

MEMORANDUM #16, 2010

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Further Guidance in Regard to Reimbursements Pursuant to G.L. c. 32, §3(8)(c)

DATE: April 6, 2010

In PERAC Memorandum #15/2010, we provided guidance with respect to reimbursements pursuant to G.L. c. 32, §3(8)(c). Specifically, we indicated that going forward, any recalculated reimbursements “will be effective as of the date that the request for recalculation was received” by PERAC.

Several boards contacted us to request we reconsider this wording. It was noted that in some instances, boards do not receive the initial §3(8)(c) reimbursement letter until several (or more) years after the date of retirement. If a board made a timely request for a review after receiving an initial §3(8)(c) letter, the respondents felt they were being unfairly penalized.

After reviewing a number of cases, we agree with this assessment. Memorandum #15 was written because a number of these requests have been for members who retired a number of years ago. We wanted to limit the retroactivity in these cases. However, most of the initial §3(8)(c) letters are produced within several months of retirement and requests are usually made in a timely manner. In these cases, it is logical that any modified calculation should be retroactive to the date of retirement. Therefore, PERAC has determined that going forward, the date the modified amount will be effective depends on the timeliness of the written request to PERAC.

If a board requests a recalculation within 3 months of the date it receives the initial §3(8)(c) reimbursement letter, the modified amount will be retroactive to the date of retirement. If a request is received more than 3 months after the initial §3(8)(c) reimbursement letter, the modified amount will be prospective from the date the request is received by PERAC. Therefore, the recalculated amount is retroactive to the date of retirement unless we indicate otherwise.

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