

HOUSE No. 00701

The Commonwealth of Massachusetts

PRESENTED BY:

Jay Kaufman

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 relative to cost of living adjustments for retired public employees of the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Jay Kaufman</i>	<i>15th Middlesex</i>
<i>Thomas P. Kennedy</i>	<i>Second Plymouth and Bristol</i>
<i>James J. Dwyer</i>	<i>30th Middlesex</i>
<i>John P. Fresolo</i>	<i>16th Worcester</i>
<i>Martha M. Walz</i>	<i>8th Suffolk</i>

HOUSE No. 00701

By Mr. Kaufman of Lexington, a petition (accompanied by bill, House, No. 701) of Jay Kaufman and others relative to cost of living adjustments for retired public employees of the Commonwealth. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
□ HOUSE
□ , NO. 2487 OF 2009-2010.]

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

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:

1 SECTION 1. Section 22C of Chapter 32 of the General Laws, as appearing in the 2008
2 Official Edition, is amended by striking out in line 29 the number “23” and inserting in place
3 thereof the following number:— 26.

4 SECTION 2. Section 22D of said Chapter 32, as appearing in the 2004 Official Edition, is
5 amended by inserting in line 29 after the word “approve” the following words:—provided
6 further, however, that in the event that a system has accepted the provisions of paragraph (j) of
7 Section 103, the funding schedule, and any updates thereto, shall be designed to reduce the
8 unfunded actuarial liability of said system to zero as of such year, that may be subsequent to June
9 30, 2028, as the commission shall approve.

10 SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2008 Official
11 Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount “\$12,000” and
12 inserting in place thereof the following dollar amount:—\$16,000.

13 SECTION 4. Section 103 of said Chapter 32 is amended by inserting the following new
14 paragraph:—

15 (j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any system may,
16 by accepting the provisions of this paragraph as hereinafter provided, elect to pay a cost-of-living
17 adjustment on a base amount greater than \$12,000. Acceptance of this paragraph shall be by a
18 majority vote of the board of such system, subject to the approval of the legislative body. For the
19 purpose of this paragraph, “legislative body” shall mean, the city council in accordance with its
20 charter, in the case of a town, the town meeting, in the case of a county or region, the county or
21 regional retirement board advisory council, in the case of a district, the district members, and, in
22 the case of an authority, the governing body. Acceptance of this paragraph shall be deemed to
23 have occurred upon the filing of the certification of such vote with the commission. A decision to
24 accept the provisions of this paragraph may not be revoked. Notwithstanding the provisions of
25 subdivision (6A) of Section 22 or Section 22D to the contrary, for each system that has accepted
26 the provisions of this paragraph, the board, in consultation with the commission, shall prepare a
27 funding schedule which shall reflect the costs and the actuarial liabilities attributable to the cost
28 of living allowance that may be paid in accordance with the provisions of this paragraph and said
29 schedule shall be designed to reduce the applicable retirement system’s pension liability to zero
30 by such year, that may be subsequent to June 30, 2028, as approved by the commission.

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

33 SECTION 5. The provisions of Sections one and three of this act shall take effect for cost of
34 living adjustments to be made, in accordance with the provisions of Section 102 of said Chapter
35 32, commencing July 1, 2012.

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

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

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

47 (a) The actuary in the commission shall annually in the month of January file with the clerk of
48 the house of representatives the report prepared in accordance with paragraph (f) of subdivision
49 (3) of section 21. The retirement allowance, pension or annuity of every member of the state
50 employees' system and the teachers' retirement system who has received a retirement allowance,
51 pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other beneficiary of
52 such member who has received a retirement allowance, pension or annuity on June 30 of the

53 prior fiscal year, shall be increased by the percentage as determined by the actuary's report;
54 provided that notwithstanding the actuary's report the cost of living increase shall be at least
55 three percent. The cost of living adjustment shall be applied each July 1. Said cost of living
56 increase shall be funded from the investment income account of the state employees' and state
57 teachers' systems. The sum of the dollar amount of each cost of living increase, together with the
58 amount of retirement allowance, pension or annuity to which the cost of living per cent factor is
59 applied, shall become the fixed retirement allowance, pension or annuity for all future purposes,
60 including the application of subsequent cost of living adjustments in future years.

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

62 (i) In any case as of June 30, 2010 but prior to June 30, 2016 where such former employee,
63 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity
64 which is sixty-five percent of the maximum social security benefit or more exclusive of
65 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
66 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
67 the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent
68 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
69 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
70 be added to each retirement allowance, pension or annuity which is in excess of said maximum
71 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
72 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
73 is applied and any amounts in excess of said sixty-five percent of the maximum social security
74 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes

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

77 (ii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former employee,
78 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity
79 which is seventy-five percent of the maximum social security benefit or more exclusive of
80 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
81 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
82 the per centum of change determined pursuant to paragraph (a) to the sum of seventy-five
83 percent of the maximum social security benefit. Whenever a cost of living adjustment is granted
84 pursuant to said paragraph (a), the dollar amount of such increase as determined in said
85 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess
86 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,
87 together with the amount of retirement allowance, pension or annuity to which the cost of living
88 per centum factor is applied and any amounts in excess of said seventy-five percent of the
89 maximum social security benefit shall become the fixed retirement allowance, pension or annuity
90 for all future purposes including the application of subsequent cost of living adjustments in
91 future years; provided, however, that the limitations of this paragraph shall continue to apply.

92 (iii) In any case as of June 30, 2020 but prior to June 30, 2024 where such former employee,
93 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity
94 which is eighty-five percent of the maximum social security benefit or more exclusive of
95 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
96 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
97 the per centum of change determined pursuant to paragraph (a) to the sum of eighty-five percent

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

107 (iv) In any case as of June 30, 2024 but prior to June 30, 2028 where such former employee,
108 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity
109 which is ninety-five percent of the maximum social security benefit or more exclusive of
110 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section
111 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying
112 the per centum of change determined pursuant to paragraph (a) to the sum of ninety-five percent
113 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant
114 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall
115 be added to each retirement allowance, pension or annuity which is in excess of said maximum
116 base amount. The sum of the dollar amount of such cost of living adjustments, together with the
117 amount of retirement allowance, pension or annuity to which the cost of living per centum factor
118 is applied and any amounts in excess of said ninety-five percent of the maximum social security
119 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes

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

122 (v) In any case as of June 30, 2028 where such former employee, spouse, or other beneficiary is
123 receiving an annual retirement allowance, pension or annuity which is one hundred percent of
124 the maximum social security benefit or more exclusive of additional annuity obtained by special
125 purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of
126 living adjustment shall be in an amount determined by applying the per centum of change
127 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social
128 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),
129 the dollar amount of such increase as determined in said paragraph (a) shall be added to each
130 retirement allowance, pension or annuity which is in excess of said maximum base amount. The
131 sum of the dollar amount of such cost of living adjustments, together with the amount of
132 retirement allowance, pension or annuity to which the cost of living per centum factor is applied
133 and any amounts in excess of said one hundred percent of the maximum social security benefit
134 shall become the fixed retirement allowance, pension or annuity for all future purposes including
135 the application of subsequent cost of living adjustments in future years; provided, however, that
136 the limitations of this paragraph shall continue to apply.