

# Retirement Planning Workshop

## Massachusetts Service Employees' Pension Fund



# What you will learn today

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- How to apply for pension benefits when you are ready to retire
- Where your retirement money will come from
- How the Massachusetts Service Employees' Pension Plan works
- What you need to know about Social Security and Medicare
- Where to find answers about retirement planning

# How to apply for pension benefits

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# How to apply for pension benefits

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## Working with a Retirement Counselor:

- The Pension Fund office has a staff of experienced Retirement Counselors to assist you through the retirement process.
- You will be assigned a specific Retirement Counselor who will be familiar with your case and will be available to assist you every step of the way.
- Your Counselor will meet with you in person and will also be available by phone.

# How to apply for pension benefits

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**When you are ready to retire, your Retirement Counselor will help you through the process, he or she will:**

- Send you an estimate of your Massachusetts Service Employees' Pension Plan benefits and a retirement application package in the mail.
- Call you to set up an appointment to review your pension estimate and help you complete the application.
- Work with you until the application process is complete.

# How to apply for pension benefits

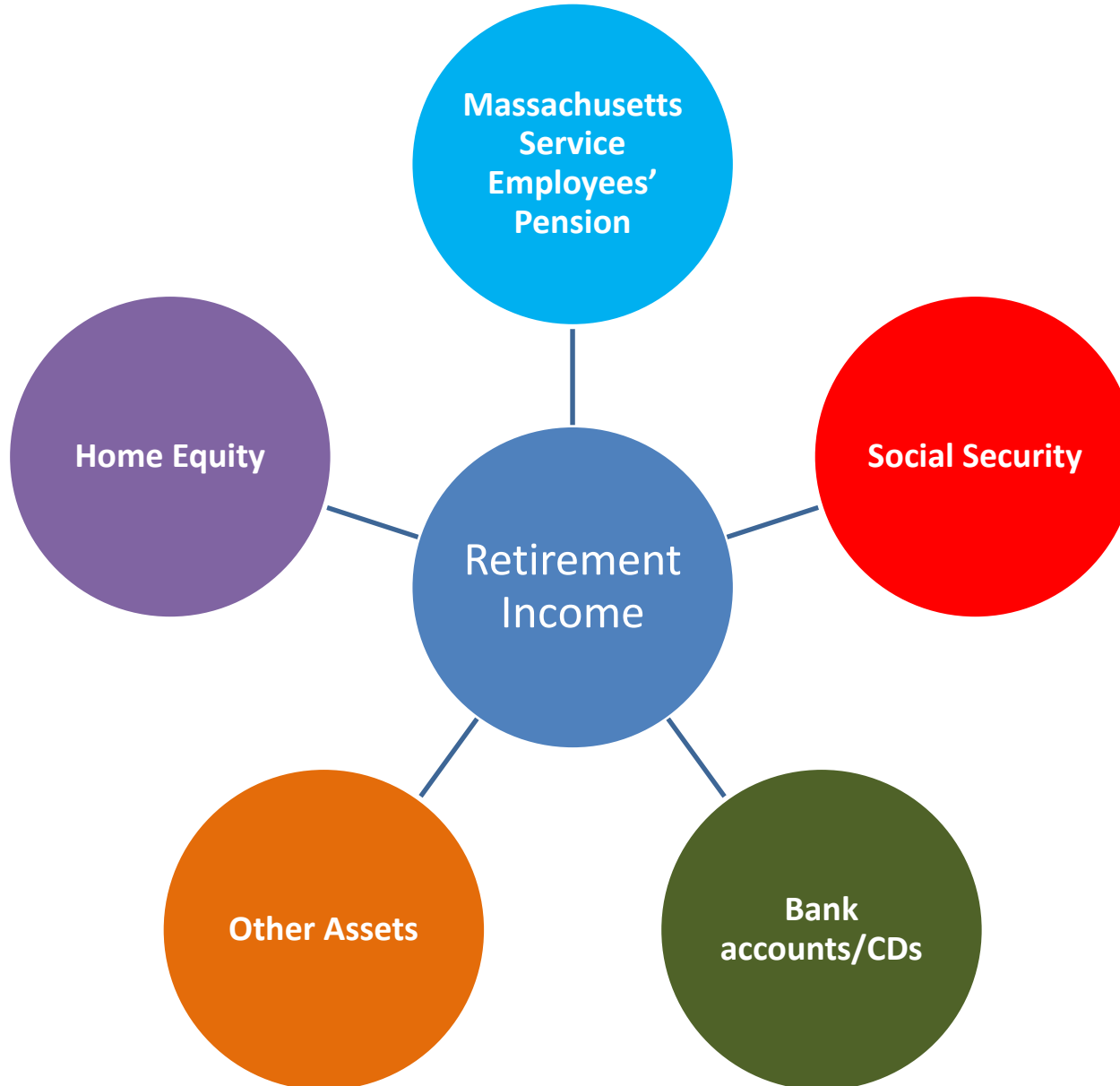
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**Your Retirement Counselor will provide information about:**

