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This handbook summarizes the main provisions of the retirement plan for members of the Educational Employees’ Supplementary Retirement System of Fairfax County (ERFC) whose ERFC membership commenced on or after July 1, 2001. A separate publication addresses the benefit provisions for those whose ERFC membership commenced prior to July 1, 2001. This handbook is not a legal document, but is intended only to provide general information regarding the retirement plan.

The detailed provisions of the Virginia Code, Fairfax County Ordinance, the ERFC Plan Document, and the Board of Trustees’ official rules and regulations govern the actual operation of ERFC. In the event of any conflict between the information contained in this handbook and the provisions of the Code, Ordinance, Plan, and regulations, the provisions of the Code, Ordinance, Plan, and regulations will govern. The full Plan Document may be accessed online at the ERFC website: www.fcps.edu/erfc. Copies may also be obtained for a nominal fee at the ERFC office: 8001 Forbes Place, Suite 300, Springfield, Virginia 22151-2205.

Be aware that changes may occur after the printing of this handbook and such changes could affect your benefits. Members will be notified if and when such changes occur, but you are also encouraged to visit the ERFC website regularly for the most current information. Any questions regarding your retirement benefit entitlement, benefit estimates, refund of contributions, or taxation of retirement benefits should be directed to the ERFC office.

The rules in this handbook apply only to members who entered active employment in jobs covered by ERFC on or after July 1, 2001. In addition, members who have received a refund of their contributions from ERFC and return to covered employment on or after July 1, 2001, are governed by ERFC 2001.

The ERFC 2001 pension plan represents an important source of financial security for you and your family. Members are encouraged to read this handbook carefully to understand your rights and responsibilities under ERFC 2001.

ERFC
8001 Forbes Place, Suite 300
Springfield, Virginia 22151-2205

Handbook edition updated as of summer 2017
THE ERFC MISSION STATEMENT

To enhance the financial security of our members through prudent financial stewardship of a defined benefit plan while providing outstanding retirement services and education.

ERFC VISION

To be a leader among our peers in providing professional and personalized service to our members and beneficiaries.
The Educational Employees’ Supplementary Retirement System of Fairfax County (ERFC) was established July 1, 1973, to provide members an independent retirement plan that would supplement their primary benefits from the Virginia Retirement System (VRS) and the Social Security Administration throughout retirement. ERFC is a public sector defined benefit plan, which operates under terms incorporated in the Fairfax County Ordinance and the ERFC Plan Document. The Fairfax County School Board authorizes all changes governing the provisions of the Plan.

The ERFC Defined Benefit Plan has been improved and amended several times as necessary over the years since its inception. In early 2001, a new Plan of benefits, ERFC 2001, was developed for all FCPS educational and administrative employees hired on or after July 1, 2001. In 2017, the original ERFC 2001 Plan became ERFC 2001 Plan Tier 1 and was closed to new employees. A new benefit structure, ERFC 2001 Plan Tier 2, was developed for all FCPS educational and administrative employees hired on or after July 1, 2017. The ERFC and ERFC 2001 Plans are part of the Educational Employees of Fairfax County Defined Benefit Plan.

The information provided in this handbook includes only those provisions applicable to members covered under the ERFC 2001 structure of benefits. References to “ERFC,” the legacy retirement plan covering members hired prior to July 1, 2001, are distinguished in print by italicized type. When not italicized, “ERFC” refers to the umbrella organization that administers the ERFC and ERFC 2001 retirement programs.
ERFC ADMINISTRATION AND ASSISTANCE

Under the management of the Executive Director/CIO, the ERFC staff performs the direct services for members and their beneficiaries, such as responding to members’ inquiries, calculating retirement benefit estimates, processing retirement applications, maintaining member accounts, and processing the retirement payroll. The Board of Trustees and ERFC staff work together to provide you consistent and thorough benefit information throughout your FCPS career and during your retirement.

ERFC provides you secure and direct online access to your retirement information. Members and retirees are encouraged to register with ERFCDirect at:

www.fcps.edu/erfcdirect

Another resource for ERFC information is the ERFC Call Center, which is staffed weekdays throughout the year from 8 a.m. to 4:30 p.m. EST. Office appointments may be scheduled at convenient times, including late afternoons, for members who are within five years of retirement eligibility. Pre-retirement information sessions are also scheduled throughout the school year for those members within five years of retirement eligibility, and a retirement information seminar is held annually for all FCPS employee members. Presentations and in-service workshops at schools and other FCPS work sites may also be scheduled upon request by ERFC and ERFC 2001 members.

ERFC publishes two biannual newsletters: Retirement Review for Employees and Retirement Review for Retirees; a Comprehensive Annual Financial Report (CAFR); and a Summary Annual Report. ERFC active employee members also receive monthly e-newsletters, and an annual member benefit statement which is posted to each member’s ERFCDirect account in August. All current publications and related information updates are posted on the ERFC website: www.fcps.edu/erfc/

Your ERFC membership provides the support of a lifelong relationship. Be assured that the ERFC Board and professional staff will be available with the information you need every step along the way.

CONTACTING ERFC

ERFC Office
8001 Forbes Place, Suite 300
Springfield, Virginia 22151-2205

ERFC Phone Numbers
Local: 703-426-3900
Out of Area: 1-844-758-3793
Fax: 703-426-3984

E-mail erfcoffice@fcps.edu
Website www.fcps.edu/erfc/
ERFCDirect www.fcps.edu/erfcdirect

ADDITIONAL RESOURCES

Retirement Issues
Virginia Retirement System (VRS)
www.varetire.org

Social Security Administration
www.ssa.gov

Health Benefits & Insurance Information
FCPS Office of Benefit Services
Phone: 571-423-3200
E-mail hrconnection@fcps.edu
Website http://www.fcps.edu/hr/benefits/index.shtml
**ERFC 2001—A DEFINED BENEFIT PLAN**

The Educational Employees of Fairfax County Defined Benefit Plans (ERFC and ERFC 2001) are defined benefit retirement plans qualified under section 401(a) of the Internal Revenue Code. With a defined benefit plan, a set formula is established and used to compute your retirement benefit based upon your compensation level and length of service with Fairfax County Public Schools.

**BECOMING A MEMBER OF ERFC 2001**

Employees who began working full time in an educational, administrative, or support position with Fairfax County Public Schools on or after July 1, 2001, are enrolled automatically as members of ERFC 2001. These members include:

- Full-time teachers and related educational personnel, instructional assistants, administrators, administrative support and technical staff members who entered Eligible Employment on or after July 1, 2001.

- Full-time teachers and related educational personnel, instructional assistants, administrators, administrative support and technical staff members who earned Credited Service under ERFC on or before June 30, 2001, left Eligible Employment and received a refund of their ERFC Accumulated Contributions, and returned to Eligible Employment on or after July 1, 2001.

Employees ineligible for ERFC 2001 membership include:

- Seasonal or part-time employees in any of the above job classifications
- Employees who transferred into Eligible Employment from other FCPS positions after July 1, 2001, but elected at that time to remain a member of the Fairfax County Employees’ Retirement System (FCERS)

As cited in the Introduction on page 1, all full-time educational, administrative, and support employees hired by FCPS prior to July 1, 2001, are members of the ERFC Legacy Plan benefit structure. Individuals choosing to return to Eligible Employment after an earlier resignation from FCPS, during which they maintained their pre-July 1, 2001 ERFC accumulated contributions on deposit, will continue enrollment under the ERFC benefit structure upon their re-employment.

**ERFC FUNDING**

The ERFC and ERFC 2001 plans are funded by three sources: member contributions, employer contributions, and investment income.

**MEMBER CONTRIBUTIONS**

Your member contribution rate currently equals 3 percent of your paid contract salary or base compensation (if you do not have a contract) in Eligible Employment.

Your ERFC 2001 member contributions are automatically withheld from your salary by FCPS, and credited to an account in your name. As allowed by law since July 1, 1985, member contributions are treated as employer contributions for federal tax purposes. This means that you will not be required to pay income tax on your ERFC 2001 contributions until you withdraw deposited funds from the system, or begin to receive ERFC 2001 retirement benefits.

Upon the start of full-time employment, an account is established for each active ERFC 2001 member. Interest is credited to each member’s account annually on July 1 for all contributions that have been in the ERFC system for at least one fiscal year. Currently, accounts earn interest at a rate of 4 percent. Based upon ERFC’s financial standing, the Board of Trustees may adopt a different rate for a particular year.
FCPS CONTRIBUTIONS

The exact share of FCPS contributions to ERFC is determined by the Fairfax County School Board as part of the budget process, upon the recommendation of the ERFC Board of Trustees and its actuary. The funding policy of the Plan is to establish and receive contributions that will remain approximately level from generation to generation of citizens, and which, when combined with other assets, will be sufficient to pay benefits when due, while providing a reasonable margin for adverse experience.

ERFC INVESTMENTS

With the assistance of an investment consultant and staff, the ERFC Board of Trustees holds all of the contributions in trust and supervises the investment of the trust’s assets by registered investment advisors. This investment income is an integral component of the income structure utilized to pay ERFC 2001 member benefits.

The ERFC publishes a Summary Annual Report, as well as a complete review of the System’s yearly financial statements and investments in its Comprehensive Annual Financial Report (CAFR). Both publications may be accessed directly on the ERFC website at: www.fcps.edu/erfc. Members may also request copies by calling the ERFC office at: 703-426-3900 or 1-844-758-3793.

PLAN YEAR

Records are maintained on a fiscal-year basis. The plan year is July 1 through June 30.

YOUR ANNUAL RETIREMENT STATEMENT

Each year, a member benefit statement will be posted to your ERFCDirect account, with pertinent retirement information. The statement also details your Accumulated Contributions, with all interest accrued in your name through July 1, plus an estimate of your monthly ERFC 2001 retirement benefit, as projected at your earliest full service retirement date. Any statement discrepancies should be reported immediately to ERFC.

PRESENTING CLAIMS FOR BENEFITS

The filing procedures to initiate your ERFC benefits are addressed in Chapter 9 of this handbook, with additional notes summarized in Chapter 11’s Frequently Asked Questions (See the responses to questions 7–9).

