

MCAAP/MCBOA Annual Leave Conversion - FAQs

Application Deadline: June 4, 2021

Under the negotiated agreements, MCAAP/MBCOA unit members have an opportunity each year to convert a portion of their annual leave into a contribution to their 403(b) program under certain circumstances. Below are details regarding annual leave conversions:

How much can I contribute? What are the requirements?

Our negotiated agreement for 2020-2023 includes an increase of one day over previous years. **You may now contribute up to five days (maximum of 40 hours) of earned annual leave, as long as you have met the following conditions:**

- You have at least 35 days (280 hours) of earned annual leave as of June 30, 2021;
- You have been employed by MCPS for a minimum of five years; and
- You are a 12-month employee;
- You have made employee contributions to either your 403(b) and/or the 457(b) equal to the value of the leave you are converting.

The hours of leave you elect to contribute are paid at your hourly rate as of June 30, 2021. You must define your contribution in one day increments; each day is defined as eight hours.

Must I contribute to a 403(b) plan or can I contribute to a 457(b) plan?

You can only contribute annual leave conversion days to a 403(b) plan. You may not contribute the converted annual leave to a 457(b) plan.

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

No, this is considered an employer contribution. You will want to be sure to contribute enough through your employee contribution to qualify as you must contribute at least an equal amount from July 1, 2020 through June 30, 2021.

What is the maximum I can contribute to the 403(b) and 457(b) plans through salary reduction separate from this leave conversion?

You can contribute a maximum of \$19,500 if you will be under age 50 as of the last day of the calendar year and an additional \$6,500 if you will be age 50 or over on the last day of the calendar year. This limit for 2021 is set by the Internal Revenue Service. These limits apply separately to both the 403(b) and 457(b) plans, so the total contributions are \$39,000 or \$52,000 depending on your age. Additional catch up contributions may also be available in limited circumstances. Please contact the Employee Retiree Service Center (ERSC) for more information.

What is the process to convert the annual leave days?

1. Complete and sign [MCPS Form 430-91](https://www.montgomeryschoolsmd.org/departments/forms/pdf/430-91.pdf), available from ERSC's web page: <https://www.montgomeryschoolsmd.org/departments/forms/pdf/430-91.pdf>.
2. Email your completed signed Form 430-91 from your MCPS email account to ERSC@mcpsmd.org **by June 4, 2021**. The subject of the email should be: **MCAAP/MCBOA Annual Leave Conversion Form**.
3. Save the completed signed form to your desktop or a folder for reference.
4. Once your form has been processed you will receive an email from ERSC.

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 1st when it adjusts all leave accounts. MCPS will distribute the contributions to Fidelity by August 20, 2021. The contribution to your 403(b) account will appear in the third quarter statement.

Must I contribute the payment for all of my days to the same defined contribution plan?

Yes, the contribution from conversion of annual leave must go into your 403(b) plan with Fidelity. However, you do not have to contribute the required matching amount to the same plan. You must have contributed at least an equal amount from your salary to any combination of the plans during the current fiscal year before June 30. You may not contribute the converted annual leave to a 457(b) plan.

How does converting the annual leave affect my total calendar year contribution?

The conversion of your annual leave to the 403(b) does not count as part of your total contribution, subject to annual limits, because it is an employer contribution.

Why are contribution amounts limited by the calendar year instead of the fiscal year?

Defined contribution plans such as 403(b) and 457(b) plans are subject to calendar year limits by IRS regulations. However, your contributions for the period from July 1, 2020 through June 30, 2021 will be used to determine that you have contributed a matching amount.

What taxes are owed on the contribution?

Since this is an employer contribution, there are no taxes on the contribution. You are taxed in the year in which you withdraw the money, typically during retirement.

If you have questions, please contact:

ERSC
ersc@mcpsmd.org
301-517-8100

or

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