

# Your MTRS Benefits

A Guide for Active Members



# A Word from the Executive Director



Whether you are a new member, a midcareer educator or a seasoned veteran, please rest assured that we will be here for you—to administer your retirement benefits and answer your questions. As you go about your career, we will be keeping a careful accounting of your contributions and interest and working to ensure that when the time comes for you to retire, you will have the information you need to enjoy a successful retirement.

This guide is designed to answer most of the questions you might have about the benefits provided by the Massachusetts Teachers' Retirement System. It also contains information on other various topics, such as:

- **Your contributions**—how your contribution rate is determined and what happens with your money.
- **Creditable service**—what constitutes creditable service and how you may establish credit with the MTRS for prior teaching or other Massachusetts public service.
- **Retiring and the types of retirement allowances**—how to retire and what benefits you may receive.
- **Our retirement programs, publications and services**—what information and assistance we provide along the way to retirement.
- **Survivor benefits**—what benefits are provided to your survivors if you should die while you are an active member.
- **Withdrawing your contributions**—when you are eligible to “take a refund” and what it means to withdraw your money.

Finally, on behalf of the members and staff of the Massachusetts Teachers' Retirement System, I am happy to have you as a member of our system. We pride ourselves on providing the best service to all members at all times—if you ever feel that we fall short in any area, please don't hesitate to contact me.

Sincerely,

**JOAN SCHLOSS**  
*Executive Director*



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APRIL 2006

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### DISCLAIMER

This guide is intended for use by active members of the Massachusetts Teachers' Retirement System (MTRS). It is a summary of the major provisions of the benefits afforded by the MTRS to its active members; it is written in simple language and is designed to give you general information about your MTRS benefits and related issues you should be aware of as an active member. **Please keep this guide with your other important papers for future reference.**

Finally, this guide is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between its contents and M.G.L. c. 32. Rules governing retirement and survivor benefits are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers' Retirement Board. If you have any questions about this material, please contact our office or *seek advice from your accountant, attorney, financial planner or other professional advisor.*



# About the MTRS

The MTRS family of public educators now numbers nearly 85,000 active members and 34,000 retirees.

The Massachusetts Teachers' Retirement System is a contributory retirement system governed by the Commonwealth's retirement law, Chapter 32 of the Massachusetts General Laws. The MTRS, which is the second largest of the Commonwealth's 106 contributory retirement systems, provides retirement, disability and survivor benefits to Massachusetts teachers, administrators and their families.

The MTRS is a defined benefit retirement plan intended to provide a meaningful retirement benefit to the employee who has chosen a career in public service. It operates as a qualified plan under section 401(a) of the Internal Revenue Code.

## Who manages the Massachusetts Teachers' Retirement System?

The Massachusetts Teachers' Retirement Board administers the MTRS. The Board is composed of seven members chosen in accordance with the enabling statute of the MTRS:

- the Massachusetts Commissioner of Education, or his or her designee, who also serves as the Board's chairperson,
- the State Auditor, or his or her designee,
- the State Treasurer, or his or her designee,
- two members, elected by the active and retired members of the system,
- one member—who must be a retired teacher—appointed by the Governor, and
- one member, chosen by the vote of the other six.

Excepting the chairperson, each member serves a four-year term. The length of the chairperson's term depends upon the term of office of the Commissioner of Education.

The Board, which meets at least once a month,

- establishes the policies, rules and regulations of the agency,
- oversees the dissemination of services and information to its membership of nearly 85,000 active educators and 34,000 retirees,
- approves all benefits paid by the MTRS and
- investigates all claims for accidental and ordinary disabilities.

The executive director, together with a staff of over 60 professionals, implements the programs and policies of the Board.

## What services does the System provide for its members?

Since the creation of the MTRS in 1914, the System has never strayed from its original mandate to provide a retirement system for teachers. Throughout its long history, it has adhered to its traditional role as bookkeeper—enrolling members, compiling members' annuity account statements, granting retirements and paying retirement allowances. Today, the Board still conscientiously serves its members with bookkeeping services, but it has expanded its offering of programs to better serve the public school teachers and administrators of Massachusetts and prepare them both financially and emotionally for their retirement years. For example, the System now offers the following services and programs:

### PROGRAMS

- **Charting Your Course:** This is a midcareer financial planning program developed by the MTRS. The program is tailored for educators who are 15 to 20 years away from retirement. It helps participants gain basic knowledge of the five key areas of financial planning and is designed to motivate participants to take control of their financial future immediately.
- **The Next Chapter:** This is a comprehensive preretirement planning program developed by the MTRS. The program is designed for educators who are five to ten years away from retirement. It helps participants examine their attitudes, concerns and goals as they prepare for their retirement years.
- **Your MTRS Benefits Seminar:** This an informational program for MTRS members of all ages and career stages. The program,

held at various locations across the Commonwealth, focuses on retirement formulas, creditable service and purchasing credit for past service, the option selection process, health insurance and other post-retirement issues. Our staff also offers this program on a regular basis in our Main and Springfield offices.

### SERVICES

- **Retirement Counseling Services:** Our Counselors work to prepare our constituents for retirement and offers individual and group retirement counseling to all members across the Commonwealth. Counselors are available to meet with members in our Main and Springfield offices; appointments are necessary, however, so members should be sure to call ahead (page 28).
- **MTRS M@il:** We send updates via e-mail to any member who wants to receive our periodic messages. Active and retired members alike are encouraged to complete our simple registration form, available on our web site at [mass.gov/mtrs](http://mass.gov/mtrs).

### PUBLICATIONS

- **The Advisor:** This is our periodic newsletter that we distribute to all active members, retirees and colleagues of the agency. The *Advisor* reports on developments in public pension legislation, services and programs offered by the Board and other subjects which are of interest to both the active and retired membership.
- **"What You Need to Know" booklets:** This is our series of informational Q&A booklets. Each is of moderate length and is designed specifically for the person who is going through a particular transaction or life stage. Current titles are:
  - What You Need to Know as...
    - The Recipient of a Lump-Sum Payment
    - A Party to a Domestic Relations Order
    - About Disability Retirement
- **MTRS Basics Brochures:** Our Basics Brochures are brief, informational pamphlets that focus on fairly narrow issues. Each fits in a standard business size envelope and

provides a short overview of the issue as well as the most commonly asked questions and their answers. Current titles include:

- Purchasing Creditable Service with a Direct Transfer or Rollover
- Choosing a Financial Planner

■ **Specialized Guides:** These are our new, lengthier reference guides designed as comprehensive, long-term resources—like this one. Each is a full, letter-sized booklet that is bound in a pocket folder. Other titles are:

- **Your MTRS Benefits—**  
A Guide for MTRS Members

## Keep your address up to date with your payroll officer

It is very important that you notify your payroll officer when your address changes because we receive this information from your employer. If it's wrong with your employer, it will be wrong with us—and you won't receive our newsletters or important announcements.

## Your Privacy

Your privacy is very important to us and we will protect it to the maximum extent allowed by law. You should know, however, that information you send us via the Internet is not entirely secure; additionally, like other information you may provide us in a letter or a form, information you send us online may be provided to a member of the public in response to a public records request. In an effort to further ensure your privacy, we are installing a new computer system that affords additional firewall protections.

Please be assured that we use the information you provide us via your visits to our site, e-mail and online forms solely to serve you and to conduct MTRS business; we do not sell any mailing lists or other member information to anyone or any other agencies.



# The MTRS and You: Our Mutual Responsibilities

Membership is a benefit and a very important part of your financial future—the MTRS is your retirement plan. As an eligible member, you will make contributions to the MTRS annuity savings fund and, eventually, receive those contributions in the form of a retirement allowance, refund or, in the event of your death, a survivor benefit.

We look forward to serving you and your family for 20, 40 or 60 years—or more!

## When you join the MTRS

## Throughout your career

## If you leave active service prior to retirement

## When you are within five years of retirement

## During retirement

### What YOU need to do

- Complete the MTRS Online Enrollment assignment
- Designate a beneficiary of your account, to have on record in the event that you die while in active service (page 22)
- Check your pay stub to confirm that you are contributing at the correct rate (page 6)
- If you have prior service that you may purchase as creditable service toward your retirement benefit, look into purchasing that service (page 14)
- Familiarize yourself with the benefits and services provided by the MTRS (page 2)

- Contact the MTRS if you:
  - are injured while performing the duties of your job (page 20)
  - change your name or Social Security number
  - want to change your beneficiary designation
  - get divorced (page 26)
  - want to participate in the governance of the MTRS as an elected Board member (page 2)
- Notify your payroll office—not us—if your address changes (we receive this information from your employer, so keep your payroll office up to date)
- Review the Annual Statement of your MTRS annuity savings account, and notify us of any necessary updates
- Keep your MTRS correspondence with your important papers, and let your survivors know where to find this information so that they may contact us (page 22)
- Stay abreast of retirement issues—visit our web site, read our newsletters, attend our seminars and pay attention to announcements posted in your school
- If you have prior service that you may purchase as creditable service toward your retirement benefit, look into purchasing that service (page 14)
- Plan for your retirement—attend MTRS seminars; investigate plans offered through your employer, such as 457 deferred compensation plans and 403(b) retirement plans; and, work with your family and outside advisors to evaluate your particular needs on an ongoing basis

- Contact the MTRS if you:
  - leave active service as a Massachusetts educator (page 24)
  - are terminated by your employer (page 18)
  - become disabled and cannot work (page 20)
- In the event that you die while in active service, your survivors should contact the MTRS regarding potential survivor benefits (page 22)

- If you have prior service that you may purchase as creditable service toward your retirement benefit, look into purchasing that service (page 14)
- Estimate what your retirement benefit will be (page 16)
- Stay abreast of retirement issues—visit our web site, read our newsletters, attend our seminars (page 2)
- Be aware of the many other issues you will need to address (page 13):
  - health insurance
  - cost-of-living adjustments
  - limitations on working for a Massachusetts public employer after retirement
  - Social Security limitations
- Contact the MTRS with any general questions you might have (page 28)
- When you are within 6 months to one year of retirement, request a retirement application from the MTRS (page 16)

- Contact the MTRS if you:
  - change your name, address or Social Security number
  - lose your retirement check
  - become reemployed by a MA public employer and exceed the time and earnings limitations
  - become divorced and your retirement allowance is divided
  - want to change your withholding for federal taxes, retiree beneficiary designation (Option B only), or payment method
  - want to participate in the governance of the MTRS as an elected Board member
- Advise your survivors to contact us in the event of your death

### What WE do for you

- Establish your MTRS annuity savings account
- Record your beneficiary designation

- Maintain an accurate record of your MTRS annuity savings account and personal data
- Send you an Annual Statement of your account, generally in the spring
- Process your service purchases, if any
- Keep you informed of retirement issues by way of our publications and presentations

- Inform you of your options regarding what to do with your MTRS annuity savings account
- Process and pay a disability or termination retirement allowance
- Process and pay a benefit to your survivor

- Process your service purchases, if any
- Provide you with assistance in the preparation of your retirement application, as requested

- Pay you a monthly retirement allowance
- Forward your health insurance payment
- Withhold federal income tax
- Send you a yearly 1099-R tax form
- Pay a benefit to your survivor, if applicable



# Your Membership in the MTRS

Membership is a benefit and a very important part of your financial future—the MTRS is your retirement plan.

