



FREQUENTLY ASKED QUESTIONS ABOUT THE ANNUAL STATEMENT OF EARNED INCOME:

<p>Statutory Requirement</p>	<p>Who must file an <i>Annual Statement of Earned Income</i>? According to M.G.L. c. 32, § 91A, all disability retirees must file a <i>Statement</i> even if they did not have any income during the year.</p>
<p>Termination of Allowance</p>	<p>What happens if I don't file a <i>Statement</i> or submit the other documents required by PERAC? In accordance with § 91A, if a disability retiree fails to submit a <i>Statement</i> and the tax forms required by PERAC, and does not show good cause for this failure, the member's rights to a disability retirement allowance will cease and will not be reinstated until the member has complied with the reporting requirement.</p>
<p>Definition of Earned Income</p>	<p>What is earned income? Earned income is defined as implying some labor, management, or supervision in production thereof. Profits derived from the operation of a business through some labor, management, or supervision in production of such profits are earned income, regardless of how a retiree categorizes such income for income taxes or other purposes. Retirement pensions, Social Security, and unemployment compensation are not considered to be earned income.</p>
<p>Deferred Compensation</p>	<p>Is salary contributed to a deferred compensation or 401(k) plan considered to be earned income in the year it is contributed? Yes, in accordance with M.G.L. c. 32, § 91A, salary that is contributed to a deferred compensation (elective deferral) or 401(k) plan is earned income in the year it is earned and contributed to the retirement plan. Examples of such plans are 401(k), 457, federal thrift savings, SARSEP, SIMPLE, tax shelter annuities and Section 501(c)(18)(D) plans. Distributions from these plans are not earned income when they are taken at retirement.</p>
<p>Guardians</p>	<p>If a disability retiree has been confined to a nursing home or has been declared mentally incompetent and has difficulty in completing the <i>Statement</i>, what should be done? If at all possible, the retiree should fill out the form and sign it. However, the person acting as the retiree's guardian or the individual who holds the retiree's power of attorney may fill out the form on his/her behalf. The form should be returned to PERAC. Inclusion of a note explaining the retiree's status would be helpful.</p>
<p>Deceased Retirees</p>	<p>If a <i>Statement</i> is sent to a deceased retiree, what should be done with the form? Although PERAC makes every effort to avoid this situation, it can occur. Survivors or executors of the deceased's estate should simply return the <i>Statement</i> to PERAC with a note that the retiree has passed away, along with the date of death. Survivors are not required to complete the form.</p>

<p>Validation of Earnings</p>	<p>Does PERAC validate the earnings reported by disability retirees?</p> <p>The reported earnings are validated in a number of ways. Since disability retirees sign their <i>Statement</i> under the pains and penalties of perjury, it is very important to report fully and accurately.</p>
<p>Access</p>	<p>Who will have access to the <i>Statement</i> that I file?</p> <p>In accordance with §91A and the Privacy Act, your <i>Statement</i> and accompanying documents are not considered to be a public records. Only PERAC personnel and, in certain cases, retirement board staff will view these documents.</p>
<p>Working</p>	<p>Am I allowed to work while receiving my disability retirement allowance?</p> <p>Yes. Section 91A of Chapter 32 of the Massachusetts General Laws provides that a disability retiree’s earnings, when added to his/her retirement allowance (pension plus annuity), cannot exceed the regular compensation (salary) the member would have received had he/she remained in active service plus \$5,000.</p> <p>Please note that certain payments including bonuses, overtime, severance pay, any and all unused vacation or sick leave, early retirement incentive, or any other payments made as a result of giving notice of retirement are not considered part of regular compensation. (PERAC Regulations 840 CMR 15:30)</p> <p>Also please note that another section of the retirement law (§ 91) further limits the amount that any retiree may be paid for public sector work in Massachusetts. It is the retiree’s responsibility to advise the person responsible for paying his/her compensation that he or she is a public retiree and, as a result, his/her post-retirement earnings in the public sector are limited.</p>
<p>Current Regular Compensation</p>	<p>How can I determine how much regular compensation is currently being paid for the position from which I retired?</p> <p>You should contact the personnel office of the governmental unit from which you retired.</p>
<p>Reduction/Termination</p>	<p>Can a retirement board simply reduce or terminate a disability retiree’s benefits without any notice or without giving the retiree a chance to be heard?</p> <p>No. Prior to any termination or reduction of benefits pursuant to § 91A, the retiree must be given written notice and an opportunity to be heard by the retirement board. If benefits are terminated or reduced, the retiree has the right to appeal this action to the Contributory Retirement Appeal Board.</p>
<p>Incarceration</p>	<p>On the <i>Statement</i>, why do you ask disability retirees to answer whether they were incarcerated during any portion of the calendar year?</p> <p>Retirement allowance benefits to a disability retiree who is incarcerated for a felony committed on or after July 1, 1996 must cease for the period of incarceration. In order to ensure compliance with this statute, a response from each retiree is required.</p>
<p>Questions</p>	<p>If I have a question about completing the <i>Statement</i>, whom should I call at PERAC?</p> <p>Contact Ms. Sandra King at 617-666-4446, ext. 947 or Ms. Ellen Furtado at ext. 957. We urge you to leave a voice mail message with your name and telephone number if your call cannot be handled immediately. Calls will be returned as quickly as possible.</p>
<p>Lost Statement</p>	<p>I lost my <i>Statement</i>, how can I get another one?</p> <p>You must contact PERAC directly. The forms are not available online or from the retirement boards.</p>