

HOUSE No. 207

The Commonwealth of Massachusetts

DIVISION OF PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION
JOHN W. McCORMACK BUILDING, ROOM 1101
ONE ASHBURTON PLACE
BOSTON, MASSACHUSETTS 02108, NOVEMBER 6, 1990.

The Honorable Michael J. Connolly, *Secretary of the Commonwealth*
State House, Boston, Massachusetts 02133

Dear Secretary Connolly:

Pursuant to the provisions of Section 33 of Chapter 30 of the Massachusetts General Laws, I hereby submit the attached legislative recommendations by the Division of Public Employee Retirement Administration (PERA) for consideration during the 1991 legislative session.

Sincerely,

JOSEPH I. MARTIN,
Deputy Commissioner.

*LEGISLATIVE RECOMMENDATIONS OF THE
DIVISION OF PUBLIC EMPLOYEE RETIREMENT
ADMINISTRATION.*

1. AN ACT RELATIVE TO THE SELECTION OF RETIREMENT OPTIONS.

The terms "Option, as provided for in the Massachusetts Retirement Law, is used to describe the allotment of a retirement allowance. The Massachusetts Retirement System provides its members with three different Options from which to choose. The selection of an Option is a critical component to retirement planning whereas the apportionment of a retirement allowance will depend on which Option is selected and will also determine what benefits, if any, will be paid to a surviving spouse after a retiree's death.

2. AN ACT RELATIVE TO COMPENSATION OF RETIREMENT BOARD MEMBERS.

Administering a retirement system at the local level is the responsibility of the three-member retirement board. The success of administering each system depends greatly on the qualifications and commitment of each of the retirement board members. Current law provides additional compensation for the ex-officio member of the retirement board, however, no allowance is authorized for the appointed or elected members of the board. To attract and retain qualified professionals who are willing to serve on retirement boards, this legislation will authorize the payment of \$150, which shall be paid to the elected and appointed members for each retirement board meeting attended, not to exceed an annual amount of \$2400.

This legislation would also increase the amount paid to an ex-officio member by \$1500 raising the amount of \$4500.

3. AN ACT RELATIVE TO THE INCREASE OF RETIREMENT ALLOWANCES.

This legislation seeks to clarify current law which authorizes a city or town, who votes to accept the provisions of section 90A, 90C, or 90D, to increase the retirement allowance of any former employee, to an amount not exceeding one half the rate of regular compensation

which is currently being paid to employees who hold the same job which the former employee held at the time of retirement. The clarification provides that any vote to increase shall be done on an annual basis and shall become effective on July 1 of the year in which such increase was voted.

4. AN ACT RELATIVE TO SURVIVOR BENEFITS.

Survivor benefits are currently granted to children of deceased members under the age of 18 and up to age 21 if they are full-time students. Some sections of the retirement law, however, extend benefits to children up to the age of 22 provided they are full-time students. This proposed legislation would provide for the consistent application of survivor benefits by amending the survivor benefit sections to allow benefits to be granted to children under the age of 18, and allowing benefits to be continued until age 22, provided the dependents are full-time students.

5. AN ACT RELATIVE TO SURVIVOR BENEFITS.

This legislation increases the dependents' benefits to children of deceased members of the state and teachers' retirement systems who are receiving these benefits pursuant to G.L. c.32, s.9. the increased benefits are thereafter subject to cost of living increases. The bill also allows local systems to elect to increase the dependents' benefit.

6. AN ACT RELATIVE TO CALL FIREFIGHTERS.

This proposed legislation provides a clarification regarding the eligibility and creditable service rights of call firefighters. Under the new legislation, all call firefighters shall become members of the retirement system and shall be granted creditable service in the same manner as regular part time employees. For those call firefighters who do not meet the eligibility requirement as established by the retirement system, creditable service shall be credited at the rate of four months for every year said call firefighter was on a respective list and eligible to serve. Creditable service shall be granted in every case regardless of whether said call firefighter was later appointed as a permanent member of the fire department.

7. AN ACT RELATIVE TO GROUP CLASSIFICATION.

This legislation would require a member of a retirement system to have been classified in a group classification for at least one year in order to be eligible to retire for superannuation from that group classification.

8. AN ACT RELATIVE TO WORKERS' COMPENSATION BENEFITS.

Workers' compensation benefits are payable in lieu of a disability pension when a person is receiving both workers' compensation benefits and disability retirement benefits for the same condition. This legislation would include the amount of cost of living increases paid to recipients of workers' compensation under G.L. c.152, ss. 34B and 35F in the amount to be offset and paid in lieu of disability retirement benefits.

9. AN ACT RELATIVE TO RETIREMENT FUNDS.

This legislation seeks to clarify that regular interest not payable to a member who voluntarily leaves service is to be credited to the pension reserve fund to reduce the unfunded liability of the retirement system.

10. AN ACT RELATIVE TO RETIREMENT FUNDS.

This legislation adds new language which insures that deposits are federally insured, that all deposits represent individual determinable deposits and that each member of a retirement system is individually insured to the maximum amount allowed.

11. AN ACT RELATIVE TO RETIREMENT FUNDS.

This legislation provides that when a member of a retirement system returns to active service and buys back creditable service, any amounts which had been transferred to the Pension Reserve Fund, shall be transferred back to the Annuity Savings Fund, thus making the members annuity account whole.