CAMBRIA COUNTY EMPLOYEE RETIREMENT PRESENTATION

Prepared by:
Dana Descavish
2nd Deputy Controller
Retirement Benefits Specialist

Plan Authority
"County Pension Law"
Act 96 of 1971

DISCLAIMER

This presentation is designed to provide a summarization of information concerning your Retirement Plan. Act 96 is the governing plan authority.

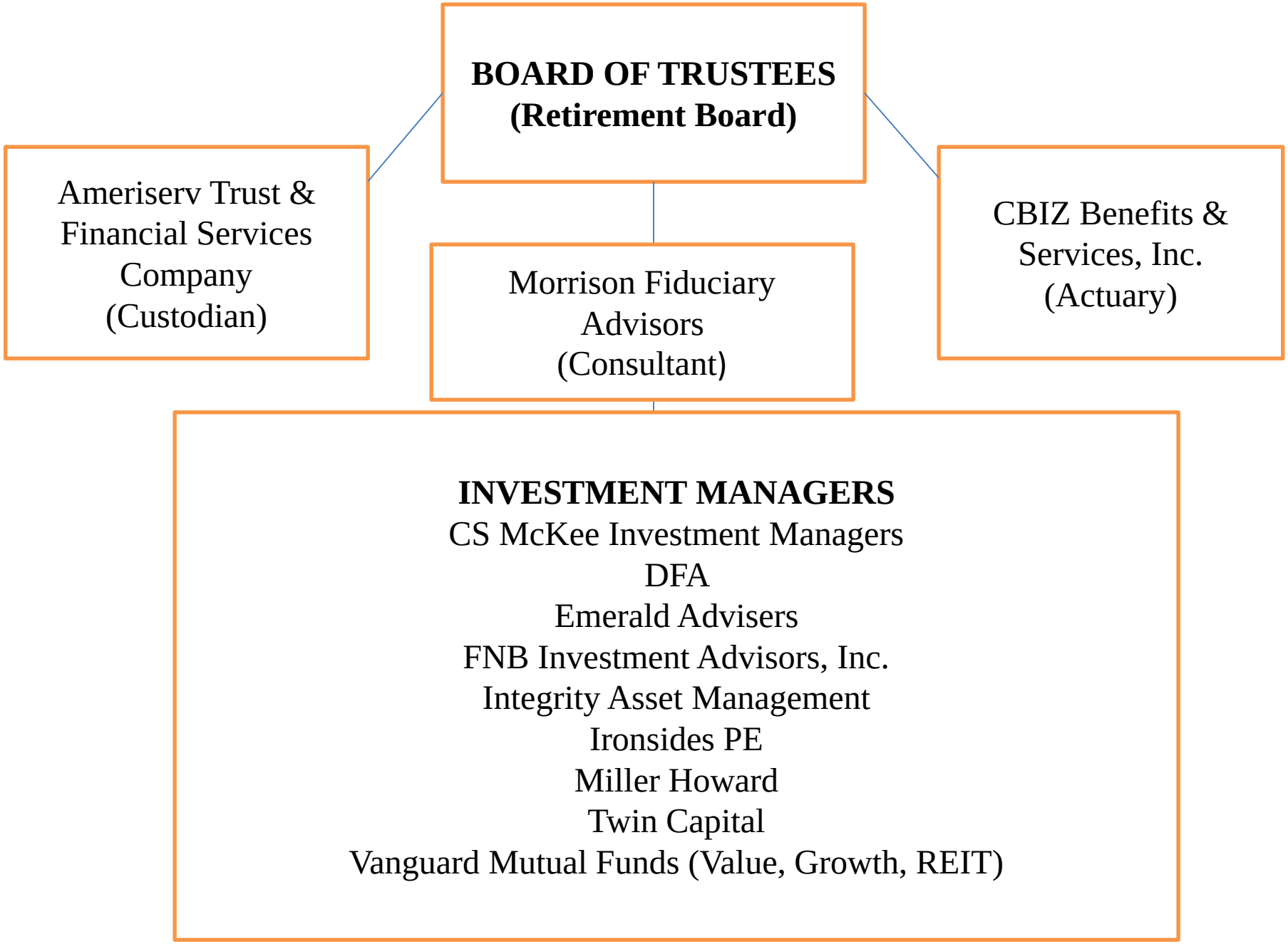
$176,091,307

*The Current Value of the Retirement Fund as of 10/31/2016

Cambria County Retirement Board

- Thomas Chernisky Chairman
- William "BJ" Smith Vice-Chairman
- Mark Wissinger Trustee
- Ed Cernic, Jr. Secretary
- Lisa Kozorosky Trustee

