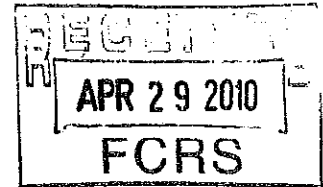


Framingham Retirement System

General Information Material  
For Prospective and/or Actual Retirees



Basic Retirement Calculation

The formula used to calculate a regular retirement benefit from the Framingham Retirement System is based upon three factors: your age at the time of retirement, years of creditable service, and a salary average based upon your three highest consecutive years in the system (usually the three most recent years).

Retirement Allowance

Your retirement allowance is paid once a month, at the end of each month. It is paid in arrears. *Example:* Checks issued September 30<sup>th</sup> reflect the period from September 1<sup>st</sup> through September 30<sup>th</sup>.

Retirement Options

Upon your retirement from our system, you have three options available to you. Those options are: *A, B, or C.*

Your option election form **MUST** be returned signed and completed in its entirety by 5 p.m. on or before your effective retirement date. If our office receives the form past your effective retirement date, you will automatically be retired under Option B.

Option A

Option A represents the highest possible retirement allowance. All retirement benefits would cease upon your death and the retirement system would retain any money remaining in your account.

Option B

This option represents a slightly lower allowance than option A. Option B provides for a lump-sum payment to your named beneficiary of any funds remaining in your account at the time of your death. Your retirement allowance is comprised of two parts: an annuity portion and a pension portion. The annuity portion is taken from your account each month. The pension portion is paid by the Town. Once you retire, the balance of your annuity account is spent down from your account each month. Therefore, the longer you live after retirement the smaller the balance in your annuity account which will be paid to your named beneficiary upon your passing. It is possible that you can outlive your funds. In that event, you would continue to receive the same retirement allowance; however, there would not be any payment available to your named beneficiary. The spenddown on your account takes approximately ten to twelve years.

### Option C

Option C reduces your retirement allowance further. It is the lowest retirement allowance available to you upon retirement. By taking this lower option, you are allowing for your named beneficiary to receive a monthly survivor benefit upon your passing. Your named beneficiary will receive two-thirds (2/3) of what you had been receiving under Option C at the time of your death. This benefit will be paid to your beneficiary for the duration of his/her lifetime. Please be aware that the only person that can be named as an Option C beneficiary is a spouse, mother, father, sister, brother, child or former spouse who has not remarried. Your retirement allowance, as well as that of a named beneficiary, is based upon a joint life expectancy of you and your beneficiary. A certified birth certificate with the parent's names is required for the beneficiary. If the beneficiary is a spouse, a certified marriage certificate is required under Option C. These records must be from a City or Town Clerk's office. We can accept copy for the file. If you have retired under Option C and your beneficiary predeceases you, your allowance would "pop up" to the higher Option A benefit you would have received at the time of your retirement. This is the only instance under which an allowance can be changed.

You may change your beneficiary under Option A or Option B following retirement. You cannot name another beneficiary for Option C benefits after you retire.

The Option you select at the time of retirement cannot be changed once your retirement date becomes effective.

Applications for retirement must be filed in the office of the Framingham Retirement System, Memorial Building, Room B31, Framingham, Massachusetts.

## Part II. Other Post Retirement Information

### Estimated payments

Please be advised that the Retirement Board will pay up to 80 % of your monthly retirement allowance to you until such time that the Public Employee Retirement Administration Commission (PERAC is the regulatory agency for all the Retirement Boards in the Commonwealth of Massachusetts) grants final approval on your retirement application. Please also be aware that any retroactive benefits due to you, back to your retirement date, will be paid out as timely a manner as possible after you begin receiving any estimated retirement benefits. Please be aware that these estimated payments are not applicable to disability retirements.

### Cost of Living Allowance

Cost-of-living allowances are voted on each year by the Retirement Board. Should the Retirement Board grant a cost-of-living allowance, it will be added onto any gross monthly benefit. The amount of any Cola will be determined each fiscal year by the Retirement Board, not to exceed 3 % on the first \$12,000.

In order to be eligible for a Cola, the member, spouse or beneficiary must have been receiving a benefit on or before June 30<sup>th</sup> of the prior year.

### Post Retirement Employment

There is no restriction on employment in the private sector. However, employment for any town, city, or county within the Commonwealth of Massachusetts or for this state is restricted once you have retired. You may be employed for only 960 hours in any calendar year. Also, the amount you earn from any such political subdivision would be limited to the difference between your gross retirement allowance and the present salary from the job from which you had retired.

