



# MIDDLESEX COUNTY RETIREMENT SYSTEM NEWS

*Celebrating Over 100 Years of Public Service*

Fall 2020

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## Middlesex County Retirement System

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## Office Hours

Monday to Friday  
9:00AM - 5:00PM

## Will COVID-19 Impact My Retirement?



*By Thomas Gibson,  
Chairman*

During this COVID-19 pandemic, many of our retirees have expressed concerns regarding the security of their pensions and the continuation of their monthly retirement allowances. Be assured that the Middlesex County Retirement Board foresees no interruptions to your benefits. The System's \$1.5 billion in assets are professionally managed by the Pension Reserves Investment Management Board (PRIM) and are invested in the Commonwealth's Pension Reserves Investment Trust Fund (PRIT).

Since its inception, PRIT has attained an average annual return of almost 10%, while weathering many volatile economic and market cycles. PRIT has achieved superior returns because of PRIM's strict adherence to its investment disciplines, its long-term investment focus, and its goal to maximize returns while mitigating risk. PRIM has a carefully constructed and diversified investment program which is designed to perform well in times like these. See chart on page 5.

*Continued on Page 3*

## Increasing Your Retirement Allowance By Purchasing Additional Service



*By John Brown,  
Elected Member*

Creditable service is one of the factors used to calculate your retirement allowance. As an active member of the Middlesex County Retirement System, you are credited with one year of service for each year of employment of not less than 20 hours per week. If you remain regularly employed and your hours of employment fall below 20 hours per week, you are credited with one-half year of creditable service. In addition, you are credited with membership service and funds that are transferred to the Middlesex County Retirement System from your prior employment within the Commonwealth's other public retirement systems.

You may be eligible to enhance the amount of creditable service you have accrued by purchasing non-contributing service rendered prior to establishing membership with the Middlesex County Retirement System. The time purchased

*Continued on Page 4*

[www.middlesexretirement.org](http://www.middlesexretirement.org)

## COVID-19 and the Social Security Administration

By Francine Kollias,  
MCRS Social Security Specialist



As did most businesses and government agencies in March of this year, the Social Security Administration's local offices closed their doors to the public due to the pandemic. The agency immediately began providing needed services via telephone, mail

and its website, using its personnel nationwide to support the new way of doing business. Although nothing is perfect, Social Security never stopped serving the public and never stopped protecting the health and safety of the people they serve and their employees.

Here is a menu of options now available if you need to do business with the Social Security Administration:

**In-office appointments:** You now must have a scheduled appointment to enter an office. There is no walk-in service at this time. Only you may enter the facility unless you have made additional arrangements when you scheduled your appointment. Please note that appointments are limited and for special need situations only.

Prior to entering, you must complete a self-assessment checklist. For your safety, Social Security employees are required to follow the same self-assessment checklist and are required to wear a face covering.

**Telephone counseling:** You can still call the national number at 1-800-772-1213 and speak to a representative Monday–Friday, from 8am–7pm. Automated services are available 24 hours per day.

**Online services:** Most of your needs can be met by Social Security's online services, including:

- applying for retirement and Medicare only benefits;
- checking application status;
- requesting a replacement Medicare card;
- changing your direct deposit; and
- changing your address.

The hours of service for online business are Monday–Friday, from 5am-1am ET, Saturday, from 5am-11pm ET, and Sunday, from 8am-11:30pm ET.

To find the contact information of your local Social Security office, go to [www.ssa.gov](http://www.ssa.gov) and search office locator. Enter your zip code to find the address, telephone and fax numbers and hours of operation for the office that services you.

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### A Message from Francine Kollias

I have had the privilege and pleasure to work as a part-time Social Security Specialist for the Middlesex County Retirement System (MCRS) for over 5 ½ years now. I could not enjoy anything more than this. As well as working with the caring folks that run MCRS and the wonderful staff, meeting and assisting the many Middlesex County active members and retirees with Social Security issues has been gratifying and hopefully helpful.

As I work remotely during COVID-19, the requests for my assistance have escalated as more people think about retirement planning and are interested in the impact MCRS retirement will have on their Social Security benefits. That is why I am here-- to help you with your Social Security questions and concerns. I have been dealing with Social Security and Medicare for 47 years and want to continue helping sort out

the confusion and make people understand what they need to know about Social Security and how it affects their personal situation.