- By law, the retirement board members are the trustees of the retirement fund and are responsible for investing the funds subject to the limitations imposed by law upon fiduciaries. This law requires the trustees to exercise good judgment in the selection of securities, or in the selection of a deposit administrator to administer funds.
- The Retirement Board acting as fiduciaries invests your money with the aid of financial experts


BOARD OF TRUSTEES
(Retirement Board)
Ameriserv Trust & Financial Services Company (Custodian)
Morrison Fiduciary Advisors (Consultant)
CBIZ Benefits & Services, Inc. (Actuary)
INVESTMENT MANAGERS
CS McKee Investment Managers
DFA
Emerald Advisers
FNB Investment Advisors, Inc.
Integrity Asset Management
Ironsides PE
Miller Howard
Twin Capital
Vanguard Mutual Funds (Value, Growth, REIT)

What type of Retirement Plan does Cambria County have?

DEFINED BENEFIT PLAN

A defined benefit plan is where the employer guarantees to pay the employee at retirement a fixed monthly income for life.

These plans have formulas to determine how much you receive in benefits based on criteria such as age, service time and final average salary.

MEMBERSHIP

- All Full Time appointed County Employees and select other employees based on Union Contracts

- Elected Officials

MEMBER BENEFICIARY DESIGNATION FORM

- Upon being hired as a full-time employee, you will complete a Member Beneficiary designation form for the pension system.

- You are able to change this form at any time by contacting the Human Resources office at (814) 472-1610 or the form is available on the website www.cambriacountypa.gov

- It is very important to keep your Member Beneficiary form updated as changes occur in your life (e.g. marriage, divorce, having kids, etc.) We must payout to the designated primary or contingent beneficiary listed on the form regardless of the current relationship with the decedent.

- The person who witnesses your form cannot be a beneficiary

MEMBER CONTRIBUTIONS

- 9% Mandatory deduction
  - These are known as “Pick Up Contributions” which means these contributions will not be subject to federal income taxes in the year of contribution
- Voluntary contributions
  - You can contribute up to an additional 10%
  - This change can be done in December by contacting the HR Department
  - The contributions are made with after tax dollars

INTEREST CREDIT

Your member contributions and/or “pickup contributions” receive interest for the entire time the money is in the fund up to the date of retirement, death or withdrawal.

The Retirement Board determines each year the rate of interest to be credited to your member account for that year.

Per Act 96, the rate of interest cannot be less than 4% nor more than 5 ½ %.

The current interest rate is **4.75%** and your member contributions and/or pickup contributions are credited at the end of each year per annum. Current year contributions receive ½ of the interest (2.375%).

Leave of Absence without Pay

- Contributions are not required during a “leave of absence without pay”
- Consequently, service credit for pension purposes is not given.

HOWEVER

- Credit may be given for a leave of absence if you pay both the member and county contribution, upon approval by the Retirement Board.

- The request and purchase of unpaid leave time must be done before retirement.

- PURCHASED LEAVE OF ABSENCE TIME IS ONLY CREDITED FOR PENSION PURPOSES

MILITARY TIME

- **Non-intervening military** service can be purchased if the employee has 3 years of county service

- The employee may receive credit for active military service not to exceed 5 years
- The purchase amount will include the member's share, the county share and interest at 4% compounded annually to the date of purchase.
- The members share and county share will each be based on the product of 5% of the average salary for the first 3 years

- **Intervening military service** an employee who has 6 months of service with the County and is a participating member will receive credit for service time during a time of war, armed conflict or national emergency declared by the President. The county will make the minimum contributions. This time will be credited for pension purposes
- PURCHASED MILITARY TIME IS ONLY CREDITED FOR PENSION PURPOSES

