HOUSE DOCKET, NO. 1392 FILED ON: 1/20/2011

HOUSE . . . . . No. 2930

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	
Jonathan Hecht	*29th Middlesex*

HOUSE DOCKET, NO. 1392 FILED ON: 1/20/2011

HOUSE . . . . . No. 2930

By Mr. Brownsberger of Belmont, a petition (accompanied by bill, House, No. 2930) of William N. Brownsberger and Jonathan Hecht for legislation to establish a consolidated public employees retirement board within the Department of the State Treasurer. Public Service.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

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, 2012.

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, 2012 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.

12 Chapter 10 of the General Laws is amended by inserting the following three new
13 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
37 consolidated public employees' retirement board shall serve without compensation, but they shall
38 be reimbursed from the expense fund of the consolidated public employees' retirement system
39 for any expense or loss of salary or wages which they may incur through service on the board.
40 All claims for reimbursement on this account shall be subject to the approval of the governor and
41 council.

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

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

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

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

51 Subdivision (6) of Section 22 of Chapter 32 is amended by

52 inserting at the end of clause (iv) the words "and the consolidated public employees'
53 retirement system shall transfer from its investment income account to the General Fund an
54 amount equal to the amount set forth in the state budget for the administration of said system"

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

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

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

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

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

68 Any employee who would otherwise be included in a system as provided by the
69 preceding paragraph or by any special law shall instead be included in the consolidated public
70 employees' retirement system if they have never been included in any such system prior to July
71 1, 2012. Any employee may elect, as provided for in Section 22H, to participate in the
72 consolidated public employees' retirement system.

73 SECTION 7. Includes judges in the new system

74 Chapter 32 of the General Laws is amended by inserting the following new Section 65

75 A chief justice or any associate justice of the appeals court or the supreme judicial court
76 or any justice of the trial court of the commonwealth or any special judge or special justice who
77 first receives any such appointment after July 1, 2012 and was not prior to such date a member of
78 any system shall be included in the consolidated public employees retirement system and shall
79 receive a retirement allowance, if any, as computed under sections one through twenty-eight
80 inclusive and the following sections shall not apply to them: Sections 65A, 65B, 65C, 65D,
81 65D1/2, 65H, 65I, 65J.

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

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

84 (1/2) The provisions of this section shall not apply to members of the consolidated public
85 employees' retirement system.

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

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

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

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

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

115

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

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

119 (1/2) Subject to the provisions of subdivision (2), members of the consolidated public
120 employees retirement system shall receive creditable service under paragraphs (a), (c) and (e) of
121 subdivision (1), but they shall not receive creditable service under the other paragraphs of
122 subdivision (1) or under any other provision of general or special law.

123 SECTION 12. Defines pensionable compensation limit as 35% of the social security
124 compensation and benefit base -- which multiplies out to $37, 380 in 2011

125 Section 1 of Chapter 32 is amended by inserting the following new definition

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

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

134 Section 4 of Chapter 32 is amended in paragraph 2(b) by inserting after the words "actual
135 full-time service of not less than seven months during any one calendar year;" the words "and
136 provided, further, that in the case of members of the consolidated public employees' retirement
137 system who are elected by popular vote and any other member of that system for whom it is not
138 feasible to pro-rate creditable service by hours worked, creditable service awarded in any

139 calendar year shall not exceed the ratio of regular compensation received in that calendar year to
140 the pensionable compensation limit and regular compensation shall be annualized at the
141 pensionable compensation limit;"

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

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

147 Notwithstanding any provision of this chapter to the contrary, regular compensation for
148 any member of the consolidated public employees' retirement system, shall not include salary,
149 wages or other compensation in whatever form in any calendar year in excess of the pensionable
150 compensation limit.

