

Middlesex County Retirement System

INTEREST CHARGES ON CERTAIN SERVICE PURCHASES WILL DOUBLE ON APRIL 2, 2013

Chapter 176 of the Acts of 2011, “An Act Providing for Pension Reform and Benefit Modernization,” included a provision which doubles the interest rate charged on purchases of temporary, provisional or substitute service rendered to a governmental unit outside of the Middlesex County Retirement System, and on redeposits of previously withdrawn retirement deductions, from the buyback rate of 4% to the actuarial rate of 8%, if not purchased within a certain specified time.

The cost to purchase past service is generally based on what you would have paid in contributions during that period, plus interest to date. For a redeposit, the cost is what you previously paid into a retirement system and withdrew, plus interest to date. The difference between buyback interest and actuarial interest could be substantial.

- ***Members with an effective membership date PRIOR to April 2, 2012***, will be charged interest at the buyback rate of 4% if: (1) the service purchase application or redeposit application is received before April 2, 2013, and (2), the service purchase or redeposit is either paid in full, or the member commits to an installment agreement before April 2, 2013, or the billing date, whichever date is later. Requests received on and after April 2, 2013 will be charged the actuarial rate of 8% interest.
- ***Members with an effective membership date AFTER April 2, 2012***, will be charged interest at the buyback rate of 4% if: (1) the service purchase application or redeposit application is received within one year of the membership date, and the service purchase or redeposit is either paid in full, or the member commits to an installment agreement by the first anniversary of the date of membership, or the billing date, whichever date is later. Requests received on and after one year from the date of membership will be charged the actuarial rate of 8% interest.
- Purchases of prior non-contributing employment service rendered to a member unit of the Middlesex County Retirement System remain subject to the buyback interest rate and are not subject to the actuarial interest rate.
- Purchases of the military service credit are not impacted by the interest rate.
- If a member enters into an installment plan with buyback interest and defaults on payments, a new agreement must be established with actuarial interest.

Service Purchases Subject To This Provision

- Purchases of temporary, provisional or substitute employment service rendered to a governmental unit or state agency which is not a member unit of the Middlesex County Retirement System.
Request Form: http://www.middlesexretirement.org/Makeup_Request.pdf
- Redeposits of retirement contributions previously withdrawn from Massachusetts public retirement systems.
Request Form: http://www.middlesexretirement.org/Redeposit_Request.pdf

If you have any further questions, please contact us at MRS@middlesexretirement.org or call 978-439-3000.