

Annual Leave Conversion FAQ

This answers questions about the 12 Month MCEA benefit under the negotiated agreements which allows unit members the opportunity to convert a portion of their annual leave into a contribution to their 403(b) account each year. (See MCEA Negotiated Agreement Article 30.F.4d.)

How much can I contribute? What are the conditions?

You can elect to contribute up to four days (32 hours) of annual leave, if you meet all of the following conditions as of June 30, 2016:

- You have at least **280 hours of earned annual**;
- You have been employed by MCPS for a minimum of five years; and
- You have made employee contributions to either the 403(b) or 457(b) plans during the current fiscal year at least equal to the value of the leave you would like to convert.

The hours of converted leave would be paid at your rate as of June 30, 2016. You must define your contribution in one-day increments. A day is defined as eight hours.

Must I contribute the payment for all the converted leave to the 403(b) plan?

Yes, the contribution from conversion of annual leave must go into your 403(b) account. You may not contribute the converted annual leave to your 457(b) account. However, the required employee contribution can be made to either of the plans. During the current fiscal year ending June 30, you must have contributed an amount from your salary at least equal to the value of the converted leave.

Does this contribution from annual leave count as an employee contribution?

No, this is considered an employer contribution.

What is the maximum employee contribute to the 403(b) and 457(b) plans?

The maximum employee contribution is \$18,000 to each plan if you will be under age 50 as of December 31. You may contribute an additional \$6,000 to each plan if you will be age 50 or over on December 31. These limits are set by the IRS. These limits apply to each plan. The total maximum contribution if you participate in both the 403(b) and 457(b) plans is \$36,000 or \$48,000 depending on your age.

What is the process to contribute days?

You must apply to convert your annual leave by submitting Form 430-91 (attached). Form 430-91 will be available on the ERSC website in April and May. The deadline to submit Form 430-91 to ERSC is June 1, 2016.

How will I know the contribution has been processed?

MCPS will adjust the annual leave account to reflect the conversion of the days on or about July 1. MCPS will distribute the contributions to Fidelity during the summer and the contribution will appear on your subsequent Fidelity Statement.

Why are the maximum contribution limits based on the calendar year?

The IRS sets the maximum contribution limits and uses the calendar year. However, MCPS uses the fiscal year ending June 30 to determine if employee contributions meet the requirements.

What taxes are owed on the contribution?

There are no taxes owed at the time of contribution because it is an employer contribution. You will owe taxes when you make withdrawals from the 403(b) in the future.

Questions?

Annual Leave Conversion Process: call ERSC at 301-517-8100 or MCEA at 301-294-6232.

403(b)/457(b) Plans: call Fidelity at 1-800-343-0860 or visit www.netbenefits.com/mcps