

MACRS

Spring 2022

Updates to PERAC 840 CMR Regulations



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PERAC Regulation Project

- Goal: To revisit and revamp, if necessary, our regulations contained at Code of Massachusetts Regulations (“CMR”) Chapter 840.
- PERAC subcommittee reviewing every jot and tittle of the present regulations.
- Major changes contemplated for “Miscellaneous” Section 840 CMR 15.00, although not the regulation concerning “Regular Compensation.”
- Some sections will be deleted in whole or in part.
- Investment/Compliance Regulation review still pending.

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Topics

- Electronic Signatures
- Approval of Retirement Board Decisions
- Benefit Calculations
- Annual Attestations
- Board Use of Credit Cards
- Tax Updates
- Repealed Sections

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NOTES:

840 CMR 28.00 – Electronic Signatures

- Electronic Signatures regulation
- Hearings held virtually on May 16, 2022 and May 25, 2022.
- Written comment period closed on May 26, 2022.
- Next Step: The July Commission meeting, when the Commissioners will vote on sending this regulation along.

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840 CMR 28.00 – Electronic Signatures (Cont'd)

- “Wet signature” created when a person marks a physical document as evidence of that person’s personal witness and certification of the content of all, or a specified part, of that document.
- A member of a retirement system or a person becoming a member of a retirement system retains the right to sign a prescribed form with a wet signature upon request.

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NOTES:

840 CMR 28.00 – Electronic Signatures (Cont'd)

- Electronic Signature defined to include, not only electronic and digital signatures, but signatures received by the retirement boards via fax or via scan.
- In the case of faxed or scanned documents, the signature and the form must be completely legible.

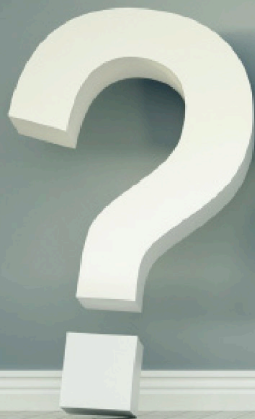
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840 CMR 28.00 – Electronic Signatures (Cont'd)

- Each retirement board must decide whether to permit the use of electronic signatures.
- If the board wishes to do so, it must be presented to PERAC by virtue of a supplemental regulation.
- As part of the supplemental regulation, a retirement board must state that it will institute and maintain appropriate security procedures.

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NOTES:



Comments/questions about the proposed **Electronic Signature Regulation?**

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840 CMR 9.00 – Approval of Retirement Board Decisions

- Bringing this section up to date in terms of forms and required personal information.
- Removing medical death criteria to disability regulations.
- Adding in Termination Retirement Allowances pursuant to G.L. c. 32, Section 10(2).
- Removing reference to applications requiring the applicant to establish “whether the applicant’s employment included any work for pay on or before June 30, 1939.”*

*Now almost exactly 83 years ago.

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NOTES:

840 CMR 15.02 – Purchase of Prior Membership Creditable Service; Purchase of Creditable Service for Non-Membership Service, Rates of Contribution Upon Return to Active Service

- This section of the regulations deals with buy backs of prior membership service, and the purchase of non-membership service, when permitted.
- Section deals with the rules regarding each type of service to be purchased.
- Primary change here is to the interest rate charged on the purchases.

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840 CMR 15.04 – Benefit Calculation Factors

- Proposed new language:
 - The Public Employee Retirement Administration Commission, through its Actuary, is required to review the mortality table and interest rate used in the determination of the actuarial equivalence factors for Options A, B and C on or before January 1, 2014 and every 10 years thereafter. After the review, if changes are warranted, the Actuary will select a revised mortality table and/or a revised interest rate to be used in the determination of actuarial equivalence factors and develop such revised factors.

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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.
- Along with address of retiree/beneficiary, should also obtain updated:
 - Phone number
 - Email address

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840 CMR 15.01 – Annual Attestations (Cont'd)

- Attestation can be satisfied if the retiree comes to the retirement board's office in person without completing the Form.
- 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.

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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.

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840 CMR 15.05 – Board Credit Cards

- New subsection – removed from Travel Regulations
- Same requirements as before:
 - Supplemental regulation approved by PERAC.
 - Authorized users voted upon by the Board.
 - Receipts for each purchase must be provided within 10 business days of the statement date.

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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, computers, folders, writing instruments, etc.
 - HOWEVER, still need to follow the procurement process whenever possible.
- Credit card statements should be paid in full every month so as not to accrue interest.

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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.
- Non-conformance to policy will result in cancellation of card and other appropriate actions.

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NOTES:

840 CMR 3.00 – Internal Revenue Code Compliance

- Changing language for RMDs – age 72 as of now.
 - There are pending bills in House and Senate.
 - PERAC will monitor and update retirement boards if any changes are made.
- Added Simple IRA as an eligible retirement plan.

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840 CMR 13.00 – Rollovers for Service Purchases & Buybacks

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

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NOTES:

840 CMR 8.00 – Applicability of \$30,000 Salary Cap

- This section concerns the lifting of the pension cap and the additional 2% contribution that is made on salaries over \$30,000.
- There are currently no capped systems.
- This entire section will be repealed.

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840 CMR 11.00 – Service After Age 70

- This section concerns how to handle the election to contribute 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 $\frac{3}{4}$.
- Section 90G $\frac{3}{4}$ was repealed in 2017.
- This section will be repealed.

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NOTES:

840 CMR 12.00 – Service Between Age 65 and 70

- 12.01 – concerns the mandatory retirement age for certain public safety employees. This subsection will be retained.
- 12.02 – concerns continuing contributions between age 65 and 70 and will be repealed.
- 12.03 – concerns the calculation of a retirement allowance for someone who continued in service between age 65 and 70 and will be repealed.
- 12.04 – contingent on the 90G $\frac{3}{4}$ election and will be repealed.

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840 CMR 10.12 – Hearing by Retirement Board

- This subsection concerns hearings conducted by a retirement board, specifically in the context of the disability process.
- A disability specific hearing process will be retained in 840 CMR 10.00.
- A new regulation concerning hearings on non-disability matters, such as pension forfeitures and overearnings, will be inserted in 840 CMR 15.00.

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NOTES:

Investment Regulations to Be Reviewed

- 840 CMR 16.00
- 840 CMR 17.00
- 840 CMR 18.00
- 840 CMR 19.00
- 840 CMR 21.00
- 840 CMR 23.00
- 840 CMR 26.00

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QUESTIONS??

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