

SENATE No. 1328

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

SENATE No. 1328

By Mr. Brownsberger, a petition (accompanied by bill, Senate, No. 1328) 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 SENATE, NO. 1203 OF 2013-2014.]

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

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:

1 SECTION 1. Constitutes a new consolidated public employee retirement system for
2 employees hired after July 1, 2016.

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

5 (1/2) (a) The contributory retirement system for employees hired after July 1, 2016 shall
6 be known as the "consolidated public employees' retirement system" and all of its business shall
7 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:-

Section 18A. There shall be a consolidated public employees' retirement board serving in the department for the purpose of administering the consolidated public employees' retirement system established under the provisions of chapter thirty two. That board shall consist of nine members as follows: the state treasurer who shall be a member ex officio and who shall serve as chairman, the commissioner of education, or his designee, the state auditor, or his designee, a fourth member who shall be appointed by governor for a term of four years and who shall be a retired former public school teacher within the commonwealth, a fifth member who shall be appointed by the governor for a term of four years and who shall be a member of a public safety union, three members who shall be elected by the members in or retired from service of such system from among their number in such manner and for such term, not exceeding four years, as the commission shall determine, and a ninth member who shall be chosen by the other eight for a term of four years. Future elections of the sixth, seventh and eighth members shall be held under the supervision of such retirement board and their terms shall be arranged so as not to expire in the year of expiration of the term of the ninth member. If a ninth member is not chosen by the other six members within 30 days after the expiration of the term of the ninth member, the governor shall appoint a ninth member for a term of four years. Each member of such retirement

board shall continue to hold office until the expiration of his term and until the qualification of his successor. Upon the expiration of the term of office of any elected, chosen or appointed member or in case of a vacancy in either of said offices, a successor shall be elected, chosen or appointed as aforesaid for a four-year term or for the unexpired portion thereof, as the case may be, except that in no event shall the term of the ninth member expire in the same year as the term of any of the sixth, seventh or eighth members.

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

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

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

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

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

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

and by deleting the word "and" before the words "the state teachers' retirement system" and inserting in place thereof the following punctuation: ",",

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

and by deleting the word "and" before the words "the state teachers' retirement system" and inserting in place thereof the following punctuation: ",",

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

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

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

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

Any employee who would otherwise be included in a system as provided by the preceding paragraph or by any special law shall instead be included in the consolidated public employees' retirement system if they have never been included in any such system prior to July 1, 2016. Any employee may elect, as provided for in Section 22H, to participate in the consolidated public employees' retirement system.

SECTION 7. Includes judges in the new system

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

Section 65K. A chief justice or any associate justice of the appeals court or the supreme judicial court or any justice of the trial court of the commonwealth or any special judge or special justice who first receives any such appointment after July 1, 2016 and was not prior to such date a member of any system shall be included in the consolidated public employees' retirement system and shall receive a retirement allowance, if any, as computed under sections one through twenty-eight inclusive and the following sections shall not apply to them: Sections 65A, 65B, 65C, 65D, 65D1/2, 65H, 65I, 65J.

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

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

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

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

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

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

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

(e) Any member of any system may elect instead to become a member of the consolidated public employees' retirement system if he deposits into the annuity savings fund of the consolidated public employees' retirement system an amount which, when combined with the amount of the accumulated total deductions credited to his account in the annuity savings fund of the system from which he is being separated, equals the actuarial liability for his benefits that the consolidated public employees' retirement system would accrue upon his becoming a member. For the purposes of this section, the accrued actuarial liability shall be estimated using the low-risk discount rate of the Pension Reserves Investment Trust Fund. The consolidated public employees' retirement board shall, subject to the approval of the actuary, provide application forms including schedules for estimation of the liability and necessary deposit. The schedule may include reasonable approximations to facilitate computations. If the consolidated public employees' retirement board approves an application, the transfer shall be effectuated if, within

90 days of the approval, the member makes the necessary supplemental deposit and transfers the amount of the accumulated total deductions credited to his account in the annuity savings fund of the system from which he is being separated to the annuity savings fund of the consolidated public employees retirement system. An election under this section shall be irrevocable after 90 days have passed from the date upon which all necessary funds were deposited or transferred.

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

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

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

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

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

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

SECTION 13. Limits creditable service in any calendar year for members in the new 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).

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

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

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

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

(a1/2) The normal yearly amount of the retirement allowance for any member of the consolidated public employees' retirement system who has paid the full amount of regular deductions on the total amount of regular compensation, including deductions specified in paragraph (d) of subdivision (1) of section twenty-two, shall, subject to the limitations set forth in this section, be based on the average annual rate of regular compensation received by such 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):-

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

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

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

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

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

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

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.

