



A LETTER FROM STATE TREASURER TIMOTHY P. CAHILL



Serve. Contribute. Retire.

Planning for retirement begins when you start your service as a public employee. It's important to design a plan in order to ensure a smooth retirement. In Massachusetts, we are fortunate to have a strong retirement system that is on its way to being fully funded.

This guide is designed to help you understand your eligibility for retirement benefits available from the Commonwealth. Please review this material carefully, particularly the section on the benefit options.

Please use my office as a resource for you and your family on the many issues surrounding your retirement. Experienced retirement counselors are available for confidential, one-on-one counseling sessions.

For specific questions or for walk-in service please contact the State Board of Retirement. Our Boston office, One Ashburton Place, Room 1219, is open Monday through Friday from 7:45a.m. to 5:00p.m. and can be reached at 617-367-7770 or 1-800-392-6014 (Massachusetts only). Our Springfield office, 436 Dwight Street, Room 109, is open Monday through Friday from 8:45a.m. to 5:00p.m. and can be reached at 413-730-6135. Information is also available online at [www.mass.gov/treasury](http://www.mass.gov/treasury).

Thank you for your dedication to our Commonwealth.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy P. Cahill".

Timothy P. Cahill  
Treasurer and Receiver General

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## Introduction

The State Board of Retirement administers the Massachusetts State Employees' Retirement System for state employees and certain other employees of public entities. It is a contributory, defined benefit retirement system governed by Massachusetts General Laws, Chapter 32. The system provides retirement, disability, survivor, and death benefits to members and their beneficiaries.

The State Board of Retirement processes and approves retirement applications, ordinary and accidental disability retirement, refunds, and survivor benefits. Additionally, the Board is a resource for state employees seeking information on retirement. The Board is composed of five members and is chaired by State Treasurer Timothy P. Cahill. The Treasurer appoints the second member. The third and fourth members are elected by the members. The fifth member cannot be an employee, a retiree, or an official of the Commonwealth.

As pension benefits grow more complex, retirement planning becomes more crucial. Proper and early planning is the key to ensuring your financial future. By learning about the State's pension plan and educating yourself about investments and savings, you will be on your way to securing a retirement that meets the needs of you and your family. You should become familiar with your eligibility for benefits and understand how it affects you and your family as you plan for the years ahead.

This booklet is intended to provide you with a general outline of retirement benefits offered by the State. It explains eligibility, service, and contribution requirements. Often there are special circumstances concerning retirement and it would be impossible to outline all of the possibilities in this brochure.

You are encouraged to contact the State Board of Retirement at 617-367-7770 (Boston), (413) 730-6135 (Springfield) or visit for one-on-one counseling.

**Early planning is the key to a successful retirement!**

## Membership

Membership in the system is mandatory for nearly all State employees who are regularly employed on a part-time or full-time permanent basis. If you are regularly employed in the performance of duties for the state you are considered a member-in-service. You remain a member-in-service until you separate from the State by reason of retirement, failure of re-election or re-appointment, resignation or removal or discharge from your position or office that you hold.

## Contributions by Members-in-Service

All members-in-service make mandatory pre-tax contributions through payroll deductions. Members contribute a percent of their regular compensation based upon when they joined the system. State law mandates the contribution rate. Below is a list of the rates and dates of membership.

<b>If you Joined The System:</b>	<b>Your Contribution Rate:</b>
Prior to January 1, 1975	5%
January 1, 1975 to December 31, 1983	7%
January 1, 1984 to June 30, 1996	8%
July 1, 1996	9%

Exceptions Include:

- employees appointed to the State Police on or after July 1, 1996 contribute 12%.
- if your membership began on or after January 1, 1979, and your annual rate of regular compensation is \$30,000.00 or more, an additional 2% will be withheld from that portion of your salary that is in excess of \$30,000.00. This 2% withholding is in addition to the 7%, 8%, 9%, or 12% already being deducted from your regular compensation.

