

**SENATE . . . . . No. 1203**

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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:

*William N. Brownsberger*

*Second Suffolk and Middlesex*

*Carolyn C. Dykema*

*8th Middlesex*

**SENATE . . . . . No. 1203**

By Mr. Brownsberger, a petition (accompanied by bill, Senate, No. 1203) of William N. Brownsberger and Carolyn C. Dykema for legislation to establish a consolidated public employees retirement board within the Department of the State Treasurer. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION

SEE

□ □ HOUSE  
□ , NO. 2930 OF 2011-2012.]

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Thirteen**

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  
2 employees hired after July 1, 2014.

3 Section 20 of Chapter 32 of the General Laws is amended by inserting at the beginning  
4 the following new subsection:-

5 (1/2) (a) The contributory retirement system for employees hired after July 1, 2014 shall  
6 be known as the "consolidated public employees' retirement system" and all of its business shall  
7 be transacted under that name.

8 (b) The consolidated public employees' retirement system shall be managed by the  
9 consolidated public employees' retirement board provided for in section 18A of chapter ten. Said  
10 board shall 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  
13 sections:-

14 Section 18A. There shall be a consolidated public employees' retirement board serving in  
15 the department for the purpose of administering the consolidated public employees' retirement  
16 system established under the provisions of chapter thirty two. That board shall consist of nine  
17 members as follows: the state treasurer who shall be a member ex officio and who shall serve as  
18 chairman, the commissioner of education, or his designee, the state auditor, or his designee, a  
19 fourth member who shall be appointed by governor for a term of four years and who shall be a  
20 retired former public school teacher within the commonwealth, a fifth member who shall be  
21 appointed by the governor for a term of four years and who shall be a member of a public safety  
22 union, three members who shall be elected by the members in or retired from service of such  
23 system from among their number in such manner and for such term, not exceeding four years, as  
24 the commission shall determine, and a ninth member who shall be chosen by the other eight for a  
25 term of four years. Future elections of the sixth, seventh and eighth members shall be held under  
26 the supervision of such retirement board and their terms shall be arranged so as not to expire in  
27 the year of expiration of the term of the ninth member. If a ninth member is not chosen by the  
28 other six members within 30 days after the expiration of the term of the ninth member, the  
29 governor shall appoint a ninth member for a term of four years. Each member of such retirement  
30 board shall continue to hold office until the expiration of his term and until the qualification of  
31 his successor. Upon the expiration of the term of office of any elected, chosen or appointed  
32 member or in case of a vacancy in either of said offices, a successor shall be elected, chosen or  
33 appointed as aforesaid for a four-year term or for the unexpired portion thereof, as the case may  
34 be, except that in no event shall the term of the ninth member expire in the same year as the term  
35 of any of the sixth, seventh or eighth members.

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

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

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

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

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

50 Subdivision (6) of Section 22 of Chapter 32 is amended by inserting at the end of clause  
51 (iv) the words "and the consolidated public employees' retirement system shall transfer from its  
52 investment income account to the General Fund an amount equal to the amount set forth in the  
53 state budget for the administration of said system"

54 and by deleting the word "and" before the words "the state teachers' retirement system"  
55 and inserting in place thereof the following punctuation: " ; "

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

61 and by deleting the word "and" before the words "the state teachers' retirement system"  
62 and inserting in place thereof the following punctuation: " ; "

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

64 Subdivision 4 of Section 25 of Chapter 32 is amended by inserting before the words "the  
65 state employees' retirement system" the words "the consolidated public employees' retirement  
66 system,"

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

69 Section 2 of Chapter 32 is amended by inserting the following additional paragraph after  
70 the first paragraph:-

71 Any employee who would otherwise be included in a system as provided by the  
72 preceding paragraph or by any special law shall instead be included in the consolidated public  
73 employees' retirement system if they have never been included in any such system prior to July  
74 1, 2014. Any employee may elect, as provided for in Section 22H, to participate in the  
75 consolidated public employees' retirement system.

76 SECTION 7. Includes judges in the new system

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

78 Section 65K. A chief justice or any associate justice of the appeals court or the supreme  
79 judicial court or any justice of the trial court of the commonwealth or any special judge or  
80 special justice who first receives any such appointment after July 1, 2014 and was not prior to

81 such date a member of any system shall be included in the consolidated public employees'  
82 retirement system and shall receive a retirement allowance, if any, as computed under sections  
83 one through twenty-eight inclusive and the following sections shall not apply to them: Sections  
84 65A, 65B, 65C, 65D, 65D1/2, 65H, 65I, 65J.

