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Retirement Newsletter

City of Taunton Contributory Retirement System

FALL 2023 EDITION



Revisiting the Pension Reform Law - Chapter 176 of the Acts of 2011

by Paul J. Slivinski, Executive Director

Over ten (10) years ago, important legislation was passed changing our retirement plan. Chapter 176 of the Acts of 2011 reformed and modernized the pension laws for public employees in the Commonwealth that includes the City of Taunton Retirement System. I'd like to revisit and re-inform our members about the key highlights of the pension reform law. It is important to note that most changes only apply to new members after April 2, 2012 and will not affect members before this date - unless they leave service & withdraw their funds and re-enter membership after 04/02/2012.

Increase in Minimum Retirement Age

Chapter 176 amends G.L. c. 32, § 5 so that persons who become members of a Retirement System on or after April 2, 2012 and are classified in Group 1 cannot retire prior to attaining age 60. (For PRE-04/02/2012-Group 1 members, all Group 2, and all Group 4 it remains age 55)

Average Annual Rate of Regular Compensation used for Calculating Allowances

Chapter 176 changes the number of years to be used in calculating retirement allowances. The calculation is to be based on the high 5 years of regular compensation paid to the member during the last 5 years of creditable service or any 5 consecutive years of creditable service, whichever is greater. This provision applies to any member who becomes a member on or after April 2, 2012 (pre-04/02/2012 members use a 3-year average).

Anti-Spiking Provisions

Chapter 176 outlines the method whereby compensation increases of more than 100% in any 2 consecutive years during the 5 years prior to retirement will be modified and require the regular compensation average to be calculated by using the last 5 years average rather than 3 years. This applies to any member who becomes a member on or after April 2, 2012.

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Re-visiting the Pension Reform Law ...continued from page one

Chapter 176 also deals with further anti-spiking issues and provides that the average rate of regular compensation in any year is not to include amounts that are in excess of 10% of the rate in the 2 preceding years. This prohibition will not apply to modifications in the salary schedule negotiated in a collective bargaining agreement. **(This will apply to those who either have a separate contract or are non-union)**

Prorating for Group Classification

Chapter 176 also mandates pro-rating benefits in cases where a member entered service on or after April 2, 2012 and has creditable service in more than one Group Classification. Any current active member as of April 2, 2012 may voluntarily elect to receive a retirement allowance based on the pro-ration of the different group classifications or based on the current group as long as 12 months has elapsed in their current group. All post-04/02/2012 members do not have this election and are mandated to prorate if serving in more than one group.

New Age Factors for Retirement Calculations

Chapter 176 establishes a new table of age factors to be applied to any member who becomes a member on or after April 2, 2022. In general, the new factors will increase the age when a member's allowance will be calculated using the maximum age factor. The new factors also increase the minimum age at which a member can retire. There is also an additional new factor table to be used for members with more than 30 years of creditable service.

Termination Allowances Eliminated for New Members

Chapter 176 eliminates the termination allowances contained in G.L. c. 32, § 10 for employees who become members on or after April 2, 2012.

Calculation of Option D Benefit Amended to Reflect New Minimum Retirement Age Provisions

Chapter 176 amends the calculation of an Option D survivor benefit, taking into account the new minimum age provisions. Under the amendment, if the member was classified in Group 1 and died prior to attaining age 60, the Option D survivor benefit will be calculated as if the member had attained age 60 on the date that the member died. If the member is over age 60 on the date of death, the age factor for his or her actual age will be used. This provision applies to any employee who becomes a member on or after April 2, 2012. (Pre-04/02/2012 use age 55)

Contribution Rates Changed

Chapter 176 adds new provisions to G.L. c. 32, § 22(1)(b) and establishes a new contribution rate for Group 1 members who become members of a Retirement System on or after April 2, 2012. The contribution rate of these members will be reduced to 6% when 30 years of creditable service is attained.

Service Purchases

As of April 2, 2012, any member-in-service who wishes to purchase non-membership service with the City of Taunton pursuant to G.L. c. 32, §3 or §4 will be charged buyback-interest rate (currently 3.8%). If purchasing non-membership service in another city/town, county or state, the rate will be the actuarial-interest amount (currently 7.6%).

If a member-in-service is "buying back" previously refunded service under G.L. c. 32, §3, the interest is calculated using the actuarial-interest rate (currently 7.6%) unless the purchase is initiated within one (1) year of becoming a member-in-service. If initiated within one (1) year, then buyback interest will be used (currently 3.8%).