## ■ What requirements must I meet in order to become a member of the Massachusetts Teachers' Retirement System?

You are eligible to join the MTRS if you are employed as a teacher or administrator in a Massachusetts public school outside the City of Boston or in any charter school in Massachusetts and:

- you are covered by a contractual agreement regarding your employment;
- you are employed on at least a half-time basis;
- you are certified by the Board of Education; and,
- your contractual agreement requires that you be certified by the Board of Education as a condition of your employment.

Directors of educational collaboratives and charter schools are also eligible for membership.

## ■ Do I have to become a member of the MTRS?

If you meet the eligibility requirements stated above, yes.

## ■ Why don't I pay into Social Security?

When Social Security was enacted in 1935, it specifically excluded public employees who were covered by their own pension systems. While Congress periodically tries to enact laws requiring public employees to pay into Social Security, we have been successful in opposing such action because it is an unfunded federal mandate that could have devastating effects on state and municipal services.

Massachusetts is one of a handful of “non-Social Security” states, which means that you pay into our system instead of Social Security; you do not earn any Social Security “credits” or “quarters” for your MTRS contributions or service. However, if you earned Social Security credits through other employment and you will be eligible for Social Security benefits based on your other employment history or your spouse’s eligibility, your Social Security pension

may be reduced pursuant to the IRS’ *Government Pension Offset* or *Windfall Elimination Provision*. For details, please visit the IRS’ web site at [www.irs.gov](http://www.irs.gov), or ours, at [mass.gov/mtrs](http://mass.gov/mtrs).

## ■ How much am I required to contribute?

You are required to contribute a set percentage of your salary through regular payroll deductions.

Your contribution rate is established by the Commonwealth’s retirement law (Chapter 32 of the Massachusetts General Laws) and is determined by the date on which you most recently became eligible for membership in a Massachusetts contributory retirement system and from which you continuously maintained your funds on account. Most of our members will establish membership in a contributory retirement system on the date they start working as a public employee in Massachusetts.

| If the date <b>on which</b> you became a member of a Massachusetts contributory retirement system and <b>from which</b> you continuously maintained your funds on account is... | Your contribution rate is... |
|---|------------------------------|
| Before January 1, 1975  | 5%                           |
| January 1, 1975 through December 31, 1983*  | 7%                           |
| January 1, 1984 through June 30, 1996*  | 8%                           |
| July 1, 1996 through June 30, 2001*   | 9%                           |
| July 1, 2001 or after**<br>(automatically enrolled in RetirementPlus)   | 11%                          |
| All RetirementPlus participants**   | 11%                          |

\*If your enrollment date is January 1, 1979 – June 30, 2001, and you are **not** participating in RetirementPlus, you must also contribute an additional 2% on any salary over \$30,000 (the “30-plus” deduction). For example, if your enrollment date is January 2, 1979 and your salary is \$35,000, your total contribution would be 7% of \$35,000 *plus* 2% of \$5,000. The 2% contribution does **not** apply to RetirementPlus participants.

\*\* New members as of July 1, 2001 are required to participate in RetirementPlus. Members transferring to the MTRS from other Massachusetts public retirement systems will have 180 days during which to make an affirmative election to participate in RetirementPlus.

## ■ If I was formerly a member of a Massachusetts contributory retirement system and I withdrew my funds, can I now “buy back” that service and enter the MTRS at my earlier—and lower—contribution rate?

No. While you may “buy back” that time in order to increase the total amount of your creditable service, your buy-back does *not* entitle you to your earlier contribution rate. You may

## What is RetirementPlus?

Enacted as Chapter 114 of the Acts of 2000 by the Massachusetts Legislature on June 22, 2000, RetirementPlus made major changes in the retirement law and affected all members of the MTRS. This legislation:

- **Enhanced the retirement formula (“RetirementPlus”).** Under RetirementPlus, retirement benefits for eligible and participating members are now increased by 2% for each full year of creditable service in excess of 24 years, up to the statutory maximum of 80%. The contribution rate for RetirementPlus participants was set at a flat 11%.

In February 2001, then current members of the MTRS were mailed an Election Form and given until June 30, 2001 to affirmatively elect to participate in RetirementPlus. New members as of July 1, 2001 are automatically subject to RetirementPlus. Members who transfer into the MTRS from another Massachusetts contributory retirement system on or after July 1, 2001 have 180 days in which to elect to participate in RetirementPlus; if they do not respond, they are not enrolled in RetirementPlus.

## ■ Eased restrictions on retiree re-employment.

During a period of a “critical shortage” of teachers as declared by local school districts, and approved by the Massachusetts Department of Education, MTRS retirees are now allowed return to public teaching service in Massachusetts without restriction. Members who retire under RetirementPlus, however, must be retired for at least two years before they may be rehired without restriction. In the absence of a “critical shortage,” the existing restrictions on re-employment in a Massachusetts public position apply to all retirees (see our web site for details).

## ■ Allowed Pre-1975 Maternity Leave Purchases.

Members who established membership in the MTRS or the Boston Retirement System as a teacher before 1975, and who left teaching or took a leave for maternity or adoption purposes before 1975, were given the opportunity to purchase up to four years of that time as creditable service, prior to December 31, 2001.

purchase service time only, not the benefit of the lower rate.

## ■ Why do I have to pay a 1.45% Medicare tax?

If you were hired on or after April 1, 1986, you are required to pay a 1.45% Medicare tax. While this does not earn you any Social Security “credits,” it does entitle you to Medicare coverage at age 65 if you have paid this tax for at least 10 years.

## ■ I am participating in RetirementPlus. What does this mean for my retirement benefit?

If you are participating in RetirementPlus—because you either elected to participate or you became a member of the MTRS on or after July 1, 2001—you will be eligible to receive a RetirementPlus enhanced benefit if, at the time of your retirement, you:

- have accrued 30 or more years of creditable service, at least 20 of which are teaching service with the MTRS or the Boston Retirement System, and,
- have contributed at the RetirementPlus rate of 11% for at least five years, or have made accelerated payments to meet this contribution requirement.

If you:

- do **not** accumulate 30 years of creditable service by your date of retirement, you will receive a retirement benefit calculated under the regular formula. Members who **elected** to participate in RetirementPlus will also receive a refund of their RetirementPlus contributions, plus regular interest; however, members who were required to participate in RetirementPlus will **not** receive a refund of any portion of these contributions.
- retire with 30 or more years of creditable service, but fewer than 20 of your years are as a member of the MTRS or the Boston Retirement System as a teacher, you will forfeit your additional contributions and receive only the regular retirement benefit.

## ■ I am not participating in RetirementPlus because I elected *not* to participate (or I didn't submit a timely election form). Can I elect in now?

No—your election opportunity was a one-time chance. Once you elect not to participate (or, in the case of members who are transferring into the MTRS from another Massachusetts contributory retirement system, miss your 180-day deadline for submitting your form), you cannot later opt in.

If, however, you leave MTRS service, take a refund of your annuity savings account and then return to MTRS service, you will return as a new member and automatically be subject to RetirementPlus and the contribution rate of 11%.



### How to Check Your Contribution Rate

Look at your pay stub. Divide the amount of your retirement withholding by your gross income, and then refer to the contribution chart. If your contribution rate is not correct, confirm your calculation with your payroll office and then contact the MTRS.

Note: If the 2% contribution also applies, be sure it appears on your pay stub.

# Your Annuity Savings Account

The MTRS is a defined benefit plan, which means that your benefits are calculated according to a set formula. This formula considers your years of creditable service, age at the time of your retirement and your highest consecutive three years' salary average. Your benefit is not based solely on your contributions and interest.

Depending on what you do in your career and how long you live, either you or your survivors will receive all or a portion of your contributions and interest in the form of a refund, retirement allowance or survivor benefit.

## ■ What happens to the money that I contribute to the system?

Your school district forwards your contributions to us and we establish and maintain an annuity savings account on your behalf for your retirement. Your MTRS annuity savings account consists of two parts:

- **contributions**, which are deducted from your paycheck by your school district and
- **interest**, which is earned on your prior year's ending balance and credited at a rate determined annually by the Public Employee Retirement Administration Commission. The rate is equal to an average passbook savings return.

Additionally, if you have purchased creditable service, your payments will be included in your annuity savings account balance.

## ■ Will I eventually get this money back?

Generally, yes. Depending on what you do in your career and how long you live, you or your survivor will receive all or a portion of your contributions and interest.

The funds in your annuity savings account will be paid out to you or your survivor when one of the following occurs:

- **you retire from the MTRS and receive a retirement allowance** (pages 16–21), or
- **you become an inactive member who is eligible to receive a refund of your money** (page 24), in other words, you leave public service in Massachusetts, or
- **you die while you are an active member** (page 22), in which case the MTRS will pay a benefit to your survivor.

If you leave our system for employment with another Massachusetts public agency which requires your membership in its retirement system, we cannot refund your balance; in that event, we must transfer your funds directly to that other Massachusetts contributory retirement system.

## ■ How do I know how much money I have in my annuity savings account?

In the spring of every year, the MTRS sends a statement of account to all active and inactive members who have a balance in their annuity savings account. This statement reflects personal data (name, address, date of birth, beneficiary designation) as well as financial information regarding any activity in your account, the amounts of after-tax contributions, pre-tax contributions, interest and the total balance in the account as of the end of the previous calendar year.

You may request a statement of your annuity savings account balance any time during the year.

## ■ What is the difference between after-tax contributions and pre-tax contributions?

The difference is that you have already paid taxes on your after-tax contributions—and therefore you do not have to pay taxes on them again when you receive them in the form of a lump-sum payment or a retirement allowance—but you have not yet paid taxes on your pre-tax contributions and, so, you will have to pay taxes on those when you receive them.

## ■ Is the interest on my account considered a pre-tax or an after-tax amount?

All interest is paid on a pre-tax basis; as such, all interest is included in the taxable portion of your annuity savings account balance, which you may need to reference for tax purposes in the event you take a refund of your account (page 24).

## ■ How do I know what amount is nontaxable and what is taxable?

The MTRS will separate the taxable and nontaxable amounts on your annual statement.

## ■ As an active, contributing member, will I have access to the funds in my annuity savings account?

No. Your annuity savings account is not a personal bank account or an individual retirement account. As someone who is actively contributing to the MTRS through regular payroll deductions or who is on an authorized leave of absence, you are not eligible to withdraw any portion of your annuity savings account balance. Likewise, you may not borrow money from your account.