- Massachusetts Service Employees' Pension
- Social Security
- Medicare

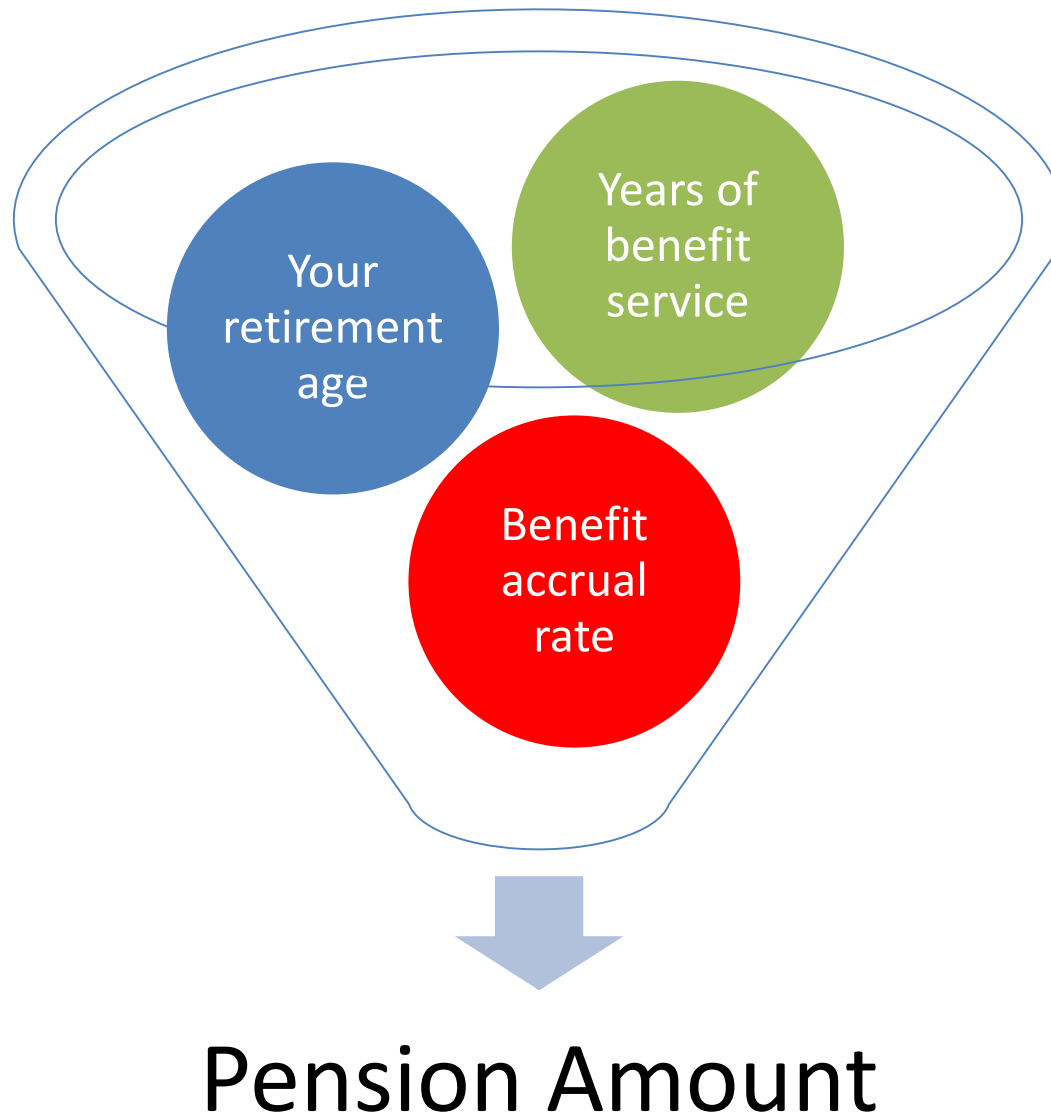
# Where your retirement money will come from

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# Overview of the Pension Plan

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# Overview of the Pension Plan

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## More about your retirement benefit:

- You will receive a monthly benefit for as long as you live
- If you are married your spouse is eligible to receive a benefit for his or her lifetime if you die first

# Basic Rules of the Pension Plan

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## When am I eligible to join the Plan?

