



Taunton Board of Retirement

104 Dean Street
Suite 203
Taunton, MA 02780
phone 508.821.1052
fax 508.821.1063
www.tauntonretirement.com

BOARD OF TRUSTEES

DENNIS M. SMITH, *Chair*
BARRY J. AMARAL
THOMAS A. BERNIER
GILL E. ENOS
IAN D. FORTES

STAFF

PAUL J. SLIVINSKI
Director
KAREN MEDEIROS
Assistant Director
JESSICA GONSALVES
Administrative Assistant

Retirement Newsletter

City of Taunton Contributory Retirement System

FALL 2022 EDITION



A Time for Reflection - Retirement Board Office Update

by Paul J. Slivinski, *Executive Director*

The last couple of years have been difficult for all of us due to the Covid pandemic and the changes and impact it has had on our personal and professional lives. From changes such as remote work to conducting business via telephone calls and/or zoom remote meetings, as they say in Hollywood or Broadway - the show must go on!

It was no different here at the retirement board as it was across the City of Taunton, our State and our Country. Whether public or private sector, most of us endured but there were many who left us and we were unable to pay our dear respects and express our sympathy due to the terrible consequences of the pandemic.

We are all grateful to have come out on the other side of this pandemic and be with our families and loved ones as well as our co-workers and colleagues. These are relationships we prize and cherish even more now.

Our retirement board family said our goodbyes to some dear colleagues and hello to some new ones. During the past couple of years, our Assistant Director Kathy Maki passed away in June 2020 after a long illness. Kathy worked here for twenty-five (25) years and was instrumental in the administration of our plan and got to meet many of you and assist with your benefits. We will miss her positive attitude, smile and friendship. She is gone but not forgotten and our thoughts and prayers go out to her family.

Long-time retirement board member Peter H. Corr also passed away in November 2021. Peter served on many committees, boards & commissions but the longest was on the retirement board. He served for over thirty-three (33) years and was a staunch supporter of providing a COLA to our retirees and survivors and protecting the assets of the retirement system. Peter was a great colleague and friend. Please keep his family in your thoughts and prayers also.

Our past Chairperson & City Auditor, Ann Marie Hebert, retired after thirty-three (33) years with the City of Taunton and served the last twenty-six (26) years as the board's Ex-officio member becoming Chairperson in 2000. Ann was a strong believer in prudent management of the pension assets and adherence to applicable rules & regulations that guided the financing of the retirement plan. She was an excellent City

...continued on next page

A Time for Reflection – Retirement Board Office Update ...continued from page one

Auditor and board member and we wish her the very best in her much deserved retirement. Congratulations Ann!

In early 2020, the board welcomed Fire Dept. lieutenant Tom Bernier as the new elected member to the five-member retirement board. Tom replaced former member Peter H. Corr and was elected by the members & retirees to a 3-year term. Tom's passion to go out of his way to help anyone in need is his biggest asset and he has demonstrated his strong support for all city employees, retirees and their beneficiaries. The other board members have welcomed Tom with open arms and have formed a great retirement board team ready to collaborate on the important issues on behalf of all members. Welcome Tom!



Karen Medeiros

Retirement board staff member Karen Medeiros recently was promoted to Assistant Executive Director replacing former Assistant Kathy Maki and has taken on the role with much enthusiasm and professionalism. Karen loves assisting our members with their retirement benefits and taking the time to help explain the many complexities and aspects of retirement. Karen is very patient and kind to all members and always willing to go above and beyond to assist a member in need. Congratulations Karen!

In June of 2019, the board members hired new administrative assistant Jessica Gonsalves. Jessica does an excellent job assisting our members & retirees and she is the first face you will meet when visiting our office.

Jessica is very friendly, knowledgeable and diligent and is always looking to help out in any capacity. She is a pleasure to have here at the retirement office and really loves helping our members understand their benefits. Welcome Jessica!

The retirement board recently nominated Dennis Smith as its new Chairman and appointed Tom Bernier as Vice-chairman.



Jessica Gonsalves

Post-retirement Earnings Updated for Retirees

by Dennis M. Smith, Elected Board Member & Chairman



A recent update to the retirement law changed the total allowable hours worked by superannuation retirees in the public sector from 960 to 1,200 hours. There also remains an earnings limit so retirees can earn only so much when rendering service to Massachusetts public employment. This means employment with the Commonwealth and any of its cities & towns as well as counties and political subdivisions thereof. Allowable earnings formula: is the difference in the current rate of pay of the job you retired from, less your annual retirement allowance, plus an additional \$15,000 = allowable earnings in a calendar year. If a retiree earns in excess of the allowance earnings, this excess is subject to be recovered by the applicable employer or the retirement board. If the retiree reaches the hourly limit of 1,200, then they must cease to be employed.

