



Your MTRS Benefits

Presented by

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MTRS
MASSACHUSETTS TEACHERS'
RETIREMENT SYSTEM

The image shows the exterior of the Massachusetts State House, featuring a prominent golden dome and a classical facade with white columns and arches.

Terminology

“Membership Tier”

- Pension Reform III created a different benefit structure for new members of Massachusetts public retirement systems on or after April 2, 2012
- Because benefits now based, in part, on membership date, MTRS distinguishes between two “Membership Tiers” based on when you established membership:
 - **Before** April 2, 2012 **Tier 1**
 - **On or after** April 2, 2012 **Tier 2**

NOTE: The benefit calculation examples in this program reflect **Tier 1** benefits, **not** Tier 2 benefits.

What is the MTRS?

The plan

- Formed under M.G.L. Chapter 32
- Operates as a **defined benefit** plan under Section 401(a) of the Internal Revenue Code
- Benefits based on age, service and salary
- Retirement benefit guaranteed for life
- Governed by seven-member, unpaid Board
- Two offices, in Charlestown and Springfield; approximately 100 staff members





Resources for members

Online at mass.gov/mtrs

- Home > Forms >
Active and inactive members
 - Service purchase applications
 - Beneficiary designation form
 - Retirement and refund applications
- Retirement benefit estimator
- Info on plan benefits, pending legislation, regulations, useful links—and more!
- **Join our e-mail list** to receive periodic updates via e-mail—it's easy!

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)



A woman with blonde hair, wearing a blue denim shirt over a light-colored top, is looking down at a document or folder she is holding. The background is a blurred green, suggesting an outdoor setting.

Tier 1

Eligibility

Two “superannuation” retirement plans, each with different eligibility criteria:

1) “Regular”

- Any age, with **20 years** of creditable service, OR
- **Age 55** with **10 years** of creditable service

...and...

Tier 1

Eligibility

2) RetirementPlus (for participating members)

- Any age, with **30 years** of creditable service, at least **20 years** of which must be “membership” service with the MTRS or the Boston Retirement System as a “teacher”
- **Enhanced benefit:** Additional 12% added to allowable “percentage of salary average” upon reaching 30 years, with additional 2% for each **full** year thereafter





Creditable service

Regular service

- **Full-time service**
 - 10-month contract = 1 year
 - 12-month contract = 1 year

- **Leaves of absence**
 - Paid vs. unpaid

- **Full years and full months** of creditable service will be counted
(see notes on “years of service” in Appendix B, page 26)

Creditable service

Regular service

■ Part-time membership service

For part-time
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, **full-time** credit
- changed, **prorated** credit

On or after 7/9/2010

Prorated credit

For an example and more info, see Appendix E, page 34



Creditable service

How do I purchase service?

- **Download** service purchase forms from mass.gov/mtrs > Forms > Active & inactive members
- **Submit** completed form to MTRS for processing; we will send you an invoice
 - The cost typically includes **principal** (past earnings x applicable contribution rate) and **interest**
 - Special formulas apply to certain types of purchases (e.g., voc-exp, military)
- **Pay** by personal check, a pre-tax rollover or transfer from an eligible plan, or through our five-year installment plan (must be paid for *before* your date of retirement)

The retirement formula

Age factor

x Your **creditable service**

Base percentage of salary average

+ **RetirementPlus** percentage, if applicable

(additional 12% at 30 years, plus 2% for each full year thereafter)

Total percentage of your salary average (80% max)

x **Salary average** (highest three consecutive years)

Your Option A annual benefit

+ **Veteran's benefit**, if applicable

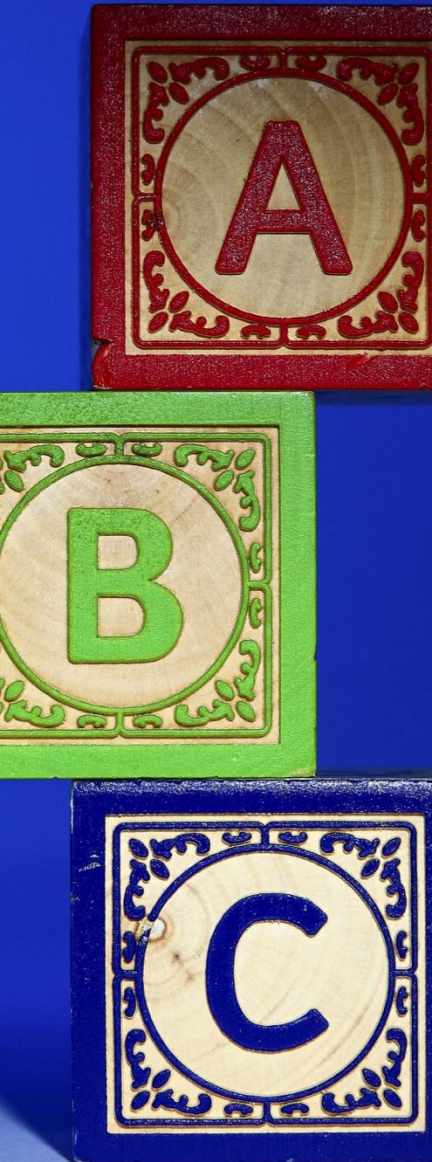
(\$15 per year of creditable service, up to \$300)

