SENATE DOCKET, NO. 30 FILED ON: 1/9/2013

SENATE . . . . . No. 1203

The Commonwealth of Massachusetts

PRESENTED BY:

William N. Brownsberger

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 adoption of the accompanying bill:

An Act to make the public pension system simpler and fairer, to provide better income security to lower wage state employees and to protect future taxpayers from unanticipated pension costs.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
William N. Brownsberger	*Second Suffolk and Middlesex*
Carolyn C. Dykema	*8th Middlesex*

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SENATE . . . . . No. 1203

By Mr. Brownsberger, a petition (accompanied by bill, Senate, No. 1203) of William N. Brownsberger and Carolyn C. Dykema for legislation to establish a consolidated public employees retirement board within the Department of the State Treasurer. Public Service.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *2930* OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act to make the public pension system simpler and fairer, to provide better income security to lower wage state employees and to protect future taxpayers from unanticipated pension costs.

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. Constitutes a new consolidated public employee retirement system for employees hired after July 1, 2014.

Section 20 of Chapter 32 of the General Laws is amended by inserting at the beginning the following new subsection:-

(1/2) (a) The contributory retirement system for employees hired after July 1, 2014 shall be known as the "consolidated public employees' retirement system" and all of its business shall be transacted under that name.

(b) The consolidated public employees' retirement system shall be managed by the consolidated public employees' retirement board provided for in section 18A of chapter ten. Said board shall have the general powers and duties set forth in subdivision (5) of this section.

SECTION 2. Constitutes a governing board for the new system.

Chapter 10 of the General Laws is amended by inserting the following three new sections:-

14 Section 18A. There shall be a consolidated public employees' retirement board serving in
15 the department for the purpose of administering the consolidated public employees' retirement
16 system established under the provisions of chapter thirty two. That board shall consist of nine
17 members as follows: the state treasurer who shall be a member ex officio and who shall serve as
18 chairman, the commissioner of education, or his designee, the state auditor, or his designee, a
19 fourth member who shall be appointed by governor for a term of four years and who shall be a
20 retired former public school teacher within the commonwealth, a fifth member who shall be
21 appointed by the governor for a term of four years and who shall be a member of a public safety
22 union, three members who shall be elected by the members in or retired from service of such
23 system from among their number in such manner and for such term, not exceeding four years, as
24 the commission shall determine, and a ninth member who shall be chosen by the other eight for a
25 term of four years. Future elections of the sixth, seventh and eighth members shall be held under
26 the supervision of such retirement board and their terms shall be arranged so as not to expire in
27 the year of expiration of the term of the ninth member. If a ninth member is not chosen by the
28 other six members within 30 days after the expiration of the term of the ninth member, the
29 governor shall appoint a ninth member for a term of four years. Each member of such retirement
30 board shall continue to hold office until the expiration of his term and until the qualification of
31 his successor. Upon the expiration of the term of office of any elected, chosen or appointed
32 member or in case of a vacancy in either of said offices, a successor shall be elected, chosen or
33 appointed as aforesaid for a four-year term or for the unexpired portion thereof, as the case may
34 be, except that in no event shall the term of the ninth member expire in the same year as the term
35 of any of the sixth, seventh or eighth members.

36 Section 19A. The members of the consolidated public employees' retirement board shall
37 serve without compensation, but they shall be reimbursed from the expense fund of the
38 consolidated public employees' retirement system for any expense or loss of salary or wages
39 which they may incur through service on the board. All claims for reimbursement on this account
40 shall be subject to the approval of the governor and council.

41 Section 20A. The state treasurer may appoint and remove such clerical and other
42 assistants as may be required to carry on the work of the consolidated public employees'
43 retirement board.

44 SECTION 3. Provides for annual administrative expense budgeting for the system.

45 Subdivision (7) of Section 22 of Chapter 32 is amended in paragraph (a) by inserting the
46 words "consolidated public employees' retirement board," before the words "state board of
47 retirement" in each place in which they occur.

48 SECTION 4. Provides for payment of administrative and retirement related expenses of
49 the system from the investment income of the system.

50 Subdivision (6) of Section 22 of Chapter 32 is amended by inserting at the end of clause
51 (iv) the words "and the consolidated public employees' retirement system shall transfer from its
52 investment income account to the General Fund an amount equal to the amount set forth in the
53 state budget for the administration of said system"

54 and by deleting the word “and” before the words “the state teachers’ retirement system”
55 and inserting in place thereof the following punctuation: “,”

56 and by inserting at the end of clause (v) the words "and the consolidated public
57 employees' retirement system shall transfer to the General Fund an amount equal to the estimated
58 amount, as certified to the secretary of administration and finance by the office of the treasurer,
59 for those retirement-related costs incurred by the office of the treasurer on behalf of the
60 consolidated public employees' retirement system"

61 and by deleting the word “and” before the words “the state teachers’ retirement system”
62 and inserting in place thereof the following punctuation: “,”

63 SECTION 5. Makes benefits under the new system liabilities of the Commonwealth

64 Subdivision 4 of Section 25 of Chapter 32 is amended by inserting before the words "the
65 state employees' retirement system" the words "the consolidated public employees' retirement
66 system,"

67 SECTION 6. Includes all new state and local public employees (except reinstated public
68 employees) in the new system; permits other to elect to join.

