



An Act to provide fair and affordable public retiree benefits

MTA Legislative Agenda, 2023-2024

Lead Sponsors: Sen. Julian Cyr (D-Truro) | Rep. Dan Donahue (D-Worcester)

Ensuring greater economic security for retired public-sector workers

A pension Cost of Living Adjustment (COLA) is a change made to a retiree's pension in order to offset the impacts of inflation. For retired Massachusetts state employees and teachers, however, the COLA benefit is historically capped, no matter how much inflation grows. The annual increase is typically just 3 percent of the first \$13,000 of a retiree's pension earnings, or \$390 a year. Skyrocketing inflation and rising costs of living for retirees make it essential that the state offer a more realistic COLA. Additionally, there are some retirees who began their public-sector employment prior to 1986 and who are not eligible for Medicare. These retirees must pay more to cover the cost of their health insurance premiums and are subject to greater out-of-pocket costs. The lowering of municipal contributions for retiree health insurance premiums can also lead to substantial cost increases for retirees on fixed incomes.

This bill would address these issues by:

- Immediately increasing the dollar base on which the annual state pension COLA is calculated, from \$13,000 to \$18,000, and over time raising the base to align with Social Security's maximum benefit for an individual worker retiring at full retirement age (\$43,524 in 2023).
- Freezing the health insurance premium contribution share for current municipal retirees at the percentage they are paying upon the effective date of this legislation and locking in the percentage for future retirees based on their retirement date.
- Creating a mechanism to cap out-of-pocket expenses for public retirees who are not Medicare-eligible at \$2,500 for individual coverage and \$5,000 for family coverage.

Passing *An Act to provide fair and affordable public retiree benefits* means:

- Pension benefits are able to keep pace with inflation.
- Municipal retirees will have increased stability in health insurance premium payments.
- Retired public employees who are not eligible for Medicare will be better protected from skyrocketing health care costs.
- Economic stability for public servants who deserve to live in retirement with dignity.

For more information, please contact MTA Government Relations

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