## ■ Can the money in my account be assigned to someone else or attached by a third party?

No—you may not assign the funds in your account, nor may your account be garnished or attached by a lien or any other legal or equitable process except by the Internal Revenue Service, the Massachusetts Department of Revenue or, in the event of divorce, pursuant to a Domestic Relations Order (DRO, page 26). The funds must remain in your account with the MTRS until you retire, die or become an inactive member who is eligible to receive a refund of the money (page 24).

Likewise, your retirement allowance is subject to assignment only pursuant to court-ordered child support payments and in divorce cases, domestic relations orders (page 26).

## ■ Why is the interest rate I earn on my MTRS account lower than the returns generally earned on investments?

This interest rate bears no relationship to the actual return earned on the annuity savings fund; rather, it is an “artificial” rate of interest established by the Public Employee Retirement Administration Commission (PERAC; [mass.gov/perac](http://mass.gov/perac)). By law, this rate is determined by the average interest rate paid on individual savings accounts, which is obtained from a representative sample of financial institutions in Massachusetts.

The contributions from active members are pooled and invested for the MTRS by the Pension Reserves Investment Management (PRIM) Board in the Pension Reserves

Investment Trust (PRIT) Fund. The interest you earn on your balance does *not* reflect the MTRS fund's actual investment return. The fund's excess investment return is transferred to the system's reserve fund, which ensures the future stability of the system.

The actual return on the trust account holding active members' contributions for the ten year period ending December 31, 2001 was 10.71%. After individual members' annuity savings accounts are credited with interest, the trust account's “excess earnings” are credited to the MTRS' pension reserve fund to ensure the pension fund's stability.

## ■ Who manages the investment fund?

The Pension Reserves Investment Trust (a pooled investment fund established to invest the pension reserve assets of the Massachusetts State Employees' and Teachers' Retirement Systems) is managed by the Pension Reserves Investment Management Board. PRIM's mandate is to accumulate assets through investment earnings and other revenue sources in order to reduce the Commonwealth's unfunded pension liability and to assist local participating retirement systems in meeting their future pension obligations. As of December 31, 2001, the PRIT fund contained \$28.8 billion.

The PRIM Board consists of nine elected and appointed members, including a representative of the MTRS. For more information, visit PRIM's web site at [www.mapension.com](http://www.mapension.com).

## ■ What happens to my MTRS annuity savings account if I quit teaching?

Depending on your age and amount of creditable service when you leave active service, you may have a choice of

- **receiving a refund of your account,**
- **leaving your funds on account with the MTRS, or**
- **applying for a retirement allowance.**

See page 24 for more information on your options upon leaving employment.

# Retiring from the MTRS

Depending on what stage you are at in your career, retirement may be the first or last thing on your mind. However, you need to understand your retirement benefits so that you may plan for a successful retirement.

Retirement can be a very exciting, and yet stressful, confusing time. When you are ready to apply for retirement, please know that we will help you through the process.

For more detailed information, visit our web site at [mass.gov/mtrs](http://mass.gov/mtrs).

## ■ What types of retirement benefits does the MTRS provide?

There are three types of retirement benefits for which you may apply:

- **superannuation**—the most common service retirement (page 16),
- **termination** (page 18),
- **disability**, of two types—ordinary and accidental (page 20).

## ■ Instead of receiving a retirement allowance, can I receive a refund of my contributions and interest?

Yes—you may receive a refund if you have officially resigned from your position and will not be re-employed by a Massachusetts public employer (in other words, you will not be employed in a position requiring membership in a Massachusetts contributory retirement system).

See page 24 for more information on your options upon leaving active teaching service.

## ■ How and when do I file for retirement?

In order to retire, you must file an application for retirement with the MTRS—notifying your school district of your intent to retire does not begin any paperwork with us. You may file your application up to four months before your retirement date. If your application is received within 60 days after your date of termination of service, your retirement can take effect on your termination date. If, however, you file more than 60 days after your date of termination of service, your benefits will **not** be retroactive to that date; the earliest they may then begin is 15 days after we receive your application.

## ■ Do I have to retire at the end of the school year?

No—you may choose any day of the year as your effective date of retirement. However, if you choose to retire at the end of a school year and your school year ends in June, your

retirement date will take effect on June 30, a date set by MTRS regulation.

## ■ What is my retirement benefit based on?

Except for accidental disability and termination retirement benefits, your retirement benefit is based on the following factors:

### ■ Your age on your date of retirement.

If your birthday is January 1, and you are retiring on June 30, your age factor will be based on your age as of your last birthday. We do not round up your age when determining an age factor. If you are age 65, you have reached the maximum age factor; the age factor does not increase after age 65.

### ■ Your years of creditable service.

This is the total number of years of creditable service you have accrued in the MTRS (page 14).

### ■ The average of your highest three consecutive years' salaries.

Your salary average is based on your three highest consecutive years' salaries or your last three years' salaries.

Under the Massachusetts Retirement Law (M.G.L. c. 32), you may choose to retire under one of three benefit options: Option A, B or C (see facing page).

## ■ My spouse is also a member of a Massachusetts contributory retirement system. Does this affect our retirement eligibility in any way?

Yes—when a husband and wife are both members of the same or different Massachusetts contributory retirement systems and one of the two members is retired, the other member may be eligible to retire—under a superannuation retirement allowance—even though he or she has not yet attained age 55. However, if you became a member of the MTRS on or after January 1, 1978, you must have a minimum of 10 years of creditable service to apply for a superannuation retirement allowance.

## The Three Retirement Benefit Options: A, B and C

Under each type of retirement—superannuation, termination and disability—you may choose one of three benefit options: Option A, B or C. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death, as follows:

| Option   | Benefit Amount                                | Survivor Benefit  |
|----------|---|---|
| <b>A</b> | Maximum allowance                             | None  |
| <b>B</b> | Approximately 1% less than Option A amount    | One-time, lump-sum payment of balance, if any, remaining in member's annuity savings account<br>Note: There are no restrictions on who or how many individuals or entities may be named as beneficiary. |
| <b>C</b> | Approximately 9–11% less than Option A amount | Monthly benefits paid to a survivor<br>Note: Beneficiary must be the member's spouse, parent, sibling, child or former spouse who has not remarried.  |

### Option A

Of all three options, Option A provides you with the highest possible monthly allowance; it does not, however, provide for any continuing survivor benefits. Upon your death, all Option A retirement payments will stop,\* and any retirement benefits you earned during the month of your death will be paid to your estate.

### Option B

Option B provides you with a monthly allowance that is approximately 1% less than an Option A allowance. This option's payments are slightly less because Option B does provide for a possible one-time, lump-sum survivor benefit.

The Option B survivor benefit is a lump-sum payment of the balance, if any, remaining in your annuity savings account at the time of your death. During your retirement, the balance in your annuity savings account decreases by an amount equal to the annuity portion of your retirement allowance. In most cases, the annuity account will be depleted after 15 years. For all intents and purposes, this recordkeeping is "invisible" and the reductions do not affect monthly retirement payments. Upon your death:

- all Option B retirement payments will stop,\*
- any retirement benefits you earned during the month of your death will be paid to your estate, and
- the balance remaining in your annuity savings account, if any, will be paid in a lump sum to your Option B beneficiary or estate.

If your annuity savings account is depleted while you are receiving an allowance, you will continue to receive the full Option B retirement allowance for life; upon your death, your estate will receive only the amount of the retirement allowance that

you were entitled to in the month of your death. Under Option B, you may designate more than one person as your beneficiary and that person or persons need not be related to you.

### Option C

Option C provides you with the smallest monthly allowance (approximately 9–11% less than an Option A allowance). It also provides your surviving beneficiary with monthly payments for the rest of his or her life.

The calculation of the Option C allowance is based on the life expectancies of both you and your beneficiary at the time of your retirement. Upon your death:

- all Option C payments will stop, and
- your beneficiary will receive a monthly survivor benefit that is equal to two-thirds of the amount of your Option C allowance on the date of your death. Your beneficiary must be your spouse, parent, sibling, child or former spouse who has not remarried.

### Option C "Pop-Up"

If you retire under Option C and your beneficiary predeceases you, you cannot name a different "Option C beneficiary." Under the terms of the so-called "pop up" provision of M.G.L. c. 32 §12, your monthly benefit will "pop up" to a higher amount that is proportional to the amount you would have received under Option A at the time of your retirement. This new, higher amount is then paid to you as of the date of the death of your beneficiary and until you die. In the event that your Option C beneficiary predeceases you, you will need to notify the MTRS; we will require that you complete an *Option C Reversion Claim Form*, and then we will recalculate your retirement allowance.

\*If a member dies within 30 days of his or her date of retirement under Option A or B, and is survived by a spouse, that spouse can opt to receive a monthly survivor allowance equal to two-thirds of what the member would have received if he or she had retired under Option C (page 16).

■ **Are veterans entitled to additional benefits?**

Yes—if you are a military veteran as defined by the Massachusetts General Laws, a veteran’s bonus will be added to your Option A allowance. This bonus is equal to \$15 per year of creditable service, up to a maximum annual total of \$300. If you are eligible to receive the maximum retirement allowance—80% of the average of your highest three consecutive years’ salaries—by reason of your established creditable service and age, you will still receive your veteran’s bonus on top of your maximum allowance.

■ **How do I choose my retirement option?**

Approximately 30 days before your designated retirement date (provided you have filed your application for retirement at least three months before your date of retirement), we will mail an *Option Selection Form* to you. The *Option Selection Form* will list your estimated retirement allowances under Option A, Option B and, if you supplied the necessary information on your application form, Option C. You will have at least 30 days to consider your options and then, by way of the *Option Selection Form*, you will indicate which option you wish to retire under. This is a critical step in your retirement process. If your Option Selection Form is not returned and you have not rescinded your application in writing by your date of retirement, you will automatically be retired and your retirement allowance will be calculated under Option B.

■ **If I change my mind, can I withdraw my application for retirement?**

Yes—you may withdraw your application any-time before midnight of your date of retirement. To do this, you must file a written request with the MTRS to rescind your retirement application. After your date of retirement, you may not withdraw your application.

■ **Can I change my retirement option or date of retirement after I retire?**

No—once your effective date of retirement has passed, you cannot change your retirement option nor can you change your date of retirement or “unretire.” Because of this, it is important that you understand the retirement options that are available to you and that you make an informed decision based on your financial needs and the financial needs of your family.

