

Leave Payout Question and Answer for Rolling Earned Unused Leave into Fidelity 403(b)/and or 457(b) Account(s)

1. What percentage of my earned unused leave can I roll into my Fidelity 403(b) and/or 457(b) account?

The percentage is determined by your union membership. Please see your union contract for details. Union contracts are available on the Office of Employee Engagement and Labor Relations website:

<http://www.montgomeryschoolsmd.org/departments/associationrelations/>.

2. What is the dollar amount of my leave payout that I can roll into my 403(b) and/or 457(b) account?

The dollar amount will vary. The dollar amount is affected by:

- a. The amount you have already contributed to your 403(b) and/or 457(b) in the calendar year that you retire and;
- b. IRS limits in effect for the calendar year that you retire.

3. Do I have to fill out the 457(b) and the 403(b) Leave Payout forms if I want my leave rolled into both my 403(b) and 457(b) accounts?

Yes.

4. I currently am not making a contribution to my 403(b) and/or 457(b) account. Can I submit a Leave Payout form?

Yes, but to help ensure proper processing of your payout, you should start contributing a nominal amount to your 403(b) and/or 457(b) at least two pay periods prior to your retirement date. To set up your contribution please log in to www.NetBenefits.com/mcps or call Fidelity at 1-800-343-0860.

5. If I roll over my leave payout to my 403(b) and/or 457(b), will I have to pay taxes on that amount?

You will have to pay some taxes. MCPS limits rollovers to 88% of your leave payout, not to exceed the maximum contribution limits set by the IRS, so that appropriate taxes can be withheld. The example below is for illustrative purposes only.

Total amount of leave payout: \$19,292.00

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|-----------------------------------|-------------|
| Amount that was rolled to 403(b): | \$8,500.00 |
| Amount that was rolled to 457(b): | \$8,500.00 |
| Total: | \$17,000.00 |

Taxes paid before rollover (paid on the total amount of \$19,292.00):

FICA OAS = \$1,196.10 (Taxable wage)

FICA Med = \$279.73 (Taxable wage)

Taxes paid after rollover on \$2,292.00 (FICA taxes + difference of total leave value and amount rolled over):

Fed Tax = \$504.24

MD Tax = \$125.73

Mont. Co tax = \$ 69.97

6. Do I have to submit my Leave Payout forms with my retirement forms?

Yes.

7. Do I need to complete a Leave Payout form if I want my earned unused leave paid to me directly?

No.

8. What if I change my mind about rolling over my leave payout to my 403(b) or 457(b) plan prior to my retirement date?

If you wish to change your election, please contact the plan administrator at 301-279-3614 or submit a revised Leave Payout form to the retirement team at Employee and Retiree Services Center (ERSC) at least 2 weeks prior to your retirement. It is not possible to accommodate all requests.

9. When will my leave payout be deposited into my Fidelity account?

It generally takes 6 to 8 weeks after your retirement date for the leave payout to be deposited into your Fidelity 403(b) and/or 457(b) account(s). The deposit will occur on a regularly scheduled pay date. Once the payout is deposited you can view it in your Fidelity account (login at www.NetBenefits.com/mcps).

Note: 403(b) and/or 457(b) participants who retire and become re-employed by MCPS in any capacity cannot withdraw money penalty-free from their plan(s) if they are not age eligible (age eligible for the 403(b) is 59.5 and age eligible for the 457(b) is 70.5). Once you are re-hired by MCPS as a temporary employee or substitute teacher you are eligible to participate in the plan(s) again by electing to contribute a percentage of your pay.

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