

MACRS 2010 ANNUAL FALL CONFERENCE FOR BOARD MEMBERS AND STAFF

MONDAY, OCTOBER 18, 2010 2:00 – 4:00 p.m.

Administrators and Staff Breakout (Ballroom)

Moderator: Frank Zecha, Brookline Retirement Administrator

SESSION 2: PRE-RETIREMENT COUNSELING

Dale Kowacki, Executive Director, Franklin Regional Retirement System

In this session we will discuss the “best practices” for pre-retirement counseling of the system’s members. What should a board tell/not tell its members about: Options; designation of beneficiaries; health care; deferred compensation; Social Security; post-retirement earnings limits for superannuation and disability retirees, pending legislation; life-style changes and the like. You will be given and we will discuss a counseling checklist developed by our most experienced and knowledgeable retirement administrators.

Dale Kowacki, Executive Director, Franklin Regional Retirement System

With thanks to Michael Sacco for his thoughtful guidance and sharp mind.

And a thank you to these Directors and Administrators for sharing their work, their experience, and their insights:

Mary Clare Siegel, Administrator - Needham Retirement

Colleen Loughlin, Retirement Board Administrator - Reading Retirement

Roberta Griffin, Executive Director - Framingham Retirement

Elena Kothman, Retirement Administrator – Andover Retirement

Frank Zecha, Director - Brookline Retirement

Terrylee Murphy, Retirement Board Analyst – Methuen Retirement

Sheryl Trezise, Retirement Administrator – Amesbury Retirement

Marianne Fiske, Administrator – Greenfield Retirement

Julianne Bartley, Executive Director – Hampden County Retirement

Jeanne Martineau, Director - Braintree Retirement

Do's and Don'ts; Tells and Not-tells

everyone's approach is different
share the desire to give members lots of good and accurate information
Members look to the retirement staff to be well-informed experts
not cross the line between knowledgeable resource, and determined advisor
just provide the options, and let the decision be theirs
However, don't be shy about pointing out the obvious "right" decision

Educating Your Members

1) Start early –

Put out newsletters
hold information sessions
invite yourself to speak at association or department meetings
Do an annual information session and give a special invitation to newly vested members
Do a joint session with neighboring systems

Topics to get them thinking:

- Buybacks and make-ups of refunded or prior service
- Purchase of military service
- Financial Planning
- Retirement Calculation
- Retirement Process
- Insurances
- Social Security – GPO and WEP

2) A few years before they might retire – invite individuals to review their situation.

Go over the following:

- Tally up their creditable service
- Ask about other time that could be purchased
- Ask about any dual service or service elsewhere
- Talk about retirement dates
- Do some benefit estimates
- Discuss the process and the paperwork
- Explain post-retirement work options
- Social Security – GPO and WEP
- Insurances
- Lifestyle changes

3) At retirement time – this is when all your good advance education pays off. The member has all their “ducks in a row” and knows exactly what to expect during the process. Now is when they will be making crucial decisions, and now is when you want to watch your “do’s and don’ts”.

Like I said, my contributing experts have different styles in their approach to retirement counseling – all of them good, and all of them fit the person and system using them, which is to say, there is no absolute. So what follows is a complete list of all their “best practices”, and a compilation of the generally acknowledged do’s and don’ts, which you would be wise to incorporate in your own checklists.

Checklists? Based on what my expert sources shared with me, there seems to be two different checklists used during the counseling process: one to give to the retiree, that hits on every topic, giving the retiree a to-do list; and one to be used internally by the retirement staff to track progress. Some people use the same list for both and even have the retiree sign-off that all was discussed. I have attached copies of the various checklists I received. I also have copied them to the Franklin Regional Retirement website so you have access to an electronic copy (those that gave permission).

[Frrsma.com/other-systems/pre-retirement-materials/](http://frrsma.com/other-systems/pre-retirement-materials/)

(Where you will also find a copy of this presentation.)

