

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: All Retirement Boards

FROM: Bill Keefe, Executive Director

RE: Updated Member and Beneficiary Refund Forms & IRS
Special Tax Notice

DATE: June 27, 2025

In June 2021, after receiving numerous inquiries concerning the options for members and beneficiaries to withdraw accumulated deductions, PERAC updated the Member's Application for Distribution of Accumulated Total Deductions Form ("Member Refund Form") and created a new Beneficiary Application for Distribution of Accumulated Total Deductions Form ("Beneficiary Refund Form"). PERAC issued Memorandum #18 of 2021 to highlight the two new Refund Forms for retirement boards.

Recently, PERAC has worked with our Tax Counsel to provide additional updates to the Member Refund Form and the Beneficiary Refund Form to encompass the recent federal tax law changes as well as updates resulting from the SECURE and SECURE 2.0 Acts. A main update to both forms has been to highlight the treatment of pre-tax and post-tax contributions for rollovers and direct payments. The updates made to these forms ensure that all Massachusetts Retirement Systems are following a uniform procedure for the withdrawal of accumulated total deductions for members and beneficiaries that comply with federal tax laws.

In addition to the two Refund Forms, PERAC has also worked with our Tax Counsel to update the IRS Special Tax Notice that must be provided to members and beneficiaries when they complete a refund. These updates encompass the recent federal tax law changes as well as updates resulting from the SECURE and SECURE 2.0 Acts. PERAC would like to remind retirement boards that the IRS Special Tax Notice must be *individually* provided to members and beneficiaries applying for a refund – i.e., generally it is not sufficient to simply post the notice. See Treas. Reg. 1.402(f)-1, Q&A-4. However, the Treasury Regulations do permit the IRS Special Tax Notice to be provided through



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electronic means as opposed to a written paper document, so long as the requirements of Treas. Reg. 1.401(a)-21 are satisfied. *See* Treas. Reg. 1.402(f)-1, Q&A-5.

The two Refund Forms and the updated IRS Special Tax Notice can be found on the PERAC website under the Forms section. These versions should now be used by retirement boards in lieu of the older versions.

If you have questions, please feel free to contact Senior Associate General Counsel Felicia McGinniss at 617-666-446 ext. 909.