



2025 Public Safety Retirement Plan Seminar

(Participants in the Fire Service, Police Service and
Detention Officer and Deputy Sheriff Retirement Plans)

Preparing for Retirement

How will your life be different?

- New interests and activities?
- Second career?
- Family responsibilities?

How much money will you need to support your new lifestyle?

Preparing for Retirement

Make a Budget for your future:

Income

Expenses

Plan for Changes

Sources of Income:

- Pension
- Social Security

When should you begin payments? When should your spouse?

www.ssa.gov

- Savings, 457(b), 401(k), IRAs

When can you draw without penalty?

- Investments

Expenses:

- Health Care and Insurance
- Home, Rental, Auto Insurance
- Living Expenses
- Taxes

Retirement Plan Provisions

- Plan is a Defined Benefit Plan
- Benefit amount is based on a formula
- Lifetime annuity for member
- Survivor benefits for spouse or minor children
 - *DODS reduced monthly benefit
- Disability Retirement benefits

Retirement Eligibility

- **20 years of service**, regardless of age (includes actual plan service, transferred service and D/L credit) OR
- **Age 50 with at least 5 years of actual plan service plus transferred service** (D/L does not count to reach 5 years eligibility)

Retirement Eligibility - Category 2 DODS employees

Normal Retirement (unreduced benefits):

- Age 50 with at least 5 years of service if hired before 7/1/2015
- Age 50 with at least 10 years of service if hired after 7/1/2015

Early Retirement (reduced benefits):

- Upon completion of 20 years of credited service (reduced number years < age 50)

*Category II -CPS I, II, Criminal Program Supervisor, CFA, ACFA and Superintendent hired or promoted before October 28, 2020

Retirement Calculation

$2.5\% \times \text{FABP} \times \text{creditable service up to 20 years}$
+
 $2\% \times \text{FABP} \times \text{creditable service over 20 years}$
(not to exceed 10 years)

(FABP: Final Average Basic Pay)

Final Average Basic Pay

FABP is an average of your highest **three (3)** years annual basic pay during your entire employment with AACO as of the anniversary date of your date of termination.

However, if you had an involuntary salary reduction, then your FABP will be based on your last **five (5)** years only.

Retirement Calculation

Benefit example:

$$\begin{aligned} 2.5\% \times \$100,000 \times 20 \text{ yrs} &= \$50,000 \\ + 2.0\% \times \$100,000 \times 10 \text{ yrs} &= \underline{\$20,000} \\ &\quad \mathbf{\$70,000/\text{yr}} \end{aligned}$$

Types of Service Credit

- **Actual Plan Service**

Years and months from date of hire to date of retirement

- **Disability Leave Service**

See conversion table. Counts towards 20 years eligibility

- **Pre-plan Military Service credit**

- Max of 36 months

- Submit DD-214 Member Copy-Honorable discharge and/or required Active Duty Training Credit Report

- Fire and Police** participants must have 20 years of actual plan service to attain military credit.

- DODS** participants must meet retirement eligibility requirements to attain military credit.

Types of Service Credit (continued)

■ Transferred Service

DODS participants:

Available under certain conditions. Must have completed the transfer in the first year of AA County employment. Transferred credit counts towards vesting. Does not count toward DROP eligibility.

Fire and Police Plans:

Only available for service before January 1, 1997 under certain conditions. Must have completed the transfer before March 5, 2001. Does not count towards DROP eligibility

