFC) provided that this service is not considered in the calculation of any benefit or allowance from VRS or ERFC.

**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.

The Board shall determine, as soon as practicable after the filing of statements of service, the service that you are entitled to receive creditable service for. Credit for prior service need not have been continuous, provided no break in service exceeded five years. When you again become a member, after your prior membership has ceased, you shall enter the system as an employee not entitled to prior service credit. Members who have had a break in service shall receive full credit for all past County service; provided however, that no credit shall be given for a period of employment prior to a break in service in excess of five years. (§3-3-25)

Once initiated, all buy-backs and/or purchases must be completed within three (3) years. Buy-backs may be made through payroll deduction, a lump sum payment or a combination of these two options.

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. (§3-3-24(a)(5))

### **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. (§3-3-25)

### **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. (§3-3-24(b))

### **Park Police**

You will receive credit for all your years as a park police officer if you elected to remain in this system instead of transferring to the Police Officers Retirement System.

### **Animal Control**

You will receive credit for service for years worked as a member of the former Department of Animal Control prior to October 1, 1985 if you purchased that service when you had the opportunity to do so.

# Normal Service Retirement

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## Eligibility

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

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

## Benefit

The amount of your normal retirement benefit will depend on whether you participate in Plan A, B, C, D or E.

Your normal retirement benefit may consist of three parts:

- Base Benefit
- Pre-62 Supplemental Benefit (*for Plans A & B only*),
- Pre-Social Security Benefit

**Note:** All Uniformed employees whose county employment commenced by reporting to work on or after January 1, 2013, will be automatically enrolled in Plan E of the Uniformed Retirement System. Please be aware that the Pre-62 Supplemental Benefit does NOT apply to members of Plan E.

## Base Benefit

### Plans A and B Base Benefit

If you participate in Plan A or Plan B, your normal retirement base benefit will be determined as follows:

2.0%	x	Average Final Compensation	x	Years of Creditable Service	x	1.03
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### **EXAMPLE #1: Plan A or Plan B Normal Retirement Benefit**

		<i>Average Final Compensation</i>		<i>Years of Creditable Service</i>		<i>Increased by 3%</i>		
2.0%	x	\$85,000	x	25	x	1.03	=	\$43,775

**Total Base Amount = \$43,775 a year or \$3,647.92 a month**

**Plans C, D, and E Base Benefit**

If you participate in Plan C, D, or E, your normal retirement base benefit will be determined as follows:

2.5%	x	Average Final Compensation	x	Years of Creditable Service	x	1.03
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**EXAMPLE #2: Plan C, D, or E Normal Retirement Benefit**

		<i>Average Final Compensation</i>		<i>Years of Creditable Service</i>		<i>Increased by 3%</i>		
2.5%	x	\$85,000	x	25	x	1.03	=	\$54,718.75

Total Base Amount = \$54,718.75 a year or \$4,559.90 a month

**Pre-62 Supplemental Benefit** *(for Plans A & B only)*

The Pre-62 Supplemental Benefit provides members of Plans A and B with income during the period between retirement and the member’s eligibility for early Social Security benefits at age 62.

The amount of your Pre-62 Supplement is determined by your date of hire.

- *If You Were Hired Before July 1, 1976 --*  
Your Pre-62 Supplement is equal to the primary Social Security benefit you would receive if you were age 65 at retirement. This amount is calculated by the Social Security Administration, and then increased by 3%.
- *If You Were Hired On Or After July 1, 1976 --*  
Your Pre-62 Supplement is equal to a percentage of the primary Social Security benefit you would receive if you were age 65 at retirement. This percentage is determined by dividing your years of creditable service with the County by 25 years. This amount is then increased by 3%.

**For example,** suppose you had 10 years of County service at retirement:  $10 \div 25 = .40$  or 40%

If your primary Social Security benefit is \$1,890 the full amount of your Pre-62 Supplement would be \$778.68 ( $\$1,890 \times 40\% \times 1.03$ ).

This percentage can never be larger than 100%.

In addition, the amount of your Pre-62 Supplement depends on:

- your age during retirement, **and**
- whether you are a Plan A or Plan B member.