Retiree's Checklist:

- Tell your employer you are retiring
- Tell your spouse also – they will need to be present
- Get a medical physical
- Do you have a DRO?
- Are you responsible for any child support payments
- Do you have military service you can purchase
- Pre-retirement considerations
 - Retire on birthday
 - Purchase stray creditable service
 - Vacation: lump-sum or “taken” over time
- Verify
 - Group Code
 - Creditable service total
 - Three-high salary years and amounts
- Contact Social Security about possible benefit amount
- Contact Deferred Comp carrier
- Options A,B,or C
 - Discuss with family
 - Spouse included
 - Consult Financial Advisor
 - Cannot be changed
- Provide a photo ID for copying
- DD214 – Military Discharge
- Documents required based on option
 - Your Birth Certificate
 - Birth Certificate of spouse
 - Your Marriage Certificate
 - Birth Certificates of beneficiaries
- See Treasurer or Human Resource Dept. about Health and Life insurances
- Be aware of Medicare B requirement
- Read about GPO and WEP
- See a Tax Advisor about Income Tax withholdings
 - State – not taxed
 - Federal – taxed
- Direct deposit options
- Timing of checks
 - First might be delayed
 - End-of-month thereafter
- C.O.L.A.
- Think about how this changes your lifestyle what you need to adjust
 - Investment types
 - Other retirement savings
 - Long-term care
- Update beneficiaries on other insurances as well

- Arrange a Power-of-Attorney
- Expect Annual or Bi-annual “Benefit Verification”
- Post-retirement earnings limitations
- “Freezing” retirement
- If disability retirement – reporting to PERAC

And most importantly - Call often, with any question

What “Handouts” to give the retiree:

- PERAC Retirement Guide
- PERAC booklet: “Retirees Rights and Responsibilities”
- “Work After Retirement” information
- Retirement Application
- Option Choice Form
- Direct deposit form
- W-4P
- Address verification form
- WEP and GPO information sheets
- Social Security letter of first eligibility for Ret Allow
- Social Security Office locator, phone number, and directions
- SSA Publication No. 05-10121 “What You Can Do Online,

Staff/Internal Checklist:

- Require the spouse be present
 - Require and photocopy their photo ID
- Present the Estimate and Review Statistics
 - Creditable service
 - Three-high years
 - Group
 - Name, address
 - Birthdates
 - Start and end dates
- Explain the Retirement Formula
- Explain the Options (A,B,C)
 - Consult Financial Advisor
 - Cannot be changed
- If there is a DRO involved, discuss the effect
- Ask about military service (purchase time)
- Discuss timing of retirement date
 - Retire on birthday
 - Purchase stray creditable service
 - Vacation: lump-sum or “taken” over time
- Suggest they have a physical
 - The results could influence their options choice or their timing
- Go over the forms:
 - The Retirement Application
 - Option Choice Form
 - W4-P
 - Direct deposit
- Tell them you need the following legal documents:
 - Photo ID for copying
 - Retiree’s Birth Certificate
 - Birth Certificate of spouse
 - Their Marriage Certificate
 - Birth Certificates of beneficiaries
- Explain:
 - The GPO and WEP
 - Direct deposit options
 - Expect Annual or Bi-annual “Benefit Verification”
 - Post-retirement earnings limitations
 - “Freezing” retirement
 - If disability retirement – reporting to PERAC
 - C.O.L.A.
 - Timing of checks
 - First might be delayed
 - End-of-month thereafter
- Tell them to contact:
 - Social Security about possible benefit amount

- Deferred Comp carrier
- Treasurer or Human Resource Dept. about Health and Life insurances
- Be aware of Medicare B requirement
- Tax Advisor about Income Tax withholdings
 - State – not taxed
 - Federal – taxed
- Suggest they think about:
 - How this changes their lifestyle what they need to adjust
 - Investment types
 - Other retirement savings
 - Long-term care
 - Updating beneficiaries on other insurances as well
 - Arranging a Power-of-Attorney
- Collect the following documents as required
 - Retirement Application
 - Option Choice Form
 - Direct deposit form
 - W-4P
 - Copies of Photo ID for retiree and spouse
 - Retiree's Birth Certificate
 - Birth Certificate of spouse
 - Their Marriage Certificate
 - Birth Certificates of beneficiaries
 - DD214
- Send to PERAC
 - Cover letter to PERAC
 - Copy of the retirement estimate
 - Annuity Savings Record
 - Marriage certificate (Option C only)
 - Salary Superannuation (Option C)
 - Birth certificate for member
 - Birth certificate for spouse (Option C)
 - Copy of transfer/annuity page from other system
 - Copy of Application form
 - Copy of Choice form
- After Approval - Send to Retiree
 - Cover letter
 - When to expect first check and in what amount
 - breakdown of deductions and interest
 - Copy of PERAC's approval letter
 - Simplified General Rule info
 - Reference IRS Publication #575

