EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL. 349-4300
FAX. 349-4307

MEMORANDUM

TO: The City Clerk
The Cambridge Retirement Board

FROM: Robert W. Healy
City Manager

Robert W. Healy

DATE: November 9, 1992

RE: Acceptance of Section 48 of Chapter 133 of the Acts of 1992, The Early Retirement Incentive Plan

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The Cambridge City Council having already acted to accept this provision of state law by their action November 2, 1992, I hereby accept Section 48 of Chapter 133 of the Acts 1992, on behalf of the City of Cambridge, effective November 9, 1992, and subject to the following limitations:

A. The maximum additional benefit that any individual may qualify for under this plan shall be limited to three (3) years, either added to age or years of service or a combination of age and years of service not to exceed three (3);

B. The maximum number of participants who may qualify for this benefit is 75. If more than 75 eligible persons apply, pursuant to the provisions of Section 48, those with the most creditable service in the City-State Retirement system will qualify for the benefit.

My staff will work with the Retirement Board to ensure clear communication and explanation of benefits to potentially interested and eligible members of the retirement system.

C. C. 108

City of Cambridge

MASSACHUSETTS

Agenda # 8 - Acceptance of Section 48 of Chapter 133 of the Acts of 1992 to establish an Early Retirement Program for Municipal Employees.

In City Council November 2, 1992 199

YEA	NAY	ABSENT	PRESENT	
✓				
✓				Mr. Ed Cyr
✓				Mr. Francis H. Duehay
✓				Mr. Jonathan S. Myers
✓				Mrs. Sheila T. Russell
✓				Mr. Walter J. Sullivan
✓				Mr. Timothy J. Toomey, Jr.
✓				Mr. William H. Walsh
✓				Ms. Alice K. Wolf
✓				Mayor Kenneth E. Reeves
9	0	0	0	

C. Wolf

MS

RF

CCM-101

City of Cambridge

Non-Consent Agenda Item No. 8

IN CITY COUNCIL

November 2, 1992

ORDERED: That the City Council goes on record accepting the provisions of Section 48 of Chapter 133 of the Acts of 1992 which enables city and towns to establish an early retirement program for municipal employees.

In City Council November 2, 1992.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D. Margaret Drury

D. Margaret Drury
City Clerk

48

SECTION Notwithstanding the provisions of chapter thirty-two of the General Laws or of any other general or special law to the contrary, and upon the acceptance of this section by the legislative and executive authority within a city, town or county, the provisions of this section providing for a retirement program for municipal and county employees shall apply to a municipal or county employee who is a Group 1, Group 2, or Group 4 employee as defined in section three of said chapter thirty-two, who is a member of the appropriate municipal or county retirement system and who (i) shall be an employee of the municipality on the effective date of this section, (ii) shall be eligible to receive a superannuation retirement allowance in accordance with the provisions of subdivision (1) of section five or subdivision (1) of section ten of said chapter thirty-two upon the effective retirement date specified in his written application to said board and (iii) shall have filed a written application after July first, nineteen hundred and ninety-two, but not later than July fifteenth, nineteen hundred and ninety three to retire for superannuation as of the date which shall be specified in such application; provided, however, that said ate for retirement shall be no earlier than September first, nineteen hundred and ninety-two and no later than forty-five days after the acceptance of this act by the city, town or county. For the purposes of this section the legislative authority shall mean a town meeting in a town, the city council in a city, the county advisory board in a county other than the counties of Suffolk and Nantucket in which cases the county commissioners shall serve as the legislative authority; and the executive authority shall mean the board of selectmen in a town, the mayor in a city, and the county commissioners in a county. Said program shall be administered by the appropriate municipal or county retirement system, which also shall promulgate regulations to implement the provisions of said program. Notwithstanding the foregoing, no city, town or county may adopt the provisions of this section unless said city, town or county has established a retirement system funding schedule pursuant to the provisions of section twenty-two D of Chapter thirty-two of the General Laws or subdivision six A of section twenty-two of said chapter thirty-two prior to the effective date of this act or adopts the provisions of section twenty-two D of said Chapter thirty-two after the effective date of this act. Notwithstanding any provisions of said chapter thirty-two to the contrary, the normal yearly amount of the retirement allowance for an eligible employee who is employed by a city, town or county which accepts the applicable provisions of this act and who has paid the full amount of regular deductions on the total amount of regular compensation as determined under paragraph (a) of subdivision (2) of section five of said chapter thirty-two, shall be based on the average annual rate of regular compensation as determined under said paragraph (a) and shall be computed according to the table contained in said paragraph (a) based on the age of such member and his number of years and full months of creditable service at the time of his retirement increased by up to five years of age or by up to five years of creditable service or by a combination of additional years of age and service the sum of which shall not be greater than five; provided however that the executive authority in a city or town may limit the amount of additional credit for service or age or a combination of service or age offered and the number of employees for whom it will approve a retirement calculated under the provisions of this section; provided further that if participation is limited, the retirement of employees with greater creditable service shall be approved before approval is given to employees with lesser creditable service.

