



# MIDDLESEX COUNTY RETIREMENT SYSTEM NEWS

*Celebrating Over 100 Years of Public Service*

Fall/Winter 2016

## IN THIS ISSUE:

- p2 Repeal Efforts—Windfall Elimination Provision
- p3 Survey Responses Highlight Interest in Retirement
- p4 Social Security Update
- p5 Board Hosts Employer Training Sessions
- p6 Health Insurance Premium Exclusion
- p7 Retirement Payment Options  
Snowbirds: Change of Address
- p8 Health Insurance and MCRS Retirement Allowance

## Middlesex County Retirement System

25 Linnell Circle  
P.O. Box 160  
Billerica, MA 01865

Phone: (978) 439-3000  
Toll free: (800) 258-3805  
Fax: (978) 439-3050  
Email:  
[mrs@middlesexretirement.org](mailto:mrs@middlesexretirement.org)

## Office Hours

Monday to Friday  
8:30AM – 5:00PM

## Regional Educational Meetings a Success!

As previously reported, the Board's first Regional Educational Meeting with members took place on February 24, 2016 in Holliston. Board Chairman Tom Gibson and the System's Social Security Advisor Francine Kollias made additional presentations to members in Wilmington and Ayer. They answered questions on MCRS retirement benefits, the Windfall Elimination Provision, Government Pension Offset



*Robert Blood, left, and Daniel Johnson sign in for the meeting in Ayer.*

*continued on page 2*

## Divorce and Your Retirement Benefits

*By Thomas Gibson, Chairman*



Your current or potential retirement allowance from the Middlesex County Retirement System is generally considered to be marital property. In a divorce settlement or judgment, the retirement allowance is subject to valuation and division just like your savings accounts, real estate and other marital property.

If your former spouse becomes an "alternate payee" of your retirement allowance by court order, your former spouse may become entitled to receive a share of your retirement benefits pursuant to the terms of a Domestic Relations Order ("DRO") which is part of the property division between the parties. Not all divorce settlements automatically include a DRO, and this is something that should be discussed in detail with your legal counsel to prevent problems down the road.

*continued on page 2*

*Divorce and Retirement continued from page 1*

Because a DRO must comply with all provisions of the public employee law, M.G.L. c. 32, it should be submitted to the MCRS for review before it is approved by the court. A DRO cannot create a right or establish a benefit that is inconsistent with the provisions of public employee retirement law, such as ordering the MCRS to pay out the member's accumulated total deductions prior to retirement or separation from service.

A DRO may require a member to name their former spouse as an Option C beneficiary, or entitle the former spouse to a certain percentage of the member's allowance. A DRO is binding upon the parties and the MCRS except in circumstances where an active member who is subject to a DRO remarries and then dies prior to retirement. In such cases, the law provides that the member's current spouse can elect to receive the member-survivor benefit, notwithstanding a DRO that may provide active member survivor benefits to a member's former spouse.

To assist our members, the Middlesex County Retirement System has produced a sample DRO which can be found on our website.

## Proposed Federal Legislation Would Repeal Windfall Elimination Provision

The existing so-called Windfall Elimination Provision (WEP) law, which offsets certain public pensions from Social Security benefits, could be repealed for future retirees, and replaced with a new Social Security formula. If H.R. 711 is enacted, the new provision would go into effect for those eligible for Social Security on January 1, 2018.

The Retired State, County and Municipal Employees Association of Massachusetts has worked tirelessly for years with members of the Massachusetts congressional delegation and other federal officials to repeal the WEP. The road has been difficult, and the bill is currently before the Ways and Means Committee. The Chairman of the Committee is Kevin Brady (R-TX), who is the bill's chief sponsor, along with lead cosponsor Massachusetts Congressman Richard Neal (D-MA).

Further information and updates can be found at the Mass Retirees website, [www.massretirees.com](http://www.massretirees.com). We will provide updates to our members as the bill progresses.

*Regional Meetings continued from page 1*

and the basics of Social Security. Each session was well attended and more than 250 members have taken advantage of this educational initiative.

