

HOUSE No. 2962

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:

An Act relative to pension reform.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Jay R. Kaufman</i>	<i>15th Middlesex</i>
<i>John D. Keenan</i>	<i>7th Essex</i>
<i>William N. Brownsberger</i>	<input type="checkbox"/> <i>[District]</i>
<i>Thomas P. Conroy</i>	<input type="checkbox"/>
<i>Jonathan Hecht</i>	<i>13th Middlesex</i>
	<i>29th Middlesex</i>

HOUSE No. 2962

By Mr. Kaufman of Lexington, a petition (accompanied by bill, House, No. 2962) of Jay R. Kaufman and others relative to pension reform. Public Service.

The Commonwealth of Massachusetts

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 3 of chapter 32 of the General Laws, as appearing in the 2008
2 Official Edition, is hereby amended by inserting after subdivision (8) the following subdivision:-

3 (9) Notwithstanding any provision of this chapter to the contrary, any member who is
4 reinstated to or re-enters the active service of a governmental unit or who is eligible to receive
5 credit for other service under this section or under section 4 and does not pay into the annuity
6 savings fund of the system make-up payments of an amount equal to the accumulated regular
7 deductions withdrawn by the member, together with buyback interest, or enter into a payment
8 agreement, within 1 year of the date of reinstatement or re-entry or within 1 year after July 1,
9 2011, whichever is later, shall, in order to be entitled to creditable service resulting from the
10 previous employment, be required to pay actuarial assumed interest instead of buyback interest
11 on all remaining make-up payments. Eligibility for creditable service for periods of out-of-state
12 service shall be conditioned upon payment into the annuity savings fund of the applicable
13 retirement system, of an amount equal to the contributions such member in service would have
14 otherwise paid into the retirement system for the period of service, as provided in this section,
15 plus actuarial assumed interest.

16 SECTION 2. Section 5 of said chapter 32 is hereby amended by inserting after the word
17 “service”, in line 38, as appearing in the 2008 Official Edition, the following words:- ,together
18 with buyback interest,.

19 SECTION 3. Paragraph (a) of subdivision (2) of said section 5 of chapter 32, as so
20 appearing, is hereby amended by adding the following sentence:- The retirement allowance for
21 members who have served in more than one group shall consist of prorated benefits attributed to
22 service in each group to reflect the percentage of total years of service that the member served in
23 that group. The pro-rated benefit for the time spent in each group shall be calculated by
24 multiplying the full benefit that a member would be eligible to receive if the member’s entire

25 career were spent in that group, using the applicable age and years of service requirement for that
 26 group, times the ratio of the number of years of service worked in that group divided by the total
 27 years of service. If a member serving in group 2 or 4 at the time of retirement retires before
 28 reaching the minimum age appearing in the applicable table in paragraph (a) of subdivision (2)
 29 section 5 at which the member is eligible to retire (in this section called “minimum retirement
 30 age”) for a group in which the member previously served, the per cent to be used in computing
 31 the prorated benefits attributable to service in that previous group shall be the per cent for the
 32 minimum retirement age with 0.1 per cent subtracted for each year that the age at last birthday
 33 preceding retirement is under the minimum retirement age. In calculating benefits for purposes
 34 of this section, a member's service in a position not classified under section 3 shall be attributed
 35 to the group in which that service was performed, as determined by the board.

36 SECTION 4. Said section 5 of chapter 32 of the General Laws, as so appearing, is
 37 hereby further amended by inserting after the table in paragraph (a) of subdivision (2) the
 38 following table and text:-

39 Table Showing Percentage of the Amount of Average Annual Rate of Regular
 40 Compensation to be multiplied by the Number of Years of Creditable Service for Employees
 41 who become members of a retirement system after July 1, 2011

42	Per Cent		Group 1	Group 2	Group 4
43	2.50	67 or older	62 or older	57 or older	
44	2.35	66	61	56	
45	2.20	65	60	55	
46	2.05	64	59	54	
47	1.90	63	58	53	
48	1.75	62	57	52	
49	1.60	61	56	51	
50	1.45	60	55	50	

51 If the retirement age for receiving Social Security retirement benefits is adjusted under
 52 federal law, the secretary of administration and finance, in consultation with the commission,
 53 shall evaluate the percentages in the above table and make a recommendation to the legislature
 54 as to whether the percentages should be adjusted by legislative action.

