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Disclosure: This guide has been designed for informational purposes only. You must contact the appropriate state agencies for specific detailed information regarding your benefits and retirement. These state agencies are the governing authority regarding the policies and procedures for employees of the Commonwealth of Massachusetts.

Introduction

If you're reading this guide, you've either already decided to retire, or you're contemplating it. As Human Resource professionals, we understand that there are many questions and concerns that coincide with such a bitter-sweet, and important decision. This guide is designed to help answer those questions, and alleviate those concerns.

Preparing to Retire... Taking the First Steps

The first step is to determine which day you'd like to officially retire. The factors behind this decision vary from person to person. For some, it's based solely upon their age and/or their years of service. For others, it's based upon their role at the institution and how that ties in with the academic calendar. Some make the decision based strictly upon personal needs. Most often, it's a combination of many factors.

You should contact the State Board of Retirement to speak with a retirement counselor. By informing them of your projected retirement date, they will be able to give you an estimate of your retirement in dollars. Upon receipt of this estimate, you can determine if the date you've selected is feasible, in terms of retiree income, and officially make a decision. This step does not apply to those enrolled in ORP. Potential retirees who are a participant in the ORP should contact their provider to discuss their retiree income.

The Notification Process

Once you've decided which day you'd like to retire, you'll need to begin notifying the appropriate entities.

1. Notify your immediate supervisor and area Vice President of your intent to retire, along with the effective date of your retirement, in writing. Send a copy of your written notification to Human Resources.
2. Schedule a time to meet with the Benefits Administrator in Human Resources to discuss your retirement eligibility and benefit options.
3. Schedule a time to meet with the Social Security Administration to discuss your eligibility for Social Security and Medicare.
4. Complete the retirement application, no sooner than 3 months prior to your retirement date, and submit it to the State Board of Retirement. Please note that the application requires the submission of certain documents. These documents are listed on the

application. We encourage all employees to maintain a relationship with their retirement counselor throughout the process. They will help you by providing the aforementioned estimate, which will help you determine which retirement option to choose. (see *Retirement Options*) An option must be selected on this application and it cannot be changed after your retirement date.

OR

If you are a participant in the Optional Retirement Program (ORP), you should contact the Department of Higher Education, as well as your individual provider for assistance with your retirement account.

5. If you are participating in any supplemental retirement programs, contact the individual provider and speak with them about your planned retirement. These plans include, but are not limited to, 403(b), 457(b), IRA, Savings Bonds, etc.

Optional Retirement Program Participants

If you are a participant in the Optional Retirement Program, there are many different options available to you when drawing retiree benefits from the plan. Retirees should obtain a retiree checklist from Human Resources and then contact their provider to select that option that best fits their personal situation. Please refer to the last page of this guide for contact information.

State Board of Retirement Options

A retiree must select **one** of the following three options. Options must be indicated on the retirement application, and your choice cannot be changed after the date of retirement. If you do not select an option by your retirement date, law mandates that Option B be chosen for you.

Your retirement allowance must be paid to you in lifetime monthly payments. The amount of the payments will depend upon your selection. The option you choose will also determine what benefits, if any, will be paid to survivors after your death.

There are no restrictions on an election of an option. All members are free to select one of three options: Option A, Option B, or Option C. Direct deposit is mandatory for all members who retire after January 1, 2010. Enrolling in direct deposit is part of the retirement application.

If a member is married, the member's spouse is required to sign the Option form consenting to this choice and verifying that the spouse understands the option.

Option A will provide you with your full retirement allowance in monthly payments as long as you live. However, all allowance payments stop when you die and no benefits are provided to survivors.

Option B provides lifetime allowance to you that is 1% to 5% less per month than Option A. The annuity portion of your allowance is reduced to allow a benefit for your beneficiary. Upon your death, your surviving beneficiary of record, or if there is no beneficiary living, the person or persons appearing in the judgment of the State Board of Retirement to be entitled, will be paid the remaining balance of your accumulated total deductions from your annuity reserve account. During your retirement, the balance in your annuity savings account decreases by an amount equal to the annuity portion of your pension. In most cases, your annuity savings account will be depleted after 15 years. Upon your death, the balance remaining in your account will be paid in a lump sum to your beneficiary or your estate. If your annuity savings account is depleted while you are receiving your allowance, you will continue to receive your full Option B pension for life; but your beneficiary will not receive any payment upon your death.

