

HOUSE No. 02930

The Commonwealth of Massachusetts

PRESENTED BY:

William N. Brownsberger

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 to make the public pension system simpler and fairer, to provide better income security to lower wage state employees and to protect future taxpayers from unanticipated pension costs.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|--------------------------------|-----------------------|
| <i>William N. Brownsberger</i> | <i>24th Middlesex</i> |
| <i>Jonathan Hecht</i> | <i>29th Middlesex</i> |

HOUSE No. 02930

By Mr. Brownsberger of Belmont, a petition (accompanied by bill, House, No. 2930) of Hecht and Brownsberger for legislation to establish a consolidated public employees retirement board within the Department of the State Treasurer. Joint Committee on Public Service.

The Commonwealth of Massachusetts

—————
In the Year Two Thousand Eleven
—————

An Act to make the public pension system simpler and fairer, to provide better income security to lower wage state employees and to protect future taxpayers from unanticipated pension costs.

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. Constitutes a new consolidated public employee retirement system for employees
2 hired after July 1, 2012.
- 3 Section 20 of Chapter 32 of the General Laws is amended by inserting at the beginning the
4 following new subsection:
- 5 (1/2) (a) The contributory retirement system for employees hired after July 1, 2012 shall be
6 known as the "consolidated public employees' retirement system" and all of its business shall be
7 transacted under that name.
- 8 (b) the consolidated public employees' retirement system shall be managed by the consolidated
9 public employees' retirement board provided for in section 18A of chapter ten. Said board shall
10 have the general powers and duties set forth in subdivision (5) of this section.

11 SECTION 2. Constitutes a governing board for the new system.

12 Chapter 10 of the General Laws is amended by inserting the following three new sections:

13 Section 18A There shall be a consolidated public employees' retirement board serving in the
14 department for the purpose of administering the consolidated public employees' retirement
15 system established under the provisions of chapter thirty two. That board shall consist of nine
16 members as follows: the state treasurer who shall be a member ex officio and who shall serve as
17 chairman, the commissioner of education, or his designee, the state auditor, or his designee, a
18 fourth member who shall be appointed by governor for a term of four years and who shall be a
19 retired former public school teacher within the commonwealth, a fifth member who shall be
20 appointed by the governor for a term of four years and who shall be a member of a public safety
21 union, three members who shall be elected by the members in or retired from service of such
22 system from among their number in such manner and for such term, not exceeding four years, as
23 the commission shall determine, and a ninth member who shall be chosen by the other eight for a
24 term of four years. Future elections of the sixth, seventh and eighth members shall be held under
25 the supervision of such retirement board and their terms shall be arranged so as not to expire in
26 the year of expiration of the term of the ninth member. If a ninth member is not chosen by the
27 other six members within 30 days after the expiration of the term of the ninth member, the
28 governor shall appoint a ninth member for a term of four years. Each member of such retirement
29 board shall continue to hold office until the expiration of his term and until the qualification of
30 his successor. Upon the expiration of the term of office of any elected, chosen or appointed
31 member or in case of a vacancy in either of said offices, a successor shall be elected, chosen or
32 appointed as aforesaid for a four-year term or for the unexpired portion thereof, as the case may

33 be, except that in no event shall the term of the ninth member expire in the same year as the term
34 of any of the sixth, seventh or eighth members.

35 Section 19A. The members of the consolidated public employees' retirement board consolidated
36 public employees' retirement board shall serve without compensation, but they shall be
37 reimbursed from the expense fund of the consolidated public employees' retirement system for
38 any expense or loss of salary or wages which they may incur through service on the board. All
39 claims for reimbursement on this account shall be subject to the approval of the governor and
40 council.

41 Section 20A. The state treasurer may appoint and remove such clerical and other assistants as
42 may be required to carry on the work of the consolidate board of public employee retirement.

43 SECTION 3. Provides for annual administrative expense budgeting for the system.

44 Subdivision (7) of Section 22 of Chapter 32 is amended in paragraph (a) by inserting the words
45 "consolidated public employees' retirement board," before the words "state retirement board" in
46 each place in which they occur.

47 SECTION 4. Provides for payment of administrative and retirement related expenses of the
48 system from the investment income of the system.

49 Subdivision (6) of Section 22 of Chapter 32 is amended by

50 inserting at the end of clause (iv) the words "and the consolidated public employees' retirement
51 system shall transfer from its investment income account to the General Fund an amount equal to
52 the amount set forth in the state budget for the administration of said system"

53 and by inserting at the end of clause (v) the words "and the consolidated public employees'
54 retirement system shall transfer to the General Fund an amount equal to the estimated amount, as
55 certified to the secretary of administration and finance by the office of the treasurer, for those
56 retirement-related costs incurred by the office of the treasurer on behalf of the consolidated
57 public employees' retirement system."

58 SECTION 5. Makes benefits under the new system liabilities of the Commonwealth

59 Subdivision 4 of Section 25 of Chapter 32 is amended by inserting before the words "the state
60 employees' retirement system" the words "the consolidated public employees' retirement
61 system,"

62 SECTION 6. Includes all new state and local public employees (except reinstated public
63 employees) in the new system; permits other to elect to join.

