Building Your Retirement Security

Weld County Retirement Plan

Effective July 1, 2000

Introduction

The Weld County Retirement Plan (the "plan") is a 401(a) defined benefit plan adopted by the County effective January 1, 1969. The plan helps you establish a source of income for your retirement years. Through the plan, you and the County set aside money during the time you are working to provide a lifetime income for you after you retire. While the plan has been improved over the years, the basic intent has not changed; that is, to help provide for your future financial security.

The County's retirement plan is one source of dependable retirement income. When it's combined with Social Security benefits and your personal savings, you should have the financial protection that will help you enjoy your retirement years.

This booklet summarizes the major provisions of the pension plan as amended effective July 1, 2000.

You can get an overview of the plan by reading the information at the top of each page. More detailed information is given below the page headings, such as what retirement benefits you can expect to receive when you retire, how these benefits are calculated and other information about your participation in the plan.

If you have questions about the plan after reading this booklet, please contact Personnel Services for more information.

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Plan Highlights

The benefits from the Weld County Retirement Plan, along with your Social Security benefits and personal savings, can help provide a comfortable income for you during retirement.

Planning for your retirement is important. Part of that planning includes having the financial resources to make your retirement years comfortable and secure. The Weld County Retirement Plan can help assure a predictable income for your retirement years. The plan is flexible enough to meet many of your individual needs, and it could be just the added security you need to make your retirement financially secure.

With the plan, you choose from a number of options to put together the retirement package that's right for you.

First, you decide when you want to retire:

- **Normal retirement** begins at age 65 with a full benefit based on your years of credited service and final average monthly compensation at retirement.
- **Regular early retirement** with reduced benefits can begin as soon as you reach age 55 and have at least five years of credited service.
- **Special early retirement** provides a full benefit at age 62 with only eight years of credited service.
- **Rule of 75 early retirement** provides a full benefit as early as age 55, if your age plus years of credited service equals 75 or more.
- **Delayed retirement,** working past your normal retirement age, is another option you might prefer.

Second, you choose how you want to receive your benefit:

- You may receive payments for your life, with the added assurance that at least 60, 120, or 180 monthly payments (5, 10 or 15 years) will be made, whichever you elect. This means if you die before receiving all of the payments, your beneficiary will receive the remainder of the payments.
- You can receive adjusted payments for the rest of your life and your beneficiary will continue to receive 100% or 50% of the reduced amount for his or her life.
- You can receive larger payments for your life only, with no continued payments after your death.

Third, you don't have to worry about losing your benefit if you die, become disabled or leave County employment before retirement. The plan has provisions to protect your benefits:

- **If you terminate your employment** before becoming eligible for retirement, but have completed at least five years of credited service, you may be entitled to a benefit when you reach retirement age.
- **If you become disabled while working for the County,** you may be eligible to receive a disability retirement benefit.
- **If you die before benefit payments begin,** the plan will pay a benefit to your surviving spouse.
- **If you take a military leave,** you may have certain benefit rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994. Please contact Personnel Services for more information.

Factors Affecting Your Benefit

Accrued benefit, accumulated contributions, compensation, breaks in service, credited service and final average monthly compensation may affect the amount of your benefit. By understanding these terms, you will know how the plan can work for you.

Accrued benefit is the amount of pension benefit you have *earned* at any point, based on the plan's formula, your credited service and your final average monthly compensation. The calculated amount is payable to you at age 65, to the extent you are vested.

Accumulated Contributions means the total of your contribution to the retirement plan plus credited interest. Various rates of interest have been credited on your contributions to the plan over the years. The current interest rate is available from Personnel Services. The Retirement Board reviews this rate periodically and makes adjustments based on current conditions.

A **Break in Service** occurs if you stop working for the County and do not return to service within 12 months of your termination date. When a break in service occurs and you receive a distribution of your accumulated contributions, you lose your prior credited service. If you return to work as a full-time employee before a break in service occurs, your credited service will be restored if you repay the trust fund – with interest and within 12 months of rehire – any fund amounts you received when your employment terminated.

Some situations do not count as a break in service, such as:

- ❖ A temporary layoff, with a return to service within one year;
- ❖ A formal leave of absence, with a return to service within one year after the leave of absence ends;
- ❖ A military leave of absence, with a return to service within the time period required under federal rules;
- ❖ Not being reelected as a County official, with a return to service within eight years;
- ❖ Not being reappointed as an appointed official or deputy, with a return to service within eight years; and
- ❖ Unpaid leave allowed under the Family Medical Leave Act of 1993.

Credited service will *not* be counted for time away from active County service for the above situations, even though a break in service does not occur. Federal laws regarding military service may be an exception to this.

Compensation is your normal regular salary or hourly wage rate, including your contributions to this plan and any salary reduction plan or deferred compensation plan. It does not include bonuses, overtime pay, extra pay, workers' compensation, or payment in lieu of accrued vacation and sick leave, or County contributions to this or other benefit plans. Federal regulations limit the maximum amount of annual compensation used to calculate your retirement benefit.

