

ESSEX REGIONAL RETIREMENT SYSTEM

NEWSLETTER FOR RETIREES AND MEMBERS
FALL 2015



IRA SINGER RETIRES FROM ERRS BOARD



Ira Singer

Long-time Middleton Town Administrator Ira Singer, who served on the ERRS Board since December of 2010, retired on October 2, 2015. His retirement from the Town of Middleton also meant that Mr. Singer had to step down from his position as the First Member of the Board of ERRS. The First Member of the ERRS Board is elected by the chief executives or chief administrative officers of each employer unit of the retirement system. A special election was held to fill the remainder of Mr. Singer's three year term, which expires on December 1, 2017.

Mr. Singer was widely praised by his fellow chief executives within ERRS at the time of his retirement for his tireless efforts over many years to reform the retirement system. While best known for his long and successful tenure as Mid-

dleton's Town Administrator, Mr. Singer was also instrumental in the restructuring of ERRS. The Salem News called Mr. Singer *"one of the driving forces behind the reform of the Essex Regional Retirement System"* and noted that the improved retirement system would not have happened *"without strong support from municipal reformers such as Singer, a consistent voice for change."*

At his final Board meeting on September 28, 2015, Susan J. Yaskell, Vice Chair of the Board, presented Mr. Singer with a plaque acknowledging his significant contributions as a member of ERRS Board. The other Board members also thanked Mr. Singer for his dedication and wished him well. Mr. Singer said he has enjoyed his role on the Board working to bring integrity to the operation of the retirement system. At the conclusion of the presentation and on behalf of the Board members and ERRS staff, Ms. Yaskell wished Mr. Singer a happy, healthy and successful retirement.

ALAN BENSON ELECTED AS FIRST MEMBER OF ERRS BOARD

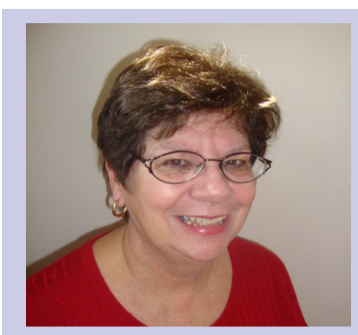
Alan Benson, the Town Administrator in Boxford, was elected to the First Member position of the ERRS Board on October 27, 2015. Mr. Benson has served as the Boxford Town Administrator for the past 17 years. Prior to becoming Town Administrator, Mr. Benson was the Treasurer/Collector of Taxes. As Treasurer, he served on the then-Essex County Retirement System Advisory Board. Mr. Benson's term expires on December 1, 2017.



MEET THE ERRS BOARD MEMBERS



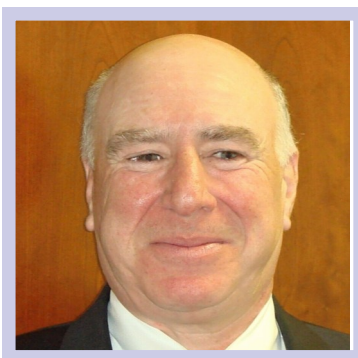
H. Joseph Maney is the former Town Administrator and Finance Director for the Town of Lynnfield. Mr. Maney is one of two Board members who are elected by all of the retirees and members of ERRS. Mr. Maney currently serves as Chair of the Board. Mr. Maney was first elected to the retirement board in 2010 and was re-elected to his current term on December 2, 2013. His current term is for three years. You can contact Mr. Maney directly at info@essexrrs.org.



Susan J. Yaskell is the former Town Accountant for the Towns of West Newbury and Groveland. Ms. Yaskell is one of two Board members who are elected by all of the retirees and members of ERRS. Ms. Yaskell currently serves as Vice Chair of the Board. Ms. Yaskell was first elected to the Board in 2010 and was re-elected to her current term on December 2, 2013. Her current term is for three years. You can contact Ms. Yaskell directly at syaskell@essexrrs.org.



