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HOUSE . . . . . No. 4006

Substituted by the House, on motion of Mr. Speliotis of Danvers, for a bill with the same title (House, No. 3724). November 2, 2017.

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:

SECTION 1. Chapter 88 of the acts of 2004 is hereby amended by striking out sections 1to 3, inclusive, and inserting in place thereof the following 3 sections:-

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

“Other post-employment benefits” or “OPEB”, post-employment benefits other than pensions, including post-employment healthcare benefits, regardless of the type of plan that provides them, and all post-employment benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits. "Normal cost of other post-employment benefits", that portion of the actuarial present value of future premium costs and claim costs payable by the town on behalf of, or direct payments to, retired employees, including school teachers, of the town and the eligible surviving spouses or dependents of deceased employees, including school teachers, of the town, pursuant to this act which is allocable to a particular fiscal year, as determined by an actuary pursuant to section 2.

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

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

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

"Unfunded OPEB liability amortization payments", the amount which, when paid into the OPEB Trust Fund annually over a period of years together with the normal cost of other post-employment benefits for each year of said period of years, will reduce to 0 at the end of said period the unfunded OPEB liability in existence as of the beginning of said period, as determined by an actuary.

Section 2. (a) There shall be in the town of Wellesley an OPEB Trust Fund, which shall be under the supervision and management of a trustee who shall be the town treasurer. The town treasurer shall also be the custodian of the fund and may employ an outside custodial service. The fund shall be an expendable trust. All monies held in the fund shall be accounted for separately from other funds of the town and shall not be subject to the claims of any general creditor of the town.

(b) The duties and obligations of the trustee with respect to the fund shall be set forth in a declaration of trust created by the town's contributory retirement board established pursuant to paragraph (b) of subdivision (4) of section 20 of chapter 32 of the General Laws and adopted by the trustee, but shall not be inconsistent with this section. The declaration of trust and any amendments thereto shall be filed with the board of selectmen and town clerk and take effect 90 days after the date filed, unless town meeting votes to disapprove the declaration or amendment within that period.

(c) The fund shall be credited with all amounts: (i) appropriated or otherwise made available by the town for the purposes of meeting the current and future premium costs and claim costs payable by the town on behalf of, or direct payments to, retired employees of the town and the eligible surviving spouses or dependents of deceased employees of the town pursuant to this act and (ii) currently held by the town's contributory retirement board for such purposes. Amounts in the fund including any earnings or interest accruing from the investment of such amounts shall be expended only for the payment of such premium costs and claim costs payable by the town on behalf of, or direct payments to, retired employees of the town and the eligible surviving spouses or dependents of deceased employees of the town, except as otherwise provided in this act, and only in accordance with a schedule of such payments developed by an actuary in consultation with the town's contributory retirement board. Subject in each instance to the approval of the town's contributory retirement board, the town treasurer shall invest and reinvest the amounts in the fund not needed for current disbursement consistent in accordance with (i) the prudent investor rule established in chapter 203C of the General Laws; (ii) section 23 of said chapter 32; or (iii) sections 24 and 24A of chapter 32A of the General Laws, if the OPEB Trust Fund is invested in the State Retiree Benefits Trust Fund; provided, however, that no funds

shall be invested directly in mortgages or in collateral loans. The fund shall be subject to the public employee retirement administration commission's triennial audit.

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

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

(b) An actuary, in consultation with the town's contributory retirement board, shall establish a schedule of annual payments to be made to the OPEB Trust Fund designed to reduce to 0 the unfunded OPEB liability. The schedule shall reduce the initial unfunded OPEB liability over a period of years not to exceed 30. Any additional unfunded liability created subsequent to the last such determination by the provision of any new benefit or by any increase in the

premium share payable by the town shall be separately so amortized over the 15 years following the date of the determination in which such additional liability is first recognized. Each such annual payment shall be equal to the sum of the unfunded OPEB liability amortization payment required for such year and the payments required to meet the normal cost of other post-employment benefits for such fiscal year.

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

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