Credited Service is the period of time you are employed by the County which is counted toward your retirement benefit calculation. This period includes your current service and your prior service as defined on the next page. It also includes any service you may have purchased in 1996. Credited service under this plan cannot be increased by overtime, nor does it include any period of service when you are covered by another retirement plan funded by the County, other than Social Security.

The retirement plan began on January 1, 1969, so your credited service depends on when you were hired and when you joined the plan:

❖ **Prior Service.** If you were hired *on or before January 1, 1969*, your prior service depends on when you elected to participate:

- If you elected to participate before March 1, 1969, your prior service is counted from your hire date, but with a maximum of five years of prior service for continuous service before January 1, 1969; or

- If you did not elect to participate in the plan before March 1, 1969, no prior service credit is granted.

❖ **Current Service.** Your current service depends on the date you file a membership agreement.

- If you were hired *on or before January 1, 1969*, and elected to participate before March 1, 1969, your current service begins on January 1, 1969.

- If you were hired *on or before January 1, 1969*, and elected *not* to participate before March 1, 1969, your current service begins on the date you file a membership agreement.

- If you were hired *after January 1, 1969*, and were not an employee of the Weld County Human Services Department on December 16, 1991, your current service begins on your hire date.

- If you were an employee of the Weld County Human Services Department before December 16, 1991, your current service begins on December 16, 1991.

Your current service ends on your retirement date or the date your service ends. You continue to earn current service during periods of disability or if you are receiving worker's compensation before age 65.

- **Purchased Service.** If you purchased service in 1996 according to the terms of the plan, the service you purchased will be included in your credited service. The purchased service will not count towards the Rule of 75 early retirement calculation.

Final Average Monthly Compensation (FAMC) is used in calculating your retirement benefit and is determined by taking 1/36th of your compensation (as described above) during the 36 highest-paid consecutive calendar months of credited service in your last 120 months (10 years) of credited service with the County, subject to the limit in the compensation definition. If you take an unpaid leave of absence allowed under the Family Medical Leave Act of 1993 during any part of a month, that month's salary will not count toward your FAMC.

County, as used in this booklet, refers to Weld County.

Participation and Contributions

You participate in the plan from the day you are hired. You contribute 9% of your pay and the County matches it to provide your retirement benefits.

PARTICIPATION

You begin to participate automatically in the retirement plan on your hire date. Employees hired on or before January 1, 1969, had an option of when they could begin participating in the plan. See the definition of credited service on page 7 for more information on optional participation before January 1, 1969.

Only full-time employees of the County (as defined by the personnel policies and procedures of the County) and any elected or appointed County officer or deputy are eligible to participate.

Officers and employees of any federally funded County program, which specifically excludes the use of federal funds for retirement programs, may not participate in the plan. Similarly, “leased” employees, independent contractors and employees of the Weld County Health Department may not participate in the plan. Effective December 16, 1991, all current employees of the Weld County Human Services Department who were previously excluded from the plan became members of the plan.

Once you become a participant in the plan, you may not withdraw from participation unless you are no longer eligible to participate in the plan.

CONTRIBUTIONS

You and the County share the cost of funding the benefits you will receive when you retire. You contribute 9% of your monthly compensation (see page 7) to the plan. The County matches your contributions.

You and the County do not contribute to the plan on your behalf during any period of employment when you are not receiving credit for current service.

There are special tax advantages to your contributions to the plan after December 31, 1983. They are made on a **before-tax** basis. This means the amount of your retirement plan contribution is deducted from your pay **before** federal and state withholding taxes are calculated. Social Security taxes are calculated on your unreduced pay.

The following example shows the advantages of your contributions being made on a before-tax basis. The example uses 2000 rates and assumes you are married filing jointly, and claim yourself, spouse and one child as exemptions and use standard deductions.

	Sample After-Tax Contributions	County Plan Before-Tax Contributions
Annual Salary	$35,000	$35,000
Before-Tax Contribution	- 0	- 2,100
Taxable Salary	$35,000	$32,900
Federal & Colorado Income Taxes	- 3,802	- 3,387
Social Security (FICA)*	- 2,678	- 2,678
After-Tax Contribution	- 2,100	- 0
Remaining Income	**$26,420**	**$26,835**
Tax Savings	**$ 0**	**$ 415**

*This rate is 7.65% for 2000

In the example on the previous page, you save $415 per year in tax by contributing on a before-tax basis. This increases your remaining income from what it would have been if your contributions were made on an after-tax basis. When you receive benefit payments from the plan, you will pay taxes on the money not previously taxed (credited interest, and your contributions after December 31, 1983), but at a more favorable rate, assuming you are in a lower tax bracket.

EARNINGS ON YOUR CONTRIBUTIONS

All contributions are deposited in a trust fund and invested. Your contributions are credited with interest each year at a rate determined by the Retirement Board (see page 35). This rate applies to your contributions only, not to the rate the general retirement fund is earning.

You, or your beneficiary, are always assured of receiving the full amount of your accumulated contributions if you terminate your employment or die before you are eligible for a retirement benefit.