(Note: veteran/military service purchase is not affected and incurs no interest charges)

Cost-of-Living Adjustments (COLA)

by Dennis M. Smith, Elected Board Member



I am excited to share the following news with our retirees – Recent legislation by the Commonwealth of Massachusetts - Chapter 269 of the Acts of 2022 - provided for a cost-of-living increase up to 5% effective retroactive to July 1, 2022. After experiencing significant investment gains during the last couple of years, the Taunton Retirement Board trustees unanimously voted to approve Ch. 269 thereby increasing the COLA from the previously approved 3% up to 5%. For those that were eligible, this was processed and paid with your February 2023 allowance.

The other COLA item approved by the retirement board was the increase in the COLA base from \$15,000 to \$16,000 effective July 1, 2023. The board voted to grant a 3% COLA effective 07/1/2023 on the new base of \$16,000

and eligible retirees received this with their allowance on pay date 07/31/2023.

Both COLA provisions received the support of Mayor Shaunna O'Connell and the Taunton Municipal Council.

The board and the city are pleased to provide eligible city retirees and their beneficiaries with additional assistance. The approval of both provisions is expected to have a minimal impact to the city's pension appropriation due to substantial excess earnings in prior years.

The board understands the need to continue to support increases for the retirees given the current inflationary environment and will seek to expand the COLA base further depending on funding and economic conditions.

Important!!! If you are subject to any limitations or offset of your Social Security benefits, please be advised that you must report your city COLA increase to Social Security to avoid any penalties.

It is noteworthy to point out that any COLA increase granted becomes part of your permanent & cumulative retirement allowance going forward. Based on the chart below, retirees have received an additional maximum amount of \$4,380 added to their retirement allowance since 2015.

Effective Date	\$ Increase	Maximum Benefit	Cumulative Maximum Benefit
2015	3%	\$450.00	\$450.00
2016	3%	\$450.00	\$900.00
2017	3%	\$450.00	\$1,350.00
2018	3%	\$450.00	\$1,800.00
2019	3%	\$450.00	\$2,250.00
2020	3%	\$450.00	\$2,700.00
2021	3%	\$450.00	\$3,150.00
2022	5%	\$750.00	\$3,900.00
2023	3%	\$480.00	\$4,380.00

A summary of the COLA base increases

Effective Date	COLA Base	% of Base	Annual COLA
July 1, 1998	\$13,000	3%	\$360.00
July 1, 2011	\$14,000	3%	\$420.00
July 1, 2015	\$15,000	3%	\$450.00
July 1, 2023	\$16,000	3%	\$480.00

Smith Re-Elected to the Taunton Retirement Board

A notice-of-election for the Taunton Retirement Board was mailed to all members in June 2023. Nomination papers were due by 12 noon on August 14, 2023. As of that deadline, the only nomination paper received was for incumbent board member Dennis M. Smith.

At a meeting of the Taunton Retirement Board on August 23, 2023, the board trustees determined pursuant to MGL Chapter 32 and state regulations 840 CMR 7.05 that only one candidate was nominated and the board declared Dennis M. Smith as elected member of the board and no election was needed to be held. Mr. Smith's new term is for three (3) years and will run from December 1, 2023 thru November 30, 2026.

Congratulations Dennis!

Nomination of Beneficiary for Survivor Benefits

by Attorney Michael Sacco, Attorney to the Retirement Board



When you become a Taunton Retirement System member, you have the right to nominate a beneficiary, or beneficiaries as the case may be, who will receive a benefit in the event of your death prior to retirement. There are two (2) potential benefits available – one is referred to as the “lump-sum” benefit, and the other is a “member-survivor” benefit. The lump-sum benefit is exactly as it sounds – your designated beneficiary or beneficiaries will, upon your death, receive a one-time lump-sum distribution of the funds you have contributed to the Taunton Retirement System during the course of your employment, together with the interest that accrues. You can name one or more beneficiaries, and the beneficiary can be a person or a legal entity (such as a trust or a charity). Pretty straightforward.

The member-survivor benefit is not a lump-sum distribution, but a monthly benefit payable for life to your designated beneficiary. It is sometimes referred to as the “Option D” benefit, since the benefit’s terms and conditions are outlined in M.G.L. c. 32, § 12(2)(d). You can only name one person as the member-survivor beneficiary, and that person must be your spouse, ex-spouse who has not remarried, or your parent, child or sibling. This benefit is calculated based raising your age to 55 at the time of death (or to age 60 if you became a retirement system member on or after April 2, 2012), or if you are already 55 (or 60) or older, your actual age will be used, as well as that of your beneficiary, and payable as if you retired on your date of death. If you nominate your spouse as your beneficiary, there will be a minimum of \$500 per month if you die while an employee; if leave your employment and pass away before retirement, there is no statutory minimum – the Taunton Retirement Board (“Board”) would calculate the actual benefit to be paid as if you were 55 or 60, as the case may be (or older using your actual age), reduce the benefit as if you had chosen Option C and designated your beneficiary as your Option C survivor beneficiary, but pay to your beneficiary the amount you would have received as if you retired for Option C on your date of death.

