

*Welcome to Ready
Set Retire!*

*Presented by:
The Worcester Regional
Retirement System*





About Us

- Provide benefits to the public employees and retirees of 100 governmental units throughout Worcester County.
- As one of 104 public employee retirement systems within the Commonwealth of Massachusetts, the Worcester Regional Retirement System operates under and administers the provisions of the contributory defined benefit plan established by Chapter 32 of the Massachusetts General Laws.
- Governed by a 5-member Board of Trustees, the plan has approximately 10,000 members and over 1 billion dollar in assets.

Pension Fund Assets



Assets come from member contributions, government (employer) appropriations and investment returns

WRR Board assets are managed by the Massachusetts Pension Reserves Investment Management Board (PRIM)

Part of PRIT fund – pooled investment fund that invests the pension assets of the MSRB, MTRS, Boston Retirement Board, and multiple public retirement systems that elect to invest

Pays for a portion of your benefit until your annuity savings account depletes, then pays for entire benefit amount



Membership

All full-time employees of member units are eligible for membership.

Employees who work 1040 hours or more in a calendar year must become members of the system.

Any person holding a position for which annual compensation is at least \$5,000.00.

The Worcester Regional Retirement System shall have and exercise full jurisdiction to determine eligibility for membership in the system.



Ineligible for Membership

Employees
working
under 1040
hours per
year

Temporary
Employees

Substitute
Teachers
paid on a per
diem basis

Any
employee
earning
under \$5,000
per year



Contribution Rate

Members make pre-tax deductions to the Board through payroll. The rate of contribution depends upon when membership was first established in one of the 104 Boards in the Commonwealth.

- Prior to: 01-01-1975.....5%
- On or After: 01-01-1975.....7%
- On or After: 01-01-1984.....8%
- On or After: 07-01-1996.....9%

- Members who entered service after: 01/01/1979 contribute an additional 2% of regular compensation in excess of \$30,000





Contributions = Creditable Service

- Maximum amount of creditable service earned is 1 month for each month of service
- May be increased with a buyback or a transfer in.
- Calculated in whole years and whole months at retirement
- Part-time for entire career = 1 month of service for each month of service
- School District employees working September-June, 10 months = 1 year
- Part-time – Full-time or vice versa = part-time service is prorated based on FTE of member unit
 - 40 hours per week: FTE = 173.333 hours per month, hours worked per month/173.333.
Ex. 86.6665 hours per month/173.333 = 50%
 - 37.5 hours per week: FTE = 162.5 hours per month, hours worked per month/162.5.
Ex. 97.5 hours per month/162.5 = 60%



Annuity Savings Account

- Your retirement contributions + regular interest
- Current interest = 0.1% but account balance does not determine benefit amount
- Cannot be refunded unless you separate from MA public service
- Cannot borrow against balance
- Pays for a portion of your benefit based on age and balance of annuity savings account until depleted (approximately 10-12 years)



Beneficiary Designation

- Lump Sum: The balance of your Annuity Savings account will be distributed as you specify on your Beneficiary Designation Form.
- Member Survivor (Option D) benefit
 - member must have accrued at least 2 years of creditable service
 - lifetime benefit to 1 individual as specified in Ch. 32
 - spouse, parent, child, sibling or former spouse who has not remarried
 - benefit is calculated as though the member retired on the date they pass away
 - beneficiary receives the member's portion under Option C
 - spouse has first right of refusal regardless of designation
- No Designated Beneficiary & Unmarried: balance of annuity savings account paid to member's estate



Refunds

- Termination from service does not apply if you are taking another public service position where you will contribute to another MA contributory retirement board
- Your Annuity Savings Account will be transferred to new retirement board
- Amount of interest refunded is dependent on years of service

Creditable Service	Withdrawal
< Less than 10 years	3%
> More than 10 years	Regular interest



Retirement Eligibility

Membership Began Prior To 4/2/2012

- Age 55 with at least 10 years of service, or 20 years of service regardless of age.
- 80% maximum of highest consecutive 36 months of regular compensation.
- Age factor capped at 65 (2.5%)
- Exempt from MA state tax

