

MACRS

Spring 2023

Updates to PERAC 840 CMR Regulations



Patrick Charles, Deputy General Counsel | PERAC
Felicia McGinniss, Associate General Counsel | PERAC

MACRS Spring Conference | June 7, 2023

PERAC Regulation Project

- **Goal:** To revisit and revamp, if necessary, our regulations contained at Code of Massachusetts Regulations (“CMR”) Chapter 840.
- Some sections will be deleted in whole or in part.
- Investment/Compliance Regulation review is still pending.

2

Topics

- | | |
|-----------------------------|---------------------------------|
| ■ Travel Regulations | ■ Repealed Sections |
| ■ Annual Attestations | ■ Financial Operations |
| ■ Board Use of Credit Cards | ■ Audits |
| ■ Non-Disability Hearings | ■ Recently Approved Regulations |

3

NOTES:

840 CMR 2.00 – Travel Regulations

- Majority of changes were to simplify sections and update language so that the regulations will keep up with future changes to travel.
- **840 CMR 2.06 – Transportation**
 - Mileage reimbursement will be the IRS rate if the board does not have a supplemental regulation establishing a rate.
- **840 CMR 2.07 – Lodging**
 - Removed ability for board members and board staff to seek reimbursement for staying at their own place, such as a rental or vacation home.

4

840 CMR 2.00 – Travel Regulations (Cont'd)

- **840 CMR 2.09 – Other Reimbursable and Non-Reimbursable Expenses**
 - Mandatory resort or hotel fees are reimbursable.
- **840 CMR 2.11 – Board Credit Cards**
 - Removed entire section and added to 840 CMR 15.00.

5

NOTES:

840 CMR 15.01 – Annual Attestations

- Removed requirement for an affidavit.
 - Still signed by retiree/beneficiary under “penalty of perjury.”
- Must still be submitted at least once every 2 years.
- Attestation can be satisfied if the retiree comes to the retirement board’s office in person without completing the Form.

6

840 CMR 15.01 – Annual Attestations *(Cont’d)*

- Retirement boards can also complete a data match of the demographic information and status of the retiree/beneficiary, so long as it is:
 - Completed no less than semi-annually.
 - Completed by a 3rd party contracted through approved selection or procurement process.

7

NOTES:

840 CMR 15.01 – Annual Attestations *(Cont'd)*

- Retirement boards must still complete a random audit of at least 5% of the attestations received.
- The random audit should include retirees/beneficiaries who:
 - Came in person.
 - Completed the attestation form.
 - Were verified by the data match.

8

840 CMR 15.05 – Board Credit Cards

- New subsection – removed from Travel Regulations.
- Requires a supplemental regulation approved by PERAC.
 - Regulation must include the amount limit for prior authorization, the categories for which the credit card can be used (i.e. travel, subscription services, etc.), and a provision that continued or repeated non-conformance will result in cancellation of the credit card and other appropriate actions.
- Authorized users must be voted upon by the Board.

9

NOTES:

840 CMR 15.05 – Board Credit Cards (Cont'd)

- Permissible uses of credit cards:
 - Board related travel expenses.
 - Purchasing of supplies and other items used on a regular basis.
 - E.g., printing paper, ink, stamps, subscription services, etc.
 - HOWEVER, still need to follow the procurement process whenever possible.
- Credit card statements must be paid in full every month so as not to accrue interest.

10

840 CMR 15.05 – Board Credit Cards (Cont'd)

- Impermissible uses of credit cards:
 - Personal use.
 - Cash advances.
 - Electronic cash transfers.
- Use of debit cards will now be prohibited.

11

NOTES:

840 CMR 15.07 – Non-Disability Hearing By a Retirement Board

- The non-disability hearings will closely mirror the original disability hearing language, with the removal of specific references to medical information.
 - A disability specific hearing process will still be retained in 840 CMR 10.00.
- This section should be used for matters including, but not limited to, G.L. c. 32, ss. 15, 16, 91, and 91A.

12

Repealed 840 CMR Sections

- **840 CMR 8.00 – Applicability of \$30,000 Salary Cap**
 - Concerns the lifting of the pension cap and additional 2% contribution on salaries over \$30,000.
 - There are currently no capped systems, so this section is no longer relevant.
- **840 CMR 11.00 – Service After Age 70**
 - Previously, anyone over age 70 who wished to continue to accrue creditable service and make contributions had to elect the option under G.L. c. 32, s. 90G ³/₄.
 - Section 90G ³/₄ was repealed in 2017, so this section is no longer relevant.

13

NOTES:

Repealed 840 CMR Sections (Cont'd)

- **840 CMR 12.00 – Service Between Age 65 and 70**
 - Repealing subsections 12.02, 12.03, and 12.04.
 - Retaining subsection 12.01.
 - This concerns the mandatory retirement age for certain public safety employees.

14

840 CMR 4.01 – Definitions

- Revised section to provide definitions for key terms that are used throughout 840 CMR 4.00, such as:
 - Accounting Period.
 - Adjusting Journal.
 - Cash Books.
 - Extension.
 - General Ledger.
 - Trial Balance.

15

NOTES:

840 CMR 4.03 – Copies to be Sent to PERAC

- Expanded the list of what must be sent to PERAC monthly to include the monthly general ledger.
- Added a chart to indicate the due dates for the monthly cash books.
 - Phases in the months at the beginning of the year.

16

840 CMR 4.05 – Copies to Be Shared With Board Members

- New subsection that requires board staff to share the following with all board members:
 - The completed monthly cash books.
 - Cash reconciliations.
 - Quarterly comparisons of budgeted amounts to actual spending.

17

NOTES:

840 CMR 25.00 – Field Examinations of Contributory Retirement Systems

- Field examinations will encompass the required period since the last completed examination and will include a review of subsequent years as appropriate.
- In conducting a field examination, PERAC may rely on the work of a certified public accountant and conduct a supplemental examination as necessary.

18

Recently Approved Regulations

- **840 CMR 28.00 – Electronic Signatures**
 - See PERAC Memo #28 of 2022.
- **840 CMR 3.00 – Internal Revenue Code Compliance Provisions**
- **840 CMR 13.00 – Rollovers for Service Purchases and Buybacks**

19

NOTES:

840 CMR 3.00 – Internal Revenue Code Compliance

- Updated language to reflect the new Required Minimum Distribution (“RMD”) rules.
 - Age 72 is reflected in the updated regulation.
 - However, as of January 1, 2023, the RMD was again increased to age 73.
- Added Simple IRA as an eligible retirement plan.

20

840 CMR 13.00 – Rollovers for Service Purchases and Buybacks

- Added Simple IRA as an eligible retirement plan.
 - Rollover must be completed after 2-year period defined in Code Section 72(t)(6).

21

NOTES:

Contact Information

- Patrick Charles, Deputy General Counsel
 - patrick.m.charles@mass.gov
- Felicia McGinniss, Associate General Counsel
 - felicia.m.mcginiss@mass.gov

NOTES:



Questions??

NOTES:

[illegible]

COMMONWEALTH OF MASSACHUSETTS

Public Employee Retirement Administration Commission

Five Middlesex Avenue, Suite 304 | Somerville, MA 02145

Phone: 617-666-4446 | Fax: 617-628-4002

TTY: 617-591-8917 | Web: www.mass.gov/perac