### An Example:

You became a member-in-service in 1991 and your regular rate of compensation was \$40,000.00. Deductions in the amount of 8% of \$40,000.00 will be taken (totaling \$3,200.00) and deductions in the amount of 2% of \$10,000.00 (\$40,000.00 minus \$30,000.00) will be taken (totaling \$200.00). Your annual total contribution of \$3,400.00 will be deducted from your paycheck.

*(Note: For service rendered after age 70, retirement deductions become optional. If you elect to discontinue retirement deductions, any regular compensation you earn during this period cannot be used to calculate your retirement allowance and no additional creditable service will accrue. However, if you elect to continue making retirement deductions, any regular compensation you earn during this period may be used to calculate your retirement allowance and additional creditable service will accrue. Once made this choice is irrevocable. As you approach your 70th birthday you will be contacted about retirement benefits and options.)*

### Creditable Service

As a member-in-service you earn creditable service toward a retirement allowance for the time during which you contributed 5%, 7%, 8%, 9%, or 12% of your salary to the retirement systems.

If you are a full-time employee, you will earn one year of creditable service for each year completed. For those employed on a less than full-time basis, you will earn an amount of service equal to a percentage of the full-time service rate. For example, if you are employed on a half-time basis you will receive 50% or 6-month service for each year completed.

Please note, as of August, 1973, M.G.L. c.32, §1 excludes from the definition of “employee” any person whose compensation for service rendered to the Commonwealth is derived from the subsidiary account 03 of the appropriation of any department. If you provided contract service to the Commonwealth after August, 1973 and currently remain an active employee and a member in-service of the MSERS please refer to “Contract Service Purchase” below.

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## Service Purchases

In some instances, you may be eligible to add to your creditable service by a buyback of prior public service. Potential public service that may qualify for a buyback includes service to the Commonwealth that was previously refunded, public service to the Commonwealth for which retirement contributions were not withheld, or other employment service provided to another public entity.

Additionally, if you took a refund of your retirement contributions, you may buy back service prior to your actual retirement date to have the time credited toward a state retirement.

If you leave state service and withdraw your retirement contributions, you may subsequently buy back the service when you again become a member of the MSERS or become a member of another Massachusetts public employee retirement system. However, your contribution rate may be subject to change.

### Contract Service Purchase (M.G.L. c.32, §4(1)(s))

A member of the State Employees' Retirement System may purchase creditable service for service provided to the Commonwealth as a "contract employee".

A member must meet the requirements including but not limited to:

- Must currently be a member in service of MSERS with at least ten (10) years of state service. (This does not include other service time with cities, towns or counties of the Commonwealth).
- The contract employee service being purchased must have immediately preceded membership or re-entry into MSERS.
- The contract service being purchased must have been service to the Commonwealth, not service to a city, town, county or other governmental entity.
- The job description of the contract service position must have been substantially similar to the job description the member held upon becoming an employee and a member of the MSERS.
- The maximum amount of contract service eligible to be purchased is four (4) years. (Eligible part-time contract service shall be credited on a proportional basis.)

- The cost to purchase contract service is the amount equal to that which would have been withheld as regular retirement deductions for the contract service as if the service had been rendered as a state employee, had the individual been a member of the MSERS, plus buyback interest.
- Once found eligible a member will have 180 days to either purchase the service via a lump sum payment or enter into an installment payment arrangement.

## Veterans

You may also be eligible to purchase military service if you qualify as a veteran as defined in M.G.L. c. 32, Section 1. If you were honorably discharged from active duty **and have either 180 days of regular active duty service and a last discharge or release under honorable conditions, or 90 days of active duty service, one (1) day of which is during “wartime” per the chart below, and a last discharge or release under honorable conditions**, you may be eligible to purchase service. Maximum veteran service of 4 years can be bought.

