

## Savings and Retirement Benefits

### Baltimore County Public Schools offers you several ways to begin saving money through payroll deductions.

- U.S. Savings Bonds
- Defined Benefit Pension Plan
- Tax Sheltered Annuities and Custodial Accounts

#### U.S. Savings Bonds

All active employees are eligible to purchase Series EE U.S. Savings Bonds through automatic payroll deductions. You may enroll or cancel deductions at any time during the year. Cancellation requests must be submitted in writing to the Office of Employee Benefits and Retirement. Please include your social security number with your request.

Series EE bonds are Treasury securities that earn interest through semi-annual increases in value for up to 30 years. Bonds are available in denominations of \$100 (purchase price \$50) or \$500 (purchase price \$250). The minimum bi-weekly deduction is \$5.00. Series EE bonds are backed by the full faith and credit of the United States and the interest you earn on your bonds is exempt from State and local income taxes. You can defer Federal income tax until you redeem the bonds. You can cash Series EE bonds anytime after 12 months or choose to hold the bonds until maturity in 30 years. If you use savings bonds to save for your children's education, you may qualify for special tax benefits. Consult IRS Publication 950 for more details. Additional information is available at the Federal Reserve Bank's Web site [www.savingsbond.gov](http://www.savingsbond.gov).

***Note:** The Office of Payroll will make a reasonable attempt to refund savings bonds deductions to individuals who are deceased or who have separated from service. Unclaimed funds will be returned to the school system.*

#### Defined Benefit Pension Plan

Did you know that the average person needs to replace 60% to 80% of his final income in order to afford retirement? When it comes to retirement planning, it's never too soon to start. Your retirement income will come from more than one source. However, the principal sources of income when you retire are personal savings, Social Security, and your pension from one of the systems in which Baltimore County Public Schools participates. It is important to understand which retirement plan you are eligible for, how to enroll, and the benefits your plan will provide at retirement.

If you are eligible for the Baltimore County Employees' Retirement System (BCERS) and you did not join when you were first employed, remember that you may only enroll within two years of your employment. Employees who waive membership in the BCERS will be ineligible to participate in retiree life and health insurance programs.

In order to be eligible to apply for a disability retirement as a member of the Baltimore County Employees' Retirement System, you must be in positive pay status at the time of application. Contact BCERS for more information.

#### Which Retirement Plan am I Eligible For?

Depending on your job classification and the date you were employed, you may be eligible for one of three retirement programs listed below:

	Maryland State Teachers' Retirement System	Maryland State Teachers' Pension System	Baltimore County Employees' Retirement System (BCERS)
<b>Eligibility provision</b>	Must have enrolled prior to 1980 as a public school educator, administrator, or clerical employee.	Automatic membership after 1980 for eligible employees as defined by Maryland COMAR regulations (State Personnel and Pensions Article).	Employees ineligible for the State Teacher's pension system are eligible for BCERS. Participation is voluntary, subject to the 2 year enrollment window.
<b>Vesting Provision</b>	Vested allowance is payable at age 60 after accruing 5 years of creditable service.	Vested allowance is payable at age 62 after accruing 5 years of eligible service.	Vested allowance is payable at age 65 after accruing 10 years of membership service.

To learn more about eligibility for these plans and the specific benefits provided and enrollment procedures, please call the Office of Employee Benefits and Retirement at (410-887-8943) for any questions related to State benefits. For BCERS, please call 410-887-8246.

## Savings and Retirement Benefits *(continued)*

### 403(b), 403(b)(7), and 457(b) Plans

#### Tax-Deferred Annuity Plans and Custodial Accounts

You may save for retirement and reduce your current taxes by participating in a Tax-Deferred Annuity Plan or Custodial Account and/or a Deferral Compensation Plan. Sections 403(b), 403(b)(7) and 457(b) of the Internal Revenue Code authorize a tax-deferred retirement savings program for employees of public schools. The account shelters your money from taxes in two ways:

- Pre-tax investing – Investments are made through the convenience of automatic payroll deductions before federal and state taxes are calculated on your income. FICA tax is also withheld and this lowers your current taxable income.
- Tax-deferred compounding – Your contributions and investment earnings accumulate tax-free while in your 403(b) account. You pay taxes only when you withdraw the money.