64 Section 2 of Chapter 32 is amended by inserting the following additional paragraph after the first
65 paragraph:

66 Any employee who would otherwise be included in a system as provided by the preceding
67 paragraph or by any special law shall instead be included in the consolidated public employees'
68 retirement system if they have never been included in any such system prior to July 1, 2012.

69 Any employee may elect, as provided for in Section 22H, to participate in the consolidated
70 public employees' retirement system.

71 SECTION 7. Includes judges in the new system

72 Chapter 32 of the General Laws is amended by inserting the following new Section 65

73 A chief justice or any associate justice of the appeals court or the supreme judicial court or any
74 justice of the trial court of the commonwealth or any special judge or special justice who first
75 receives any such appointment after July 1, 2012 and was not prior to such date a member of any
76 system shall be included in the consolidated public employees retirement system and shall
77 receive a retirement allowance, if any, as computed under sections one through twenty-eight
78 inclusive and the following sections shall not apply to them: Sections 65A, 65B, 65C, 65D,
79 65D1/2, 65H, 65I, 65J.

80 SECTION 8. Clarifies that new state police officers are also included in the new system

81 Section 26 of Chapter 32 is amended by inserting the following new paragraph:

82 (1/2) The provisions of this section shall not apply to members of the consolidated public
83 employees' retirement system.

84 SECTION 9. Standardizes state police definition of maximum age at the same level as other
85 public safety officers, i.e., age sixty five.

86 Section 1 of Chapter 32 is amended in the definition of Maximum age by striking out the words
87 "the age on the last day of the month in which any member classified in Group 3 as provided for
88 in paragraph (g) of subdivision (2) of section 3 attains age 55 or if classified" and replacing them
89 with the words " for any member classified in Group 3, as provided for in paragraph (g) of
90 subdivision (2) of section 3 and for any member classified" .

91 SECTION 10. Defines procedures and conditions for elections to transfer to the new system --
92 must deposit amount sufficient to cover full accrued liability using low-risk discount rate
93 (defined further below).

94 Subdivision (2) of Section 3 of Chapter 32 of the General Laws is amended by inserting the
95 following new paragraph

96 (e) Any member of any system may elect to instead become a member of the consolidated public
97 employees' retirement system if he deposits into the annuity savings fund of the consolidated
98 public employees' retirement system an amount which, when combined with the amount of the
99 accumulated total deductions credited to his account in the annuity savings fund of the system
100 from which he is being separated, equals the actuarial liability for his benefits that the
101 consolidated public employees' retirement system would accrue upon his becoming a member.
102 For the purposes of this section, the accrued actuarial liability shall be estimated using the low-
103 risk discount rate. The consolidated public employees' retirement board shall, subject to the
104 approval of the actuary, provide application forms including schedules for estimation of the
105 liability and necessary deposit. The schedule may include reasonable approximations to
106 facilitate computations. If the consolidated public employees' retirement board approves an
107 application, the transfer shall be effectuated if, within 90 days of the approval, the member
108 makes the necessary supplemental deposit and transfers the amount of the accumulated total
109 deductions credited to his account in the annuity savings fund of the system from which he is
110 being separated to the annuity savings fund of the consolidated public employees retirement
111 system. An election under this section shall be irrevocable after 90 days have passed from the
112 date upon which all necessary funds were deposited or transferred..

113

114 SECTION 11. Limits creditable service for members in the new system to actual Massachusetts
115 public employee service including certain leaves of absence.

116 Section 4 of Chapter 32 is amended by inserting the following new subdivision:

117 (1/2) Subject to the provisions of subdivision (2), members of the consolidated public employees
118 retirement system shall receive creditable service under paragraphs (a), (c) and (e) of subdivision
119 (1), but they shall not receive creditable service under the other paragraphs of subdivision (1) or
120 under any other provision of general or special law.

121 SECTION 12. Defines pensionable compensation limit as 35% of the social security
122 compensation and benefit base -- which multiplies out to \$37, 380 in 2011

123 Section 1 of Chapter 32 is amended by inserting the following new definition

124 " pensionable compensation limit", thirty five percent of the contribution and benefit base as
125 adjusted by the Commissioner of Social Security pursuant to Section 230 of the Social Security
126 Act. In any fiscal year, the amount used for the purposes of this chapter shall be the most recent
127 adjusted amount announced before July 1 of fiscal year.

128 SECTION 13. Limits creditable service in any calendar year for members in the new system
129 whose hours are irregular by the ratio of their regular compensation to the pensionable
130 compensation limit; provides for reciprocal annualization of compensation for pension
131 computation purposes.

132 Section 4 of Chapter 32 is amended in paragraph 2(b) by inserting after the words "actual full-
133 time service of not less than seven months during any one calendar year;" the words "and
134 provided, further, that in the case of members of the consolidated public employees' retirement
135 system who are elected by popular vote and any other member of that system for whom it is not
136 feasible to pro-rate creditable service by hours worked, creditable service awarded in any

137 calendar year shall not exceed the ratio of regular compensation received in that calendar year to
138 the pensionable compensation limit and regular compensation shall be annualized at the
139 pensionable compensation limit;"

140 SECTION 14. Defines regular compensation for purposes of the new system as the amount
141 received up to the pensionable compensation limit.

