



MIDDLESEX COUNTY RETIREMENT SYSTEM NEWS

Celebrating Over 100 Years of Public Service

Fall 2017

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Your Superannuation (“Regular”) Retirement Benefits and Options



*John Brown
Elected Member*

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 your annuity savings account on the date of your retirement. Simply put, the pension portion is the difference between your total retirement allowance calculated under the plan and the annuity.

A superannuation (“regular”) retirement allowance is calculated by a formula which includes your age at retirement, years of creditable service, group classification, and salary average over a defined period of time. The formula used depends on when you established membership in a Massachusetts contributory retirement system.

Retirement Benefit Calculation

If you established membership prior to April 2, 2012, your monthly retirement allowance will be calculated using your age at retirement, years of creditable service, group classification, and the amount of your high,

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Middlesex County Retirement System

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Billerica, MA 01865

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Email:
mrs@middlesexretirement.org

Office Hours

Monday to Friday
8:30AM – 5:00PM

Public Pensions Help the Massachusetts Economy

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

Pensions received by our retirees are spent locally for the most part. 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.

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Retirement benefits and options continued from page 1

three-year average salary. If you established membership on or after April 2, 2012, your monthly retirement allowance is calculated using your age at retirement, years of creditable service, group classification, and the amount of your high, five-year average salary. Only regular compensation is included in your salary average.

In addition, veterans are entitled to an additional benefit equal to \$15 per year for every year of creditable service, up to a maximum of \$300.

Your retirement benefit cannot exceed 80% of the high, three-year or five-year salary average. Please note that veterans can still receive the additional veteran's benefit even if it causes their superannuation retirement allowance to exceed 80% of their average annual rate of compensation.

Retirement Payment Options

When you retire, you will need to select one of three payment options:

Option A: provides you with the greatest payment. All payments will cease upon your death and no survivor benefits will be provided.

Option B: provides you with an allowance that is approximately 2% less than Option A. Upon your death, the balance of your contributions, if any, is paid to your named beneficiary.

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

Should your designated Option C beneficiary predecease you, your Option C benefit will “pop-up” to the Option A retirement allowance.

Our staff is ready to assist you with your retirement planning. If you would like to request an estimate of your benefits, please complete and return to our office the Estimate Request Form posted on our website. One of our retirement counselors will review your records and then prepare and send to you a written estimate.

You may also wish to use the online calculator on the State Treasurer's website, www.mass.gov/treasury/retirement.

Reminder: Know Your Retiree Health Insurance Options

Retiree health insurance is provided by the employer and not the retirement board. MCRS deducts retiree health insurance contributions from your monthly retirement allowance. Employers may provide different coverages and charge a higher insurance contribution rate for retirees than for active employees.

MCRS encourages you to speak to your employer and learn the health insurance options available to you at retirement and to your spouse upon your death.

Board Notes Death of Former Board Chairman James E. Fahey, Jr.



James Fahey, Jr.

We are sad to announce that on August 15, 2017, former Board Chairman Jim Fahey passed away at age 75 after a brief illness. Jim was an attorney who had a long career in public service, first serving as Town Clerk for the Town of Watertown, and from 1987 through his retirement in 2004, as the last elected

Treasurer of Middlesex County. Jim is survived by his 3 children and 4 grandchildren.

As Chairman of the Middlesex County Retirement Board, Jim was a steadfast advocate for the System's 18,000 members and beneficiaries. A proficient orator, writer and student of history, Jim's skills and experience were a valuable asset to the Board. Whenever Jim could help a member he would be happy to do so. Jim had legions of friends who respected him, sought his wise counsel, and shared his good humor, especially when he sometimes broke into a song. He will be profoundly missed.

Public Pensions continued from page 1

A 2016 study issued by the National Institute on Retirement Security reported that 210,901 residents of Massachusetts received a total of \$6.0 billion in pension benefits from state and local pension plans in 2014. Each \$1 paid in pension benefits supported \$1.38 in total economic activity in Massachusetts, and each \$1 of taxpayer contributions invested in the Massachusetts' state and local pension plans supported \$4.22 in total economic output in the state. These are significant numbers.

The Middlesex County Retirement System contributes extensively to Massachusetts' economic production. In 2016, our retired public employees and their families received over \$132 million in retirement benefits. Each and every month, the System provides in excess of \$11 million of retirement benefits to our members, providing a steady economic contribution to Massachusetts communities and to the state economy.

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 member statement, 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.



*and Best Wishes
for 2018!*

Social Security Update

By Francine Kollias, MCERS Social Security Specialist

Social Security Update: 2018 Reminders



It is hard to believe that 2017 is coming to an end, but there is no better time than now to ensure your social security benefits are in order. Review these questions to see what steps you should take to secure your benefits.

ACTIVE MEMBERS

Are you reaching “full retirement age” in 2018?

If so, you can collect social security benefits regardless of how much you are earning as an active member of the Middlesex County Retirement System.