When You Can Retire

You can retire as early as age 55 as long as you have at least five years of credited service. You can retire at age 65, which is called normal retirement, or you may retire later.

NORMAL RETIREMENT

Normal retirement age is 65 under the Weld County Retirement Plan, regardless of the number of years of service you have. Your normal retirement date is the first day of the month on or after your 65th birthday.

The plan has several provisions which allow you to retire before your normal retirement date, depending on your age and years of credited service. These early retirement options are described below.

EARLY RETIREMENT

Regular Early Retirement: If you have completed at least *five years* of credited service, you may retire as early as *age 55* and receive a benefit from the plan. You may begin receiving reduced retirement payments right away or you can wait and begin receiving payments at any time before you reach age 65.

If you decide to receive regular early retirement benefit payments before age 65, your monthly payments will be reduced because it is expected that they will be paid over a longer period of time.

If you have at least five, *but less than eight years* of credited service and you begin receiving payments before age 65, your monthly payments will be reduced for every month payments start *before age 65*. (See chart on page 21.)

Special Early Retirement: If you have *eight or more* years of credited service, you may retire early under special early retirement and receive a full (unreduced) benefit at or after age 62. If you retire early under special early retirement and you elect to receive payments between the ages of 55 and 61, your benefit amount will be reduced for each month payments start *before age 62.* (See chart on page 21.)

Rule of 75 Early Retirement: Under Rule of 75 early retirement, with certain combinations of age and service, you may retire **between ages 55 and 61** and begin receiving benefit payments immediately **with no reduction in the monthly amount of the benefit earned as of that date.**

To qualify for the Rule of 75 early retirement, you must have at least the combination of age and years of credited service shown below and be at least age 55 when you terminate employment:

Requirements for Rule of 75 Early Retirement

Age at retirement	55	56	57	58	59	60	61	62	63	64
Years of credited service	20	19	18	17	16	15	14	*	*	*

In other words, you may retire between ages 55 and 61 with an unreduced benefit payable immediately if your age and years of credited service add up to 75 or more (age 55 plus at least 20 years of credited service, age 56 plus at least 19 years of credited service, etc.).

*Under special early retirement, if you are at least age 55 and have at least eight years of credited service, you may retire and begin receiving benefit payments at age 62 with no reduction in the monthly amount. If you receive payments before age 62, they'll be reduced as described under the special early retirement section above.

NOTE: To qualify for this Rule of 75 early retirement benefit, you must meet these age and service requirements when your covered employment ends. Also, the Rule of 75 early retirement calculation does not take into consideration any service you purchased in 1996 according to the terms of the Plan.

AMOUNT OF EARLY RETIREMENT PAYMENTS

Early retirement payments will be smaller than normal retirement payments because your years of credited service will be less than if you had continued working until age 65. See page 21 for more information about how early retirement will affect the amount of your benefit payments.

DELAYED RETIREMENT

You may elect to continue working beyond age 65, thus delaying your retirement. In this case, you must file a written designation of a beneficiary for survivor benefits that would be payable if you were to die while still employed after age 65. Retirement benefit payments will begin once you actually retire.

WHEN PAYMENTS BEGIN

Your retirement date is always the first of the month following your last day worked. Your first benefit payment will be made one month after that date. For example, if your last workday is February 15, your retirement date is March 1 and your first retirement benefit payment will be made April 1.

Normal Retirement Benefits

The amount of your monthly benefit payment depends on your credited service and final average monthly compensation at retirement. These factors are used in a formula to calculate your benefit.

The retirement plan uses a formula to calculate your monthly benefit payable at normal retirement (age 65) or at delayed retirement (after age 65). The amount calculated will be paid for your lifetime, with 120 months guaranteed. (See pages 24 and 25 for information on other forms of benefit payments.)

The formula uses your years of credited service and your final average monthly compensation during the latter years of your career (when your pay should normally be highest). See pages 7 and 9 for definitions of credited service and final average monthly compensation.

For those who end employment with the County on or after July 1, 2000, the formula for calculating your normal or delayed retirement benefit is:

Monthly Benefit* = 2.75% X Final Average Monthly Compensation X Credited Service

Example

Mary has worked for the County since March 1, 1975. She will be 65 on July 16, 2000, and plans to retire effective August 1, 2000. She expects her monthly pay to be at its highest continuous level in her last three years (36 months) of employment: 1997 - $2,175; 1998 - $2,300; 1999 - $2,500; for a final average monthly compensation (FAMC) of $2,325.

Mary joined the retirement plan on March 1, 1975, so her credited service from March 1, 1975 through July 31, 2000 (normal retirement on August 1, 2000) is 25 years and 5 months.

Mary's Monthly Retirement Benefit	=	0.0275 (2.75%)	X	$2,325 (FAMC)	X	25 5/12 (Credited Service)	=	$1,625.10

Estimate Your Own Benefit

My Monthly Retirement Benefit	=	0.0275	X	$______ Estimated FAMC	X	______ Estimated Credited Service	=	$______

Minimum Monthly Benefit

The plan provides an alternate method of calculating retirement benefits which may provide a greater benefit for some employees. It's called a minimum monthly benefit and is equal to $25 times years of credited service.

