

FRANKLIN REGIONAL RETIREMENT SYSTEM

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Policy Regarding the \$5,000 Rule (enacted July 1, 2009)

SECTION 5. Subdivision (1) of said section 4 of said chapter 32 is hereby amended by striking out paragraphs (o) and (o ½), as so appearing, and inserting in place thereof the following paragraph: (o) The service of a state, county or municipal employee employed or elected in a position receiving compensation of less than \$5,000 annually, which service occurs on or after July 1, 2009, shall not constitute creditable service for purposes of this chapter.

SECTION 25. Section 5 of this act shall take effect July 1, 2009; provided, however, that creditable service shall be granted for the service of any state, county or municipal employee serving in a paid position earning less than \$5,000 after July 1, 2009, if such service is subject to a specified term as a result of an election, appointment or contract and the election, appointment or contract occurred or was executed prior to July 1, 2009, and if the service is otherwise eligible for creditable service under chapter 32 of the General Laws; and provided further, that such creditable service shall be granted until the expiration of the term, appointment or contract or July 1, 2012, whichever first occurs.

- Starting July 1, 2009, anyone earning less than \$5,000 will **not** be given **creditable service**.
 - This is specific to positions, as noted below, and further below.
 - A position that states an annual rate greater than \$5k will be given service credit for the period worked at that rate regardless if the period was less than a full year.
 - Positions that make no “guarantee” that the person will earn \$5k in a year’s time will only be granted service credit if the earnings paid for a calendar year exceed \$5k. (We do not annualize for partial years.)
- New hires in positions paying less than \$5,000 are not eligible for membership.
- If a person works multiple positions, and each individual position earns less than \$5,000, they **cannot** be combined to meet the \$5,000 limit.
- However, when the member has at least one position that exceeds the \$5,000 limit, and they qualify for membership in all other ways, additional positions are to be added for salary purposes only (not service or membership eligibility). **Take deductions on all positions.**
- Additional positions can be with any unit within the Franklin Regional Retirement System. Positions with other systems are not included. (State, Teachers, Hampshire County, Greenfield, Montague, or Athol)
- Their **membership status** will not change even if service credit ceases, until they terminate from service. They are considered “active” while employed and cannot take a refund of their retirement funds (or get a retirement benefit) until they are all done working in all their positions in this system. However, they are defined as “inactive” in regards to service and are not allowed to purchase other service.

- Their funds will not be transferred to other systems until they are done working in all their positions in this system, at which time they will be offered the choice to refund or transfer.
 - Note: A transfer might not benefit their retirement calculation. And the 3(8)(c) liability to FRRS for a funds transfer that will not benefit the member is unwarranted.

- Service after July 1, 2009 related to this situation cannot be purchased as a make-up. Service prior to July 1, 2009 can be purchased. Even when combined with greater positions for salary purposes, service cannot be purchased (as a make-up or buyback).
 - Including police and call fire fighter service under MGL 32 § 4(2)(b)