- Highlight at top “SAVE FOR FEDERAL INCOME TAX PURPOSES”
- Copy of the retirement calculation
- Annuity Savings Record

Survey Responses:

Here are some of the responses I received when I asked our brightest and best if they would be willing to share with me a copy of their "checklist", and their thoughts about "best practices".

Attached is the checklist I do when counseling a retiree. The only “don’t” I can see is advising about taxes, as I am not a tax expert. Well, I also “don’t” advise about Social Security either – I send the future retiree to Social Security to get answers directly from them.

I will be happy to share my “checklist”, with you... but I have to admit that I try to keep my counseling as informal and casual as I can so the member feels comfortable asking any questions they want. My members can come in or call as many times as they feel is necessary and I tell them that. Usually the member has contemplated retirement for a very long time and I have already given them several estimates and met with them and their spouse to explain the options over and over, when they will receive their first check, FWT, health insurance and any other questions they may have. I don't get too involved with social security except for a brief explanation about the offset (which at this point they already know about it) and give them a letter to bring to the SS office stating when they were first eligible for retirement. I do try to have both the member and the spouse present at the last meeting. By then they usually are ready to sign without much explanation.

My checklist follows:

Application for superannuation

Option form

Direct Deposit form

W4P with the tax table that applies to their monthly earnings

Letter of explanation of post retirement earnings for them to sign and date (I keep a signed copy in their file) and give them an estimate of their earnings level if they need it.

After I receive PERAC's approval of their retirement, I send them a cover letter telling them when their first check will be and the amount, a breakdown of their deductions and interest, a copy of PERAC's letter, a simplified general rule estimate with reference to IRS publication #575. I highlight the top of the letter SAVE FOR FEDERAL INCOME TAX PURPOSES.

I think that is generally it. I work on a case-by-case basis and of course, there are exceptions to the rule. When questions come up regarding divorce or DRO's, power of attorney, or other legal issues, I give the member as much information on the subject that is available in the office and advise them to follow up with their attorney.

Here is basically what we go over and or hand out when people come in to retire:

1 – Retirement Application – completed and ready for member to review and sign

2 – Retiree booklet from PERAC – copy of booklet is given to member for them to keep and read

3 – Direct deposit form – Form is given to member to either take and return or can complete in the office.

4 – Voluntary Power of Attorney for Hampden County Benefits only Form – This form was developed by Paul Mondry and we give it out and explain the reasons to consider having a power of attorney form in place with us

5 – Choice of Retirement Option Form – We usually have this completed with ESTIMATED amounts and that is highlighted on the form and we go over the benefits explain each one and point out where to sign and the information regarding spousal acknowledgement. If a person is single, widowed or divorced we have them right it on the spousal line, initial and date it to cover this possibility.

6 – W-4P Tax Form and Simplified General Method – Give tax form along with the page where the individual can calculate the portion of their money they use each pay period that the IRS allows to be tax free if applicable I usually suggest they talk with their tax preparer to insure that their federal tax liability is met. Will also give a copy of the applicable page from circular E from IRS that gives what the tax would be on the gross monthly depending upon marital status and allowances claimed.

7 – Double check with employee regarding vacation pay, and actual last workday and give an estimate as to when first payment can be expected Also double check with them regarding the beneficiary we have on record

8 – Annual affidavit – Review reasons for it and need for notary and return to our office

9 – COLA – go over how Board is the one that determines if COLA can be given out and also how need to be retired at least 1 full calendar year before eligible for COLA

10 – insurance – Review about insurance and how the individual towns or districts still administer everything but their share of premium will be taken out directly from retirement check and forwarded to town or district as a courtesy to them and district/town. Also, tell them about checking with the individual town/district if they do not currently have the insurance what the possibilities are of getting on the plan once retired.

11 – 960 reemployment information. We hand out a sheet that gives the law and also a brief summary of law that the individual will sign and we will make a copy of it so we have their acknowledgement of the rules for reemployment with a public employer in Mass.

