



Autumn 2022



MassHousing Retirement System's Newsletter

WE HAVE AN ELECTION COMING UP!!

PLEASE LOOK FOR THE BALLOT IN YOUR SNAIL MAIL IN NOVEMBER

The retirement system would like to welcome Thomas Flynn and Mark Attia to the MassHousing Retirement Board.



Thomas is the General Secretary Treasurer of the United Brotherhood of Carpenters & Joiners of America. Tom is a native of Dorchester and resides in Milton, MA., with his family.

Mark serves as the Assistant Secretary for Finance and Performance Management at the Executive Office for Administration and Finance (A&F) for the Commonwealth of Massachusetts. He holds a dual Masters in Urban and Environmental Planning and International Business from the Fletcher School of Law & Diplomacy at Tufts University.

We congratulate both Board Members on their new roles. The MassHousing Retirement Board would like to thank Lisa Serafin and Ping Yin Chai, for their service and dedication to the members of the Retirement System.

2022 Board Election

The MassHousing Retirement Board ("Board") is conducting a regularly scheduled election for one of the two elected positions to its five-member Board. The nomination period for the 2022 Board Member election closed on October 15, 2022 and we have

three candidates that will appear on the ballot. The three candidates are Current Elected Member Michael T. Fitzmaurice, Incumbent - Former CFO of MassHousing, Myra Carmona, Vice President of Talent and Culture and Eric Gedstad, Director of Marketing.

The elected member will serve a three-year term beginning on December 11, 2022. Ballots will be mailed on November 1, 2022. Date of election is by noon-December 2, 2022. Good Luck to all the candidates.



COLA Increase

Now for some really good news! Led by Michael Fitzmaurice, Antonio Torres and Paul Hynes, the MHFA Employees' Retirement Board has approved a 3% COLA (cost of living allowance) effective July 1, 2022, for all eligible retirees and survivors of the system who retired on or before June 30, 2021. In addition, the **Board has voted to increase the COLA Base as follows:**

1. To increase the COLA base from \$15,000 to \$16,000 effective July 1, 2022.
2. To increase the COLA base from \$16,000 to \$17,000 effective July 1, 2023.
3. To increase the COLA base from \$17,000 to \$18,000 effective July 1, 2024.

For this year, the 3% COLA applies up to the first \$16,000 of the retirement allowance. Therefore, **the maximum monthly COLA is**

\$40.00/month. The Retirement Board has a history of voting the maximum COLA of 3% each year and has voted to increase the base three times from the original base of \$12,000. The Board understands the importance of the COLA to our retirees and beneficiaries, especially as inflation rises and the costs of health care and health insurance continue to increase.

I would also want to thank the Agency Board for approving this pay raise which was led by **Mike Dirrane**. I also want to thank the finance and law departments for their assistance.

Blog- In the News

NCPERS: Pensions Help Provide Retirement Security, Not Retirement Anxiety

- By: [admin](#)
- On: 09/23/2022 17:04:16
- In: [Pension Defense](#)
-

By Hank Kim, Executive Director and General Counsel, NCPERS

Given the fact that 77 percent of Americans [support pensions](#) for all workers, I think most would disagree with the argument that pensions aren't the answer to retirement anxiety.

Earlier this month, Bloomberg published an op-ed by Allison Schrager, senior fellow at the Manhattan Institute, titled "Pensions Aren't the Answer to Your Retirement Anxiety."

Ms. Schrager claims that defined benefit (DB) pensions are overrated, but overrated by whom? The labor movement is only growing, per last month's [poll](#) from Gallup, with U.S. approval of labor unions at the highest point since 1965.

And even though the nation is deeply divided on many other issues, [research](#) from the National Institute on Retirement Security shows that support for pensions is consistent across party lines. Eighty percent of Democrats, 75 percent of Republicans, and 78 percent of Independents agree that all workers should have access to a pension.

It seems the core of Ms. Schrager's argument—that conveniently lacks any long-term U.S.-based research citations—is that DB pensions are 'riskier' and less cost-effective for employers and taxpayers than defined contribution (DC) plans. But multiple studies show otherwise.

