



Memorandum # 3/2003

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Termination Retirement Allowances

DATE: January 13, 2003

Given the current fiscal crisis in both state and municipal government and the possible resultant increase in terminations, this memorandum will outline the Termination Retirement Allowances available under G.L. c. 32, § 10. The memo will also outline the Commission's review process for Termination Retirement Allowance applications as it was detailed in PERAC Memo #33/2002.

Review and Certification

Pursuant to G.L. c. 32, § 21(1)(d), the Commission must review all Retirement Board grants of Termination Retirement Allowances. The Commission will review these applications according to the same standards as it reviews disability retirement applications. The Commission will take action within 30 days of the date the notification of the Board's action is received. If an application is remanded, the Board and applicant will receive a copy of the Commission's remand letter.

In addition, employers must certify in writing as to the circumstances of the termination on behalf of a member. Included with Memo #33/2002 was the *Employer's Certification in Connection with Termination Retirement Allowance* form to be used for the certification and the *Termination Retirement Transmittal to the Commission* form to be used when submitting applications to the Commission.

Termination Retirement Allowances

Section 10(1)

This section provides that a member who "resigns or voluntarily terminates his service, or fails of nomination or reelection, or fails of reappointment, or whose office or position is abolished, or is removed or discharged from his office or position without moral turpitude on his part" after completing twenty or more years of creditable service is entitled to a superannuation retirement

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allowance regardless of age. The member's age factor would be reduced by one tenth of one percent for each year under age fifty-five.

The § 10(1) retirement allowance of a Group 2 member who terminated service before age 55, would be calculated using the age factor for a Group 1 member of the same age.

The § 10(1) retirement allowance of a Group 4 member who terminated service before age 45 and whose allowance becomes effective before the member attains age 45 would be calculated as a Group 4 member with a one tenth of one percent reduction in the age factor for each year under 45.

The § 10(1) retirement allowance of a Group 4 member who terminated service before age 45 and whose allowance becomes effective after the member attains age 45 would be calculated as that of a Group 1 member unless the member defers retirement until age 55.

If the member applies for such allowance within sixty days of their termination of service the allowance would become effective as of the date of such termination of service. Otherwise the allowance cannot become effective in less than fifteen days nor more than four months from the date the application is filed.

Section 10(2)(a)

This section provides that a member who "has completed twenty or more years of creditable service and who fails of nomination or re-election, or fails of reappointment, or whose office or position is abolished, or is removed or discharged from his office or position without moral turpitude on his part, or who has completed thirty or more years of creditable service and whose resignation becomes effective before he attains age fifty-five" is entitled to a termination retirement allowance.

The termination allowance is the sum of the member's annuity and a pension equal to one-third of his or her five-year* average annual rate of regular compensation.

*If the member's system has accepted the provisions of Chapter 473 of the Acts of 1984, the pension is calculated based upon a three-year average annual rate of regular compensation.

If the member is a veteran, he or she would also be entitled to an additional \$15 for each year of creditable service up to a maximum of \$300.

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If the member applies for such allowance within sixty days of their termination of service the allowance would become effective as of the date of such termination of service. Otherwise the allowance cannot become effective in less than fifteen days nor more than four months from the date the application is filed.

Section 10(2)(b)

This section provides that an elected official who has completed six or more years of creditable service and who “fails of nomination or re-election, or fails to become a candidate for nomination, re-election or election...or whose office or position is abolished” may leave his or her accumulated total deductions in the retirement system and upon attaining age 55 apply for a superannuation retirement allowance. Any other Group 1 or 2 employee whose employment commenced on or after January 1, 1978, who has completed ten or more years of creditable service and who “fails of reappointment, or is removed or discharged from his office or position without moral turpitude on his part” may apply for a superannuation retirement allowance upon attaining age 55.

Section 10(2)(b^{1/2})

This section provides that any Group 1, 2, or 4 member who has completed ten or more years of creditable service and “resigns or voluntarily terminates his service and leaves his accumulated total deductions in the annuity savings fund of the system of which he is a member,” may apply for a superannuation retirement allowance upon attaining age 55.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.