

WEBINAR



Chapter 178 of the Acts of 2024: The HERO ACT

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August 27, 2024

Veterans' Buyback

❖ What has **NOT** changed:

- Definition of Veteran in G.L. c. 4, s. 7 cl. 43rd.
- Purchase up to 4 years of prior military service.
- 10% of regular compensation when the member most recently established membership in the system.
- 5 to 1 ratio for national guard and active reserve time, **MUST** qualify as a veteran.
- Active duty for training for the National Guard and Reserves is excluded.
- Active duty leave time cannot be counted towards buyback.
- **MUST** be a member in service

Prior Active Duty and National Guard Leave For Active Duty

- ❖ Member may have prior active duty of less than 4 years which he is eligible to purchase.
- ❖ Member may be a member of the reserves or National Guard and may be eligible to purchase additional time at the 5 to 1 ratio.
- ❖ Can do 2 buybacks.

What Salary Do You Use?

- ❖ 10% of the regular annual compensation of the member when said member entered the retirement system.
- ❖ If member withdrew funds from one system and then seeks to buy vet time in your system you use salary when he started your system.
- ❖ If transfer of funds use salary at 1st system.

Who Qualifies as a Veteran?

❖ (1) G.L. c. 4 s. 7 cl. 43rd 1st paragraph

- **Wartime Service** — “Persian Gulf veteran” shall mean any person who performed such wartime service during the period commencing August 2, 1990 and ending on a date to be determined by presidential proclamation or executive order and concurrent resolution of the Congress of the United States.
- 90 days one of which is wartime service, unless during wartime a person receives a service-connected disability, purple heart or dies.
- 180 days active service in the Army, Navy, Marine Corps, Coast Guard or Air Force and was honorably discharged (c.116 of the Acts of 2004).

Creditable Service For Military Leave

- ❖ Mandatory creditable service for military leave under G.L. c. 32, s. 4(1)(h)
- ❖ c. 708 of the Acts of 1941
- ❖ USERRA

An Act Honoring, Empowering, and Recognizing Our Service Members and Veterans (“HERO Act”)

- ❖ Rewrites G.L. c. 32, s. 4(1)(h).
- ❖ Eliminates the 180-day requirement from Chapter 71 of the Acts of 1996.
- ❖ **Requires Boards to give notice of potential benefits to all new employees.**
- ❖ Provides that the purchase must be made within 1 year of vesting, (11 years of creditable service).
- ❖ National Guard and Reserves have a different purchase window.
- ❖ New 1-year window for anyone who missed purchasing their service.

G.L. c. 32, s. 4(1)(h)

- ❖ Notwithstanding the provisions of this chapter or any other general or special law, rule or regulation to the contrary, a member in service of a retirement system as defined in section 1 **shall be provided written notice by the retirement board upon entry into service** that if they qualify as a veteran who served in the armed forces of the United States, they shall be entitled to credit for active service in the armed services of the United States; provided, however, that such active service shall not be credited until such member, **prior to or within 1 year of vesting pursuant to this chapter**, has paid into the annuity savings fund of such system, in 1 sum or in installments, upon such terms and conditions as the board may prescribe, makeup payments, for each year of creditable service sought, of an amount equal to 10 per cent of the regular annual compensation of the member when said member entered the retirement system; provided further, that such creditable service shall not be construed to include service for more than 4 years; and provided further, that such creditable service shall not be allowed for any period of active service for which said veteran has received credit pursuant to this paragraph. This paragraph shall apply to national guard and active reserve personnel, both former and present. Creditable service time, both enlisted and commissioned, may be applied toward retirement on a ratio of 5 years of national guard service or 5 years of active reserve service substitutable for each year of active service. **National guard and active reserve personnel shall not be precluded from making said purchase if they qualify as a veteran after vesting or if they reach the maximum of 4 years of eligible service purchase after vesting and qualifying as a veteran; provided, however, that they enter into a purchase agreement within 5 years of the last occurring event.**

No More 180-Day Restriction

- ❖ Members no longer have to make arrangements for their military purchase within 180 days.
- ❖ Members now have until 1 year after they vest in the retirement system.
- ❖ Vesting, for Chapter 32, means a member has 10 years of creditable service. This includes service earned since joining the system and any service purchased.
- ❖ Effectively 11 years to decide to purchase military service.