55 SECTION 5. Subdivision (2) of said section 5 of chapter 32, as amended by section 7 of
56 chapter 21 of the acts of 2009, is hereby further amended by inserting after paragraph (e) the
57 following paragraph:-

58 (f) In calculating the average annual rate of regular compensation for purposes of this
59 section, regular compensation in any year shall not include regular compensation that exceeds
60 the average of regular compensation received in the 2 preceding years by more than 7 per cent,
61 plus an increase determined by the increase in the United States Consumer Price Index for the
62 preceding 2 years, as reported by the actuary under paragraph (f) of subdivision (3) of section 21.
63 This paragraph shall not apply to any increase in the annual rate of regular compensation that
64 results from an increase in hours of employment or a change in position that is determined by the
65 board to be bona fide.

66 SECTION 6. Paragraph (i) of subdivision (4) of said section 5 of chapter 32 of the
67 General Laws, as appearing in the 2008 Official Edition, is hereby amended by inserting after the
68 tenth sentence the following sentence:- In the case of any employee who becomes a member
69 after July 1, 2011, the rate of contribution under this paragraph shall be 10.5 per cent.

70 SECTION 7. Section 10 of said chapter 32, as amended by sections 9 to 13 of chapter 21
71 of the acts of 2009, is hereby further amended by striking out subdivisions (1) and (2) and
72 inserting in place thereof the following subdivision:-

73 (1) Any member classified in Group 1, Group 2 or Group 4, who has completed 10 or
74 more years of creditable service, and who fails of nomination or re-election, or fails to become a
75 candidate for nomination, re-election or election, or fails of reappointment, or is removed or
76 discharged from his office or position without moral turpitude on his part, or accepts, during or
77 prior to the expiration of a term for which he was elected, appointment to an office or position
78 the acceptance of which requires under the constitution of the commonwealth resignation from
79 the general court, or any such member whose office or position is abolished, or who resigns or
80 voluntarily terminates his service, who leaves his accumulated total deductions in the annuity
81 savings fund of the system of which he is a member, shall have the right upon attaining the
82 minimum retirement age for his Group, or at any time thereafter, to apply for a superannuation
83 retirement allowance to become effective as provided for in subdivision (3) of this section. Such
84 allowance shall be determined in accordance with section 5 or any other section governing
85 superannuation retirement applicable to such member upon the basis of the member's age on the
86 date when the retirement allowance becomes effective, with an amount of creditable service
87 equal to that with which he was credited on the date of his termination of service.

88 SECTION 8. Section 12 of said chapter 32, as appearing in the 2008 Official Edition, is
89 hereby amended by adding the following subdivision:-

90 (5) Any person who retired under this chapter before May 17, 2004 and elected Option
91 (a) or Option (b) of subdivision (2) and who married a person of the same sex before May 17,

92 2005 may change such selection to Option (c) of subdivision (2) at the rate that was in effect for
93 that option on the person's retirement date. In paying the retirement allowance under the new
94 election, the board shall make appropriate adjustments, or arrange for appropriate repayments,
95 upon such terms and condition as the board may prescribe, so as to recover any overpayments
96 resulting from the prior election. The change of election under this subdivision shall be made on
97 or before January 1, 2012, and shall be retroactive to the date of retirement. The election to
98 change retirement options under this subdivision shall be in a manner prescribed by the
99 retirement board, and the retirement board shall have 180 days after the submission of an
100 application to change the retirement option filed under this subdivision to implement the change.

101 SECTION 9. Section 15 of said chapter 32, as amended by section 53 of chapter 25 of
102 the acts of 2009, is hereby further amended by adding the following paragraph:-

103 (6) If a member's final conviction of an offense results in a forfeiture of rights under this
104 chapter, the member shall forfeit, and the board shall require the member to repay, all benefits
105 received after the date of the offense of which the member was convicted.

106 SECTION 10. Subsection (b) of subdivision (1) of section 22 of said chapter 32, as
107 appearing in the 2008 Official Edition, is hereby amended by inserting after paragraph (iv) the
108 following paragraph:-

109 (iv1/2) withhold on each pay day 8.5 per cent of the regular compensation of each
110 employee in Group 1 who is a member in service of the system, in the case of an employee who
111 entered the service of the commonwealth or a political subdivision thereof on or after July 1,
112 2011; .

113 SECTION 11. Said subsection (b) of subdivision (1) of section 22 of chapter 32, as so
114 appearing, is hereby further amended by inserting after paragraph (vi) the following paragraph:-

115 (vii) withhold on each pay day 10.5 per cent of the regular compensation of each
116 employee who participates in the alternative superannuation retirement benefit program
117 established under subdivision (4) of section 5, in the case of an employee who entered the
118 service of the commonwealth or a political subdivision thereof after July 1, 2011; .