Disability Hours Credit Conversion Table

40/80 Hours			Months	84 Hours			MONTHS
# Of Hours		Decimal Equivalent		# Of Hours		Decimal Equivalent	
0	87	0.0000	0	0.0	91.4	0.0000	0
88	263	0.0833	1	92.40	277.10	0.0833	1
264	439	0.1667	2	278.10	461.90	0.1667	2
440	615	0.2500	3	462.90	646.70	0.2500	3
616	791	0.3333	4	647.70	831.50	0.3333	4
792	967	0.4167	5	832.50	1016.30	0.4167	5
968	1143	0.5000	6	1017.30	1201.10	0.5000	6
1144	1319	0.5833	7	1202.10	1385.90	0.5833	7
1320	1495	0.6667	8	1386.90	1570.70	0.6667	8
1496	1671	0.7500	9	1571.70	1755.50	0.7500	9
1672	1847	0.8333	10	1756.50	1940.30	0.8333	10
1848	2023	0.9167	11	1941.30	2125.10	0.9167	11
2024	2199	1.0000	12	2126.10	2309.90	1.0000	12
2200	2375	1.0833	13	2310.90	2494.70	1.0833	13
2376	2551	1.1667	14	2495.70	2679.50	1.1667	14
2552	2727	1.2500	15	2680.50	2864.30	1.2500	15
2728	2903	1.3333	16	2865.30	3049.10	1.3333	16
2904	3079	1.4167	17	3050.10	3233.90	1.4167	17
3080	3255	1.5000	18	3234.90	3418.70	1.5000	18
3256	3431	1.5833	19	3419.70	3603.50	1.5833	19
3432	3607	1.6667	20	3604.50	3788.30	1.6667	20
3608	3783	1.7500	21	3789.30	3973.10	1.7500	21
3784	3959	1.8333	22	3974.10	4157.90	1.8333	22
3960	4135	1.9167	23	4158.90	4342.70	1.9167	23
4136	4311	2.0000	24	4343.70		2.0000	24

New Rules to Purchase Service Credit

Fire or Police Plans:

A participant who terminates employment before Normal Retirement Date and returns less than 12 months from the termination date may receive pension credit for the prior service upon repayment of the total accumulated pension contributions, under specific terms of repayment.

New hires may purchase up to 5 years of prior service credit with a Fire or Police defined benefit plan with the State of Maryland or political subdivision if the application is received within 45 days of their hire date under specific conditions.

Maximum Pension Credit

Benefit may not exceed 70% of your FABP except for additional credit for military service, accumulated disability leave or purchased prior service pension credit. Former Military and purchased prior pension service credit is always credited at the 2% rate.

Retirement Payment Options

Fire and Police Plans

IF you are married at the time of your death, your spouse will receive **100%** of your monthly pension. The spouse will continue to receive future COLA adjustments. Upon spouse's death, unmarried minor children will begin receiving benefits until the earlier of attaining age 18 or marriage.

Spouse will be eligible to continue the County health insurance benefits and cover all eligible dependents if the retiree was eligible for County health insurance benefits at death.

Retirement Payment Options

DODS

Joint and Survivor Options

Under this option you may designate one joint annuitant, either a spouse or a child.

Upon your death, this person would receive 100%, 80%, 66 2/3% or 50% of your monthly income for their lifetime.

Your monthly amount would be reduced based on the election you choose at retirement.

Retirement Payment Options

DODS

Joint and Survivor Pop-Up Options

If your joint annuitant predeceases you, your benefit “pops-up” (increases) to the amount of the unreduced Modified Cash Refund amount.

Under this option you may designate one joint annuitant, either a spouse or, if eligible, a child.

Upon your death, this person would receive 100%, 80%, 66 2/3% or 50% of your monthly income for their lifetime.

Your monthly amount would be reduced based on the election you choose at retirement.

Retirement Payment Options

All Plans

Five Year Certain and Continuous

If you are not married and have no minor, unmarried children at the time of your death; if you should die

before receiving 60 monthly payments, benefits will continue to be paid to your designated beneficiary or estate until a total of 60 payments have been made.

Calculation Sample

Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan

SAMPLE

Basic Information

Name	John Doe
Social Security Number	000-00-1234
Street Address	123 Main Street
City, State, Zip	Pasadena, MD 21122

Date of Birth	6/10/1974
Marital Status	Married
Spouse Name	Jane Doe
Spouse SSN	000-00-4321
Spouse Date of Birth	5/4/1976

Employee Contribution Data

Employee Contributions as of 1/1/2023 with interest:	\$111,649.89
Employee Contributions made in 2023 without interest:	\$0.00

Interest for 2023:	\$4,745.12
Employee Contributions as of 1/1/2024 with interest:	\$116,395.01
Employee Contributions made in 2024 without interest:	\$0.00
Interest for 2024:	\$0.00

