

MASSACHUSETTS

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M E M O R A N D U M

TO: All Retirement Boards

FROM: Robert F. Stalnaker, Executive Director

RE: COLA and reimbursements pursuant to G.L. c. 32, § 3(8)(c)

DATE: January 19, 1999

We have received questions concerning whether a system which is being reimbursed for costs attributable to service in a second governmental unit pursuant to G.L. c. 32, § 3(8)(c) can also be reimbursed for the portion of a cost of living adjustment, pursuant to Chapter 17 of the Acts of 1997, attributable to service earned in the system making the reimbursement.

G.L. c. 32, § 3(8)(c) provides in part:

Whenever any retired member or beneficiary receives a pension or survivor's allowance from a system pertaining to one governmental unit in a case where a portion of such pension or survivor's allowance is attributable to service in a second governmental unit to which another system pertains, the first governmental unit shall be reimbursed in full, in accordance with the provisions of this paragraph, by the second governmental unit for such portion of the pension as shall be computed by the actuary...

Nothing in the above quoted section authorizes a system seeking reimbursement to receive reimbursement for a COLA. G.L. c. 32, § 103(b) provides in part "the board, in consultation with the commission, shall prepare a funding schedule which shall reflect the costs and the actuarial liabilities attributable to the cost of living allowance that may be paid in accordance with the provisions of this section and said schedule shall be designed to reduce the applicable retirement system's additional pension liability to zero by such year as approved by the commission." This section does not assume or provide for any reimbursement of any part of the COLA by any other system.

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Further, as each system's board and legislative body has the option on whether to accept Chapter 17 of the Acts of 1997, each system is thereafter responsible for the entire increased cost of the COLA, regardless of whether some portion of the allowance is reimbursed by another system.

We trust the foregoing is of assistance. If you have further questions or concerns, please contact this office.