

SOMERVILLE RETIREMENT BOARD  
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May 9, 2011

John Long, City Clerk  
City Clerks Office  
City Hall  
Somerville, MA 02143

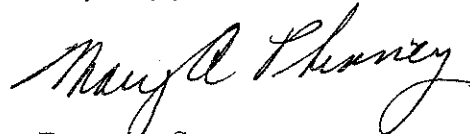
Dear John:

Retirement Systems in the Commonwealth of Massachusetts may, pursuant to Section 103 ( c ) and Section 103 ( 1 ) of Chapter 32, grant a Cost of Living Adjustment to eligible retirees, survivors and beneficiaries.

The Somerville Retirement Board will be discussing whether or not to grant a Cost of Living Adjustment at a meeting of the Somerville Retirement Board on Wednesday, June 8, 2011 at 8:30 A.M. in the conference room at City Hall Annex.

I would be most appreciative if you would place this item on the next Board of Alderman agenda.

Very truly yours,



Executive Secretary

cc: Mayor Joseph Curtatone  
Board of Alderman

ORDER#

**Resolution Accepting – Section 19 of Chapter 188 of the Acts of 2010 Re: An Act Relative to Municipal Relief**

**Whereas,** The General Court enacted into law Chapter 188 of the Acts of 2010, and

**Whereas,** Section 19 of the Act amends Section 103 of Chapter 32 to allow the board of any system that establishes a schedule pursuant to Section 22D or 22F, to increase the maximum base amount on which the cost-of-living adjustment is calculated to \$18,000.00 in multiples of \$1,000.00, according to the attached schedule, and

**Whereas,** the Methuen Contributory Retirement Board has voted to accept section 19 of Chapter 188 of the Acts of 2010, and

**Now Therefore Be It Resolved** by the City Council of the City of Methuen that said legislative authority concurs with the vote of the Methuen Contributory Retirement Board and accepts Section 19 of Chapter 188 of the Acts of 2010, and, Said City Council further directs, in accordance with the provisions of Section 64, that the Methuen Retirement Board cause to be made a certification of such vote with the Public Employee Retirement Administration Commission.

**Be It Further Ordered:** In accordance with the provisions of the General laws, that the City Clerk is hereby directed to prepare a return of such acceptance.

Section 103. (a) Any system other than the state employees' retirement system and the teachers' retirement system may, by accepting the provisions of this section as hereinafter provided, elect to establish a cost of living adjustment calculation pursuant to this section; provided, however, that such system shall have established a funding schedule pursuant to the provisions of subdivision (6A) of section 22 or section 22D. Such election shall be made by majority vote of the board of such system, subject to the approval of the legislative body. 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 district the district members, and in the case of an authority the governing body. The base amount upon which such cost of living adjustment shall be calculated shall be \$12,000. Acceptance of this section shall be deemed to have occurred upon the filing of certification of such votes with the commission. A decision to accept the provisions of this section may not be revoked.

(b) For each system that has accepted the provisions of this section, the board, in consultation with the commission, shall prepare a funding schedule which shall reflect the costs and the actuarial liabilities attributable to the cost of living allowance that may be paid in accordance with the provisions of this section and said schedule shall be designed to reduce the applicable retirement system's additional pension liability to zero by such year as approved by the commission. The board shall file revised funding schedules triennially with the joint committee on public service until such costs and liabilities are reduced to zero.

(c) On April 1 of each year, the commission shall send to every system that has accepted the provisions of this section the report prepared in accordance with paragraph (f) of subdivision (3) of section 21. Such report shall be subject to the review of the retirement board of such system after said April 1. In the event that the board determines that the cost of living adjustment recommended by said report shall substantially impair the funding schedule of said system, the board may elect not to pay a cost of living increase for said fiscal year and shall file notice of its election not to pay and analysis of the impact on the funding schedule with the commission within 30 days of its action. In the event that the board votes to adopt the cost of living increase recommended by said report, it shall file notice of its election to pay with the commission within 30 days of its action and the retirement allowance, pension or annuity of every member of the system who has received a retirement allowance, pension or annuity on June 30 of the prior fiscal year, or of a spouse or other beneficiary of such member who has received a retirement allowance, pension or annuity on June 30 of the prior fiscal year, shall be increased by the percentage as recommended by said report. Said cost of living increase shall be funded from the investment income account of the system. The sum of the dollar amount of each cost of living increase, together with the amount of retirement allowance, pension or annuity to which the cost of living per cent factor is applied, shall become the fixed retirement allowance, pension or annuity for all future purposes, including the application of subsequent cost of living adjustments in future years.

(d) Whenever the amount of any retirement allowance, pension or annuity is revised in accordance with the provisions of this section, the monthly payment provided for in section 13 shall be recomputed on the basis of such revised retirement allowance, pension or annuity, and one-twelfth of such new figure shall be due and payable each month. In any case where

such revised retirement allowance, pension or annuity cannot be administratively determined in time for adjusting the monthly payment for July pursuant to said section 13, such cost of living adjustment shall be added to the monthly retirement allowance, pension or annuity in August or September, as the case may be.

