

Investment Report **2018**



Commission Members

Philip Y. Brown

Chairman

The Honorable Suzanne M. Bump

Auditor of the Commonwealth

Vice Chairman

Kathleen M. Fallon

Practice Area Director, Public Consulting Group

Kate Fitzpatrick

Town Manager, Town of Needham

James M. Machado

Sergeant, Fall River Police Department

Robert B. McCarthy

President Emeritus of the Professional

Firefighters of Massachusetts

Jennifer F. Sullivan

Assistant Secretary for Capital Finance,

Administration & Finance

John W. Parsons, Esq.

Executive Director

Public Employee Retirement Administration Commission

Five Middlesex Avenue

Suite 304

Somerville, MA 02145

Phone 617 666 4446

Fax 617 628 4002

TTY 617 591 8917

Web www.mass.gov/perac





LETTER FROM THE | EXECUTIVE DIRECTOR

We are pleased to release this Investment Report for 2018. Following the adoption of Chapter 68 of the Acts of 2007, the Public Employee Retirement Administration Commission (PERAC) began issuing an Investment Report containing investment and funding results prior to the issuance of our Annual Report which contains a more exhaustive analysis of the activities of the Massachusetts' public pension systems. Chapter 68 of the Acts of 2007 mandates that systems that do not meet certain investment and funding standards transfer assets to the Pension Reserves Investment Trust Fund (PRIT) to be invested by the Pension Reserves Investment Management Board (PRIM). In light of the impact that these results may have on some systems, the Commission believes that it is imperative that this data be disseminated as soon as possible. We anticipate that the full Annual Report for 2018 will be ready for distribution in the early summer.

The two comparative components established under Chapter 68 are funded ratio and 10 year investment performance. The funded ratio standard is 65% and, based on investment performance results for 2018, the investment standard is 7.14% (PRIM 10 year return 9.14% minus 2.00%).

PERAC, in Memo #35, 2007, outlined the principles that it would apply in conducting analysis pursuant to that law. It is suggested that Boards review those principles. Such a review is particularly important to Boards that may be subject to a Chapter 68 Order this year.

This report delineates investment returns for several periods: 2018, 2014-2018 inclusive, 2009-2018 inclusive, and since inception through 2018. The funded ratios are as of the date of the most recent valuation available to PERAC. Ratios based on actuarial valuations received after April 1, 2019 have not been included in this Report, however such valuations will be used to conduct the Chapter 68 analysis.

PERAC has completed its analysis of system funded status and investment performance in accordance with Chapter 68 of the Acts of 2007. Applying the tests set forth in that statute PERAC has determined that no retirement board will be ordered to transfer its assets to the Pension Reserves Investment Trust Fund (PRIT) based on 2018 results.

Systems submitted sufficient accounting data this year enabling the PERAC Investment Unit to conduct an accurate assessment of the performance of all systems. Therefore, it was not necessary, as has been the case in the past, to issue a report not covering all 104 systems.

This Report is the result of the efforts of the PERAC Investment Unit and the PERAC Compliance Unit. On behalf of the Commission, I would like to thank Compliance/Investment Data Coordinator Cheryl Johnson, Investment Analyst Veronica Colon and Senior Investment Analyst Sarita Yee for their efforts in preparing this Report. I would also like to express our gratitude to retired Senior Investment Analyst Victoria Marcorelle who worked on this analysis as well. Lastly, we express our appreciation to the administrative staff at our retirement boards for their efforts in providing the detailed data that allows us to issue this report in a timely and accurate manner.

I hope you find the Report informative and helpful as you assess the state of our retirement systems.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Parsons". The signature is stylized with a large, looped "P" and a cursive "Parsons".

