

PENSION REFORM III

SECTION-BY-SECTION SUMMARY

1. Board Member's Financial Statement not public record.
2. Strikes PERAC's power/duty to train retirement boards.
3. Repeals Exemption for Retirement Board contracts from Uniform Procurement Act (c. 30B).
4. Re-entry to public service: Buyback or make arrangements for buyback w/in 1 yr at buyback interest (1/2 actuarial assumed interest); otherwise, buyback after 1 yr at actuarial assumed interest.
5. Pre 1975 teachers: Creditable service for maternity leave.
6. Group 1 minimum retirement age at 60.
7. Re-entry by retiree who is elected or appointed: Buyback interest must be paid.
8. Five-year (not three-year) average.
9. Prorate benefits according to group.
If 100% increase between 2 yrs during the 5 yrs immediately preceding retirement, then not allowed to use the 5 yrs immediately preceding retirement but must use 5 yr average during 5 yrs preceding retirement.
10. Pre January 1, 2012 members: current age reduction factor (0.10).
11. Increase normal retirement age by 2 yrs for groups 1, 2 and 4.
Age reduction factor increase:
On or after January 1, 2012 w/ less than 35 yrs service: 0.150 factor
On or after January 1, 2012 w/ more than 35 yrs service: 0.125 factor
12. For on or after January 1, 2012 members, maximum pension: 80% of five-year average.
13. Anti spiking: increase in year cannot exceed 7% of average for 2 preceding years, plus CPI increase. Exempts bona fide increase in hours or change in position,
14. Creditable service for authorized leaves of absence included in 3 or 5 Year average (1 yr for unauthorized leave).
15. On or after January 1, 2012 members w/ 35 yrs: Contribution rate drops to 6%.
16. RetirementPlus: on or after January 1, 2012 Members will receive added 2% starting at 23 yrs (not 24).
17. RetirementPlus: on or after January 1, 2012 Members subject to 80% over 5yrs.

18. Ordinary disability: on or after January 1, 2012 members, age 60 (not 55) factor to calculate pension.
19. Repeals retirements under 55 w/ 20 or more yrs for on or after January 1, 2012 members.
20. Repeals termination retirements for on or after January 1, 2012 members.
21. Deferred retirement for on or after January 1, 2012 members w/10 yrs service (new section 10 (2a)).
22. Reference to new Section 10 (2a) in Section 10(3) that relates to Deferred Retirements– See Section 21 above.
23. Option (d) retirement for on or after January 1, 2012 Members – refers to death before age 60 (not age 55).
24. Repayment of pension upon final conviction.
25. Involuntary Retirement (c. 32, §16) – Right to Hearing for on or after January 1, 2012 Members – refers to age 60 (not age 55).
26. PERAC GOVERNANCE: Board Membership – Cannot serve if receive financial benefit from any retirement board (excludes pension or stipend). Exempts board members serving before 1/1/12 and Retirement Board staff serving on another board.
27. PERAC GOVERNANCE: \$7,500 Stipend.
28. PERAC GOVERNANCE: Board Education – 18 hrs during 3yr Term (9 hrs by PERAC & 9 hrs by MACRS/others).
29. PERAC GOVERNANCE: Board Member Financial Disclosure – includes immediate family w/out any dollar amount.
30. Board maintains CBAs as public record.
31. PERAC GOVERNANCE: Vendor regulation.
32. Contribution rate for on or after January 1, 2012 Members w/ 35 yrs dropped to 4% (6% for RetirementPlus).
33. PERAC GOVERNANCE: Board investment selection pursuant to procurement process under new Section 23B of Chapter 32.
34. PERAC GOVERNANCE: Board member statement to comply w/ law.
35. PERAC GOVERNANCE: New Board Procurement Process (new Section 23B).
36. State Police (Section 26): Currently 60% at 55 w/ 20 yrs, with 60% increased or decreased by 3% to 2.5% annually by each yr over or under 20 yrs. (75% maximum). Changes the 3% factor to 2.5%.

37. Member, who is retired and appointed judge, repay w/out interest. Must repay w/ buyback interest.
38. Cannot retire from elected position and be reelected to same position and still collect pension.
39. COLA: \$13,000.
40. Cost analysis of individual relief bills, upon request of Public Service.
41. PERAC GOVERNANCE: Applies Board Membership Restriction to Regional Boards (c. 34B) – Cannot serve if receive financial benefit from any retirement board (excludes pension or stipend). Exempts board members serving before 1/1/12 and Retirement Board staff serving on another board.
42. Submit CBAs to Retirement Boards.
43. Same sex marriage– retired before 5/17/04, change to Option (c).
44. Special Commission on Classification (includes RSCMEA).

EFFECTIVE DATES:

45. Applies to on or after January 1, 2012 members:
Section 6 (minimum age 60 for group 1), 8 (5 yr average), 9 (prorate by group), 10 (retain 0.10 factor for members before January 1, 2012), 11 (increase factor to 0.125 or 0.150 based upon 35 yrs for on or after January 1, 2012 members), 12 (5 yr average), 32 (decrease to 4% contribution rate w/ 35 yrs) and 37 (retiree, appointed judge, repay w/ buyback interest).

Sections 4 (buyback interest upon reentry in 1 yr; assumed actuarial interest over 1yr) and 7 (buyback interest for elected/appointed officials) to repayments/purchases after January 1, 2012.
46. Sections 5 (maternity leave) and 28 (board education) effective January 1, 2012.
47. Section 13 (anti-spiking) applies to members retiring after January 1, 2012.