The Pre-62 Supplemental benefit changes as you age. The following table summarizes the Pre-62 Supplemental benefit payable during the years following your retirement:

<u>Age</u>	<u>Plan A</u>	<u>Plan B</u>
Less than 55	no Pre-62 Supplement payable	½ of full Pre-62 Supplement payable
Age 55 Up to age 62	full supplement payable	full supplement payable
Age 62 and Older	amount payable equals excess (if any) of full Supplement over the earliest Social Security benefit you are eligible to receive (age 62)	amount payable equals excess (if any) of full supplement over the earliest Social Security benefit you are eligible to receive (age 62)

The Pre-62 Supplemental benefit is based on the Social Security benefits you are entitled to, whether or not you apply for them. However, your Pre-62 Supplement will not change due to any subsequent increases or decreases in your Social Security benefit. You become eligible for Social Security benefits (at a reduced amount) starting at age 62. Social Security benefits do not start automatically. Individuals must apply for Social Security benefits through the Social Security Administration, regardless of the age they choose to start receiving Social Security benefits.

### **Pre-Social Security Benefit**

Once you become eligible for unreduced Social Security benefits, your Pre-Social Security Benefit will cease. Eligibility for the Pre-Social Security Benefit is based on the age at which you are eligible to receive **unreduced** Social Security benefits.

See the Social Security table on the next page to determine your age requirement for unreduced Social Security benefits.

## Social Security Eligibility

Year of Birth	Year You Will Turn 62	Your Age for Full Benefits
1937 or earlier	1999 or earlier	65 years
1938	2000	65 years, 2 months
1939	2001	65 years, 4 months
1940	2002	65 years, 6 months
1941	2003	65 years, 8 months
1942	2004	65 years, 10 months
1943 - 1954	2005 - 2016	66 years
1955	2017	66 years, 2 months
1956	2018	66 years, 4 months
1957	2019	66 years, 6 months
1958	2020	66 years, 8 months
1959	2021	66 years, 10 months
1960 or later	2022 or later	67 years

### For Members of Plans A and B

The Plan A or B member's Pre-Social Security Benefit is calculated at 0.2% of the AFC per year of service. This benefit starts at retirement and continues until the month following a member's eligibility for unreduced Social Security retirement benefits. Currently, the age for unreduced Social Security benefits is between ages 65 and 67, depending on the year of your birth.

#### EXAMPLE #1:

$$0.2\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service} \times \text{Increased by 3\%} = \$4,377.50$$

**\$4,377.50 a year or \$364.79 a month until age 65-67**

### For Members of Plans C, D, and E

The Plan C, D, and E member's Pre-Social Security Benefit is calculated at 0.3% of the AFC per year of service. This benefit starts at retirement and continues until the month following a member's eligibility for unreduced Social Security retirement benefits.

#### EXAMPLE #2:

$$0.3\% \times \text{Average Final Compensation} \times \text{Years of Creditable Service} \times \text{Increased by 3\%} = \$6,566.25$$

**\$6,566.25 a year or \$547.19 a month until age 65-67**

## 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. (§3-3-53)

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)

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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** with at least six years of eligibility service, **OR**
- **25 years of service**

**Please Note:** Members of Plans A, B, C, and D who enter DROP have both their normal service retirement benefits and allowances and, if applicable, their pre-Social Security Benefit credited to their DROP Accounts.

Members of Plan E who choose to enter DROP before they are eligible for normal Social Security benefits, are **NOT** eligible to receive the Pre-Social Security Benefit during their time in the DROP. However, upon the completion of the DROP period, the member shall be entitled to receive the Pre-Social Security Benefit if he or she is not then entitled to an unreduced Social Security Benefit. The member would receive that Pre-SSB until the first month after the member is entitled to an unreduced Social Security benefit.

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**

**Plans A, B, C, and D** – If you are a Plan A, B, C, or D employee 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 E** – If you are a Plan E employee 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 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 husband or wife, 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**

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### **Eligibility**

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

### **Benefit**

To estimate your early retirement benefit, multiply the amount you receive under the normal retirement formula (including any Pre-62 Supplemental benefit and Pre-Social Security benefit to which you are entitled) by an early retirement percentage. This percentage is based on your age, years of creditable service at retirement, and Plan. These early retirement percentages are shown in the tables on the following pages. Refer to the appropriate table for the Plan in which you are a member.

