

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 establishing a group insurance liability fund in the town of Westwood.

PETITION OF:

NAME:

Paul McMurtry

DISTRICT/ADDRESS:

11th Norfolk

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT ESTABLISHING A GROUP INSURANCE LIABILITY FUND IN THE TOWN OF WESTWOOD.

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. As used in this act, the following words shall have the following meanings:
- 2 a. "Normal cost of post retirement benefits", that portion of the actuarial present value of premium
3 costs and or claim costs payable by the town on behalf of or direct payments payable by the town to
4 retired employees, including school teachers, of the town and the eligible surviving spouses or dependents
5 of deceased employees, including school teachers, of the town, pursuant to this act which is allocable to a
6 particular fiscal year, as determined by an actuary pursuant to section 3.
- 7 b. "Post retirement benefit liability", the present value of the town's obligation for premium payments
8 and or claim costs on behalf of or direct payments to retired and prospective retired employees of the
9 town and the eligible surviving spouses or dependents of deceased and prospectively deceased employees
10 of the town, pursuant to this act as determined by the actuary, pursuant to section 3.
- 11 c. "Unfunded post-retirement benefit liability", the difference between the post-retirement benefit
12 liability on a given date and the actuarial value of the assets of the group insurance liability fund on the
13 same date, as determined by the actuary, pursuant to section 3.
- 14
- 15 d. "Unfunded post-retirement benefit liability amortization payments", the amount which, when paid
16 into the post-retirement benefit fund annually over a period of years, together with the normal cost of
17 post-retirement benefits for year of said period of years, will reduce to zero at the end of said period the

18 unfunded post-retirement benefit liability in existence as of the beginning of said period, as determined by
19 the actuary.

20

21 SECTION 2. There shall be a fund to be known as the group insurance liability fund, which shall be
22 under the supervision and management of the town's finance director in consultation with the town
23 administrator. The town treasurer shall be the custodian of the fund or may employ an outside custodial
24 service. Such fund shall be credited with all amounts appropriated or otherwise made available by the
25 town for the purposes of meeting the current and future cost of premiums payable by the town on behalf
26 of or direct payments payable by the town to retired employees of the town and the eligible surviving
27 spouses or dependents of deceased employees of the town pursuant to this act. Amounts in said fund
28 including any earnings or interest accruing from the investment of such amounts shall be expended only
29 for the payment of such premiums or direct payments, except as otherwise provided in this act, and only
30 in accordance with a schedule of such payments developed by the actuary in consultation with the town's
31 retirement board. Subject in each instance to the approval of the town's contributory retirement board, the
32 town treasurer shall invest and reinvest the amounts in said fund not needed for current disbursement
33 consistent with sound investment policy; provided however, that no funds are to be invested directly in
34 mortgages or in collateral loans. The town may employ any qualified bank, trust company, corporation,
35 firm or person to advise it on the investment of the fund and may pay for such advice and such other
36 services as determined by the town's finance director in consultation with the town administrator.

37 SECTION 3.

38 a. The actuary shall determine, as of January 1, 2009, and no less frequently than every second year
39 thereafter, the normal cost of post-retirement benefits, the post-retirement benefit liability, and the
40 unfunded post-retirement benefit liability. All such determinations shall be made in accordance with
41 generally accepted actuarial standards, and the actuary shall make a report of such determinations. Said
42 report shall, without limitation, detail the demographic and economic actuarial assumptions used in
43 making such determinations, and each report subsequent to the first report shall also include an
44 explanation of the changes, if any, in the demographic and economic actuarial assumptions employed and
45 the reasons for any such changes, and shall also include a comparison of the actual expenses by the town
46 for premium or direct payments constituting the post-retirement benefit liability during the period since
47 the last such determination, and the amount of such expenditures which were predicted pursuant to the
48 previous such report for the said period.

49 b. The actuary, in consultation with the town's finance director and executive secretary, shall
50 establish a schedule of annual payments to be made to the group insurance liability fund designed to

51 reduce to zero the unfunded post-retirement benefit liability. Each such annual payment shall be equal to
52 the sum of the unfunded post-retirement benefit amortization payment required for such year and the
53 payments required to meet the normal cost of post-retirement benefits for such fiscal year.

54 c. All payments for the purposes of meeting the town's share of premium costs for direct payments to
55 retired employees of the town and the surviving spouses or dependents of deceased employees of the
56 town pursuant to this act shall be made from the group insurance liability fund in accordance with a
57 schedule of disbursements established by the actuary.

58 SECTION 4. This act shall take effect upon its passage.