Maximum Monthly Benefit

The maximum monthly pension an employee may receive is 82.5% of his average monthly compensation during the 12 highest-paid consecutive calendar months of credited service within his last 120 months of credited service. This maximum would only apply to employees with more than 30 years of service in some circumstances.

In addition to the maximum under the Plan, federal regulations include limits on what can be paid out of the plan. While most employees will never reach these maximums, the maximums are stated in the plan's legal document.

NORMAL RETIREMENT BENEFITS (continued)

You can *estimate* your monthly benefit at normal retirement another way by using the following table. While it's not an official calculation, it will give you an idea of what you might expect to receive. You need to estimate what you think your final average monthly compensation will be when you're 65 and how many years of credited service you'll have then. The table shows the monthly retirement benefit earned for each year of credited service at various levels of final average monthly compensation. Depending on how close your age is to 65, your final average monthly compensation could be substantially different than your *current* monthly pay.

NORMAL RETIREMENT BENEFIT ESTIMATOR

Using this table: If you *estimate* your final average monthly compensation to be $1,200, and if your expected credited service at your normal retirement date is projected to be 23 years and 9 months, then your *approximate* monthly normal retirement benefit would be $783.75 ($33 x 23 9/12 years).

Final Average Monthly Compensation	Estimated Monthly Benefit Per Year of Credited Service
$1,000 and below	$27.50
1,200	$33.00
1,400	$38.50
1,600	$44.00
1,800	$49.50
2,000	$55.00
2,200	$60.50
2,400	$66.00
2,600	$71.50
2,800	$77.00
3,000	$82.50

3,200	$88.00
3,400	$93.50
3,600	$99.00

For each additional $100 of final average monthly compensation, add $2.75 to the last amount in the right-hand column.

My Estimated Retirement Benefit at Age 65

____________	X	____________	= $	____________
Years of Credited Service (Estimated)		Monthly Benefit Per Year of Credited Service (Right-hand column above)		Monthly Benefit Amount at Age 65

Early Retirement Benefits

You may retire as early as age 55 if you have at least five years of credited service. If you take regular early retirement and payments begin immediately, your benefits will be reduced. Under special and Rule of 75 early retirement, you may begin receiving unreduced benefits immediately, depending on your age and years of credited service.

The formula for calculating all early retirement benefits is the same as the normal retirement benefit formula on page 16. The amount calculated may be reduced depending on when payments begin and your years of credited service.

REGULAR EARLY RETIREMENT

You may choose to retire and receive a *regular early retirement* benefit under the plan at any time between ages 55 and 65 if you have at least five years of credited service. The calculated benefit amount will be *payable in full at age 65* or in a *reduced amount between ages 55 and 64.*

SPECIAL EARLY RETIREMENT

You may retire early under *special early retirement* as long as you are at least age 55 and have at least eight years of credited service. The amount calculated will be *payable in full at age 62*, or in a *reduced amount between ages 55 and 61.*

RULE OF 75 EARLY RETIREMENT

Under the *Rule of 75 early retirement*, you may retire early and receive unreduced benefits if you leave the employ of the County and retire at age 55 or later and the sum of your age and years of credited service equals 75 or more (see the chart on page 14). You will receive the benefit you've earned without any reduction if you retire early under the Rule of 75 early retirement.

Please note that only service you purchased in 1996 does not count for the Rule of 75 early retirement calculation.

TIMING AND AMOUNT OF BENEFIT PAYMENTS

Early retirement benefit payments may begin immediately after your regular and special early retirement dates, but the amount of your monthly benefit will be reduced if the payments begin before a specified age. The reduction occurs because it is expected that payments will be made over a longer period of time.

Regular Early Retirement: If you are at least age 55, and have **at least five, but less than eight years** of credited service, the benefit amount will be reduced by 2.5% for each year payments begin **before age 65.**

Percentage of Age-65 Retirement Benefit Payable Immediately at Ages 55 - 64

Age When Payments Begin		55	56	57	58	59	60	61	62	63	64
Regular Early	5-8 years of credited service	75%	77.5%	80%	82.5%	85%	87.5%	90%	92.5%	95%	97.5%
Special Early	8 years of credited service or more	82.5%	85%	87.5%	90%	92.5%	95%	97.5%	100%	100%	100%

Special Early Retirement: If you are at least age 55, and have **eight or more** years of credited service, the benefit amount will be reduced by 2.5% for each year payments begin **before age 62.**

EARLY RETIREMENT PAYMENT EXAMPLES

(Use the chart on the previous page to find reduction percentages.)

Regular Early Retirement

Laura elects to take regular early retirement at age 60. She has seven years of credited service. She wants to start receiving payments immediately. Let's assume her monthly retirement benefit is calculated to be $500, payable at age 65.

- ❖ Because she has less than eight years of credited service, her benefit will be *reduced from age 65*.
- ❖ Laura's monthly retirement benefit beginning at age 60 is $437.50 ($500 x 87.5%).
- ❖ If she was age 55 instead of age 60 and started payments immediately, her benefit would be $375.00 ($500 x 75%) per month.
- ❖ With seven years of credited service, Laura is not eligible for special early retirement, which requires eight or more years.