### **EXAMPLE**

#### **Early Retirement Base Benefit of a Plan D Member**

Assume you retire in 2013 at age 53 with 20 years of service and average final compensation of \$72,000. If you are a Plan D member, your benefit will be computed as follows:

$$2.5\% \times \text{Average Final Compensation } \$72,000 \times \text{Creditable Service } 20 \times \text{Increased by } 3\% = \$37,080$$

$$\text{Normal Base Benefit Amount } \$37,080 \times \text{Early Retirement Percentage Age 53 with 20 years of service } 86\% = \text{Yearly Base Benefit } \$31,889$$

Your early retirement base benefit would be **\$31,889 a year**, or **\$2,657.42 a month** for your lifetime.

### Early Retirement Percentages for Plans B, D, and E:

#### *Applies to Plan B, D, and E Participants*

*(and Plan A & C participants whose age plus creditable service equals 75 or more.)*

Age at Retirement	Years of Creditable Service				
	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

## Early Retirement Percentages for Plans A and C:

*Applies to Plan A & C Participants  
(except those whose age plus service = 75 or more.)*

Age at Retirement	Years of Creditable Service				
	20	21	22	23	24
38	65.83	71.56	77.79	84.57	91.94
39	65.83	71.57	77.80	84.58	91.95
40	65.85	71.58	77.81	84.59	91.96
41	65.88	71.60	77.82	84.60	91.97
42	65.93	71.63	77.84	84.61	91.98
43	65.99	71.67	77.87	84.63	91.99
44	66.07	71.73	77.91	84.66	92.00
45	66.17	71.81	77.97	84.69	92.02
46	66.29	71.91	78.04	84.73	92.04
47	66.45	72.03	78.13	84.79	92.07
48	66.64	72.18	78.24	84.86	92.10
49	66.86	72.36	78.37	84.95	92.14
50	67.13	72.57	78.53	85.05	92.19
51	72.81	72.81	78.71	85.18	*
52	78.92	78.92	78.92	*	*
53	85.48	85.48	*	*	*
54	92.50	*	*	*	*

*\*See Early Retirement Percentages for Plans B, D, and E.*

*\*The table above and the table on the previous page contain just a partial list of early retirement percentages. These percentages vary based on your age in completed years and months. For example, if you were 59 years and four months old when you retired, your early retirement percentage would be between those shown for 59 and 60. You may check with the Retirement Agency for more details.*

### EXAMPLE

#### Early Retirement Pre-Social Security Benefit

$$\begin{array}{rclclclcl}
 & & \text{Average Final} & & \text{Creditable} & & \text{Increased by} & & \\
 & & \text{Compensation} & & \text{Service} & & \text{3\%} & & \\
 0.3\% & \times & \$72,000 & \times & 20 & \times & 1.03 & = & \$4,449.60 \\
 & & \$4,449.60 & \times & 86\% & = & & & \$3,826.66
 \end{array}$$

**\$3,826.66 per year or \$318.89 per month until age 66**

#### Total Early Retirement Benefit

You would receive \$31,889 per year for your lifetime (plus cost-of-living adjustments) and an additional \$3,826.66 a year for 13 years.

## Applying for Service Retirement

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You must apply for retirement before your retirement can become effective. This is in addition to any notice you may give to your supervisor. 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. Proof of birth for your spouse, and a copy of your marriage license are also required if you choose to take a reduced pension to provide optional Joint and Last Survivor benefits for your spouse.

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\\_uniformed/planning.htm](http://www.fairfaxcounty.gov/retirement/active_uniformed/planning.htm) for information about the “retirement process”.

## Applying for DROP

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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\\_uniformed](http://www.fairfaxcounty.gov/retirement/active_uniformed), using the drop-down menu for “Forms”.

