HOUSE . . . . . No. 3457

The Commonwealth of Massachusetts

In the Year Two Thousand Twelve

An Act relative to cost of living adjustments for retired public employees of the Commonwealth.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 22C of Chapter 32 of the General Laws, as appearing in the 2008 Official Edition, is amended by striking out in line 29 the number "23" and inserting in place thereof the following number:— 40.

SECTION 2. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2008 Official Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount "$12,000" and inserting in place thereof the following dollar amount:—$16,000.

SECTION 3. The provisions of Sections one and three of this act shall take effect for cost of living adjustments to be made, in accordance with the provisions of Section 102 of said Chapter 32, commencing July 1, 2012.

SECTION 4: Subdivision (3) of section 21 of Chapter 32 is hereby amended by striking out paragraph (f) and inserting in place thereof the following paragraph:

(f) the preparation and filing with the general court, of a report, annually, in the month of January, on the computation of any increase in the United States Consumer Price Index and the percentage thereof in the previous year by the Commissioner of Social Security, including a statement that such increase in said Consumer Price Index during the last previous year requires a cost of living increase in the retirement allowances, pensions or annuities of eligible members, as defined in sections 102 and 103, equal to the percentage increase in the Consumer Price Index or 3 per cent, whichever is greater.

SECTION 5: Section 102 of Chapter 32 is hereby amended by striking out paragraph (a) and inserting in place thereof the following paragraph:

(a) The actuary in the commission shall annually in the month of January file with the clerk of the house of representatives the report prepared in accordance with paragraph (f) of

23 subdivision (3) of section 21. The retirement allowance, pension or annuity of every member of
24 the state employees' system and the teachers' retirement system who has received a retirement
25 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other
26 beneficiary of such member who has received a retirement allowance, pension or annuity on
27 June 30 of the prior fiscal year, shall be increased by the percentage as determined by the
28 actuary's report; provided that notwithstanding the actuary's report the cost of living increase
29 shall be at least three percent. The cost of living adjustment shall be applied each July 1. Said
30 cost of living increase shall be funded from the investment income account of the state
31 employees' and state teachers' systems. The sum of the dollar amount of each cost of living
32 increase, together with the amount of retirement allowance, pension or annuity to which the cost
33 of living per cent factor is applied, shall become the fixed retirement allowance, pension or
34 annuity for all future purposes, including the application of subsequent cost of living adjustments
35 in future years.

36 SECTION 6. Section 102 is hereby amended by adding after paragraph (c) the following
37 clauses:

38 (i) In any case as of June 30, 2011 but prior to June 30, 2016 where such former
39 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
40 annuity which is sixty-five percent of the maximum social security benefit or more exclusive of
41 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
42 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
43 the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent
44 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
45 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
46 be added to each retirement allowance, pension or annuity which is in excess of said maximum
47 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
48 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
49 is applied and any amounts in excess of said sixty-five percent of the maximum social security
50 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
51 including the application of subsequent cost of living adjustments in future years; provided,
52 however, that the limitations of this paragraph shall continue to apply.

53 (ii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former
54 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
55 annuity which is seventy-five percent of the maximum social security benefit or more exclusive
56 of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of
57 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by
58 applying the per centum of change determined pursuant to paragraph (a) to the sum of seventy-
59 five percent of the maximum social security benefit. Whenever a cost of living adjustment is
60 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said
61 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess

62 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,
63 together with the amount of retirement allowance, pension or annuity to which the cost of living
64 per centum factor is applied and any amounts in excess of said seventy-five percent of the
65 maximum social security benefit shall become the fixed retirement allowance, pension or annuity
66 for all future purposes including the application of subsequent cost of living adjustments in
67 future years; provided, however, that the limitations of this paragraph shall continue to apply.

68 (iii) In any case as of June 30, 2020 but prior to June 30, 2024 where such former
69 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
70 annuity which is eighty-five percent of the maximum social security benefit or more exclusive of
71 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
72 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
73 the per centum of change determined pursuant to paragraph (a) to the sum of eighty-five percent
74 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
75 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
76 be added to each retirement allowance, pension or annuity which is in excess of said maximum
77 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
78 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
79 is applied and any amounts in excess of said eighty-five percent of the maximum social security
80 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
81 including the application of subsequent cost of living adjustments in future years; provided,
82 however, that the limitations of this paragraph shall continue to apply.

83 (iv) In any case as of June 30, 2024 but prior to June 30, 2028 where such former
84 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
85 annuity which is ninety-five percent of the maximum social security benefit or more exclusive of
86 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
87 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
88 the per centum of change determined pursuant to paragraph (a) to the sum of ninety-five percent
89 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
90 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
91 be added to each retirement allowance, pension or annuity which is in excess of said maximum
92 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
93 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
94 is applied and any amounts in excess of said ninety-five percent of the maximum social security
95 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
96 including the application of subsequent cost of living adjustments in future years; provided,
97 however, that the limitations of this paragraph shall continue to apply.

98 (v) In any case as of June 30, 2028 where such former employee, spouse, or other
99 beneficiary is receiving an annual retirement allowance, pension or annuity which is one hundred
100 percent of the maximum social security benefit or more exclusive of additional annuity obtained

101 by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the
102 cost of living adjustment shall be in an amount determined by applying the per centum of change
103 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social
104 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),
105 the dollar amount of such increase as determined in said paragraph (a) shall be added to each
106 retirement allowance, pension or annuity which is in excess of said maximum base amount. The
107 sum of the dollar amount of such cost of living adjustments, together with the amount of
108 retirement allowance, pension or annuity to which the cost of living per centum factor is applied
109 and any amounts in excess of said one hundred percent of the maximum social security benefit
110 shall become the fixed retirement allowance, pension or annuity for all future purposes including
111 the application of subsequent cost of living adjustments in future years; provided, however, that
112 the limitations of this paragraph shall continue to apply.