Note: these restrictions do not apply to retirees who work in the private sector.

Please note that the State legislature and Governor have recently approved of a waiver for working in excess of the 1,200 hours for the remainder of calendar year 2022.

Finally it is important to recognize that the annual limit of 1,200 hours is based upon the hours paid to a retiree. Therefore if a retired police officer were to work a paid detail for only 1-2 hours but gets paid for a 4-hour minimum, then the 4 hours paid is what counts against the 1,200 hour limit.

Example:

Calendar Year Current Salary	
From job you retired from	\$60,000
Less: annual retirement allowance	(\$40,000)
= Allowable earnings	\$ 20,000
ADD \$15,000 after you are Retired one full year	\$ 35,000

Analysis of Recent Legal Case Affecting Retirement Law

by Attorney Michael Sacco, Attorney to the Retirement Board



A Taunton Retirement System member's retirement allowance is calculated based on three factors: your age, creditable service and 3-year salary average at the time you retire. The first two factors are fairly straightforward – and while your 3-year salary average may also seem straightforward, it often is not the case. First, in retirement, we don't use your "salary" but rather your "regular compensation." What is the difference? It can be complicated, but regular compensation is your base pay – also included are payments for longevity, educational and certification stipends or night differential payments. Excluded from regular compensation are payments for overtime, working additional hours that are not fixed and guaranteed, clothing allowance, motor vehicle allowance, payments for unused sick leave or vacation time, to name a few. As some recent cases have reiterated, for compensation to be considered regular compensation, it must be compensation for "services," as in services to the employer. In 2018, in **Public Employee Retirement Administration Commission v. Contributory Retirement Appeal Board**, 478 Mass. 832 (2018) ("**Vernava I**"), the Supreme Judicial Court ("SJC") determined that supplemental payments an employee received while also receiving worker's compensation was not regular compensation. In **Vernava I**, Mr. Vernava was a Swampscott DPW employee who was injured on the job and he received worker's compensation while injured, which is 60% of his pay. Mr. Vernava was able to supplement his worker's compensation by using his accrued sick leave and vacation time, primarily to pay his health insurance premiums, while receiving worker's compensation. The Public Employee Retirement Administration Commission ("PERAC") considered this accrued sick leave and vacation time – supplemental pay – to be regular compensation. Mr. Vernava subsequently retired for an accidental (job-related) disability, and when an employee retires for accidental disability, the retirement date is set by statute – it is either (1) the date of injury,

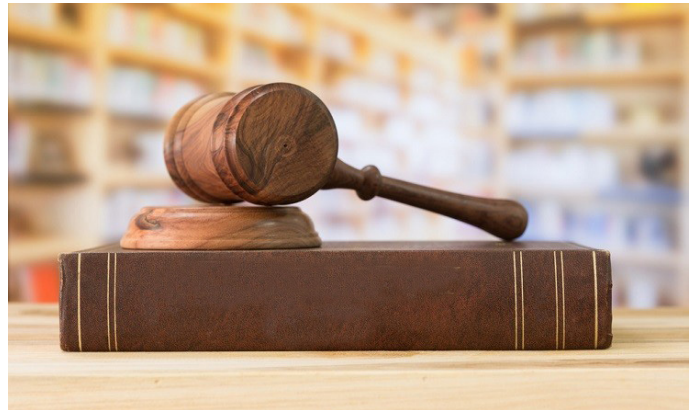
(2) 6 months prior to the disability application's filing or (3) the date the employee last received regular compensation, whichever occurs last. Mr. Vernava was receiving worker's compensation for about a year when his employer sought his involuntary retirement for accidental disability, and the retirement board approved it approximately 5 months later. When the retirement board tried to set Mr. Vernava's retirement date 6 months prior to the application's filing, PERAC rejected that determination, finding that since he received supplemental pay until his retirement was approved, his retirement had to be based on that date, not 6 months prior to the application being filed. All in all, Mr. Vernava lost out on approximately 9 months of retirement pay because of PERAC's decision, and he appealed.