REMEDIES AVAILABLE FOR THE REDRESS OF CLAIMS DENIED IN WHOLE OR IN PART

First Step
To request reconsideration for the denial of an ERFC benefit claim, the member should present the appeal in writing, addressed to the Chairperson of the Board of Trustees, and enclose any documents relevant to the appeal. The member may also make a personal appearance at an ERFC Board meeting to further support the appeal.

Second Step
After completing the first-step appeal, a member who is dissatisfied with the Board’s decision may file a lawsuit with the Fairfax County courts. Any such suit must be filed within two years after the application for benefits was first denied, or (if the member is dissatisfied with the amount of the benefit payment) after the first benefit payment was made.
QUALIFYING FOR RETIREMENT BENEFITS

OVERVIEW

Whether you qualify for an ERFC 2001 retirement benefit depends upon your age at the time your benefits commence and/or the amount of Credited Service you have earned during your FCPS career.

Under ERFC 2001 Tier 1, you are entitled to a full service retirement benefit if:

- You are age 60 with 5 or more years of Credited Service or
- You have completed 30 or more years of Credited Service

Under ERFC 2001 Tier 2, you are entitled to a full service retirement benefit if:

- Your age and service equal 90 (the rule of 90) or
- You’ve reached full Social Security age* with at least five years of service

*See Social Security Eligibility Table, page 38

ERFC 2001 CREDITED SERVICE

With few exceptions, Credited Service refers to the periods of time for which you have made member contributions to ERFC as an active FCPS employee. Credited Service may also include Military Service Credit earned during active FCPS employment, to the extent required by federal law.

As an ERFC member, your service is credited to coincide with your monthly contributions to the system, according to the length of your FCPS employment contract, so that you will receive 12 months credit for each year of service, whether you work 10, 11 or 12 months of the year.

VESTING SERVICE

Vesting refers to the point at which you have earned the right to receive a benefit from ERFC. Under the ERFC 2001 benefit structure, a member is vested after completing a minimum of five years’ Vesting Service. You receive Vesting Service credit for all periods of service during which you are a contributing member of ERFC. To the extent required by federal law, you may also receive Vesting Service for periods of active-duty military service. You cannot receive more than one year of Credited Service for any fiscal year.

DEFERRED VESTED BENEFIT

To be “vested” means that you have earned the right to receive a retirement benefit even if you leave FCPS before you retire. If you leave FCPS as a vested employee and retain your Accumulated Contributions on deposit in ERFC, you will be eligible to receive a retirement benefit when you reach eligibility age. See Chapter 8 in this handbook for more information about preserving your vested status when you leave FCPS before retirement.

MILITARY SERVICE CREDIT

You may be entitled to Military Service Credit, pursuant to federal law, including Section 414(u) of the Internal Revenue Code. ERFC will grant Credited Service as the law dictates, and you are not required to make member contributions as a condition of receiving that credit. If you are called to active-duty military service while you are an active ERFC 2001 member, you should immediately notify ERFC of your leave assignment. Upon completing your active-duty military assignment, you must return to your FCPS Eligible Employment within the time period specified by law in order to receive credit for the leave.

Effective July 1, 2013, members are credited service according to the chart below:

<table>
<thead>
<tr>
<th>CONTRACT PERIOD</th>
<th>MONTHLY CREDITED SERVICE</th>
<th>TOTAL CREDITED SERVICE PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 months</td>
<td>1.2000</td>
<td>12</td>
</tr>
<tr>
<td>11 months</td>
<td>1.0909</td>
<td>12</td>
</tr>
<tr>
<td>12 months</td>
<td>1.0000 (no change)</td>
<td>12</td>
</tr>
</tbody>
</table>
As explained in Chapter 1, your ERFC 2001 benefit is designed to supplement the benefits you will also earn and receive separately from the Virginia Retirement System (VRS) and the Social Security Administration. The ERFC 2001 benefit is based upon your Final Average Compensation (FAC) and your years of Credited Service.

In projecting your benefits, you may choose to:

• Use the Estimate a Benefit feature provided online with ERFCDirect at: www.fcps.edu/erfcdirect

—OR—

• Perform manual calculations using the formula cited on this page.

In Sample 1 on the following page, we demonstrate the benefit calculation for an ERFC 2001 Tier 1 member with fewer than 30 years of Credited Service in Fairfax County Public Schools. In Sample 2, we demonstrate the benefit calculation that would commence at full Social Security retirement age for a vested ERFC 2001 Tier 2 member with 5.5 years of Credited Service. In addition to these manual calculations, Chapter 6 contains information and demonstrations of benefit estimates as they would be displayed using the ERFCDirect online benefit estimator.

Your monthly ERFC 2001 benefit is determined by the following formula:

**ERFC 2001 BENEFIT FORMULA**

\[
0.8\% \times \text{Final Average Compensation}^* (\text{FAC}) \times \frac{\text{Years of Service}}{12} = \text{ERFC 2001 Basic Benefit Retirement Annuity}
\]

*ERFC 2001 Tier 1 Final Average Compensation (FAC) = highest average salary paid over three consecutive years' employment

*ERFC 2001 Tier 2 Final Average Compensation (FAC) = highest average salary paid over five consecutive years' employment

**BENEFIT LIMITATIONS**

Your ERFC 2001 benefits are also subject to certain limits set forth in Section 415(b) of the Internal Revenue Code. For additional information on these limits, contact ERFC at 703-426-3900.
## Estimating Your ERFC 2001 Benefits

### SAMPLE 1: ERFC 2001 Tier 1 Service Retirement Basic Benefit — Age 60 with Fewer than 30 Years’ Credited Service

**Sample Calculation Assumptions:** An ERFC 2001 Tier 1 member commencing retirement at age 60, with 20 years of Credited Service, and a Three-Year Final Average Compensation (FAC) of $60,000.

<table>
<thead>
<tr>
<th>STEP 1</th>
<th>Multiply the Final Average Compensation (FAC) by 0.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 60,000.00 \times 0.8% = $ 480</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STEP 2</th>
<th>Multiply the total from Step 1 by Years of Service to determine the Annual ERFC 2001 benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 480 \times 20\text{ years} = $ 9,600.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STEP 3</th>
<th>Divide the total from Step 2 by 12 to determine the monthly ERFC 2001 benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 9,600.00 \div 12 = $ 800.00</td>
</tr>
</tbody>
</table>

### SAMPLE 2: ERFC 2001 Tier 2 Service Retirement Basic Benefit — Full Social Security Age with at Least Five Years’ Credited Service

**Sample Calculation Assumptions:** An ERFC 2001 Tier 2 member retiring with 5.5 years of Credited Service at Full Social Security Age and a Five-Year Final Average Compensation (FAC) of $60,000.

<table>
<thead>
<tr>
<th>STEP 1</th>
<th>Multiply the Final Average Compensation (FAC) by 0.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 60,000.00 \times 0.8% = $ 480</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STEP 2</th>
<th>Multiply the total from Step 1 by Years of Service to determine the Annual ERFC 2001 benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 480 \times 5.5\text{ years} = $ 2,640.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STEP 3</th>
<th>Divide the total from Step 2 by 12 to determine the monthly ERFC 2001 benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 2,640.00 \div 12 = $ 220.00</td>
</tr>
</tbody>
</table>
Your Benefit Payment Options with ERFC 2001

OVERVIEW

As a general rule, your retirement benefits cease when you die. Accordingly, if you die during retirement, neither your surviving spouse, nor any other beneficiary, will be eligible to assume any portion of an ongoing ERFC 2001 pension benefit.

If you would prefer to establish a continuing benefit for your spouse (or former spouse) after your death, you may elect an optional form of benefit payment that will provide a reduced benefit for you during your lifetime and a benefit for your surviving spouse after your death. These optional forms of benefits can also be used to provide a continuing benefit after your death to certain beneficiaries other than your spouse (or former spouse).

Your benefit payment option must be elected prior to retirement. Once you begin your retirement, you will be unable to change your benefit payment option except under very limited circumstances, which are described later in this chapter. Regardless of which ERFC 2001 benefit payment option you select, in the event you should die before receiving benefits equal to your Accumulated Contributions, ERFC will refund any remaining balance in your account to your Named Beneficiary or to your estate (if there is no Named Beneficiary).

The following paragraphs detail each of the ERFC 2001 benefit payment options available to you in retirement. This section is followed by a list of important restrictions that may affect your selection of a benefit payment option. As you consider these options, you will also want to refer to the sample calculations featured in the latter pages of this chapter that display examples of benefit estimates providing for a surviving beneficiary.

FORMS OF BENEFIT PAYMENTS

BASIC BENEFIT OPTION

Under the Basic Benefit payment option, you will receive monthly retirement benefits for life. Upon your death, neither your surviving beneficiary nor your estate will receive a continuing pension benefit.

SURVIVOR OPTIONS

Option A—100 Percent Survivor Option

Benefit payment Option A allows you to provide an ongoing benefit for your surviving spouse or former spouse (if provided for by an approved Domestic Relations Order) as an eligible Nominated Beneficiary upon your death. Under Option A, your monthly benefit payment during retirement will be reduced to a certain percentage of your Basic Benefit. This reduction in your ERFC 2001 monthly benefit payment will vary based upon your age and the age of your Nominated Beneficiary as attained on each of your last birthdays, and is calculated in whole years as follows:

- If you and your Nominated Beneficiary are the same age on your effective date of retirement, your monthly benefit payment will be reduced to 85 percent of your Basic Benefit during your lifetime.
- If you are older than your Nominated Beneficiary on your effective date of retirement, your monthly benefit payment will be decreased (below the 85 percent) by an additional six-tenths of one percent for each year that you are older than your beneficiary.
- If you are younger than your Nominated Beneficiary on your effective date of retirement, your monthly benefit payment will be increased (above the 85 percent) by an additional six-tenths of one percent, up to a maximum of 94 percent of your Basic Benefit, for each year that you are younger than your beneficiary.

Upon your death in retirement under Option A, 100% of the reduced monthly benefit amount to which you would have been entitled had you lived, shall be paid monthly to your surviving Nominated Beneficiary for the remainder of his or her life.

