



Autumn 2019



Retirement Newsletter



Don't you just love being Retired?

This is the first newsletter from the Massachusetts Housing Finance Agency Retirement System.

Yes, it's taken us a while to get this done. Bernie O'Shaughnessy was the first to ask for a newsletter, and, of course, Nancy Fiske asks every year as well.

"What is going on in the Retirement world," you ask? Let's take a look!

We have added 30 retirees to the ranks since January 2017. When the Board's Executive Secretary started in 2008, the monthly pension benefits paid out was about \$217,000 for 87 retirees and survivors. Last month, we paid out just under \$700,000 for 175 retirees and survivors. In 2008, our portfolio was estimated at \$54.2 million. Fast-forward to the end of the 2nd Quarter 2019 and our system is now valued at \$159 million. What a jump!!

COLA Increase

Now for some really good news! The MHFA Employees' Retirement Board has approved a 3% COLA (cost of living allowance) effective July 1, 2019 for all eligible retirees and survivors of the system who retired on or before June 30, 2018. In addition, **the Board has voted to increase the COLA Base from \$13,000 to \$15,000**, which the MassHousing Board also voted to support. At the Retirement Board meeting, member **Michael Fitzmaurice** made the motion to approve and member **Antonio Torres**

seconded. The vote was unanimous to provide retirees with the increase; also voting in favor were Chairperson **Andris Silins**, member **Ping Yin Chai** and member **Paul T. Hynes**. The 3% COLA applies up to the first \$15,000 of the retirement allowance. Therefore, the maximum monthly COLA is \$37.50/month.

The Retirement Board has a history of voting the maximum COLA of 3% each year and has voted to increase the base twice from the original base of \$12,000. The Board understands the importance of the COLA to our retirees and beneficiaries, especially as the costs of health care and health insurance continue to rise. The Board also recognized the importance of not increasing the funding schedule. Therefore, we are still on schedule to be fully funded by FY2026.

Pensionable Earnings Cap

Members who join MassHousing on or after January 1, 2011 are subject to a pension cap, which is implemented by way of a limit on the amount of "regular compensation" that may be counted toward their retirement benefit. Specifically, the amount of "regular compensation" is limited to 64% of the "non-grandfathered" Internal Revenue Code Section 401(a)(17) limit. In 2019, this limit is \$176,000 (64% of \$275,000). It will change as the IRC Section 401(a)(17) limit changes.



The Retirement Lunch

We can't wait to see you all. The annual Retirees' Luncheon will be held Friday, September 27, 2019 at 12:00 noon in the Board Room on the 4th floor of the Agency. We hope you can attend so that you can keep in touch with fellow retirees and former co-workers. If you plan to attend, please let Joseph Petty or Michelle Shinnick know by Monday, September 16, 2019, so we can give your names to building security.

Looking forward to it!!

We have an election coming up!!

An election will be held on December 2, 2019 for the position of Elected Representative to the Massachusetts Housing Finance Agency Employees' Retirement System. The term of the position will begin on December 11, 2019 and run through December 10, 2022. Michael Fitzmaurice is the incumbent.

Nomination papers will be available at the Retirement System office on and after August 30, 2019 and must be returned on or before 12:00 noon on October 17, 2019 to the same location. Please

note that the nomination papers must contain the signatures and addresses of at least 20 members of the Retirement System.

The election will be by mailed ballot that will be available after November 8, 2019. Mailed ballots must be returned to the Retirement System Office on the 4th floor of One Beacon Street on or before 12:00 noon on December 2, 2019. Any active or retired member of the Massachusetts Housing Finance Agency Employees' Retirement System is eligible to run for the position.

If you desire nomination papers or have any questions regarding the election process or the duties and responsibilities of a Board Member, call Joseph M. Petty at 617-854-1871, Michelle Shinnick at 617-854-1123, or visit the Retirement System office during normal office hours.



MassHousing Retirement Board

Andris Silins, Chairman and Ex-Officio Member
Ping Yin Chai, Appointed Member
Michael Fitzmaurice, Elected Member
Antonio Torres, Elected Member
Paul Hynes, Esq.-5th Member

MassHousing Retirement Staff

Joseph Petty, Executive Secretary
617.854.1871 JPetty@masshousing.com
Michelle Shinnick, Retirement Analyst
617.854.1123 MShinnick@masshousing.com

Planning for Retirement?

A Checklist for MassHousing Employees

How to start the process

Request an estimate of your monthly gross retirement allowance by visiting the Retirement Office.

