

# Massachusetts Contributory Retirement Board Profiles

## Introduction

The Board Profile section of the PERAC Annual Report provides a detailed assessment of some of the important indicators relative to the financial health of the retirement systems. The information provided in this Report can enable board members to provide factual comment and advice to policymakers as various proposals relative to the retirement law are assessed. Through this and other studies, the Commission seeks to provide objective, comprehensive and accurate data for use by all interested parties.

In assessing investment performance, PERAC relies on the retirement boards to submit accurate and complete information about investment activity. PERAC numbers might differ from those provided to a board by its consultant because PERAC measures all assets, including monies not committed to investment management.

As always, actuarial information details the fiscal condition of the systems, which can play a direct role in state and local budgets. The funded ratio indicates the extent to which assets cover system liabilities. When the system will pay off its unfunded liability and what type of funding technique is being used are also noted. PERAC has consistently urged boards to conduct actuarial valuations in order to provide an up-to-date assessment of the fiscal condition of the system.

Some systems utilize phase-in schedules in which payments increase more rapidly over the first few years of the schedule than later in the schedule. We reflect those schedules using the ultimate amortization schedule and note there is a phase-in. For example, "4.0% Increasing Phase-in" with a year fully funded of 2035 could mean the total appropriation increases 8.0% per year for 4 years and then the remaining unfunded liability is amortized on a 4.0% annual increasing basis until FY35. Twenty-two systems currently use a phase-in approach and both the percentage increase and the number of years before the amortization begins vary. Schedules described as "Total Increasing" mean the annual appropriation increases by the amount indicated for the entire schedule. Eleven systems have such a schedule.

In the actuarial area, PERAC approved 56 new funding schedules and completed 23 actuarial valuations in 2012. The valuations complemented the 53 valuations performed by private actuaries. The Actuarial Unit also completed the annual actuarial valuation of the Commonwealth's pension liability. Throughout the year, PERAC responded to legislative and gubernatorial requests for analysis of legislation and made presentations at several forums.

In addition to the information detailed in the Profiles, PERAC, as always, has been busy assisting the boards in other areas. In 2012, 714 medical panel requests were processed and 1,528 comprehensive medical evaluations were conducted. This led to the approval of 530 disability applications and 89 accidental death claims. Sixty-one medical re-examinations of disability retirees took place.

Such medical evaluations and examination resulted in 6 members returning to work saving \$200,564.16.

PERAC is responsible for the post-retirement monitoring of disabled retirees. One aspect of that task is enforcing the earnings limits set forth in Chapter 32. In 2012, PERAC analyzed 15,781 earnings reports, 4,027 retirees reported earnings and 179 earned in excess of the statutory limits. An additional 68 retirees failed to comply with the reporting requirement. This resulted in the recovery of \$1,334,175 in excess earnings and \$1,694,178 for non-compliance. In addition 34 retirees waived their allowance saving \$422,952.

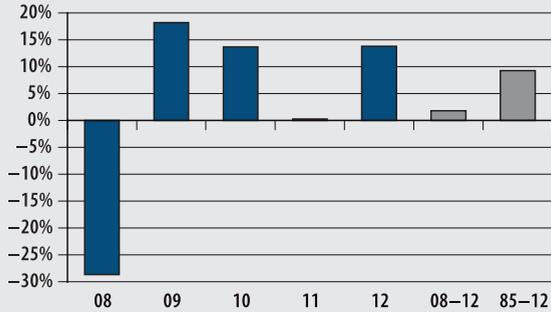
In 2012 PERAC conducted 35 audits of retirement systems. In addition, 18 follow-up audits were issued. The Commission awards Certificates of Achievement to those systems found by our auditors to be operating in an exemplary fashion. In 2012 we issued 13 Certificates of Achievement. As always, PERAC audit staff conducted annual seminars on the preparation of the Annual Statement, which included training regarding issues arising from the most recent pension reforms and the Attorney General's revised open meeting law regulations addressing remote participation

## Composite Investment Profile

Commonwealth of Massachusetts

Public Employee Retirement Systems and Pension Reserves Investment Trust

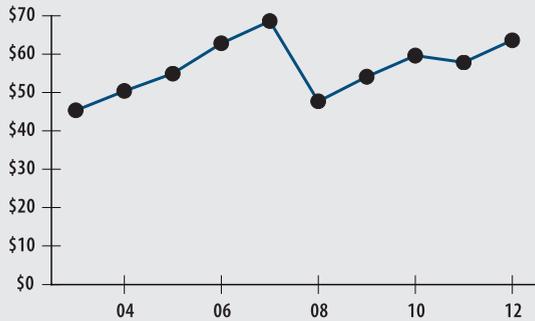
Investment Return (2008-2012, 5 Year and 28 Year Averages)



### INVESTMENT

▶ 2012 Return	13.84%
▶ 2012 Target	N/A
▶ 2012 Market Value	63.6 B
▶ 2008-2012 (Annualized)	1.83%
▶ 1985-2012 (Annualized)	9.27%

Asset Growth (2003-2012) (Market Value in Billions)



## Boston Teachers

### INVESTMENT

▶ 2012 Return	13.89%
▶ 2012 Target	8.00%
▶ 2012 Market Value	\$1.4 B