HOUSE DOCKET, NO. 1601 FILED ON: 1/13/2009

HOUSE . . . . . No. 2477

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act Reforming State Pension..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 1 of Chapter 32 of the General Laws, as most recently amended by Section 15 of Chapter 130 of the Acts of 2008, is hereby amended by inserting after the words "forty-five" in line 399, the following words:- and up to and including January 1, 2010.

SECTION 2. Said section 1 is hereby amended by inserting in the definition of "regular compensation" after the first paragraph the following new paragraph: -

"Regular compensation," during any period subsequent to January 1, 2010, shall mean the full salary, wages or other compensation in whatever form, lawfully determined for the individual service of the employee by the employing authority, not including bonus, overtime, allowances for housing, transportation, travel, insurance premiums, dependent care assistance, tuition, any and all employment related expense reimbursements, severance pay for any and all unused sick leave, or any other payments made as a result of giving notice of retirement, and any other such compensation in excess of salary or wages or as reasonably determined by the board.

SECTION 3. Section 1 of chapter 32 of the General Laws, as so appearing, is hereby amended by inserting following the definition of the words “Annuity savings fund” the following: - “Average annual rate of regular compensation”, shall be the average of the rate of regular compensation for any qualifying year of credible service received during each pay period during the qualifying year.

SECTION 4. Paragraph (b) of subdivision (1) of section 5 of chapter 32, of the General Laws, as appearing in the 2006 Official Edition, is hereby amended at the end thereof by adding following: - In the event that eighty per cent or greater of his regular compensation is in payment for duties in the group having the higher maximum age limit, such member shall not be considered to have achieved the maximum age for superannuation until he has attained the maximum age limit in the group having the higher maximum age limit, said member shall be limited to the performance of such later duties as prescribed in this paragraph.

SECTION 5. Subdivision (2) of section 5 of chapter 32, of the General Laws, as appearing in the 2006 Official Edition, is hereby amended at the end thereof by adding the following sentences: - Provided that in any given year, no retirement allowance, as provided for by this chapter, shall exceed four hundred per cent of the average retirement allowance in the Commonwealth. The board shall determine the average retirement allowance in the Commonwealth as of January 1 of each year.

SECTION 6. Section 5 of said chapter 32, as so appearing, is hereby amended by adding the following subdivisions:-

(5) In the event a member chooses to base his average annual rate of regular compensation on the last 3 years of creditable service, the maximum amount of allowable regular

compensation increase for retirement purposes shall be no more than the regular compensation earned in the third year prior to retirement plus 20%. A member's actual regular compensation may be greater than this amount but for retirement purposes the retirement regular compensation shall be capped at the above figure. In the event a member has made overpayment to the retirement system board based on actual regular compensation versus allowable regular compensation for retirement purposes, those amounts shall be refunded together with the actuarial assumed rate of interest for that 3 year period.

(6) Notwithstanding any general or special law to the contrary, all calculations of years of creditable service shall be based on actual full calendar years and pro-rated amounts worked. No credit shall be given for anticipated work not actually performed. However, the provisions of this paragraph shall not apply to any elected official first elected prior to January 1, 2010.

SECTION 7. Subsection 2 of section 6 of said chapter 32, as so appearing, is hereby amended by striking out, in line 66 the word "and" and inserting in place thereof the word:- or

SECTION 8. Paragraph (a) of subsection 2 of section 10 of chapter 32 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by striking out, in lines 50 and 51, the words "fails of nomination or re-election, or".

SECTION 9. Said paragraph (a) of said subsection (2) of said section 10 of said chapter 32, as so appearing, is further amended, by striking out lines 73-77, and inserting in place thereof the following words:-

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

SECTION 10. Section 11 of said chapter 32, as so appearing, is hereby amended by striking out, in line 13, the word “zero” and inserting in place thereof the following words:- one-half the actuarial assumed interest rate of the member’s retirement system

SECTION 11. Said section 11 of said chapter 32, as so appearing, is hereby further amended by striking out, in line 18, the words “fifty percent of the rate of regular interest otherwise payable” and inserting in place thereof the following words:- one-half the actuarial assumed interest rate of the member’s retirement system.

SECTION 12. Paragraph (b½) of subdivision (1) of section 22 of said chapter 32, as most recently amended by chapter 68 of the acts of 2007, is hereby amended by striking out, in line 95, the words “thirty-thousand dollars” and inserting in place thereof the following figure:- “50,000.

SECTION 13. Said paragraph (b½) of said subdivision (1) of said section 22 of said chapter 32, as so appearing, is further amended by adding the following sentence:- The provisions of this paragraph shall expire June 30, 2013.

SECTION 14. Section 50 of chapter 367 of the acts of 1978 shall expire June 30, 2013.