

MEMORANDUM #02, 2012

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission

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Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Local Option Increasing Board Members' Stipend Section 34 of Chapter 176 of the Acts of 2011

DATE: January 5, 2012

As you know, Section 34 of Chapter 176 of the Acts of 2011 re-wrote G.L. c. 32, § 20(6) creating a new local option provision that replaces the current \$3,000 local option and allows for an increase in the stipend paid to members of Retirement Boards. The language of this section that becomes effective on February 16, 2012 is set forth below. It can be adopted at any time after February 16, 2012.

The local option allows the Board Member stipend to be increased to an amount not less than \$3,000 and not more than \$4,500. If the local option is accepted, the *ex officio* Board Member shall receive an annual stipend of not more than \$4,500 in the aggregate for services rendered in the active administration of the Retirement System. It should be noted that the *ex officio* Board member cannot receive more than the amount accepted by the local option. For example, if he or she is receiving \$1,500 for services rendered in the active administration the system pursuant to G.L. c. 32 § 20, he or she may receive the stipend in an amount so that the aggregate of the payments for services and the stipend equals the total amount of the Board Member Compensation.

This local option is accepted by a vote of the legislative body. The legislative body in a city is the city council subject to its charter; in a town, the town meeting; in a county, the county retirement board advisory council; in a region, by a vote of the regional retirement board advisory council; in a district, the district members; and for an authority, its governing body. The Retirement Board is not included in the acceptance process, but may wish to bring the availability to the attention of the legislative body. The Retirement Board must notify the Commission of the local legislative body's acceptance and provide certified copies of the votes.

If the Board has adopted the local option that is contained in G.L. c. 32, § 20(6) prior to the amendment, that acceptance remains in effect. In order to increase the stipend to an amount up to \$4,500, the new local option must be accepted. If the Board has not accepted the \$3,000 local option, the new option can be accepted as outlined in the statute. In either case, the amount of the stipend (from \$3,000 to \$4,500) must be included in the acceptance vote.

Section 34 of Chapter 176 of the Acts of 2011

SECTION 34 Said section 20 of said chapter 32, as so appearing, is hereby further amended by striking out subdivision (6) and inserting in place thereof the following subdivision:-

(6) *Retirement Board Members Compensation.*-The elected and appointed members of a city, town, county, regional,

district or authority retirement board upon the acceptance of the appropriate legislative body shall receive a stipend; provided, however, that the stipend shall not be less than \$3,000 per year and not more than \$4,500 per year; provided, further, that the stipend shall be paid from funds under the control of the board as shall be determined by the commission; and provided, further, that an ex-officio member of a city, town, county, district or authority retirement board upon the acceptance of the appropriate legislative body shall receive a stipend of not more than \$4,500 per year in the aggregate for services rendered in the active administration of the retirement system.

If you have questions or need assistance, please contact this office.