

SENATE NO. 1555

AN ACT AN ACT TO ESTABLISH A SERVICE BASED PUBIC RETIREMENT BENEFIT

*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. Subdivision (2) of section 10 of chapter 32, as so appearing, is hereby further amended
2 by inserting after paragraph (a) the following paragraph:-

3 (a 1/2) Any member of the state retirement system or any member of any other system
4 established under sections 1 through 28 inclusive, except the teachers' retirement system and teachers
5 who are members of the State-Boston retirement system, whose legislative body accepts this section,
6 who has completed 30 or more years of creditable service and whose resignation becomes effective
7 after he attains age 55 but prior to attaining age 60, shall receive a normal yearly amount of retirement
8 allowance which shall be based on $2 \frac{2}{10}$ of the annual rate of regular compensation received during
9 any period of 3 consecutive years of creditable service for which such rate of compensation was the
10 highest multiplied by the total years of creditable service; provided, that such member has paid the full
11 amount of regular deductions on the total income of regular compensation, including deductions
12 specified in subdivision (3A) of section 3 and in paragraph (d) of subdivision (1) of section 22. The
13 total normal yearly amount of the retirement allowance of any member as determined in accordance
14 with this section, shall not exceed $\frac{4}{5}$ of the average annual rate of his regular compensation used in

15 determining a retirement allowance under this paragraph. Any member who is a veteran as defined in
16 section 1, shall receive an additional yearly retirement allowance of \$15 for each year of creditable
17 service or fraction thereof; provided, however, that the total amount of said additional retirement
18 allowance shall not exceed \$300 in any case. This paragraph shall apply to any such member who
19 became a member on or after January 1, 2008 and any other member who elects to participate in the
20 retirement option under this paragraph. –

21 (i) the election to participate in the retirement option under this paragraph, shall be made on or
22 after January 1, 2008 and before July 1, 2008 in writing to the state retirement board or the respective
23 board of the member, on a form prescribed by the board. Any member of a contributory retirement
24 system who transfers into the state retirement system may elect to participate in the retirement option;
25 provided, that the election shall occur within 180 days of establishing membership in the state
26 retirement system. The election to participate in the retirement option shall be irrevocable. Any
27 member who elects to so participate shall be required to make a minimum of 5 years of retirement
28 contributions at the rate of 9 per cent of regular compensation pursuant to section 22. If said member
29 elects to retire before he has made said 5 years of contributions at 9 per cent, said member shall pay, in
30 one sum or in installments as the board may prescribe, an amount equal to that which would have been
31 withheld as regular deductions at the rate of 9 per cent from his regular compensation for such 5 year
32 period based on his last 12 months of regular compensation less contributions made during said
33 member's last 5 years of creditable service. Any inactive member who elects to retire before he has
34 made said 5 years of contributions at 9 per cent shall pay, in 1 sum or in installments as the board may
35 prescribe, an amount equal to that which would have been withheld as regular deductions at the rate of
36 9 per cent from his regular compensation for such 5 year period based on the last 12 months of regular
37 compensation which would have been paid to said inactive member had said member continued in the

38 position from which he is currently inactive less contributions made during said member's last 5 years
39 of creditable service. Any schedule permitting an acceleration of contributions shall be consistent with
40 the plan qualification requirements of the Internal Revenue Code and shall, where necessary to meet
41 the requirements of the Internal Revenue Code, provide for an actuarial reduction of benefits by the
42 actuary appointed by the commission in accordance with the provisions of section 21. Any member
43 who elects to participate in the retirement option and pays additional contributions pursuant to this
44 paragraph and does not complete 30 years of creditable service shall upon termination from
45 membership in or retirement from the system be reimbursed such additional contributions, plus regular
46 interest, as determined by the state retirement board.

47 SECTION 2. Paragraph (b) of subdivision (1) of section 22 of said chapter 32, as so appearing,
48 is hereby amended by adding the following paragraph:-

49 vi) withhold on each pay day 9 per cent of the regular compensation of each employee who elects to
50 participate in the retirement option under paragraph (a1/2) of subdivision (2) of section 10, on account
51 of such service rendered by him on or after July 1, 2008