Conflict	Dates
World War II	Sept. 16, 1940 - July 25, 1947 (with WWII Victory Medal)
Korea	June 25, 1950 - Jan. 31, 1955
Korean Defense Service Medal	July 6, 1954 - (date to be determined)
Korea-Vietnam (Interim)	Feb. 1, 1955 - Aug. 4, 1964
Vietnam	Aug. 5, 1964 - May 7, 1975
Lebanon	Aug 25, 1982 - (date to be determined)
Grenada	Oct. 25, 1983 - Dec. 15, 1983
Panama	Dec. 20, 1989 - Jan. 31, 1990
Persian Gulf	Aug. 2, 1990 - (date to be determined)

In addition, Veteran’s status includes those who, instead of performing “wartime service”, have been awarded one of the following campaign badges: *Second Nicaraguan Campaign, Navy Occupation Service, Medal of Humane Action,*



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*Yangtze Service or Army of Occupation.* If you served in wartime and were awarded a Purple Heart or service-connected disability, regardless of whether you completed the minimum length of active duty service required in the chart under the paragraph above, you qualify for veteran's status.

Veterans who also have Active Reserve or Massachusetts National Guard Service may receive creditable service for such Guard/Reserve service on a ration of five years of such service to equal one-year of creditable service.

**Exception** – You should be aware that six months of active duty of training in the Active Reserves and the National Guard does not qualify as active service toward the minimum period listed. Additionally, if your only active duty was active duty training, you are not eligible to purchase credit for your military service. The State Board of Retirement will provide the final determination for you.

## Vesting & Eligibility

Being vested means that you are eligible to receive a retirement allowance. You are vested in the State system if you became a member after January 1, 1978, and have at least ten years of service. To be eligible to retire, you need to meet one of the following conditions:

- 20 years of creditable service, or
- attain the age of 55 with ten years of creditable service.

If you leave state service after you are vested, you may leave your retirement contributions in the system and receive a state pension at age 55.

## State Police - Group 3

Any member of the State Police who has at least twenty years of creditable service as a police officer may elect to retire at any age prior to age 55. State Police officers should contact the State Board of Retirement for more information with regard to their retirement benefits.

## Separation from Service

### Refund / Rollover of Retirement Contributions

If you leave state service before you are vested, there are options available to you. You may receive a refund of your accumulated retirement contributions, with 20% deducted for federal taxes. If you take a refund, you lose all rights associated with membership. Please note, there may be a substantial federal tax penalty if you take a direct refund of your contributions. You may wish to consult with the IRS or tax advisor for specific information.

Alternatively, you can have your accumulated retirement contributions “rolled over” or transferred directly into a tax-qualified IRA or other qualified retirement vehicle. Under certain circumstances, there may be a penalty for early withdrawal.

By law, if you voluntarily leave employment that began after January 1, 1984 and have less than 5 years of service, no interest will be refunded to you. If you have served between five and ten years, you will receive half the interest credited to your account. If you have over ten years of service, all of the interest will be refunded to you. Also, if you are removed or discharged, you will receive interest regardless of the years of service.

If you leave state service after you are vested, you may leave your retirement contributions in the system and receive a state pension at age 55.

State law does not permit you to borrow money from your retirement account with the State Retirement System.

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## Deferral of Accrued Sick & Vacation Pay

Retiring employees may now defer accumulated sick pay, vacation pay and back pay into their SMART Plan account.

Employees separating from service may defer accumulated vacation and/or back pay.

Applicable amounts may be deferred for any calendar month only if:

- The amount would have been available for use or would have been paid to the employee if employment had not terminated,
- The amount is paid within 2½ months following separation from service, and
- An agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available.

For more information please contact the SMART Plan at the Customer Service Center 1-877-457-1900 or [www.mass-smart.com](http://www.mass-smart.com)

## Retirement Allowance

Your retirement allowance is made up of two parts: an annuity and a pension. The annuity portion is the contributions that are deducted during the course of your employment and deposited for you in an annuity savings fund. The interest that accrues on these contributions is credited to your individual account. The Public Employee Retirement Administration Commission (PERAC) pursuant to state law establishes the interest rate, which is applied to your account. The rate by law is the average interest paid on individual savings accounts, which is obtained from a representative sample of financial institutions in Massachusetts.