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

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

(1/2) Subdivisions (1), (2) and (3) of this section shall not apply to members of the consolidated public employees' retirement system. Any member inactive of the consolidated public employees' retirement system who has left his accumulated deductions in the annuity savings fund of the system and has attained the age of sixty-two, shall, upon his written application on a prescribed form filed with the board, receive a superannuation retirement allowance to become effective as provided in subdivision (3) of this section. Such retirement allowance shall be determined and computed in accordance with the provisions of paragraphs (a1/2) and (b) of subdivision (2) of section five, and subject to the limitations set forth in paragraphs (c1/2) and (d) of said subdivision (2), and shall be based on such member's age and number of years and full months of creditable service on the date the retirement allowance becomes effective. The retirement allowance shall become effective on the date specified in the application which shall be not less than fifteen days nor more than four months after the filing of such application but in no event later than the maximum age for his group. The retirement allowance of any such member who fails to file a written application therefore as provided for in this subdivision shall nevertheless become effective upon his attainment of the maximum age for his group unless prior to such age his accumulated total deductions have been returned as provided for in this section and in section eleven. Payments under such allowance shall be made 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 system
275 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

commonwealth, who is a member of the consolidated public employees' retirement system defined in section 20 of chapter 32 to defer a portion of that person's compensation, and shall invest the deferred portion of that person's compensation in a deferred compensation program established in accordance with said Code. The minimum amount deferred shall be seven and one half percent of the excess of regular compensation over the pensionable compensation limit as defined in section one of chapter 32. System members may defer additional compensation at their option, but in no event shall total deferrals exceed the maximum deferral allowable for that person pursuant to the provisions of said Code for government deferred compensation programs.

SECTION 22. Adds new defined terms for funding level analysis

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

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

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

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

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

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

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

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

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

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

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

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

(b3/4) The consolidated public employees' retirement board shall, with the approval of the actuary, publish the adjusted consolidated withholding percentage for each fiscal year on the first day of the preceding April. The board shall compute the adjusted consolidated withholding percentage as follows. The adjusted consolidated withholding percentage for the fiscal year beginning July 1, 2016 shall be ten percent. The board shall decrease the adjusted consolidated withholding percentage for any subsequent fiscal year by one percentage point below the preceding year if the most recently computed low-risk funding ratio of the consolidated public employees plan is above one hundred and fifteen percent. The board shall increase the adjusted consolidated withholding percentage for any subsequent fiscal year by one percent above the

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

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

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

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

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

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

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

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

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

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

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

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

(8A) CPRIT Fund -- (a) There shall be a Consolidated Pension Reserves Investment Trust Fund administered by the PRIM board established in section twenty-three for the purpose

of depositing, investing and disbursing amounts set aside to meet liabilities of the consolidated public employees' retirement system. The assets of the consolidated public employees' retirement system shall be held in the CPRIT Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and by inserting the following new definition:-

"Consolidated Pension Liability Fund", the fund established under the provisions of subdivision (8A) of section twenty-two for monies appropriated and set aside to meet all financial obligations for retirement benefits of the consolidated public employee retirement

system except such obligations as are payable from the Annuity Savings Fund and Annuity Reserve Fund of the system.

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

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

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

SECTION 35. Conforming amendments related to transfers among funds

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

SECTION 36. Conforming amendment related to pension appropriation budgeting

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

and by inserting the following new paragraph:-

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

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

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

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

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

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

SECTION 39. Defines short form reference for CPRIT Fund

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

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

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

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

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

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

THE FOLLOWING SECTIONS ADDRESS DISABILITY AND DEATH BENEFITS

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

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

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

a) The normal yearly amount of such allowance for any member of the consolidated public employees' retirement system or any other member classified in Group 1, Group 2 or Group 4, other than a veteran as defined in section one, shall be equal to that to which he would be entitled under the provisions of section five as prescribed for a member of the member's group, if the member were to be retired for superannuation upon the attainment of age fifty-five, or for a member classified in Group 1 who became such a member on or after April 2, 2012 if

such member were to be retired for superannuation upon the attainment of age 60 with an amount of creditable service equal to that with which the member is credited at the date of the member's actual retirement for ordinary disability, or in the case of a member of the consolidated public employees' retirement system , sixty two with an amount of creditable service equal to that with which he is credited at the date of his actual retirement for ordinary disability; provided, however, that if the member has attained age fifty-five, or for a member classified in Group 1 who became such a member on or after April 2, 2012 if the member has attained age sixty, or in the case of a member of the consolidated public employees' retirement system, sixty-two the normal yearly amount of such allowance shall in no event be less than that to which he would be entitled if the member were to be retired for superannuation under the provisions of section 5 as prescribed for a member in the member's group; and provided, further, that the normal yearly amount of such allowance shall not exceed four-fifths of: (i) the average annual rate of the member's regular compensation during any period of three, or in the case of a member of the consolidated public employees' retirement system , ten, consecutive years of creditable service for which such rate of compensation was the highest, and (ii) the average annual rate of regular compensation received by such member during the period or periods, whether or not consecutive, constituting the member's last three years, or in the case of a member of the consolidated public employees' retirement system , last ten years, of creditable service preceding retirement, whichever is greater.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

613 SECTION 54. Conforms reporting language for new system board

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

617 SECTION 55. Conforms indemnification language to cover new board

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

620 SECTION 56. Conforms language re boarding as compensation

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

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

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

627 SECTION 58.

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

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

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

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