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 Last Survivor option for your spouse, you must also provide proof of birth

for your spouse 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**

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### **Ordinary Disability Retirement**

#### **Eligibility**

You are eligible for ordinary disability retirement if:

- Your disability is not caused by a job-related accident or disease;
- You become disabled while a member of the System;
- You become disabled before your normal retirement date and have at least five years of creditable service at the time you become disabled;
- The Medical Examining Board certifies that you are disabled; **and**
- The Fairfax County Uniformed Retirement System Board of Trustees approves your retirement application.

Normally, you must apply for disability retirement before your employment with the County terminates. However, an application for ordinary disability retirement submitted within one year after termination of employment may be accepted in certain instances if your disability started before termination and is approved by the Board of Trustees.

#### **Ordinary Disability Benefit**

For members of all five Plans (A, B, C, D, & E) your ordinary disability retirement benefit is equal to:

2.0%	x	Average Final Compensation	x	Years of Creditable Service ( <i>Maximum 30 years</i> )	x	1.03
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No reduction is made to a disability benefit because of your age.

### **EXAMPLE: Ordinary Disability Retirement**

Assume you become disabled and meet the eligibility requirements for ordinary disability retirement. Also, assume your average final compensation is \$65,000 and you have 15 years of creditable service. Your disability benefit would be determined as follows:

$$2.0\% \times \$65,000 \times 15 \times 1.03 = \$20,085$$

You would receive \$20,085 a year or \$1,673.75.42 per month for as long as you are disabled.

### **Medical Examinations**

Between your disability retirement and the date you would have been eligible for normal retirement (*see pages 9 & 10*), a medical examination is required once a year for the first five years of your disability retirement, and once every three years thereafter. Refusal to submit to a medical exam will result in termination of disability retirement benefits. Disability benefits may start again if you submit to a medical exam later -- but only if you agree to take the exam within one year of the day you were first requested to do so. Otherwise, you will permanently give up your rights to future disability benefits. Your benefits will cease if it is determined that you are no longer disabled.

### **If You Return To Work**

Ordinary disability benefits will end if you return to service in a position eligible for membership in the Uniformed Retirement System, under the same appointing authority as before your normal retirement date.

## **Service-Connected Disability Retirement**

### **Service-Connected Disability Eligibility**

You are eligible for a service-connected disability retirement if:

- You become disabled while a member of the System;
- Your disability is caused by a job-related accident or disease, as determined by the Board of Trustees; **and**
- You apply for Virginia Workers' Compensation and applicable Social Security benefits.

## Offsets for Workers' Compensation and Social Security Benefits

Your service-connected disability benefit will be reduced by any Workers' Compensation benefits you receive. Workers' Compensation benefits stop after a maximum of 500 weeks. Additionally, if you retired on disability on or after December 9, 1996, your disability benefit will be reduced by 25% of the amount of any primary Social Security disability benefits. If you retired on or before December 9, 1996, your disability benefit will be reduced by 25% of the amount of any primary Social Security benefit. However, no reduction will be made due to your entitlement to Social Security disability benefits as the result of a disability other than the injury or illness disability that served as the basis for the award of service-connected disability retirement.

*Note: If a member formerly retired with a 40% disability benefit subsequently meets the criteria for a 90% benefit as a result of a deterioration of a disability or the development of another disability related to his or her service, the Board may determine that the disabled member's 40% benefit should be changed to the 90% severe service-connected benefit amount.*

### Service-Connected Disability Benefit

Your monthly service-connected disability retirement benefit is determined as follows:

<p>Salary at time of retirement x 40%</p> <p><b>MINUS</b></p> <p><i>Average monthly Virginia Workers' Compensation benefits and 25% of Social Security disability benefits</i></p>
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#### **EXAMPLE: Service-Connected Disability Retirement**

Assume you become disabled and meet the eligibility requirements for a service-connected disability retirement. Also, assume your salary at retirement is \$55,000 and that you are awarded an average monthly benefit of \$1,300 from the Virginia Workers' Compensation Act and \$650 a month in Social Security disability benefits. Your monthly disability retirement benefit would be calculated as follows:

$$\$55,000 \quad \times \quad 40\% \quad = \quad \$22,000$$

$$\$22,000 \div 12 \text{ (monthly retirement allowance)} = \$1,833.33$$

You will then need to subtract the additional benefits mentioned on the previous page:

\$22,000 ÷ 12 ( <i>monthly retirement allowance</i> )	=	<u>\$1,833.33</u>
<b>MINUS</b>		
Workers' Compensation Benefits	=	- \$1,300.00
25% of Social Security Benefits (\$650 x 25%)	=	<u>- \$162.50</u>
<b>Total Service-Connected Disability Retirement</b>	<b>=</b>	<b>\$370.83</b>

Once Workers' Compensation benefits stop after the maximum of 500 weeks, the retirement allowance will be offset only by 25% of Social Security benefits.