Contact the Social Security office on their website or call 1-800-772-1213 regarding your eligibility for Social Security benefits. You can also make an appointment to visit their office at 10 Causeway Street, Boston. You will need to inform Social Security that you will be receiving a public pension.

Visit the Human Resources Office to discuss health and life insurance plans for retirees.

Contact your department payroll office about unused sick and vacation time.

When you are ready to retire

Choose a date of retirement.

Choose which retirement option you want. Consider the options carefully: once retired you cannot change your option!

Call to make an appointment with the MassHousing Retirement Office three months ahead of your retirement date to fill out paperwork to retire. Appointments generally last 30 minutes.

We cannot accept retirement paperwork more than 120 days prior to your retirement date.

Additional information

If you are Social Security eligible, it could be offset when you start receiving a pension.

Your pension is paid the last business day of each month. It takes between one and two months to receive your first retirement check. Your first payment will usually be a physical check. All subsequent payments will be direct deposit.

Your pension is subject to federal taxes, but is not subject to Massachusetts state tax. However, if you move to another state, it may be subject to state tax. The Retirement Office has a list of states that do not require you to pay state tax on your public pension.

Choosing an Option:

Option A - No Survivor Benefit

Option A will provide you with your full retirement allowance in monthly payments as long as you live. However, all allowance payments stop when you die and no benefits are provided to survivors.

Option B - Protects Your Annuity

Option B provides a lifetime allowance to you that is approximately 1% to 5% less per month than Option A.* The annuity portion of your allowance is reduced to allow a benefit for your beneficiary. Upon your death, your surviving beneficiary of record—or if there is no beneficiary living, the person or persons appearing in the judgment of the State Retirement Board to be entitled—will be paid the remaining balance of your accumulated total deductions from your annuity reserve account.

During your retirement, the balance in your annuity savings account decreases by an amount equal to the annuity portion of your pension. In most cases, your annuity savings account will be depleted after 15 years. Upon your death, the balance remaining in your account will be paid in a lump sum to your beneficiary or your estate. If your annuity savings account is depleted while you are receiving your allowance, you will continue to receive your full Option B pension for life; but your beneficiary will not receive any payment upon your death.

You may choose more than one person as your Option B beneficiary and this beneficiary does not need to be related to you. You may change your Option B beneficiary at any time, even after you retire.

Option C - Joint Survivor Allowance

Option C, also known as the joint and last survivor allowance, provides you with a lifetime allowance approximately 7-15% less than what you would receive under Option A. The reduction could be greater depending on the age difference between you and your beneficiary. Upon your death, your designated beneficiary is paid a monthly allowance for the remainder of his/her life. The survivor benefit will be equal to two-thirds of the allowance that was being paid to you at the time of your death.

Your monthly allowance received under Option C depends upon life expectancy factors for you and your designated beneficiary. Eligible beneficiaries under Option C include spouse, parent, unmarried former spouse, sibling or child.

The Option C factor used for calculating your retirement benefit is based on the nearest birthday of the retiree and the beneficiary. For example: for a retiring member who is 58 years and 8 months old, and beneficiary who is 57 years and 2 months old, the factor used would be age 59 for the retiring member and age 57 for the beneficiary.

Special Circumstances Concerning Option C

If you choose Option C and your beneficiary predeceases you, you cannot name a different beneficiary. However, your monthly benefit will pop up to the Option A benefit amount that you would have received on the date of your retirement, plus any cost-of-living adjustments. The new, higher amount is then paid to you as of the date of the death of your beneficiary and until you die.

Final Benefit Payment after Retiree/Survivor Death

Upon the death of a retiree/survivor a prorated payment may be issued to their estate. The prorated payment would be for the number of days the retiree/ survivor lived in the month of his/her death. However, in some instances there may be an amount owed to the Massachusetts Housing Retirement System. You cannot name a designated beneficiary for this payment.

2019 Pension Payment Schedule



If you need to change your bank and/or account number, please submit a new Direct Deposit Authorization Form, which can be obtained from our website, www.masshousingretirement.com under Retirement Forms or by calling the MassHousing Retirement System at 617.854.1871 or 617.854.1123.

January 31, 2019
February 28, 2019
March 29, 2019
April 30, 2019
May 31, 2019
June 28, 2019

July 31, 2019
August 30, 2019
September 30, 2019
October 31, 2019
November 29, 2019
December 31, 2019



Please notify the MassHousing Retirement Staff if you are moving or changing your contact information at:

MassHousing Retirement System
One Beacon Street 4th Floor
Boston, MA 02108

or

JPetty@masshousing.com
MShinnick@masshousing.com