In fact, DB pensions provide more than twice as much benefit as DC plans at the same cost to employer. Our [analysis](#) of data shows that from 1975 to 2018, per participant assets grew from \$5,634 to \$184,432 in DB plans. The same figures for DC plans were from \$6,432 to \$59,186.

In the public sector, if the U.S. had phased out DB plans, as Ms. Schrager proposes, costs to taxpayers would have been much greater. Employers would have had to contribute more than twice the amount to make up the difference between asset accumulation of \$184,432 and \$59,186.

Looking at 'riskiness,' DC plans put all the risk—and cost—on the individual. There is of course risk with any investment, but with DB plans this risk is shared with the employer and a large pool of participants. According to [research](#) from the Investment Management Institute, administrative and investment costs for DC plans can also be more than four times higher than for DB plans—and the individual pays the price through deductions from their own account.

Ms. Schrager's rationale for phasing out public sector DB plans is that they are underfunded and crowding out funding for other public services. Yet, the data suggests that current unfunded liabilities of public pensions are sustainable. And, in cases where they are not sustainable, they can be made sustainable with modest [fiscal adjustments](#). Furthermore, we do not find any evidence of pension costs crowding out education or [other public services](#).

Ultimately moving to a 401(k)-based retirement future, as Ms. Schrager suggests, would be harmful to our economy. There is ample [evidence](#) that undermining DB plans and moving to DC plans exacerbates income inequality. Income inequality puts a drag on the economy. When the economy turns down, everyone suffers.

She concludes "at least with a 401(k) we can know what to expect." This is not the complacent attitude we, as the richest country in the world, should accept. We can provide a dignified retirement to our elderly through a three-legged stool consisting of a pension, a retirement savings plan like 401(k), and Social Security. At the end of the day pensions help provide retirement security, not retirement anxiety.

Hank Kim
Executive Director and General Counsel
National Conference on Public Employee Retirement Systems (NCPERS)



Massachusetts Fall Activities

With the Fall season ahead, now would be a great time to explore and learn more about fun things to do in Massachusetts, such as apple picking, which is in full swing! Check out the <https://www.visitma.com/website> for some nearby fun fall ideas!

SCOOP OF THE DAY

We have added 22 retirees to the ranks since our last newsletter. When the Board's Executive Secretary started in 2008, the monthly pension benefits paid out was about \$217,000 for 87 retirees and survivors. Last month, we paid out just over \$900,000 for 212 retirees and survivors. In 2008, our portfolio was estimated at \$54.2 million. Fast-forward to the end of the 2nd Quarter 2022 and our system is now valued at \$221 million. Look at us!

Pension Reform Retirement Contributions

If you started your membership on or after April 2, 2012, your contribution rate is 9% +2% on everything above \$30,000.00. However, if you obtain 30 years of creditable service, your contribution rate will be lowered to 6% and additional 2% on everything above \$30,000.00.

Retired 2022

Deborah Beal
Barbara Boyea
Maria Canuto
Edward Chase
David Giggie
Decia Goodwin
Maureen McLaughlin
Anna Reppucci
Robert Ruzzo
Steven Shankle
Robert Valton
Debra White

Retired 2021

Laureen Barry
Waveney Bascombe
Sylvette Betancourt
Linda Bosse
Diane Cardinale
Diane Gillis
Bruce Klink
Lynn Shields
Janet Smith
Antonio Torres

CONGRATS AND THANK YOU FOR YOUR SERVICE!

Deceased

Joanne Burke 3/21
Jean Curtis 10/21
Joanne Darcy 7/21
Charlotte McClure 3/21
Joan Forte 3/22
Patricia Murphy 4/22
Kay Olm 10/22
Phillip Madonia 10/22



Working After Retirement

Post-Retirement Employment in the Public Sector

Many retirees look forward to continuing their service after retirement. Our retirees should know that there are time and earnings restrictions on re-employment with a Massachusetts public employer. The retirement law limits the employment of all retired public employees who work in the public sector after retirement to **1,200 hours** of employment within a calendar year. The “public sector” is defined as the Commonwealth of Massachusetts and its political subdivisions, including municipalities, authorities and districts that provide retirement benefits for employees under Massachusetts General Laws Chapter 32. The restriction does not apply to federal employment or public service rendered in another state.