■ **As an active member, I have named a beneficiary of my MTRS account. When I retire, will I need to designate a new beneficiary?**

Possibly. In all cases, once you retire, your “active” beneficiary designation will become void. Then, depending on the option you retire under, you may need to designate a “retiree” beneficiary. If you retire under:

- **Option A**, you will not have a “retiree” beneficiary. As noted on page 11, Option A provides no survivor benefit.
- **Option B**, you will need to designate an “Option B retiree beneficiary,” who will receive the amount remaining in your MTRS annuity savings account, if any. You can change this designation at any time.
- **Option C**, you will need to designate an “Option C retiree beneficiary,” who will receive a regular, monthly survivor benefit for the rest of his or her life. Because your retirement allowance is based on the ages of you and your beneficiary at the time of your retirement, you cannot change this designation once you retire. If your Option C retiree beneficiary predeceases you, your benefits will “pop up” to a higher amount that is proportional to the amount you would have received under Option A at your retirement and there will be no monthly payments to a survivor after your death.

■ **How soon after my retirement date will I receive my first monthly payment?**

If you have filed your application for retirement at least three months before your date of retirement, you will receive your first payment at the end of the first full month following your date of retirement. For example, if you retire effective November 3, you will receive your first payment—which will be retroactive to November 3—at the end of December.

If you are retiring under RetirementPlus, however, your first payment may be delayed until we receive your school’s payroll deduction payment.

**Your First Payment**

Your first retirement payment does not include payment for the date on which your retirement takes effect. For example, if you retire on June 30, your first month’s payment will be for July 1 through July 31.

**Other Important Retirement Issues You Need to Consider**

Retirement is a major life change. In addition to understanding what benefits and services you can expect from the MTRS, you need to consider—and plan for—other aspects of your retirement. We will send you more information when you retire, but you should be aware of these issues now.

**Health Insurance**

- **Before** you retire, review your employer’s health insurance benefit package with your school’s benefits department.

Your health insurance after retirement is based on your current employer’s benefit package. Depending on how you are now insured through your current school district, you may continue to receive coverage under the Retired Municipal Teachers’ (RMT) Program that is administered by the Massachusetts Group Insurance Commission (GIC) or by way of another method that your city, town or school district has provided.

If you have questions about your coverage, contact either the Group Insurance Commission ([mass.gov/gic](http://mass.gov/gic)) or your employer. Our role is that of bookkeeper: We deduct your health insurance premiums from your monthly retirement allowance; we do not administer your health benefits.

**Social Security**

- *Either* three months before you retire *or* three months before you reach age 65, whichever comes first, contact the Social Security Administration to determine your eligibility for benefits.

As a member of the MTRS, you do not pay into Social Security nor do you earn any Social Security “credits” or “quarters” for your MTRS contributions or service. However, you may have earned Social Security credits through other employment.

If you are eligible to receive Social Security benefits—either as a result of your own credit or your spouse’s—you may be subject to one of two Social Security “double-dipping” laws: the Windfall Elimination Provision and the Government Pension Offset. Accordingly, you should contact the closest Social Security office and discuss the impact of your MTRS pension on your Social Security benefits. Or visit the Social Security Administration’s web site at [www.ssa.gov](http://www.ssa.gov).

**Taxation of Your Retirement Benefit**

- The retirement benefit that you receive from the MTRS is exempt from Massachusetts state income tax. The federal government (IRS), however, will tax a large portion of your retirement allowance (approximately 95–98%) immediately upon your retirement.

If you move to another state after retirement, your allowance may be subject to that state’s income taxes. You should check with that state’s department of revenue for further information.

**Cost-of-Living Adjustments**

- You are eligible to receive a cost-of-living adjustment (COLA) in the second year of retirement. COLAs may only be granted by the Massachusetts Legislature, not the MTRS. In recent years, the maximum increase has been \$360 per year (\$30 per month).

By law, the annual COLA is equal to the increase in the Consumer Price Index (CPI) or 3%, whichever is less. Currently, a COLA is granted only on the first \$12,000 of your retirement allowance.

**Working After Retirement**

- If you return to work for a Massachusetts public employer, you will be subject to certain earnings and time restrictions.

The intent of the Massachusetts retirement law’s restrictions on working after retirement is to prohibit public retirees from receiving excessive compensation from public employment after retiring. Accordingly, MTRS retirees are subject to specific restrictions on how soon after retirement they may return to public employment, as well as earnings and time limitations. There are **no** restrictions on employment in the private sector, the federal government or public employment in another state.

For information on these restrictions, please visit our web site at [mass.gov/mtrs](http://mass.gov/mtrs).



**Eligibility Verification**

Massachusetts law requires all public retirees to file an affidavit verifying their eligibility to receive a retirement allowance. Annually after you have retired, the MTRS will contact you to confirm your eligibility.



# Creditable Service

The amount of your creditable service is very important: it determines whether you are “vested” for purposes of being entitled to half or all of the interest accumulated in your MTRS account in the event you leave active service and take a refund; it determines when you are eligible to receive a retirement benefit; and, it is one of the three factors used to calculate the amount of your retirement benefit.

You earn service credit while you are contributing to the MTRS via regular payroll deductions.

If you rendered past eligible service, you may also be able to purchase credit for prior employment.

## How do I know how much creditable service I have?

Currently, our computer system is not programmed to track this information, and, as a result, we do not have or maintain a complete record of your creditable service. We are, however, working on designing and implementing a new system that will track your creditable service and allow us to add historical data.

Until we have installed our new computer system, you are the best source of this information. To estimate your creditable service, see the shaded box on this page, then add up the number of years of each type of service you have rendered.

If you are nearing retirement and need to know how much creditable service you have so that you may determine when you are eligible to retire, please contact us. We will review your file and provide you with a statement of your creditable service.

## What constitutes “creditable service” and can I receive credit for earlier teaching and public service?

“Creditable service” is time that you have worked as a teacher, administrator or other Massachusetts public employee, and for which you have paid or transferred retirement contributions to the MTRS. Creditable service also includes certain military service. You may be able to purchase credit for prior substitute teaching, teaching in an out-of-state public school, certain non-public school teaching, other Massachusetts public service and active military service. Also, if you withdrew your retirement account from the MTRS or any other Massachusetts contributory retirement system, you may receive creditable service if you repay the amount withdrawn plus interest, prior to your date of retirement.

## Is all creditable service equal?

To the extent that you have, for example, two years of Massachusetts teaching service and two years of out-of-state service that you have purchased, yes—each counts as two years of creditable service. However, we also distinguish between **membership** and **non-membership** service.

- **Membership** service is that which required your membership in the MTRS and during which you contributed to the MTRS via payroll deduction.
- **Non-membership** service is that which did not require your membership in the MTRS, but is eligible for purchase. Types of non-membership service are: substitute teaching service in a Massachusetts public school; out-of-state public school teaching; non-public school teaching; other Massachusetts public employment; military service; and, pre-1975 maternity leave and teaching service in an overseas school for dependents sponsored by the U.S. Department of Defense.

We distinguish between membership and non-membership service for the purpose of crediting part-time Massachusetts teaching service during which you contributed to the MTRS via payroll deduction. For more information, please visit our web site or contact us.

## Types of Creditable Service

- Massachusetts public school teaching
- Out-of-state public school teaching
- Overseas Department of Defense dependent school teaching
- Non-public school teaching (out-of-state or in Massachusetts)
- Massachusetts public school substitute, temporary or part-time teaching or tutoring
- Massachusetts public service (with the MTRS or another governmental agency)
- Credit for an authorized leave of absence (up to one month of service credit for each unpaid, authorized leave of absence)
- Active military service (during your membership in a MA contributory retirement system or at any time)
- Pre-1975 maternity leave (see page 7)

If you have rendered any of these types of service, be sure to find out more about what it could mean to your retirement benefit if you purchase eligible credit. Check our web site or contact us for more information.

## How much does it cost to purchase past service?

The cost of purchasing past service is based on what you would have paid in contributions during that period (plus interest to date) or what you actually paid and withdrew (plus interest to date).

## Is it always a good idea to purchase past creditable service?

Often, but not always—depending on how much creditable service you already have, it may or may not make financial sense for you to purchase outstanding service.

If, based on your established creditable service and age, you are *not* at or near the maximum retirement allowance—80 percent of the average of your highest three consecutive years’ salaries—then, depending on how much outstanding service you have, purchasing it may result in a meaningful increase in your retirement allowance. While the present cost of purchasing the service may seem substantial, the difference in your retirement allowance may allow you to recoup the expense in a short period of time and pay off in the long run.

If, however, you are already eligible to receive the maximum retirement allowance (80 percent of the average of your highest three consecutive years’ salaries) by reason of your established creditable service and age, then purchasing outstanding service will be an expense that will **not** result in an increase in your retirement allowance.

## When must I purchase creditable service?

You must purchase creditable service before the effective date of your retirement. If you wish to purchase out-of-state, overseas dependent school, non-public school teaching service or military service credit, you must do so while you are an active member of the MTRS or while you are on an authorized leave of absence. If you wish to purchase past Massachusetts public school substitute, temporary or part-time teaching service or other Massachusetts public service, you must do so prior to your date of retirement. Because an interest charge is added to the amount due, the cost of purchasing creditable service increases monthly.

## How do I purchase creditable service?

While the specifics differ depending on what type of service you wish to purchase, the basic

steps are as follows:

- **Step 1:** You obtain the necessary instruction sheet and/or form by downloading it from our web site, or from our office.
- **Step 2:** You complete and submit the form, supplying us with specific information about the type of service, where and when you rendered it, and what you received as compensation.
- **Step 3:** We review your form, determine how much service you are eligible to purchase as well as your cost, and send you an invoice.
- **Step 4:** Depending on your particular situation, you may then pay the total in full, or, if eligible, in payments over time on our installment plan. Or you may decide to postpone purchasing the service until a later date, if at all. You are under no obligation to purchase service you have been billed for; however, if you choose to defer your purchase, the cost will increase because of interest charges.

## I am participating in RetirementPlus. What types of creditable service count toward the enhanced benefit eligibility requirement of “at least 20 years of membership service with the MTRS (or Boston Retirement System) as a teacher?”

In addition to your regular service during which you contribute to the MTRS via regular payroll deductions, the following two types of purchased service count toward the 20-year “teaching service” requirement:

- repayment of a refund from the MTRS or the Boston Retirement System, and
- if you began service with an MTRS employer on a temporary or part-time basis, the purchase of your mandatory six-month waiting period.

All other types of service do **not** count toward the 20-year “teaching service” requirement. They do count, however, toward the 30-year creditable service requirement.

## Is service rendered as a “consultant” in a school district, or as an “03” employee of the Commonwealth of Massachusetts, eligible for purchase?

No—this type of service continues to be ineligible for purchase.

Some reminders—

- Eligible service must be purchased prior to your date of retirement. Investigate your eligibility to purchase service early.
- All creditable service is subject to verification at the time of your retirement.
- You may be able to pay for your service purchase with pre-tax dollars. Please see our web site for more information.



# Superannuation Retirement Benefits

“Superannuation” is the technical name for the most common type of retirement benefit: an allowance earned after a career of public service. Within this category, there are two types of allowances: a “regular” benefit and an enhanced, RetirementPlus benefit.

