

General Retirement Information

Eligibility for retirement:

You must meet one of the following criteria:

20 years of creditable service or

Be at least 55 years old and have 10 years of creditable service

Your retirement allowance:

Pension portion is 80% Local Appropriation and Annuity Portion is 20% Member Contributions and Interest

Retirement Options

- **Option A** = Full Benefits/No benefits to Survivor
- **Option B** = Reduced pension for the benefit of leaving the balance of their account to a beneficiary upon their death. The amount of their balance is reduced with every pension check. No restrictions on who may be named beneficiary.
- **Option C** = Reduced pension for the retiree for the benefit of leaving a pension worth 2/3 the retiree's allowance to a named beneficiary until the beneficiary's death. Restrictions on who you may name as beneficiary: spouse, former spouse, parent, child or sibling. As of 1/12/88 should your beneficiary pre-decease you, your allowance "Pops Up" to option A benefit.

Employment after retirement

Basically, if you work in private industry there are no restrictions unless you are a disability retiree. If you want to work for the state or municipality (those in Chapter 32 retirement system) you are limited to 960 hours per calendar year in addition to a salary restriction.

Taxation of Retirement Allowance:

Retirement allowance is not subject to Massachusetts State Income Tax (please check with the state you will be living in after retirement, if not Massachusetts).

General Rule or Safe Harbor method should be used to calculate federal tax liability. IRS Publication 575. 95% -98% of a retirement allowance is federally taxable each year.

Will My Retirement Allowance Ever Increase After Retirement?

Each year PERAC submits a report to the Board recommending a Cost of Living Adjustment (COLA) equal to the % increase in the Consumer Price Index or 3% whichever is less. The Board may then hold a vote to decide if they wish to grant an increase for that year.

A Retiree becomes eligible for the first COLA in the second year after retirement. The COLA base schedule is as follows:

- 7/1/12 the COLA is calculated on the first \$ 13,000.00 of your pension.
- 7/1/13 the COLA is calculated on the first \$ 14,000.00 of your pension
- 7/1/15 the COLA is calculated on the first \$ 15,000.00 of your pension
- 7/1/17 the COLA is calculated on the first \$ 16,000.00 of your pension
- 7/1/19 the COLA is calculated on the first \$ 17,000.00 of your pension
- 7/1/21 the COLA is calculated on the first \$ 18,000.00 of your pension

Average Annual Rate of Regular Compensation

Are all forms of compensation received from my employer considered regular compensation for retirement calculation purposes?

- **Payments Not Considered Regular Compensation**
Certain payments including:
 - Bonuses,
 - Overtime,
 - Severance pay,
 - Any and all unused sick leave, or
 - Any other payments made as a result of giving notice of retirement are not considered part of a member's regular compensation and are not included in retirement calculations.

Which of my yearly amounts of compensation will be used in the calculation?

- **Highest Possible Average**
The retirement formula specifies the average annual rate of regular compensation earned in any three consecutive years, or rates earned during the periods, whether or not consecutive, which constitute the last three years of service preceding retirement. The law further provides that the benefit must be calculated upon the highest possible average obtainable given those specifications.

CREDITABLE SERVICE RECORD

The third part of the basic formula is the creditable service that you have earned. It must be measured in full years and months. In some cases, part-time service will be prorated. Members are urged to check with their retirement boards with respect to regulations governing proration of part-time service. Such regulations vary from board to board.

VETERAN

- **Additional Benefits**
If you are a veteran, as defined in section one of Chapter 32, you will receive \$15 a year extra for every year or fraction thereof of creditable service, up to a maximum additional benefit of \$300 a year.
- **Purchasing Creditable Service**
Veterans may be entitled to purchase creditable service for military service rendered before becoming a public employee or while on leave from public service.

BENEFIT RATE CHART

Age Upon the Date of Your Retirement	Percentage of Average Annual Rate of Regular Compensation		
	Group 1	Group 2	Group 4
65 or over	2.5	2.5	2.5
64	2.4	2.5	2.5
63	2.3	2.5	2.5
62	2.2	2.5	2.5
61	2.1	2.5	2.5
60	2.0	2.5	2.5
59	1.9	2.4	2.5
58	1.8	2.3	2.5
57	1.7	2.2	2.5
56	1.6	2.1	2.5
55	1.5	2.0	2.5
54	1.4	1.4	2.4
53	1.3	1.3	2.3
52	1.2	1.2	2.2
51	1.1	1.1	2.1
50	1.0	1.0	2.0
49	0.9	0.9	1.9
48	0.8	0.8	1.8
47	0.7	0.7	1.7
46	0.6	0.6	1.6
45	0.5	0.5	1.5
44	0.4	0.4	1.4
43	0.3	0.3	1.3
42	0.2	0.2	1.2
41	0.1	0.1	1.1