**Medical Examinations**

The medical examinations described on page 20 apply to service-connected disabilities (except qualified **severe** disabilities) when you are not receiving Workers' Compensation benefits. Your benefits will cease if it is determined that you are no longer disabled.

**If You Return To Work**

Service-connected disability benefits will end if you return to service with Fairfax County in a position eligible for membership in the Uniformed Retirement System before your normal retirement date.

If you return to other employment not covered under the System, it will not affect your benefit.

**SEVERE Service-Connected Disability Retirement**

**Severe Service-Connected Disability Benefit & Eligibility**

A severe disability is one of those listed in the "Schedule of Impairments" listed on the following page. The benefit for members who retire on a severe service-connected disability retirement equals **90% of the salary** at the time of retirement minus the average monthly Virginia Workers' Compensation benefits and 25% of **primary** Social Security benefits. Medical re-evaluations are not required for these retirees.

## Schedule of Impairments for Severe SC Disability

1. Loss of both hands or both feet;
2. Loss of one hand and one foot;
3. Loss of one hand and the sight of one eye;
4. Loss of one foot and the sight of one eye;
5. Loss of the sight of both eyes;
6. Paralysis (paraplegia or quadriplegia);
7. Cancers determined to be compensable by the Workers' Compensation Commission which were caused by documented contact with a toxic substance, pursuant to Section 65.2-402(c) of the Code of Virginia;
8. Loss of speech;
9. Loss of hearing;
10. A mental incapacity that meets the criteria for disability benefits under the Federal Old-Age Survivors' and Disability Insurance Act;
11. Hepatitis C

For purposes of service-connected disability retirement, your salary is the portion of your pay that is defined as creditable compensation for retirement purposes.

If you receive a lump sum Workers' Compensation benefit, your monthly system benefits will be delayed. In this case, the retirement Agency will inform you when your benefits will start. Workers' Compensation benefits for permanent total or permanent partial disability or compensation for periods before the effective date of retirement are not offset.

If you refuse to accept medical services, vocational rehabilitation, or other employment under the Workers' Compensation Act, your Workers' Compensation benefits may be suspended. If they are suspended, the Board of Trustees has the option to calculate your benefits as if you were still receiving Workers' Compensation.

Your benefits will **not** be reduced by any cost-of-living increases to Social Security benefits.

**Offsets for Workers' Compensation and Social Security Benefits for a Severe Disability**

Your severe service-connected disability benefit will be reduced by any Workers' Compensation benefits you receive. Workers' Compensation benefits stop after a maximum of 500 weeks. Additionally, your disability benefit will be reduced by 25% of the amount of any primary Social Security benefit to which you are entitled to receive. However, no reduction will be made due to your entitlement to Social Security disability benefits as the result of a disability other than the injury or illness disability that served as the basis for the award of service-connected disability retirement.

**EXAMPLE: Severe Service-Connected Disability**

Assume you become disabled and meet the eligibility requirements for a severe service-connected disability retirement. Also, assume your salary at retirement is \$55,000 and that you are awarded an average monthly benefit of \$1,300 from the Virginia Workers' Compensation Act and \$650 a month in Social Security disability benefits. Your monthly disability retirement benefit would be calculated as follows:

\$55,000	x	90%	=	\$49,500	
\$49,500	÷	12 ( <i>monthly retirement allowance</i> )	=	\$4,125.00	
<b>MINUS</b>					
Workers' Compensation Benefits			=	- \$1,300.00	
25% of Social Security Benefits (\$650 x 25%)			=	- \$162.50	

**Total Severe Service-Connected Disability Retirement**  
**= \$2,662.50**

**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.

## **Deferred Vested Benefit**

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### **Eligibility**

You are eligible for a deferred vested benefit if:

- You leave employment before you retire;
- 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 pages 9 & 10*). However, the Pre-62 Supplemental Benefit and the Pre-Social Security Benefits are NOT payable.

