



Taunton Board of Retirement

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Retirement Newsletter

City of Taunton Contributory Retirement System

WINTER 2019 EDITION



Filing for Retirement Basics

by Paul J. Slivinski, *Executive Director*

Many questions have arisen on what an employee must do to prepare for and file for retirement. I would like to use this article to explain some basics and to provide some guidance to those members considering retirement.

Once a member has reached at least ten (10) years of creditable service and is age 55 or older (for post 4/2/2012 members it would be age 60 or older), you may file retirement papers with the Taunton Retirement Board. A member must make an appointment with the retirement board up to four (4) months ahead of your retirement date but no later than fifteen (15) days just before said date. The entire application process takes approximately 45 minutes.

The following is a checklist of items that you will complete and other documents you will need to bring with you to your appointment:

Forms to be completed:

1. Application for Voluntary Retirement
2. Option Selection Form
3. IRS form W4-P for federal tax withholdings
4. Direct deposit form
5. Informational fact sheets/form regarding post-retirement issues as well as post-retirement employment rules

Items needed:

1. Birth certificate
2. Voided check with bank routing number and account number
3. Proof of Veteran (if applicable) such as Form DD214
4. Birth certificate for beneficiary (if choosing option C)
5. Marriage certificate (if choosing option C and nominating spouse as beneficiary)

You will also need to contact the City of Taunton Human Resources office (508-821-1060) and speak with Maria Oliveira who will explain other benefits such as Health, Dental & Life insurance, and Deferred Compensation Plan (if applicable).



Public Safety Members – Presumptions Resulting in Disability Retirement

by Dennis M. Smith, Elected Board Member

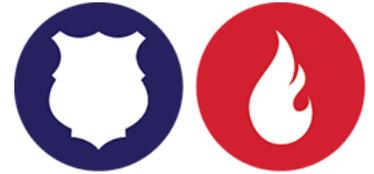
Massachusetts General Laws Chapter 32 provides for special protections for Police Officers and Firefighters who become permanently incapacitated due to certain illnesses. Due to the hazardous duty nature of public safety employment, there are Presumptions available for those who become disabled due to the following:

- Heart disease (police & fire)
- Hypertension (police & fire)
- Lung ailments (fire only)
- Cancer (fire only)

If a public safety officer is permanently disabled due to one of the aforementioned presumptions, then the incapacity is presumed to have been suffered in the line of duty. However these presumptions can be rebutted (or overturned) by a preponderance of evidence such as obesity, family history/genetics, smoking and/or drug use or other self-inflicted circumstances.

Any public safety member seeking disability retirement benefits under the presumptions should consult with the retirement board staff to obtain all their rights and an explanation of benefits. An application for disability retirement would have to be filed, a statement from the members’ physician is mandatory, and medical records would need to be provided. The member would then have to be examined by a panel consisting of three (3) physicians.

The retirement board would hold a meeting to review all evidence and would be the ultimate fact finder in rendering a decision to grant disability retirement subject to final review by the Commonwealth of Mass. Public Employee Retirement Administration Commission (PERAC).



Maintaining Budget Discipline

by Gill E. Enos, Mayoral Board Appointee



Public Employee retirement systems are not immune to scrutiny when it comes to fees and expenses and other budgetary items needed to invest the pension assets and administer the plan. Critics and various think tanks are constantly bemoaning the expenses to maintain public employee defined benefit plans in general.

The Taunton Retirement Board recently reviewed its fees and expenses paid to investment managers and other vendors. After review, it was discovered that the overall expense ratio to the retirement plan was approximately .70%. After further review, the Board decided to work on lowering costs while maintaining efficient services to the retirement plan. Some actively managed accounts were transferred to passive index fund investments thereby lowering investment fees significantly. Also bank fees were reduced by conducting a search for a new bank custodian

which was replaced with a more cost efficient one.

As a result, the Board is proud to inform our members that we have reduced fees down into the mid .50% range.

These savings will help better fund your retirement plan and maintain excellent services our members expect.