Under benefit payment Option A, only your spouse or former spouse (if provided for by an approved Domestic Relations Order) may be elected as your Nominated Beneficiary. If you wish to elect another eligible dependent as your Nominated Beneficiary, see the Option B or Option C benefit payment types on the following page.
Option B—
50 Percent Survivor Option

Benefit payment Option B allows you to provide a limited, ongoing survivor benefit for an eligible Nominated Beneficiary upon your death. Under Option B, your monthly benefit payment during retirement will be reduced to a certain percentage of your Basic Benefit, based upon your age and the age of your Nominated Beneficiary, as attained on each of your last birthdays. Like Option A, the reduction is calculated in whole years; however, there is a lesser reduction in your ERFC 2001 monthly benefit payment under Option B than the reduction calculated under Option A:

• If you and your Nominated Beneficiary are the same age on your effective date of retirement, your monthly benefit payment will be reduced to 91 percent of your Basic Benefit during your lifetime.

• If you are older than your Nominated Beneficiary on your effective date of retirement, your monthly benefit payment will be decreased (below the 91 percent) by an additional three-tenths of one percent for each year that you are older than your beneficiary.

• If you are younger than your Nominated Beneficiary on your effective date of retirement, your monthly benefit payment will be increased (above the 91 percent) by an additional three-tenths of one percent for each year that you are younger than your beneficiary, up to a maximum of 97 percent of your Basic Benefit.

Upon your death in retirement under Option B, 50 percent of the reduced monthly ERFC 2001 benefit, to which you would have been entitled had you lived, shall be paid monthly to your surviving Nominated Beneficiary for the remainder of his or her life. Your Nominated Beneficiary under Option B must be one of the eligible persons described in the box above.

Option C—
120 Payments Certain Option

Under Option C, your pension is reduced to 96 percent of your Basic Benefit. If you die 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 you nominated as your beneficiary.

Small Pensions

If your ERFC pension totals $100 or less per month under the basic benefit option, it shall be paid to the member or eligible beneficiary in a single, lump-sum payment that is the Actuarial Equivalent of the total benefit due, in lieu of monthly benefit payments. This one-time payment may be paid directly to you, or you may elect to have all or part of the payment rolled over into an IRA account, a TDA account, or transferred into another eligible tax-deferred retirement plan on your behalf. Whichever option you select, be aware that your choice may affect the taxes you owe for the year in which the distribution is made. You are encouraged to plan ahead, and seek the professional advice of a financial planner or tax specialist.
Note that the interest rate used to calculate small pension payments is reset annually, based on the rate for the 20-year Treasury note as of December 1.

**CHANGE RESTRICTIONS AFTER RETIREMENT**

The following section outlines important information and restrictions to consider when determining an ERFC 2001 benefit payment option that will best suit your needs in retirement.

**CHANGING A BENEFIT PAYMENT OPTION**

As mentioned previously, your benefit payment option must be elected prior to retirement. Once you commence your retirement, you will be unable to change your benefit payment option, except under the following limited circumstances:

- If you elected Option A or B, and your Nominated Beneficiary dies, or if your marriage to a Nominated Beneficiary is dissolved after your effective retirement date, you may make a written election to cancel Option A or B and return to the unreduced Basic Benefit. The change in your benefit payment option would become effective the first day of the month following ERFC’s receipt of your written election.

**DIVORCE AND RETIREMENT BENEFITS**

Virginia law requires ERFC to honor certain Domestic Relations Orders (DROs) entered by Virginia courts. If you divorce in Virginia, the court may award some portion of your ERFC 2001 retirement benefit to the spouse you are divorcing, and thus could require ERFC to pay that determined portion of your monthly benefit during retirement directly to that former spouse.

ERFC will implement a court decision only upon receipt of a certified copy of an appropriate DRO. The language of the order must conform to the guidelines established by ERFC.

**Notes:**

- **ERFC guidelines differ from the rules that apply to VRS benefits.** ERFC guidelines also differ from the rules that apply to QDROs under ERISA. A copy of the Guidelines for the Development of Domestic Relations Orders, and a model Domestic Relations Order can be found on the ERFC website: [www.fcps.edu/erfc/](http://www.fcps.edu/erfc/) or you may request a copy by calling the ERFC office at 703-426-3900.

- **It is your responsibility to ensure that the DRO, and any other divorce arrangements applicable to ERFC, comply with ERFC guidelines.** ERFC staff cannot advise you about the terms of your divorce, nor can they draft any legal language for you. ERFC staff will, however, review your Domestic Relations Order. It is strongly recommended that your attorney provide ERFC a draft of an order prior to filing it with the court, to ensure the language of the order will be acceptable to ERFC.

- **ERFC will not release information about your benefit entitlement to anyone other than you without your written consent.** However, information may be secured by a subpoena without your authorization.

**CHILD AND SPOUSAL SUPPORT AND RETIREMENT BENEFITS**

If a member is receiving retirement benefits, ERFC will also comply with orders issued by a Virginia court or agency to enforce your obligation to pay support to a spouse or child. A certified copy of the child or spousal support order must be provided to ERFC. You may review the guidelines on the ERFC website or contact the ERFC office directly for information regarding child or spousal support payment regulations.
CALCULATING YOUR BENEFIT PAYMENT OPTIONS

In projecting your survivor benefit payment options, you may choose to use the Estimate a Benefit feature provided online with ERFCDirect at: www.fcps.edu/erfcdirect. (See pages 18 and 19) — OR—you can perform manual calculations using the formulas detailed below in Sample 3.

SAMPLE 3:  *ERFC 2001* Service Retirement — Standard Formula Benefit Payment Options A–C

**Sample Calculation Assumptions:** An *ERFC 2001* member retiring with 30 years of ERFC Credited Service and a Final Average Compensation (FAC) of $60,000; beneficiary is 2 years younger than member.

**STEP 1**  
Calculate the *ERFC 2001* Basic Benefit Option

FAC $ \times 0.8\% \times \text{Years of Service}$

\[
\begin{align*}
&= \$60,000.00 \times 0.8\% \times 30 \text{ years} \\
&= \$14,400.00
\end{align*}
\]

Divide by 12 to determine monthly benefit

\[
\frac{\$14,400.00}{12} = \$1,200.00
\]

**STEP 2**  
Calculate Benefit Payment Option A—100% Survivor Option

*(Available only to surviving spouse or former spouse)*

Determine the Reduction Factor:

\[
85\% - (0.6\% \times \text{number of years younger than member})
\]

\[
= 85\% - (0.6\% \times 2) = 83.8\% = 0.838
\]

Multiply Basic Benefit x Reduction Factor

\[
\$1,200.00 \times 0.838 = \$1,005.60
\]

**STEP 3**  
Calculate Benefit Payment Option B—50% Survivor Option

Determine the Reduction Factor:

\[
91\% - (0.3\% \times \text{number of years younger than member})
\]

\[
= 91\% - (0.3\% \times 2) = 90.4\% = 0.904
\]

Multiply Basic Benefit x Reduction Factor

\[
\$1,200.00 \times 0.904 = \$1,084.80
\]

**STEP 4**  
Calculate Benefit Payment Option C—120 Payments Certain

96% Reduction Factor:

\[
96\% = 0.96
\]

Multiply Basic Benefit x Reduction Factor

\[
\$1,200.00 \times 0.96 = \$1,152.00
\]

*Note:* Manual calculations for all Benefit Options A–C follow the same methodology.
ERFC’s online service, ERFCDirect, provides members, retirees and other benefit recipients secure and direct online access to their individual retirement account information. Among its service features, ERFCDirect allows active members to track their salary history, verify their service credit, review their annual benefit statements, and estimate their future benefits.

GETTING STARTED

HOW TO ENROLL IN ERFCDirect

If you are an active ERFC member, go online to www.fcps.edu/erfcdirect and follow the instructions. (You’ll also find a link to ERFCDirect on the website at: www.fcps.edu/erfc.)

If you are an inactive/deferred or retired ERFC member and you do not remember your FCPS Employee ID number, contact the ERFC office and an ERFCDirect PIN code will be mailed to you. The ERFC Call Center is available to assist you weekdays between 8 a.m. and 4:30 p.m. EST at 703-426-3900, 1-844-758-3793 or erfcoffice@fcps.edu.

Please note: In order to protect our members’ privacy, ERFC personnel cannot provide this information or any other personal data by telephone, fax or email.

ACCOUNT SUMMARY SCREEN

When you log in to ERFCDirect, your account summary screen will display your service totals and your current contribution balance.
ESTIMATE YOUR FUTURE ERFC BENEFITS IN ERFCDirect

Once you have enrolled with ERFCDirect, you can use the Estimate a Benefit feature to prepare estimates of your ERFC benefits. ERFCDirect will use data from your current ERFC records to calculate estimates based on the eligible retirement date(s) you enter.

For Example:

Click here to estimate a benefit yourself.

Your earliest eligible full-service retirement date will appear automatically, but you can enter other eligible dates for comparison.

If you wish to consider a survivor benefit payment option, enter the eligible beneficiary’s name and birth date.
ERFCDirect BENEFIT ESTIMATE REPORT

ERFC 2001 TIER 1 MEMBER WITH 30 YEARS’ CREDITED SERVICE

Under the ERFC 2001 Tier 1 benefit structure, a member can retire at any age with a minimum of 30 years’ Credited Service—OR—at age 60 with a minimum five years’ Credited Service.

The following example demonstrates a benefit estimate report as it would be provided using ERFCDirect’s Estimate a Benefit feature for an ERFC 2001 Tier 1 member retiring at age 56 with 30 years of Credited Service. The online estimate automatically applies a Final Average Compensation (FAC) rate based upon the member’s current three-year average salary to project the Basic Benefit payment.

On page 18, you will also find an example of a benefit payment estimate projected to determine the benefit payment options covering survivor beneficiaries.

OUTPUT SCREEN

Mary Smith (xxx-xx-1234)
ERFC<sup>Direct</sup> BENEFIT ESTIMATE REPORT

**ERFC 2001 TIER 1 MEMBER RETIRING AT AGE 60**

Under the ERFC 2001 Tier 1 benefit structure, a member can retire at any age with a minimum of 30 years’ Credited Service—OR—at age 60 with a minimum five years’ Credited Service.

The following example demonstrates a benefit estimate report as it would be provided using ERFCDirect’s Estimate a Benefit feature for an ERFC 2001 Tier 1 member retiring at age 60 with 20 years of Credited Service. The online estimate automatically applies a Final Average Compensation (FAC) rate based upon the member’s current three-year average salary to project the Basic Benefit payment.

