

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE BUDGET REPORT

MONDAY, APRIL 29, 2013

Present: Ald. Gentile (Chairman), Ciccone, Linsky, Salvucci, Rice, Blazar, Fuller, and Lappin

Also present: Ald. Danberg

City officials present: David Wilkinson (Comptroller), Elizabeth Dromey (Director of Assessing), James Reardon (Treasurer), Nick Read (Chief Procurement Officer), Kelly Byrne (Director of Retirement), Nunzio Piselli (Retirement Board), Rob Symanski (Financial Analyst), and Maureen Lemieux (Chief Financial Officer)

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#322-12(2) HIS HONOR THE MAYOR submitting in accordance with Section 5-1 of the City of Newton Charter the FY14 Municipal/School Operating Budget totaling \$331,073,197 passage of which shall be concurrent with the FY14-FY18 Capital Improvement Program (#322-12). [04-08-13 @ 6:03 PM]  
EFFECTIVE DATE OF SUBMISSION: 04/16/13; LAST DATE TO PASS THE BUDGET 05/31/12

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#322-12 HIS HONOR THE MAYOR submitting the FY14-FY18 Capital Improvement Program pursuant to section 5-3 of the Newton City Charter. [10/09/12 @ 2:38 PM]

**ASSESSING DEPARTMENT**

Director of Assessing Elizabeth Dromey presented the Assessing Department's recommended budget for Fiscal Year 2014. The staffing levels within the department remain the same at thirteen full-time employees. There are minor changes within the Assessing Department's budget related to increases in employee compensation. In addition, the \$30,000 for appraisal stipends for City assessors with State assessing and appraisal certification were moved into the operating budget.

The Department's mission is to value real and personal property efficiently, fairly and accurately, administer motor vehicle excise, personal exemptions, and abatement programs for water, sewer, real estate, and excise taxes. The Department also defends property values before the Massachusetts Appellate Tax Board. The Department works with residents, realtors, business, and developers daily to provide property tax and assessment information.

In the past year, the department provided values for 27,000 parcels of real estate and 2,500 personal property accounts amounting to \$2.6 billion in assessment. In addition, it administered over 500 personal exemptions, deferrals, tax work-offs and Elderly and disabled

taxation aid grants. Six of the department's staff took courses and seminars to obtain or maintain assessing/appraisal certification. The goals for the Assessing Department are similar every year and include fair and accurate assessments, a highly trained staff, and successful defense of valuations that are appealed to the Massachusetts Tax Board, a two-day turnaround of excise abatement applications and administration of all of the tax assistance programs.

The Overlay Surplus account is at approximately \$3.5 million. Ms. Dromey stated that the account should not be decreased, as there would be a possibility that the Department of Revenue would not certify the account. The account is at a relatively low level when you consider the City's exposure to litigation due to tax valuations related to utility companies. The Overlay Surplus Account information is available on the Comptroller's website. There was a request that Ms. Dromey provide the Overlay Surplus Account information with the budget next year.

With that, Ald. Fuller moved approval of the Assessing Department's budget at the recommended \$1,207,033. The motion for approval carried unanimously.

## **TREASURER'S DEPARTMENT**

City Treasurer and Collector James Reardon presented the department's budget. The Department will be adding a Senior Teller position and upgrading a position to Senior Financial Analyst. The added position and upgrade will improve the department's efficiency and customer service.

Mr. Reardon reviewed the accomplishments of the past year. The department has worked on collection efforts on past due personal property and parking balances, initiated a new quarterly bank summary for Finance Committee review, instituted new procedures for the collection and clearing of old checks and tailing items and revised the City's investment policy. In addition, the department worked to eliminate the backlog of tax title properties to six months. The goal is to place liens on delinquent properties by the end of the next fiscal year to protect the City. The Treasurer's Office makes several attempts to notify the delinquent property owners before taking a lien on the property. The department wants to work with the property owner and informs them of 16% interest rate when a delinquent bill is not paid. The Committee requested a report on the number of delinquent properties, where they are in the process and the number of taxpayers the department is working with on delinquent tax bills.