Special Early Retirement

Ben elects to take early retirement at age 60 with 14 years of credited service. He wants to begin receiving monthly benefits right away. Let's assume his monthly retirement benefit payable at age 65 is calculated to be $1,000.

- ❖ Because Ben has more than eight years of credited service, his monthly benefit beginning at age 60 is $950 ($1000 x 95%), *reduced from age 62*.
- ❖ If he was age 55 instead of 60 and started payments immediately, his benefit would be $825.00 ($1,000 x 82.5%) per month.
- ❖ Under special early retirement, if Ben was age 62, he could receive the full $1,000 each month immediately.

Rule of 75 Early Retirement

Susan, age 58 with 17 years of credited service, is eligible for Rule of 75 early retirement because the sum of her age and years of credited service is at least 75, and she is at least age 55. She decides to retire and begin receiving benefit payments immediately.

- Let's assume her monthly retirement benefit is calculated to be $1,200, based on her final average monthly compensation and years of credited service.
- She will receive the full amount – $1,200 – immediately because she qualifies for Rule of 75 early retirement.

Forms of Benefit Payment

There are several forms of payment available when you get ready to retire. You may elect to have benefits paid to you only or to you and a beneficiary.

The retirement plan has several ways in which your monthly benefit can be paid. When you get ready to retire, you *must elect* a form of payment in writing at least 30 days before you want the payments to begin. You may change the option you have elected, but this change must also be made at least 30 days before the first payment is due. Elections must be filed with the Retirement Board.

SPOUSAL CONSENT: For married participants to receive benefit payments in any form *other than* the 50% joint and survivor option, the participant's spouse must agree in writing to that form of payment and the agreement must be notarized or witnessed by a plan representative. The Retirement Board has forms for this alternate designation and payment cannot begin until a properly completed form is *received by the Board.*

LIFE AND 10-YEAR CERTAIN: The benefit is a monthly payment to you for your lifetime. If you die before receiving 120 payments (10 years), your beneficiary will receive the remainder of the 120 payments. For example, if you die after receiving payments for 48 months, your beneficiary will receive the remaining 72 payments (120 minus 48). **This is the form of payment for the benefit amount calculated by the plan's benefit formula.**

JOINT AND SURVIVOR: The joint and survivor benefit pays an adjusted benefit to you for your lifetime. After your death, either 100% or 50% (whichever you initially elected) of your

EFFECT ON BENEFIT AMOUNT IF OPTIONAL PAYMENT CHOSEN

(Assume Life and 10-Year Certain Payment = $1,000 per Month)

Ages at Employee's Retirement	100% Joint and Survivor	50% Joint and Survivor	Life and 15-Year Certain	Life and 5-Year Certain	Life Only
Employee 65	$911	$975	$956	$1,034	$1,047
Beneficiary 65	911	488	956(1)	1,034(2)	None
Employee 65	881	957	956	1,034	1,047
Beneficiary 60	881	479	956(1)	1,034(2)	None
Employee 65	852	940	956	1,034	1,047
Beneficiary 55	852	470	956(1)	1,034(2)	None
Employee 65	942	992	956	1,034	1,047
Beneficiary 70	942	496	956(1)	1,034(2)	None

(1) Receives remainder, if any, of 180 payments, after employee's death.
(2) Receives remainder, if any, of 60 payments, after employee's death.

adjusted benefit will continue to your beneficiary for his or her lifetime. Upon the death of your beneficiary, payments will stop. If your designated beneficiary dies before you, payments will stop when you die. **The 50% joint and survivor form of payment, with your spouse as beneficiary, is the only form of payment that married employees may elect without spousal consent.**

LIFE AND TERM CERTAIN: This form of benefit payment is similar to the life and 10-year certain benefit described on page 24 and pays an adjusted benefit to you for your lifetime. If you die before receiving 60 payments (5 years) or 180 payments (15 years), whichever you elected initially, your beneficiary will receive the remainder of the payments.

SINGLE LIFE BENEFIT: You may elect to receive an increased monthly benefit for your lifetime only. The monthly payments stop when you die. There are no monthly survivor benefits (see "Minimum Payment" below).

DIRECT ROLLOVER: You may be eligible to "directly roll over" all or a portion of your benefit that includes your *before-tax* contributions and earnings. You may request a direct rollover to a traditional IRA (Individual Retirement Account) or another qualified employer plan. See Personnel Services for more information if this applies to you.

MINIMUM PAYMENT: If your monthly benefit when you retire is less than $100, the Retirement Board may elect to pay you an equivalent amount quarterly, semi-annually, annually, or in a single sum. Also, if the total amount of benefits payable to you and your beneficiary is less than the total of your accumulated contributions, the difference will be paid to your beneficiary (or your estate if your beneficiary dies before you).