If you do not name a beneficiary, and you die in the first two (2) years of being employed, the Board will pay your contributions and interest which are retained in your annuity savings account to your estate, or if there is no estate, to whomever the Board believes is legally entitled to those funds. If you do not name a beneficiary but at the time of

death, you were married for at least 1 year and you had accrued at least 2 years of creditable service, and you were living with your spouse at the time of death or separated for justifiable cause, then the spouse will have the right to elect to receive the monthly Option D beneficiary. The spouse has no right to opt to take the lump-sum distribution option. If the spouse has a right to elect and does not make the election, then the funds would go to your estate or to whomever the Board determines is legally entitled.

A few considerations – you cannot name both a lump-sum and an Option D beneficiary, as the Option D always trumps a lump-sum beneficiary designation. If you are married when you become a Taunton Retirement System member, you may want to designate your spouse as the Option D beneficiary, since in the long term that benefit (\$6,000 a year for life) will be far more lucrative than the lump-sum option. After you have been married a year and accrued 2 years of creditable service, you may want to consider designating your spouse as the lump-sum beneficiary, and if you do that, your spouse will have the ability to choose either the lump-sum or the Option D beneficiary. This will allow your spouse the flexibility to choose the benefit that most meets his or her financial needs. Of course, if you want to “lock in” your spouse as the Option D beneficiary, then you can certainly do that as well.

Finally, you can only designate a beneficiary for your funds on a form that the Board prescribes. The form must be signed by a witness. While the purpose of the witness signature is essentially to authenticate your signature, a witness must sign a beneficiary form even if there is no dispute as to the authenticity of your signature. If you file a beneficiary form that either contains no witness signature or an ineligible witness signature, the beneficiary form will be deemed invalid. It is critical that you complete the beneficiary form completely and properly. The Board recently was involved in a case in which the beneficiary form was not properly completed, and thus when the member passed away, his wishes could not be honored.

Ultimately, who you select as your beneficiary, and whether you nominate someone to be your lump-sum or Option D beneficiary is up to you. The Board wants to make sure that you make the most informed decision based on your particular circumstances, so if you have any questions about your beneficiary options, please feel free to contact the Board and one of our staff members will be more than happy to assist you.

Member Portal Available for Members

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



The Taunton Retirement Board would like to remind you about the Employee Self Service (ESS) Web Portal module of our Pension Pro software.

The ESS Web Portal module can be securely accessed by going to www.pensiontechnologygroup.com/taunton or from the link on the Retirement page of the City of Taunton Retirement Board website at www.tauntonretirement.com.

The ESS Web Portal module will provide current Members and Retirees with the following features and capabilities:

Members

- Review Demographic information, including contact and beneficiary information, deduction history and earnings and service history.
- Generate Superannuation retirement estimates.
- Access Change of Address and Beneficiary forms.

Retirees

- Review Demographic information, including contact and beneficiary information.
- Review monthly payroll check information.
- 1099-R information.
- Access Change of Address form.
- Obtain Income Verification Letter & Social Security Letter.
- Members and Retirees can communicate directly with Retirement Office Staff through the ESS Web Portal module.

Go to www.pensiontechnologygroup.com/taunton in order to create a secure registration and login.

If you have any questions or require additional information, please contact the Retirement Office at (508) 821-1052 or email at info@tauntonretirement.com.



Friendly Reminders To Our Members and Retirees

Please take note to inform the retirement board if the following occurs:

Change of address

Change of beneficiary

Change of your bank account for direct deposit

A name change due to marriage

A divorce and potential division of retirement benefits

A death in the family that impacts your retirement option (for option B or C)

Cyber Security Training



by Barry J. Amaral, Board's Appointee

The City of Taunton and Taunton Retirement Board were recently awarded a grant to receive training the area of cyber security. The Municipal Cyber Security Awareness Grant program was awarded by the Commonwealth of Massachusetts to assist communities and their respective departments (i.e. retirement systems etc.) with identifying and preventing cyber security risks.

Periodic training sessions have been ongoing with retirement staff along with the city's Information Technology dept. Best practices are stressed on the use of passwords and identifying phishing and email scams with the ultimate goal of protecting data information systems and programs.

