

**SENATE . . . . . No. 01343**

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The Commonwealth of Massachusetts

PRESENTED BY:

***Richard T. Moore***

*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>Richard T. Moore</i>	<i>Worcester and Norfolk</i>
<i>Christine E. Canavan</i>	<i>10th Plymouth</i>
<i>Michael A. Costello</i>	<i>1st Essex</i>
<i>John V. Fernandes</i>	<i>10th Worcester</i>
<i>Michael R. Knapik</i>	<i>Second Hampden and Hampshire</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>Angelo J. Puppolo, Jr.</i>	<i>12th Hampden</i>
<i>Stephen Stat Smith</i>	<i>28th Middlesex</i>
<i>Theodore C. Speliotis</i>	<i>13th Essex</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>
<i>Martha M. Walz</i>	<i>8th Suffolk</i>

**SENATE . . . . . No. 01343**

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By Mr. Moore, petition (accompanied by bill, Senate, No. 1343) of Walz, Turner, Stanley and other members of the General Court for legislation relative to cost of living adjustments for retired public employees of the Commonwealth [Joint Committee on Public Service].

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The Commonwealth of Massachusetts

—————  
In the Year Two Thousand Eleven  
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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  
2 2004 Official Edition, is amended by striking out in line 29 the number “23” and inserting in  
3 place thereof the following number:— 26.

4           SECTION 2. Section 22D of said Chapter 32, as appearing in the 2004 Official  
5 Edition, is amended by inserting in line 29 after the word “approve” the following  
6 words:—provided further, however, that in the event that a system has accepted the provisions of  
7 paragraph (j) of Section 103, the funding schedule, and any updates thereto, shall be designed to  
8 reduce the unfunded actuarial liability of said system to zero as of such year, that may be  
9 subsequent to June 30, 2028, as the commission shall approve.

10 SECTION 3. Paragraph (c) of Section 102 of said Chapter 32, as appearing in the 2004  
11 Official Edition, is amended by striking out in lines 32, 36 and 43 the dollar amount “\$12,000”  
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  
14 new 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 public  
33 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  
35 cost of living adjustments to be made, in accordance with the provisions of Section 102 of said  
36 Chapter 32, commencing July 1, 2007.

37 SECTION 6: Subdivision (3) of section 21 of Chapter 32 is hereby amended by  
38 striking 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  
40 of January, on the computation of any increase in the United States Consumer Price Index and  
41 the 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  
47 (a) 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 clerks of the senate and house of representatives the report prepared in accordance with  
50 paragraph (f) of subdivision (3) of section 21. The retirement allowance, pension or annuity of  
51 every member of the state employees' system and the teachers' retirement system who has  
52 received a retirement allowance, pension or annuity on June 30 of the preceding fiscal year, or of  
53 a spouse or other beneficiary of such member who has received a retirement allowance, pension

54 or annuity on June 30 of the prior fiscal year, shall be increased by the percentage as determined  
55 by the actuary's report; provided that notwithstanding the actuary's report the cost of living  
56 increase shall be at least three percent. The cost of living adjustment shall be applied each July 1.  
57 Said 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  
64 following clauses:

65 (i) In any case as of June 30, 2008 but prior to June 30, 2012 where such former employee,  
66 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
67 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, 2012 but prior to June 30, 2016 where such former employee,  
81 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
82 which is seventy-five percent of the maximum social security benefit or more exclusive of  
83 additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section  
84 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying  
85 the per centum of change determined pursuant to paragraph (a) to the sum of seventy-five  
86 percent of the maximum social security benefit. Whenever a cost of living adjustment is granted  
87 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, 2016 but prior to June 30, 2020 where such former employee,  
96 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
97 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, 2020 but prior to June 30, 2024 where such former employee,  
111 spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity  
112 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, 2024 where such former employee, spouse, or other beneficiary is  
126 receiving an annual retirement allowance, pension or annuity which is one hundred percent of  
127 the maximum social security benefit or more exclusive of additional annuity obtained by special  
128 purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of  
129 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.