## **Cost-of-Living Adjustments (COLA)**

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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. However, COLA's do not apply to the additional Pre-62 Supplemental Benefit or to the Pre-Social Security Benefit. For Service-Connected Disability retirees, cost-of-living increases are calculated on the net amount of the benefit after all offsets for Social Security and/or Worker's Compensation have been applied. When Workers' Compensation benefits cease, the benefit is recalculated back to the date of retirement applying all applicable

cost-of-living increases to the base benefit without including an offset for Workers' Compensation.

If you are a Plan B, D, or E participant, you will be eligible for a cost-of-living increase as soon as you retire. Plan A or C participants will be eligible for cost-of-living increases when they reach age 55. 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**

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### **Death Before Retirement**

#### **Return of Contributions**

In the event of your death before retirement, your contributions plus interest will be paid to your beneficiary unless a spouse's benefit is payable. **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.*

#### **Spouse Retirement Allowance**

**A spouse's retirement allowance is payable if:**

- Your death occurs after you have completed five years of creditable service;
- You have named your spouse as your sole primary beneficiary and the beneficiary designation has been properly filed with the Retirement Agency;
- Your spouse elects in writing to receive the spouse's benefit within 90 days after your death; **and**
- A copy of your Death Certificate has been properly filed with the Retirement Agency.

Once your spouse's benefit starts, it is payable for his or her lifetime.

The spouse's benefit is equal to 50% of a benefit calculated under the normal retirement formula, not including the additional Pre-62 Supplemental Benefit or the Pre-Social Security Benefit. If your spouse does not elect to receive the spouse retirement allowance within 90 days after your death, your spouse will receive your contributions plus interest in a lump sum.

If your death is due to a service-connected accident while actively employed, your beneficiary will receive the service-connected accidental death benefit of \$10,000 (see page 30) in addition to the pre-retirement death benefits described above.

**EXAMPLE: *Spouse Retirement Allowance***

Assume your death occurs in 2013 at the age of 55 and that you have 20 years of creditable service and final compensation of \$72,000. If you were a member of Plan C, D, or E, your normal base benefit is calculated as follows:

$$2.5\% \times \$72,000 \times 20 \times 1.03 = \$37,080$$

The benefit calculated under the normal retirement formula for Plan C, D, or E is \$37,080 a year or \$3,090 per month. Your spouse, if eligible, would be entitled to receive 50% of that amount or \$1,545 per month for his or her lifetime.

***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 Last Survivor option you elected when you entered the DROP. *Your surviving 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.*

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 Last Survivor 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 Last Survivor option you selected when entering the DROP.

Your choice regarding a Joint and Last Survivor option or single life annuity is made **at the time of DROP entry**. You may not defer a Joint and Last Survivor decision.

## **Death 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 an optional spouse's benefit is applicable.

### **Joint and Last Survivor Option**

You may elect a joint and last survivor option if you retire under normal, early, ordinary or service-connected disability retirement provisions. If you are receiving disability benefits, you must make the election sometime before the date you begin receiving benefits.

If you make this election, you will receive a reduced retirement benefit. However, after your death, your surviving spouse will continue to receive a percentage (50% 66<sup>2</sup>/<sub>3</sub>%, 75%, or 100%) of your reduced base benefit for life. *Your surviving 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.* The surviving spouse is not eligible to receive the Pre-62 Supplemental Benefit or the Pre-Social Security Benefit.

The amount of reduction to your benefit depends on the difference between your age and your spouse'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 last survivor option affects the amount of your benefit.

The joint and last survivor option may not be changed once you have retired except in the event of the death of your spouse or divorce.

**Death** – If your spouse should die before you, your benefit will be increased to an amount equal to the monthly benefit you would have received if you had not elected the joint and last survivor option.