69 Section 2 of Chapter 32 is amended by inserting the following additional paragraph after
70 the first paragraph:-

71 Any employee who would otherwise be included in a system as provided by the
72 preceding paragraph or by any special law shall instead be included in the consolidated public
73 employees' retirement system if they have never been included in any such system prior to July
74 1, 2014. Any employee may elect, as provided for in Section 22H, to participate in the
75 consolidated public employees' retirement system.

76 SECTION 7. Includes judges in the new system

77 Chapter 32 of the General Laws is amended by inserting the following new section:-

78 Section 65K. A chief justice or any associate justice of the appeals court or the supreme
79 judicial court or any justice of the trial court of the commonwealth or any special judge or
80 special justice who first receives any such appointment after July 1, 2014 and was not prior to
81 such date a member of any system shall be included in the consolidated public employees’
82 retirement system and shall receive a retirement allowance, if any, as computed under sections

83 one through twenty-eight inclusive and the following sections shall not apply to them: Sections
84 65A, 65B, 65C, 65D, 65D1/2, 65H, 65I, 65J.

85 SECTION 8. Clarifies that new state police officers are also included in the new system

86 Section 26 of Chapter 32 is amended by inserting the following new paragraph:-

87 (1/2) The provisions of this section shall not apply to members of the consolidated public
88 employees' retirement system.

89 SECTION 9. Standardizes state police definition of maximum age at the same level as
90 other public safety officers, i.e., age sixty five.

91 Section 1 of Chapter 32 is amended in the definition of Maximum age by striking out the
92 words "the age on the last day of the month in which any member classified in Group 3 as
93 provided for in paragraph (g) of subdivision (2) of section 3, attains age 55, or if classified" and
94 replacing them with the words "for any member classified in Group 3, as provided for in
95 paragraph (g) of subdivision (2) of section 3 and for any member classified".

96 SECTION 10. Defines procedures and conditions for elections to transfer to the new
97 system -- must deposit amount sufficient to cover full accrued liability using low-risk discount
98 rate (defined further below).

99 Subdivision (2) of Section 3 of Chapter 32 of the General Laws is amended by inserting
100 the following new paragraph:-

101 (e) Any member of any system may elect instead to become a member of the
102 consolidated public employees' retirement system if he deposits into the annuity savings fund of
103 the consolidated public employees' retirement system an amount which, when combined with the
104 amount of the accumulated total deductions credited to his account in the annuity savings fund of
105 the system from which he is being separated, equals the actuarial liability for his benefits that the
106 consolidated public employees' retirement system would accrue upon his becoming a member.
107 For the purposes of this section, the accrued actuarial liability shall be estimated using the low-
108 risk discount rate of the Pension Reserves Investment Trust Fund. The consolidated public
109 employees' retirement board shall, subject to the approval of the actuary, provide application
110 forms including schedules for estimation of the liability and necessary deposit. The schedule
111 may include reasonable approximations to facilitate computations. If the consolidated public
112 employees' retirement board approves an application, the transfer shall be effectuated if, within
113 90 days of the approval, the member makes the necessary supplemental deposit and transfers the
114 amount of the accumulated total deductions credited to his account in the annuity savings fund of
115 the system from which he is being separated to the annuity savings fund of the consolidated
116 public employees retirement system. An election under this section shall be irrevocable after 90
117 days have passed from the date upon which all necessary funds were deposited or transferred.

118 SECTION 11. Limits creditable service for members in the new system to actual
119 Massachusetts public employee service including certain leaves of absence.

120 Section 4 of Chapter 32 is amended by inserting the following new subdivision:-

121 (1/2) Subject to the provisions of subdivision (2), members of the consolidated public
122 employees retirement system shall receive creditable service under paragraphs (a), (c) and (e) of
123 subdivision (1), but they shall not receive creditable service under the other paragraphs of
124 subdivision (1) or under any other provision of general or special law.

125 SECTION 12. Defines pensionable compensation limit as 35% of the social security
126 compensation and benefit base

127 Section 1 of Chapter 32 is amended by adding the following new definition:-

128 "Pensionable compensation limit", thirty five percent of the contribution and benefit base
129 as adjusted by the Commissioner of Social Security pursuant to Section 230 of the Social
130 Security Act. In any fiscal year, the amount used for the purposes of this chapter shall be the
131 most recent adjusted amount announced before July 1 of fiscal year.

132 SECTION 13. Limits creditable service in any calendar year for members in the new
133 system whose hours are irregular by the ratio of their regular compensation to the pensionable
134 compensation limit; provides for reciprocal annualization of compensation for pension
135 computation purposes.

136 Section 4 of Chapter 32 is amended in paragraph 2(b) by inserting after the words "actual
137 full-time service of not less than seven months during any one calendar year;" the words "and
138 provided, further, that in the case of members of the consolidated public employees' retirement
139 system who are elected by popular vote and any other member of that system for whom it is not
140 feasible to pro-rate creditable service by hours worked, creditable service awarded in any
141 calendar year shall not exceed the ratio of regular compensation received in that calendar year to
142 the pensionable compensation limit and regular compensation shall be annualized at the
143 pensionable compensation limit;"

144 SECTION 14. Defines regular compensation for purposes of the new system as the
145 amount received up to the pensionable compensation limit.

146 Section 1 of Chapter 32 is amended in the definition of "regular compensation" by
147 inserting before the paragraph beginning "If, as a result of a mistake", the following new
148 paragraph:-

149 Notwithstanding any provision of this chapter to the contrary, regular compensation for
150 any member of the consolidated public employees' retirement system shall not include salary,

151 wages or other compensation in whatever form in any calendar year in excess of the pensionable
152 compensation limit.

