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**CHARLES D. BAKER**  
GOVERNOR

**KARYN E. POLITO**  
LIEUTENANT GOVERNOR

Wednesday, March 4, 2015

To the Honorable Senate and House of Representatives,

I am filing for your consideration, "An Act Providing for an Employee Retirement Incentive Program."

The primary goal of the Employee Retirement Incentive Program (or "ERIP") will be to help reduce the state's payroll, while minimizing the number of employees who are involuntarily laid off. Effectively implementing an early retirement program is a more responsible way to reduce the state's payroll.

Key provisions of the proposed ERIP legislation are as follows:

- In order to be eligible to receive the benefit of the ERIP, an employee must be:
  - an executive department employee (The program is available only to persons employed by an Executive Office of the Commonwealth, as defined by G. L. c. 6A, § 2, or by any agency, bureau, department, office, or division of the Commonwealth within or reporting to such an Executive Office of the Commonwealth);
  - a Group 1 member of the state retirement system; and
  - vested with a minimum of 20 years of service or at least 55 years of age on the employee's date of retirement.
- Each participating employee shall receive up to five years of creditable service or years of age, or a combination of both that adds up to five years, for the purpose of determining his or her retirement benefit pursuant to G. L. c. 32, § 5(a)(2). Notwithstanding the available five year credit, no employee shall be entitled to an annual retirement benefit greater than 80 percent of the average annual rate of his or her regular compensation at the time of retirement as provided by G. L. c. 32, § 5.
- There will be a deferred payout mechanism for accrued vacation time and unpaid sick leave and similar benefits for any employee who elects to participate in the ERIP.
- An employee wishing to participate in the ERIP must file an application for retirement with the State Retirement Board between April 6, 2015 and May 29, 2015.

- An employee participating in the ERIP must retire no later than June 30, 2015.

The Baker-Polito Administration expects the ERIP to generate approximately \$177,900,000 net operating budget savings in fiscal year 2016, after paying for all costs sustained in fiscal year 2016, including a payment to defray the additional unfunded liability resulting from implementing this program. This calculation assumes that 4,500 eligible employees choose to participate in the ERIP.

Prompt consideration and passage of this legislation is a crucial part of the Baker-Polito approach to the fiscal year 2016 budget, and I ask you to consider it promptly.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles Baker".

Charles D. Baker  
Governor