



# What would you most like to do when you retire?

## Defined Benefit Pension Plan

### Summary of Plan Provisions: 2023 Plan

#### What is a Defined Benefit Plan?

A defined benefit plan is the most popular type of primary plan offered by local governments in Georgia. It is considered the most traditional type of retirement plan, and may be used alone or in conjunction with other types of plans and Social Security to provide income for participants at retirement.

This type of plan is called a “defined benefit” plan because the retirement benefits you will receive are set, or “defined” by the terms of the plan. Typically, the benefit amount is based on a formula that takes into account your salary and years of service in the organization. The plan provides a fixed monthly benefit payment for life, or you may choose from several other payment options that will determine the amount of your monthly benefit. Based on the payment options offered and selected, payments may also extend to your beneficiary after your death. Depending on the provisions of the Defined Benefit Plan under which you are covered, you may receive retirement benefits up to 60% of your final, pre-retirement earnings.

In conjunction with a defined benefit plan, your employer may also provide a secondary or supplemental retirement savings plan. Commonly referred to as a deferred compensation plan, or 457(b) plan, employees may contribute a portion of their pay, before taxes are deducted, into an individual investment account controlled by the employee. It is designed to provide another retirement savings avenue. If you take advantage of your deferred compensation plan, you can often increase your retirement income by an amount equal up to 25% of your final pre-retirement earnings.

Of course, with these opportunities to save for your retirement also comes responsibility. You are strongly encouraged to take full advantage of available retirement plans provided by your employer. It may mean the difference between a comfortable retirement and a meager one for you and your family.



#### Defined Benefit Plan Highlights

- Benefits in addition to Social Security
- Lifetime monthly benefits
- Optional types of benefit payments for more effective retirement planning
- Can be used in conjunction with retirement savings plan
- Death benefits may be available



# Cherokee County Defined Benefit Plan

## When can I become a participant in the Plan?

Full time employees hired after 1/1/2023, including elected officials as provided in the Plan, are eligible to become participants on their employment commencement date. Participants are required to contribute 6% on a pre-tax basis to the plan.

## When can I retire?

Your normal retirement date is the date on which you are eligible to retire and receive your full benefit as provided by the plan. This is the later of age 65 or five (5) years of vesting service. You will become 100% vested after five (5) years of vesting service.

If you terminate employment prior to completing five (5) years of vesting service, you will receive a refund of your contributions with interest and will have no future benefits due under the plan.

## How much will I receive if I retire on or after my normal retirement date?

The following benefit formula is used to calculate the monthly benefit payable at your Normal Retirement Date:

**2.00% of Final Average Compensation**  
**The total is multiplied by years of Credited Service**

**Example:** \$25,000 Average Annual Compensation and 15 years of Credited Service

0.02 multiplied by \$25,000	\$500
Multiplied by 15 years of Credited Service ( $\$500 \times 15$ )	\$7,500 annual benefit or \$625 per month

You also have the option of receiving a refund of your contributions with interest, in lieu of any monthly benefit payable under the plan; there will be no additional future benefit payable from the plan.

**Final annualized Average Monthly Compensation** – The average of your compensation received during the thirty-six (36) highest paid consecutive calendar months out of the last one hundred twenty (120) calendar months prior to termination of employment with the county.

**Years of Credited Service** – Period of service, measured in years, months and days used to calculate your benefit as determined by the county.

## Is there an early retirement option?

**Unreduced Early Retirement:** You are eligible to retire with unreduced benefits when (a) your age and years of Vesting Service total 75 points (minimum age 55); or (b) you have completed thirty (30) years of vesting service with the county (no minimum age).

**Reduced Early Retirement:** If no longer employed with Cherokee County you may apply for a reduced early retirement benefit as early age 55 provided you have at least five (5) years of vesting service. This benefit will be reduced at the annual rate of 4% for each year your benefit starts prior to age 65.

**Example:** Monthly benefit of \$625.00 payable at normal retirement

1 year early – the benefit is approximately \$600 per month (4% reduction)
5 years early – the benefit is approximately \$500 per month (20% reduction)
10 years early – the benefit is approximately \$375 per month (40% reduction)

## **If I become disabled, are there any disability benefits from the Plan?**

Effective March 2, 2018 the Plan does not offer a Disability Pension.