The pension is the difference between the retirement allowance specified by law and the amount of your contributions and the retirement systems investment earnings. The group classification you are a member of affects your retirement allowance.

The amount of your retirement allowance depends upon the following:

- your age, as of your last birthday
- your length of creditable service,
- your highest 36 consecutive months of regular compensation, and
- your group classification.

## Group Classifications

Your position, occupation, and the duties you perform determine your group classification. The group classification applicable to your specific position at the time of retirement may be reviewed by the State Retirement Board for determination pursuant to its Group Classification Policy. State positions fall within the following groups:

**Group One** – Members are officials and general employees including clerical, administrative and technical workers, laborers, mechanics, and all others not otherwise classified.

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**Group Two** – Members in this group provide direct care, custody, and/or supervision to parolees and/or mentally challenged individuals.

**Group Three** – Members are exclusively State Police officers.

**Group Four** – Members include public safety officers, officials, and certain correction officers.

Generally, in order for the current position held by a member of the State Retirement System to be classified by the Board, the member: (1) must be actively employed by the Commonwealth, or by an agency or governmental entity subject to the State Retirement System; (2) must actively hold the position for which they seek classification; and, (3) must be actively performing the duties of the position for which he/she seeks classification for not less than twelve consecutive months at the time of classification.

Please consult the Board's Group Classification policy for additional details and information.

## Superannuation - Regular Retirement

Superannuation is the term that is used to describe the process of being retired upon reaching a certain age and/or earning a certain amount of creditable service. The superannuation retirement allowance of any member may not exceed 80% of his or her three-year average annual rate of regular compensation. You will be eligible to receive a superannuation retirement allowance once you have earned 20 years of full-time creditable service (at any age), or once you are age 55 and have at least 10 years of full-time creditable service.

*(Note: For procedures and eligibility requirements applicable to Ordinary and Accidental Disability retirements, members should contact the State Board of Retirement.)*

## Retirement Allowance Options

You have three options from which to choose how your retirement benefits will be paid. Review these options carefully and determine which is best for you and your family. You cannot change your option after your retirement date. If upon retirement, you do not select an option, the law provides that you will be retired with Option B.

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 3 options: Option A, Option B, or Option C. With your first check you will receive information about direct deposit.

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

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

Option B provides a 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 Retirement Board to be entitled, will be paid the remaining balance of your accumulated total deductions from your annuity reserve account.

*Approximate Reduction	1%	3%	5%
Age of Member	50	60	70

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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**

Option C, also known as the joint and last survivor allowance, provides you with a lifetime allowance approximately 7-15% 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 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. The new, higher amount is then paid to you as of the date of the death of your beneficiary and until you die.

**Option C Estimate of Benefit**

Age of Member	55	65	65	70	70
Beneficiary	55	55	65	65	70
Approximate % of Option A Benefit	94%	84%	89%	83%	86%

**Calculating Your Retirement Benefit**

Your benefit rate is determined by your age as of your last birthday and your group classification. The benefit rate is a specific percentage of the amount of your average annual rate of pay. The maximum pension is 80% of the high three-year average annual rate of compensation. Your age factor multiplied by the number of years of service determines this percentage.

