



# MIDDLESEX COUNTY RETIREMENT SYSTEM NEWS

*Celebrating Over 100 Years of Public Service*

Fall 2018

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## Middlesex County Retirement System

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[mrs@middlesexretirement.org](mailto:mrs@middlesexretirement.org)

## Office Hours

Monday to Friday  
8:30AM – 5:00PM

## System Investments



*By Thomas Gibson,  
Chairman*

The assets of the System are accumulated from three sources: members' contributions, governmental appropriations and investment returns. Since February of 2007, the investable assets of the System have been professionally and inexpensively managed in a diverse portfolio by the Commonwealth's Pension Reserves Investment Management Board (PRIM). These assets are invested in the Pension Reserves Investment Trust Fund (PRIT). As of August 1, 2018 the market value of the System's assets topped \$1.4 billion.

The investment performance of the System's assets is of overall importance to the funding of the System. However, investment performance does not impact the amount of your retirement allowance, nor the guaranteed lifetime period over which the allowance is paid, both of which are protected by law.

*continued on page 3*

## 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 2018 1099R.

*continued on page 2*

## Social Security Update

By Francine Kollias, MCRS Social Security Specialist

### Social Security Recipients to Receive Cost-of-Living Increase



The Social Security Administration has announced a 2.8% increase in Social Security and Supplemental Security Income (SSI) benefits for 2019. This is the highest cost-of-living (COLA) adjustment since 1990. The increase will begin with benefits payable in January 2019.

The purpose of the COLA is to ensure the purchasing power of Social Security benefits is not diminished by inflation. Originally, Social Security benefits were increased only by special legislation. In 1975, the Social Security Act tied annual COLA adjustments to increases in the Consumer Price Index as determined by the Department of Labor's Bureau of Labor Statistics. If there was no increase in the Consumer Price Index, there was no COLA for benefit recipients.

The Social Security Administration plans to mail COLA notices in December to benefit recipients. In addition, most benefit recipients will be able to view their COLA notice online through their *my Social Security* account. If you have not yet established an online account with the Social Security Administration, you can do so at [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount)

Finally, it is very important to remember that a cost-of-living increase in your Social Security benefits does not impact your retirement allowance from Middlesex County Retirement System. You do not need to contact the retirement office. Simply enjoy the increase in Social Security benefits that you have been awarded.

*Health Insurance Premium continued from page 1*

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.

## 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.

## 2019 MCRS Pension Payment Schedule

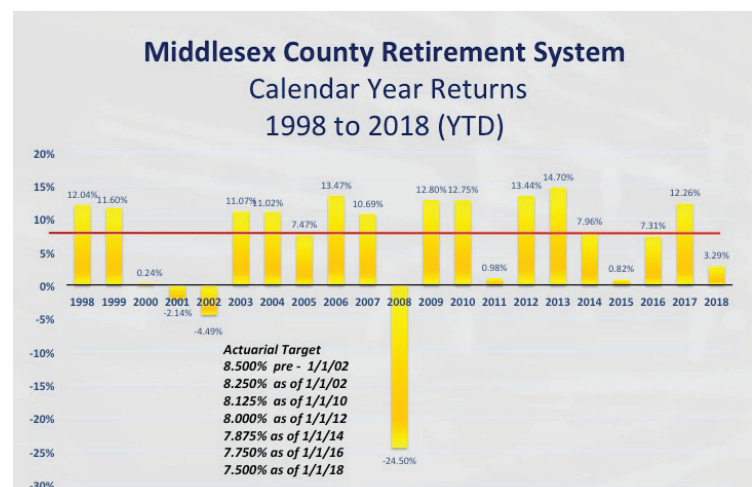
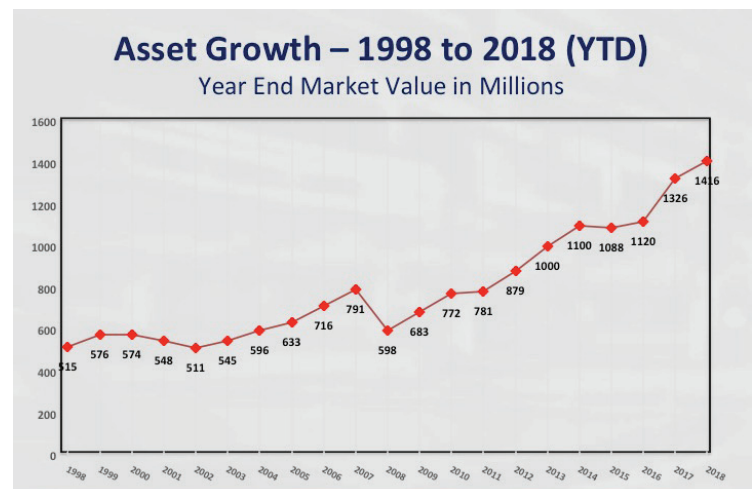
Direct Deposit of your monthly benefit occurs on the last business day of the month.