153 SECTION 15. Defines group-independent retirement age superannuation retirement
154 allowance schedule for members of the system around retirement age of 67 (adjusted to 65 for
155 occupations where that is the mandatory retirement age).

156 Section 5 of Chapter 32 is amended by striking out in paragraph (1)(a) the words "Any
157 member in service or any member inactive on authorized leave of absence classified in either
158 Group 1 or Group 2 or Group 4 who has attained age 55 or any member in service or any
159 member inactive or authorized leave of absence classified in Group 1 who became such a
160 member on or after April 2, 2012 who has attained age 60, " and replacing them with the words
161 "Any member in service or any member inactive on authorized leave of absence classified in
162 either Group 1 or Group 2 or Group 4 who is not included in the consolidated public employees'
163 retirement system and has attained age fifty-five, any member inactive or authorized leave of
164 absence classified in Group 1 who became such a member on or after April 2, 2012 who has
165 attained age 60, or any member in service who is included in the consolidated public employees'
166 retirement system and has attained age 62"

167 and by inserting in paragraph (2)(a) after the words "Group 1, Group 2 or Group 4, who"
168 the words "is not included in the consolidated public employees' retirement system and "

169 and by inserting in paragraph (2)(c) after the words "Group 1, Group 2 or Group 4 " the
170 words "other than a member of the consolidated public employees' retirement system "

171 and by inserting the following new paragraph in subdivision (2):-

172 (a1/2) The normal yearly amount of the retirement allowance for any member of the
173 consolidated public employees' retirement system who has paid the full amount of regular
174 deductions on the total amount of regular compensation, including deductions specified in
175 paragraph (d) of subdivision (1) of section twenty-two, shall, subject to the limitations set forth
176 in this section, be based on the average annual rate of regular compensation received by such
177 member during any period of ten consecutive years of creditable service for which such rate of
178 compensation was the highest, or on the average annual rate of regular compensation received by
179 such member during the period or periods, whether consecutive or not, constituting his last ten
180 years of creditable service preceding retirement, whichever is the greater, and shall be computed
181 according to the following table based on the age of such member and his number of years and
182 full months of creditable service at the time of his retirement.

183 PERCENT AGE LAST BIRTHDAY AT DATE OF RETIREMENT

184 3.00 .....72 or over

185 2.90 71

186 2.80 70

187 2.70 69

188 2.60 68

189 2.50 .....67 or at maximum age

190 2.35 .....66 but not over maximum age

191 2.20 .....65 but not over maximum age

192 2.05 .....64 but not over maximum age

193 1.90 .....63 but not over maximum age

194 1.75 .....62 but not over maximum age

195 and by inserting the following new paragraph in subdivision (2):-

196 (c1/2) The total normal yearly amount of the retirement allowance of any member of the
197 consolidated public employees' retirement system, as determined in accordance with the
198 provisions of this section, shall not exceed four fifths of the average annual rate of his regular
199 compensation received during any period of ten consecutive years of creditable service for which
200 such rate of compensation was the highest or on the average annual rate of regular compensation
201 received by such member during the period or periods, whether or not consecutive, constituting
202 his last ten years of creditable service preceding retirement, whichever is the greater.

203 and by inserting in paragraph (2)(d) after the words "paragraphs (a) and (c) of this
204 subdivision" the words ", or in the case of a member of the consolidated public employees'
205 retirement system, as provided in paragraphs (a1/2) and (c1/2) of this subdivision,"

206 and by inserting in paragraph (2)(d) at the end the words " or paragraph (c1/2) of this
207 subdivision as the case may be."

208 and by inserting after the words "three-year" the words "or ten-year" where they appear
209 in paragraph (a) of subdivision (3) and by inserting after the words "less than three years " the
210 words "or ten-years as the case may be"

211 and by inserting after the words “3-year or 5-year” the words “or 10-year” where they
212 appear in paragraph (b) of subdivision (3)

213 SECTION 16. Provides automatic cost of living increase subject to investment returns
214 and to legislative disapproval.

215 Chapter 32 of the General Laws is amended by inserting the following new section:-

216 Section 102A. (a) If the low-risk funded ratio for the consolidated public employees'
217 retirement system is equal to or greater than one hundred and five percent, then, unless the
218 general court determines otherwise by law, the retirement allowance, pension or annuity of every
219 member of the consolidated public employees' retirement system who has received a retirement
220 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other
221 beneficiary of such member who has received a retirement allowance, pension or annuity on
222 June 30 of the prior fiscal year, shall as of July 1 of the coming fiscal year be increased by a
223 percentage equal to the percentage increase in the Consumer Price Index or 3 per cent, whichever
224 is less, as specified by the actuary in the annual statement required by Section 21(f). Said cost of
225 living increase shall be funded from the investment income account of the consolidated public
226 employees' retirement system. The sum of the dollar amount of each cost of living increase,
227 together with the amount of retirement allowance, pension or annuity to which the cost of living
228 per cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all
229 future purposes, including the application of subsequent cost of living adjustments in future
230 years.

