MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Your MTRS Benefits

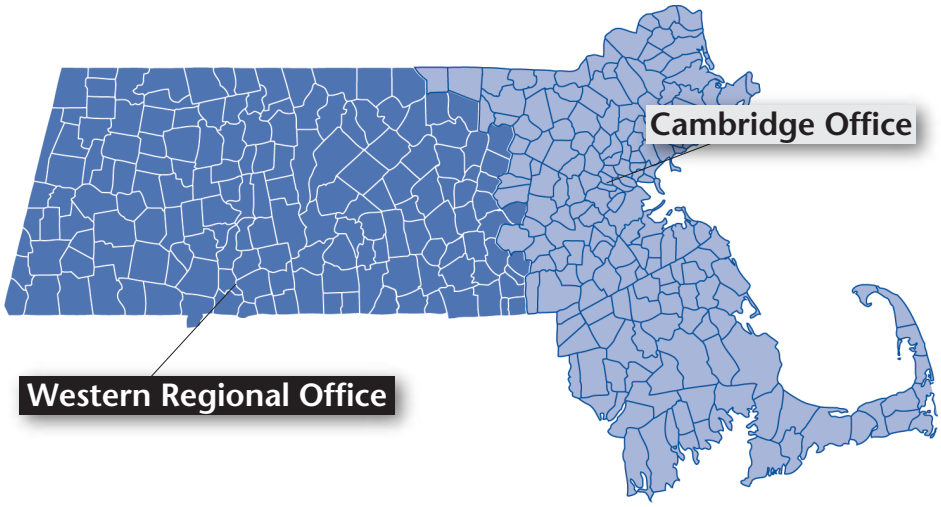
Seminar and reference guide

MAY 2016

MTRS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Contacting us…

The MTRS operates two offices; depending on where you are employed, you should contact the office in Cambridge or in Springfield.



Western Regional Office
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Springfield, MA 01144-4028
Phone 413-784-1711
Fax 413-784-1707

Cambridge Office
One Charles Park
Cambridge, MA 02142-1206
Phone 617-679-MTRS (6877)
Fax 617-679-1661

Office hours and services

9 a.m. – 5 p.m., Monday through Friday
Walk-in services are limited—
Please visit our website or call us with your questions and save yourself the drive.

When writing to us…

Be sure to include your name, member number (if known) and **only the last four digits of your Social Security number—not your entire SSN**—on your correspondence.

Visit us at mass.gov/mtrs!

Stay up to date on retirement issues—access the latest information on:

- Legislative activities that affect your retirement benefits
- MTRS programs and services
- MTRS publications and regulations

Or send your e-mail to us at: **geninfo@trb.state.ma.us**

Receive periodic e-mail updates from us—
Register online to join our e-mail list—it's easy!

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The MTRS staff has developed this presentation to remind and inform you of your retirement benefit options, to give you the information you need to estimate your actual retirement allowance and to point out other issues you will need to consider in retirement.

This booklet, written by the staff of the MTRS, was prepared exclusively for use by members of the Massachusetts Teachers' Retirement System in conjunction with the seminar entitled *Your MTRS Benefits*. It is not intended as a substitute for the Massachusetts General Laws nor will its interpretation prevail should a conflict arise between the contents of this booklet and M.G.L. c. 32. Finally, rules governing retirement are subject to change periodically either by statute of the Massachusetts Legislature or by regulation of the Teachers' Retirement Board.

IMPORTANT NOTICE TO MEMBERS WHOSE EFFECTIVE MEMBERSHIP DATE IN THE MTRS IS ON OR AFTER APRIL 2, 2012: Based on your membership date, you are in Membership Tier 2, and subject to a different, less advantageous benefit structure than provided under Tier 1. Please note that, unless otherwise noted, the benefit examples illustrated in this program and booklet reflect the benefits provided under Tier 1, **not** Tier 2. If you have questions about your retirement benefits, or specific calculations, please contact us at geninfo@trb.state.ma.us.

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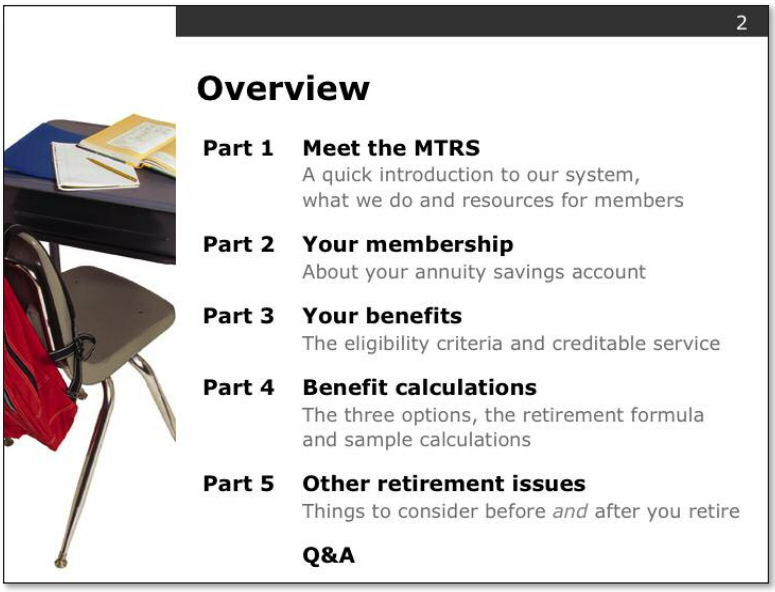
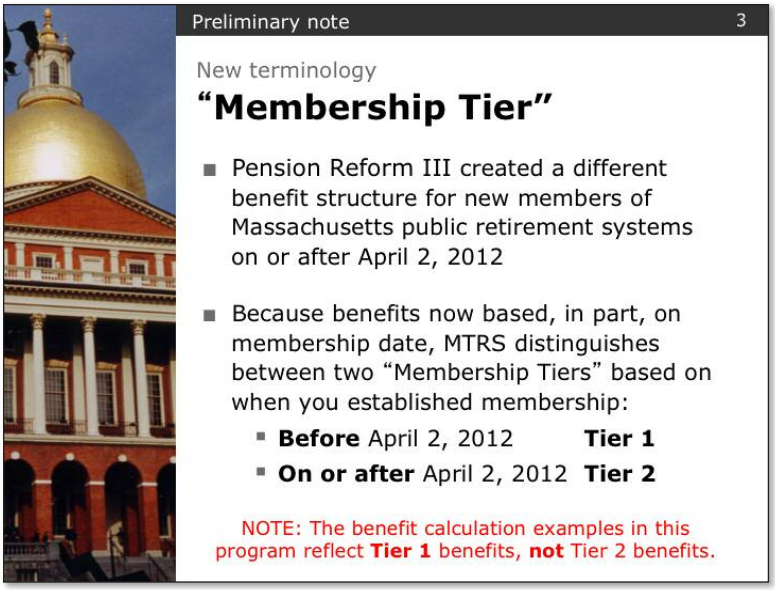
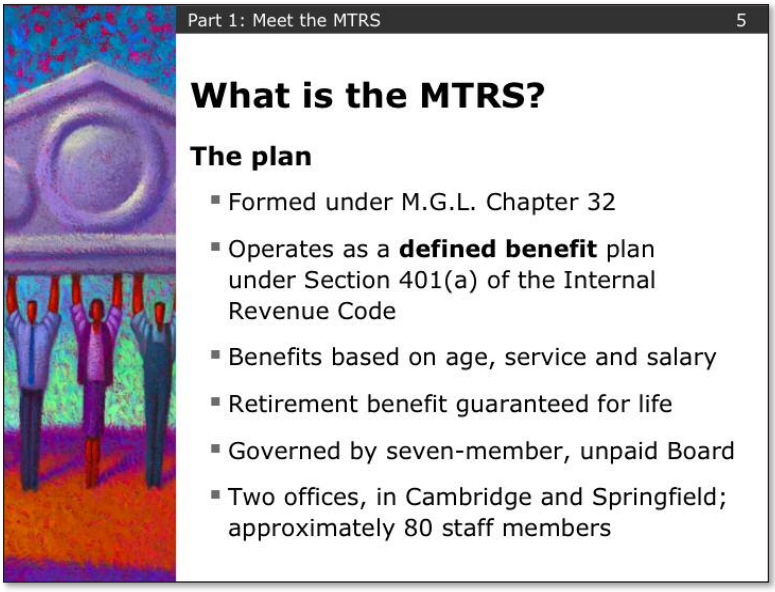


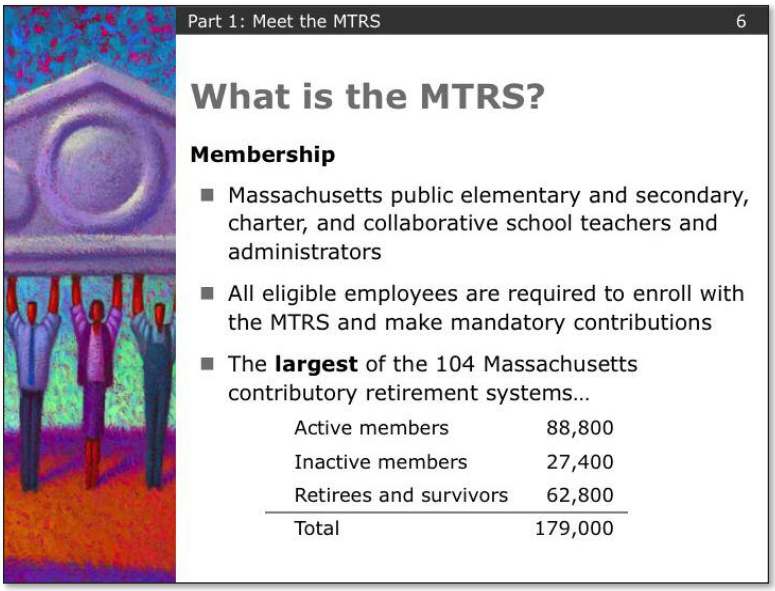


- Pension Reform III, effective November 16, 2011, created a new benefit structure for individuals who became members of Massachusetts public retirement systems on or after April 2, 2012.
- Changes to the benefit structure for Tier 2 members include:
  - an increase in the minimum retirement age from 55 to 60;
  - an increase in the final salary average period from 3 years to 5 years; and,
  - a reduction in the age factors used to calculate retirement benefits.

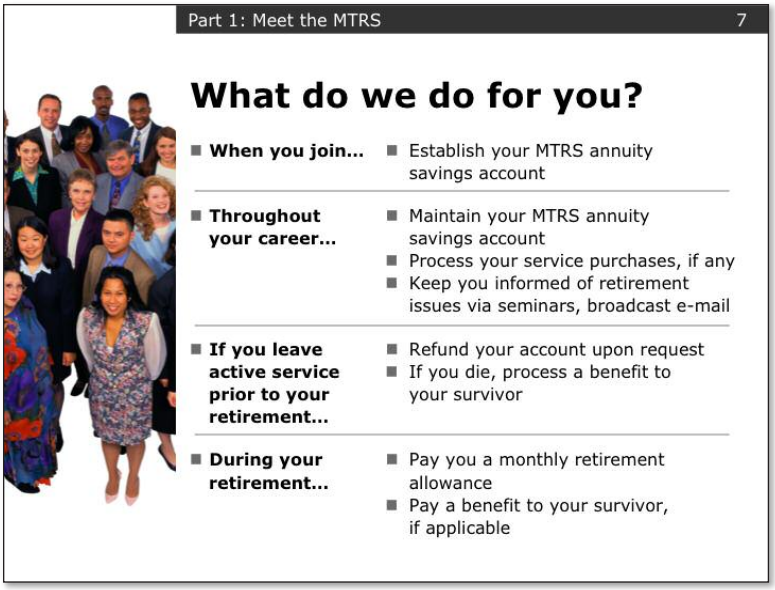


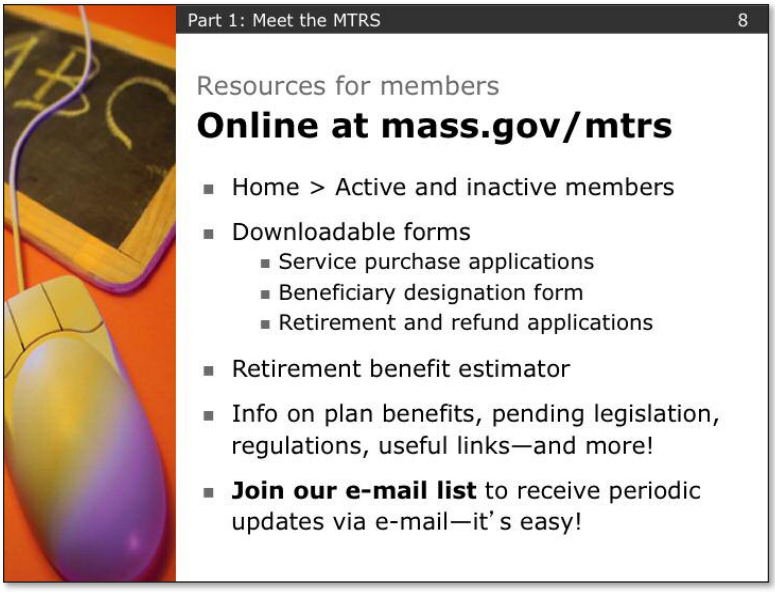
- Formed on July 1, 1914, the MTRS has now been proudly serving Massachusetts educators for more than 100 years!
- **Take note**: Because the MTRS is a defined benefit plan, fluctuations in the financial markets do **not** affect the formula or the amount of your benefits. The pension fund is managed by the Pension Reserves Investment Management (PRIM) Board, and is invested in a well diversified portfolio, with a focus on long-term returns.
- The current MTRS Board members are:
  - Jeff Wulfson, Chairman, Designee of Commissioner of Elementary and Secondary Education
  - Deborah B. Goldberg, State Treasurer
  - Suzanne M. Bump, State Auditor
  - Dennis J. Naughton, elected member
  - Jacqueline A. Gorrie, elected member
  - Richard L. Liston, Board appointee
  - Anne Wass, Governor's appointee

  For brief biographical sketches of our Board members, see our website.



- The MTRS and you, our members, have mutual responsibilities. Throughout your career, please be sure to contact us if you:
  - ☐ are injured while performing the duties of your job (if you file an accident report with your school district, please request that a representative send a copy of that report to us, so that it is on file with us in the event that you apply for a disability retirement allowance);
  - ☐ change your name or Social Security number;
  - ☐ want to change your beneficiary designation;
  - ☐ get divorced; or,
  - ☐ have any questions about your retirement plan.





- If you have not yet registered, go to our website and join our e-mail list to receive our program announcements and updates.

Part 2: Your membership 10

All members contribute a percentage of earnings...

Your rate is determined by the date on which you established membership rights in the public retirement system

MA retirement system start date	Rate
Prior to 1/1/75	5%
1/1/75 through 12/31/78	7%
1/1/79 through 12/31/83	7% + 2% on earnings over $30K
1/1/84 through 6/30/96	8% + 2% on earnings over $30K
7/1/96 through 6/30/01	9% + 2% on earnings over $30K
7/1/2001 through 4/1/2012	11% (RetirementPlus)
On or after 4/2/2012 (Tier 2)	11% (RetirementPlus; reduced by 3% after 30 years of service

Reminder: Next time you get your pay stub, check your contribution rate.

Divide the amount of your retirement withholding by your gross income, and then refer to the chart above. 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, make sure it is included.