Employee Contributions as of 1/1/2024 with interest:	\$116,395.01
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Total Post-Tax Contributions:	\$1,031.84
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Calculation Sample

Retirement Information

Normal Retirement Date	1/1/2024
Vesting Status	Vested
Benefit Commencement Date	1/1/2024
Type of Benefit Calculation	Service Retirement

Service Data

Date of Hire	7/1/2001
Date of Separation	12/31/2023

(a) County Employee Service	22.5000
(b) Transferred Service	0.0000
Transferred Employee Contributions?	Not Applicable
Annual Benefit Offset If Contrib's Not Transferred	\$0.00
(c) Purchased Service	0.0000
Months of Pre-County Military Service	36
(d) Credited Years of Pre-County Military Service	3.0000
Unused Disability Hours	1000.00
(e) Unused Disability Leave	0.5000
(f) Total Credited Service	26.0000

(f) = (a)+(b)+(c)+(d)+(e)

note: benefit calculation will effectively limit to not more than [30 yrs + (d) + (e)]

Calculation Sample

Anne Arundel County
Detention Officers' and Deputy Sheriffs' Retirement Plan

SAMPLE

Salary Data

Annual Basic Pay on 12/31/2023	\$95,000
Annual Basic Pay on 12/31/2022	\$92,500
Annual Basic Pay on 12/31/2021	\$89,000
Annual Basic Pay on 12/31/2020	\$0
Annual Basic Pay on 12/31/2019	\$0
Annual Basic Pay on 12/31/2018	NA
Annual Basic Pay on 12/31/2017	NA
Annual Basic Pay on 12/31/2016	NA
Annual Basic Pay on 12/31/2015	NA
Annual Basic Pay on 12/31/2014	NA
Maximum 3 Year Total	\$276,500
Final Average Earnings	\$92,166.67

Anne Arundel County Detention Officers' and Deputy Sheriffs' Retirement Plan

SAMPLE

John Doe (000-00-1234)

Retirement Benefits

(1) Percentage Multiplier:

$$\begin{aligned} & 2.5\% \times \text{Service Up to 20 Years} + 2.0\% \times (\text{Service Over 20 Years} + \text{Pre-County Military Service}) \\ &= (2.50\% \times 20.0000) + (2.0\% \times 6.0000) \\ &= \mathbf{62.000\%} \end{aligned}$$

(2) Maximum Multiplier:

$$\begin{aligned} & 70\% + 2.0\% \times (\text{Disability Leave Service} + \text{Pre-County Military Service}) \\ &= 70\% + 2.0\% \times (3.5) \\ &= 77.000\% \end{aligned}$$

(3) Annual Benefit at Normal Retirement Date (1/1/2024):

$$\begin{aligned} & \text{Multiplier} \times \text{Final Average Earnings} \\ &= 62.000\% \times \$92,166.67 \\ &= \mathbf{\$57,143.33} \end{aligned}$$

(4) Annual Benefit at Early Retirement Date:

Not Applicable

(5) Lump Sum Return of Employee Contributions Due to Death:

Not Applicable

Anne Arundel County

Detention Officers' and Deputy Sheriffs' Retirement Plan

SAMPLE

Name John Doe
 Date of Birth 6/10/1974
 Social Security Number 000-00-1234
 Street Address 123 Main Street
 City, State, Zip Pasadena, MD 21122
 Marital Status Married
 Spouse Name Jane Doe
 Spouse SSN 000-00-4321
 Spouse Date of Birth 5/4/1976
 Benefit Commencement Date 1/1/2024
 Type of Benefit Calculation Service Retirement

