

New Provision Opens Amidst Hope and Disappointment

Chapter 218:29 enacted in 2006 brought the Manchester Employees' Contributory Retirement System, (MECRS) in line with the objectives of plan portability which have been encouraged of most public plans in recent years. The nature of the public sector workforce has changed and people tend to move between municipalities and States as they pursue their careers. That kind of mobility can result in a lack of pension plan continuity which many plans have addressed by introducing reciprocity legislation such as that now available for members of the MECRS.

Other provisions of the MECRS prohibit changes which directly create further expense or liability to the City without a full legislative referendum which was not sought for this amendment. As a result, the full actuarial expense associated with this program must be born by the member and that has left some members wondering why we bothered to seek the amendment in the first place.

Prior to the passage of Chapter 218:29, the answer to the question of plan portability was a flat no! While the question of financial value is still up in the air, and will likely vary considerably from one member to another, at least the option now exists.

As interested members are discovering, they must absorb the full cost of any Out of Plan Service Purchases including the cost of an actuarial certification. The MECRS obtained a quote from the actuary for 2007 for the certification which must be performed simply to determine the cost and value of time which may be eligible for purchase and that sobering fee of \$500 is seen as excessive by some. The program is also fraught with caveats needed to comply with Internal Revenue Code requirements which are not directly cited in the statute.

A form to apply for Out of Plan Service Purchases is located on the MECRS website and members are encouraged to contact the Retirement System with questions but it seems clear at this time that reciprocity purchases are not destined to be a common event for the foreseeable future.