For the purpose of this section words shall have the same meanings as in Chapter thirty-two of the General Laws, unless otherwise expressly provided or unless the context clearly requires otherwise. An employee who retires and receives an additional benefit in accordance with the provisions of this section shall be deemed to be retired for superannuation under the provision of said chapter thirty-two and shall be so subject to any and all provisions of said chapter thirty-two.

The total normal yearly amount of the retirement allowance, as determined in accordance with the provisions of section five of said chapter thirty-two, of any employee who retires and receives additional benefit under the retirement incentive program for municipal and county employees in accordance with the provisions of this section shall not exceed four-fifths of the average annual rate of his regular compensation received during any period of three consecutive years of creditable service for which the rate of compensation was the highest or of the average annual rate of this regular compensation received during the periods, whether or not consecutive, constituting his last three years of creditable service preceding retirement, whichever is greater.

The commissioner of the public employee retirement administrations shall analyze, study, and valuate the costs and the actuarial liabilities attributable to the additional benefits payable in accordance with the provisions of this section of the retirement incentive program for municipal and county employees established by this section for each retirement system; provided, that said commissioner shall file a report in writing of his findings to the board on or before December thirty-first, nineteen hundred and ninety-three, and shall send a copy thereof to the county commissioners, the mayor, or the board of selectmen, as the case may be; provided further, that said reports shall be filed with the joint committee on public service on or before December thirty first, nineteen hundred and ninety-three.

The applicable retirement board shall prepare a funding schedule which shall reflect the costs and the actuarial liabilities attributable to the additional benefits payable under the retirement incentive program in accordance with the provisions of this section and said schedule shall be designed to reduce the applicable retirement system's additional pension liability attributable to such costs and liabilities to zero on or before June thirteenth, two thousand and eight; provided, that in preparing such schedule, the board shall consider the analysis of the commissioner of public employee retirement administration filed in accordance with the provisions of this section; and provided further, that said board shall triennially update such schedule until said June thirtieth, two thousand and eight. Said board shall file such funding schedule with the joint committee on public service and the house and senate committees on ways and means on or before March first, nineteen hundred and ninety-four, and shall file updates thereto triennially on or before March first of each year. In each of the fiscal years until the actuarial liability determined under this section shall be reduced to zero, it shall be deemed an obligation of the applicable city, town or county to fund such liability and there shall be appropriated to the applicable pension reserve fund in each such fiscal year the amount required by the funding schedule and the updates thereto.