Kevin A. Merz is the Treasurer-Collector for the Town of Ipswich and has served as a member of the ERRS Board since 2009. Mr. Merz is the Second Member of the Board and is elected by the ERRS Advisory Council. Mr. Merz was elected to the newly constituted ERRS Board in 2010 and reelected to a two year term as the Second Member in 2013. On October 14, 2015, the Advisory Council reelected Mr. Merz to a new three year term which will expire on December 1, 2018. You can reach Mr. Merz directly at kmerz@essexrrs.org.



Vincent R. Malgeri has served as the Fifth Member of the ERRS Board since January of 2012. Mr. Malgeri was reappointed by his fellow Board members to a new five year term in 2015. His term will expire on December 12, 2020. Mr. Malgeri is an attorney who was previously engaged in private practice in the health care industry and was also employed at Blue Cross of Massachusetts. Mr. Malgeri is currently the Retirement Administrator at the Greater Lawrence Sanitary District Employees Retirement System. He has also held several municipal positions, including as a the Mayor's representative to the Newburyport Retirement Board. Mr. Malgeri can be reached directly at vmalgeri@essexrrs.org.



FALL UPDATES FOR ERRS RETIREES



Benefit Payment Dates: Benefits are paid to ERRS retirees and survivors on the last business day of each month. Benefits will be paid for the last two months of 2015 on **November 30th** and **December 31st**. A schedule of all 2016 benefit pay dates will be posted on the ERRS web-site at www.essexregional.com in late December of 2015. All benefits are paid through a direct deposit in your designated bank account. If you have any questions about your benefit payment or if you wish to change the account into which your benefit is paid, please contact Anne Speicher, the ERRS Director of Administration and Finance at (978) 739-9151, extension 103, or via email at aspeicher@essexrrs.org.

Cost of Living Adjustments (COLA): Although the ERRS Board has approved a 3% COLA for five straight years, annual COLA approvals are not automatic. Each year the Actuary from the Public Employee Retirement Administration Commission (PERAC) advises the retirement boards of the increase in the Consumer Price Index. The retirement boards then can grant a COLA, but it cannot be more than 3%. In 2012, the ERRS Advisory Council approved the Board's request to increase the base to which the COLA is applied from \$12,000 to \$13,000. While the Board typically approves the annual COLA at its regular monthly meeting in February, by law the COLA does not become effective until July 1st of that year. When a COLA is approved, therefore, ERRS retirees will see the increase in the July benefit payment.

Annual Census: All retirees and beneficiaries will be receiving their annual census form in January of 2016. Please return this form to ERRS as it is essential that the retirement system receive your form back in order to avoid any interruption in your benefit payments.

Post-Retirement Earnings: ERRS retirees who are receiving a regular or "superannuation" retirement benefit, are reminded that you are limited in the amount of income you earn or receive from other sources after retirement, but only if you are re-employed in the service of the Commonwealth or any of its counties, cities, towns, districts or authorities. There are two strict limitations on further public employment following your retirement. 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 until the completion of your first, full calendar year of retirement. Your post-retirement employment is also limited to a period of up to 960 hours, in the aggregate, in any calendar year. Your post-retirement employment must cease when either limitation is reached. Any pay in excess of either the earnings or hours limitation must be recouped by the public entity that employs you or by the retirement board if the public entity fails to recoup the excess earnings. It is your obligation to monitor your post-retirement compensation and employment from public entities.

Insurance: Although ERRS will withhold your monthly health insurance premium from your retirement benefit, your eligibility and options for health insurance is arranged through your last employer. You must contact the designated person at your last employer for any changes or questions regarding your health insurance coverage. Your employer will contact ERRS with the proper monthly health insurance premium amount to be withheld from your benefit. Members should also know that health insurance premiums withheld from your monthly retirement benefit are a post-tax deduction, in accordance with IRS regulations.