(e) In any case where such former employee, spouse, or other beneficiary is receiving an annual retirement allowance, pension or annuity which is equal to or in excess of the maximum base amount set by the board and approved by the legislative authority pursuant to clause (i) of paragraph (a) exclusive of an additional annuity obtained by special purchase under paragraph (g) of subdivision (1) of section 22 or any similar law, the cost of living adjustment shall be in an amount determined by applying the percentum of change set by the board pursuant to said paragraph (c) to said maximum base amount. When a cost of living adjustment is granted pursuant to paragraph (c), the dollar amount of such increase as determined in said paragraph (c) shall be added to each retirement allowance, pension or annuity which is in excess of said maximum base amount. The sum of the dollar amount of such cost of living adjustments, together with the amount of retirement allowance, pension or annuity to which the cost of living percentum factor is applied and any amounts in excess of said maximum base amount shall become the fixed retirement allowance, pension or annuity for all future purposes including the application of subsequent cost of living adjustments in future years; provided, however, that the limitations of this paragraph shall continue to apply.

(f) Whenever the amount of any retirement allowance, pension or annuity is revised in accordance with the provisions of subsection (c), the monthly payment provided for in section 13 shall be recomputed on the basis of such revised retirement allowance, pension or annuity and one-twelfth of such new figure shall be due and payable each month. In any case where such revised retirement allowance, pension or annuity cannot be administratively determined in time for adjusting the monthly payment for July pursuant to said section 13, such cost of living adjustment shall be added to the monthly retirement allowance, pension or annuity in August or September, as the case may be.

(g) Notwithstanding any provision of this section to the contrary, the supplemental payments due and payable to a spouse receiving the minimum allowance under the provisions of option (d) of subdivision (2) of section 12, or under section 101, or under the provisions of chapter 526 of the acts of 1963 to any spouse, child or children under the provisions of section 12B, shall be, at all times, in an amount equal to the cumulative percentum of change in the cost of living resulting from the determination by the life actuary, with the average of the cost of living for the year 1972 serving as the basis of the comparison to be made by the actuary as set forth in paragraph (a) of section 102.

(h) Whenever a cost of living adjustment is granted pursuant to this section, a former employee of a county, city, town, district, or authority, or spouse or other beneficiary of such employee, who is receiving a noncontributory pension from such governmental unit under the provisions of this chapter or under corresponding provisions of earlier laws or any general or special law, shall receive the same cost of living adjustment from such governmental unit in accordance with the applicable provisions of this chapter or under corresponding provisions of earlier laws or any other general or special law, if the legislative body of such governmental unit accepts

this paragraph by a majority vote. For purposes of this paragraph, 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 district the district members, and in the case of an authority the governing body.

(i) Notwithstanding the provisions of paragraph (c) to the contrary, the board of any system may, by accepting the provisions of this as hereinafter provided, elect annually to pay a cost-of-living increase greater than the percentage increase, as recommended in the report prepared in accordance with paragraph (f) of subdivision (3) of section 21 for that year, but not greater than 3 per cent. The board shall conduct such election in a public meeting, properly posted, called specifically for such election. The board shall also notify each legislative body at least 30 days before such election.

Acceptance of this subsection shall be by a majority vote of the board of such system, subject to the approval of the legislative body. For the purpose 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 district, the district members, and, in the case of an authority, the governing body. Acceptance of this subsection shall be deemed to have occurred upon the filing of the certification of such vote with the commission. A decision to accept the provisions of this subsection may not be revoked.

*[ Paragraph (j) added by 2010, 188, Sec. 19 effective July 27, 2010.]*

(j) Notwithstanding paragraph (a), the board of any system that establishes a schedule pursuant to section 22D or 22F, may increase the maximum base amount on which the cost-of-living adjustment is calculated, in multiples of \$1,000. Each increase in the maximum base amount shall be accepted by a majority vote of the board of such system, subject to the approval of the legislative body. For the purpose 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 district, the district members, and, in the case of an authority, the governing body. In the case of a county or region, acceptance shall be by the county or regional retirement board advisory council at a meeting called for that purpose by the county or regional retirement board that shall notify council members at least 60 days before the meeting. Upon receiving notice, the treasurer of a town belonging to the county or regional retirement system shall make a presentation to the town's chief executive officer, as defined in paragraph (c) of subdivision (8) of section 22, regarding the impact of the increase in the cost-of-living adjustment base, the failure of which by a treasurer shall not impede or otherwise nullify the vote by the advisory council. Acceptance of an increase in the maximum base amount shall be deemed to have occurred upon the filing of the certification of such vote with the commission. A decision to accept an increase in the maximum base amount may not be revoked.