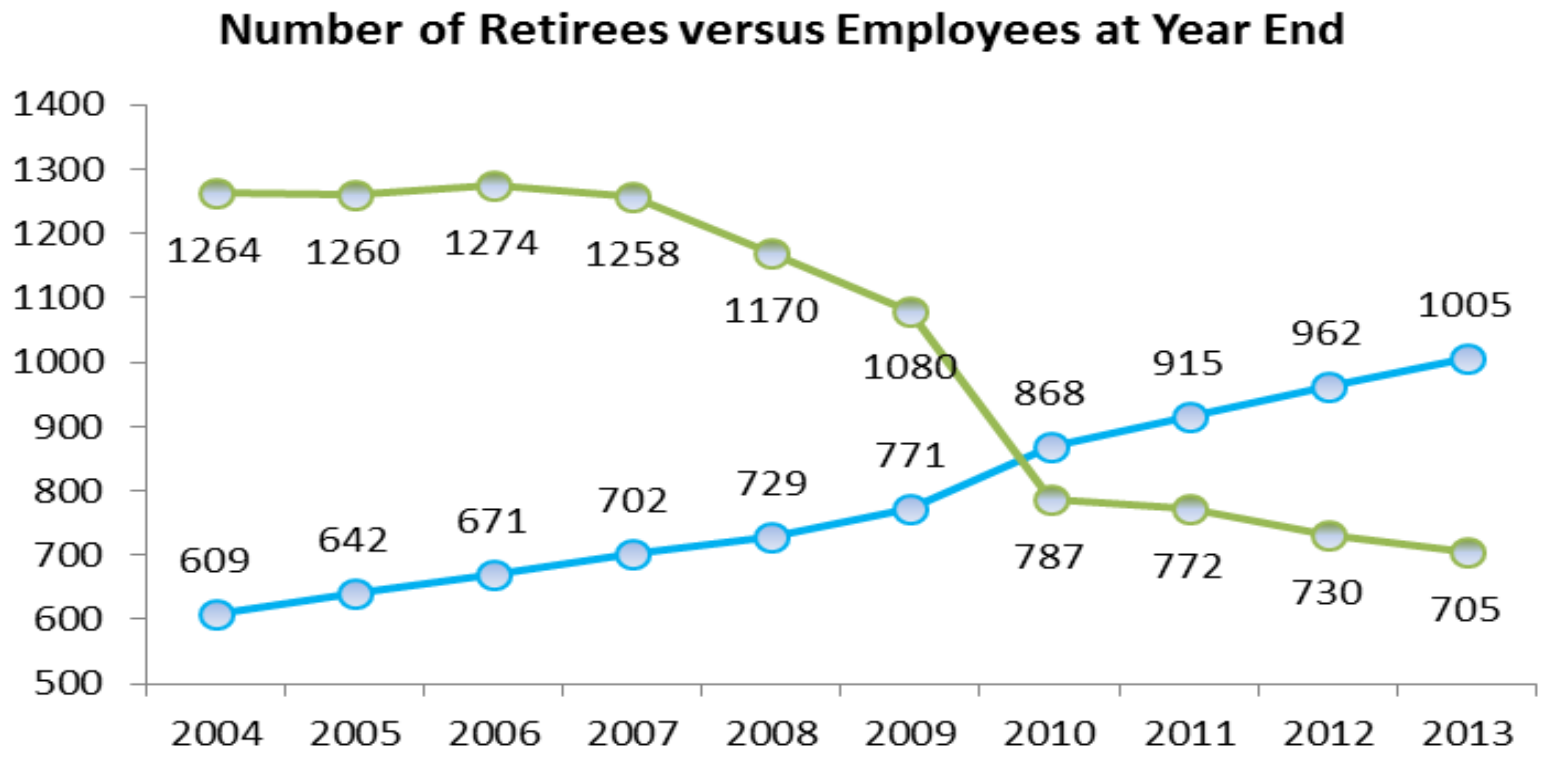
Thank you for your Service!

County Contributions

- The County contributes amounts which are actuarially determined to be sufficient resources for the payment of current and future benefits and to build up and maintain the necessary reserves for the payment of all benefits.

For 2015, 8.93% of payroll / $2,180,980.19 was budgeted to fund the Pension Plan.

For 2016, 10% of payroll is budgeted.



- The green line represents the number of employees participating in the Retirement Plan at 12/31 of each year

- The blue line represents the number of retirees

VESTING

- County employees are VESTED after completing 5 years of County credited service.
- If you leave employment, you are entitled to vested pension at normal superannuation age 60 or at age 55 (if you vested after having 20 years of service)
- Payment is contingent upon leaving your accumulated deductions with Cambria County
- The accumulated deductions continue to earn regular interest
- If you withdraw your accumulated deductions, you will <u>FORFEIT</u> your “Vested Pension”
- If after vesting you die before becoming eligible for vested pension, the full amount of your accumulated deductions, including interest will be paid to your designated beneficiary(ies).

