

HOUSE No. 4840

By Mr. McMurtry of Dedham, petition of Paul McMurtry (by vote of the town) for legislation to establish a group insurance liability fund for retired public employees of the town of Westwood. Public Service. [Local Approval Received.]

The Commonwealth of Massachusetts

In the Year Two Thousand and Eight.

AN ACT ESTABLISHING A GROUP INSURANCE LIABILITY FUND IN THE TOWN OF WESTWOOD.

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. As used in this act, the following words shall have
2 the following meanings:—

3 a. “Normal cost of post retirement benefits”, that portion of the
4 actuarial present value of premium costs and or claim costs payable
5 by the town on behalf of or direct payments payable by the town to
6 retired employees, including school teachers, of the town and the eli-
7 gible surviving spouses or dependents of deceased employees,
8 including school teachers, of the town, pursuant to this act which is
9 allocable to a particular fiscal year, as determined by an actuary pur-
10 suant to Section 3.

11 b. “Post retirement benefit liability”, the present value of the
12 town’s obligation for premium payments and or claim costs on
13 behalf of or direct payments to retired and prospective retired
14 employees of the town and the eligible surviving spouses or depen-
15 dents of deceased and prospectively deceased employees of the
16 town, pursuant to this act as determined by the actuary, pursuant to
17 Section 3.

18 c. “Unfunded post-retirement benefit liability”, the difference
19 between the postretirement benefit liability on a given date and the
20 actuarial value of the assets of the group insurance liability fund on
21 the same date, as determined by the actuary, pursuant to Section 3.

22 d. “Unfunded post-retirement benefit liability amortization pay-
23 ments”, the amount which, when paid into the post-retirement ben-
24 efit fund annually over a period of years, together with the normal

25 cost of post-retirement benefits for year of said period of years, will
26 reduce to zero at the end of said period the unfunded postretirement
27 benefit liability in existence as of the beginning of said period, as
28 determined by the actuary.

1 SECTION 2. There shall be a fund to be known as the group
2 insurance liability fund, which shall be under the supervision and
3 management of the town's finance director in consultation with the
4 town administrator. The town treasurer shall be the custodian of the
5 fund or may employ an outside custodial service.

6 Such fund shall be credited with all amounts appropriated or oth-
7 erwise made available by the town for the purposes of meeting the
8 current and future cost of premiums payable by the town on behalf
9 of or direct payments payable by the town to retired employees of
10 the town and the eligible surviving spouses or dependents of
11 deceased employees of the town pursuant to this act. Amounts in
12 said fund including any earnings or interest accruing from the invest-
13 ment of such amounts shall be expended only for the payment of
14 such premiums or direct payments, except as otherwise provided in
15 this act, and only in accordance with a schedule of such payments
16 developed by the actuary in consultation with the town's retirement
17 board. Subject in each instance to the approval of the town's contrib-
18 utory retirement board, the town treasurer shall invest and reinvest
19 the amounts in said fund not needed for current disbursement consis-
20 tent with sound investment policy; provided however, that no funds
21 are to be invested directly in mortgages or in collateral loans.

22 The town may employ any qualified bank, trust company, corpo-
23 ration, firm or person to advise it on the investment of the fund and
24 may pay for such advice and such other services as determined by
25 the town's finance director in consultation with the town adminis-
26 trator.

1 SECTION 3. a. The actuary shall determine, as of January 1,
2 2009, and no less frequently than every second year thereafter, the
3 normal cost of post-retirement benefits, the post-retirement benefit
4 liability, and the unfunded post-retirement benefit liability. All such
5 determinations shall be made in accordance with generally accepted
6 actuarial standards, and the actuary shall make a report of such
7 determinations. Said report shall, without limitation, detail the

8 demographic and economic actuarial assumptions used in making
9 such determinations, and each report subsequent to the first report
10 shall also include an explanation of the changes, if any, in the demo-
11 graphic and economic actuarial assumptions employed and the rea-
12 sons for any such changes, and shall also include a comparison of
13 the actual expenses by the town for premium or direct payments
14 constituting the post-retirement benefit liability during the period
15 since the last such determination, and the amount of such expendi-
16 tures which were predicted pursuant to the previous such report for
17 the said period.

18 b. The actuary, in consultation with the town's finance director
19 and executive secretary, shall establish a schedule of annual pay-
20 ments to be made to the group insurance liability fund designed to
21 reduce to zero the unfunded post-retirement benefit liability. Each
22 such annual payment shall be equal to the sum of the unfunded post-
23 retirement benefit amortization payment required for such year and
24 the payments required to meet the normal cost of post-retirement
25 benefits for such fiscal year.

26 c. All payments for the purposes of meeting the town's share of
27 premium costs for direct payments to retired employees of the town
28 and the surviving spouses or dependents of deceased employees of
29 the town pursuant to this act shall be made from the group insurance
30 liability fund in accordance with a schedule of disbursements estab-
31 lished by the actuary.

1 SECTION 4. This act shall take effect upon its passage.