



Middlesex County Retirement System News

Newsletter for Retirees, Active Employees and their Families

Celebrating more than 100 Years of Service

FALL 2015

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MCRS Goes Live With PTG PensionPro

By Thomas Gibson, Chairman

The Board is pleased to announce that Middlesex County Retirement System has successfully implemented the PTG PensionPro system. For the past two years, Pension Technology Group and retirement system staff worked toward this milestone. Launched on October 5, 2015, PTG PensionPro is a state of the art pension administration technology.

The web-based application introduces efficiencies and enhanced security to MCRS's internal operations, and provides an employer self-service component for contribution reporting and processing. Throughout September, MCRS staff and the System's seventy-one employer units trained on the PTG PensionPro system. "The Board is grateful for the assistance and cooperation of our employer units and our staff throughout this transition period," stated Chairman Tom Gibson. "We are excited that the new system's capabilities will enable us to provide superior services to our members and employers."

The Middlesex County Retirement System joins more than 80 other Massachusetts contributory retirement systems that utilize the PTG PensionPro system.

PTG PensionPro Functionality

- Retirement Estimates/Calculations
- Contribution Processing
- Retiree Payroll Processing
- Refunds/Transfers/Rollovers
- Service Credit Purchases
- Accounting/PERAC Reporting
- Actuarial Valuation Extracts
- Employer Self-Service

www.middlesexretirement.org

Option D – Questions and Answers

In our last issue, we provided important information regarding the lifetime benefits that are available to spouses and other family members when an actively employed member dies prematurely and before retiring. Subsequently, the retirement office has received many requests for Option D forms, as well as further questions regarding this important pre-retirement option available to active members. We cannot overly emphasize the significance of this benefit, and are pleased to answer further questions about Option D.

The Option D Benefit

Q. What is the Option D benefit and why is it so important?

A. Option D is the only retirement option election which can be made while still employed. It is nearly identical to the Option C benefit for retired members. Option D provides your named beneficiary with the monthly retirement allowance that you would have received under Option C had you retired on the date of death.

Beneficiaries

Q. Who is an “eligible beneficiary”?

A. Your choice of beneficiary is the same as Option C. You can name only one person: your spouse, your former spouse provided he or she has not remarried, a child, a parent, or a sibling.

Permanency of Election

Q. Can I change my mind about electing Option D?

A. You can cancel your election of Option D by giving written notice to the MCRS Retirement Office. You can change your Option D beneficiary by filing a new Beneficiary Selection Form. You can download the form on our website, www.middlesexretirement.org.

Q. Under what circumstances would my Option D election be superseded?

A. Your Option D election remains in force and effect unless or until:

- You retire
- You cancel it in writing
- Your designated beneficiary predeceases you
- Your surviving beneficiary is eligible to receive an accidental death benefit
- Your eligible surviving spouse elects to receive a benefit, even if you did not choose your spouse as your Option D beneficiary.

Amount of Benefit

Q. How is an Option D benefit calculated if I die before my 55th birthday?

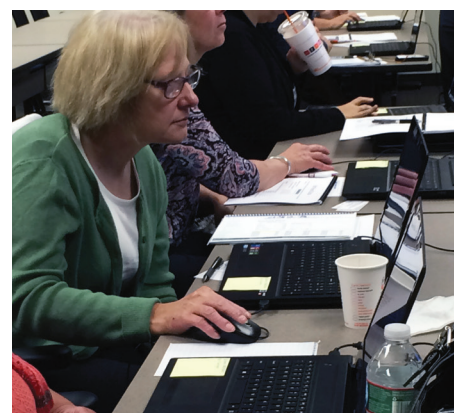
A. Your designated beneficiary is entitled to receive the Option C allowance you would have been entitled to receive had you attained age 55 and retired on the date of death. The benefit calculation will include the years of service that you had been credited with at the time of death, plus any non-membership service which your beneficiary purchases.

Q. How is the Option D benefit calculated if I die on or after my 55th birthday?

A. Your beneficiary is entitled to receive the Option C allowance you would have received if you had retired on the date of death.

The Option D selection is an important estate planning tool. An unmarried member who has children should consider designating one of the children as the Option D beneficiary so that there will be a monthly allowance paid during the beneficiary's lifetime. Otherwise, in the absence of an Option D selection, a lump sum refund of the accumulated total retirement deductions would be made to the named beneficiary or beneficiaries.

