

# Questions from Veterans' Buyback/HERO Act Webinar

This list of questions and answers from the veterans' buyback webinar consists of broad-based questions and scenarios. Questions of a more individual nature or a more hypothetical situation can be inquired about directly.

## Key points that remain the same:

- Eligible to purchase up to 4 years of military service for which creditable service has not already been provided (If a person is paid their full salary during an active duty call up, that time is creditable and not eligible for buyback)
- The cost of the buyback is 10% of the first salary entering public service without interest. If a person left the retirement system and took a withdrawal, the cost is 10% of the salary of the subsequent entry into the system.
- The retirement board sets the terms and conditions of the buyback.
- The definition of veteran for retirement purposes has not changed.
- The veterans' buyback is only for active members.

## Key changes:

- The 180-day period upon entering public service to act on a veterans' buyback has been eliminated.
- The new period to enter into a veterans' buyback extends to within a year of having vested, that is the 11th year of creditable service, whether reached through 11 years of active public service or a combination of buyback and active public service.
- Any veteran who for any reason has not entered into a veterans' buyback agreement is eligible to do so until August 8, 2025, via the one-year grace period provided for in the statute.
- Written notice must be delivered to all active members of the retirement system by November 6, 2024, informing them of the one-year grace period.

- A veteran who has vested and has entered into a buyback agreement with an open-ended payment period will have to come to a payment agreement with the retirement board by August 8, 2025. PERAC strongly urges an installment plan in this instance, but a board can request a lump-sum payment.
- A public sector employee who gains veteran status after vesting through National Guard or Reserve service, or who becomes eligible to purchase additional time up to the 4-year maximum, has until 5 years after reaching that point to purchase service. It is the member's responsibility, not the board's, to track this.

PERAC's interpretation of the legislative intent of this statute is to increase the availability of the veterans' buyback benefit. Actions taken by boards to that effect will generally be viewed as fulfilling that intent.

## Questions asked during the webinar, grouped by topic

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### NOTICE

**Q: The required written notice of the one-year grace period must be sent by November 6, 2024. Does it need to be sent to all members, even those who aren't veterans?**

A: Yes, the notice must be sent to all active members per the statute. A retirement board will not be able to identify all veterans, particularly any who earned veteran status later in their public service career through National Guard or Reserve service. Sending the notice to all active members will ensure no one is missed.

**Q: Going forward, for new members entering the system, do we have to provide notice of the veterans' buyback to all members, even if they are not a veteran?**

A: Yes, similar to the notice required by November 6, 2024, it is required by statute and will ensure that someone who may earn veteran status later in their public service career is not bypassed.

**Q: What is the best way of proving that you sent notice to all members?**

A: We would recommend a board have a documented record of an effort to have up-to-date addresses and the method used to communicate with them. (The process used for verification forms may be a good model.)

**Q: Are you suggesting to send this potential benefits notice out with the Buyback notice?**

A: You are not required to send the Notice of Potential Benefits Form which included the buyback application but you certainly may send that along with the required notice that must be sent by November 6, 2024.

**Q: Is email sufficient notification or must it be mailed via US mail?**

A: **The notice must be mailed** to all active members but it is also a good idea to send it to active members if you have their email address on file. The goal is to ensure that ALL active members receive the notice.

**Q: Is it required to send the "form" to ALL members by 11/6/24 or just a letter?**

A: Something like the [sample notice](#) that PERAC provided would suffice.

**Q: Can you notify all active members of the new requirements via a newsletter if sent by the November 6, 2024 deadline?**

A: If it is directly mailed to all members and contains sufficient information along the lines of the sample notice PERAC provided.

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## VESTING

**Q: If a member has 9 years of service, does a member have to wait until he has 10 years to purchase military time?**

A: A member does not need to be vested to purchase. A member can buy at any time up to the 11th year of creditable service. A member with 6 years can buy 4 years of military time and that will make them vested.

**Q: Please clarify the 11 years period. Is it 1 year elapsed time from reaching 10 years of creditable service, or is it 11 years of creditable service?**

A: 11 years of creditable service.

**Q: If someone is reaching the 11 years of creditable service they would just need to start the buyback process correct, they would still have up to the 5 years (after reaching the 11th year) to complete the payment for the buyback?**

A: Yes, if the board grants a 5-year installment plan.

**Q: What if the member is already vested (say with 15 years). How much time do they have to purchase the veterans service since they already passed the 10 years.**

A: Someone who is already vested and has not purchased their service has one year, until Aug. 8, 2025, to enter into an agreement pursuant to the one-year grace period of the statute. The Board can grant a 5-year installment plan. The purchase does not need to be completed in one year.

**Q: According to [PERAC memo 11/2003](#) the 180 days is to determine if you wish to purchase it or not and NOT that you must purchase it within 180 days that is MY understanding of the 180 days. Is this correct?**

A: The 180 day-timeline is eliminated. A person has through their 11<sup>th</sup> year of creditable service – whether achieved purely through active service or active service and buybacks – to enter into an agreement with the board. The board has the option of allowing an installment plan from there or requiring a lump-sum payment.

**Q: So If someone purchases 4 years of Military and 6 of service they can retire if they are otherwise eligible?**

A: Yes

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## ONE-YEAR GRACE PERIOD

**Q: This only refers to those that didn't get to sign the 180-day notice, correct?**

A: Any active member who did not purchase their military service for any reason - whether they previously applied or not - is eligible to purchase their military service under the one-year grace period.

