



## El Paso County Retirement Plan

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## General Summary

### **Your Retirement Plan**

The El Paso County Retirement Plan (EPCRP or the Plan) is the mandatory retirement plan for all full-time employees of the participating employers:

- El Paso County
- El Paso County Public Health
- Pikes Peak Library District
- 4th Judicial District Attorney

The EPCRP is a 401(a) defined benefit plan, commonly referred to as a pension plan. If you meet the requirements to retire with a benefit from the Plan, you can receive a monthly pension benefit for your lifetime. You contribute 8.0% of your regular compensation each pay period and accrue 3.0% interest on your funds each year. You cannot contribute more or less than the prescribed rate. Generally, your contributions and interest are pre-tax funds. Your retirement account, the interest your account accrues, and your pension benefits are guaranteed by your employer, regardless of market dynamics. The Plan is supervised by a Board of Directors who are comprised of elected Plan participating employees and outside advisors.

### **Retirement Benefits**

Members may only take a distribution from the Plan once they leave employment. Members who can take a distribution have the option to take a refund of their accumulated contributions and interest. Members who meet the requirements for retirement may instead choose to receive a monthly pension payment for their lifetime. While there is no guaranteed Cost of Living Adjustment built into the Plan, members also participate in Social Security.

A Member's Accrued Benefit is defined by a set formula, up to a maximum of 75% for members hired before January 1, 2013 and 60% for members hired on or afterwards. This formula uses their Final Average Monthly Compensation (FAMC), their years of Credited Service, and a set Benefit Multiplier.

For Example: Accrued Benefit = FAMC x Years of Service x Benefit Multiplier

$$\$1,000 \text{ per month} = \$5,000 \text{ per month} \times 10 \text{ years} \times 2\% \text{ per year}$$

- For members hired December 31, 2021 or earlier,
  - Their FAMC is the average of your regular compensation for the highest consecutive 36 months out of your last 10 years of service
  - Members hired before January 1, 2010 have a Benefit Multiplier of 2.22% for years of service prior to 2013. All members have a Benefit Multiplier of 2% for years of service January 1, 2013 and onward
- For members hired January 1, 2022 or after,
  - Their FAMC is the average of their regular compensation for their last 60 months of service
  - Their Benefit Multiplier is 2% per year of service

The Accrued Benefit is used to determine the monthly benefit of several optional payment forms. Distribution options available to retiring members may include:

- A lump sum Refund of their contributions and interest
- Single Life Options pays monthly for the member's lifetime
  - A Straight Single Life Annuity ceases when the member is deceased
  - A 10-Year Period Certain Single Life Annuity is guaranteed for at least 120 monthly payments to the member and their beneficiary
- Joint and Survivor Options pay for the lifetime of the member and the lifetime of their designated beneficiary
  - A 50% or 100% Joint and Survivor Annuity pays the beneficiary 50% or 100%, respectively, of the amount the member was receiving
  - A Joint and Survivor Annuity with Increase at Prior Death of Beneficiary covers the possibility the beneficiary was to pre-decease the member. If this occurs, the member's monthly benefit would increase to the Single Life Annuity amount. There is no increase if the member predeceases the beneficiary

Beneficiary designations cannot be changed once payments commence for Joint and Survivor Options. The payment option elected cannot be changed once payments commence.

### **Requirements for Retirement**

In order to retire with benefits from the EPCRP, a Member **MUST**:

- Be Vested
  - Members hired before January 1, 2013 are Vested when they have 5 years of service
  - Members hired on or after January 1, 2013 are vested when they have 8 years of service
- Be of Retirement Age OR Meet the Rule of XX (years of service plus age equal XX)
  - Normal Retirement Age is age 62
  - Early Retirement Age is age 55, the Accrued Benefit is reduced by 3% per year prior to age 62
  - Members hired before January 1, 2022 and sworn members hired after January 1, 2022 are under the Rule of 75
  - Non-sworn members hired on or after January 1, 2022 are under the Rule of 80
  - All members hired on or after January 1, 2016 must be at least age 50 to meet their Rule of XX

### **Service Purchase**

A member must have at least 5 years of Credited Service in order to purchase additional service with EPCRP and must purchase enough service to become vested after the purchase is complete. Members can purchase a maximum of 5 years of service total and must wait 180 days in-between purchases. Purchases can be completed with personal funds or with a rollover from another qualified retirement plan. Generally, a service purchase is the only way a member can make additional contributions or rollover funds to the Plan.

### **Beneficiary Designations**

Members must complete a Beneficiary Designation Form to ensure if anything happens, their retirement

benefits will go to the right person. A married member who wishes to designate someone other than their spouse as their sole Primary Beneficiary must complete and submit a notarized Spousal Consent Form in addition to the designation.

## **Divorce**

The Retirement Plan is an asset that must be disclosed and allocated during divorce proceedings. If these proceedings require a portion of this asset to be paid to the former spouse, the Plan requires a completed Domestic Relations Order (DRO) from the court instructing us on the disposition of the retirement plan assets. This DRO must be submitted to the Plan within 90 days of the entry of the decree and permanent orders, or it will be invalid. The Plan must receive a photocopy of the divorce decree in order to change a beneficiary designation from a former spouse.

## **Death**

If a member passes away before they retire, their beneficiaries will receive a portion of their benefits, depending on the member's status with the Plan.

- A Beneficiary of a Non-Vested members receive a refund of the member's contributions and interest
- A Beneficiary of a Vested member who is not eligible to begin their retirement can receive a refund of 2 times the member's contributions and interest or they can leave the funds in the plan until the member would have been 55, at which point they can receive 60% of the member's Accrued Benefit.
- A Beneficiary of a Vested member who is eligible to begin their retirement can receive 100% of the member's accrued benefit or a refund of 2 times the member's contributions.

## **Early Payment Limits**

The IRS places limits on what pension plans are allowed to pay out to members. The limits are not easily explained, but in summary there is a limit of \$230,000 maximum annual pension payout that decreases the earlier a member retires before age 62. If a member is fortunate enough to make more than \$175,000 per year in their last five years of employment, they should speak to the Plan before planning their retirement date.

## **FAQs**

- When do my Retirement Benefits Begin?
  - A member's "retirement date" is the 1<sup>st</sup> of the month following their last day of active employment, provided all required documentation has been completed. The 1<sup>st</sup> monthly benefit payment is the 1<sup>st</sup> of the month following the retirement date
- Do I get health benefits with me pension benefits?
  - Health benefits are NOT administered by the Plan; please contact your benefits department

## **Official Terms of the Plan**

The official terms of the Plan are located in the Master Plan Document (MPD), however this Brochure contains a summary. In the event there is a conflict between this summary and the MPD, the MPD controls. We encourage you to review the MPD for more information on the Plan terms and any benefits you may be entitled to under the Plan.