Even married members should designate a child as the Option D beneficiary in the event that the husband and wife should die simultaneously. If the spouse survives, he or she will be able to take precedence over the Option D beneficiary and receive the survivor's allowance.



Left: The System is continuing its student intern program with Shawsheen Valley Technical High School. Seniors Cassandra Chiara (L) and Eliana Purtell (R) are assisting us this school year.

Middle and Right: This fall, representatives from 60 of our employer units attended PTG software training sessions at our office, conducted by Stephan Georgacopoulos of PTG. While no additional formal training sessions are planned, member units are encouraged to contact the retirement office for assistance.

Social Security Update

By Francine Kollias, Social Security Specialist



Social Security and Your COLA Increase

If you receive both a monthly Social Security payment and a Middlesex County Retirement monthly benefit payment, your July cost of living increase may have to be reported to Social Security.

Who Is Not Affected

If you receive a **Social Security payment based on your own work and earnings**, you do not have to report anything to Social Security. Under the "Windfall Elimination Provision", the adjustment in your Social Security payment has already been calculated. Your COLA increases do not have to be reported to the Social Security Administration because it will not change the amount you receive.

Who Is Affected

If you receive a **Social Security payment in whole or in part based on your spouse or ex-spouse's Social Security work and earnings**, Social Security needs to know about the COLA. Spousal benefits are usually subject to the "Government Pension Offset". This provision offsets your Social Security monthly payment anytime your Middlesex retirement allowance increases.

What this means is that two-thirds of your COLA increase will be deducted from the Social Security spousal benefit. For instance, a monthly COLA increase of \$30.00, means that \$20.00 will be deducted from your monthly Social Security payment, beginning with the month the change occurred.

You may receive a letter from the Social Security Administration asking you to "update" any changes in your Middlesex retirement allowance. If you have not received a letter, you should contact Social Security either in person or by telephone (1-800-772-1213) and have proof of the new amount. The adjustments to your Social Security spousal payments will be made retroactively to the month of increase.

If you do not contact Social Security, they will receive notification of your increase through a data exchange program. Unfortunately, this may not happen for several months and the amount you must pay back to Social Security will be larger. If you owe money to the Social Security Administration, the full amount of the overpayment will be deducted from a future monthly benefit.

To avoid this, the best thing to do is to let Social Security know as soon as possible.

The Economic Impact of Your Pension

As we have reported previously, the retirement benefits paid by Massachusetts public pension plans to public workers and their families result in a significant amount of economic activity in the Commonwealth of Massachusetts.

The pension benefits received by our retirees are largely spent in their local communities. This generates a ripple effect throughout the Massachusetts economy, by providing income and wages to others, by favorably impacting tax revenues, by helping to reduce unemployment, and more.

According to a 2014 study by the National Institute on Retirement Security, 199,677 residents of Massachusetts received a total of \$5.8 billion in pension benefits from state and local pension plans in 2012. Each \$1 paid in pension benefits supported \$1.81 in total economic activity in Massachusetts, and each \$1 of taxpayer contributions invested in the Massachusetts' state and local pension plans supported \$4.94 in total economic output in the state. These are significant numbers.

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in Massachusetts. The ten industry sectors with the largest employment impacts are presented in the table below.

Industry	Employment Impact (# Jobs)	Labor Income Impact	Value Added Impact	Output Impact
Food Services and Drinking Places	6,055	\$158,301,859	\$221,902,127	\$372,593,919
Private Hospitals	3,691	\$306,086,139	\$331,007,933	\$545,494,463
Physicians, Dentists, and other Health Practitioners	3,165	\$302,791,882	\$309,373,737	\$438,241,886
Real Estate Establishments	3,026	\$67,289,999	\$530,627,945	\$615,176,230
Retail Stores - Food and Beverage	2,355	\$63,371,234	\$73,933,652	\$112,838,968
Nursing and Residential Care Facilities	2,212	\$90,313,202	\$100,770,376	\$141,470,269
Wholesale Trade Businesses	2,145	\$216,984,832	\$327,658,179	\$482,092,972
Retail Stores - General Merchandise	2,004	\$54,799,689	\$77,132,349	\$99,900,603
Retail Stores - Motor Vehicle and Parts	1,174	\$69,347,137	\$75,574,697	\$105,458,252
Civic, Social, Professional, and Similar Organizations	1,102	\$39,806,107	\$25,244,010	\$44,406,546

Source: http://www.nirsonline.org/storage/nirs/documents/factsheet_MA.pdf.

