

HOUSE No. 4095

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act establishing a group insurance liability fund in the town of Westwood..

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. As used in this act, the following words shall have the following meanings:

2 a. "Normal cost of post retirement benefits", that portion of the actuarial present
3 value of premium costs and or claim costs payable by the town on behalf of or direct payments
4 payable by the town to retired employees, including school teachers, of the town and the eligible
5 surviving spouses or dependents of deceased employees, including school teachers, of the town,
6 pursuant to this act which is allocable to a particular fiscal year, as determined by an actuary
7 pursuant to section 3.

8 b. "Post retirement benefit liability", the present value of the town's obligation for
9 premium payments and or claim costs on behalf of or direct payments to retired and prospective
10 retired employees of the town and the eligible surviving spouses or dependents of deceased and
11 prospectively deceased employees of the town, pursuant to this act as determined by the actuary,
12 pursuant to section 3.

13 c. "Unfunded post-retirement benefit liability", the difference between the
14 post-retirement benefit liability on a given date and the actuarial value of the assets of the group
15 insurance liability fund on the same date, as determined by the actuary, pursuant to section 3.

16 d. "Unfunded post-retirement benefit liability amortization payments", the amount
17 which, when paid into the post-retirement benefit fund annually over a period of years, together
18 with the normal cost of post-retirement benefits for year of said period of years, will reduce to
19 zero at the end of said period the unfunded post-retirement benefit liability in existence as of the
20 beginning of said period, as determined by the actuary.

21 SECTION 2. There shall be a fund to be known as the group insurance liability fund,
22 which shall be under the supervision and management of the town's finance director in
23 consultation with the town administrator. The town treasurer shall be the custodian of the fund or
24 may employ an outside custodial service. Such fund shall be credited with all amounts
25 appropriated or otherwise made available by the town for the purposes of meeting the current
26 and future cost of premiums payable by the town on behalf of or direct payments payable by the
27 town to retired employees of the town and the eligible surviving spouses or dependents of
28 deceased employees of the town pursuant to this act. Amounts in said fund including any
29 earnings or interest accruing from the investment of such amounts shall be expended only for the
30 payment of such premiums or direct payments, except as otherwise provided in this act, and only
31 in accordance with a schedule of such payments developed by the actuary in consultation with
32 the town's retirement board. Subject in each instance to the approval of the town's contributory
33 retirement board, the town treasurer shall invest and reinvest the amounts in said fund not needed
34 for current disbursement consistent with sound investment policy; provided however, that no
35 funds are to be invested directly in mortgages or in collateral loans. The town may employ any

36 qualified bank, trust company, corporation, firm or person to advise it on the investment of the
37 fund and may pay for such advice and such other services as determined by the town's finance
38 director in consultation with the town administrator.

39 SECTION 3.

40 a. The actuary shall determine, as of January 1, 2009, and no less frequently than
41 every second year thereafter, the normal cost of post-retirement benefits, the post-retirement
42 benefit liability, and the unfunded post-retirement benefit liability. All such determinations shall
43 be made in accordance with generally accepted actuarial standards, and the actuary shall make a
44 report of such determinations. Said report shall, without limitation, detail the demographic and
45 economic actuarial assumptions used in making such determinations, and each report subsequent
46 to the first report shall also include an explanation of the changes, if any, in the demographic and
47 economic actuarial assumptions employed and the reasons for any such changes, and shall also
48 include a comparison of the actual expenses by the town for premium or direct payments
49 constituting the post-retirement benefit liability during the period since the last such
50 determination, and the amount of such expenditures which were predicted pursuant to the
51 previous such report for the said period.

52 b. The actuary, in consultation with the town's finance director and executive
53 secretary, shall establish a schedule of annual payments to be made to the group insurance
54 liability fund designed to reduce to zero the unfunded post-retirement benefit liability. Each
55 such annual payment shall be equal to the sum of the unfunded post-retirement benefit
56 amortization payment required for such year and the payments required to meet the normal cost
57 of post-retirement benefits for such fiscal year.

58 c. All payments for the purposes of meeting the town's share of premium costs for
59 direct payments to retired employees of the town and the surviving spouses or dependents of
60 deceased employees of the town pursuant to this act shall be made from the group insurance
61 liability fund in accordance with a schedule of disbursements established by the actuary.

62 SECTION 4. This act shall take effect upon its passage.