The Board plans to continue this education series on a quarterly basis. These free, two hour regional meetings are an important part of your financial planning, whether you are a new member, a vested mid-career member, or nearing retirement. The Board encourages all of our active members to attend.



*Chairman Tom Gibson addresses members at the regional meeting hosted by the Town of Ayer in the Great Hall.*

## Survey Responses Highlight Member's Interest in Their Retirement

Thanks to all of the members that participated in the System's first ever survey this past June. Surveys were included with the members' annual statements, in the electronic version of the last newsletter, and posted on our website.

"Our board and staff are continually working to make sure we meet the needs of our members," said Chairman Tom Gibson. "In the past two years, we implemented the PTG PensionPro system which streamlines and enhances our internal and external operations and revamped our website to make it more user-friendly. This survey was a way to reach out to members and get their feedback."

Survey questions focused on familiarity with this newsletter, our website and how our members receive their retirement information. While the majority of respondents liked the entire newsletter, the Social Security section was a close second, 27% to 23.2%. When we asked where our members receive their retirement news, 30% said work and 29% said our website.

52% said they had contacted the System in the past with a question. "When my husband passed away, they were very helpful almost nine years ago. Then last year I moved and had to notify the board with a change of address and they were very helpful," wrote one participant.

The board plans to conduct a survey annually so that we can take the pulse of our members and make sure we are giving you the best possible service.

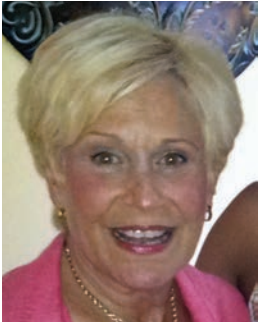


*Chairman Tom Gibson reviews the survey responses with summer interns from Shawsheen Valley Technical High School, Eliana Purtell, left, and Cassandra Chiara.*

## *Social Security Update*

*By Francine Kollias, MCRS Social Security Specialist*

### **The Bipartisan Act of 2015 and Social Security “Financial Strategies”**



In May 2000, the Social Security Administration lifted the earnings limit at “full retirement age” and allowed individuals to collect Social Security while still working, regardless of how much they earned. Creative strategies came about to maximize a couple’s retirement options. These applied to workers and spouses who were both at least “full retirement age”. The strategies were particularly beneficial to public employees because at “full retirement age” they were able to continue working, receive Social Security benefits and not be affected by the “Windfall Elimination Provision” or “Government Pension Offset” until they retired from public employment.

With the Bipartisan Act of 2015, the Social Security Administration closed these loopholes. An explanation of the strategies affected and the impact of the Bipartisan Act of 2015 follows.

#### **STRATEGY #1: FILE AND SUSPEND**

Under the File and Suspend strategy, a worker could file for Social Security retirement at “full retirement age,” suspend his/her benefits immediately to allow the “full retirement age” spouse to collect a spousal benefit equal to 50% of the worker’s Social Security amount.

#### ***What has changed?***

As of April 30, 2016, the File and Suspend strategy has been eliminated. If a worker suspends his/her own benefits, then spousal benefits will also be suspended.

#### **STRATEGY #2 SPOUSE THEN WORKER**

Under the Spouse then Worker strategy, a public employee files a “restricted claim” for spousal benefits from full retirement age until age 70. At age 70, the public employee who has been receiving spousal benefits files on their own Social Security record to receive “delayed retirement credits” of 8% per year for delaying receipt of their own benefit until age 70.

#### ***What has changed?***

This strategy is no longer available to anyone who had not attained the age of 62 on or before January 2, 2016.

Those who were at least age 62 on January 2, 2016, and who had attained full retirement age, can file as a spouse and delay their own Social Security benefits to a later date provided their spouse is already receiving Social Security benefits.

*NOTE: the Bipartisan Act of 2015 does not affect independently entitled divorced spouses and surviving spouses.*

As public employees and retirees, it is important to understand these changes in order to maximize your Social Security benefits before you are subject to the Windfall Elimination Provision and Government Pension Offset.

