

# Regular Compensation

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## **Public Employee Retirement Administration Commission**

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# Chapter 32 Section 1

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## Regular Compensation

- Compensation received exclusively as **wages** by an employee for **services performed** in the course of employment for his employer.

# Chapter 32 Section 1

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## Wages

- The base salary or **other base compensation** of an employee ...

# 840 CMR 15.03

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Helps define “other base compensation”:

Pre-determined, non-discretionary, guaranteed payments paid by the employer to similarly situated employees

# 840 CMR 15.03

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Payments made by the employer to the employee because of:

- the character of the work
- the employee's length of service
- the time at which the work takes place
- educational incentives
- and payments for training and licensing

## **840 CMR 15.03**

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Also lists what payment types are not regular compensation

Same list of payment types as Section 1 definition of “wages”

# 840 CMR 15.03

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Some payment types have never been regular compensation:

- overtime
- bonuses
- unused vacation and sick pay
- severance
- payments due to member's retirement

# 840 CMR 15.03

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Some payment types are newly excluded

- housing
- clothing allowance
- automobile usage



# PERAC Memo #33/2011

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Can a payment be included in base salary but not be regular compensation?

Yes

Example - Salary augmentation plan

# PERAC Memo #33/2011

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Can a payment that is not included in base salary be regular compensation?

Yes

Base Salary vs. Other Base Compensation

# PERAC Memo #33/2011

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Overtime- not necessarily paid at time and a half

Regularly scheduled to work 25 hours per week

Occasionally works 29 to 32 hours

Extra pay is not regular compensation

# New Pay Codes

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Board should be notified by payroll department

Effective 2/16/2011: Board should receive all collective bargaining agreements

# Ultimate Decision

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- Made by Retirement Board