231 (b) Whenever the amount of any retirement allowance, pension, or annuity is revised in
232 accordance with the provisions of this section, the monthly payment provided for in section
233 thirteen shall be recomputed on the basis of such revised retirement allowance, pension, or
234 annuity, and one twelfth of such new figure shall be due and payable each month. In any case
235 where such revised retirement allowance, pension, or annuity cannot be administratively
236 determined in time for adjusting the monthly payment for July pursuant to said section thirteen,
237 such cost-of-living adjustment shall be added to the monthly retirement allowance, pension or
238 annuity in August or September, as the case may be.

239 SECTION 17. Disallows early retirements and termination allowances for members of
240 the new system.

241 Section 10 of Chapter 32 is amended by inserting the following new paragraph:-

242 (1/2) Subdivisions (1), (2) and (3) of this section shall not apply to members of the
243 consolidated public employees' retirement system. Any member inactive of the consolidated
244 public employees' retirement system who has left his accumulated deductions in the annuity
245 savings fund of the system and has attained the age of sixty-two, shall, upon his written
246 application on a prescribed form filed with the board, receive a superannuation retirement
247 allowance to become effective as provided in subdivision (3) of this section. Such retirement
248 allowance shall be determined and computed in accordance with the provisions of paragraphs
249 (a1/2) and (b) of subdivision (2) of section five, and subject to the limitations set forth in
250 paragraphs (c1/2) and (d) of said subdivision (2), and shall be based on such member's age and
251 number of years and full months of creditable service on the date the retirement allowance
252 becomes effective. The retirement allowance shall become effective on the date specified in the
253 application which shall be not less than fifteen days nor more than four months after the filing of

254 such application but in no event later than the maximum age for his group. The retirement
255 allowance of any such member who fails to file a written application therefore as provided for in
256 this subdivision shall nevertheless become effective upon his attainment of the maximum age for
257 his group unless prior to such age his accumulated total deductions have been returned as
258 provided for in this section and in section eleven. Payments under such allowance shall be made
259 as provided for in sections twelve and thirteen.

260 SECTION 18. Disallows early retirements for state police officers who are members of
261 the new system

262 Section 28A of Chapter 32 is amended by inserting after the word "who" the words "is
263 not included in the consolidated public employees' retirement system and"

264 SECTION 19. Disallows early retirements for state correctional officers who are
265 members of the new system.

266 Sections 28M of Chapter 32 is amended by inserting at the end of the first sentence the
267 words ", provided that they are not members of the consolidated public employees' retirement
268 system"

269 SECTION 20. Disallows early retirements for county correctional officers who are
270 members of the new system.

271 Sections 28N of Chapter 32 is amended by inserting at the end of the first sentence the
272 words ", provided that they are not members of the consolidated public employees' retirement
273 system"

274 SECTION 21. Provides that 7.5% of regular compensation above the consolidated
275 system pensionable compensation threshold shall be contributed to the state's existing deferred
276 compensation plan.

277 Section 64 of Chapter 29 is amended by inserting after the fifth paragraph the following
278 additional paragraph:-

279 The state treasurer, on behalf of the commonwealth, shall contract with every person,
280 who is receiving compensation from the commonwealth for services performed for the
281 commonwealth, who is a member of the consolidated public employees' retirement system
282 defined in section 20 of chapter 32 to defer a portion of that person's compensation, and shall
283 invest the deferred portion of that person's compensation in a deferred compensation program
284 established in accordance with said Code. The minimum amount deferred shall be seven and one
285 half percent of the excess of regular compensation over the pensionable compensation limit as
286 defined in section one of chapter 32. System members may defer additional compensation at
287 their option, but in no event shall total deferrals exceed the maximum deferral allowable for that
288 person pursuant to the provisions of said Code for government deferred compensation programs.

289 SECTION 22. Adds new defined terms for funding level analysis

290 Section 1 of Chapter 32 is amended by inserting the following additional definitions in
291 alphabetical order:-

292 "Funded ratio", the ratio of the actuarial value of assets to actuarial liability for a system
293 as computed in accordance with generally accepted actuarial principles and practices related to
294 pension plans.

295 "Low risk discount rate", a rate equal to three-quarters of a system's actuarial assumed
296 rate of return on investments, as determined from time to time by the commission..

297 "Low risk funded ratio", the funded ratio computed using the low risk discount rate as the
298 discount rate for future liabilities.

299 SECTION 23. Adds defined term "adjusted consolidated withholding percentage".

300 Section 1 of Chapter 32 is amended by inserting the following additional definition:

301 "Adjusted consolidated withholding percentage", the percentage determined by the
302 actuary pursuant to paragraph (b3/4) of subdivision 1 of Section 22.

303 SECTION 24. Provides for limited adjustment of employee contribution to maintain plan
304 funding at a sufficient level to provide cost-of-living increases.

305 Section 22 of Chapter 32 is amended by inserting in clause (1)(b)(v) after the words "a
306 member in service of the system", the words "and who is not included in the consolidated public
307 employees' retirement system"

308 and by inserting in paragraph (1)(b) the following new clause:-

309 (ix) withhold on each pay day the adjusted consolidated withholding percentage of the
310 regular compensation of each employee who is a member in service of the consolidated public
311 employees' retirement system.