12 – Social Security forms WEP and GPO – give these out but tell the person to always apply for social security and make social security make the determination as to whether or not they are eligible and which offset may or may not apply to their individual situation, same as with applying for Medicare at 65 apply and have social security make that determination.

This is pretty much what we go over. I am always careful regarding legislation and future changes in trying not to confuse someone more. The above information is enough as far as I am concern for most people to handle.

Attached is the checklist I am using. <blank> shared hers with me and this is pretty much hers adapted for <blank>. I do make sure I go over the options with the spouse present; I refer them to the Benefits Manager for health insurance questions. I explain about the affidavit and that they must submit it each year, also we do not mail every deposit advice so I discuss that with them. I send the checklist with the estimate so they can read it before they come in case there is something on it they had not considered. I

always talk about working for a municipality after retirement and I make sure they are aware of the limits. We talk about social security also.

When they come in to sign their paperwork, I use the checklist to discuss each item again to see if they/spouse have questions. Then I have them sign it and keep it in the file.

<blank> has accepted s. 18 of c. 32B and therefore must go on Medicare A/B if eligible. I warn them to be on the lookout for documentation from Social Security Admin before their 65th bday. In my option selection package, I also have a document, which warns that all retirees upon age of 65 if eligible must join Medicare A/B. In the past, we would only cover this verbally but I have retirees who claimed that they never knew and then incurred a Medicare penalty because they took the Medicare too late.

Also, I have them sign an acknowledgement form that they rec'd and understand s. 91, excess earnings provision.

Enclosed is my outline. I have two packets. The first are just the three pages of the main points. The second has all the forms with the exception of the application and option selection. Those I do on the computer with the member.

- direct deposit,
- W-4P,
- Social Security letter of first eligibility for Ret Allow
- Social Security Office locator, phone number, and directions
- WEP, GPO,
- SSA Publication No. 05-10121 "What You Can Do Online,
- address verification form,
- work after retirement, and
- the brown booklet "Retirees Rights and Responsibilities"

Please call if you have any questions. I would be interested in what you come up with.

The following are copies of checklists from some of the experts:



Amesbury

Planning for Retirement

One of the most important things to consider in your retirement planning is understanding that once you retire from your employment, you are locking in a fixed benefit amount for the rest of your life.

This is a defined benefit plan

Make sure your financial resources meet your financial goals/needs.

Do you have other sources of income to meet your retirement needs?

- How can I maximize my retirement benefit?
 - Consider retiring on your birthday (up to age 65) so that you get the highest age factor
 - Verify your creditable service time: Are you eligible to buyback prior service? Has all of your municipal employment been transferred? Is there military time that is eligible?
 - Consider using your unpaid vacation to extend your retirement date.

- What are my options?
 - Option A. Provides the maximum benefit with nothing going to beneficiaries upon your death.
 - Option B. Very close to Option A benefit but protects your contributions in your annuity savings account for “x” number of years. Similar to a decreasing term life insurance policy. Find out how long there will be a balance and what happens when the balance is -0-.
 - Option C. Provides a survivor benefit for a spouse or qualified beneficiary. The survivor’s benefit is calculated using both dates of birth (yours and your beneficiary’s) and will be 2/3rds of the benefit amount being received at the time of your death. If your beneficiary predeceases you, you will “popup” to an Option A benefit.

Make sure you understand each of these Options.

These cannot be changed once your retirement becomes effective. Everyone’s needs are different.

□ Insurance

- Health Insurance: What type of health insurance will I be provided with upon retirement and what would happen if I predecease my spouse or covered family member? Will they get coverage? How much will it cost them? For how long? **Health insurance is such an important part of the planning process.** Three months prior to turning age 65, a retiree must go to social security to get a Medicare Part B card and then come in and sign up for a supplementary health insurance plan.
- Life Insurance: Am I eligible for any? Continuation of existing coverage?
- Other Insurance: Dental? Other portable insurance?