“Full retirement age” is 66 for anyone who was born between 1943 and 1954. If you will be 66 in 2018, Social Security has no earnings restrictions beginning the month you turn 66. You may be eligible for:

- benefits based on your own work history;
- a survivor benefit if your spouse is deceased and had enough work under the social security system;
- benefits on your current spouse’s work record, but only if your spouse is receiving social security payments; or
- benefits as a divorced spouse married 10 years and not currently remarried. You should contact Social Security to discuss your personal situation.

Further, as an active member of the Middlesex County Retirement System collecting social security benefits your benefits are not subject to reduction by the Windfall Elimination Provision (WEP) or Government Pension Offset (GPO).

Are you still actively employed, collecting social security benefits, and planning to retire in 2018?

If so, please be sure to complete your Medicare enrollment.

If you have health insurance through your employer, you should contact Social Security 3-4 months before you retire and request the forms for Medicare Part B, HCFA 40B and Form L564. If your spouse is covered under your health plan as well, and is over age 65, your spouse will also need to complete these forms. Be sure to write “SPECIAL ENROLLMENT” on the top of all forms.

The Medicare Part B forms can be mailed to your local Social Security office certified mail, return receipt requested. It should take approximately 3-4 weeks to receive your new Medicare card.

Your employer will assist you with any supplemental plans which will work seamlessly with Medicare Parts A and B.

Please note you will not incur a penalty for delaying your Part B filing beyond age 65 because Form L564, completed by your employer, will verify your active employment dates.

Your Medicare Part B will effective the first month you are retired as will your supplemental plan coverage.

RETIREES

Are you retired from the Middlesex County Retirement System and turning age 65 in 2018? Will your spouse who is covered under your health plan turn age 65 in 2018?

If the answer to either of these questions is “yes”, you must apply for Medicare Parts A and B. This should be done 3-4 months prior to your 65th birthday month.

If you do not want to collect Social Security benefits at age 65, you can file for Medicare only. It will take a few minutes of your time and can be completed online at www.ssa.gov/medicare.

Medicare becomes effective the first day of the month you turn 65, regardless of what day of the month you were born. However, if your birthday is the 1st day of the month, Social Security “deems” you to be born the month before and Medicare will need to be in effect the month before. For example, if you are born May 1st, Medicare coverage will begin April 1st. Plan accordingly as timing is important.

If you are already receiving social security benefits and you will turn 65 in 2018, the Social Security Administration will automatically enroll you in both Parts A and B and a Medicare card will be mailed to you approximately 4 months before your 65th birthday.

Are you a retired member of the Middlesex County Retirement System planning to apply for Social Security Benefits in 2018?

If so, please contact Social Security at 1-800-772-1213 in January to discuss your personal situation. Social Security will advise you when you should apply and for what benefits you are eligible.

Regardless of the payment option you selected at the time of your retirement from the Middlesex County Retirement System, you will need to provide the Social Security Administration with proof of your gross monthly Option A retirement allowance. Social Security uses the Option A amount because this is the total benefit earned during your career with Middlesex County Retirement System. The Option A amount will be used when calculating the Windfall Elimination Provision and the Government Pension Offset.

Please note that the WEP and GPO will affect your Social Security payments from the first month you are receiving both Social Security benefits and your retirement allowance from the Middlesex County Retirement System. Similar to your retirement allowance with Middlesex County Retirement System, social security payments are made in arrears.

You can apply for social security benefits online at www.ssa.gov/retirement. If you prefer, you may call 1-800-772-1213 to make an in-office appointment or a telephone appointment.

Option D Demystified Remember these tips when completing your beneficiary designation form.

Beneficiary Selection Form (If Member Dies Before Retirement)

Form Last Revised: October, 2001

Retirement Board: Please place your address and phone number here. Middlesex County Retirement Board
P.O. Box 160
25 Linnell Circle
Billerica, MA 01865

Choice of Beneficiary to Receive a Return of Accumulated Total Deductions at Member's Death

I, (Print Name) _____, a member of the _____ Retirement System hereby request the Board of Retirement to pay any sum referred to in G.L. c. 32, § 11(2)* due at my death to the following beneficiary or beneficiaries in the proportions designated.

My selection may be superseded by a selection under G.L. c. 32, § 12(2)(d) if I die leaving an eligible spouse who elects to receive a monthly benefit.

I understand that I may change my beneficiary designation at any time prior to my retirement and that upon my retirement, this form becomes void.

*The types of payments covered are:

- The payment of the accumulated total deductions at the date of death when
- The amount of any unpaid contributions
- Any person or entity named as beneficiary below

Please note that your beneficiary nomination in this section may be superseded by your choice of an Option D beneficiary on the next page.

Proportion To Be Paid

Name _____ SSN _____
Address _____

Name _____ SSN _____
Address _____

Name _____ SSN _____
Address _____

Name _____ SSN _____
Address _____

Should you choose the lump sum payment option, you must sign here and have a witness sign on the top of page 2.

Member's Signature _____ Date _____

Member's Address _____

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This form allows you to select a beneficiary or beneficiaries to receive survivor benefits in the event you die before retirement. There are two different types of benefits available. Only one will be paid out.

Your first option is to name a beneficiary or beneficiaries to receive a lump sum payment of the accumulated total deductions in your annuity savings account in the proportions you designate.

Any person or entity may be named a beneficiary under this section.