312 and by inserting in subdivision (1) the following new paragraph:-

313 (b3/4) The consolidated public employees' retirement board shall, with the approval of
314 the actuary, publish the adjusted consolidated withholding percentage for each fiscal year on the
315 first day of the preceding April. The board shall compute the adjusted consolidated withholding
316 percentage as follows. The adjusted consolidated withholding percentage for the fiscal year
317 beginning July 1, 2012 shall be ten percent. The board shall decrease the adjusted consolidated
318 withholding percentage for any subsequent fiscal year by one percentage point below the
319 preceding year if the most recently computed low-risk funding ratio of the consolidated public
320 employees plan is above one hundred and fifteen percent. The board shall increase the adjusted

321 consolidated withholding percentage for any subsequent fiscal year by one percent above the
322 preceding year if the most recently computed low-risk funding ratio of the consolidated public
323 employees plan is below one hundred and five percent. However, the board shall not increase
324 the adjusted consolidated withholding percentage above fifteen percent or decrease it below five
325 percent. The provisions of section fifty of chapter three hundred and sixty-seven of the acts of
326 nineteen hundred and seventy-eight shall not apply to any member of the consolidated public
327 employees' retirement system.

328 SECTION 25. Provides for analysis of need for Commonwealth contribution if funded-
329 ratio drops below 95% in the new plan.

330 Chapter 32 is amended by inserting the following additional section:-

331 Section 22G. If an actuarial valuation shows that the low-risk funded ratio for the
332 consolidated public employees' retirement system is below ninety-five percent, the commissioner
333 shall within 30 days file with the House and Senate Committees of Ways and Means a
334 recommended schedule of appropriations to the Consolidated Pension Liability Fund which,
335 when combined with projected increases in the adjusted consolidated withholding percentage,
336 shall suffice to increase the low-risk funded ratio to one hundred percent within five years. If no
337 appropriations are needed, the commissioner shall so certify.

338 SECTION 26. Conforming amendment to add computation of the low-risk funded ratio
339 for the consolidated public employees' retirement system

340 Section 21 of Chapter 32 is amended in paragraph (3)(c) is amended by inserting at the
341 end the words "including a calculation of the low risk funded ratio for the consolidated public
342 employees' retirement system."

343 SECTION 27. Creates mechanism for transfers of employee contributions to the state
344 treasurer for local employees who are members of the new system

345 Subdivision (1) of Section 22 of Chapter 32 is amended by inserting the following new
346 paragraph after paragraph (i):-

347 (i 1/2) In the case of members of the consolidated public employees' retirement system,
348 the various amounts withheld for any month for deposit in the annuity savings fund of such
349 system shall, together with proper vouchers therefor, be transmitted by the disbursing authorities
350 to the secretary of the consolidated public employee retirement board on or before the tenth day
351 of the next succeeding month. The secretary shall thereupon credit the accounts of such members
352 with their respective deductions and pay all such sums received to the state treasurer for deposit
353 in the annuity savings fund of such system.

354 and by inserting at the end of paragraph (k) the following words ", or in the case of
355 members of the consolidated public employees' retirement system further transmit such amounts
356 to the secretary of that system as provided in paragraph (i1/2)."

357 SECTION 28. Establishes a new reserve fund, known as the CPRIT fund to hold pension
358 reserve assets of the new system to be managed by the existing PRIM Board and establishes
359 within it the Consolidated Pension Liability Fund

360 Section 22 of Chapter 32 of the General Laws is amended by inserting the following new
361 subdivision:-

362 (8A) CPRIT Fund -- (a) There shall be a Consolidated Pension Reserves Investment
363 Trust Fund administered by the PRIM board established in section twenty-three for the purpose
364 of depositing, investing and disbursing amounts set aside to meet liabilities of the consolidated
365 public employees' retirement system. The assets of the consolidated public employees' retirement
366 system shall be held in the CPRIT Fund.

367 (b) There shall be a Consolidated Pension Liability Fund which shall be within the
368 CPRIT Fund to which shall be credited all assets of the consolidated public employees'
369 retirement system other than assets credited to the systems' Annuity Savings Funds, Annuity
370 Reserve Funds and expense funds. All amounts required by the pension fund and the special fund
371 for military service credit shall be provided by distribution of such amounts from the
372 Consolidated Pension Liability Fund. Any such distribution shall be detailed in a written report
373 by the commissioner of administration and filed in advance with the house and senate
374 committees on ways and means. Except as otherwise provided in this subdivision and subject to
375 the provisions of the operating trust agreement adopted by the PRIM board pursuant to
376 subdivision (2A) of section 23, any such distribution shall be made pursuant to sections 1 to 28,
377 inclusive.

378 Amounts in the Consolidated Pension Liability Fund shall include, but not be limited to,
379 the following:

380 (i) all amounts appropriated by the commonwealth to meet current or future retirement
381 liabilities to members of the consolidated public employees' retirement system, provided,
382 however, that the state treasurer may act as agent of the PRIM board to disburse benefit
383 payments pursuant to any such appropriation;

384 (ii) all monies recovered for the cost of pension fringe benefits from federal grant funds
385 pursuant to section six B of chapter twenty-nine related to members of the consolidated public
386 employees' retirement system;

387 (iii) all monies recovered from federal grant funds pursuant to section five D of chapter
388 forty for the cost of teachers' pension benefits related to members of the consolidated public

389 employees' retirement system related to members of the consolidated public employees'
390 retirement system;

391 (iv) all monies transferred from the investment account of the consolidated public
392 employees' retirement system pursuant to clause (iii) of paragraph (a) of subdivision (6) of
393 section 22 of Chapter 32 of the General Laws;

394 (v) all undistributed accumulated total deductions for the consolidated public employees'
395 retirement system transferred pursuant to subdivision (3) of section eleven of Chapter 32 of the
396 General Laws; and

397 (vi) all assets of the consolidated public employees' retirement system except assets
398 credited to its expense fund, Annuity Savings Fund and Annuity Reserve Fund.