On page 18, you will also find an example of a benefit payment estimate projected to determine the benefit payment options covering survivor beneficiaries.

---

**OUTPUT SCREEN**

---

**Benefit Estimate Calculation Summary for:**

**Jane M. Doe (xxx-xx-4321)**

**Run Date/Time:** 6/30/2015 3:46:22 PM
**Estimate Created:** 6/30/2015 3:45:04 PM

**Membership Date:** 09/2001
**Member’s Date of Birth:** 8/15/1961

**Retirement Date:** 9/1/2021
**Age at Retirement:** 60.00

**Salary**

- **3-Year Average Salary:** $60,000.00

**Contribution**

- **Member Contributions:** $44,000.00

**Service Totals**

- **Employment Service:** 20.00

**Payment Type**

**Basic Benefit Option**

- **Benefit Amount:** $900.00

---

*This is only an estimate of your retirement benefits from ERFC. It is based on Fairfax County Public Schools records. This should not be interpreted as either a promise of or contract for a given level of benefits. If it is later determined that information used in the calculation of this estimate is incorrect, the amount of your ERFC benefits may differ from this estimate. This estimate does not include any reductions required by a domestic relations order or a child or child and spousal support obligation. In the event of any conflict between this estimate and the provisions of the ERFC plan at the time of retirement, as interpreted by the ERFC Trustees, the latter will control.*
ERFCDirect BENEFIT ESTIMATE REPORT

ERFC 2001 TIER 2 MEMBER RETIRING UNDER THE RULE OF 90

Under the ERFC 2001 Tier 2 benefit structure, a member can retire when age and service equal 90—OR—at full Social Security age with a minimum five years’ Credited Service.

The following example demonstrates a benefit estimate report as it would be provided using ERFCDirect’s Estimate a Benefit feature for an ERFC 2001 Tier 2 member retiring when age and service equal 90. The online estimate automatically applies a Final Average Compensation (FAC) rate based upon the member’s current five-year average salary to project the Basic Benefit payment.

On page 19, you will also find an example of a benefit payment estimate projected to determine the benefit payment options covering survivor beneficiaries.

This is only an estimate of your monthly retirement benefits from ERFC. It is based on Fairfax County Public Schools records. This should not be interpreted as either a promise of or contract for a given level of benefits. If it is later determined that information used in the calculation of this estimate is incorrect, the amount of your ERFC benefits may differ from this estimate. This estimate does not include any reductions required by a domestic relations order or a child or child and spousal support obligation. In the event of any conflict between this estimate and the provisions of the ERFC plan at the time of retirement, as interpreted by the ERFC trustees, the latter will control.
**ERFCDirect BENEFIT ESTIMATE REPORT**

**ERFC 2001 Tier 2 Member Retiring at Full Social Security Age with 5.5 Years of Credited Service**

Under the ERFC 2001 Tier 2 benefit structure, a member can retire when age and service equal 90—OR—at full Social Security age with a minimum five years’ Credited Service.

The following example demonstrates a benefit estimate report as it would be provided using ERFCDirect's **Estimate a Benefit** feature for an ERFC 2001 Tier 2 member retiring at full Social Security age with 5.5 years of Credited Service. The online estimate automatically applies a Final Average Compensation (FAC) rate based upon the member’s current five-year average salary to project the Basic Benefit payment.

On page 19, you will also find an example of a benefit payment estimate projected to determine the benefit payment options covering survivor beneficiaries.

---

**OUTPUT SCREEN**

**Monthly Benefit Estimate Calculation Summary for:** Anne Smith (xxx-xx-1234)

*This is an estimate. Actual benefit amounts may vary.*

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<td>Plan Name:</td>
<td>ERFC 2001 Tier 2</td>
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**Membership Date:** 09/2017  
**Retirement Date:** 2/1/2023

**Member's Date of Birth:** 9/30/1956  
**Age at Retirement:** 66.33

**Salary**  
5-Year Average Salary: $60,000.00

**Service Totals**  
Employment Service: 5.50

**Contributions**  
Member Contributions: $4,482.56

**Payment Type (Benefits Paid Monthly)**  
Standard

**Basic Benefit Option**  
Benefit Amount: $220.00

**Option C: 120 Payments Certain**  
Benefit Amount: $211.20

This is only an estimate of your monthly retirement benefits from ERFC. It is based on Fairfax County Public Schools records. This should not be interpreted as either a promise of or contract for a given level of benefits. If it is later determined that information used in the calculation of this estimate is incorrect, the amount of your ERFC benefits may differ from this estimate. This estimate does not include any reductions required by a domestic relations order or a child or child and spousal support obligation. In the event of any conflict between this estimate and the provisions of the ERFC plan at the time of retirement, as interpreted by the ERFC trustees, the latter will control.
ERFCDirect BENEFIT ESTIMATE REPORT

ERFC 2001 TIER 1 MEMBER RETIRING WITH 30 YEARS OF CREDITED SERVICE AND SELECTING A SURVIVOR BENEFIT PAYMENT OPTION

The following example demonstrates a benefit estimate report as it would be prepared and presented in ERFCDirect for an ERFC 2001 Tier 1 member retiring at age 56 with 30 years of Credited Service and includes all of the possible benefit payment options under the ERFC 2001 Plan structure.

OUTPUT SCREEN

This is only an estimate of your retirement benefits from ERFC. It is based on Fairfax County Public Schools records. This should not be interpreted as either a promise of or contract for a given level of benefits. If it is later determined that information used in the calculation of this estimate is incorrect, the amount of your ERFC benefits may differ from this estimate. This estimate does not include any reductions required by a domestic relations order or a child or child and spousal support obligation. In the event of any conflict between this estimate and the provisions of the ERFC plan at the time of retirement, as interpreted by the ERFC trustees, the latter will control.
The following example demonstrates a benefit estimate report as it would be prepared and presented in **ERFCDirect** for an **ERFC 2001 Tier 2** member retiring at full Social Security age with 5.5 years of Credited Service and includes all of the possible benefit payment options under the **ERFC 2001** Plan structure.

**OUTPUT SCREEN**

### Monthly Benefit Estimate Calculation Summary for: Anne Smith (xxx-xx-1234)

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<td>Retirement Date: 2/1/2023</td>
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<td>Member's Date of Birth: 9/30/1956</td>
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<td>Age at Retirement: 66.33</td>
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<td>Beneficiary Date of Birth: 1/30/1954</td>
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<td>Beneficiary Age at Retirement: 69.00</td>
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<td>Member Contributions: $4,482.56</td>
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<th>Payment Type (Benefits Paid Monthly)</th>
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<td>Option C: 120 Payments Certain</td>
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<tr>
<td>Benefit Amount: $211.20</td>
</tr>
</tbody>
</table>

This is only an estimate of your monthly retirement benefits from ERFC. It is based on Fairfax County Public Schools records. This should not be interpreted as either a promise of or contract for a given level of benefits. If it is later determined that information used in the calculation of this estimate is incorrect, the amount of your ERFC benefits may differ from this estimate. This estimate does not include any reductions required by a domestic relations order or a child or child and spousal support obligation. In the event of any conflict between this estimate and the provisions of the ERFC plan at the time of retirement, as interpreted by the ERFC trustees, the latter will control.
YOUR PRIVACY AND SECURITY

ERFC is committed to protecting the security and privacy of your information. We do not sell your information to anyone. Information is shared only with those authorized to administer benefits and services for ERFC members, beneficiaries and retirees. ERFC authenticates your identity through the online account creation process, during which you select your own username and password for access to ERFCDirect.

Important notice about using email: Please do not send confidential or personal information, such as a Social Security number, via email. Email communication is not secure. To protect our members’ privacy, ERFC does not provide personal data via telephone, fax or email, and will send only non-confidential email replies.
ERFC 2001 and Death Benefits

IF YOU DIE BEFORE RETIREMENT

If you die while you are in FCPS Eligible Employment, a benefit or refund may be payable to the person or persons you have named as your beneficiary. The “Named Beneficiary” is an “Option A Eligible Beneficiary” if he or she is one of the following:

• Your surviving spouse
• Your former spouse (if provided for by an approved Domestic Relations Order).

The “Named Beneficiary” is an “Option B Eligible Beneficiary” if he or she is one of the following:

• Your former spouse (when no approved DRO is on file).
• Your dependent child who is physically or mentally incompetent as determined by a court, or otherwise verified by ERFC.
• Another person, 40 years of age or older, for whom you have provided more than 50 percent support for at least one year immediately preceding your death.

IF YOU ARE VESTED

Your Eligible Beneficiary may receive a monthly benefit if you have completed five years of Credited Service. Any other beneficiary will receive a refund of your Accumulated Contributions, regardless of your years of service. If you have not named a beneficiary, or if your Named Beneficiary does not survive you, the ERFC 2001 benefit or a refund of your Accumulated Contributions will be payable to either your contingent Named Beneficiary or to your surviving spouse, as applicable. If neither exists, a refund of your Accumulated Contributions will be payable to your estate.

IF YOU ARE NOT VESTED

If you die prior to attaining five years of Vesting Service, your ERFC 2001 Accumulated Contributions will be payable in a lump sum to your Named Beneficiary. If you have not named a beneficiary, or if neither your Named Beneficiary nor your contingent Named Beneficiary survives you, your Accumulated Contributions will be payable in a lump sum to your estate.

