

## MEMORANDUM

TO: All Retirement Boards

FROM: Bill Keefe, Executive Director

RE: Veterans' Buyback Changes

DATE: August 19, 2024

On August 8, 2024, Governor Healey signed Chapter 178 of the Acts of 2024, "An Act Honoring, Empowering, and Recognizing our Servicemembers and Veterans" ("the HERO Act"). This Act makes substantial changes to the purchase of veterans' creditable service and requires that retirement boards take action. Most urgently, as discussed in earlier communication, retirement boards must send written notice to active members by November 6, 2024, to inform them of a one-year opportunity to purchase military service if they missed their initial opportunity. This memo will discuss these changes and what actions must be taken by retirement boards.

It is important to note that while a definition of Veteran was changed in this Act, the definition for retirement purposes in General Laws, Chapter 4, Section 7, clause 43<sup>rd</sup> has not been changed. Also unchanged: a person may buy up to four years of military service; the cost for each year is 10% of their salary when they last became a member of a retirement system<sup>1</sup>; and the retirement board sets the terms and conditions of the buyback.

For the purposes of this Memorandum, the term "vest" or "vesting" shall mean reaching 10 years of creditable service. This includes not only the service earned since joining a retirement system but also any creditable service purchased by the member.

### Timeframe Change to Within a Year of Vesting

The 180-day limitation that has existed since 1996 has been repealed by Section 52 of the HERO Act. Members will now be allowed to purchase their military service time at any time prior to or up to one year after they vest in the system. A member may purchase their time on day one of their membership service or defer the purchase to the day they reach one year after their vesting date, 11 years of creditable service. Retirement boards can require a lump sum payment or allow

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<sup>1</sup> For the vast majority of people this will be the salary when they first entered public service. In the case of someone who left and took a refund, it is the salary from the most recent re-entry into the system.



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up to a five-year installment plan. The member must either complete the purchase or begin payments under an installment plan within one year of reaching vested status, or 11 years. If the Board offers a five-year installment plan to the member in year 10 of that member's service, then the member would have more than 11 years to complete the purchase.

As in the past, members of the National Guard and Reserves are still able to purchase veterans' creditable service at a 5-to-1 ratio.

### **National Guard and Reservists After Vesting**

National Guard and Reservists who do not qualify as a veteran, per the definition on the veteran's buyback form, within one year of vesting, or who have not reached the maximum of four years of eligible purchase time within one year of vesting, will have additional time to make the purchase. They will have five years from the date in which they qualify as a veteran, or the date that they qualify for the full four-year purchase, whichever date last occurs, to enter into a buyback agreement. The terms and process are then identical to the section above.

It will be incumbent on the veteran employee to track their military service time and earning of veteran status, not the retirement board. The retirement board would verify veteran status as it does currently and ensure the application is made timely.

### **One-Year Grace Period**

Section 53 of the HERO Act provides a new one-year opportunity for members who have not purchased their military service for any reason. This section provides that retirement boards must provide notice of potential eligibility to all active retirement board members within 90 days of the effective date of the HERO Act, which means that notice must be sent by November 6, 2024. Active members will then have up to one year from the effective date of the HERO Act, August 8, 2025, to make the purchase of any creditable service or enter into an installment plan, if allowed by the retirement board. This new opportunity to purchase creditable service only applies to active members. Inactive and retired members cannot make a veterans' buyback.

### **Existing Members**

- **A veteran who has already completed a military service purchase** – no action is needed.
- **A veteran who has NOT entered into an agreement, and has MORE THAN 11 YEARS of creditable service**, has a one-time grace period until August 8, 2025, to enter into an agreement with the Board, which has the discretion to require a lump sum

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payment or an installment plan. August 8, 2025 reflects one year from the effective date of the HERO Act.

