SENATE DOCKET, NO. 1673 FILED ON: 1/21/2011

SENATE . . . . . No. 1343

The Commonwealth of Massachusetts

PRESENTED BY:

Richard T. Moore

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:
Richard T. Moore	☐ *[District]* ☐
Christine E. Canavan	*10th Plymouth*
Michael A. Costello	*1st Essex*
John V. Fernandes	*10th Worcester*
Michael R. Knapik	☐ *[District]* ☐
Denise Provost	*27th Middlesex*
Angelo J. Puppolo, Jr.	*12th Hampden*
Stephen Stat Smith	*28th Middlesex*
Theodore C. Speliotis	*13th Essex*
Thomas M. Stanley	*9th Middlesex*
Cleon H. Turner	*1st Barnstable*
Martha M. Walz	*8th Suffolk*

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SENATE . . . . . No. 1343

By Mr. Moore, petition (accompanied by bill, Senate, No. 1343) of Walz, Turner, Stanley and other members of the General Court for legislation relative to cost of living adjustments for retired public employees of the Commonwealth [Joint Committee on Public Service].

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 2004 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 2004 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:—

(j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any system may, by accepting the provisions of this paragraph as hereinafter provided, elect to pay a cost-of-living adjustment on a base amount greater than $12,000. Acceptance of this paragraph shall be by a majority vote of the board of such system, subject to the approval of the legislative body. For the purpose of this paragraph, "legislative body" shall mean, the city council in accordance with its charter, in the case of a town, the town meeting, in the case of a county or region, the county or regional retirement board advisory council, in the case of a district, the district members, and, in the case of an authority, the governing body. Acceptance of this paragraph shall be deemed to have occurred upon the filing of the certification of such vote

24 with the commission. A decision to accept the provisions of this paragraph may not be revoked.
25 Notwithstanding the provisions of subdivision (6A) of Section 22 or Section 22D to the contrary,
26 for each system that has accepted the provisions of this paragraph, the board, in consultation with
27 the commission, shall prepare a funding schedule which shall reflect the costs and the actuarial
28 liabilities attributable to the cost of living allowance that may be paid in accordance with the
29 provisions of this paragraph and said schedule shall be designed to reduce the applicable
30 retirement system's pension liability to zero by such year, that may be subsequent to June 30,
31 2028, as approved by the commission.

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

34 SECTION 5. The provisions of Sections one and three of this act shall take
35 effect for cost of living adjustments to be made, in accordance with the provisions of Section 102
36 of said Chapter 32, commencing July 1, 2007.

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

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

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

48 (a) The actuary in the commission shall annually in the month of January file
49 with the clerks of the senate and house of representatives the report prepared in accordance with
50 paragraph (f) of subdivision (3) of section 21. The retirement allowance, pension or annuity of
51 every member of the state employees' system and the teachers' retirement system who has
52 received a retirement allowance, pension or annuity on June 30 of the preceding fiscal year, or of
53 a spouse or other beneficiary of such member who has received a retirement allowance, pension
54 or annuity on June 30 of the prior fiscal year, shall be increased by the percentage as determined
55 by the actuary's report; provided that notwithstanding the actuary's report the cost of living
56 increase shall be at least three percent. The cost of living adjustment shall be applied each July 1.
57 Said cost of living increase shall be funded from the investment income account of the state
58 employees' and state teachers' systems. The sum of the dollar amount of each cost of living
59 increase, together with the amount of retirement allowance, pension or annuity to which the cost
60 of living per cent factor is applied, shall become the fixed retirement allowance, pension or

61 annuity for all future purposes, including the application of subsequent cost of living adjustments
62 in future years.

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

65 (i) In any case as of June 30, 2008 but prior to June 30, 2012 where such former
66 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
67 annuity which is sixty-five percent of the maximum social security benefit or more exclusive of
68 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
69 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
70 the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent
71 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
72 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
73 be added to each retirement allowance, pension or annuity which is in excess of said maximum
74 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
75 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
76 is applied and any amounts in excess of said sixty-five percent of the maximum social security
77 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
78 including the application of subsequent cost of living adjustments in future years; provided,
79 however, that the limitations of this paragraph shall continue to apply.

80 (ii) In any case as of June 30, 2012 but prior to June 30, 2016 where such former
81 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
82 annuity which is seventy-five percent of the maximum social security benefit or more exclusive
83 of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of
84 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by
85 applying the per centum of change determined pursuant to paragraph (a) to the sum of seventy-
86 five percent of the maximum social security benefit. Whenever a cost of living adjustment is
87 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said
88 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess
89 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,
90 together with the amount of retirement allowance, pension or annuity to which the cost of living
91 per centum factor is applied and any amounts in excess of said seventy-five percent of the
92 maximum social security benefit shall become the fixed retirement allowance, pension or annuity
93 for all future purposes including the application of subsequent cost of living adjustments in
94 future years; provided, however, that the limitations of this paragraph shall continue to apply.

95 (iii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former
96 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
97 annuity which is eighty-five percent of the maximum social security benefit or more exclusive of
98 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section

99 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
100 the per centum of change determined pursuant to paragraph (a) to the sum of eighty-five percent
101 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
102 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
103 be added to each retirement allowance, pension or annuity which is in excess of said maximum
104 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
105 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
106 is applied and any amounts in excess of said eighty-five percent of the maximum social security
107 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
108 including the application of subsequent cost of living adjustments in future years; provided,
109 however, that the limitations of this paragraph shall continue to apply.

110 (iv) In any case as of June 30, 2020 but prior to June 30, 2024 where such former
111 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or
112 annuity which is ninety-five percent of the maximum social security benefit or more exclusive of
113 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
114 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
115 the per centum of change determined pursuant to paragraph (a) to the sum of ninety-five percent
116 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
117 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
118 be added to each retirement allowance, pension or annuity which is in excess of said maximum
119 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
120 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
121 is applied and any amounts in excess of said ninety-five percent of the maximum social security
122 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
123 including the application of subsequent cost of living adjustments in future years; provided,
124 however, that the limitations of this paragraph shall continue to apply.

125 (v) In any case as of June 30, 2024 where such former employee, spouse, or other
126 beneficiary is receiving an annual retirement allowance, pension or annuity which is one hundred
127 percent of the maximum social security benefit or more exclusive of additional annuity obtained
128 by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the
129 cost of living adjustment shall be in an amount determined by applying the per centum of change
130 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social
131 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),
132 the dollar amount of such increase as determined in said paragraph (a) shall be added to each
133 retirement allowance, pension or annuity which is in excess of said maximum base amount. The
134 sum of the dollar amount of such cost of living adjustments, together with the amount of
135 retirement allowance, pension or annuity to which the cost of living per centum factor is applied
136 and any amounts in excess of said one hundred percent of the maximum social security benefit
137 shall become the fixed retirement allowance, pension or annuity for all future purposes including

138 the application of subsequent cost of living adjustments in future years; provided, however, that
139 the limitations of this paragraph shall continue to apply.