

Retirement Workshop Advice for Younger Teachers

When do you become eligible for a retirement allowance?

To be eligible for a retirement allowance, a member must have at least 20 years of creditable service if under age 55. At age 55 a member must have at least 10 years of creditable service to be eligible for a retirement allowance.

How is your retirement allowance calculated?

Your retirement allowance is based upon a percentage of your average salary for your highest three consecutive years (which is usually your last three years of active employment). The percentage of your average salary is determined by your actual age at the time of your retirement (age is converted into an age factor (see *MTA Retirement Guide*) multiplied by your years and whole months of creditable service. The maximum retirement allowance is 80% of your highest salary average. (A member who is enrolled in R+ or paying 11% into their retirement annuity could expect to reach the 80% allowance when they have approximately 34-35 years of creditable service and are age 57-58 or older. Anyone who A member not enrolled in R+ could expect to reach 80% approximately 3 years later.)

What should you be doing early on that would impact your retirement?

You can not change the aging process. You have only a minimal affect on what your average salary will be when you retire. Support your negotiating team as they bargain for your salary and benefits!) The only area where you may be able to affect your eventual retirement allowance is with the amount of your creditable service. You should document (and purchase if necessary) any creditable service that would eventually lead you to an increase in the percentage of your average salary at the time of your retirement (See list of possible creditable service purchases). Be sure any service from another Massachusetts public retirement system has been transferred into your present system (i.e. teacher aide time, etc.). The cost of any purchases is based upon a percentage of your earnings at the time plus interest of 4 1/8% compounded.) You will receive a bill that can be paid in full with a check, spread in installments over a five-year period, or rolled over (without penalty) from a qualified tax-sheltered annuity.

What other advice would I give to young teachers many years away from retirement?

- Cultivate other interests beyond your job that you can pursue later when you retire. Enjoy your job while involving yourself with your family and community.
- Don't discard your tax-returns as they have attached your W-2s documenting your employment.
- Don't go without in order to set aside extra money for use in your retirement. Your retirement allowance will be nearly equal to your average salary when you retire.
- Don't become alarmed over future changes in the retirement system. Most changes will not affect those who are presently employed. You have a contract with the state that has been held up by the court in past instances where changes were made to the pension system.
- Retirement does not mean sitting around with your feet up! It is simply a next chapter in your life!
- Be informed about retirement matters by attending informational workshops, logging onto the MTRS website, and reading the literature. Don't think it's too soon to talk with an MTA retirement consultant when you have questions.