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# Revere Retirement News

## Fall 2022

(781) 286-8173

[revere.org/departments/retirement](http://revere.org/departments/retirement)

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### COLA Approved

The Revere Retirement Board has approved a 3% COLA (cost of living adjustment) for eligible retirees. The COLA was included in the July retirement payment. The COLA applies to the first \$13,000 of a retiree's allowance, a maximum of \$390 per year. The COLA, once paid, becomes a part of the retiree's allowance going forward. The annual COLA is not a one-time bonus as in many other states' retirement plans. A retiree must have been on the retirement payroll as of June 30, 2021 in order to

CPI-W v. Revere COLA		
Year	CPI-W	Revere COLA
2022	5.9	3.0
2021	1.3	3.0
2020	1.6	3.0
2019	2.8	3.0
2018	2.0	3.0
2017	0.3	3.0
2016	0.0	3.0
2015	1.7	3.0
2014	1.5	3.0
2013	1.7	3.0

be eligible to receive the COLA in July 2022. While the Social Security COLA (CPI-W) is larger this year due to inflation, the Revere Retirement Board has traditionally paid the maximum 3% COLA regardless of the Social Security increase (see chart).

#### AFFIDAVITS MAILED

THE REVERE RETIREMENT BOARD HAS MAILED ANNUAL AFFIDAVITS/BENEFIT VERIFICATION FORMS TO ALL RETIREES AND BENEFICIARIES. FORMS MUST BE COMPLETED AND RETURNED TO THE BOARD BY **OCTOBER 27, 2022**. FORMS MUST BE NOTARIZED. IF THE FORM IS NOT COMPLETED AND SUBMITTED BY THE DEADLINE; BENEFITS WILL BE AFFECTED.

#### RRS is a valuable employee benefit for Revere Employees

The Revere Retirement System (RRS) is a defined benefit/pension plan established by state law. Since 1936, the RRS has provided benefits to retired employees. Currently, employees of the City of Revere, the RHA and the MNRECC are covered by the RRS. A defined benefit plan is a valuable employee benefit since it provides guaranteed benefits regardless of the performance of the stock

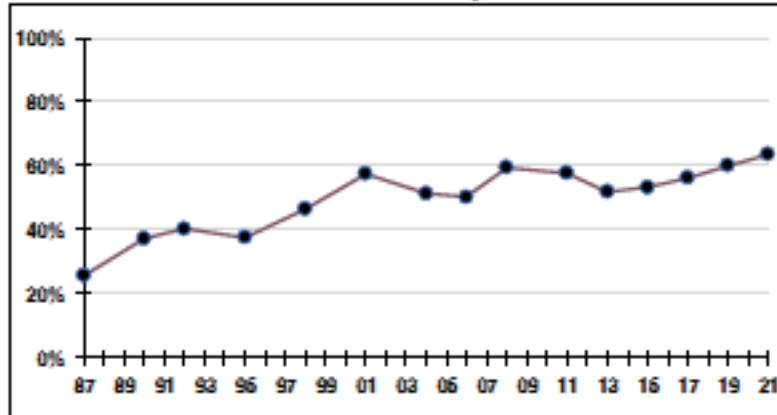
or other financial markets. Unlike a 401(k) plan, the value of which depends on financial markets and timing, the RRS provides guaranteed benefits based on only three factors – age, creditable service and the highest 3- or 5-year average regular compensation (depending on an employees' membership in the system). A retirement allowance paid by the RRS is comprised on an annuity portion and a pension portion. Each member contributes to the RRS through payroll deductions. Those deductions made over a career are used to pay the annuity portion of the retirement allowance. The pension portion of the retirement allowance is funded by the employer and investment returns on the RRS's funds.

### **FIVE THINGS TO KNOW**

- 1- Those active members who are not married or have been married for less than one year and do not have two years of creditable service should consider choosing an Option D beneficiary. Option D provides a lifetime benefit for a family member if the member dies while active. Contact the Retirement Office for more information about Option D and a form to select a beneficiary.
- 2- Members who do not retire immediately after leaving work are known as deferred retirees. The timing of retiring as a deferred retiree is important and you should consult with the retirement board and/or a financial planner/accountant to maximize your benefit.
- 3- COVID has not changed retirement timing – The US Census Bureau reports that 2.9% of adults ages 55-70 employed in January 2020 said they retired early or planned to retire early due to the pandemic, while 2.3% said they either delayed or planned to delay retirement for the same reason. The US Census Bureau concludes: Retirement trends were remarkably stable during a period of upheaval in the labor market overall.
- 4- By law, the Revere Retirement System is overseen by the state Public Employee Retirement Administration Commission. The Board submits reports, disability applications and retirement calculations to PERAC for approval. The Board also consults with PERAC on complicated or contentious issues.

5- The Revere Retirement System is prepared to pay benefits for the long term, regardless of stock market performance. The retirement system is intended to continue indefinitely and decisions on investments are made for the long term. As the chart below from PERAC’s annual report shows, the Board has been making steady progress towards full funding. The system is currently scheduled to be fully funded by 2033.

### Funded Ratio History (1987-2021)



**63.5%**  
Funded Ratio

**2033**  
Fully Funded

**6.32% Total Increasing**  
Funding Schedule

### Post-Retirement Employment Limits Waived for 2022

Massachusetts General Laws, Chapter 32, Section 91 (b) and (c) earnings and hours restrictions for superannuation public retirees working in the public sector will be waived for calendar year 2022. The waiver starts retroactively as of January 1, 2022, and will remain in place until December 31, 2022, or “up to 90 days” following the end of the declared Public Health Emergency, whichever occurs first. The statute has an emergency preamble and has taken effect immediately.

**This waiver does not apply to disability retirees.**

### Retirement Benefits and Divorce

Many members have questions about the effect of a divorce on their retirement benefits. Chapter 32, Section 19 is the only section in Chapter 32 which allows for the payment of a benefit to a person “on account of membership of a person other than himself” while the person who is the member of a Chapter 32 system is still living. Pension rights can be considered a “marital asset” and be divided as part of a divorce. The court document used to divide such benefits is a Qualified Domestic Relations Order (or QDRO). It is important to note that a court order cannot create a right or benefit that does not exist in G.L. c. 32 even if contained in a QDRO or divorce decree. Some things to consider about divorce and retirement:

Overview: **Member Not Retired**

Court can direct a portion of the allowance to be paid to the former spouse when the member retires.

Court can direct the selection of a particular option upon retirement (beneficiary must be eligible at that time).

Court cannot direct a lump sum payment to a former spouse or a separate account.

Overview: **Retired Member**

Court can direct a portion of the allowance to be paid to a former spouse.

Court cannot direct a lump sum payment to a former spouse.

Option selection at time of retirement remains in effect.

Qualified Domestic Relations Orders - Allocates benefits to Participant and Alternate Payee

## REVERE EMPLOYEE SELF SERVICE PORTAL

### RETIREES to print out:

- Income Verification Forms
- Social Security Letters
- Direct Deposit and other important forms
- Letters for landlords and Housing Authorities

Access the Employee Self Service portal through the Revere Retirement Board Website at [www.revere.org/departments/retirement](http://www.revere.org/departments/retirement) Please call (781) 286-8173 if you need assistance with the portal.

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### IMPORTANT DATES

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<u>Upcoming Board Meetings</u>	<u>Direct Deposit Dates</u>
<b>October 26, 2022</b>	<b>October 31, 2022</b>
<b>November 16, 2022</b>	<b>November 30, 2022</b>
<b>December 14, 2022</b>	<b>December 30, 2022</b>