AVERAGE ANNUAL RATE OF REGULAR COMPENSATION

→ Are all forms of compensation received from my employer considered regular compensation for

Other Agencies in Your Area

Methuen

Methuen Retirement Board	978-983-8620
Methuen Housing Authority	978-682-8607
Methuen Senior Center	978-983-8825
Methuen Veterans Office	978-983-8585

Lawrence

Lawrence Retirement Board	978-794-5836
Lawrence Housing Authority	978-689-0281
Lawrence Council on Aging	978-794-5886
Lawrence Veterans Office	978-794-5846
Greater Lawrence Community Action Council	978-681-4950

Haverhill

Haverhill Retirement Board	978-374-2358
Haverhill Housing Authority	978-372-6761
Haverhill Council on Aging	978-374-2390
Haverhill Veterans Office	978-374-2351 x 32

Salem NH

Salem Senior Center	603-890-2190
Salem Housing Authority	603-893-6417
Salem Veterans Office	
Salem Welfare Office	603-890-2130
NH State Office Veterans Services	603-624-9236

Social Security- National	1-800-772-1213
Social Security Haverhill – 367 Main St. Haverhill MA	978-374-1960
Social Security Manchester NH	1-603-629-9326
Social Security Medicaid	1-800-522-4454
Medicare Part A & B Information	1-800-633-4227
Medicare Applications	1-800-772-1213

State	Treatment of Out-of-State Government Pensions
Alabama	All out-of-state government pensions are tax-exempt if they are defined benefit plans
Alaska	No personal income tax
Arizona	All out-of-state government pensions are fully taxed
Arkansas	All out-of-state government pensions qualify for the \$6,000 pension exemption: age 65 or older who do not qualify for the \$6,000 exemption qualify for a \$20 tax credit per taxpayer
California	All out-of-state government pensions are fully taxed
Colorado	All out-of-state government pensions qualify for the pension exemption: age 55 to 64 qualify for a \$20,000 exemption; age 65 or older qualify for a \$24,000 exemption
Connecticut	All out-of-state government pensions are fully taxed
Delaware	All out-of-state government pensions qualify for the pension exemption: under age 60 receive a \$2,000 exemption; age 60 or older receive a \$12,500 exemption
District of Columbia	All state government pensions are fully taxed
Florida	No personal income tax
Georgia	All out-of-state government pensions qualify for the pension exemption: for tax year beginning on or after January 1, 2009, taxpayers age 62 or older or totally disabled receive the maximum exemption of \$35,000. Beginning in 2012, for taxpayers that are age 65 or older, \$65,000 of retirement income may be excluded.
Hawaii	All out-of-state government pensions are tax-exempt
Idaho	All out-of-state government pensions are fully taxed
Illinois	All out-of-state government pensions are tax-exempt
Indiana	All out-of-state government pensions are fully taxed
Iowa	All out-of-state government pensions qualify for the pension exemption: age 55 or older receives an exemption. The exemption is \$6,000 for single and head of household filers and \$12,000 for married filing joint filers.
Kansas	All out-of-state government pensions are fully taxed
Kentucky	All out-of-state government pensions qualify for the pension exemption: the maximum exemption is \$41,110. Employees who retired before January 1, 1998 receive a full exemption of their public pensions. Those retiring after January 1, 1998 receive an exemption based on the amount of the individual's service time prior to January 1, 1998, compared to their total service time. Starting in tax year 2005, the amount increased to \$41,110
Louisiana	All out-of-state government pensions qualify for the pension exemption: age 65 or older qualify for an exemption of \$6,000. Taxpayers that are married filing jointly and are both age 65 or older can each exclude up to \$6,000. If only one spouse has retirement income, the exclusion is limited to \$6,000.
Maine	All out-of-state government pensions qualify for the \$6,000 pension exemption which is reduced by taxable and nontaxable Social Security and Railroad Retirement benefits
Maryland	All out-of-state government pensions qualify for the pension exemption, which is first reduced by taxable and nontaxable Social Security and Railroad Retirement benefits: age 65 or older and/or totally disabled to qualify for the exemption. For tax year 2011, the maximum exemption is \$26,300.
Michigan	All out-of-state government pensions: Michigan has reciprocal agreements with other states including Massachusetts. That is, if another state does not tax out-of-state government pensions of former Michigan state or local government employees who are now citizens of the other state, then Michigan will not tax Michigan residents who receive public pensions from those other states. Otherwise, out-of-state government pensions qualify for the same exemptions as private pensions: for tax year 2011, the maximum exemption is \$45,842 for single, head of household and married filing separate filers and \$91,684 for married filing joint filers.
Minnesota	All out-of-state government pensions qualify for the income exemption: taxpayers age 65 or older or those who are permanently disabled qualify for an exemption from any income source. The exemption is \$9,600 for single filers, \$6,000 for married, filing separate and \$12,000 for married, filing joint. AGI for single filers must be less than \$33,700, \$21,000 for married filing separate filers and \$42,000 for married filing joint filers
Mississippi	All out-of-state government pensions are tax-exempt
Missouri	All out-of-state government pensions qualify for the public employee pension exemption: for tax year 2011, taxpayers can deduct the greater of \$6,000 or 80% (.80) percent of their public retirement benefits to the extent the amounts are included in their federal adjusted gross income.

