

REGULAR COMPENSATION

Criteria for determining regular compensation

840 CMR 15.03: Regular Compensation - Public Employee Retirement Administration

Deductions should only be withheld from regular compensation.

To be considered regular compensation, any compensation to an employee must be compensation received exclusively as wages by an employee for services performed in the course of employment for his employer.

“wages” shall mean the base salary or other base compensation of an employee paid to that employee for employment by an employer including pre-determined, non-discretionary, guaranteed payments paid by the employer to similarly situated employees, provided, that “wages” shall include payments made by the employer to the employee because of the character of the work, because of the employee’s length of service, because of the time at which the work takes place as a condition of employment in a particular position, because of educational incentives, and payments for holding the training, certification, licensing or other educational incentives approved by the employer for the performance of services related to the position the employee holds and payments made by the employer to the employee calculated as a percentage of base pay;

Regular compensation shall include any part of the wages derived from federal grants except as provided in M.G.L. c. 32 § 3(2)(a)(xi);

Lump-sum retroactive payments which would have been wages if paid in the periods in which the services remunerated thereby were actually rendered will be allocated to said periods rather than being entirely attributed to the time of receipt for the purpose of determining a member’s regular compensation;

“wages” shall not include, without limitation, overtime, commissions, bonuses other than cost-of-living bonuses, amounts derived from salary enhancements or salary augmentation plans which will recur for a limited or definite term, indirect, in-kind or other payments for such items as housing, lodging, travel, clothing allowances, annuities, welfare benefits, lump sum buyouts for workers’ compensation, job-related expense payments, automobile usage, insurance premiums, dependent care assistance, one-time lump-sum payments in lieu of or for unused vacation or sick leave or the payment for termination, severance, dismissal or any amounts paid as premiums for working holidays, except in the case of police officers, firefighters and employees of a municipal department who are employed as fire alarm signal operators or signal maintenance repairmen money paid for holidays shall be regarded as regular compensation, amounts paid as early retirement incentives or any other payment made as a result of the employer having knowledge of the member’s retirement, tuition, payments in kind and all payments other than payment received by an individual from his employing unit for services rendered to such employing unit, regardless of federal taxability.

Please call our office if you have any questions on what is considered regular or non-regular compensation. Franklin Regional Retirement – 413.774.4837

The next page shows a table of regular compensation and non-regular compensation.

<u>REGULAR COMPENSATION</u>	<u>NON-REGULAR COMPENSATION</u>
<p>Compensation received exclusively as wages for services performed in the course of employment.</p> <p>Wages shall mean the base salary or other base compensation for employment including pre-determined, non-discretionary & guaranteed payments such as:</p> <ul style="list-style-type: none"> • educational incentives • training, certification & licensing • length of service (Longevity) • premiums for shift differentials • on-call availability (beeper pay?) <p>Quinn Bill (Police education incentive)</p> <p>111F (Police and Fire injury pay)</p> <p>Working holidays for police officers and firefighters</p> <p>Federal Grants</p> <p>Lump-sum retroactive wage increases</p> <p>Salary increases for temporary promotions</p> <p>Working “Summer School” when already receiving full-year credit for a regular school-year position</p> <p>Any amounts paid as cost-of-living bonuses or cost-of-living pay adjustments</p>	<p>Wages shall not include:</p> <ul style="list-style-type: none"> • overtime (including on-call hours worked) • commissions • bonuses other than cost-of-living bonuses <p>Any amounts paid as premiums for working holidays, except as authorized by law (police officers and firefighters)</p> <p>Road detail</p> <p>Fees received</p> <p>Any lump-sum amounts paid in lieu of or for unused vacation, sick leave or other leave</p> <p>Severance pay</p> <p>Any amounts paid as early retirement incentives</p> <p>Any other payments made as a result of the member giving notice of retirement</p> <p>Limited or definite term amounts derived from salary enhancements such as:</p> <ul style="list-style-type: none"> • housing • lodging • travel • clothing allowances • annuities • welfare benefits • lump sum buyouts for workers’ compensation • job-related expense payments • automobile usage • insurance premiums • dependent care assistance • tuition

See PERAC Memo #24/2010 dated 6/17/2010