

**THE COMMONWEALTH OF MASSACHUSETTS**  
Public Employee Retirement Administration Commission  
John W. McCormack Building, Room 1101  
One Ashburton Place, Boston, MA 02108  
(617) 727-9380

MEMORANDUM

TO: All Retirement Boards

FROM: Robert F. Stalnaker, Executive Director

RE: COLA

DATE: June 22, 1998

PERAC has provided notice to the retirement boards of the actions that must be taken to accept the COLA statute on several occasions. I would like to stress that acceptance of Section 103 of Chapter 32 by the retirement board and the local "legislative body" **does not** result in a COLA in FY99 for retirees. The retirement board **must separately and formally vote** to grant a FY99 COLA after Section 103 has been fully accepted and **must do so on or before June 30**. A copy of the board minutes reflecting that vote should be forwarded to PERAC.

In response to an inquiry from a retired member serving on a retirement board, the State Ethics Commission has issued an opinion regarding board member participation in the COLA decision-making process. The opinion states that it is permissible for a retired member to participate in the decision of a retirement board to accept section 103 of Chapter 32 and it is also permissible for a retired member to participate in the annual determination by the retirement board with respect to the COLA. The Ethics Commission noted that, although Chapter 268A, section 6 precludes such participation, in order to give meaning to the COLA statute, the Legislature, in adopting that statute, must have intended to permit participation in spite of the retired member's financial interest. It should be stressed that this opinion applies only in these circumstances and does not pertain to retirement board action in other circumstances.