John W. Parsons, Esq.
Executive Director

2018 RETURNS & ANNUALIZED PAST RETURNS (IN PERCENT) | FUNDED RATIOS

	Return (2018)	5-Year Return	10-Year Return	34-Year Return
ADAMS	-5.10%	2.60%	6.56%	7.47%
AMESBURY	-1.70%	6.45%	9.12%	7.90%
ANDOVER	-3.49%	6.13%	9.01%	8.18%
ARLINGTON	-1.53%	6.22%	8.70%	8.22%
ATTLEBORO	-3.93%	4.97%	9.43%	8.64%
BARNSTABLE COUNTY	-1.81%	6.50%	9.11%	7.42%
BELMONT	-2.69%	5.57%	9.83%	9.11%
BERKSHIRE COUNTY	-1.75%	6.47%	9.12%	8.84%
BEVERLY	-1.79%	6.48%	9.26%	8.44%
BLUE HILLS REGIONAL	-1.84%	6.41%	9.11%	8.52%
BOSTON (CITY)	-5.20%	4.57%	8.36%	8.61%
BOSTON (TEACHERS)	-1.66%	6.47%	N/A	N/A
BRAINTREE	-4.21%	4.89%	8.23%	8.38%
BRISTOL COUNTY	-2.88%	5.16%	9.24%	8.64%
BROCKTON	-5.20%	4.59%	8.29%	8.39%
BROOKLINE	-1.75%	5.85%	8.67%	8.45%
CAMBRIDGE	-3.10%	5.67%	9.65%	9.06%
CHELSEA	-1.80%	6.51%	9.17%	7.86%
CHICOPEE	-3.43%	5.95%	10.73%	8.47%
CLINTON	-1.75%	6.56%	9.12%	7.63%
CONCORD	-3.49%	5.93%	8.92%	8.38%
DANVERS	-6.30%	4.01%	8.54%	7.76%
DEDHAM	-1.81%	6.54%	9.26%	9.33%
DUKES COUNTY	-0.45%	7.52%	9.85%	7.79%
EASTHAMPTON	-1.78%	6.47%	9.15%	8.15%
ESSEX REGIONAL	-1.79%	6.69%	9.82%	8.59%
EVERETT	-1.74%	6.55%	9.33%	8.33%
FAIRHAVEN	-1.78%	6.44%	9.15%	9.12%
FALL RIVER	-1.76%	6.33%	8.97%	8.23%
FALMOUTH	-5.82%	5.17%	8.70%	8.69%
FITCHBURG	-1.85%	6.34%	8.57%	7.54%
FRAMINGHAM	-1.71%	6.48%	9.16%	9.09%
FRANKLIN REGIONAL	-3.13%	5.99%	9.60%	8.21%
GARDNER	-1.79%	6.47%	9.16%	9.21%
GLOUCESTER	-1.71%	6.53%	9.17%	8.71%
GREATER LAWRENCE	-1.75%	6.20%	9.81%	7.54%

Funded Ratio	Date of Most Recent Valuation
72.1%	1/1/18
58.7%	1/1/18
48.6%	1/1/18
51.5%	1/1/18
62.6%	1/1/18
59.5%	1/1/18
58.2%	1/1/18
82.8%	1/1/17
57.3%	1/1/18
73.7%	1/1/18
76.9%	1/1/18
39.6%	1/1/18
65.1%	1/1/18
67.7%	1/1/18
62.4%	1/1/18
57.1%	1/1/18
87.7%	1/1/18
64.3%	1/1/17
75.9%	1/1/17
64.0%	1/1/17
86.5%	1/1/18
58.6%	1/1/18
94.7%	1/1/18
76.4%	1/1/18
73.3%	1/1/18
53.4%	1/1/18
57.3%	1/1/18
72.9%	1/1/18
42.0%	1/1/17
64.8%	1/1/18
43.8%	1/1/18
71.4%	1/1/18
73.2%	1/1/18
54.6%	1/1/17
46.8%	1/1/18
88.6%	1/1/17