□ Social Security

- Will my social security benefit be offset? If you are eligible to collect under social security, you may be offset. Currently in order to receive your full social security benefit, you need to have 30 years (360 quarters) into Social Security.
- **Windfall Elimination Provision (WEP):** If you will be collecting under your own social security earnings (not your spouse's), do not rely on the annual information you receive from social security but go to the social security website directly, ssa.gov and calculate your estimated benefit under the **WEP** provision.
- **Government Pension Offset (GPO):** If you will be collecting social security benefits based on your spouse's earnings (in some cases ex-spouse), 2/3rd's of your social security benefit may be offset. Go directly to the social security website, ssa.gov and calculate your estimated benefit.

Contact Social Security directly with any questions.

□ Formula Used to Calculate your Benefit

- Age Factors: Is my Group code correct and how does this affect my benefit formula?
- Service Time: Is my service time correct? Consider retiring on a date that maximizes this time.
- Salary: Confirm when your high 36-month consecutive salary was. Occasionally it is in a prior system.

Age Factor "x" creditable service = %

% "x" high 3 year consecutive annual salary = Option A annual benefit

□ Monthly Benefits

- When do I receive my benefit?
- How will I receive notification? Check? Direct Deposit?
- Deductions come out on a monthly basis. Plan accordingly.
- Know what states tax retirement benefits. It is nontaxable in Massachusetts but is federally taxable. Some retirees receive an offset for any deductions that were paid in "after-tax" dollars.

When do I apply for retirement?

- Contact the retirement office **three months** prior to retiring to start the application process.
- All retirement applications must go before the Board for approval and the Board meets once a month.
- Calculations are verified with the state regulating agency, PERAC.

Can I freeze my retirement?

- Some people elect to leave their municipal employment and go to the private sector before retiring. In these cases if you wish to freeze your retirement, please send written notice to the retirement board advising them of this so they do not “write-off” your retirement account.
- Check the pros/cons of making this decision. Check contract terms.

Name: _____ RETIREMENT CHECK LIST DOR:

1. At this point, you should have requested an estimate of your retirement benefits from the Retirement Office (ext 8209).
2. You should contact Social Security @ 1-800-772-1213 to find out if you are eligible for benefits and how those benefits might be affected by collecting a Town pension.
3. If you have been participating in deferred comp, you need to contact ICMA @ 1-800-669-7400 to discuss your options.
4. You should discuss your option choices with your family. If you are married, your spouse must accompany you when you choose an option. Ask as many questions as you need in order to completely understand your option choices. You should choose your option based on your personal financial situation, taking into consideration any other sources of income, expenses, etc. that you have.
ONCE YOU HAVE RETIRED, YOUR OPTION CHOICE CANNOT BE CHANGED!
5. Human Resources (978) 623-8530 handles all Health or Life insurance related issues. Proper health insurance is extremely important during your retirement years! You are allowed to make changes each year during the "Open Enrollment Period".
(You could receive a waiver for your life insurance premiums if you are an Accidental Disability Retiree.)
6. It is suggested that you consult a tax preparer to assist you in deciding what amount should be withheld from your monthly retirement check for taxes. Your Town of Andover pension is **NOT** taxable by the State of Massachusetts, but it **is** taxable to the Federal Government (except accidental disability pensions). If you are planning to move to another state once you retire, check with that state to see if it taxes your pension. The Retirement Office **cannot** help you with this decision.
7. Decide how you want your monthly retirement check handled – direct deposit or mailed to your home? The Retirement Board **strongly** recommends direct deposit. Direct deposit takes 1-2 months to set up, during which time you will receive an actual check at your mailing address. A portion of your check, or your entire check, can be directly deposited to your Andover Federal Credit Union account.
8. Retirement checks are paid on the **last business day of each month**. Most likely you will not receive your first pension check until about a month or so after your retirement date. Please plan your finances accordingly!
9. **COLA** – The Retirement Board may approve a 3%, max \$30 per month, cost of living increase, July 1st each year, payable in your checks on July 31st. In order to receive the COLA, you must have been retired for ONE FULL YEAR and you will not receive the COLA until the next time it is offered (for example, if you retire on 08/01/09, and the following year, 07/01/10, a COLA is approved, you are not eligible because you have not been retired for one full year. In this example, this person would first receive a COLA on 07/01/11).
10. If you carry life insurance, be sure to update your beneficiary (with the Treasurer's Office) if anything changes.
11. You may have your bargaining unit review your Terminal Leave payment, if you choose (TOWN employees).
12. Every two years you will be asked to confirm your status as a pensioner. This is absolutely required per Mass General Laws! You are given 2 months to submit this confirmation. If not received, your pension will be stopped until it is received!
If you are a disability retiree, you are also required to file an "Annual Statement of Earned Income" to

PERAC. Please help the Retirement Office by submitting the required documentation by the deadline!