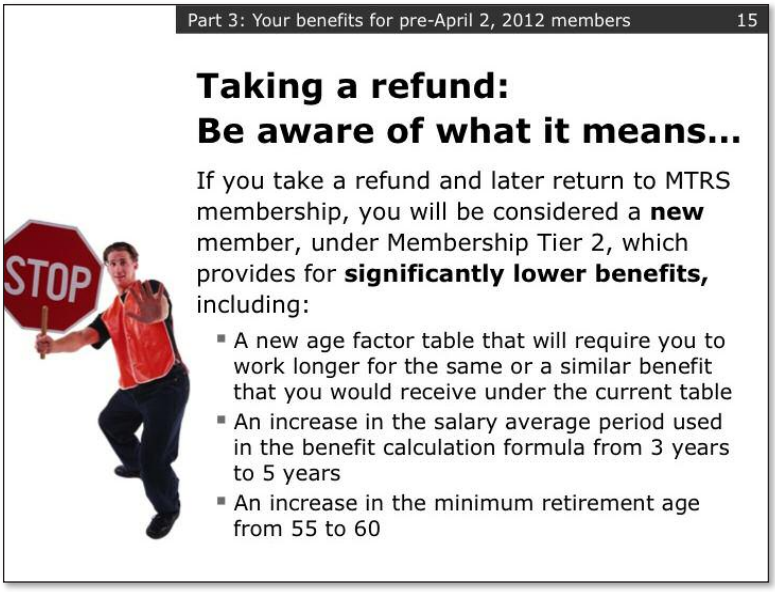
- The 2% contribution on your salary over $30,000 is *in addition to your regular contribution.* For example, if your enrollment date is January 2, 1979 and your salary is $35,000, your total contribution would be 7% of $35,000 *plus* 2% of $5,000.
- **New members as of July 1, 2001** are required to participate in RetirementPlus.
- **New members** transferring to the MTRS from other Massachusetts public retirement systems will have 180 days during which to make an affirmative RetirementPlus election.
- As an active, contributing member, you do not have access to the funds in your annuity savings account. In other words, you are not eligible to withdraw any portion of your annuity savings account, nor may you borrow money from that account or assign the funds to someone else. Additionally, your account may not be garnished or attached by a lien except by the IRS, Massachusetts Department of Revenue or, in the event of divorce, pursuant to a Domestic Relations Order.

Regular compensation and the Pension Reform Act of 2009

- Members who join the MTRS on or after January 1, 2011 are subject to a pension cap, which is implemented by way of a limit on the amount of "regular compensation" that may be counted toward their retirement benefit. Specifically, the amount of "regular compensation" is limited to 64% of the "non-grandfathered" Internal Revenue Code s. 401(a)(17) limit. In 2016, this limit is $169,600 (64% of $265,000). It will change as the IRC s. 401(a)(17) limit changes.

- Just as you pay contributions only on earnings that count as "regular compensation," when we determine your final salary average for your retirement benefit calculation, we count only your "regular compensation."

- **Temporary salary augmentations**: Pursuant to Public Employee Retirement Administration Commission (PERAC) regulation 840 CMR 15.03, regular compensation excludes extraordinary, ad hoc, nonrecurring salary enhancements, such as enhanced longevity buy-out provisions (ELBOs).



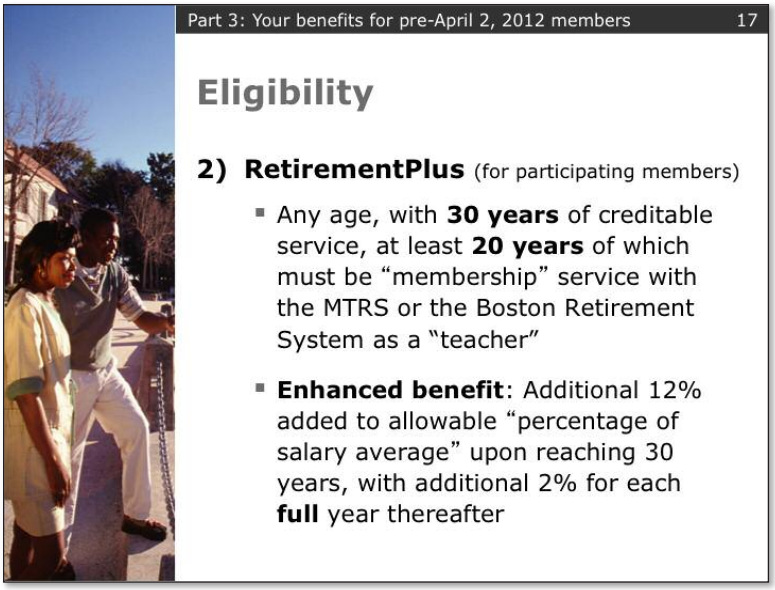
Leaving MTRS service prior to retirement

- If you leave teaching before retiring from the MTRS, you will need to decide what you want to do with your annuity savings account:
  - ☐ take a refund of your annuity savings account,
  - ☐ leave your funds on account with the MTRS until some future date or event, or
  - ☐ receive a retirement allowance, if eligible.

- If you **take a refund**…
  - ☐ You forfeit all membership rights. If you then later return to teaching in the Massachusetts public schools—or another position that requires your membership in a Massachusetts contributory retirement system—you will be treated as a **new** member, in Membership Tier 2, and be subject to that tier's benefit structure.

- If you **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 that 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 you apply for a refund more than two years after your date of separation from service.
  - ☐ If you have at least 10 years of creditable service at the time you leave service, you may be eligible to leave your funds on account until you attain a certain age and become eligible for a retirement benefit. If, at the time you leave service, you have at least 10 years of creditable service, and you are in:
    - **Membership Tier 1** (you established membership before April 2, 2012), and you are under age 55, you may leave your funds on account until you attain age 55, at which time you may then apply for a retirement allowance.
    - **Membership Tier 2** (you established membership on or after April 2, 2012), and you are under age 60, you may leave your funds on account until you attain age 60, at which time you may then apply for a retirement allowance.
  - ☐ If you 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 you take a refund AFTER you are eligible to receive a retirement allowance from the MTRS, and you receive a benefit from Social Security, your Social Security benefit will be subject to the Windfall Elimination Provision (WEP) and will be reduced. For more information, please contact the Social Security Administration (www.ssa.gov).

- Your eligibility for retirement is based on your Membership Tier:
  - **Tier 1** (established membership before 4/2/2012):
    - 20 years of creditable service at any age, OR
    - at least age 55, with 10 years of creditable service.
  - **Tier 2** (established membership on or after 4/2/2012): At least age 60, with 10 years of creditable service.
- Note: If your effective membership date is *before* January 1, 1978, you are eligible to retire upon reaching age 55; there is no minimum service requirement, nor do you have to be an active member in order to apply for retirement.

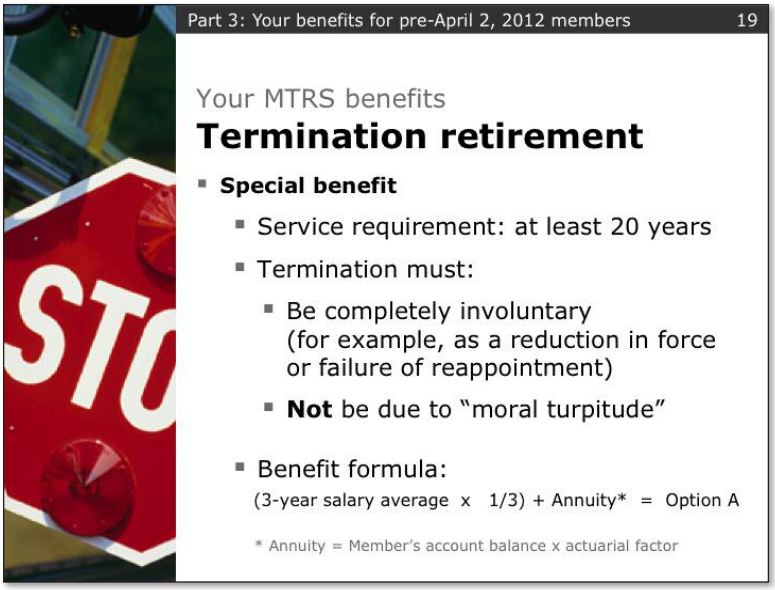


- Two types of purchased service count toward the 20-year "membership" service requirement:
  - repayment of a refund from the MTRS or the Boston Retirement System
  - if you began your teaching service on a temporary or part-time basis, the purchase of your mandatory six-month waiting period
- All other types of purchased service do **not** count toward the 20-year "membership" service requirement (out-of-state teaching, non-public school teaching, substitute teaching, maternity leave, military service, Peace Corps, vocational experience and other Massachusetts government service).
- If you *elected* to participate in RetirementPlus, but then do not meet either the 20-year "membership" or the 30-year total service requirement by your date of retirement, you will receive a retirement benefit calculated under the regular formula and a refund of your RetirementPlus contributions, plus regular interest.
- **Enhanced benefit for Membership Tier 2 members:** An additional 14% is added to the allowable "percentage of salary average" upon reaching 30 years, with an additional 2% for each **full** year thereafter.

RetirementPlus percentage table

Your full years of creditable service	Your Membership Tier: **Tier 1** *Established membership before 4/2/2012*	Your Membership Tier: **Tier 2** *Established membership on or after 4/2/2012*
30	12%	14%
31	14%	16%
32	16%	18%
33	18%	20%
34	20%	22%
35	22%	24%
36	24%	26%
37	26%	28%
38	28%	30%
39	30%	32%
40	32%	34%

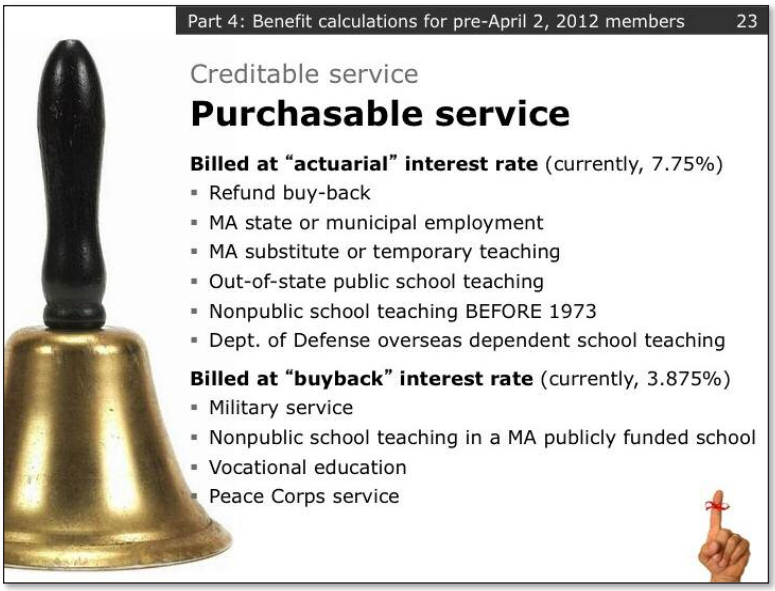
- **Ordinary disability retirement benefit formula for Tier 2 nonveterans:** superannuation retirement formula with age factor increased to age 60.



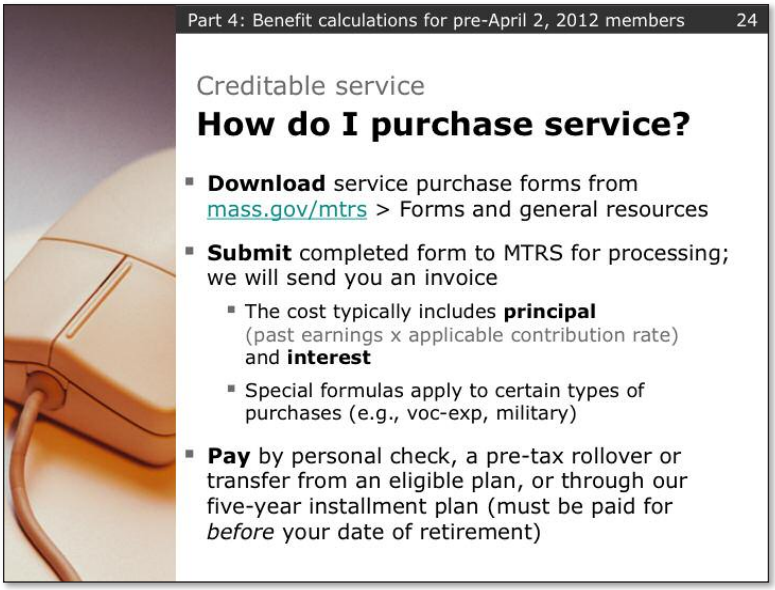
- A termination retirement benefit is not available to members in Tier 2.

- For leaves of absence or sabbaticals, you will receive creditable service depending on how you were compensated during your leave. If you received:
  - **full compensation**, you will receive full service credit;
  - **partial compensation**, you will receive partial service credit;
  - **no compensation** (an unpaid leave), you will receive either the exact number of days of your leave if it was for one month or less, or one month of service if it was for longer than one month.
- Paid sabbaticals, regardless of when they were rendered, will always be prorated to reflect the percentage at which they were paid. For example, a sabbatical at 75 percent pay will be credited as 0.75 year of service.

- A "change in employment status" means that you went from being employed on a part-time basis to a full-time basis, or vice versa.
- Prorated credit is based on the percentage of full-time service that it represents. For example, if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year.
- **Pre-kindergarten or kindergarten teaching service**: If you rendered any part-time membership service prior to 7/9/2010 as a pre-kindergarten or kindergarten teacher, that service will be credited as full-time equivalent (FTE).
- **A note about substitute, temporary or part-time service purchased prior to 2001:** Because of a change in MTRS Regulation 807 CMR 3.03, effective April 27, 2001, you may now be eligible to purchase previously ineligible substitute, temporary or part-time service. Accordingly, if you purchased—or were billed for—part-time service that you rendered prior to 2001, please call either our Cambridge or Springfield office and request a review of your pre-2001 part-time service purchase application.



- Service rendered as an "independent contractor" is not eligible for purchase.
- Credit for day-to-day substitute service is based on the number of full days worked, divided by 180 (the number of days in a standard school year).
- **A note about pre-1975 maternity leave credit** (not listed on slide): As you may know, in 2001, eligible members who took an unpaid leave, or resigned, for maternity or adoption purposes prior to January 1, 1975, were given the opportunity to purchase creditable service for their leaves; this service had to be purchased by December 31, 2001. However, in certain rare circumstances, members who did not have ten years of creditable service as of December 31, 2001 may qualify to purchase this service upon attaining ten years of creditable service. If you believe that you may qualify, please contact our office for assistance.



- **Be sure to complete your application in full.** Incomplete applications will cause delays as they will be returned to you for completion.

Review the types of creditable service on the next page. If applicable, take steps to purchase your past creditable service. Please note:

1) **You must pay for all of your service purchases BEFORE your date of retirement. Late payments will DELAY** your date of retirement—and because retirement benefits are retroactive only to your date of retirement, **late payments will cause you to lose money!**
2) **Start early.** Since it may take time for you and your prior employers to gather documentation of your past service, we strongly encourage you to start the service purchase process early—please don't wait until the last minute!

Creditable service

What it is, how it's credited and/or purchased, and applicable interest rates

The amount of creditable service you have is very important: it is one of the three factors used to calculate the amount of your retirement benefit (the other two are your age and salary average); and, it determines whether you are "vested" for purposes of receiving a retirement benefit.

■ Service that is automatically credited by the MTRS

- ☐ **Regular MA public school teaching service:** Credited through your school's monthly deduction reporting. [Note: If you previously rendered MA public school service, and then left and took a refund of your MTRS account, you may "buy back" your prior service credit (this is known as a "refund buyback"). See Other MA public service, below.]
- ☐ **Authorized leaves of absence, including sabbaticals:** For paid leaves, credited based on the length of your leave and amount of compensation received, as documented by you and your school district; for unpaid leaves, up to one month of credit.
- ☐ **Military leave of absence during your membership in a MA contributory retirement system:** If you are called to military duty while you are a member of a Massachusetts retirement system, and, within two years of your discharge or release, you return to membership service, your military leave will be credited based on documentation from you and your school district or municipality.

■ Service that you must **apply** to purchase—and **pay for** prior to your date of retirement

If you rendered any of the types of service listed below, you may be eligible to purchase credit for your service. If you wish to purchase credit, you must complete and submit the appropriate service purchase applications (available on our website at mass.gov/mtrs), along with any required documentation. We will review your application, determine your eligibility to purchase your service, and send you an invoice. Please note:

- ☐ As of July 3, 2014, to be eligible to purchase service (excepting Peace Corps service), at the time you submit your service purchase application, you must be a member in service with the MTRS (generally, you are a "member in service" if you are: actively teaching; receiving Workers' Compensation for total incapacity; on a sick leave; or, on an authorized unpaid leave of less than one year).
- ☐ All service purchases must be **paid for in full** prior to your date of retirement; late payments will delay your date of retirement.
- ☐ Be aware that the service purchase process may take several months, so please be sure to start the service purchase process as early as possible in advance of your desired retirement date.