*Please Note: The Option C factor used for calculation is based on nearest birthday of the retiree and the beneficiary. For example: for a retiring member who is 58 years and 8 months old, and beneficiary who is 57 years and 2 months old, the factor used would be age 59 for the retiring member and age 57 for the beneficiary.*

**Example One**

A **Group One** member retiring with the following conditions:

Age / Age Factor . . . . .	55 / (.015)
Years of creditable service . . . . .	15 1/2
Status . . . . .	Non-Veteran
High 36 consecutive months of annual rate of regular compensation	\$24,333
<b>Total Annual Option A Allowance</b>	<b>\$5,657.42</b>
<b>Monthly Benefit</b>	<b>\$471.45</b>



## Example Two

A **Group Two** member retiring with the following conditions:

Age / Age Factor . . . . .	55 / (.020)
Years of creditable service . . . . .	15
Status . . . . .	Veteran
High 36 consecutive months of annual rate of Regular compensation	\$25,000
<b>Annual Allowance</b>	<b>\$7,500.00</b>
<b>Veteran's Premium</b>	<b>\$225.00</b>
<b>Total Annual Option A Allowance</b>	<b>\$7,725.00</b>
<b>Monthly Benefit</b>	<b>\$643.75</b>

(As a veteran, this individual is entitled to receive a premium equal to \$15.00 per year for each of his/her 15 years of state service. (The maximum credit for a veteran is \$300 (\$15.00 x 20 yrs.) per year.))

### Benefit Rate Percentage Chart (Group One)

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

For **Group Two** add 5 years to your age beginning at age 55.

For **Group Four** add 10 years to your age. Beginning at age 45.

Please review eligibility requirement.

## Estimate Your Retirement Benefit\*

To calculate your benefits just complete the following steps using the following worksheet.

1. Age \_\_\_\_\_  
Use your age on your last birthday.  
For group 2 add 5 years to your last birthday  
and consult the **Benefit Rate Percentage Chart**.  
Remember you must be at least age 55 to be  
classified in Group 2.
  
2. Years of Creditable Service \_\_\_\_\_  
(Enter the number) of years you  
contributed a percentage of your salary  
to the retirement system.
  
3. Multiply Line 1 and Line 2 \_\_\_\_\_
  
4. Salary Average \_\_\_\_\_  
To figure out your average annual  
rate of regular compensation, add together  
your highest 36 consecutive months  
(at any time during your public career)  
and divide by three.

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## To Calculate Your Pension\*

1. Enter your age factor from Benefit Rate Percentage Chart. \_\_\_\_\_
2. Enter your years of service \_\_\_\_\_
3. Multiply line 1 and line 2 and enter percent (%) \_\_\_\_\_
4. Enter your highest 3-year salary average \_\_\_\_\_
5. Enter the percentage from line 3 \_\_\_\_\_
6. Multiply line 4 by line 5 and enter amount \_\_\_\_\_

### **Option A pension**

To calculate an approximate **Option B pension**, reduce your Option A pension by 1-5%.

To calculate an approximate **Option C pension**, reduce your Option A pension by 7-15%.

\* These worksheets are designed solely for estimates.

Actual pension amounts can only be calculated at time of retirement.

## 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. 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 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 your account.

After January 12, 1988 all contributions were deducted from your paycheck before taxes were taken out. Since you have not yet paid taxes on this portion, it is taxable when you receive it in the form of a lump-sum payment or, if you rollover this portion to an IRA or another qualified employer retirement plan, when you eventually receive these funds.

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

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

## Section 10-Termination Allowance

If your position is either eliminated, abolished or if you are laid off or terminated you may qualify for a so-called Section 10 allowance provided you have at least 20 years of creditable service and meet other requirements. Please contact the State Board of Retirement for more information and for other requirements which may need to be met.

## Social Security

Anyone retiring from state service and receiving governmental pensions who also is eligible for Social Security benefits may have his Social Security benefits offset in a variety of circumstances. Social Security will contact the Retirement Board and request the date the individual was first eligible to retire. A person eligible to retire prior to January 1, 1986, will not have their Social Security benefit reduced. Retirees attempting to collect Social Security on a spouse's earnings can do so if they were eligible to retire prior to December 1, 1982. In addition, there are other factors involved regarding your Social Security benefit when you receive a state pension. Benefits vary according to these factors. It is recommended that you contact your local Social Security office for detail information.

## Health Insurance

Retirees are eligible upon retirement to retain their health insurance coverage per calendar year at a group rate. For more information, please contact the Group Insurance Commission.

