



My Benefits

A newsletter for the members of the
Plymouth County Retirement Association

Fall/Winter 2021 Edition

Members of the Board

Thomas O'Brien,
Chairman and
Plymouth County Treasurer

Joseph McDonough,
Elected Member

John Sciara,
Elected Member

James Harrington,
Appointed Member

Mary Beth Carter,
Appointed Member

David Sullivan,
Executive Director

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- Pension Reform:
Your Future Retirement
Benefits
- Pension Reform:
Anti-Spiking
- Deferring Your
Retirement

Plymouth County Retirement Association

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A Message from Executive Director

David Sullivan



The year 2021 has been a year that we have begun to get back to pre-pandemic normal working procedures. However, as going through this experience has shown us, we must adapt to events happening around the Plymouth County Retirement Association (PCRA) and develop new policies for the efficient running of the office.

Our doors were reopened to all of our members on June 15th when the State of Emergency ended. Before that date, the PCRA was opened to only members who had scheduled an appointment prior to their arrival. For the continued safety of our members and staff, we request that all members continue to schedule an appointment before coming to the office. We do this because the PCRA has only one room dedicated to counseling and so that we can limit the amount of people in the office at any given time. Appointments are available at the top of each hour between 8:00 a.m. - 4:00 p.m. Please keep in mind that the PCRA can provide the same full service over the phone at any time of the day so you don't even have to come into the office to get all the information that you are looking for. And, as always, our website www.pcr-ma.org is available to you 24/7.

As we have learned over the past year, things can always change as we continue to adapt to the pandemic. The one thing that won't change, however, is our commitment to serve our members.

Be safe,

PENSION REFORM

YOUR FUTURE RETIREMENT BENEFITS

After our most recent review of the Plymouth County Retirement Association's (PCRA) membership, we learned that, for the first time, over 50% of our active members have begun their public service on or after April 2, 2012. The significance of that date is that is when pension reform went into effect for all new members of any retirement board in Massachusetts. While the basic formula for calculating your benefit remains the same, there are a few new variables to the calculation.

Two of the biggest changes were made to the salary average and the minimum age at which a member can retire. Previously, for all retirees, a three year salary average was used for their calculations. Now, for all members hired on or after April 2, 2012, a five year salary is used. Additionally, under the old rules, a member could retire at age 55 with at least 10 years of creditable service or at any age provided that they have at least 20 years of service.

Today, members who were hired on or after April 2, 2012, are still required to have a minimum of 10 years of creditable service to be eligible to retire, but now have to wait until a minimum age of 60 to retire. Retiring at any age with at least 20 years of service is no longer an option for new members.

Members whose starting date is on or after April 2, 2012 have a slightly different calculation than those who started before. Be sure to know your benefits.

Additional changes to the calculation also effect the maximum age and corresponding age factor used as part of your retirement. Whereas before pension reform, the maximum age/age factor used was 65, for new members the maximum age/age factor used in the calculations is 67. Additionally, the age factors change whether you have at least

30 years of creditable service or not. For example, the age factor for the age of someone 62 with less than 30 years of creditable service is .0175. However, the same 62 year old who has 30 or more years of creditable service would have an age factor of .01875 which would generate a higher monthly retirement benefit.

If you have any questions in regards to your future retirement calculations, please feel free to contact the PCRA at **(508) 830 - 1803**.

PENSION REFORM PUBLIC SAFETY OFFICERS (GROUP 4)

The minimum and maximum age factors have also changed for members who are classified under Group 4. Previously, the minimum age was 45. The new minimum age for Group 4 members is 50. The old maximum age factor was 55, but for new members, the maximum age factor is reached at 57.

PENSION REFORM RETIREMENT CONTRIBUTIONS

If you started your membership on or after April 2, 2012, your contribution rate is 9% + an additional 2% on everything above \$30,000.00. However, if you obtain 30 years of creditable service, your contribution rate will be lowered to 6% + an additional 2% on everything above \$30,000.00.

PENSION REFORM ANTI-SPIKING

Lastly, pension reform included one more additional factor commonly referred to as Anti-Spiking. The two pieces of Anti-Spiking language address the salary average that retirement boards must use doing the calculations of anyone who retires on or after April 2, 2012 regardless of their start date.

Anti-Spiking (Section 14)

If your regular compensation increases by more than 100% between two consecutive years during the last 5 years of creditable service then this section of Anti-Spiking is violated.

