PERAC
COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
PHILIP Y. BROWN, ESQ., *Chair* WILLIAM T. KEEFE, *Executive Director*
Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

MEMORANDUM

TO: All Retirement Boards

FROM: Bill Keefe, Executive Director

RE: Anti-Spiking Calculation Pursuant to Section 106 for Union Members

DATE: January 9, 2026

This memorandum **applies only to retirement boards that have members subject to the provisions of G.L. c. 32, §106**, *Amounts paid in lieu of vacation leave*. As such, it will not apply to most retirement systems.

A question recently arose as to how to calculate the regular compensation for anti-spiking purposes of a member who is part of a collective bargaining unit under Chapter 150E (or in the case of a member of MassPort, who is subject to Section 139 of Chapter 248 of the Acts of 2024) (hereafter "union member"), and who is also subject to the provisions of Section 106. Increases in regular compensation under a salary schedule collectively bargained for union members meet one of the exemptions under G.L. c. 32, §5(2)(f) but increases in regular compensation for vacation buyback programs do not. This memo will discuss how the anti-spiking calculation will be performed in such cases.

In the following example, the member's vacation buyback program was put on hold due to the COVID-19 pandemic and later restarted.

The table below breaks out the member's regular compensation over the past 5 years:

	Pay without collectively bargained increases	Pay with collectively bargained increases	Collectively Bargained increases	Vacation Buy-Back
Year 1	$103,428	$110,535	$7,107	
Year 2	$100,412	$107,061	$6,649	$5,967
Year 3	$97,500	$100,733	$3,233	
Year 4	$94,640	$95,179	$539	
Year 5	$91,884	$94,609	$2,725	

Since the collectively bargained increases are exempt from spiking, the first step is to take the pay without the collectively bargained increases, including any vacation buybacks and determine the allowable regular compensation (shown in the "Pay to Use" column).

	Regular Compensation (w/o collectively bargained increases)	Avg. of Prev. 2 Years	110% of Avg. of Prev. 2 Years	Pay to use
Year 1	$103,428	$101,940	$112,133	$103,428
Year 2	$106,379	$96,070	$105,677	$105,677
Year 3	$97,500	$93,262	$102,588	$97,500
Year 4	$94,640			
Year 5	$91,884		3-yr. avg.:	$102,202

Next, you will add the collectively bargained increases to the regular compensation figures determined above.

	Pay to use (without collectively bargained increases)	Collectively Bargained Increases	Final Pay to Use
Year 1	$103,428	$7,107	$110,535
Year 2	$105,677	$6,649	$112,326
Year 3	$97,500	$3,233	$100,733
		3-yr. avg.:	$107,865

Therefore, this member's benefit would be based on a 3-year average salary of $107,865.

The methodology outlined above applies to any union member who was also subject to the provisions of Section 106. If you have such a member who has retired and whose pay spiked, you should review the regular compensation based on the above guidance to see if it would result in a greater retirement allowance.

The anti-spiking worksheet currently available on our website is not able to perform the entire calculation outlined above but can be used for the initial calculation shown at the top of this page.

TO: All Retirement Boards
FROM: Bill Keefe, Executive Director
RE: Anti-Spiking Calculation Pursuant to Section 106 for Union Members
DATE: January 8, 2026

In the example above, the member's pay spiked because the vacation buyback occurred in only one year. In most cases, we expect that the member would do a vacation buyback every year, which would reduce the likelihood of a pay spike under the provisions of Section 5(2)(f).

We are willing to provide a virtual session (either through Teams or Zoom) to affected retirement boards on this issue. If interested, please email John Boorack at John.Boorack@mass.gov.

We trust the foregoing is of assistance. If you have any questions, do not hesitate to contact John Boorack, PERAC Actuary, at (617) 591-8935.

WTK/jfb

p:\clcultns\misc\anti spiking w vbb memo.docx