The table on the next page shows how your benefit payments are affected if you elect an optional form of payment:

BENEFICIARY DESIGNATIONS

Persons eligible to be designated as your beneficiary are your spouse or any other person, subject to the spousal consent rules described earlier in this section. You may also name your estate as your beneficiary.

When you begin to participate in the plan, you will designate a beneficiary for your accumulated contributions. You will also designate a beneficiary for your retirement benefit if you continue working beyond age 65. When you retire and select the form of retirement benefit payments you want, you will designate a beneficiary for survivor benefits. All beneficiary designations for married participants are subject to the spousal consent rules described earlier in this section.

If your beneficiary dies before the due date of your first benefit payment and you do not name a new beneficiary, benefits will be paid to you as follows:

- ❖ *If you are married*, you will receive a benefit under the 50% joint and survivor form of payment, with your spouse as the beneficiary; or
- ❖ *If you are single*, you will receive a benefit under the life and 10-year certain form of payment, with your estate as the beneficiary.

Changing Your Beneficiary

For retirement purposes, you may change your beneficiary designation at any time up to 30 days before payments begin.

After benefit payments have begun under either of the joint and survivor forms of payment, you may *not* change the beneficiary. You may change your beneficiary after payments have begun under the life and 10-year certain and single life forms of payments.

OBTAINING YOUR BENEFITS

When you decide to retire, you should notify Personnel Services at least 30 days in advance of the date you want payments to begin. You will decide on the type of retirement benefit you want to receive and when you want payments to begin. Also, you will name a beneficiary for any survivor benefits that may be applicable.

If you terminate your employment with the County prior to being eligible for early retirement, you will need to discuss your status as a vested member and/or distribution of your accumulated contributions with Personnel Services.

If You Become Disabled

If you can no longer work because of a disability before age 65, you will continue earning credit toward retirement benefits. The disability benefit is payable to you at age 65, or when payments stop under the County's Long-Term Disability Plan, if that is later.

If you can no longer work because of a disability that occurs before age 65, you will be eligible to receive disability retirement benefits under the plan beginning at age 65. To be considered disabled, you must be eligible for disability benefits under the County's Long-Term Disability Plan.

Disability retirement benefit payments will begin on the first of the month on or after you become 65 or, if later, when payments stop under the County's Long-Term Disability Plan. The amount of your disability retirement benefit will be based on your final average monthly compensation at the time you became disabled and credited service to age 65, or the date you recover from your disability, if earlier. Payments will be made according to the form of payment you elect (see pages 24 and 25).

IF YOU RECOVER

You are considered to have recovered from disability if your long-term disability payments stop. Recovery may affect your benefit as follows:

- ❖ If you recover after disability retirement payments from the plan have started, payments will continue without change.

- ❖ If you recover before age 65 and return to work with the County as a full-time employee, you will resume participation in the plan and your credited service will include the period of your disability.
- ❖ If you recover before age 65 and do not return to work with the County, no disability retirement benefits will be paid. You may be eligible for a vested or early retirement benefit based on your final average monthly compensation at the time you were initially disabled and your credited service on your date of recovery from disability (including the period of disability).

Protecting Your Survivors

Your spouse will be eligible to receive a monthly benefit if you die before benefit payments begin.

Certain benefits under this plan are protected for your survivors when you die.

BEFORE AGE 65

If you are single, your beneficiary or estate will receive two times the amount of your accumulated contributions if you die while employed by the County or as a “vested member” (see page 32) whose payments have not started yet.

If you are married, die before age 65 and before benefit payments begin, your surviving spouse *must elect* the type of benefit to be paid. The options are:

1. A monthly benefit for life, which will be 75% of the benefit you had earned as of the date of your death.

   Payments to your surviving spouse will normally begin on the first day of the month following your date of death, regardless of your age when you died.

   OR

2. Two times the amount of your accumulated contributions in a lump-sum payment. If you purchased service in 1996, the value of your contributions to purchase this service, plus interest will be added to any refund distributed upon your death.

This amount is payable immediately after the election is made, regardless of your age when you died.

Benefits described in this section apply to married members who are employed by the County or who have terminated employment with the County and have a vested benefit (see the next page), but payments have not started yet.

Upon notice of your death, the Retirement Board will send forms to the surviving spouse to elect the payment option. **Payments will not be made until this completed form is received by the Retirement Board.**

AFTER AGE 65

❖ If you continue working beyond age 65 and die before electing an optional form of benefit payment, benefits will be paid to your survivors as follows:

- If you are married, your spouse will receive a benefit under the 50% joint and survivor option described on page 24.
- If you are single, your beneficiary will receive 120 monthly payments under the life and 10-year certain form of payment (see page 24).

AFTER PAYMENTS BEGIN

❖ If you die after retiring and benefit payments have begun, payments will continue according to the payment method you selected.

❖ If you and your beneficiary die before the total amount of benefits paid is equal to the amount of your accumulated contributions or the amount of any guaranteed number of payments, your estate will receive the balance.

If You Leave

Terminating your employment with the County after five years of credited service entitles you to a vested benefit, payable at age 65 or at any time after age 55 in accordance with the early retirement provisions. With less than five years, you will receive your accumulated contributions.