More than one person may be designated as your Option B beneficiary and your beneficiaries need not be related to you. You may change your Option B beneficiary at any time.

Option C, also known as the joint and last survivor allowance, provides you with a lifetime allowance approximately 7% to 15% less than that which you would receive under Option A. Upon your death, your designated beneficiary will be paid a monthly allowance for the remainder of his or her life. The survivor benefit will be equal to two-thirds of the allowance that was being paid to you at the time of your death.

Your monthly allowance received under Option C depends upon life expectancy factors for you and your designated beneficiary. Eligible beneficiaries under Option C include: spouse, parent, unmarried former spouse, sibling, or child.

Special circumstances concerning Option C: If you choose Option C and your beneficiary predeceases you, you cannot name a different "Option C beneficiary." However, your monthly pension 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. The new, higher amount is then paid to you as of the date of the death of your beneficiary and until you die.

Service Purchases or “Buyback”

In some instances, you may be eligible to add to your creditable service by a buyback of prior public service. Service purchases must be completed prior to the date of retirement. For more information, contact the State Board of Retirement at 617-367-7770 x6.

Veteran Status

If you qualify as a veteran as defined in M.G.L. c. 32, Section 1, you may be eligible to purchase credit for military service. Contact the State Board of Retirement for more information.

Taxes

The superannuation retirement allowance that you receive from the State is not subject to Massachusetts State Income Taxes. However, the federal government will tax a large portion of your retirement allowance immediately upon retirement.

When you retire, you will be required to complete a W-4P Form to begin a monthly federal tax withholding. (Included in the application) Your tax liability will be determined by using the Internal Revenue Guidelines. Since January 12, 1988, all contributions to the retirement system have been made on a pre-tax basis.

Consequently, only your contributions made prior to January 12, 1988 will be tax-free. Pre-tax contributions and all of the interest, which your account has earned, will be taxable.

The balance in your annuity savings account (the total of your contributions and interest), may be treated differently, according to the needed nontaxable and taxable portions”

Nontaxable portion: The nontaxable portion of your balance is equal to your contributions, if any, made prior to January 12, 1988, plus any payments you made to purchase previous creditable service. This is also known as your “after-tax” portion because these contributions were deducted from your paycheck after taxes had already been taken out of

the entire amount of your paycheck. Because you have already paid taxes on this portion (as well as any payments you made to purchase creditable service), you will not have to pay taxes on this amount again.

Taxable portion: The taxable portion of your balance is equal to your contributions made on or after January 12, 1988, plus any interest you receive on the account.

Each year the State Board of Retirement will send a 1099R form containing the following information:

- Gross Amount Received
- Taxable Amount
- Federal Tax Withheld (if any)
- Health Insurance Deduction

Health Insurance Benefits

Retirees are eligible to maintain health insurance coverage at a group rate upon retirement. Employees need to meet with the Social Security Administration to determine their Medicare eligibility **before** retiring. All retired, Medicare-eligible persons must enroll in Medicare Part A and Part B as primary insurance coverage. (Please note that all employees, whether active or retired, who turn 65 years of age, should meet with the Social Security Administration to sign up for Medicare Part A, if eligible.)

The GIC offers insurance plans for both, Medicare and Non-Medicare, retirees. The option you select will depend greatly on your Medicare eligibility. It may be the case that you (or your spouse) are not of age to be eligible for Medicare, but the other is. There are coverage options for this situation as well. You should work with the University's Benefits Administrator to get a clear understanding of what health insurance options are available to you, and how to go about enrolling in retiree coverage. A copy of the Retiree/Survivor Benefit Decision Guide is available in the Human Resources Office, and online at www.mass.gov/gic.