142 Section 1 of Chapter 32 is amended in the definition of "regular compensation" by inserting
143 before the paragraph beginning "If as a result of a mistake", the following new paragraph:

144 Notwithstanding any provision of this chapter to the contrary, regular compensation for any
145 member of the consolidated public employees' retirement system, shall not include salary, wages
146 or other compensation in whatever form in any calendar year in excess of the pensionable
147 compensation limit.

148 SECTION 15. Defines group-independent retirement age superannuation retirement allowance
149 schedule for members of the system around retirement age of 67 (adjusted to 65 for occupations
150 where that is the mandatory retirement age).

151 Section 5 of Chapter 32 is amended
152 by striking out in paragraph (1)(a) the words "Any member in service or any member inactive on
153 authorized leave of absence classified in either Group 1 or Group 2 or Group 4 who has attained
154 age fifty-five, " and replacing them with the words " Any member in service or any member
155 inactive on authorized leave of absence classified in either Group 1 or Group 2 or Group 4 who
156 is not included in the consolidated public employees' retirement system and has attained age

157 fifty-five, or any member in service who is included in the consolidated public employees'
158 retirement system and has attained sixty-two"

159 and by inserting in paragraph (2)(a) after the words "Group 1, Group 2 or Group 4, who" the
160 words "is not included in the consolidated public employees' retirement system and"

161 and by inserting in paragraph (2)(c) after the words "Group 1, Group 2 or Group 4 " the words
162 "other than a member of the consolidated public employees' retirement system "

163 and by inserting the following new paragraph in subdivision (2):

164 (a1/2) The normal yearly amount of the retirement allowance for any member of the consolidated
165 public employees' retirement system who has paid the full amount of regular deductions on the
166 total amount of regular compensation, including deductions specified in paragraph (d) of
167 subdivision (1) of section twenty-two, shall, subject to the limitations set forth in this section, be
168 based on the average annual rate of regular compensation received by such member during any
169 period of ten consecutive years of creditable service for which such rate of compensation was the
170 highest, or on the average annual rate of regular compensation received by such member during
171 the period or periods, whether consecutive or not, constituting his last ten years of creditable
172 service preceding retirement, whichever is the greater, and shall be computed according to the
173 following table based on the age of such member and his number of years and full months of
174 creditable service at the time of his retirement,.

175 PERCENT AGE LAST BIRTHDAY AT DATE OF RETIREMENT

176 3.0072 or over

177 2.9071

178 2.8070

179 2.7069

180 2.6068

181 2.5067 or at maximum age

182 2.3566 but not over maximum age

183 2.2065 but not over maximum age

184 2.0564 but not over maximum age

185 1.9063 but not over maximum age

186 1.7562 but not over maximum age

187 and by inserting the following new paragraph in subdivision (2):

188 (c1/2) The total normal yearly amount of the retirement allowance of any member of the
 189 consolidated public employees' retirement system, as determined in accordance with the
 190 provisions of this section, shall not exceed four fifths of the average annual rate of his regular
 191 compensation received during any period of ten consecutive years of creditable service for which
 192 such rate of compensation was the highest or on the average annual rate of regular compensation
 193 received by such member during the period or periods, whether or not consecutive, constituting
 194 his last ten years of creditable service preceding retirement, whichever is the greater.

195 and by inserting in paragraph (2)(d) after the words "paragraphs (a) and (c) of this subdivision"
 196 the words ", or in the case of a member of the consolidated public employees' retirement system,

197 as provided in paragraphs (a1/2) and (c1/2) of this subdivision," and by inserting in paragraph
198 (2)(d) at the end the words " or paragraph (c1/2) of this subdivision as the case may be."

199 and by inserting after the words "three-year" the words "or ten-year" where they appear in
200 paragraphs (a) and (b) of subdivision (3) and by inserting after the words "less than three years "
201 the words "or ten-years as the case may be"

202

203 SECTION 16. Provides automatic cost of living increase subject to investment returns and to
204 legislative disapproval.

205 Chapter 32 of the General Laws is amended by inserting the following new section:

206 Section 102A. (a) If the low-risk funded ratio for the consolidated public employees' retirement
207 system is equal to or greater than one hundred and five percent, then, unless the general court
208 determines otherwise by law, the retirement allowance, pension or annuity of every member of
209 the consolidated public employees' retirement system who has received a retirement allowance,
210 pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other beneficiary of
211 such member who has received a retirement allowance, pension or annuity on June 30 of the
212 prior fiscal year, shall as of July 1 of the coming fiscal year be increased by a percentage equal to
213 the percentage increase in the Consumer Price Index or 3 per cent, whichever is less, as specified
214 by the actuary in the annual statement required by Section 21(f). Said cost of living increase shall
215 be funded from the investment income account of the consolidated public employees' retirement
216 system. The sum of the dollar amount of each cost of living increase, together with the amount of
217 retirement allowance, pension or annuity to which the cost of living per cent factor is applied,

218 shall become the fixed retirement allowance, pension or annuity for all future purposes,
219 including the application of subsequent cost of living adjustments in future years.