- **A veteran who has NOT entered into an agreement, and has LESS THAN 11 YEARS of creditable service**, has until the later of the two following events to enter into an agreement with the Board, which has the discretion to require a lump sum payment or an installment plan: completion of the 11<sup>th</sup> year of creditable service or August 8, 2025, which reflects one year after the effective date of the HERO Act.
- **A veteran who HAS ENTERED INTO AN AGREEMENT, but HAS NOT COMPLETED THE PURCHASE**, has until the later of the two following events to come to terms with the retirement board on the purchase: complete the 11<sup>th</sup> year of creditable service or August 8, 2025, which reflects one year after the effective date of the HERO Act. Depending on the Board's terms and conditions, a lump-sum payment or the start of an installment plan will be required either by the end of the 11<sup>th</sup> year of creditable service or August 8, 2025, whichever is later.

In these cases where a retirement board has allowed an open-ended period to make the payment for a veterans' buyback, we would request that Boards strongly consider allowing for an installment plan in those cases where the statute is now creating a more imminent deadline for payment.

**Veterans' Buyback Notice for New Members Going Forward**

Section 18 of the HERO Act amends Chapter 32 by striking the 4<sup>th</sup> paragraph of Section 4(1)(h) and inserting a new paragraph. This new paragraph requires that notice of potential veterans' buyback eligibility must be given to every member of the retirement system when they enter service. Such notice should be given to every member when they complete their new member enrollment forms. This will ensure that every member receives the notice as some may be eligible for the buyback, some never will be, and others may be eventually.

**Required Retirement Board Action:**

1. Boards must send written notice, by November 6, 2024, to all active members of the system informing them that they have a new opportunity to make a veterans' buyback by August 8, 2025. Attached to this memo is a sample notice that should be used by the Board.
2. Boards should notify any member who previously completed the Veterans' Buyback Application, but who had not made arrangements for payment, that they must do so by

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the later of their 11<sup>th</sup> year of service or August 8, 2025, according to the new requirements of the HERO Act.

3. Boards must review any existing supplemental regulations regarding the purchase of military service and submit any necessary revisions to PERAC for approval.
4. PERAC has updated the Notice of Potential Veterans' Benefits forms on our website and Boards should begin utilizing the new form as it addresses the changes made by the HERO Act.
5. All Boards must begin giving notice of the military service buyback to all new members when they enroll in the retirement system. Boards should provide the updated Notice of Potential Veterans' Benefits Form available on PERAC's website.

In addition to the guidance in this memo, PERAC will be conducting a webinar on August 27, 2024, at 1:00 p.m. which will be recorded and later posted on the PERAC website for your reference. Please see our website for registration information. If you have any questions, please feel free to contact Assistant Deputy Director Patrick M. Charles at [Patrick.m.charles@mass.gov](mailto:Patrick.m.charles@mass.gov) or 617-591-8914.

Attachment

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The Board may wish to alter this sample notice to include the terms and conditions that it requires as part of the buyback process, specifically, whether a lump sum is required or whether an installment plan may be requested.

**SAMPLE NOTICE FOR ALL RETIREMENT ACTIVE MEMBERS**

To: All Active Members  
Date: XXX  
Re: Important information on Veterans' buybacks

If you are an active member of the retirement system, meet the Chapter 32, Section 1 definition of veteran and, for any reason, have not entered into an agreement with the retirement board to purchase your military service time, or, you have entered an agreement, but have not completed the purchase, please read this notice closely as there has been significant changes to veterans' buybacks signed into law.

Passed by the Legislature and signed by Governor Healey on August 8, 2024, Chapter 178 of the Acts of 2024, commonly referred to as The HERO Act, removes the 180-day statutory deadline for purchasing military service. It institutes a deadline of within a year of vesting in the retirement system, effectively 11 years of creditable service. It also creates a one-time, one-year grace period for anyone who has not purchased their military service, giving them the opportunity to do so.

