



WORCESTER RETIREMENT NEWS

Newsletter for Active and Retired Members

Volume I, Issue I

Winter 2017

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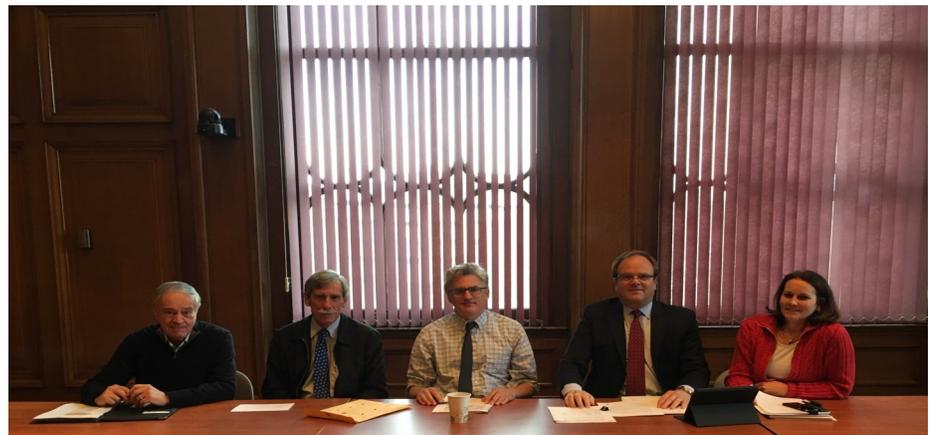
8:00 AM –4:00 PM

WELCOME TO OUR FIRST NEWSLETTER!

A quarterly newsletter that will be filled with information for both active and retired member, respectively. This newsletter will offer advice and guidance on retirement for active members and important information for retirees.

The Worcester Retirement System (WRS) became operative January 1, 1945 under Massachusetts General Law Chapter 32. The WRS is a contributory defined benefit plan that covers all eligible employees of the City of Worcester (except WPS teachers), and the Worcester Housing Authority. The WRS is administered by a five member board consisting of the City Auditor, two representatives elected from the membership, a City Manager representative and a fifth member chosen by the other four members who cannot be an employee, retiree or official of the City.

Retirement Board Members



John Mahan, Tom Wade, Robert Stearns, Steve Wentzell and Elizabeth Early.

WE WISH EVERYONE A HAPPY AND HEALTHY NEW YEAR!

Interview with Worcester Retirement Board Member

Robert Stearns

Robert Stearns joined the Worcester Retirement Board in January 2014 when he became City Auditor. As City Auditor, Stearns is the ex-officio board member meaning he is a board member by virtue. Prior to working for the City of Worcester Stearns was the Director of Financing at Lighthouse Academies, a national charter school management company. Stearns earned his B.A in accounting from Bryant University, a Masters degree in taxation from Bryant College and has over 32 years of experience in accounting and auditing.

What do you like most about being a Retirement Board Member?

The five Board members are fiduciaries that have enormous responsibility in overseeing a large public pension plan. I enjoy the opportunity to apply my experience and expertise as a Board member and the responsibility entrusted in me as a steward of the system.

What do you find most challenging about being a Board Member?

Investing is challenging. As Board members we approve how, when and where to invest the system's funds. To do this, we hire professionals to guide us in setting policies and targets. As long-term investors it is challenging when returns fall below averages during down cycles.

What do you wish people knew about the Retirement Board and System?

People should have the confidence that the Retirement Board will act prudently and transparently when fulfilling its fiduciary responsibilities. The Board meets regularly throughout the year to approve retiring members' superannuation, hold disability hearings, review actuarial data, review and update investment policies and strategies, review investment performance and meet with investment managers, and oversee the day to day operations of the Retirement Department. The Board hires professionals and experts that are needed to fulfill our fiduciary responsibilities. This includes legal counsel, actuaries, custodians, investment consultants and outside auditors. The Board meets regularly with its consultants and counsel whose input and advice is essential to us in making informed decisions. Those final decisions are made by a vote of the Board.

Board Reappoints Elizabeth A. Early

At the October 13, 2016, Board Meeting, Executive Secretary of the Worcester Retirement System, Elizabeth "Betsy" Early was unanimously voted by board members to serve another three year term. Betsy who ran unopposed, originally joined the board in 1993 making this her 7th consecutive term. Betsy has been the Executive Secretary of the Worcester Retirement System since 1987.

Visit Our Webpage!

The Worcester Retirement Board has made all documents available on the City of Worcester website. Such as a change of address, estimate request forms and beneficiary selection forms.