220 (b) Whenever the amount of any retirement allowance, pension, or annuity is revised in
221 accordance with the provisions of this section, the monthly payment provided for in section
222 thirteen shall be recomputed on the basis of such revised retirement allowance, pension, or
223 annuity, and one twelfth of such new figure shall be due and payable each month. In any case
224 where such revised retirement allowance, pension, or annuity cannot be administratively
225 determined in time for adjusting the monthly payment for July pursuant to said section thirteen,
226 such cost-of-living adjustment shall be added to the monthly retirement allowance, pension or
227 annuity in August or September, as the case may be.

228 SECTION 17. Disallows early retirements and termination allowances for members of the new
229 system.

230 Section 10 of Chapter 32 is amended by inserting the following new paragraph:

231 (1/2) Subdivisions (1), (2) and (3) of this section shall not apply to members of the consolidated
232 public employees' retirement system. Any member inactive of the consolidated public
233 employees' retirement system who has left his accumulated deductions in the annuity savings
234 fund of the system and has attained the age of sixty-two, shall, upon his written application on a
235 prescribed form filed with the board, receive a superannuation retirement allowance to become
236 effective as provided in subdivision (3) of this section. Such retirement allowance shall be
237 determined and computed in accordance with the provisions of paragraphs (a1/2) and (b) of
238 subdivision (2) of section five, and subject to the limitations set forth in paragraphs (c1/2) and
239 (d) of said subdivision (2), and shall be based on such member's age and number of years and

240 full months of creditable service on the date the retirement allowance becomes effective. The
241 retirement allowance shall become effective on the date specified in the application which shall
242 be not less than fifteen days nor more than four months after the filing of such application but in
243 no event later than the maximum age for his group. The retirement allowance of any such
244 member who fails to file a written application therefore as provided for in this subdivision shall
245 nevertheless become effective upon his attainment of the maximum age for his group unless
246 prior to such age his accumulated total deductions have been returned as provided for in this
247 section and in section eleven. Payments under such allowance shall be made as provided for in
248 sections twelve and thirteen.

249 SECTION 18. Disallows early retirements for state police officers who are members of the new
250 system

251 Section 28A of Chapter 32 is amended by inserting after the word "who" the words "is not
252 included in the consolidated public employees' retirement system and"

253 SECTION 19. Disallows early retirements for state correctional officers who are members of the
254 new system.

255 Sections 28M of Chapter 32 is amended by inserting at the end of the first sentence the words ",
256 provided that they are not members of the consolidated public employee retirement system"

257 SECTION 20. Disallows early retirements for county correctional officers who are members of
258 the new system.

259 Sections 28N of Chapter 32 is amended by inserting at the end of the first sentence the words ",
260 provided that they are not members of the consolidated public employee retirement system"

261

262

263 SECTION 21. Provides that 7.5% of regular compensation above the consolidated system
264 pensionable compensation threshold shall be contributed to the state's existing deferred
265 compensation plan.

266 Section 64 of Chapter 29 is amended by inserting after the fifth paragraph the following
267 additional paragraph:

268 The state treasurer, on behalf of the commonwealth, shall contract with every person, who is
269 receiving compensation from the commonwealth for services performed for the commonwealth,
270 who is a member of the consolidated public employees' retirement system defined in section 20
271 of chapter 32 to defer a portion of that person's compensation, and shall invest the deferred
272 portion of that person's compensation in a deferred compensation program established in
273 accordance with said Code. The minimum amount deferred shall be seven and one half percent
274 of the excess of regular compensation over the pensionable compensation limit as defined in
275 section one of chapter 32. System members may defer additional compensation at their option,
276 but in no event shall total deferrals exceed the maximum deferral allowable for that person
277 pursuant to the provisions of said Code for government deferred compensation programs.

278

279

280 SECTION 22. Adds new defined terms for funding level analysis

281 Section 1 of Chapter 32 is amended by inserting the following additional definitions in
282 alphabetical order:

283 "Funded ratio", the ratio of the actuarial value of assets to actuarial liability for a system as
284 computed in accordance with generally accepted actuarial principles and practices related to
285 pension plans.

286 "Low risk discount rate" shall mean a rate equal to three-quarters of a system's actuarial
287 assumed rate of return on investments, as determined from time to time by the commission..

288 "Low risk funded ratio" shall mean the funded ratio computed using the low risk discount rate
289 as the discount rate for future liabilities.

290 SECTION 23. Adds defined term "adjusted consolidated withholding percentage".

291 Section 1 of Chapter 32 is amended by inserting the following additional definition:

292 "Adjusted consolidated withholding percentage.", the percentage determined by the actuary
293 pursuant to paragraph (b3/4) of subdivision 1 of Section 22.

294 SECTION 24. Provides for limited adjustment of employee contribution to maintain plan
295 funding at a sufficient level to provide cost-of-living increases.

296 Section 22 of Chapter 32 is amended

297 by inserting in clause (1)(b)(v) after the words "a member in service of the system", the words
298 "and who is not included in the consolidated public employees' retirement system"

299 and by inserting in paragraph (1)(b) the following new clause

300 (vii) withhold on each pay day the adjusted consolidated withholding percentage of the regular
301 compensation of each employee who is a member in service of the consolidated public
302 employees' retirement system.