13. If you return to work for a Mass municipality after you retire, you are allowed to work only 960 hours per calendar year, AND your earnings for said work, when added to your annual retirement allowance, cannot exceed the salary currently being paid for the position you retired from.

14. If you are a disability retiree, you will be required by PERAC to undergo medical evaluations periodically in order to continue receiving your disability pension. If you do not comply, your pension check could be terminated!

15. You may donate the balance of your sick days to the sick bank, if there is any balance left after you are paid TL.

I hereby confirm that I have discussed and understand all of the items listed above.

Signature of retiring employee

Date signed

Signature of Retirement representative

RETIREMENT COUNSELING

Needham Retirement System

6/9/08

TYPES of RETIREMENT BENEFITS: Give contact names and phone numbers

can file more than one application at a time

give paper copy of estimates

- Superannuation – regular (section 5)
 - If collecting Worker Comp benefits and expect them to continue into the future, there is no offset if collecting a superannuation allowance. This may be more advantageous than filing for disability.
- Ordinary Disability (section 6)
 - If vet, must have 10 yrs, then get 50% of prior 52 week earnings.
 - If non-vet, must have 10 yrs, and the benefit is calculated as though s/he were 55 years of age with actual creditable service earned.
 - If a vet retiring after age 55, the allowance will not be lower than actual superannuation calculation.
 - If filing for ordinary disability and eligible for Social Security Disability allowance, check to see if do better as Superannuation with additional SSI benefits, or as Ordinary Disability with regular Social Security allowance.
- Accidental Disability (section 7)
 - Can file more than one application at a time.
 - Can retire and collect on Superannuation pending the outcome of the other applications.
 - Time frame for the application
 - Need Member Application and Physician's Statement
- Termination (section 10)
 - Must have 20 years service.
 - Usually the position is abolished or removed for budget purposes
 - Get a higher allowance. Needham uses old formula—not accept local option.

DISABILITY RETIREES:

- Limitation on earnings
- Annual Statement of Earned Income (PERAC)
- Re-examination
- Restoration to Service
- Worker Comp offset

OPTIONS: Needham has a Defined Benefit retirement plan. The formula used to calculate a regular retirement benefit is based upon three factors: your age at retirement, the months and years of creditable service and a salary average based on your three highest consecutive years in the system (usually the three most recent years).

- OPTION A: All benefits cease at death.
- OPTION B: Provides a possible declining balance lump sum payment to a beneficiary. It takes an average of 14 years to use up contributions, leaving no benefit.
- OPTION C: 2/3rd of retiree's allowance to survivor. Pop-up provision.
- Minimum Allowance:

- If annual benefit is less than \$360/year, then not eligible for RA and account is refunded.
- If annual benefit is between \$360 and \$600/ year, then employee may choose a lump sum refund or a monthly allowance.

To calculate your own estimate go to: <http://www.mass.gov/smartplan/retirementestimator/estimate.htm>.

BENEFITS AFTER RETIREMENT:

- Retirement allowance is paid on the last business day of the month.
- Health insurance – Sophie Grintchenko in Personnel Office (781) 455-7530.
- Life insurance – Sophie Grintchenko in Personnel Office (781) 455-7530.
- Wellesley Credit Union – (781) 235-0503
- Direct Deposit
- Federal Tax Withholding

POINTS TO REMEMBER:

- Upon retirement may allocate lump sum pays, or whole final check to deferred compensation 457 plan
- When eligible for first COLA
- Right to work after retirement:
 - Private Sector
 - Public Sector
 - Waiver of Allowance. (If go back full-time, the RA freezes. When it starts back up, do not make up the COLA's missed).
- Annual Verification form
- Check PERAC website for updated information: www.mass.gov/perac