Month	2019 Direct Deposit Dates
January	Thursday, 1/31
February	Thursday, 2/28
March	Friday, 3/29
April	Tuesday, 4/30
May	Friday, 5/31
June	Friday, 6/28
July	Wednesday, 7/31
August	Friday, 8/30
September	Monday, 9/30
October	Thursday, 10/31
November	Friday, 11/29
December	Tuesday, 12/31

*System Investments continued from page 1*

Studies have shown that the Massachusetts public pension plan is more cost effective and efficient, creates economic value and helps public servants attain an adequate, predictable retirement. Our retirees do not have to make sophisticated investment decisions, or worse, worry about outliving their retirement savings because of roller coaster rides in the stock market.

The following charts demonstrate the System's investment performance over the past two decades plus:



## Your Superannuation (“Regular”) Retirement Benefits and Options

The Massachusetts retirement plan for public workers provides different types of benefits. The most common is the superannuation (“regular”) retirement allowance, which is calculated using a formula which includes your age at retirement, years of creditable service, and salary average over a defined period of time. The formula used depends on when you established membership in a Massachusetts contributory retirement system as well as your assigned group classification.

Your group classification is based on your occupation, position or duties. It is possible to hold positions throughout your career that are classified in more than one group. Retirement system members are classified as follows:

- **Group 1:** officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified
- **Group 2:** certain statutory occupations, including ambulance attendants and licensed electricians employed as such by a municipality
- **Group 4:** public safety employees, such as police officers, firefighters, and certain employees of a municipal electric light department

### 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, and the amount of your high, 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, 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 a veteran’s benefit equal to \$15 per year for every year of

creditable service, up to a maximum additional benefit 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 highest 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 retirement contributions, if any, is paid to your named beneficiary or beneficiaries.

**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.

It is important to notify the retirement office should your designated Option C beneficiary predecease you. In that event, your Option C benefit will “pop-up” to the full 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.

## Retirement Formula- Example

### Option A

- Age Factor x Creditable Service = % Salary Average
- % Salary Average x Highest consecutive three or five-year average rate of compensation = Option A Annual Benefit
- Add Veteran's Benefit up to \$300, if applicable
- Veteran's benefit is equal to \$15 per year of creditable service, not to exceed an annual total of \$300

For an estimate of the benefit percentage at which you will retire based on your age and years of service, refer to the Group Charts listed on our website.

### Example Option A – Membership Prior to 04/02/12

*Group 1 Employee, Age 60, Non-Veteran, 35 Years of Creditable Service,  
High three-year Salary Average \$80,000*

Age Factor for age 60	2.0 % or 0.020
<u>x Creditable Service</u>	<u>x 35 years</u>
% Salary Average	70%
% Salary Average	70%
<u>x High three-year average</u>	<u>x \$80,000</u>
Option A Allowance	\$56,000
Total Option A Allowance	\$56,000/year

### Example Option A – Membership On or After 04/02/12

*Group 4 Employee, Age 55, Veteran, 25 Years of Creditable Service,  
High five-year Salary Average \$75,000*

Age Factor for age 55	2.20 % or 0.022
<u>x Creditable Service</u>	<u>x 25 years</u>
% Salary Average	55%
% Salary Average	55%
<u>x High five-year average</u>	<u>x \$75,000</u>
Option A Allowance	\$41,250
<u>+ Veteran's Bonus (\$15/year x 25, max \$300)</u>	<u>+ \$300</u>
Total Option A Allowance	\$41,550/year



## Death Before Retirement – Survivor Benefits



By John Brown,  
Elected Member

Of the utmost importance to all of our active members is an understanding of what benefits are available to your survivors upon your death. All of our active members should make sure an updated *Beneficiary Selection Form (If Member Dies Before Retirement)* is on file. The completed form will tell the Middlesex County Retirement Board who you want your retirement money to go to, in the event that you die prior to retirement. You have the right at any time prior to retiring to change your beneficiaries. Your named beneficiary may receive either a lump sum of money or a monthly retirement allowance.

**Lump-Sum Benefit.** The first part of the Beneficiary Selection Form asks for the name of a beneficiary or beneficiaries entitled to the amount of accumulated total deductions (your retirement contributions) credited to your account. You can name any person or entity as your lump-sum beneficiary. Once the Board learns of the death of a member in service, the Board will pay the amount owed to the beneficiary or beneficiaries named on the Beneficiary Selection Form, unless another section of the retirement plan governs. This is a one-time lump sum payment.