303 and by inserting in subdivision (1) a new paragraph (b3/4)

304 (b3/4) The consolidated public employees' retirement board shall, with the approval of the
305 actuary, publish the adjusted consolidated withholding percentage for each fiscal year on the first
306 day of the preceding April. The board shall compute the adjusted consolidated withholding
307 percentage as follows. The adjusted consolidated withholding percentage for the fiscal year
308 beginning July 1, 2012 shall be ten percent. The board shall decrease the adjusted consolidated
309 withholding percentage for any subsequent fiscal year by one percentage point below the
310 preceding year if the most recently computed low-risk funding ratio of the consolidated public
311 employees plan is above one hundred and fifteen percent. The board shall increase the adjusted
312 consolidated withholding percentage for any subsequent fiscal year by one percent above the
313 preceding year if the most recently computed low-risk funding ratio of the consolidated public
314 employees plan is below one hundred and five percent. However, the board shall not increase
315 the adjusted consolidated withholding percentage above fifteen percent or decrease it below five
316 percent. The provisions of section fifty of chapter three hundred and sixty-seven of the acts of
317 nineteen hundred and seventy-eight shall not apply to any member of the consolidated public
318 employees' retirement system.

319 SECTION 25. Provides for analysis of need for Commonwealth contribution if funded-ratio
320 drops below 95% in the new plan.

321 Chapter 32 is amended by inserting the following additional section:

322 Section 22G. If an actuarial valuation shows that the low-risk funded ratio for the consolidated
323 public employees' retirement system is below ninety-five percent, the commissioner shall within
324 30 days file with the House and Senate Committees of Ways and Means a recommended
325 schedule of appropriations to the Consolidated Pension Liability Fund which, when combined
326 with projected increases in the adjusted consolidated withholding percentage, shall suffice to
327 increase the low-risk funded ratio to one hundred percent within five years. If no appropriations
328 are needed, the commissioner shall so certify.

329 SECTION 26.: Conforming amendment to add computation of the low-risk funded ratio for the
330 consolidated public employees' retirement system

331 Section 21 of Chapter 32 is amended in paragraph (3)(c) is amended by inserting at the end the
332 words "including a calculation of the low risk funded ratio for the consolidated public
333 employees' retirement system."

334 SECTION 27. Creates mechanism for transfers of employee contributions to the state treasurer
335 for local employees who are members of the new system

336 Subdivision (1) of Section 22 of Chapter 32 is amended by
337 inserting the following new paragraph

338 (i 1/2) In the case of members of the consolidated public employees' retirement system, the
339 various amounts withheld for any month for deposit in the annuity savings fund of such system
340 shall, together with proper vouchers therefor, be transmitted by the disbursing authorities to the
341 secretary of the consolidated public employee retirement board on or before the tenth day of the
342 next succeeding month. The secretary shall thereupon credit the accounts of such members with

343 their respective deductions and pay all such sums received to the state treasurer for deposit in the
344 annuity savings fund of such system.

345 and by inserting at the end of paragraph (k) the following words ", or in the case of members of
346 the consolidated public employees' retirement system further transmit such amounts to the
347 secretary of that system as provided in paragraph (i1/2)."

348

349

350 SECTION 28. Establishes a new reserve fund, known as the CPRIT fund to hold pension reserve
351 assets of the new system to be managed by the existing PRIM Board and establishes within it the
352 Consolidated Pension Liability Fund

353 Section 22 of the General Laws is amended by inserting the following new subdivision

354 (8A) CPRIT Fund -- (a) There shall be a Consolidated Pension Reserves Investment Trust Fund
355 administered by the PRIM board established in section twenty-three for the purpose of
356 depositing, investing and disbursing amounts set aside to meet liabilities of the consolidated
357 public employees' retirement system. The assets of the consolidated public employees' retirement
358 system shall be held in the CPRIT Fund.

359 (b) There shall be a Consolidated Pension Liability Fund which shall be within the CPRIT Fund
360 to which shall be credited all assets of the consolidated public employees' retirement system
361 other than assets credited to the systems' Annuity Savings Funds, Annuity Reserve Funds and
362 expense funds. All amounts required by the pension fund and the special fund for military
363 service credit shall be provided by distribution of such amounts from the Consolidated Pension

364 Liability Fund. Any such distribution shall be detailed in a written report by the commissioner of
365 administration and filed in advance with the house and senate committees on ways and means.
366 Except as otherwise provided in this subdivision and subject to the provisions of the operating
367 trust agreement adopted by the PRIM board pursuant to subdivision (2A) of section 23, any such
368 distribution shall be made pursuant to sections 1 to 28, inclusive.