85 SECTION 8. Clarifies that new state police officers are also included in the new system  
86 Section 26 of Chapter 32 is amended by inserting the following new paragraph:-

87 (1/2) The provisions of this section shall not apply to members of the consolidated public  
88 employees' retirement system.

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

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

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

99 Subdivision (2) of Section 3 of Chapter 32 of the General Laws is amended by inserting  
100 the following new paragraph:-

101 (e) Any member of any system may elect instead to become a member of the  
102 consolidated public employees' retirement system if he deposits into the annuity savings fund of  
103 the consolidated public employees' retirement system an amount which, when combined with the  
104 amount of the accumulated total deductions credited to his account in the annuity savings fund of  
105 the system from which he is being separated, equals the actuarial liability for his benefits that the  
106 consolidated public employees' retirement system would accrue upon his becoming a member.  
107 For the purposes of this section, the accrued actuarial liability shall be estimated using the low-  
108 risk discount rate of the Pension Reserves Investment Trust Fund. The consolidated public  
109 employees' retirement board shall, subject to the approval of the actuary, provide application  
110 forms including schedules for estimation of the liability and necessary deposit. The schedule  
111 may include reasonable approximations to facilitate computations. If the consolidated public  
112 employees' retirement board approves an application, the transfer shall be effectuated if, within  
113 90 days of the approval, the member makes the necessary supplemental deposit and transfers the  
114 amount of the accumulated total deductions credited to his account in the annuity savings fund of  
115 the system from which he is being separated to the annuity savings fund of the consolidated

116 public employees retirement system. An election under this section shall be irrevocable after 90  
117 days have passed from the date upon which all necessary funds were deposited or transferred.

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

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

121 (1/2) Subject to the provisions of subdivision (2), members of the consolidated public  
122 employees retirement system shall receive creditable service under paragraphs (a), (c) and (e) of  
123 subdivision (1), but they shall not receive creditable service under the other paragraphs of  
124 subdivision (1) or under any other provision of general or special law.

125 SECTION 12. Defines pensionable compensation limit as 35% of the social security  
126 compensation and benefit base

127 Section 1 of Chapter 32 is amended by adding the following new definition:-

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

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

136 Section 4 of Chapter 32 is amended in paragraph 2(b) by inserting after the words "actual  
137 full-time service of not less than seven months during any one calendar year;" the words "and  
138 provided, further, that in the case of members of the consolidated public employees' retirement  
139 system who are elected by popular vote and any other member of that system for whom it is not  
140 feasible to pro-rate creditable service by hours worked, creditable service awarded in any  
141 calendar year shall not exceed the ratio of regular compensation received in that calendar year to  
142 the pensionable compensation limit and regular compensation shall be annualized at the  
143 pensionable compensation limit;"

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

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

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

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

156 Section 5 of Chapter 32 is amended by striking out in paragraph (1)(a) the words "Any  
157 member in service or any member inactive on authorized leave of absence classified in either  
158 Group 1 or Group 2 or Group 4 who has attained age 55 or any member in service or any  
159 member inactive or authorized leave of absence classified in Group 1 who became such a  
160 member on or after April 2, 2012 who has attained age 60, " and replacing them with the words  
161 "Any member in service or any member inactive on authorized leave of absence classified in  
162 either Group 1 or Group 2 or Group 4 who is not included in the consolidated public employees'  
163 retirement system and has attained age fifty-five, any member inactive or authorized leave of  
164 absence classified in Group 1 who became such a member on or after April 2, 2012 who has  
165 attained age 60, or any member in service who is included in the consolidated public employees'  
166 retirement system and has attained age 62"

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

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

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

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

183 PERCENT AGE LAST BIRTHDAY AT DATE OF RETIREMENT

184	3.00	.....72 or over
185	2.90	.....71
186	2.80	.....70
187	2.70	.....69
188	2.60	.....68
189	2.50	.....67 or at maximum age
190	2.35	.....66 but not over maximum age
191	2.20	.....65 but not over maximum age
192	2.05	.....64 but not over maximum age
193	1.90	.....63 but not over maximum age
194	1.75	.....62 but not over maximum age

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

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

203 and by inserting in paragraph (2)(d) after the words "paragraphs (a) and (c) of this  
204 subdivision" the words ", or in the case of a member of the consolidated public employees'  
205 retirement system, as provided in paragraphs (a1/2) and (c1/2) of this subdivision,"

206 and by inserting in paragraph (2)(d) at the end the words " or paragraph (c1/2) of this  
207 subdivision as the case may be."