In the upcoming fiscal year the department will concentrate on efficient and convenient revenue collection by reducing the outstanding parking fines, clearing past due personal property taxes due over one year, placing the appropriate liens on delinquent real estate, providing credit card and e-check access for home computers using bill pay software, processing payments within one day of tax due date, establishing a credit card payment system for all revenues and establish a MUNIS online information system. The department's next goal for Fiscal Year 2014 is accurate account reconciliation by collaborating with the Assessing, Utilities and Comptroller Departments to design and implement a process for transfers, abatements and adjustments. The department will also work with the Utilities Division and Comptroller to design and institute a

final billing process. The Department will be working with the Information Technology Department, the Utilities Division, and Comptroller to create a computer bridge between the Utilities Division and the Treasury to eliminate manual reporting of abatements and credits on water/sewer bills. Other outcomes for Fiscal 2014 include maximizing the return on investible funds and effective cash control policies.

The department budget is \$1,180,165 and includes eleven employees. Ald. Salvucci moved approval of the Treasurer's Office budget, which carried unanimously.

## **PURCHASING DEPARTMENT**

The Purchasing Department's mission is to assist all departments in obtaining the highest quality supplies and services for the best price through a transparent competitive bidding procedure. The Purchasing Department includes the City's print shop and mailroom, which provide services to City departments. . Nicholas Read was hired seven months ago as the Chief Procurement Officer for the City and at this point has visited with all City departments on procurement. Chief Financial Officer Maureen Lemieux stated that Mr. Reads brings a different set to the position due to his years in the Inspector General's Office and his law degree.

Mr. Read presented the Purchasing Department's Fiscal Year (FY) 2014 recommended budget of \$405,390. Mr. Read highlighted the department's accomplishments in Fiscal Year 2013. There were significant revisions to bid and contract documents to improve the public bid process. Mr. Read has educated managers and staff on procurement law. The department prepared and implemented surplus property procedures and issued 151 bids at this point in Fiscal Year 2013.

Outcomes for next year include the integration of clear and concise policies and procedures and maintenance of accurate vendor records. The department is planning to provide further training to appropriate departments on the public bid process. The Inspector General's Office provides training manuals, which are available on the Inspector General's Office website. The Chief Procurement Officer will also be reviewing and recommending changes to the City ordinances related to procurement this upcoming year. Further details on the department outcomes for FY 2014 are provided in the budget book under the Purchasing tab.

The budget for FY 2014 is slightly less than the FY 2013 budget, because the 2013 budget included \$20,000 for the purchase of a color copier. Ald. Rice moved approval of the recommended budget, which carried unanimously.

## **COMPTROLLER**

Comptroller David Wilkinson reviewed the recommended Fiscal Year (FY) 2014 Comptroller's Department. The Comptroller's budget does not have any substantial changes for Fiscal Year 2014. The Comptroller's accomplishments and goals are essentially date and performance driven. The department must meet timelines and provide a certain level of quality

of work. Therefore, Mr. Wilkinson felt that it would be beneficial to focus on the upcoming fiscal year.

The objectives for the department are timely and accurate reporting. The Department will put some emphasis on improving documentation of the City's financial procedures. . The Comptroller's Office will work with the Chief Financial Officer, Finance Committee and Financial Audit Advisory Committee on a risk assessment of cash receipts and disbursement to develop procedures and policies for cash collection outside of the Treasurer's Office. In addition, the department will work with the Treasurer's Office to develop a monthly unclaimed check reconciliation process and with the Information Technology Department to develop a bridge between MUNIS receivables and Finance Plus. The Comptroller will continue to work with the Board of Aldermen and Mayor's Office to address financial issues facing the City.

The upcoming budget for the department is almost identical to the current year budget. There are five full-time employees supplemented by two part-time people within the Comptroller's Office and two full-time employees within the Retirement Office. The recommended department budget for FY 2014 is \$584,830, which does not include the Retirement System budget. The budget is almost identical to last year's budget.

The 2014 budget includes at \$2.25 million budget reserve, which includes \$1.75 million for snow and ice control and \$500,000 for extraordinary and unforeseen purposes. There is \$2.75 million dedicated specifically to snow and ice operations in the upcoming budget. The FY 2014 appropriation for debt service totals \$17.1 million or 5.1% of the budget. The Newton North High School Project accounts for \$9.5 million of the debt service budget.

The 2014 benefit appropriation include funding for active employee contributory health, life and dental benefits, the Medicare tax match and unemployment compensation. There is a slight increase from the FY 2013 budget to 16.6% of payroll.

