

General Retirement Information

- ***ELIGIBILITY FOR RETIREMENT:***
You must meet one of the following criteria: Have 20 years of creditable service
Or be at least 55 years old and have 10 years of creditable service
- ***YOUR RETIREMENT ALLOWANCE:***
Pension portion is 80% Local Appropriation and Annuity Portion is 20% Member Contributions and Interest
- ***VETERANS BENEFIT***
You will receive a stipend of \$15.00 for each year of creditable service up to a maximum of \$300.00 added to your retirement allowance.
- ***RETIREMENT FORMULA***
Option A = Full Benefits/No benefits to Survivor

Option B = Reduced pension for the benefit of leaving the balance of their account to a beneficiary upon their death. The amount of their balance is reduced with every pension check. No restrictions on who may be named beneficiary.

Option C = Reduced pension for the retiree for the benefit of leaving a pension worth 2/3 the retiree's allowance to a named beneficiary until the beneficiary's death. Restrictions on who you may name as beneficiary: spouse, former spouse, parent, child or sibling. As of 1/12/88 should your beneficiary pre-decease you, your allowance "Pops Up" to option A benefit.
- ***EMPLOYMENT AFTER RETIREMENT***
Basically, if you work in private industry there are no restrictions for all but disability retirees. If you want to work for the state or municipality (those in Chapter 32 retirement system) you are limited to 960 hours per calendar year in addition to a salary restriction. See attached Memo dated march 1, 2004 to All Retirees From Thomas J. Kelly, MCRB Chairman, for details
- ***TAXATION OF RETIREMENT ALLOWANCE:***

Retirement allowance is not subject to Massachusetts State Income Tax (please check with the state you will be living in after retirement, if not Massachusetts).

General Rule or Safe Harbor method should be used to calculate federal tax liability. IRS Publication 575. 95% -98% of a retirement allowance is federally taxable each year.

- ***WILL MY RETIREMENT ALLOWANCE EVER INCREASE AFTER RETIREMENT?***

By April 1st of each year PERAC submits a report to the Board recommending a Cost of Living Adjustment (COLA) equal to the % increase in the Consumer Price Index or 3% whichever is less. The Board may then hold a vote to decide if they wish to grant an increase for that year.

A Retiree becomes eligible for the 1st COLA in the second year after retirement. The COLA is based on the first \$12,000.00 of your pension. There is pending legislation to increase the base to \$16,000.00.