

MEMORANDUM #33, 2009

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: COLA on Accidental Death Benefits

DATE: August 31, 2009

The Commission has received several inquiries recently regarding when the beneficiary of a member (previously retired under Accidental Disability) who is now receiving an Accidental Death benefit is eligible to start receiving a COLA.

When a member who is receiving an Accidental Disability benefit (payable under G.L. c. 32, s. 7) dies from the same cause for which they retired, the beneficiary is eligible to receive an Accidental Death benefit (payable under G.L. c. 32, s. 9). The beneficiary must apply for this Accidental Death benefit. The Accidental Death benefit is considered a new benefit (not a continuation of the Accidental Disability benefit). G. L. c. 32, s. 103(c) states in pertinent part, “[t]he retirement allowance, pension or annuity...of a spouse or other beneficiary of such member who has received a retirement allowance, pension or annuity on June 30 of the prior fiscal year, shall be increased by the percentage as recommended by said report.” This passage indicates that the beneficiary receiving an Accidental Death benefit must have been receiving the Accidental Death benefit on June 30 of the prior fiscal year to be eligible for a COLA payment. The answer is the same if the spouse applies for and receives benefits under G.L. c. 32, s. 101. (Emphasis supplied.)

Contrast this situation to the beneficiary of an Option C retiree. By way of example, we will assume the member was receiving a Superannuation benefit (payable under G.L. c. 32, s. 5). In this case, when the member dies, the beneficiary, with no additional action, continues to receive the Superannuation benefit (still payable under the provisions of Section 5), albeit in a different amount (because of the way Option C works). Therefore, if the benefit had been in place on June 30 of the prior fiscal year, the beneficiary would be entitled to a COLA. In other words, if the member would have received the next COLA had they not died, the beneficiary would receive it as well.

We trust the foregoing is of assistance. If you have any questions, do not hesitate to contact this office.

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