THE COMMONWEALTH OF MASSACHUSETTS

DIVISION OF PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

JOHN W. MCCORMACK BUILDING

ROOM 1101

ONE ASHBURTON PLACE • BOSTON, MA 02108

(617) 727-9380

JOHN J. MCGLYNN
COMMISSIONER

JOSEPH I. MARTIN
FIRST DEPUTY COMMISSIONER

BARBARA J. PHILLIPS
COUNSEL

M E M O R A N D U M

TO: All City/Town Retirement Boards

FROM: John J. McGlynn, Commissioner

DATE: August 6, 1992

RE: Early Retirement Incentive Program

Section 48 of Chapter 133 of the Acts of 1992, the recently approved Fiscal Year 1993 State Budget, established an option enabling cities and towns to create an Early Retirement Program for Municipal Employees. In an effort to assist you in implementing such a program, if your community should adopt this option, PERA has conducted an analysis of this legislation. The analysis is not exhaustive and if you have inquiries regarding specific aspects of the statute, it is suggested you contact the counsel who provides legal services to your board.

Please note that the following analysis pertains only to municipalities, the employees of which are members of city and town retirement systems.

Acceptance

In order to establish an Early Retirement Incentive Program, the statute:

(1) must be accepted by vote of the Legislative Authority
and
(2) must be accepted by the Executive Authority

The Legislative Authority in a city is the City Council. The Legislative Authority in a town is the Town Meeting. The Executive Authority in a City is the Mayor. The Executive Authority in a Town is the Board of Selectman. The city or town may accept the statute through July 15, 1993.

Eligibility

In order to be eligible to participate in an Early Retirement Incentive Program, an individual must meet the following criteria. He or she must:

(1) be a member of the retirement system on the date of acceptance of the program by the city or town, and
(2) be an employee of the city or town on the effective date of the statute (July 1, 1992), and
(3) be eligible to receive a superannuation retirement allowance under C.32, s.5 (age 55 and at least 10 years of creditable service) on the retirement date set forth in the application, or
be eligible to retire under C.32, s.10 (1) (under age 55 and at least 20 years of creditable service) on the retirement date set forth in the application.

This eligibility must exist prior to the addition of years of age or service granted by the incentive.

Limitation on Participation, Additional Age and Additional Creditable Service

The Executive Authority (Mayor in a City, Board of Selectman in a Town) may limit the number of employees who will be allowed to participate in the Early Retirement Incentive Program. It is the opinion of this Division that the law does not allow the Executive to establish limits on participation by job category or Group Classification. Limits may only be established if they are applied generally as a maximum number of city or town employees who may participate. If participation is limited, individuals with longer periods of creditable service will be approved for retirement prior to those with less creditable service. For purposes of making this determination, all past creditable service is considered, including service in other C.32 systems.

The Executive Authority may also limit the number of additional years of creditable service or age or combination thereof that will be granted to employees who participate in the Early Retirement Incentive Program.

Application Procedures

In order to receive the incentive, the individuals must:

(1) File a written application after July 1, 1992 but no later than July 15, 1993.
(2) Specify a retirement date in the application which may be no earlier than September 1, 1992 and no later than 45 days after acceptance of the Early Retirement Incentive Program by the city or town.
(3) Specify a retirement date within 45 days following acceptance of the Early Retirement Incentive Program option by the city or town.

This Division strongly suggests that the boards notify employees of these requirements. In order to insure knowledgeable decision making by eligible employees, you must notify employees as soon as possible following acceptance of this statute by your city or town.

Retirement Incentive

Unless the Executive Authority has limited the additional years of service or additional years of age or combination thereof, any eligible applicants will be entitled to increase age by up to five years or creditable service by up to five years, or any combination of years and service, the sum of which equals not more than five years. It should be noted:

(1) In no event may a participant receive more than a total of 5 years.
(2) Although the Executive Authority may limit the number of participants and the number of years which will be granted as an incentive, the number of years may not be increased.
(3) The individual may not by virtue of the incentive establish eligibility for retirement under a provision of C. 32 which differs from that for which the individual was eligible prior to the incentive.

Retirement Board Responsibilities

In addition to processing retirements, the Board is authorized to promulgate regulations for the implementation of the Early Retirement Incentive Program. These regulations must be consistent with law and any limits established by the Executive. Regulations should be issued, particularly if limits are placed on the program. Issues such as Notice to Employees, Implementation of Any Limits, and Acceptance Procedures should be addressed.

