

**HOUSE . . . . . No. 2366**

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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:	DISTRICT/ADDRESS:
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>
<i>Carolyn C. Dykema</i>	<i>8th Middlesex</i>
<i>Theodore C. Speliotis</i>	<i>13th Essex</i>

**HOUSE . . . . . No. 2366**

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By Mr. Kaufman of Lexington, a petition (accompanied by bill, House, No. 2366) of Jay R. Kaufman and others relative to cost of living adjustments for retired public employees of the Commonwealth. Public Service.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE

□ HOUSE  
□ , NO. 701 OF 2011-2012.]

**The Commonwealth of Massachusetts**

\_\_\_\_\_  
**In the Year Two Thousand Thirteen**  
\_\_\_\_\_

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 2010  
2 Official Edition, is amended by striking out in line 29 the number “23” and inserting in place  
3 thereof the following number:— 26.

4 SECTION 2. Section 22D of said Chapter 32, as appearing in the 2010 Official Edition,  
5 is amended by inserting in line 32 after the word “approve” the following words:—provided  
6 further, however, that in the event that a system has accepted the provisions of paragraph (j) of  
7 Section 103, the funding schedule, and any updates thereto, shall be designed to reduce the  
8 unfunded actuarial liability of said system to zero as of such year, that may be subsequent to June  
9 30, 2028, as the commission shall approve.

10 SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2010  
11 Official Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount “\$13,000”  
12 and inserting in place thereof the following dollar amount:—\$16,000.

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

15 (j) Notwithstanding the provisions of paragraph (a) to the contrary, the board of any  
16 system may, by accepting the provisions of this paragraph as hereinafter provided, elect to pay a  
17 cost-of-living adjustment on a base amount greater than \$12,000. Acceptance of this paragraph  
18 shall be by a majority vote of the board of such system, subject to the approval of the legislative  
19 body. For the purpose of this paragraph, "legislative body" shall mean, the city council in  
20 accordance with its charter, in the case of a town, the town meeting, in the case of a county or  
21 region, the county or regional retirement board advisory council, in the case of a district, the  
22 district members, and, in the case of an authority, the governing body. Acceptance of this  
23 paragraph shall be deemed to have occurred upon the filing of the certification of such vote with  
24 the commission. A decision to accept the provisions of this paragraph may not be revoked.  
25 Notwithstanding the provisions of subdivision (6A) of Section 22 or Section 22D to the contrary,  
26 for each system that has accepted the provisions of this paragraph, the board, in consultation with  
27 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  
29 provisions of this paragraph and said schedule shall be designed to reduce the applicable  
30 retirement system's pension liability to zero by such year, that may be subsequent to June 30,  
31 2028, as approved by the commission.

32 The board shall file revised funding schedules triennially with the joint committee on  
33 public service until such costs and liabilities are reduced to zero.

34 SECTION 5. The provisions of sections one and three of this act shall take effect for cost  
35 of living adjustments to be made, in accordance with the provisions of Section 102 of said  
36 Chapter 32, commencing July 1, 2012.

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

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

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

48 (a) The actuary in the commission shall annually in the month of January file with the  
49 clerk of the house of representatives the report prepared in accordance with paragraph (f) of  
50 subdivision (3) of section 21. The retirement allowance, pension or annuity of every member of  
51 the state employees' system and the teachers' retirement system who has received a retirement

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

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

65 (i) In any case as of June 30, 2010 but prior to June 30, 2016 where such former  
66 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or  
67 annuity which is sixty-five percent of the maximum social security benefit or more exclusive of  
68 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section  
69 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying  
70 the per centum of change determined pursuant to paragraph (a) to the sum of sixty-five percent  
71 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant  
72 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall  
73 be added to each retirement allowance, pension or annuity which is in excess of said maximum  
74 base amount. The sum of the dollar amount of such cost of living adjustments, together with the  
75 amount of retirement allowance, pension or annuity to which the cost of living per centum factor  
76 is applied and any amounts in excess of said sixty-five percent of the maximum social security  
77 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes  
78 including the application of subsequent cost of living adjustments in future years; provided,  
79 however, that the limitations of this paragraph shall continue to apply.