Ultimately, the SJC ruled that PERAC was wrong – in sum, the SJC found that when Mr. Vernava was receiving worker's compensation, the supplemental pay he was also receiving could not be regular compensation because he was not being paid the supplement pay for rendering services to his employer. The SJC reiterated its long-held position that to be regular compensation, the compensation must be for services, and since an injured employee can no longer provide services to the employer, any compensation the employee receives while on worker's compensation is not regular compensation. After the SJC issued its decision, PERAC determined that the decision only applied to members who applied for accidental disability, and several retirement boards banded together to once again challenge PERAC's decision. This past February, in **Worcester Regional Retirement Board v. Public Employee Retirement Administration Commission**, 489 Mass. 94 (2022) ("**Vernava II**"), the SJC made clear that Vernava I not only applied to all active employees, irrespective of whether the employee subsequently retired for accidental disability, ordinary disability or a superannuation (regular) retirement. The SJC

...continued on next page

Analysis of Recent Legal Case Affecting Retirement Law ...continued from page three

also made it clear that this decision would not only impact active employees who have yet to retire, but retirees as well, which required retirement boards to go back and change retirees' effective retirement dates as well as the regular compensation used to calculate their retirement allowances, potentially resulting in a change in the retirees' retirement allowance and in some cases, the retiree owing the retirement system money. Recently, in the state FY23 budget there was an amendment to exempt retirees from the [Vernava II](#) decision, Section 149 of Chapter 126, and thus [Vernava II](#) will not impact retirees. The underlying lesson from [Vernava I](#) and [Vernava II](#), however, remains intact - regular compensation must be for services rendered to your employer, and thus in addition to the supplemental pay that was rejected in these cases, payments made



in exchange for drug testing, in exchange for a contract buyout, for training for a state-wide hazardous materials team, clothing allowance, and motor vehicle allowance are also excluded because no services are being rendered to the employee in exchange for compensation.



Pension Fund Investing - It's a Long Haul

by Ian D. Fortes, Ex-officio Member & City Auditor



Investing for the long haul is the main objective of public employee retirement systems along with sustainability and affordability to the local plan sponsors - the City of Taunton, Taunton Housing Authority, and Greater Attleboro-Taunton Regional Transit Authority (GATRA). All investment objectives as well as asset allocation are based on this premise.

The board's strategy and mission statement emphasizes this long-term view of investing to eventually reach a 100% funded plan. It states in part: "The board's mission is to provide retirement benefits to plan participants and to safeguard the assets of the system. The board is charged with the responsibility of prudently investing the pension assets to maximize investment returns with the goal of becoming a fully funded system."

Recently joining the retirement board as its Ex-officio member, I realize the importance of a long-term investing approach. While investment markets can go up and down, the key matrix is beating our actuarial investment benchmark (currently at 7.75% and will be lowered to 7.6% soon). Over time, Taunton has exceeded its benchmark and system members can rest assured that the financial underpinnings of the plan remain secure and sustainable.

The following is a summary of different time horizons on how the plan is performing. Over the long haul, our return of 9.88% has beaten our benchmark of 7.75% soundly.

A record of excellent investment performance

	Return (2021)	5-Year Return	10-Year Return	37-Year Return*
TAUNTON	17.97%	12.24%	10.80%	9.88%
Funded Ratio	Date of Most Recent Valuation			
**74.5%	1/1/2020			
*1985 to 2021	**80% (1/1/2022 in process)			

Once a member, always a member?

by Gill E. Enos, Mayoral Board Appointee



Our retirement system is governed by Massachusetts General Law Chapter 32. Section 3 of Ch. 32 has language on membership in our retirement plan. In part it states “...A member shall retain his/her membership in the system so long as he/she is living and entitled to any present or potential benefit therein...” The view has been that once a person becomes a member of a system, only death or termination of employment coupled with a withdrawal of funds ends membership.

What needs to be addressed is the possibility of members falling in and out of membership while they remain employed because they fall below the retirement system’s initial membership criteria. The membership criteria in our retirement system requires an employee to be regularly employed at least twenty (20) hours/week to receive city fringe benefits AND enroll in the retirement system. This parallels the language in MGL Chapter 32B – the so-called municipal health insurance statute. (The key is the term “regularly” employed)

When an employee falls under the minimum 20-hour per week requirement, then fringe benefits such as health insurance, sick and vacation time are terminated. However active membership in the retirement system may still continue but a key provision must be met. The employee must NOT have a break in service in order to continue as an active member of the retirement system.

If there is no break in service and the member drops under the 20-hour minimum, then the average hours/week worked under this minimum will be prorated against the prior hours per week worked and partial creditable service will be allowed. The employee remains a member-in-service.