## When will I be eligible to retire from the MTRS?

You are eligible to retire with a regular, superannuation retirement allowance when you:

- have 20 years of creditable service, regardless of your age, *or*
- are at least age 55 *and* you have at least 10 years of creditable service.

If, however, you do not meet either of these requirements and you were a member of the MTRS prior to January 1, 1978, different eligibility requirements may apply to you. Please contact the MTRS for additional information.

## I am participating in RetirementPlus. When will I be eligible to receive an enhanced, RetirementPlus benefit?

If you are participating in RetirementPlus—because you either elected to participate or you became a member of the MTRS on or after July 1, 2001—you are eligible to receive an enhanced, RetirementPlus benefit when you:

- have accrued 30 or more years of creditable service, at least 20 of which are teaching service with the MTRS or the Boston Retirement System; and,
- have contributed at the RetirementPlus rate of 11% for at least five years, or have made accelerated payments to meet this contribution requirement.

If you:

- do **not** accumulate 30 years of creditable service by your date of retirement, you will receive a retirement benefit calculated under the regular formula. Members who **elected** to participate in RetirementPlus will also receive a refund of their RetirementPlus contributions, plus regular interest; however, members who were required to participate in RetirementPlus will **not** receive a refund of any portion of these contributions.
- retire with 30 or more years of creditable service, *but fewer than 20 of your years are as a member of the MTRS or the Boston Retirement System as a teacher*, you will forfeit your additional contributions and receive only the regular retirement benefit.

## How will the amount of my superannuation retirement benefit be determined?

As shown on the next page, the amount of your benefit is based on a set retirement formula. This formula is comprised of three factors:

- Your age on your date of retirement.** When you file your application for retirement, you will need to submit a certified birth record.

- Your years of creditable service.** This is the total number of years of creditable service you have accrued in the MTRS (page 14).

- The average of your highest three consecutive years’ salaries.** Your salary average is based on your three highest consecutive years’ salaries or your last three years’ salaries. In the event that you retire partway through a school year, we will pro-rate the partial years’ salaries. In other words, if you retire partway through a school year, and your current salary is higher than the previous year’s, your final salary average will reflect a pro-rated amount of your current, higher salary.

As described on page 11, you may choose to retire under one of three benefit options: Option A, B or C.

## How do I know if I am subject to RetirementPlus?

If you:

- joined the MTRS on or after July 1, 2001**, you are automatically enrolled in RetirementPlus.
- transferred to the MTRS from another Massachusetts contributory retirement system on or after July 1, 2001**, you have 180 days from your start date to enroll in RetirementPlus. If you submitted (or submit) an affirmative election within 180 days, you will be subject to RetirementPlus.
- were a member of the MTRS prior to July 1, 2001**, you had until June 30, 2001 to elect to participate in RetirementPlus. If you did **not** submit a timely, affirmative election, you were not enrolled in RetirementPlus and your contribution rate remained the same.

If you are unsure of your RetirementPlus status, please call us.

## Superannuation Retirement Allowance: Formula and Worksheet

|  |  | Example  |   | You as of   | You as of   |
|--|--|----------|---|-------------|-------------|
|  |  |          |   | ___/___/___ | ___/___/___ |
| <b>Option A</b>                            | Option A Age Factor (see table)                | .018     |   |             |             |
|  | x Years of creditable service                  | x 35     |   | x           | x           |
|  | % of salary average                            | 63%      |   |             |             |
|  | + RetirementPlus %, if applicable <sup>1</sup> | + 22%    |   | +           | +           |
| Allowable % of salary average <sup>2</sup> |  | 80%      |   |             |             |
| x 3-year salary average                    | x \$42,000                                     |          | x | x           |             |
| Option A annual allowance <sup>3</sup>     |  | \$33,600 |   | \$          | \$          |
| <b>Option B</b>                            | Option A annual allowance                      | \$33,600 |   | \$          | \$          |
|  | x 99% (1% less than Option A) <sup>4</sup>     | x 99%    |   | x 96%       | x 96%       |
| Option B annual allowance                  |  | \$33,264 |   | \$          | \$          |
| <b>Option C</b>                            | Option A annual allowance                      | \$33,600 |   | \$          | \$          |
|  | x Option C Factor (see table)                  | x 92%    |   | x           | x           |
|  | Option C annual allowance                      | \$30,912 |   | \$          | \$          |
|  | x 2/3 (annual survivor portion)                | x 2/3    |   | x 2/3       | x 2/3       |
| Annual member-survivor benefit             |  | \$20,608 |   | \$          | \$          |

The example illustrates the calculations for a member who retires under RetirementPlus at age 58 with 35 years of creditable service, an average salary of \$42,000 for his or her highest three consecutive years or last three years, whichever is greater, and a beneficiary who is age 57.

Also shown here is the member-survivor benefit payable only under Option C. This benefit is payable on a monthly basis to your beneficiary for the rest of his or her life.

### NOTES

<sup>1</sup> If you are participating in RetirementPlus, and you have 30 or more years of creditable service—at least 20 of which are teaching service with the MTRS or the Boston Retirement System—add 2% for each full year of creditable service over 24 years (see RetirementPlus Percentage table, below).

<sup>2</sup> Your “Allowable % of salary average” may not exceed 80%.

<sup>3</sup> If you are a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.

<sup>4</sup> The Option B allowance is approximately 1% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 1% less than the Option A amount.

### Option A Age Factor Table

Use your age on your retirement date

| Age | Factor | Age | Factor | Age | Factor |
|-----|--------|-----|--------|-----|--------|
| 41  | .001   | 50  | .010   | 58  | .018   |
| 42  | .002   | 51  | .011   | 59  | .019   |
| 43  | .003   | 52  | .012   | 60  | .020   |
| 44  | .004   | 53  | .013   | 61  | .021   |
| 45  | .005   | 54  | .014   | 62  | .022   |
| 46  | .006   | 55  | .015   | 63  | .023   |
| 47  | .007   | 56  | .016   | 64  | .024   |
| 48  | .008   | 57  | .017   | 65+ | .025   |
| 49  | .009   |     |        |     |        |

### RetirementPlus Percentage Table

| Service (full years) | R+ % | Service (full years) | R+ % | Service (full years) | R+ % |
|----------------------|------|----------------------|------|----------------------|------|
| 30                   | 12%  | 34                   | 20%  | 38                   | 28%  |
| 31                   | 14%  | 35                   | 22%  | 39                   | 30%  |
| 32                   | 16%  | 36                   | 24%  | 40                   | 32%  |
| 33                   | 18%  | 37                   | 26%  |                      |      |

### Option C Factor Table

Use the table to the right to find your Option C Factor. To obtain your Option C factor, determine what your age will be on your birthday closest to your retirement date; then determine what your beneficiary’s age will be on his or her birthday that is closest to your retirement date. Find these ages on the appropriate axes and follow the row and column into the table. Your Option C factor is the number where the row and column intersect.

Please note that for the purposes of this guide, the values in this table are rounded, approximate percentages.

| Member's age | 67 | 81 | 81 | 82 | 82 | 83 | 83 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87 | 88 |
|--------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 66           | 82 | 82 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 88 | 88 |
| 65           | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 89 | 89 |
| 64           | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 90 | 90 |
| 63           | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 91 | 91 |
| 62           | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 92 | 92 |
| 61           | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 93 | 93 |
| 60           | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 94 | 94 |
| 59           | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 95 | 95 |
| 58           | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 93 | 94 | 94 | 94 | 95 | 95 |
| 57           | 91 | 92 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 94 | 95 | 95 | 95 | 95 |
| 56           | 92 | 92 | 93 | 93 | 93 | 93 | 94 | 94 | 94 | 94 | 95 | 95 | 95 | 95 | 96 | 96 |
| 55           | 93 | 93 | 93 | 93 | 94 | 94 | 94 | 94 | 95 | 95 | 95 | 95 | 96 | 96 | 96 | 96 |
| 54           | 93 | 94 | 94 | 94 | 94 | 95 | 95 | 95 | 95 | 95 | 95 | 96 | 96 | 96 | 96 | 97 |
| 53           | 94 | 94 | 94 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 96 | 96 | 96 | 96 | 97 | 97 |
| 52           | 95 | 95 | 95 | 95 | 95 | 95 | 96 | 96 | 96 | 96 | 96 | 96 | 96 | 97 | 97 | 97 |
|              | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 |

The average life expectancy at retirement is approximately 25 years.

The best plan for future financial security involves having several sources of income rather than just one.





# Termination Retirement Benefits

If you are involuntarily terminated, the MTRS provides a termination retirement allowance. The eligibility criteria and benefit calculation formula are different from those for a superannuation retirement allowance.

**■ If my position is eliminated due to a reduction in force or if I am terminated, what benefits am I entitled to?**

If your position is eliminated or you are terminated for a reason that does not include moral turpitude, you may take a refund of your MTRS annuity savings account (page 24). Or, if you have accrued:

- **at least 10 years of creditable service**, you may leave your funds on account and apply for a superannuation retirement allowance upon attaining age 55 or anytime thereafter.
- **20 years or more of creditable service**, you may be entitled to receive a termination retirement allowance.

Note: The law also provides certain forfeiture provisions in the event you are convicted of a criminal offense involving your job.

**■ What are the eligibility criteria for a termination retirement allowance?**

To be eligible to receive a termination retirement allowance, the following conditions must be met:

- the position you held with your school district must be eliminated *or* you failed to be reappointed to your position;
- the elimination of your position *or* your failure to be reappointed must be completely involuntary on your part; and,
- you may not have refused an offer of a comparable position in which you are certified.

**■ How is the amount of a termination allowance calculated?**

The termination retirement allowance is equal to one-third of the average of your three highest consecutive years' salaries, plus an annuity amount that is based on your age and account balance at retirement (see next page).

**■ What is the difference between superannuation retirement and termination retirement?**

Superannuation retirement and termination retirement differ as far as their eligibility criteria (see page 16) as well as the formula

used to calculate the Option A benefit amount. However, once the termination allowance under Option A is calculated, the termination allowances under Options B and C are determined in the same way as for a superannuation allowance.

**■ How do I apply for a termination retirement allowance?**

- As soon as possible after you receive formal notice of termination from your school district, contact us for a retirement application.
- As soon as possible—and, if you want your retirement to become effective on your date of termination, no later than 60 days after your effective date of termination—file your completed application with our office. For example, if your effective date of termination is June 30, you must file your application with our office no later than August 29 in order to have an effective date of retirement of June 30. If your retirement application is received after 60 days from your effective date of termination, the earliest you could retire, by law, would be 15 days from the date that we receive your retirement application.
- After we have received your completed application, we will contact your school district for written verification of your statement and determine your eligibility. If you are eligible, we will then send you additional information on the benefits you are entitled to.

