



My Benefits

A newsletter for the members of the
Plymouth County Retirement Association
Spring/Summer 2019 Edition

Members of the Board

Thomas O'Brien,
Chairman

Joseph McDonough,
Elected Member

John Sciara,
Elected Member

James Harrington,
Appointed Member

Mary Beth Carter,
Appointed Member

David Sullivan,
Executive Director

Included in this issue

- How we calculate your retirement benefits
- Social Security benefits - the WEP and GPO.
- 2018: A Case For Diversification

**Plymouth County
Retirement Association**
10 Cordage Park Circle, #234
Plymouth, MA 02360
Phone (508) 830-1803
Fax (508) 830-1875

JOHN SCIARA BEGINS NEW TERM AS BOARD MEMBER

On January 1, 2019, John Sciara began his new three year term as an elected board member of the Plymouth County Retirement Association. A Vietnam veteran and a retired firefighter from the Town of Rockland, John has served the active and retired members of the Association since 1997.

"The Association has always been member centric, for example, when we raised the COLA base up to \$16,000.00 and I look forward to continuing that work," John said as he rejoined his fellow Board Members which consists of Thomas O'Brien, Chairman, Joseph McDonough, James Harrington and Mary Beth Carter.



In 2018, John was also elected to the Executive Board of MACRS, the Massachusetts Association of Contributory Retirement Systems.

YOUR RETIREMENT AND SOCIAL SECURITY BENEFITS – WHAT YOU NEED TO KNOW

As a public employee in Massachusetts, you pay into a local retirement plan instead of Social Security, but you may still be eligible for Social Security benefits from prior work in the private sector or as an eligible spouse or widow/widower.

However, you may be affected by one of two different offsets depending how you receive your Social Security benefits: the **Windfall Elimination Provision (WEP)** and the **Government Pension Offset (GPO)**.

Please be advised that the following describes the basic workings of the offset.

continued on page 5

HOW WE CALCULATE YOUR RETIREMENT BENEFITS

In the last issue of My Benefits, we provided the information on what makes you eligible for a future retirement benefit from the Plymouth County Retirement Association (PCRA). In this issue, we are going to take a look at how your retirement benefits are calculated.

As a reminder, the following are the eligibility requirements to collect a retirement:

If you entered membership before

April 2, 2012:

- You must be at least 55 years old with at least 10 years of creditable service if you are in Group 1
- You must be at least 45 years old with at least 10 years of creditable service if you are in Group 4
- At any age with at least 20 years of creditable service

If you entered membership on or after

April 2, 2012:

- You must be at least 60 years old with at least 10 years of creditable service if you are in Group 1
- You must be at least 50 years old with at least 10 years of creditable service if you are in Group 4

The calculations are determined by three factors: your age on the date of your retirement, your amount of creditable service on the date of your retirement and the average of your three highest consecutive years of regular compensation (or five years if you entered membership on or after April 2, 2012).

The combination of your age factor (which is based on your age on the date of your retirement) and creditable service when multiplied together will equal to a percentage. The highest percentage that a retiree can retire at is 80%.

There are three Options to choose from when you retire:

Option A - Provides the highest benefit possible, the maximum being 80%, but does not provide any survivor benefits at the time of your passing.

Option B - Provides a benefit on average 1 – 2% less than Option A, but provides for a one-time lump sum payment of any funds left in your account balance, if there are any, at the time of your passing.

Option C - Provides a benefit on average 10% less than Option A, but provides a continuous benefit of two-thirds of what you were receiving at the time of your passing to your named Option C beneficiary.

Note: If you are a veteran, there is an allowance of an additional \$15.00 for each year of creditable service that you have on your date of retirement up to a maximum of 20 years regardless of which option you select. This will create a maximum veteran's benefit of up to \$300 annually/\$25 monthly, ($\$15.00 \times 20 = \300), which is fully paid even if you are at the maximum 80%.

HOW WE CALCULATE YOUR RETIREMENT BENEFITS - EXAMPLES

RETIREMENT CALCULATION EXAMPLE (OPTION A) - GROUP 1

Amy, a bookkeeper, is 60 years old with 28 years of creditable service who was hired **before** April 2, 2012. She has a three year salary average of \$50,000.00.