Membership Began On or After 4/2/2012

- Age 60 with at least 10 years of service
- 80% maximum of highest consecutive 60 months of regular compensation
- Age factor capped at 67 (2.5%)
- Exempt from MA state tax



Types of Retirement

- Superannuation (regular retirement)
- Accidental Disability: permanent incapacitation due to a work-related injury or condition.
- Ordinary Disability: permanent incapacitation due to an injury or condition that is not work related
- Termination Retirement: no moral turpitude, only available to members who began contributing prior to 4/2/2012



Superannuation Retirement Formula

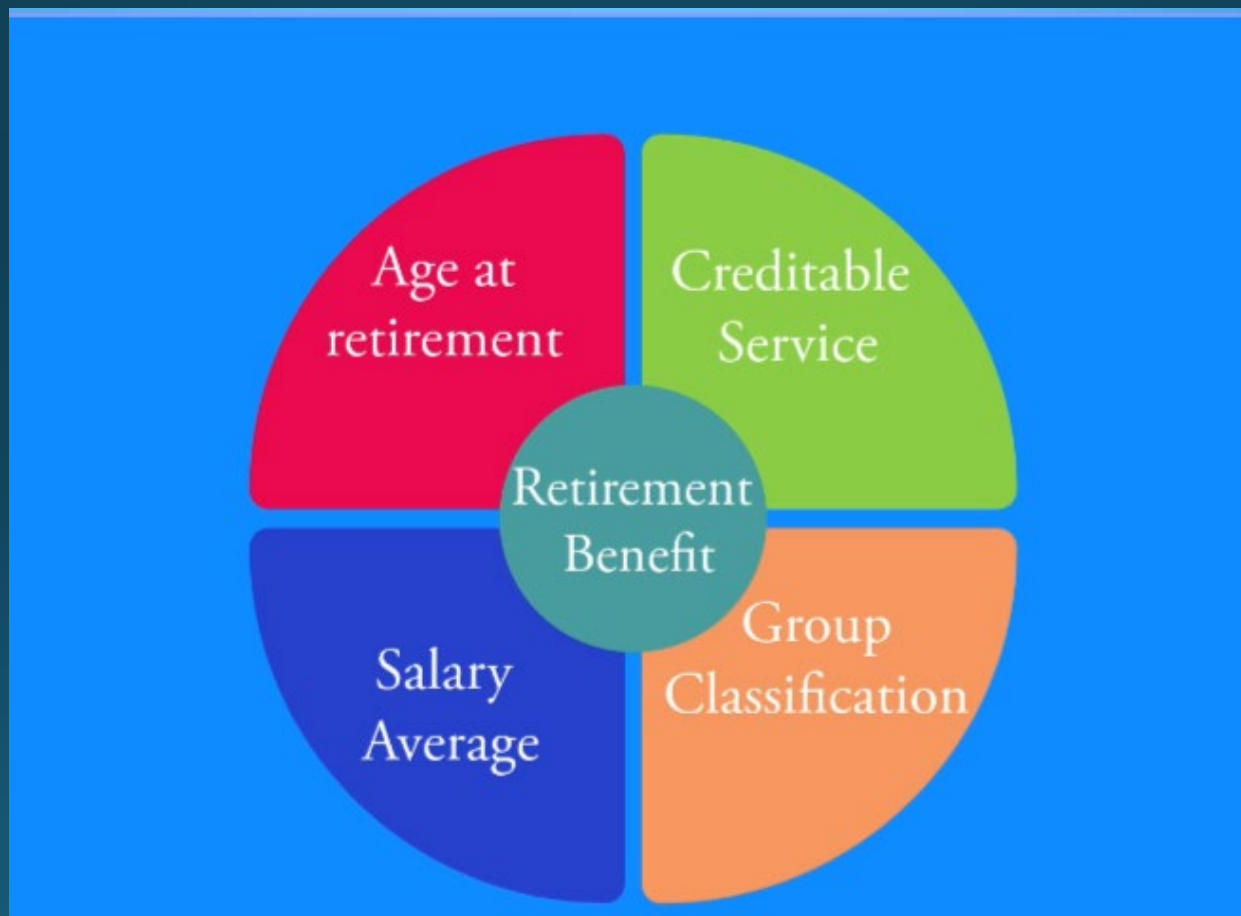
Age x creditable service x salary average

