
Revere Retirement News

Fall 2018

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revere.org/departments/retirement

COLA BASE INCREASE

Mayor Arrigo, the Revere City Council and the Revere Retirement Board (RRB) voted to approve an increase in the base upon which the annual Cost of Living Adjustment (COLA) is calculated from \$12,000 to \$13,000. Additionally, the RRB has approved a 3% COLA increase for eligible retirees on the new \$13,000 base. Eligible retirees saw the COLA increase in their retirement allowance in the July direct deposit. If you have any questions relative to the COLA increase, please contact the Revere Retirement Board.

New Retirement Board Member Elected and Member Re-Elected

James Cullen, Deputy Fire Chief, was elected as a new Elected Member of the

Revere Retirement Board. James replaces Jim Caramello, who served on the Board for three years. At a recent meeting, the Board presented Jim Caramello with a certificate of appreciation for his service to the Board and the members of the System. Deputy Fire Chief Sean Manion was also reelected as an Elected Member of the Revere Retirement Board for a three-year term.

Retirement and Divorce

When a retirement system member is divorcing, the process of dividing marital assets is always difficult. Since a retirement allowance is often a major asset of divorcing couples, the correct method must be followed to properly divide these assets as part of the divorce proceedings. In order to divide a retirement allowance, a member must obtain a

Domestic Relations Order (DRO) or a Qualified Domestic Relations Order (QDRO) and place it on file with the Retirement Office. A DRO is a judicial order that splits a retirement benefit by recognizing the joint marital ownership interest in the benefit by the plan participant and his or her spouse. A QDRO refers to being qualified under the federal law ERISA (Employee Retirement Act of 1974) and section 414(p) of the Internal Revenue Code. Under Massachusetts Retirement law, a DRO or QDRO is the only method

Next Retirement Direct

Deposit Dates

September 28, 2018

October 31, 2018

November 23, 2018

December 21, 2018

of allowing payment of a benefit to a non-member while the member is still living.

Important to keep in mind regarding DROs:

Pension rights can be considered a “marital asset” and can be divided.

A DRO cannot create a right or benefit that does not exist under Mass. Law.

As part of a DRO, a court can direct a portion of a member’s allowance to be paid to the former spouse when the member retires.

A court can direct the selection of a particular option upon retirement as long as a beneficiary is eligible.

For a retired member, a court can direct a portion of the allowance to be paid to a former spouse, but a court cannot change the option selection that was picked at retirement.

In no case can a court direct a lump sum payment to a former spouse or create a separate account

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for a former spouse. Since the DRO must be approved by a court, it is usually necessary to have an attorney negotiate the agreement with the former spouse before the DRO is signed by a judge. Sample DROs are available to assist the member and his or her attorney to begin the drafting process.

VETERANS’ BENEFITS

The Massachusetts retirement law recognizes the important service of veterans. Certain benefits are provided for veterans in recognition of this service. Prior to receiving benefits, a member must qualify as a “veteran” under Massachusetts law. MGL c. 4, s. 7, clause 43rd provides the definition of veteran. The requirements vary depending on the time period the member served.

Among the benefits are:

- mandatory creditable service for active military service during membership;
- the ability to purchase creditable service for prior

military service;

- calculation of an ordinary disability retirement at 50% and

- payment of a \$15 per year allowance for each year of creditable service, up to \$300.

The passport for obtaining any of these benefits is the federal form DD214. Please provide copies of your DD214s to the Retirement Office so the Board can properly determine your veteran’s benefits.

REVERE RET. SELF-SERVICE RETIREMENT PORTAL

The Revere Retirement Board’s Employee Self Service portal is open for business.

The Revere Retirement Board’s Employee Self Service Portal provides opportunities for members and retirees to access important information regarding their retirement benefits 24/7. Retirees can create and print the letter on benefits required by the US Social Security Administration. Access the ESS portal at www.revere.org/departments/retirement.

Post-Retirement Earnings

The Massachusetts retirement law includes limits on post-retirement employment of public retirees by Massachusetts government entities, which includes the state, cities, towns, districts and authorities. The Legislature has amended these provisions many times over the years. A recent attempt to increase the number of hours that retirees can work ultimately failed in the Legislature.

