

PERAC

Pension News

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Modernizing PERAC Regulations *Multi-Year Effort Underway*

By Patrick Charles, Esq.
Deputy General Counsel

PERAC has been engaged in a multi-year effort to review each of its regulations.

As a part of this process, PERAC will hold two remote hearings on proposed amendments to multiple sections of our regulations. Public hearings will be held on Thursday, October 12, 2023, from 10:00 a.m. to 12:00 p.m. and Tuesday, October 17, 2023, from 1:00 p.m. to 3:00 p.m.

We will accept written public comments until 5:00 p.m. on Wednesday, October 18, 2023.



Regulations open to public comment:

- Retirement Board Travel (840 CMR 2.00),
- Financial Operations/Standard Method of Accounting (840 CMR 4.00),
- Applicability of \$30,000 Salary Cap (840 CMR 8.00) (full repeal),
- Service After Age 70 (840 CMR 11.00) (full repeal),
- Service Between Age 65 and 70 (840 CMR 12.00),
- Miscellaneous (840 CMR 15.00), and
- The Conduct of Field Examinations of Contributory Retirement Systems (840 CMR 25.00).

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New Administrator Training

By Natacha Dunker
Communications Director

N*ew Retirement System administrators and board staff were provided the opportunity to learn the basics of running a retirement system with PERAC this past August in Northampton, Massachusetts.*

PERAC re-launched the New Board Administrator Training Program in 2022 after a pandemic-related hiatus. The 2023 training series launched on August 23rd at the historic Hotel Northampton. Boards from central and western Massachusetts were able to take advantage of the convenient location.

The topics covered were selected to provide a comprehensive overview of many key elements of running a system.



Topics covered included:

- A Retirement Case Study
- An Overview of Recent Audit Results
- Before and (on or) After April 2, 2012
- Common Questions Concerning Post Retirement Work
- Actuarial Valuation Basics
- Local Options
- Compliance Overview

Participants who attended received a certificate of completion and although the training is designed for board staff, any board members who attended received three educational credits.

Be on the lookout for registration information for our next session in Danvers, Massachusetts on November 14, 2023. ■

Honoring Our Service Members



PERAC joined the volunteers planting flags on the Boston Common on Memorial Day. 500 volunteers planted 37,000 flags representing each Massachusetts military member who died in action since the Revolutionary War. From L-R: Doreen Duane, John Galvin, Caroline Carcia, Rose Morrison, Bill Keefe, Sarita Yee, and John Parsons.

MACRS Conference Delivers

By Natacha Dunker
Communications Director

The MACRS Conference returned to Cape Cod this past spring and we were pleased to once again partner with them. The programming included an address from PERAC Executive Director, John Parsons and staff presentations on the Legal Panel and the PERAC presentations on Wednesday.

Over 400 participants convened to hear from a variety of speakers, including the keynote speaker, attorney and activist Shannon Sedgwick Davis.

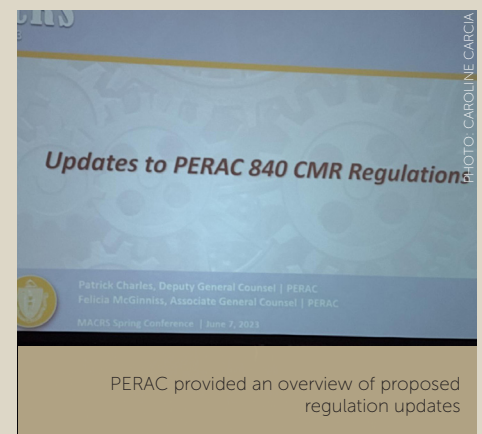
In addition to the PERAC Update provided by John Parsons, Bill Keefe presented as part of the Legislative Panel, Judith Corrigan presented Recent



Remand Trends, as part of the Legal Panel, Patrick Charles and Felicia McGinnis presented Updates to 840 CMR, and Caryn Shea and Scott Henderson presented Reading Accounting Reports.