In addition to the hours limitation, there is an earnings limitation. The law prohibits a retiree from receiving post-retirement wages from public employment which, when combined with the retiree’s allowance, is in excess of what the retiree would have earned in the position from which he or she retired. Excess payments must be refunded to the employer or to the retirement system.

Commencing the next January 1st following twelve months of retirement, the retiree is allowed to earn the difference between the salary paid in the retiree’s former position minus the retiree’s allowance, plus an additional \$15,000. If a retiree reaches the

1,200 hour limitation prior to reaching the new excess earnings limitation, the retiree must stop working.

The hours and earnings limitations apply to all retirees. They do not apply to survivors or beneficiaries.

Post-Retirement Employment in the Private Sector

If you are a non-disability retiree, you can earn unlimited salary in the private sector with no impact upon your retirement allowance. If you are a disability retiree, however, you are still limited to earning the difference between the current salary for your former position and your retirement allowance, plus \$15,000.

Disability Retirees

In addition to the time and earnings limitations, all disability retirees are required to submit a statement of their earnings each year. PERAC mails disability retirees an Annual Statement of Earned Income every January which must be completed and returned on or before April 15th of each year. Failure to do so will jeopardize the continued receipt of retirement benefits.

No Hour & Income Restrictions for Non-Disability Retirees In Public Service During 2022

June 10, 2022: Governor Charlie Baker has signed into law H4456 that waives both the hour and income restrictions (imposed by Section 91 of Chapter 32) on retirees who are in public service employment during 2022. It became Chapter 80 of the Acts of 2022.

It must be emphasized that the waiver applies only to retirees who are receiving a superannuation retirement and not to those who are on a disability retirement. Also, the law is effective for Calendar Year 2022 public service and no other service time.

MassHousing Retirement Board

Michael Fitzmaurice, Acting Chairman
Antonio Torres, Elected Member
Paul Hynes, Esq., -5th Member
Thomas Flynn, Appointed Member
Mark Attia, Appointed Member

Elected board member's contact information –

Mike Fitzmaurice
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and Antonio Torres
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MassHousing Retirement Staff

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If Retirees would like to read the latest newsletter addition from Mass Retirees- below is the link.

[MassRetirees](http://MassRetirees.com) | [The Online Voice of the Retired Public Employee](http://TheOnlineVoiceoftheRetiredPublicEmployee.com)

You can join Mass Retirees at
MassRetirees.com



If you have questions regarding the Benefit Verification process, or need to make a change of address, direct deposit or change your Option B beneficiary, you can send an email to Mshinnick@masshousing.com or by calling the MassHousing Retirement System at 617.854.1871 or 617.854.1123.

MassHousing Retirement System
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Visit our website at
MassHousingRetirement.com



MHFA (Mass. Housing Finance Agency)

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BOARD MEMBERS

Ping Yin Chai
Michael Fitzmaurice*
Antonio Torres
Paul Hynes
*indicates Chairperson

BOARD ADMINISTRATOR

Joseph Petty

SYSTEM MEMBERS

Active Members312
Total Payroll\$34.0 M
Average Salary ...\$108,900
Average Age50
Average Service15.2

Retired Members194
Benefits Paid\$9.4 M
Average Benefit\$48,600
Average Age72

2020 EARNED INCOME OF DISABILITY RETIREES:

Disability Retirees1
Reported Earnings0
Excess Earners0
Refund Due\$0

Last Valuation: 1/1/21
Actuary: Stone



Click/Scan for Website

\$248.3 M
Market Value

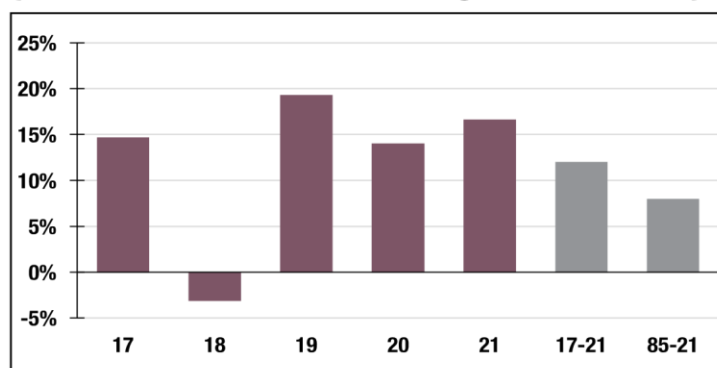
16.62%
2021 Returns

9.52%
2012-2021
(Annualized)

