

November 5, 2012

Mr. Steven T. James, House Clerk  
Office of the Clerk of the House  
State House, Room 145  
Boston, MA 02133

Dear Mr. James:

Pursuant to the provisions of Section 33 of Chapter 30 of the General Laws, I hereby submit the attached legislative recommendations from the Public Employee Retirement Administration Commission for consideration during the 2013-2014 legislative session.

The attachments to this letter contain summaries of three proposed recommendations and the actual legislative drafts incorporating the recommendations. The three proposed bills are:

- 1. AN ACT REGARDING POST RETIREMENT EARNINGS AND UNEMPLOYMENT BENEFITS;**
- 2. AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION TO HOLD HEARINGS;**
- 3. AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION TO PERFORM TRIENNIAL AUDITS OF CERTAIN OPEB TRUST FUNDS.**

Please feel free to contact me should you have any questions about the content of these recommendations or need any additional information. Thank you for your assistance.

Sincerely,

Joseph E. Connarton  
Executive Director

**Attachments**

JEC/keb  
Clerk's letter for 2013-2014.doc

**LEGISLATIVE RECOMMENDATIONS OF THE  
PUBLIC EMPLOYEE RETIREMENT  
ADMINISTRATION COMMISSION  
2013-2014 Legislative Session**

**1. AN ACT REGARDING POST RETIREMENT EARNINGS AND UNEMPLOYMENT BENEFITS**

Chapter 32, Sections 91(b) and 91A of the General Laws limit the amount of earned income a Massachusetts superannuation or disability retiree may earn from Massachusetts public entities, in the case of a superannuation retiree, and from any source, in the case of a disability retiree. This bill would consider any unemployment insurance income earned after the member reaches the earnings limitations of Chapter 32, Section 91(b) and/or 91A as “earned income”.

**2. AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION TO HOLD HEARINGS**

Section 9 of Chapter 36 of the Acts of 2012 says that, "In no event shall any member be entitled to a retirement allowance under sections 1 to 28 inclusive, which is based upon a salary that was intentionally concealed from or intentionally misreported to the commonwealth, or any political subdivision, district or authority of the commonwealth, as determined by the commission."

This bill further clarifies PERAC's ability to conduct hearings and investigations related to Chapter 32, Section 15(7) and to provide guidance related to said matters.

**3. AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION TO PERFORM TRIENNIAL AUDITS OF CERTAIN OPEB TRUST FUNDS**

This bill provides express authority to the Public Employee Retirement Administration Commission to conduct audits of methods of accounting and record keeping of Other Postemployment Benefit Trusts every three years, as otherwise required by general or special law.

## **AN ACT REGARDING POST RETIREMENT EARNINGS AND UNEMPLOYMENT BENEFITS**

SECTION 1. Section 91 of chapter 32\_of the General Laws, as amended by chapter 21 of the Acts of 2009, is amended by inserting at the end of paragraph (b) the following sentence:-

Benefits provided pursuant to chapter 151A of the General Laws, as a result of a member reaching the maximum allowable earnings or maximum hours restriction provided for in this section, shall be regarded as earnings for purposes of this section.

SECTION 2. Section 91A of chapter 32\_of the General Laws, as amended by chapter 176 of the Acts of 2011, is amended by inserting after the fifth sentence the following sentence:-

Benefits provided pursuant to chapter 151A of the General Laws, as a result of a member reaching the maximum allowable earnings provided for in this section, shall be regarded as earned income for purposes of this section.

SECTION 3. The provisions of this act shall first apply to said benefits paid in the calendar year following the passage of this act and in every year thereafter.

## **AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION TO HOLD HEARINGS**

Subdivision (1) of Section 16 of chapter 32 of the General Laws, as amended by chapter 176 of the Acts of 2011, is hereby amended by adding the following paragraph:

(d) In regard to hearings mandated by Section 15(7), the commission shall conduct the hearing as described in this sub-section. For the purposes of matters arising under Section 15(7), the commission shall have the power to take evidence, subpoena witnesses, administer oaths and examine such parts of the books and records of the parties to a proceeding as relate to questions in dispute. Fees for such witnesses shall be the same as for witnesses before the courts in civil actions, and shall be paid from the operating fund of the commission.

**AN ACT AUTHORIZING THE PUBLIC EMPLOYEE RETIREMENT  
ADMINISTRATION COMMISSION TO PERFORM TRIENNIAL AUDITS  
OF CERTAIN OPEB TRUST FUNDS**

Section 1. Section 50 of Chapter 7 of the General Laws, as appearing in the 2010 Official Edition, is hereby amended by inserting after paragraph (c) the following paragraph:-

(c 1/2) performing regular desk examinations and field examinations of the “Other Postemployment Benefits” or OPEB Trust Funds, for which the commission is required by special or general law, at least once every three years;

Section 2. Subdivision (1) of Section 21 of Chapter 32 of the General Laws, as most recently amended by Chapter 176, of the Acts of 2011, is hereby amended by inserting after paragraph (d) the following paragraph:-

(e) The public employee retirement administration commission shall prescribe and supervise methods of accounting and recordkeeping, and any subsequent standards or reporting requirements prescribed by the Governmental Accounting Standards Board or successor authorities for the “Other Postemployment Benefits” or OPEB Trust Funds, for which the commission is required by special or general law, at least once every three years;