HOUSE DOCKET, NO. 364 FILED ON: 1/14/2011

HOUSE . . . . . No. 701

The Commonwealth of Massachusetts

PRESENTED BY:

Jay R. Kaufman

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

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

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Jay R. Kaufman	*15th Middlesex*
Thomas P. Kennedy	☐ *[District]* ☐
James J. Dwyer	*30th Middlesex*
John P. Fresolo	*16th Worcester*
Martha M. Walz	*8th Suffolk*

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HOUSE . . . . . No. 701

By Mr. Kaufman of Lexington, a petition (accompanied by bill, House, No. 701) of Jay Kaufman and others relative to cost of living adjustments for retired public employees of the Commonwealth. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
HOUSE
, NO. *2487* OF 2009-2010.]

The Commonwealth of Massachusetts

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:— 26.

SECTION 2. Section 22D of said Chapter 32, as appearing in the 2004 Official Edition, is amended by inserting in line 29 after the word "approve" the following words:—provided further, however, that in the event that a system has accepted the provisions of paragraph (j) of Section 103, the funding schedule, and any updates thereto, shall be designed to reduce the unfunded actuarial liability of said system to zero as of such year, that may be subsequent to June 30, 2028, as the commission shall approve.

SECTION 3. 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 4. Section 103 of said Chapter 32 is amended by inserting the following new paragraph:—

15 (j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any
16 system may, by accepting the provisions of this paragraph as hereinafter provided, elect to pay a
17 cost-of-living

18 adjustment on a base amount greater than $12,000. Acceptance of this paragraph shall be
19 by a majority vote of the board of such system, subject to the approval of the legislative body.
20 For the purpose of this paragraph, "legislative body" shall mean, the city council in accordance
21 with its charter, in the case of a town, the town meeting, in the case of a county or region, the
22 county or regional retirement board advisory council, in the case of a district, the district
23 members, and, in the case of an authority, the governing body. Acceptance of this paragraph
24 shall be deemed to have occurred upon the filing of the certification of such vote with the
25 commission. A decision to accept the provisions of this paragraph may not be revoked.
26 Notwithstanding the provisions of subdivision (6A) of Section 22 or Section 22D to the contrary,
27 for each system that has accepted the provisions of this paragraph, the board, in consultation with
28 the commission, shall prepare a funding schedule which shall reflect the costs and the actuarial
29 liabilities attributable to the cost of living allowance that may be paid in accordance with the
30 provisions of this paragraph and said schedule shall be designed to reduce the applicable
31 retirement system's pension liability to zero by such year, that may be subsequent to June 30,
32 2028, as approved by the commission.

33 The board shall file revised funding schedules triennially with the joint committee on
34 public service until such costs and liabilities are reduced to zero.

35 SECTION 5. The provisions of Sections one and three of this act shall take effect for cost
36 of living adjustments to be made, in accordance with the provisions of Section 102 of said
37 Chapter 32, commencing July 1, 2012.

38 SECTION 6: Subdivision (3) of section 21 of Chapter 32 is hereby amended by striking
39 out paragraph (f) and inserting in place thereof the following paragraph:

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

47 SECTION 7: Section 102 of Chapter 32 is hereby amended by striking out paragraph (a)
48 and inserting in place thereof the following paragraph:

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

51 subdivision (3) of section 21. The retirement allowance, pension or annuity of every member of
52 the state employees' system and the teachers' retirement system who has received a retirement
53 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other
54 beneficiary of such member who has received a retirement allowance, pension or annuity on
55 June 30 of the prior fiscal year, shall be increased by the percentage as determined by the
56 actuary's report; provided that notwithstanding the actuary's report the cost of living increase
57 shall be at least three percent. The cost of living adjustment shall be applied each July 1. Said
58 cost of living increase shall be funded from the investment income account of the state
59 employees' and state teachers' systems. The sum of the dollar amount of each cost of living
60 increase, together with the amount of retirement allowance, pension or annuity to which the cost
61 of living per cent factor is applied, shall become the fixed retirement allowance, pension or
62 annuity for all future purposes, including the application of subsequent cost of living adjustments
63 in future years.

64 SECTION 8. Section 102 is hereby amended by adding after paragraph (c) the following
65 clauses:

66 (i) In any case as of June 30, 2010 but prior to June 30, 2016 where such former
67 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
68 annuity which is sixty-five percent of the maximum social security benefit or more exclusive of
69 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
70 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
71 the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent
72 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
73 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
74 be added to each retirement allowance, pension or annuity which is in excess of said maximum
75 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
76 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
77 is applied and any amounts in excess of said sixty-five percent of the maximum social security
78 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
79 including the application of subsequent cost of living adjustments in future years; provided,
80 however, that the limitations of this paragraph shall continue to apply.

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

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

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

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

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

129 by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the
130 cost of living adjustment shall be in an amount determined by applying the per centum of change
131 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social
132 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),
133 the dollar amount of such increase as determined in said paragraph (a) shall be added to each
134 retirement allowance, pension or annuity which is in excess of said maximum base amount. The
135 sum of the dollar amount of such cost of living adjustments, together with the amount of
136 retirement allowance, pension or annuity to which the cost of living per centum factor is applied
137 and any amounts in excess of said one hundred percent of the maximum social security benefit
138 shall become the fixed retirement allowance, pension or annuity for all future purposes including
139 the application of subsequent cost of living adjustments in future years; provided, however, that
140 the limitations of this paragraph shall continue to apply.