

**Frequently Asked Questions for the Retirement Department**

**Q.) What does the Chelsea Retirement Board do and who makes up the Retirement Board?**

A.) The Chelsea Retirement Board and Staff are responsible for managing member accounts and providing pre and post retirement counseling for certain public employees of the City of Chelsea. Currently, we are serving 662 active member and 409 inactive members. In addition to the above, the Retirement Board is also responsible for overseeing investment activity, financial transactions, and government reporting for our members. The Chelsea Retirement Board is governed by Massachusetts General Laws, Chapter 32 and the Board operates as a defined benefit plan under Section 401 (a) of the Internal Revenue Code. The Retirement Board is administered by a five member board, which consists of both elected and appointed members. The day to day functions are run by the Executive Director and Assistant Executive Director. The regulatory authority over the Retirement Board is the Public Employee Retirement Administration Commission (PERAC). The Retirement Board’s pension fund is managed by both the Pension Reserves Investment Management Board (PRIM) and the Pension Reserve Investment Trust (PRIT).

**Q.) Do I have to contribute to the Retirement Board and how is my contribution rate determined?**

A.) Pursuant to Massachusetts General Laws Ch. 32, all public employees, who meet certain eligibility requirements, must contribute to a retirement system/board in the Commonwealth of Massachusetts. The retirement system/board you contribute to is based on your position and place of employment. Most public employees in Chelsea will contribute to the Chelsea Retirement Board; however, some may contribute to other systems/boards, such as the Massachusetts Teachers’ Retirement Board or the MWRA Employees’ Retirement Board. Your retirement percentage is based on your enrollment date with the Board. Please see the chart below to determine your contribution percentage. If you believe you are contributing at the wrong rate, please contact your payroll office.

<b>Start Date with System</b>	<b>Contribution Rate %</b>
Prior to 01/01/1975	5%
01/01/1975 – 12/31/1978	7%
01/01/1979 – 12/31/1983	7% + 2%*
01/01/1984 – 06/30/1996	8% + 2%*
07/01/1996 – present	9% + 2%*

**Q.) Are there different types of membership tiers?**

A.) Pursuant to Pension Reform III, effective November 16, 2011, two membership tiers were created. Tier I is for all members who established membership prior to April 2, 2012 and Tier II members are for members who established membership after this date. The main changes for Tier II members are: the minimum retirement age was increased from 55 to 60, the final salary average will consist of the highest, consecutive, 5 years of salary instead of 3 years, and a reduction in the age factors used to calculate retirement benefits.

\*The Law mandates that anyone who became a member on or after 01/01/1979 must pay an additional 2% on their earnings over \$30,000.

**Q.) Where do my retirement contributions go and can I borrow from my account?**

A.) A retirement contribution is deducted from each of your paychecks based on your contribution rate. This money is deposited into your annuity savings account, which consists of your contributions and interest. You are NOT allowed to borrow money from your account. You may only take a refund of your account once you become inactive in our system. It is important to note that by taking a refund, you are severing your membership with our Board.

**Q.) What is a buyback or service purchase?**

A.) In the Chelsea Retirement Board's supplemental regulations and under M.G.L. ch. 32, the Board has established certain types of buybacks/service purchases that members can apply for. Please contact our office if you think you may be eligible to purchase service.

**Q.) How is my retirement calculated?**

A.) Unfortunately, this is not a simple answer. There are many factors that may go into the calculation of your retirement benefit. The calculation also depends on what group classification you are in as well as what type of retirement you file for. The most common retirement calculation is the superannuation retirement. The formula for this calculation is based on your age factor, years of service, and salary average. For the most accurate calculation, please contact the Retirement Office.

**Q.) What payments will be used in the calculation of my salary average for retirement?**

A.) Please refer to M.G.L. c. 32 §1, which is further defined by PERAC regulation 807 CMR 15.03.

**Q.) I am close to retirement, what do I need to know?**

A.) As you approach your retirement, you should contact the Office if you have any questions about how your benefit will be calculated and the different retirement options. You should also contact your health insurance administrator and the Social Security Office. You should also be aware that once you retire, there are certain restrictions about going back to work in the public sector. Please contact the Board if this applies to you.

**Q.) If I collect a pension, am I ineligible to collect a Social Security benefit? Am I eligible to collect my spouse's Social Security benefit?**

A.) To best answer these questions, you should contact the Social Security Administration directly. Your pension will not be affected by your eligibility for a benefit from Social Security, but your Social Security benefit may be affected by your pension. Below, is a helpful link from the SSA website regarding information for government employees.

<http://www.socialsecurity.gov/retire2/gpo-wep.htm>

**Q.) Where can I get additional information regarding my retirement?**

A.) The Retirement Board is working on updating our website soon so that you can access many materials online. You can also visit the PERAC and State Retirement Board websites for some very useful information and guidelines. You can also always stop by the retirement office for assistance.

Please also visit the PERAC website at [www.mass.gov/PERAC](http://www.mass.gov/PERAC) for downloadable forms and other helpful links regarding your employment with a MA public retirement system.

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