**Q: If a member has 18 years of service and now wants to purchase the service can they purchase the military just before they retire?**

A: If a member has 18 years of service and has not entered into any type of buyback agreement, they have one year, until Aug. 8, 2025, to enter into an agreement under the one-year grace period with purchase conditions of an installment plan or lump-sum payment decided by the board.

**Q: The one year grace period - is this just applicable to active members with the system that are over 11 years? Does the grace period apply to anyone else?**

A: In nearly all cases, yes. The exception would be someone with between 10 and 11 years of service, they have until the later of their 11th year of service or Aug. 8, 2025 - the end of the one-year grace period.

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## INSTALLMENT PLAN

**Q: If the Board allows an installment plan, what happens if they do not make all of the payments? Return payments, pro-rate service?**

A: They creditable service purchase can be prorated. You do not need to purchase all available military service.

**Q: If the member defaults on the installment plan, say they pay 75% of the installment agreement, do we still prorate the service purchase (e.g. will receive 3 years of service)?**

A: Yes

**Q: Would PERAC consider a payment plan that allows one year for every year being purchased as a reasonable payment plan for boards to adopt ?**

A: This would be acceptable. We would generally support action that provides more opportunity for this benefit to be utilized consistent with the legislative intent.

**Q: Our Board grants members double the time to complete their buyback. For example, if the member has 4 years of eligible service, they have up to 8 years to complete their purchase. Is it okay to go up to 8 years for an installment plan?**

A: This is a decision that is up to the Board. Generally buybacks are limited to 5 years however the Board can set a longer period if it is reasonable.

**Q: Our board regulations allow a 5 year installment plan for regular buybacks, veterans buybacks are not specifically listed in the regulation, Do we need a new regulation that allows veterans buybacks specifically?**

A: You do not need a specific new regulation but you may wish to amend your existing regulation to clarify that Veterans' Buybacks also have a 5 year installment plan option.

## BUYBACK TIMING

**Q: Can a retiree purchase one year before November 6, 2024, and then 2 years later buy the rest of their veteran's time?**

A: A retiree is ineligible for veterans' buyback or any buyback. A veteran with less than 11 years of creditable service can purchase their time in increments up through their 11th year if the board allows. A veteran who has less than 4 years of military service may buy it back through their 11th year of service, or if vested, by August 8, 2025, via the one-year grace period. Should such a veteran subsequently accrue more military time through Guard or Reserve service after vesting, that time can be bought no later than 5 years after reaching the maximum of four years eligible for buyback.

**Q: If a new member turns in the application immediately, does that indicate they will start payments?**

A: It is up to the board's regulations when the payments are required but payments must begin by the statutory deadline, within 1 year of vesting (11 years) or if in the National Guard or Reserves within 5 years of reaching the maximum allowable amount of 4 years or the 11<sup>th</sup> year of creditable service whichever is later.

**Q: Does the member actually have to start paying before the deadline or just sign an agreement? I am thinking of a school employee who agrees to biweekly deductions but school does not start until after the deadline.**

A: A member must enter into a payment plan by the deadline, if the member is going to make payments through a payroll deduction then those deductions must start as soon as practicable.

## TRANSFERS

**Q: If an employee transfers to a new community in the middle of their installment payments, what is the protocol for that? Do they finish payments with the new community?**

A: Yes

**Q: Does vesting happen on the individual Board level?**

**In the example about the transfer a minute ago, wouldn't the member have 1 year from the transfer to start their veteran buyback, because they weren't eligible to retire from the second Board until they transferred in?**

A: A transfer does not affect the requirement that a member begin the purchase of their service within 1 year of vesting (10 years of creditable service).

**Q: Regarding transfers with buyback payment in process. I was under the impression that buybacks cannot be transferred – no proration. Are buyback funds paid by the member refunded upon termination, and then the second board lets the member purchase the veteran's service and accept all the liability?**

A: The veterans' buyback provision in [s. 4\(1\)\(h\)](#) does not require a member to purchase their entire military service. If they fail to complete a purchase prior to transfer the service can be purchased and then they can enter into a new agreement for any remaining time immediately upon joining the second system.

## MISCELLANEOUS

**Q: What if a member bought back their military service but ended up working over 40 years in the system and doesn't need the military service to receive the 80%? Do they or can they get the amount they contributed back?**

A: No, they do not. In that case, the person could have retired sooner due to their additional years of creditable service. For the 5% or so of members who retire with an accidental disability there is no refund either. Consider it akin to an insurance policy. The only way for a member to receive a refund is if they leave the system and withdraw all of their funds.

**Q: Is purchasing Military Buyback a qualifying event for withdrawal from a 457 deferred compensation account ?**

A: Yes.

**Q: Can PERAC have a new member enrollment package with all the applicable forms. enrollment, beneficiary forms , social security forms and veterans forms and any other that are required**

A: The West Springfield board replied that it has taken the PDFs of the enrollment paperwork, beneficiary forms (11(2)(C) and Opt. D), statement concerning job not covered under Social Security and now the new Vet. BB form and merged all of them into one document

**Q: You said all early 1990s is considered war time due to desert storm so is training time during that time considered wartime for reserves?**

A: Training time for the National Guard and Reserves NEVER counts as active duty time for purposes of meeting the definition of Veteran in [G.L. c. 4, s. 7, cl. 43<sup>rd</sup>](#). Wartime service for NON-Training active duty time is anytime since August 2, 1990.

**Q: Silly question, but is the Space Force included in this? Are they considered a branch of the military?**

A: The Space Force is considered a department of the Air Force and part of the military.

**Q: Can you also email a fillable pdf application form?**

A: The [Veterans' Buyback form](#) on our website is fillable.