IF YOU ARE DEFERRED-VESTED

If you have retained your Accumulated Contributions on account with ERFC after terminating Eligible Employment with five years of Credited Service, and you die before your benefit payments commence, a monthly pension benefit or a lump-sum refund of your ERFC 2001 Accumulated Contributions will be payable as follows:

• If you should die while employed by FCPS in a position not covered by ERFC or within 90 days after terminating FCPS employment, your death shall be considered a “Death-In-Service,” with benefits payable to an eligible Named Beneficiary as described here, in an amount calculated as though you had retired on your date of death. See Calculating the Death-In-Service Benefit later in this chapter.
• If you should die more than 90 days after terminating FCPS employment as a deferred-vested ERFC 2001 member, benefit payments will be determined on the basis of whether or not you had reached retirement eligibility, as follows:

  – If you are eligible for retirement at the date of death and your Named Beneficiary is an Option A Eligible Beneficiary, your Named Beneficiary will receive a benefit payable under Benefit Payment Option A. If you had no Named Beneficiary but left a surviving spouse, your surviving spouse will receive a benefit payable under Benefit Payment Option A.
  – If you are eligible for retirement at your date of death and your Named Beneficiary is an Option B Eligible Beneficiary, a benefit will be payable under Benefit Payment Option B to your Named Beneficiary.
  – If your Named Beneficiary is not eligible for either an Option A or Option B Benefit, a lump sum refund of your Accumulated Contributions will be payable to your Named Beneficiary or to your estate.
  – If you failed to name a beneficiary, or if your Named Beneficiary predeceases you, a refund of your Accumulated Contributions will be payable to your estate.
  – If you were not yet eligible for retirement at your date of death, a refund of your Accumulated Contributions will be payable to your Named Beneficiary or to your estate.
Important Note

ERFC 2001 benefits are not paid automatically; beneficiaries must apply in writing to the System to receive any benefits to which they are entitled. If an application is delayed beyond eligibility, the beneficiary may lose a portion of the benefit.

**Calculating the Death-in-Service Benefit Payable to an Option A Eligible Beneficiary when the Vested Member Dies Prior to Retirement Eligibility**

| Final Average Compensation (FAC) | × 0.8% | × Years of Credited Service | × Early Reduction Factor* | × Option A Reduction Factor** | ÷ 12 | = Monthly Pension to an Option A Eligible Beneficiary |

If you are fully vested, but not yet eligible for retirement at the time of your death-in-service, and your Named Beneficiary is an Option A Eligible Beneficiary (or if you had no Named Beneficiary, but left a surviving spouse), a benefit would be determined as though you had retired on your date of death, and would be calculated as shown in Sample 4, (see page 23) using the formula shown above.

*The Early Reduction Factor, addressed in the formula above, is contained in a table (see page 24) and is based on the lesser of the following:

1. The difference between age 60 and the age that the deceased member would have attained at the commencement of benefits. *(See Step 1 in calculation Sample 4)*

—OR—

2. The difference between 30 years of service and the member’s years of service at the date of death *(See Step 2 in calculation Sample 4)*, if the member was in Eligible Employment or on leave from Eligible Employment on the date of death.

Note that your Option A Eligible Beneficiary or surviving spouse will have the option of delaying the commencement of benefits. The Early Reduction Factor depends in part on what your age would have been on the date the benefits commence; therefore the amount of benefits may be higher if commencement is delayed.

**The Option A Reduction Factor is detailed in Chapter 5 of this handbook.

In the example on page 23, we calculate the benefit that would be payable under Benefit Payment Option A to the surviving spouse of a vested ERFC 2001 Tier 1 member who died in service prior to retirement eligibility. In Steps 1-4, we determine the Early Reduction Factor and the Option A Reduction Factor as needed for the calculation of the benefit, which is detailed in Step 5.
Thus, in the sample below, an ERFC 2001 Tier 1 member (age 50 years, 4 months at the time of her death in service) with 10 years, 6 months of Credited Service and a Final Average Compensation of $60,000, who named her spouse (age 51) as beneficiary, would be eligible to provide a monthly Death-in-Service benefit of $171.13.

**Benefit for an Option B Eligible Beneficiary**

If the deceased ERFC 2001 Tier 1 member named an Option B Eligible Beneficiary, the benefit would be calculated under the same formula shown below, using the Benefit Payment Option B reduction factor in place of the Option A factor.

---

**SAMPLE 4: Calculating the Death-in-Service Benefit Payable to an Option A Eligible Beneficiary when the Vested ERFC 2001 Tier 1 Member Dies Prior to Retirement Eligibility**

Sample Calculation Assumptions: An ERFC 2001 member (age 50 years, 4 months at the time of her death-in-service) with 10 years, 6 months’ Credited Service, and a Final Average Compensation (FAC) of $60,000, who named her spouse (age 51) as beneficiary.

**STEP 1**
Determine the amount of service the member would have accumulated if Eligible Employment had continued through Full Service retirement eligibility (In this example, age 60)

\[
\text{Age 60} \quad \text{minus} \quad \text{Age 50 years, 4 months} = 9 \text{ years, 8 months}
\]

**STEP 2**
If the member was in Eligible Employment or on leave from Eligible Employment, determine the difference between 30 years of service and the member’s accumulated service on the date of death

\[
30 \text{ years} \quad \text{minus} \quad 10 \text{ years, 6 months} = 19 \text{ years, 6 months}
\]

**STEP 3**
Refer to the table on page 24 to determine the Early Reduction Factor, which is based on the smaller number of years obtained in Steps 1 and 2

Early Reduction Factor based on 9 years, 8 months \(= 0.476\)

*(See table on page 24)*

**STEP 4**
Determine the Option A Reduction Factor (see Chapter 5):

\[
85\% + (0.6\% \times \text{number of years member is younger than beneficiary})
\]

Option A Reduction Factor \(= 85\% + (0.6\% \times 1\text{ year}) = 85.6\%\)

*(Based on member 1 year younger than beneficiary as of each of their last birthdays)*

**STEP 5**
Calculate the monthly pension according to the formula shown on page 17.

\[
\begin{align*}
$60,000.00 \times 0.8\% \times 10.5 \text{ years’ service} \times 0.476 \times 0.856 &= \$2,053.58 \\
$2,053.58 \div 12 \text{ months} &= \$171.13
\end{align*}
\]

*Alternatively, the beneficiary may select to begin benefit payments at a later date. The Early Reduction Factor would then be determined by the difference between the commencement date of benefits and the date the deceased member would have reached age 60 (the age of eligibility for a vested member with fewer than 30 years’ service to commence benefits).*
In Sample 4 (see previous page), the Early Reduction Factor for 9 years, 8 months = 0.476

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Leaving FCPS Employment Before Retirement

If you leave FCPS employment before retirement, you may elect one of two options: you may leave your Accumulated Contributions on deposit with ERFC, or you may request a refund of your Accumulated Contributions. The effect of your selection depends on whether or not you are vested with ERFC at the time you terminate your FCPS employment. As noted in earlier chapters of this handbook, you are vested after you complete five years of Credited Service as a contributing member with ERFC.

If you transfer to an FCPS position that is not covered by ERFC, such as a part-time position, you may not receive a refund of your Accumulated Contributions until after you terminate FCPS employment. If your new position is covered by the Fairfax County Employees’ Retirement System (FCERS), you may transfer your Accumulated Contributions to purchase service in that system for eligible prior service.

If you leave FCPS as a vested employee and retain your Accumulated Contributions in ERFC, you will be eligible to receive a “deferred-vested” ERFC 2001 Tier 1 retirement benefit beginning at age 60.* By leaving your Accumulated Contributions on deposit, you will preserve your Credited Service in ERFC 2001 Tier 1. If you later return to Eligible Employment, you will still be an ERFC 2001 Tier 1 member. You will resume earning Credited Service, and will retain full credit for all service earned prior to your departure.

In lieu of a deferred-vested retirement benefit, you may apply for a refund of your Accumulated Contributions any time after you terminate employment with FCPS. When you withdraw your contributions, all of your Credited Service will be cancelled, and you will relinquish your rights to receive a retirement benefit from the ERFC 2001 Plan Tier 1.

If you leave your Accumulated Contributions on deposit, be sure to keep ERFC apprised of any changes in your address following your employment termination. If you are an eligible ERFC 2001 Tier 1 member approaching age 60, but not currently working with FCPS, ERFC will attempt to contact you 60-90 days prior to your 60th birthday to remind you of the necessary benefit application process. It is not financially beneficial for a deferred-vested member to postpone an application for benefits beyond age 60.

**IF YOU ARE VESTED IN ERFC 2001 TIER 2**

If you leave FCPS as a vested employee and retain your Accumulated Contributions in ERFC, you will be eligible to receive a “deferred-vested” ERFC 2001 Tier 2 retirement benefit beginning at your full Social Security age (see eligibility table, page 38). By leaving your Accumulated Contributions on deposit, you will preserve your Credited Service in ERFC 2001 Tier 2. If you later return to Eligible Employment, you will still be an ERFC 2001 Tier 2 member. You will resume earning Credited Service, and will retain full credit for all service earned prior to your departure.

In lieu of a deferred-vested retirement benefit, you may apply for a refund of your Accumulated Contributions any time after you terminate employment with FCPS. When you withdraw your contributions, all of your Credited Service will be cancelled, and you will relinquish your rights to receive a retirement benefit from the ERFC 2001 Plan Tier 2.

If you leave your Accumulated Contributions on deposit, be sure to keep ERFC apprised of any changes in your address following your employment termination. If you are an eligible ERFC 2001 Tier 2 member approaching full Social

* It is important to note that, while you may defer commencement of your ERFC 2001 retirement benefits as a vested Plan member, you may not defer your eligibility to enroll in FCPS-sponsored retiree health insurance coverage. Eligibility to participate in FCPS-sponsored medical and/or dental insurance coverage during retirement currently requires a minimum five-year insurance plan enrollment period as an active FCPS employee immediately preceding retirement. For all related information regarding FCPS medical and/or dental insurance coverage options in retirement, contact the FCPS Office of Benefit Services in the Human Resources Department at 571-423-3200 or online at hrconnection@fcps.edu.
Leaving FCPS Before Retirement

Security Retirement age, but not currently working with FCPS, ERFC will attempt to contact you 60-90 days prior to your retirement eligibility age to remind you of the necessary benefit application process. It is not financially beneficial for a deferred-vested member to postpone an application for benefits beyond full Social Security age.

Federal law requires that you begin to receive your benefits no later than the first April 1 after the calendar year in which you turn age 70½. If you do not begin receiving your benefit by that time, onerous tax consequences will apply.

**IF YOU ARE NOT VESTED**

If you leave FCPS employment before you are fully vested with the minimum five years’ Credited Service, you may elect one of the following options with ERFC:

1. You may apply for a refund of your Accumulated Contributions and forfeit your ERFC 2001 Credited Service, —OR—
2. You may elect to leave your Accumulated Contributions on deposit with ERFC for a maximum of 10 years. This option will also protect your Credited Service in the event you return to FCPS Eligible Employment at a later time. However, if you do not return to Eligible Employment with FCPS, and you do not apply for a refund of your Accumulated Contributions within 10 years of your departure, all funds remaining on deposit will become the property of ERFC. If you return to Eligible Employment after that 10-year period, your Accumulated Contributions will be restored to your account but with interest for only the first 10 years after your termination of employment.

