

**Assumptions - Mary & Stan**

|                            |          | Age of EE |
|----------------------------|----------|-----------|
| Date of Birth              | 6/1/1967 | -         |
| Date of Hire               | 6/1/1999 | 32        |
| Date of Marriage           | 1/1/1993 | 26        |
| Date of Divorce            | 6/1/2017 | 50        |
| Date of Retirement         | 6/1/2027 | 60        |
| High-3 Salary @ Divorce    | 6/1/2017 | \$ 70,000 |
| High-3 Salary @ Retirement | 6/1/2027 | \$ 80,000 |

| Marital Coverture Summary    |               |               |
|------------------------------|---------------|---------------|
| Months Married while working | 216           | 18 years x 12 |
| Total months employed        | 336           | 28 years x 12 |
| <b>Coverture Fraction</b>    | <b>64.29%</b> |               |

Sample divorce case illustrating the impact of various MTRS or MA State Pension division options as compared to tradition coverture approach. We assume that Mary (employee spouse) has 18 years of service (all earned during marriage) and a high-3 average salary at divorce of \$70,000. We also assume that Mary goes on to work another 10 years post-divorce, and retires with a high-3 average salary of \$80,000. Using the traditional coverture approach, the marital portion of the her final pension will be 64.29%. We further assume that Stan has been awarded 50% of the marital portion.

Row 0 - Mary's actual Option A pension benefit using the assumptions above.

Row 1 - Stan's award using traditional coverture.

Row 2 - Stan's award when "freezing" Mary's salary at time of divorce for purposes of calculating the marital amount.

Row 3 - Stan's award when "freezing" Mary's years of service at time of divorce for purposes of calculating the marital amount.

Row 4 - Stan's award when "freezing" both years of service and salary at time of divorce for calculating the marital amount.

|                                | Age @ Retirement | Years of Service | High-3 Average Salary | Option A Montly Pension | Marital Portion (*.6429) | Monthly award to Stan | Stan's benefit as % of final pension | Remainder to Mary |
|--------------------------------|------------------|------------------|-----------------------|-------------------------|--------------------------|-----------------------|--------------------------------------|-------------------|
| <b>0 Actual Pension Amount</b> | <b>60</b>        | <b>28</b>        | <b>\$ 80,000.00</b>   | <b>\$ 3,733.00</b>      | <b>-</b>                 | <b>-</b>              | <b>-</b>                             | <b>-</b>          |
| 1 True Coverture Approach      | 60               | 28               | \$ 80,000.00          | \$ 3,733.00             | \$ 2,399.79              | \$ 1,199.89           | 32.14%                               | \$ 2,533.11       |
| 2 Freeze Salary Only           | 60               | 28               | \$ 70,000.00          | \$ 3,266.00             | \$ 2,099.57              | \$ 1,049.79           | 28.12%                               | \$ 2,683.21       |
| 3 Freeze YOS Only              | 60               | 18               | \$ 80,000.00          | \$ 2,400.00             | \$ 1,542.86              | \$ 771.43             | 20.67%                               | \$ 2,961.57       |
| 4 Freeze YOS and Salary        | 60               | 18               | \$ 70,000.00          | \$ 2,100.00             | \$ 1,350.00              | \$ 675.00             | 18.08%                               | \$ 3,058.00       |

Summary: The ultimate award to Stan can vary dramatically and this is BEFORE factoring in the cost of survivorship, which will reduce the benefits further for both parties. Deviating from the traditional coverture approach will cause life-long financial harm to Stan (Alternate Payee).