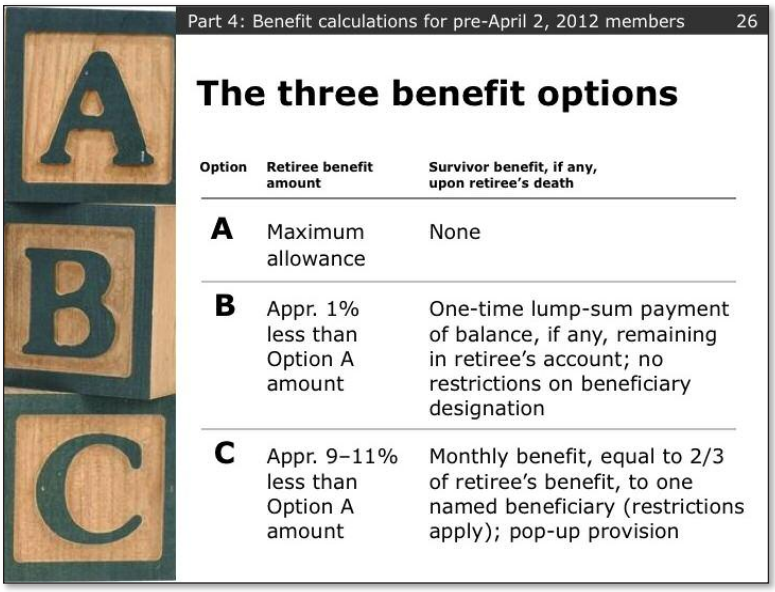
Type of purchasable service	Maximum time creditable	Applicable interest rate
☐ **Other MA public service with the MTRS or a MA town, city, state, county or regional authority[1], during which…**		**Actuarial** interest *(as of 1/1/2016, 7.75%)*[1]
☐ **You were NOT a member of a MA contributory retirement system**	20 years	
☐ **You WERE a member of a MA contributory retirement system, and after which, you withdrew your funds** *(known as a "refund buyback")*	No maximum	
☐ **MA public school substitute, temporary or part-time teaching or tutoring service**	20 years	
☐ **Out-of-state public school teaching service[2, 4]**	10 years	
☐ **Nonpublic, private school teaching service BEFORE 1973[2, 3, 4]** *(out-of-state or in MA)*	10 years	
☐ **Overseas dependent school teaching service[2, 4,]**	5 years	
☐ **Vocational education work experience** *(for Chapter 74 certified educators)*	3 years	**Buyback** interest *(as of 1/1/2016, 3.875%)*
☐ **Nonpublic school teaching service in a MA publicly funded school[3, 4]**	10 years	
☐ **Peace Corps service**	3 years	
☐ **Pre-1975 maternity leave** *(except in rare situations, you must have purchased this service by 12/31/2001; however, if you believe you may qualify, please contact our office)*	4 years	
☐ **Active military service in U.S. armed forces, MA National Guard or Active Reserves** *(other than a military leave of absence during membership in a MA contributory retirement system)*	Generally 4 years	No interest charged on 1st invoice, 1st due date; thereafter, buyback interest

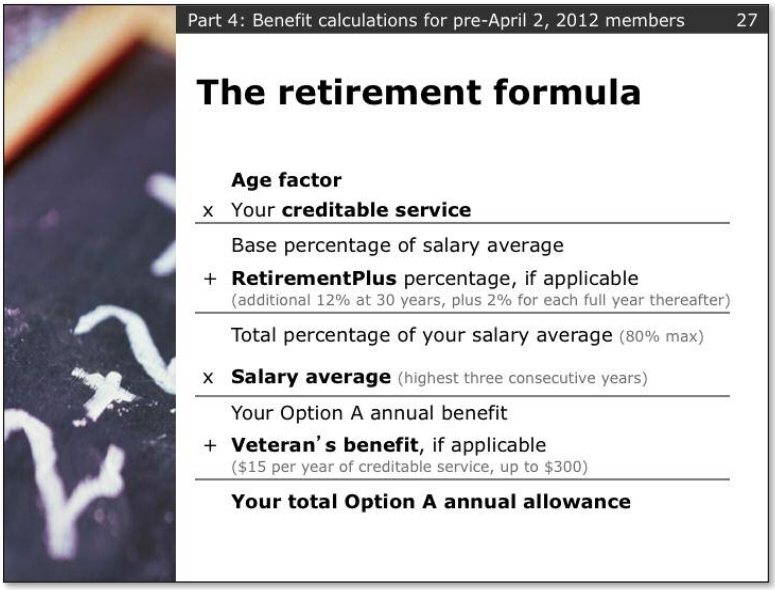
[1] EXCEPTION: If you established membership in a Massachusetts public retirement system on or after April 2, 2012, and you had previously been a member of a Massachusetts public retirement system and taken a refund of your account, you will have one year from the date that you re-entered public service to apply and pay for your service purchase at the lower "buyback" interest rate. After your first year of re-entry to membership, you will be subject to actuarial interest.

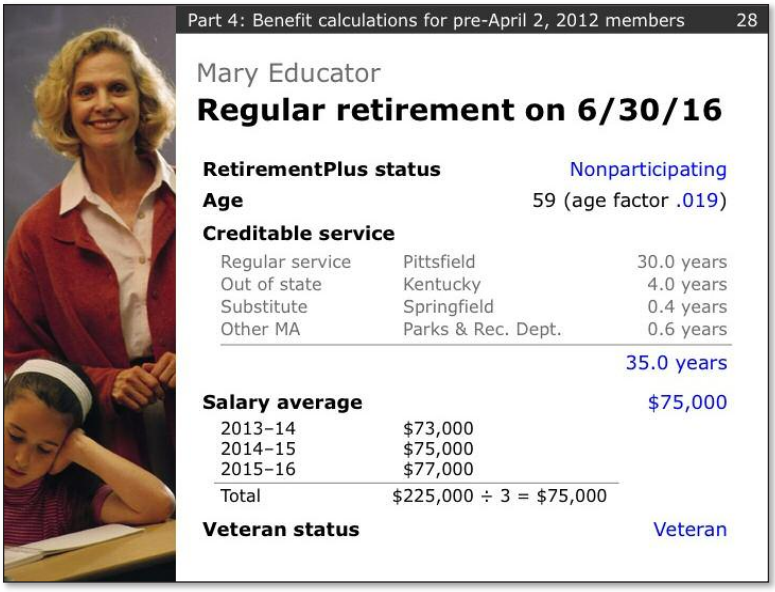
[2] You may purchase a combined total maximum of ten years of out-of-state service (i.e., service rendered: in an out-of-state public school; before 1973 in an out-of-state nonpublic school; or, in an overseas dependent school).

[3] You may purchase a combined total maximum of ten years of nonpublic school service.

[4] In order to receive credit for your out-of-state and/or nonpublic school purchases toward your retirement benefit calculation, you must—at the time of retirement—also have at least as many years of "matching" Massachusetts membership service; you may not count your same years of "matching" Massachusetts membership service toward both the out-of-state and nonpublic school "matching" service requirements.







Option B

- There are no restrictions on who or how many individuals or entities may be named as a beneficiary.
- In most cases, the member's annuity account will be depleted 9 to 11 years after his or her retirement date.

Option C

- The beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.
- If your Option C beneficiary predeceases you, your monthly benefit will "pop up" to the Option A benefit amount that you would have received on the date of your retirement, plus any cost-of-living adjustments.

For your reference, the retiree class of 2015 chose as follows:

Option A	56%
Option B	17%
Option C	27%

Your option selection is a personal choice, to be based on **your** individual financial and personal situation.

- The Option A Age Factor Chart for Tier 1 members

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

- For all factor tables and a worksheet you can use to estimate your benefits, see Appendix B, page 26.
- For Tier 1 members, the salary average is the average of your three highest consecutive years' salaries or your last three years' salaries, whichever is greater; for Tier 2 members, the salary average period is five years. Additionally, the annual increase in pensionable earnings of each of the years used to determine your final salary average can be no more than 10% of the average of the previous two years' salaries.
- **Veteran's benefit:** If you are a military veteran as defined in M.G.L. c. 32 § 1, a veteran's benefit will be added to your Option A allowance. This benefit is equal to $15 per year of creditable service, up to a maximum annual total of $300. You will need to submit a copy of your military discharge (also known as Form DD214). If you are eligible to receive the maximum retirement allowance—80% of your final salary average—by reason of your established creditable service and age, you will still receive your veteran's benefit on top of your maximum allowance.
- **Dual members:** If you are a member of more than one Massachusetts public retirement system, you may receive a separate retirement benefit from each system, based on your service and salary earned while in that system; however, your retirement benefit cannot be calculated on a combination of your salaries. Exemptions: Members who do not have service in two systems, simultaneously, on or after 1/1/2010; and, members who have such service, but were vested in both systems prior to 1/1/2010.

Part 4: Benefit calculations for pre-April 2, 2012 members 29

Mary Educator

Regular retirement on 6/30/16

Option A

	Age factor (age 59 at retirement)		0.019
x	Years of **creditable service**	x	35.0
	Base percentage of salary average		66.5%
+	**RetirementPlus** percentage, if applicable	+	0%
	Total percentage of salary average (80% max)		66.5%
x	**Salary average** (highest three consecutive years)		x $75,000
	Option A annual benefit		$49,875
+	**Veteran's benefit**, if applicable ($15 per year of creditable service, up to $300)	+	$300
	Total Option A allowance		**$50,175/yr**
			$4,181/mo

- When you estimate your retirement benefits, be sure to do the calculations for more than one date. For example, estimate what your benefits would be if you retired at the end of the school year, versus what they would be if you waited until you reached another birthday and accumulated more creditable service.

- For example, Mary Educator's birthday is November 30. If she waits to retire on her birthday, then the calculations would look like this as of November 30, 2016:

Age . . . . . 60 (age factor **0.020**)

Creditable service

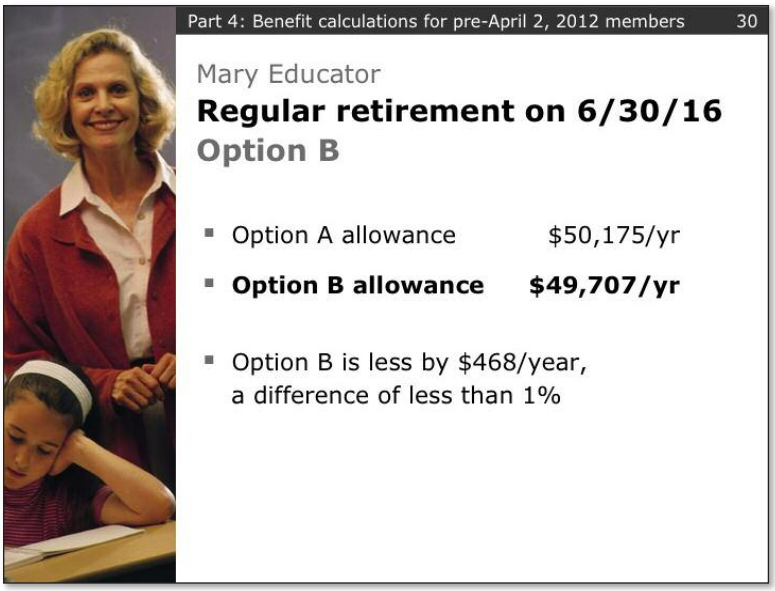
Pittsfield	**30.3**
Kentucky	4.0
Springfield	0.4
Parks & Rec Dept	0.6
Total	**35.3**

Salary average

13–14 (70% of $73,000)	$51,100
14–15	$75,000
15–16	$77,000
16–17 (30% of $79,000)	$23,700
Total	$226,800
Average	**$75,600**

- If Mary Educator waits to retire on her birthday—November 30, 2016—then her Option A allowance would be greater than if she retired on June 30, 2016:

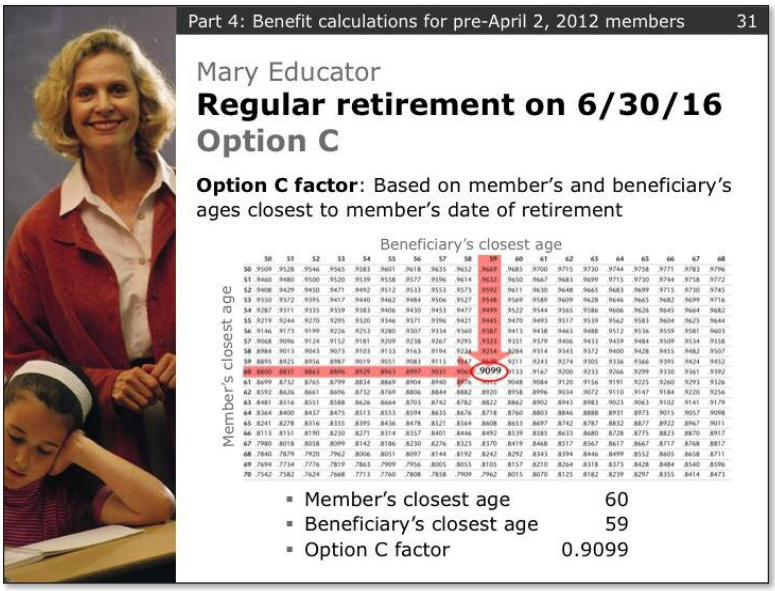
	Age factor		0.020
x	**Years of creditable service**	x	**35.3**
	Base percentage of salary average		70.6%
+	RetirementPlus percentage	+	0.0%
	Total percentage of salary average		70.6%
x	**Salary average**	**x**	**$75,600**
	Option A allowance		$53,374
+	Veteran's benefit	+	$300
	Option A annual allowance		$53,674
	Monthly		$4,473



- Your retirement benefit components are approximately as follows:
  - Your contributions and interest, known as the **annuity portion** 20%
  - Pension fund assets and MA tax revenue known as the **pension portion**. 80%
- The amount in your annuity savings account is "spent down" over time, usually 10 to 12 years. After your account is depleted, your full benefit continues until your death; however, upon your death, no benefit will be paid to your beneficiary. If you die before your account is depleted, the balance remaining is paid to your beneficiary.
- **Mary's Option B calculation**: Based on account balance of $150,000 and actuarial factors for age 60…

	Option A	Option B
Annuity	$13,662	$13,194
Pension	$36,513	$36,513
Total	$50,175/yr	$49,707/yr

- For example, on Mary's retirement date of June 30, 2016, the balance in her annuity savings account was $150,000. Based on her closest age of 60 and actuarial tables, the annual reduction in her annuity savings account—which has been transferred to the Commonwealth's pension fund to partially pay for Mary's benefit—is $13,194.
- Every year, Mary's account is "charged" $13,194 and decreases by that amount. After 5 years, the balance in her annuity savings account has decreased by $65,970 (annual reduction of $13,194 x 5 years). After 10 years, the balance in the annuity savings account has decreased by $131,940 (annual reduction of $13,194 x 10 years). After 11.4 years, the balance has been depleted.