Your savings in these accounts are generally not available until age 59½ unless you have a financial hardship, as defined by the IRS. If you meet the hardship requirements, you may be able to borrow or withdraw money from your account before 59½.

**Note:** Distributions from a 457(b) plan are not subject to the 10% “early withdrawal” penalty that applies to the 403(b) and 403(b)(7) plans.

You may choose from two main categories of investment choices. One is referred to as an annuity and the other is called an investment. There are some differences between these two types of investments that you should understand when evaluating your options. Be sure to ask these questions when speaking with the company representatives:

- What are the fees and charges for this investment?
- What has been the fund’s investment return, minus expenses, for the past year, 3 years, 5 years and the life of the fund?
- Are there any loan provisions? Hardship withdrawals?
- Are there any surrender charges?
- Are there any financial guarantees regarding this investment?
- What happens to the money when I die?

If you would like more information about participating in one of these plans, call the Office of Payroll at (410) 887-4240 to obtain a copy of the booklet entitled “Consider the Benefits!” You may also go to the payroll Web site at [www.bcps.org/offices/payroll](http://www.bcps.org/offices/payroll) and click on “Consider the Benefits” in the right hand column.

#### Key Points:

- Employees who are regularly scheduled to work 20 or more hours per week are eligible to participate in the 403(b) / (b)(7) plan while all employees may participate in the 457(b) plan.
- There is no waiting period to begin saving in a plan. You may enroll or disenroll at anytime.
- Participation is 100% voluntary. Baltimore County Public Schools does not contribute to your account.
- Deductions are taken from 24 paychecks per calendar year for 12-month employees and from 20 paychecks per calendar year for 10-month employees. You decide how to invest your contributions and how much of your salary to invest.
- IRS regulations permit you to set aside up to \$16,500 for calendar year 2009. An additional contribution can be made if you are age 50 or older by the end of the calendar year. Contact your approved vendor to assist you in determining your personal annual maximum.
- You may obtain the current listing of authorized providers or other information on the web at: [www.bcps.org/offices/payroll](http://www.bcps.org/offices/payroll). There are currently five 403(b) / (b)(7) providers. Nationwide is the only 457(b) provider.

## Savings and Retirement Benefits

#### Retiree Insurance Benefits

Your retiree insurance benefits are provided by Baltimore County Public Schools regardless of the retirement plan from which you are receiving your pension. Please note that the insurance benefits and the Board’s contribution percentages as shown on the following page are subject to change in the future depending upon the agreements reached by the Board, its bargaining units, and its funding authorities.

While you may be vested in your pension plan, your ability to participate in the retirement insurance plans of BCPS may be limited. In order to be eligible to participate in retiree benefits now or in the future, you must begin to receive a monthly pension directly following active employment with Baltimore County Public Schools. An employee who does not qualify to receive a pension currently or who elects to defer pension benefits is ineligible for future participation in the Board’s benefit plans.

#### Enrolling in Your Retiree Insurance

Members of the Maryland State Teacher’s Retirement or Pension System may contact the Office of Employee Benefits and Retirement to schedule a retirement conference. Members of the Baltimore County Employees’ Retirement System should contact the BCERS to schedule a retirement conference. **Prior to retirement, you must complete a resignation form and submit to your supervisor, notify the Office of Personnel and your pension system of your intention to retire.** The Office of Employee Benefits and Retirement will be notified of your retirement directly from the Office of Personnel. At that time, the Office of Employee Benefits and Retirement will send the appropriate retiree benefits election forms to you. These forms must be completed and returned to the Office of Employee Benefits and Retirement.