Analysis of Legal Cases Affecting Retirement Law

by Attorney Michael Sacco, Attorney to the Retirement Board



One of the many retirement law issues being currently litigated is to what extent off-duty crimes committed by police officers that result in a conviction will require a pension forfeiture. M.G.L. c. 32, § 15(4) states that “any member after final conviction of a criminal offense involving violation of ... laws applicable to his office or position” must forfeit his pension. The appellate case law in this area has already determined that a crime committed off-duty that has a direct factual link to a member’s employment can result in a pension forfeiture. For example, in **Maier v. Justices of the Quincy Division of the District Court Department**, 67 Mass. App. Ct. 612 (2006), the State Appeals Court determined that Mr. Maier’s off-duty crimes of breaking and entering, wanton destruction of property and stealing personnel records created a sufficient link to his employment requiring pension forfeiture since he broke into City Hall to remove unflattering documents from his personnel file so that the new incoming Mayor would not see them, hoping to continue with his appointment as Chief Plumbing and Gas Inspector. The question the Supreme Judicial Court is now confronting is what, if any, off-duty crimes a police officer commits should result in a pension forfeiture. The general principle in play is that “[p]olice officers must comport themselves in accordance with the laws that they are sworn to enforce and behave in a manner that brings honor and respect for rather than public distrust of law enforcement personnel. They are required to do more than refrain from indictable conduct. ... In accepting employment by the public, they implicitly agree that they will not engage in conduct which calls into question their ability and fitness to perform their official responsibilities.” **Attorney Gen. v. McHatton**, 428 Mass. 790, 793-794 (1999) (quotation omitted). “This applies to off-duty as well as on-duty officers.” **Falmouth v. Civil Service Commission**, 61 Mass. App. Ct. 796, 801 (2004).

The two cases pending are **Essex Regional Retirement Board v. Justices of the Salem Division of the District Court Department of the Trial Court**, 91 Mass. App. Ct. 755 (2017) (“Swallow”) and **State Board of Retirement v. O’Hare**, 92 Mass. 555 (2017). Here are the facts in Swallow - in June 2012, Swallow was placed on administrative leave from his duties as a sergeant in the Manchester police department. At that time, he was also suspended from a second job he held as a paramedic with Northeast Regional

Ambulance Service. Although Swallow left his badge and his service handgun at the police station, his license to carry a firearm was not suspended at that point. After being placed on administrative leave, Swallow experienced significant depression and began drinking heavily on a daily basis. On the afternoon of October 26, 2012, Swallow was at home with his wife, Lauren Noonan. He was drinking heavily and the couple began arguing, initially because Noonan was concerned that Swallow might drive his car. The quarrel escalated; Noonan went to her bedroom and sat on the bed with one of her dogs. Swallow then entered the room with a .45 caliber handgun, and grabbed Noonan by the shirt. He began screaming at her, and waved the gun in her face. He then pointed the gun at the dog and threatened to kill it. Noonan stood up, pushed past Swallow and left the house, walking to her next door neighbors’ house. While in the neighbors’ driveway, she heard a gunshot and telephoned the police from the neighbors’ house. Swallow apparently had fired the gun into a door, then put the gun down, walked outside, and sat on the front steps of the house. The Beverly police arrived in response to Noonan’s summons and placed Swallow under arrest. The police recovered the fired bullet in the upstairs bedroom. A search of the house revealed numerous guns and other weapons in the bedroom. As a result of this incident, Swallow admitted to sufficient facts on the following charges: (1) assault and battery, in violation of G. L. c. 265, § 13A(a), (2) discharge of a firearm within 500 feet of a building, in violation of G. L. c. 269, § 12E, (3) assault by means of a dangerous weapon, in violation of G. L. c. 265, § 15B(b), (4) three counts of improper storage of a firearm, in violation of G. L. c. 140, § 131L(a) and (b), and (5) intimidation of a witness, in violation of G. L. c. 268, § 13B. The Essex Regional Retirement Board (“ERRB”) found that these offenses violated the fundamental tenets of being a police officer and required a pension forfeiture, and although both the District and Superior Court disagreed, the Appeals Court ultimately concluded that these offenses were sufficiently egregious that a pension forfeiture was warranted.

In **O’Hare**, Brian O’Hare was a sergeant with the State police when he committed the Federal crime of using the Internet to entice a person under eighteen to engage in unlawful sexual activity, a charge to which

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Analysis of Legal Cases Affecting Retirement Law ...continued from page three

he subsequently pleaded guilty. O'Hare served with the State police for twenty years and, in 2006, held the rank of sergeant and was a patrol supervisor and shift commander. Between August, 2005, and February, 2006, O'Hare communicated online with an individual whom he believed to be a fourteen year old boy. O'Hare used a family computer while off duty to communicate with the "youth." The youth was later revealed to be an undercover Federal Bureau of Investigation (FBI) agent. In February, 2006, the FBI arrested O'Hare after he arrived at a prearranged meeting place to meet the youth for sexual purposes. In October, 2006, O'Hare resigned from the State police while under Federal indictment. In February 2007, O'Hare pleaded guilty to one charge of using the Internet to attempt to coerce and entice a child under the age of eighteen to engage in unlawful sexual activity, in violation of 18 U.S.C. § 2422(b). Similar to [Swallow](#), the State Board of Retirement ("SBR") found this criminal offense to violate the fundamental tenets of being a police officer and rescinded his pension rights, and once again similar to [Swallow](#) the District and Superior Court's reversed the SBR's decision. The SBR sought further review, and the Appeals Court agreed that O'Hare's criminal conviction was so egregious as to rise to the level of a fundamental tenet violation of being a police officer.