119 SECTION 12. Section 22C of said chapter 32, as so appearing, is hereby amended by
120 striking out, in line 29, the words "on June 30, 2025" and inserting in place thereof the following
121 words:- by June 30, 2040.

122 SECTION 13. Said section 22C of chapter 32 is hereby further amended by striking out
123 the last paragraph of subdivision (1), as inserted by section 23 of chapter 27 of the acts of 2009,
124 and inserting in place thereof the following paragraph:-

125 Notwithstanding any general or special law to the contrary, appropriations or transfers
126 made to the Commonwealth's Pension Liability Fund in fiscal years 2012 to 2017, inclusive,

127 shall be made in accordance with the following funding schedule: \$1,478,000,000 in fiscal year
128 2012, \$1,552,000,000 in fiscal year 2013, \$1,630,000,000 in fiscal year 2014, \$1,727,000,000 in
129 fiscal year 2015, \$1,831,000,000 in fiscal year 2016, and \$1,941,000,000 in fiscal year 2017.
130 Notwithstanding subdivision (1), any adjustments to these amounts based on the next triennial
131 funding schedule shall be limited to increases in the schedule amounts for each of the specified
132 years.

133 SECTION 14. Section 26 of said chapter 32, as appearing in the 2008 Official Edition, is
134 hereby amended by striking out, in lines 96 and 104, the word “three” and inserting in place
135 thereof the following figure:- 2.5.

136 SECTION 15. Section 91 of said chapter 32, as so appearing, is hereby amended by
137 striking out, in lines 83 to 85, the words “for service in a public office to which he has thereafter
138 been elected by direct vote of the people.”.

139 SECTION 16. Said chapter 32 of the General Laws is hereby further amended by adding
140 the following section:-

141 Section 106. Before any law is enacted that provides specific retirement benefits to
142 certain individuals that are beyond the benefits available under the General Laws, the following
143 information shall be submitted to the joint committee on public service: (a) an analysis of the
144 cost of the legislation and the basis for granting the exemption, (b) a confirmation of the cost
145 analysis from the public employee retirement commission and (c) a recommendation from the
146 board.

147 SECTION 17. Wherever, in chapter 32 of the General Laws, except in the table inserted
148 by section 5 of this act, a retirement age of 55 is specified for Group 1, it shall be taken to mean
149 60; and whenever, a retirement age of 45 is specified for Group 4, it shall be taken to mean 50.

150 SECTION 18. Whenever, in chapter 32 of the General Laws, a reference is made to 3
151 years of creditable service or 3 consecutive years of creditable service, the number 3 shall be
152 taken to mean 5.

153 SECTION 19. There shall be a special commission to study the Massachusetts public
154 employees' pension classification system.

155 The commission shall review and make recommendations for reform regarding the
156 Massachusetts public employees' group classification system, beginning with consideration of
157 the work by the Blue Ribbon Panel on the Massachusetts Public Employees Pension
158 Classification system.

159 The commission shall consist of 11 members: 1 of whom shall be the secretary of
160 administration and finance, or his designee; 1 of whom shall be the executive director of the
161 public employee retirement administration commission, or his designee; 1 of whom shall be the

162 treasurer or his designee; 1 of whom shall be a private citizen, appointed by the governor, who
163 shall serve as chair of the commission and shall not be a member of any of the 106 contributory
164 retirement systems; 1 of whom shall be appointed by the speaker of the house; 1 of whom shall
165 be appointed by the senate president; 2 of whom shall have professional experience in employee
166 benefits or in actuarial science and shall be appointed by the governor; 1 of whom shall be
167 selected by the governor from a list of 3 candidates submitted by the president of the
168 Massachusetts AFL-CIO; 1 of whom shall be a member of the Massachusetts Municipal
169 Association; and 1 of whom shall be a member of the Retired State, County and Municipal
170 Employees Association of Massachusetts.

171 The public employee retirement administration commission shall conduct an actuarial
172 analysis to determine the costs of any recommendations made by the commission. The
173 commission shall file a report of its recommendations, together with the actuarial analysis and
174 proposed legislation, if any, with the clerks of the house and senate, the chairs of the house and
175 senate committee on ways and means and the chairs of the joint committee on public service not
176 later than November 15, 2011.

177 SECTION 20. Notwithstanding any general or special law to the contrary and except as
178 expressly provided otherwise, sections 4, 7, 14, 17 and 18 shall apply only to employees who
179 become members of a retirement system after July 1, 2011. Sections 1 and 2 shall apply only to
180 repayments and purchases of creditable service after July 1, 2011. Section 15 shall apply to
181 current employees and current retirees who are not currently serving in an elected public office.