

MEMORANDUM #13, 2011

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
Five Middlesex Avenue, Suite 304, Somerville, MA 02145
Ph 617 666 4446 | Fax 617 628 4002 | TTY 617 591 8917 | www.mass.gov/perac

Domenic J. F. Russo, *Chairman*

Auditor Suzanne M. Bump | Paul V. Doane | James M. Machado | Donald R. Marquis | Robert B. McCarthy | Gregory R. Mennis

Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards
FROM: Joseph E. Connarton, Executive Director
RE: Systems Increasing COLA Base Pursuant to G.L. c. 32, §103(j)
DATE: March 1, 2011

Over the past few months, several retirement systems have asked for estimates of the costs associated with increasing their COLA base. Also, we have learned that at least 20 retirement systems may have taken steps to increase the COLA base.

The steps that must be taken to increase the COLA base are outlined G.L. c. 32, § 103(j) and were summarized in PERAC Memo #33/2010. This section provides that the board of any system that establishes a schedule pursuant to section 22D or 22F, may increase the maximum base amount on which the cost-of-living adjustment is calculated, in multiples of \$1,000. Each increase in the maximum base amount shall be accepted by a majority vote of the board of such system, subject to the approval of the legislative body. In the case of a city the legislative body is the city council, in a town it is the town meeting, in a district it is the district body and in an authority it is the governing body. In a county or region acceptance will be by the county or regional retirement board advisory council. Acceptance of an increase in the maximum base amount shall be deemed to have occurred upon the filing of the certification of such vote with the commission.

At this time, five systems have filed the necessary certification with PERAC to increase the COLA base. The purpose of this memo is to remind systems that until the certification of the vote of the Board and the legislative body is filed with PERAC, the increase in the COLA base is not effective.

If you have any questions concerning this matter, do not hesitate to contact this office.