



Memorandum 24 /2005

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: How to Treat Contributions to Teachers' RetirementPlus When a Member Transfers to Another System

DATE: August 5, 2005

As you may recall in 2000, the Legislature created an optional alternative retirement formula available to teachers, which the Teachers' Retirement System ("TRS") and the Boston Retirement System ("BRS") call "RetirementPlus." This formula provides for enhanced benefits but also requires contributions at the rate of 11%. Questions have arisen about how local boards should treat these contributions when a teacher transfers from the TRS or the BRS to local systems.

Both Boards have promulgated regulations governing the transfer of its RetirementPlus members which addresses these questions. According to the regulations, the TRS and BRS will transfer the member's entire account to the local system; however, the TRS and BRS will also "break out" on the transfer memo the amount of the transfer attributable to the "excess" amount (i.e. the amount over the member's "normal" contribution rate).

Under G.L. c. 32, § 5(4), if a member who elected into RetirementPlus eventually retires with more than 30 years of creditable service, the local system must keep these contributions as it would keep all other contributions. If such a member retires with less than 30 years creditable service, the local system should refund these "excess" contributions (but no more) plus regular interest to the member. For members whose participation in RetirementPlus was mandatory (all members hired after July 1, 2001), no refund can be made. Questions about this process can be directed to PERAC or the TRS's General Counsel, James Salvie, at 617-878-2877 or james.salvie@trb.state.ma.us.

We trust the foregoing is of assistance.