National Guard and Reserves

- ❖ National Guard and Reserves may purchase up to 4 years of time like all other service members.
- ❖ May have additional time to make service purchase.
- ❖ If they do not qualify as a veteran by the time they reach within 1 year of vesting or if they are not eligible for the full four-year buyback yet they are given additional time.
- ❖ Later of two dates: 5 years from when they qualify as a veteran, or 5 years from the date they qualify for the full 4 years of purchase.

One Year Grace Period

- ❖ **Members in Service** who missed the opportunity to purchase their military service prior to the enactment of the HERO Act will have a 1-year window in which to make the purchase.
 - This applies to people who missed the 180-day deadline or didn't complete the purchase prior to reaching 11 years of creditable service.
- ❖ Members have until August 8, 2025, to make arrangements with Board for purchase.

What Do Members Need To Do?

- ❖ Member who has already completed military service purchase **DOES NOT NEED TO DO ANYTHING.**
- ❖ Member has **MORE** than 11 years of creditable service and has not completed the buyback has until August 8, 2025, to enter into a purchase agreement with the Board. This could be a lump sum or installment plan agreement depending on board policy.
- ❖ Member has **LESS** than 11 years of service has until either they reach 11 years of service or August 8, 2025, whichever is later, to enter into purchase agreement.

What Do Members Need To Do? *(Continued)*

- ❖ Member has entered into an agreement but has not completed the purchase.
 - These are members who signed the form saying they wanted to buy time but the Board did not require that the purchase be completed.
- ❖ Member **MUST** complete the purchase or enter into an installment agreement before they complete their 11th year of creditable service or August 8, 2025 which date **LAST** occurs.
 - We would encourage boards to consider installment plans.

What Do Boards Need To Do?

- ❖ **MUST** send notice to **ALL** active members of the retirement system that they may be eligible for military service buyback.
- ❖ Notice **MUST** be sent by November 6, 2024.
- ❖ Sample Notice provided as part of *PERAC Memo 23 of 2024*.

PERAC

PERAC MEMO #23/2024

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: All Retirement Boards
 FROM: Bill Keefe, Executive Director
 RE: Veterans' Buyback Changes
 DATE: August 19, 2024

On August 8, 2024, Governor Healey signed Chapter 178 of the Acts of 2024, "An Act Honoring, Empowering, and Recognizing our Servicemembers and Veterans" ("the HERO Act"). This Act makes substantial changes to the purchase of veterans' creditable service and requires that retirement boards take action. Most urgently, as discussed in earlier communication, retirement boards must send written notice to active members by November 6, 2024, to inform them of a one-year opportunity to purchase military service if they missed their initial opportunity. This memo will discuss these changes and what actions must be taken by retirement boards.

It is important to note that while a definition of Veteran was changed in this Act, the definition for retirement purposes in General Laws, Chapter 7, Section 4, clause 43^{1d} has not been changed. Also unchanged: a person may buy up to four years of military service; the cost for each year is 10% of their salary when they last became a member of a retirement system¹; and the retirement board sets the terms and conditions of the buyback.

For the purposes of this Memorandum, the term "vest" or "vesting" shall mean reaching 10 years of creditable service. This includes not only the service earned since joining a retirement system but also any creditable service purchased by the member.

Timeframe Change to Within a Year of Vesting

The 180-day limitation that has existed since 1996 has been repealed by Section 52 of the HERO Act. Members will now be allowed to purchase their military service time at any time prior to or up to one year after they vest in the system. A member may purchase their time on day one of their membership service or defer the purchase to the day they reach one year after their vesting date, 11 years of creditable service. Retirement boards can require a lump sum payment or allow

¹ For the vast majority of people this will be the salary when they first entered public service. In the case of someone who left and took a refund, it is the salary from the most recent re-entry into the system.



What Do Boards Need To Do? *(Continued)*


- ❖ Notify any member who previously completed the *Veterans' Buyback Application* but who has **NOT** made arrangement for payment that they must do so by the new deadlines.
 - LATER of 11th year of creditable service or August 8, 2025.

What Do Boards Need To Do? *(Continued)*

- ❖ Review any Board regulations regarding veterans' buyback and submit updated regulations or notice of repeal to PERAC for approval.
- ❖ Begin using the updated *Notice of Potential Benefits* forms on our website.

