

## **Franklin Regional Retirement Board Operational Policies**

### **Names and Addresses to MassRetirees:**

February 26, 2004 – Moved and seconded to approve the submission of retiree names, except for public safety retirees, to the Retired State, County, and Municipal Employees Association of Massachusetts.

### **Email addresses to MassRetirees**

March 25, 2020 - The Mass Retirees Association reached out to retirement boards requesting their latest listing of retirees and survivors to include the retiree's or survivor's home address, their personal email address and telephone number. Dale asked the Board if they wanted to include the retiree's email addresses to Mass Retirees.

*On a motion made by G. Voelker and a second by M. Stokarski, the Board voted unanimously to not provide email addresses of retirees and survivors to Mass Retirees.*

### **Repayment when retiree requests a “Reinstatement to Service”:**

November 17, 2005 – Moved and seconded that a retiree who requests a 'Reinstatement to Service' must reimburse the Retirement System in one lump sum, the amount required by M.G.L. Chapter 32§105.

### **Death of Retiree – prorated checks:**

February 28, 2002 – Moved and seconded, to approve the issuance of full payroll checks to deceased retirees after the payroll register has been finalized provided the cost to the system will be \$200.00 or less.

### **Membership for Fire Chiefs of Call-Fire Departments**

11/25/2008 - In the past there has been some confusion about how to treat membership and creditable service for the chiefs of the fire departments that are defined as “call firefighter” departments. Based on the low number of hours, call firefighters are excluded from membership, and, as per chapter 32, call firefighters do not get creditable service. However, the chiefs often are paid an annual salary to perform administrative duties, which makes their employee status more like a regular employee. Staff has discussed the issue with the other regional systems and the Board attorney, and has concluded that chiefs should be allowed membership and creditable service, subject to the same regulations as other employees. After some discussion **the board agreed that when fire chiefs meet the current membership regulations they should be eligible for membership and creditable service. Fire chiefs that are current members will remain members and be given creditable service.**

### **Erroneous Omission of Membership – Notification:**

9/25/07 - The Board voted to accept the following policy:

Upon notification of an erroneous omission to membership, the FRRS will inform the member of the error by sending a certified letter. The letter will describe the omission and the potential gain of creditable service as well as the limited opportunity (90 days) in which to respond to the make-up offer to purchase said service based on deductions only.

The member will have 90 days to respond to a certified letter mailed to the address of record.

1. The member may purchase the creditable service based on the Board's current policy of lump sum payment, rollover from a qualified plan, or 5 year payment plan, either payroll deductions or personal payment.
2. If the member does not respond to the notification, any future request to purchase the noted creditable service will include an interest calculation from closing date of the initial offer to the actual date of purchase.
3. This policy will be invoked for any member who was omitted from membership by administrative error.

The member will have 30 days to pay in full from the date of board approval of the purchase request, otherwise interest will accrue as allowed by law.

#### **Direct Deposit of Retirees' checks:**

June 30, 2009 – The Board voted that all monthly retirement allowances must be processed by direct deposit to the retiree's institutional account of choice.

The Board voted to amend the original motion, to make it mandatory that all new retiree allowances effective on or after 7/1/09, must be direct deposit.

The motion as amended was approved by unanimous vote.

#### Should we now require ALL retirees to Direct Deposit

July 31, 2013 - The Board discussed requiring all retirees (past and present) be required to receive their monthly benefit via direct deposit. Susan Bobe, Assistant Director, was asked to write a letter to those retirees that receive checks requiring they direct deposit their monthly benefit by January 1, 2014. Upon approval of the letter by Board Chair, Sandra Hanks, the letter requiring direct deposit will be included with the August monthly benefit check.

*On a motion made by D. Gendron and a second by M. Stokarski, the Board unanimously voted to require all retirees to receive their monthly benefit via direct deposit effective January 1, 2014.*

In addition the Board requested that staff check to see if we are required to furnish retirees with a "Notice of Deposit" each month. If not, the Board requested that the staff put a note on the next Notice of Deposit stating: "Notices of Deposit will no longer be sent unless the retiree calls to request one."