These decisions should be issued in the next few months, and hopefully they will provide a road map to retirement boards as to when off duty police officer conduct that results in a criminal conviction should also result in a pension forfeiture. We should also view these two cases as abhorrent aberrations to the brave and selfless police officers who go to work every day not knowing what evil may confront them that day, and that they risk their lives to protect the public. While we all should respect this noble profession and recognize the sacrifices they and their families make for the rest of us to be safe, we must also must hold those who violate the law and this sacred public trust accountable.

Retiree Cost-of-Living Update

by Peter H. Corr, Elected Member



Cost of Living Adjustments 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 from the previous year by the Commissioner of Social Security. Any such increase is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This index is used annually to adjust benefits paid to Social Security retirees and beneficiaries.

The Social Security Administration has announced that the latest Cost of Living Adjustment (COLA) is 2.8%. This is the largest COLA since 2012 for Social Security.

The COLA, which Taunton is considering, would be 2.8% effective July 1, 2019 unless the Retirement Board votes to increase it to the maximum 3%. By law, this can be accomplished at a duly called meeting and must be voted on by no later than June 30, 2019. If the Board votes a COLA (or increased COLA to 3%), a notice of the decision must be sent to PERAC within 30 days of the decision.

The Taunton Retirement Board has always been supportive of our members and has incorporated the 3% COLA into the system's funding schedule. However it still requires an annual vote that is only taken after

Board Member Duties

by Ann Marie Hebert, Chairperson/City Auditor



The duties of a board member range from proper oversight of the benefit administration to the investment of the pension assets totaling over \$320 million for the exclusive purpose of providing benefits to the members of the system while defraying reasonable expenses.

Each board member is a trustee and fiduciary in the spirit of ERISA and is liable under prudent expert standards for the proper administration of the retirement plan.

Fiduciaries shall subscribe and conform to the following code of ethics:

(1) Fiduciaries shall conduct themselves with integrity and act in an ethical manner in their dealings with the public, retirement board, employers, employees, and fellow fiduciaries.

(2) Fiduciaries shall conduct themselves and shall encourage other fiduciaries to perform their functions in a professional and ethical manner that will reflect credit on themselves and their profession.

(3) Fiduciaries shall act with competence and shall strive to maintain and improve their competence and that of others in their profession.

(4) Fiduciaries shall use proper care and exercise independent professional judgment.

Board members must attend various seminars and conferences to receive vital education to keep abreast of current developments in the retirement field. During each full term of service, Board members shall undertake a mandatory 18 credit hours of training.

All board members must complete mandatory ethics training and become familiar with the Conflict-of-Interest & Open Meeting laws.

Board members must file a statement of financial interest for the preceding calendar year (1) within 30 days of becoming a member of a retirement board; (2) by May 1st of each year thereafter that the person is a member of a retirement board; and (3) by May 1st of the year after the person ceases to be a member of a retirement board.



review of the system's financial condition. If voted, the 3% would only apply to the first \$15,000 (base) of the retirement allowance. Therefore the maximum amount a pensioner could receive would be \$37.50 per month.

The Retirement Board will be reviewing the COLA soon and will update our members via our website www.tauntonretirement.com in the near future.



Group Classification

by Barry J. Amaral, Board's Appointee

Group classification is a significant factor in determining a member's benefit rate based on age. There are four (4) categories of classification for members of the retirement system. Groups 1, 2, 3, and 4.

The type of occupation, position or duties help the retirement board to determine the group classification. Of these characteristics, the Job Title has become the most critical due to various appellate cases and court decisions. If the specific Job Title does not appear under a specific group, the law requires the position to "default" to Group 1. The following is a summary of the Group classifications:

Group 1 members: are officials and general employees including clerical, administrative and technical workers, laborers, mechanics, and **all others not otherwise classified** (emphasis added).

Group 2 members: include certain employees with semi-hazardous occupations, such as mental health hospital attendants and licensed building electricians.