Example of violating Anti-Spiking (Section 14)

| | | |
|------|----------|---|
| 2021 | \$74,000 | Because your salary more than doubled between 2018 and 2019, a violation occurs. |
| 2020 | \$72,000 | |
| 2019 | \$70,000 | |
| 2018 | \$32,000 | |
| 2017 | \$30,000 | |

What happens if there is a violation of Anti-Spiking (Section 14)?*

If this section of Anti-Spiking is violated, the PCRA will use the last five years of salary to determine your salary average instead of three if your membership started before April 2, 2012.

***There are no exceptions to Anti-Spiking (Section 14)**

Anti-Spiking (Section 18)

In determining your 3-year or 5-year (if you started on or after April 2, 2012) salary average, if your salary in any year exceeds the average of the salary of the previous two years by more than 10% this section of Anti-Spiking is violated.

Example of violating Anti-Spiking (Section 18)

| | | |
|------|----------|---|
| 2021 | \$12,700 | Because the average of the 2020 and 2019 salaries is \$11,250 and 110% of \$11,250 = \$12,375, the 2021 salary is greater than the 10% of the two previous years and a violation occurs. |
| 2020 | \$11,500 | |
| 2019 | \$11,000 | |
| 2018 | \$10,500 | |
| 2017 | \$10,000 | |

What happens if there is a violation of Anti-Spiking (Section 18)?*

If this section of Anti-Spiking is violated, the PCRA will not use any salary above the 10% of the average received in the previous two years. In addition, retirement contributions from any excluded salary will be returned to the member with interest at the actuarial assumed rate.

*** Unlike Section 14, there are some exceptions to the Anti-Spiking (Section 18) rule. They include:**

- Bona fide change in position
- Increase in the number of hours worked
- Overtime (though not used for salary average, used in Section 18 determination)
- Salary negotiated for union members or salary specified by law.

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DEFERRING YOUR RETIREMENT

IS IT SOMETHING YOU SHOULD DO?

A situation that comes up frequently at the Plymouth County Retirement Association (PCRA) is when a member ends their service with their employer, but they are not ready to start collecting a retirement. Usually this situation encompasses an individual who leaves public service and is going to finish their career in the private sector or someone who moves out of state, but your story may be unique to you.

“I’m working somewhere else and I don’t need the money right now” or “I’m just going to wait ‘til I’m older so I get a higher retirement” are probably the two biggest reasons the PCRA hears as to why a member would want to defer collecting their retirement, but is it the right financial strategy for you?

Let’s look at the numbers with a couple of examples of members who were hired before April 2, 2012.

Example 1

Jill Public Employee ends her service with:

60 years old

30 years of creditable service

Three year salary average of \$60,000.00.

=

Monthly retirement (Option A) \$3,000.00

Defers retirement without adding more service

65 years old

30 years of creditable service

Three year salary average of \$60,000.00

=

Monthly retirement (Option A) \$3,750.00

In this example, Jill Public Employee would receive an extra \$750.00 each month by waiting five years to start collecting benefits at age 65. However, in order to do so, she is giving up 60 months of payments of \$3,000.00 for a total sum of \$180,000.00 (plus COLAs) if she started to collect benefits at 60. At a rate of an extra \$750.00 every month beginning at age 65, it will take 240 months (or 20 years) to make up the \$180,000.00 not collected between ages 60 – 65.

Example 2

Mark Public Employee ends his service with:

55 years old

25 years of creditable service

Three year salary average of \$22,000.00

=

Monthly retirement (Option A) \$687.50

Defers retirement without adding more service

65 years old

25 years of creditable service

Three year salary average of 22,000.00

=

Monthly retirement (Option A) \$1,145.83

In this example, Mark Public Employee would receive an extra \$458.33 each month by waiting ten years to start collecting benefits at age 65. However, in order to do so, he is giving up 120 months of payments of \$687.50 for a total sum of \$82,500.00 (plus COLAs) if he started to collect benefits at 55. At a rate of an extra \$458.33 every month beginning at 65, it will take 180 months (or 15 years) to make up the \$82,500.00 not collected between ages 55 — 65.

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PENSION REFORM ANTI-SPIKING

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Is it possible to violate both sections at the same?
The answer to that is yes.

