



Middlesex County Retirement System News

Newsletter for Retirees, Active Employees and their Families

Celebrating more than 100 Years of Service

SPRING 2015

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Inside Option D

The Public Employee's Least Favorite Option

By Thomas Gibson, Chairman

In previous editions of the News, we have discussed the various retirement options, A, B, and C, which are available to members at the time of retirement. Unfortunately, some of our members die before they can retire. What happens then?

If you are killed in the line of duty, or die as a result of injuries sustained while in the performance of duties, your dependents are entitled to statutory benefits under various sections of General Laws Chapter 32, the public employee retirement law. However, if your death is not job related, then Option D, or the "Member-Survivor Allowance," can provide benefits to your dependents.

Every Member Should Consider Naming An Option D Beneficiary.

No one plans to die before retirement. Nevertheless, if that does happen, you can designate where the money you have been contributing to the retirement system should go. Here's more:

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. If you are under age 55 at death, your age will be "bumped up" to 55 to calculate the allowance. (For members joining the system after April 2, 2012, the age is 60.) The age of your beneficiary is also "bumped up" an equal amount. If over 55 (or 60 for newer members), the calculation factor for your actual age at death is used.

Who can be an Option D beneficiary? You can designate an Option D beneficiary at anytime using page 2 of the prescribed form, available on our website. Only one Option D beneficiary may be named, and only a spouse, child, former spouse who has not remarried, mother, father, brother or sister is eligible for designation. Unless trumped by a spousal election, discussed below, your nominated Option D beneficiary must receive the allowance.

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www.middlesexretirement.org

Member's Widow Reflects on how Middlesex County Retirement Benefit helped Family

Says pension was "lifeline" she needed to raise five children



Marjorie Collins, the wife of the late Billerica Police Officer Ken Collins, talked to us recently about the benefits she received that helped her survive after his sudden death.

It was the call no spouse wants to receive. Marjorie and Ken Collins had been married 17 years and were both in their late 30s. Ken, a 10-year veteran of the Billerica Police Department, had been badly injured breaking up a bar room brawl while on duty. Although he left the hospital and returned to work a few days later, he died one week later as a result of injuries he received in the line of duty.

Marjorie was suddenly alone, left to raise their five children, ranging in ages from 4 to 15.

"After Ken died, I had little hope," Marjorie said. "The purse strings were very tight and since I was at home with the kids I didn't work. It was scary. The pension I received was a godsend. It was the reason I was able to keep the house my husband built for us, and provide for our five children. There were still struggles, but knowing the check was coming each month helped immensely."

Now in her 80s with 12 grandchildren and soon to be nine great-grandchildren, Marjorie still lives in the same house in Billerica. She enjoys regular family dinners and up until recently was in a weekly bowling league. Marjorie was proud to attend the dedication of the Billerica Public Safety Memorial a few years ago which honors first responders killed in the line of duty. She is grateful for the benefits she has received.

"I never planned to be a widow so early in life," Marjorie stated. "My husband worked two jobs after he got out of the service. When he got on the police force, I often worried but never thought we'd lose him so young. However, I know he was with me then and now. The security that my family enjoyed is due to the System and others across the state. He was a good provider for his family in life and death," she concluded.

Proper planning for retirement is something the Board strongly encourages and is one of the cornerstones of our mission. You should update your named beneficiaries to reflect life changes such as death and divorce. It is difficult to think about retirement planning at the start of a career, but you should know what would become of you and your family if and when the unexpected happens. While the retirement laws are designed to protect families, it's important to have your plan in place, and to know what your options are. We can help.

Inside Option D continued from page 1

Surviving Spouses. If you do not make an Option D designation, your spouse can still elect to receive the Option D allowance, or can request a return of your accumulated retirement deductions, if (1) you have completed at least *two years of creditable service*; (2) you and your spouse have been *married for at least one year*; and (3) you and your spouse have been *living together* at the time of your death.

If you and your spouse were not living together at the time your death, the Board must find that you were *living apart for justifiable cause*, other than desertion or moral turpitude on the part of your spouse.