If there is a break in service, then the member will be enrolled in the city’s alternate OBRA plan and they will become a member-inactive in the Taunton retirement system. Creditable service in this case will freeze until there is a change in the employee’s status and the minimum threshold is met again.

Retiree Cost-of-Living Allowance (COLA) Update

by Thomas A. Bernier, Elected Member



Cost of Living Adjustments (COLA) for retirees and survivors are set in Massachusetts General Law Chapter 32. Under the law, the Comm. of Mass. Public Employee Retirement Administration Commission (PERAC) reports to the state legislature the computation of the increase in the United States Consumer Price Index (CPI) from the previous year by the Commissioner of Social Security. The maximum COLA can be up to 3% even though the CPI could be higher.

On April 27th of this year, the Massachusetts House of Representatives approved the largest COLA Increase since 1992 which is 5% for the FY23 budget. If this increase is approved by Governor Baker, it would give local boards like Taunton the initiative to increase the COLA from the current 3% up to 5% starting July 1, 2022. As of this writing, the final language is yet to be worked out.

On January 26, 2022, the Taunton Retirement Board approved a 3% COLA effective July 1, 2022 for all eligible retirees and survivors that are in the system who retired before June 30, 2021.

The 3% COLA is applied up to the first \$15,000 of the retirement allowance. The Taunton Retirement Board will continue to look to increase the \$15,000 COLA base to better serve all the members of the system. Any increase in the base must be voted by the retirement board first with concurrent action by the local legislative body.

Pro-ration of Creditable Service Regulation



by Barry J. Amaral, Board's Appointee

The board recently approved a supplemental regulation to administer the pro-ration of creditable service in certain circumstances. At its board meeting on January 26, 2022, the board held a public hearing for input from the membership. After the hearing was closed, the board voted to adopt the regulation subject to final approval which was subsequently received from our state regulator - Public Employee Retirement Administration Commission (PERAC).

The regulation states as follows:

All full-time employees will receive full credit except in an instance in which full-time employees also had part-time service. Part-time service shall be prorated as it relates to the full-time position. Part-time employees will receive full credit provided that they have not been a full-time/part-time employee as stated in the preceding sentence.

For the purposes of this regulation and prorating creditable service, the Board considers an individual who is regularly scheduled to work at least 32.5 hours per week to be full-time. With respect to Taunton Public Schools employees who only work the school year (10 months as opposed to 12 months), the Board credits membership service as follows: if a member renders membership service on the first day of the school year, and continues uninterrupted employment into the following school year, the member will receive one (1) year of creditable service. If a member is employed for the full school year but does not return to work for the following school year, service will only be credited through the end of the school year, i.e., the member will only receive 10 months of service based on the 12-month year. If a member terminates employment at any other time during a school year, the member's creditable service will be prorated based on the actual full months worked during that school year, based on 12 months being a full year of service.

Members are permitted to purchase past non-membership service pursuant to M.G.L. c. 32, §§ 4(2)(c) and 3(5). For members who are eligible to purchase prior non-membership service pursuant to M.G.L. c. 32, §§ 4(2)(c) and 3(5), 141 hours shall be considered one (1) month of creditable service.

Please note that it is very important that if you have had changes in your employment status over the course of your working career, please let the retirement board office know when you come in to request a retirement estimate. This is because we do not want to over-state your creditable service and later have to re-track the calculation of the estimate.



Plaque presentation honoring Peter H. Corr



Plaque presentation honoring Ann Marie Hebert



BOARD & STAFF



In Memorium
former

Assistant Director Kathy A. Maki

Every person leaves a stamp in this world in their own way
Similarly you too have left an impression that will stay
Integrity and hard work are the ideals you promoted
We admired your determination and honesty
and strength
Your work always reflected a plethora of good values
Your absence from this office is notable daily and
We miss your warm smile and kind soul
Farewell for now



Taunton Board of Retirement

104 Dean Street, Suite 203
Taunton, MA 02780



PRESORTED STANDARD
US POSTAGE PAID
TAUNTON, MA
PERMIT NO. 91

Direct Deposit Schedule for 2023



*Taunton
Board of
Retirement*

Retirement Allowance Payment Dates

<i>Month</i>	<i>Year</i>
JANUARY.....	01/31/2023
FEBRUARY	02/28/2023
MARCH	03/31/2023
APRIL	04/28/2023
MAY.....	05/31/2023
JUNE.....	06/30/2023
JULY.....	07/31/2023
AUGUST	08/31/2023
SEPTEMBER.....	09/29/2023
OCTOBER.....	10/31/2023
NOVEMBER	11/30/2023
DECEMBER	12/29/2023