.020	X	28	=	56%
age factor for age 60		creditable service		percentage
\$50,000.00	X	56%	=	\$28,000.00*
salary average		percentage		option a allowance

***NOTE:** If Amy was a veteran, the PCRA would add an additional \$300.00 to her retirement.

RETIREMENT CALCULATION EXAMPLE (OPTION A) - GROUP 1

John, a bookkeeper, is 60 years old with 28 years of creditable service who was hired **on or after** April 2, 2012. He has a five year salary average of \$50,000.00.

.0145*	X	28	=	40.60%
age factor for age 60 with less than 30 years of service		creditable service		percentage
\$50,000.00	X	40.60%	=	\$20,300.00*
salary average		percentage		option a allowance

***NOTE:** For members who were hired **on or after** April 2, 2012, the age factor for the same age increases if that member has 30 or more years of creditable service on their date of retirement. For example, age 60 with 30 years of creditable service, the age factor increases to .01625 which, in this example, would create a maximum retirement of \$24,375.00. (.01625 X 30 = 48.75% — \$50,000 X 48.75% = \$24,375.00)

Mayflower Municipal Health Group has moved

If the town that you work for or retired from is part of the Mayflower Municipal Health Group you may have visited them in our office in the past. As of March 1, 2019, they have moved to their new location at:

**65 Cordage Park, Suite 110
Plymouth, MA 02361
(774) 773—9301**

Are you on social media?

Be sure to follow us on these platforms as we intend to post updated information that may be of interest to you. You can find us at:

 PCRetirementMA

 PCRA_MA

HOW WE CALCULATE YOUR RETIREMENT BENEFITS - EXAMPLES

RETIREMENT CALCULATION EXAMPLE (OPTION A) - GROUP 4

Ryan, a firefighter, is 50 years old with 22 years of creditable service who was hired **before** April 2, 2012. He has a three year salary average of \$60,000.00.

.020	X	22	=	44%
age factor for age 50 plus 10 years for group classification		creditable service		percentage

\$60,000.00	X	44%	=	\$26,400.00
salary average		percentage		option a allowance

RETIREMENT CALCULATION EXAMPLE (OPTION A) - GROUP 4

Amanda, a firefighter, is 50 years old with 22 years of creditable service who was hired **on or after** April 2, 2012. She has a five year salary average of \$60,000.00.

.0145	X	22	=	31.90%
age factor for age 50 with less than 30 years of service plus 10 years for group classification		creditable service		percentage

\$60,000.00	X	31.90%	=	\$19,140.00
salary average		percentage		option a allowance

HOW DO I GET TO 80%?

The older you are and the more years of creditable service that you have will help you reach 80%. For example, if you are 65 years old and have 32 years of creditable service on the date of your retirement, you would be at 80%. However, if you started at a younger age, you may have to work a couple of more years, but you could retire at 80% at an earlier age. For example, being age 63 with 35 years of creditable service will also get you 80%. You can use the **Percentage Charts** found on our website, www.pcr-ma.org/forms, to help determine what percentage you may be at any time during your career or by calling the **PCRA** at **(508) 830—1803** and someone will be able to help guide you to get the most out of your retirement benefits.

YOUR RETIREMENT AND SOCIAL SECURITY BENEFITS - WHAT YOU NEED TO KNOW

continued from page 1

WINDFALL ELIMINATION PROVISION (WEP)

This provision will affect the Social Security benefits that you specifically earned yourself. The WEP can apply if you reached 62 after 1985, became disabled after 1985 or you first became eligible for a monthly pension based on work where you didn't pay Social Security taxes after 1985.

Social Security will offset your Social Security benefits depending on how many years of substantial earnings that you have with them and apply it to your average monthly earnings adjusted for average wage growth. Under a typical Social Security calculation for a worker who turns 62 in 2019, they would receive 90% of the first \$926 average monthly earnings, 32% of earnings between \$926 - \$5,583 and 15% of \$5,583 and up.

GOVERNMENT PENSION OFFSET (GPO)

This provision affects spouses and widows/widowers. If, as a spouse or widow/widower, you are receiving a retirement or disability pension from a federal, state or local government based on work which someone else performed and Social Security taxes were not deducted, your spousal or widow/widower Social Security benefits may be reduced.

Social Security will reduce your Social Security benefits by two-thirds of the pension that you receive from the PCRA.

