

# Letter from the Chairman

**T**he Public Employee Retirement Administration Commission is pleased to release this annual report, which details the Commission's activities and the experience of the Massachusetts' public pension systems during 2006.

As recounted in our report, investment performance in 2006 was generally on par with other pension funds across the nation. This performance reinforces the fact that the retirement boards invest as well as their peers and should give comfort, not only to the general public, but most importantly to those who rely on the systems for their retirement benefits.

In 2006, the Commission worked with the Legislature's Public Service Committee in presenting the package of pension reforms developed in conjunction with the Reform Initiatives Advisory Committee chaired by former Attorney General Scott Harshbarger. Recommendations focused on the education of board members, investment procedures, disclosures, and other matters. Although the measure did not gain approval in the last Legislative session, after discus-

sions with representatives of the Massachusetts Association of Contributory Retirement Systems (MACRS), the Commission submitted a revised proposal to the Public Service Committee that we hope will ultimately become law.

Last summer, the Commission hosted its third annual Emerging Issues Forum. The event, entitled "Scandals and Solutions: Ethical Dilemmas in Public Stewardship," provided a review of ethical issues and focused attention on the need for trustees to be vigilant in managing the systems' funds.

In 2006, Commissioner Henry Brauer resigned his position. We thank him for his service. Paul V. Doane was appointed to that position in the fall of 2006 and we have already benefited from his perspective and wisdom.

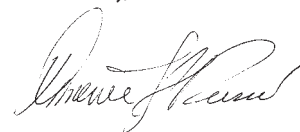
Retirement board members are under ever-increasing scrutiny as they go about the challenging tasks assigned to them by Chapter 32. Our public pension law was the subject of comment by all the gubernato-

rial candidates in last year's election. Change has been recommended in the administration of nearly every aspect of Chapter 32.

In the future, many controversies and challenges will arise. Regardless of the circumstances, taxpayers, public policy makers, employees, retirees, and beneficiaries must be able to count on the commitment of the dedicated board members and staff who administer our pension plans.

As always, the Commission and staff will use our best efforts to assist the retirement boards in safeguarding the interests of system members and beneficiaries.

Sincerely,



Domenic J.F. Russo  
Chairman