**If you are a veteran and have already completed your military service purchase**, you do not need to take any action.

In each following scenario, these parameters have not changed: You may purchase up to four years of your military service. The cost is 10% of your salary when you last became a member of a retirement system for each year of military service you want to purchase. (Unless you left the system and took a refund of your contributions, this will be your first salary when you entered public service). The Board sets the terms and conditions for the purchase, which could require a lump-sum payment or up to a five-year installment plan.

**If you have NOT entered into an agreement, and you have completed more than 11 years of creditable service**, you have a one-time grace period to do so until August 8, 2025. This date reflects one year after Governor Healey signed the HERO Act. Contact the retirement board to take action.

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**If you have NOT entered into an agreement, and you have completed less than 11 years of creditable service,** you have until the later of the two following events to do so: you complete your 11<sup>th</sup> year of creditable service or August 8, 2025, which reflects one year after the effective date of the HERO Act. Contact the retirement board to take action.

**If you have already entered into an agreement, but have not completed the purchase,** you have until the later of the two following events to come to terms with the retirement board on the purchase: you complete your 11<sup>th</sup> year of creditable service or August 8, 2025, which reflects one year after the effective date of the HERO Act. These terms could be a payment plan or a lump sum payment. In either case, some type of payment will be required either by the end of your 11<sup>th</sup> year of creditable service or August 8, 2025, whichever is later. Contact the retirement board to take action.

If you have any questions, please contact the retirement board.



# Introduction

## Notice of Potential Veterans' Benefits

Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h)

Form Last Revised: August, 2024

The *Notice of Potential Veterans' Benefits Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h)* notifies eligible veterans of their rights to purchase creditable service for their military service. In order to purchase such service, a member must meet the definition of "veteran" in Massachusetts General Laws, Chapter 32, Section 1.

Keep in mind:

- You may make this purchase at anytime up to one year after you vest in the retirement system. **Vesting is defined as having 10 years of creditable service.**
- National Guard and Reservists who do not qualify as a veteran, per the definition on the veteran's buyback form, within one year of vesting, or who have not reached the maximum of four years of eligible purchase time within one year of vesting, will have additional time to make the purchase. They will have five years from the date in which they qualify as a veteran, or the date that they qualify for the full four-year purchase, whichever date last occurs, to enter into a buyback agreement
- If you have already been granted creditable service for active duty service under Massachusetts General Laws, Chapter 32, Section 4(1)(h), you are not eligible to apply for additional credit based on that same service.
- You should contact your retirement board for an estimate of the cost of this purchase and payment options.
- Once purchased, a refund of the cost of this service is only available by a refund of all accumulated deductions.

## Definition of Veteran Under Massachusetts General Laws, Chapter 32, Section 4(1)(h) and Massachusetts General Laws Chapter 4, Section 7, Clause 43:

Massachusetts General Laws, Chapter 4, Section 7, Clause 43 defines "veteran" to mean any person who served at least 180 days active duty in the Army, Navy, Marine Corps, Coast Guard or Air Force whose last discharge or release was under honorable conditions or any person who served at least 90 days of active duty including at least one-day wartime service. The definition specifically excludes active duty for training for the National Guard and Reserves from qualifying as active duty under this section.

Section 4(1)(h) grants eligible veterans, who were **honorably discharged** or **discharged under honorable conditions**, the right to purchase up to four years to add to their creditable service as a member of a retirement system due to service in the armed forces of the United States.

## State Veteran Status Eligibility

To be eligible for veterans' benefits, one must be a "veteran" under M.G.L, c. 4, § 7, cl. 43<sup>rd</sup>. You must either have 180 days of active service, or failing that, a certain amount of service during "wartime."

See next page for periods of service constituting "wartime" service.