7.99%
1985-2021
(Annualized)

Investment Returns

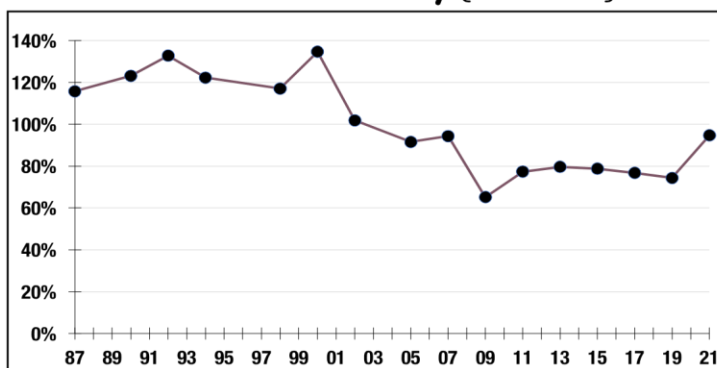
(2017-2021, 5-Year & 37-Year Averages, as of 12/31/21)



7.00%

Assumed Rate
of Return

Funded Ratio History (1987-2021)



94.8%

Funded Ratio

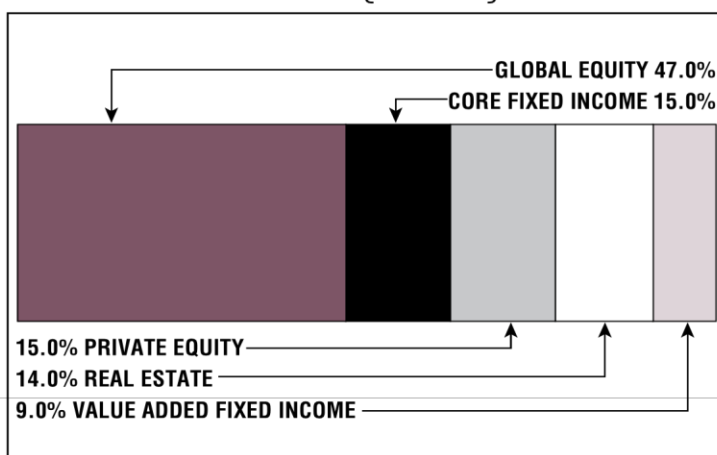
2021

Fully Funded

Fully Funded/
Normal Cost

Funding Schedule

Asset Allocation (12/31/21)



\$11.5 M

Unfunded Liability

\$1.0 M
(FY2022)

Total Pension
Appropriation



Fraud Alert from PERAC

*(Public Employee Retirement Administration
Commission)*

We have recently been notified by PERAC of **several phishing attempts against retirement boards and active employees.**

Scam #1:

A person/entity reached out directly to active members of our systems, posing as a retirement advisor, and seeking to set up a meeting with the member to discuss their pension, 401K-type retirement plans, and/or social security benefits.

These solicitations may also refer to PERAC, the Agency, or the retirement board to give them the appearance of authenticity.

Scam #2:

Someone pretends to be a retiree seeking to change their direct deposit information.

This scheme generally involves submitting a direct deposit form to make these changes.

We have removed the direct deposit form from our website and adopted a secondary step by contacting our retirees to ensure that the request is from the identified retiree.

These scams are particularly concerning because of the direct contact with members without the board's knowledge or ability to control.

We strongly encourage our members to contact us regarding fraudulent phishing efforts or with any concerns regarding questionable communications.

Please contact Joe Petty or Michelle Shinnick if you have concerns or questions.

Do Your Part, #BeCyberSmart