Part 4: Benefit calculations for pre-April 2, 2012 members 31

Mary Educator

Regular retirement on 6/30/16

Option C

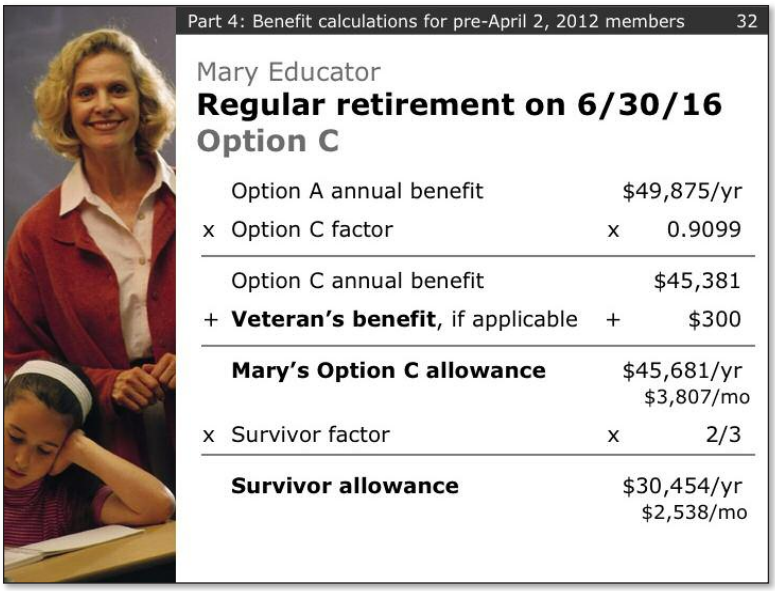
Option C factor: Based on member's and beneficiary's ages closest to member's date of retirement

Beneficiary's closest age

Member's closest age

	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68
50	.9509	.9528	.9546	.9565	.9583	.9601	.9618	.9635	.9652	.9669	.9685	.9700	.9715	.9730	.9744	.9758	.9771	.9783	.9796
51	.9460	.9480	.9500	.9520	.9539	.9558	.9577	.9596	.9614	.9632	.9650	.9667	.9683	.9699	.9715	.9730	.9744	.9758	.9772
52	.9408	.9429	.9450	.9471	.9492	.9512	.9533	.9553	.9573	.9592	.9611	.9630	.9648	.9665	.9683	.9699	.9715	.9730	.9745
53	.9350	.9372	.9395	.9417	.9440	.9462	.9484	.9506	.9527	.9548	.9569	.9589	.9609	.9628	.9646	.9665	.9682	.9699	.9716
54	.9287	.9311	.9335	.9359	.9383	.9406	.9430	.9453	.9477	.9499	.9522	.9544	.9565	.9586	.9606	.9626	.9645	.9664	.9682
55	.9219	.9244	.9270	.9295	.9320	.9346	.9371	.9396	.9421	.9445	.9470	.9493	.9517	.9539	.9562	.9583	.9604	.9625	.9644
56	.9146	.9173	.9199	.9226	.9253	.9280	.9307	.9334	.9360	.9387	.9413	.9438	.9463	.9488	.9512	.9536	.9559	.9581	.9603
57	.9068	.9096	.9124	.9152	.9181	.9209	.9238	.9267	.9295	.9323	.9351	.9379	.9406	.9433	.9459	.9484	.9509	.9534	.9558
58	.8984	.9013	.9043	.9073	.9103	.9133	.9163	.9194	.9224	.9254	.9284	.9314	.9343	.9372	.9400	.9428	.9455	.9482	.9507
59	.8895	.8925	.8956	.8987	.9019	.9051	.9083	.9115	.9147	.9180	.9211	.9243	.9274	.9305	.9336	.9366	.9395	.9424	.9452
60	.8800	.8833	.8865	.8898	.8929	.8963	.8997	.9031	.9064	.9099	.9133	.9167	.9200	.9233	.9266	.9299	.9330	.9361	.9392
61	.8699	.8732	.8765	.8799	.8834	.8869	.8904	.8940	.8976	.9011	.9048	.9084	.9120	.9156	.9191	.9225	.9260	.9293	.9326
62	.8592	.8626	.8661	.8696	.8732	.8769	.8806	.8844	.8882	.8920	.8958	.8996	.9034	.9072	.9110	.9147	.9184	.9220	.9256
63	.8481	.8516	.8551	.8588	.8626	.8664	.8703	.8742	.8782	.8822	.8862	.8902	.8943	.8983	.9023	.9063	.9102	.9141	.9179
64	.8364	.8400	.8437	.8475	.8513	.8553	.8594	.8635	.8676	.8718	.8760	.8803	.8846	.8888	.8931	.8973	.9015	.9057	.9098
65	.8241	.8278	.8316	.8355	.8395	.8436	.8478	.8521	.8564	.8608	.8653	.8697	.8742	.8787	.8832	.8877	.8922	.8967	.9011
66	.8113	.8151	.8190	.8230	.8271	.8314	.8357	.8401	.8446	.8492	.8539	.8585	.8633	.8680	.8728	.8775	.8823	.8870	.8917
67	.7980	.8018	.8058	.8099	.8142	.8186	.8230	.8276	.8323	.8370	.8419	.8468	.8517	.8567	.8617	.8667	.8717	.8768	.8817
68	.7840	.7879	.7920	.7962	.8006	.8051	.8097	.8144	.8192	.8242	.8292	.8343	.8394	.8446	.8499	.8552	.8605	.8658	.8711
69	.7694	.7734	.7776	.7819	.7863	.7909	.7956	.8005	.8055	.8105	.8157	.8210	.8264	.8318	.8373	.8428	.8484	.8540	.8596
70	.7542	.7582	.7624	.7668	.7713	.7760	.7808	.7858	.7909	.7962	.8015	.8070	.8125	.8182	.8239	.8297	.8355	.8414	.8473

- Member's closest age 60
- Beneficiary's closest age 59
- Option C factor 0.9099



Part 4: Benefit calculations for pre-April 2, 2012 members 32

Mary Educator

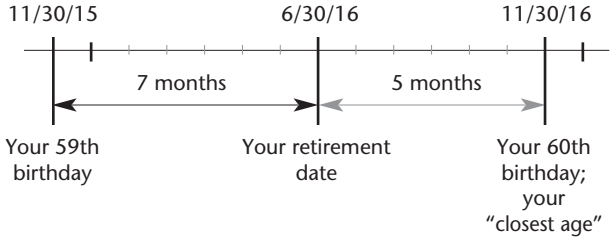
Regular retirement on 6/30/16

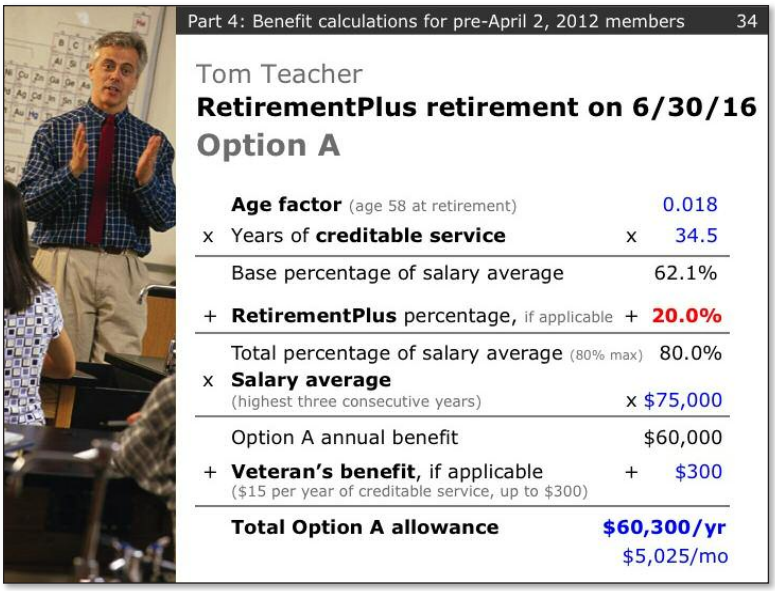
Option C

	Option A annual benefit		$49,875/yr
x	Option C factor	x	0.9099
	Option C annual benefit		$45,381
+	**Veteran's benefit**, if applicable	+	$300
	Mary's Option C allowance		$45,681/yr $3,807/mo
x	Survivor factor	x	2/3
	Survivor allowance		$30,454/yr $2,538/mo

- **For the Option C factor chart, please see page 28.**
- To determine your "closest age," count the number of months and days between your birthday before your date of retirement, and your next birthday *after* your date of retirement. Your "closest age" is your age on your birthday that is closest to your date of retirement.

  For example, if you are retiring on June 30, and your birthday is November 30, your "closest age" is your age on your birthday *after* your retirement date.

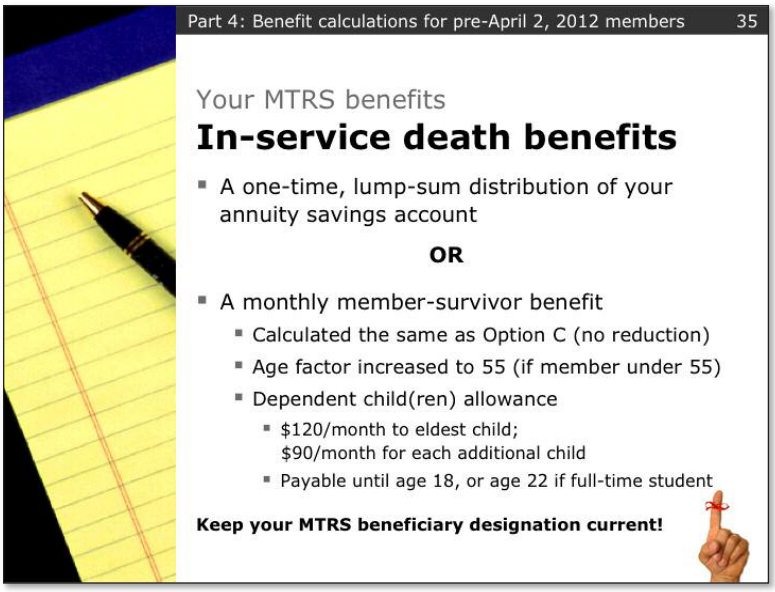




- For a comparison of the allowable percentages of salary average by combination of age and years of service for each Membership Tier, see Appendix A, page 24.

Reminder: Use our online retirement benefit estimator to estimate your retirement allowance, or use the worksheet provided in Appendix B (page 26) to estimate your benefits under each of the three options.

Compare what your benefits would be on one particular date as well as on a later date, when you have accumulated more creditable service and/or reached another birthday.



Reminder: Update 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.

- 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 *either*:
  - his or her last age, *or*
  - if he or she is in:
    - Membership Tier 1, age 55,
    - Membership Tier 2, age 60

  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 age 55 for Tier 1 members (members who established membership before April 2, 2012) or age 60 for Tier 2 members (members who established membership on or after April 2, 2012); the age of the beneficiary is also advanced the same number of years and months.

In-service death benefits: Additional considerations

- It is very important that you designate a beneficiary, or beneficiaries, for your MTRS account while you are an active member. (Note that, when you retire, your "active member" beneficiary designation will end, and, if you select Option B or C, you will be required to designate your "retired member" beneficiary.)
- The type of benefit that your 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.
- Note: Pursuant to Massachusetts law, if you are married, **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,** regardless of whom you named as a beneficiary. If you need more information about naming a beneficiary, please contact us.
- **Minimum spousal survivor benefit**: If you are survived by a spouse, he or she will be entitled to a guaranteed minimum benefit of $500 per month if:
  - you were a member in service at the time of your death,
  - you had completed at least two full years of creditable service,
  - your spouse was married to you for at least one year, and
  - your spouse was living with you at the time of your death (or living apart for cause).

  If your spouse meets these requirements, he or she will also be entitled to an additional set allowance for dependent children (currently, $120 per month for the first child and $90 for each additional child).

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

- For information regarding your Medicare eligibility, see www.medicare.gov/MedicareEligibility.
- Generally, you are eligible for Medicare if:
  - ☐ you or your spouse worked for at least 10 years in Medicare-covered employment and you are 65 years or older and a citizen or permanent resident of the United States, or
  - ☐ through your employer(s), you have paid the Medicare tax of 1.45% on your earnings for at least 10 years.

  Source: www.medicare.gov/MedicareEligibility > General Enrollment and Eligibility.
- If you were hired by a Massachusetts public employer on or after April 1, 1986, you are required to pay the 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.
- Individuals who do not sign up for Medicare Part B when they are first eligible may be subject to a substantial late-enrollment penalty. Thus, be sure to inquire about your Medicare eligibility at least three months prior to your 65th birthday and follow the application procedures at www.ssa.gov.
- A note just for your reference (this does not affect your pension or insurance benefits in any way): Effective January 1, 2011, the Legislature passed a law requiring that public employee retiree health insurance costs be allocated among retirees' former Massachusetts public employers, based on the portion of their creditable service with each employer.
- **An important notice for charter school employees and inactive members:** If, at the time of your retirement, you are either an employee of a charter school, or you are not employed by a school district, **be sure to investigate your eligibility for health coverage as a retiree early.** School districts have different rules, and your district may or may not provide you with insurance benefits in retirement.

For information on your health insurance coverage options in retirement, if your district:

- Participates in the Retired Municipal Teachers' (RMT) Program (see list, below), contact the **Group Insurance Commission** at mass.gov/gic, or 617-727-2310.
- Is not listed as participating in the RMT Program, below, please contact **your local insurance coordinator**. (Note: Your city or town may participate in the "GIC Municipality Program." If so, you should still contact your local insurance coordinator as he or she will administer your coverage, which is provided through the GIC.)

Districts participating in the Retired Municipal Teachers' (RMT) Program as of July 1, 2016

Amesbury
Barnstable
Billerica
Blackstone Valley Regional
Bourne
Braintree
Bridgewater
Dedham
Dennis
Eastham
Everett
Granby
Greater Lawrence Regional
Harvard
Holyoke
Hudson
Martha's Vineyard Regional
Milton
Narragansett Regional
Newbury
North Adams
North Attleboro
North Middlesex Regional
Norwell
Paxton
Pioneer Valley Regional
Plainville
Quabbin Regional
Rehoboth
Revere
Rockland
Rockport
Rutland
Salisbury
Shawsheen Valley Regional
Spencer
Stoughton
Upper Cape Cod Regional
Wareham
West Bridgewater
Westfield
West Springfield
Whitman-Hanson Regional
Woburn

For the latest list, always go to **mass.gov/gic**, *or contact your local insurance coordinator*

Reminder: Obtain the following information from your local insurance coordinator (generally, your local treasurer or school business office).