Additional information can be obtained by visiting the Social Security Administration's website planner section: [www.ssa.gov/planners](http://www.ssa.gov/planners)

## Board Hosts Employer Training Sessions

The Middlesex County Retirement Board hosted four Employer Training sessions for payroll specialists and human resources staff of the 71 governmental units within the Middlesex County Retirement System, including 31 municipalities, 20 housing authorities, 9 school districts and 9 water districts. The two hour training sessions were held on October 13th and 18th at the System's office in Billerica. The topics included:

- Membership Eligibility
- Contribution Rates
- Regular Compensation: Pensionable vs. Non-Pensionable Earnings
- Online Submission of Enrollment Forms and
- Online Submission of Payroll Files

More than 100 attendees representing forty-three employers participated in the sessions, which were well-received. The Board is planning future sessions and encourages all of our units to attend this important review of the retirement plan and Board policies.

*Happy Holidays from our family to yours!*

## *And the winner is....*

**Rong Teng, Town of Lincoln.**

All participants who completed our survey were entered into a drawing to win a pair of Boston Red Sox tickets. Ms. Teng's response was randomly selected from all of the responses received. "Thank you for giving me the opportunity to watch the Red Sox Game," said Ms. Teng. It was her first visit to Fenway Park. She enjoyed seeing the Red Sox defeat the Arizona Diamondbacks.

*Thanks to everyone who participated in our survey.*



---

## **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 2016 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.

## Retirement Payment Options

Massachusetts provides different types of retirement benefits. A member's monthly retirement allowance consists of an annuity and a pension. The annuity portion is based on the total amount of contributions and interest in a member's annuity savings account on the date of the member's retirement. Unless otherwise specified by law, the pension portion is the difference between the total retirement allowance calculated under the plan and the annuity.

The payment options available to retirees are the same for all retirement types.

**OPTION A:** provides the highest payment to the retiree. All payments will cease upon the retiree's death and no survivor benefits will be provided.

**OPTION B:** provides an allowance that is approximately 2% less than Option A. Upon the retiree's death, the balance of the retiree's contributions, if any, is paid to the retiree's beneficiary.

**OPTION C:** is the joint and last survivor allowance. The retiree's allowance is approximately 7% to 14% less than the Option A allowance. Upon the retiree's death, the designated beneficiary will be paid a monthly allowance for the remainder of the beneficiary's lifetime. The survivor benefit is equal to 2/3 of the retirement allowance that the retiree was receiving. A retiree may name only one person as the Option C beneficiary and it must be the retiree's parent, spouse, sibling, child or former spouse who has not remarried.

Should a designated Option C beneficiary predecease the retiree, the retiree's Option C benefit will "pop-up" to the Option A retirement allowance.

All retirees and Option C beneficiaries must receive their monthly allowance by direct deposit to a bank checking or savings account. A direct deposit authorization form can be downloaded from our website under the [Resources tab](#).

## 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](http://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.

*Have you visited [middlesexretirement.org](http://middlesexretirement.org) recently?*

**VISIT TODAY!**

## Health Insurance and Your MCRS Retirement Allowance

Under Massachusetts law, health insurance for our retirees and their beneficiaries is provided through the retiree's former employer. The role of the MCRS is solely to deduct from your retirement allowance the required retiree contribution as directed by your former employer.

Our members should be aware of the various health insurance options available to them and to their survivors. An employer may charge a higher insurance contribution rate for retirees than for active employees.

Our members should also be aware that an employer may implement a policy which would preclude participation in the employer's health

insurance plan if the retiree was not enrolled in the health plan prior to or at the time of retirement. We advise that active members who are contemplating retirement, and who do not participate in their employer's health insurance plan, should determine their employer's policy regarding post-retirement health plan enrollment.

Likewise, retirees who do not currently participate in their former employer's health plan, but may wish to do so in the future, should learn whether this option is allowed by their former employer.

*To learn more about your health insurance options, talk to your employer.*

MIDDLESEX COUNTY  
RETIREMENT BOARD

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

John Brown, Elected Member  
Robert Healy, Appointed Member

Middlesex County Retirement System  
25 Linnell Circle  
P.O. Box 160  
Billerica, MA 01865