399 (d) The CPRIT Fund may purchase shares of the PRIT Fund.

400 SECTION 29. Excludes items covered in the Consolidated Pension Liability Fund from
401 the Commonwealth's Pension Liability Fund.

402 Chapter 32 of subdivision 8 of Section 22(8)(e) is amended by adding at the end the
403 following clause:-

404 (vii) provided however that the items in the preceding clauses (i) through (vi) shall not
405 include amounts, monies, deductions or assets related to the consolidated public employees
406 retirement system.

407 SECTION 30. Confirms PRIM authority over the CPRIT Fund and expands the PRIM
408 board

409 Section 23 of Chapter 32 is amended by inserting after the first sentence of paragraph
410 (1)(a) the words "The funds of the consolidated public employees' retirement system shall be
411 held in the CPRIT Fund."

412 and by inserting at the end of the first sentence of paragraph (2A)(a) the words "and the
413 CPRIT fund established under the provisions of subdivision 8A of section twenty two"

414 and by striking the word "nine" in the second sentence of paragraph (2A)(a) and by
415 replacing it with the word "eleven"

416 and by inserting in the second paragraph of paragraph (2A)(a) after the words "chosen by
417 the members of the teachers' retirement board," the words " two of the elected members of the
418 consolidated public employees' retirement board, who shall be chosen by the members of the
419 consolidated public employees' retirement board"

420 and by striking from paragraph (2A)(d) the words "said fund" and replacing them with
421 the words "the PRIT fund and the CPRIT fund"

422 and by inserting after the words "PRIT Fund" in clauses (xi) and (xiii) of paragraph
423 (2A)(e) the words " and the CPRIT Fund"

424 and by striking in clause (2A)(e)(xiii) the last occurrence of the word "fund" and
425 replacing it with the words "funds"

426 SECTION 31. Conforms reference to PRIT fund to exclude assets of the consolidated
427 public employees' retirement system

428 Section 22 of Chapter 32 is amended in the first paragraph by inserting at the end the
429 words "except that as provided in subdivision (8A), assets of the consolidated public employees'
430 retirement system shall be held in the CPRIT fund."

431 SECTION 32. Constitutes the Consolidated Pension Liability Fund as the Pension
432 Reserve Fund for the new system and places specified assets of the new system within the fund

433 Section 22 of Chapter 32 is amended in paragraph 6A(a) by inserting at the end the
434 words "The Pension Reserve Fund for the consolidated public employees' retirement system
435 shall be the Consolidated Pension Liability Fund" and paragraph 6A(b) by inserting the words
436 "consolidated public employees', " before the words "state employees'".

437 SECTION 33. Amends definitions to reflect the Consolidated Pension Liability Fund

438 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's Pension
439 Liability Fund" by inserting before the words "such obligations" the words " those related to the
440 consolidated public employee retirement system and "

441 and by inserting the following new definition:-

442 "Consolidated Pension Liability Fund", the fund established under the provisions of
443 subdivision (8A) of section twenty-two for monies appropriated and set aside to meet all
444 financial obligations for retirement benefits of the consolidated public employee retirement
445 system except such obligations as are payable from the Annuity Savings Fund and Annuity
446 Reserve Fund of the system.

447 SECTION 34. Conforming amendment related to reversion of abandoned property for
448 members of the new system

449 Subdivision (3) of Section 11 of Chapter 32 is amended b inserting at the end of the first
450 paragraph the words "or the Consolidated Pension Liability Fund established by section 22 as the
451 case may be."

452 and by inserting in the second and third paragraphs after the words "Commonwealth's
453 Pension Liability Fund" the words "or the Consolidated Pension Liability Fund" and by striking
454 in the second and third paragraphs the word “or” after the words “Pension Reserve Fund” and
455 inserting in place thereof a comma.

456 SECTION 35. Conforming amendments related to transfers among funds

457 Section 22 of Chapter 32 is amended by inserting after the words "Commonwealth's
458 Pension Liability Fund" where they appear in paragraph (2)(c) and paragraph (3)(a) and
459 paragraph (3)(b) the words " or Consolidated Pension Liability Fund " and by striking the word
460 “or” where it appears prior to “Consolidated Pension Liability Fund” in paragraph 2(c),
461 paragraph 3(a), and paragraph (3)(b) and inserting in place thereof a comma.

462 SECTION 36. Conforming amendment related to pension appropriation budgeting

463 Subdivison 7 of Section 22 of Chapter 32 is amended by inserting in the first paragraph
464 after the words "required for" the words " the Consolidated Pension Liability Fund,"

465 and by inserting the following new paragraph:-

466 (b1/2) The consolidated public employees' retirement board, on or before October
467 fifteenth in each year, shall furnish the actuary with such information as he may require to enable
468 him to determine the amount to be distributed from the Consolidated Pension Liability Fund to
469 the pension fund of the consolidated public employees' retirement system, for the fiscal year
470 commencing on the next following July first. The actuary shall, on or before December fifteenth
471 immediately preceding such fiscal year, determine such amount and specify in a written notice to
472 the board the amounts so required. Upon the receipt of such notice, the board shall certify
473 forthwith to the PRIM board the amounts necessary to be distributed and paid for such fiscal year
474 for the Pension Fund and the special fund for military service credit of the system. The amounts
475 necessary to be appropriated and paid for such fiscal year by the commonwealth for said
476 Consolidated Pension Liability Fund shall be determined in accordance with the funding
477 schedule adopted by the commissioner of administration pursuant to section twenty-two G, and
478 items of appropriation for such amount shall be included in the appropriation for such fiscal year
479 for the PRIM board or such department as the commissioner of administration shall determine to
480 be allocated to the Consolidated Pension Liability Fund.