- *Capped at 80% of salary average*





Benefit Components





Age At Retirement

- Age Factors are determined by PERAC Actuarials – life expectancy
- Age Factor may be increased by Group Classification

Group 1 – No
Additional
Years Added
to Age

Officials and general employees including administrative, clerical and technical workers, laborers, mechanics and all others not otherwise classified

Group 2 –
Adds 5 years
to Age

Certain employees with physically demanding or hazardous occupations such as ambulance attendants, mental health hospital workers, licensed electricians

Group 3 –
Ch. 32, S.
26

Exclusively State Police Benefits Administered by the State Board of Retirement

Group 4 –
Adds 10
Years to Age

Certain Public Safety Officers:
Firefighters
Police Officers
Light Dept. Employees (Lineman)



Group Classification - Rules

- Prior to 4/2/2012
 - Must have been employed in a Group 2 or Group 4 position for the last 12 months of employment to apply at retirement
 - Periods of service in different groups can be prorated
- On or after 4/2/2012
 - All service in different groups is prorated



Creditable Service Purchases

- Refund of previous service: 1 year from 4/2/12 or establishing membership in a MA contributory retirement board, whichever is later = buyback interest (1/2 actuarial interest rate). If no payment is made during this period, the buyback is recalculated with full actuarial interest (currently 7.25%).
 - 2-year return to service rule: Members returning to service must work for 2 consecutive years prior to retirement.
- Makeup of eligible non-membership service: $\text{Hours of service} / 2080$ (hours per year) = amount of service credited
- Payment must be received in one lump-sum. May use pre-tax funds rolled over from qualifying plans.
- Worcester Regional Retirement Board will accept liability pursuant to M.G.L.c.32s.3(8)(c) consistent with its membership regulation for former employees of member units whose positions were funded through the federal Comprehensive Employment Training Act (CETA) and who otherwise would have been eligible for membership in the Worcester Regional Retirement System at the time said service was rendered.



Service Purchase Documentation

- Sole responsibility of member to obtain and provide to the Board verification of this past service rendered.
- Documentation includes, but is not limited to:
 - ✓ payroll records verified by the payroll coordinator for the employer or any other employee who has the similar duties of the payroll coordinator
 - ✓ amount of compensation received for each calendar year
 - ✓ number of hours worked for each calendar year in which service is sought to be purchases



Call Firefighters Service Purchase



- Supreme Judicial Court's (SJC) decision in Plymouth Ret. Bd. Vs. Contributory Retirement Appeal Board clarified how call, reserve and intermittent firefighter service is to be credited pursuant to M.G.L., C. 32, S 4(2)(b) requirements.
- **S. 4(2)(b)**
 - ✓ 5 years maximum creditable service unless town passes vote to allow additional service
 - ✓ Must be on respective list
 - ✓ Must have been appointed to a permanent position with the town's fire department.
- **S. 4(2)(b) (1/2)**
 - ✓ Town must vote to adopt
 - ✓ Same as 4(2)(b) except removes the permanent appointment requirement
- Must have received compensation of at least \$5,000.00 annually. Chapter 21 of the Acts of 2009 repealed the provision allowing certain persons in uncompensated positions to purchase creditable service as of 7/1/2009. Service purchases made prior to this date are grandfathered.
- Service purchases are calculated with buyback interest (3.625%).