Example of violating Anti-Spiking (Section 14) and (Section 18)

| | | |
|------|----------|--|
| 2021 | \$21,000 | Because your salary more than doubled during the last 5 years of creditable service (2018 to 2019) and the 2020 salary exceeds more than 110% of the salary average of 2018 & 2019 and the 2019 salary exceeds more than 110% of the salary average of 2017 & 2018, two violations occur. |
| 2020 | \$21,000 | |
| 2019 | \$21,000 | |
| 2018 | \$10,000 | |
| 2017 | \$10,000 | |
| 2016 | \$10,000 | |
| 2015 | \$10,000 | |

If this occurs, in this example, the salary average used would be \$13,810 (2021 = \$21,000, 2020 = \$17,050 of the \$21,000, 2019 = \$11,000 of the \$21,000, 2018 = \$10,000 and 2017 = \$10,000). Retirement contributions on salary not used in 2020 and 2019 will be returned back to the member.

To conclude about Anti-Spiking, based on calculations made since pension reform went into effect, most members of the PCRA will not be effected. However, you should be mindful of the changes to the retirement calculations.

ONE LAST THING ABOUT DEFERRING YOUR DATE OF RETIREMENT

DEFERRING YOUR RETIREMENT

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As you can see based on those two examples, it will take a number of years for you to make up the money that you leave on the table in order to get a higher monthly retirement benefit later on. Even if you were to defer your retirement for a shorter period of time, for example only one year, the number of months that it will take for you to make up any money that you give up to get a slightly higher amount tends to still be a considerable amount of time to make up.

If deferring your retirement is something that you are thinking about doing, you may want to contact the PCRA to review your specific calculations to see if it is the right decision for you.

Another issue to consider is insurance.

If you end your service with your employer, but do not retire with the PCRA, do you have insurance coming from somewhere else? As a former employee that has not retired, but is eligible to, you may be eligible to stay on the insurance from your former employer, but you would be required to pay 100% of the premium. If you are vested, but not eligible to retire because you are not old enough, then you would not be eligible for any insurance.

For any questions regarding insurance coverage if you are planning on deferring your retirement from the PCRA, please contact your current or former employer for information.

If you are going to defer your date of retirement to your birthday, you can put your birthday as your date of retirement. If you put the day after your birthday, you would lose one day of retirement pay from the PCRA.

REINSTATEMENT TO SERVICE

If you are a retiree and you got an offer to return to public service that's too good to turn down, what can you do? The answer may depend on how long you have been retired and/or how long you are planning to work before you stop again.

The first thing you can do is simply suspend your current retirement, work in the position that you were offered, then when you stop, your original pension will be resumed at the amount that it was when you suspended it, but if there were any Cost of Living Adjustments (COLA) passed, you will be granted them as well.

The second thing you can do is "unretire" and become an active member again in the Plymouth County Retirement System (PCRA). Then, when you re-retire, your retirement will be recalculated with your new age, years of creditable service and salary average. In order to have your retirement recalculated, a few things would have to occur once your retirement ceases on your reinstatement date.

First, you would have to repay the gross amount of all the retirement that you have received from the PCRA before your reinstatement date, plus buyback interest (which is about 4%). This will need to be paid by your reinstatement date in a lump-sum payment or you will have to have entered into a signed and binding repayment plan. Additionally, retirement deductions will come out of your paycheck based upon the contribution rate in effect on the date of your reinstatement. Lastly, you will need to work at least five years after your reinstatement date. If you do not work the five years, your retirement will revert back to the retirement allowance you were receiving at the time you suspended your retirement, plus any colas, and the additional retirement contributions will be returned to you.

If you find yourself being offered a job to return to active public service, please feel free to contact the **PCRA** at **(508) 830 - 1803** to help guide you through the process with your current retirement.

UPCOMING PENSION PAYMENT SCHEDULE

| Month | Direct Deposit |
|----------|-------------------|
| October | October 29, 2021 |
| November | November 30, 2021 |
| December | December 31, 2021 |
| January | January 31, 2022 |
| February | February 28, 2022 |
| March | March 31, 2022 |

ARE YOU ON SOCIAL MEDIA

If you are on social media, did you know that you can find us on Facebook and Twitter?

Be sure to follow us on these platforms as we post updated information that may be of interest to you. You can find us at:



