

Interest on Accumulated Deductions

The retirement contributions of members earn annual interest in an amount established under a statutory formula by the Public Employee Retirement Administration Commission, in consultation with the Commission of Banks, based upon a survey of the interest paid on individual savings accounts of at least ten financial institutions in Massachusetts.

Members may apply to withdraw their accumulated retirement deductions only after termination of employment. Misappropriation of public funds or property, conviction of a violation of a law applicable to a member's position, and Child Support Enforcement Orders issued by the Department of Revenue, all may impact a member's right to receive a refund of retirement deductions.

Federal taxes are required to be withheld from a direct refund of deductions paid to a member. Members may opt to roll the refund of deductions over into another qualified retirement plan.

Chapter 131 of the Acts of 2010 provides that as of July 1, 2010, the calculation of interest on a refund of accumulated deductions for a member entering the system after January 1, 1984, who has less than 10 years of creditable service, will be 3%.