Veteran's Service Purchase

- Qualifying members may purchase up to four years of military service (including National Guard) rendered prior to membership at a Massachusetts Contributory Retirement system.
- National Guard service 1 year for every 5 years of service.
- DD214 must be provided
- Must have been honorably discharged
- 6 months of active-duty training do not qualify for purchase



Qualifying As a Veteran



- M.G.L. C.4 S. 7: “veteran” any person who served at least 180 days of active duty and was honorably discharged, or any person who served at least 90 days of active duty including at least 1 day of wartime service.
- Specific wartime periods can be found on our website (www.wrrboard.org) under Forms. Click on the Veteran’s Buy Back Application Link.

Forms

Members

New Member Enrollment Form

Beneficiary Selection Form

Social Security Statement Waiver

Option D Beneficiary Selection Form

Address Change / Name Change Form

Application for Withdrawal

Special Tax Lump Sum Distribution

Veteran’s Buy Back Application

Retirement Options



Option A: Provides the maximum benefit to the retiree. There is no beneficiary when the retiree passes away.

Option B: Provides the retiree a benefit amount that is approximately 1-2% less than Option A. The retiree designates beneficiaries (not to exceed 100%) on the application. If there are funds remaining in the retiree's Annuity Savings Account (contributions + interest) the amount will be distributed in lump sums according to the retiree's Option B Beneficiary Designation Form. Once the retiree's Annuity Savings Account depletes (approximately 10-12 years), there is no longer a benefit to their designated beneficiaries. However, the retiree's benefit amount does not change. It is paid entirely from the pension fund

Option C: Provides the retiree a benefit amount that is approximately 8-12% less than Option A. The retiree names a beneficiary (parent, spouse, child, sibling or former spouse who has not yet remarried). If the retiree predeceases their beneficiary, they will receive 2/3 of the retiree's gross monthly benefit for the remainder of their life. If the beneficiary predeceases the retiree, the retiree's benefit automatically "pops up" to Option A. Another Option C beneficiary cannot be designated.



Termination Retirement

- Only available to members contributing prior to 4/2/2012.
- Must have 20 years of creditable service to qualify
- Approximately 1/3 of your salary average plus a portion of your Annuity Savings Account based on your age and the amount in the account at retirement. Generally, about 45% less Option B & Option C reductions.
- Failure of appointment due to:
 - ✓ Nominated
 - ✓ Re-appointed
 - ✓ Re-elected
 - ✓ Position abolished
 - ✓ Removed or discharged for a cause other than moral turpitude, violation of rules and regulations, collusion or conspiracy



Accidental Disability

- Members prior to 1/1/1988: 72% of your last 12-month salary average or salary on the date of injury plus a portion of your Annuity Savings Account, less Option B or Option C reductions
- Members on or after 1/1/1988: capped at 75% of your last 12-month salary average or salary on the date of injury, less Option B or Option C reductions
- Retirement date = date of injury, last date the retiree received regular compensation or 6 months prior to the date the retiree's application was received, whichever last occurred
- Offset by Worker's Compensation payments
- Requires Board and PERAC approval
- Not federally taxable



Ordinary Disability

- Must have at least 10 years of creditable service
- Must be under age 55 (pre- 4/2/2012) or age 60 (on or after 4/2/2012) unless you are a veteran.
- Age factor is raised to 55 (pre- 4/2/2012) or 60 (on or after 4/2/2012) for purposes of this calculation
- Veterans receive 50% of last 12-month salary average
- Salary average is the same as Superannuation
- Requires Board and PERAC approval
- Federally taxable



Planning Ahead

Is your record of creditable service complete?

Check with your retirement office to make sure that your record is complete. Make sure that we have a record of all your Massachusetts public service and military service.

Did you have other public service credits?

If you have retirement funds in another Massachusetts public system, tell your retirement office. The funds and service credits can be transferred to your current account. If you have withdrawn funds, you can arrange to buy back the service credits.

Do you have social security credits?

Check with the Social Security Office to determine what benefits you will receive. In many cases, public pension income causes a reduction in Social Security benefits. Make sure you determine how the Windfall Elimination Provision (The WEP) and the Government Pension Offset (The GPO) affect you.

Can you buy military service or previous public service?