Both health plan accounts have a fund balance that exceeds the City's fund balance policy for the health insurance fund of two months of monthly paid claims. The excess is available to use to reduce the employer and employee premiums.

### ***Retirement System Budget***

The Retirement Department's budget is very similar to last year. The Retirement Department budget includes funding for both municipal and public school participants. However, the school budget contains the funding for the health benefits for retirees from the Massachusetts Teachers' Retirement System. The State funds the employer share of the Teachers' Retirement Systems.

The City's actuarially required contribution to the benefit pension plan amounts to \$17.4 million or 62.7 % of the total retirement appropriation. The contribution increased 9.2% or \$1.5 million over the current year appropriation. The 2014 defined plan contribution is based on the funding schedule that was developed in conjunction with the actuarial valuation of plan assets

and liabilities. It incorporates updated mortality tables that are expected to minimize future actuarial losses resulting from increased life expectancies. It is likely that the Retirement Board will need to lower the return assumption of 7.7% to reflect a more accurate assumption.

Retirement Board Member Nuzio Piselli provided the attached letter and information regarding a local option bill that the Retirement Board would like the Board of Aldermen to support.

Ald. Lappin moved approval of the recommended budget for the Comptroller's Office, which carried unanimously.

Respectfully submitted,

Leonard J. Gentile, Chairman

**NEWTON RETIREMENT BOARD**

**Newton City Hall**

**Newton Centre, MA 02459-1449**

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E-mail: [kbyrne@newtonma.gov](mailto:kbyrne@newtonma.gov)

***Memorandum***

**DATE:** April 30, 2013

**TO:** Leonard Gentile, Chairman, Finance Committee  
City of Newton Board of Aldermen

**FROM:** Nunzio J. Piselli, Chairman, Newton Retirement Board

**RE:** H2369 An Act Providing Equal Cost-of-Living-Adjustments (COLA)

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As requested, attached please find a copy of our letter dated April 4, 2013 along with related attachments regarding the local option COLA Bill H2369 that the Newton Retirement Board is seeking your support. We have listed the demographic data pertaining to retirees of the Newton Retirement System; however the cost is not included.

Attached to this memo is a report prepared by our Actuary dated May 18, 2009 indicating the associated cost at that point. However since this cost analysis was prepared, a couple of major factors in our funding schedule have changed:

- Funding schedule extended from year 2026 to 2038
- Investment return assumption decreased from 8% to 7.75%

The number of Newton Retirement System retirees that would benefit from the passage of this legislation has also decreased from 450 to 304 (and will continue to decline). For this reason the Retirement Board, upon successful approval by the State Legislature, will request an updated cost analysis from our Actuary at that point in time.

As a side note, I would also mention that the Newton Retirement Board voted at its April 24, 2013 to begin the RFP process for actuarial services.

On behalf of the Retirement Board, I would like to thank the Finance Committee on the passage of our FY2014 budget. Please feel free to contact me with any questions or concerns you may have.

Enclosures

NJP/kb

May 18, 2009

Ms. Kelly Byrne  
Director, Newton Retirement Board  
City of Newton  
City Hall  
1000 Commonwealth Avenue  
Newton Centre, MA 02459

**Re: Increase in COLA basis to \$30 per month for all participants**

Dear Kelly:

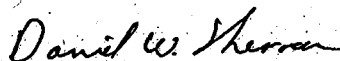
As requested, we have estimated the effect on required appropriations for the City of Newton Contributory Retirement System for a change in the cost-of-living-adjustment (COLA) assumptions. Currently, the plan has a maximum annual COLA of 3% of \$12,000. Our study shows the effect of giving a COLA of \$30 per month to all participants. Our calculations produced the following increases in liability and normal cost:

	<u>Current</u>	<u>Study</u>	<u>Increase</u>
Unfunded Accrued Liability	\$200,977,362	\$203,358,177	\$2,380,815
Normal Cost	\$3,136,792	\$3,184,776	\$47,984

The enclosed exhibit displays the funding schedule developed in the January 1, 2009 actuarial valuation report and compares it to the funding schedule that would have been developed if the proposed COLA change had been adopted as of January 1.

We hope these results will be of help to you and the Board in your planning. As always, if you have any further questions, please feel free to call or email me.