I want you to know how I can help. These are just some of the services I can provide:

- calculating your Social Security retirement benefit under the Windfall Elimination Provision;
- determining eligibility for your spousal benefits from your current spouse, ex-spouse or deceased spouse and calculating the Government Pension Offset;
- exploring possible Social Security benefits while you are still working and are approaching the year you reach your full retirement age;
- explaining how Medicare works at age 65 and older and providing guidelines and assistance for enrollment; and
- providing guidance and timelines for dealing with Social Security matters.

Please contact me when you need my services. The best way to reach me is via email at [socsec@middlesexretirement.org](mailto:socsec@middlesexretirement.org).

My commitment to MCRS and to you is that I will make sure you have all the information you need about Social Security to make timely and informed decisions that will be best for you.

*Wishing all of you safe and healthy days ahead!*

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***Will Covid Impact My Retirement***, continued from Cover

The Board communicates regularly with PRIM, and I have been honored to serve as a member of PRIM's Advisory Board. We are assured that there is ample liquidity to continue payment of pension benefits, and no cause for alarm. Our retirees and beneficiaries will continue to receive their well-earned retirement benefits.

The same holds true for our active members who have expressed similar concerns regarding their future retirement security. The Massachusetts retirement plan for public workers is a defined benefit plan, which means that our members' retirement benefits will not be subject to the ups and downs of the stock market. After a career in public service, our members are guaranteed to receive a monthly retirement benefit which they will never outlive.

While unpaid furloughs and employment interruptions due to COVID-19 can impact retirement benefits, the law ensures that employees who are receiving paid leave, or sick leave under Families First Coronavirus Response Act (FFCRA)

and the FFCRA's Emergency Paid Sick Leave Act (EPSLA), will continue to receive creditable service, and the pay received under those programs is included as pensionable income.

An employee receiving FFCRA paid sick leave should have no break in service, and should continue to receive credit towards retirement, just as the employee would if using his or her own accrued time, or pay from a sick leave bank. EPSLA leave is paid at a 2/3 rate, and when an employee uses accrued leave to supplement EPSLA to the level of the employee's normal earnings, it will have no effect on the salary average used in the calculation of a retirement allowance.

In its 110-year history, the Middlesex County Retirement System has withstood many life-altering events, including two World Wars, the Great Depression, and the Spanish Flu Pandemic of 1918. We are confident in the strength of our public retirement system and have no doubt that our public workers will continue to persevere through these demanding times.

## ***Increasing Your Retirement Allowance By Purchasing Additional Service***, *continued from Cover*

will be added to the service you accrue while an active member in the System.

The additional service will enhance your benefit or, perhaps, allow you to retire sooner than you previously planned.

There are different service credit purchases available to you.

### ***Refund Redeposits***

If you previously rendered public service as a member of a Massachusetts retirement system, then left your employment and received a refund of your retirement contributions, your prior service credit may be bought back by redepositing the amount of the refund, plus interest to the date of final repayment. The amount of interest you pay will depend upon when the redeposit is made. Your interest rate will be less if repayment is made within one year of your re-entry into service.

### ***Military Veterans***

Veterans, as that term is defined by Massachusetts law, can purchase up to four years of retirement credit for their active military service. National Guard and Reserve military service is pro-rated on a 5 to 1 basis. For every five years of Guard and Reserve service, a veteran will receive one year of credit.

The cost of this service is 10% of your first year salary upon entering the retirement system for each year purchased. No interest is charged.

### ***Call Firefighters and Permanent Intermittent/ Reserve Police Officers***

If you were employed as a call firefighter or permanent-intermittent/reserve police officer, you may receive retirement credit of up to five

years for the period of time you were on the municipality's respective list and eligible to be appointed as a permanent firefighter or permanent police officer, depending upon when you were on the list and whether you received compensation. For call firefighter service, the service is eligible for purchase if you were later appointed as a permanent member of the fire department in the same municipality, or if the municipality has adopted a local option to allow such credit, or in certain other limited circumstances.

### ***Other Prior Non-Contributing Service***

Service you rendered in the Middlesex County Retirement System or another retirement system in a temporary, provisional or substitute position is eligible for purchase. Further, service rendered in a part-time, seasonal or intermittent position in the MCRS is eligible for purchase.

Purchases of prior non-contributing public service rendered outside of our retirement system will be charged a higher interest rate than purchases of non-contributing service rendered to a governmental unit within the Middlesex County Retirement System.

If you believe you may be eligible to purchase service, complete and return to the retirement office the Make Up Request form found under the Resources Tab on our website. Our staff will review your request and, if eligible, generate an invoice for you.

Regardless of the type of service you are purchasing, you may rollover funds from deferred compensation accounts or other tax-deferred plans without penalty in order to purchase this time. In addition, installment payment plans are available upon request.