Check it out:

<http://www.worcesterma.gov/e-services/document-center/retirement/>

Understanding Beneficiaries and Option D

WHAT IS A BENEFICIARY?

A beneficiary is someone you designate to receive your contributions in your retirement account if you happen to die as an active member.

There are two types of beneficiaries. The first, a one—time lump sum beneficiary. The second is the Option D Beneficiary.

WHO CAN BE YOUR BENEFICIARY?

There are no restrictions as to who may be a lump sum beneficiary. You can choose a parent, spouse, child, friend, or organization to name a few. You can even put more than one person or place down. There is only one rule; your lump sum beneficiary and Option D beneficiary cannot be the same person. You can have both types of beneficiaries down – a lump sum beneficiary and an Option D beneficiary, they just cannot be the same person. If you were to die as an active member and have both types of beneficiaries listed the retirement board will pay the Option D survivor. If the person you chose to be an Option D beneficiary is not alive at the time of your death then the lump sum beneficiar(ies) listed will be paid.

HOW TO CHANGE YOUR BENEFICIARY

You can change your beneficiary at any time by filling out a new *Beneficiary Selection Form*. We encourage members to fill out a new form when a personal situation changes (i.e. divorce, remarriage or the death of the current listed beneficiary.)

Link to find the Beneficiary Selection Form:

<http://www.worcesterma.gov/e-services/document-center/retirement>

WHAT'S AN OPTION D BENEFICIARY?

An Option D beneficiary is someone you designate to receive your retirement allowance in a lifetime monthly allowance instead of a lump sum payment. The monthly allowance your Option D will receive is equal to the full Option C allowance had you retired at the age of 55 on the date of death. A member must have at least two years of creditable service in order for the Option D beneficiary to receive payment.

WHO CAN BE AN OPTION D BENEFICIARY?

With an Option D only a parent, sibling, child, spouse, and former spouse who has not remarried can be designated as an Option D beneficiary. You can change your Option D beneficiary at any time as long as you fill out a new *Beneficiary Selection Form*. Your Option D beneficiary will become void upon your retirement.

Understanding Social Security Offset Rules

WINDFALL ELIMINATION PROVISION

- Can affect your social security benefit if you earn a pension from the City of Worcester (doesn't contribute to Social Security) *and* you qualify for social security retirement or disability from other jobs you worked.
- It can affect how much Social Security you receive.
- The Windfall Elimination Provision applies when:
 - You reach age 62 after 1985 or;
 - You became disabled after 1985 ; and
 - You first become vested to receive a City pension after 1985. This rule applies even if you're still working.
- Exceptions to Windfall Elimination Provision:
 - If you have 30 or more years of substantial earnings in Social Security then you are exempt from the provision.
 - If you have 21—29 years a modified Windfall provision will apply.
 - 20 or fewer years, the full Windfall Elimination Provision applies.

GOVERNMENT PENSION OFFSET

- Can affect the Social Security benefit of spouses and widows/ers.
- Social Security will be reduced by two-thirds of your government pension. For example, you receive a pension of \$600, from your own employment with the City of Worcester, two-thirds of that is \$400, will be deducted from your Social Security benefit. If you are eligible to receive a \$500 widows benefit from Social Security, you will get \$100 a month after the offset from Social Security. ($\$500 - \$400 = \$100$)
- The Government Pension Offset ensures that we calculate the benefits of government employees who don't pay Social Security the same as workers in the private sector who pay into Social Security.

Working Towards Windfall Elimination Provisions Reform

H.R. 711 was created to reform the federal Social Security Windfall Elimination Provision (WEP) law. 107 million retired and active employees are victimized by the WEP law by their Social Security benefits being unfairly reduced.

The bill will bring relief to current retirees that are impacted by the Windfall Elimination Provision (WEP) by changing the Social Security formula to better calculate benefits for future retirees on employment covered by Social Security vs. non covered employment (public sector jobs). This would impact anyone eligible for Social Security as of January 1, 2018. Those eligible for Social Security prior to 2018 will receive a rebate based on the reduction under the current WEP law which will be referred to as a “13th check”

Right before the reform was to be presented before the House Ways and Means Committee meeting disagreement broke out. Some found the revisions of HR711 to be unfair. “HR 711 needs to be made to benefit all and to be fair to future and current retirees.” Minutes before HR 711 was to be heard it was pulled out of the meeting to work on further differences of opinion. Differences of opinion have come to an agreement and Legislate Director Shawn Duhamel of the Massachusetts Retired State Employee Association said “this year we have made greater progress on finally reforming the WEP law than at any other time since the law was created in the 1980’s.” According to Duhamel the support to reform WEP has never been stronger and “we’re not going to stop fighting until we pass a law that treats our members fairly”

As of December 2016 H.R. 711 is still pending before the House Ways and Means Committee and then to be seen by the House and Senate. Unfortunately it will have wait until the 2017 Congressional session.