FALL UPDATES FOR ERRS MEMBERS



Injury Reports: A notice of injury form should be filed with the retirement board by the member, or on behalf of the member, **WITHIN NINETY DAYS** from the date of accident or hazard undergone on the job. It is extremely important that you file a notice of injury if you have an accident on the job, or are exposed to a health hazard. This notice should be filed with ERRS in addition to any notice which may be filed with your employer. The notice of injury form establishes the time, place, and occurrence of the accident for future reference. If you later become disabled and more than two years have passed since the accident or hazard, it is imperative that you have an official record of the injury in order to seek accidental disability benefits. This notice of injury serves as the official record. Notice of injury forms can be obtained by contacting ERRS or by going to the retirement system's website at www.essexregional.com. The notice of injury form is available on the forms page of the website under both Employee and Payroll Coordinator Forms. For members who are employed in public safety positions, please note that an "incident report" or "log book" that places you at the scene of a particular event, but does not state that you sustained an injury, does not qualify as an injury report.

Retirement Application Procedures: You should try to contact ERRS as soon as you have notified your employer of your retirement date. Please remember that notifying your employer does not mean that ERRS is aware of your pending retirement. You must complete a retirement application with ERRS in order to receive your benefit. You will also have several decisions to make as part of the retirement application process. Ideally, you should contact ERRS sixty days before your retirement date, but certainly no less than thirty days before you leave public service. Once your retirement application is complete, it will be presented to the Board for approval. The Board meets once per month and you cannot receive your benefit payment until the Board has approved your application. Your first payment will reflect your monthly benefit payment retroactive to your retirement date. You will want to consider the timing of your last paycheck and the date on which you will receive your first benefit payment when developing your plans. Retirement benefits are paid to you on the last business day of each month. If applicable, you will arrange your health insurance through your former employer. ERRS will withhold your monthly premium from your benefit payment, but your coverage is through your employer. Regardless of when you plan to retire or at what stage you presently may be in your career, you may contact ERRS at anytime to discuss your retirement planning. ERRS encourages members to meet with us throughout your career to develop your retirement plans and to make sure your retirement goals are on track.

Purchase of Prior Non-Membership Service by Active Members: A 2014 administrative law decision declared that a member of the retirement system who is inactive cannot be eligible to purchase prior non-membership service or prior membership service for which the member took a refund. You must be an active member in service of the retirement system in order to purchase service. This is particularly important for members who are planning to retire and who are considering whether to purchase service at the time of their retirement. You must make sure that your service purchase has been completed while you are a member in service.



UPDATES FOR ERRS GROUP 4 MEMBERS

Reserve Police & Call Firefighter Service Purchases: As many of our Group 4 members know, in June of 2013, the Contributory Retirement Appeals Board (CRAB) rendered a decision in the case of Brenton MacAloney v. Worcester Regional Retirement Board, et al., (MacAloney.) This decision required all retirement boards in the Commonwealth to reassess the manner in which they award “free” service of up to five years to qualified public safety officers under the provisions of Massachusetts General Law, Chapter 32, Section 4(2)(b). In the aftermath of the CRAB decision in MacAloney, the Public Employee Retirement Administration Commission (PERAC) issued three memoranda over the course of a year to provide guidance to retirement boards on their options in awarding reserve police and call firefighter service. Still, there is litigation currently pending involving multiple retirement boards resulting from the ruling in MacAloney. The Board of ERRS worked for almost two years to develop a process whereby reserve police and call firefighter service could be awarded in a manner which best protected our members. This summer, the Board established procedures for eligible members to purchase their reserve police and call firefighter service. Since the summer, ERRS staff have contacted nearly 100 members who had pending requests to purchase reserve police or call firefighter service in order to move these service purchases forward. If you have prior reserve police or call firefighter service that you wish to purchase, or if you previously received credit for this service without remitting payment, or if you received a refund for a payment you did make, please contact ERRS and one of our retirement staff will review your situation with you. We appreciate the patience of our Group 4 members as we worked to untangle this unanticipated and complex situation that developed post-MacAloney.