#### **Reporting minority votes in the minutes**

November 24, 2009 - On a motion by D. Gendron and a second by M. Stokarski, the Board voted unanimously to report the name(s) of Board members either abstaining or voting in the minority on any vote taken by the Board.

### **Appoint Assistant Treasurer/Vice Chairman**

July 31, 2013 - Dale Kowacki, Executive Director presented the Board with suggestions to reorganize the Board due to the departure of Herb. Dale suggested that the Board vote to designate the "Second Member" as the Assistant Treasurer, and suggested the Board vote to designate someone else on the Board to be Vice Chair.

*On a motion made by M. Stokarski and a second by D. Gendron, the Board unanimously voted to designate the Appointed Member of the Advisory Council (Second Member) to the Board as the Assistant Treasurer.*

*On a motion made by M. Stokarski and a second by S. Hanks, the Board unanimously voted David Gendron as Vice Chair.*

### **Voucher Approval Prior to Board Approval**

November 19, 2004 - There may be times during the normal course of business when a disbursement must be made prior to Board Approval. M.G.L. c. 32, s. 23(2) which states, in pertinent part, relative to payments by the Board:

*"Payments from such funds shall be made by [the treasurer] only upon vouchers signed by two persons designated by the board of any such system by a vote a duly attested copy of which, bearing upon its face specimen signatures of such persons, shall be filed with the treasurer-custodian as his authority for making payments upon vouchers so signed. No voucher shall be drawn unless it shall have been previously authorized by vote of the board."*

The Board voted to designate ~~Herb Sanderson~~ as a second signer. (July 2013, Paula Light replaced Herb as the Assistant Treasurer/second signer.)

Later - The board vote to allow disbursements did not provide much guidance as to procedure, so the following procedures have been formulated to meet various needs, such as: fiduciary responsibility, full disclosure, timing, review and approval of the full board, auditors, staff efficiency, and good business practices.

- Determine the need for urgency.
- Request in writing, stating the need and the reason.
- Get signatures of approval from the Board Chair, and Assistant Treasurer.
- Issue payment and transfer funds to cover.
- Include warrant for approval of the full board at the next board meeting.

Do not be frivolous with the privilege. First determine that there is a true and compelling need to issue payment before the next meeting. Frequent use of this procedure will cause the full board to feel concerned and will likely attract the scrutiny of the auditors. Check beforehand with the Chair, and Assistant Treasurer, to see if they are willing to approve. It would be a waste of time to prepare all the paperwork (and print the check) if they do not approve. If they

give you the go-ahead, process the disbursement (invoice, payroll, refund, transfer) using the regular procedures and creating a warrant. However, create some additional form of official paperwork to be used in the approval process.

Paperwork could be in the form of a memo that is attached to the warrant and “bill”, or it could be a modification to the warrant. (See the December 4, 2009 warrant as an example.) Include on the request the following:

- Reference to the November 19, 2004 board vote as statutory provision.
- Explain what the disbursement is.
- State the reason for the urgency.
- Reminder that the “bill” will be presented to the full board for approval.
- A place for the “requestor” to sign.
- Places for the Chair, and Assistant Treasurer, to sign their approval.

#### **Requiring notarized Refund Applications:**

September 28, 2011 - The Board discussed the potential for theft and fraud by others when refund checks are requested and/or mailed and voted the following policy:

The Board voted to require notarization of the member’s signature on all refund applications, with presentation and copy made of legal photo identification when and if the member comes to the retirement office to pick up the refund check, and if someone else is sent to pick up the refund check, they must present a letter signed by the member - the signature on the letter must match the notarized signature on the refund application - giving the retirement system permission and instruction to give the check to the person presenting the letter, with photo identification of the recipient presented and copied.

#### **Wording of policy for Workers Compensation settlement percentage:**

November 30, 2011 - When the Board grants its legal counsel the authority to negotiate with a member’s legal counsel with respect to lump sum settlement in worker’s compensation claims involving members who have retired for either ordinary or accidental disability, the Board requests its legal counsel resolve such claims for not less than a 20% allocation to the Board, and to confer with the Board before agreeing to accept less than 20%.

