

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Jay R. 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:

Jay R. Kaufman

DISTRICT/ADDRESS:

15th Middlesex

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2606 OF 2007-2008.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

**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 2004 Official
2 Edition, is amended by striking out in line 29 the number “23” and inserting in place thereof the following
3 number:— 26.

4

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

10

11 SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2004 Official Edition,
12 is amended by striking out in lines 32, 36 and 43 the dollar amount “\$12,000” and inserting in place
13 thereof the following dollar amount:—\$16,000.

14

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

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

33

34 SECTION 5. The provisions of Sections one and three of this act shall take effect for cost of living
35 adjustments to be made, in accordance with the provisions of Section 102 of said Chapter 32,
36 commencing July 1, 2007.

37

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

40

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

47

48

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

51

52 (a) The actuary in the commission shall annually in the month of January file with the clerk of the house
53 of representatives the report prepared in accordance with paragraph (f) of subdivision (3) of section 21.
54 The retirement allowance, pension or annuity of every member of the state employees' system and the
55 teachers' retirement system who has received a retirement allowance, pension or annuity on June 30 of
56 the preceding fiscal year, or of a spouse or other beneficiary of such member who has received a
57 retirement allowance, pension or annuity on June 30 of the prior fiscal year, shall be increased by the
58 percentage as determined by the actuary's report; provided that notwithstanding the actuary's report
59 the cost of living increase shall be at least three percent. The cost of living adjustment shall be applied
60 each July 1. Said cost of living increase shall be funded from the investment income account of the state
61 employees' and state teachers' systems. The sum of the dollar amount of each cost of living increase,
62 together with the amount of retirement allowance, pension or annuity to which the cost of living per
63 cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all future
64 purposes, including the application of subsequent cost of living adjustments in future years.

65

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

67

68 (i) In any case as of June 30, 2008 but prior to June 30, 2012 where such former employee, spouse, or
69 other beneficiary is receiving an annual retirement allowance, pension or annuity which is sixty-five
70 percent of the maximum social security benefit or more exclusive of additional annuity obtained by
71 special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living
72 adjustment shall be in an amount determined by applying the per centum of change determined
73 pursuant to paragraph (a) to the sum of sixty-five percent of the maximum social security benefit.
74 Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of
75 such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension
76 or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost
77 of living adjustments, together with the amount of retirement allowance, pension or annuity to which
78 the cost of living per centum factor is applied and any amounts in excess of said sixty-five percent of the
79 maximum social security benefit shall become the fixed retirement allowance, pension or annuity for all
80 future purposes including the application of subsequent cost of living adjustments in future years;
81 provided, however, that the limitations of this paragraph shall continue to apply.

82

83 (ii) In any case as of June 30, 2012 but prior to June 30, 2016 where such former employee, spouse, or
84 other beneficiary is receiving an annual retirement allowance, pension or annuity which is seventy-five
85 percent of the maximum social security benefit or more exclusive of additional annuity obtained by
86 special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living
87 adjustment shall be in an amount determined by applying the per centum of change determined
88 pursuant to paragraph (a) to the sum of seventy-five percent of the maximum social security benefit.

89 Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of
90 such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension
91 or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost
92 of living adjustments, together with the amount of retirement allowance, pension or annuity to which
93 the cost of living per centum factor is applied and any amounts in excess of said seventy-five percent of
94 the maximum social security benefit shall become the fixed retirement allowance, pension or annuity
95 for all future purposes including the application of subsequent cost of living adjustments in future years;
96 provided, however, that the limitations of this paragraph shall continue to apply.

97

98 (iii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former employee, spouse, or
99 other beneficiary is receiving an annual retirement allowance, pension or annuity which is eighty-five
100 percent of the maximum social security benefit or more exclusive of additional annuity obtained by
101 special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living
102 adjustment shall be in an amount determined by applying the per centum of change determined
103 pursuant to paragraph (a) to the sum of eighty-five percent of the maximum social security benefit.
104 Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of
105 such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension
106 or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost
107 of living adjustments, together with the amount of retirement allowance, pension or annuity to which
108 the cost of living per centum factor is applied and any amounts in excess of said eighty-five percent of
109 the maximum social security benefit shall become the fixed retirement allowance, pension or annuity
110 for all future purposes including the application of subsequent cost of living adjustments in future years;
111 provided, however, that the limitations of this paragraph shall continue to apply.

112

113 (iv) In any case as of June 30, 2020 but prior to June 30, 2024 where such former employee, spouse, or
114 other beneficiary is receiving an annual retirement allowance, pension or annuity which is ninety-five
115 percent of the maximum social security benefit or more exclusive of additional annuity obtained by
116 special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living
117 adjustment shall be in an amount determined by applying the per centum of change determined
118 pursuant to paragraph (a) to the sum of ninety-five percent of the maximum social security benefit.
119 Whenever a cost of living adjustment is granted pursuant to said paragraph (a), the dollar amount of
120 such increase as determined in said paragraph (a) shall be added to each retirement allowance, pension
121 or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost
122 of living adjustments, together with the amount of retirement allowance, pension or annuity to which
123 the cost of living per centum factor is applied and any amounts in excess of said ninety-five percent of
124 the maximum social security benefit shall become the fixed retirement allowance, pension or annuity
125 for all future purposes including the application of subsequent cost of living adjustments in future years;
126 provided, however, that the limitations of this paragraph shall continue to apply.

127

128 (v) In any case as of June 30, 2024 where such former employee, spouse, or other beneficiary is
129 receiving an annual retirement allowance, pension or annuity which is one hundred percent of the
130 maximum social security benefit or more exclusive of additional annuity obtained by special purchase
131 under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall
132 be in an amount determined by applying the per centum of change determined pursuant to paragraph
133 (a) to the sum of one hundred percent of the maximum social security benefit. Whenever a cost of living
134 adjustment is granted pursuant to said paragraph (a), the dollar amount of such increase as determined
135 in said paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess
136 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,
137 together with the amount of retirement allowance, pension or annuity to which the cost of living per
138 centum factor is applied and any amounts in excess of said one hundred percent of the maximum social
139 security benefit shall become the fixed retirement allowance, pension or annuity for all future purposes
140 including the application of subsequent cost of living adjustments in future years; provided, however,
141 that the limitations of this paragraph shall continue to apply.