- After you have completed 1,000 hours in Covered Employment during a Computation Year.
- Harvard University and Providence College employees may be subject to different eligibility rules.



# Basic Rules of the Pension Plan

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## What is Vesting?

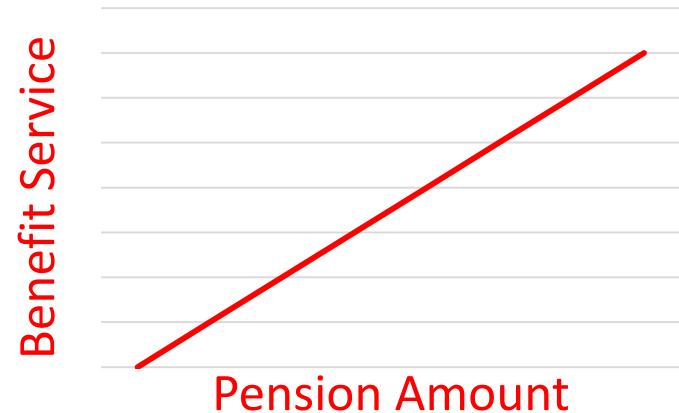
- Vesting means that you cannot lose your pension benefits once you've reached the minimum number of years of Vesting Service.
- You earn a year of Vesting Service if you work 1,000 or more hours during the Computation Period.
- You are 100 % vested once you complete 5 years of Vesting Service.

# Basic Rules of the Pension Plan

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## What is Benefit Service?

- Benefit Service is used to determine the amount of your pension.
- The more years of Benefit Service you have, the more your monthly pension will be.



- A Year of Benefit Service is a Computation Year in which you are credited with 1,800 or more Hours of Service.
- If you work less than 1,800 hours, but more than 1,000 hours, you get partial credit.
- You earn Benefit Service while you are working for an employer that is required to contribute to the Plan for you.

# Calculating Benefit Service

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## Work History

Last Date worked: 12/31/2019

<b>Plan Year</b>	<b>Hours Worked</b>	<b>Vested Service (Years)</b>	<b>Benefit Service (Year)</b>
2019	1,440	1	.8
2018	1,820	1	1
2017	1,820	1	1
2016	1,820	1	1
2015	1,820	1	1
2014	1,000	1	.5
2013	900	0	0

Refer to page 5 of the SPD

# Types of Pensions

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## Normal Pension

Age 65

(or, if later, the 5<sup>th</sup> anniversary of the beginning of the  
Plan Year of participation)

Pension amount depends on the Years of Benefit Service  
and the benefit level in effect on last date of plan  
participation

# Types of Pensions

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## Early Pension (Reduced for Early Commencement)

Age 55 with 5 years of Vesting Service

Your pension is reduced by  $\frac{1}{3}$  of 1% for each of the first 60 months and  $\frac{5}{12}$  of 1% for each additional month you retire before age 65

# Types of Pensions

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## Disability Pension

10 years of Vesting Service, no minimum age requirement.

Permanent and Total Disability while working in covered employment as evidenced by Social Security Disability Notice of Award.

Your Disability Pension amount is equal to the amount of your Normal Retirement pension reduced by  $\frac{1}{3}$  of 1% per month for each of the first 60 months you retire before age 65 and  $\frac{5}{12}$  of 1% for each additional month.



# How to Calculate Your Pension Benefit

You will receive the following amounts for each Year of Benefit Service based on your last day worked in Covered Employment.