369 Amounts in the Consolidated Pension Liability Fund shall include, but not be limited to, the
370 following:

371 (i) all amounts appropriated by the commonwealth to meet current or future retirement
372 liabilities to members of the consolidated public employees' retirement system, provided,
373 however, that the state treasurer may act as agent of the PRIM board to disburse benefit
374 payments pursuant to any such appropriation;

375 (ii) all monies recovered for the cost of pension fringe benefits from federal grant funds
376 pursuant to section six B of chapter twenty-nine related to members of the consolidated public
377 employees' retirement system;

378 (iii) all monies recovered from federal grant funds pursuant to section five D of chapter forty
379 for the cost of teachers' pension benefits related to members of the consolidated public
380 employees' retirement system related to members of the consolidated public employees'
381 retirement system;

382 (iv) all monies transferred from the investment account of the consolidated public employees'
383 retirement system pursuant to clause (iii) of paragraph (a) of subdivision (6);

384 (v) all undistributed accumulated total deductions for the consolidated public employees'
385 retirement system transferred pursuant to subdivision (3) of section eleven; and

386 (vi) all assets of the consolidated public employees' retirement system except assets credited to
387 its expense fund, Annuity Savings Fund and Annuity Reserve Fund.

388 (d) The CPRIT Fund may purchase shares of the PRIT Fund.

389 SECTION 29. Excludes items covered in the Consolidated Pension Liability Fund from the
390 Commonwealth's Pension Liability Fund.

391 Subdivision 8 of Section 22(8) is amended by inserting at the end the following clause:

392 (vii) provided however that the items in the preceding clauses (i) through (vi) shall not include
393 amounts, monies, deductions or assets related to the consolidated public employees retirement
394 system.

395 SECTION 30. Confirms PRIM authority over the CPRIT Fund and expands the PRIM board

396 Section 23 of Chapter 32 is amended by

397 inserting after the first sentence of paragraph (1)(a) the words "The funds of the consolidated
398 public employees' retirement system shall be held in the CPRIT Fund."

399 and by inserting at the end of the first paragraph of paragraph (2A)(a) the words "and the CPRIT
400 fund established under the provisions of subdivision 8A of section twenty two"

401 and by striking the word "nine" in the second paragraph of paragraph (2A)(a) and by replacing it
402 with the word "eleven"

403 and by inserting in the second paragraph of paragraph (2A)(a) after the words "chosen by the
404 members of the teachers' retirement board," the words " two of the elected members of the
405 consolidated public employees' retirement board, who shall be chosen by the members of the
406 consolidated public employees' retirement board"

407 and by striking from paragraph (2A)(d) the words "said fund" and replacing them with the words
408 "the PRIT fund and the CPRIT fund"

409 and by inserting after the words "PRIT Fund" in clauses (xi) and (xiii) of paragraph (2A)(e) the
410 words " and the CPRIT Fund"

411 and by striking in clause (2A)(e)(xiii) the last occurrence of the word "fund" and replacing it
412 with the words "funds"

413 SECTION 31. Conforms reference to PRIT fund to exclude assets of the consolidated public
414 employees' retirement system

415 Section 22 is amended in the first paragraph by inserting at the end the words "except that as
416 provided in subdivision (8A), assets of the consolidated public employees' retirement system
417 shall be held in the CPRIT fund."

418 SECTION 32. Constitutes the Consolidated Pension Liability Fund as the Pension Reserve Fund
419 for the new system and places specified assets of the new system within the fund

420 Section 22 of Chapter 32 is amended in paragraph 6A(a) by inserting at the end the words "The
421 Pension Reserve Fund for the consolidated public employees' retirement system shall be the
422 Consolidated Pension Liability Fund" and paragraph 6A(b) by inserting the words "consolidated
423 public employees' " before the words "state employees".

424 SECTION 33. Amends definitions to reflect the Consolidated Pension Liability Fund

425 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's Pension Liability

426 Fund"

427 by inserting before the words "such obligations" the words " those related to the consolidated

428 public employee retirement system and "

429 and by inserting the following new definition

430 "Consolidated Pension Liability Fund", the fund established under the provisions of subdivision

431 (8A) of section twenty-two for monies appropriated and set aside to meet all financial obligations

432 for retirement benefits of the consolidated public employee retirement system except such

433 obligations as are payable from the Annuity Savings Fund and Annuity Reserve Fund of the

434 system.

435 SECTION 34. Conforming amendment related to reversion of abandoned property for members

436 of the new system

437 Subdivision (3) of Section 11 of Chapter 32 is amended by inserting at the end of the first

438 paragraph the words "or the Consolidated Pension Liability Fund established by section 22 as the

439 case may be."

440 and by inserting in the second and third paragraphs after the words "Commonwealth's Pension

441 Liability Fund" the words "or the Consolidated Pension Liability Fund."

442 SECTION 35. Conforming amendments related to transfers among funds

443 Section 22 of Chapter 32 is amended by inserting after the words "Commonwealth's Pension
444 Liability Fund" where they appear in paragraph (2)(c) and paragraph (3)(a) and paragraph (3)(b)
445 the words " or Consolidated Pension Liability Fund "

446

447 SECTION 36. Conforming amendment related to pension appropriation budgeting

448 Subdivison 7 of Section 22 of Chapter 32 is amended by inserting in the first paragraph after the
449 words "required for" the words " the Consolidated Pension Liability Fund,"

450 and by inserting the following new paragraph:

451 (b1/2) The consolidated public employees' retirement board, on or before October fifteenth in
452 each year, shall furnish the actuary with such information as he may require to enable him to
453 determine the amount to be distributed from the Consolidated Pension Liability Fund to the
454 pension fund of the consolidated public employees' retirement system, for the fiscal year
455 commencing on the next following July first. The actuary shall, on or before December fifteenth
456 immediately preceding such fiscal year, determine such amount and specify in a written notice to
457 the board the amounts so required. Upon the receipt of such notice, the board shall certify
458 forthwith to the PRIM board the amounts necessary to be distributed and paid for such fiscal year
459 for the Pension Fund and the special fund for military service credit of the system. The amounts
460 necessary to be appropriated and paid for such fiscal year by the commonwealth for said
461 Consolidated Pension Liability Fund shall be determined in accordance with the funding
462 schedule adopted by the commissioner of administration pursuant to section twenty-two G, and
463 items of appropriation for such amount shall be included in the appropriation for such fiscal year

464 for the PRIM board or such department as the commissioner of administration shall determine to
465 be allocated to the Consolidated Pension Liability Fund.