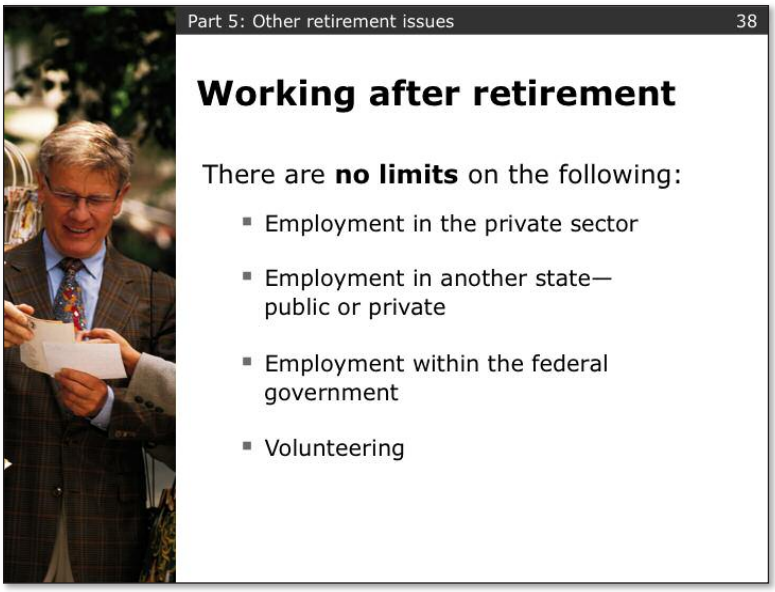
1) What percentage of your health insurance premium will your school district pay when you retire? . . . . . %

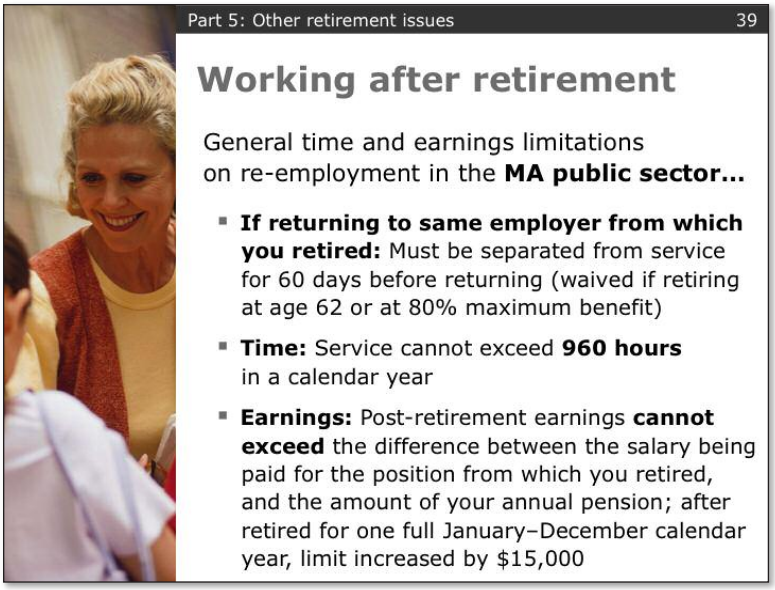
2) Your health plan options…
   - Which health plans will your district make available to you when you retire?
   - What are the differences in premiums?
   - Does your district provide an option that will cover you if you move out of state? . . . . . ☐ No ☐ Yes (describe)

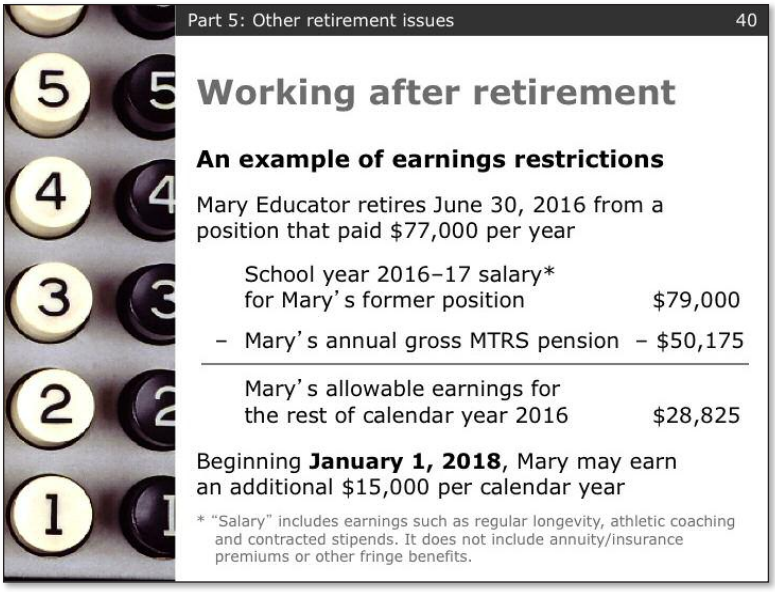
Health plan	Premiums

3) If you qualify for Medicare, what are the insurance plan options provided by your school district to supplement Medicare?

4) If you cover a spouse or dependent(s):
   - What will happen to your survivor's coverage in the event of your death?
   - Will the district continue to pay a portion of your survivor's health insurance?





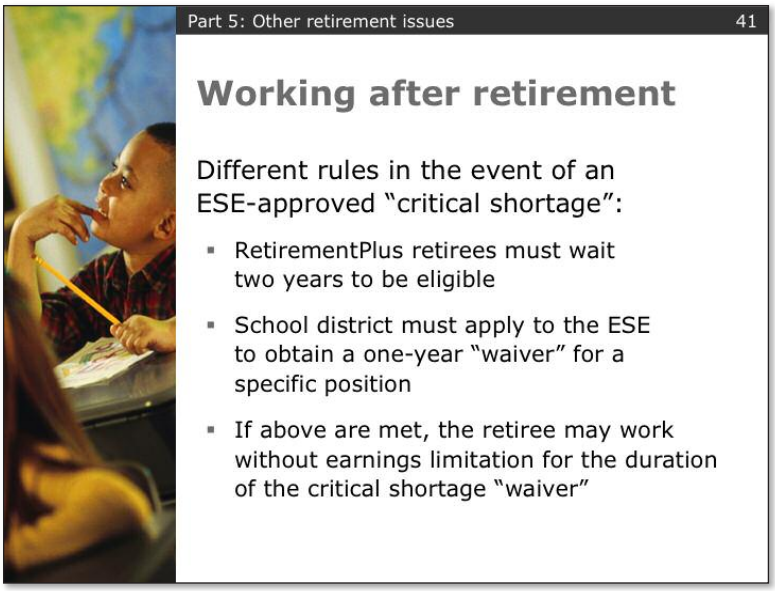


- These limitations apply to post-retirement employment with a Massachusetts public employer. In other words, if you render service to a Massachusetts city, town, county or the Commonwealth, the limitations will apply.
- The work that you perform does not necessarily have to meet the requirements for membership in a Massachusetts contributory retirement system; these limitations apply if you work as a "consultant" or a "leased employee" or if you receive *any* check issued by a public employer in Massachusetts.
- Please note that, for the purpose of determining your post-retirement employment earnings limit, "earnings" does not necessarily equal "salary" as used here. "Earnings" is a broader term, and, while life and disability insurance premiums, annuities and fringe benefits are not considered "regular compensation" (or "salary," as used here), they **are** "earnings" and count toward your post-retirement employment limitation.

- **Waiving or "freezing" your retirement benefit**
  - You may elect to waive or "freeze" your benefit if you are approaching your earnings or service limits. If you exceed the allowable limits, the MTRS or your employer must recover all excess earnings from you.
  - Please note that, if you retire, then go back to work for a Massachusetts public employer and waive your retirement benefits while you are working, you cannot later have your retirement allowance reinstated for 960 hours during a calendar year. The law does not permit retirees who waive their retirement benefits and then accept public employment to supplement their incomes by the device of reinstating their retirement allowances for the 960-hour period during each calendar year. [Opinion of the Attorney General, Feb. 2, 1979.]

- **"Unretiring" and reinstating as an active member**
  - Effective July 1, 2004, members of the MTRS (and the other Massachusetts contributory retirement systems) who retired under superannuation or termination retirement were allowed to reinstate as active members of the MTRS.
  - In other words, retired members who agree to certain terms and conditions, can return to active membership in the MTRS and, in effect, "unretire." Under this provision, the retiree must pay back to the retirement system the total pension benefits received while retired, plus interest at one-half of the actuarial assumed rate of 7.75%, or 3.875%. Additionally, the retiree must be employed in a full-time position subject to membership in the MTRS, for at least five full years from his or her reinstatement date, in order to accrue additional retirement benefits.

For additional information, as well as the link to PERAC's interactive "Post-Retirement Earnings Worksheet" that you and your employer can use to determine and understand your specific restrictions, see our web page on working after retirement.



- The earnings limitations on re-employment of retirees in the Massachusetts public schools may be eased if the Department of Elementary and Secondary Education (ESE) determines there is a "critical shortage" in a particular position. ESE has adopted regulation 603 CMR 7.14(13)(b), allowing the Commissioner of Elementary and Secondary Education to deem that a district has a "critical shortage" upon the request of a superintendent and demonstration that the district has made a good-faith effort to hire non-retirees and has been unable to find them. The "critical shortage" application process is similar to that for requesting a waiver for certification.
- The ESE will send a written notice of its decision on the critical shortage application both to the school district and the person it wishes to hire. Accordingly, please do not assume that you are working under a critical shortage waiver unless you have received a copy of the approval from the ESE.

  Please refer to the chart, below, for a description of the restrictions and when they apply.

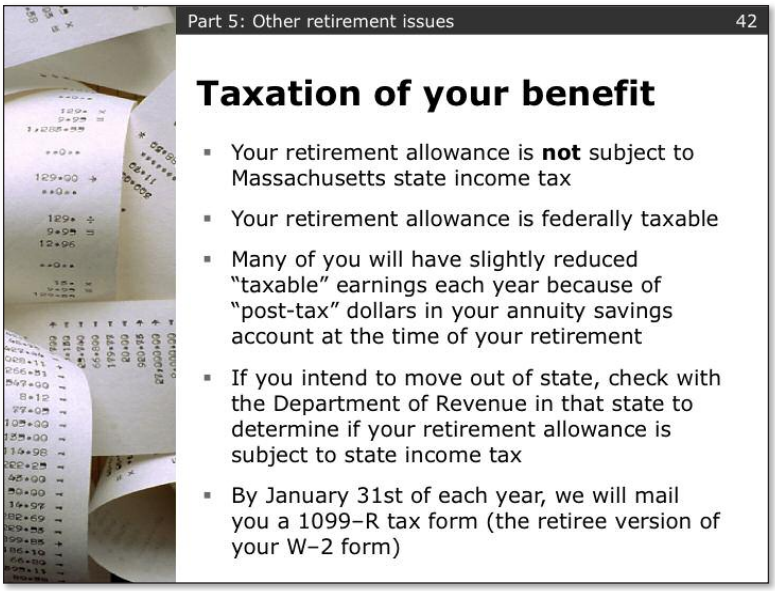
Restrictions on working after retirement	When NO critical shortage	When a critical shortage IS declared by ESE	
	ALL MTRS Retirees	Retirees under Regular formula	Retirees under RetirementPlus
1) **Time limitation:** 960 hours in a calendar year.	Applies	Waived	Waived
2) **Earnings limitation** (for superannuation retirees)**:** On a calendar year basis, a rehired retiree's post-retirement earnings cannot exceed the difference between the salary being paid for the position from which the member retired, and the amount of his or her annual pension. After the member has been retired for at least one full calendar year (one full January-through-December year), this earnings limit is increased by $15,000. For example: **Date of retirement** / **Date eligible to earn additional $15,000** 1/1/2016 – 12/31/2016 / 1/1/2018 1/1/2017 – 12/31/2017 / 1/1/2019 1/1/2018 – 12/31/2018 / 1/1/2020	Applies	Waived	Applies for first two years of member's retirement; waived thereafter
3) **Separation from service:** If returning to same employer from which the member retired, 60 days. *Exception:* Presently, this particular restriction does **not** apply if the member retired *either* at age 62 or older *or* at the maximum benefit amount of 80 percent of his or her allowable salary average.	Applies	Applies	Applies

How is the "salary being paid" for the position from which I retired determined?

If, in the position from which you retired, you:

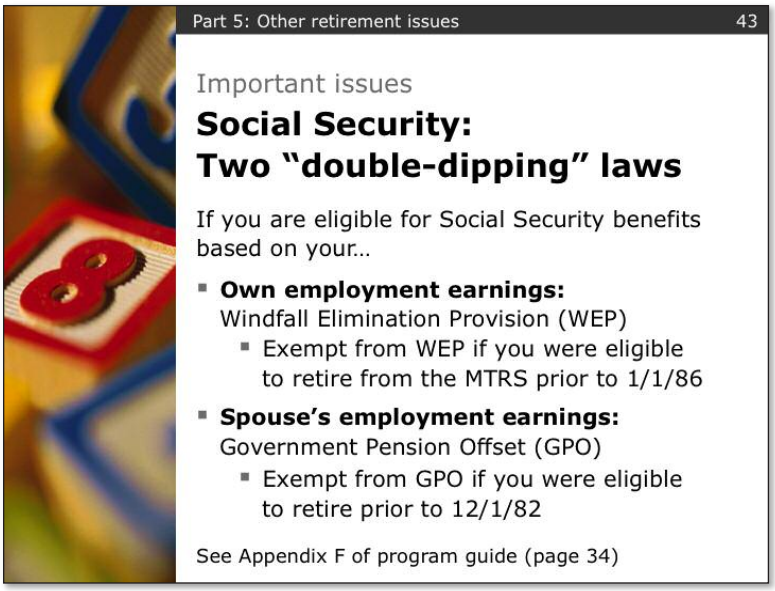
- **were** covered by a collective bargaining agreement, the "salary being paid" is the current annual contract rate for your step and education level on the salary schedule.
- **were not** covered by a collective bargaining agreement (e.g., you were an administrator or other educator covered by an individual contract), then the "salary being paid" is your last annual salary prior to retirement, plus an inflation factor equal to the Consumer Price Index (CPI-W) as certified by the Commissioner of Social Security, unless you can provide sufficient evidence for the MTRS to reliably determine what you would have earned in a year after your retirement. An example of sufficient evidence would be a written, contemporaneous policy showing that the class of employees of which you would have been a member had you not retired, would all receive the same raise in a given year.

NOTE: "Salary" includes earnings such as regular longevity, athletic coaching and contracted stipends. It does not include annuity/insurance premiums or other fringe benefits.



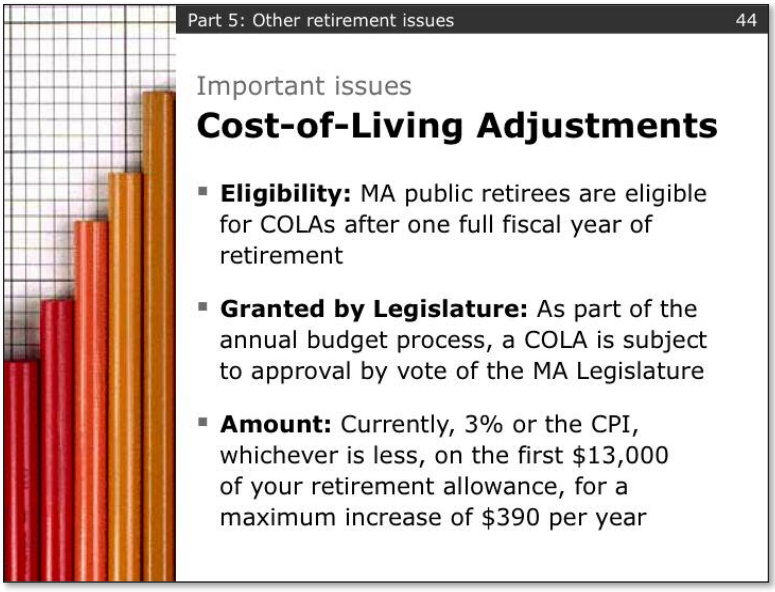
- As a reminder, your "after-tax" amount includes your contributions prior to 1988 plus any after-tax payments made to buy-back prior service.
- If you move to another state after retirement, your allowance may be subject to that state's income taxes. It is advisable to check with the other state's department of revenue, or the Massachusetts Department of Revenue's website, at www.mass.gov/dor/pensioninfo.
- **If you retire before age 59–1/2**: Please note that in the year that you turn age 59–1/2, we will send you **two** 1099–R tax forms, as the IRS requires that we identify and distinguish between payments that are made to you when you are *under* age 59–1/2, and payments that are made to you when you are *over* age 59–1/2.
- **The Benefit Verification process**: As required by the agency that oversees all Massachusetts public retirement systems (the Public Employee Retirement Administration Commission, or PERAC), you are periodically required to provide proof that you remain eligible (i.e., alive) to receive your retirement benefits. At least once every two years, we conduct our Benefit Verification process, which is designed to prevent pension fraud and ensure that your benefits are being paid to the rightful and living recipient. We will send you a Benefit Verification form, which you must complete, have notarized, and return in order to continue to receive your benefits.

  The next Benefit Verification process will be conducted in January 2017.



- For additional information, please visit www.socialsecurity.gov.
- While the reductions under Social Security's two "double-dipping" laws apply to *retirees* of Massachusetts public pension systems who also receive Social Security benefits, these reductions do **not** apply to the *survivors or beneficiaries* of public retirees.

  For example, Mary Educator retired under Option C and named her spouse, John, as her beneficiary. John is retired from the private sector and is receiving Social Security benefits based on his own employment earnings. Upon Mary's death, John will begin receiving Mary's MTRS Option C survivor benefit, and his Social Security benefits will not be reduced.
- If you receive Social Security benefits in addition to your MTRS retirement allowance, and you are subject to either the WEP or GPO, you may be required to report cost-of-living adjustments (COLAs) to your MTRS pension to the Social Security Administration.
- Be aware that, if you are eligible to receive Social Security benefits, and, at the time you are eligible for an MTRS retirement benefit you instead take a refund of your MTRS account, your Social Security benefits could be subject to reduction under the Windfall Elimination Provision.
- Remember: Avoid penalties—**BEFORE your 65th birthday,** contact the SSA to determine your eligibility for Medicare and when you need to apply for Part B.