If you terminate your employment with the County before you are eligible for early retirement and you have less than five years of credited service, you will receive your accumulated contributions. Payment will be made within 90 days after your last day of employment.

BECOMING A VESTED MEMBER

After five years of credited service, you become 100% vested, and you have an option when you terminate your employment:

- You can leave your accumulated contributions on deposit in the retirement trust and become a vested member, or
- You can elect to withdraw your accumulated contributions and give up your right to any other benefits under the retirement plan. If you purchased service in 1996, the value of your contributions to purchase this service, plus interest will be added to any refund distributed upon your termination.

Elected officers of the County become 100% vested in their earned benefit regardless of their years of credited service if they are not reelected to County office or reemployed by the County within 30 days after their term of office expires.

If you do not elect to receive your accumulated contributions within 90 days of your termination date, you automatically become a vested member. However, as a vested member, you may elect at any time prior to age 65 to receive your accumulated contributions. Once you receive your accumulated contributions, **you give up your rights to all other benefits under the plan.** If you are married and elect to withdraw your accumulated contributions and give up your right to a vested benefit, your spouse must agree in writing (see Spousal Consent on page 24).

VESTED BENEFIT AMOUNT

As a vested member in the retirement plan, you have the right to receive an unreduced retirement benefit at age 65. The benefit amount is based on the benefit formula in the plan on the date your employment ends.

If your retirement benefit at age 65 is less than $100 per month, the Retirement Board may elect to pay you the equivalent value of that benefit in a single sum within 90 days after you terminate employment. This single-sum payment would be made instead of a series of monthly payments later on.

You may also elect to have your vested retirement benefit payments begin as early as age 55. However, payments that begin before age 65 will be reduced because they are expected to be paid over a longer period of time. See page 21 for the percentage of retirement benefits payable between ages 55 and 64.

INCOME TAX

The taxable portion of your accumulated contributions or retirement benefit becomes subject to tax when distributed. If you receive the payment before age 59 ½, you also may have to pay an additional 10% tax. You may be able to use special tax rules to reduce the tax you owe, or you may roll over the taxable portion of your accumulated contributions or lump-sum benefit to another retirement plan or individual retirement account (IRA). When you leave the County you will receive details on your particular situation, your options, and the laws at that time. You may want to consult a tax advisor before you take a payment of your benefits from the plan.

REEMPLOYMENT OF FORMER PARTICIPANTS

If you stop your employment with the County before being eligible for a retirement benefit and are later rehired on a full-time basis, your credited service for calculating future benefits will be determined by the break in service rules described on pages 6 and 7.

REEMPLOYMENT OF RETIREES

If you are reemployed by the County on a full-time basis after having retired, your monthly benefit payments will stop while you are employed. When you retire again, your monthly benefit will be recalculated based on any additional credited service and compensation, and will be reduced to reflect your previous benefit payments. Refer to the "Working After Retirement" section of the Weld County Employee Personnel Policy Handbook for specifics on working after retirement.

Plan Administration

The Weld County Retirement Plan is managed by a five-member Retirement Board. Other important administrative information is covered here also.

CONTROL AND ADMINISTRATION

Plan administration is by a five-member Retirement Board, including:

- The incumbent County Treasurer;
- Two nonelected County employees, selected by their fellow employees; and
- Two qualified electors of the County, appointed by the County Commissioners.

Duties of the Retirement Board include management of the plan, interpreting the plan's provisions, recommending any changes to the plan for approval by the County Commissioners, and controlling the level of contributions to the plan by the County and its employees. Decisions of the Retirement Board are final and binding upon current and former participants and related parties.

PLAN PERMANENCE

The County and Retirement Board intend to continue the Weld County Retirement Plan indefinitely, but reserve the right to change the plan or discontinue it. Any changes to the plan must be for the exclusive benefit of the employees, retired employees or beneficiaries of plan benefits, and must be made to protect all retirement benefits earned as of the date of the change.

If the plan ends: you will stop earning benefits and contributions to the plan would stop; all affected funds in the retirement fund will be converted to cash and allocated to members and beneficiaries; and payments may be made in cash or nontransferable annuity contracts. Members or beneficiaries would first receive the total of their accumulated contributions (plus the accumulated value of the amount paid for service purchased, if any), and then the remaining funds would be allocated in accordance with the plan document. No funds may be returned to the County unless all liabilities to members or beneficiaries have been satisfied. The Retirement Board will determine when benefits are to be paid.

PLAN YEAR

January 1 - December 31

ASSIGNMENT OF BENEFITS

The plan is intended to pay benefits only to you or your beneficiaries. Your benefits cannot be used as collateral for loans or be assigned in any other way, except as permitted under Colorado law for child support, or effective January 1, 1997, for payments made in compliance with a court order due to a legal separation or divorce. You and/or your spouse may receive a summary of the plan and domestic relations orders procedures by contacting Personnel Services.

MAXIMUM BENEFITS

In accordance with federal regulations, the plan has provisions detailing the maximum benefit you can receive. While most employees will never reach this maximum, the maximum is stated in the plan's legal document.