NOTICE, NOTICE, NOTICE

- ❖ Boards **MUST** begin giving notice of the military service buyback provisions to **EVERY** new member when they enroll in the system.
- ❖ Boards should provide the updated *Notice of Potential Veterans' Benefit Form* available on PERAC's website to **EVERY** member when they enroll in your system.
 - Should be part of any new member enrollment packet.

 PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
FIVE MIDDLESEX AVENUE, SUITE 504 | SOMERVILLE, MA 02145

Introduction

Notice of Potential Veterans' Benefits

Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h)
Form Last Revised: August, 2024

The *Notice of Potential Veterans' Benefits Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h)* notifies eligible veterans of their rights to purchase creditable service for their military service. In order to purchase such service, a member must meet the definition of "veteran" in M.G.L. Chapter 32, Section 1.

Keep in mind:

- You may make this purchase at anytime up to one year after you vesting is defined as having 10 years of creditable service.
- National Guard and Reservists who do not qualify as a veteran, a veteran's buyback form, within one year of vesting, or who have four years of eligible purchase time within one year of vesting, will make the purchase. They will have five years from the date in which they qualify for the full four-year purchase, which into a buyback agreement.
- If you have already been granted creditable service for active duty service under M.G.L. Chapter 32, Section 4(1)(h), you are not eligible to apply on that same service.
- You should contact your retirement board for an estimate of the cost of purchase.
- Once purchased, a refund of the cost of this service is only available in certain circumstances.

Definition of Veteran Under Massachusetts General Laws Chapter 32, Section 4(1)(h) and Massachusetts General Laws Chapter 32, Section 1

Massachusetts General Laws, Chapter 32, Section 7, Clause 43 defines "veteran" as a person who served at least 180 days active duty in the Army, Navy, Marine Corps, Coast Guard, or Air Force, or who was discharged or released under honorable conditions or any person who served in the National Guard or Reserves from qualifying as active duty under this section.

Section 4(1)(h) grants eligible veterans, who were **honorably discharged** or **conditions**, the right to purchase up to four years to add to their creditable service in the retirement system due to service in the armed forces of the United States.

State Veteran Status Eligibility

To be eligible for veterans' benefits, one must be a "veteran" under M.G.L. c. 32, § 7(43). A person is considered a "veteran" if they have 180 days of active service, or failing that, a certain amount of service during which they were honorably discharged or released under honorable conditions.

See next page for periods of service constituting "wartime" service.

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
Notice of Potential Veterans' Benefits

Retirement Board: Please enter your retirement board information here.

Name of Retirement Board: _____
Address: _____
City/Town: _____ Zip Code: _____
Telephone: _____ Fax: _____

Procedures

You must complete this application and file it with your retirement board no later than 1 year after you vest in the retirement system unless you are a member of the National Guard or Reserves, who 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, whichever date last occurs, to enter into a buyback agreement. You must enclose a copy of your federal form DD-214 with your application.

- Payment of 10% of your salary when you last became a member of a retirement system per year of creditable service being purchased is required. Consult your retirement board for payment options.
- Once your eligibility has been verified you will receive written notification of: (1) the years and months of service you may purchase (not to exceed four years) and (2) the amount owed.
- No refunds are allowed after purchasing this service except by a refund of all accumulated deductions.

Application

To the _____ Retirement Board:

I respectfully request creditable service for my active service in the armed forces of the United States and Active Reserve or National Guard under the provision of Massachusetts General Laws, Chapter 32, Section 4(1)(h).

Last Name: _____ First Name: _____ M.I.: _____
Social Security # (last four): _____ Phone #: _____
Street Address: _____
City/Town: _____ State: _____ Zip Code: _____
Email: _____
Governmental Unit: _____
Date Most Recently Entered Public Service: _____ Date of Honorable Discharge: _____

Member's Signature:

I sign this application under the penalties of perjury. I affirm that the information presented in this application is correct, complete and accurately presented. I understand that giving false or incomplete information may subject me to the loss of my benefits as well as civil and criminal penalties.

Member's Signature: _____ Date: _____

Contact Information

- ❖ If you have any questions, please email me at patrick.m.Charles@mass.gov.
- ❖ Phone is **617-591-8914**
- ❖ For details on HERO Act and sample notice please see *Memo 23 of 2024*.
<https://www.mass.gov/memorandum/perac-memo-23-veterans-buyback-changes>
- ❖ *Notice of Potential Veterans' Benefit Form* on our website at
<https://www.mass.gov/doc/veterans-buyback-form-0/download>



QUESTIONS?