**A Word of Caution**

Please be advised that once your termination retirement allowance becomes effective, you may not return to active service as a teacher. Specifically, if your name should appear on a recall list after the approval of your termination retirement allowance, you may not “unretire” and elect to take a teaching position if one is offered to you. Additionally, if you are recalled prior to our approval of your application for a termination retirement allowance, you must immediately notify the MTRS, as you would not be eligible to retire under this formula. For these reasons, consider your options carefully.

## Termination Retirement Allowance: Formula and Worksheet

|  | Example                            | You                       |
|--|------------------------------------|---------------------------|
| <b>Option A</b>                            | 3-year salary average \$45,000     | <input type="text"/>      |
| x 1/3                                      | x 1/3                              | x 1/3                     |
| Pension portion                            | \$15,000                           | \$ <input type="text"/>   |
| + Annuity portion <sup>1</sup>             | + \$2,900                          | + \$ <input type="text"/> |
| Option A annual allowance <sup>2</sup>     | \$17,900                           | \$ <input type="text"/>   |
| <b>Option B</b>                            | Option A annual allowance \$17,900 | \$ <input type="text"/>   |
| x 99% (1% less than Option A) <sup>3</sup> | x 99%                              | x 96%                     |
| Option B annual allowance                  | \$17,721                           | \$ <input type="text"/>   |
| <b>Option C</b>                            | Option A annual allowance \$17,900 | \$ <input type="text"/>   |
| x Option C Factor (see table)              | x 96%                              | x <input type="text"/>    |
| Option C annual allowance                  | \$17,184                           | \$ <input type="text"/>   |
| x 2/3 (annual survivor portion)            | x 2/3                              | x 2/3                     |
| Annual member-survivor benefit             | \$11,456                           | \$ <input type="text"/>   |

The example illustrates the calculations for a 45-year old member who, at the time of termination, has a salary average of \$45,000 for his or her highest three consecutive years, an MTRS annuity savings account balance of \$42,500, and a beneficiary who is age 44.

Also shown here is the member-survivor benefit payable only under Option C. This benefit is payable on a monthly basis to your beneficiary for the rest of his or her life.

**NOTES**

- <sup>1</sup> The annuity portion is calculated based on your age and the balance in your MTRS annuity savings account. In general, the annual annuity portion for members with approximately 20 years of creditable service ranges from \$2,000 to \$4,000. Your actual figure will vary.
- <sup>2</sup> If you are a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.
- <sup>3</sup> The Option B allowance is approximately 3–5% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 4% less than the Option A amount.

**Option C Factor Table**

Use the table below to find your Option C Factor. To obtain your Option C factor, determine what your age will be on your birthday closest to your retirement date; then determine what your beneficiary's age will be on his or her birthday that is closest to your retirement date. Find these ages on the appropriate axes and follow the row and column into the table. Your Option C factor is the number where the row and column intersect.

Please note that for the purposes of this guide, the values in this table are rounded, approximate percentages.

|    |    |    |    |    |    |    |    |    |    |    |    |    |     |     |     |     |
|----|----|----|----|----|----|----|----|----|----|----|----|----|-----|-----|-----|-----|
| 67 | 81 | 81 | 81 | 82 | 82 | 83 | 83 | 84 | 84 | 85 | 85 | 86 | 86  | 87  | 87  | 88  |
| 66 | 82 | 82 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87  | 88  | 88  | 89  |
| 65 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87 | 88 | 88 | 89  | 89  | 90  | 90  |
| 64 | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 88 | 88 | 89 | 89 | 90  | 90  | 91  | 91  |
| 63 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 89 | 89 | 90 | 90 | 91  | 91  | 92  | 92  |
| 62 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 90 | 90 | 91 | 91 | 92  | 92  | 93  | 93  |
| 61 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 91 | 91 | 92 | 92 | 93  | 93  | 94  | 94  |
| 60 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 92 | 92 | 93 | 93 | 94  | 94  | 95  | 95  |
| 59 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 93 | 93 | 94 | 94 | 95  | 95  | 96  | 96  |
| 58 | 90 | 91 | 91 | 91 | 92 | 92 | 93 | 93 | 94 | 94 | 95 | 95 | 96  | 96  | 97  | 97  |
| 57 | 91 | 92 | 92 | 92 | 93 | 93 | 94 | 94 | 95 | 95 | 96 | 96 | 97  | 97  | 98  | 98  |
| 56 | 92 | 92 | 93 | 93 | 94 | 94 | 95 | 95 | 96 | 96 | 97 | 97 | 98  | 98  | 99  | 99  |
| 55 | 93 | 93 | 94 | 94 | 95 | 95 | 96 | 96 | 97 | 97 | 98 | 98 | 99  | 99  | 100 | 100 |
| 54 | 93 | 94 | 94 | 94 | 95 | 95 | 96 | 96 | 97 | 97 | 98 | 98 | 99  | 99  | 100 | 100 |
| 53 | 94 | 94 | 95 | 95 | 95 | 96 | 96 | 96 | 97 | 97 | 98 | 98 | 99  | 99  | 100 | 100 |
| 52 | 95 | 95 | 95 | 96 | 96 | 96 | 97 | 97 | 98 | 98 | 99 | 99 | 100 | 100 | 100 | 100 |
|    | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64  | 65  | 66  | 67  |

**A Note About This Formula**

The formula for estimating termination retirement allowances under Options A, B and C is also used in another situation. If, at the time you apply for regular retirement you have 30 years of creditable service and are under age 55, we will automatically calculate your retirement benefits under this formula as well as under the regular retirement formula. Whichever formula results in the greater Option A amount is the one we will use to provide you with your estimated retirement allowance figures.



# Disability Retirement Benefits

If you should find yourself permanently disabled and unable to work for an extended period of time, you may be eligible to receive one of two types of disability retirement benefits: accidental disability or ordinary disability.

There are two types of disability retirement benefits:

- accidental and
- ordinary.

All applications for disability retirement must be reviewed by the members of the Board at one of their monthly meetings. Only the Board may grant disability retirement benefits.

## Overview of Disability Retirement Benefits: Accidental vs. Ordinary

|  | Accidental Disability   | Ordinary Disability   |
|--|---|---|
| <b>■ Who can apply?</b>  | Any teacher or administrator who is contributing a percentage of his or her salary to the MTRS.   | Any teacher or administrator who is contributing a percentage of his or her salary to the MTRS <b>and</b> who has 10 years of service.  |
| Note: If you had a break in your service (for example, you were on an unauthorized leave of absence to pursue another career), you must have returned to service for at least two years before you will be eligible to apply for an accidental or an ordinary disability benefit.  |   |   |
| <b>■ What are the disability criteria?</b>   | A medical panel of three physicians must certify <b>and</b> the Board must find that: <ul style="list-style-type: none"> <li>□ you are substantially unable to perform the duties of your particular job <b>and</b></li> <li>□ the disability is such that it is likely to be permanent <b>and</b></li> <li>□ the disability is the natural and proximate result of the personal injury you sustained or the hazard undergone.</li> </ul> | A medical panel of three physicians must certify <b>and</b> the Board must find that: <ul style="list-style-type: none"> <li>□ you are substantially unable to perform the duties of your particular job <b>and</b></li> <li>□ the disability is such that it is likely to be permanent.</li> </ul>   |
| <b>■ How is the benefit allowance calculated?</b>  | The benefit allowance has two components: <ul style="list-style-type: none"> <li>□ your <b>annuity</b>, a sum based on your age and contributions to the MTRS and the interest on those contributions, plus</li> <li>□ your <b>pension</b>, an amount equal to 72% of your yearly compensation as of the date you were injured.</li> </ul>  | If you are: <ul style="list-style-type: none"> <li>□ <b>a non-veteran</b>, your allowance is calculated as if you had retired at age 55, if younger, under the superannuation retirement formula (page 16) .</li> <li>□ <b>a veteran</b>, your allowance is equal to a yearly annuity amount plus one-half of your salary for the last twelve months during which you were actually employed, OR the superannuation allowance to which you are entitled, whichever is greater.</li> </ul> |
| Note: Because the disability benefit formulas vary by type and, for ordinary disability cases, whether you are a veteran or non-veteran and whether you are participating in RetirementPlus, they are not shown here. For more information and sample calculations, please see our web site or our booklet on disability retirement. |   |   |
| <b>■ Are there any benefits for my children?</b>   | Yes—if you have any dependent children* you will receive an additional benefit of approximately \$543 per year for each child.  | No—there are <b>no</b> additional benefits for dependent children.  |
| <b>■ Can I receive my allowance under any Option—A, B or C?</b>  | As of November 7, 1996, yes. Previously, accidental disability retirees could only select either Option A or B (page 11).   | Yes (page 11).  |

\* A dependent child is a child under age 18 or a child of any age who is physically or mentally incapacitated from earning. If your child reaches age 18 and then continues his or her education on a full-time basis, the stipend will continue until he or she reaches age 21. The MTRS will verify that your child is a full-time student every semester until he or she reaches age 21.

### ■ How do I apply for a disability retirement allowance?

**First, talk to us.** Because there are many issues involved in the disability retirement application process, it is very important that you speak to our Disability Case Manager **first** to be sure that this is an appropriate option for your particular situation. If so, we will then send you a booklet that contains common questions and answers on the disability process, along with a fairly lengthy application form that contains various release forms so that we may gather documentation from doctors, medical institutions and insurers. You should read the guide very carefully and then complete and submit your application form.

### ■ What happens after I submit my application?

**■ Upon receipt of your completed application,** we will request the appropriate medical, hospital and insurance records and request that your school department complete our *Employer's Statement* regarding the circumstances of your disability. The *Employer's Statement* is a moderately lengthy questionnaire regarding the nature of the event, injury or accident which led to your present state of disability as well as your capacity for employment.

**■ Upon receipt of the documentation from your medical providers,** we will review all of the materials and, in most cases, we will ask the Public Employee Retirement Administration Commission (PERAC) to set up a three-member regional medical panel to examine you.

**■ After being appointed by PERAC,** the regional medical panel will meet to conduct its examination of you.

**■ After completing its examination,** the regional medical panel will report its findings and recommendation to PERAC, who will forward the report to the Board.

**■ After receipt of the report,** we will notify you of the panel's findings and provide you with a copy of all of the documents completed by the regional medical panel. If the regional medical panel findings:

- **preclude** retirement for the disability claimed, the Board can either deny your application *or* ask PERAC for a new regional medical panel, if the Board believes that the circumstances warrant it.

If PERAC declines to schedule a new examination, the Board, in most instances, will deny your application. You may appeal PERAC's decision.

- **permit** retirement for the disability claimed, the Board shall determine whether or not to approve your application.

If and when a Board hearing is scheduled, we will notify you. If your application is approved by the Board, it will be transmitted to PERAC for final action; PERAC must act on your application within 30 days of its receipt. If your application is denied by the Board, we will advise you of your right to appeal the decision.