**Monthly Survivor Benefit.** The second page of the form asks for the name of an “Option D” beneficiary. Option D is simply a reference to the section of the retirement plan that provides for the monthly, member-survivor benefit. The Board is prohibited from paying a return of accumulated deductions to the lump-sum beneficiary if there is an eligible beneficiary nominated under Option D, or if there is an eligible spouse, or if there are eligible dependent children. You can name only one Option D beneficiary, and it must be your spouse, child, former spouse who has not remarried, mother, father, brother or sister. The Option D beneficiary will receive a monthly Member-Survivor Allowance for life which will supersede the rights of a lump-sum beneficiary. Some members like to name their minor child as their Option D beneficiary in order to maximize the benefit.

**Eligible Spouse.** If you die as an active member having worked for at least two years and having been married for at least one year, and if you and your spouse were living together, your spouse may elect to receive the Option D benefit. Your spouse may supersede another beneficiary you name. Therefore, you may name a young child as the Option D beneficiary, knowing that your surviving spouse can always elect to receive the allowance instead of the child.

**Fill Out the Beneficiary Selection Form Completely.** You should make sure to designate both a lump-sum beneficiary or beneficiaries as well as an Option D beneficiary. Keep in mind the Option D benefit will supersede the lump-sum benefit in a non-duty related death. In the event you die as an active member as the result of an on-duty injury, a monthly accidental death benefit will be provided under the retirement plan. In addition, a lump sum payment of your accumulated total deductions will be paid to your eligible beneficiary.

## PERAC Executive Director to Retire



After serving 19 years as the Executive Director of the Public Employee Retirement Administration Commission (PERAC), Joseph Connarton has announced his retirement at the end of the year. At PERAC, Joe was responsible for the planning, organizing

and executing of all the agency's administrative and regulatory functions, at the direction of the Commission and in accordance with the mandates of the Massachusetts Legislature.

Prior to serving as PERAC's Executive Director, Joe was PERAC's Deputy Executive Director and served in various positions in local government for over 24 years, including City Clerk for the City of Cambridge and Chairman of the Cambridge Retirement Board.

Joe led the agency with distinction, dedication and the highest ethical standards. The Middlesex County Retirement Board and staff have benefited greatly from his devotion to public service and to the public pension system. We wish Joe well, and hope that he will continue to contribute his wisdom, experience and talents to the betterment of public service.

## NEW MEDICARE CARDS ISSUED – *Be Alert for Scam Artists*

Retirees should be aware that the Centers for Medicare & Medicaid Services (CMS) is issuing new Medicare cards which replaces your social security number with a unique identifying number. Some of our retirees have already received their new Medicare cards. These new cards are designed to protect you from identity theft. Unfortunately, this has resulted in scam artists trying to fraudulently obtain information from retirees, including your current Medicare Number.

As we have warned in the past, DO NOT provide any personal information over the phone, even in connection with this change. Medicare will never call you uninvited and ask you to give personal or private information to get your new Medicare Number and card.

Medicare uses the name and address you have on file with Social Security. To change your name and/or address, visit your online *my Social Security* account. If someone asks you for your personal information or to send money, or threatens to cancel your Medicare benefits, hang up and call 1-800-MEDICARE (1-800-633-4227).

Once you have received the new card, you will also need to be sure that your healthcare providers are aware of the change, to make sure any billing is processed correctly.

## Board Mourns Loss of Former Board Member Lawrence P. Driscoll



Board members were saddened to learn of the recent passing of former Board member and retired Tewksbury Fire Lieutenant Lawrence "Larry" Driscoll. Larry served as a firefighter for over twenty years and as a board member from 1994 through 2006. Larry was instrumental in advancing many benefit enhancements for the System's members, and in relocating the System's offices from Cambridge to its current location in Billerica. He is survived by his son and two daughters.



*And the winner is....*

**KEVIN O'CONNOR, RETIRED VETERANS AGENT  
TOWN OF TYNGSBOROUGH**

All participants who completed our newsletter survey were entered into a drawing to win a pair of tickets to see the World Champion Boston Red Sox take on the Arizona Diamondbacks. Mr. O'Connor's response was randomly selected from all of the responses received. When informed by Chairman Tom Gibson that he had won the tickets, Mr. O'Connor credited his Irish luck. "The only two things I have ever won are these tickets and my wife, Carol, which was the best thing." Mr. O'Connor was gracious to donate his tickets to Hidden Battles Foundation, a non-profit veterans support group founded by one of our members, Westford Police Officer and Army veteran Scott Hyder, which assists veterans who are dealing with post-traumatic stress disorder.

HAPPY HOLIDAYS!

*and best wishes for 2019*

MIDDLESEX COUNTY  
RETIREMENT BOARD

Thomas F. Gibson, Chairman  
Brian P. Curtin, Vice Chair  
John Brown, Elected Member

Joseph W. Kearns, Elected Member  
Robert W. Healy, Appointed Member  
Lisa M. Maloney, Chief Administrative Officer

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