208 and by inserting after the words "three-year" the words "or ten-year" where they appear  
209 in paragraph (a) of subdivision (3) and by inserting after the words "less than three years " the  
210 words "or ten-years as the case may be"

211 and by inserting after the words "3-year or 5-year" the words "or 10-year" where they  
212 appear in paragraph (b) of subdivision (3)



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

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

216 Section 102A. (a) If the low-risk funded ratio for the consolidated public employees'  
217 retirement system is equal to or greater than one hundred and five percent, then, unless the  
218 general court determines otherwise by law, the retirement allowance, pension or annuity of every  
219 member of the consolidated public employees' retirement system who has received a retirement  
220 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other  
221 beneficiary of such member who has received a retirement allowance, pension or annuity on  
222 June 30 of the prior fiscal year, shall as of July 1 of the coming fiscal year be increased by a  
223 percentage equal to the percentage increase in the Consumer Price Index or 3 per cent, whichever  
224 is less, as specified by the actuary in the annual statement required by Section 21(f). Said cost of  
225 living increase shall be funded from the investment income account of the consolidated public  
226 employees' retirement system. The sum of the dollar amount of each cost of living increase,  
227 together with the amount of retirement allowance, pension or annuity to which the cost of living  
228 per cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all  
229 future purposes, including the application of subsequent cost of living adjustments in future  
230 years.

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

239 SECTION 17. Disallows early retirements and termination allowances for members of  
240 the new system.

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

242 (1/2) Subdivisions (1), (2) and (3) of this section shall not apply to members of the  
243 consolidated public employees' retirement system. Any member inactive of the consolidated  
244 public employees' retirement system who has left his accumulated deductions in the annuity  
245 savings fund of the system and has attained the age of sixty-two, shall, upon his written  
246 application on a prescribed form filed with the board, receive a superannuation retirement  
247 allowance to become effective as provided in subdivision (3) of this section. Such retirement  
248 allowance shall be determined and computed in accordance with the provisions of paragraphs  
249 (a1/2) and (b) of subdivision (2) of section five, and subject to the limitations set forth in

250 paragraphs (c1/2) and (d) of said subdivision (2), and shall be based on such member's age and  
251 number of years and full months of creditable service on the date the retirement allowance  
252 becomes effective. The retirement allowance shall become effective on the date specified in the  
253 application which shall be not less than fifteen days nor more than four months after the filing of  
254 such application but in no event later than the maximum age for his group. The retirement  
255 allowance of any such member who fails to file a written application therefore as provided for in  
256 this subdivision shall nevertheless become effective upon his attainment of the maximum age for  
257 his group unless prior to such age his accumulated total deductions have been returned as  
258 provided for in this section and in section eleven. Payments under such allowance shall be made  
259 as provided for in sections twelve and thirteen.

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

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

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

266 Sections 28M of Chapter 32 is amended by inserting at the end of the first sentence the  
267 words ", provided that they are not members of the consolidated public employees' retirement  
268 system"

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

271 Sections 28N of Chapter 32 is amended by inserting at the end of the first sentence the  
272 words ", provided that they are not members of the consolidated public employees' retirement  
273 system"

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

277 Section 64 of Chapter 29 is amended by inserting after the fifth paragraph the following  
278 additional paragraph:-

279 The state treasurer, on behalf of the commonwealth, shall contract with every person,  
280 who is receiving compensation from the commonwealth for services performed for the  
281 commonwealth, who is a member of the consolidated public employees' retirement system  
282 defined in section 20 of chapter 32 to defer a portion of that person's compensation, and shall  
283 invest the deferred portion of that person's compensation in a deferred compensation program  
284 established in accordance with said Code. The minimum amount deferred shall be seven and one

285 half percent of the excess of regular compensation over the pensionable compensation limit as  
286 defined in section one of chapter 32. System members may defer additional compensation at  
287 their option, but in no event shall total deferrals exceed the maximum deferral allowable for that  
288 person pursuant to the provisions of said Code for government deferred compensation programs.

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

290 Section 1 of Chapter 32 is amended by inserting the following additional definitions in  
291 alphabetical order:-

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

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

297 "Low risk funded ratio", the funded ratio computed using the low risk discount rate as the  
298 discount rate for future liabilities.