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

154 Section 5 of Chapter 32 is amended

155 by striking out in paragraph (1)(a) the words "Any member in service or any member
156 inactive on authorized leave of absence classified in either Group 1 or Group 2 or Group 4 who
157 has attained age fifty-five, " and replacing them with the words " Any member in service or any
158 member inactive on authorized leave of absence classified in either Group 1 or Group 2 or Group
159 4 who is not included in the consolidated public employees' retirement system and has attained

160 age fifty-five, or any member in service who is included in the consolidated public employees'
161 retirement system and has attained sixty-two"

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

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

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

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

178 PERCENT AGE LAST BIRTHDAY AT DATE OF RETIREMENT

179 3.00 .....72 or over

180 2.90 71

181 2.80 70

182 2.70 69

183 2.60 68

184 2.50 .....67 or at maximum age

185 2.35 .....66 but not over maximum age

186 2.20 .....65 but not over maximum age

187 2.05 .....64 but not over maximum age

188 1.90 .....63 but not over maximum age

189 1.75 .....62 but not over maximum age

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

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

198 and by inserting in paragraph (2)(d) after the words "paragraphs (a) and (c) of this
199 subdivision" the words ", or in the case of a member of the consolidated public employees'

200 retirement system, as provided in paragraphs (a1/2) and (c1/2) of this subdivision," and by
201 inserting in paragraph (2)(d) at the end the words " or paragraph (c1/2) of this subdivision as the
202 case may be."

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

206

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

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

210 Section 102A. (a) If the low-risk funded ratio for the consolidated public employees'
211 retirement system is equal to our greater than one hundred and five percent, then, unless the
212 general court determines otherwise by law, the retirement allowance, pension or annuity of every
213 member of the consolidated public employees' retirement system who has received a retirement
214 allowance, pension or annuity on June 30 of the preceding fiscal year, or of a spouse or other
215 beneficiary of such member who has received a retirement allowance, pension or annuity on
216 June 30 of the prior fiscal year, shall as of July 1 of the coming fiscal year be increased by a
217 percentage equal to the percentage increase in the Consumer Price Index or 3 per cent, whichever
218 is less, as specified by the actuary in the annual statement required by Section 21(f). Said cost of
219 living increase shall be funded from the investment income account of the consolidated public
220 employees' retirement system. The sum of the dollar amount of each cost of living increase,
221 together with the amount of retirement allowance, pension or annuity to which the cost of living

222 per cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all
223 future purposes, including the application of subsequent cost of living adjustments in future
224 years.

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

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

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

236 (1/2) Subdivisions (1), (2) and (3) of this section shall not apply to members of the
237 consolidated public employees' retirement system. Any member inactive of the consolidated
238 public employees' retirement system who has left his accumulated deductions in the annuity
239 savings fund of the system and has attained the age of sixty-two, shall, upon his written
240 application on a prescribed form filed with the board, receive a superannuation retirement
241 allowance to become effective as provided in subdivision (3) of this section. Such retirement
242 allowance shall be determined and computed in accordance with the provisions of paragraphs
243 (a1/2) and (b) of subdivision (2) of section five, and subject to the limitations set forth in

244 paragraphs (c1/2) and (d) of said subdivision (2), and shall be based on such member's age and
245 number of years and full months of creditable service on the date the retirement allowance
246 becomes effective. The retirement allowance shall become effective on the date specified in the
247 application which shall be not less than fifteen days nor more than four months after the filing of
248 such application but in no event later than the maximum age for his group. The retirement
249 allowance of any such member who fails to file a written application therefore as provided for in
250 this subdivision shall nevertheless become effective upon his attainment of the maximum age for
251 his group unless prior to such age his accumulated total deductions have been returned as
252 provided for in this section and in section eleven. Payments under such allowance shall be made
253 as provided for in sections twelve and thirteen.

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

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

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

260 Sections 28M of Chapter 32 is amended by inserting at the end of the first sentence the
261 words ", provided that they are not members of the consolidated public employee retirement
262 system"

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

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

268

269

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

273 Section 64 of Chapter 29 is amended by inserting after the fifth paragraph the following
274 additional paragraph:

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

285

286

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

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

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

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

295 "Low risk funded ratio" shall mean the funded ratio computed using the low risk
296 discount rate as the discount rate for future liabilities.