	The deduction amount is allowed for married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000.
Montana	All out-of-state government pensions qualify for the pension exemption: for 2011 the exemption of \$3,760 is reduced by \$2 for every \$1 that the federal AGI exceeds \$31,370. The exemption is entirely phased out when income reaches \$33,250 for single filers or \$35,130 for married filing joint filers when both spouses have pension income.
Nebraska	All out-of-state government pensions are fully taxed
Nevada	No personal income tax
New Hampshire	No personal income tax
New Jersey	All out-of-state government pensions qualify for the pension exclusion for taxpayers age 62 or older or disabled. The maximum exemption is \$10,000 for married filing separate filers, \$15,000 for single and head of household filers, and \$20,000 for married filing joint filers. Pension and other retirement income exclusions are eliminated for taxpayers with NJ gross income over \$100,000; taxpayers may still be eligible for a special exclusion up to \$6,000. Under NJ's 3-Year Rule, annuities are not taxed until total employee contributions to civil service retirement have been recovered.
New Mexico	All out-of-state government pensions qualify for the income exemption: for tax year 2010, taxpayers age 65 or older whose income is \$28,500 or less for single filers, \$25,500 for married filing separate filers or \$51,000 or less for married, filing joint filers, may exempt up to \$8,000 from any income source.
New York	All out-of-state government pensions qualify for the pension exemption: age 59 1/2 or older qualify for a \$20,000 exemption
North Carolina	All out-of-state government pensions qualify for the public pension exemption of \$4,000
North Dakota	All out-of-state government pensions are fully taxed
Ohio	All out-of-state government pensions: there is no exclusion, exemption or deduction for out-of-state government pensions; however, out-of-state government pensions can be applied toward a retirement income tax credit
Oklahoma	All out-of-state government pensions qualify for the pension exemption of \$10,000, but not to exceed the amount included in Federal Adjusted Gross Income.
Oregon	All out-of-state government pensions: there is no exclusion, exemption or deduction for out-of-state government pensions; however, out-of-state government pensions can be applied toward a retirement income tax credit
Pennsylvania	All out-of-state government pensions are tax-exempt provided taxpayer is age 59 1/2 or older
Rhode Island	All out-of-state government pensions are fully taxed
South Carolina	All out-of-state government pensions qualify for the public employee pension exemption: under age 65 can deduct up to \$3,000; age 65 or older can deduct up to \$10,000
South Dakota	No personal income tax
Tennessee	No personal income tax
Texas	No personal income tax
Utah	All out-of-state government pensions qualify for a retirement tax credit. Starting with the 2008 tax year, Utah taxpayers may be able to claim a retirement tax credit on their Utah Individual Income Tax Return. Previously, an income exclusion was allowed to taxpayers age 65 or over, and a deduction of retirement income received was allowed to taxpayers under the age of 65
Vermont	All out-of-state government pensions are fully taxed
Virginia	All out-of-state government pensions qualify for the age deduction. Taxpayers aged 65 or older qualify for a \$12,000 exemption from any income source; taxpayers aged 62-64 qualify for the \$12,000 exemption subject to limitations based on federal AGI. The deduction is reduced by \$1 for each \$1 that the federal AGI exceeds \$50,000 for single filers or \$75,000 for married filing separate or joint filers
Washington	No personal income tax
West Virginia	All out-of-state government pensions qualify for the income exemption. Taxpayers who are age 65 or older or are permanently disabled qualify for up to an \$8,000 exemption from any income source.
Wisconsin	All out-of-state government pensions are fully taxed
Wyoming	No personal income tax

*** From MA Department of Revenue Website – compiled from non-DOR sources see DOR website for sources. Updated to reflect 2011 amounts, check website for current information.