

HOUSE No.

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:

SECTION 1. As used in this act, the following words shall have the following meanings:-

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

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

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

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

1 "Unfunded post retirement benefit liability amortization
2 payments", the amount which, when paid into the group
3 insurance liability fund annually over a period of years,
4 together with the normal cost of post retirement benefits for
5 each year of said period of years, will reduce to zero at the
6 end of said period, the unfunded post retirement benefit
7 liability in existence as of the beginning of said period, as
8 determined by an actuary.

9 SECTION 2. (a) There shall be in the town of Dedham a group
10 insurance liability fund, which shall be under the supervision
11 and management of the town's contributory retirement board
12 established under paragraph (b) of subdivision (4) of section 20
13 of chapter 32 of the General Laws. The town treasurer shall be
14 the custodian of the fund and may employ an outside custodial
15 service.

16 (b) The fund shall be credited with all amounts appropriated or
17 otherwise made available by the town for the purposes of meeting
18 the current and future premium costs and claim costs payable by
19 the town on behalf of, or direct payments to, retired employees
20 of the town and the eligible surviving spouses or dependents of
21 deceased employees of the town pursuant to this act. Amounts in
22 the fund including any earnings or interest accruing from the
23 investment of such amounts shall be expended only for the
24 payment of such premium costs and claim costs payable by the
25 town on behalf of, or direct payments to, retired employees of
26 the town and the eligible surviving spouses or dependents of
27 deceased employees of the town, except as otherwise provided in
28 this act, and only in accordance with a schedule of such
29 payments developed by an actuary in consultation with the town's
30 contributory retirement board. Subject in each instance to the
31 approval of the town's contributory retirement board, the town
32 treasurer shall invest and reinvest the amounts in the fund not
33 needed for current disbursement consistent with the prudent
34 person rule, but no funds may be invested directly in mortgages
35 or in collateral loans. The fund shall be subject to the public
36 employee retirement administration commission's triennial audit.

37 (c) The board may employ any qualified bank, trust company,
38 corporation, firm or person to advise it on the investment of
39 the fund and may pay from the fund for such advice and such
40 other services as determined by the town's contributory
41 retirement board.

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43 SECTION 3. (a) An actuary shall determine, as of January 1,

44 2008, and no less frequently than every second year thereafter,
45 the normal cost of post retirement benefits, the post retirement
46 benefit liability, and the unfunded post retirement benefit
47 liability. All such determinations shall be made in accordance
48 with generally accepted actuarial standards, and the actuary
49 shall make a report of such determinations. The report shall,
50 without limitation, detail the demographic and economic
51 actuarial assumptions used in making such determinations, and
52 each such report subsequent to the first such report shall also
53 include an explanation of the changes, if any, in the
54 demographic and economic actuarial assumptions employed and the
55 reasons for any such changes, and shall also include a
56 comparison of the actual expenses by the town for premium costs
57 and claim costs constituting the post retirement benefit
58 liability during the period since the last such determination,
59 and the amount of such expenditures which were predicted
60 pursuant to the previous such report for the period.

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62 (b) An actuary, in consultation with the town's contributory
63 retirement board, shall establish a schedule of annual
64 payments to be made to the group insurance liability fund
65 designed to reduce to zero the unfunded post retirement
66 benefit liability. The schedule shall reduce the initial
67 unfunded post retirement benefit liability over a period of
68 years not to exceed 30. Any additional unfunded liability
69 created subsequent to the last such determination by the
70 provision of any new benefit or by any increase in the
71 premium share payable by the town shall be separately so
72 amortized over the 15 years following the date of the
73 determination in which such additional liability is first
74 recognized. Each such annual payment shall be equal to the
75 sum of the unfunded post retirement benefit liability
76 amortization payment required for such year and the payments
77 required to meet the normal cost of post retirement benefits
78 for such fiscal year.

79 (c) All payments for the purposes of meeting the town's share of
80 premium costs and claim costs or direct payments to retired
81 employees of the town and the surviving spouses or dependents of
82 deceased employees of the town pursuant to this act shall be made
83 from the group insurance liability fund in accordance with a
84 schedule of disbursements established by the actuary.
85 SECTION 4. This act shall take effect upon its passage.