REFUNDS

- You may receive a refund of your accumulated deductions only when you leave County service. The refund can be made to you or as a direct rollover into an IRA account or other “qualified plan”.

- If you leave prior to completing five (5) years of service or have not reached the age of 60, the total accumulated deductions will be refunded. Accumulated deductions represent your total member contributions and/or “pick up contributions, plus interest credited to the time of the refund.

- If you do not rollover your member contributions, the Plan is required to withhold 20% of the payment for Federal Income Taxes.

- In addition, the Tax Reform Act of 1986 imposes a ten percent (10%) penalty tax on the taxable portion of your refund if you are not age 59 ½ and you don’t roll the taxable portion into an IRA account or other “qualified plan”.

*****YOU CANNOT BORROW FROM YOUR RETIREMENT PLAN*****

DEATH

- Death in Active Service (after age 60 or after ten (10) years of credited service):
  - A lump sum death benefit will be paid to your designated beneficiary(ies).
  - The benefit will include both your member and county money
  - The amount is determined by calculating what your pension would be if you retired on the date of your death
  - The present value of your pension is then paid in a lump-sum as a death benefit

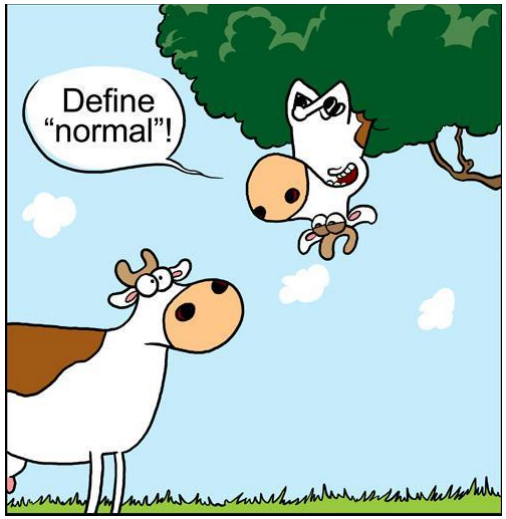
OR

  - While in active service you may file with the Retirement Board choosing to have the death benefit paid as a monthly lifetime pension to your beneficiary rather than a lump sum. (Form Election of Option 2-D)

- Death in Active Service (prior to age 60 or prior to ten (10) years of credit service):
  - The full amount of your accumulated deductions, including interest to the date of death, will be paid to your designated beneficiary(ies).

There are three (3) different Types of Retirement

- Normal (Superannuation) Retirement
- Early Retirement
  - Voluntary
  - Involuntary
- Disability Retirement



Normal Retirement (Superannuation)

You are eligible for a Normal Superannuation Retirement if you are:

- 60 years of age or older regardless of the length of your credited service
- 55 years of age with twenty (20) years of <u>credited</u> service time

EARLY RETIREMENT

- **<u>VOLUNTARY</u>**

  - You are eligible for a voluntary retirement pension if
    - 20 years of <u>credited</u> service and have not reached the age of 55
    - Termination is voluntary

- **<u>INVOLUNTARY</u>**

  - You are eligible for a involuntary retirement pension if
    - 8 years of <u>credited</u> service
    - Termination is <u>not</u> voluntary
    - Elected official after 8 years of service

*Early Retirement pensions are actuarially reduced from normal benefits to account for the expected longer period of payments and the shorter period of time during which interest accumulated

DISABILITY RETIREMENT

- You are eligible for a disability retirement pension if
  - You become disabled while in service and are awarded Social Security Disability
  - Have five (5) years of <u>credited</u> service
  - Not eligible for a normal retirement
  - Disability retirement will be 25% of your final average salary(final salary is the average annual compensation received for the highest three (3) years of service).

YOU MADE IT…….