You will never lose all of your Social Security benefits, but a percentage of when the WEP is applied. For example, if you have 20 or less years of substantial earnings, you will only receive 40% of the initial \$926 average monthly earnings for a maximum offset of \$463.00. For each additional year of substantial earnings that you have between 21 - 29 years, you will gain an extra 5%, (for example 21 years = 45%), which means your offset will be less. If you have 30 or more years of substantial earnings with Social Security, the WEP will not apply to you and you will receive your full Social Security benefits.

If you are getting a low pension, there is a guarantee that your Social Security benefits won't be reduced by more than half of your pension for earnings after 1956 on which you did not pay Social Security taxes.

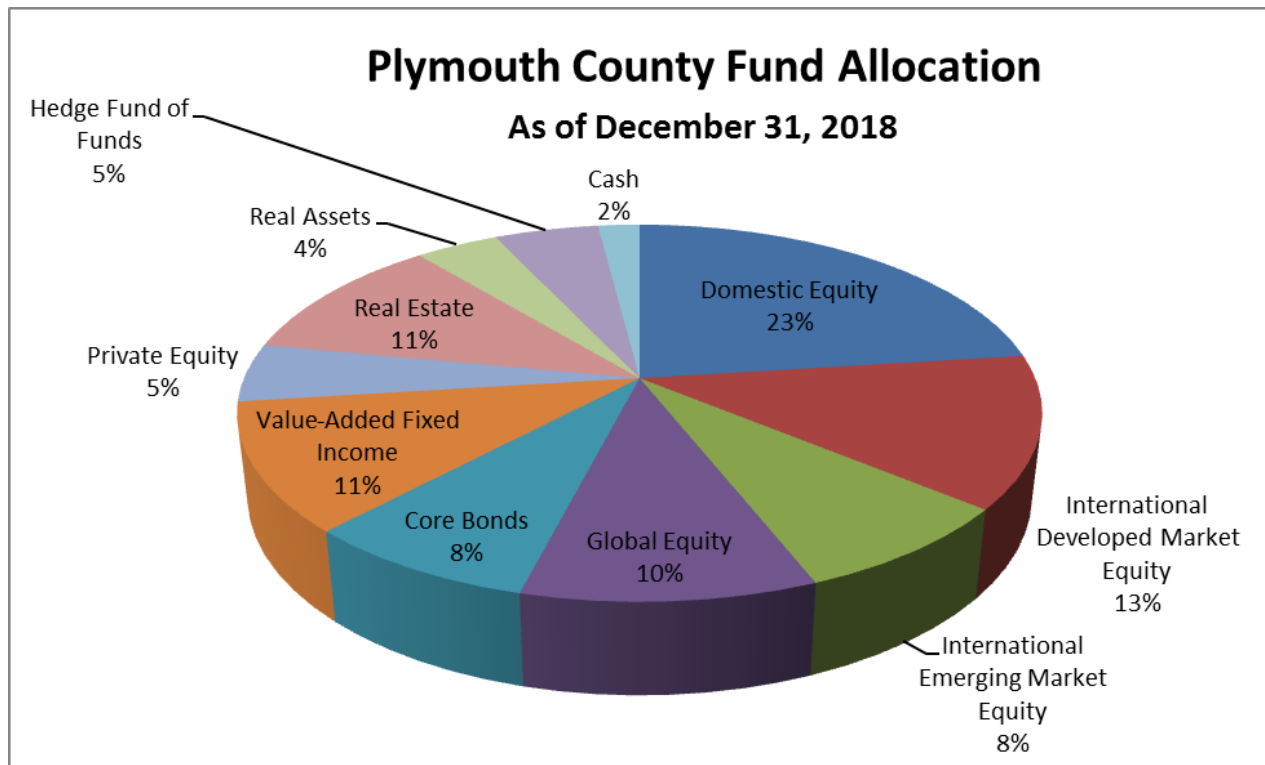
For example, if you are receiving a monthly PCRA benefit of \$600, two-thirds of that would be \$400. That \$400 would then be deducted from the Social Security benefits due to the spouse or widow/widower. If your Social Security benefit, for example, is \$500, Social Security would deduct the \$400 from it and you would get the balance of \$100 ($\$500 - \$400 = \100). If your Social Security benefit, for example, is \$300, Social Security would deduct the \$400 from it and your Social Security benefit would be reduced to \$0.00.

Questions about how your specific benefits will be affected should be directed to your local Social Security Administration Office. For further details on the WEP and GPO, as well as other Social Security information (such as Your Retirement Benefit: How It's Figured, How Work Affects Your Benefits and Medicare), visit our website www.pcr-ma.org and look under the RETIREES tab or Social Security's website www.socialsecurity.gov.