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Economic Impact of Your Pension, (cont. from page 5)

The Middlesex County Retirement System contributes extensively to Massachusetts' economic production. In 2014, our retired public employees and their families received over \$122 million in retirement benefits. Each and every month, the system provides in excess of \$10 million of retirement benefits to our members, providing a steady economic contribution to Massachusetts communities and to the state economy.

For further information on the favorable economic impact of public pensions in Massachusetts, and across the United States, go to www.nirsonline.org.

Calling All Snowbirds: Do You Have A Change of Address?

Please notify the Middlesex County Retirement System of any change of address. Be it a permanent address change or a temporary winter mailing address, the retirement staff wants to ensure you receive your 1099R and other important notices.

Please visit our website at www.middlesexretirement.org to download a Change of Address Form. If you are a snowbird, please provide us with both of your addresses, including the dates you will be at each residence.

REMINDER: Health Insurance Premium Exclusion for Public Safety Retirees

If you are a retired public safety officer, the federal Pension Protection Act of 2006 allows you to exclude up to \$3,000 of your health, accident, or long-term care insurance premiums from your gross taxable income each year, as long as the premiums are deducted from your retirement allowance. The premiums can be for coverage for you, your spouse or dependents.

If you are filing a federal tax return, please read carefully the IRS tax instructions in order to take full advantage of this benefit. Premium contributions will be reflected on your 2015 1099R.

The following tips may be helpful when you prepare your federal return:

- You must be a public safety retiree who retired for disability or after attaining "normal retirement age" (i.e., age 55 for Group 4 for those entering service prior to April 2, 2012).

- You need to file a federal income tax return in order to take advantage of the exclusion. If you do not file a federal return, then the exclusion will not benefit you.
- Your insurance premiums must be deducted from your pension check and paid directly to the health insurance carrier. Medicare Part B premiums do not qualify.
- If you have your federal tax return prepared by someone, please make sure the tax preparer knows that you are entitled to the exclusion.

Please be aware that the retirement office is not able to render tax advice. For additional assistance, retirees should contact a tax consultant.

Be Aware of Phone Scams!!

Telephone calls from scammers have been increasing in alarming numbers. Scammers may claim that you owe the IRS money on your tax returns, and threaten to have you arrested if not paid immediately. You should know that the IRS never requests immediate payment over the telephone and will not take enforcement action immediately following a phone conversation. Nor does the IRS ask for credit card, debit card or prepaid card information over the telephone.



In a more recent scam preying primarily on seniors, the caller pretends to be calling about Medicare, Social Security, or supplemental insurance, but the true purpose is to trick seniors into disclosing their private financial information. Disclosure of such information can lead to identity theft or unauthorized withdrawals from your bank account. If you are a Medicare or Social Security beneficiary, you should know that the Center for Medicare and Medicaid Services and the Social Security Administration will not call to ask you to disclose financial information.

In yet another scam, a caller claims that a family member, perhaps a grandchild, has been in an accident and needs money. The caller tries to extort money in order to ensure their safety. In some cases, the caller threatens to harm your family member if money is not sent.

If you receive calls such as these, you should hang up immediately, and notify your local police department. Never provide personal financial information, Social Security or Medicare information in response to such calls.

Prevent these scams from happening to you, or someone you care about.



Reinstatement to Service

We frequently are asked by our members what happens to their retirement benefits if they wish to return to work full time in their old job, or other full time public employment within the retirement system.

The retirement law will allow you to “unretire” and be reinstated in the system as an active member, but only if you repay the amount of your retirement allowance received to date, together with interest. You may repay your retirement allowance in a lump sum or in installments.

In order to then “re-retire”, you have to work an additional five years. During that time, retirement deductions

will be made from your regular compensation and you will be entitled to creditable service for this time. When you “re-retire”, your new retirement allowance will be calculated using the additional service and salary. If you are reinstated and do not work five additional years, you will revert to your original retirement allowance upon the termination of service, and the retirement contributions that you made during your re-employment will be returned.

If you are seeking to be reemployed full time in public service and wish to waive your pension, please let us know. We will help you complete an Application for Reinstatement to Service form.

**Middlesex County
Retirement Board**

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Brian P. Curtin, Vice Chair

John Brown, Elected Member
Robert Healy, Appointed Member
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