481 SECTION 37. Excludes the new system from the local system funding schedule
482 definition.

483 Section 1 of Chapter 32 is amended in the definition of "Funding System" by inserting
484 after the words "other than the", the words "consolidated public employees' retirement system, " .

485 SECTION 38. Conforming amendment to exclude the new system from the local system
486 funding schedule sections

487 Section 22D of Chapter 32 is amended in the first sentence of subdivision (1) by inserting
488 before the words "the state employees' retirement system" the words "the consolidated public
489 employees' retirement system, "

490 and Section 22F of Chapter 32 is amended in paragraph (a) by inserting before the words
491 "the state employees' retirement system" the words "the consolidated public employees'
492 retirement system, "

493 SECTION 39. Defines short form reference for CPRIT Fund

494 Section 1 of Chapter 32 is amended by adding the following definition:-

495 "CPRIT Fund", the Consolidated Pension Reserves Investment Trust Fund established
496 under the provisions of subdivision (8A) of section twenty-two.

497 SECTION 40. Conforms definition of the Commonwealth funding schedule to exclude
498 the new system

499 Section 1 of Chapter 32 is amended in the definition of "Commonwealth funding
500 schedule" by striking out the words "on behalf of any system other than the state employees'"
501 and replacing them with the words "on behalf of any system other than the consolidated public
502 employees' or state employees'" and by striking out the words " benefits for members of systems
503 other than the state employees' " and replacing them with the words "benefits for members of
504 systems other than the consolidated public employees' retirement system, the state employees' ".

505 SECTION 41. Conforms definition of "Commonwealth's pension liability" to exclude
506 the new system (this defined term is used to define the 22C funding schedule; the new system is
507 an obligation of the Commonwealth, but funded as necessary under a new section 22G)

508 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's pension
509 liability" by striking out the words " on behalf of any system other than the state employees'" and
510 replacing them with the words " on behalf of any system other than the consolidated public
511 employees' retirement system, the state employees'" and by striking out the words " or other
512 benefits for members of systems other than the state employees'" and by replacing them with the
513 words " or other benefits for members of systems other than the consolidated public employees'
514 retirement system, the state employees'".

515 THE FOLLOWING SECTIONS ADDRESS DISABILITY AND DEATH BENEFITS

516 SECTION 42. Includes members of the new system (including state police officers) in
517 the generally applicable ordinary disability statute but confirms application of that statute for
518 them to their higher retirement age and longer compensation averaging rules.

519 Section 6 of Chapter 32 is amended by inserting in the first paragraph of subdivision (1)
520 after the words "For the purposes of this section," the words "the consolidated pubic employees'
521 "

522 and by striking out paragraph (2)(a) and replacing it with the following new paragraph
523 (2)(a):-

524 a) The normal yearly amount of such allowance for any member of the consolidated
525 public employees' retirement system or any other member classified in Group 1, Group 2 or
526 Group 4, other than a veteran as defined in section one, shall be equal to that to which he would
527 be entitled under the provisions of section five as prescribed for a member of the member's
528 group, if the member were to be retired for superannuation upon the attainment of age fifty-five,
529 or for a member classified in Group 1 who became such a member on or after April 2, 2012 if
530 such member were to be retired for superannuation upon the attainment of age 60 with an
531 amount of creditable service equal to that with which the member is credited at the date of the
532 member's actual retirement for ordinary disability, or in the case of a member of the consolidated
533 public employees' retirement system , sixty two with an amount of creditable service equal to
534 that with which he is credited at the date of his actual retirement for ordinary disability;
535 provided, however, that if the member has attained age fifty-five, or for a member classified in
536 Group 1 who became such a member on or after April 2, 2012 if the member has attained age
537 sixty, or in the case of a member of the consolidated public employees' retirement system, sixty-
538 two the normal yearly amount of such allowance shall in no event be less than that to which he
539 would be entitled if the member were to be retired for superannuation under the provisions of
540 section 5 as prescribed for a member in the member's group; and provided, further, that the
541 normal yearly amount of such allowance shall not exceed four-fifths of: (i) the average annual
542 rate of the member's regular compensation during any period of three, or in the case of a member
543 of the consolidated public employees' retirement system , ten, consecutive years of creditable
544 service for which such rate of compensation was the highest, and (ii) the average annual rate of
545 regular compensation received by such member during the period or periods, whether or not
546 consecutive, constituting the member's last three years, or in the case of a member of the
547 consolidated public employees' retirement system , last ten years, of creditable service preceding
548 retirement, whichever is greater.