**ROLLOVERS**

If you elect a refund of your ERFC 2001 Accumulated Contributions, you may receive your lump sum refund directly, or you may have all or part of the refund rolled over into an Individual Retirement Account (IRA), a Tax-Deferred Annuity (TDA), or to an eligible qualified retirement plan that accepts the funds. If you receive your refund directly, it will be subject to federal and state taxation, and federal withholding. If you receive the refund directly before age 59½, you may have to pay an additional 10 percent federal tax.

See Chapter 10 for additional information about taxes and your ERFC 2001 retirement.

Upon redeposit, the Accumulated Contributions account will equal the amount of the redeposit, and all Credited Service that had been accrued prior to termination and refunded will be restored. However, you be enrolled as a member of the ERFC 2001 Plan Tier 2 and your previous service will accrue to that plan. It is important to note that this right of reinstatement must be exercised within 90 days of re-entry into Eligible Employment.

**RETURNING TO ERFC 2001 MEMBERSHIP AFTER TAKING A REFUND**

If you return to Eligible Employment after terminating and electing a refund of your ERFC Accumulated Contributions, you automatically will be enrolled in the ERFC 2001 Plan Tier 2.

If you are rehired into Eligible Employment within five years of your termination, you may redeposit all previously withdrawn contributions, with interest at a rate prescribed by the Board of Trustees. Any such redeposit may be made with funds distributed or rolled over from one of the following:

- An individual retirement account (IRA) *(Some restrictions apply)*;
- Another retirement plan qualified under section 401(a) of the Internal Revenue Code;
- A direct trustee-to-trustee transfer from an annuity contract described in section 403(b) of the Internal Revenue Code;
- A direct trustee-to-trustee transfer from an eligible plan under section 457(b) of the Internal Revenue Code.

Upon redeposit, the Accumulated Contributions account will equal the amount of the redeposit, and all Credited Service that had been accrued prior to termination and refunded will be restored. However, you be enrolled as a member of the ERFC 2001 Plan Tier 2 and your previous service will accrue to that plan. It is important to note that this right of reinstatement must be exercised within 90 days of re-entry into Eligible Employment.
Planning for ERFC 2001 Retirement

Retirement can affect people in many different ways. Just determining the right time to retire is a very personal and important decision. Ideally, you will set specific and realistic goals for the lifestyle you project in retirement, and begin targeting those plans long before you lock in the date. Taking the time to plan and prepare, while allowing for flexibility in your future, is surely your best retirement investment.

As an ERFC 2001 member, you have at least three sources of retirement income with which to plan your future. Upon reaching eligibility, you will receive benefits from the VRS and Social Security, plus the supplemental benefit provided by ERFC 2001. You also may be planning to supplement your retirement income through personal savings or contributions to IRAs and defined contribution plans, such as FCPS’ 403(b) and 457(b) plans. Only you can project what it will cost to fully enjoy the lifestyle you envision for your retirement, but ERFC offers a range of resources to assist you in the process:

• Every August, ERFC prepares personal benefit profiles, which detail the current status of your retirement account with the System and provide you a record to help you keep track of your personal membership data over time. The benefit profile is posted to your ERFCDirect account and also includes an estimate of your future ERFC 2001 retirement benefit, as projected at your earliest full service retirement date.

• A pre-retirement seminar for all ERFC members is hosted annually, which includes information presented by representatives from ERFC, VRS and the FCPS HR Office of Benefit Services. To help you understand the specific provisions of both the ERFC 2001 and VRS retirement plans, ERFC also schedules six pre-retirement information sessions during the school year. Three sessions are open to members who are within five years of retirement eligibility and three are open to all members.

• ERFC provides you secure and direct online access to your retirement information, with features that allow you to monitor your records and project your future benefits. Register with ERFCDirect at: www.fcps.edu/erfcdirect.

• ERFC retirement counselors are available year-round for personal consultations with members who are within five years of retirement eligibility.

KEY MILESTONES FOR PLANNING YOUR RETIREMENT DURING YOUR EARLY SERVICE YEARS

1. Review the ERFC 2001 Handbook!

By reading this far, you’ve already discovered that there is both a great deal offered and much to understand in your ERFC 2001 benefit plan. Review this handbook carefully and keep it as an important reference tool for planning your retirement.

2. Update Your Beneficiary Information

At the time you were hired by FCPS, you were asked to complete a beneficiary form in the event of your death-in-service. You will want to make certain that this information is kept up-to-date throughout your career, especially when you experience any life changes, such as a new marriage or a divorce. If you are divorced from your Named Beneficiary, the divorce does not automatically change your beneficiary...
Planning for ERFC 2001 Retirement

designation. You must change it yourself. Update your beneficiary information online using ERFCDirect at:
www.fcps.edu/erfcdirect.

3. Consider Purchasing VRS Service Credit and Maximizing Your VRS Hybrid Contribution
Consider purchasing service credit from VRS for prior eligible work experience that does not otherwise qualify for pension or retirement benefits.

If you are a member of the VRS Hybrid plan, consider increasing your voluntary contribution component to maximize your retirement benefit.

4. Consider Supplementing your Savings with a Defined Contribution Plan
FCPS offers employees options for both 403(b) and 457(b) plans, which allow contributions on a tax-deferred basis as savings toward retirement. The IRS sets limits for maximum contributions, which are higher after age 50, but you may enroll in one or both plans at any time. Contact the FCPS Office of Benefit Services for more information about your defined contribution plan options.

5. Project your Benefits Using ERFCDirect and/or myVRS
Consider when you might like to retire, and go online to estimate your defined benefit payments using the features provided with ERFCDirect and myVRS.

To project your future ERFC benefits, use the Estimate a Benefit feature provided online with ERFCDirect at:
www.fcps.edu/erfcdirect.

To project your future VRS benefits, go to the myVRS feature provided in the members’ section of the website at: www.varetire.org.

6. Attend a Pre-Retirement Seminar
ERFC hosts a Pre-Retirement Seminar for all ERFC members annually in January. You can find annual seminar information on the ERFC website at www.fcps.edu/erfc or look for the ERFC information poster at your work location.

WITHIN FIVE YEARS OF YOUR PROJECTED RETIREMENT DATE

1. Estimate Your Benefits
When you are within five years of your intended retirement date, it is time to seriously gauge how well your savings and accumulated benefits align with your projected plans. Go online to estimate your defined benefit payments using the features provided with ERFCDirect and myVRS—or submit a Benefit Estimate Request form through ERFCDirect to request a comprehensive projection of your combined ERFC and VRS benefits. The ERFC staff will prepare and audit up to three separate estimates for both your ERFC and VRS benefits according to your suggested retirement dates. You may request an audited estimate only if you have not received one during the past 12 months. After you receive your audited estimate report (ERFC will post your audited estimate to your ERFCDirect account and notify you via email when it is available), you may call the office to schedule a time to meet one-on-one with a retirement counselor, who can walk you through all the details and help you determine your own “right time” to retire. If you wish, you may bring your spouse, a friend or a financial advisor to the counseling appointment with you.

2. Attend a Pre-Retirement Information Session.
Throughout each school year, ERFC hosts pre-retirement information sessions. You can find session information on the ERFC website at www.fcps.edu/erfc or look for the ERFC information poster at your work location.

WITHIN TWO YEARS OF YOUR PROJECTED RETIREMENT DATE

1. Meet with a Counselor and/or your Financial Advisor
After you have submitted and received an audited benefit estimate report prepared by the ERFC staff, you can call to schedule a counseling appointment. The retirement counselors can assist you with both your ERFC and VRS benefit plans, but for any issues regarding your personal savings or investments, you are advised to seek separate professional advice from a financial planner or tax specialist.

2. Review Your ERFC 2001 Benefit Payment Options
ERFC 2001 offers several benefit payment options to complement your individual lifestyle needs in retirement. (See Chapters 4 and 5.) Will you want the Basic Benefit option, in which all your
retirement benefits cease upon your death, leaving no ongoing annuity payments for your surviving spouse or beneficiary? Or do you have a special need, such as a disabled child for whom you will want to arrange a survivor benefit option? You won’t have to lock in your benefit payment selection until you actually apply for retirement, but it’s important that you familiarize yourself with all your options beforehand. Once you retire, you will no longer be able to switch your benefit payment option, so do your homework early!

WITHIN 12–18 MONTHS PRIOR TO RETIREMENT

1. Choose a Retirement Date
   You may retire on the first day of any month during the calendar year.

2. Gather Your Paperwork Early
   When you do officially apply for retirement, you will be asked to provide ERFC a variety of personal documents, including:
   - A documented proof of birth (A certified copy of your birth certificate is preferred. Married women should print their full current name and Social Security number on the back of any documented proof of birth before submitting it).
   - Your Nominated Beneficiary’s birth certificate and Social Security card (Applicable only if you choose a survivor benefit payment option).
   - A certified copy of your marriage certificate (Applicable only if you choose a survivor benefit payment option and your Nominated Beneficiary is your spouse or former spouse).
   - A copy of your Domestic Relations Order and/or divorce decree (If applicable).

3. Meet with an ERFC Retirement Counselor
   Prior to your retirement, it is a good idea to meet with an ERFC retirement counselor. If possible, you are also encouraged to bring your spouse or a friend with you to the meeting. The retirement counselor can answer your individual questions and will check to ensure that all of your paperwork is completed properly.

4. Review Your Available FCPS Insurance Benefits
   The FCPS Office of Benefit Services provides materials detailing important information about medical and dental insurance, the medical insurance subsidy, annual leave, and other benefit issues, which are also discussed during the ERFC pre-retirement information sessions. You can review this information online at the FCPS benefits website, www.fcps.edu/careers/retirees or contact the Office of Benefit Services at 571-423-3200.

ERFC Counselors can also answer general questions about ancillary programs, such as the medical, dental, and life insurance, which are available to FCPS retirees.
In this chapter, we review changes that may affect your **ERFC 2001** benefits after retirement. We also discuss what occurs if you return to employment after retirement.