Upon retirement, you are not required to enroll in a health insurance plan of Baltimore County Public Schools in order to preserve your right to enroll at a later date. As a retiring employee of Baltimore County Public Schools, you may enroll in a health plan and/or change your enrollment selection in the future.

#### Retiree Health Insurance

The cost of your health insurance is paid by you and Baltimore County Public Schools. The Board contributes

a specified percentage of the total cost of your health insurance based upon your years of service to BCPS and the specific health insurance plan in which you and your dependents, if applicable, choose to enroll. **It is important to note that for purposes of calculating the Board’s contribution, only years of service to Baltimore County Public Schools and military service are credited.** Time on unpaid leaves of absence is not credited. No distinction is made between part-time and full-time service.

Health insurance premiums are deducted from a retiree’s monthly pension check. Normally, retirements occur at the end of a school year and employees have already paid premiums for coverage through August 31. Therefore, if an employee retires on July 1, the first health insurance premium deduction will be taken from the September pension check. Special handling is required for retiring individuals and/or their spouses who are age 65 or will reach 65 before September.

The same plans available to active employees are available to retiree’s who are ineligible for Medicare. Upon reaching eligibility for Medicare (usually at age 65 or if eligible due to disability) retiree’s and/or their spouses must enroll in Medicare Parts A & B in order to continue participation in the Board’s health insurance plans, and they must then enroll in a different health plan which coordinates with Medicare. Please note that each of the medical plans offered by Baltimore County Public Schools includes coverage for prescription drugs.

#### Vision and Dental Coverage

Vision and dental coverage may be continued into retirement. The cost for both plans, if elected, will be deducted from your pension check.

#### Life Insurance

If elected, the cost of life insurance is paid entirely by the retiree. Premiums are deducted from your pension check. Upon retirement, a retiree’s life insurance coverage reduces to no more than \$50,000, including the \$15,000 of basic insurance and up to \$35,000 of optional coverage. The amount of insurance reduces through the fourth anniversary of your retirement.

**Note:** Please refer to the summary of benefits on the following page. To obtain a copy of the “Retiree Benefits Guide,” call the Office of Employee Benefits and Retirement or visit our Web site.

