

ATTACHMENT TO FY11 BUDGET MEMORANDUM
(Chapter 131 of the Acts of 2010)

Cap on Pension Earnings

SECTION 23. The definition of "Regular Compensation" in [section 1 of chapter 32](#) of the General Laws, as most recently amended by [section 2 of chapter 21 of the acts of 2009](#), is hereby further amended by inserting after the second paragraph the following paragraph:-

Notwithstanding any provision of this chapter to the contrary, regular compensation for any person who becomes a member after January 1, 2011, shall not include salary, wages or other compensation in whatever form in any calendar year in excess of 64 per cent of the annual limitation that may be imposed under federal law on the amount of compensation that may be taken into account when calculating benefits under plans described in 26 U.S.C. 401(a) including, but not limited to, the applicable limits for any calendar year under 26 U.S.C. 401(a)(17). Faculty, librarians and administrators in public higher education, as well as any physicians employed by the commonwealth who are eligible for the state retirement system, shall not be prohibited from participating in the college retirement equities fund or the optional retirement program by the Teachers Insurance and Annuity Association.

SECTION 200. Notwithstanding any general or special law to the contrary and except as expressly provided otherwise, **section 23 shall apply only to employees who become members of a retirement system after January 1, 2011** and section 29 shall apply only to employees who are members of retirement systems who retire after January 1, 2011. (Emphasis added)

Pension Funding Schedules

SECTION 24. Said [section 1 of said chapter 32](#) is hereby further amended by striking out, in line 488, as appearing in the 2008 Official Edition, the word "may" and inserting in place thereof the following word:- shall.

Interest Rate on Returned Retirement Deductions

SECTION 25. Subdivision (1) of [section 11 of said chapter 32](#) is hereby amended by striking out paragraph (a), as so appearing, and inserting in place thereof the following paragraph:-

A member entitled to a return of the member's accumulated total deductions as provided for in paragraph (c) or (d) of subdivision (1) of section 4, in subdivision (4) of section 10, in paragraph (b) of subdivision (2) of section 13 or in subdivision (3) of section 25 shall, subject to subdivision (8) of section 3, this section and section 15, be paid in 1 sum the amount of his accumulated total deductions within 60 days after the member's filing with the board on a prescribed form his written request therefor. For any such member who becomes a member subsequent to January 1, 1984, who voluntarily withdraws from service with creditable service of less than 120 months, the rate of regular interest for purposes of calculating accumulated total deductions shall be 3 per cent. Any other member entitled to return of his accumulated total deduction shall receive 100 per cent of the rate of regular interest payable.

Amendment to Procedural Provisions of Appeals to CRAB

Section 26 amended G.L. c. 32, § 16(4) changing the procedural requirements for appeals to the Contributory Retirement Appeal Board. The Governor returned this section to the Legislature with amendments. G.L. c. 32, § 16(4) has not been amended as of the date of this writing.

Supplemental Pension Allowance to Surviving Spouses of Disabled Employees

SECTION 27 Section 101 of said chapter 32, as so appearing, is hereby amended by striking out, in line 8, the words "six thousand dollars" and inserting in place thereof the following words:- either \$6,000 or, in a retirement system

accepting the supplemental annual allowance as provided in this section, \$9,000.

SECTION 28. Said [section 101 of said chapter 32](#), as so appearing, is hereby further amended by adding the following paragraph:-

Notwithstanding the previous paragraph, a retirement system may accept a supplemental annual allowance fixed at the rate of \$9,000, by a majority vote of the board of each such system, subject to the approval of the legislative body thereof. For the purposes of this section, "legislative body" shall mean, in the case of a city, the city council in accordance with its charter, in the case of a town, the town meeting, in the case of a county, the county retirement board advisory council, in the case of a region, the regional retirement board advisory council, in the case of a district, the district members and, in the case of an authority, the governing body of such authority. Acceptance shall be deemed to have occurred upon the filing of a certification of such votes with the commission. For purposes of this section, the state teachers' and state employees' retirement systems shall be deemed to have accepted the supplemental annual allowance provided for by this section.

SECTION 201. Notwithstanding any general or special law to the contrary, no increases in allowances provided pursuant to sections 27 and 28 shall take effect before January 1, 2011.

Proration of Health Insurance Premiums Between Employers

SECTION 29. Said chapter 32B is hereby further amended by inserting after section 9A the following section:-

Section 9A1/2. Whenever a retired employee or beneficiary receives a healthcare premium contribution from a governmental unit in a case where a portion of the retiree's creditable service is attributable to service in 1 or more other governmental units, the first governmental unit shall be reimbursed in full, in accordance with this paragraph, by the other governmental units for the portion of the premium contributions that corresponds to the percentage of the retiree's creditable service that is attributable to each governmental unit. The other governmental units shall be charged based on their own contribution rate or the contribution rate of the first employer, whichever is lower.

The treasurer of the first governmental unit shall annually, on or before January 15, upon the certification of the board of the system from which the disbursements have been made, notify the treasurer of the other governmental unit of the amount of reimbursement due for the previous fiscal year and the treasurer of the other governmental unit shall immediately take all necessary steps to insure prompt payment of this amount. In default of any such payment, the first governmental unit may maintain an action of contract to recover the same, but there shall be no such reimbursement if the 2 systems involved are the state employees' retirement system and the teachers' retirement system.

SECTION 200. Notwithstanding any general or special law to the contrary and except as expressly provided otherwise, section 23 shall apply only to employees who become members of a retirement system after January 1, 2011 and **section 29 shall apply only to employees who are members of retirement systems who retire after January 1, 2011.** (Emphasis added)

Definition of Wages for Retirement - Clothing Allowance

SECTION 116. [Section 23 of chapter 21 of the acts of 2009](#) is hereby amended by adding the following 2 sentences:-

The retirement allowance of any retired member which included in the calculation of such allowance amounts paid as clothing allowance upon which contributions were made shall not be reduced, modified or changed because of the inclusion of such clothing allowance payments. Notwithstanding any special or general law to the contrary, any amount paid to an active member for clothing allowance upon which contributions were made and included in any applicable collective bargaining agreement or individual contract for employment in effect on May 1, 2009, shall continue to be included in the definition of "regular compensation" during the term of that collective bargaining agreement or contract; provided, however, that any such amount, benefit or payment received after June 30, 2012, shall not be considered regular compensation.

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