### ■ Do I have to appear at the Board hearing?

In almost all cases, **accidental** disability applicants must appear before the Board or a hearing officer. **Ordinary** disability applicants are not required to appear but are welcome to attend the hearing. Although it is not required, an applicant may choose to be represented by an attorney before the Board.

### ■ Am I required to have a medical panel examination?

Unless the Board denies your application as a matter of law or as a result of an initial fact-finding hearing, you must have a medical panel examination. Pursuant to Chapter 32 of the Massachusetts General Laws, every member of a state contributory retirement system who applies for disability benefits must be examined by a regional medical panel.

### ■ Will I be re-examined on a regular basis to see if I am capable of returning to work?

PERAC may conduct a re-examination of you once per year during the first two-year period after the effective date of your retirement, and then once a year every three years after that.

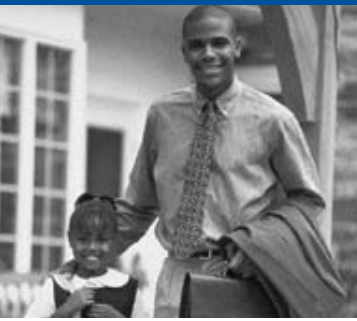
### ■ Does PERAC have the authority to suspend or modify my retirement allowance?

Yes. PERAC may order the Board to suspend or modify your disability allowance as a result of

- a medical re-examination,
- your completion of a rehabilitation program or
- the submission of your yearly W-2 forms and other earnings statements.

### If you are injured on the job

If you are ever injured on the job, remember to send us a written statement or the incident report regarding your injury within 90 days so that we have this record on file.



# Survivor Benefits for the Active Member

As an active member of the MTRS who is making regular payroll contributions or who is on an authorized leave of absence, you automatically provide a survivor benefit in the event that you die while you are still in active service.

There are two types of survivor benefits:

- a lump-sum payment and
- a monthly, member-survivor benefit.

## Review your beneficiary designation in light of life events

Ensure that your survivor benefit is paid according to your wishes. Review your designation if and when:

- you marry or divorce,
- your beneficiary marries or divorces,
- your beneficiary dies,
- your beneficiary changes his or her name, or
- you have a child.

### ■ If I should die while I am an active member, what benefits will my survivors be entitled to?

The type of benefit that survivors receive depends upon their relationship to you as well as what type of beneficiary you specified and who you named as a beneficiary on your MTRS *Beneficiary Designation Form*.

■ **A lump-sum beneficiary** will receive your accumulated contributions and interest in a single, lump-sum amount. There are no restrictions on who may be a lump-sum beneficiary and you may name more than one person or entity and you may designate the percentage of the benefit that each is to receive. You may also name contingent beneficiaries who will be paid in the event that the primary lump-sum beneficiary is not alive at the time of your death.

■ **A member-survivor beneficiary** will receive a monthly allowance instead of a lump-sum payment, if, at the time of your death, you have accrued at least two years of creditable service. A member-survivor beneficiary must be your parent, sibling, child, spouse or former spouse who has not remarried. You may designate only one member-survivor beneficiary.

Pursuant to Massachusetts law, however, your surviving spouse and/or the guardian of your dependent children may have a superior legal right to any benefits awarded as a result of your death. This means that, regardless of who you named as a beneficiary, if you are survived by a spouse and/or dependent children, and your spouse and/or dependent children meet certain requirements, your spouse and/or the guardian of your dependent children may elect to receive the survivor benefit.

### ■ How do I know who the MTRS has on record as my beneficiary?

There are two ways. First, as an active member, you will receive an annual statement of your annuity savings account which shows your account balance as well as the name(s) of your beneficiary(ies). Second, you can always send us a written request for this information and we will respond in writing. Unfortunately, we cannot provide this information over the phone.

### ■ Can I change my beneficiary designation?

Yes—you can change your designation as often as you wish and at any time during your active service. However, such changes must be submitted on our *Beneficiary Designation Form* in order to take effect.

### ■ If I am survived by my spouse, is he or she entitled to any guaranteed benefit?

Yes—if the following criteria are met:

- your spouse must have been living with you at the time of your death *and*
- your spouse must have been married to you for at least one year *and*
- you must have been a member in service at the time of your death *and*
- you must have completed at least two full years of creditable service.

If your spouse meets the eligibility requirements, he or she will be entitled to a *guaranteed minimum payment* (currently, \$250 per month) as well as an additional set allowance for dependent children (currently, \$120 per month for the first child and \$90 for each additional child).

In this case, if you have named your spouse as:

- **a member-survivor beneficiary**, he or she will receive either the guaranteed minimum *or* the member-survivor monthly benefit (next page), whichever is greater.
- **a lump-sum beneficiary**, he or she will always have the option of choosing a lump-sum benefit *or* member-survivor benefits.

If there is no surviving spouse, the guardian of the surviving dependent children may be entitled to the minimum payments.

### ■ What does my beneficiary need to do to claim his or her benefits?

Your beneficiary should contact our office and speak to a representative in our office. He or she will be required to complete a basic claim form and submit it along with a copy of your death certificate. If applicable, we may require that your beneficiary also submit a copy of your marriage certificate, military discharge record (DD214) and/or certified birth records for you, your spouse and your dependent children. We will then let your beneficiary know what the next steps are and whether we need any additional documentation.

## Member-Survivor Benefit Allowance: Formula and Worksheet

| Example  |                | You |           |
|--|----------------|-----|-----------|
| Option A Age Factor (see table)                              | .015           |     |           |
| x Years of creditable service                                | x 20           | x   |           |
| % of salary average  | 30%            |     |           |
| + RetirementPlus %, if applicable <sup>1</sup>               | + 0%           | +   |           |
| Allowable % of salary average <sup>2</sup>                   | 30%            |     |           |
| x 3-year salary average                                      | x \$42,000     | x   | \$        |
| Option A annual allowance <sup>3</sup>                       | \$12,600       |     | \$        |
| x Option C Factor (see table)                                | x 96%          | x   |           |
| Option C annual allowance/<br>Annual member-survivor benefit | \$12,096       |     | \$        |
| ÷ 12 months/year   | ÷ 12           | ÷   | 12        |
| <b>Monthly member-survivor benefit</b>                       | <b>\$1,008</b> |     | <b>\$</b> |

### Option C Factor Table

To obtain the Option C factor, determine which ages to use.

- **For the member's age:** Use **either** the member's age on his or her birthday that is closest to the date of death **or** age 55, whichever is greater.
- **For the beneficiary's age:** If, for the member's age, you are using:
  - the member's age (which is age 55 or above), then also use the beneficiary's age on his or her birthday that is closest to the member's date of death.
  - age 55 (which is not the member's age), then you will need to use an advanced age for the beneficiary. To determine which age to use for the beneficiary, you need to do two calculations. First, subtract the member's actual age from age 55. Second, add this number of years to the beneficiary's age. The total is the age of the beneficiary that you should use for the purpose of determining the Option C Factor.

Find these ages on the appropriate axes and follow the row and column into the table. Your Option C Factor is the number where the row and column intersect. Please note that for the purposes of this guide, the values in this table are rounded, approximate percentages. Also, if the age combination for you and your beneficiary is not listed, contact the MTRS for the appropriate Option C factor.

|              |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|--------------|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| Member's age | 67 | 78 | 78 | 79 | 79 | 79 | 80 | 80 | 81 | 81 | 81 | 81 | 82 | 82 | 83 | 83 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87 | 88 |
|              | 66 | 79 | 79 | 80 | 80 | 81 | 81 | 82 | 82 | 82 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 89 |
|              | 65 | 80 | 81 | 81 | 81 | 82 | 82 | 82 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 89 | 89 | 90 |
|              | 64 | 82 | 82 | 82 | 83 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 90 | 90 | 91 |
|              | 63 | 83 | 83 | 84 | 84 | 84 | 84 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 91 | 91 | 91 |
|              | 62 | 84 | 84 | 85 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 |
|              | 61 | 85 | 85 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 |
|              | 60 | 86 | 87 | 87 | 87 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 |
|              | 59 | 87 | 88 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 95 |
|              | 58 | 88 | 88 | 89 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 95 | 95 | 95 | 96 |
|              | 57 | 89 | 89 | 90 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 95 | 95 | 95 | 96 | 96 | 96 | 96 |
|              | 56 | 90 | 90 | 91 | 91 | 91 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 95 | 95 | 95 | 96 | 96 | 96 | 96 | 96 | 96 | 96 |
|              | 55 | 91 | 91 | 91 | 91 | 92 | 92 | 92 | 92 | 93 | 93 | 93 | 94 | 94 | 94 | 95 | 95 | 95 | 96 | 96 | 96 | 96 | 96 | 96 | 96 |
|              | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 | 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 |    |

Beneficiary's age

The amount of the member-survivor benefit is equal to the amount that the member would have received under Option C if he or she had retired at his or her last age or at age 55, whichever age is higher. In other words, for the purpose of calculating the member-survivor benefit, the member's age is advanced the number of years and months needed to reach 55; likewise, the age of the beneficiary is advanced the same number of years and months.

The example illustrates the calculations for the survivor of a member who died at age 42 with 20 years of creditable service, an average salary of \$42,000 for the last three consecutive years, and a beneficiary who is age 40. Note that even though the member was 13 years younger than age 55, the Option A Age Factor for age 55 is used. Because the member's age was advanced by 13 years, the beneficiary's age was also advanced by 13 years (to age 53) in determining the Option C Factor.

### NOTES

- <sup>1</sup> If the member was participating in RetirementPlus, and at the time of his or her death, had 30 or more years of creditable service—at least 20 of which are teaching service with the MTRS or the Boston Retirement System—add 2% for each full year of creditable service over 24 years (see RetirementPlus Percentage table, below).
- <sup>2</sup> The "Allowable % of salary average" may not exceed 80%.
- <sup>3</sup> If the member was a wartime veteran, \$15 for each year of teaching service (up to a maximum of \$300) is added to the Option A annual allowance.

### Option A Age Factor Table

Use either the member's actual age on the date of his or her death, or age 55, whichever is greater

| Age         | Factor |
|-------------|--------|
| 55 or under | 0.015  |
| 56          | 0.016  |
| 57          | 0.017  |
| 58          | 0.018  |
| 59          | 0.019  |
| 60          | 0.020  |
| 61          | 0.021  |
| 62          | 0.022  |
| 63          | 0.023  |
| 64          | 0.024  |
| 65 or over  | 0.025  |

### RetirementPlus Percentage Table

| Service (full years) | R+ % |
|----------------------|------|
| 30                   | 12%  |
| 31                   | 14%  |
| 32                   | 16%  |
| 33                   | 18%  |
| 34                   | 20%  |
| 35                   | 22%  |
| 36                   | 24%  |
| 37                   | 26%  |
| 38                   | 28%  |
| 39                   | 30%  |
| 40                   | 32%  |



# Leaving MTRS Service Prior to Retirement

If you leave teaching before retiring from the MTRS, you will need to decide what you want to do with your annuity savings account: leave it on account with the MTRS, or take a refund.