<b>After 1/1/1989</b>	\$12.00 multiplied by the number of Years of Benefit Service
<b>After 9/1/1990</b>	\$16.00 multiplied by the number of Years of Benefit Service
<b>After 7/1/1991</b>	\$20.00 multiplied by the number of Years of Benefit Service
<b>After 1/1/1995</b>	\$22.00 multiplied by the number of Years of Benefit Service
<b>After 1/1/1999</b>	\$24.00 multiplied by the number of Years of Benefit Service
<b>After 1/1/2005 through 12/31/2016</b>	\$27.00 multiplied by the number of Years of Benefit Service
<b>After 1/1/2017</b>	Plus \$30.00 multiplied by the number of Years of Benefit Service

# How to Calculate Your Pension Benefit

## Normal Pension:

If you have **25** Years of Benefit Service, 23 of which were earned prior to 12-31-16 and 2 of which were earned after 1-1-17, and retire at age 65 on 1-1-19, your pension is calculated as follows:

$$\$27.00 \times 23 \text{ years} = \$621.00$$

+

$$\$30.00 \times 2 \text{ years} = \$60.00$$



$$\begin{aligned} \text{Monthly pension} \\ = \$681.00 \end{aligned}$$

# How Your Pension Will be Paid

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## If you are married: 50% Joint & Survivor Pension

- ✓ Pays a benefit for your lifetime.
- ✓ If you die before your spouse, your spouse will receive 50% of the pension amount you were receiving prior to your death.
- ✓ Your Life Only Pension benefit amount is adjusted (reduced) to take into account the Plan will pay two pensions over two lifetimes.
- ✓ If your spouse predeceases you, your benefit will “pop-up” to the monthly amount you would have received under a Life Only Pension.

# How Your Pension Will be Paid

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**If you are single:**

## **Life Only Pension**

- ✓ Pays a benefit for your lifetime.
- ✓ If you die, no additional benefit is payable.

# How Your Pension Will be Paid

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## Other optional forms:

- ✓ 75% Joint & Survivor Pension – If you die before your named beneficiary, your named beneficiary will receive 75% of the pension amount you were receiving prior to your death.
- ✓ 100% Joint & Survivor Pension – If you die before your named beneficiary, your named beneficiary will receive 75% of the pension amount you were receiving prior to your death.
- ✓ Ten Years Certain & Life Pension – If you die before receiving 120 monthly payments, your beneficiary will receive the same payment for the balance of the 120-month guarantee period.

*Your spouse's consent is required in order for you to elect any of the above optional forms of payment or a Life Only Pension and to name a beneficiary or joint annuitant other than your spouse. If you are unmarried, you may name anyone as your beneficiary or joint annuitant.*

The optional forms of payment described above are not available if you retire on a Disability Pension

# Examples of How the Pension is Paid

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## Example of 50% Joint & Survivor Pension

If you are married and retire at age 65 and your spouse is also 65 years old:

- Under the Life Only Pension your monthly benefit would be \$502.00.
- Your Life Only Pension is adjusted (reduced) to take into account the Plan will pay two pensions over two lifetimes.
- Under the 50% J&S Pension, you would receive \$450.00 per month for your lifetime.
- When you die, your spouse would receive 50% of your benefit, or \$225.00 per month for as long as he/she lives. After your spouse dies, all pension payments stop.
- If your spouse predeceases you, your benefit will “pop-up” to the monthly amount you would have received under a Life Only Pension.

# Examples of How the Pension is Paid

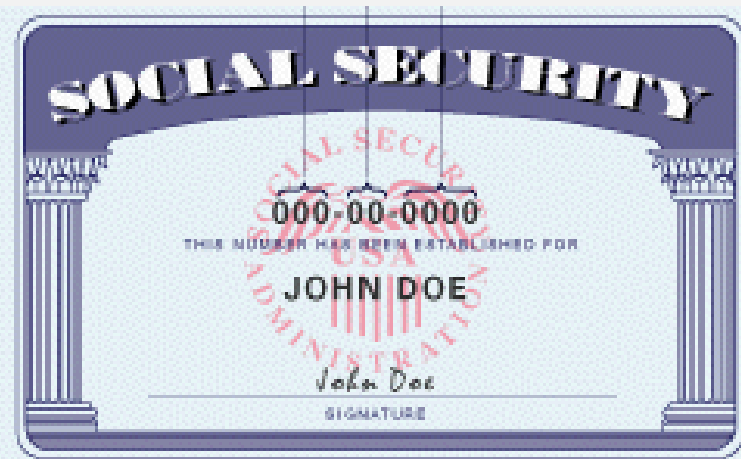
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## Example of Life Only Pension

- Single and retire at age 65 on a Regular Pension of \$502.00.
- No benefits will be payable to your beneficiary after you die.

# Social Security Benefits

- Social Security will provide you a monthly payment for life.
- Social Security will not fully replace your income from work.
- Your Massachusetts Service Employees' Pension and your personal savings will supplement Social Security.
- Unlike pension, your Social Security is adjusted for inflation.
- The average monthly Social Security retirement benefit for January 2021 is \$1,543.