2018 RETURNS & ANNUALIZED PAST RETURNS (IN PERCENT) | FUNDED RATIOS

	Return (2018)	5-Year Return	10-Year Return	34-Year Return
GREENFIELD	-1.70%	6.55%	9.35%	8.37%
HAMPDEN COUNTY REGIONAL	-1.77%	6.46%	8.80%	8.45%
HAMPSHIRE COUNTY	-2.27%	5.53%	8.71%	8.11%
HAVERHILL	-1.77%	5.91%	9.14%	9.68%
HINGHAM	-1.79%	6.10%	8.63%	8.92%
HOLYOKE	-4.51%	6.24%	10.93%	9.14%
HULL	-1.78%	6.53%	9.14%	7.82%
LAWRENCE	-1.73%	6.46%	9.15%	7.70%
LEOMINSTER	-4.68%	5.99%	9.59%	8.41%
LEXINGTON	-3.93%	5.77%	8.86%	8.55%
LOWELL	-1.74%	6.26%	8.88%	8.90%
LYNN	-1.94%	6.51%	8.51%	7.90%
MALDEN	4.73%	6.84%	9.41%	9.53%
MARBLEHEAD	-1.81%	6.49%	9.20%	9.04%
MARLBOROUGH	-4.43%	4.42%	7.78%	8.06%
MA HOUSING FINANCE (MHFA)	-3.14%	4.58%	7.86%	7.26%
MASSPORT	-4.53%	5.22%	8.95%	8.72%
MA TEACHERS RETIREMENT SYSTEM (MTRS)	-1.81%	6.51%	9.25%	9.27%
MA WATER RESOURCES AUTHORITY (MWRA)	-1.73%	4.91%	9.07%	7.95%*
MAYNARD	-6.90%	5.51%	8.74%	7.67%
MEDFORD	-3.07%	4.40%	8.04%	8.47%
MELROSE	-1.72%	6.12%	8.50%	8.23%
METHUEN	-1.77%	6.90%	9.10%	7.91%
MIDDLESEX COUNTY	-1.51%	6.14%	8.45%	8.24%
MILFORD	-1.82%	6.47%	8.99%	8.09%
MILTON	-1.80%	6.46%	9.19%	9.18%
MINUTEMAN REGIONAL	-1.76%	6.27%	9.00%	9.24%
MONTAGUE	-1.84%	6.41%	9.12%	8.94%
NATICK	-3.44%	5.96%	9.47%	7.94%
NEEDHAM	-1.72%	6.44%	9.02%	9.43%
NEW BEDFORD	-4.22%	5.78%	9.03%	7.91%
NEWBURYPORT	-1.82%	6.27%	9.01%	8.08%
NEWTON	-1.45%	6.48%	8.94%	8.47%
NORFOLK COUNTY	-4.58%	4.83%	8.86%	8.35%
NORTH ADAMS	4.95%	7.18%	10.01%	9.50%
NORTH ATTLEBORO	-3.50%	5.90%	9.57%	8.41%

