

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

McGee, Thomas (SEN)

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 regional retirement systems to establish a postemployment benefits trust fund.

PETITION OF:

NAME:

McGee, Thomas (SEN)

DISTRICT/ADDRESS:

Third Essex and Middlesex

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. S01549 OF 2007-2008.]

The Commonwealth of Massachusetts

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In the Year Two Thousand and Nine
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AN ACT AUTHORIZING REGIONAL RETIREMENT SYSTEMS TO ESTABLISH A POSTEMPLOYMENT BENEFITS TRUST FUND.

*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 "GASB 43 and 45", Statements 43 and 45 of the Governmental Accounting Standards Board as
3 amended from time to time and their successors.

4 "Other Postemployment Benefits", (OPEB)-Postemployment benefits other than pensions as that
5 term is defined in GASB 43 and 45 including postemployment healthcare benefits, regardless of
6 the type of plan that provides them, and all postemployment benefits provided separately from a
7 pension plan, excluding benefits defined as termination offers and benefits.

8 SECTION 2. (a) There shall be any of the Regional Retirement Systems, established pursuant to
9 section 19 of Chapter 34B of the general laws, an OPEB Trust Fund, which shall be under the
10 supervision and management of the regional retirement board. The executive director of the

11 board shall be the custodian of the OPEB Trust Fund and may employ an outside custodial
12 service.

13 (b) Beginning in fiscal year 2008, the OPEB Trust Fund shall be credited with all amounts
14 appropriated or otherwise made available by any of the member units of the regional retirement
15 system for the purposes of meeting the current and future OPEB costs payable by the member
16 unit. The OPEB Trust Fund shall be credited with all amounts contributed or otherwise made
17 available by employees of a member unit for the purpose of meeting future OPEB costs payable
18 by the member unit. Amounts in the OPEB Trust Fund, including any earnings or interest
19 accruing from the investment of these amounts, shall be expended only for the payment of the
20 costs payable by the member unit for OPEB in consultation with the regional retirement board.
21 Subject in each instance to the approval of the regional retirement board, the executive director
22 shall invest and reinvest the amounts in the OPEB Trust Fund not needed for current
23 disbursement consistent with the prudent person rule, but no funds may be invested directly in
24 mortgages or in collateral loans. The OPEB Trust Fund shall be subject to the public employee
25 retirement administration commission's triennial audit.

26 (c) The board may employ any qualified bank, trust company, corporation, firm or person to
27 advise it on the investment of the OPEB Trust Fund and may pay from the OPEB Trust Fund for
28 this advice and other services determined by the regional retirement board. Procurement for these
29 services shall be subject to the procurement procedures and rules followed by the regional
30 retirement board for services to the regional retirement system.

31 (d) If any civil action is brought against a member of the retirement board, the defense or
32 settlement of which action is made by an attorney employed by the retirement board, the member

33 shall be indemnified for all expenses incurred in the defense of this action and shall be
34 indemnified for damages to the same extent as provided for public employees in [chapter 258](#) of
35 the General Laws if the claim arose out of acts performed by the member or members while
36 acting within the scope of his official duties, but no member of a retirement board shall be
37 indemnified for expenses incurred in the defense of an action, or damages awarded in an action,
38 in which there is shown to be a breach of fiduciary duty, an act of willful dishonesty or an
39 intentional violation of law by the member.

40 SECTION 3. (a) An actuary, who shall be a member of the American Academy of Actuaries,
41 shall perform an actuarial valuation of the member units' OPEB liabilities and funding schedule,
42 as of January 1, 2007, and no less frequently than every second year thereafter. All these
43 determinations shall be made in accordance with generally accepted actuarial standards and shall
44 conform to the requirements of GASB 43 and 45 and the actuary shall make a report of such
45 determinations to the annual meeting of the member unit. The report shall, without limitation,
46 detail the demographic and economic actuarial assumptions used in making these determinations,
47 and each such report after the first report shall also include an explanation of the changes, if any,
48 in the demographic and economic actuarial assumptions employed and the reasons for any
49 changes.

50 (b) Beginning in fiscal year 2008, all payments for the purposes of meeting the member unit's
51 costs of OPEB under this act shall be made from the OPEB Trust Fund. Funds in the OPEB
52 Trust Fund must be segregated from all other funds. Disbursements from the OPEB Trust Fund
53 including any earnings or interest accruing from the investment of these amounts may only be
54 made based on sections 1 to 3, inclusive, of this act.

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

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