RETIREMENT
AHEAD

Goodbye Tension...
Hello
Pension

HAPPY
RETIREMENT

RETIREMENT

An employee who is considering retirement should contact the Controller's Office and the Human Resources Department to discuss issues such as:

Controller's Office:

- Final Day of Work
- Request a Retirement Quotation
- Available Pension Options
- Health care and Life Insurance upon retirement (if applicable)

Human Resources Department:

- Final Day of Work
- Determine eligibility for terminal vacation or PTO payout, the amount and the payday in which the check will be issued
- Determine eligibility for sick bonus (if applicable)
- Letter of resignation needs to be submitted to your supervisor and copied to the HR Department

RETIREMENT OPTIONS

- Before making any decisions regarding your selection of a retirement option you are encouraged to seek the counsel of your financial advisor

- The Controller's Office is prohibited from giving advice on your selection of a retirement option

- All of the options offer a monthly pension for the rest of your life. Depending on the option you choose and the length of your life, there may or may not be anything left for a beneficiary(ies).

NO OPTION

- This pays the highest full monthly pension amount possible.
- If you do not collect your entire portion of your accumulated deductions (member contributions and interest) at the time of death, the balance is paid to your beneficiary(ies).
- Under this option, you may name as many beneficiaries as you want and may change the beneficiaries as often as you want.

OPTION ONE

- This option you will receive a lesser monthly amount than the full “no option” pension.
- If you do not collect the Present Value of your pension (i.e. member contributions, interest and the county’s portion) at the time of death, the balance will be paid to your beneficiaries.
- Under this option, you may name as many beneficiaries as you want and may change the beneficiaries as often as you want.

OPTION TWO

- This is a 100% joint life pension, which is based on your age and the age of your designated beneficiary (survivor) and is payable as long as either lives.

- If your survivor survives you, the same monthly pension amount paid to you (less the COLA increase) will continue to be paid to your survivor for the balance of his/her life. If your survivor predeceases you, you will continue to receive a monthly pension until your death at which time all monthly payments cease.

- If you and your survivor die and receive less than what your member's accumulated deductions were at the time of retirement, the balance will be paid in a lump sum to contingent beneficiaries.

- Under this option, you may name as many contingent beneficiaries as you want and may change the contingent beneficiaries as often as you want. However, you many only name one (1) Survivor.

OPTION THREE

- This is a 50% joint life pension, which is based on your age and the age of your designated surviving beneficiary (survivor) and is payable as long as either live.

- If your beneficiary (survivor) survives you, one-half of the monthly pension amount (less any COLA increase) will be paid to your beneficiary for the balance of his/her life.

- If your beneficiary (survivor) predeceases you, you will continue to receive a monthly pension until your death at which time all monthly payments cease.

- If you and your survivor die and receive less than what your member's accumulated deductions were at the time of retirement, the balance will be paid in a lump sum to contingent beneficiaries.

- Under this option, you may name as many contingent beneficiaries as you want and may change the contingent beneficiaries as often as you want. However, you may only name one (1) survivor.

OPTION FOUR

- This option allows you to withdraw in one payment the accumulated deductions credited to your individual member account. The accumulated deductions consist of the member contributions and/or pickup contributions plus all interest that has been credited to the account to the date of retirement.

- You have the option to rollover the amount dollar for dollar, withdraw the amount and/or both. If you elect to withdraw the contributions, 20% is withheld for federal income tax. If you are under age 59 1/2, you will also pay an additional 10% penalty to the IRS when filing taxes.

- These rules are IRS rules, not the County's. The government has given a tax deferral on the "pickup contributions" while you were contributing them with the intent the funds would be used for retirement purposes. If you withdraw them in lieu of rolling them over, they assume that it will not be used as a retirement and impose an early withdrawal penalty.

OPTIONS 4A THROUGH 4D

are exactly the same set-up as NO OPTION through OPTION THREE except you are taking your contributions out of the plan and receiving the county share in a monthly pension

OPTION 4A

- is the same as NO OPTION except there is nothing left for any beneficiary(ies) because you have taken out the lump sum.

OPTION 4B

- is the same as OPTION ONE. If the retiree dies before receiving the total County portion, the balance is paid to their beneficiary (ies). Under this option, you may name as many beneficiaries as you want and may change the beneficiaries as often as you want.

OPTION 4C

- is the same as OPTION TWO. You can only name one surviving (survivor) beneficiary. If your beneficiary (survivor) predeceases you, you will continue to receive a monthly pension until your death at which time all monthly payments cease. There is no lump sum left for any beneficiary (ies).