EFFECT ON EMPLOYMENT

The plan in no way guarantees you continued employment with the County. If you terminate your employment or if you are discharged, the plan does not give you any right to any benefit or interest in the funds contributed by the County or earned by the retirement trust, except as specifically provided in the plan.

Similarly, there is no prohibition in the plan on terminated or retired employees receiving or continuing to receive retirement benefits, if eligible under the plan, because they obtain employment with another employer.

PLAN DOCUMENT

This booklet describes the plan in everyday language and tries to avoid the technical language of the plan's legal document. If, in our efforts to make the plan easy to understand, we have omitted or misstated any of the plan's provisions, the plan's official legal document must remain the final authority. If you wish, you may examine the legal document in Personnel Services. The plan described in this booklet is as amended and restated July 1, 2000.

Social Security Benefits

You and the County contribute to provide Social Security benefits for you and your dependents. Monthly payments, and medical and survivor benefits are part of Social Security benefits.

Social Security benefits add to your County retirement plan benefits to provide dependable income for your retirement years. Throughout your working career you and the County (and other employers, if applicable) contribute annual amounts set by Federal law to provide Social Security benefits.

These benefits may include monthly retirement payments to you beginning as early as age 62, or sooner if you become disabled. Hospital and medical benefits begin for you and your dependents at age 65, or earlier in case of disability. Your dependents may qualify for survivor's benefits if you die.

WHEN YOU ARE ELIGIBLE

Before you can qualify for benefits, you must work for a required period of time under the Social Security program. Under current law, you receive one quarter of coverage (to a maximum of four quarters per year) for certain amounts of earnings in a year. For example, in 2000 for each $780 of earnings, you receive one quarter of coverage.

Once you have 40 quarters of coverage, you are fully "insured" for life. "Insured" means you'll be able to receive benefits at retirement. The amount of the monthly benefit will depend on your earnings during your working career.

YOUR BENEFITS

Calculating your monthly Social Security benefit is complicated and requires detailed information about your age, date of retirement, disability or death, and your year-by-year earnings history. The Social Security Administration makes this calculation for you when you retire.

Full monthly benefits are available if you retire at age 65 by the year 2000. Reduced monthly benefits are available if you retire between ages 62 and 65 by the year 2000.

A change in the Social Security law passed in 1983 provides that beginning in the year 2000 the age for full Social Security benefits will gradually be raised, reaching age 67 in the year 2022:

- ❖ The age for full benefits will increase by two months each year from 2000 to 2005, when it will be age 66.
- ❖ Starting in 2017, the full benefit age will increase by two months a year until 2022, when it will be age 67.

MEDICARE

The two parts of Medicare – hospital insurance (Part A) and medical insurance (Part B) – provide health care protection for people 65 and up. Also eligible for Medicare are disabled people under age 65 who have been entitled to Social Security disability benefits for 24 months. Insured employees and their dependents who need dialysis treatment or a kidney transplant because of permanent kidney failure also have Medicare protection.

MORE INFORMATION

Detailed information about monthly benefit payments and Medicare coverage is available from the local Social Security office. Representatives will answer your questions and provide booklets about Social Security programs. You can find the location of the nearest office in the telephone directory under "U. S. Government, Social Security Administration." Otherwise, for additional information about these benefits, you may contact the

Social Security Administration toll-free at 1-800-772-1213, or access the Social Security Administration website at www.ssa.gov.

Beginning in 1999, the Social Security Administration will provide all workers who are age 25 and over (and who are not receiving Social Security benefits) an annual statement showing earnings covered by Social Security and an estimate of future benefits.

ESTIMATED MONTHLY RETIREMENT BENEFIT AT AGE-65 RETIREMENT IN 2000

	FAMC = $1,500 per month				FAMC = $3,000 per month			
Years of Credited Service	County Plan Benefit	Social Security Benefit	Total	"% of Pay"	County Plan Benefit	Social Security Benefit	Total	"% of Pay"
10	$ 412	$772	$1,184	79%	$ 825	$1,252	$2,077	69%
20	$ 825	$772	$1,597	106%	$1,650	$1,252	$2,902	97%

Adding It All Up

Benefits from the retirement plan and Social Security will provide a dependable income when you retire. Here are some sample benefit amounts at 10, 20 and 30 years of credited service.

The figures in the table below illustrate how the retirement plan and Social Security work together for two sample employees retiring in 2000; one with a final average monthly compensation (FAMC) of $1,500 per month ($18,000 per year) at retirement and the other with an FAMC of $3,000 per month ($36,000 per year).

The "percent of pay" numbers show how the combination of the retirement plan benefits and Social Security benefits compares to the employee's final average monthly compensation at retirement.

The above Social Security benefit amounts are estimates for illustrative purposes only.

ANNUAL STATEMENT

Each year, you will receive a personalized statement showing the retirement benefit you have earned to date based on your compensation and service. Additionally, this statement gives you an estimate of the benefit amount you can expect to receive from the retirement plan if you continue to work for the County until age 65 and retire at that time.

Notes

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