



The Northampton Retirement Board

NEWSLETTER

J u l y 2 0 2 5 E d i t i o n

*Serving our members,
retirees and survivors since
1937*

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Members of the Board

Charlene Nardi
Chairperson / Appointed Member

Kala Fisher
Ex-Officio

Karen Lafleche
Elected Member

Thomas Sullivan
Appointed Member

Tammy Suprenant
Vice-Chairperson / Elected Member

David Shipka
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The Social Security Fairness Act

Many retired Americans received financial relief when Congress voted to repeal the Windfall Elimination Provision (WEP) and the Governmental Pension Offset (GPO) late last year with the passage of the Social Security Fairness Act. Since 1983, millions of state and municipal retirees had faced reduced Social Security benefits under the severe and widely unpopular rules. The repeal has restored significant funds to many retirees since the Social Security Administration (SSA) began processing payments on February 25th of this year.

The rationale for enacting the WEP involved how Social Security benefits are calculated. Lawmakers believed that because lower-paid workers receive a higher percentage of their contributions back in benefits, those who only paid into the system for part of their careers gained an unfair advantage. The GPO broadened the offset of benefits, applying it to spousal pensions from non-Social Security public service. Over time, however, many came to view these provisions as unjust, leading to the support that resulted in their repeal.

In a recent update, the SSA reported that it had processed the majority of its caseload related to the repeal. Many of our retirees have reported receiving adjustments to their benefits. The repeal is retroactively effective as of January 2024, so we encourage retirees to review their statements and contact the SSA to inquire if any payments are due. Retirees may expect longer wait times for assistance than usual due to increased inquiries and recent agency cuts.

Important Updates to Veterans' Military Service Purchase Rules

Last October we sent a notice to all active members notifying them that if they are veterans as defined in MGL Chapter 32, Section 1, and have not purchased or entered into an agreement to purchase qualifying military service, they should be aware of important changes to the rules. These changes, enacted through the HERO Act (Chapter 178 of the Acts of 2024), allow members who missed the former deadline for purchasing military service (applying within 180 days of receiving a notice) another chance to take advantage of this benefit.

Formerly, you could complete the actual purchase any time before retirement as long as you got your application in on time. *That has now changed:* veterans now have until one year after vesting in the retirement system – effectively allowing for a total of 11 years of creditable service – to complete their military service buyback. For National Guard members and Reservists, the deadline is different; they will have five years from the date in which they qualify as a veteran, or the date that they qualify for the full four-year purchase, which date last occurs, to begin buying the service. **Continued on the next page.**

Employees:

Let us know if you need to...

- Change your designated beneficiary or update your marital status.
- Update your contact info.
- Request to purchase qualifying prior municipal or military service.
- Receive information on your benefits or file for retirement.

Retirees:

- Your 1099-R tax form will arrive by the end of January.
- You must keep track of post-retirement public sector earnings to ensure you remain within legal limits.
- Direct deposit is now mandatory for all retirees and survivors.
- Retirement deposits are scheduled for the last business day of each month.
- Your annual retiree affidavit will be included with your December paystub. State law requires that you return this form to us. If we do not receive your form, we will be required to suspend your retirement allowance.

FY26 Pension Payment Schedule

- Thursday, July 31, 2025
- Friday, Aug. 29, 2025
- Tuesday, Sep. 30, 2025
- Friday, Oct. 31, 2025
- Friday, Nov. 28, 2025
- Wednesday, Dec 31, 2025
- Friday, Jan. 30, 2026
- Friday, Feb. 27, 2026
- Tuesday, Mar. 31, 2026
- Thursday, Apr. 30, 2026
- Friday, May 29, 2026
- Tuesday, June 30, 2026

Important Updates to Veteran Service Purchase Rules Continued:

In addition to this change, The Hero Act establishes a one-time grace period for veterans who have not yet purchased their military service. **This grace period will conclude on August 8, 2025**, offering eligible members a limited opportunity to take advantage of this benefit. The Hero Act only permits active members an opportunity to purchase their military service. If you have completed more than 11 years of creditable service, or close to it, and have not yet entered into an agreement to purchase your military service, we encourage you to act before this deadline.