OPTION 4D

- is the same as OPTION THREE. You can only name one surviving (survivor) beneficiary. If your beneficiary (survivor) predeceases you, you will continue to receive a monthly pension until your death at which time all monthly payments cease. There is no lump sum left for any beneficiary (ies).

Calculation of a Normal Superannuation Pension

Total retirement is comprised of two parts:

- The member's pension is equivalent to the value of your accumulated deduction credited to your member account
- The county pension formula for a Normal Pension is:

  Class Basis x Final Salary x Years Credited Service

- The current class basis is 1/60 which is equivalent to .01667% (Class basis determines the benefit level the County has authorized).

SAMPLE QUOTES CRITERIA USED

This person was:

- Retiring at Age 55
- Started in April of 1992
- Total of 33 years, 7 months and 13 days of credited service
- Final average salary of $34,771.36

QUOTE 5:

- Employee contributed a voluntary amount of 2% for two years and then changed back to the mandatory 9% in 2015 and remained at 9% until retirement

QUOTE 6:

- Employee contributed a voluntary amount of 5% starting in year 2015 until retirement

Quote #5

CAMBRIA COUNTY RETIREMENT QUOTATION

Member's Name:		Date of Birth:		Sex: F	Age: 55
Beneficiary:		Date of Birth:		Sex: M	Age: 56
Date of Retirement:	**01/31/2026**	Last Day of Work:	1/30/2026		
Final Salary:	$34,771.36	Type of Retirement:	Superannuation		

Member Contributions:	$1,586.68
IRC 414 (h) (2) ' Pickup' Contributions:	$78,974.43
Total Interest Credited:	$92,952.89
Accumulated Deductions:	$173,514.00
Present Value of Member's Retirement Allowance:	$392,670.48

Non-INTV Mil Service:	0	YRS.	0	MO.	0	DAYS
Prior Service:	0	YRS.	0	MO.	0	DAYS
Membership Service:	33	YRS.	7	MO.	13	DAYS
Total Service:	**33**	**YRS.**	**7**	**MO.**	**13**	**DAYS**

MEMBER MAY ELECT TO RECEIVE ONE OF THE FOLLOWING OPTIONS:

For Federal Income Tax purposes, the member will be able to exclude $4.41 each month from gross income as determined by the IRS Simplified Method for No Option and Option One, and $4.41 for Option Two and Option Three.

NO OPTION
[ ]

$2,909.86 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to her accumulated deductions of $173,514.00, the balance shall be paid to her designated beneficiaries.

OPTION ONE
[ ]

$2,809.47 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to the present value of her retirement allowance of $392,670.48, the balance shall be paid to her designated beneficiaries.

OPTION TWO
[ ]

$2,531.29 payable monthly throughout the life of the member. Upon her death $2,531.29 shall be continued monthly throughout the life of her surviving designated beneficiary. Should the member and the primary beneficiary fail to receive payments at least equal to the accumulated deductions of $173,514.00, the balance shall be paid to the member's contingent beneficiary.

OPTION THREE
[ ]

$2,707.33 payable monthly throughout the life of the member. Upon her death $1,353.67 shall be continued monthly throughout the life of her surviving designated beneficiary. Should the member and the primary beneficiary fail to receive payments at least equal to the accumulated deductions of $173,514.00, the balance shall be paid to the member's contingent beneficiary.

OPTIONS *Continued on* Page 2

OPTION FOUR [ ]	Withdraw in one payment the accumulated deductions of $173,514.00 credited to the member's account, of which $701.13 will be recovered tax free in the year of the withdrawal. If not paid directly to the member, this latter amount is eligible to be rolled over. The remaining balance is also eligible to be rolled over. Any portion of the remaining balance not 'directly rolled over' is subject to Federal Income Tax and twenty percent withholding, in accordance with IRC Section 402 (c). In addition, the member will receive a County annuity payable monthly, and based on one of the following selections. For Federal Income Tax purposes, the member will be able to exclude $2.46 each month from gross income as determined by the IRS Simplified Method for Options Four (A) and (B), and $2.46 for Options Four (C) and (D).
(A) [ ]	$1,624.12 payable monthly throughout the life of the member.
(B) [ ]	$1,568.09 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to the present value of the County annuity of $219,156.48, the balance shall be paid to her designated beneficiaries.
(C) [ ]	$1,412.82 payable monthly throughout the life of the member. Upon her death, $1,412.82 shall be continued monthly throughout the life of her surviving designated beneficiary.
(D) [ ]	$1,511.08 payable monthly throughout the life of the member. Upon her death, $755.54 shall be continued monthly throughout the life of her surviving designated beneficiary.