### Cost of Living Adjustments (COLA)

You will be eligible for a COLA on July 1st of the second fiscal year following the year in which your retirement benefit 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. (See M.G.L. c.32, §91)

### Reinstatement To Service

In certain circumstances individuals retired under superannuation may be reinstated to active service. G.L. c.32, §105. Members must fulfill certain conditions including the repayment of retirement benefits received and must work for five years. For additional information, please contact the Retirement Board.

### Your Beneficiaries and Survivors

Once you begin to receive retirement benefits, you should advise your beneficiaries and survivors as to the procedures to follow upon your death. They should be instructed to notify the State Board of Retirement of your death and furnish the Board with a death certificate, the instructions that you made when you chose a retirement option will be carried out.

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## **Option D**

In order for a member to provide for a payment of a lifetime allowance to a surviving family member if the retirement system member dies before retiring, the member would have to choose an Option D beneficiary upon becoming a member of the retirement system or at any time before retirement. The designated beneficiary is entitled to receive the Option C allowance the member would have been entitled to receive if the member had reached age 55 and retired on the date he/she died.

Option D provides a designated beneficiary with an allowance for life. If the member does not designate an Option D beneficiary, and if his/her spouse (provided he/she has an eligible spouse) does not elect to receive a lifetime allowance, the member's accumulated deductions will be paid in a lump sum to his/her surviving beneficiaries of record and no lifetime allowance can be paid. Option D form is not required if member wants an eligible spouse to receive a lifetime benefit.

## **Forfeiture of Benefits**

There may be instances where you may be required to forfeit some or all of your retirement allowance and/or accumulated deductions. For example, forfeiture may occur if it is found that you have misappropriated governmental funds or property, if you have violated certain provisions of the Massachusetts conflict of interest law (Chapter 268A), or if you have violated laws applicable to your office or position.

## **Change of Address**

Please be sure to notify the State Board of Retirement in writing regarding any change of address.

## Frequently Asked Questions

### ? Can I borrow money from my retirement account now and pay it back later?

No! Under state law, your retirement account has no provisions for withdrawal under any circumstance, including mortgage down payment or college education.

### ? Each time I receive my paycheck, I notice it shows a deduction for retirement. What happens to these deductions?

Active state employees contribute a percentage of their gross salary toward retirement (the percentage depends on their date of entry into service). The State Board of Retirement establishes and maintains a retirement account which represents both:

- contributions deducted from your paycheck by your payroll, and
- regular interest earned on your prior year's ending balance. This is the artificial interest rate set by PERAC.

### ? Why do I pay a higher percentage toward my retirement than some other employees?

Contribution to the state retirement system is determined by your most recent entry into the system (see contribution rate). Members who re-enter the system with funds on deposit or who transfer from another contributory retirement system maintain their former contribution level.

### ? Who invests my money?

Your contributions are pooled with those of other active members and are invested in the Pension Reserves Investment Trust (PRIT). PRIT is a pooled investment fund that invests the pension reserve assets of the State Employees' Retirement System and State Teachers' Retirement Systems. The nine member Pension Reserves Investment Management (PRIM) Board, chaired by State Treasurer Timothy P. Cahill, manages it.



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## ? When can I file for retirement?

No sooner than 120 days before you plan to retire. If you file **more than** sixty days after **your last day on the payroll**, your benefits will not be retroactive to your retirement date. The State Board of Retirement strongly recommends that you plan your retirement and that you file at least 30 days in advance of leaving your job. Certain retirement options will not be available to you once you stop working. You should therefore obtain counseling from the State Retirement Board before you stop working.

## ? Where do I get a retirement application?

Applications are available on the website ([www.mass.gov/treasury/srb.htm](http://www.mass.gov/treasury/srb.htm)) and at the State Board of Retirement.

## ? What does “vested” mean?

Vesting is a term commonly used to signify the right to a retirement allowance at a later date. Vested benefits are those benefits that a member is entitled to today not those based on additional service.