## Savings and Retirement Benefits *(continued)*

Plans	Retiree Benefits	Additional Details																
<p><b>Non-Medicare (&lt; 65)</b></p> <ul style="list-style-type: none"> <li>CareFirst BlueCross BlueShield Triple Choice MPOS</li> <li>Keystone Central HMO (PA residents only)</li> <li>Kaiser Permanente HMO</li> </ul> <p><b>Medicare Eligible</b></p> <ul style="list-style-type: none"> <li>CareFirst BlueCross BlueShield Medicare Supplemental Plan</li> <li>Kaiser Permanente-Medicare Plus HMO</li> </ul>	<p>BCPS contributes toward health care premiums for employees with 10 or more years of service who are approved for retirement from the Maryland State Retirement and Pension Systems, or the Baltimore County Employees' Retirement System. Additional credit may be given for military service. Board contributions are:</p> <table border="1"> <thead> <tr> <th>Years of Service to BCPS*</th> <th>Triple Choice &amp; HMOs</th> <th>CareFirst Medicare Supplemental Plan</th> <th>Kaiser Med Plus</th> </tr> </thead> <tbody> <tr> <td>10-19 yrs.</td> <td>50%</td> <td>36%</td> <td>68%</td> </tr> <tr> <td>20-29 yrs.</td> <td>75%</td> <td>66%</td> <td>100%</td> </tr> <tr> <td>30yrs. &amp; up</td> <td>90%</td> <td>84%</td> <td>100%</td> </tr> </tbody> </table> <p><small>* For ordinary disability retirement, benefits are payable based on length of service with BCPS. If service is less than 10 years then Board contribution is equal to that percentage at 10 years of service. Accidental disability retirement percentage is equal to 30+ years of service.</small></p> <p>Upon eligibility for Medicare (usually at age 65 or if eligible due to disability), retiree's and/or their Medicare-eligible dependents are required to convert to coverage which supplements Medicare.</p>	Years of Service to BCPS*	Triple Choice & HMOs	CareFirst Medicare Supplemental Plan	Kaiser Med Plus	10-19 yrs.	50%	36%	68%	20-29 yrs.	75%	66%	100%	30yrs. & up	90%	84%	100%	<p>Continuation of Insurance After Retirement— If you retire on July 1, health insurance remains in effect until August 31. Deductions begin with the September pension check from the applicable retirement system.</p> <p>Once you become entitled to Medicare Part B, you may elect to choose Medicare as your primary payor and elect not to participate in the group plan.</p>
Years of Service to BCPS*	Triple Choice & HMOs	CareFirst Medicare Supplemental Plan	Kaiser Med Plus															
10-19 yrs.	50%	36%	68%															
20-29 yrs.	75%	66%	100%															
30yrs. & up	90%	84%	100%															
<b>Surviving Spouse's Benefit</b>	Upon retiree's death, if the spouse has been covered under a BCPS health care plan, he or she will have the option to continue coverage. The Board pays the contribution in effect for one year after the retiree's death. After one year, coverage may continue without any Board contribution unless the spouse has been an employee of BCPS for at least 10 years. With 10 or more years of service, the Board contribution for premiums shown above would continue as long as the surviving spouse elects to continue coverage.	Billed quarterly by BCPS																
<b>Cancer Insurance</b>	If you had cancer insurance as an active employee, you may elect to continue this coverage as a retiree.	Deducted monthly from pension in combination with health insurance.																
<b>Dental Insurance and Vision Care</b>	Retirees may elect to continue to participate in the dental plans or vision plan offered to active employees. Retirees pay the COBRA rates for dental and 100% of the cost for vision.	Deducted monthly from pension in combination with health insurance.																
<b>Life Insurance</b>	Retirees pay the cost of life insurance. The \$15,000 basic life insurance will continue with no reduction in value. However, a reduction schedule applies to optional life insurance.	Deducted monthly from pension in combination with health insurance.																
<b>Personal Accident Insurance</b>	Retirees may elect to convert to an individual policy within 31 days of termination by calling Prudential. The cost is paid entirely by the retiree.	Billed by Prudential																

## Savings and Retirement Benefits

### What is Creditable Coverage?

Beginning January 1, 2006, Medicare beneficiaries will have the opportunity to receive subsidized prescription drug coverage through the new Medicare Part D program. Beneficiaries who choose not to sign up at the first opportunity may have to pay more if they wait to enter the program later after the open enrollment period.

Beneficiaries who have other sources of drug coverage through a current or former employer or union, may stay in that plan and choose not to enroll in the Medicare drug plan. If their other coverage is at least as good as the new Medicare drug benefit, it is considered "creditable coverage", then the beneficiary can continue to get the high quality care they have now as well as avoid higher payments if they sign up for the Medicare drug benefit.

Under Section 423.56(a) of the final regulation, coverage is creditable if the actuarial value of the coverage equals

or exceeds the actuarial value of standard prescription drug coverage under Medicare Part D, as demonstrated through the use of generally accepted actuarial principles and in accordance with CMS actuarial guidelines. In general, the actuarial equivalence test measures whether the expected amount of paid claims under the entity's prescription drug coverage is at least as much as the expected amount of paid claims under the standard Part D benefit.

### Required Disclosures to Medicare Beneficiaries

Baltimore County Public Schools must provide a notice of creditable prescription drug coverage to Medicare beneficiaries who are covered by, or who apply for, prescription drug coverage under any of the Baltimore County Public Schools plans.

For a copy of this notice, please visit our Web site at: [www.bcps.org/offices/benefits/benefits\\_enrollment/](http://www.bcps.org/offices/benefits/benefits_enrollment/) or [www.bcps.org/offices/benefits/retiree\\_ben/](http://www.bcps.org/offices/benefits/retiree_ben/).