#### *Example: Regular retirement:*

If your gross retirement benefit is \$10,000 and the salary from the job from which you retired now pays \$30,000, you can earn up to \$20,000. ( $\$30,000 - \$10,000$ )

Each year a statement must be filed with the department in which you were employed during your active service, the treasurer of the governmental unit that covered your employment, and your retirement board stating the number of hours worked and the salary received for the calendar year. Should you exceed the allowable amount of hours or income, you will be required to repay any excess salary earned to either the governmental unit covering that employment or the retirement board.

### Post Employment Information for Disabled Retirees

For disability retirees, the amount of outside income you can earn is the difference between your gross retirement allowance and the present salary from the job from which you retired, plus \$5,000. The 960 hours restriction on the regular retirement is not applicable to disability retirees.

#### *Example: Disability Retirement:*

If your gross retirement allowance is \$15,000 and the salary from the job from which you retired now pays \$35,000, you can earn up to \$25,000. ( $\$35,000 + \$5,000 = \$40,000 - \$15,000$ , which equals \$25,000.) Remember that a disability retiree has an additional \$5,000 to work with than a regular retiree.

Each year the Public Employee Retirement Administration Commission will request that each disability retiree submit an Earnings Statement to PERAC which reflects outside income as a disability retiree. That regulatory agency is responsible for mailing that request to the retiree, as well as reviewing that information upon its receipt.

*Please note that any and all time or income restrictions on post-employment retirement are governed by Massachusetts General Laws, chapter 32, sections 91 for regular*

*retirement and 91A for disability retirement, as well as any and all regulations set forth by PERAC or the Framingham Retirement Board, in accordance with M.G.L. c. 32, sections 91 and 91A.*

### *Vacation Pay*

If at the time of your retirement, you are entitled to any accrued vacation, you can be paid for that time in a lump sum in lieu of vacation time. Retirement would not be deducted from this lump sum. If you wish, you can have your retirement effective at the end of your vacation time. In this case, retirement would be deducted from vacation pay.

### *Make-Up payments*

If you were employed by any governmental unit within the Commonwealth and you do not have this period of employment credited in your retirement system, it may be possible to pay a make-up payment. You would be required to pay into the retirement system the amount that would have been withheld for retirement plus the accrued interest through the month of your repayment. Please have your employer for that period forward to the retirement office the dates of your employment, the salary paid per calendar year, the date of termination, and whether you were employed on a full or part time basis. If you were part time, we require the number of hours employed per calendar year. Once we receive all of the necessary information, a letter will be forwarded to you indicating the amount of the payment and the due date. In order to receive creditable service, any make-up payments must be made before the date of retirement.

### *Federal Income Tax*

A portion of your retirement allowance is taxable. Please refer to IRS publication 575. The IRS requires that you pay 90% of the income tax that you will owe by having an amount withheld on a payroll plan or by filing an estimated quarterly tax return. If you wish, we will withhold a fixed amount of money from each retirement check you receive. You can change the amount of taxes withheld from your retirement check anytime you wish. Please notify the Board of any tax changes you might wish to make. We will ensure that you receive the appropriate form.

### *State Income Tax*

Your retirement allowance is exempt from state taxes.

### *Health Insurance*

The premium to continue your health insurance can be deducted from your retirement allowance. Questions regarding your coverage should be directed to the Human Resources Department.

### Life Insurance

Your life insurance premium covering the \$5,000 policy with the Town of Framingham may be continued after retirement. Please check with the Human Resources Department if you have any coverage with the Town in excess of \$5,000.

If you do *not* wish to have your health or life insurance coverage with the town, please contact the Human Resources Department.

### Credit Union

If you wish to have credit union deducted from your retirement allowance, please contact the Framingham Municipal Federal Credit Union.

### Change of Address

Should your mailing address change, either temporarily or permanently, please contact the Retirement Board at your earliest opportunity.

### Direct Deposit

Your retirement check can be sent electronically to a bank or credit union via direct deposit, into either a checking or savings account. This authorization must be in writing and include the name of the bank or credit union, their mailing address and your account number. If your check will be direct deposited, please attach a cancelled or voided check to your written authorization.

Should you have any questions or concerns regarding this information, please do not hesitate to contact our office. We would be glad to assist you. Our phone number is (508) ~~620-4830~~ 532-5465