**Divorce** – If you and your spouse divorce following your retirement, you may elect to discontinue the joint and last survivor option provided that your divorced spouse’s rights under the joint and last survivor options have been extinguished pursuant to the final decree of divorce or the final property order entered in connection with your divorce case. Your benefit will be increased to an amount equal to the monthly benefit you would have received if you had not elected the joint and last survivor option. Once it has stopped, you may not elect the joint and last survivor option again, even if you remarry.

**EXAMPLE: Joint and Last Survivor Option**

Assume you retire at age 55 with a normal monthly retirement benefit of \$1,000 a month and elect the joint and last survivor option.

The table on the following page shows the benefits that would be paid to you, and your surviving spouse after your death, if you elect any of the following joint and last survivor options:

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

## Service-Connected Accidental Death Benefit

The System provides for a service-connected accidental death benefit of \$10,000. It is payable if your death occurs before you retire and if Virginia Workers' Compensation benefits are payable because of your death. The benefit is also payable if you die after retirement as long as your death is directly related to your service-connected disability.

The service-connected accidental death benefit is *in addition* to any other benefits payable by the System because of your death.

## 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.

If you have a spouse and you want your current spouse to have the option to choose the spouse's benefit if you should die while on the active payroll, your spouse must be listed as your sole *primary* beneficiary. *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 make provisions on your beneficiary form for a contingent beneficiary in the event your primary beneficiary pre-deceases you.

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

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The County Code does not permit loans from your retirement account, partial withdrawals of employee contributions, or withdrawals of employer 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 yet eligible for a retirement benefit or a deferred vested benefit when you terminate employment, you may withdraw your contributions and interest earnings. Refunds are required if you have less than five years of service. However, you may elect in writing to leave your contributions in the System for up to five additional years after you terminate employment. Payment will be made within 90 days of your last check date or after the requested five-year extension. Refunds shall be mailed to the last address on record with the Retirement Agency. Refunds not claimed within six months will become the property of the System. If you accept a refund of your member contributions plus interest, you forfeit all prior service credit in the Uniformed Retirement System for that previous period of employment.

## **If You Are Eligible For Benefits**

If you **are** eligible for a retirement benefit or a deferred vested benefit, you may withdraw your contributions plus interest instead of receiving any other System benefit for which you are eligible. You must make your request in writing. Once benefits have started, however, you may not withdraw your contributions.

## **Taxation of Withdrawals**

Any part of your account that consists of pre-tax contributions – as well as all interest earnings – will be taxed as ordinary income the year you receive it, and may be subject to an additional 10% penalty imposed by the IRS. Taxes will be based on the federal and state tax laws in effect at the time of distribution. Currently, refunds not transferred directly to an Individual Retirement Account (IRA) or another qualified retirement plan will have 20% withheld for federal taxes unless certain conditions are met. Another 4% will be withheld for Virginia state taxes. See pages 35 & 36 – “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 support 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**

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You may receive benefits from Social Security in addition to any benefits payable to you from the System.

Your actual Social Security benefits are based on the amount of your earnings that are subject to Social Security taxes. To receive a free statement of your earnings covered by Social Security and your estimated future benefits, you need to complete a *“Request for Earnings and Benefit Estimate Statement”*, available from the following address:

### **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](http://www.socialsecurity.gov)

Social Security benefits do not start automatically; you must apply for them. It usually takes two to three months to process your application.

## **Social Security Retirement Benefits**

You may be entitled to receive unreduced Social Security monthly income benefits when you reach the Social Security normal retirement age (between ages 65 and 67 depending on your year of birth). See table on page 12. When your spouse reaches the Social Security normal retirement age, he or she may be entitled

to a total benefit equal to one-half of your unreduced benefit, or, if greater, a benefit based on his or her own work record. Social Security benefits are payable as early as age 62, but in a permanently reduced amount.

## **Social Security Disability Benefits**

If you become totally disabled, you and your family may be entitled to Social Security disability benefits. They may become payable after you have been totally disabled for five full calendar months. You may apply for Medicare after two years of disability retirement. Approval, however, is not automatic.

Your family may be entitled to an additional benefit from Social Security if you have a dependent child under age 18 (under age 19 if a full-time student). Your spouse may be entitled to additional benefits before reaching age 60 if caring for a child under age 16 who is eligible for children's Social Security benefits. If you have no dependent children, your spouse may be entitled to this benefit if he or she is at least 62.