## ***Calling All Members: Do You Have A Change of Address?***

Please notify the Middlesex County Retirement System **in writing** 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. Then **mail or fax** the form to our office. For security purposes, we require the original document with your signature.

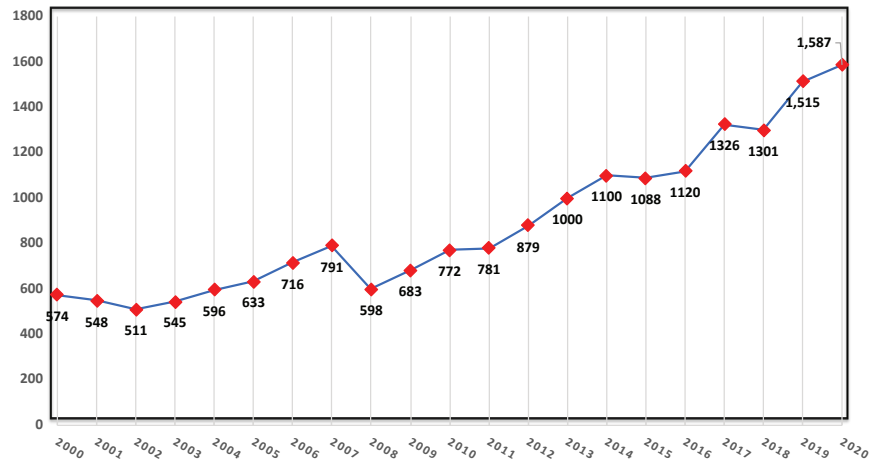
## System Investments Update

As we have reminded our members in prior newsletters, the assets of the Middlesex County Retirement System are accumulated from three sources: contributions from our members' regular compensation, governmental unit appropriations, and returns received from the investment of those funds.

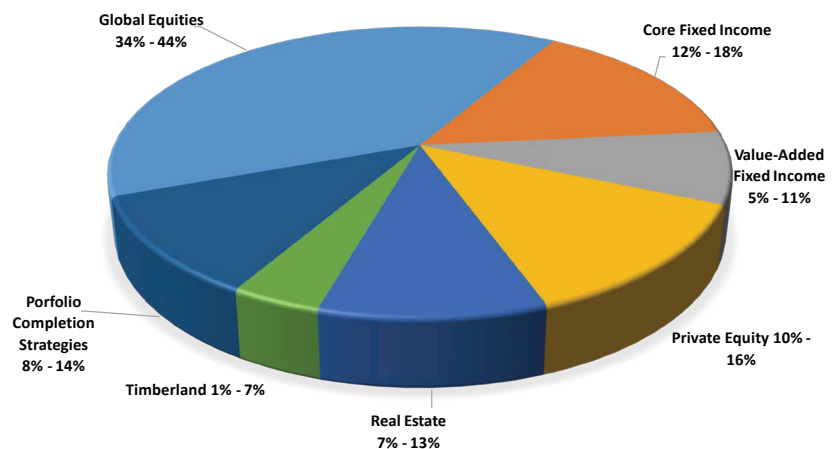
Since February of 2007, the investment of the System's assets has been managed by the Commonwealth's Pension Reserves Investment Management Board (PRIM) and invested in the Pension Reserves Investment Trust Fund (PRIT). As shown here, PRIM maintains a diverse asset allocation, which is designed to minimize risk, and to reduce investment management fees. Since entering PRIT in 2007, and even after the Wall Street collapse of 2008 and the COVID-19 economic turmoil this year, the System's assets have doubled from \$791 million to \$1.5 billion as of September 1, 2020.

While pension liabilities have also increased significantly, and despite increases in the number of System members and employee payroll, the funded ratio of the plan is trending upward. As of January 1, 2020, the date of the System's last valuation, the System's funded ratio between assets and liabilities using the market value of assets, was 49.45%.

### Asset Growth – 2000 to September 1, 2020 Year End Market Value in Millions



### PRIT Asset Allocation Approved February 26, 2020



Studies have shown that the Massachusetts public pension plan is **cost effective and efficient, creates economic value, and helps public workers** attain an adequate, predictable retirement.

## Pension Contributions

Mostly ignored in the debate surrounding the funding of public pensions is the fact that for the vast majority of our members, retirement contribution rates remain among the highest in the country. Since 1996, public workers entering the retirement system have contributed 9% of their regular compensation, plus an additional 2% of earnings over \$30,000.