Sincerely,



Dan Sherman ASA, MAAA  
Director, Consulting Actuary

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City of Newton Contributory Retirement System

P:\Acct\000841\Val2009\COLA Study Results.xls\Summary

Appropriation Forecast

Fiscal Year Ending	Current			Proposed - COLA Increase			Increase	% Increase
	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest		
2009	\$3,259,850	\$10,287,928	\$13,547,778	\$3,309,716	\$10,238,062	\$13,547,778	\$0	0.00%
2010	\$3,293,995	\$15,549,887	\$18,843,882	\$3,346,106	\$15,748,058	\$19,094,164	\$250,282	1.33%
2011	\$3,324,613	\$16,249,631	\$19,574,244	\$3,379,068	\$16,456,720	\$19,835,788	\$261,544	1.34%
2012	\$3,351,315	\$16,980,865	\$20,332,180	\$3,408,221	\$17,197,273	\$20,605,494	\$273,314	1.34%
2013	\$3,373,689	\$17,745,004	\$21,118,693	\$3,433,155	\$17,971,150	\$21,404,305	\$285,612	1.35%
2014	\$3,391,289	\$18,543,529	\$21,934,818	\$3,453,432	\$18,779,852	\$22,233,284	\$298,466	1.36%
2015	\$3,403,642	\$19,377,988	\$22,781,630	\$3,468,581	\$19,624,945	\$23,093,526	\$311,896	1.37%
2016	\$3,410,240	\$20,249,997	\$23,660,237	\$3,478,101	\$20,508,068	\$23,986,169	\$325,931	1.38%
2017	\$3,410,538	\$21,161,247	\$24,571,785	\$3,481,453	\$21,430,931	\$24,912,384	\$340,599	1.39%
2018	\$3,403,958	\$22,113,503	\$25,517,461	\$3,478,064	\$22,395,323	\$25,873,387	\$355,925	1.39%
2019	\$3,389,880	\$23,108,611	\$26,498,491	\$3,467,321	\$23,403,112	\$26,870,433	\$371,942	1.40%
2020	\$3,367,641	\$24,148,498	\$27,516,139	\$3,448,567	\$24,456,252	\$27,904,819	\$388,680	1.41%
2021	\$3,336,536	\$25,235,181	\$28,571,717	\$3,421,104	\$25,556,784	\$28,977,888	\$406,171	1.42%
2022	\$3,295,812	\$26,370,764	\$29,666,576	\$3,384,186	\$26,706,839	\$30,091,025	\$424,449	1.43%
2023	\$3,244,667	\$27,557,448	\$30,802,115	\$3,337,017	\$27,908,647	\$31,245,664	\$443,548	1.44%
2024	\$3,182,245	\$28,797,534	\$31,979,779	\$3,278,751	\$29,164,536	\$32,443,287	\$463,508	1.45%
2025	\$3,107,634	\$30,093,423	\$33,201,057	\$3,208,482	\$30,476,940	\$33,685,422	\$484,365	1.46%
2026	\$3,019,864	\$31,447,627	\$34,467,491	\$3,125,251	\$31,848,402	\$34,973,653	\$506,162	1.47%
2027	\$2,917,902	\$32,862,770	\$35,780,672	\$3,028,031	\$33,281,580	\$36,309,611	\$528,939	1.48%
2028	\$3,049,208	\$0	\$3,049,208	\$3,164,293	\$0	\$3,164,293	\$115,085	3.77%
2029	\$3,186,422	\$0	\$3,186,422	\$3,306,686	\$0	\$3,306,686	\$120,264	3.77%
2030	\$3,329,811	\$0	\$3,329,811	\$3,455,487	\$0	\$3,455,487	\$125,676	3.77%
2031	\$3,479,653	\$0	\$3,479,653	\$3,610,984	\$0	\$3,610,984	\$131,331	3.77%
2032	\$3,636,237	\$0	\$3,636,237	\$3,773,478	\$0	\$3,773,478	\$137,241	3.77%
2033	\$3,799,868	\$0	\$3,799,868	\$3,943,284	\$0	\$3,943,284	\$143,416	3.77%
2034	\$3,970,862	\$0	\$3,970,862	\$4,120,732	\$0	\$4,120,732	\$149,870	3.77%
2035	\$4,149,551	\$0	\$4,149,551	\$4,306,165	\$0	\$4,306,165	\$156,614	3.77%
2036	\$4,336,280	\$0	\$4,336,280	\$4,499,942	\$0	\$4,499,942	\$163,662	3.77%
2037	\$4,531,413	\$0	\$4,531,413	\$4,702,440	\$0	\$4,702,440	\$171,027	3.77%
2038	\$4,735,327	\$0	\$4,735,327	\$4,914,050	\$0	\$4,914,050	\$178,723	3.77%
2039	\$4,948,416	\$0	\$4,948,416	\$5,135,182	\$0	\$5,135,182	\$186,766	3.77%
2040	\$5,171,095	\$0	\$5,171,095	\$5,366,265	\$0	\$5,366,265	\$195,170	3.77%