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

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

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

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

303 Section 22 of Chapter 32 is amended

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

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

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

310 and by inserting in subdivision (1) a new paragraph (b3/4)

311 (b3/4) The consolidated public employees' retirement board shall, with the approval of
312 the actuary, publish the adjusted consolidated withholding percentage for each fiscal year on the
313 first day of the preceding April. The board shall compute the adjusted consolidated withholding
314 percentage as follows. The adjusted consolidated withholding percentage for the fiscal year
315 beginning July 1, 2012 shall be ten percent. The board shall decrease the adjusted consolidated
316 withholding percentage for any subsequent fiscal year by one percentage point below the
317 preceding year if the most recently computed low-risk funding ratio of the consolidated public
318 employees plan is above one hundred and fifteen percent. The board shall increase the adjusted
319 consolidated withholding percentage for any subsequent fiscal year by one percent above the
320 preceding year if the most recently computed low-risk funding ratio of the consolidated public
321 employees plan is below one hundred and five percent. However, the board shall not increase
322 the adjusted consolidated withholding percentage above fifteen percent or decrease it below five
323 percent. The provisions of section fifty of chapter three hundred and sixty-seven of the acts of
324 nineteen hundred and seventy-eight shall not apply to any member of the consolidated public
325 employees' retirement system.

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

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

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

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

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

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

343 Subdivision (1) of Section 22 of Chapter 32 is amended by

344 inserting the following new paragraph

345 (i 1/2) In the case of members of the consolidated public employees' retirement system,
346 the various amounts withheld for any month for deposit in the annuity savings fund of such

347 system shall, together with proper vouchers therefor, be transmitted by the disbursing authorities
348 to the secretary of the consolidated public employee retirement board on or before the tenth day
349 of the next succeeding month. The secretary shall thereupon credit the accounts of such members
350 with their respective deductions and pay all such sums received to the state treasurer for deposit
351 in the annuity savings fund of such system.

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

355

356

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 the General Laws is amended by inserting the following new subdivision

361 (8A) CPRIT Fund -- (a) There shall be a Consolidated Pension Reserves Investment
362 Trust Fund administered by the PRIM board established in section twenty-three for the purpose
363 of depositing, investing and disbursing amounts set aside to meet liabilities of the consolidated
364 public employees' retirement system. The assets of the consolidated public employees' retirement
365 system shall be held in the CPRIT Fund.

366 (b) There shall be a Consolidated Pension Liability Fund which shall be within the
367 CPRIT Fund to which shall be credited all assets of the consolidated public employees'

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

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

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

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

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

390 (iv) all monies transferred from the investment account of the consolidated public
391 employees' retirement system pursuant to clause (iii) of paragraph (a) of subdivision (6);

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

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

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

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

399 Subdivision 8 of Section 22(8) is amended by inserting at the end the following clause:

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

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

405 Section 23 of Chapter 32 is amended by

406 inserting after the first sentence of paragraph (1)(a) the words "The funds of the
407 consolidated public employees' retirement system shall be held in the CPRIT Fund."

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

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

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

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

418 and by inserting after the words "PRIT Fund" in clauses (xi) and (xiii) of paragraph
419 (2A)(e) the words " and the CPRIT Fund"

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

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

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

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

429 Section 22 of Chapter 32 is amended in paragraph 6A(a) by inserting at the end the
430 words "The Pension Reserve Fund for the consolidated public employees' retirement system

431 shall be the Consolidated Pension Liability Fund" and paragraph 6A(b) by inserting the words
432 "consolidated public employees' " before the words "state employees'".

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

434 Section 1 of Chapter 32 is amended in the definition of "Commonwealth's Pension
435 Liability Fund"

436 by inserting before the words "such obligations" the words " those related to the
437 consolidated public employee retirement system and "

438 and by inserting the following new definition

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

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

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

449 and by inserting in the second and third paragraphs after the words "Commonwealth's
450 Pension Liability Fund" the words "or the Consolidated Pension Liability Fund."