Your total Option A annual allowance



The three benefit options

Option	Retiree benefit amount	Survivor benefit, if any, upon retiree's death
A	Maximum allowance	None
B	Appr. 1-3% less than Option A amount	One-time lump-sum payment of balance, if any, remaining in retiree's account; no restrictions on beneficiary designation
C	Appr. 9–11% less than Option A amount	Monthly benefit, equal to 2/3 of retiree's benefit, to one named beneficiary (restrictions apply); pop-up provision



Plan ahead for your employer health insurance coverage

Avoid surprises—

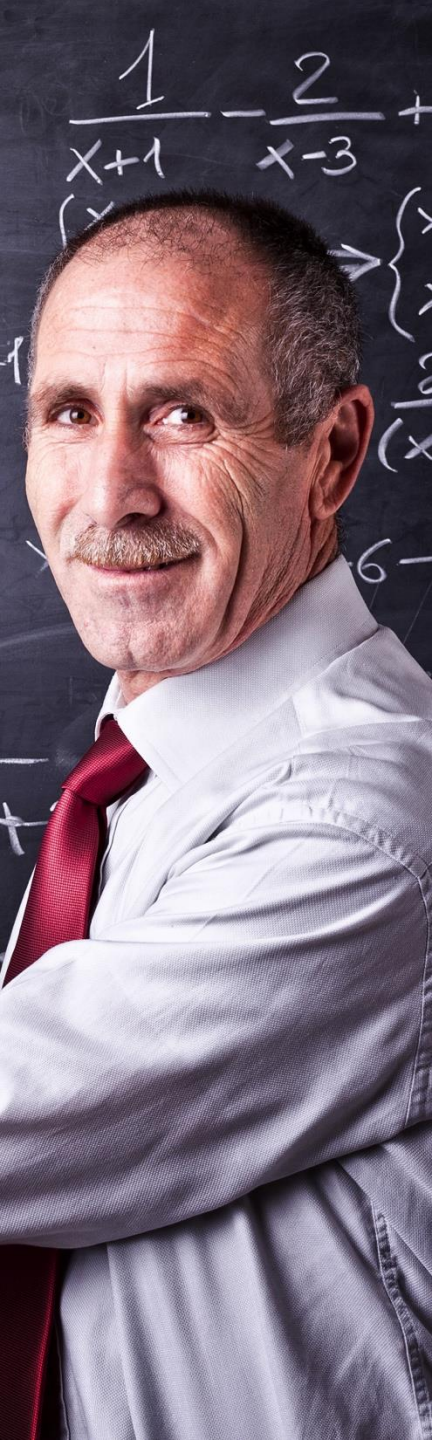
a year **BEFORE** your date of retirement...

- Contact your appropriate insurance coordinator...
 - if **in** Retired Municipal Teachers' (RMT) Program (see list): Group Insurance Commission
 - if **not** in RMT: Local insurance coordinator; also applies if district participating in "GIC Municipality Program"
- If you qualify for Medicare, ask how your school district insurance will supplement your Medicare
- Understand survivor health insurance benefits—
Do they exist? What are the costs?
- Arrange to have premiums withheld from your retirement check

Avoid penalties—**BEFORE** your 65th birthday...

contact the SSA to determine your eligibility for Medicare and when you need to apply for Part B





Working after retirement

General time and earnings limitations
on re-employment in the **MA public sector...**

- **If returning to same employer from which you retired:**
Must be separated from service for 60 days before returning (waived if retiring at age 62 or above or at 80% maximum benefit)
- **Time:** Service cannot exceed **960 hours** in a calendar year
- **Earnings:** Post-retirement earnings **cannot exceed** the difference between the salary being paid for the position from which you retired, and the amount of your annual pension; after retired for one full January–December calendar year, limit increased by \$15,000

Taxation of your benefit

- Your retirement allowance is **not** subject to Massachusetts state income tax
- Your retirement allowance is federally taxable
- Many of you will have slightly reduced “taxable” earnings each year because of “post-tax” dollars in your annuity savings account at the time of your retirement
- If you intend to move out of state, check with the Department of Revenue in that state to determine if your retirement allowance is subject to state income tax
- By January 31st of each year, we will mail you a 1099-R tax form (the retiree version of your W-2 form)



Important issues

Social Security: Two “double-dipping” laws

If you are eligible for Social Security benefits based on your...

- **Own employment earnings:**
Windfall Elimination Provision (WEP)
 - Exempt from WEP if you were eligible to retire from the MTRS prior to 1/1/86
- **Spouse’s employment earnings:**
Government Pension Offset (GPO)
 - Exempt from GPO if you were eligible to retire prior to 12/1/82

See Appendix G of program guide (page 36)

Important issues

Cost-of-Living Adjustments

- **Eligibility:** MA public retirees are eligible for COLAs after one full fiscal year of retirement
- **Granted by Legislature:** As part of the annual budget process, a COLA is subject to approval by vote of the MA Legislature
- **Amount:** Currently, 3% or the CPI, whichever is less, on the first \$13,000 of your retirement allowance, for a maximum increase of \$390 per year



Thank you for attending today—
and for your interest in learning about

Your MTRS Benefits!

For more information...

- www.mass.gov/mtrs
- Charlestown: 617-679-6877
- Springfield: 413-784-1711

Q&A?