The retirement board realizes the importance of cyber security and ensuring that our member and retiree data is safe and secure. A special thanks goes out to assistant executive director Karen Medeiros and city IT director Paul Arikian for helping to coordinate the training for retirement staff.



Post-Employment for Retirees*

by Thomas A. Bernier, Elected Member



We have had a lot of questions regarding post-retirement earnings and would like to provide further clarification on this very important subject.

Am I limited in the amount of income I earn or receive from other sources after my retirement for superannuation?

You are limited in the amount of income you earn or receive from other sources after retirement for superannuation only if you are re-employed in the service of the Commonwealth or any of its counties, cities, towns, districts, or authorities.

What are the restrictions pertaining to public service re-employment following superannuation retirement?

Public Service Re-employment Limitations

In accordance with Section 91 of Chapter 32 of the Massachusetts General Laws, there are two strict limitations on further public employment in the Commonwealth following your retirement from a public service position.

Earnings and Hours

Your earnings for the period of post-retirement employment in any calendar year, when added to your retirement allowance, cannot be greater than the salary currently being paid for the position from which you retired plus \$15,000. The additional \$15,000 is not utilized in the calculation in the first year following retirement.

Your post-retirement employment is also limited to a period of up to 1,200 hours, in the aggregate, in any calendar year.

Your employment must cease when either limitation is reached.

Who is responsible for monitoring the hours worked and salary earned?

Massachusetts General Laws Chapter 32, §91 vests responsibility with the local treasurer in conjunction with the retiree and the department who re-employs the retiree. In addition, the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC) has created a worksheet to be used by retirees to calculate - in advance - what the annual limitations are forecasted to be. A copy of this worksheet can be obtained by contacting the retirement board office.

A retiree can waive his or her retirement allowance and these limitations would not apply.

Funding of Pensions and Other Post-Employment (OPEB)

by Gill E. Enos, Mayoral Board Appointee



As of the last actuarial valuation as of January 1, 2022, the retirement board is pleased to report that the funding progress of the plan has reached almost 80%. This progress would not be possible without the close collaboration of the board trustees, executive director, our investment consultant, and excellent investment managers.

As a result, the board expects to achieve 100% funded-status on or about the early 2030's. Since the system was established in 1937, this is a milestone achievement and will allow the City of Taunton more flexibility to address other important funding for retirees such as health insurance.

OPEB – Other Post-employment benefits – basically stands for retiree health benefits. Rules and regulations have been created to allow cities & towns to set up a trust to begin accumulating funds to properly fund retiree health insurance liabilities – similar to what's been done for pensions.

Once pensions are 100% funded, the resulting savings can be diverted into the OPEB trust to begin the goal of full-funding for retiree health insurance. This will allow for a more secure benefit for retirees with future protection against large premium adjustments etc.

Post-Employment for Retirees ...continued from page one

Section 91

It's also important to keep in mind:

- § 91 applies to both superannuation and disability retirees.
- § 91 applies to any public employment, regardless of whether or not it occurs in the same governmental unit from which the employee retired.
- It is irrelevant whether an employee-retiree chooses to classify him or herself as a “consultant” or “independent contractor”— the § 91 earnings limitations still apply if, in fact, the nature of the relationship is as an employee.

For persons who retire after July 1, 2009, earnings as a consultant or an independent contractor are limited.

- A retiree may not avoid the limitations in § 91 by forming a company if the primary reason for the formation is to avoid the limitations.
- Earnings for “details” which are paid by city or town payroll are included in the § 91 limitations, regardless of whether the city or town ultimately bills a private entity for the work.
- The § 91 limitations apply only to retirees, not survivors or beneficiaries.

Is there any public sector re-employment that is not affected by these limitations?

Yes, you may:

- be paid for jury duty,
- be paid for services as an election officer,
- hold certain paid appointive positions, and
- certain emergency employment may be authorized.

In addition, you may be elected to office by a direct vote of the people following your retirement, and be paid for the same without limitation if the position from which you retired was not an elective office. If the position from which you retired was an elective office, then the earnings limitations will apply to you unless at least one year has passed from the last day you held said public office and the commencement of your post-retirement elective office.

*information summarized from PERAC benefit manual



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

Direct Deposit Schedule for 2023



**Taunton
Board of
Retirement**

Remaining Retirement Allowance Payment Dates

Month	Year
SEPTEMBER.....	09 / 29 / 2023
OCTOBER.....	10 / 31 / 2023
NOVEMBER	11 / 30 / 2023
DECEMBER.....	12 / 29 / 2023