

**HOUSE . . . . . No. 3724**

---

**The Commonwealth of Massachusetts**

\_\_\_\_\_

PRESENTED BY:

*Alice Hanlon Peisch and Cynthia Stone Creem*

\_\_\_\_\_

*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 relative to the other post employment benefits trust fund of the town of Wellesley.

\_\_\_\_\_

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Alice Hanlon Peisch</i>	<i>14th Norfolk</i>	<i>5/22/2017</i>
<i>Cynthia Stone Creem</i>	<i>First Middlesex and Norfolk</i>	<i>5/24/2017</i>
<i>Richard J. Ross</i>	<i>Norfolk, Bristol and Middlesex</i>	<i>5/22/2017</i>

**HOUSE . . . . . No. 3724**

By Representative Peisch of Wellesley and Senator Creem, a joint petition (accompanied by bill, House, No. 3724) of Alice Hanlon Peisch, Cynthia S. Creem and Richard J. Ross (by vote of the town) relative to the other post-employment benefits trust fund of the town of Wellesley. Public Service. [Local Approval Received.]

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninetieth General Court  
(2017-2018)**

An Act relative to the other post employment benefits trust fund of the town of Wellesley.

*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. Chapter 88 of the Acts of 2004 is hereby amended by striking out sections  
2 1, 2 and 3, and inserting in place thereof the following three sections:-

3 SECTION 1. As used in this act, the following words shall have the following meanings:-

4 "Other Post-employment Benefits" or "OPEB", post-employment benefits other than  
5 pensions as that term is defined in statements 43 and 45 of the Governmental Accounting  
6 Standards Board, including post-employment healthcare benefits, regardless of the type of plan  
7 that provides them, and all post-employment benefits provided separately from a pension plan,  
8 excluding benefits defined as termination offers and benefits.

9 "Normal cost of other post-employment benefits", that portion of the actuarial present  
10 value of future premium costs and claim costs payable by the town on behalf of, or direct  
11 payments to, retired employees, including school teachers, of the town and the eligible surviving

12 spouses or dependents of deceased employees, including school teachers, of the town, pursuant  
13 to this act which is allocable to a particular fiscal year, as determined by an actuary pursuant to  
14 section 2.

15 "OPEB liability", the present value of the town's obligation for future premium costs and  
16 claim costs payable by the town on behalf of, or direct payments to, retired and prospective  
17 retired employees of the town and the eligible surviving spouses or dependents of deceased and  
18 prospectively deceased employees of the town attributed by the terms of the plan to employee's  
19 service rendered to the date of the measurement, pursuant to this act as determined by an actuary,  
20 pursuant to section 2.

21 "Premium costs and claim costs", the amounts payable by the town for the provision of  
22 retiree health and life insurance.

23 "Unfunded OPEB liability", the difference between the OPEB liability on the  
24 measurement date and the actuarial value of the assets of the OPEB Trust Fund on the same date,  
25 as determined by an actuary, pursuant to section 2.

26 "Unfunded OPEB liability amortization payments", the amount which, when paid into the  
27 OPEB Trust Fund annually over a period of years together with the normal cost of other post-  
28 employment benefits for each year of said period of years, will reduce to zero at the end of said  
29 period the unfunded OPEB liability in existence as of the beginning of said period, as determined  
30 by an actuary.

31 SECTION 2. (a) There shall be in the town of Wellesley an OPEB Trust Fund, which  
32 shall be under the supervision and management of a board of trustees consisting of the town's  
33 contributory retirement board established under paragraph (b) of subdivision (4) of section 20 of

34 chapter 32 of the General Laws. The town treasurer shall be the custodian of the fund and may  
35 employ an outside custodial service. The fund shall be an expendable trust. All monies held in  
36 the fund shall be accounted for separately from other funds of the town and shall not be subject  
37 to the claims of any general creditor of the town.

