

HOUSE No. 4628

The Commonwealth of Massachusetts

In the Year Two Thousand Ten

An Act PROVIDING MUNICIPAL PENSION FUNDING SCHEDULE RELIEF..

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 1 of chapter 32 of the General Laws is hereby amended by striking
2 out the word “may” in line 488, as appearing in the 2008 Official Edition, and inserting in place
3 thereof the following word:- shall.

4 SECTION 2. Section 21 of chapter 32 of the General Laws, as appearing in the 2008
5 Official Edition, is hereby amended by striking out, in lines 177 to 181, the words “The
6 commissioner of administration shall require the preparation of triennial actuarial valuation
7 reports, with the first one to be completed as of January first, nineteen hundred and eighty-eight
8 and experience investigations every six years in such manner as he deems most appropriate” and
9 inserting in place thereof the following 3 sentences:-

10 An actuarial valuation of each system shall be conducted biennially, and experience
11 investigations shall be conducted every 6 years. The first such valuation shall be completed as of
12 January 1, 2011 or as of January 1 of the third year following the last actuarial valuation of the
13 system, if earlier. Actuarial valuation reports and experience studies shall be conducted in such

14 manner as the commissioner of administration, upon advice of the actuary, shall consider
15 appropriate.

16 SECTION 3. Subdivision (1) of section 22D of said chapter 32, as amended by section 18
17 of chapter 21 of the acts of 2009, is hereby further amended by inserting after the first sentence
18 the following sentence:- A funding schedule established under this section shall provide that the
19 payment in any year of the schedule is no less than 95 per cent of the amount appropriated in the
20 previous fiscal year.

21 SECTION 4. Said chapter 32 of the General Laws is hereby further amended by inserting
22 after section 22E the following section:-

23 Section 22F. (a) Systems, other than the state employees' retirement system and the
24 teachers' retirement system, which conduct an actuarial valuation of the retirement system as of
25 January 1, 2009 or later, may establish a revised retirement system funding schedule, subject to
26 the approval of the actuary, which reduces the unfunded actuarial liability of the system to zero
27 on or before June 30, 2040 as long as it satisfies the following conditions:

28 (1) The payment in any year under the revised schedule or any subsequent schedule shall
29 not be less than the payment in any prior fiscal year under the then current schedule until the
30 system is fully funded.

31 (2) The increase in the amortization component of the appropriations required by the
32 schedule from year to year shall not exceed 4 per cent and shall be designed so that the funding
33 schedule and any updates to it shall reduce the unfunded actuarial liability of the system to zero
34 on or before June 30, 2040.

35 (b) If an updated actuarial valuation allows for the development of a revised schedule
36 with reduced payments, the revised schedule shall be adjusted to reduce the unfunded liability of
37 the system to zero by an earlier date to the extent required to ensure that the appropriation
38 required for a particular year under the new schedule shall not be less than the amount identified
39 for that year under the prior schedule established under this section.

40 (c) If a schedule established under this section would result in an appropriation in the first
41 fiscal year of the schedule that is greater than 8 per cent more than the appropriation in the
42 previous fiscal year, the requirement of subsection (2) of subdivision (a) may be adjusted with
43 the approval of the public employee retirement administration commission.

44 (d) Systems may establish a schedule under this section that provides for an increase in
45 the maximum base amount, on which the cost-of-living adjustment is calculated pursuant to
46 section 103, in multiples of \$1,000. Acceptance of this subsection shall be in accordance with the
47 provisions in section 103 (j).

48 SECTION. 5. Section 103 of chapter 32 of the General Laws is hereby amended by
49 inserting the following new paragraph: -

50 (j) Notwithstanding the provisions of paragraph (a), the board of any system, that
51 establishes a schedule pursuant to section 22F, may increase the maximum base amount, on
52 which the cost-of-living adjustment is calculated, in multiples of \$1,000. Each increase in the
53 maximum base amount shall be accepted by a majority vote of the board of such system, subject
54 to the approval of the legislative body. For the purpose of this section, "legislative body" shall
55 mean, the city council in accordance with its charter, in the case of a town, the town meeting, in
56 the case of a county or region, the county or regional retirement board advisory council, in the

57 case of a district, the district members, and, in the case of an authority, the governing body.
58 Acceptance of an increase in the maximum base amount shall be deemed to have occurred upon
59 the filing of the certification of such vote with the commission. A decision to accept an increase
60 in the maximum base amount may not be revoked.