- Retirees are eligible to receive a COLA after one full fiscal year of retirement. For example, if you retire on June 30, 2016, you will not be eligible to receive a COLA until July 1, 2017 (in other words, *after* the 2017 fiscal year, which runs from July 1, 2016 through June 30, 2017). For additional information and an example of how your date of retirement affects your eligibility for your first COLA—and what that means—please see Appendix E, page 33.
- The Board continues to support an increase in the cost-of-living adjustment (COLA) base while securing the purchasing power protection of our retired members, and establishing an employee pension contribution rate that is reflective of the retirement benefits earned by our members.

Appendix A

The "retirement percentage" chart: **Membership Tier 1**

For members with effective membership dates before April 2, 2012

A comparison of the percentage of salary average allowed under the regular and RetirementPlus formulas, by service and age

To be eligible for regular retirement (also known as *superannuation* retirement) under either the "regular" formula, or, if you are participating in RetirementPlus, the enhanced RetirementPlus benefit, you must meet the corresponding eligibility requirements:

- **"Regular" formula**: You must **EITHER** have 20 or more years of creditable service at any age, **OR** be age 55 with 10 or more years of creditable service.
- **RetirementPlus formula**: You must have 30 or more years of creditable service, at least 20 of which are membership service with the MTRS or the Boston Retirement System as a teacher; there is no minimum age requirement. If you *elected* to participate in RetirementPlus, but then do not meet either the 20-year "teaching" or the 30-year total service requirement by your date of retirement, you will receive a retirement benefit calculated under the regular formula and a refund of your RetirementPlus contributions, plus regular interest.

YEARS OF SERVICE*	Formula	R+ % increase	AGE AT RETIREMENT 46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65+
20	Regular	—	12.0	14.0	16.0	18.0	20.0	22.0	24.0	26.0	28.0	30.0	32.0	34.0	36.0	38.0	40.0	42.0	44.0	46.0	48.0	50.0
21	Regular	—	12.6	14.7	16.8	18.9	21.0	23.1	25.2	27.3	29.4	31.5	33.6	35.7	37.8	39.9	42.0	44.1	46.2	48.3	50.4	52.5
22	Regular	—	13.2	15.4	17.6	19.8	22.0	24.2	26.4	28.6	30.8	33.0	35.2	37.4	39.6	41.8	44.0	46.2	48.4	50.6	52.8	55.0
23	Regular	—	13.8	16.1	18.4	20.7	23.0	25.3	27.6	29.9	32.2	34.5	36.8	39.1	41.4	43.7	46.0	48.3	50.6	52.9	55.2	57.5
24	Regular	—	14.4	16.8	19.2	21.6	24.0	26.4	28.8	31.2	33.6	36.0	38.4	40.8	43.2	45.6	48.0	50.4	52.8	55.2	57.6	60.0
25	Regular	—	15.0	17.5	20.0	22.5	25.0	27.5	30.0	32.5	35.0	37.5	40.0	42.5	45.0	47.5	50.0	52.5	55.0	57.5	60.0	62.5
26	Regular	—	15.6	18.2	20.8	23.4	26.0	28.6	31.2	33.8	36.4	39.0	41.6	44.2	46.8	49.4	52.0	54.6	57.2	59.8	62.4	65.0
27	Regular	—		18.9	21.6	24.3	27.0	29.7	32.4	35.1	37.8	40.5	43.2	45.9	48.6	51.3	54.0	56.7	59.4	62.1	64.8	67.5
28	Regular	—			22.4	25.2	28.0	30.8	33.6	36.4	39.2	42.0	44.8	47.6	50.4	53.2	56.0	58.8	61.6	64.4	67.2	70.0
29	Regular	—				26.1	29.0	31.9	34.8	37.7	40.6	43.5	46.4	49.3	52.2	55.1	58.0	60.9	63.8	66.7	69.6	72.5
30	Regular	—					30.0	33.0	36.0	39.0	42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0	72.0	75.0
	R+	12%					42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0	72.0	75.0	78.0	80.0	80.0	80.0
31	Regular	—						34.1	37.2	40.3	43.4	46.5	49.6	52.7	55.8	58.9	62.0	65.1	68.2	71.3	74.4	77.5
	R+	14%						48.1	51.2	54.3	57.4	60.5	63.6	66.7	69.8	72.9	76.0	79.1	80.0	80.0	80.0	80.0
32	Regular	—							38.4	41.6	44.8	48.0	51.2	54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8	80.0
	R+	16%							54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8	80.0	80.0	80.0	80.0	80.0	80.0
33	Regular	—								42.9	46.2	49.5	52.8	56.1	59.4	62.7	66.0	69.3	72.6	75.9	79.2	80.0
	R+	18%								60.9	64.2	67.5	70.8	74.1	77.4	80.0	80.0	80.0	80.0	80.0	80.0	80.0
34	Regular	—									47.6	51.0	54.4	57.8	61.2	64.6	68.0	71.4	74.8	78.2	80.0	80.0
	R+	20%									67.6	71.0	74.4	77.8	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
35	Regular	—										52.5	56.0	59.5	63.0	66.5	70.0	73.5	77.0	80.0	80.0	80.0
	R+	22%										74.5	78.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
36	Regular	—											57.6	61.2	64.8	68.4	72.0	75.6	79.2	80.0	80.0	80.0
	R+	24%											80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
37	Regular	—												62.9	66.6	70.3	74.0	77.7	80.0	80.0	80.0	80.0
	R+	26%												80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
38	Regular	—													68.4	72.2	76.0	79.8	80.0	80.0	80.0	80.0
	R+	28%													80.0	80.0	80.0	80.0	80.0	80.0	80.0	80.0
39	Regular	—														74.1	78.0	80.0	80.0	80.0	80.0	80.0
	R+	30%														80.0	80.0	80.0	80.0	80.0	80.0	80.0
40	Regular	—															80.0	80.0	80.0	80.0	80.0	80.0
	R+	32%															80.0	80.0	80.0	80.0	80.0	80.0

RetirementPlus vs. regular formula

☐ NO DIFFERENCE

■ MAXIMUM DIFFERENCE: Member receives full amount of RetirementPlus % increase

■ LESSER DIFFERENCE: Member receives only that amount of RetirementPlus % increase needed to reach 80% salary maximum

* **Two notes on "years of service":** For the purposes of determining your:

1) **"RetirementPlus % increase,"** only **whole** years of creditable service will be counted (the amount is not rounded up). For example, if you have 32.9 years of creditable service, your "RetirementPlus % increase" is based on 32 years of creditable service, or 16%.

2) **Percentage of allowable salary average**, your **full years and full months** of creditable service will be counted.
For example, Jane Educator is a teacher on a 10-month contract, and is retiring mid-year, on March 10. At that time, she will have 32 years, 6 months and 10 days of creditable service—or 32.6549 years of creditable service. The amount of creditable service that will be used to calculate Jane's allowable percentage of salary average is 32.6 years. (Because the first decimal place represents full months, and the last three decimal places represent only partial months, the last three decimal places will not be included in Jane's final benefit calculation.)

The "Retirement percentage" chart: **Membership Tier 2**

For members with effective membership dates on or after April 2, 2012

A comparison of the percentage of salary average allowed under the regular and RetirementPlus formulas, by service and age

To be eligible for regular retirement (also known as *superannuation* retirement) under either the "regular" formula, or, if you are participating in RetirementPlus, the enhanced RetirementPlus benefit, you must meet the corresponding eligibility requirements:

- **"Regular" formula**: You must be age 60 and have 10 or more years of creditable service.
- **RetirementPlus formula**: You must be age 60 and have 30 or more years of creditable service, at least 20 of which are membership service with the MTRS or the Boston Retirement System as a teacher. If you *elected* to participate in RetirementPlus, but then do not meet either the 20-year "teaching" or the 30-year total service requirement by your date of retirement, you will receive a retirement benefit calculated under the regular formula and a refund of your RetirementPlus contributions, plus regular interest.

Note: Members who transfer into the MTRS from another Massachusetts contributory retirement system have 180 days in which to elect to participate in RetirementPlus; if they do not respond, they are not enrolled in RetirementPlus. New members automatically participate in RetirementPlus.

YEARS OF SERVICE*	Formula	RetirementPlus % increase	AGE AT RETIREMENT 60	61	62	63	64	65	66	67+
10	Regular	—	14.50	16.00	17.50	19.00	20.50	22.00	23.50	25.00
11	Regular	—	15.95	17.60	19.25	20.90	22.55	24.20	25.85	27.50
12	Regular	—	17.40	19.20	21.00	22.80	24.60	26.40	28.20	30.00
13	Regular	—	18.85	20.80	22.75	24.70	26.65	28.60	30.55	32.50
14	Regular	—	20.30	22.40	24.50	26.60	28.70	30.80	32.90	35.00
15	Regular	—	21.75	24.00	26.25	28.50	30.75	33.00	35.25	37.50
16	Regular	—	23.20	25.60	28.00	30.40	32.80	35.20	37.60	40.00
17	Regular	—	24.65	27.20	29.75	32.30	34.85	37.40	39.95	42.50
18	Regular	—	26.10	28.80	31.50	34.20	36.90	39.60	42.30	45.00
19	Regular	—	27.55	30.40	33.25	36.10	38.95	41.80	44.65	47.50
20	Regular	—	29.00	32.00	35.00	38.00	41.00	44.00	47.00	50.00
21	Regular	—	30.45	33.60	36.75	39.90	43.05	46.20	49.35	52.50
22	Regular	—	31.90	35.20	38.50	41.80	45.10	48.40	51.70	55.00
23	Regular	—	33.35	36.80	40.25	43.70	47.15	50.60	54.05	57.50
24	Regular	—	34.80	38.40	42.00	45.60	49.20	52.80	56.40	60.00
25	Regular	—	36.25	40.00	43.75	47.50	51.25	55.00	58.75	62.50
26	Regular	—	37.70	41.60	45.50	49.40	53.30	57.20	61.10	65.00
27	Regular	—	39.15	43.20	47.25	51.30	55.35	59.40	63.45	67.50
28	Regular	—	40.60	44.80	49.00	53.20	57.40	61.60	65.80	70.00
29	Regular	—	42.05	46.40	50.75	55.10	59.45	63.80	68.15	72.50
30	Regular	—	48.75	52.50	56.25	60.00	63.75	67.50	71.25	75.00
	R+	14%	62.75	66.50	70.25	74.00	77.75	80.00	80.00	80.00
31	Regular	—	50.37	54.25	58.12	62.00	65.87	69.75	73.62	77.50
	R+	16%	66.37	70.25	74.12	78.00	80.00	80.00	80.00	80.00
32	Regular	—	52.00	56.00	60.00	64.00	68.00	72.00	76.00	80.00
	R+	18%	70.00	74.00	78.00	80.00	80.00	80.00	80.00	80.00
33	Regular	—	53.62	57.75	61.87	66.00	70.12	74.25	78.37	80.00
	R+	20%	73.62	77.75	80.00	80.00	80.00	80.00	80.00	80.00
34	Regular	—	55.25	59.50	63.75	68.00	72.25	76.50	80.00	80.00
	R+	22%	77.25	80.00	80.00	80.00	80.00	80.00	80.00	80.00
35	Regular	—	56.87	61.25	65.62	70.00	74.37	78.75	80.00	80.00
	R+	24%	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00

RetirementPlus vs. regular formula

☐ NO DIFFERENCE ■ MAXIMUM DIFFERENCE: Member receives full amount of RetirementPlus % increase ■ LESSER DIFFERENCE: Member receives only that amount of RetirementPlus % increase needed to reach 80% salary maximum

* **Two notes on "years of service":** For the purposes of determining your:

1) **"RetirementPlus % increase,"** only **whole** years of creditable service will be counted (the amount is not rounded up). For example, if you have 32.9 years of creditable service, your "RetirementPlus % increase" is based on 32 years of creditable service, or 18%.
2) **Percentage of allowable salary average**, your **full years and full months** of creditable service will be counted. For example, Jane Educator is a teacher on a 10-month contract, and is retiring mid-year, on March 10. At that time, she will have 32 years, 6 months and 10 days of creditable service—or 32.6549 years of creditable service. The amount of creditable service that will be used to calculate Jane's allowable percentage of salary average is 32.6 years. (Because the first decimal place represents full months, and the last three decimal places represent only partial months, the last three decimal places will not be included in Jane's final benefit calculation.)

Appendix B

Overview of retirement Options A, B and C, tables and factors, and benefit estimate worksheet

Overview of retirement Options A, B and C

The Massachusetts Retirement Law (M.G.L. c. 32) regulates your retirement allowance and allows you to choose one of three benefit options. These options differ with regard to the amount paid and whether any benefits will be paid to someone else after your death.

Option	Monthly benefit amount	Survivor benefit
A	Maximum allowance	None; all allowance payments cease upon your death and no benefits will be provided for any survivors.
B	Approximately 1% less than Option A amount	One-time, lump-sum payment of balance, if any, remaining in member's annuity savings account *Note: There are no restrictions on who or how many individuals or entities may be named as beneficiary. In most cases, the member's annuity account will be depleted 9 to 11 years after his or her retirement date.*
C	Approximately 9–11% less than Option A amount	Monthly benefit (2/3rds) paid to a survivor *Note: Beneficiary must be the member's parent, child, sibling, spouse or former spouse who has not remarried.*

Option A age factor table

Your age on your retirement date	Your Membership Tier		
	Tier 1 *Established membership before 4/2/2012*	**Tier 2** *Established membership on or after 4/2/2012*	
		With less than 30 years of creditable service	With 30 years or more of creditable service
41	0.001	Tier 2 members are not eligible to retire until age 60	
42	0.002		
43	0.003		
44	0.004		
45	0.005		
46	0.006		
47	0.007		
48	0.008		
49	0.009		
50	0.010		
51	0.011		
52	0.012		
53	0.013		
54	0.014		
55	0.015		
56	0.016		
57	0.017		
58	0.018		
59	0.019		
60	0.020	0.0145	0.01625
61	0.021	0.0160	0.01750
62	0.022	0.0175	0.01875
63	0.023	0.0190	0.02000
64	0.024	0.0205	0.02125
65	0.025	0.0220	0.02250
66	0.025	0.0235	0.02375
67+	0.025	0.0250	0.02500

RetirementPlus percentage table

If you are participating in RetirementPlus, add the percentage that corresponds to your number of **full years** of creditable service (e.g., if you have 32.8 years of service, your RetirementPlus percentage is the percentage listed for 32 years, not 33 years.

Your full years of creditable service	Your Membership Tier	
	Tier 1 *Established membership before 4/2/2012*	**Tier 2** *Established membership on or after 4/2/2012*
30	12%	14%
31	14%	16%
32	16%	18%
33	18%	20%
34	20%	22%
35	22%	24%
36	24%	26%
37	26%	28%
38	28%	30%
39	30%	32%
40	32%	34%

For the Option C factor table, see page 28.