HOW H.R. 711 WORKS

For Current Retirees:

(Those first eligible for Social Security prior to January 1, 2018, age 62 AND have at least forty quarters under Social Security)

- Social Security would issue an annual rebate paid each December in what is being referred to as the “13th Check”.
- In year one (2018) the rebate would equal roughly 15% of portion of Social Security benefit lost to WEP.
- Rebate would grow in years 2-10 based on national wage growth.
- In year 11 rebate would increase to a approximately 45% of portion of Social Security benefit lost to WEP.
- Current retirees exempt from the WEP would continue to be exempt.

For New Retirees:

(Those eligible for Social Security after January 1, 2018)

- New Social Security formula established for all retirees—both private and public sector.
- All retirees would be treated equally under the same formula.
- Social Security Benefits would be calculated using lifetime work history, accounting for time worked under Social Security and time worked under a non-covered plan.

Retirees Corner

Attention Snowbirds!

If you are heading south during the winter be sure to inform us of your new address. Retirement checks do not get forwarded, avoid the problem and let us know of a change. We cannot take change of addresses over the phone. They must be in writing. You can avoid the problem all together and sign up for direct deposit, your retirement check will be directly put into your bank account no matter where you are in the world — a worry free solution!

Winter Fuel Assistance.

We know the winter months may be harsh and having to pay for fuel may be a struggle. Here are some resources if you are in need of help during the winter months:

Worcester Community Action Council offers a fuel assistance program. Appointments are not needed and you can just walk in.

Located in the Denholm Building, 2nd Floor
484 Main Street, Worcester, MA 01608.

Phone: 508-754-1176 Fax: 508-754-0203

Common Questions

Can I work after I retire?

Yes, however, there are restrictions if you were to go back and work in the public sector. There is a 960 hour limit and a restriction on how much you can earn in a year. You can only earn the difference between the current salary of the position you retired from and your pension. For example, say you retired as a librarian, that position currently earns \$50,000 per year. Now you need to minus what you receive as a pension per year, say \$30,000 per year, from the current librarian position salary. That allows you to make \$20,000 per year along with the 960 hour limit. After a year of retirement you can earn an additional \$15,000. If you were to work in the private sector there are no restrictions on how much you can earn or how many hours you work per year.

Can I change my beneficiary as a retiree?

Yes and no — it all depends on what option you choose upon retirement. With Option A, there is no beneficiary. With an Option B, you are free to change your beneficiary provided you fill out a new Beneficiary Selection Form. With Option C, you are not allowed to change the beneficiary listed. Furthermore, if your Option C beneficiary dies then your Option will pop-up to an Option A.

2017 Retiree Check Schedule

January 31, 2017

February 28, 2017

March 31, 2017

April 28, 2017

May 31, 2017

June 30, 2017

July 31, 2017

August 31, 2017

September 29, 2017

October 31, 2017

November 30, 2017

December 29, 2017

City of Worcester
List of Referrals for Elderly and Disabled
Side walk Snow Removal Program
Winter 2016-2017

Organization	Phone Number	Contact Person	Eligibility	Cost
Assumption College Athletics	508-767-7325	Robert Ravenelli rravenel@assumption.edu	Limited Availability	None
Burncoat High School JROTC	508-799-3059 or 508-799-1232	Pattie Hassan hassanP@worc.k12.ma.us	Burncoat/Greendale area (within 1 mile) Elderly or Disabled	None
Hector Reyes House	508-459-1801	Felix Rivera	Vernon Street (walking distance from Hector Reyes House)	None
Holy Cross Student Affairs	508-793-3006	Derek Zuckerman Dean of Student Affairs	Limited Availability	Not Specified
Jeremiah's Inn	508-755-6403	Bhumika Regmi bhumi-ka@jeremiahsinn.com	Areas with Zip Codes 01602,01603,01610	Donations Accepted
North High School JROTC	508-799-3023 or 508-799-1232	Chief Tony Pastrana Pastranaa@worc.k12.ma.us	North High Area Only. Elderly and Disabled	None
Veterans Inc.	508-799-0956 Ext. 116		No Restrictions	\$20-30 depending on size
Worcester Senior Center	508-799-1232	Yung Pham/ Linda Moore	Homeowner over age 60	Referral Service only
Worcester State University	508-929-8635	Mark Wagner Wsu_biniendacenter@worcestester.edu	Limited Availability	Tips Accepted



Benefit Verification Reminder

We are sending out Benefit Verification cards later this year than we normally do. This year they will be mailed out in March. They have to be notarized this year. You can come down to our office, sign it and we have a notary public on hand.

