

# LETTER FROM THE CHAIRMAN

The Public Employee Retirement Administration Commission is pleased to release this 2007 Annual Report detailing the Commission's activities and reviewing the status of the Massachusetts public pension plans.

Chapter 68 of the Acts of 2007, adopted by the Legislature and signed into law by Governor Patrick, dramatically altered the relationship between the retirement systems and the Pension Reserves Investment Trust Fund (PRIT). Those systems that do not meet certain investment and funding standards must transfer assets to PRIT for investment. In the first year of implementation, the Commission fulfilled its responsibility under that law in a fair and equitable manner and we will continue that approach.

As we have pointed out in recent annual reports, the activities of our retirement boards, as reflected in the passage of Chapter 68, have become a focus of the media, policy-makers, and the general public. This is a reality that we all must accept. In addition, the financial and benefit structure of the systems, as created by Chapter 32, has been scrutinized as never before. There is no indication that these circumstances will change in the near future. Our common challenge is to make the case for our pension system and to

acknowledge that some reform may be necessary. Reasonable and responsible reform such as that embodied in the Commission's legislative recommendations (H.4011) focusing on education of board members, investment procedures, disclosures, and other matters can ensure the public of the commitment of those who manage the systems to the adoption of best practices in that management.

As recounted in this report, once again investment performance in 2007 was generally competitive 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 and policymakers, but most importantly, to those who rely on the systems for their retirement benefits.

As you know, 2007 marked the tenth anniversary of the first full year of the Commission's existence. During that time, great progress has been made in addressing many of the concerns that resulted in its creation. It is noteworthy that present controversies are not merely a repeat of those that arose in the past, but seem to emphasize the idiosyncrasies of Chapter 32. The Commission's record of achievement is documented in the work that the Commissioners and its

staff produce each day. In that regard, we thank all of those who served on the Commission during this period, as well as all those employees whose dedication and effort form the basis of our record. On this occasion, I would like to remember in a special way two people who are no longer with us. Commission Chair Elizabeth Laing oversaw the activities of the Commission during the formative period when the ground work for the decade was established and Pat Lowery, whose dedication to public service inspired all who worked with her, have left a lasting impression not only on the Commission but on the Commonwealth itself. Their example provides us with inspiration as we wrestle with the challenges ahead.

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