

PAYMENT OF INTEREST CHART

(Issued with PERAC Memo #14/2018 and effective 3/2/2018)

Scenario	Interest is Paid	Interest is not Paid	Comments
Payroll incorrectly withheld retirement deductions from overtime payments.		√	This does not affect the benefit to which the member was entitled. The refund of the deductions will be without interest.
Member overpaid for a service purchase.		√	This refund of money paid will not affect the amount of the benefit to which the member was entitled. Therefore, the money will be returned without interest.
Retirement allowance calculation does not include stipend in a 3-year or 5-year average.	√		This affects the benefits or amount of pension to which the member is entitled, so the correction of errors interest rate will attach to the retroactive payment.
Dependent Allowance not paid for four years after ADR is approved.	√		Correction of errors interest rate would attach since this affects the amount of the allowance or benefit.
Person on Superannuation is approved for accidental disability retirement, and an adjustment must be made.		√	This adjustment is payable without interest, as no error has been made by either the board or the member, no matter what the separate options were.
A member receives a retroactive contract settlement.		√	There is no interest because there has been no error.
Member erroneously excluded from membership buying back excluded time.	√		Member will pay the correction of errors interest rate which has been adopted by his or her retirement board.
Member paid amount Board calculated for service purchase, but this was later found to understate what should have been paid.	√		Member will pay the interest rate of the section the buyback was originally made under, either Section 3 or 4. Generally speaking, the purchase of service will always included an interest payment to the Board.
Payroll did not withhold retirement deductions on a stipend.		√	When making up an underpayment of deductions, such a payment will always be made without interest.
Retirement allowance overpaid for a number of years.	√		The repayment of the amount overpaid by the retirement board will include the correct of errors rate of interest. This affects the benefits or amount of pension to which a member is entitled.
Member making an overpayment under Section 91 or 91A to a retirement board.		√	No interest is payable as it does not affect the amount of a benefit or pension.
Option B refund underpaid or overpaid.	√		Correction of Errors Interest Rate is payable because an Option B refund would be considered a benefit.
Member given a refund, but interest not paid at the correct rate. (He should have been paid 3% but his refund was calculated with regular interest instead.) The Board is paying him the difference in the interest three years later.		√	No interest is payable to him on this payment because this error does not affect the member's benefit.