# *Newton Contributory Retirement System*

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**BOARD**  
Nunzio J. Piselli  
Appointed Member  
CHAIRMAN

Francis P. Capello  
Elected Member  
VICE CHAIRMAN

David C. Wilkinson  
Ex-Officio Member

Paul Bianchi  
Elected Member

Kimberly A. Fletcher, Esq.  
Appointed Member

+

Kelly Byrne  
Director

Donna M. Cadman  
Administrative Assistant

April 4, 2013

Dear MGL Chapter 32 Retirement Board Members:

The Newton Retirement Board is concerned that a number of our pension recipients are receiving an annual COLA increase that is less than the annual maximum COLA of \$360 based on a pension income base of \$12,000. Approximately 23%, or one in four of our pension recipients fall below the \$360/year COLA level (304 out of 1,319 pension recipients). We found the majority of these to be recipients of a member-survivor allowance (widow/widower) and not retired elected officials as some may presume. An annual pension of \$6,000 is awarded an annual COLA of just \$180.

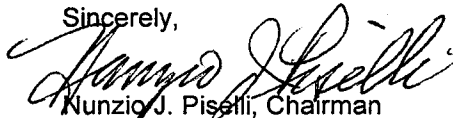
Some boards have adopted legislation to increase the COLA base from the current base of \$12,000. The Newton Retirement Board, however, feels that the group of pension recipients that is most in need of financial help does not benefit from increasing the base. We believe this inequity should be rectified.

The Newton Retirement Board, with the assistance and support of its local State Representatives, Kay Khan and Ruth Balsler, has filed the enclosed local option bill number H2369, "An Act providing equal cost of living adjustments to all eligible pension benefit recipients." This bill is currently before the Joint Committee on Public Service.

The Newton Retirement Board asks for your support in having this legislation approved. To do so, we ask that you contact Co-Chairs Aaron Michlewitz and William Browsburger of the Joint Committee on Public Service, Rep. Kay Khan, Rep. Ruth Balsler, your local legislators, and the listed sponsors of H2369. Additionally, we ask that you copy Rep. Kay Khan and this office any communication sent on behalf of this legislation. For your convenience I am enclosing both email and mailing information to assist you in providing your support.

On behalf of the Newton Retirement Board I would like to express our sincere appreciation for supporting this legislation.

Sincerely,

  
Nunzio J. Piselli, Chairman  
Newton Retirement Board

Enclosures

cc: House Chair Aaron Michlewitz, Joint Committee on Public Service  
Senate Chair William Browsburger, Joint Committee on Public Service  
Rep. Kay Khan, Rep. Ruth Balsler, Rep. Marcos Devers,  
Rep. Paul McMurty, Rep. Benjamin Swan, Rep. John Lawn  
Sen. Cynthia Stone Creem  
Mayor Setti Warren, City of Newton  
City of Newton Board of Aldermen  
City of Newton Retired Employees Assoc. (CNREA)  
Public Employee Retirement Administration Commission (PERAC)  
MA Assoc. of Contributory Retirement Systems (MACRS)  
Retired State, County & Municipal Employees Assoc. of MA

**HOUSE . . . . . No. 2369**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Kay Khan*

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act providing equal cost of living adjustments to all eligible pension benefit recipients.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Kay Khan</i>	<i>11th Middlesex</i>
<i>Ruth B. Balseer</i>	<i>12th Middlesex</i>
<i>Nunzio Piselli</i>	
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>Paul McMurtry</i>	<i>11th Norfolk</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>

**HOUSE . . . . . No. 2369**

By Ms. Khan of Newton, a petition (accompanied by bill, House, No. 2369) of Kay Khan and others for legislation to provide for equal cost-of-living adjustments to all eligible pension benefit recipients. Public Service.