# Introduction *(Continued)*

## Notice of Potential Veterans' Benefits

Pursuant to Massachusetts General Laws, Chapter 32, Section 4(1)(h)  
Form Last Revised: August, 2024

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### Periods of Service Constituting "Wartime" Service

Era of Service	Dates	Requirement for Veteran Status
<b>WORLD WAR II</b> (Merchant Marine: 7-Dec-1941 through 31-Dec-1946)	16-Sep-1940 25-Jul-1947	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>KOREA</b>	25-Jun-1950 31-Jan-1955	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>Korean Defense Service Medal</b>	28-Jul-1954 (to be determined later)	90 days of active duty service, last discharge under honorable conditions and recipient of the Korean Defense Service Medal.
<b>VIETNAM</b>	5-Aug-1964 7-May-1975	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>Lebanon Campaign*</b>	25-Aug-1982 (to be determined later)	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>Grenada Campaign*</b>	25-Oct-1983 15-Dec-1983	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>Panama Campaign*</b>	20-Dec-1989 31-Jan-1990	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.
<b>PERSIAN GULF</b>	2-Aug-1990 (to be determined later)	90 days of active duty service, one (1) day during "wartime" and a last discharge or release under honorable conditions.

\* Naval and Marine DD-214 must indicate Expeditionary Medal. All DD-214's must specify campaign: **Lebanon, Granada, or Panama.**

For **GUARD MEMBERS** to qualify they must have 180 days and have been activated under Title 10 of the U.S. Code **-OR-** Members who were activated under Title 10 or Title 32 of the U.S. Code or Massachusetts General Laws, Chapter 33, Sections 38, 40, and 41 must have 90 days, at least one of which was during wartime, per the above chart.

For **RESERVISTS** to qualify, they must have been called to regular active duty for at least 180 days or 90 days, one of which was wartime according to the above chart.

### National Guard and Reserve Service

Members who served in the National Guard or Reserves, who qualify as a veteran, may purchase creditable service at a ratio of 5 years of Guard or Reserve service to 1 year of creditable service.

### Training Duty Exclusion

For purposes of determining veteran's status active duty service in the armed forces shall not include active duty for training in the Army or Air National Guard or active duty for training as a Reservist in the Armed Forces of the United States.

### Minimum Service Exception (For Death or Disability)

It is not necessary that an applicant have completed the minimum service for wartime or peacetime campaign if he/she served some time in the campaign and was awarded the Purple Heart, or suffered a service-connected disability per the Discharge Certificate, or died in the service under honorable conditions.



**Retirement Board:** Please enter your retirement board information here.

<b>Name of Retirement Board:</b>			
<b>Address:</b>			
<b>City/Town:</b>		<b>Zip Code:</b>	
<b>Telephone:</b>		<b>Fax:</b>	

## Procedures

You must complete this application and file it with your retirement board no later than 1 year after you vest in the retirement system unless you are a member of the National Guard or Reserves, who have five years from the date in which they qualify as a veteran, or the date that they qualify for the full four-year purchase, whichever date last occurs, to enter into a buyback agreement. You must enclose a copy of your federal form DD-214 with your application.

- Payment of 10% of your salary when you last became a member of a retirement system per year of creditable service being purchase is required. Consult your retirement board for payment options.
- Once your eligibility has been verified you will receive written notification of: (1) the years and months of service you may purchase (not to exceed four years) and (2) the amount owed.
- No refunds are allowed after purchasing this service except by a refund of all accumulated deductions.

## Application

To the

Retirement Board:

I respectfully request creditable service for my active service in the armed forces of the United States and Active Reserve or National Guard under the provision of Massachusetts General Laws, Chapter 32, Section 4(1)(h).

		<b>M.I.:</b>	
<b>***_**_</b>	<b>Phone #:</b>		
		<b>Zip Code:</b>	
<b>Email:</b>			
<b>Governmental Unit:</b>			
<b>Date</b>	<b>Most Recently Entered Public Service:</b>		

I sign this application under the penalties of perjury. I affirm that the information presented in this application is correct, complete and accurately presented. I understand that giving false or incomplete information may subject

<b>Member's Signature:</b>	
	<b>Date:</b>