



# Massachusetts Contributory Retirement Board Profiles

## Introduction

**T**he Board Profile section of the *PERAC Annual Report* represents the only comprehensive compilation of data relative to our retirement systems that is available. This database can be used to assess the funding condition of the system, membership information, investment return history, asset growth, disability experience, and audit results. In addition, the names of the board members and administrators are listed, as well as the board meeting schedule, and pertinent information about how to contact the board.

As always, actuarial information details the fiscal condition of the systems, which can play a direct role on state and local budgets. We are sharing the unfunded actuarial liability from the most recent valuation, the FY06 appropriation amount, and funded ratio history from 1987.

In assessing investment performance, PERAC relies on the retirement boards to submit accurate and complete information about investment activity. Unfortunately, that is not always the case. In some instances, we have made the appropriate adjustments to returns. PERAC numbers might differ from those provided to the board by its consultant because PERAC measures all assets, including monies not committed to investment management. In addition, PERAC includes fourth quarter results from real estate and venture capital partnerships that are often not available to consultants until the close of the first quarter of the next year.

This year, we are presenting asset allocation as well as actuarial and investment information in graph form. Data is primarily based on information provided by investment consultants. For the first time, actuarial demographic information is included such as total payroll/benefit, average salary/benefit, and average age and service data.

In addition to the information detailed in the Profiles, PERAC, as always, has been busy assisting the boards in other areas. In 2005, 909 medical panel requests were processed and 958 comprehensive medical evaluations were conducted. This led to the approval of 768 disability applications and 98 accidental death claims. Eighty-one medical re-examinations of disability retirees took place and 5 members were restored to service.

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 2005, PERAC analyzed 15,193 earnings reports: 3,526 retirees reported earnings and 179 earned in excess of the statutory limits. An additional 43 retirees failed to comply with the reporting requirement. This resulted in the recovery of \$1,621,024 in excess earnings and \$659,117 for non-compliance. Five members returned to work, saving an additional \$81,356, and 20 waived their allowance saving \$242,907.

In 2005, PERAC conducted 39 audits of retirement systems and issued 31 audit reports. In addition, 17 follow-up audits were conducted resulting in the issuance of 11 reports. The major audit issue addressed in 2005 was the definition of regular compensation. In general, boards have made a concentrated effort to clear up audit findings and this has been reflected in the follow-up reports, as well as the regularly scheduled audits. As always, PERAC audit staff conducted annual seminars on the preparation of the Annual Statement with special emphasis on common audit issues, particularly the treatment of investment income, and realized and unrealized losses.

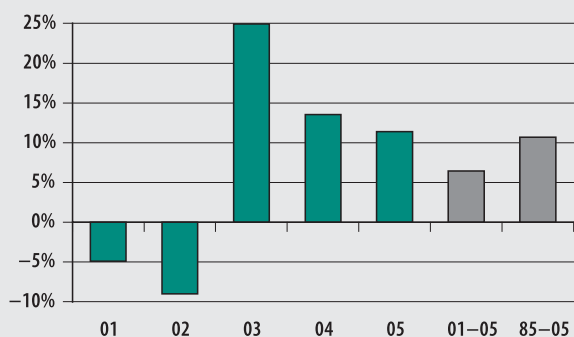
During 2005, PERAC continued its commitment to communicating with the public pension community, policy-makers, and the taxpayers. The Commission sponsored its second annual Emerging Issues Forum covering Health Care: Implications for Public Plans. Over 200 people attended that Forum and heard presentations focusing on recent changes in accounting rules that require public entities to recognize post-retirement benefits, as well as workplace health issues. For the first time, PERAC publications were disseminated on CDs enabling easier access to educational materials. Regular publications included the *PERAC Quarterly Financial Bulletin*, *PERAC Pension NewsFlashes*, the *PERAC Pension News*, and the *PERAC*

*Publications Catalog*. Finally, the PERAC Web Page was redesigned in an effort to enhance ease of use.

In the actuarial area, PERAC approved 39 new funding schedules and completed 19 actuarial valuations in 2005. The valuations complemented the 30 valuations performed by private actuaries. The actuarial unit also conducted an analysis of the COLA, met with 21 retirement boards and staff, made presentations at several forums, and 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.

## Composite Investment Profile Commonwealth of Massachusetts Public Employee Retirement Systems and Pension Reserves Investment Trust

► Investment Return (2001-2005, 5 Year and 21 Year Averages)



### ► INVESTMENT

► 2005 Return	11.41%
► 2005 Market Value	\$54.9 B
► 2001-2005 (Annualized)	6.46%
► 1985-2005 (Annualized)	10.71%

► Asset Growth (1996-2005) (Market Value in Billions)