### COST-OF-LIVING ADJUSTMENTS

A cost-of-living adjustment (COLA) will be applied to your **ERFC 2001** benefit annually on March 31, beginning in the first full calendar year following your retirement. For example, if you were to retire in February 2019, your first COLA from ERFC would be applied to your benefit on March 31, 2020.

Under current **ERFC 2001 Plan Tier 1** provisions, your first COLA will equal 1.49 percent of your monthly ERFC retirement benefit, or approximately half of the full COLA amount. Thereafter, a minimum 3 percent COLA will be applied to your ERFC benefit annually on March 31.

Under current **ERFC 2001 Plan Tier 2** provisions, your first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November of each year, capped at 4 percent.

### TAXES AND YOUR RETIREMENT BENEFITS

Although there may be fewer overall deductions taken from your retirement income than those you must typically pay during your career, your **ERFC 2001** retirement benefit is generally subject to both federal and state taxation. Currently, the standard deductions withheld from your **ERFC 2001** benefit payments include:

- Federal income taxes
- State/local income taxes (D.C., Maryland, North Carolina, South Carolina or Virginia)
- Medical Insurance (optional)
- Dental Insurance (optional)
- Apple Federal Credit Union (optional)

If you opt to continue the available FCPS medical and dental insurance coverage in retirement, you may choose to have these costs deducted automatically from your **ERFC 2001** benefit payments, assuming your monthly annuity is large enough to cover the withholding. You will make this selection at the time of retirement.

In certain other circumstances, ERFC may be required legally to withhold monies from your monthly benefit payments in order to comply with domestic relations orders, tax levies, garnishments or recovery of overpayments. (See additional information in Chapter 5.) Under such circumstances, ERFC will implement a court decision only upon receipt of a certified copy of an appropriate order.

When you retire, it is critical that you keep an updated tax form on file with ERFC to ensure accuracy in the amount withheld from your monthly **ERFC 2001** benefit payments. If you do not have a completed tax form on file, ERFC is required by law to withhold federal income tax based on the rate for a married individual claiming three exemptions, plus Virginia state tax (if you reside in Virginia) for a single individual with zero exemptions. Upon request, ERFC may also withhold state/local...
taxes for the District of Columbia, Maryland, North Carolina or South Carolina.

Remember, as any changes occur in your life after retirement, such as a marriage, a divorce, or the loss of a spouse or other dependent, you may need to update your ERFC 2001 income tax withholdings. In retirement, you can make changes to your personal contact information directly online using ERFC Direct at: www.fcps.edu/erfcdirect. If you do not have access to a computer, you can call the ERFC office to request the necessary forms by mail at 703-426-3900 or 1-844-758-3793.

RE-EMPLOYMENT AFTER RETIREMENT

If you retire and then return to Eligible Employment, your ERFC 2001 benefit payments will be suspended as long as your re-employment continues. If you return to a position that is covered by ERFC, both employer and member contributions will be reinstated. If you return to employment with FCPS in a position that is not covered by ERFC, your ERFC 2001 retirement benefits would continue without interruption during your period of re-employment. However, FCPS will not permit you to return to such employment until after a minimum break in service of six months. For additional information on re-employment issues, please consult FCPS Regulation 4774.

RETURNING TO RETIREMENT AFTER RE-EMPLOYMENT

When you retire again after a period of re-employment with FCPS, during which your ERFC 2001 retirement benefit payments were suspended, your renewed benefit options will be limited to one of the following:

1. You may reinstate the ERFC 2001 benefits you had been receiving prior to your period of re-employment, plus cost-of-living adjustments and a refund of the member contributions accumulated throughout your re-employment,

—OR—

2. You may request re-calculation of your ERFC 2001 benefits based on your cumulative service and salary record, but payable only under the same benefit payment option, and multiplied by the same reduction factor, as applied to the option you selected originally prior to your period of re-employment.

The only changes permitted in your benefit payment option would be those resulting from a significant life change, such as a marriage, divorce, or the death of a Nominated Beneficiary, as detailed specifically in Chapter 5 of this handbook.

SPECIAL NOTE

Following re-employment, if a member whose benefits are suspended dies in service, benefits will be payable in accordance with any optional form of benefit that the member elected prior to the effective retirement date. The Nominated Beneficiary, who is entitled to a pension under that optional form of benefit, may make the election described above in items (1) and (2).

If the member did not elect an optional form of benefit prior to the effective retirement date, a refund of Accumulated Contributions will be paid.
1. **Who pays for the ERFC retirement program?**

The ERFC retirement program is funded by three sources: member contributions, employer contributions, and investment income. ERFC 2001 members contribute 3 percent of their paid contract salary or base compensation. The exact share of FCPS contributions to ERFC is determined by the Fairfax County School Board as part of the budget process, upon the recommendation of the ERFC Board of Trustees and its actuary. Investment income, which comes from investing the Plan’s assets, provides the major source of funding for the Plan.

2. **I understand that ERFC 2001 is a Defined Benefit Plan. What does that mean?**

A defined benefit retirement plan provides eligible members a specified monthly benefit at retirement. Under a defined benefit plan, a set formula is established and used to compute the retirement annuity. The amount of the benefit payments is not a function of investment returns. ERFC 2001 and ERFC together constitute a defined benefit retirement plan, qualified under section 401(a) of the Internal Revenue Code.

3. **Does Social Security affect my retirement benefits?**

No, your ERFC 2001 benefit is completely independent of Social Security.

4. **How is interest credited to my ERFC 2001 member contributions account?**

Interest is credited to your ERFC 2001 member contributions account each year on July 1. The interest paid is based on the balance of your Accumulated Contributions as of July 1 of the preceding year. The interest rate is set currently at 4 percent. Be aware that once you begin to receive ERFC 2001 retirement benefits, no further interest will be credited to your account.

5. **When will I receive a statement of my account balance with ERFC?**

Active and deferred ERFC members can verify their accumulated ERFC contributions directly and securely online using ERFCDirect. Go to: www.fcps.edu/erfcdirect.

Each year, you will receive a member benefit statement that is posted to your ERFCDirect account, citing the balance in your ERFC 2001 account effective July 1, and other pertinent retirement information. This annual statement details your Accumulated Contributions, with all interest accrued in your name, plus an estimate of your monthly ERFC 2001 retirement benefit, as projected at your earliest full-service retirement date.

To ensure that you receive your annual benefit statements, make certain that you keep your ERFCDirect account active with your current email address. This is especially important for those members who may leave active FCPS employment while retaining contributions on account with ERFC. Any discrepancies in your benefit statement should be reported immediately to ERFC.

6. **Can I retire at any time during the school year?**

You may retire at any time during the school year. However, all benefit payments commence on the first of the month. Note, for example, that a school semester
may end during the third week of the given month, but your official retirement date will be the first day of the following month.

7. Do I have to apply for retirement benefits or will I receive my benefits automatically?

ERFC 2001 benefits are not paid automatically; you must submit a retirement application and supporting documents to initiate your benefit payments. If you delay your application, you may lose a portion of your benefits because retroactive payments are limited to a 90-day window preceding the application date.

8. When should I apply for retirement with ERFC?

You should contact ERFC at least 120 days before you plan to retire. This will allow sufficient time for ERFC to prepare your individual benefit estimates and to process your requests. You will also want to allow yourself plenty of time to review your options carefully before you must lock in your elections. Remember, once you are retired, most of your benefit options cannot be changed. Please also note that the 120-day allowance is especially important if you are planning to retire on July 1. This is the most popular retirement date and, therefore, spring is always the busiest time of the year at ERFC.

9. What documentation will I need to submit with my retirement application?

Upon applying for retirement, you will need to provide the following documents:

• **Documented proof of birth** (A certified copy of your birth certificate is preferred. Married women should print their full current name and Social Security number on the back of any documented proof of birth).

• **Your beneficiary’s birth certificate and Social Security card** (Applicable only if you choose a survivor benefit payment option).

• **A certified copy of your marriage certificate** (Applicable only if you choose a survivor benefit payment option and your Nominated beneficiary is your spouse or former spouse).

• **A copy of your Domestic Relations Order and/or divorce decree** (If applicable).

10. Can I continue my medical and dental insurance coverage when I retire?

As of this writing, you may continue to opt for the insurance coverage plans FCPS offers to employees, including medical and dental coverage for you and your dependents, optional life insurance, and long-term care insurance. **However, please note:** In order to carry your existing FCPS medical and/or dental insurance plan coverage with you into retirement, you must have participated in an active FCPS insurance plan for 60 consecutive months (five years) immediately prior to commencing your retirement.

Currently, FCPS also provides a partial subsidy for medical insurance premiums to retirees age 55 and older. For the most up-to-date information on the available insurance options and associated costs, go to the FCPS Human Resources /Benefit Services’ website at: [www.fcps.edu/careers/retirees/](http://www.fcps.edu/careers/retirees/).

11. Can I continue to participate in the FCPS Flexible Spending Account and/or the Tax-Deferred Annuity programs after retirement?

No. Both the Flexible Spending Account (FSA) and Tax-Deferred Annuity (TDA) programs allow deductions from earned income only. Under current law, your retirement benefits are not considered “earned income” and, therefore, participation in these programs is not permitted after you retire.

12. How can I arrange to meet with an ERFC retirement counselor?

If you are within five years of retirement eligibility, you can schedule an appointment with an ERFC counselor after you have first requested and received an audited estimate of your retirement benefits. ERFC prepares an audited estimate report of your combined ERFC and VRS benefits prior to scheduling appointments to ensure that you and your counselor are each prepared to discuss your concerns with information that is accurate and specific to your particular circumstances. You can submit a benefit estimate request directly online through ERFCDirect, or download an estimate request form from the ERFC website, or
call ERFC to request a form by mail at 703-426-3900 or 1-844-758-3793.

13. **What happens to my ERFC 2001 contributions if I die before taking retirement?**

If you should die while in FCPS Eligible Employment or while on approved leave from FCPS Eligible Employment, but prior to attaining five years of Vesting Service, your ERFC 2001 Accumulated Contributions will be refunded in full to your Named Beneficiary or to your estate. If you are fully vested and you die while in FCPS Eligible Employment or during an approved leave of absence, ERFC will provide your eligible Named Beneficiary either a monthly pension benefit or a full refund of your Accumulated Contributions. The only Named Beneficiaries eligible to receive a pension (rather than a refund of your Accumulated Contributions) are your spouse, former spouse, a disabled dependent child, or another person 40 years of age or older who received at least half of his or her support from you in the year immediately preceding your death.