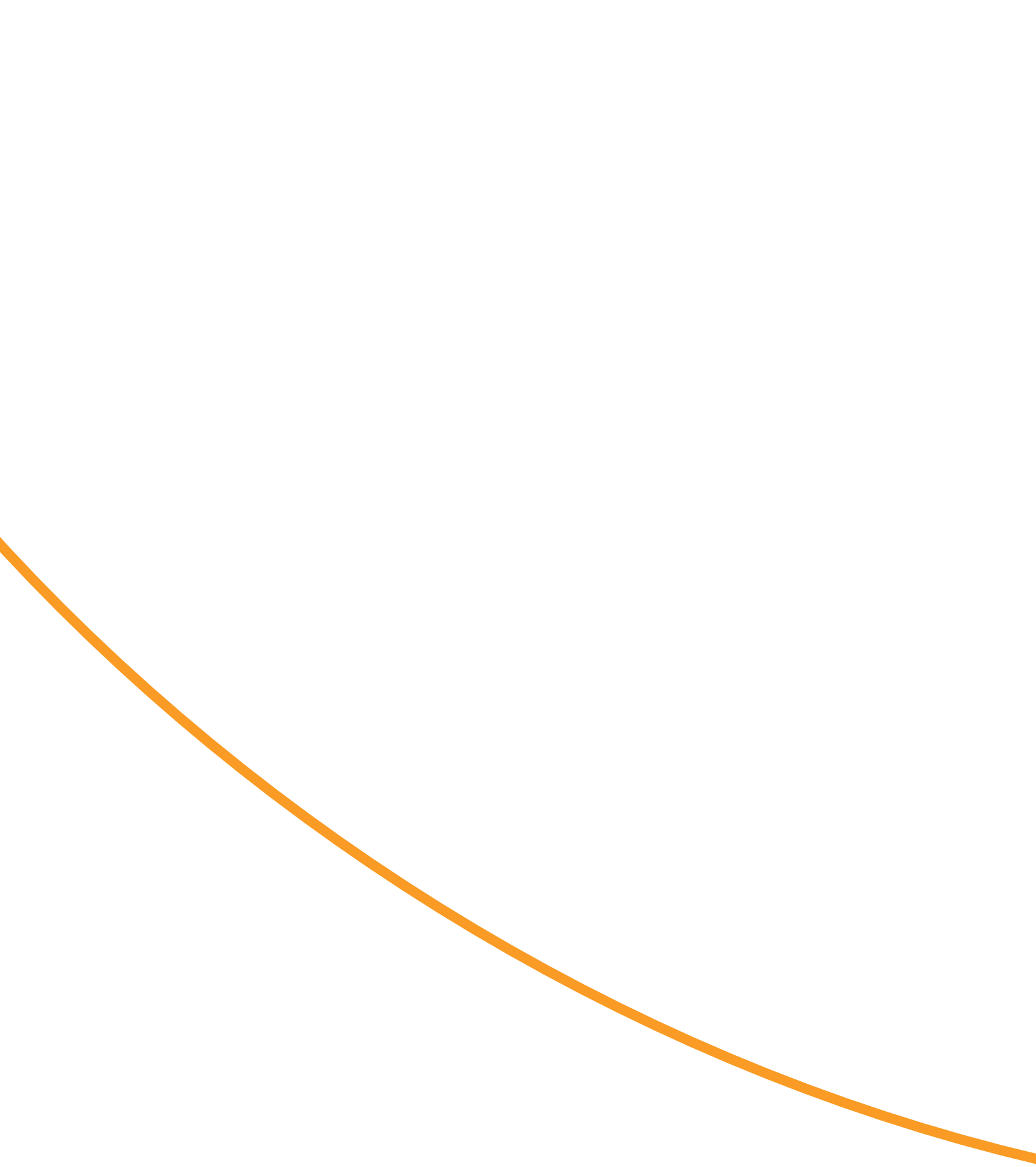
Funded Ratio	Date of Most Recent Valuation
56.0%	1/1/17
49.1%	1/1/18
61.5%	1/1/18
51.9%	1/1/18
70.9%	1/1/18
67.7%	1/1/18
63.9%	1/1/18
52.7%	1/1/18
99.7%	1/1/18
87.2%	1/1/18
56.0%	1/1/17
49.2%	1/1/17
72.0%	1/1/18
64.8%	1/1/18
76.4%	1/1/17
76.8%	1/1/17
90.9%	1/1/18
52.4%	1/1/18
95.0%	1/1/18
70.5%	1/1/17
68.1%	1/1/18
57.5%	1/1/17
53.4%	1/1/18
47.9%	1/1/18
60.9%	1/1/17
81.5%	1/1/17
88.3%	1/1/17
77.7%	1/1/18
62.2%	1/1/17
68.2%	1/1/18
45.2%	1/1/18
65.3%	1/1/18
51.7%	1/1/18
62.4%	1/1/18
75.0%	1/1/17
83.4%	1/1/17

