

SENATE No. 1079

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

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 1 of Chapter 32 of the General Laws, as appearing in the 2006
2 official edition, is hereby amended by inserting in the definition of “regular compensation” after
3 the first paragraph the following new paragraph: -

4 “Regular compensation,” during any period subsequent to June 30, 2009, shall mean the
5 full salary, wages or other compensation in whatever form, lawfully determined for the
6 individual service of the employee by the employing authority. Exclusions from regular
7 compensation shall include, but not be limited to, any amounts paid for bonuses, overtime,
8 allowances for housing, transportation, travel, any and all employment related expense
9 reimbursements, severance pay for any and all unused sick leave, or any other payments made as
10 a result of giving notice of retirement, and any other such compensation in excess of salary or
11 wages or as reasonably determined by the board.

12 SECTION 2. Section 1 of chapter 32 of the General Laws, as so appearing, is hereby
13 amended by inserting following the definition of the words “Annuity savings fund” the
14 following: - “Average annual rate of regular compensation”, shall be the average of the rate of

15 regular compensation for any qualifying year of credible service received during each pay period
16 during the qualifying year.

17 SECTION 3. Subdivision (1) of section 4 of chapter 32 of the General Laws is hereby
18 amended by striking out paragraph (a), as appearing in the 2006 official edition, and inserting in
19 place thereof the following paragraph:-

20 (a) Any member in service shall, subject to the provisions and limitations of sections one
21 to twenty-eight inclusive, be credited with all service rendered by him as an employee in any
22 governmental unit after becoming a member of the system pertaining thereto; provided, that he
23 shall be credited with a year of creditable service for each calendar year during which he served
24 as an elected official. Subsequent to January 1, 2010, he shall be credited with a year of
25 creditable service for each calendar year during which he served at least 183 days as an elected
26 official; and provided, further, that in no event shall he be credited with more than one year of
27 creditable service for all such membership service rendered during any one calendar year.

28 SECTION 4. Paragraph (a) of subdivision (2) of section 5 of chapter 32 of the General
29 Laws, as appearing in the 2006 Official Edition, is hereby amended adding the 2 following
30 sentences:- When determining the percentage to compute a member's retirement allowance, the
31 percentage in the following table shall be prorated for a member whose service has been in
32 positions classified in 2 or more of Group 1, Group 2 or Group 4. The percentage shall be
33 determined for each of Group 1, Group 2 and Group 4 in which any employee's past position
34 was designated, and that percentage shall be multiplied by the members years of service in each
35 Group respectively and added together before being multiplying the percentage by the member's
36 average rate of compensation for his chosen 3 years.

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

44 SECTION 6. Subdivision (2) of section 5 of chapter 32, of the General Laws, as so
45 appearing, is hereby amended at the end thereof by adding the following sentences: - Provided
46 that in any given year, no retirement allowance, as provided for by this chapter, shall exceed four
47 hundred per cent of the average retirement allowance in the Commonwealth. The board shall
48 determine the average retirement allowance in the Commonwealth as of January 1 of each year.

49 SECTION 7. Paragraph (a) of subsection 2 of section 10 of chapter 32 of the General
50 Laws, as appearing in the 2006 Official Edition, is hereby amended by striking out, in lines 50
51 and 51, the words “fails of nomination or re-election, or”.

52 SECTION 8. Said paragraph (a) of said subsection (2) of said section 10 of said chapter
53 32, as so appearing, is further amended, by striking out lines 73-77, and inserting in place thereof
54 the following words:-

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

58 SECTION 9. Chapter 32 of the General Laws, as appearing in the 2006 Official Edition,
59 is hereby amended by inserting after section 22D the following new section:- Section 22E. (1)
60 Notwithstanding the provisions of any general or special law to the contrary any legislation that
61 affects the commonwealth's pension liability, as defined in section 1, by changing the benefits or
62 contributions of classes of members, including but not limited to early retirement incentive
63 programs, shall be accompanied by a pension impact statement when filed with either chamber
64 of the General Court. The pension impact statement shall be prepared or approved by the actuary
65 of the public employee retirement administration commission and shall analyze, study, and
66 value the costs and the actuarial liabilities attributable to the proposed change. The actuary
67 shall also file the pension impact statement with each system to which any portion of the change
68 in liability is attributable and shall send a copy thereof to the secretary for administration and
69 finance and the house and senate committees on ways and means.

70 (2) Regardless of whether a pension impact statement was filed with regard to a matter,
71 as soon as practicable after enactment of any amendment or exception to this chapter, the actuary
72 shall prepare or cause to have prepared for his approval a pension impact certificate which shall
73 estimate the cost of said provision and any liability it creates. The actuary may assess the cost of
74 preparing the certificate to the system or systems to which costs and liabilities of said provision
75 are attributable or may require said systems to prepare the certificate for his approval. The
76 actuary shall also file the pension impact certificate with each system to which any portion of the
77 change in liability is attributable and shall, when any part of the liability is attributed to the state
78 employees retirement system, the state teachers retirement system, the state-Boston retirement
79 system for teachers, or to future cost of living adjustments pursuant to sections 102 and 103, send
80 a copy thereof to the secretary for administration and finance and the house and senate

81 committees on ways and means. The actuary may subsequently revise the estimates in a pension
82 impact certificate and revise the required contribution schedule it requires accordingly.

83 (3) Whenever after June 30, 2009 a retirement system's unfunded liability is increased
84 due to one or more members' retirement allowances being increased as a result of amendments or
85 exceptions to the provisions of this chapter, that retirement system shall be required to amortize
86 the additional amount of unfunded liability so created and as included in the pension impact
87 certificate beginning in the fiscal year immediately following receipt of the pension impact
88 certificate. When such an enactment involves members of retirement systems other than the state
89 retirement system, said retirement systems shall assess employers of members amounts
90 necessary to fund the required amortization. When such an enactment affects the state retirement
91 system, the state teachers retirement system, the state-Boston retirement system for teachers, or
92 cost of living adjustments pursuant to sections 102 or 103, amounts necessary to amortize the
93 additional unfunded liability shall be added to the amount to be transferred to the
94 Commonwealth Pension Liability Fund pursuant to subsection (1) of section 22C, and section
95 5(b) of chapter 29.