If you have retained your Accumulated Contributions on account with ERFC after terminating Eligible Employment with five years of Credited Service, and you die before your benefit payments commence, either a monthly pension benefit or a lump-sum refund of your ERFC 2001 Accumulated Contributions will be payable, depending upon whether or not you had reached retirement eligibility at the time of your death. Refer to Chapter 7 in this handbook for more specific details.

It is important that you keep your beneficiary designations up to date with ERFC, and that you keep your potential beneficiaries informed of your various benefits.

14. **If I have designated my spouse as my beneficiary and we are later divorced, is that beneficiary designation cancelled automatically?**

No. Your beneficiary designation is not automatically cancelled by any changes such as a divorce or marriage, and it will not change automatically even if a divorce decree says that it does. Update your beneficiary information directly online using ERFCDirect at: www.fcps.edu/erfcdirect.

15. **Is there a limit to the benefit amount I can receive from ERFC 2001?**

Section 415(b) of the Internal Revenue Code requires certain limits in the amount of benefits provided to plan members in all qualified employer retirement plans. These limits apply to your combined benefits from ERFC and VRS. Additional information about these limits may be obtained by contacting the ERFC office, or by reviewing Article XII (ERFC 2001) of the Plan Document.

16. **Can I designate my same-sex spouse as a survivor under Option A or B?**

Yes. Same-sex marriages are recognized in the Commonwealth of Virginia. Therefore, ERFC will allow the selection upon retirement of Option A or B for your same-sex spouse. If you are a retiree receiving a Basic Benefit, you can elect Option B within six months of your marriage to a same-sex spouse.

17. **Are retirement benefits taxable?**

Yes, all or part of your ERFC 2001 benefit is subject to state and federal income taxation from the first month of retirement. See Chapter 10 in this handbook for information about taxes and your retirement benefits.

18. **What deductions are withheld from my ERFC 2001 retirement benefits?**

Currently, the standard deductions withheld from your ERFC 2001 benefit payments include:

- Federal income taxes
- State/Local income taxes (including D.C., Maryland, North Carolina, South Carolina and Virginia)
- Medical Insurance (optional)
- Dental Insurance (optional)
- Apple Federal Credit Union (optional)

If you opt to continue the available FCPS medical and dental insurance coverage in retirement, you may choose to have these costs deducted automatically from your ERFC 2001 benefit payments, assuming your monthly annuity is large enough to cover the withholding.
See Chapter 10 in this handbook for additional information regarding taxes and your retirement benefits.

19. Will I receive cost-of-living (COLA) adjustments with my ERFC 2001 benefits?

Yes. ERFC applies an annual cost-of-living adjustment (COLA) to your ERFC 2001 benefit annually on March 31, beginning in the first full calendar year following your retirement. For example, if you were to retire in February 2019, your first COLA from ERFC would be applied to your benefit on March 31, 2020.

Under current ERFC 2001 Plan Tier 1 provisions, your first COLA will equal 1.49 percent of your monthly ERFC retirement benefit, or approximately half of the full COLA amount. Thereafter, a minimum 3 percent COLA will be applied to your ERFC benefit annually on March 31.

Under current ERFC 2001 Plan Tier 2 provisions, your first COLA will equal approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November of each year, capped at 4 percent.

20. What are my ERFC 2001 benefit payment options?

The ERFC 2001 Plan offers four different benefit payment options to accommodate your personal needs in retirement.

Under the basic benefit payment option, you will receive monthly retirement benefits for life, but upon your death, no ongoing survivor benefits are provided to your survivors or your estate.

There are two joint and survivor benefit payment options that provide a reduced benefit during your lifetime in order to provide an ongoing benefit to your spouse or certain other beneficiaries after you die. Under survivor benefit payment Option A, upon your death 100 percent of your reduced ERFC 2001 benefit continues to be paid to your spouse (or former spouse) for the remainder of his or her life. Under survivor benefit payment Option B, upon your death 50 percent of your reduced ERFC 2001 benefit continues to be paid to your eligible Named Beneficiary for the remainder of his or her life. Note that under benefit payment Option A, only your spouse or former spouse (if provided for by an approved Domestic Relations Order) may be elected as your Nominated Beneficiary. Under benefit payment Option B, your Nominated Beneficiary must be either your spouse or former spouse, a dependent child who is physically or mentally incompetent as determined by a court or otherwise verified by the ERFC Board of Trustees, or another person age 40 or older for whom you have provided at least 50 percent support in the year immediately prior to your retirement from FCPS.

Option C provides you a lifetime benefit equal to 96 percent of what you would have received under the basic benefit option, with payments guaranteed for a minimum 120 consecutive months (10 years). You (the member) would continue to receive this ERFC benefit if you are still living after the minimum 120 month payment period has passed – and for the rest of your life. If the minimum 120 month payment period has been fulfilled at the time of your death, no further benefit payments will be provided to a surviving beneficiary. However, if you should die before receiving all 120 payments from ERFC, your designated beneficiary would receive the remaining balance of those payments.

See Chapter 5 in this handbook for more information about your ERFC 2001 benefit payment options.

21. What happens to my ERFC 2001 retirement benefits when I die after taking retirement?

In retirement, your monthly ERFC 2001 benefit payments will cease when you die, unless you have elected one of the optional forms of payment that provides a benefit to your surviving spouse or to an eligible beneficiary. (See the response to Question 20)

If you die before receiving benefit payments equal to the sum of your Accumulated Contributions, your surviving Named Beneficiary or your estate may apply for a refund of the balance of your residual Accumulated Contributions. Residual Accumulated Contributions is the difference between your Accumulated Contributions balance at the time of retirement and the sum of the pension benefits paid on your account.
Accumulated Contributions
A member’s contributions to ERFC 2001, plus the applicable interest paid on all such amounts.

This includes any additional amounts credited through a contribution match as of June 30, 2004, to members who completed at least 12 months of service before July 1, 2004, as provided by Section 1.01(b) of the Plan Document in effect at that time, and in accordance with regulations adopted by the Trustees pursuant to that section. Note that the contribution match was terminated effective June 30, 2004, and that all ERFC 2001 members with at least 12 months of Credited Service before July 1, 2004, received a final match.

Actuarial Equivalent
A benefit of equal Reserve Value.

Beneficiary
In the event you should die before receiving benefits equal to your Accumulated Contributions, ERFC will refund any remaining balance in your account, with interest, to your surviving spouse or the person(s) named as your beneficiary, or “recipient of funds.” You may designate your beneficiary online through ERFCDirect or by using the paper form ERFC-1. (Note: Beneficiary designations submitted in writing using form ERFC-1 must be notarized.) Eligibility for a survivor benefit payment restricts your selection of a beneficiary to one of the following:
1. Your surviving spouse
2. Your former spouse
3. A dependent child who is physically or mentally incompetent as determined by a court, or otherwise verified by ERFC.
4. Another person, 40 years of age or older, for whom you have provided more than 50 percent support for at least one year immediately prior to your retirement from FCPS.

See Chapter 5 in this handbook for the rules and regulations regarding survivor benefit payment options.

Cost-of-Living Adjustment (COLA)
An annual percentage increase granted to all ERFC retirees, starting on March 31 following the calendar year in which they retired. Under the ERFC 2001 Tier 1 schedule, the first COLA paid after retirement equals 1.49 percent of the ERFC 2001 Tier 1 benefit payment. Thereafter, a minimum 3 percent COLA will be factored into the ERFC 2001 Tier 1 benefit annually on March 31. Under the ERFC 2001 Tier 2 schedule, the first COLA paid after retirement equals approximately half of the full COLA amount. Thereafter, the full COLA will equal 100 percent of the Consumer Price Index for all Urban Consumers (CPI-U) for the Washington, D.C., metropolitan area for the period ending in November of each year, capped at 4 percent.

Credited Service
Includes all periods of eligible FCPS employment for which you have made ERFC contributions, and Military Service Credit to the extent required under federal law. (Although federal law would permit FCPS to require payment of your Member contributions as a condition of receiving Military Service Credit, the Plan grants credit for qualified service without requiring payment.)

Death-in-Service Benefits
Benefits payable to an eligible Named Beneficiary, if a vested ERFC 2001 member dies while in FCPS Eligible Employment, or while on an approved leave from such a position. The types and amounts of benefits depend on the member’s relationship to the beneficiary.

Defined Benefit
With defined benefit plans, a set formula is established and used to compute your retirement benefit, based upon your compensation level and length of service. ERFC 2001 and ERFC together constitute a defined benefit retirement plan, qualified under Section 401(a) of the Internal Revenue Code.

Eligible Employment
The periods of paid employment and approved leave with pay, in specific FCPS positions, throughout which contributions are paid to ERFC. “Eligible” FCPS positions include all full-time, monthly-paid teachers and related educational personnel, instructional assistants, administrative, technical and support staff employees.

Final Average Compensation (FAC)
If you are a member of ERFC 2001 Tier 1, FAC or Final Average Compensation is the average of your three highest consecutive years of salary. If you are a member of ERFC 2001 Tier 2, it is the average of your five highest consecutive years of salary.
**Interest Credit**
Interest is credited each fiscal year on all amounts that have been on deposit with ERFC for the full fiscal year. The current rate is 4 percent. Based upon ERFC’s financial standings, the Board of Trustees may adopt a different rate for a particular year.

**Reserve Value**
The present value of all payments to be made on account of any benefit, using such reasonable rates of interest and tables of experience as the Board of Trustees shall adopt from time to time after consulting with the actuary.

**Vesting Service**
The period of time in your FCPS career in which you are earning the right to receive a retirement benefit from ERFC. You are considered “fully vested” after you have completed five years of Vesting Service, working in an eligible FCPS position as a contributory member of ERFC. Vesting service also includes periods of Military Service Credit to the extent required under federal law. As long as you are a fully vested member, you can earn the right to receive a retirement benefit, even if you leave FCPS employment before you are eligible to retire.
Social Security Eligibility Table

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