466 SECTION 37. Excludes the new system from the local system funding schedule definition.

467 Section 1 of Chapter 32 is amended in the definition of "Funding System" by inserting after the
468 words "other than the", the words "consolidated public employees' retirement system, " .

469 SECTION 38. Conforming amendment to exclude the new system from the local system funding
470 schedule sections

471 Section 22D of Chapter 32 is amended in the first sentence of subdivision (1) by inserting before
472 the words "the state employees' retirement system" the words "the consolidated public
473 employees' retirement system"

474 and Section 22F of Chapter 32 is amended in paragraph (a) by inserting before the words "the
475 state employees' retirement system" the words "the consolidated public employees' retirement
476 system"

477 SECTION 39. Defines short form reference for CPRIT Fund

478 "CPRIT Fund", the Consolidated Pension Reserves Investment Trust Fund established under the
479 provisions of subdivision (8A) of section twenty-two.

480 SECTION 40. Conforms definition of the Commonwealth funding schedule to exclude the new
481 system

482 Section 1 of Chapter 32 is amended in the definition of "Commonwealth funding schedule" by
483 striking out the words "on behalf of any system other than the state employees'" and replacing

484 them with the words "on behalf of any system other than the consolidated public employees' or
485 state employees'" and by striking out the words " benefits for members of systems other than the
486 state employees' " and replacing them with the words "benefits for members of systems other
487 than the consolidated public employees' system and the state employees' ".

488 SECTION 41. Conforms definition of "Commonwealth's pension liability" to exclude the new
489 system (this defined term is used to define the 22C funding schedule; the new system is an
490 obligation of the Commonwealth, but funded as necessary under a new section 22G)

491 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's pension liability" by
492 striking out the words " on behalf of any system other than the state employees'" and replacing
493 them with the words " on behalf of any system other than the consolidated public employees'
494 retirement system, the state employees'" and by striking out the words " or other benefits for
495 members of systems other than the state employees'" and by replacing them with the words " or
496 other benefits for members of systems other than the consolidated public employees' retirement
497 system, the state employees".

498

499 THE FOLLOWING SECTIONS ADDRESS DISABILITY AND DEATH BENEFITS

500 SECTION 42. Includes members of the new system (including state police officers) in the
501 generally applicable ordinary disability statute but confirms application of that statute for them to
502 their higher retirement age and longer compensation averaging rules.

503 Section 6 of Chapter 32 is amended

504 by inserting in the first paragraph of subdivision (1) after the words: "For the purposes of this
505 section" the words "the consolidated public employees' retirement system"

506 and by striking out paragraph (2)(a) and replacing it with the following new paragraph (2)(a)

507 a) The normal yearly amount of such allowance for any member of the consolidated public
508 employees' retirement system or any other member classified in Group 1, Group 2 or Group 4,
509 other than a veteran as defined in section one, shall be equal to that to which he would be entitled
510 under the provisions of section five as prescribed for a member of his group, if he were to be
511 retired for superannuation upon the attainment of age fifty-five, or in the case of a member of the
512 consolidated public employees' retirement system , sixty two with an amount of creditable
513 service equal to that with which he is credited at the date of his actual retirement for ordinary
514 disability; provided, however, that if he has attained age fifty-five, or in the case of a member of
515 the consolidated public employees' retirement system, sixty two the normal yearly amount of
516 such allowance shall in no event be less than that to which he would be entitled if he were to be
517 retired for superannuation under the provisions of section 5 as prescribed for a member in his
518 group; and provided, further, that the normal yearly amount of such allowance shall not exceed
519 four-fifths of: (i) the average annual rate of his regular compensation during any period of three,
520 or in the case of a member of the consolidated public employees' retirement system , ten,
521 consecutive years of creditable service for which such rate of compensation was the highest, and
522 (ii) the average annual rate of regular compensation received by such member during the period
523 or periods, whether or not consecutive, constituting his last three years, or in the case of a
524 member of the consolidated public employees' retirement system , last ten years, of creditable
525 service preceding retirement, whichever is greater.

