

By Mrs. Murray of Cohasset, petition of Mary Jeanette Murray, Robert L. Hedlund and others (by vote of the town) that the retirement board of the town of Hingham be authorized to establish a cost of living adjustment for former employees and their beneficiaries. Public Service. [Local Approval Received.]

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Nine.

AN ACT AUTHORIZING THE HINGHAM RETIREMENT BOARD TO ESTABLISH
A COST OF LIVING ADJUSTMENT.

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. Notwithstanding the provisions of any general or
2 special law to the contrary, the Hingham Retirement Board is
3 hereby authorized to establish and provide a cost of living adjust-
4 ment for former employees, spouses, or other beneficiaries funded
5 from the Hingham Retirement System's annual return of net
6 investment earnings on the total invested assets of the Hingham
7 Retirement System in the investment income account which
8 exceed Hingham Retirement System's current actuarial assump-
9 tion as determined by the Hingham Retirement Board. For the
10 purpose of providing said cost of living adjustment there shall
11 be established by the Hingham Retirement Board a cost of
12 living fund which shall be funded by the amount the investment
13 earnings of the Hingham Retirement System exceeded the actu-
14 arial assumption for the earnings, to a maximum of nine percent
15 (9%) for fiscal year 1996, by the amount the investment earnings
16 of the Hingham Retirement System exceeded the actuarial
17 assumption for earnings, to a maximum of nine percent (9%) for
18 fiscal year 1997, and thereafter by the amount the investment
19 earnings of the Hingham Retirement System exceed the actuarial
20 assumption for the earnings in each fiscal year, as said assump-
21 tions are determined and established from time to time by the
22 Hingham Retirement Board up to a maximum of three percent

23 (3%); provided however, that such system shall have established a
24 funding schedule pursuant to the provisions of subdivision (6a) of
25 section 22 or section 22D of Chapter 32 of the Massachusetts
26 General Laws and provided further that the Hingham Retirement
27 Board shall have no obligation hereunder to transfer any funds,
28 seek any appropriation, or make any payment whatsoever should
29 such transfer, appropriation, and/or payment conflict with a
30 funding schedule which has been established pursuant to the
31 provisions of subdivision (6a) of section 22 or section 22D of
32 Chapter 32 of the Massachusetts General Laws. The Hingham
33 Retirement Board shall determine annually and transfer the net
34 investment earnings by this Act to a COLA fund. Such designated
35 net investment earning shall not be transferred to the Pension
36 Reserve Fund established pursuant to the provisions of subdivi-
37 sion (6a) of section 22 of Chapter 32 of the Massachusetts
38 General Laws. All sums in such COLA fund shall be appropriated
39 and used only for the purpose of offsetting the anticipated future
40 cost of funding the cost of living increases.

41 For the purpose of this section, the COLA fund shall be the
42 fund established for the monies set aside for purpose of funding
43 the cost of living increases. If the balance remaining in the COLA
44 fund at the close of business on December thirty-first of any year
45 exceeds the amount needed as determine by the Retirement
46 Board based on an actuarial valuation to provide all cost of living
47 increases on the entire amount of the former employee's, spouse's
48 or other beneficiary's retirement allowance, pension, or annuity in
49 addition to the amount needed to provide prospective cost of
50 living increases to active members, former employees, spouses
51 and other beneficiaries, the amount of such excess shall be trans-
52 ferred as of the next following September thirtieth from the
53 COLA fund to the Pension Reserve Fund of Hingham Retirement
54 System.

55 The cost of living increase shall be determined each year by the
56 Hingham Retirement Board and shall be based on the percentage
57 increase in the United States Consumer Price Index determined by
58 the Commissioner of Social Security or three percent whichever is
59 less of the maximum base amount. The retirement allowance, pen-
60 sion or annuity of every member of the system who has received a
61 retirement allowance, pension or annuity on June 30 of the prior

62 fiscal year, shall be increased by the determined percentage
63 increase. The percentage increase each year shall be cumulative as
64 long as the Hingham Retirement Board determines that there are
65 sufficient funds in the COLA fund to fund the cost-of-living
66 increase or if the Hingham Retirement System's unfunded actu-
67 arial liability is reduced to zero pursuant to their funding schedule
68 established under subdivision (6a) of section 22 or section 22D of
69 Chapter 32. The cost of living increase for former employees,
70 spouses or other beneficiaries shall not become part of a former
71 employee's, spouse's or other beneficiary's maximum base
72 amount unless and until Hingham Retirement System's unfunded
73 actuarial liability is reduced to zero pursuant to Hingham
74 Retirement System's funding schedule established under subdivi-
75 sion (6a) of section 22 or section 22D of chapter 32; provided
76 however, that if a former employee's, spouses or other bene-
77 ficiary's annual retirement allowance, pension or annuity reaches
78 the amount of \$12,000, the cost-of-living increase will be deter-
79 mined based on 1997 net investment income returns from the
80 Hingham Retirement System and will be effective for the fiscal
81 year 1999.

82 For the purposes of this section, the maximum base amount
83 shall be the annual amount of the retirement allowance, pension or
84 annuity up to a maximum of \$12,000. The Hingham Retirement
85 Board reserves the right to annually raise the maximum base
86 amount up to the entire amount of the former employee's,
87 spouse's, or other beneficiary retirement allowance, pension or
88 annuity if adequate funding is available in the COLA fund.

89 In any case where such former employee, spouse, or other
90 beneficiary is receiving an annual retirement allowance, pension,
91 or annuity which is twelve thousand dollars or more exclusive
92 of additional annuity obtained by special purchase under para-
93 graph (g) of subdivision (1) of section 22 of Chapter 32 of the
94 General Laws the cost of living adjustment calculation shall be in
95 an amount determined by applying the percentum of change to the
96 maximum base amount.

97 Whenever the amount of any retirement allowance, pension or
98 annuity is revised in accordance with the provisions of this act,
99 the monthly payment provided for pursuant to section 13 of
100 Chapter 32 of the Massachusetts General Laws shall be recom-

101 puted on the basis of such revised retirement allowance, pension,
102 or annuity and one-twelfth of such new figure shall be due and
103 payable each month. In any case where such revised retirement
104 allowance, pension, or annuity cannot be administratively deter-
105 mined in time for adjusting the monthly payment for July pursuant
106 to said section 13 such cost of living adjustment shall be added to
107 the monthly retirement allowance, pension or annuity in August or
108 September, as the case may be.

1 SECTION 2. Notwithstanding the provisions of any general or
2 special law to the contrary, section 1 of this act shall be the only
3 cost of living adjustment that the Hingham Retirement Board shall
4 be authorized to provide its retirees.

1 SECTION 3. This act shall take effect upon passage.