80 (ii) In any case as of June 30, 2016 but prior to June 30, 2020 where such former  
81 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or  
82 annuity which is seventy-five percent of the maximum social security benefit or more exclusive  
83 of additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of  
84 section 22 or any similar law, the cost of living adjustment shall be in an amount determined by  
85 applying the per centum of change determined pursuant to paragraph (a) to the sum of seventy-  
86 five percent of the maximum social security benefit. Whenever a cost of living adjustment is  
87 granted pursuant to said paragraph (a), the dollar amount of such increase as determined in said  
88 paragraph (a) shall be added to each retirement allowance, pension or annuity which is in excess  
89 of said maximum base amount. The sum of the dollar amount of such cost of living adjustments,  
90 together with the amount of retirement allowance, pension or annuity to which the cost of living

91 per centum factor is applied and any amounts in excess of said seventy-five percent of the  
92 maximum social security benefit shall become the fixed retirement allowance, pension or annuity  
93 for all future purposes including the application of subsequent cost of living adjustments in  
94 future years; provided, however, that the limitations of this paragraph shall continue to apply.

95 (iii) In any case as of June 30, 2020 but prior to June 30, 2024 where such former  
96 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or  
97 annuity which is eighty-five percent of the maximum social security benefit or more exclusive of  
98 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section  
99 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying  
100 the per centum of change determined pursuant to paragraph (a) to the sum of eighty-five percent  
101 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant  
102 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall  
103 be added to each retirement allowance, pension or annuity which is in excess of said maximum  
104 base amount. The sum of the dollar amount of such cost of living adjustments, together with the  
105 amount of retirement allowance, pension or annuity to which the cost of living per centum factor  
106 is applied and any amounts in excess of said eighty-five percent of the maximum social security  
107 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes  
108 including the application of subsequent cost of living adjustments in future years; provided,  
109 however, that the limitations of this paragraph shall continue to apply.

110 (iv) In any case as of June 30, 2024 but prior to June 30, 2028 where such former  
111 employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or  
112 annuity which is ninety-five percent of the maximum social security benefit or more exclusive of  
113 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section  
114 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying  
115 the per centum of change determined pursuant to paragraph (a) to the sum of ninety-five percent  
116 of the maximum social security benefit. Whenever a cost of living adjustment is granted pursuant  
117 to said paragraph (a), the dollar amount of such increase as determined in said paragraph (a) shall  
118 be added to each retirement allowance, pension or annuity which is in excess of said maximum  
119 base amount. The sum of the dollar amount of such cost of living adjustments, together with the  
120 amount of retirement allowance, pension or annuity to which the cost of living per centum factor  
121 is applied and any amounts in excess of said ninety-five percent of the maximum social security  
122 benefit shall become the fixed retirement allowance, pension or annuity for all future purposes  
123 including the application of subsequent cost of living adjustments in future years; provided,  
124 however, that the limitations of this paragraph shall continue to apply.

125 (v) In any case as of June 30, 2028 where such former employee, spouse, or other  
126 beneficiary is receiving an annual retirement allowance, pension or annuity which is one hundred  
127 percent of the maximum social security benefit or more exclusive of additional annuity obtained  
128 by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the  
129 cost of living adjustment shall be in an amount determined by applying the per centum of change

130 determined pursuant to paragraph (a) to the sum of one hundred percent of the maximum social  
131 security benefit. Whenever a cost of living adjustment is granted pursuant to said paragraph (a),  
132 the dollar amount of such increase as determined in said paragraph (a) shall be added to each  
133 retirement allowance, pension or annuity which is in excess of said maximum base amount. The  
134 sum of the dollar amount of such cost of living adjustments, together with the amount of  
135 retirement allowance, pension or annuity to which the cost of living per centum factor is applied  
136 and any amounts in excess of said one hundred percent of the maximum social security benefit  
137 shall become the fixed retirement allowance, pension or annuity for all future purposes including  
138 the application of subsequent cost of living adjustments in future years; provided, however, that  
139 the limitations of this paragraph shall continue to apply.