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

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

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

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

305 Section 22 of Chapter 32 is amended by inserting in clause (1)(b)(v) after the words "a  
306 member in service of the system", the words "and who is not included in the consolidated public  
307 employees' retirement system"

308 and by inserting in paragraph (1)(b) the following new clause:-

309 (ix) withhold on each pay day the adjusted consolidated withholding percentage of the  
310 regular compensation of each employee who is a member in service of the consolidated public  
311 employees' retirement system.

312 and by inserting in subdivision (1) the following new paragraph:-

313 (b3/4) The consolidated public employees' retirement board shall, with the approval of  
314 the actuary, publish the adjusted consolidated withholding percentage for each fiscal year on the  
315 first day of the preceding April. The board shall compute the adjusted consolidated withholding  
316 percentage as follows. The adjusted consolidated withholding percentage for the fiscal year

317 beginning July 1, 2012 shall be ten percent. The board shall decrease the adjusted consolidated  
318 withholding percentage for any subsequent fiscal year by one percentage point below the  
319 preceding year if the most recently computed low-risk funding ratio of the consolidated public  
320 employees plan is above one hundred and fifteen percent. The board shall increase the adjusted  
321 consolidated withholding percentage for any subsequent fiscal year by one percent above the  
322 preceding year if the most recently computed low-risk funding ratio of the consolidated public  
323 employees plan is below one hundred and five percent. However, the board shall not increase  
324 the adjusted consolidated withholding percentage above fifteen percent or decrease it below five  
325 percent. The provisions of section fifty of chapter three hundred and sixty-seven of the acts of  
326 nineteen hundred and seventy-eight shall not apply to any member of the consolidated public  
327 employees' retirement system.

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

330 Chapter 32 is amended by inserting the following additional section:-

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

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

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

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

345 Subdivision (1) of Section 22 of Chapter 32 is amended by inserting the following new  
346 paragraph after paragraph (i):-

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

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

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

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

360 Section 22 of Chapter 32 of the General Laws is amended by inserting the following new  
361 subdivision:-

362 (8A) CPRIT Fund -- (a) There shall be a Consolidated Pension Reserves Investment  
363 Trust Fund administered by the PRIM board established in section twenty-three for the purpose  
364 of depositing, investing and disbursing amounts set aside to meet liabilities of the consolidated  
365 public employees' retirement system. The assets of the consolidated public employees' retirement  
366 system shall be held in the CPRIT Fund.

367 (b) There shall be a Consolidated Pension Liability Fund which shall be within the  
368 CPRIT Fund to which shall be credited all assets of the consolidated public employees'  
369 retirement system other than assets credited to the systems' Annuity Savings Funds, Annuity  
370 Reserve Funds and expense funds. All amounts required by the pension fund and the special fund  
371 for military service credit shall be provided by distribution of such amounts from the  
372 Consolidated Pension Liability Fund. Any such distribution shall be detailed in a written report  
373 by the commissioner of administration and filed in advance with the house and senate  
374 committees on ways and means. Except as otherwise provided in this subdivision and subject to  
375 the provisions of the operating trust agreement adopted by the PRIM board pursuant to  
376 subdivision (2A) of section 23, any such distribution shall be made pursuant to sections 1 to 28,  
377 inclusive.

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

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

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

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

391 (iv) all monies transferred from the investment account of the consolidated public  
392 employees' retirement system pursuant to clause (iii) of paragraph (a) of subdivision (6) of  
393 section 22 of Chapter 32 of the General Laws;

394 (v) all undistributed accumulated total deductions for the consolidated public employees'  
395 retirement system transferred pursuant to subdivision (3) of section eleven of Chapter 32 of the  
396 General Laws; and

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

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

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

402 Chapter 32 of subdivision 8 of Section 22(8)(e) is amended by adding at the end the  
403 following clause:-

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

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

409 Section 23 of Chapter 32 is amended by inserting after the first sentence of paragraph  
410 (1)(a) the words "The funds of the consolidated public employees' retirement system shall be  
411 held in the CPRIT Fund."