In reality, there are three public pension plans in Massachusetts: one for employees hired before 1996, when retirement contribution rates were lower (5%, 7%, 8%), a second for employees hired after July 1, 1996, and a third for employees hired after April 2, 2012, when pension reforms extended the normal retirement age and reduced payments for early retirement.

Based upon current actuarial assumptions, the retirement contributions and investment earnings of most non-public safety members hired after

1996 will have generated sufficient financing to pay for all or a substantial portion of their normal retirement benefits.

Since Massachusetts is a “non-Social Security” state, public employees do not contribute to Social Security. Likewise, public employers are not required to contribute to Social Security. In the majority of other states, Social Security supplements a worker’s public pension, while in Massachusetts, most public workers rely solely upon their public pension for security in their retirement years.

As of December 31, 2019, the median annual retirement allowance for retirees and beneficiaries of the Middlesex County Retirement System was \$19,698.60.



## 2021 MCRS Pension Payment Schedule

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

| Month     | 2021 Direct Deposit Dates |
|-----------|---------------------------|
| January   | Friday, 1/29              |
| February  | Friday, 2/26              |
| March     | Wednesday, 3/31           |
| April     | Friday, 4/30              |
| May       | Friday, 5/28              |
| June      | Wednesday, 6/30           |
| July      | Friday, 7/30              |
| August    | Tuesday, 8/31             |
| September | Thursday, 9/30            |
| October   | Friday, 10/29             |
| November  | Tuesday, 11/30            |
| December  | Thursday, 12/30           |

# Planning to retire soon?

Keep this checklist in mind as your retirement date approaches.

|   |   |  |
|---|---|--|
| <p><b>One year</b><br/><i>before retirement</i></p> | <p>» Generate an estimate using one of our available resources:</p> <ul style="list-style-type: none"> <li>• Group percentage charts</li> <li>• Online calculator</li> <li>• Completing and returning to our office an Estimate Request Form</li> </ul> | <p>Contact your employer to confirm the health insurance coverage for which you will qualify as a retiree. Be sure to ask about coverage for your spouse or other dependents while you are retired and in the event of your death.</p> |
| <p><b>9 months</b><br/><i>before retirement</i></p> | <p>» Apply for and purchase service credit enhancements, if applicable, for which you have not yet established credit:</p> <ul style="list-style-type: none"> <li>• refund buybacks/redeposits</li> </ul>   | <ul style="list-style-type: none"> <li>• military service</li> <li>• service as a call firefighter or permanent intermittent/reserve police officer</li> <li>• other prior non-contributing service</li> </ul>                         |
| <p><b>4 months</b><br/><i>before retirement</i></p> | <p>» Download an Application for Superannuation Retirement with Option Selection Form from our website and submit it to the retirement office.</p> <p>Be sure to gather and submit all necessary documents listed on the application cover sheet.</p>   |  |
| <p><b>3 months</b><br/><i>before retirement</i></p> | <p>» Submit your application and option selection form to the retirement office. Complete any necessary insurance paperwork provided by your employer.</p>  |  |

» Visit [www.middlesexretirement.org](http://www.middlesexretirement.org) to download the appropriate forms and applications.

## 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 2020 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, age

57 for Group 4 for those entering service on or after that date).

- 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.

Please be aware that the retirement office is not able to render tax advice. If you have your federal tax return prepared by someone, please make sure the tax preparer knows that you are entitled to the exclusion. For additional assistance, retirees should contact a tax consultant.

## Board Hosts Virtual Legal Panel

This year, both the Spring and Fall Educational Conferences of the Massachusetts Association of Contributory Retirement Systems (MACRS) were postponed due to COVID-19. Nevertheless, MACRS President Kathleen Kiely-Becchetti and Board Member John Brown, MACRS Vice-President, were committed to providing a forum for the exchange of ideas and information about public retirement benefits to the 104 public retirement systems within the Commonwealth.

By popular demand, the MACRS Legal Panel, a staple of the MACRS conferences for many decades, was held remotely on September 3, 2020

at the offices of the Middlesex County Retirement System under proper safety protocols.

Board Chairman Tom Gibson, Esq. served as Moderator. Speakers included Chief Administrative Officer Lisa Maloney, Esq., PERAC General Counsel Judith Corrigan, Esq., Attorney Matthew Feeney of Murphy, Hesse, Toomey and Lehane, LLP, and Chief Executive Officer of the Worcester Regional Retirement System, Michael Sacco, Esq. A successful two-hour training program addressing current retirement issues and recent legal decisions was presented to over 250 remote participants.

*Wishing you and your family a Happy  
and Safe Holiday and New Year*



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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