

**HOUSE . . . . . No. 2526**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Mark J. Cusack***

*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 adoption of the accompanying bill:

An Act relative to public retiree COLA financing.

PETITION OF:

NAME:

*Mark J. Cusack*

*Timothy R. Whelan*

DISTRICT/ADDRESS:

*5th Norfolk*

*1st Barnstable*

**HOUSE . . . . . No. 2526**

By Mr. Cusack of Braintree, a petition (accompanied by bill, House, No. 2526) of Mark J. Cusack and Timothy R. Whelan relative to public retiree cost-of-living adjustment financing. Public Service.

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninetieth General Court  
(2017-2018)**

An Act relative to public retiree COLA financing.

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

1 SECTION 1. Section 1 of chapter 32 of the General Laws, as appearing in the 2014  
2 Official Edition, is hereby amended by inserting after the definition of "Constitutional Officers"  
3 the following definition:-

4 "Cost of Living Reserve Fund", the fund established under the provisions of subdivision  
5 (6B) of section twenty-two to provide for the reservation of monies for future cost of living  
6 liabilities of the system.

7 SECTION 2. Section 1 of said chapter 32, as so appearing, is hereby further amended by  
8 inserting after the definition of "Employer" the following definition:-

9 "Excess investment income", the amount in any calendar year where all realized gains  
10 from invested funds of the system results in earnings greater than the investment return  
11 assumption set in the system's most recent actuarial valuation. Such amount shall be based on  
12 the market rate of return during a calendar year on the balance of total assets of the system at the

13 close of business on December thirty-first of the prior calendar year, less the amount required to  
14 be derived by the investment return assumption set in said valuation. The actuary shall certify the  
15 excess investment income of each system within 90 days after the filing of the financial  
16 statement of the system required under paragraph (5), subparagraph (h) of Section 20.

17 SECTION 3. Section 22 of said chapter 32, as so appearing, is hereby amended by  
18 inserting after clause (v) in paragraph (6) the following clause:-

19 (vi) In any calendar year where the excess investment income from the invested funds of  
20 the system, prior to making the transfers required for in clause (iii), a proportional amount of the  
21 excess investment income, equal to the percentage which the annuity savings and annuity reserve  
22 accounts balances at the close of business on December thirty-first of the prior calendar year,  
23 represented to the total funds of the system at such time, shall be transferred to the Cost of  
24 Living Reserve Fund.

25 SECTION 4. Section 22 of said Chapter 32 is hereby further amended by inserting after  
26 paragraph (6A) the following paragraph:-

27 (6B) Cost of Living Reserve Fund. - The Cost of Living Reserve Fund of each system  
28 shall be credited all amounts set aside by a system for the purpose of establishing a reserve to  
29 meet future cost of living liabilities as contained in sections one hundred and two and one  
30 hundred and three, including such amounts as may be set aside pursuant to a funding schedule  
31 established in accordance with section twenty-two C or twenty-two D. Such amounts shall  
32 include without limitation the amount determined excess investment income as provided for in  
33 clause (vi) of paragraph (a) of subdivision (6).