Reserve Police & Call Firefighter Wages and Regular Compensation: This past spring, ERRS received a copy of a notice from PERAC in response to an inquiry from one of our member communities. This notice clarified when wages paid to a reserve police officer or call firefighter are considered regular compensation and, therefore, are eligible to be included as earnings towards retirement. ERRS agrees with PERAC that wages paid to call firefighters and reserve police officers (or any member of ERRS), must be regular, recurring and predictable in order to be considered regular compensation. Wages that do not meet this standard cannot be considered as regular compensation and retirement withholdings should not be taken from such wages. In addition, it is the position of ERRS that overtime wages are also not regular compensation as specifically described in Chapter 32. If any member, or any payroll coordinator within the ERRS system, has a question about a specific wage and whether it can be considered as regular compensation, please do not hesitate to contact Donavin Bentley, the ERRS Membership Coordinator at (978) 739-9151, extension 101, or via email at dbentley@essexrrs.org.

Retirement Benefit Estimate Charts: ERRS recently updated its retirement percentage estimate charts for Group 1 and Group 4 members who enrolled prior to April 2, 2012. These charts are available on the Members tab of the ERRS website, www.essexregional.com. The charts can be used by members to estimate their potential retirement benefits. As a reminder to members, several factors can affect your retirement benefit and these charts should be used as guides for estimating purposes only. We hope that you will find them helpful.



What is a disability retirement benefit?

Massachusetts retirement law provides for two different types of disability retirement: accidental and ordinary.

Generally, a member is eligible for an **accidental disability** benefit if the member is permanently unable to perform the essential duties of his or her position because of a personal injury sustained or a hazard undergone while in the performance of his or her duties at a definite time and place and without serious and willful misconduct on his or her part. It is extremely important that you file a notice of injury with ERRS within ninety days of an accident on the job, or are exposed to a health hazard. Proof of receipt of Workers' Compensation benefits may fulfill the notice requirement for those members covered by Workers' Compensation. For those members not covered by Workers' Compensation, official departmental records that clearly document you suffered an injury may be utilized for members of Groups 2 and 4.

A member-in-service is eligible for an **ordinary disability** if the member is permanently unable to perform the essential duties of his or her position, and the incapacity is not work-related. An applicant for an ordinary disability benefit must have at least ten years of creditable service. For non-veterans, the ordinary disability benefit is the same as it would be payable for a regular or "superannuation" retirement, utilizing a formula using age, creditable service and the average of a person's three highest years of regular compensation. For persons under the age of 55, the age factor will be "bumped up" to 55, providing a larger benefit. For veterans, the benefit payable is the annuity plus a yearly amount of pension equal to one-half the average annual rate of regular compensation for the twelve month period immediately preceding the effective date of their retirement allowance.

Once all aspects of a member's disability application are complete, the ERRS Board will schedule an evidentiary hearing. At this hearing, the member may be represented by counsel if he or she chooses, and the member may bring any other person they wish to attend or testify at the evidentiary hearing. The Board will appoint a hearing officer who will conduct the hearing, including swearing in witnesses. The hearing officer and Board members will ask the member questions regarding the application to determine if a medical panel should be convened.

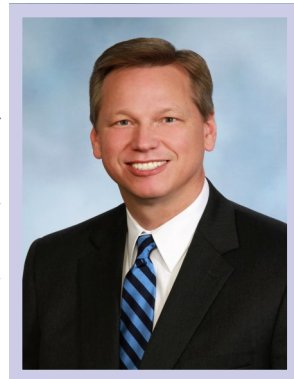
The Public Employee Retirement Administration Commission (PERAC) will then schedule a medical panel examination. The regional medical panel must answer whether or not they find that you are unable to perform the essential duties of your job and whether such incapacity is likely to be permanent. In the case of an accidental disability retirement, the physicians must also state whether or not your disability is such as might be the natural and proximate result of the accident or hazard upon which your retirement application is based. The regional medical panel has 60 days in which to submit its report to the retirement board through PERAC.

