

MEMORANDUM #37, 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: Withdrawal of Accumulated Total Deductions

DATE: October 1, 2009

Chapter 21 of the Acts of 2009 has added a new hurdle for those individuals requesting a return of their accumulated total deductions. Section 14 of Chapter 21 of the Acts of 2009 provides as follows:

Subdivision (1) of [section 11 of said chapter 32](#), as so appearing, is hereby amended by adding the following paragraph:-

(d) If a member is entitled to a return of his accumulated total deductions and requests such a return from the board on the prescribed form, then prior to the return of such accumulated total deductions, the board shall contact the member's employer to determine whether the member owes an obligation to the employer under an employee benefit plan, including a cafeteria plan established pursuant to 26 U.S.C. section 125. If it is determined that the member owes the employer under any such plan, the board shall not return the accumulated total deductions until it has received notice from the employer that the obligation has been satisfied.

This new subsection of Chapter 32 requires that a Retirement Board contact the member's employer to make sure that the member doesn't owe an obligation to the employer prior to the Retirement Board releasing funds. We are implementing this change by updating the form entitled *Application for Withdrawal of Accumulated Total Deductions*. Section B, the section which is filled out by the employer, has been expanded to include a question about obligations an employee may owe to an employer. A copy of the updated form is attached to this memorandum.

It is interesting to note that the new law does not provide for the attachment of funds by the employer. The Retirement Board may not release these funds to an employer. If an employer indicates an obligation is owed, the employer must later certify to the Retirement Board that the obligation has been satisfied in order for the funds to be released to the member. Presuming no other problems, the funds may be distributed upon receipt of the employer's certification that nothing further is owed under an employee benefit plan.

We trust the foregoing will be of some assistance to you.

Attachment

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