

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Robert L. Hedlund

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:

NAME:

Robert L. Hedlund

DISTRICT/ADDRESS:

Plymouth and Norfolk

The Commonwealth of Massachusetts

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:

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

4

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

13

14 SECTION 2. Section 1 of chapter 32 of the General Laws, as so appearing, is hereby amended
15 by inserting following the definition of the words “Annuity savings fund” the following: -
16 “Average annual rate of regular compensation”, shall be the average of the rate of regular

17 compensation for any qualifying year of credible service received during each pay period during
18 the qualifying year.

19

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

23

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

32

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

42

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

50

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

56

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

60

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

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

67

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

70

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

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

94 (3) Whenever after June 30, 2009 a retirement system's unfunded liability is increased due to one
95 or more members' retirement allowances being increased as a result of amendments or
96 exceptions to the provisions of this chapter, that retirement system shall be required to amortize
97 the additional amount of unfunded liability so created and as included in the pension impact
98 certificate beginning in the fiscal year immediately following receipt of the pension impact
99 certificate. When such an enactment involves members of retirement systems other than the state

100 retirement system, said retirement systems shall assess employers of members amounts
101 necessary to fund the required amortization. When such an enactment affects the state retirement
102 system, the state teachers retirement system, the state-Boston retirement system for teachers, or
103 cost of living adjustments pursuant to sections 102 or 103, amounts necessary to amortize the
104 additional unfunded liability shall be added to the amount to be transferred to the
105 Commonwealth Pension Liability Fund pursuant to subsection (1) of section 22C, and section
106 5(b) of chapter 29.