The rights of an eligible surviving spouse will always trump any other person nominated as the Option D beneficiary. The retirement board will notify your spouse of his or her right to elect Option D benefits and your eligible spouse has 90 days from the date of this notice to elect Option D benefits. To be effective, the election must be made on a prescribed form and filed with the Board. However, if your spouse is named by you as the Option D beneficiary, your spouse must receive the monthly allowance, and may not choose between the allowance and a one-time return of your accumulated deductions.

Dependent Children. When a Member-Survivor Option D allowance is paid, another statute, Section 12B, provides an additional allowance to your minor children of *\$120.00 per month to the oldest child*, and *\$90.00 per month to each additional child*. These benefits end upon adoption or marriage, or upon reaching age 18, or age 22 if a full-time student. Benefits to children will not end if the child is physically or mentally incapacitated from earning on your date of death. If you have no spouse, your children can, in some circumstances, receive the benefits a spouse would have received, along with the Section 12B benefits.

A Member-Survivor Option D allowance may also be available to a beneficiary of an inactive member. However, no benefit for children is available under Section 12B.

What happens if your surviving spouse does not elect Option D benefits? If you have not named another individual as your Option D beneficiary, your accumulated deductions will be paid to the beneficiary you have named on page 1 of the form to receive those funds. If there are none, these funds will be paid to your spouse in one sum. If you had named another individual as your Option D beneficiary, that individual could receive a lifetime allowance (instead of a lump sum payment being made to the surviving beneficiaries of record.)

The selection of an Option D beneficiary is vital to the security of your dependents. The Middlesex County Retirement Board strongly recommends that every member make that designation.

MIDDLESEXRETIREMENT.ORG IS GETTING A MAKEOVER!

Coming this fall, we'll debut a new and improved website. Stay tuned for more details!

Staff Spotlight



Lisa Maloney • Director of System Operations

Lisa Maloney joined the System this past February after more than 16 years at the Massachusetts Teachers' Retirement System, most recently serving as Director of the Project Management Office. In that role she oversaw the organization's software implementation project, something she will assist our office with later this year. Lisa will oversee Administration & Finance, Information Systems, and Building Operations.

A graduate of Wellesley College and American University's Washington College of Law, Lisa also worked in the private sector as a medical malpractice defense attorney. She lives in Hopedale with her husband

and two boys, ages eight and thirteen. She is on the board of SenseAbility Gym, a non-profit organization in Hopedale that provides children with special needs a safe, fun, indoor area where they can play and accommodate their sensory needs.

IMPORTANT NOTICE TO SURVIVING SPOUSES

Did you Lose Retirement Benefits Due to Remarriage?

If you were receiving monthly retirement benefits from the Middlesex County Retirement System due to the death of your spouse, and lost that benefit or had it reduced when you remarried, you should know that a recent court decision may allow those benefits to be restored.

Up until July 1, 2000, the public employee retirement law provided that benefits to surviving spouses could be paid so long as the surviving spouse remained unmarried. Chapter 159 of the Acts of 2000 repealed the so-called "remarriage penalty," but retirement boards were advised that the repeal did not apply to benefits which were terminated or reduced prior to July 1, 2000.

However, that ruling was challenged. Last year, the Suffolk Superior Court determined that the repeal of the remarriage penalty was not so restricted, and that benefits to surviving spouses could resume as of the date the spouse reapplies to the retirement board.

If your benefits terminated or were reduced due to your remarriage, you should contact our offices as soon as possible.



Veterans and Active Military Service Members: Retirement Laws that Affect You

The Board is reminding all of our active members of their retirement rights and benefits associated with military service. If you are a veteran, or have served on active military duty since becoming a member, please make sure that we have a copy of all of your DD214s and military orders, so that we may ensure that you have been credited with all of the benefits to which you are entitled.

Below is a general summary of the retirement laws which pertain to military service and veteran's status:

- **Veteran's Benefit:**

If you are a veteran, upon retirement you will be entitled to \$15 a year extra for every year or fraction thereof of creditable service, up to a maximum additional benefit of \$300.00 per year. To be eligible, you must be a "veteran" as defined under Massachusetts law G.L. c. 4 §7, cl. 43rd as amended by the Acts of 2005, c. 130. Please refer to mass.gov/veterans for the full definition or contact your Director of Veterans Services.