Benefit estimate worksheet and examples

	Formula	Your Membership Tier: You as of / /	You as of / /	Example: Tier 1 Established membership before 4/2/2012	Examples: Tier 2 Established membership on or after 4/2/2012 — With **less than** 30 years of creditable service	With **30 years** or more of creditable service
Option A	Option A age factor *(see table)*	*Age*	*Age*	*Age 58* 0.018	*Age 60* 0.0145	*Age 60* 0.01625
	x Years of creditable service	x	x	x 35	x 28	x 30
	Base % of salary average	%	%	63.00%	40.60%	48.75%
	+ RetirementPlus %, *if applicable**	+ %	+ %	+ *Participating* 22.00%	+ *Participating* 0.00%	+ *Participating* 14.00%
	Total % of salary average**	%	%	80.00%	40.60%	62.75%
	x Salary average *Tier 1, 3-yr; Tier 2, 5-yr*	x $	x $	x *3-yr sal avg* $65,000	x *5-yr sal avg* $60,000	x *5-yr sal avg* $63,000
	Option A annual allowance	$	$	$52,000	$24,360	$39,533
	+ Veteran's benefit***	+ $	+ $	+ $300	+ $300	+ $300
	Final Option A annual allowance	$	$	**$52,300**	**$24,660**	**$39,833**
Option B	Option A annual allowance	$	$	$52,000	$24,360	$39,533
	x 99% *(1% less than Option A)****	x 99%	x 99%	x 99%	x 99%	x 99%
	Option B annual allowance	$	$	$51,480	$24,116	$39,138
	+ Veteran's benefit***	+ $	+ $	+ $300	+ $300	+ $300
	Final Option B annual allowance	$	$	**$51,780**	**$24,416**	**$39,438**
Option C	Option A annual allowance	$	$	$52,000	$24,360	$39,533
	x Option C Factor *(see table)*	x	x	x *Ben. age 57* 0.9194	x *Ben. age 59* 0.9099	x *Ben. age 59* 0.9099
	Option C annual allowance	$	$	$47,809	$22,165	$35,971
	+ Veteran's benefit***	+ $	+ $	+ $300	+ $300	+ $300
	Final Option C annual allowance	$	$	**$48,109**	**$22,465**	**$36,271**
	x 2/3 *(survivor portion)*	x 2/3	x 2/3	x 2/3	x 2/3	x 2/3
	Annual member-survivor benefit	$	$	**$32,073**	**$14,977**	**$24,181**

* If you are participating in RetirementPlus, and you have 30 or more years of creditable service—at least 20 of which are "membership" service with the MTRS or the Boston Retirement System as a teacher—enter the appropriate percentage from the RetirementPlus percentage table.

** Your "Total % of salary average" may not exceed 80 percent.

*** If you are a wartime veteran, $15 for each year of teaching service (up to a maximum of $300) is added.

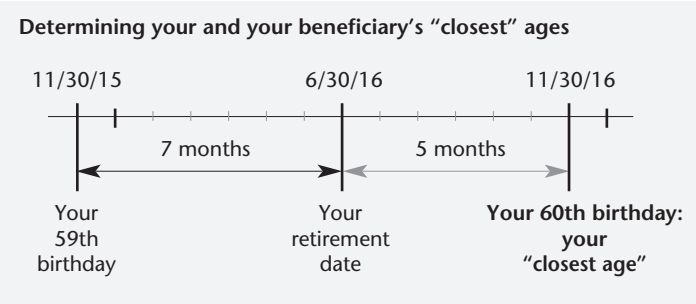
**** The Option B allowance is approximately 1% less than the Option A amount. For purposes of illustration only, we have estimated the Option B amount at 1% less than the Option A amount.

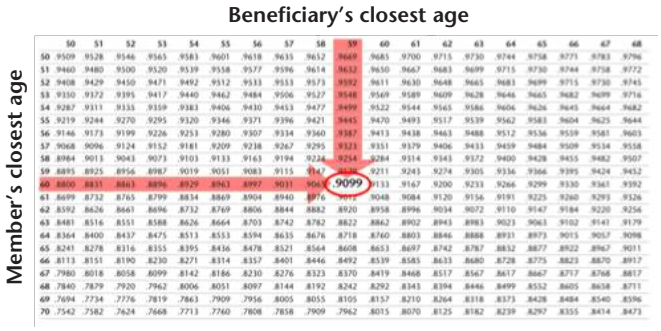
Option C factor table

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.* Your Option C factor is the number where the row and column for your ages intersect. If the combination of your ages is not listed here, please visit our website at mass.gov/mtrs or contact us for the appropriate factor.

To determine your "closest age," count the number of months and days between your birthday before your date of retirement, and your next birthday *after* your date of retirement. Your "closest age" is your age on your birthday that is closest to your date of retirement.

For example, if you are retiring on June 30, and your birthday is November 30, your "closest age" is your age on your birthday *after* your retirement date.





Beneficiary's closest age

Member's closest age	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68
50	.9509	.9528	.9546	.9565	.9583	.9601	.9618	.9635	.9652	.9669	.9685	.9700	.9715	.9730	.9744	.9758	.9771	.9783	.9796
51	.9460	.9480	.9500	.9520	.9539	.9558	.9577	.9596	.9614	.9632	.9650	.9667	.9683	.9699	.9715	.9730	.9744	.9758	.9772
52	.9408	.9429	.9450	.9471	.9492	.9512	.9533	.9553	.9573	.9592	.9611	.9630	.9648	.9665	.9683	.9699	.9715	.9730	.9745
53	.9350	.9372	.9395	.9417	.9440	.9462	.9484	.9506	.9527	.9548	.9569	.9589	.9609	.9628	.9646	.9665	.9682	.9699	.9716
54	.9287	.9311	.9335	.9359	.9383	.9406	.9430	.9453	.9477	.9499	.9522	.9544	.9565	.9586	.9606	.9626	.9645	.9664	.9682
55	.9219	.9244	.9270	.9295	.9320	.9346	.9371	.9396	.9421	.9445	.9470	.9493	.9517	.9539	.9562	.9583	.9604	.9625	.9644
56	.9146	.9173	.9199	.9226	.9253	.9280	.9307	.9334	.9360	.9387	.9413	.9438	.9463	.9488	.9512	.9536	.9559	.9581	.9603
57	.9068	.9096	.9124	.9152	.9181	.9209	.9238	.9267	.9295	.9323	.9351	.9379	.9406	.9433	.9459	.9484	.9509	.9534	.9558
58	.8984	.9013	.9043	.9073	.9103	.9133	.9163	.9194	.9224	.9254	.9284	.9314	.9343	.9372	.9400	.9428	.9455	.9482	.9507
59	.8895	.8925	.8956	.8987	.9019	.9051	.9083	.9115	.9147	.9179	.9211	.9243	.9274	.9305	.9336	.9366	.9395	.9424	.9452
60	.8800	.8831	.8863	.8896	.8929	.8963	.8997	.9031	.9065	.9099	.9133	.9167	.9200	.9233	.9266	.9299	.9330	.9361	.9392
61	.8699	.8732	.8765	.8799	.8834	.8869	.8904	.8940	.8976	.9012	.9048	.9084	.9120	.9156	.9191	.9225	.9260	.9293	.9326
62	.8592	.8626	.8661	.8696	.8732	.8769	.8806	.8844	.8882	.8920	.8958	.8996	.9034	.9072	.9110	.9147	.9184	.9220	.9256
63	.8481	.8516	.8551	.8588	.8626	.8664	.8703	.8742	.8782	.8822	.8862	.8902	.8943	.8983	.9023	.9063	.9102	.9141	.9179
64	.8364	.8400	.8437	.8475	.8513	.8553	.8594	.8635	.8676	.8718	.8760	.8803	.8846	.8888	.8931	.8973	.9015	.9057	.9098
65	.8241	.8278	.8316	.8355	.8395	.8436	.8478	.8521	.8564	.8608	.8653	.8697	.8742	.8787	.8832	.8877	.8922	.8967	.9011
66	.8113	.8151	.8190	.8230	.8271	.8314	.8357	.8401	.8446	.8492	.8539	.8585	.8633	.8680	.8728	.8775	.8823	.8870	.8917
67	.7980	.8018	.8058	.8099	.8142	.8186	.8230	.8276	.8323	.8370	.8419	.8468	.8517	.8567	.8617	.8667	.8717	.8768	.8817
68	.7840	.7879	.7920	.7962	.8006	.8051	.8097	.8144	.8192	.8242	.8292	.8343	.8394	.8446	.8499	.8552	.8605	.8658	.8711
69	.7694	.7734	.7776	.7819	.7863	.7909	.7956	.8005	.8055	.8105	.8157	.8210	.8264	.8318	.8373	.8428	.8484	.8540	.8596
70	.7542	.7582	.7624	.7668	.7713	.7760	.7808	.7858	.7909	.7962	.8015	.8070	.8125	.8182	.8239	.8297	.8355	.8414	.8473

Notes

Appendix C
Retirement planning

☐ **We advise you to file your retirement application FOUR months before your retirement date. However, by law, you may file your application up to 60 days after your effective date of separation from service and still use the date of separation as your retirement date.**

⚠ If you file your application more than 60 days after your date of separation from service, the earliest effective date of retirement you may use will be 15 days after the date we receive your completed application. Also, if you are retiring on your birthday, use that exact day as your date of retirement, **not** the day after. See Appendix E (page 33) for information on choosing your retirement date.

☐ **Retirement applications are processed on a first-come, first-served basis.**

Please understand that it may take up to four months before your benefit calculation is complete and you are sent your Notice of Estimated Retirement Benefit and first payment information from the MTRS.

☐ **If you file four months in advance, you can generally plan on receiving your first retirement check at the end of the SECOND full month after your effective date of retirement.**

For example, if you wish to retire on June 30, and you file your application by March 1, your first check will most likely be issued at the end of August. Of course, your first check will be sent earlier if possible. Be assured that **all first checks are paid retroactive to your effective date of retirement.**

☐ **In some cases, your first retirement check will be mailed to your home.**

This slight delay is to allow the State Treasury time to test your electronic funds transfer before your first direct deposit is made.

☐ **Retirement checks are issued at the end of each month and represent payment for the previous month.**

For example, the payment that you receive at the end of January is the payment **for** January.

☐ **Direct deposit statements are NOT mailed to you every month.**

Once your direct deposit commences, you will receive a statement in the mail detailing your monthly benefit and deductions. After this initial statement, you will receive a statement in the mail when:

- there is a change in the amount of your deposit from the prior month; or,
- we need to provide retirees with new information and we print a special notice on the top portion of the direct deposit statement.

☐ **Find out more about retirement issues.**

Visit our website at **mass.gov/mtrs** for important information on:

- the three retirement options: A, B and C;
- purchasing creditable service;
- health insurance;
- Social Security;
- working after retirement;
- taxes; and,
- cost-of-living adjustments (COLAs).

Your retirement process timeline and checklist

To fill in the dates, start with "Your date of retirement" and work backward

⚠ IMPORTANT REMINDERS REGARDING CREDITABLE SERVICE

ALL service purchases must be applied for while you are a member in service, and paid for in full BEFORE your effective date of retirement.
LATE PAYMENTS WILL DELAY YOUR DATE OF RETIREMENT—and because retirement benefits are retroactive only to your date of retirement, **late payments will cause you to lose money!**

As you will see on the application, you are asked to list all of your creditable service and provide your "best estimate" of your total number of years. However, it is NOT necessary for you to request a "creditable service estimate" from the MTRS in order to complete your application. When we process your application, we will determine your exact amount of creditable service and notify you of the total before your benefit is finalized.

If you have any questions about purchasing service, please contact our office.

When *(in relation to your date of retirement)*	**Action**	**Your dates**
One year before	☐ CONTACT your local health insurance coordinator to confirm the health insurance coverage for which you will qualify as a retiree. If you cover a spouse or other dependent, be sure to ask about dependent coverage while you are retired *and* in the event of your death.	/ /
7–8 months before	☐ GO to our website at **mass.gov/mtrs,** and select Active and inactive members > Creditable service. **Review** all of the types of service listed and **apply to purchase** any that apply to you and for which you have not yet established credit.	/ /
6 months before	☐ GO to our website at **mass.gov/mtrs,** and, in the "Quick links to popular pages" menu, select "Apply for retirement." Follow the steps to estimate your benefits, review FAQ and download and print your retirement application.	/ /
	☐ If you have any pending creditable service purchases, request invoices from us and be sure to tell us that you are retiring.	/ /
5 months before	☐ Complete Part 1 of the application and forward Part 2 to your payroll officer for completion.	/ /
	☐ Gather your required documents. ⚠ NOTE: If you do **not** submit the required documents with your application, your application will **not** be processed. ☐ Photocopy of your marriage certificate *(if you no longer use your former or maiden name or if you are selecting Option C and naming your spouse as beneficiary)* ☐ Your **certified** birth record* *(photocopy not accepted)* ☐ Photocopy of your military discharge form DD214 *(if you are a veteran)* ☐ Photocopy of your notice of resignation *(if you are filing for an involuntary termination retirement allowance OR are retiring on a day* **other** *than the last day in your contract year)* ☐ Photocopies of your contracts/salary schedules for your 3-year salary average period, including any pages referencing contractual language to substantiate any earnings in excess of your regular contract rates ☐ A VOIDed check *(if your designated account for direct deposit is a checking account)* ☐ Photocopy of your qualified Domestic Relations Order *(if you are divorced and have such an order in effect; please include your ex-spouse's current address)* ☐ Your beneficiary's **certified** birth record* *(if you are selecting Option C; photocopy not accepted)* ** Your original documents will be returned to you.*	
4 months before	☐ Receive signed Part 2 from your payroll officer.	/ /
	☐ **Make a copy of Part 1, Part 2 and ALL attachments.**	/ /
	☐ Submit your application and ALL attachments to MTRS. *We will acknowledge receipt of your application in writing.*	/ /
	☐ Make payment for any pending creditable service purchases.	/ /
	☐ Remind your local health insurance coordinator that you are retiring, and complete any necessary insurance paperwork.	/ /
Your date of retirement		/ /
3–4 months after you file your complete retirement application	☐ Receive your *Notice of Estimated Retirement Benefit* (NERB), which will show your estimated retirement benefit.	/ /
EITHER first full month *after you receive your NERB* **OR** first full month *after your date of retirement,* whichever is later	☐ Receive your first retirement benefit payment.	/ /

Appendix D

Part-time service: How it is credited and other notes

Pursuant to 807 CMR 3.04

For part-time membership service rendered…	You will receive…
■ **On or before 11/9/1990**	**Full-time credit**
■ **Between 11/9/1990 and 7/9/2010**	If your employment status during this period: □ did not change (i.e., you did not go from part-time to full-time, or vice versa), **full-time** credit □ changed (i.e., you went from part-time to full-time, or vice versa, excepting pre-kindergarten or kindergarten service), **prorated credit** based on the percentage of full-time service it represents (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year).
■ **On or after 7/9/2010**	**Prorated credit** based on the percentage of full-time service it represents, regardless of any change in your employment status (e.g., if you worked for one year on a half-time basis, you will receive 0.50 year of service credit for that year).

Pre-kindergarten and kindergarten teaching service

If you rendered any part-time membership service prior to July 9, 2010 as a pre-kindergarten or kindergarten teacher, please note that that service is credited as full-time equivalent (FTE) service.

Sabbaticals and partially paid leaves of absence

All sabbatical leaves and partially paid leaves of absence are prorated based on the percentage of full-time salary you received (e.g., if you were on a full-year sabbatical at 50% salary, you will receive 0.50 year of service credit for that year).

Part-time nonmembership service

All part-time nonmembership service is prorated based on the percentage of full-time service that it represents. Additionally, all part-time service in the Boston Retirement System will be prorated.

Membership service and RetirementPlus

Membership service is service you acquire while working in a position eligible for membership in the MTRS during which you contribute directly to the MTRS via a payroll deduction by your school district. If you are participating in RetirementPlus, you must have 30 years of creditable service—at least 20 of which must be "membership" service with the MTRS or the Boston Retirement System as a teacher—in order to receive the enhanced benefit.

An exception: Part-time service and eligibility for ordinary disability retirement

For the purpose of determining your eligibility for ordinary disability benefits, part-time service will count as full-time service for purposes of meeting the ten-year minimum service requirement, but not for purposes of determining your benefit amount.

Full-time salary equivalent

Whenever prorated part-time service is used in the calculation of a retiring member's benefit allowance, the MTRS will use the member's full-time equivalent salary to determine his or her final salary average. In other words, your service credit will be prorated, but your salary equivalent will not—you will not be "double-prorated" in the calculation of your retirement benefit.

An example: Mary Music

For illustration purposes only; results may not be typical

A part-time music teacher her entire career and a member of the MTRS prior to April 2, 2012, Mary has always worked on a 50%-of-full-time basis. She is retiring at age 60 on June 30, 2017. She did not elect to participate in RetirementPlus.

