

WORKERS' COMPENSATION

When a member who received Workers' Compensation benefits during his/her tenure as a public employee retires, special consideration must be used to determine the retirement benefit. Special rules apply under G.L. c. 32, § 14(1) that provide for the reduction of the member's disability retirement allowance because of the receipt of Workers' Compensation benefits for the same injury.

In some cases, a member's Annuity Savings Fund (ASF) will need to be adjusted upon retirement. This is necessary if the member was receiving Workers' Compensation benefits for total incapacity and if increasing the ASF would increase the retirement benefit. This increase in the total benefit will occur only in termination allowances, ordinary disability allowances for veterans, and accidental disability retirement benefits not subject to the 75% cap. Creditable service is allowed for the entire period that Workers' Compensation benefits for total incapacity had been received.

The amount that the member would have contributed to the ASF if working at full pay rate instead of being on leave must be determined. Regular interest needs to be calculated and added to this amount. This benefit is then compared to the benefit determined without using the additional contributions. If the benefit payable to the member is greater when the additional presumed contributions are included in the calculation, this greater benefit is payable to the member.

For members whose retirement allowances increase as a result of this additional annuity, an amount equal to the amount of the contributions that the member would have contributed is to be transferred from the Pension Fund to the Annuity Reserve Fund.

Retirement systems must develop a system to keep an annual record of the contributions that would have been withheld while a member is receiving Workers' Compensation benefits.

When the person retires, to record the transfer of funds required to properly account for the increased annuity due to considering a retiree's Workers' Compensation benefits:

Debit: #3296 Pension Fund

Credit: #3293 Annuity Savings Fund

Debit: #3293 Annuity Savings Fund

Credit: #3294 Annuity Reserve Fund

LUMP SUM WORKERS' COMPENSATION SETTLEMENTS

A retiree's claim settled in court, at the Commonwealth's Division of Industrial Accidents, should be received by the retirement system and deposited to cash and credited to the new Workers' Compensation Settlements General Ledger Account # 4840. Lump sum settlement amounts not recouped by the retirement system must be recovered by offsetting or reducing the retiree monthly pension benefit.