## **Social Security Death Benefits**

Your family may be entitled to Social Security benefits after your death. Your surviving spouse may be entitled to benefits from Social Security if he or she is at least age 60. Your surviving spouse may be entitled to additional benefits before reaching age 60 if caring for a child under age 16 who is eligible for children's Social Security benefits. Additional children's Social Security benefits may be payable if you die with dependent children under age 18 (under age 19 if they are full-time students).

## **Medicare**

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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**

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### **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 Uniformed Retirement System is administered by a Board of eight Trustees as follows:

- Citizens appointed by the County Board of Supervisors
  - Frank Henry Grace, III, Chairman
  - Hank H. Kim
  - Ronald Orr
  
- Fairfax County Fire and Rescue Employee-Elected Representatives
  - Richard L. Merrell
  - John R. Niemiec
  
- Fairfax County Sheriff's Department Employee-Elected Representatives
  - Charles E. Forneck, Vice Chairman
  
- Fairfax County Human Resources Director
  - Susan Woodruff
  
- Fairfax County Director of Finance
  - Victor L. Garcia, Treasurer
  
- **System Administration--Staff**
  - Robert L. Mears, Executive Director
  - John P. (Jack) Sahm, Deputy Director
  - Laurnz A. (Larry) Swartz, Chief Investment Officer
  - Ryan J. Randall, 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 third 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**

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### **? Can I Retire After My Normal Service Retirement Date?**

Yes. There is no mandatory retirement age.

### **? How Is Interest On My Contributions Credited?**

Interest on the contributions you make each year is credited at an annual rate of 5% starting with the year after the contributions are made.

### **? 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.

## ? When Should I Begin Planning For Retirement?

You should begin planning for retirement early in your career, considering the sources of your retirement income – Social Security, employer pension and your own resources.

## ? 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.

## ? 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 12<sup>th</sup> 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 life, dental and health insurance from your benefit check, as well as contributions (if any) to your credit union. In addition, federal and Virginia income tax can be withheld from your check. Virginia’s tax can only be withheld if you reside in the Commonwealth of Virginia.

### **? 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>.

### **? 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.

## **? 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.

## ? **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.

## ? **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.

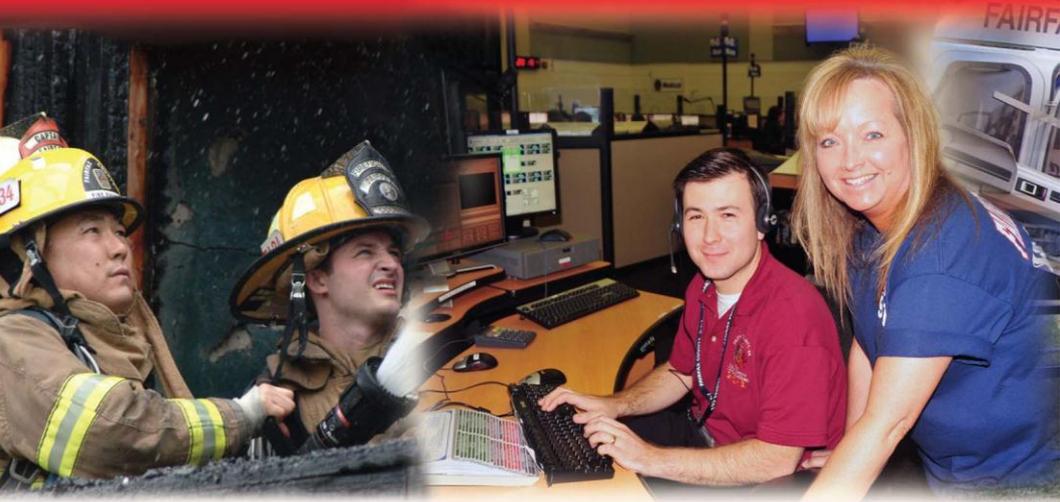
Once the forms are received, the Retirement Agency will obtain your medical records from the County's agent for Workers' Compensation if your disability is service-connected. These documents will be sent to the Medical Examining Board, which may schedule an appointment with you.

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.



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