When you leave active MTRS service, you may:

- receive a retirement allowance, if eligible (pages 16–21),
- take a refund of your annuity savings account, or
- leave your funds on account with the MTRS until some future date or event.

## ■ When am I eligible to take a refund of the money in my MTRS annuity savings account?

You are eligible to take a refund if you have officially resigned from your position and will not be re-employed in a position requiring membership in a Massachusetts contributory retirement system.

You are **not** eligible to withdraw the balance in your account if you are:

- receiving Workers' Compensation payments either on a weekly basis or, in the case of a lump-sum settlement, during the period of time over which the lump-sum settlement is allocated;
- still an active member of the MTRS, on a paid or unpaid leave of absence; or,
- accepting employment with a public school system or any other political subdivision which requires membership in a Massachusetts contributory retirement system.

Note: The law provides certain forfeiture provisions in the event of conviction of certain criminal offenses.

## ■ What does it mean to take a refund?

When you take a refund:

- Your membership in the MTRS ends, and you give up the service represented by the funds in your account as well as any benefit right based on that service credit.
- You receive a lump-sum payment of your retirement contributions, eligible interest (see box on next page) and any payments made to purchase past service or RetirementPlus accelerated contributions—subject to federal tax withholding and penalties, if applicable. You may choose to receive the payment directly, or you may direct us to roll it over to one or more eligible plans, or you may choose some combination of payment to you and rollover.
- If you return to Massachusetts public service after receiving a refund, you will be

considered a new employee and will be subject to the contribution rate that is in effect at the time of your re-employment—and not your “old,” possibly lower, contribution rate. You will not be entitled to the creditable service you previously accumulated unless you choose to repay your refund, plus interest, according to the rules established by the retirement board of the contributory retirement system of which you become a member. Repayment of your prior refund will not allow you to return to your “old” contribution rate.

## ■ Can I withdraw only a portion of the total in my annuity savings account?

No—we cannot give you a partial refund. We must close out your annuity savings account and pay out the entire balance.

## ■ Are there any “hardship” provisions that would allow me to withdraw my money before I terminate my employment?

No—you may only withdraw your account when your Massachusetts public employment is terminated.

## ■ How do I apply for a refund?

The refund process is very easy and, if we receive all necessary information in a timely manner, takes approximately 60 days from the date that we receive your **completed** application. To begin the process, simply contact a representative in our Main office and request a refund application. We will send you a booklet with more detailed information along with the appropriate forms. Please note, however, that:

- You may not submit your refund application to the MTRS until **after** the date of your resignation or termination from service.
- We cannot process your refund payment until **after we have received your last payroll deduction** from your school district.

## If you leave active service, be aware of the limitations on the interest you may receive...

In certain situations your account may not earn interest and, if you take a refund, you may not be entitled to receive all of your accumulated interest. The amount of interest you are entitled to is based on several factors, provided you are not subject to any forfeiture provisions due to criminal conviction.

If you became a member:

- **before January 1, 1984**, you will receive 100% of your interest.
- **on or after January 1, 1984** and you:
  - resign and have:
    - less than five years of creditable service, you will receive no accrued interest on your accumulated total deductions.
    - five, but less than ten years of creditable service, you will receive 50% of your accrued interest.
    - ten or more years of creditable service, you will receive 100% of your accrued interest.
  - are involuntarily terminated, you will receive 100% of your accrued interest.

## And the two-year maximum accrual...

In addition to the above situations, **if you apply for a refund more than two years after the date of your resignation or termination, you are eligible to receive the interest accumulated only for the two years immediately following that date.** This applies regardless of the amount of creditable service you have or when you became a member of the MTRS.

## ■ What happens if I just leave my funds on account with the MTRS?

If you leave service and wish to leave your funds on account, you do not need to notify us that this is what you are doing. We will simply keep your funds on account and continue to send you annual statements which show your balance and any activity, such as the addition of interest. **Please note, however, that although your statement will reflect interest each year, you may not be eligible to receive all of the accrued interest if and when you later apply for a refund (see box on this page).**

If, however, you do not take a refund but later return to a position which requires membership in a Massachusetts contributory retirement system, all interest reported on your statements will be credited. Additionally, since you left your money on account, you will be entitled to your “old” contribution rate (the contribution rate in effect at the time you left service) in your new position.

## ■ If I leave my funds on account with the MTRS, do I have to report anything to the IRS?

No—the money in your account is not taxable until it is paid to you in a refund or retirement allowance, or paid to someone else as a result of your death.



For more information on these and other topics, visit our web site at [mass.gov/mtrs](http://mass.gov/mtrs).

## Other Issues You Should Know About

### ■ Regular Compensation

What you earn as “regular compensation” is important both for us and for you:

- For you, because it is the amount of your earnings upon which you pay retirement contributions.
- For both you and us, because only those payments that meet the definition of “regular compensation” may be used in the determination of your final three-year salary average, a factor in the calculation of your retirement benefit.

It is in your best interest to understand what earnings are included and excluded as regular compensation so that, when it is time for you to retire, you don’t have any misunderstanding or false expectations as to what will be included in your final three-year salary average.

#### What is INCLUDED as Regular Compensation

- Annual salary per collective bargaining agreement or administrator’s contract
- Longevity
- Coaching
- Annual stipends for additional services per collective bargaining agreement (e.g., yearbook advisor, class advisor)
- Salary payable under the terms of the collective bargaining agreement for services rendered in connection with a school lunch program
- Salary payable for services in connection with a program for physical education instruction and athletic contests such as intramural sports
- Cost-of-living bonuses or adjustments
- Premiums paid by employer for individual life or disability insurance or an individual annuity contract
- Educational step increases according to salary schedule set forth in collective bargaining agreement, excluding money for reimbursement for attending educational workshops

#### What is EXCLUDED as Regular Compensation

- Retirement incentives
- Sick leave buy-back
- Overtime
- Bonus
- Special projects
- Summer school
- Reimbursement for travel or other expenses
- Payment for unused vacation
- Amounts paid on an hourly basis for additional services
- Amounts paid in addition to salary for professional development or education assistance (e.g., recertification workshops)

### ■ How Divorce Could Affect Your Retirement Benefits

Your pension from the Massachusetts Teachers’ Retirement System is generally considered a marital asset and, whether you are actively in service or receiving a retirement allowance, it is subject to valuation and division in a divorce. If your former spouse is named an “alternate payee” by the court, he or she may be entitled to receive a share of your retirement benefits pursuant to the terms of a domestic relations order (DRO).

#### ■ What is a domestic relations order and what does it mean that it is “qualified”?

A domestic relations order—commonly known as a DRO—is a judgment, decree or order (including approval of a property settlement agreement) that sets out how a person’s retirement benefits are to be allocated between parties who are in the process of divorcing or who are already divorced. The order becomes a *qualified* domestic relations order (QDRO) when it is accepted by the administrator of the MTRS as an order that can be implemented.

#### ■ Do I need to have a domestic relations order as part of my divorce?

Not necessarily. Depending on your particular financial situation, you may be able to address the division of your MTRS pension in another way, such as calculating the present value of your benefits and then apportioning it along with your other assets. However, this is an issue for you to discuss with your attorney.

The MTRS has developed a model domestic relations order to assist members, their spouses, former spouses and attorneys in drafting an order that meets all of the statutory requirements. To review this sample document, or obtain more information on divorce and how it could affect your MTRS benefits, please visit our web site or request our booklet, *What You Should Know as a Party to a Domestic Relations Order*.

### ■ Accidental Death Benefits

If you die as the result of an accident while you are an active member, your survivor may be eligible to receive an accidental death benefit, which is greater than the regular survivor benefit amount (page 22).

#### ■ When is my survivor eligible to receive an accidental death benefit?

Your survivor is eligible to receive an accidental death benefit in two situations:

- if, while you are an active member, you die as the result of a work-related accident or injury, or
- if you retired under accidental disability (page 20), and you die as a result of the injury or condition that precipitated your retirement.

#### ■ What will my survivor receive as an accidental death benefit allowance?

If you are an active member and you are survived by a spouse, dependent child or dependent parent, your survivor will receive a one-time lump-sum payment of the balance in your annuity savings account, plus a lifetime survivor allowance equal to 72% of your current annual compensation. Your surviving spouse or guardian will also receive an additional \$312 per year for each child under age 18, or under 21 if a full-time student. Children who are physically or mentally incapacitated from earning will receive a lifetime benefit.

If you retired under an accidental disability and you later die as the result of the injury or condition for which you received accidental disability benefits, your surviving spouse may apply for an accidental death benefit. If granted by the Board, your spouse’s lifetime benefit would be equal to 72% of what your yearly compensation was when you were last employed. In addition, your spouse would receive a one-time, lump-sum payment of the balance in your annuity savings account as of the time that the Board approved the benefit allowance. Your surviving spouse would also receive an additional \$312 per year for each child under age

18, or under 21 if a full-time student. Children who are physically or mentally incapacitated from earning will receive a lifetime benefit.

If you retired under an accidental disability prior to November 7, 1996, and you die as the result of a cause unrelated to the condition for which you received accidental disability benefits, your surviving spouse could apply to receive an accidental death benefit of \$500 per month.

#### ■ Does the Board automatically award an accidental death allowance, or does my survivor have to apply for benefits?

Your survivor would need to apply for accidental death benefits, and the Board would have to review and approve his or her application. Your survivor should contact our office for detailed information.



# Contact Us

## MAIN OFFICE

Serving our members in Middlesex, Essex, Norfolk, Bristol, Plymouth, Barnstable, Dukes and Nantucket Counties

### ADDRESS

One Charles Park  
Cambridge, MA 02142-1206

### PHONE

617-679-MTRS (6877)

### FAX

617-679-1661

### HOURS

9 a.m. – 5 p.m., Monday through Friday

### NEARBY LANDMARKS

Located across the street from CambridgeSide Galleria Mall and near Lechmere T Station

### NEAREST T STOP

Lechmere Station on the Green Line

### PARKING

Metered on-street parking and the CambridgeSide Galleria Parking Garage

## ONLINE

### WEB SITE

[mass.gov/mtrs](http://mass.gov/mtrs)

### E-MAIL

[geninfo@trb.state.ma.us](mailto:geninfo@trb.state.ma.us)

## WESTERN REGIONAL OFFICE

Serving our members in Berkshire, Franklin, Hampshire, Hampden and Worcester Counties

### ADDRESS

101 State Street, Suite 210,  
Springfield, MA 01103-2066

### PHONE

413-784-1711

### FAX

413-784-1707

### HOURS

8:45 a.m. – 5 p.m., Monday through Friday

### NEARBY LANDMARKS

Located at the intersection of State and Main Streets, diagonally across from the Springfield Civic Center

### PARKING

Metered on-street parking and the Bliss Street Parking Garage

