

FRANKLIN REGIONAL RETIREMENT SYSTEM

278 MAIN STREET, SUITE 311
GREENFIELD, MASSACHUSETTS 01301-3230

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**.
- Service that started before July 1, 2009 will be given until the end of a “specified” term (elected, appointed, or contracted), but no later than July 1, 2012. **Please continue to take retirement deductions.** Also, additional positions are included until the status changes or the term ends, after which, please stop taking deductions from all positions. Please send us a “Status Change” form when this occurs.
- If each individual position earns less than \$5,000, they **cannot** be combined to meet the \$5,000 limit. **Take no deductions and switch them to OBRA or Social Security.**
- 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. **Take deductions on all positions.**
- Additional positions can be with any unit within the Franklin Regional Retirement System. Positions with other systems (State, Teachers, Hampshire County, Greenfield, Montague, or Athol) are not included.
- Their **membership status** will not change on July 1, 2009, even if deductions are not being made, 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 all done working in all their positions in this system, at which time they will be offered the choice to refund or transfer.

- A transfer might not benefit their retirement calculation.
 - Our “no-deductions” policy is different than other systems and my cause confusion.
 - The 3(8)(c) liability to FRRS for a funds transfer that will not benefit the member is unwarranted.
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- New hires in positions earning less than \$5,000 are not eligible for membership.
 - 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)