- **Veteran's Military Service Credit:**

G.L. c. 32, § 4(1)(h) grants eligible honorably-discharged veterans the right to purchase up to four years to add to their creditable service due to service in the armed forces of the United States. National Guardsman and Army Reservist who qualify as veterans may also be eligible on a pro-rated 5:1 ratio. Payment of 10% of your salary when you last became a member of a retirement system per year of creditable service purchased is required. No interest is owed on this purchase and the Middlesex County Retirement Board allows for installment payments up to five years.

- **Active Military Duty While a Member:**

When a member is called to military service and then returns to their job, he or she is granted creditable service for this time towards their retirement, subject to certain statutory restrictions. There is usually a limit of four years that may be credited for military service towards your retirement, but if you were involuntarily called up to duty, this time can be exceeded.

If you have questions please contact the System at mrs@middlesexretirement.org or (978) 394-3000.

The Middlesex County Retirement Board thanks all of its members for their military service!



Members Should Be Aware Of Social Security's Offset Rules

by John Brown, Elected Board Member

Okay, so you are thinking about retirement and you are getting your financial house in order. You have received a pension estimate from MCRS and you are aware of your employer's retiree health insurance coverage. You have planned for the adjustments to your income, and have taken a look at tax implications. You note that your work history also includes a number of years you paid into Social Security. So can you plan on receiving that benefit as well?

It depends. If you are entitled to both Social Security and a Massachusetts public pension your Social Security benefit may be reduced.

There are two rules that may reduce your Social Security benefit. One, called the "Government Pension Offset" (GPO) applies only if you receive a government pension from a job not covered by Social Security and are eligible for Social Security benefits as a spouse or widow(er). This offset will reduce the amount of your Social Security spouse's or widow(er)'s benefit by two-thirds of the amount of your government pension. Here is an example of the GPO: if you receive a monthly pension from the Middlesex County Retirement System of \$600, two-thirds of that, or \$400, must be used to offset your Social Security spouse's or widow(er)'s benefit. If you are eligible for a Social Security spouse's or widow(er)'s benefit of \$500 monthly, you will receive \$100 per month from Social Security after the offset has been applied ($\$500 - \$400 = \$100$). Depending on the amounts of the two benefits, it is entirely possible that your Social Security spouse's or widow(er)'s benefit could be completely wiped out by GPO.

The second rule, called the "Windfall Elimination Provision" (WEP) affects the way your own Social Security retirement benefits are calculated when you receive your Massachusetts public pension. This rule affects a worker who spent most of his/her career in Massachusetts public service, but who also worked at other jobs where the worker paid Social Security taxes long enough to qualify for Social Security retirement benefits.

Prior to 1983, employees who spent time in jobs not covered by Social Security received the advantage of a formula under which lower-paid workers received larger benefits in relation to their earnings than higher paid workers. Because of this formula, those who worked only part of their lives in jobs covered by Social Security had their benefits figured as if they were long-term, low-wage workers. These workers received the advantage of the higher percentage Social Security benefits in addition to their public pension. The benefit formula was modified in 1983 to eliminate this inequity.

Here's how the WEP formula works: Social Security benefits are based on the worker's average monthly earnings adjusted for inflation. When Social Security computes your benefits, it separates your average earnings into three amounts and multiplies the figures using three factors. For example, for a worker who became 65 in 1995, the first \$387 of average monthly earnings is multiplied by 90%; the next \$1946 is multiplied by 32%; and the remainder by 15%. In the modified WEP formula, the 90% factor is reduced. For those who reached 62 or become disabled in 1990 or later, the 90% factor is reduced to 40%.

There are some exceptions to this rule. For example, the 90% factor is not reduced if you have 30 or more years of "substantial" earnings where you paid Social Security taxes. If you have 21 to 29 years of "substantial" earnings, the 90% factor is reduced to somewhere between 45 and 85 percent. "Substantial" earnings are a certain amount of yearly earnings required for a year of coverage for this provision.