When you decide to retire, you will complete GIC's Form-1A with the University's Benefits Administrator. This form notifies GIC of your upcoming retirement. Non-Medicare Eligible retirees can use this form to make changes to their coverage for retirement. Medicare-Eligible employees will receive a packet in the mail, after they've retired, to elect their retirement coverage.

For 3 – 4 months into retirement, you will be direct-billed by GIC for your insurance premiums, until they can arrange for the premiums to be deducted from your pension or annuity. Be sure to pay all bills sent by GIC to avoid a loss of coverage.

Life Insurance Benefits

All retirees who have health coverage through the GIC will have a \$5,000 Basic Life Insurance policy.

You are eligible to maintain your Optional Life Insurance coverage through GIC as a retiree. However, it's important to note that the cost of life insurance as a retiree is significantly higher than that of an active employee. We encourage you to review the amount of your life insurance coverage to determine whether it makes economic sense for you to maintain it. You cannot increase your amount of life insurance after you retire. However, if you decrease coverage and then later want to increase up to the amount you carried at the time of retirement, you may do so with proof of good health acceptable to the Hartford.

Long Term Disability

Long Term Disability coverage is not available to retirees and will terminate at the end of your last date of employment.

Flexible Spending Accounts

Your enrollment in the *Health Care Spending Account* and the *Dependent Care Assistance Program* will end at retirement. You can only be reimbursed for expenses incurred on or before your last day of work. Any unused funds will not be refunded to you. To that extent, any funds spent in excess of your contributions do not have to be repaid. Inquire about COBRA eligibility in the Human Resources Office.

Dental Benefits

Retirees have two options for obtaining dental coverage during retirement. The first option is to elect the GIC Retiree Dental Plan. This plan is through MetLife. There are individual and family coverage options. Please see the Retiree/Survivor Benefit Decision Guide for current rates.

The second option is to obtain COBRA coverage through your current plan. **AFSCME** employees are eligible to receive up to 18 months of COBRA coverage for dental and vision through the Massachusetts Public Employees Fund. **APA/MSCA/Non-Unit** employees are eligible for up to 18

months of COBRA coverage for dental through Health Plans Inc. (MetLife) or 36 months of COBRA coverage if age 65 and over. Please speak with the University's Benefits Administrator for current COBRA rates.

Those eligible for the GIC Retiree Dental Plan may join during annual enrollment, when COBRA dental coverage ends, when they become a survivor of a GIC member, and at retirement. **However, if you ever drop this coverage, you can never re-enroll in the plan.**

Social Security Benefits

Prior to retiring, you must contact the Social Security Administration to determine whether or not you are eligible for social security benefits, including Medicare. Collecting a state or government pension may offset the amount of your social security payments. There are many other factors that play a role in determining your social security benefit when you receive a state pension. Please utilize the contact information on the last page of this guide to speak with someone at the Social Security Administration. Please see the University's Benefits Administrator for handouts about the Windfall Elimination Provision and the Government Pension Offset.

Accrued Time

Upon retirement, you are eligible for the payout of 20% of your accrued sick time balance. If applicable, vacation and compensatory time balances will also be paid out upon retirement. The entire amount owed will be paid within 1 month of your retirement date. Any unused personal time will be forfeited and is not subject to payout.

Deferral of Accrued Sick and Vacation Pay

Retiring employees may defer their accrued time payout into their 403(b) and/or 457(b) accounts. The amount must be paid within 2 ½ months of your retirement date. You must enter into an agreement with an eligible provider before the beginning of the month in which the amounts will be paid. For more information, to set up an account with a 403(b) or 457(b) provider, or to learn about the current IRS maximum contribution rates, please see the University's Benefits Administrator.

Cost of Living Adjustments (COLA)

Retirees are eligible for a COLA adjustment on July 1st of the second fiscal year following the year in which your retirement benefits first took effect.

Limitation on Employment in a Governmental Job

There are limitations that apply to retirees in positions in local as well as state government. Limitations include:

- Employment may not exceed 960 hours per calendar year; and/or
- Total earnings per calendar year cannot exceed the difference between the retirement allowance and the current salary of the position from which you retired.