SOCIAL SECURITY BENEFITS: with a public pension

- Notice of “First Eligible to Retire”
- Dates of offset applicability
- Local Social Security Office Call (800) 772-1213 and ask for appointment with local office.
- WEP – Qualify for SS based on own earnings record.
- GPO – Qualify for SS based on spouse's earnings record.
- Medicare – Sign up before reach age 65.
- Web site: www.ssa.gov

GENERAL PREPARATIONS FOR RETIREMENT

“Three years before retirement:

1. Health insurance planning–town, supplemental, Medicare/Medicaid
2. Retirement quotes from all sources (Town, 457, 403b, IRA's, SS offset)
3. Adjust retirement portfolio in all investments
4. Review legal matters– will, trust, 529, health proxy, durable power of atty.
(Some blank forms of these documents are available on the internet.)
5. Long term care

6. Lifestyle & Budget review”
 - Insurances
 - Checking, mortgages, credit cards
 - Savings
7. Tax planning

Application Forms Needed at Retirement:

1. Retirement Application
2. Option Form with Spousal Acknowledgement
3. W4P
4. Direct Deposit
5. Wellesley Mun Cr Un
6. Birth and Marriage certificates if choose Option C
7. Dependent birth certificates if Acc Dis or Acc Death

Handouts for Estimates:

1. Retirement estimates
2. Social Security letter of first eligibility for Ret Allow
3. WEP & GPO sheets
4. Work in Public Sector after Retirement
5. MA Retirement Percentage Chart

Handouts for Retirements:

1. Retirement Application
2. Option Selection Form
3. Direct Deposit Form
4. W-4P federal tax withholding form
5. Social Security Office locator, phone number, and directions
6. Address Verification form
7. Work in Public Sector after Retirement
8. “Retirees’ Rights & Responsibilities” booklet

1. Info on Mass Health Care Proxy
2. Info on Durable Power of Attorney—doesn’t have to be done by an atty

Info on Location of Important Documents

ACTING ON BEHALF OF RETIREE:

- POA – The spouse is permitted to act on behalf of the member if they are living together. If the spouse or member comes in and does not feel the person can make an informed decision, then the POA who has been appointed by the courts can sign off on the option, **if** the POA does not get the benefit. *Ann Le Duc handout MACRS 10/29/01*
- Guardianship – would be requested if it were a Keeping the Retiree Current:
 - Does the retiree need financial information for housing costs
 - Retiree publications
 - Changes in Legislation

- Notice of Health Insurance changes and/or costs
- Changes in the Federal Tax Table

BENEFITS UPON DEATH OF MEMBER:

- Before Retirement
 - Lump Sum Benefits
 - Roll-over Option
 - Member-Survivor Allowance (Option D)
 - Dependent Children Allowance
 - Special Spousal Benefits-Trust Option D

PERSONAL INVENTORY: Norfolk Co

OTHER RETIREMENT PLANS:

DEVELOPING A FINANCIAL PLAN: Norfolk Co

1. Cash Flow Worksheet
2. Calculating Net Worth
3. Figuring Retirement Income Needs

TAX PLANNING: Norfolk Co

Retirement of a member

Member Name: _____ **Date of Retirement:** _____
Member #: _____ **Type/Option:** Superannuation /

- Give to member: "Appl. for Voluntary Superann. Retire.", "Choice of Retirement Option", "Retirement Benefit Pymt Options summary", Form W-4P (withholding for pensions), "Retirees' Rights & Responsibilities", and Social Security sheets regarding "Windfall Elimination Provision" & "Government Pension Offset".
- If a member does not have three years in the Reading Retirement System but has enough service to retire send a letter to the member's previous retirement system asking for the member's payroll records. Ask for at least five years but more if possible to check for the highest 3-year salary average.
- Ask the member to have his/her spouse meet with the retirement board administrator to go over the choice of retirement options.
- If member chooses Option C let member know that proof of relationship & birth certificate are needed for the beneficiary.
- As soon as the member files the above forms, send a letter to the member's department head to be sure they know the member is retiring.
- Send member's name and social security # to MA DOR-Child Support via their website: <https://secure.cse.state.ma.us/cptpl/login/login.asp>. Ask the payroll administrator if the member currently has child support deducted. If so ask the administrator to start the process of changing from a bi-weekly deduction on Town payroll to a monthly deduction on retirement payroll.
- Do not begin these steps until the member has received the final paycheck. (It's okay to begin if the member will get another paycheck for lump-sum vacation, sick leave buyback, etc which would not be subject to retirement deductions.)
- Make sure the employee does not have makeup payments. If so, the balance must be paid off and the date adjusted in the system before calculating a retirement allowance.
- Go through member's file folder & check alpha for anything unusual (ie: part-time work, veteran status but member did not yet purchase, etc).
- Update the card with the current year's deductions and interest. (Only calculate interest for the # of months completed in full for current year).
- Verify that the "highest 3 year average" is being captured. In alpha run "REP 2NEWLEDGER" for the current year and "REP 2OLDLEDGER" for prior years. Run prior years for a few years back (not just 3 years). For non full-time employees run a number of years back. Some employees may have worked more hours previously and less currently so the highest 3 years could be a few years back not the most recent.

