



# 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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Schedule & Ret. Checklist

## WE WANT TO HEAR FROM YOU!

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



## HELLO SUMMER!



## Reminder to Retirees

New health insurance  
and other benefits become effective  
July 1, 2023 – June 30, 2024.



Your **June 30<sup>st</sup>** retirement allowance payment will reflect the new plan premiums and deductions. Please check to make sure your deduction is correct.

## Board Approves 3% COLA For FY 24

At their meeting on April 25, 2023, the Swampscott Contributory Retirement Board approved a 3% Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the retirement system for Fiscal Year (FY) 2024. This 3% increase will be applied to the first \$14,000 of the base retirement benefit in the July allowance payment which will be deposited on **July 31, 2023**.

Only retirees who have been retired for one full year as of 7/1 are eligible for this COLA.

## Frequently Asked Questions

	<p style="text-align: center;"><b>HOW MUCH OF MY PAYCHECK GOES TOWARD MY RETIREMENT ACCOUNT?</b></p> <p>Employees contribute a percentage of their regular compensation to the retirement system. A member’s contribution rate is set by statute and determined by their most recent membership date (typically hire date).</p> <table border="1" data-bbox="503 661 1429 1102"> <thead> <tr> <th>Membership Date</th> <th>Contribution Rate</th> </tr> </thead> <tbody> <tr> <td>Prior to January 1, 1975</td> <td>5%</td> </tr> <tr> <td>Jan. 1, 1975 – Dec. 31, 1978</td> <td>7%</td> </tr> <tr> <td>Jan. 1 1979 – Dec. 31, 1983</td> <td>7% plus an additional 2% of compensation in excess of an annual rate of \$30,000</td> </tr> <tr> <td>Jan. 1, 1884 – June 30, 1996</td> <td>8% plus an additional 2% of compensation in excess of an annual rate of \$30,000</td> </tr> <tr> <td>As of July 1, 1996</td> <td>9% plus an additional 2% of compensation in excess of an annual rate of \$30,000</td> </tr> </tbody> </table>	Membership Date	Contribution Rate	Prior to January 1, 1975	5%	Jan. 1, 1975 – Dec. 31, 1978	7%	Jan. 1 1979 – Dec. 31, 1983	7% plus an additional 2% of compensation in excess of an annual rate of \$30,000	Jan. 1, 1884 – June 30, 1996	8% plus an additional 2% of compensation in excess of an annual rate of \$30,000	As of July 1, 1996	9% plus an additional 2% of compensation in excess of an annual rate of \$30,000
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	<p style="text-align: center;"><b>WHAT ARE THE TYPES OF GROUP CLASSIFICATIONS WITHIN THE RETIREMENT SYSTEM?</b></p> <p>Retirement boards assign employees to one of four groups based on the classifications set out in Mass. Gen Law Chapter 32. Type of occupation determines classification. Classification is one of the factors in determining retirement allowance.</p> <table border="1" data-bbox="503 1543 1429 1837"> <thead> <tr> <th>Group</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified.</td> </tr> <tr> <td>2</td> <td>Hazardous occupations such as mental health attendants</td> </tr> <tr> <td>3</td> <td>State police officers</td> </tr> <tr> <td>4</td> <td>Public safety officers and employees such as police officers, firefighters and certain correctional employees.</td> </tr> </tbody> </table>	Group	Description	1	Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified.	2	Hazardous occupations such as mental health attendants	3	State police officers	4	Public safety officers and employees such as police officers, firefighters and certain correctional employees.		
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## TAXES AND YOUR RETIREMENT ALLOWANCE

### Is my allowance subject to MA state taxes?

No. The superannuation retirement allowance that you receive from the Swampscott Contributory Retirement System is exempt from taxation under the Massachusetts income tax laws.

### Is my allowance subject to federal taxes?

Yes. Most or all of your retirement allowance will be taxable at the federal level. Since January of 1988, all contributions to the retirement system have been made on a pre-tax basis. Consequently, only contributions made prior to January 1988 and any purchases of creditable service made with after-tax dollars will be eligible for exclusion from federal taxes.

### How much should I withhold?

The Swampscott Contributory Retirement System is not qualified to provide specific advice related to tax codes. You should consult your personal accountant or visit the IRS online tax withholding estimator for assistance.

### How will I notify the federal government of my withholding election?

Upon your retirement the Swampscott retirement board will provide you with a Form W-4P to begin a monthly federal tax withholding. It is very important that you complete this form. If no form is filed, the Retirement Board is required by federal law to withhold taxes as if you are a married person with three exemptions. You have an option to request that no taxes are withheld, or that a percentage of your allowance is withheld, or that a flat amount is withheld.

### Important reminders regarding taxes:

- Be aware that the amount you elect to withhold upon your retirement will not change unless you file an updated Form W-4P with us. If, upon retirement, you elect to withhold a specific percentage of your allowance, we will calculate that amount and use it as your withholding amount. For example, if you elect to withhold 10% of your allowance of \$1,000, your withholding amount will remain \$100 even if your allowance increases due to cost-of-living adjustments or changes in benefit amounts. The amount of your withholding will not automatically change based on any changes to your allowance. **The amount will only change if we receive an updated W-4P form from you.**
- **You may change your withholding amount at any time** by notifying us in writing. Simply download a Form W-4P from the IRS website and mail it to us, or visit us in person.
- You will receive a Form 1099-R from us each year for your tax reporting purposes.
- You may receive two Form 1099-Rs in one tax year. This can occur for a few reasons, including reaching the age of 59 ½ during the year. The IRS distinguishes payments made before and after age 59 ½. You will need both forms for tax reporting information.

<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>	Month	2023 Direct Deposit Dates
	July	Monday, 7/31
	August	Thursday, 8/31
	September	Friday, 9/29
	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>Contact Us:</p> <p><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.swampcottretirement.com">www.swampcottretirement.com</a></p>	<p><i>Office Hours:</i>                  Mon, Tue, Thurs: 8:00am – 5:00pm                  Wed: 8:00am – 7:00pm                  Closed Fridays</p>
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