Eligible veterans may purchase up to four years of military service. The cost of this buyback is 10% of your salary at the start of membership for each year of military service you wish to purchase. There is no interest due on military service purchases. To make this process more manageable, our rules allow a payment plan through payroll deductions over a period of up to three years for amounts under \$4,000, or up to four years for amounts greater than that.

If you have already completed your military service purchase, no further action is required. However, if you have not yet entered into an agreement or have started the process but have not yet begun payroll deductions for the purchase, we urge you to contact the Retirement Office as soon as possible.

Retiree cost-of-living adjustment for July 1, 2025

The Northampton Retirement Board voted unanimously this March to grant a 3% cost-of-living increase for retirees and survivors. On Northampton’s \$13,000 COLA base, the increase provides for a maximum of \$390 annually.

The effective date of the increase was July 1st. Qualifying retirees are set to receive the increase with their July 31st payment. Current-year retirees are not eligible for the increase. Massachusetts law does not allow retirees to receive a COLA increase until an entire 365 days has passed from the date of retirement. To be eligible for this year’s increase you must have been receiving a retirement allowance on or before June 30, 2024.

Northampton Retirement Board Overview

- **Charlene Nardi, Chairperson**
Mayoral Appointee, City Finance Director
 - **Kala Fisher**
Ex-Officio Member, City Auditor
 - **Karen Lafleche**
Elected Member, Smith Vocational School Retiree
 - **Thomas Sullivan**
Appointed Fifth Member, Financial Advisor
 - **Tammy Suprenant, Vice-Chairperson**
Elected Member, Administrative Assistant to Police Chief and Captains
- Retirement Board Staff**
- **David Shipka** – Administrator
 - **Elsie Vazquez** – Associate Retirement Specialist

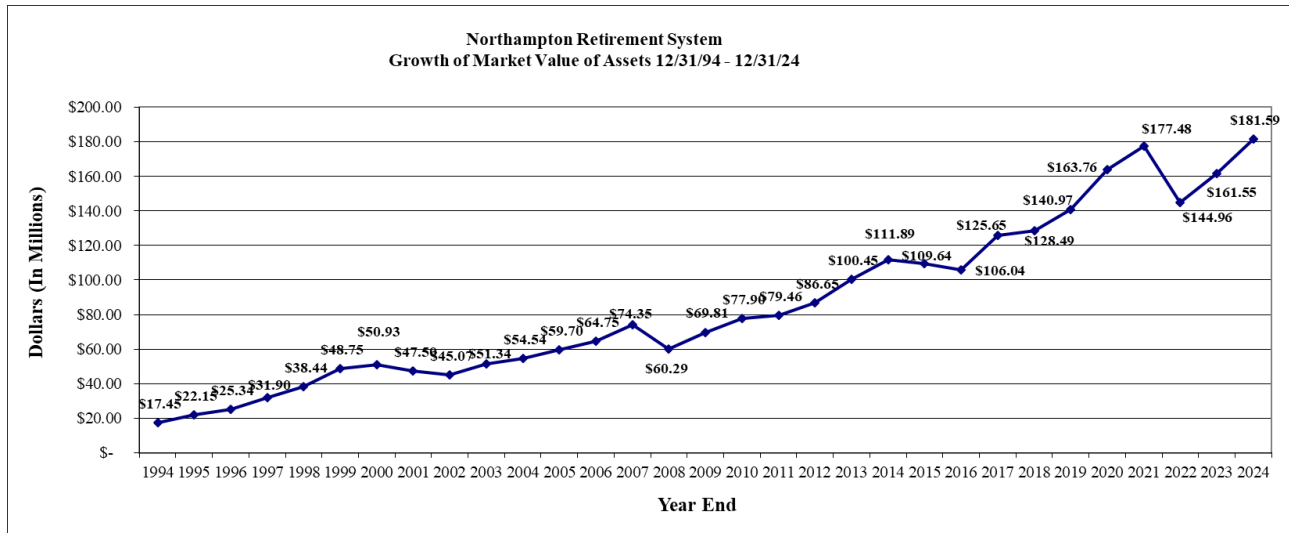
INVESTMENT REPORT

Prepared by our investment advisor, the de Burlo Group

The Northampton Retirement System’s Performance

From a long-term perspective the Northampton Retirement System’s portfolio has seen impressive growth (please see the graph below). As of December 31, 2024, the portfolio appreciated in value by a total of nearly 259% compared to its year-end value of \$60.3 million set on December of 2008. In addition to the increase in the market value of the portfolio, a net amount of \$34.9 million was disbursed from the portfolio over the past 16 years. Consequently, over the 16-year period, investment returns have added \$156.2 million to the portfolio despite the market collapse associated with the financial market crisis of 2008 and early 2009 and the pandemic-related market turmoil in 2020.