PCRetirementMA



PCRA_MA

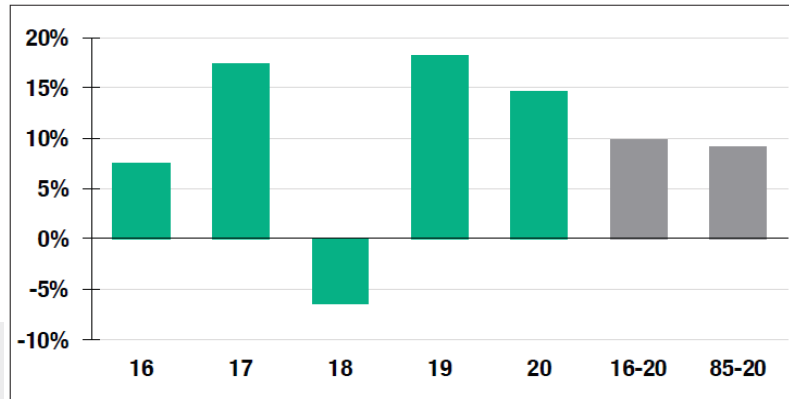
PCRA ANNUAL REPORT

The following has been prepared by the Public Employees Retirement Administration Commission (PERAC) and provides a detailed assessment of some of the important indicators relative to the PCRA's financial health.

| | | | |
|--------------------------------|-------------------------------|---|---|
| \$1.2 B Market Value | 14.62% 2020 Returns | 8.42% 2011-2020 (Annualized) | 9.16% 1985-2020 (Annualized) |
|--------------------------------|-------------------------------|---|---|

Investment Returns

(2016-2020, 5-Year & 36-Year Averages, as of 12/31/20)



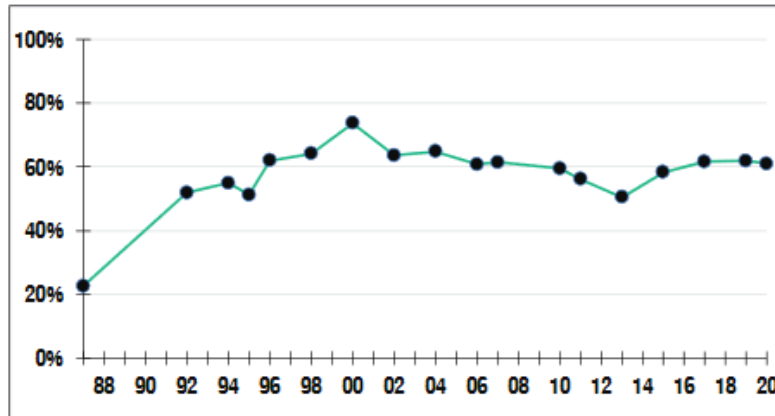
7.88%

Assumed Rate of Return

SYSTEM MEMBERS

Active Members5,708
 Total Payroll\$294.6 M
 Average Salary\$51,600
 Average AgeNA
 Average ServiceNA
 Retired Members.....4,334
 Benefits Paid\$111.4 M
 Average Benefit\$25,700
 Average Age73

Funded Ratio History (1987-2020)



61.0%

Funded Ratio

2029

Fully Funded

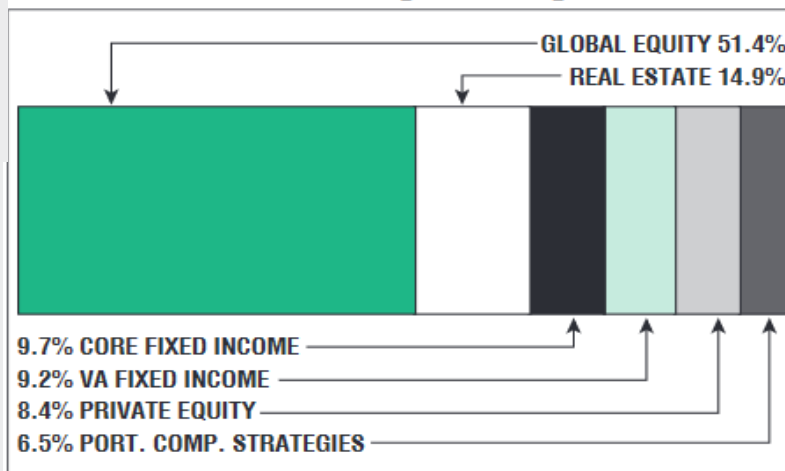
8.0% Total Increasing

Funding Schedule

2019 EARNED INCOME OF DISABILITY RETIREES:

Disability Retirees316
 Reported Earnings 119
 Excess Earners.....2
 Refund Due\$22,961

Asset Allocation [12/31/20]



\$693.3 M

Unfunded Liability

\$81.2 M
(FY2021)

Total Pension Appropriation





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NEW OFFICE UPDATE

As of the printing of this newsletter, the Plymouth County Retirement Association (PCRA) has had to push back the opening of our new offices to November 2021.

In the meantime, the PCRA will still be at our Cordage Park location and all appointments, calls and mail should continue to be directed there.

Please watch our website for any updates.

