**ERFC Plan - Benefit Payment Types**

**Standard Formula**
Under the Standard formula, a member receives a larger benefit prior to full Social Security age. At full Social Security age, the benefit is reduced. For members who retire prior to age 55, there may also be a reduction in benefits at age 55.

**Alternative Guarantee and Alternative Level Guarantee**
The Alternative Guarantee and Alternative Level Guarantee benefit payment types are variations of the Standard Formula that apply only to members who were employed with FCPS in an eligible ERFC position prior to July 1, 1988.

**Level Lifetime Benefit (LLB)**
Under the Level Lifetime Benefit (LLB) payment type, a member receives a level benefit for life. The LLB is of actuarial equivalent value to the other payment types, but with a present value (in actuarial terms) at least equal to the member’s accumulated contribution balance at the time of retirement.

**ERFC Plan Benefit Structure Payment Options**

**Basic Benefit Option**
Under this benefit option, retirement benefits are paid for the life of the member with no provision for payments to survivors or to the member's estate.

**Option A - 100 Percent / Surviving Spouse Option**
Under Option A, a member's pension is reduced to a certain percent of the pension otherwise payable. Such percent shall be 85 percent if the member's age and the nominated beneficiary's age are the same on the effective retirement date. If the ages of the member and the nominated beneficiary are different, the pension is decreased by an additional six-tenths of one percent for each year that the beneficiary's age is less than the member's age, or shall be increased by six-tenths of one percent, up to a maximum of 94 percent, for each year that the beneficiary's age is greater than the member's age. The member and beneficiary ages are calculated in whole numbers according to the ages reached on their last birthdays, prior to the retirement date. Upon the member's death, 100 percent of the reduced pension to which the member would have been entitled had he or she lived shall be paid to the surviving beneficiary for life.

Under Option A, only a spouse or a former spouse (if provided for by an approved Domestic Relations Order) may be the nominated beneficiary.

**Option B - 50 Percent Survivor Option**
Under Option B, the member's pension shall be reduced to a certain percent of the pension otherwise payable. Such percent shall be 91 percent if the member's age and the nominated beneficiary's age are the same on the effective retirement date. If the ages of the member and the nominated beneficiary are different, the pension shall be decreased by an additional three-tenths of one percent for each year that the beneficiary's age is less than the member's age, or shall be increased by three-tenths of one percent, up to a maximum of 97 percent, for each year that the beneficiary's age is more than the member's age. Upon the member's death, 50 percent of the reduced pension to which the member would have been entitled had he or she lived shall be paid to the surviving beneficiary for life.

Option B requires that the nominated beneficiary be a spouse, former spouse, a dependent child who is physically or mentally incompetent as determined by a court or the Board of Trustees, or another person 40 years of age or older who has received more than one-half support from the employee for at least one year prior to the employee's retirement.
Option C - 120 Payments Certain Option
Under Option C, the member's pension is reduced to 96 percent of the pension otherwise payable. If the member dies before receiving 120 monthly pension payments, the reduced payments will be continued for the remainder of the period of 120 months and will be paid in equal shares to the person or persons nominated by the member. If such nominated beneficiary or beneficiaries predecease the member, the member may nominate a successor beneficiary or beneficiaries. If no nominated beneficiary survives the member, the reserve value of the remainder pension payments shall be paid to the member’s estate. If the last nominated beneficiary receiving pension payments dies before all such pension payments are made, the reserve value of the remainder pension payments shall be paid to such beneficiary's estate.

Option D - Single Sum Payment Option
Under this option, a member receives a partial lump sum payment at retirement, and a reduced monthly retirement benefit. The lump sum can be as small as $1,000 or as large as the member's total accumulated contributions, less interest and purchased service credit amounts. The reduced monthly pension benefit is payable for the life of the member with no provision for payments to survivors or to the member's estate.

Under any of these payment options, if all pensions payable on account of a member terminate before payment in total of benefits is equal to the member’s accumulated contributions (including any payments for purchased service credit and including interest), any remaining difference shall be paid to the member’s named beneficiary or, if there is no surviving named beneficiary, to the member's estate.

The following changes are the only ones that a member is permitted to make after the effective retirement date:

1) After the effective retirement date, if the nominated beneficiary dies or the member's marriage to a spouse nominated as beneficiary is dissolved, the member may make a written election to cancel Option A or Option B and return the member to the unreduced benefit that would have been payable if no option had been elected, to be effective the month following the System's receipt of the written election.

2) A member who is receiving an unreduced benefit and who marries after retirement may elect Option B for the benefit of the new spouse, provided such election is received by the System within six months after the date of such marriage. Such election shall be effective the first day of the month following its receipt by the System.

Under any of these payment options, a member entitled to a pension that is less than $100 per month shall be provided a one-time payment that is the actuarial equivalent of the total benefit to which the member is entitled, in lieu of monthly pension payments.