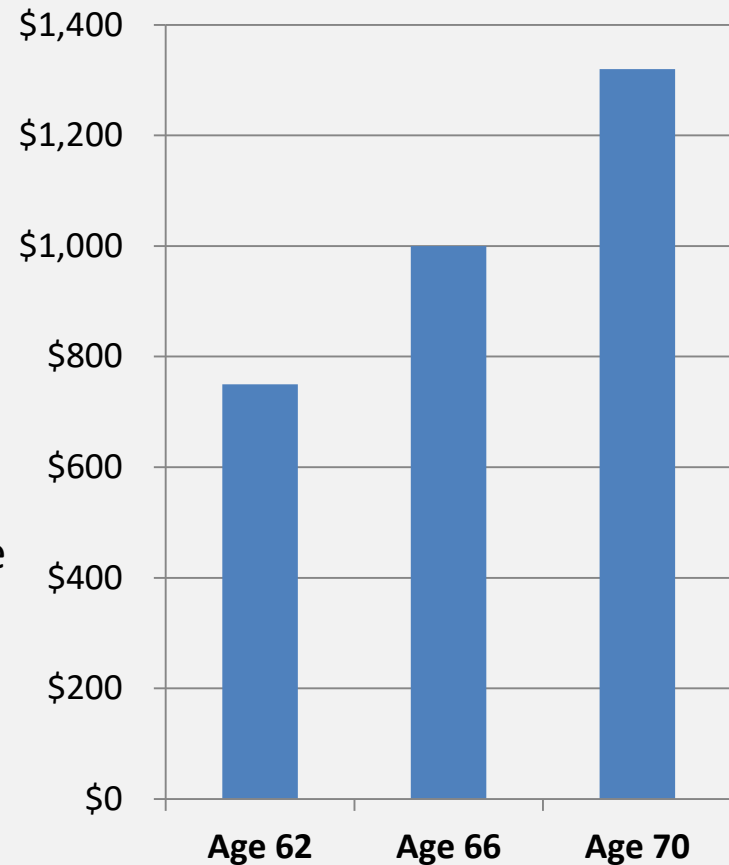




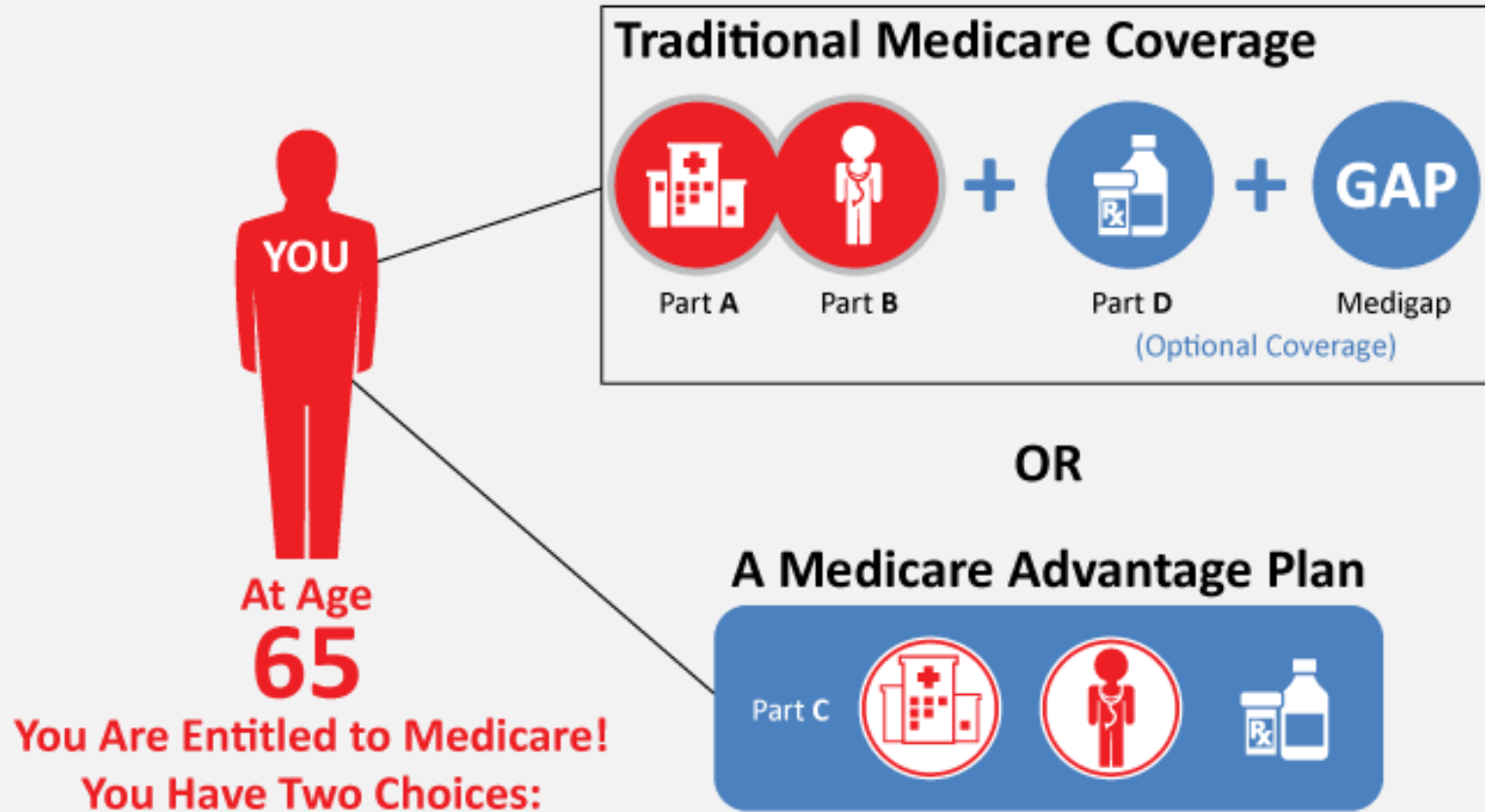
# Social Security Benefits

- If you were born between 1943 and 1954, full retirement is age 66.
- You can collect Social Security as early as 62.
- If you delay retirement, your benefit will increase each year you postpone retirement until you reach age 70. After 70, your benefit will no longer increase.

**Example:** If your full benefit is \$1,000 at age 66, at age 62 you would receive \$750, at age 70, \$1,320.



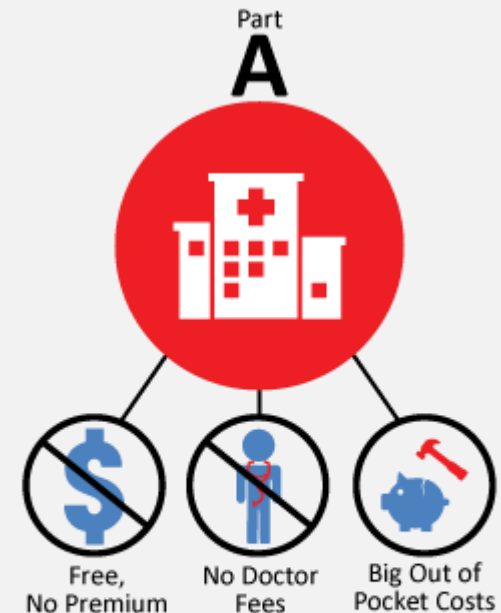
