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PART I. ADMINISTRATION OF THE GOVERNMENT

TITLE IV. CIVIL SERVICE, RETIREMENTS AND PENSIONS

CHAPTER 32. RETIREMENT SYSTEMS AND PENSIONS

Chapter 32: Section 22D. Retirement system funding schedule; establishment; annual pension funding grants

Section 22D. (1) Systems other than the state employees' retirement system and the teachers' retirement system, upon notification by the legislative body of a governmental unit of a decision to accept the provisions of this section, shall establish a retirement system funding schedule, subject to the approval of the actuary, which shall provide for an increase in the amortization component of the appropriations required by such schedule from year to year that shall not exceed four and one-half per cent; provided, however, that no such funding schedule shall be adopted which would reduce the value of the pension reserve fund as of January first, nineteen hundred and eighty-eight, increased annually by an amount equal to the actuarial assumption of the rate of investment return approved by the actuary in the most recent three year valuation for the system in any of said schedules first six years. In each fiscal year the governmental units within such a retirement system shall appropriate to the Pension Fund and Pension Reserve Fund of such system and, if applicable, to 1 or both of the separate funds described in section 104 the amount necessary to fully fund the system, including, without limitation, any amounts required by section 104, pursuant to that schedule. The funding schedule shall be reviewed from time to time by the actuary after reviewing periodic actuarial valuation reports required by section 21 and such other reports as may be prepared pursuant to section 35H of chapter 10 and other provisions of law. Said funding schedule, and any future updates thereto, shall be designed to reduce the unfunded actuarial liability of each system accepting the provisions of this section as of January 1, 1983 to zero as of June 30, ~~2028~~ 2030; provided, however, that in the event that a system has accepted the provisions of section 102, the funding schedule, and any updates thereto, shall be designed to reduce the unfunded actuarial liability of said system to zero as of such year as the commission shall approve. Updates of the funding schedule required by changes in the projected unfunded actuarial liability as determined by any periodic actuarial valuation report pursuant to section 21 or resulting from the acceptance by a system of the provisions of section 103, may reflect the further amortization time periods authorized by said section 21 and said section 103 but shall not contravene the provisions of this section which relate to the establishment of total annual payments and the reduction in value of the pension reserve fund.

The procedure for determining whether a system has accepted this section shall occur as follows: On or

before January first of each year prior to nineteen hundred and ninety-five the commission shall notify the legislative body of each governmental unit in writing of its option to accept. For purposes of this section, "legislative body" shall mean a town meeting in a town, the city council in a city, the district members in a district, and the members of an authority in an authority. In a county, for the purposes of this section, "legislative body" shall mean the town meeting of every town which is a member of the county system, the county commissioners on behalf of the county, and the district as provided in subdivision (4) of section twenty-eight, with the vote of each governmental unit the employees of which are members of any such system weighted in the proportion that the aggregate of the annual rates of regular compensation of all members in service of such system who are employees of any such governmental unit at the end of business on the September thirtieth immediately preceding the date on which any such vote is taken bears to the total of all such aggregates for all members in service of such system on such date.

The notice from the commission shall be accompanied by a description of the rights and duties of the governmental unit if it elects to accept this section and become a funding system. The decision to become a funding system shall be made by the legislative body of each governmental unit. A majority vote of the city council, town meeting, district or authority members shall enroll a city, town, district or authority retirement system. In counties, the department of revenue after consultation with the Massachusetts Municipal Association, shall review the commissioner's report within sixty days and make a recommendation for the consideration of town meetings of the town and the district meetings of the districts which are within each county retirement system, and of the county commissioners of each such system. A majority of the votes as weighted pursuant to this section shall constitute acceptance for a county retirement system.

Systems may accept this section between January first, nineteen hundred and eighty-eight and June thirtieth, nineteen hundred and ninety-four. The clerk of the legislative body in a governmental unit within a city, town or district retirement system shall notify the retirement board and the commission, of a decision to accept. The clerk of each governmental unit within a county system shall notify the county retirement board and the commission of any action by such governmental unit.

A decision to accept this section may not be revoked.

(2) In any system accepting the provisions of this section, the governmental units comprising such system shall identify enterprise operations with independent revenue sources from which pension costs may be recovered through fees, rates or charges. Notwithstanding any provision of law to the contrary, such systems are authorized to recover such pension costs. Any costs so recovered shall be transferred to the pension reserve fund.

(3) In establishing the funding schedule pursuant to subdivision (1), any pension reserve fund or funds appropriated pursuant to section five D of chapter forty as of July first, nineteen hundred and eighty-six, and interest earned thereon, shall not be included as assets of the retirement system. Such funds and earned interest, shall remain to the credit of the system or in the case of funds appropriated pursuant to said section five D by any city, town or district which belongs to a county system, to the credit of such city, town or district, as applicable, to be utilized to defray such unit's annual pension appropriation obligation pursuant to this chapter. Transfer of such pension reserve funds to defray pension appropriations shall be made only upon a schedule approved by the actuary pursuant to the provisions of this section which relate to the establishment of total annual benefit payments, and the reduction in value of the pension reserve fund which shall be designed to reduce the annual growth in such annual pension appropriation over the forty-year funding schedule.

