



Prince George's County Public Schools

Final Pay Plan

As a retiring employee from Prince George's County Public Schools you may be eligible for the payment of a **portion** of your earned unused sick or accumulated unused annual leave (whichever is greater, not to exceed contract maximums). For more detailed information on the Disposition of Leave, review your specified union contract. The descriptions below serve as a summary of the potential payment you may be eligible to receive.

Descriptions of leave payouts:

- Retiring employees are eligible for three tenths of earned unused sick or accumulated unused annual leave (whichever is greater, not to exceed contract maximums)

For more information, review the Disposition of Earned Unused Leave – Retirement, which are included with this document.

Eligible payouts will be directed to the Prince George's County Public Schools Final Pay Plan. The Final Pay Plan was updated on July 1, 2013 to receive payouts of earned unused annual or sick leave of \$2,000 or more. As a result, your leave payout will be exempt from both Social Security and Medicare taxes (also known as FICA taxes) and will defer all income taxes normally incurred by you. A Final Pay Plan provides you control over when and how income taxes are paid by only accessing funds as you need them. All payouts that do not meet the \$2,000 threshold will be paid directly to the employee.

The Final Pay Plan is a 403(b) plan. USOMNI, PGCPS's third party administrator, must determine the amount that is eligible for deferral into the Final Pay Plan. USOMNI will calculate your eligible deferral after considering the annual IRS combined deferred compensation limits and any salary deferral you have contributed to another 403(b) plan for the tax year.

The Payroll Office will process your qualifying sick or annual leave payout within 30 days of your retirement or resignation date. Your qualifying leave payout will be directed to The Final Pay Plan. In summary, the payout will be sent to USOMNI for review and forwarded to a special account. When this happens, income tax, social security tax and Medicare (FICA) tax will NOT be deducted from the payout. It can take up to two weeks after the enrollment forms are processed before the money becomes available to you. Once the money becomes available, you have several options on accessing your funds. Please be advised, prior to making any decisions, it is recommended that you seek advice from a licensed tax attorney or financial planner. Employees who are younger than age 55 may be subject to a ten percent IRS penalty should they take a distribution from the final pay plan before age 55. The Final Pay Plan includes a Make Whole Provision designed to make retirees whole if they are under age 55 and decide to withdraw some or all of their funds from their Final Pay Plan Account within **60 days** of the deposit date.



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Once the funds have been deposited into the interest bearing account you can:

1. Let the funds remain in the interest bearing account.
2. Rollover the funds into one of the qualified investment options such as an existing 403(b), 457(b), IRA or other qualified account.
3. Elect a complete and immediate cash distribution and pay the applicable income taxes.
4. Elect to withdraw the money over a period of time or whenever you request the money to be withdrawn, and pay applicable income taxes.

Retirees that are expected to receive an eligible Final Pay Plan payout will be provided with printed materials from their retirement coordinator with detailed information on how to access and manage the account.



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Disposition of Unused Leave-Retirement

Effective for School Year 2019-2020

Upon retirement from Prince George's County Public Schools employees may receive payment for three-tenths of their unused sick leave, not to exceed full pay for the maximums stated for their collective bargaining agreement. The payment shall be based upon the salary of the final year of employment. In addition, for every 22 days of sick leave earned the employee will receive one month credit towards their years of service with the Maryland State Retirement System.

SEIU Local 400	Max Sick Leave Payout (after 12 years of service)
12 month employee	200

PGCEA	Max Sick Leave Payout
12 month employee	92
11 month employee	86
10 month employee	80

ACE/AFSCME, Local 2250	Max Sick Leave Payout
12 month employee	102
11 month employee	86
10 month employee	80

ASASP-Unit III	Max Sick Leave Payout
12 month employee	100
11 month employee	94
Unit II	
12 month employee	110
11 month employee	100

OR

Payment for up to 25 days of accumulated annual leave for PGCEA, 30 days of accumulated annual leave for ASASP, ACE/AFSCME Local 2250 and SEIU Local 400 (If this is greater than the sick leave)

EXAMPLE:

Employee is 10 month and is a member of Local 2250's bargaining unit:

$$\frac{\text{Sick hrs. earned}}{2500} / \frac{\text{hrs. worked per day}}{8} = \frac{\text{days available}}{312.5} \times .3 \text{ (three tenths)} = \frac{\text{days paid}}{93.75}$$

Based on the above schedule, the maximum sick leave payout for this Local 2250 10 month employee is 80 days and an additional 1 year and 2 months of service with the Maryland State Retirement System.