

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: COLA Notice Update – Board Vote Needed Prior to June 30, 2012

DATE: April 3, 2012

Some confusion has arisen regarding the notifications required for granting the COLA. Please be advised that G.L. c. 32, § 103 requires Boards to notify the applicable legislative body if the Board is voting to grant a COLA that exceeds the COLA that is contained in the PERAC report. This year the COLA report indicated that the Social Security Administration COLA is 3.6%. Under Massachusetts law, however, Retirement Boards cannot grant a COLA in excess of 3%. As a result, the notification to the legislative body is not necessary.

As you know, G.L. c. 32, § 103 does require a Retirement Board to vote to accept the COLA contained in the PERAC report. This vote must take place prior to June 30, 2012. In addition, the Board must notify PERAC of its action within 30 days of the vote.

While notification to the legislative body is not required, we would urge Retirement Boards to vote for the COLA in a properly posted public meeting and to take steps to advise the legislative body of the action, perhaps by providing the body with a copy of the Board's agenda.

If you have questions, please feel free to contact this office.