## ? What if I leave state service after I am vested but before I am old enough to retire?

If you leave state service after you are vested, you may leave your retirement contributions in the system and receive a state pension at age 55.

## ? Must I notify the Board if I am divorced and become a party to a Domestic Relations Order?

Yes. As pension benefits are considered a marital asset they frequently become subject to division through a Domestic Relations Order (“DRO”). If a DRO is considered that would divide your benefits available through the State Retirement System we request you forward it to the Board for review prior to submission to a court. After the Board finds a DRO acceptable and a court approves it we request that a final copy be submitted to the Board to be made part of your retirement file.

## Glossary of Terms

**Annuity** – The contributions that are deducted during the course of your creditable service are deposited for you in an annuity savings fund by the State Board of Retirement. The interest that accrues on the contributions is credited to your individual account. The part of our retirement allowance that is based on the total amount in your annuity saving account on the date of your retirement is the annuity.

**Annuity Savings Account** – The State Board of Retirement establishes an annuity savings account for each member of the system. Your account consists of two parts – your contributions and interest. Your contributions are deducted from your paycheck. The interest is earned on the prior year's ending balance. The interest rate is determined by PERAC.

**Creditable Service** – You earn creditable service while you are working for the Commonwealth of Massachusetts and contributing a percentage of your salary to the retirement system.

**Member-in-Service** – Anyone who is regularly employed by the Commonwealth or other eligible public agencies and is making contributions to the system. You are a member-in-service until you separate from the Commonwealth by reason of retirement, failure of re-election or reappointment, resignation or removal or discharge from your position or office that you hold.

**Pension** – A pension is the difference between the retirement allowance specified by law and the amount provided by employee contributions and retirement systems investment earnings.

**Retirement Allowance** – A retirement allowance is the lifetime benefit that you receive, the amount depending upon the Option you choose, that is paid by the state. Your retirement allowance is made up of two parts: an annuity and a pension.

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**Superannuation** – This term is used for a regular retirement allowance. You will be eligible to receive a regular retirement allowance once you have earned 20 years of creditable service (at any age), or once you are age 55 and have at least 10 years of creditable service. Chapter 32 of the Massachusetts General Laws 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.

**Vested** – Being vested means that you have fulfilled the criteria to receive a retirement allowance and are eligible to receive a lifetime retirement allowance from the state.

### **State Board of Retirement**

One Ashburton Place, 12th Floor, Room 1219  
Boston, MA 02108  
Telephone: (617) 367-7770; Fax: (617) 723-1438  
  
436 Dwight Street, Room 109A  
Springfield, MA 01103  
Telephone: (413) 730-6135; Fax (413) 730-6139  
  
1-800-392-6014 (In Massachusetts Only)  
[www.mass.gov/treasury/srb.htm](http://www.mass.gov/treasury/srb.htm)

### **Massachusetts Deferred Compensation - SMART Plan**

Customer Service Center  
1-877-457-1900  
[www.mass-smart.com](http://www.mass-smart.com)

### **Public Employee Retirement Administration Commission**

5 Middlesex Avenue, 3rd Floor  
Somerville, MA 02145  
617-666-4446  
[www.mass.gov/perac](http://www.mass.gov/perac)

### **Group Insurance Commission**

19 Staniford Street, 4th Floor  
Boston, MA 02114  
617-727-2310 x 6 (retirees)  
[www.mass.gov/gic](http://www.mass.gov/gic)

### **Pension Reserves Investment Management Board**

84 State Street, Suite 250  
Boston, MA 02110  
617-946-8401  
<http://www.mapension.com/prim>

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## **Executive Office for Elders Affairs**

One Ashburton Place, 5th Floor  
Boston, MA 02108  
617-727-7750

## **Social Security Administration**

1-800-772-1213  
<http://www.ssa.gov>

## **Internal Revenue Service Tax Payer Assistance**

1-800-829-1040





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