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Massachusetts Legislature Passes Landmark Pension Reform

The state legislature has passed a landmark pension reform bill that will eliminate abuses and loopholes in the current pension laws. The final bill, which now goes to the Governor for his expected signature, will save taxpayer money, help to restore fairness and a level playing field for all public employees, and is an important step towards rebuilding public trust in our government.

“I’m proud to have been a strong advocate for this important reform of our public pension system,” said State Representative Jason Lewis. “The reforms in this bill will apply to all current and future state employees and elected officials who retire after July 1, 2009, so we will see the impact of this legislation almost immediately.”

“When elected State Representative, my priority was to restore the public trust in elected office. Pension reform is an integral part of this priority and I am proud to be an advocate for positive change,” said Rep. Dwyer

“When I became Speaker, I vowed that pension reform would be one of the first items that the House would address,” said House Speaker Robert DeLeo. “I have said repeatedly that for the public to have trust and confidence in public officials we have to bring government pension standards in line with everyone else – and now we have. I am proud of the House’s vote today. With this pension bill, we are doing what so many doubted we could do – bringing real reform to Beacon Hill.”

There are a number of significant reforms in this bill, including:

- Eliminates the "one day, one year" provision that allows elected officials to claim a full year of credible service for working one day in a calendar year
- Eliminates a provision that has allowed some elected officials to claim early, enhanced pensions when they choose not to seek re-election after 20 years of service
- Redefines “regular compensation” upon which pensions are calculated to exclude benefits like housing, lodging, travel, and other similar allowances
- Eliminates current provisions that enable some public officials to establish pension credit for service in positions that have no or minimal compensation
- Extends the "vesting" requirement for elected officials from 6 years to 10 years
- Eliminates a loophole that allows individuals receiving pension benefits to return to work and receive a full salary in addition to pension benefits if the individuals are classified as "consultants" or "independent contractors”
- Reforms the current accidental disability retirement benefit so that it is tied to the 12-month average of compensation received prior to the date of injury (this eliminates the so-called “king for a day”)

In addition to these and other critical reforms, the bill also establishes a Commission to investigate additional ways to reform our pension system to ensure fiscal soundness.

“The legislature has chalked up a major victory for reform,” said Pam Wilmot, executive director of Common Cause Massachusetts. “The bill closes loopholes in the law and will prevent some of the most significant abuses in the pension system.”