Benefit Options	Annual Benefit	Monthly Benefit	Survivor Benefit	Non-Taxable	Taxable
Modified Cash Refund Annuity	\$57,143.28	\$4,761.94		\$2.87	\$4,759.07
100% Joint & Survivor	\$52,166.16	\$4,347.18	\$4,347.18	\$2.52	\$4,344.66
80% Joint & Survivor	\$53,114.64	\$4,426.22	\$3,540.98	\$2.52	\$4,423.70
66 2/3 % Joint & Survivor	\$53,760.36	\$4,480.03	\$2,988.18	\$2.52	\$4,477.51
50% Joint & Survivor	\$54,600.36	\$4,550.03	\$2,275.02	\$2.52	\$4,547.51
100% Joint & Survivor Pop Up	\$51,903.24	\$4,325.27	\$4,325.27	\$2.52	\$4,322.75
80% Joint & Survivor Pop Up	\$52,869.00	\$4,405.75	\$3,524.60	\$2.52	\$4,403.23
66 2/3 % Joint & Survivor Pop Up	\$53,537.52	\$4,461.46	\$2,975.79	\$2.52	\$4,458.94
50% Joint & Survivor Pop Up	\$54,394.68	\$4,532.89	\$2,266.45	\$2.52	\$4,530.37

COLAs	Pre-2/1/1997	Post-2/1/1997
FULL PRE/POST on MCR Annuity Only: (Print Optional Forms for J&S Options)	N/A	\$4,761.94

Participant

Date

Prepared by

Date

Cost of Living Adjustments

Police and Fire Plans

Benefit adjustments due to COLA's occur on July 1 of each year. There are two different COLA's: one is applied to benefits earned (accrued) prior to February 1, 1997; the other is applied to benefits earned after January 31, 1997.

Pre 2-1-97 Benefit: 4% cap, compounded

- Must be retired on or before April 1st
- First COLA will be prorated based on when you retire

Post 2-1-97 Benefit: 60% of CPI up to 2.5% cap, compounded

- To be eligible for first COLA, you must be retired as of January 1st

Cost of Living Adjustments

DODS Plan

Benefit adjustments due to COLA's occur on July 1 of each year. There are two different COLA's: one is applied to benefits earned (accrued) prior to February 1, 1997; the other is applied to benefits earned after January 31, 1997.

Pre 2-1-97 Benefit: 4% cap, compounded

- Must be retired on or before September 1st
- First COLA will be prorated based on when you retire

Post 2-1-97 Benefit: 60% of CPI up to 2.5% cap, compounded

- To be eligible for first COLA, you must be retired as of January 1st



Deferred Retirement Option Program

Understanding DROP Benefit

What is DROP?

DROP is a voluntary program that provides your monthly retirement benefits while you are an active employee for up to 7 years.

- 4.25% annual interest yield will be compounded monthly on your DROP account.
- Pension contributions stop after DROP entry.
- DODS years after the 3rd are subject to Appointing Authority approval.
- Fire and Police 6th and 7th year approvals needed for certain positions.

What is the DROP Lump Sum account?

- The DROP Lump Sum account is the “account” established to record the DROP benefits for each DROP participant.
- An amount equal to the monthly retirement benefit, calculated at the time you entered DROP, plus applicable COLA's, will be “credited” to your DROP Lump Sum “account.”
- A Final Lump Sum account worksheet will be provided at the time of retirement.

DROP Eligibility

- Must have 20 years of **Actual Plan Service** as of the DROP election date selected
 - Disability leave, military or transferred service does not count.
- Must submit the application between 30 and 90 days prior to your DROP election date
- If you decide to not enter DROP you must rescind your application two weeks (14 days) prior to the DROP date selected
- If you rescind timely you will still be eligible to apply at a later date

DROP Early Exit Rules

If you exit DROP for any reason before the end of the initial three years, the Lump Sum would be forfeited and an actuarial reduction would be applied to your pension for missed pension contributions during your DROP participation period, until all missed contributions are received by the County (not a lifetime reduction).

You will have the option to pay all the missed contributions within 30 days of ending your DROP participation or ending your County employment.

You will also have the option to pay the missed contributions through payroll deductions up to three years if you continue working with the County after you exit DROP.

DROP Early Exit Rules

If you exit DROP after the end of the initial three years, but before the end of a renewal year, you would keep the Lump Sum for all full years completed in DROP and your pension would not be subject to an actuarial reduction.

If you exit DROP, you cannot participate in DROP again.