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

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

416 and by inserting in the second paragraph of paragraph (2A)(a) after the words "chosen by  
417 the members of the teachers' retirement board," the words " two of the elected members of the  
418 consolidated public employees' retirement board, who shall be chosen by the members of the  
419 consolidated public employees' retirement board"

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

422 and by inserting after the words "PRIT Fund" in clauses (xi) and (xiii) of paragraph  
423 (2A)(e) the words " and the CPRIT Fund"

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

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

428 Section 22 of Chapter 32 is amended in the first paragraph by inserting at the end the  
429 words "except that as provided in subdivision (8A), assets of the consolidated public employees'  
430 retirement system shall be held in the CPRIT fund."

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

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

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

438 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's Pension  
439 Liability Fund" by inserting before the words "such obligations" the words " those related to the  
440 consolidated public employee retirement system and "

441 and by inserting the following new definition:-

442 "Consolidated Pension Liability Fund", the fund established under the provisions of  
443 subdivision (8A) of section twenty-two for monies appropriated and set aside to meet all  
444 financial obligations for retirement benefits of the consolidated public employee retirement  
445 system except such obligations as are payable from the Annuity Savings Fund and Annuity  
446 Reserve Fund of the system.

447 SECTION 34. Conforming amendment related to reversion of abandoned property for  
448 members of the new system

449 Subdivision (3) of Section 11 of Chapter 32 is amended by inserting at the end of the first  
450 paragraph the words "or the Consolidated Pension Liability Fund established by section 22 as the  
451 case may be."

452 and by inserting in the second and third paragraphs after the words "Commonwealth's  
453 Pension Liability Fund" the words "or the Consolidated Pension Liability Fund" and by striking  
454 in the second and third paragraphs the word "or" after the words "Pension Reserve Fund" and  
455 inserting in place thereof a comma.

456 SECTION 35. Conforming amendments related to transfers among funds

457 Section 22 of Chapter 32 is amended by inserting after the words "Commonwealth's  
458 Pension Liability Fund" where they appear in paragraph (2)(c) and paragraph (3)(a) and  
459 paragraph (3)(b) the words " or Consolidated Pension Liability Fund " and by striking the word  
460 "or" where it appears prior to "Consolidated Pension Liability Fund" in paragraph 2(c),  
461 paragraph 3(a), and paragraph (3)(b) and inserting in place thereof a comma.

462 SECTION 36. Conforming amendment related to pension appropriation budgeting

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

465 and by inserting the following new paragraph:-

466 (b1/2) The consolidated public employees' retirement board, on or before October  
467 fifteenth in each year, shall furnish the actuary with such information as he may require to enable  
468 him to determine the amount to be distributed from the Consolidated Pension Liability Fund to  
469 the pension fund of the consolidated public employees' retirement system, for the fiscal year  
470 commencing on the next following July first. The actuary shall, on or before December fifteenth  
471 immediately preceding such fiscal year, determine such amount and specify in a written notice to  
472 the board the amounts so required. Upon the receipt of such notice, the board shall certify  
473 forthwith to the PRIM board the amounts necessary to be distributed and paid for such fiscal year  
474 for the Pension Fund and the special fund for military service credit of the system. The amounts  
475 necessary to be appropriated and paid for such fiscal year by the commonwealth for said  
476 Consolidated Pension Liability Fund shall be determined in accordance with the funding  
477 schedule adopted by the commissioner of administration pursuant to section twenty-two G, and  
478 items of appropriation for such amount shall be included in the appropriation for such fiscal year  
479 for the PRIM board or such department as the commissioner of administration shall determine to  
480 be allocated to the Consolidated Pension Liability Fund.

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

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

485 SECTION 38. Conforming amendment to exclude the new system from the local system  
486 funding schedule sections



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

490 and Section 22F of Chapter 32 is amended in paragraph (a) by inserting before the words  
491 "the state employees' retirement system" the words "the consolidated public employees'  
492 retirement system, "

493 SECTION 39. Defines short form reference for CPRIT Fund

494 Section 1 of Chapter 32 is amended by adding the following definition:-

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

497 SECTION 40. Conforms definition of the Commonwealth funding schedule to exclude  
498 the new system

499 Section 1 of Chapter 32 is amended in the definition of "Commonwealth funding  
500 schedule" by striking out the words "on behalf of any system other than the state employees"  
501 and replacing them with the words "on behalf of any system other than the consolidated public  
502 employees' or state employees'" and by striking out the words " benefits for members of systems  
503 other than the state employees' " and replacing them with the words "benefits for members of  
504 systems other than the consolidated public employees' retirement system, the state employees' ".