# Retiree Health at 65 or older



# Original Medicare

## Part A

- Covers the cost of care in a facility – like a hospital, skilled nursing facilities or hospice.
- **Part A is free– no premium.\***
- However, there are **significant out of pocket costs**
- It does not cover doctor fees – you must enroll in Part B
- Part A has a deductible and coinsurance during your hospital or facility stay

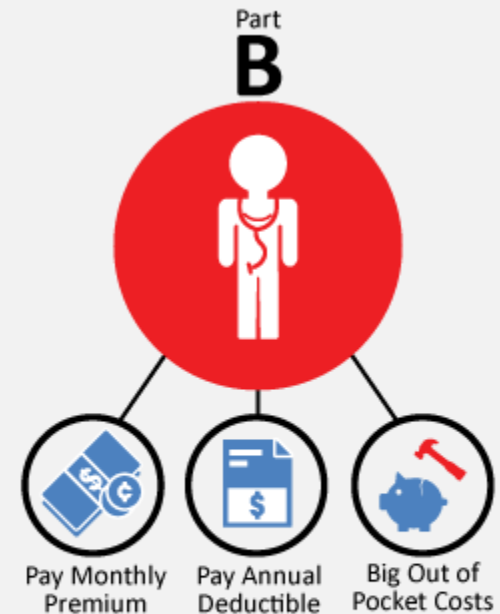


\*If you or your spouse has worked for at least 10 years.