Disability During DROP Rules

If you exit DROP due to a disability, you will forfeit any DROP lump-sum accumulated. Your disability pension will be calculated using the service/salary accrued while in DROP and an actuarial reduction will be applied to your monthly pension for missed contributions until all missed contributions are received by the County (not a lifetime reduction).

You will have the option to pay all missed contributions within 30 days of ending your DROP participation.

Death During DROP

DROP Lump Sum as of the date of death is paid to the beneficiary regardless of Active or Non-Duty Death.

Active Duty Death: Pension will be calculated using service/salary accrued/earned while in DROP and your surviving spouse will take an actuarial offset in monthly income for your missed contributions.

Non-Duty Related Death: Pension will not be calculated using service/salary while in DROP. DROP pension will be adjusted for COLAs. No actuarial offset in surviving spouse benefit.

What will a DROP participant receive at the end of their DROP period?

- A participant will begin to receive the monthly retirement benefit that was calculated at the time they entered **DROP**, adjusted for any changes in the Disability Leave balance and applicable COLA's.
- The participant's **DROP** Lump Sum

DISABILITY LEAVE CALCULATION

Disability Leave balance when you entered DROP is compared with the Disability Leave balance when you exit DROP.

- **If balance is:**
 - SAME: No Change to monthly pension**
 - LESS: Lower monthly pension**
 - GREATER: Higher monthly pension**
- Changes to your D/L balance DO NOT change your DROP Lump Sum benefit amount.

Is DROP taxable?

- An amount equal to any Post-Tax contributions the participant made to the plan, if any, will result in a portion of the participant's DROP Lump Sum being reported as Non-Taxable.
- The remaining amount in the DROP Lump Sum account is considered to be Pre-Tax. This is taxable and will be reported as ordinary income in the year in which a participant receives the funds.
- Participants should consult with their attorney, tax professional or financial planner prior to the distribution of these funds.

DROP LUMP SUM

- The participant must elect how they will receive their DROP Lump Sum account balance. You can:
- Elect Lump Sum paid to you: 20% Federal & 7.75% State taxes are withheld at payment. IRS imposes a 10% tax penalty if the separation date from DROP service occurred before the calendar year in which Participant attains age 50 for Fire, Police, and Deputy Sheriffs, or age 55 for Detention Officers and Category II DODS participants
- Elect Lump Sum rollover to an IRA or eligible qualified plan (avoiding taxes and penalties)
- Elect a partial Lump Sum, the balance rolled over to IRA or eligible tax-deferred qualified plan. Post-Tax amount paid to you; Pre-Tax amount rolled over

Note that the AACO 457(b) Plan is the ONLY rollover option which would allow post-rollover DROP distributions before 59½ without a 10% tax penalty for Fire, Police, and Deputy Sheriffs.

REMEMBER

YOUR DROP ACCOUNT

STOPS

EARNING INTEREST

AS OF THE DATE YOU EXIT DROP

T. Rowe Price

Entering DROP is a great
time to increase your
contribution to the
Anne Arundel County 457(b)
Deferred Compensation Plan

FINAL STAGE COMPLETING THE RETIREMENT PROCESS

What do I do?

- Schedule a counseling session 4-8 weeks prior to your retirement date
- Review the final figures and paperwork sent to you by the analyst (Analyst will send paperwork 60 days prior to DROP exit date to DROP participants)
- Decide what you intend to do with the DROP lump-sum
- Notify your employer at least 2 weeks prior to retirement
- Locate copies of your marriage certificate (if applicable) as well as proof of birth for both you and your spouse. Birth certificates are required for all dependents covered on your retiree insurance.

Reemployment After Retirement

County policy requires that a retiree be removed from the County payroll for at least 30 days before being reemployed.

No offer of re-employment should be discussed by you and your employer prior to retirement.

Reemployment After Retirement

Reemployment with an Anne Arundel County Pension System participating employer:

If you are reemployed with the County after you retire your retirement benefit will be offset

\$1.00 for every \$2.00

you earn as a rehired retired employee.