451 SECTION 35. Conforming amendments related to transfers among funds

452 Section 22 of Chapter 32 is amended by inserting after the words "Commonwealth's
453 Pension Liability Fund" where they appear in paragraph (2)(c) and paragraph (3)(a) and
454 paragraph (3)(b) the words " or Consolidated Pension Liability Fund "

455

456 SECTION 36. Conforming amendment related to pension appropriation budgeting

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

459 and by inserting the following new paragraph:

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

472 items of appropriation for such amount shall be included in the appropriation for such fiscal year
473 for the PRIM board or such department as the commissioner of administration shall determine to
474 be allocated to the Consolidated Pension Liability Fund.

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

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

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

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

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

487 SECTION 39. Defines short form reference for CPRIT Fund

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

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

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

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

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

508

509 THE FOLLOWING SECTIONS ADDRESS DISABILITY AND DEATH BENEFITS

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

513 Section 6 of Chapter 32 is amended

514 by inserting in the first paragraph of subdivision (1) after the words: "For the purposes of
515 this section" the words "the consolidated pubic employees' retirement system"

516 and by striking out paragraph (2)(a) and replacing it with the following new paragraph
517 (2)(a)

518 a) The normal yearly amount of such allowance for any member of the consolidated
519 public employees' retirement system or any other member classified in Group 1, Group 2 or
520 Group 4, other than a veteran as defined in section one, shall be equal to that to which he would
521 be entitled under the provisions of section five as prescribed for a member of his group, if he
522 were to be retired for superannuation upon the attainment of age fifty-five, or in the case of a
523 member of the consolidated public employees' retirement system , sixty two with an amount of
524 creditable service equal to that with which he is credited at the date of his actual retirement for
525 ordinary disability; provided, however, that if he has attained age fifty-five, or in the case of a
526 member of the consolidated public employees' retirement system, sixty two the normal yearly
527 amount of such allowance shall in no event be less than that to which he would be entitled if he
528 were to be retired for superannuation under the provisions of section 5 as prescribed for a
529 member in his group; and provided, further, that the normal yearly amount of such allowance
530 shall not exceed four-fifths of: (i) the average annual rate of his regular compensation during any
531 period of three, or in the case of a member of the consolidated public employees' retirement
532 system , ten, consecutive years of creditable service for which such rate of compensation was the
533 highest, and (ii) the average annual rate of regular compensation received by such member
534 during the period or periods, whether or not consecutive, constituting his last three years, or in

535 the case of a member of the consolidated public employees' retirement system , last ten years, of
536 creditable service preceding retirement, whichever is greater.

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

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

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

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

546 Section 7 of Chapter 32 is amended by

547 inserting in subdivision 1 at the beginning the words " Any member of the public
548 employee retirement system or"

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

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

553 and in paragraph (2)(e) by inserting after the words "group 4" the words "and any
554 member of the consolidated public employee retirement system" and by inserting at the

555 beginning of the last sentence the words "The consolidated public employees' retirement system
556 and".

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

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

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

565

566

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

605 SECTION 54. Conforms reporting language for new system board

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

609 SECTION 55. Conforms indemnification language to cover new board

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

612 SECTION 56. Conforms language re boarding as compensation

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

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

617 Section 24 of Chapter 32 is amended by inserting before the words "the state board of
618 retirement" the words "the consolidated public employees' retirement board".

619 words " the amount credited to the consolidated public employees' retirement system
620 shall be the full amount, if any necessary to raise to the low-risk funded ratio for that system to
621 80%; the amount determined for each other system from the remainder so reduced by the amount
622 credited to the consolidated public employees' retirement system"

623 SECTION 58. Conforming amendment to exclude new system from the local system
624 cost-of-living section.

625 Section 103 of Chapter 32 of the General Laws is amended by inserting the words "the
626 consolidated public employees' retirement system" before the words "the state employees'
627 retirement system".