Creditable service (all on a 50%-of-full-time basis)

9/1/1993–6/30/2010 (full-time equivalent)	17 yrs
9/1/2010–6/30/2017 (prorated)	3.5 yrs
Total	20.5 yrs

Salary average

	Actual earnings	Full-time equivalent
9/1/2014–6/30/2015	$35,000	$70,000
9/1/2015–6/30/2016	$36,000	$72,000
9/1/2016–6/30/2017	$37,000	$74,000
Total	$108,000	$216,000
÷ 3 years	÷ 3	÷ 3
Salary average	$36,000	**$72,000**

Benefit calculations

	Age factor (age 60)		0.20
x	Years of creditable service	x	**20.5**
	% of salary average		41%
+	RetirementPlus percentage	+	n/a
	Allowable % of salary average		41%
x	Salary average (full-time equivalent)	x	**$72,000**
	Option A allowance		**$29,520**

Appendix E

Choosing your retirement date

Summer birthdays, mid-year retirements and other considerations

Your retirement date affects not only the amount of your benefits, but when they become payable and when you become eligible to receive your first cost-of-living adjustment (COLA). For some members, choosing a retirement date is a simple decision; for others, it is a difficult and emotional choice. To choose the retirement date that is best for you—financially and personally—make sure that you understand how the formula works and the financial considerations involved.

Consider what these dates could mean for you…

■ **June 30**	The majority of MTRS members retire on June 30, the date on which most contracts for teachers come to an end. Additionally, by regulation, MTRS members retiring at the end of the school year **must** use June 30 as their retirement date even if the last day of school is earlier in the month. This rule exists so that teachers not only complete their contractual obligations, but also receive full service and salary credit for the year for their retirement calculations.
■ **Your birthday***	**In July or August**: If you're under age 65 (Tier 1) or age 67 (Tier 2), it may be in your financial interest to retire on your birthday instead of June 30. On your birthday, your age factor will be higher, resulting in a greater retirement benefit for the rest of your life. Note, however, that you need to consider the amount of retirement benefits that you "give up" by postponing your retirement date until your birthday. **Example**: Joe Teacher will turn 61 on his birthday on August 2. If he retires on his birthday instead of June 30, he will "give up" the equivalent of one month and two days of retirement benefits that he would have received if he had retired on June 30. However, it is financially advantageous for Joe to wait until his birthday because he has determined that his retirement allowance will be sufficiently greater on that date—allowing him to recoup the retirement payments he "gave up" in a short period of time—and he will receive his increased benefit for the rest of his life.
	During the school year: To receive the benefit of a higher age factor, you may want to retire on your birthday during the school year—or at the end of the month in which your birthday occurs. The MTRS calculates creditable service based on **full** years and **full** months of employment. Accordingly, if your birthday is October 17, it would most likely be in your financial interest to work until the end of October and use October 31 as your retirement date; by using October 31, you will receive service credit for the full month.
	*Using a later birthday as a retirement date will **not** result in an increase in: ■ **the age factor** used in the calculation of your retirement allowance if you are already at age 65 (Tier 1) or age 67 (Tier 2); or, ■ your **total percentage of salary average**, if, based on the current combination of your age and years of creditable service, you have already reached the maximum allowance of 80% of your final salary average.
■ **Any date during the school year**	If circumstances arise that cause you to decide to retire during the school year, please keep in mind that the MTRS calculates creditable service based on **full** years and **full** months of employment. Accordingly, it would most likely be in your financial interest to work until the end of a particular month, if possible, so that you receive service credit for the full month. Reminder: If you are on fully paid sick leave, you are accruing full service and salary credit toward retirement.
■ **After your separation from service**	**Within 60 days of your separation from service**: Your retirement date may be retroactive to your date of separation from service up to 60 days if you file your retirement application—along with a copy of your school district's written acceptance of your retroactive retirement date—within 60 days of your separation from service.
	More than 60 days after your separation from service: If you file your retirement application more than 60 days after your separation from service, your date of retirement cannot be retroactive—it may be no earlier than 15 days from the date that we receive your application. **Example**: Mary Educator resigns her teaching position on June 30, 2016 to explore another career. On February 1, 2017 she decides to retire from the MTRS. Her earliest retirement date is February 16, 2017.

…and understand what your date of retirement means regarding COLAs…

Reminder—
While annual COLAs have been granted in recent years, COLAs are subject to legislative approval every year, and are not guaranteed.

Eligibility for first COLA: You must be retired for a full fiscal year in order to receive your first cost-of-living adjustment (COLA), and fiscal years run from July 1 to June 30. Accordingly, if you retire on June 30, 2016, you will be eligible to receive your first COLA on July 1, 2017; if you retire just one month later, on July 30, 2016, you must wait until July 1, 2018—nearly two calendar years—to receive a COLA.

COLAs are cumulative: If they are granted, COLAs are added to your gross retirement allowance. For example, if your annual retirement allowance is $40,000 and the COLA is $390, your gross allowance becomes $40,390. With the next year's COLA, your allowance increases to $40,780; the following year it is $41,170, and so on. In other words, that first $390 "stays" in your allowance over the years. So if you retire on July 30 instead of June 30, you will not only "miss" that first COLA of $390 in your first year of retirement, but every year thereafter. Over the course of 20 years, that could result in $7,800 in "missed" COLAs; while this may not make enough of a difference for you to change your choice of retirement date, you should be aware of the effect this might have on your benefits.

If you have questions about choosing your retirement date, please ask us—we're here to help!

Appendix F

Social Security and the MTRS member

Remember to contact the Social Security Administration, and **understand** whether—and how—the two offsets may apply to you

Q During your membership in the MTRS, you pay into the retirement system instead of Social Security. Do you still need to contact the Social Security Administration?

YES—all MTRS members should contact the Social Security Administration to determine their eligibility for Social Security benefits, including Medicare—and when they need to apply for Part B—**EITHER three months before your retirement OR three months before age 65, whichever comes first.**

Massachusetts is one of a handful of "non-Social Security" states. This means that you, as a member of a contributory retirement system, 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, you may have earned Social Security credits through other employment. If you are eligible for Social Security benefits—either based on your own past employment, or your spouse's past employment, you may be subject to one of two Social Security "double-dipping" laws, as outlined below.

Q Do you expect to be eligible to collect Social Security benefits based on…

1) …your **own** past employment? ☐ Yes ☐ No

If yes, you may be subject to the **Windfall Elimination Provision (WEP)**. If you have 40 credits (or "quarters") under the Social Security system (in other words, you are eligible to receive Social Security benefits), then Social Security will use a "modified formula" to calculate your pension **unless:**

- you had 20 years of creditable service with the MTRS before January 1, 1986 *or*
- you were age 55 and had at least 10 years of creditable service before January 1, 1986 *or*
- you will have at least 30 years of "substantial earnings" under the Social Security system. For further information on "substantial earnings," contact your local Social Security Administration office.

If you do not meet any of these requirements, you will receive a reduced Social Security pension. In order to determine the amount of the reduction that applies to you, please contact the Social Security Administration at 800-772-1213.

If you are eligible to receive Social Security benefits, and, at the time you are eligible for an MTRS retirement benefit you instead take a refund of your MTRS account, your Social Security benefits could be subject to reduction under the Windfall Elimination Provision.

2) …your **spouse's** past employment? ☐ Yes ☐ No

If yes, you may be subject to the **Government Pension Offset (GPO)**. If you expect to collect a spousal or widow's benefit under Social Security, these benefits may be reduced by two-thirds of the amount of your MTRS retirement allowance. You will be exempt from this offset if you meet all the requirements for Social Security Spousal benefits in effect in 1977 *and:*

- you had 20 years of creditable service with the MTRS before December 1, 1982 *or*
- you were age 55 and had at least 10 years of creditable service before December 1, 1982 *or*
- you were age 55 or had 20 years of creditable service before July 1, 1983 *and* you received half support from your spouse.

In all cases, the Social Security Administration requires that male retirees of the MTRS must have received at least half support from their wives to apply for spousal benefits.

The Windfall Elimination Provision (WEP)

Social Security Administration Factsheet: SSA Publication No. 05-10045 2016

Your Social Security retirement or disability benefits may be reduced

The Windfall Elimination Provision may affect how Social Security calculates your retirement or disability benefit. If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any pension you get from that work may reduce your Social Security benefits.

When your benefits may be affected

This provision may affect you when you earn a pension from an employer who didn't withhold Social Security taxes ***and*** you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision may apply if:

- you reached 62 after 1985; or
- you became disabled after 1985; and
- you first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. Your Social Security benefit amounts won't be reduced if you performed federal service under a system such as the Federal Employees' Retirement System in which Social Security taxes were withheld.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

Social Security bases your Social Security benefit on your average monthly earnings adjusted for average wage growth. Social Security separates your average earnings into three amounts and multiplies the amounts using three factors to compute your full Primary Insurance Amount (PIA). For example, for a worker who turns 62 in 2016 the first $856 of average monthly earnings is multiplied by 90 percent; earnings between $856 and $5,157 by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the PIA which is then decreased or increased depending on whether the worker starts benefits before or after full retirement age (FRA) to get the monthly payment amount.

When Social Security applies this formula, the percentage of career average earnings paid to lower-paid workers is greater than highly paid workers. For example, workers age 62 in 2016, with average earnings of $3,000 per month could receive a benefit at FRA of $1,456 (49 percent) of their pre-retirement earnings increased by applicable cost of living adjustments (COLAs). For a worker with average earnings of $8,000 per month, the benefit starting at FRA could be $2,573 (32 percent) plus COLAs. However, if either of these workers start benefits earlier, their monthly benefit will be reduced.

Why Social Security uses a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, Social Security reduces the 90 percent factor in their formula and phases it in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, Social Security reduces the 90 percent factor to 40 percent.

Amount considered "substantial," by year

Year	Substantial Earnings
1937-54	$ 900
1955-58	1,050
1959-65	1,200
1966-67	1,650
1968-71	1,950
1972	2,250
1973	2,700
1974	3,300
1975	3,525
1976	3,825
1977	4,125
1978	4,425
1979	4,725
1980	5,100
1981	5,550
1982	6,075
1983	6,675
1984	7,050
1985	7,425
1986	7,875
1987	8,175
1988	8,400
1989	8,925
1990	9,525
1991	9,900
1992	10,350
1993	10,725
1994	11,250
1995	11,325
1996	11,625
1997	12,150
1998	12,675
1999	13,425
2000	14,175
2001	14,925
2002	15,750
2003	16,125
2004	16,275
2005	16,725
2006	17,475
2007	18,150
2008	18,975
2009-2011	19,800
2012	20,475
2013	21,075
2014	21,750
2015-2016	22,050

Percentage applied to "substantial" earnings

Years of Substantial Earnings	%
30 or more	90%
29	85
28	80
27	75
26	70
25	65
24	60
23	55
22	50
21	45
20 or less	40

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- you are a federal worker first hired after December 31, 1983;
- you were employed on December 31, 1983, by a nonprofit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- your only pension is for railroad employment;
- the only work you performed for which you did not pay Social Security taxes was before 1957; or
- you have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors' benefits. Social Security may reduce widows' or widowers' benefits because of another law. For more information, see the Government Pension Offset (Publication No. 05-10007), below.

See the table titled *Amount considered substantial, by year,* on the previous page, that lists substantial earnings for each year.

The table titled *Percentage applied to "substantial" earnings,* in the margin at left, shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, Social Security reduces the 90 percent factor to between 45 and 85 percent.

To see the maximum amount Social Security could reduce your benefit, visit ***www.socialsecurity.gov/retire2/wep-chart.htm***.

A guarantee

The law protects you if you get a low pension. Social Security will not reduce your Social Security benefit for more than half of your pension for earnings after 1956 on which you did not pay Social Security taxes.

Social Security Administration Factsheet: SSA Publication No. 05-10007 2016

The Government Pension Offset (GPO)

A law that affects spouses and widows or widowers

If you receive a pension from a federal, state or local government based on work for which you didn't pay Social Security taxes, Social Security may reduce your Social Security spouses or widows or widowers benefits. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

Social Security will reduce your Social Security benefits by two-thirds of your government pension. In other words, if you get a monthly civil service pension of $600, two-thirds of that, or $400, must be deducted from your Social Security benefits. For example, if you are eligible for a $500 spouses, widows or widowers benefit from Social Security, you'll get $100 a month from Social Security ($500 – $400 = $100).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits Social Security pays to spouses, widows and widowers are "dependent's" benefits. Set up in the 1930s, these benefits were to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. It's now common for both spouses to work, each earning their own Social Security retirement benefit. The law requires a person's spouse, widow, or widower benefit to be offset by the dollar amount of their own retirement benefit.

For example, if a woman worked and earned her own $800 monthly Social Security benefit, but she was also due a $500 wife's benefit on her husband's record, Social Security couldn't pay that wife's benefit because her own benefit offset it. But, before enactment of the Government Pension Offset provision, if that same woman was a government employee who did not pay into Social Security, and who earned an $800 government pension, there was no offset. Social Security had to pay her a full wife's benefit in addition to her government pension.

If this person's government work had been subject to Social Security taxes, Social Security would reduce any spouse, widow or widower benefit because of their own Social Security benefit. The Government Pension Offset ensures that Social Security calculates the benefits of government employees who don't pay Social Security taxes the same as workers in the private sector who pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, Social Security won't reduce your Social Security benefits as a spouse, widow or widower if you:

- receive a government pension that's not based on your earnings; or
- are a federal (including Civil Service Offset), state or local government employee and your government pension is from a job for which you paid Social Security taxes; and
  - ☐ you filed for and were entitled to spouses, widows or widowers benefits before April 1, 2004; or
  - ☐ your last day of employment (that your pension is based on) is before July 1, 2004; or
  - ☐ you paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain conditions, Social Security requires fewer than 60 months for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

There are other situations for which Social Security won't reduce your Social Security benefits as a spouse, widow or widower; for example, if you:

- are a federal employee who switched from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and
  - ☐ you filed for and were entitled to spouses, widows or widowers benefits before April 1, 2004; or
  - ☐ your last day of service (that your pension is based on) is before July 1, 2004; or
  - ☐ you paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
- received or were eligible to receive a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.

What about Medicare?

Even if you don't get cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse, or widow or widower. However, your own benefits may be reduced because of another provision of the law. For more information, see Windfall Elimination Provision (Publication No. 05-10045), above.

Contacting Social Security

For information from the Social Security Administration, call the toll-free customer service phone line at 800-772-1213. Representatives are available to answer questions from 7 a.m. to 7 p.m. and the line is open 24 hours a day for general recorded information. Or visit online at **www.ssa.gov.**

If you believe that, based on your age and/or amount of creditable service with the MTRS, you are exempt from either the Windfall Elimination Provision or the Government Pension Offset, the Social Security Administration will require you to submit a letter from us that states the date on which you met the eligibility requirement. To request this letter, call us at 617-679-6877.

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Don't worry—
We'll be here for you in retirement, too

After you retire, we will still be here to serve you—and we look forward to continuing our relationship with you for many years. Please know that, throughout your retirement, we will continue to have responsibilities to each other.

During your retirement, **YOU** need to:

- **CONTACT** the MTRS if you…
  - **CHANGE** your name, address or Social Security number
  - **BECOME RE-EMPLOYED** by a Massachusetts 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 A month-of-death, pro-rata payment only, or Option B), or direct deposit information
  - **WANT TO PARTICIPATE** in the governance of the MTRS or Pension Reserves Investment Board (PRIM) as an elected Board member
  - If you are receiving an ordinary or accidental disability retirement benefit, **BEGIN TO RECEIVE** Workers' Compensation benefits, or **HAVE A CHANGE** in your Workers' Compensation benefits
- **COMPLETE** and **RETURN** your Benefit Verification form when we mail it to you, to confirm that you are still eligible to receive your benefit payment
- **ADVISE** your survivors to contact us in the event of your death

During your retirement, **WE** will:

- **PAY** you a monthly retirement allowance
- **FORWARD** your health insurance payment, if applicable
- Pursuant to your instructions, **WITHHOLD** federal income tax from your benefit payment
- In January of every year, **SEND** you a 1099–R tax form
- **PAY** a benefit to your survivor, if applicable

Thank you for taking an active interest in your retirement benefit plan by attending our program today.

We hope that it has been informative and helpful!

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

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