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

508 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's pension  
509 liability" by striking out the words " on behalf of any system other than the state employees" and  
510 replacing them with the words " on behalf of any system other than the consolidated public  
511 employees' retirement system, the state employees" and by striking out the words " or other  
512 benefits for members of systems other than the state employees" and by replacing them with the  
513 words " or other benefits for members of systems other than the consolidated public employees'  
514 retirement system, the state employees".

515 THE FOLLOWING SECTIONS ADDRESS DISABILITY AND DEATH BENEFITS

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

519 Section 6 of Chapter 32 is amended by inserting in the first paragraph of subdivision (1)  
520 after the words "For the purposes of this section," the words "the consolidated public employees'  
521 "

522 and by striking out paragraph (2)(a) and replacing it with the following new paragraph  
523 (2)(a):-

524 a) The normal yearly amount of such allowance for any member of the consolidated  
525 public employees' retirement system or any other member classified in Group 1, Group 2 or  
526 Group 4, other than a veteran as defined in section one, shall be equal to that to which he would  
527 be entitled under the provisions of section five as prescribed for a member of the member's  
528 group, if the member were to be retired for superannuation upon the attainment of age fifty-five,  
529 or for a member classified in Group 1 who became such a member on or after April 2, 2012 if  
530 such member were to be retired for superannuation upon the attainment of age 60 with an  
531 amount of creditable service equal to that with which the member is credited at the date of the  
532 member's actual retirement for ordinary disability, or in the case of a member of the consolidated  
533 public employees' retirement system, sixty two with an amount of creditable service equal to  
534 that with which he is credited at the date of his actual retirement for ordinary disability;  
535 provided, however, that if the member has attained age fifty-five, or for a member classified in  
536 Group 1 who became such a member on or after April 2, 2012 if the member has attained age  
537 sixty, or in the case of a member of the consolidated public employees' retirement system, sixty-  
538 two the normal yearly amount of such allowance shall in no event be less than that to which he  
539 would be entitled if the member were to be retired for superannuation under the provisions of  
540 section 5 as prescribed for a member in the member's group; and provided, further, that the  
541 normal yearly amount of such allowance shall not exceed four-fifths of: (i) the average annual  
542 rate of the member's regular compensation during any period of three, or in the case of a member  
543 of the consolidated public employees' retirement system, ten, consecutive years of creditable  
544 service for which such rate of compensation was the highest, and (ii) the average annual rate of  
545 regular compensation received by such member during the period or periods, whether or not  
546 consecutive, constituting the member's last three years, or in the case of a member of the  
547 consolidated public employees' retirement system, last ten years, of creditable service preceding  
548 retirement, whichever is greater.

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

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

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

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

558 Section 7 of Chapter 32 is amended by inserting in subdivision 1 at the beginning the  
559 words " Any member of the public employee retirement system or"

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

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

564 and in paragraph (2)(e) by inserting after the words "Group 4" the words "and any  
565 member of the consolidated public employees' retirement system" and by inserting at the  
566 beginning of the last sentence the words "The consolidated public employees' retirement system  
567 and".

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

598 SECTION 51. Conforms early intervention plan language to allocate teachers to school  
599 committee supervision.

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

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

605 Section 11 of Chapter 32 is amended by inserting in the second paragraph of subdivision  
606 (3) after the words "any obligation of" the first time they appear the words "the consolidated  
607 public employees retirement system or"

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

610 Sections 19 and 19B of Chapter 32 are amended by inserting before the words "the  
611 teachers' retirement system" where they appear the words "the consolidated public employees'  
612 retirement system or" and Section 19B is amended by inserting before the words "teachers'  
613 retirement board" the words "consolidated public employees' retirement board or the".

614 SECTION 54. Conforms reporting language for new system board

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

618 SECTION 55. Conforms indemnification language to cover new board

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

621 SECTION 56. Conforms language re boarding as compensation

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

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

626 Section 24 of Chapter 32 is amended by inserting after the words "the state board of  
627 retirement" the words "the consolidated public employees' retirement board"

628 SECTION 58.

629 Section 22 of Chapter 32 is amended by adding the following new subdivision:-

630 "The amount credited to the consolidated public employees' retirement system shall be  
631 the full amount, if any necessary to raise to the low-risk funded ratio for that system to 80%.

632 SECTION 59. Conforming amendment to exclude new system from the local system  
633 cost-of-living section.

634 Section 103 of Chapter 32 of the General Laws is amended by inserting the words "the  
635 consolidated public employees' retirement system" before the words "the state employees'  
636 retirement system".