We are looking forward to Springfield, Massachusetts in October for the fall MACRS Conference where we will have more educational sessions presented by PERAC. Registration information is available at www.MACRS.org. ■

MACRS Highlights



Legislative Update

Buyback for Over-70 Workers Moves Forward

By Bill Keefe
Assistant Deputy Director

With the signing of the Fiscal Year 24 budget, Chapter 28 of the Acts of 2023, a new buyback is a step closer to being in place.

Section 82 allows active employees who elected to stop making contributions at age 70 to buy back all of their post-age-70 service at their current rate of regular compensation with buyback interest.

Before that language becomes effective, the State Retirement Board must make a determination if a ruling is needed from the Internal Revenue Service that this provision is in compliance with IRS Code. If a determination is made that a ruling is required, the language will not be effective until the IRS makes such a ruling.

Additionally, the FY 24 budget included the new Commonwealth funding schedule in Section 22 and a 3% COLA for the State and Teachers' Retirement Systems. PERAC subsequently issued Memo 18 of 2023 with the cost of living increase for supplemental dependent allowances paid to accidental disability retirees and accidental death survivors.



Supplemental pension payments

Governor Healey filed a supplemental budget bill in March that included a supplemental \$100 million payment to the Commonwealth Pension Liability Fund. A version of that bill eventually became Chapter 26 of the Acts of 2023 on July 31, however, the supplemental pension payment was not included.

In early August, the Department of Revenue reported Fiscal 23 year-end revenue numbers which showed a \$605 million shortfall (1.5%) against expected revenues. About \$593 million of that shortfall was caused by a reduction in capital gains. Revenue from capital used in the operating budget is capped and the cap was

reached in FY 23, so the shortfall does not result in a dollar-for-dollar budget gap. The resulting budget gap is about \$177 million and a close-out FY 23 supplemental budget will be filed and passed in the near future.

Of the excess capital gains revenue, the Pension Liability Fund and the State Retirees Benefit Trust Fund each receive 5% while the Stabilization Fund receives 90%. Each fund is receiving about half of what was expected with the reduction in capital gains revenue with the Pension and Benefit funds receiving \$41.7 million each and the Stabilization Fund receiving \$750 million.

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Legislative Update (continued from page 4)

All PERAC bills heard

Between three separate hearings in April and June, PERAC delivered verbal and written testimony to the Public Service Committee on all seven PERAC-filed bills and two PERAC-related bills filed by legislators. We await what we hope will be favorable reports from the Committee on these bills. ■

PERAC-filed bills:

- H 9 - An Act Relative to Pension Forfeiture
- H 10 - An Act Relative to the Recovery of Overearnings
- H 11 - An Act Relative to Modifications of Retirement Allowances
- H 12 - An Act Relative to Accidental Disability and Group 1 Emotional Distress
- H 13 - An Act Providing for Statement of Financial Interest Flexibility
- H 14 - An Act to Provide for Payment of Creditable Service
- H 15 - An Act Clarifying the Chapter 32 Definition of Wages

Legislator-filed bills:

- H 2588 / S 1691 - An Act to Protect Gender Pay Equity
- H 2627 / S 1750 - An Act Relative to Veterans' Buyback

Regulations (continued from page 1)

We are amending Section 840 CMR 2.00 to update some of the provisions and also to move the provisions concerning the use of credit cards to 840 CMR 15.00. Two of the regulations are being repealed as they are no longer needed due to changes in the statute or conditions within the retirement system. Section 840 CMR 8.00, Applicability of \$30,000 Salary Cap, is no longer needed as every system has adopted the local option and lifted the salary cap. With the repeal of Section 90G 3/4 in 2017, 840 CMR 11.00 is no longer applicable. Section 840 CMR 12.00 is being heavily amended and the provisions that remain will concern mandatory retirement age in certain public safety positions. We have moved the use of Board credit cards to our Miscellaneous section 840 CMR 15.00. We have also added a new provision to Section 15.00 concerning the conduct of NON-disability retirement board hearings such as retiree earnings limitation hearings under the provisions of Sections 91 and 91A of Chapter 32. Two of the revised regulations, 840 CMR 4.00 and 25.00 concern accounting practices and the auditing

of retirement systems.

Instructions to access the hearings are located on PERAC's website, mass.gov/perac.