526 and by inserting in clause (2)(b)(ii) after the word "fifty-five" the words ", or in the case of a
527 member of the consolidated public employees' retirement system , sixty two"

528 and by inserting in paragraph (2)(c) after the word "Group 3" the words "other than a member of
529 the consolidated public employees' retirement system"

530 and by inserting after the words "state retirement board" and after the words "teachers' retirement
531 board" where they appear in paragraph (3)(b) the words " or the consolidated public employees'
532 retirement board as the case may be"

533 SECTION 43. Includes members of the new system (including state police officers) in the
534 generally applicable accidental disability statute

535 Section 7 of Chapter 32 is amended by

536 inserting in subdivision 1 at the beginning the words " Any member of the public employee
537 retirement system or"

538 and by inserting in the paragraph (2)(a) after the words "of section twenty-six are not applicable"
539 the words "or any member of the consolidated public employee retirement system"

540 and by inserting in clause (2)(a)(iii) before the words "state and teachers' systems" the words "
541 consolidated public employees' retirement system and "

542 and in paragraph (2)(e) by inserting after the words "group 4" the words "and any member of the
543 consolidated public employee retirement system" and by inserting at the beginning of the last
544 sentence the words "The consolidated public employees' retirement system and".

545 SECTION 44. Includes members of the new system (including state police officers) in the
546 generally applicable death benefit statutes

547 Section 9 of Chapter 32 is amended in clause (2)(d)(i) by inserting at the beginning the words "in
548 the consolidated public employees retirement system and" and by inserting at the end the words
549 "or permitted by the general court for each year under section 102A as the case may be" and

550 Section 101 of Chapter 32 is amended in the last sentence by inserting the words "consolidated
551 public employees' before the words 'state teachers'.

552

553

554 SECTION 45. Links in definition of adjusted consolidated withholding percentage

555 Section One of Chapter 32 is amended by inserting the following new definition:

556 "Adjusted consolidated withholding percentage" the percentage computed by the actuary
557 pursuant to Section 22, paragraph (1)(b3/4).

558 SECTION 46. Conforms post-retirement re-employment in critical shortage language to include
559 retirees from new system.

560 Paragraph (e) of Section 91 of Chapter 32 is amend by inserting after the words "State-Boston
561 retirement system" where they appear the words "or the consolidated public employees'
562 retirement system."

563 SECTION 47. Conforms short form reference for member to include the new system

564 Section 1 of Chapter 32 is amended in the definition of "Member" by inserting after the word
565 "included in" the words "the consolidated public employees' retirement system,".

566 SECTION 48. Conforms short form reference for PRIM board to include new system

567 Section 1 of Chapter 32 is amended in the definition of "PRIM board" by inserting after the term
568 "assets of" the words "the consolidated public employees' retirement system,".

569 SECTION 49. Conforms short form reference for system to include new system

570 Section 1 of Chapter 32 is amended in the definition of "system" by inserting at the beginning
571 the words "'consolidated public employees' retirement system"

572 SECTION 50. Conforms membership voting rights language to include new system

573 Section 3 of Chapter 32 is amended by inserting after the words "in section twenty of this
574 chapter" where they appear in clauses (1)(a)(i) and (1)(a)(ii) the words ", in section 18A of
575 chapter 10"

576 SECTION 51. Conforms early intervention plan language to allocate teachers to school
577 committee supervision.

578 Section 5B of Chapter 32 is amended by inserting after the words "members of the teacher's
579 retirement system" the words "and teachers and other school workers who are members of the
580 consolidated public employee retirement system"

581 SECTION 52. Conforms Commonwealth check payment language to include new system

582 Section 11 of Chapter 32 is amended by inserting in the second paragraph of subdivision (3) after
583 the words "any obligation of" the words "the consolidated public employees retirement system
584 or"

585 SECTION 53. Conforms language related to offset of health care costs against pensions for
586 teachers to include members of the new system (who may be local employees)

587 Sections 19 and 19B of Chapter 32 are amended by inserting before the words "the teachers'
588 retirement system" where they appear the words "the consolidated public employee retirement
589 system or" and Section 19B is amended by inserting before the words "teachers' retirement
590 board" the words "consolidated public employees' retirement board or the".

591 SECTION 54. Conforms reporting language for new system board

592 Section 20 of Chapter 32 is amended by replacing in paragraph (5)(i) the words "state retirement
593 board shall a copy of its report" with the words "state retirement board and the consolidated
594 public employees' retirement board shall file copies of their reports"

595 SECTION 55. Conforms indemnification language to cover new board

596 Section 20B of Chapter 32 is amended by inserting before the words "the state retirement board,"
597 the words "the consolidated public employee retirement board,"

598 SECTION 56. Conforms language re boarding as compensation

599 Section 22 of Chapter 32 is amended in clause (1)(c) by inserting after the words "teachers'
600 retirement system" the words "or of the consolidated public employees' retirement system"

601 SECTION 57. Conforms PERAC enforcement language to include new board

602 Section 24 of Chapter 32 is amended by inserting before the words "the state board of
603 retirement" the words "the consolidated public employees' retirement board".

604 words " the amount credited to the consolidated public employees' retirement system shall be the
605 full amount, if any necessary to raise to the low-risk funded ratio for that system to 80%; the
606 amount determined for each other system from the remainder so reduced by the amount credited
607 to the consolidated public employees' retirement system"

608 SECTION 58. Conforming amendment to exclude new system from the local system cost-of-
609 living section.

610 Section 103 of Chapter 32 of the General Laws is amended by inserting the words "the
611 consolidated public employees' retirement system" before the words "the state employees'
612 retirement system".