



# SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

## Swampscott Contributory Retirement Board

Thomas Driscoll Jr,  
Chair (Appointed)

John Behen Jr,  
Vice-Chair (Elected)

Kevin Breen, Member (Elected)

Robert Powell III,  
Member (Appointed)

Amy Sarro, Member (Ex-Officio)

Nancy Lord, Retirement  
Administrator  
nlord@swampscottma.gov

Tracy Spear, Administrative  
Assistant  
tspear@swampscott.ma.gov

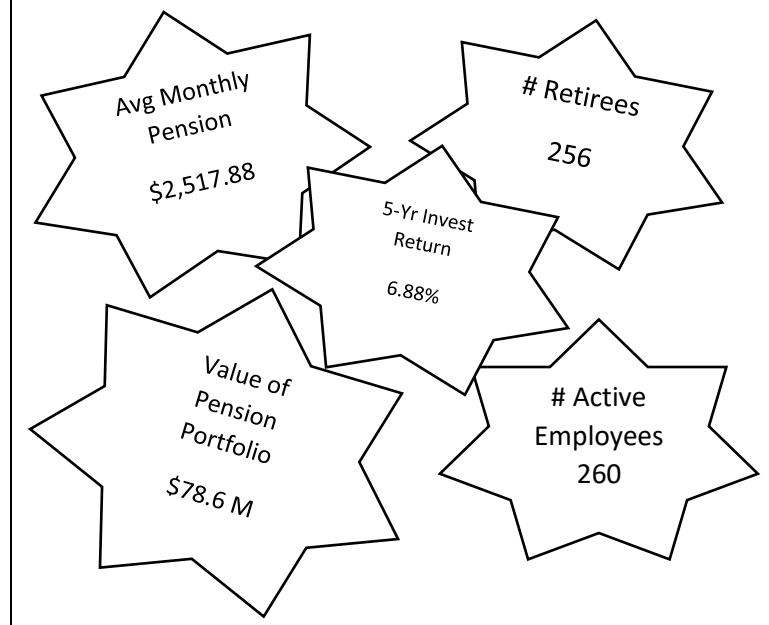
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### WE WANT TO HEAR FROM YOU!

Do you have a suggestion for an article? Or is there a topic you would like to see in our next newsletter? Let us know by emailing us at:  
tspear@swampscottma.gov

## By the Numbers



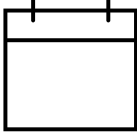

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Swampscott Contributory Retirement System

### Board Member News

Thomas J. Driscoll Jr., Esq. was re-appointed as chair-person to the Swampscott Contributory Retirement Board, in accordance with M.G.L. Chapter 32, for a three (3) year term which commenced on July 1, 2023 and will expire on June 30, 2026.

## Frequently Asked Questions

	<p style="text-align: center;"><b>WHAT DOES IT MEAN TO BE VESTED?</b></p> <p>“Vesting” is the term commonly used to signify the establishment of the right to a retirement allowance. Vested benefits are those benefits that do not depend upon the member remaining in service to be entitled to them. Additionally, if you transfer service from another system, or buy back prior service, such service is added to your Swampscott service to determine whether you are vested.</p> <p>*If hired prior to 4/2/2012, you are eligible to retire at any age if you have 20 years of creditable service, or 10 yrs. service &amp; age 55.          *If hired on or after 4/2/2012, you are eligible to retire with 10 yrs. of creditable service &amp; age 60.          *Police and fire are eligible to retire at 55 with no minimum yrs. of service.</p>
	<p style="text-align: center;"><b>WHEN DO I ENROLL IN MEDICARE?</b></p> <p>Medicare is a health insurance program run by the US government and managed by the Social Security Administration for Americans aged 65 and older, as well as some younger people with disabilities.</p> <p>As a retiree of the Town of Swampscott you are required to enroll in Medicare at age 65. You also have the option to purchase enhanced or supplemental plans through the GIC (Group Insurance Commission) which can be deducted from your monthly retirement allowance. These plans complement the coverage you receive from the Medicare program.</p> <p>If you are a retiree, we advise you to apply for Medicare by contacting Social Security well in advance. You can apply during a period of seven months around your 65<sup>th</sup> birthday – the three months before your birthday month, your birthday month, and three months after your birthday month.</p>

## **EXPLAINED: DEFINED-BENEFIT PLANS VS. DEFINED CONTRIBUTION PLANS**

### **Overview**

Employer sponsored retirement plans are typically divided into two categories: defined-benefit plans and defined-contribution plans.