Check with your retirement office to see if you qualify to purchase military service or service in a former job in the public sector. The Worcester Regional Retirement System requires a one-time lump sum payment for the purchase of service, so plan ahead.



Steps To Retirement

Request an estimate of your benefit by phone or email us on our website by clicking on Contact Us .

Schedule an appointment for retirement counseling with your spouse or a trusted friend Bring your estimate, birth certificate, marriage certificate & spouse's birth record, if applicable.

Complete your retirement application and mail it in or drop it off at our office.

Required Forms On Our Website



www.wrrboard.org



Click on Forms in the Action Center Box

Action Center

-  About WRRS
-  **Forms**
-  Links of Interest
-  Benefit Calculator
-  Contact Us
-  Upcoming Meetings



Print Forms in Retiree Section

- ✓ Retirement Application (includes Option Form)
- ✓ W-4P withholding for federal taxes
- ✓ Direct Deposit



Superannuation (regular retirement) Retirement Application

- Complete application in its entirety
- Divorced and subject to the terms of a Qualified Domestic Relations Order (QDRO), which entitles your ex-spouse to a portion of your benefit, make sure you check “Divorced” box in marital status, unless you have remarried, and the “Yes” box next to question regarding the QDRO.
- Include a copy of the DRO signed by a Judge if it has not already been sent to the Board.

Member's Present Contact Information:

<input type="text"/>	<input type="text"/>	<input type="text"/>
Member's Last Name	Member's First Name	Social Security # (last four)
Street Address: <input type="text"/>		
City/Town: <input type="text"/>	State: <input type="text"/>	Zip Code: <input type="text"/>
Email: <input type="text"/>		
Phone: <input type="text"/>		
Marital Status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced		
If Divorced, do you have a Qualified Domestic Relations Order (QDRO) in place? <input type="checkbox"/> YES <input type="checkbox"/> NO		

Choice Of Option

- **Only** complete sections pertaining to the Option you select.
- If you are married at the time of retirement your Spousal Acknowledgement section **must** be completed.



Required Documentation

- All options: A copy of your birth certificate
- Option C: A copy of your marriage certificate and spouse's birth certificate
- Veteran's: A copy of your DD 214



Direct Deposit Form



Remember to include a voided check or photocopy of a blank check.



W-4P Form for Federal Taxes

- Complete Step 1. a-c & Step. 5
- Please read Sections 2-4 and complete if applicable.
- Can be changed at any time
- WRR Board Staff cannot provide tax advice





Health Insurance

- Health coverage is administered by your former employer.
- Health insurance premiums can be deducted from your retirement allowance
- Retirees should contact their employer for information on coverage and determination of premium costs.



Wrapping It Up

1

Send your completed Application, Choice of Option, Direct Deposit & W-4P to the Board by mail or drop it off at our office.

2

You will receive your first payment approximately 8-12 weeks after your date of retirement.

3

Your first check will be retroactive to your retirement date.



Cost of Living Adjustments (COLA)

- The Board votes on COLA payments each fiscal year (July-June).
- The Board has been supportive and consistent in approving annual COLA payments. The most recent being 3% of the first \$16,000 of each retired members' annual benefit payment.
- You are eligible for COLA increases after being retired for a full fiscal year (July-June).



Working After Retirement

- Private sector: Unlimited hours and earnings
- MA Public Employment
 - ✓ 1200 hours per calendar year (January-December)
 - ✓ Earn difference between the current salary paid in the position you retired from – your annual WRRS benefit.
 - ✓ One full calendar year into retirement (January-December) you can earn an additional \$15,000.
 - ✓ The limits are reached when either earnings or hours are met, not both.
 - ✓ If you will exceed limits, you may waive pension or return to service under S. 105. Under S. 105, you may re-retire after working full-time for at least 5 years and paying back all benefit payments with interest.





Questions?

www.wrrboard.org

Hours: Monday-Friday 8:00 a.m.-4:30 p.m.

Phone: (508) 832-6314

Email: info@wrrboard.org



Best Wishes For A Long & Rewarding Retirement!