The ERRS Board will meet and review the medical panel report. If the medical panel majority affirmatively responds to the questions regarding incapacity, permanence and causation, the Board then has the discretion to grant or deny the application based on all the medical and non-medical evidence. If the medical panel majority negatively responds to any of the same three questions, the Board is required to deny the application as a matter of law. The Board also has the discretion to seek clarification from the medical panel if the circumstances so warrant. Once the Board's review is complete, it will either vote to submit it to PERAC for approval or deny it. PERAC has thirty days to act on the application and no benefit can be awarded until PERAC approves the application and the benefit calculation. If the application is denied, the member will have fifteen (15) days to appeal the Board's decision to the Contributory Retirement Appeal Board. A member receiving a disability retirement is subject to post-retirement income reporting and earnings limitations which cover both public *and* private sector employment.

VETERANS BENEFIT INFORMATION

By Charles E. Kostro, Executive Director

If you are an honorably discharged veteran, you may be eligible to purchase qualified military service time. For each year of military service sought, an eligible member is required to pay ten percent of the regular annual compensation that he or she was being paid upon entering the retirement system. No interest is charged to your purchase of qualified military service. Members who are veterans and are notified by ERRS of their eligibility to purchase their service will have 180 days in which to either make the purchase or to enter into an agreement to make the purchase.



Charles E. Kostro
Executive Director

Also, if you are a veteran, as defined in section one of Chapter 32, you will receive \$15 a year extra for every year or fraction thereof of creditable service, up to a maximum additional benefit of \$300 a year. Qualified service is listed in a chart in the retirement guides for public employees which are available on the ERRS website at www.essexregional.com. This veteran's benefit is paid to you even if your ERRS benefit has already reached its maximum of 80%.

If you feel you could be eligible for credit for your military service, you should submit your DD214 to ERRS to insure that your military service is recorded. You should also feel free to contact our staff and we will be happy to review your options with you.

ERRS INVESTMENT REPORT

According to the August 31, 2015 statement issued by State Street Bank, the custodial bank for ERRS, the retirement system's total assets were \$372,225,972. The investment performance report for the second quarter of 2015, issued by Dahab Associates, the ERRS investment consultant, showed ERRS assets as of June 30, 2015 at \$361,597,579. Overall, through the first two quarters of 2015, ERRS' investment portfolio has gained 0.1%, reflecting the uncertainty in the global markets that has occurred throughout 2015. ERRS investment performance reports are listed on its website at www.essexregional.com.



Over the trailing twelve month period of July 1, 2014 to June 30, 2015, the ERRS investment portfolio returned 4.8%, which was 0.9% greater than benchmark and ranked the retirement system in the 16th percentile. According to the annual report issued by the Public Employee Retirement Administration Commission (PERAC), ERRS' investment return for calendar year 2014 was 9.33%, which was the 8th best rate of return among Massachusetts public retirement boards.

As of June 30, 2015, 92.3% of ERRS assets are invested in the state managed Public Reserves Investment Trust (PRIT) Fund. The remaining 7.7% of ERRS assets are privately managed through investments in private equity funds (4.5%) and real estate (3.1%) with 0.1% of the assets in cash funds.

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Holiday Office Closing Schedule: *The retirement system's offices will be closed for the upcoming holidays on Thursday, November 26th and Friday November 27th. The office will also be closed on Thursday, December 24th and Friday, December 25th, as well as on Friday, January 1, 2016. Regular office hours are Monday through Friday from 8:30 a.m. to 4:30 p.m. We wish all of our retirees and members a safe and joyous holiday season.*