A guarantee is provided to protect workers with relatively low pension. It provides that the reduction in the Social Security benefit under the modified WEP formula cannot be more than one-half of "that part of the pension attributable to earnings after 1956 not covered by Social Security."

Members should visit www.socialsecurity.gov to learn more about GPO and WEP. You can also apply for benefits, open a my Social Security account, find publications, and get answers to questions.



Social Security Update: "Someday is Here"

By Francine Kollias, Social Security Specialist

Social Security has launched a new campaign, *Someday is Here*, to make sure people know they can set up their own personal account, a "my Social Security" account. This portal is easy to access and will let you view your personal Social Security information.

Setting up your account is easy. You need to be at least age 18, have a valid email address, a U.S. mailing address and a Social Security number. Once you provide some personal information to verify your identity, you create a username and password and you're all set.

If you do not receive Social Security benefits you can access your Social Security statement. If you are receiving benefits, you can change your address, change direct deposit, get a benefit verification letter and if you're still working, check your earnings.

Many workers and retirees in the Middlesex County Retirement System have enough credits or will have enough credits to receive a Social Security retirement. It is important that those years of wages in the private sector are accurately posted to your Social Security account.

More than 17-million people have already created an account. "Someday is here." Don't delay, set up your account today. Visit www.socialsecurity.gov/myaccount.

The Board is pleased to announce that Francine Kollias has joined the Middlesex County Retirement System as a Social Security Specialist. Francine is a familiar face to many members, having worked for the Social Security Administration for more than 42 years until her retirement last October. She brings a wealth of knowledge and experience to the System and will be a valuable resource for our members and staff. If you have a question about your Social Security benefits and how it impacts your public pension, please email her at socsec@middlesexretirement.org.

Board Supports Legislation to Block "Fee Shifting" Corporate Bylaws

The Board has joined with other public pension funds representing millions of current and retired public employees across the United States to support legislation which would stop so-called "fee shifting" bylaws which have been adopted by more than 30 publicly traded corporations over the past year.

In essence, these bylaws, which have become increasingly popular following a case decided by the Delaware Supreme Court in May of 2014 (*ATP Tour, Inc. v. Deutscher Tennis Bund*) would make a shareholder bringing suit against a company personally liable for the company's legal expenses in the absence of "a judgment on the merits that substantially achieves,

in substance and amount, the full remedy sought." These bylaws would effectively close the courthouse doors to public pension fund investors by diminishing their ability to bring suit to prevent and to remedy unlawful conduct among corporate fiduciaries.

The Board has signed onto letters to Delaware Governor Jack Markell and the Delaware Legislature urging swift action to preserve stockholders' access to the court system, and to make clear that directors and officers of corporations cannot insulate themselves from fiduciary accountability under the guise of unilateral bylaw or charter provisions.

Board and Advisory Council Approve Benefit Increase

A local option to increase the benefit payable to certain surviving spouses of accidentally disabled employees was adopted by the Board and the Advisory Council on May 20, 2015.

Members who retired prior to November 7, 1997 could not select the Option C – member survivor benefit. Instead, G.L. c. 32, § 101 provided a statutory \$6,000 annual benefit to a deceased member's surviving spouse. In 2010, the Board and the Advisory Council adopted a local option which increased that benefit to \$9,000.

The Legislature has since provided a local option which increases that benefit to \$12,000. The Board and the Advisory Council has voted to adopt the local option, which will go into effect on July 1, 2015. At that time, the allowances of all individuals receiving an allowance pursuant to G.L. c. 32, § 101 will be increased to \$12,000.

Help us to serve you better. When you need retirement counseling, our staff is here to help. To best help our members we will only accommodate appointments through the summer.
Please call our office to schedule an appointment.

**Middlesex County
Retirement Board**

Thomas F. Gibson, Chairman
Brian P. Curtin, Vice Chair

John Brown, Elected Member
Robert Healy, Appointed Member
Ed McLean, Elected Member

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