



## Memorandum # 2/2006

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission  
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Joseph E. Connarton, *Executive Director*

### MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Chapter 143 of the Acts of 2005, Allowing Certain Retirees to Change Their Option Selection

DATE: January 6, 2006

On November 22, 2005 Governor Romney signed Chapter 143 of the Acts of 2005. A copy of this legislation is attached. This provision becomes effective on February 10, 2006 and will allow retirees who selected Option A or Option B between July 1, 2004 and December 27, 2004 inclusive, or the surviving spouse of such a retiree, to select another Option. Retirees who selected Option C during the relevant time period are not eligible to select a new Option. The legislation also directs PERAC to select a new mortality table on or before January 1, 2014, and thereafter every 10 years.

Retirement Boards must immediately identify all members who retired for superannuation, accidental or ordinary disability or termination retirement and selected Option A or Option B between July 1, 2004 and December 27, 2004. If any of these members have died, the Board must ascertain whether there is a surviving spouse.

After the eligible members and surviving spouses have been identified, each must be notified of his or her one time right to select a different Option. This notification must be issued as soon as practicable so the individuals have ample time to make the election and file the application on or before July 1, 2006. At a minimum, this notification should advise the individual that they may be able to select a new Option and should urge the member to contact the Board for an estimate of the new allowance and any repayment that will be required if a different option is selected.

Retirement Boards may use the PERAC Choice of Retirement Option Form at Retirement for retirees or surviving spouses to apply to make the election. The form should clearly indicate that the application is filed as the result of Chapter 143 of the Acts of 2005. The

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application to elect a new Option must be filed with the Board on or before July 1, 2006. The Retirement Board must process and implement the Option change within 180 days of the date that the member files the application. If the retiree or surviving spouse selects Option C, the beneficiary must have been eligible to be so designated on the date of the member's retirement. The new allowance becomes effective retroactively to the date of the member's retirement.

If the change in the Option selection results in an overpayment due to the Board, the member must repay the amount overpaid. The Board may make appropriate adjustments to the retiree's or surviving spouse's future allowance, or arrange for appropriate repayments, upon such terms and condition as the board may prescribe, so as to recover any overpayments resulting from the prior election. Boards cannot impose interest on these repayments. Repayment of overpayments as the result of the prior Option selection cannot be waived. If the retiree selected Option B and has died, resulting in the distribution of the member's annuity account, such distribution shall be repaid to the retirement system in one lump sum. Boards may not waive repayment of an Option B distribution or allow for installment payments to repay this distribution.

Any calculations that are resubmitted to PERAC for approval should include a new calculation sheet and the new Choice of Retirement Option Form at Retirement.

If you have questions or need assistance in implementing Chapter 143 of the Acts of 2005, please contact this office.

Attachment