

Retirement Eligibility, Options and Calculation Examples

In order to be eligible for a Superannuation retirement:

- If hired **before** April 2, 2012:
 - Must be at least 55 years old with at least 10 years of creditable service if Group 1.
 - Must be at least 55 years old with at least 10 years of creditable service if Group 4.
 - At any age with at least 20 years of creditable service.
- If hired **on or after** April 2, 2012:
 - Must be at least 60 years old with at least 10 years of creditable service if Group 1
 - Must be at least 55 years old with at least 10 years of creditable service if Group 4.

Retirement Eligibility, Options and Calculation Examples

The Superannuation calculations are based on:

- If you were hired **before** April 2, 2012:
 - Your actual age on the date of your retirement
 - Your creditable service on the date of your retirement
 - Your group classification(Police and Firefighters)
 - The salary average based on the three highest consecutive years of regular compensation.
- If you were hired **on or after** April 2, 2012:
 - The same as above with the exception of the salary average based on the five highest consecutive years of regular compensation.

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There are three options to choose from when retiring:

- Option A – Provides the highest allowance 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 a one-time lump sum benefit of any funds left in your account balance, if there are any, at the time of your passing. You can name as many beneficiaries as you'd like and can change them at any time during your retirement. Your account balance will run out in approximately 10 years of retirement. After that, you will continue to receive your full retirement, there just wouldn't be anything left for a beneficiary.
- Option C – Provides a benefit on average about 10% less than Option A, but provides a continuous benefit of 2/3 of what you were receiving at the time of your passing to your specifically named Option C beneficiary, which is limited to spouse, former spouse not remarried, parent, sibling or child. You cannot change your beneficiary. If your beneficiary predeceases you, you will “pop-up” to your Option A allowance.

Retirement Eligibility, Options and Calculation Examples

If you are a veteran, you are entitled to receive an additional \$15.00 for each year of creditable service that you have with the Association up to 20 years. The maximum veteran's benefit is an additional \$300.00 added to your retirement allowance.

Retirement Eligibility, Options and Calculation Examples

Retirement Calculation Example – Group 1

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

$$\begin{array}{ccccccc} .020 & X & 28 & = & 56\% \\ \text{Age factor for age 60} & & \text{creditable service} & & \text{percentage} \end{array}$$

$$\begin{array}{ccccccc} \$50,000.00 & X & 56\% & = & \$28,000.00 \\ \text{Salary average} & & \text{percentage} & & \text{Maximum retirement} \end{array}$$

Note: If John was a veteran, the Association would add an additional \$300.00 to his maximum retirement.

Retirement Eligibility, Options and Calculation Examples

Retirement Calculation Example – Group 1

John Smith 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.

$$\begin{array}{ccccccc} .0145 & X & 28 & = & 40.60\% \\ \text{age factor for 60} & & \text{Creditable Service} & & \text{Percentage} \\ \text{with less than 30} & & & & \\ \text{years of service} & & & & \end{array}$$

$$\begin{array}{ccccccc} \$50,000.00 & X & 40.60\% & = & \$20,300.00 \\ \text{Salary average} & & \text{Percentage} & & \text{Maximum retirement} \end{array}$$

Note: the age factor for the same age increases if you have 30 or more years of creditable service. For example, age 60 with 30 years, the age factor is .01625

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Retirement Calculation Example – Group 4

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

$$\begin{array}{ccccccc} .020 & & \times & & 22 & & = & & 44\% \\ \text{age factor for age 50 plus 10} & & & & \text{creditable service} & & & & \text{Percentage} \\ \text{years for Group Classification} & & & & & & & & \end{array}$$

$$\begin{array}{ccccccc} \$60,000.00 & & \times & & 44\% & & = & & \$26,400.00 \\ \text{Salary average} & & & & \text{Percentage} & & & & \text{Maximum retirement} \end{array}$$

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Retirement Calculation Example – Group 4

Amanda Ryan is 55 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.

$$.0022 \quad X \quad 22 \quad = \quad 48.40\%$$

Age factor for age 55
with less than 30 years of
service plus 10 years for
Group Classification

Creditable Service

Percentage

$$\text{\$}60,000.00 \quad X \quad 48.40\% \quad = \quad \text{\$}48,400.00$$

Salary Average

Percentage

Maximum retirement

Retirement Eligibility, Options and Calculation Examples

Your retirement is taxable on the Federal level only. It is not taxed on the State level if you live in the Commonwealth of Massachusetts. If you move out of state, there are 15 other states that also will not tax your public retirement on the State level. The 15 states are:

Alabama, Alaska, Florida, Hawaii, Illinois, Michigan, Mississippi, Nevada, New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas, Washington and Wyoming.

Note: If you move to a state not on this list, you will need to contact the Department of Revenue of that state to find out how your public retirement is taxed.