## **When I die, are there any benefits for my beneficiaries?**

Yes, most, but not all, plan participants will be able to provide some level of benefits for their beneficiaries.

It is very important to keep your beneficiary designation up-to-date. Please contact the county when you need to change your beneficiary.

### **For Retirees**

1. When you apply for your retirement, you may elect a form of benefit payment that will provide a monthly benefit to your beneficiary after your death.
2. If you start receiving your retirement benefit immediately after terminating employment, you may qualify for the lump sum death benefit that is payable to your beneficiary after your death. This is not a life insurance policy and may be taxable to your beneficiary. The amount of death benefit is fifty (50) times your monthly benefit, subject to a maximum of \$15,000.

### **For Active Participants**

If you die while still employed by the county, in most cases there is a death Benefit equal to fifty (50) times your monthly pension benefit projected to your normal retirement date.

### **For Terminated Participants**

If you completed at least five (5) years of service when you terminate employment from the county, and die prior to receiving your retirement benefit from the plan, your beneficiary will receive a lump sum distribution equal to (a) the greater of your pre-tax contributions to the plan with interest; or (b) fifty (50) times your monthly benefit, subject to a maximum of \$50,000.

### **Questions:**

Contact GEBCorp Client Services  
at  
[ClientServices@gebcorp.com](mailto:ClientServices@gebcorp.com)  
or  
(770) 952-5225

# Frequently Asked Questions

## Who do I contact to apply for a benefit?

### Retirement

Approximately two months prior to your retirement, contact your Human Resources Department and complete the proper paperwork. The Jurisdiction will forward the completed forms to GEBCorp for processing.

### Death Benefit

Your Human Resources Department should be notified of the death of any active or former employee. If there is a death claim, the Jurisdiction will assist the beneficiary in completing the forms, which will be sent to GEBCorp for processing.

## When I retire, what payment options are available?

Selecting a payment option is key to your retirement planning. When you begin to seriously consider retirement, ask your Human Resources Department to contact GEBCorp to request an estimate of what you may receive as of the date you are considering for retirement. You will be asked at that time to provide the date of birth of your beneficiary, if applicable. This is required to calculate all the various options available. These calculations will help you choose the option that best suits your needs at retirement.

### Option #1: Life Only

Paid for your lifetime only. There is no provision for paying monthly benefits to a beneficiary after your death.

### Option #2: Ten Year Certain and Life

Paid for your lifetime, but also guaranteed for at least ten years. If you die before the end of the certain period, the remainder of the payments for the certain period will be paid to your beneficiary.

### Option #3: Joint and Survivor

You will receive a monthly benefit paid to you for your lifetime. Upon your death, your beneficiary will receive an amount in accordance with the option you chose at retirement. However, if your beneficiary dies before you, there will be no additional monthly payments after your death.

- **100% Joint and Survivor-**  
The beneficiary will receive the same amount you had been receiving
- **75% Joint and Survivor-**  
The beneficiary will receive three-quarters of the amount you had been receiving
- **66% Joint and Survivor-**  
The beneficiary will receive two-thirds the amount you had been receiving
- **50% Joint and Survivor-**  
The beneficiary will receive one-half the amount you had been receiving

### Option #4: Joint and Survivor with POP-UP

The same as Option #3, except: If your beneficiary dies before you, your monthly benefit will increase to the Option #1, Life Only, which is also called the "normal form." This level of benefit payment will be paid for the remainder of your lifetime.

## How do I obtain additional information?

If you have any questions, please call GEBCorp at (770) 952-5225 or (800) 736-7166, or e-mail [clientservices@gebcorp.com](mailto:clientservices@gebcorp.com).

The information in this summary is intended only as a general outline of the plan and not a complete description. For an exact statement of your rights, you must refer to the ACCG Defined Benefit Plan Document on which your plan is based. All issues arising in the administration of the plan will be addressed by the plan trustees consistent with the plan and Trust Agreement.

Benefits under the plan are not insured by the PBGC.

GEBCorp is the retirement services division of ACCG, Georgia's county association. More than 150 jurisdictions and local government employees in Georgia trust their retirement services needs to GEBCorp.



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