### **Defined-benefit plans – Example: Swampscott Contributory Retirement System**

A defined-benefit plan, such as provided by the Swampscott Contributory Retirement System, is commonly known as a traditional pension plan. It provides a guaranteed monthly income for life after retirement. Participation in the plan is typically required. Both the employee and the employer make contributions. The retirement benefits are known beforehand based on a set formula and specific criteria such as the employee's salary, tenure of service, and retirement age. The employer is responsible for managing the plan's investments and will usually hire an outside investment manager. Employees are not responsible for managing their own investments and the plans are less susceptible to market volatility. The employer is responsible for the risk that the returns on investments might not cover the amount due to retired employees. Because of this risk, defined-benefit plans require complex actuarial projections and insurance for guarantees, making the cost of administration higher than defined-contribution plans. Consequently, defined-benefit plans are rare in the private sector, and have been replaced by defined-contribution plans over the last few decades.

### **Defined-contribution plans – Example: 401(k) Plan**

Defined-contribution plans are funded primarily by the employee. The most common type of defined-contribution plan is a 401(k). Participants have the option to enroll in the plan and can elect to defer a self-chosen portion of their gross salary via pre-tax payroll deductions toward the plan. The employer may match the contribution, up to a certain limit, if it chooses. The employee is responsible for making contributions and choosing investments offered by the plan. The employer has no obligation towards the fund's performance. These plans are low risk to the employer, require little work and cost less to administer.

### **The Bottom Line**

Defined-benefit plans, otherwise known as pension plans, place the burden on the employer to invest for their employees' retirement years and deliver a defined monthly amount once they retire. Because they are complicated and expensive plans to administer, they are much less common today than they once were, and they are typically found in the public sector.

Defined-contribution plans, such as a 401(k) plan, place the responsibility on the employee to save and invest for their retirement years. The employee assumes the investment risk, and retirement benefits are completely dependent on the performance of the investments. They are less expensive and much easier to administer than defined-contribution plans and thus, are more popular with employers, especially private employers.

<p style="text-align: center;"><b>Upcoming 2023 Pension Payment Schedule</b></p> <p>Direct Deposit of your monthly benefit occurs on the last business day of the month.</p>	<b>Month</b>	<b>2023 Direct Deposit Dates</b>
	October	Tuesday, 10/31
	November	Thursday, 11/30
	December	Friday, 12/29

## Retirement Checklist

<p><b>6-9 Months Before Retirement</b></p>	<p><b>3-4 Months Before Retirement</b></p>	<p><b>1 Month After Retirement</b></p>
<p>Make an appointment with our office to discuss your benefit estimates, options, possible make-ups, etc., and to make sure your account is in order.</p>	<p>Request an Application for Superannuation with Option Selection Form from our office. Decide which option you plan to take and discuss it with your beneficiaries. Make an appointment with our office to submit your completed application and option selection form.</p>	<p>Provided your application was complete and filed in a timely manner, expect your first direct deposit payment on the last business day <u>of the month following</u> your effective date of retirement.</p>

\* For a full checklist, visit [www.swampcottretirement.com](http://www.swampcottretirement.com)

<p style="text-align: center;">Contact Us:  <b>Swampscott Contributory Retirement Board</b>                  22 Monument Avenue, 3<sup>rd</sup> Floor                  Swampscott MA 01907                  Phone: 781.596.8827  <a href="http://www.swampscottretirement.com">www.swampscottretirement.com</a></p>	<p style="text-align: center;"><i>Office Hours:</i>                  Mon, Tue, Thurs: 8:00am – 5:00pm                  Wed: 8:00am – 7:00pm                  Closed Fridays</p>
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