- TRA ACTPER & ACTFIN: Enter termination date and T for status, then interest for total months completed in the current year.
 TRA RETINFO: Enter retirement date and beneficiary information.
 Calculate Options A & B (excel spreadsheet)
 Calculate Option C (excel spreadsheet)
- Check deductions on alpha form to the card. It is usually off by cents. Adjust the alpha form to agree to the card.
- Forms mailed to PERAC for their approval if anything other than a superannuation retirement (also mail super calculations if Section 3(8)(c)).
 ___ Letter to PERAC's actuary explaining what is being sent _____ PERAC Form 125 (word)
 ___ Photocopy of card _____ Alpha calculation of Options A, B & C
 ___ If Option C - birth certificate of beneficiary & proof of relationship _____ DD214 form - if applicable

- Forms mailed to new retiree:
 ___ Retirement allowance worksheet - calculation of first payment (excel)
 ___ Retirement account statement - accumulated deductions & interest (word) (letterhead)
 ___ Breakdown of annual retirement allowance - annual annuity amount & annual pension amount (word) (letterhead)
 ___ Letter explaining first month's and subsequent month's retirement amount (word) (letterhead)
 ___ Copy of retirement calculation

- Forms for payroll administrator:
 ___ New retiree data (word) ___ Pension benefit analysis (excel) ___ W-4P (from retiree) ___ Direct Deposit
- Update Membership spreadsheet in excel for current year, add to agenda for board approval if not approved already
- If member bought back prior service from another system be sure get a copy of the letter PERAC sends to the other system notifying them what they owe Reading Retirement on a yearly basis in accordance with M.G.L. c.32, §3(8)(c)

- Alpha entries:
 TRA RETPER: ___ Enter personal info (incl spouse's info if Option C)
 ___ Enter Notaxlife: Pre88 deductions "employee" (GIVE THE ASST TREASURER THIS PRE88 AMT & THE RETIREE'S DOB & DOR) _____
 ___ Enter Original Annuity: Total deductions & interest
 ___ Enter Original Ret Amount: Yearly retirement allowance
- TRA RETFIN: ___ Enter Req Ann or Jan 1 Balance: Total deductions & interest

- Transfer (can be done at any time since this only affects the member's file):
 ___ TRA TRANSFER: Transfer deductions and interest from Annuity Savings to Annuity Reserve.
 ___ COM POSTTRANS: Posts. Use retirement date for posting date.
 (When doing this transfer, use the member's active #. This entry closes out the member's Annuity Savings to the Annuity Reserve - go to "Transfer to: Annuity Reserve", bottom right corner)

- Journal Entry (can't be done until previous month is closed):
 Total deductions & interest are transferred from the Annuity Savings (32910) to the Annuity Reserve (32920).
 ___ TRA JEWILD: General Journal - GL Fund: 01 - Dept: 300 - Object: 6110 (transfers-retirement)
 Debit: 32910 - Credit: 32920 - Amt = total deductions & interest
 ___ COM JEBALANCE: Prints entry - print 2 copies, one for PERAC
 ___ COM JEPOST: Posts the entry

- Send an e-mail to the Asst Treasurer if this retiree has an annuity amount to be recovered. Include the retiree's Pre-88 amt, and any buyback from after tax dollar that is treated as pre-88, DOB & DOR. This is for the 1099R's at year-end.