2018: A CASE FOR DIVERSIFICATION

2018 proved to be a difficult year for global stock markets. The United States, as measured by the Russell 2000 index, was down 11%. European Developed Stock Markets, as measured by the MSCI EAFE index, was down 13.8% and Emerging Markets, as measured by the MSCI Emerging Markets index, was down 14.8%.

Although the Plymouth County Retirement Association (PCRA) is not completely immune to a downturn in global equity markets, the fund's diversification, as shown below, provided durability for difficult markets such as 2018.



The PCRA funds strong performance in up markets, such as calendar year 2017, and durability in down markets, such as calendar 2018, gives us confidence that our investment program is performing as intended.

The fund's 33 year return, as reported by the Public Employee Retirement Administration Commission (PERAC) 2017 Investment Report, is 9.25% per year.

Your retirement benefits from the Plymouth County Retirement Association (PCRA) are a 401A defined benefit, which provides you with a lifetime benefit. This is different than if you were paying into a different type of plan, like a 401K, in which you would be responsible for managing all of your investments and making sure you had enough to last you for your entire retirement. The Board, along with the PCRA's Director of Investment and our financial advisors, does that work for you so you can enjoy your retirement with some financial security after a long and meaningful career of public service.

PLYMOUTH COUNTY RETIREMENT ASSOCIATION

Q & A

We get a lot of questions, whether it be here at our office, when we are on the road doing a presentation or attending a health care fair in your local community. Here are a few of the most common questions that we get asked. Maybe they are the same questions that you have as well. If your question is not here, perhaps it will be covered in a future issue of My Benefits. But, you never have to wait. If you have any questions about your current or future retirement, please feel free to give the **PCRA** a call at **(508) 830 - 1803** and we can assist you at any time.

Q How far in advance do I need to submit my retirement application to the PCRA?

A There is only one rule in regards to submitting your future retirement application. You are not allowed to submit an application more than 120 days before your intended date of retirement. Otherwise, you may submit your retirement application in person or by mail anytime within the 120 day time period.

Q What happens to my contributions if I do not complete ten years of service to become vested and eligible for a retirement benefit?

A Your contributions are yours and you will never lose them. If, at the time you end your employment you find yourself not eligible for a future retirement, you can take a refund of your funds or roll them over into another qualified plan.

Q I am an inactive member. Can I set my date of retirement back to when I initially stopped working?

A It depends how long you have been an inactive member. If you submit your application more than 60 days after you separate from service, your retirement date will be 15 days from the date the PCRA receives your application. If you submit your application within the 60 days, you can set your date of retirement to a previous date.

Q I understand as a public employee that I do not pay into Social Security, but why do I have to pay into Medicare?

A If you were hired on or after April 1, 1986, you are required to pay the 1.45% Medicare tax. While this does not earn you any Social Security credits, it does entitle you to Medicare coverage at 65.

PCRA BOARD APPROVES COLA

For the 22nd consecutive year, the Plymouth County Retirement Association Board has approved a Cost of Living Adjustment (COLA). The FY '20 COLA is 3% of the first \$16,000.00 of your retirement or survivor benefits which equals to a maximum COLA adjustment of \$40.00 a month/\$480 annually.

In order to be eligible for any COLA, a retiree must be retired for at least one full fiscal year. Therefore, in order to be eligible for the COLA that will go into effect on July 1, 2019, you must have been retired on June 30, 2018 or earlier.



Plymouth County Retirement Association
10 Cordage Park Circle, Suite 234
Plymouth, MA 02360

PENSION PAYMENT SCHEDULE

Below is the pension payment schedule for the remaining of calendar year 2019 for all Plymouth County Retirement Association retirees and survivors.

Direct Deposit

May 31, 2019

June 28, 2019

July 31, 2019

August 30, 2019

September 30, 2019

October 31, 2019

November 29, 2019

December 31, 2019



ARE YOU MOVING?

Whether you are an active member, retiree or survivor, it is very important to keep the Plymouth County Retirement Association (PCRA) up to date with your current mailing address.

If you have recently moved, or are planning to do so in the near future, please let the PCRA know so we will always be able to reach you. You must let us know in writing and can do so by simply writing us a letter or using the appropriate Change of Address Form found on our website www.pcr-ma.org/forms.

