AACPS Leave Payout Program

Information/Instructions for Employees who Retire or Employees who Resign after 15 Years of Service with AACPS

What happens to my unused leave when I retire or when I resign after 15 years with AACPS?
Unlimited unused sick leave is paid out at the rate negotiated for each Unit or established in the Terms of Employment for unrepresented Units. Only sick leave earned while employed with Anne Arundel County Public Schools is eligible for payout. Any unused personal days are also paid out at the negotiated sick leave hourly rate.

Annual leave is eligible for payout at the employee’s per diem rate and subject to the limits of the applicable Terms of Employment or negotiated agreement, based on the employee’s Unit.

How am I paid for my unused leave?
If your leave payout is less than $1,000, your leave payout will be paid through Payroll to your bank account on file (approximately 45 days from your date of retirement or resignation).

If your leave payout is $1,000 or more, you will be paid through the AACPS Special Pay Plan (a separate 403(b) plan), administered through VALIC (approximately 45 days from your date of retirement or resignation).

Are there limits on the amount that can be forwarded to the AACPS Special Pay Plan?
Yes. There is an annual IRS limit on the amount that can be deferred into a 403(b) plan. If your Leave Payout, in combination with other elective deferred compensation, does not exceed those limits, AACPS will forward 100% of your Leave Payout funds to VALIC. Any amount exceeding the combined annual IRS limit will be paid directly to you and is fully taxable.

Will I pay taxes on the funds in this plan?
Funds deposited into the Special Pay Plan are exempt from FICA tax. Federal and state tax is deferred until the funds are withdrawn.

Do I need to keep the funds in the Special Pay Plan?
No. You have two other options:

• You can request an immediate cash distribution of all or a portion of the amount (subject to Federal and state income tax and a possible penalty if you are under the age of 55).

• You can transfer or roll over all or a portion of your Leave Payout by completing VALIC’s Rollover/Transfer Out Form.

Can I direct the investment of my Leave Payout?
Yes. You can direct the investment of your leave payout by completing the VALIC Enrollment Form and VALIC Beneficiary Form and submitting them as directed below. If you do not complete the VALIC Enrollment Form, an account will be created for you at VALIC and your monies will be invested into the default fund, the Vanguard Federal Money Market Investment (VMFXX).

<table>
<thead>
<tr>
<th>If you want...</th>
<th>Complete these forms (VALIC/Other)</th>
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<tbody>
<tr>
<td>...an immediate Cash Distribution</td>
<td>Mutual Fund Distribution Request Form</td>
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<td>Funds will be disbursed within 3-5 business days after the funds are deposited.</td>
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<tr>
<td>...to immediately Roll Over/Transfer out</td>
<td>Mutual Fund Roll Over/Transfer Out Form</td>
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<td>Funds will be moved within 3-5 business days after the funds are deposited.</td>
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<td>...to leave funds in the plan for now</td>
<td>VALIC Enrollment Form, VALIC Beneficiary Form</td>
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<td>Note: There is an administrative fee of $94/year</td>
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<td>for maintaining this account.</td>
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If retiring, please complete the necessary forms by your retirement date.

Send all forms to:

VALIC
Beverly Behegan
1304 Concourse Drive, Suite 150
Linthicum, MD 21090
410-859-2480

Questions/Assistance with forms/setting up investment options, contact a VALIC Financial Advisor

Paul Burns (410-459-9031)
Jon Coe (410-212-5554)
Kyle Dixon (410-271-9584)
Bart George (443-994-3714)
Adam Hewat (410-703-3843)
Brian Misterek (410-271-2861)

Verification of Deposit Statement: All participants receive notification of deposit on the next quarterly statement, issued by VALIC about 15 days after the close of the calendar quarter.

Future Withdrawal or Transfer of Funds: Contact VALIC (800-448-2542) for necessary forms or go to www.valic.com/aacps (Mutual Fund Rollover/Transfer Out form must be obtained by calling 800-448-2542.)
The Acknowledgement of AACPS Leave Payout Program

I have received notice of the AACPS Leave Payout Program for the payout of my accumulated Sick Leave (transferred sick leave is not eligible for payout), Personal Business Leave, and Annual Leave.

1. I understand that the eligibility requirements for participation by employees resigning from AACPS is completion of at least 15 years of service with AACPS. Retirees are eligible regardless of years of service with AACPS.
2. These distributions are generally paid out 30-45 days after employment termination/retirement.
3. If the value of my eligible leave payout is:
   - under $1,000—funds will be paid to me through AACPS payroll,
   - $1,000 or more—funds will be disbursed through the AACPS Special Pay Plan (outlined below) if I meet the eligibility requirements (otherwise funds will be paid to me through AACPS payroll).

The AACPS Special Pay Plan, a 403(b) Plan

I understand that:
1. Negotiated Agreements or Terms of Employment govern the rate paid for unused sick leave.
2. Only sick leave earned while employed with Anne Arundel County Public Schools is eligible for payout. Sick leave earned with another employer and transferred to AACPS is not eligible for payout.
3. If the total value of my leave payout is $1,000 or more—and if I have met the plan's eligibility requirements—the AACPS HR/Payroll Department will consider the annual IRS combined deferred compensation limits and the value of any other deferred compensation I have directed to an AACPS 403(b) plan through payroll deduction.
   To the extent that my Leave Payout amount, in combination with other 403(b) contributions, does not exceed the combined annual IRS limit to such plans, AACPS will forward my Leave Payout funds to VALIC, where they will be deposited on a tax deferred (FICA, Federal and state) basis.
4. Any amount exceeding the combined annual IRS limit will be paid directly to me and is fully taxable.
5. I can direct the investment of my account by submitting the VALIC Enrollment and Beneficiary forms. If I do not complete the VALIC Enrollment Form, an account will be created for me at VALIC and my monies will be deposited into the default fund, the Vanguard Federal Money Market Investment Fund (VMFXX).

What are my options?

I understand that I have the following three options with regard to my funds invested in the AACPS Special Pay Plan:

Option 1: Cash Distribution

I can take a cash distribution of all or a portion of the value of my Leave Payout at any time by completing the VALIC Mutual Fund Distribution Request Form.
   - I understand that cash distributions are subject to Federal and state income tax and, if I am under the age of 55, a 10% penalty may apply in accordance with IRS regulations.
   - I also understand that I will receive IRS Form 1099 from VALIC in any year in which I take a cash distribution.

I intend to take a full cash distribution immediately upon deposit of my leave payout to the AACPS Special Pay Plan.
   ☐ Yes □ No

Option 2: Transfer or Rollover

I can transfer or roll over all or a portion of my Leave Payout by completing VALIC's Rollover/Transfer-Out Form.

Option 3: AACPS Special Pay Plan

I can leave my funds in the AACPS Special Pay Plan (utilizing investment options available within the plan) by completing VALIC's Enrollment form and Beneficiary form.

Signature of Employee/Retiree

Internal Use Only: ☐ Retirement Date: ☐ Resignation Date: Years of AACPS Service: Date

Signature of Retirement Coordinator Date

AACS Division of Human Resources - OPS/5G - 1220/38 (Rev. 1/16/19)