Your second option is to nominate a single beneficiary to receive a monthly benefit equal to the Option C retirement allowance which otherwise would have been payable to you. For calculation purposes, the retirement system will use your date of death as your retirement date.

You must understand that your choice of an Option D beneficiary may be superseded if, at the time of your death, you have at least two years of creditable service and leave a spouse to whom you have been married for not less than one year and with whom you were living on the date of your death. If you were living apart, your spouse must prove that he/she was doing so for justifiable cause as determined by the retirement board.

You may only name your spouse, former spouse who has not remarried, child, parent or sibling as your Option D beneficiary. You may change the beneficiary designation at any time prior to retirement.

Signature of Witness _____ Date _____
Name of Witness (Print) _____

Choice of Option (D) Beneficiary

I, (Print Name) _____, a member of the _____ Retirement System, hereby nominate the beneficiary * listed below, under the provisions of G.L. c. 32, § 12(2)(d) to receive from the retirement system a benefit equal to the Option (C) retirement allowance which would otherwise have been payable to me in the event that I die before being retired.

I understand that I may change my beneficiary designation at any time prior to my retirement and that upon my retirement this form becomes void.

I understand that this choice of Option D Beneficiary can be superseded if, at my death, I leave a spouse to whom I have been married for over one year and with whom I am living on the date of my death, or if living apart, for justifiable cause as determined by the Retirement Board.

Beneficiary

Name of Eligible Beneficiary _____ Beneficiary's Relationship to Member _____
Beneficiary's Date of Birth (Attach birth record) _____ Beneficiary's Social Security # _____

Member

Member's Signature _____ Date _____

Member's Street Address _____ Member's Social Security # _____
City/Town _____ State _____ Zip _____

To Be Completed by _____

Witness' Signature _____

Witness' Name (Print) _____

* An eligible beneficiary is a spouse, former spouse who has not remarried, child, parent, or sibling.

You must sign here to complete the Option D beneficiary designation and have a witness sign as well.

As mentioned above, a spouse or other named Option D beneficiary may supersede your lump-sum beneficiary designation on page 1.

Legislative Spotlight Senator Cindy Friedman



Cindy Friedman

Cindy Friedman was elected to the State Senate on July 25, 2017, in a special election to succeed the late Senator Ken Donnelly. She represents five communities in the Fourth Middlesex District, including Arlington, Billerica, Burlington, Woburn and parts of Lexington. We sat down with her recently to talk about her new role.

of my comfort zone at first. However, the more I talked to people, the easier it was to transition into my current role. I like to explain to people that I am simply “wearing a different hat” now that I am the new Senator. I am still heavily involved in the core work the late Senator Ken Donnelly and I focused on, but I am also actively working with my Senate colleagues during formal session, Democratic caucus, and public hearings to push legislative initiatives forward. Additionally, I have really enjoyed having the opportunity to go out into all five communities in my district, meet with constituents, and attend district events.

How did you get into public service?

I have always had a passion for public service. When I moved to Arlington, I invested considerable time and energy in my community and became increasingly involved in civic life. I worked in high-tech for 20 years and decided toward the end of my tenure that I wanted to do something different – something that benefited the greater good and made a true difference in people’s lives. In 2009, I was lucky enough to have the opportunity to serve as Ken Donnelly’s chief of staff and work on many issues that I am very passionate about. Together, we helped improve the lives of working families, reform the pension system, protect retirees, and much more.

What committees are you currently on? What do you hope to accomplish this term?

Currently, I am the Senate Chair of the Joint Committee on Public Service and a member of the Joint Committees on Labor and Workforce Development and Mental Health, Substance Use and Recovery. I am also a member of the Women Legislators Caucus.

My priorities this term include public education, public transportation and healthcare access for all. We must address the mental health and opioid crisis, especially through police crisis intervention training. And I’ll continue to be a vocal advocate for our seniors, retirees, and veterans.

What was it like to run for public office and now take on this different role?

Stepping out of my role as chief of staff and into the public eye during my campaign was totally out

What issues should our members and retirees look for in state government this session?

The Joint Committee on Public Service has just under 400 bills on a wide range of issues that potentially effect your members and retirees. These include the GIC, COLA increases, pension reform and forfeiture, group classification, and bills regarding civil service and veteran topics. Most notably, post employee benefit (OPEB) costs are going to be a topic before the legislature and I’ll be paying close attention to this effort and do what I can to protect retirees’ healthcare benefits.

What do you feel should be Senator Donnelly’s legacy in the State Senate? One piece of advice he gave you or a characteristic that you hope to emulate?

Ken Donnelly was a true public servant in the State Senate. He always did what was right for the people he represented regardless of whether it was unpopular among his Senate colleagues. He was committed to being a powerful voice for those most vulnerable in our state and did his best to make sure that their needs and interests were properly represented. These are characteristics of Ken that I believe I also encompass and can carry forward as the new state Senator. I’m not afraid to stand up for what I believe in and will make sure to follow Ken’s lead in making decisions based on what will benefit everyone in the Commonwealth.

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 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.

MIDDLESEX COUNTY
RETIREMENT BOARD

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