SENATE DOCKET, NO. FILED ON: 1/14/2009

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

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The Commonwealth of Massachusetts

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PRESENTED BY:

**Robert L. Hedlund**

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*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 Pension Reform.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

PETITION OF:

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| --- | --- |
| Name: | District/Address: |
| Robert L. Hedlund | Plymouth and Norfolk |

The Commonwealth of Massachusetts

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**In the Year Two Thousand and Nine**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

An Act Relative to Pension Reform.

 *Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. Section 1 of Chapter 32 of the General Laws, as appearing in the 2006 official edition, is hereby amended by inserting in the definition of “regular compensation” after the first paragraph the following new paragraph: -

“Regular compensation,” during any period subsequent to June 30, 2009, shall mean the full salary, wages or other compensation in whatever form, lawfully determined for the individual service of the employee by the employing authority. Exclusions from regular compensation shall include, but not be limited to, any amounts paid for bonuses, overtime, allowances for housing, transportation, travel, any and all employment related expense reimbursements, severance pay for any and all unused sick leave, or any other payments made as a result of giving notice of retirement, and any other such compensation in excess of salary or wages or as reasonably determined by the board.

SECTION 2.  Section 1 of chapter 32 of the General Laws, as so appearing, is hereby amended by inserting following the definition of the words “Annuity savings fund” the following: - “Average annual rate of regular compensation”, shall be the average of the rate of regular compensation for any qualifying year of credible service received during each pay period during the qualifying year.

SECTION 3. Subdivision (1) of section 4 of chapter 32 of the General Laws is hereby amended by striking out paragraph (a), as appearing in the 2006 official edition, and inserting in place thereof the following paragraph:-

(a) Any member in service shall, subject to the provisions and limitations of sections one to twenty-eight inclusive, be credited with all service rendered by him as an employee in any governmental unit after becoming a member of the system pertaining thereto; provided, that he shall be credited with a year of creditable service for each calendar year during which he served as an elected official. Subsequent to January 1, 2010, he shall be credited with a year of creditable service for each calendar year during which he served at least 183 days as an elected official; and provided, further, that in no event shall he be credited with more than one year of creditable service for all such membership service rendered during any one calendar year.

SECTION 4. Paragraph (a) of subdivision (2) of section 5 of chapter 32 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended adding the 2 following sentences:- When determining the percentage to compute a member’s retirement allowance, the percentage in the following table shall be prorated for a member whose service has been in positions classified in 2 or more of Group 1, Group 2 or Group 4. The percentage shall be determined for each of Group 1, Group 2 and Group 4 in which any employee’s past position was designated, and that percentage shall be multiplied by the members years of service in each Group respectively and added together before being multiplying the percentage by the member’s average rate of compensation for his chosen 3 years.

SECTION 5.  Paragraph (b) of subdivision (1) of section 5 of chapter 32, of the General Laws, as so appearing, is hereby amended at the end thereof by adding following: - In the event that eighty per cent or greater of his regular compensation is in payment for duties in the group having the higher maximum age limit, such member shall not be considered to have achieved the maximum age for superannuation until he has attained the maximum age limit in the group having the higher maximum age limit, said member shall be limited to the performance of such later duties as prescribed in this paragraph.

SECTION 6.  Subdivision (2) of section 5 of chapter 32, of the General Laws, as so appearing, is hereby amended at the end thereof by adding the following sentences: - Provided that in any given year, no retirement allowance, as provided for by this chapter, shall exceed four hundred per cent of the average retirement allowance in the Commonwealth.  The board shall determine the average retirement allowance in the Commonwealth as of January 1 of each year.

SECTION 7. Paragraph (a) of subsection 2 of section 10 of chapter 32 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by striking out, in lines 50 and 51, the words “fails of nomination or re-election, or”.

SECTION 8. Said paragraph (a) of said subsection (2) of said section 10 of said chapter 32, as so appearing, is further amended, by striking out lines 73-77, and inserting in place thereof the following words:-

the following circumstances applies: (1) that the employee has failed of re-appointment, (2) that the employee’s office or position has been abolished, or (3) that the employee has been removed or discharged from his position without moral turpitude on his part.

SECTION 9. Chapter 32 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by inserting after section 22D the following new section:-

Section 22E. (1) Notwithstanding the provisions of any general or special law to the contrary any legislation that affects the commonwealth's pension liability, as defined in section 1, by changing the benefits or contributions of classes of members, including but not limited to early retirement incentive programs, shall be accompanied by a pension impact statement when filed with either chamber of the General Court. The pension impact statement shall be prepared or approved by the actuary of the public employee retirement administration commission and shall analyze, study, and valuate the costs and the actuarial liabilities attributable to the proposed change. The actuary shall also file the pension impact statement with each system to which any portion of the change in liability is attributable and shall send a copy thereof to the secretary for administration and finance and the house and senate committees on ways and means.

(2) Regardless of whether a pension impact statement was filed with regard to a matter, as soon as practicable after enactment of any amendment or exception to this chapter, the actuary shall prepare or cause to have prepared for his approval a pension impact certificate which shall estimate the cost of said provision and any liability it creates. The actuary may assess the cost of preparing the certificate to the system or systems to which costs and liabilities of said provision are attributable or may require said systems to prepare the certificate for his approval. The actuary shall also file the pension impact certificate with each system to which any portion of the change in liability is attributable and shall, when any part of the liability is attributed to the state employees retirement system, the state teachers retirement system, the state-Boston retirement system for teachers, or to future cost of living adjustments pursuant to sections 102 and 103, send a copy thereof to the secretary for administration and finance and the house and senate committees on ways and means. The actuary may subsequently revise the estimates in a pension impact certificate and revise the required contribution schedule it requires accordingly.

(3) Whenever after June 30, 2009 a retirement system's unfunded liability is increased due to one or more members' retirement allowances being increased as a result of amendments or exceptions to the provisions of this chapter, that retirement system shall be required to amortize the additional amount of unfunded liability so created and as included in the pension impact certificate beginning in the fiscal year immediately following receipt of the pension impact certificate. When such an enactment involves members of retirement systems other than the state retirement system, said retirement systems shall assess employers of members amounts necessary to fund the required amortization. When such an enactment affects the state retirement system, the state teachers retirement system, the state-Boston retirement system for teachers, or cost of living adjustments pursuant to sections 102 or 103, amounts necessary to amortize the additional unfunded liability shall be added to the amount to be transferred to the Commonwealth Pension Liability Fund pursuant to subsection (1) of section 22C, and section 5(b) of chapter 29.