MUNICIPAL RELIEF ACT

EARLY RETIREMENT INCENTIVE

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ERI Process, FAQs and Update

- The ERI was a part of the Municipal Relief Act.
- Signed into law on July 27, 2010.
- Section 66 of Chapter 188 of the Acts of 2010.
- Governor filed an emergency letter, making the law effective on July 27, 2010.

Process to Implement ERI

- CEOs to submit plans for PERAC approval within two months (September 28, 2010).
- Approved plan submitted to legislative authority for approval at next meeting.
- Plan approved by legislative authority published and made available to employees within one month.
- Employees apply within two months.
- CEO determines who can participate within one month.
- Applicants must retire within two months of the CEO's determination.

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Frequently Asked Questions

- What does a plan have to include?
  - If the CEO answers these questions, you have a plan-
    - What are you trying to accomplish?
    - How are you going to accomplish it?
    - How many will be offered the ERI?
    - How many do you hope take it?
    - Will it be limited?-- in other words, what's your "plan"?

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Frequently Asked Questions

- A surprising number of inquiries early on came from municipal lighting plants.
- Who is the legislative body for a municipal light plant?
  - The Town Meeting or City Council.

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Frequently Asked Questions

- Are employees of authorities and districts eligible?
  - No, the ERI is targeted to allow municipalities to adopt a limited municipal ERI.
    Only employees of municipalities are eligible.
  - Employees must be paid from the municipality's operating budget.
- Can employees use the 3 years in the incentive to become eligible?
  - No, an employee must be eligible (active with 20 years of service) in order to apply for the incentive.

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Frequently Asked Questions

- What is the rehire limitation?
  - The CEO is limited in the amount that can be paid to new employees who replace those who leave under the ERI.
  - 30% of the total salary of those who leave under the ERI in FY11, 45% in FY12 and 60% in FY13.
- Is the CEO limited in filling other vacant positions?
  - No, the limitation only applies to those positions vacated by the ERI.

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Frequently Asked Questions

- Are employees prohibited from taking vacation or sick leave while the ERI is being considered?
  - The scheduling of vacation and approval of sick leave is an employee-employer related question, not an ERI question.
- Can an eligible employee take advantage of both the ERI and the spousal retirement provisions?
  - Yes, an eligible employee can take advantage of all provisions of G.L. c. 32 to which he or she may be entitled.

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Role of the CEO

- What is the CEO responsible for in the ERI?
  - Development and submittal of the plan to PERAC;
  - Obtaining approval of the legislative body;
  - Publishing the plan to employees;
  - Determining which eligible employees can participate;
  - Paying over the accumulated vacation and sick leave to the Retirement Board;
  - Complying with the rehire limitations; and
  - Making the required annual reports to PERAC, Administration and Finance and the legislative body.

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Role of the Retirement Boards

- What is the Retirement Board's role in implementing the ERI?
  - The Board has no formal role other than to process retirement applications under the ERI. Most importantly, after the retirements take place, the Board will provide data for the ERI funding schedule.
  - The Board must provide the necessary membership data to allow CEO to develop the plan.
  - Retirement Board employees are not eligible to participate in the municipal ERI.

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Role of PERAC

- What is PERAC responsible for in the ERI?
  - PERAC approves the ERI plan submitted by the CEOs.
  - PERAC reviews ERI allowance calculations.
  - PERAC assists Boards in establishing the funding schedule for the increased costs of the ERI.
  - PERAC will review the annual reports from the CEOs.

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UPDATE on ERI Activities

- How many plans submitted and approved?
- Any actions by legislative bodies?

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