

HOUSE No. 4097

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 AUTHORIZING THE TOWN OF DEDHAM TO ESTABLISH A GROUP INSURANCE LIABILITY FUND. .

PETITION OF:

NAME:

Paul McMurtry

DISTRICT/ADDRESS:

11th Norfolk

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT AUTHORIZING THE TOWN OF DEDHAM TO ESTABLISH A GROUP INSURANCE LIABILITY FUND. .

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
2 shall have the following meanings:-

3 "Normal cost of post retirement benefits", that portion
4 of the actuarial present value of future premium costs
5 and claim costs payable by the town on behalf of, or
6 direct payments to, retired employees, including school
7 teachers, of the town and the eligible surviving spouses
8 or dependents of deceased employees, including school
9 teachers, of the town, pursuant to this act, which is
10 allocable to a particular fiscal year, as determined by
11 an actuary pursuant to section 2.

12 "Post retirement benefit liability", the present value
13 of the town's obligation for future premium costs and
14 claim costs payable by the town on behalf of, or direct
15 payments to, retired and prospective retired employees
16 of the town and the eligible surviving spouses or
17 dependents of deceased and prospectively deceased
18 employees of the town, attributed by the terms of the
19 plan to the employee's service rendered to the date of
20 the measurement, pursuant to this act as determined by
21 an actuary, pursuant to section 2.

22 "Premium costs and claim costs", the amounts payable by
23 the town for the provision of retiree health and life
24 insurance.

25 "Unfunded post retirement benefit liability", the
26 difference between the post retirement benefit liability
27 on the measurement date and the actuarial value of the
28 assets of the group insurance liability fund on the same
29 date, as determined by an actuary, pursuant to section
30 2.

31 "Unfunded post retirement benefit liability amortization
32 payments", the amount which, when paid into the group
33 insurance liability fund annually over a period of years,
34 together with the normal cost of post retirement benefits for
35 each year of said period of years, will reduce to zero at the
36 end of said period, the unfunded post retirement benefit
37 liability in existence as of the beginning of said period, as
38 determined by an actuary.

39 SECTION 2. (a) There shall be in the town of Dedham a group
40 insurance liability fund, which shall be under the supervision
41 and management of the town's contributory retirement board
42 established under paragraph (b) of subdivision (4) of section 20
43 of chapter 32 of the General Laws. The town treasurer shall be
44 the custodian of the fund and may employ an outside custodial
45 service.

46 (b) The fund shall be credited with all amounts appropriated or
47 otherwise made available by the town for the purposes of meeting
48 the current and future premium costs and claim costs payable by
49 the town on behalf of, or direct payments to, retired employees
50 of the town and the eligible surviving spouses or dependents of
51 deceased employees of the town pursuant to this act. Amounts in
52 the fund including any earnings or interest accruing from the
53 investment of such amounts shall be expended only for the
54 payment of such premium costs and claim costs payable by the
55 town on behalf of, or direct payments to, retired employees of
56 the town and the eligible surviving spouses or dependents of
57 deceased employees of the town, except as otherwise provided in
58 this act, and only in accordance with a schedule of such
59 payments developed by an actuary in consultation with the town's
60 contributory retirement board. Subject in each instance to the
61 approval of the town's contributory retirement board, the town
62 treasurer shall invest and reinvest the amounts in the fund not
63 needed for current disbursement consistent with the prudent
64 person rule, but no funds may be invested directly in mortgages
65 or in collateral loans. The fund shall be subject to the public
66 employee retirement administration commission's triennial audit.

67 (c) The board may employ any qualified bank, trust company,
68 corporation, firm or person to advise it on the investment of

69 the fund and may pay from the fund for such advice and such
70 other services as determined by the town's contributory
71 retirement board.

72 SECTION 3. (a) An actuary shall determine, as of January 1,
73 2008, and no less frequently than every second year thereafter,
74 the normal cost of post retirement benefits, the post retirement
75 benefit liability, and the unfunded post retirement benefit
76 liability. All such determinations shall be made in accordance
77 with generally accepted actuarial standards, and the actuary
78 shall make a report of such determinations. The report shall,
79 without limitation, detail the demographic and economic
80 actuarial assumptions used in making such determinations, and
81 each such report subsequent to the first such report shall also
82 include an explanation of the changes, if any, in the
83 demographic and economic actuarial assumptions employed and the
84 reasons for any such changes, and shall also include a
85 comparison of the actual expenses by the town for premium costs
86 and claim costs constituting the post retirement benefit
87 liability during the period since the last such determination,
88 and the amount of such expenditures which were predicted
89 pursuant to the previous such report for the period.

90 (b) An actuary, in consultation with the town's contributory
91 retirement board, shall establish a schedule of annual
92 payments to be made to the group insurance liability fund
93 designed to reduce to zero the unfunded post retirement
94 benefit liability. The schedule shall reduce the initial
95 unfunded post retirement benefit liability over a period of
96 years not to exceed 30. Any additional unfunded liability
97 created subsequent to the last such determination by the
98 provision of any new benefit or by any increase in the
99 premium share payable by the town shall be separately so
100 amortized over the 15 years following the date of the
101 determination in which such additional liability is first
102 recognized. Each such annual payment shall be equal to the
103 sum of the unfunded post retirement benefit liability
104 amortization payment required for such year and the payments
105 required to meet the normal cost of post retirement benefits
106 for such fiscal year.

107 (c) All payments for the purposes of meeting the town's share of
108 premium costs and claim costs or direct payments to retired
109 employees of the town and the surviving spouses or dependents of
110 deceased employees of the town pursuant to this act shall be made
111 from the group insurance liability fund in accordance with a
112 schedule of disbursements established by the actuary.

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