

## **PENSION REFORM**

Since taking office in 2007, Governor Patrick has proposed and signed into law three separate pension reform bills to help curb abuses, change the system to make it more fair and equitable for taxpayers and all state workers, make the pension system more sustainable and creditable over time and restore the public's trust in state and municipal retirement systems.

### **Pension Reform I – Signed June 2009**

- Closes the One Day/One Year provision.
- Eliminates "King for a Day" provision.
- Eliminates pension credit for unpaid positions.
- Limits regular compensation to exclude benefits like housing, lodging, and travel.
- Reforms dual service pensions to prevent the combination of two positions.
- Prohibits consultants from collecting pensions and receiving full-time salaries.
- Stops elected officials from claiming "termination allowances".
- Changes vesting requirements for elected officials from 6 to 10 years.

### **Pension Reform II – Signed June 2010**

- Imposes a cap on earnings for the purpose of calculating pension benefits.
- Requires that if a retiree worked for two different employers, both employers would share the costs for the retiree's health insurance.
- Requires Supreme Court Justices to pay into the pension system.

### **Pension Reform III – Signed November 2011**

- Increases the retirement age for virtually all state workers and eliminates early retirement subsidies.
- Introduces anti-spiking rule to limit annual increases in pensionable earnings.
- Eliminates the ability to receive a pension and compensations for the same elected position unless the individual does not hold the elected off for at least one year after retiring.
- Pro-rates pension benefits for new employees based on employment history
- Increases the period for averaging earnings for purposes of calculating a member's retirement allowance from three to five years.

## **SAVINGS**

- These reform measures will generate over \$5 billion in pension funding savings over 30 years, including an estimated \$2 billion for cities and towns.