**The Commonwealth of Massachusetts**

An Act providing equal cost of living adjustments to all eligible pension benefit recipients.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section 103 of chapter 32 is hereby amended by inserting at the end thereof the following  
2 new paragraph:-

3 (k) Notwithstanding any provision of this section to the contrary, the board of any system  
4 may, by accepting the provisions of this paragraph as hereinafter provided, elect annually to pay  
5 the cost of living adjustment in an amount, determined by applying the percent of change set by  
6 the board pursuant to said paragraph (c) to said maximum base amount of \$12,000 or such other  
7 base amount as determined pursuant to paragraph (j) of this section, to every member of the  
8 system or a spouse or other beneficiary of such member, who has received a retirement, pension  
9 or annuity on June 30 of the prior fiscal year. The board shall conduct such election in a public  
10 meeting, properly posted, and called specifically for such election. The board shall also notify  
11 each legislative body at least 30 days before such election. Acceptance of this paragraph shall be  
12 in accordance with the provisions of paragraph (i) of this section. A decision to accept the  
13 provisions of this paragraph may not be revoked.

**House Bill No. 2369 An Act providing equal cost of living adjustments to all eligible pension benefit recipients.**

Kindly voice your support of this legislation by contacting the following:

House Chair Aaron M. Michlewitz  
Joint Committee on Public Service  
State House - Room 156  
Boston, MA 02133

[aaron.m.michlewitz@mahouse.gov](mailto:aaron.m.michlewitz@mahouse.gov)

Senate Chair William N. Brownsberger  
Joint Committee on Public Service  
State House - Room 213A  
Boston, MA 02133

[william.brownsberger@masenate.gov](mailto:william.brownsberger@masenate.gov)

Rep. Kay S. Khan  
State House - Room 146  
Boston, MA 02133

[kay.khan@mahouse.gov](mailto:kay.khan@mahouse.gov)

[darrell.villaruz@mahouse.gov](mailto:darrell.villaruz@mahouse.gov)

(Assistant to Rep. Khan)

Rep. Ruth B. Balsemer  
Rep. Marcos A. Devers  
Rep. John J. Lawn, Jr.  
Rep. Paul McMurtry  
Rep. Benjamin Swan  
Sen. Cynthia Stone Creem

[ruth.balser@mahouse.gov](mailto:ruth.balser@mahouse.gov)

[marcos.devers@mahouse.gov](mailto:marcos.devers@mahouse.gov)

[john.lawn@mahouse.gov](mailto:john.lawn@mahouse.gov)

[paul.mcmurtry@mahouse.gov](mailto:paul.mcmurtry@mahouse.gov)

[benjamin.swan@mahouse.gov](mailto:benjamin.swan@mahouse.gov)

[cynthia.creem@masenate.gov](mailto:cynthia.creem@masenate.gov)

visit this website to find the contact  
information for your local legislator  
or to track the progress of this bill:

[www.malegislature.gov](http://www.malegislature.gov)

**Fact Sheet: An Act Providing Equal Cost-of-Living Adjustments ("COLA")  
to all Pension Recipients (H. 2369)**

Lead Sponsor: Rep. Kay Khan

**Problem:**

- Previously, MA public pension law set COLA at 3% of pension income base of \$12,000, resulting in maximum COLA of \$360/year or \$30/month.
- A local option bill, Chapter 188 of the Acts of 2010, allowed local retirement boards and their legislative bodies to increase the \$12,000 COLA base in increments of \$1,000. The adoption of this provision did not benefit those pension benefit recipients with a pension income base less than \$12,000.
- Regardless if the local option provision of Chapter 188 of the Acts of 2010 was accepted, COLAs are not distributed equally to public sector retirees.
- Majority of pension benefit recipients with a pension income base less than \$12,000 are widow/widowers.
- All pension benefit recipients face inflation costs including escalating healthcare costs.

**Purpose of Bill:**

- To provide a minimum COLA of \$360/year to all pension benefit recipients.
- To provide local retirement boards an alternative to local option bill Chapter 188 of the Acts of 2010.
- To provide pension recipients relief towards inflation and escalating healthcare costs.

**Benefits to State:**

- Local option bill – local city/town funding.

For more information please contact the office of State Representative Kay Khan at 617-722-2011 or email [Darrell.Villaruz@mahouse.gov](mailto:Darrell.Villaruz@mahouse.gov)