(4)(a) Any city or town or county system for which a funding schedule has been adopted and approved

pursuant to paragraphs (a) and (b) shall receive annual pension funding grants from the commonwealth until the sixteenth year after the first year of said schedule, so as to reduce the amount which the city or town or the member units of the county system would otherwise be required to appropriate pursuant to such funding schedule in every fiscal year beginning with the fiscal year ending on June thirtieth, nineteen hundred and ninety.

(b) The total pension funding allocation in any such fiscal year shall be equal to the increase in revenues in the net sum of; five per cent of the increase in revenues over the previous fiscal year in the net sums received under chapter sixty-two as taxes on income, interest thereon and penalties, including payments made on account thereof under chapter sixty-two B, plus five per cent of the increase in revenues over the previous fiscal year in the net sums received under sections thirty to fifty-one, inclusive, of chapter sixty-three, as excises, interest thereon or penalties, including payments made on account thereof under chapter sixty-three B, plus five per cent of the increase in revenues over the previous fiscal year in the net sums received under chapter sixty-four H and sixty-four I, as excises, upon the sale at retail of tangible personal property and upon the storage, use or other consumption of tangible personal property, interest thereon or penalties.

(c) The pension funding grant in any such fiscal year for each city or town or member unit of a county system will equal the total pension funding allocation determined pursuant to paragraph (b), multiplied by a fraction the numerator of which is the total funding contribution for the city or town for such fiscal year pursuant to paragraph (a) multiplied by itself and divided by one hundred two and one-half per cent of the city or town's actual property tax levy for the then previous fiscal year and the denominator of which is the sum of the quotient so derived as the numerator for all cities and towns or member units of county systems; provided, however, that a system electing to participate in the Pension Reserve Investment Trust Fund after January thirtieth, nineteen hundred and eighty-eight, shall receive greater of either the systems share of the state appropriation pursuant to subdivision (8) of section twenty-two, or the amount the system would receive in an annual pension funding grant pursuant to this section. Systems which elected to participate in the pension reserve fund or before January first, nineteen hundred and eighty-eight, and which are receiving an annual pension funding grant from the commonwealth pursuant to the provision of this section, shall receive an amount equal to such system's share of the state appropriation pursuant to said subdivision (8) in addition to the amount such system would receive in an annual pension funding grant pursuant to the provisions of this section. The total amount of the pension funding grant received by a city or town in a fiscal year shall be appropriated to the Pension Reserve Fund of such system.

(d) In each fiscal year the governmental units within each retirement system shall appropriate to the Pension Reserve Fund of the system the difference between the amount set forth for such fiscal year on a funding schedule adopted pursuant to paragraph (a) which pertains to the system and the amount of the pension funding grant appropriated to such Pension Reserve Fund for such fiscal year.

(5) Any system accepting any annual pension funding grant pursuant to this section shall transmit to each active and retired member, and to any other person actually receiving any benefit pursuant to this chapter, a copy of the annual report required by subdivision (5) of section twenty.

(6) Any system accepting any annual pension funding grant pursuant to this section shall be deemed to have accepted the ten year vesting provision provided for in subdivision (1) of section six.

(7) Any system accepting any annual pension funding grant pursuant to this section shall be deemed to have accepted the supplemental dependent allowance provided for in clause (iii) of paragraph (a) of subdivision (2) of section seven.

(8) Any system accepting any annual pension funding grant pursuant to this section shall be deemed to have accepted the provisions of section ninety G 1/2.

(9) Any system accepting any annual pension funding grant pursuant to this section shall be deemed to have accepted the fitness and wellness provisions of section sixty-one A of chapter thirty-one and section sixty-one B of chapter thirty-one, and of paragraph (e) of subdivision (3) of section five and section five A.

(10) Any system accepting any annual pension funding grant pursuant to this section shall be deemed to have accepted the provisions relative to the application of section fifty of chapter three hundred and sixty-seven of the acts of nineteen hundred and seventy-eight provided for in paragraph (b 1/2) of section twenty-two.

(11) Notwithstanding any other provision of this section or of any other general or special law, any system accepting the provisions of this section shall not be required to appropriate the normal cost of any benefits accepted under subdivision (6), (7), (8), (9) or (10) for any year prior to the fiscal year in which the first annual pension assistance grant is payable to such system; provided, further, that annual pension assistance grants shall be payable only to systems which received their first annual pension assistance grants prior to July first, nineteen hundred and ninety-one.