#### **Membership Policy regarding school personnel in MTRS eligible positions:**

December 21, 2011 – Having not approved the following policy that would preclude membership to school personnel in MTRS eligible positions pending MTRS certification, persons working in FRRS membership eligible positions are to be made members until when and if they are certified with MTRS and can then be members with MTRS.

*On a motion made by M. Stokarski and second by H. Sanderson, the Board voted unanimously to not approve the following policy:*

~~“Any individual who is employed in a position that requires certification that is acceptable to the Massachusetts Teachers Retirement System (MTRS), meets the membership criteria for the MTRS but is waiting to become a member pending certification, and it is acceptable to the MTRS to receive a certification waiver for this individual – is excluded from membership in the Franklin Regional Retirement System.”~~

However, less than full time, contracted, certified teachers that are made to **wait 6 months by MTRS before becoming members**, are not eligible to be members with FRRS during the waiting period.

*On a motion made by D. Gendron and second by H. Sanderson, the Board voted unanimously to approve the following policy:*

*“Any individual who meets the membership criteria for the Massachusetts Teachers Retirement System but is subject to a waiting period due to the part-time provision of their contract, is excluded from membership in the Franklin Regional Retirement System during the same six month waiting period.”*

#### **Determine policy on interest rate on purchase of nonmember service:**

May 30, 2012 - The latest Pension Reform included a provision that gave returning members one year from their return date to buyback any refunds at half the interest rate, after which the rate would be full actuarial interest (7.875%). PERAC has included purchases of nonmember service (part-time, temporary) in their interpretation of the law. Michael Sacco has stated that this is incorrect and the Board should decide for itself how to apply the new law.

*On a motion made by H. Sanderson and a second by D. Gendron, the Board voted unanimously not to charge actuarial interest on the purchase of non-member service.*

#### **Board Policy regarding signature date of retirees' payroll:**

September 26, 2012 - The Board discussed current internal policy regarding when retirement allowances are paid and mailed, and concluded that internal policy should be retained and become board policy.

*On a motion made by D. Gendron and second by M. Stokarski, the Board unanimously voted to accept our internal policy as board policy.*

Our internal policy is:

*Retirement allowances are paid on the last business day of each month, or the 30<sup>th</sup>, whichever comes first. Check date should be the last business day of each month, or the 30<sup>th</sup>, whichever comes first. Checks will be mailed after 3:00 PM on the second business day prior to the check date.*

#### **Retirements on Agenda before PERAC approval**

October 30, 2013 - The retirement calculations that are done in this office are sent to PERAC for approval before the Board will approve first payment of benefit to the retiree. This has been the Board policy and practice for many years. Currently it is taking many weeks for PERAC to process approvals. However, for the last few years, prior to sending the calculations to PERAC, they have been

thoroughly reviewed by Dale Kowacki, Executive Director, and it has been several years since there has been any corrections made by PERAC.

Staff would like the Board policy to be changed slightly, allowing staff to place a pending retiree on the Board agenda and subsequently begin a retirement allowance after it goes through the rigors of approval in-house. Approval from PERAC will still be sought for official documentation but any delay on PERAC's part will not delay the member's first payment.

*On a motion made by P. Light and a second by P. Mokrzecki, the Board unanimously voted to allow a pending retiree to begin receiving a retirement allowance prior to PERAC approval.*

### **Sequence during disability application:**

September 26, 2012 - The Board discussed the steps in the process of a disability application and how to shorten the process. The Board recommended that a member seeking a disability retirement be informed that the process takes up to a year. In addition, the Board agreed to meet sooner than regular monthly meetings in order to move a disability application along in a timelier manner. (Therefore, and hint of hearing from Michael – start to schedule it pronto. Dck)

### **\$15k Post-retirement earnings on 366<sup>th</sup> day**

January 29, 2014 - The members of the Board discussed and reviewed the \$15k Post-retirement earnings benefit to retirees that allows retirees to earn an additional \$15,000 over and above the standard limitation, but not until a year after their retirement. A recent PERAC memo could actually cause the retiree to wait two years before they can increase their earnings:

*(Memo 30/2013) “. . . for the upcoming 2014 calendar year, any retiree retired on or before January 1, 2013 will be able to add the additional \$15,000. However, more recent retirees who retired after January 1, 2013 do not get this additional \$15,000 as earnings in 2014 but will each calendar year thereafter.”*

We have been following Attorney Michael Sacco's guidance – which is to keep the wait period to 1 year and start the increased earnings on day 366.

