

JUNE BOT MEETING



The next ERS Board of Trustees meeting is scheduled for **June 4, 2019**, at **10 a.m.**, in the **ERS/Merit Board Conference Room**. For more information, please contact the Retirement Office at 301-454-1415 or visit the ERS website at <http://ers.mncppc.org>.

MAY 2019 RETIREES



Congratulations to **Brent R. Conner**, **Gul Guleryuz**, and **Frank E. Warner** on their retirement effective May 1, 2019.

FROM THE ERS



On February 4, 2003, the Board of Trustees (“the Board”) made a determination regarding beneficiary designations in accordance with power of attorney documents. The Board determined that granting power of attorney to someone does not give that person the right to change your ERS beneficiary designation. In order for the person granted legal permission to act in your best interest (an attorney-in-fact) to make any changes to your ERS retirement beneficiary form, the power of attorney document must explicitly state that the attorney-in-fact has permission to make beneficiary changes and/or designations.

Specifically, the established policy will not honor beneficiary changes or designations unless the power of attorney document expressly provides the authority to make those changes or designations. Further, if there is any uncertainty or vagueness regarding whether the power of attorney document provides for beneficiary designations, the ERS will not act on it until the uncertainty or vagueness is resolved. This Board action was taken after review and advice from counsel.

Please plan ahead and make a note of this policy. The review of power of attorney and other legal documents can take several weeks and may, additionally, require review by the ERS legal counsel. If you have any questions concerning this matter and/or the ERS policies regarding power of attorney, please contact the ERS office for assistance at 301-454-1415.

ASK THE ERS

Question: What is a Social Security Integrated Retirement Plan?

Answer: Revisions to the Social Security Tax structure and other fiscal considerations persuaded the Commission in 1978 that it was necessary and prudent to develop a new retirement plan and benefit structure based on the principle of Social Security excess. This practice is commonly referred to as Social Security integration. A Social Security integrated benefit allows an employer to offer retirement benefits in a manner which is more cost effective than many plans that are not Social Security integrated. Plans

B and E of the ERS are such Plans. They are among many employer sponsored retirement plans that considers Social Security benefits in the benefit calculation.

As a participant of a Social Security Integrated Retirement Plan, Plan B and E members receive a full retirement benefit¹ from the ERS until you become eligible for full Social Security benefits, and then a supplemental benefit thereafter. The supplemental ERS benefit that is paid upon eligibility for full Social Security benefits is referred to as the *step-down* benefit.

The ERS does not factor in or verify the amount of the benefit a member receives from the Social Security Administration. Instead, a standard formula is used to calculate the ERS benefit. Your benefit is calculated as follows: 2% of Average Annual Earnings multiplied by years of Credited Service. Then, upon eligibility for full Social Security benefits, the step down shall be applied. The amount of retirement benefits payable from the Plan shall then be 1½% of Average Annual Earnings up to the Social Security Covered Compensation Level², plus 2% of Average Annual Earnings in excess of the Social Security Covered Compensation Level, multiplied by years of Credited Service. If you are already eligible for full Social Security benefits at retirement, you will receive the step-down benefit at retirement.

The calculation described above is simplified for the purpose of this article, and does not take into account reductions for early retirement, actuarial deficiencies that may apply to transferred service, or retiree cost-of-living adjustments that may have accrued before the step-down. You should refer to the *ERS Plan Document* Section B-4 or E-4 or the *Summary Plan Description* for Plan B or E for more information about how Plan B and E benefits are calculated. You are encouraged to contact the ERS to speak with a Retirement Benefits Analyst if you have questions about the information described in this article.

¹The term full retirement benefits as used here refers to a benefit before the step-down is applied, and not Normal Retirement Benefits.

²*Social Security Covered Compensation Level* is the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which a Member attains Social Security retirement age.