Any such regulations are subject to review and approval by the Commissioner of PERA pursuant to G.L. c.7, s.50(b). An expedited review and approval process has been established to deal with regulations for implementing the Early Retirement Incentive Program.

Establishment of Funding Schedule

The Early Retirement Incentive Program may be adopted only in those cities and towns:

(1) which have established and received the approval of the actuary for a retirement system funding schedule prior to the effective date of the statute under C.32, s.22D or C.32, s. 22(6A).

Although provisions of the budget provide that the Early Retirement Incentive Program option may be adopted by cities and towns which accept C.32, s.22D after the effective date of the budget, that provision is, absent further legislative action in the form of an amendment to this statute or a Home Rule Petition authorizing acceptance of 22D, rendered ineffective due to the fact that the law does not amend s.22D to authorize acceptance beyond December 31, 1990.

Funding Schedule for Costs/Liabilities of the Early Retirement Incentive Program

Pursuant to the Early Retirement Incentive Program, the Board must establish a funding schedule to offset the costs and actuarial liabilities attributable to the Early Retirement Incentive Program. The funding schedule must eliminate the additional costs and liabilities on or before June 30, 2008. The costs and liabilities are an obligation of the city or town.

The funding schedule regarding the Early Retirement Incentive Program's cost and liabilities must be filed with the Joint Committee on Public Service and the House and Senate Ways and Means Committees on or before March 1, 1994. This schedule must be updated once every three years and updates are to be filed with the Committees on or before March 1.

Reporting Requirements

PERA is directed to analyze, study and valuate costs and liabilities attributable to the additional benefits payable under an Early Retirement Incentive Program. Prior to 12/31/93, the Commissioner must file a report with the Retirement Board, local officials and the Joint Committee on Public Service. Under separate cover we will request specific information necessary to conduct that study from Boards of cities and towns which adopt the Early Retirement Incentive Program.

JJM/JM/cjc
2864j

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CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

November 2, 1992

To The Honorable, The City Council:

After significant review and study of the costs and benefits, I recommend to the city Council that the Council accept Section 48 of Chapter 133 of the Acts of 1992 (copy attached) which enables cities and towns to establish an Early Retirement Program for Municipal Employees. This is a plan which has generated a great deal of interest among some city employees. Although potentially expensive, I believe, through rigorous review of each vacancy which results, and only selective replacement, we can make the program affordable.

Attached is a memorandum from the Division of Public Employee Retirement Administration which explains the provisions of the plan, including eligibility, limitations, application procedures, benefits, retirement board responsibilities, funding schedules and reporting requirements.

Should the Council accept the Section by November 9, 1992 it would be my intent to formally accept it as the Chief Executive Officer shortly thereafter, to be effective immediately after my acceptance. Should the Council delay consideration beyond November 9, 1992, I would have to delay my acceptance until significantly later this fiscal year because of the likelihood of having to pay calendar 1993 benefits to the retirees.

In either event, whether the Council accepts the Section now, or sometime in the future, I intend to exercise the discretion provided in the Section of the Chief Executive Officer to accept the section subject to limitation. Both on the total benefit level and the total number of persons eligible. I intend, at the appropriate time to accept the Section with a limitation on the benefit of a maximum of 3 years added to either age or years of service or a combination of the two not to exceed 3. I would also limit the total number of participants to 75. If more than 75 persons apply for the plan, eligibility will be determined by total creditable service time in the City-State Retirement System (including communities other than Cambridge).

These restrictions on the benefit are absolutely essential to make the plan affordable. Increasing the level of the benefit or the total number of persons eligible would have the potential of reducing the work force and increasing the retirement costs well beyond a point where we could afford it.

If and when the plan is accepted my office will work with the Retirement Board to ensure clear communication and explanation of the benefits and prompt processing of applications.

Very truly yours,

Robert W. Healy
City Manager

RWH/mev
attachments

Agenda # 8

S-907

Acceptance of Section 48 of Chapter 133 of the Acts of 1992 regarding Early Retirement .

In City Council,

November 2, 1992

Order adopted

9-0-0.