549 and by inserting in clause (2)(b)(ii) after the word "fifty-five" the words ", or in the case
550 of a member of the consolidated public employees' retirement system , sixty-two"

551 and by inserting in paragraph (2)(c) after the word "Group 3" the words "other than a
552 member of the consolidated public employees' retirement system or"

553 and by inserting after the words "state retirement board" and after the words "teachers'
554 retirement board" where they appear in paragraph (3)(b) the words" or the consolidated public
555 employees' retirement board as the case may be"

556 SECTION 43. Includes members of the new system (including state police officers) in
557 the generally applicable accidental disability statute

558 Section 7 of Chapter 32 is amended by inserting in subdivision 1 at the beginning the
559 words " Any member of the public employee retirement system or"

560 and by inserting in the paragraph (2)(a) after the words "of section twenty-six are not
561 applicable" the words "or any member of the consolidated public employee retirement system"

562 and by inserting in clause (2)(a)(iii) before the words "state and teachers' systems" the
563 words " consolidated public employees' retirement system and "

564 and in paragraph (2)(e) by inserting after the words "Group 4" the words "and any
565 member of the consolidated public employees' retirement system" and by inserting at the
566 beginning of the last sentence the words "The consolidated public employees' retirement system
567 and".

568 SECTION 44. Includes members of the new system (including state police officers) in
569 the generally applicable death benefit statutes

570 Section 9 of Chapter 32 is amended in clause (2)(d)(i) by inserting at the beginning the
571 words "In the consolidated public employees retirement system and" and by inserting at the end
572 the words "or permitted by the general court for each year under section 102A as the case may
573 be" and

574 Section 101 of Chapter 32 is amended in the last sentence by inserting the words
575 "consolidated public employees"'before the words "state teachers'."

576 SECTION 45. Links in definition of adjusted consolidated withholding percentage

577 Section One of Chapter 32 is amended by inserting the following new definition:-

578 "Adjusted consolidated withholding percentage", the percentage computed by the actuary
579 pursuant to Section 22, paragraph (1)(b3/4).

580 SECTION 46. Conforms post-retirement re-employment in critical shortage language to
581 include retirees from new system.

582 Paragraph (e) of Section 91 of Chapter 32 is amend by inserting after the words "State-
583 Boston retirement system" where they appear the words "or the consolidated public employees'
584 retirement system."

585 SECTION 47. Conforms short form reference for member to include the new system

586 Section 1 of Chapter 32 is amended in the definition of "Member" by inserting after the
587 word "included in" the words "the consolidated public employees' retirement system, in"

588 SECTION 48.Conforms short form reference for PRIM board to include new system

589 Section 1 of Chapter 32 is amended in the definition of "PRIM board" by inserting after
590 the term "assets of" the words "the consolidated public employees' retirement system,".

591 SECTION 49. Conforms short form reference for system to include new system

592 Section 1 of Chapter 32 is amended in the definition of "system" by inserting at the
593 beginning the words '"the consolidated public employees' retirement system"

594 SECTION 50. Conforms membership voting rights language to include new system

595 Section 3 of Chapter 32 is amended by inserting after the words "in section twenty of this
596 chapter" where they appear in clauses (1)(a)(i) and (1)(a)(ii) the words ", in section 18A of
597 chapter 10"

598 SECTION 51. Conforms early intervention plan language to allocate teachers to school
599 committee supervision.

600 Section 5B of Chapter 32 is amended by inserting after the words "members of the
601 teacher's retirement system" the words "and teachers and other school workers who are members
602 of the consolidated public employee retirement system"

603 SECTION 52. Conforms Commonwealth check payment language to include new
604 system

605 Section 11 of Chapter 32 is amended by inserting in the second paragraph of subdivision
606 (3) after the words "any obligation of" the first time they appear the words "the consolidated
607 public employees retirement system or"

608 SECTION 53. Conforms language related to offset of health care costs against pensions
609 for teachers to include members of the new system (who may be local employees)

610 Sections 19 and 19B of Chapter 32 are amended by inserting before the words "the
611 teachers' retirement system" where they appear the words "the consolidated public employees'
612 retirement system or" and Section 19B is amended by inserting before the words "teachers'
613 retirement board" the words "consolidated public employees' retirement board or the".

614 SECTION 54. Conforms reporting language for new system board

615 Section 20 of Chapter 32 is amended by replacing in paragraph (5)(i) the words "state
616 retirement board shall file a copy of its report" with the words "state retirement board and the
617 consolidated public employees' retirement board shall file copies of their reports"

618 SECTION 55. Conforms indemnification language to cover new board

619 Section 20B of Chapter 32 is amended by inserting before the words "the state retirement
620 board," the words "the consolidated public employee retirement board,"

621 SECTION 56. Conforms language re boarding as compensation

622 Section 22 of Chapter 32 is amended in clause (1)(c) by inserting after the words
623 "teachers' retirement system" the words "or of the consolidated public employees' retirement
624 system"

625 SECTION 57. Conforms PERAC enforcement language to include new board

626 Section 24 of Chapter 32 is amended by inserting after the words "the state board of
627 retirement" the words "the consolidated public employees' retirement board"

628 SECTION 58.

629 Section 22 of Chapter 32 is amended by adding the following new subdivision:-

630 "The amount credited to the consolidated public employees' retirement system shall be
631 the full amount, if any necessary to raise to the low-risk funded ratio for that system to 80%.

632 SECTION 59. Conforming amendment to exclude new system from the local system
633 cost-of-living section.

634 Section 103 of Chapter 32 of the General Laws is amended by inserting the words "the
635 consolidated public employees' retirement system" before the words "the state employees'
636 retirement system".