Mail comments to:

PERAC
5 Middlesex Avenue, Suite 304,
Somerville, MA 02145
or:
Doreen.m.duane@mass.gov.

Contact Doreen Duane to request copies of the draft regulations at (617) 666-4446, ext. 954 or Doreen.m.duane@mass.gov. ■

Compliance Updates

Third Year of SFI Filings Through PROSPER

By John Galvin
Compliance Manager

We want to extend a huge “Thank you!” to all board members who filed their SFI! This is the third consecutive year of 100% compliance without the need for a Commission hearing to remove a member for not filing.

Since the introduction of the electronic filing for the Statement of Financial Interest, completing the SFI seems to be an easier and easier task for board members to complete as each year passes since the form is now pre-populated with the information board members provided in their prior



filing.

Board members now only have to make updates for any changed circumstances instead of reentering the same information they entered the year before. As a result, this has made

the filing much easier and quicker. We thank all required filers for your cooperation and compliance with this required annual task! ■

Education Requirements for Board Members

By John Galvin
Compliance Manager

Board members - please keep in mind the education requirements!

There are a number of great upcoming opportunities available to receive credits in September and October. PERAC's Emerging Issues Forum will be held September 21, at the College of the Holy Cross in Worcester, the Fall MACRS Conference is

October 1-4, in Springfield and the PRIM Client Conference is scheduled for October 25 at Babson College Executive Center in Wellesley. In addition to these in-person events, there are several informative webinars available for credit that you can view or link to from our website.

Board members are required to complete a minimum of 18 credits per term in order to be eligible to continue serving on a board. Board members

must earn at least 3 credits per term year. While the most that can be earned per year is 9 credits, board members are welcome to attend as many educational events as they would like.

For more information on educational requirements for board members and available training, please see our website: www.mass.gov/perac-education and refer to PERAC Memo #38/2011. ■

Changes Ahead for PERAC

PERAC offices will be moving.
 We are in the process of planning our move into new office space and will share more information soon.

Stay
 tuned!



Recently released Memos:

- #11: Extension of Open Meeting Law Waivers**
 Waivers extended until March 31, 2025
- #12: Forfeiture of Retirement Allowance for Dereliction of Duty by Members**
 List of employees ineligible to join a C. 32 retirement system
- #13: 2022 Salary Verification Request**
 Boards must reply to the PROSPER task to verify overearners
- #14: Tobacco Company List**
- #15: 91A PROSPER Tasks**
 Members must be provided with written notice of non-compliance
- #16: Mandatory Retirement Board Member Training**
- #17: Reinstatement to Service under G.L. c. 32 s. 105**
 Revised form is effective from July 1, 2023 through June 30, 2024.
- #18: Cost of Living Increase for Supplemental Dependent Allowance**
 Allowances increased as of July 1, 2023
- #19: Tobacco Company List**

2023

EMERGING ISSUES

FORUM

Thursday, September 21, 9:00 a.m.

Hogan Conference Center, College of the Holy Cross

We hope to see you there!

Remaining 2023 Meetings

October 11 , 11:00 a.m. Commission Meeting	November 8, 11:00 a.m. Commission Meeting	December 13, 11:00 a.m. Commission Meeting
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Meetings are open to the public. See our website for information on joining in person or remotely.

PERAC

2023 Education Schedule

upcoming courses

Credits
board members
must earn

18
per term

3
Minimum
per term year

9
Maximum
per term year

September 21	PERAC FORUM	Emerging Issues Forum
September 28	Webinar (AGO)	Open Meeting Law
October 1-4	MACRS	Fall Conference
October 4	Webinar (AGO)	Open Meeting Law
October 22-25	Conference	NCPERS Fall Conference
October 25	Conference	PRIM Client Conference
- SAVE THE DATE -		
November 14	Board Administrator Training in Danvers - registration opens soon	
December	Recent Cases of Interest will be back in December! Date TBD	

Go to mass.gov/perac-education for
additional resources & registration links

Public Employee Retirement Administration Commission | 5 Middlesex Avenue, Somerville, MA 02145
Phone 617 666 4446 | Fax 617 628 4002 | Web www.mass.gov/perac

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Executive Director

Natacha Dunker
Editor