As a non-disability retiree, one may not work more than 960 hours in a calendar year for one or more Massachusetts public entities. In addition, the retiree's earnings from a Massachusetts public entity are restricted to no more than the difference between the current pay for the position one held at the time of retirement and one's retirement allowance. After the first full year of retirement, the earnings limit is increased by \$15,000.

These restrictions apply to post-retirement employ-

ment in the Massachusetts public sector regardless of whether the retiree has the status of employee, consultant or independent contractor. This employment may even include post-retirement employment with a private Company that provides services to a Massachusetts public agency.

It is the responsibility of the member, along with the new employer, to ensure that the member complies with the restrictions. If the hours or the amount paid to the retiree exceeds the statutory limits, the retiree must stop working. Any excess earnings must be returned to the public employer.

For disability retirees, a link to a calculator for determining allowable earnings is available on the Revere Retirement Board website. In the meantime, if you have any questions regarding your post-retirement employment, please call, visit or write to the Retirement Office in City Hall.

New Medicare Cards Are On The Way!

Social Security Update

By Francine Kollias, MCRS Social Security Specialist

The Medicare Access and CHIP Reauthorization Act of 2015 requires the Centers for Medicare & Medicaid Services (CMS) to remove Social Security Numbers from all Medicare cards by April 2019. The purpose of this law is to protect people with Medicare from fraudulent use of Social Security numbers which can lead to identity theft and illegal use of Medicare benefits.

The replacement process began in April and will continue with ongoing mailings through the statutory deadline of April 2019. A new unique Medicare number will replace the current claim number for transactions like billing, eligibility and claim status. New Medicare beneficiaries will receive their cards with the new number.

There's nothing you need to do. You'll receive your

new card at the address you have on file with Social Security. If you need to update your mailing address, log in to your *my Social Security* account or call Social Security at 1-800-772-1213 from 7a.m. to 7p.m.

All health care providers are being notified of the new change.

Courtesy of the Middlesex Retirement Board.

**HALF OF ALL AMERICANS
HAVE NOT SAVED FOR
RETIREMENT**

A recent study by Northwestern Mutual found that 21% of Americans have nothing saved for retirement. An additional 10% have less than \$5,000 saved.

The 2018 Planning & Progress Study also found:

“Concerns about financial security in retirement are leading people to work longer.

In fact, more working Americans anticipate retiring at 70 years or older (38%) than in the more traditional 65-69 age range (33%).

Among the more than half (55%) of Americans who believe they will have to work past age 65 from necessity, 73% cited ‘not enough money to retire comfortably’ as the dominant driver.”

The study clearly shows the need for workers of all ages to save more and earlier.

PERAC’s 2017 Annual Report

The state Public Employee Retirement Administration Commission, the state agency which oversees the public retirement systems in Massachusetts, recently released its 2017 Annual Report. The section on the Revere Retirement System showed strong investment results for the system. In 2017, Revere’s investments returned 17.54%. Over the period 2013-2017, annualized returns were 9.81% and over the period 1985-2017, annualized returns were 8.56%. These strong returns, together with increasing appropriations by the City of Revere and its political subdivisions, have dramatically increased the Systems’

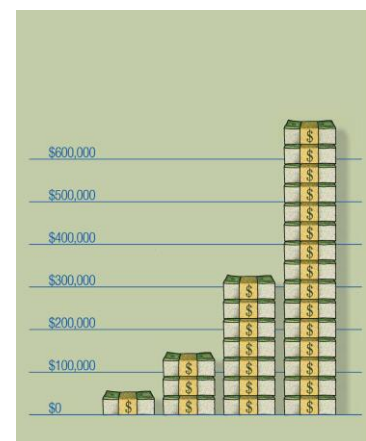
funding level to 56.1% as of the last (1/17) valuation.

The report shows that the Revere Retirement System, which invests through the state Pension Reserve Investment Trust, allocates its assets in the following manner:

- 19.1% Domestic Equity
- 18.1% International Equity
- 12.3% Fixed Income
- 10% Private Equity
- 8.5% Real Estate
- 8.2% Hedge Funds

THE ADVANTAGE OF STARTING EARLY

Start now! This chart shows what you would accumulate at 5, 15, 25 and 35 years if you saved \$5,500 each year and your money earned 7% annually.



USDOL chart.