38 (b) The duties and obligations of the board of trustees with respect to the fund shall be set  
39 forth in a declaration of trust to be adopted by the board of trustees, but shall not be inconsistent  
40 with this section. The declaration of trust and any amendments thereto shall be filed with the  
41 board of selectmen and town clerk and take effect 90 days after the date filed, unless town  
42 meeting votes to disapprove the declaration or amendment within that period.

43 (c) The fund shall be credited with all amounts appropriated or otherwise made available  
44 by the town for the purposes of meeting the current and future premium costs and claim costs  
45 payable by the town on behalf of, or direct payments to, retired employees of the town and the  
46 eligible surviving spouses or dependents of deceased employees of the town pursuant to this act  
47 and all amounts currently held by the contributory retirement board for such purposes. Amounts  
48 in the fund including any earnings or interest accruing from the investment of such amounts shall  
49 be expended only for the payment of such premium costs and claim costs payable by the town on  
50 behalf of, or direct payments to, retired employees of the town and the eligible surviving spouses  
51 or dependents of deceased employees of the town, except as otherwise provided in this act, and  
52 only in accordance with a schedule of such payments developed by an actuary in consultation  
53 with the town's contributory retirement board. Subject in each instance to the approval of the  
54 town's contributory retirement board, the town treasurer shall invest and reinvest the amounts in  
55 the fund not needed for current disbursement consistent in accordance with (i) the prudent  
56 investor rule established in chapter 203C; (ii) section 23 of chapter 32; or (iii) sections 24 and

57 24A of chapter 32A, if the OPEB Trust Fund is invested in the State Retiree Benefits Trust Fund;  
58 provided, however, that no funds may be invested directly in mortgages or in collateral loans.  
59 The fund shall be subject to the public employee retirement administration commission's  
60 triennial audit.

61 (d) The board may employ any qualified bank, trust company, corporation, firm or person  
62 to advise it on the investment of the funds and may pay from the fund for such advice and such  
63 other services as determined by the town's contributory retirement board.

64 SECTION 3. (a) An actuary shall determine, as of January 1, 2003, and no less frequently  
65 than every second year thereafter, the normal cost of other post-employment benefits, the OPEB  
66 liability, and the unfunded OPEB liability. All such determinations shall be made in accordance  
67 with generally accepted actuarial standards, and the actuary shall make a report of such  
68 determinations. The report shall, without limitation, detail the demographic and economic  
69 actuarial assumptions used in making such determinations, and each such report subsequent to  
70 the first such report shall also include an explanation of the changes, if any, in the demographic  
71 and economic actuarial assumptions employed and the reasons for any such changes, and shall  
72 also include a comparison of the actual expenses by the town for premium costs and claim costs  
73 constituting the OPEB liability during the period since the last such determination, and the  
74 amount of such expenditures which were predicted pursuant to the previous such report for the  
75 period.

76 (b) An actuary, in consultation with the town's contributory retirement board, shall  
77 establish a schedule of annual payments to be made to the OPEB Trust Fund designed to reduce  
78 to zero the unfunded OPEB liability. The schedule shall reduce the initial unfunded OPEB

79 liability over a period of years not to exceed 30. Any additional unfunded liability created  
80 subsequent to the last such determination by the provision of any new benefit or by any increase  
81 in the premium share payable by the town shall be separately so amortized over the 15 years  
82 following the date of the determination in which such additional liability is first recognized. Each  
83 such annual payment shall be equal to the sum of the unfunded OPEB liability amortization  
84 payment required for such year and the payments required to meet the normal cost of other post-  
85 employment benefits for such fiscal year.

86 (c) All payments for the purposes of meeting the town's share of premium costs and claim  
87 costs or direct payments to retired employees of the town and the surviving spouses or  
88 dependents of deceased employees of the town pursuant to this act shall be made from the OPEB  
89 Trust Fund in accordance with a schedule of disbursements established by the actuary.

90 SECTION 2. This act shall take effect upon its passage.