Keep Your December Paystub or Advice

Your December stub will have year to date information needed to fill out taxes and health insurance forms.

Active Members Corner

Common Questions

Can I take money out from my retirement account out and pay it back later?

No! We get calls all the time asking if an active member can take their money out and the answer is simply no because of the state law prohibiting it. The only way a person can take money out of their account is if they are no longer employed by the city of Worcester or another city or the state. If you are no longer an employee then you may withdraw your funds.

What is Vesting?

Vesting is the common term used to establish a right to a retirement allowance. Vested benefits are benefits that do not depend upon the member remaining in service in order to be entitled to them. A member becomes vested after 10 years of service. After that if a member chooses to leave working for the City they have a right to a retirement allowance when they reach the eligible age because they are now vested.

When am I able to retire?

If you were hired before April 2012:

Age 55 with 10 years of service *or*
Any age with 20 years of service.

If you were hired after April 2012:

Age 60 with 10 years of service *or*
Public Safety Employees the age is 55

If you are close to the retirement age, have enough years of service and starting to consider retiring we can do an estimate request for you based on the date you wish to retire.

How is Retirement Calculated?

As a defined benefit plan, your retirement is calculated by

1. Your age at retirement
2. Years of creditable service
3. Your highest average annual salary for 36 consecutive months

Reminders

Annual Statement Reminder

We are in the process of getting ready to mail out current members annual statements in February. These statements will inform a member how much they have contributed into their annuity for the past year along with the total amount of money they contributed to their retirement.

Military Service Buyback

Eligible honorably discharged veterans are able to purchase up to four years to be added to their creditable service time. You can find the application on our website:

<http://www.worcesterma.gov/e-services/document-center/retirement/>

Knowing Your Retirement Options Before Hand

When it comes to retiring the hardest decision you will have to make is what retirement option you decide to choose. There are three retirement options to choose from A, B and C. Your choice in option should be based on your individual and financial situation. For example, if you are married you want to consider if you want to leave your spouse with a source of income after you die. Or if you have children, do you want to leave them your contributions.

Option A : With Option A you will receive the maximum benefit amount based on your age, service years and average salary. There is no beneficiary upon your death. If you have any annuity contributions left it will not be paid to a beneficiary.

Option B: is 1-3% less than Option A and is calculated the same way as Option A. When you die your listed beneficiary (more than one can be listed) will be given a lump sum payment if any annuity contributions is left in your account. Your contributions usually take 10-12 years to deplete –that being said the longer you live after retiring the less your beneficiary will receive. If you die before you account has been depleted your beneficiary will receive a one time lump sum payment.

Option C: known as the Survivor Benefit is 8-12% less than Option A. Upon your death your beneficiary (there can only be one and it has to be a spouse, unmarried former spouse, child or a sibling) will receive a monthly benefit for the rest of their life. The benefit would be 2/3rds of what your Option C benefit is. The amount you receive under Option C is calculated a bit differently, based on you and your beneficiaries age. The younger your beneficiary is the greater your reduction in benefit is because we have guarantee to be able to the beneficiary for the rest of their life. If you choose Option C and your Option C beneficiary dies before you do your retirement Option will “pop-up” to Option A—the maximum retirement allowance. You are not allowed to choose another beneficiary with Option C if they were to die before you.

Option	Member Benefit	Survivor Benefit	Survivor Restrictions
A	Maximum Allowance	No beneficiary/ survivor with Option A.	None
B	1-3% less per month	One-time lump sum payment in any annuity left to beneficiary	No restrictions on who and how many beneficiaries one has.
C	8-12% less per month than Option A	Lifetime monthly benefit paid to eligible survivor that is equal to 2/3rds of members benefit.	Beneficiary must be a parent, sibling, child, spouse or an unmarried former spouse

PLEASE
PLACE
STAMP
HERE

WORCESTER RETIREMENT BOARD

ELIZABETH EARLY, ELECTED MEMBER
JOHN MAHAN, ELECTED MEMBER
ROBERT STEARNS, EX- OFFICIO MEMBER
THOMAS WADE, MEMBER
STEPHEN WENTZELL, APPOINTED MEMBER

WORCESTER RETIREMENT STAFF

ELIZABETH EARLY, EXECUTIVE SECRETARY
EILEEN POWERS
LISA POSKE
BREANNA BARNEY
DESIREE SUTTON

