

# MEMORANDUM #03, 2010

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: Reimbursing Employers for Costs Incurred Due to Board Members' Service on Retirement Boards

DATE: January 7, 2010

Several Boards have inquired with respect to the appropriate method of reimbursing a Board Member's employer for the cost of a substitute for the Member when he or she is away from work on Board business.

Board Members are to be reimbursed from the expense fund of the system for any loss of salary or wages which they personally may incur through service on the Board. With the exception of Board Members of Regional Retirement Systems, the employer is not required to allow Board Members leave to attend to Board business. In Regional Systems, the Board Members must be allowed leave, but the leave need not be compensated. If a Board Member takes a paid leave, such as vacation leave, to attend to Board business, the employer may incur additional costs, such as compensation for replacement personnel. The Board member would not have lost wages or salary, but the employer would have increased expenses as the result of a Member's Board activities.

Boards should schedule meetings taking into account the work schedules of the Board Members to avoid additional costs. Costs incurred by employers in instances where a Board Member does not lose wages or salary can be reimbursed by the Board to the employer. This reimbursement cannot exceed the amount that would have been paid to the Board Member had he or she worked his or her shift. The reimbursement amount must be fully documented, discussed and specifically approved by the Board prior to payment being made. The Board Member whose employer is being reimbursed for replacement personnel must abstain from participating or voting on this matter.

PERAC believes that Board Member participation, both in Board meetings and at approved educational offerings is an important aspect of the operation of the Boards. Likewise, the employers of Board Members should not incur substantial costs for this participation.

If you have additional questions, please feel free to contact this office.

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