Exceptions to Reemployment Offset

- Rehired with the County in a contractual agreement to work 1500 hours or less per Calendar Year;
- Rehired with the County in a grant funded position regardless of hours;
- Rehired with the County with the Office of the State's Attorney or the Office of the Sheriff in a position that requires the employee to be certified as a Police Officer by the Police Training Commission. Note: Retiree must have been certified as a Police Officer by the PTC at the time the employee retired.

NOTE: Certain employees who retired from certain exempt positions may still incur an offset.

NEW Exceptions to the Reemployment Offset

- A classified employee who retired from the County and is rehired after 90 days of retirement can be reemployed as a classified employee without a reduction in their pension if reemployed in a different job classification than that which the retiree held at the time of retirement.
- If the retiree described above was a uniformed officer, then they can be reemployed as a classified employee without a reduction in their pension if reemployed as a non-uniformed officer or in a different department from which the retiree retired after 90 days of retirement.
- Employees rehired under these exceptions DO NOT accrue a new pension benefit during the period of reemployment.

IAFF/Battalion Chief DROP Retirees- Reemployment

DROP Participants who were represented by IAFF or Battalion Chiefs Union upon retirement from DROP are subject to an offset in their pension regardless of the employment accepted with a participating County employer.

There are currently no reemployment offset exceptions at this time.

Reemployment After Retirement

If you receive a Normal or Early retirement and accept employment with the private sector or with a non-participating employer:

**NO REDUCTION IN YOUR PENSION
AND NO RESTRICTIONS**

Reemployment After Retirement

Distributions from your 457(b) T. Rowe Price account are not permitted during your period of reemployment unless you are older than 59 1/2.

You are permitted to resume salary deferral contributions into the 457(b) Plan during your period of reemployment.



- The 457(b) Plan is administered by T. Rowe Price
- Allows for additional savings pre-tax or post-tax Roth
- Offers various investment Retirement Funds
- Deferrals may be changed at any time
- Deferrals may be stopped at any time
- Enroll at any time



ROTH option:

This will allow you to contribute to your 457 account on an after tax basis and pay no taxes on qualifying distributions when the money is withdrawn.

There is a minimum of 5 years from first deposit and age 59 1/2 to get the tax savings.

This is NOT a ROTH IRA.



CONTRIBUTIONS:

- Lesser of 100% of eligible compensation or IRS Limitation
- Contribution Limit 2025: \$23,500
- Over 50 Catch-up 2025: \$7,500 (\$31,000 total)
- **NEW: Ages 60–63 Catch-up 2025: \$11,250 (\$34,750 total)**
- 457 Special Catch-up:
 - 2 x allowable limit (\$47,000) in the 3 consecutive calendar years prior to year of normal retirement age.
 - not required to retire after participating.
- Final balances for Annual Leave, Disability Leave, Comp hours (except executive CT) are all eligible to be deferred into your Plan account



Before-Retirement Distributions Limited to:

- 1) Loan
- 2) Unforeseeable Emergency (Financial Hardship), or
- 4) You are 59 ½ or older
- 5) Qualified Birth or Adoptions

After-Retirement Distributions:

- Assets are immediately available to the participant upon retirement
- No decision or action required at retirement
- Distributions mandatory starting at age 72
- Taxed as ordinary income at distribution for non-Roth contributions



Distribution Options:

- Do Nothing
- Lump Sum
- Partial Lump Sum
- Installment payments
- Fixed payment amount over period of X years
- Rollover to an eligible retirement plan.



The Anne Arundel County
Deferred Compensation Plan

➔ IT'S A
SNAP!

Loans after Retirement:

If you have an existing loan balance at the time your employment ends you may:

- Contact TRP and arrange to continue making manual monthly loan payments on the existing loan balance, or
- Contact TRP and request the total payoff amount and pay in full, or
- Take a Plan Loan Offset rather than paying back the loan.
If the participant does not continue loan payments, the loan will cease to exist and the loan amount will be considered a taxable distribution after the greater of 90 days or the end of the calendar quarter following a missed loan payment.

Contact Information

Pension Team

Email: pension_team@aacounty.org

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Amy Lukas – Analyst for A-L

Cheryl Wyngarden – Analyst for M-Z

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