# Original Medicare

## Part B

- Covers **doctor services** in and out of the hospital and other services like surgery charges, physical therapy, anesthesia, etc.
- **You must pay a premium:**
  - currently costs an individual \$170.00 per month, if first enrolling in 2022.
  - There may be a penalty if you do not enroll when first eligible.
- Part B has an annual deductible of \$233 in 2022 and also covers 80% of a Medicare participating provider's charges. You are responsible for the remaining 20%.
- **Your out of pocket cost for Part A and Part B can be very high!**

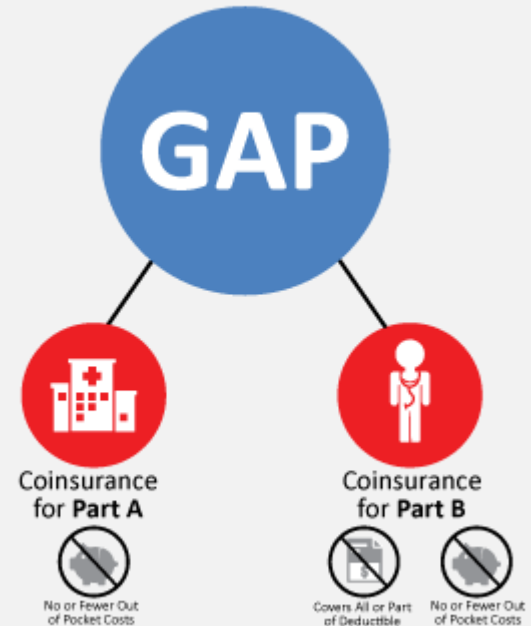


# Original Medicare

## Medigap or Medicare Supplement Plan

- Only available with Original Medicare
- Pays for all or part of deductibles and coinsurance for Part A and Part B.
- Offered by private insurance companies like Empire BlueCross BlueShield, Aetna, United HealthCare, Mutual of Omaha, etc.
- Multiple levels of coverage available that the individual can purchase.
- Cost of the plan varies based on the extent of the coverage selected by the individual.

Medigap or Medicare Supplement Plan (optional)



# Original Medicare

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## Part D

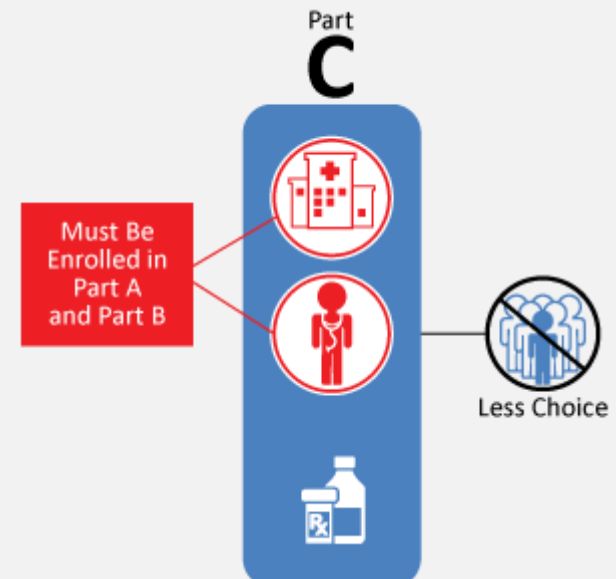
- Helps cover prescription drug costs.
- Run by Medicare-approved private insurance companies.
- Parts A and B have no drug coverage
- The 5 most popular Part D drug plans in MA can range in premiums from \$34.20- \$72.10 per month depending how rich a plan you select. You will also pay copays for your medications.
- There may be a penalty if you do not enroll when first eligible.