*On a motion made by M. Stokarski and a second by P. Light, the Board unanimously voted to keep the wait period to 1 year and start the increased earnings on day 366.*

### **Timing of payment of Board Stipend**

July 31, 2013 - The Board reviewed and discussed the timing of the payment of Board Stipends. Currently, the Board is being paid for the month at the start of the month.

*On a motion made by D. Gendron and a second by M. Stokarski, the Board unanimously voted to pay the monthly Board Stipend after the end of the month beginning with the August stipend.*

### **Policy on error correction of transferred service credit**

February 26, 2014 - Susan Bobe, Assistant Director asked the Board to discuss the policy/practice of changing service credit already transferred to another Board and either confirm the practice or revise the policy.

“Procedures in this office have been to review the creditable service for transferred accounts if the receiving Board or the member inquires prior to retirement. We have changed the accepted liability in these cases and it is usually a decrease. If however, neither the member, nor the receiving Board choose to verify the transferred service, then the record is reviewed when this office receives the 3(8)(c) notice of our financial liability for that particular benefit. Our action at this point is to ask for a recalculation of the liability based on the level of earnings in each Board, but we do not change the creditable service. The member receives the benefit of the inflated service; it is only this Board’s liability that may be reduced.

I believe that this practice creates an inequity for our members resulting in a decrease in benefit or an extended career for those members that are conscientious enough to be reviewing their options while the majority of transferred files do not undergo this second scrutiny. We have found that these errors are primarily for service between 1980 and 2000 when the supplemental regulations underwent 5 revisions.”

After discussing the policy/practice the Board asked the staff to review all of the transferred files for possible changes to service credit and report their findings at the March meeting.

### **Electronic, or Paper, Investment reports**

July 31, 2013 - When the investment managers come to visit they send us presentation materials that have plastic covers and bindings that can’t be recycled as easily as paper. Staff doesn’t like processing all the trash every time, and wonder if we can discuss alternatives. A favorite option is to ask the managers to send paper only and eliminate the plastic – that way we can just drop them into recycling when the meeting is over. Another idea would be to get computer tablets for each of the Board members and load them with meeting materials each month.

*On a motion made by M. Stokarski and a second by D. Gendron, the Board unanimously voted to ask the investment managers to send their presentation materials paper only and eliminate the plastic.*

In addition the Board requested staff begin to experiment with the use of computer tablets.

### **Change Assessment Allocation Calculation**

October 30, 2013 - Dale Kowacki, Executive Director, presented the Board with a proposal to use a three year average of salaries derived from deductions received, as a simpler method to allocate the assessments.

*On a motion made by M. Stokarski, and a second by P. Light, the Board voted (3 ayes, D. Gendron was not present for the vote) using a three year average of salaries to allocate the assessments.*

#### **Exit conferences for all audits**

October 29, 2014 - Dale Kowacki, Executive Director, presented to the Board the draft final version of Melanson Heath's audit of the system for the year 2013. The Board discussed the audit and requested that an exit audit with Melanson Heath be set up for the November meeting. In addition, the Board requested that exit audits with the full Board be conducted for all audits.

*On a motion made by P. Mokrzecki and a second by D. Gendron, the Board voted unanimously to conduct exit audits with the full Board for all audits.*

#### **Nursing Home bank accounts for retirees**

March 30, 2016 - Dale Kowacki, Executive Director asked the Board members what their thoughts were on allowing retirees monthly benefit to be deposited to nursing home accounts, and if allowed, would the Board allow deposits to accounts that do not bear the retiree's name. After some discussion the Board voted the following:

*On a motion made by D. Gendron and second by P. Mokrzecki, the Board voted unanimously to allow retiree's monthly benefit that bears the retiree's name to be deposited to nursing home accounts. In addition, the witnessing or notarization of the retiree's signature on the direct deposit form will be required.*

#### **Vote Policy on interest when correcting errors**

October 25, 2016 - At last month's Board meeting on 09/28/2016, the Board members tabled this discussion until the 10/25/2016 meeting and asked staff for a simplified presentation of the proposed policy when correcting errors.