Calculation Completed By:

CBIZ Benefits & Insurance Services, Inc. Date

Quote #6

CAMBRIA COUNTY RETIREMENT QUOTATION

Member's Name:		Date of Birth:		Sex:	F	Age:	55
Beneficiary:		Date of Birth:		Sex:	M	Age:	56
Date of Retirement:	**01/31/2026**	Last Day of Work:	1/30/2026				
Final Salary:	$34,771.36	Type of Retirement:	Superannuation				

Member Contributions:	$18,971.56	**(Additional 5% contribution**
IRC 414 (h) (2) ' Pickup' Contributions:	$78,974.43	**starting 1/1/2015)**
Total Interest Credited:	$97,694.13	
Accumulated Deductions:	$195,640.12	
Present Value of Member's Retirement Allowance:	$414,794.68	

Non-INTV Mil Service:	0	YRS.	0	MO.	0	DAYS
Prior Service:	0	YRS.	0	MO.	0	DAYS
Membership Service:	33	YRS.	7	MO.	13	DAYS
Total Service:	**33**	**YRS.**	**7**	**MO.**	**13**	**DAYS**

MEMBER MAY ELECT TO RECEIVE ONE OF THE FOLLOWING OPTIONS:

For Federal Income Tax purposes, the member will be able to exclude $52.70 each month from gross income as determined by the IRS Simplified Method for No Option and Option One, and $52.70 for Option Two and Option Three.

NO OPTION
[ ]
$163.95

$3,073.81 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to her accumulated deductions of $195,640.12, the balance shall be paid to her designated beneficiaries.

OPTION ONE
[ ]
$158.29

$2,967.76 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to the present value of her retirement allowance of $414,794.68, the balance shall be paid to her designated beneficiaries.

OPTION TWO
[ ]
$142.62

$2,673.91 payable monthly throughout the life of the member. Upon her death $2,673.91 shall be continued monthly throughout the life of her surviving designated beneficiary. Should the member and the primary beneficiary fail to receive payments at least equal to the accumulated deductions of $195,640.12, the balance shall be paid to the member's contingent beneficiary.

OPTION THREE
[ ]
$152.54

$2,859.87 payable monthly throughout the life of the member. Upon her death $1,429.94 shall be continued monthly throughout the life of her surviving designated beneficiary. Should the member and the primary beneficiary fail to receive payments at least equal to the accumulated deductions of $195,640.12, the balance shall be paid to the member's contingent beneficiary.

OPTIONS *Continued on* Page 2

$22,126.12 more

OPTION FOUR [ ] Withdraw in one payment the accumulated deductions of $195,640.12 credited to the member's account, of which $8,948.04 will be recovered tax free in the year of the withdrawal. If not paid directly to the member, this latter amount is eligible to be rolled over. The remaining balance is also eligible to be rolled over. Any portion of the remaining balance not 'directly rolled over' is subject to Federal Income Tax and twenty percent withholding, in accordance with IRC Section 402 (c).

In addition, the member will receive a County annuity payable monthly, and based on one of the following selections. For Federal Income Tax purposes, the member will be able to exclude $27.84 each month from gross income as determined by the IRS Simplified Method for Options Four (A) and (B), and $27.84 for Options Four (C) and (D).

(A) [ ] $1,624.12 payable monthly throughout the life of the member.

(B) [ ] $1,568.09 payable monthly throughout the life of the member. Should the member fail to receive payments at least equal to the present value of the County annuity of $219,154.56, the balance shall be paid to her designated beneficiaries.

(C) [ ] $1,412.82 payable monthly throughout the life of the member. Upon her death, $1,412.82 shall be continued monthly throughout the life of her surviving designated beneficiary.

(D) [ ] $1,511.08 payable monthly throughout the life of the member. Upon her death, $755.54 shall be continued monthly throughout the life of her surviving designated beneficiary.

Calculation Completed By:

CBIZ Benefits & Insurance Services, Inc. Date

"Retire from work, but not from life."

Contact Information:
Dana Descavish
200 S. Center St.
Ebensburg, PA 15931

ddescavish@co.cambria.pa.us
814-472-1620 or x 6302