Group 3 members: is made up of State police officers.

Group 4 members: consists of public safety officers, officials, and employees, such as police officers, firefighters, and certain correction officers. Also employees of a municipal gas or electric generating or distribution plant (such as the Taunton Municipal Light Plant) who are employed as linemen, electric switchboard operators, electric maintenance men, steam engineers, boiler operators, firemen, oilers, mechanical maintenance men, and supervisors of said employees who shall include managers and assistant managers.



Results of the January 1, 2018 Actuarial Valuation

by Dan Sherman, Actuarial consultant to the Retirement Board

The Retirement Board hired Sherman Actuarial Services, LLC to perform an actuarial valuation of the Retirement System as of January 1, 2018. The purpose of the valuation was to determine the liabilities and assets of the System, and to create a Funding Schedule for the City, Housing Authority, and GATRA. A Funding Schedule is a projection of the costs to fund the system over next 30 years. The Funding Schedule must be updated at least every two years.

The results of the valuation were presented to the Board for approval. The previous valuation was performed as of January 1, 2016. Highlights of the valuation are as follows:

- The number of Participants was virtually unchanged at 2,129
- The total Pensionable Earnings of active employees increased 6.3% to \$62.76 million
- The Market Value of the Assets in the Pension Trust increased 19.4% to \$322 million
- The total Investment Return during the two years was about 21%
- The Funded Ratio increased from 74.9% to 79.6%
- The Unfunded Liability decreased from \$93.3 million to \$81.2 million
- The Pension Appropriation for Fiscal Year 2020 will be \$16.6 million
- The System is expected to be fully funded by the end of 2026

These results are very good for the System and the experience for the two years is comparable to other Retirement Systems across the Commonwealth. However, most systems have a Funded Ratio below 79.6%. This means the Taunton Retirement System is in better shape than most other Massachusetts Public Retirement Systems. The result of this position results in the System's ability to reach a fully funded status earlier than most systems. It also means that if the market has a bad year or two, the Retirement Board has the flexibility to adjust its Funding Schedule to accommodate the changes without serious impact on the pension appropriations by the City in the coming years.

The Board is committed to monitoring the system's financial condition on a regular basis to ensure that it is properly funded to cover pension payments to members, to maximize investment earnings without unreasonable risk and to keep the costs to the City, Housing Authority, and GATRA manageable.

Retiree Health Insurance Update ... affects HMO & PPO but not Medex

from Lynn Davine, Taunton HR Director

On July 1, 2019, the City's Health Insurance plan design changed to a deductible plan. The deductible is \$300 per person with a family maximum of \$900. Please note that if you only have two people on the plan the total deductible is \$600. Not all of the services are subject to the deductible and you should check your plan summary to determine which services are subject to the deductible.



For example, a visit to your primary care physician because you are sick is not subject to the deductible but does have a co-pay of \$20. However, if you are undergoing lab testing that service is subject to the deductible and you will pay for the lab services out of your pocket until you reach the deductible. However, you will only pay the contracted rate for the lab services pursuant to the lab's contract with Blue Cross/Blue Shield. Therefore, you will want to wait until you get your Claims Summary from Blue Cross/Blue Shield before you pay your bill to make sure the lab is billing you the correct amount. The Claims Summary will explain what portion is your responsibility.

As a result of this plan design change, the premiums have decreased and a Health Reimbursement Account (HRA) has been established to help with some of the costs. The HRA is being administered through TASC. This has been a big change from the previous plan design and HRA. If you have questions, please do not hesitate to contact the Human Resources Department at 508-821-1060.

Post-Age 65 retirees & beneficiaries take note: The City of Taunton is in the process of transitioning all of our post 65 Retirees that were not Medicare eligible to Medicare. The City is going to pay the Medicare Part A premium, Medicare Part A surcharge and the accrued penalty for Medicare Part B. This would transition these retirees out of our active plan and onto Medicare and the Medex supplement. We are working on this transition now and it will become effective July 1, 2019.



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 2019



*Taunton
Board of
Retirement*

Retirement Allowance Payment Dates

<i>Month</i>	<i>Year</i>
JANUARY.....	01/31/2019
FEBRUARY	02/28/2019
MARCH	03/29/2019
APRIL	04/30/2019
MAY.....	05/31/2019
JUNE.....	06/28/2019
JULY.....	07/31/2019
AUGUST	08/30/2019
SEPTEMBER.....	09/30/2019
OCTOBER.....	10/31/2019
NOVEMBER	11/30/2019
DECEMBER	12/31/2019