# Medicare: Another Option

## Part C – Medicare Advantage Plans

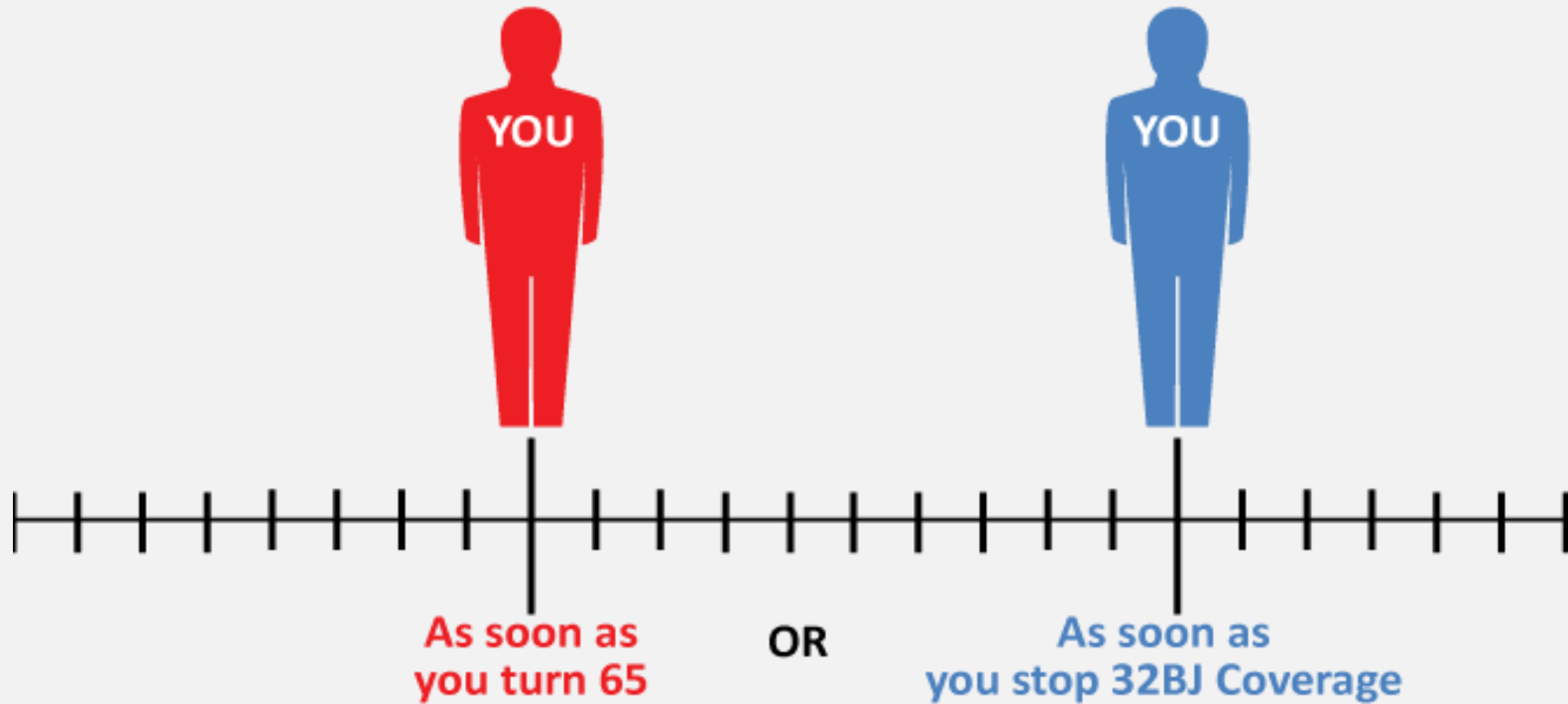
- **Less Choice of Doctors – PPO or HMO but Less Out of Pocket Cost**
- You must be enrolled in Medicare Parts A and B to enroll in a Part C plan
- Medicare Part C plans include coverage for hospital and physician care. Some plans also include prescription drug coverage
- The premium cost for a Part C plan will depend on the plan you select
- Many Part C plans in the Boston area



# Medicare: Don't Delay

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Enroll in Part A and Part B:



If you delay enrolling: you face higher Part B premiums for the rest of your life and you may have to wait for a later enrollment period. This means you may not have coverage for another year.



# More Information about Medicare

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**Visit the following websites for information regarding your Medicare Entitlement:**

<https://www.medicare.gov/forms-help-and-resources/index.html>

<http://www.medicarerights.org>

<https://www.shiptacenter.org/>

**Or call 1-800-MEDICARE (1-800-633-4227)**

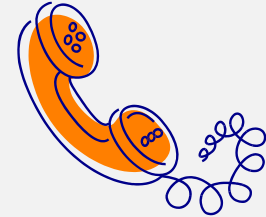


# For More Information...

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Please visit the Pension Fund Office

✓ Monday-Friday: 9:00 a.m.- 5:00 p.m.



Call Member Services:

✓ 617-399-4616 Monday-Friday, 9:00 a.m. - 5:00 p.m.

Visit [www.32bjfunds.org](http://www.32bjfunds.org).