* Based on 33-year return

2018 RETURNS & ANNUALIZED PAST RETURNS (IN PERCENT) | FUNDED RATIOS

	Return (2018)	5-Year Return	10-Year Return	34-Year Return
NORTHAMPTON	4.58%	7.35%	9.82%	9.32%
NORTHBRIDGE	-1.74%	6.52%	9.24%	9.16%
NORWOOD	-3.54%	5.90%	9.10%	8.88%
PEABODY	-1.81%	6.47%	9.20%	8.48%
PITTSFIELD	-1.55%	6.41%	8.86%	8.07%
PLYMOUTH	-3.13%	5.99%	9.71%	8.61%
PLYMOUTH COUNTY	-6.53%	4.49%	8.70%	8.75%
PRIM BOARD	-1.73%	6.44%	9.14%	9.33%
QUINCY	-2.46%	4.99%	8.06%	7.98%
READING	-1.39%	6.57%	9.26%	9.10%
REVERE	-1.82%	6.39%	8.92%	8.24%
SALEM	-1.78%	6.28%	8.63%	7.99%
SAUGUS	-1.75%	6.49%	9.20%	9.03%
SHREWSBURY	-2.49%	6.59%	9.81%	8.93%
SOMERVILLE	-2.92%	5.22%	9.89%	8.70%
SOUTHBRIDGE	-1.80%	6.51%	8.47%	7.93%
SPRINGFIELD	-1.59%	6.70%	8.97%	8.27%
STATE	-1.80%	6.52%	9.25%	9.26%
STONEHAM	-4.35%	6.09%	8.99%	8.59%
SWAMPSCOTT	-3.41%	6.22%	8.42%	8.83%
TAUNTON	-4.01%	5.47%	9.27%	9.28%
WAKEFIELD	-1.80%	6.50%	9.24%	9.45%
WALTHAM	-4.61%	5.83%	8.22%	8.41%
WATERTOWN	-4.58%	5.47%	8.53%	8.06%
WEBSTER	-5.27%	5.08%	9.29%	7.89%
WELLESLEY	-1.82%	6.49%	9.22%	9.72%
WEST SPRINGFIELD	4.75%	6.81%	9.31%	8.15%
WESTFIELD	-4.67%	6.40%	9.96%	8.59%
WEYMOUTH	-4.60%	5.12%	9.13%	9.49%
WINCHESTER	-2.58%	5.48%	7.75%	8.74%
WINTHROP	-1.72%	6.49%	8.87%	8.50%
WOBURN	-5.71%	5.28%	9.41%	9.06%
WORCESTER	-3.16%	5.03%	8.44%	8.56%
WORCESTER REGIONAL	-1.91%	6.39%	8.46%	8.04%
COMPOSITE	-2.25%	6.22%	9.13%	9.00%

Funded Ratio	Date of Most Recent Valuation
68.7%	1/1/18
69.1%	1/1/18
80.6%	1/1/18
52.3%	1/1/18
48.3%	1/1/17
50.1%	1/1/17
61.7%	1/1/17
NOT APPLICABLE	
45.0%	1/1/18
73.8%	1/1/17
56.1%	1/1/17
57.4%	1/1/18
73.9%	1/1/17
92.4%	1/1/18
66.4%	1/1/17
60.3%	1/1/18
27.0%	1/1/18
64.9%	1/1/18
74.7%	1/1/18
53.5%	1/1/17
79.6%	1/1/18
65.3%	1/1/18
57.7%	1/1/17
88.2%	1/1/18
57.8%	1/1/18
75.4%	1/1/17
64.4%	1/1/18
69.5%	1/1/17
66.1%	1/1/18
79.0%	1/1/17
80.8%	1/1/17
63.4%	1/1/18
63.5%	1/1/18
45.3%	1/1/18
NOT APPLICABLE	



COMMONWEALTH OF MASSACHUSETTS
PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
Five Middlesex Avenue, Suite 304 • Somerville, MA 02145
PH 617-666-4446 • FAX 617-628-4002
TTY 617-591-8917 • WEB www.mass.gov/perac