As the graph below shows, the System’s assets appreciated to \$181.6 million at the end of December 2024, an increase of \$20.0 million from the prior year end. Please keep in mind that there were also net distributions of \$3.6 million during 2024. Therefore, the portfolio appreciated by a total of \$23.6 million during 2024.



The Northampton Retirement System’s performance was excellent during the 2024 calendar year. Specifically, Northampton’s portfolio appreciated by 14.3%, which was above the Public Retirement Investment Trust’s (PRIT) return of 9.1%. Over the ten years ending on December 31, 2024, Northampton’s portfolio appreciated in value by approximately 6.7% per year, compared to PRIT’s 7.6% return during the same time period.

Northampton’s results over the long term demonstrate the System’s sustainability. During the 40 years that PERAC has been tracking performance of Massachusetts municipal pension funds, Northampton’s portfolio appreciated by an annual rate of 8.8%. Northampton’s annual appropriation and its projected funding schedule are based upon an assumed rate of return of 7.0%. Northampton’s actual, annualized rate of return of 8.8% over the past 40 years is well in excess of this assumed rate of 7.0%. These figures are reported net of management fees.

The Northampton Retirement System Portfolio

The assets of the Northampton System remain well diversified as the table on the next page shows. During the year our investment advisor decreased the stock allocation slightly from 70.7% of the total portfolio to 69.2%, with an emphasis on domestic stocks. The combined weighting of bonds and cash rose from 29.1% to 30.6% during the year.

	Allocation at 12/31/23	\$ Millions	% of Total
Cash	Cash	5.1	2.8
	Domestic Stock	110.9	61.1
	International Stock	14.7	8.1
	Real Estate	0.0	0.0
Equity	Total Equity	125.6	69.2
	Domestic Bonds	50.5	27.8
	International Bonds	0.0	0.0
	Below Invest. Grade	0.0	0.0
Fixed Income	Total Fixed	50.5	27.8
	Private Equity & Venture Capital	0.3	0.2
PRIT Investments	Total PRIT Investments	0.3	0.2
Total		181.6	100.0

The Financial Markets and the Economy in 2024

Last year was a very strong period for every asset class seen in the table below, from developed to emerging markets, large cap stocks to small. However, the final quarter of the year settled into more of a mixed picture, with market optimism despite continued uncertainty about the future of inflation and the labor market. At a press conference on December 18, Federal Reserve Chairman Jerome Powell highlighted the state of the labor market and the substantial progress made to rein in inflation, noting, “The labor market has cooled from its formerly overheated state and remains solid. Inflation has moved much closer to our 2 percent longer-run goal.”

Benchmarks*	Three Months Ended 12/31/24	Calendar Year to Date Ended 12/31/24
Dow Industrials	0.51%	12.88%
S&P 500	2.07%	23.31%
Russell 2000	0.01%	10.02%
NASDAQ Composite	6.17%	28.64%
MSCI Emerging Markets	-8.15%	5.05%
MSCI EAFE Index	-8.38%	1.15%
Crude Oil	5.21%	0.10%
Trade-Weighted Dollar	7.10%	7.98%
Gold	-0.38%	27.22%
2 Year Treasury	+60 basis points	-1 basis points
10 Year Treasury	+79 basis points	+69 basis points
Fed Funds Target Rate	-50 basis points	-100 basis points
* Please note the returns listed above refer to price changes only.		

Moving Forward

We head into 2025 with a significant amount of momentum, coupled with a considerable amount of uncertainty. Much depends on the potential impact of President Trump’s key policies – from tariffs, to immigration, to tax cuts. Some economists are concerned these policies may edge inflation higher and restrict the labor market. At this time, we must take a “wait and see” approach to the uncertainty surrounding these policies and how they will impact the economy in the future.