

HOUSE No. 02767

[LOCAL APPROVAL RECEIVED.]

The Commonwealth of Massachusetts

PRESENTED BY:

Paul McMurtry

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 bill:

An Act establishing a group insurance liability fund in the town of Westwood

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PETITION OF:

NAME:

Paul McMurtry

DISTRICT/ADDRESS:

11th Norfolk

HOUSE No. 02767

By Mr. McMurtry of Dedham, a petition (accompanied by bill, House, No. 2767) of Paul McMurtry (by vote of the town) for legislation to establish a group insurance liability fund in the town of Westwood. Financial Services. [Local Approval Received.]

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 4095 OF 2009-2010.]

The Commonwealth of Massachusetts

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In the Year Two Thousand Eleven
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An Act establishing a group insurance liability fund in the town of Westwood

□.

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. As used in this act, the following words shall have the following meanings:
- 2 a. "Normal cost of post retirement benefits", that portion of the actuarial present value of
- 3 premium costs and or claim costs payable by the town on behalf of or direct payments payable
- 4 by the town to retired employees, including school teachers, of the town and the eligible
- 5 surviving spouses or dependents of deceased employees, including school teachers, of the town,
- 6 pursuant to this act which is allocable to a particular fiscal year, as determined by an actuary
- 7 pursuant to section 3.

8 b. "Post retirement benefit liability", the present value of the town's obligation for premium
9 payments and or claim costs on behalf of or direct payments to retired and prospective retired
10 employees of the town and the eligible surviving spouses or dependents of deceased and
11 prospectively deceased employees of the town, pursuant to this act as determined by the actuary,
12 pursuant to section 3.

13 c. "Unfunded post-retirement benefit liability", the difference between the post-retirement
14 benefit liability on a given date and the actuarial value of the assets of the group insurance
15 liability fund on the same date, as determined by the actuary, pursuant to section 3.

16 d. "Unfunded post-retirement benefit liability amortization payments", the amount which,
17 when paid into the post-retirement benefit fund annually over a period of years, together with the
18 normal cost of post-retirement benefits for year of said period of years, will reduce to zero at the
19 end of said period the unfunded post-retirement benefit liability in existence as of the beginning
20 of said period, as determined by the actuary.

21 SECTION 2. There shall be a fund to be known as the group insurance liability fund, which
22 shall be under the supervision and management of the town's finance director in consultation
23 with the town administrator. The town treasurer shall be the custodian of the fund or may employ
24 an outside custodial service. Such fund shall be credited with all amounts appropriated or
25 otherwise made available by the town for the purposes of meeting the current and future cost of
26 premiums payable by the town on behalf of or direct payments payable by the town to retired
27 employees of the town and the eligible surviving spouses or dependents of deceased employees
28 of the town pursuant to this act. Amounts in said fund including any earnings or interest
29 accruing from the investment of such amounts shall be expended only for the payment of such

30 premiums or direct payments, except as otherwise provided in this act, and only in accordance
31 with a schedule of such payments developed by the actuary in consultation with the town's
32 retirement board. Subject in each instance to the approval of the town's contributory retirement
33 board, the town treasurer shall invest and reinvest the amounts in said fund not needed for
34 current disbursement consistent with sound investment policy; provided however, that no funds
35 are to be invested directly in mortgages or in collateral loans. The town may employ any
36 qualified bank, trust company, corporation, firm or person to advise it on the investment of the
37 fund and may pay for such advice and such other services as determined by the town's finance
38 director in consultation with the town administrator.

39 SECTION 3.

40 a. The actuary shall determine, as of January 1, 2009, and no less frequently than every
41 second year thereafter, the normal cost of post-retirement benefits, the post-retirement benefit
42 liability, and the unfunded post-retirement benefit liability. All such determinations shall be
43 made in accordance with generally accepted actuarial standards, and the actuary shall make a
44 report of such determinations. Said report shall, without limitation, detail the demographic and
45 economic actuarial assumptions used in making such determinations, and each report subsequent
46 to the first report shall also include an explanation of the changes, if any, in the demographic and
47 economic actuarial assumptions employed and the reasons for any such changes, and shall also
48 include a comparison of the actual expenses by the town for premium or direct payments
49 constituting the post-retirement benefit liability during the period since the last such
50 determination, and the amount of such expenditures which were predicted pursuant to the
51 previous such report for the said period.

52 b. The actuary, in consultation with the town's finance director and executive secretary, shall
53 establish a schedule of annual payments to be made to the group insurance liability fund
54 designed to reduce to zero the unfunded post-retirement benefit liability. Each such annual
55 payment shall be equal to the sum of the unfunded post-retirement benefit amortization payment
56 required for such year and the payments required to meet the normal cost of post-retirement
57 benefits for such fiscal year.

58 c. All payments for the purposes of meeting the town's share of premium costs for direct
59 payments to retired employees of the town and the surviving spouses or dependents of deceased
60 employees of the town pursuant to this act shall be made from the group insurance liability fund
61 in accordance with a schedule of disbursements established by the actuary.

62 SECTION 4. This act shall take effect upon its passage.