As a retiree, you must cease employment whenever either one of the above two conditions are met. If you wish to continue working, then you must waive your retirement allowance.

Retirement Allowance Pay Schedules

Your first payment from the State Board of Retirement will usually be received on the last business day of the third month following your retirement date, with monthly payments paid thereafter on that date.

Change of Address

All address changes should be made to the State Board of Retirement **in writing**. The address and contact information is located on the last page of this guide.

Instructions to Beneficiaries and Survivors

Once you begin receiving retirement benefits, you should advise your beneficiaries and survivors as to the procedures to follow upon your death. These instructions should include contacting the State Board of Retirement to notify them of your passing. They will need to furnish the State Board of Retirement with your death certificate.

Tuition Remission Policies

AFSCME: If an eligible employee retires while a child or spouse is enrolled in a program of study or degree program, the spouse or child may complete such program with tuition remission, provided that enrollment is continuous. Please see the Collective Bargaining Agreement for any updates/changes to this policy.

APA: The spouse and/or child or children, including any adopted or step-child or children, of any former retired member of the bargaining unit that is represented by the Association of Professional Administrators, Massachusetts Teachers Association/NEA, who shall have been admitted as a student

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in the regular day program, or in any program of Continuing Education, at any Massachusetts State College, shall be entitled to enroll as a student in such program without the payment of any tuition. Please see the Collective Bargaining Agreement for any updates/changes to this policy.

MSCA: The spouse and/or child or children, including any such adopted or stepchild or children, of any retired member of the bargaining unit represented by the Massachusetts Teachers Association/NEA, who shall have been admitted as a student in the regular day program, or in any program of Continuing Education, at any Massachusetts State College, shall be entitled to enroll as a student in such program without the payment of tuition. Please see the Collective Bargaining Agreement for any updates/changes to this policy.

NON-UNIT: If an eligible Non-Unit employee leaves the employment of public higher education while a spouse, child, or dependent is enrolled in a program of study, they may complete the semester already begun, and at the end of the semester, his/her eligibility for tuition remission terminates. Please see the applicable policies under the Department of Higher Education for any updates or changes.

Payroll Deductions

Direct Deposit: Employees should not close out any accounts that have been established for direct deposit until final compensation benefits are paid to the employee.

All bi-weekly deductions that have been established for an individual employee will cease the following pay period after their retirement date. Any questions about your deductions should be addressed with the Office of Human Resources and Payroll Services. Please see the last page for contact information.

University Property

Any uniforms, keys, technology equipment, and other university property in the possession of the employee who is retiring from state service must be returned to the appropriate supervisor at the time of retirement. If the supervisor is unavailable, please return these items to the Office of Human Resources and Payroll Services at that time.

Contact Information

State Board of Retirement

One Ashburton Place, 12th Floor
Boston, MA 02108
www.mass.gov/retirement
617-367-7770

Group Insurance Commission

PO Box 8747
Boston, MA 02114-8747
www.mass.gov/gic
617-727-2310

Department of Higher Education

Optional Retirement Program
One Ashburton Place, 14th Floor
Boston, MA 02108
www.mass.edu/orp

Social Security Administration

www.ssa.gov
800-772-1213

Health Plans, Inc.

877-906-5939
bhe.healthplansinc.com

Massachusetts Public Employees Fund (Dental/Vision)

45 Bromfield Street
Boston, MA 02180
www.mpefund.org

Fidelity Investments

508-357-5063
diane.bolden@fmr.com

Lincoln Financial Group

866-381-8001
www.LFG.com
866-400-9042
gina.palumbo@lfg.com

TIAA-CREF

800-842-2004 ext. 5930
csullivan@tiaa-cref.org

VALIC

800-892-5558 ext: 89250
josh.gould@valic.com

SMART Plan

877-457-1900
www.mass-smart.com
janet.richardson@gwrs.com

VOYA Financial

781-796-9813
chriskuhn@voyafa.com

MetLife Resources

603-305-5551
jhanna@baystatefinancial.com

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