After a brief discussion and review of the proposed policy the Board decided to go with the proposed policy as presented with the addition to the last sentence.

*On a motion made by P. Mokrzecki and second by D. Gendron, the Board unanimously voted to set policy as follows:*

*"When correcting errors in ~~deductions, refunds,~~ retirements, or any other circumstance subject to the requirements of MGL 32 §20(5)(c)(2)(first sentence), the interest rate to apply when refunding excess or collecting missing funds will be equal to the "regular interest" rate.*



### **Only post meeting notices to website**

July 19, 2017 - Dale Kowacki, Executive Director recently realized that the process by which we post our meeting notices could be simplified. Our process currently is to fax, email, or upload to websites (our short agenda) which takes about half an hour and then the towns post it to their locations. The simpler method is for the Board to vote a procedure to only post the meeting notice on our website, as authorized by 940 CMR 29.03. A written notice must be filed with the Attorney General stating that the Board has adopted the alternative method for notice postings.

Dale suggested the following wording for notice postings:

All official and required notices of meetings of the Franklin Regional Retirement System shall be posted on the website of the system, which currently is at this web address: <http://www.frrsma.com/meetings-agendas-minutes/>. An electronic copy of the notice shall be filed and kept by the Executive Director in the system's electronic file system, as well as a paper copy, which will first be posted on the front door of the office in a manner that is visible by members of the public, and then stored with files related to the posted meeting. Annually, the member employer units of the system shall be provided with a list of the dates and times of the meetings of the system for the upcoming year, with a request that the list be posted officially by each member employer unit's posting officer. The list of meetings shall include instructions about the website location of the system's meeting notices. The list of meetings shall be updated and redistributed whenever a change is made to the date, or time, or location of any future meeting.

*On a motion made by P. Mokrzecki and second by P. Light, the Board voted unanimously to approve the procedure for notice postings as written above.*

### **Benefit verifications**

March 28, 2018 - Dale Kowacki, Executive Director asked the Board if staff can change how we do the retirees' benefit verifications.

- Do them every-other-year instead of annually
- Require notarized signatures instead of inspect them every year for consistency
- Send them with the July notice-of-deposits instead of the December NODs

Dale informed the Board that we are required by CMR 840, 15.01, to obtain affidavits of Retired Members and Beneficiaries, "no less frequently than once every two years,..."

After a brief discussion, the Board agreed to change to a biennial schedule, beginning July 2019 and require notarized signatures on the retirees' benefit verifications.

*On a motion made by G. Voelker, and a second by P. Mokrzecki the Board voted unanimously to change to a biennial schedule, beginning July 2019 and require notarized signatures on the retirees' benefit verifications.*

### **LOA determination (Leave of absence)**

October 30, 2018 - The provisions of MGL 32 §5(3)(b) require us to fill in the salary gap when someone was on an unpaid leave of absence (“LOA”) for less than a year during the salary years in their 3-year average. What criteria will the Board accept in determining what constitutes a LOA?

*On a motion made by M. Stokarski and a second by P. Mokrzecki, the Board voted unanimously to request Dale draft policy wording, to be presented to the Board at its November 2018 meeting, that requires that any LOA used when §5(3)(b) is applicable must be approved, and documented as approved by the appropriate authority with the member’s employer.*

January 30, 2019 - The second aspect - would we still grandfather Pre-2009 members with full creditable service when they are on reduced hours as LOA.

*On a motion made by G. Voelker and a second by M. Stokarski, the Board voted unanimously to retain the current policy to grandfather pre-2009 members with “full creditable service regardless of the number of hours worked...” when they are on reduced hours as LOA.*

### **Board member photos and contact info on website**

March 25, 2020 - After some discussion, the Board voted the following:

*On a motion made by M. Stokarski and a second by G. Voelker, the Board voted unanimously to not have their photos or contact information listed on the Board website.*

Further discussion was regarding staff photos with staff names, positions and phone extension number listed on the Board’s website.

*On a motion made by M. Stokarski and a second by A. Bragdon, the Board voted unanimously to list staff on the Board website with their position and extension number.*