DEDHAM
Retirement System Audit Report

JAN. 1, 2019 - DEC. 31, 2022

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

Public Employee Retirement Administration Commission

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TABLE OF CONTENTS

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COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

August 6, 2026

The Public Employee Retirement Administration Commission has completed an examination of certain activities of the Dedham Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2019 to December 31, 2022. Based on an assessment in accordance with the policy outlined in PERAC Memo #18/2019, the scope of this audit was modified as noted below and was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00.

The specific objectives of our audit were to determine: 1) that the Board is exercising appropriate fiduciary oversight, 2) that cash balances are accurately stated, 3) that investment balances are accurately stated, 4) that retirement contributions are accurately deducted, 5) that retirement allowances were correctly calculated, and 6) that required member documentation is maintained.

To achieve these objectives, we inspected certain records of the Dedham Retirement Board in the above areas. Specifically, we reviewed the minutes of the Board meetings for compliance with fiduciary oversight and verified cash and investment balances. We tested the payroll records of a sample of active members to confirm that the correct percentage of regular compensation is being deducted, including the additional two percent over $30,000. We also tested a sample of members who had retired during our audit period to verify that their retirement allowance was calculated in accordance with the statute. We reviewed a sample of member files for accuracy and completeness.

In our opinion, for those areas tested, the financial records are being maintained and the management functions are being performed in conformity with the standards established by PERAC.

We commend the Dedham Retirement Board for the exemplary operation of the system.

In closing, I acknowledge the work of the auditors who conducted this examination, and express appreciation to the Board and staff for their courtesy and cooperation.

Sincerely,

Bill Keefe

William T. Keefe
Executive Director

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ANNUAL STATEMENTS (as submitted)

STATEMENT OF LEDGER ASSETS AND LIABILITIES

	AS OF DECEMBER 31, 2022	2021	2020	2019
Net Assets Available For Benefits:				
Cash	$273,860	$315,341	$339,632	$113,169
PRIT Cash Fund	153,003	200,051	300,063	1,258,911
PRIT Core Fund	174,894,971	201,667,953	171,128,257	155,373,987
Accounts Receivable	454,901	298,951	196,664	263,917
Accounts Payable	(494,965)	(422,016)	(232,940)	(194,192)
Total	$175,281,771	$202,060,280	$171,731,676	$156,815,792
Fund Balances:				
Annuity Savings Fund	$29,540,144	$28,473,935	$26,944,143	$25,668,168
Annuity Reserve Fund	7,857,870	8,000,814	7,877,936	8,025,175
Pension Fund	8,662,814	8,788,401	9,390,925	(2,087,109)
Military Service Fund	5,602	9,951	9,941	9,931
Expense Fund	0	0	0	0
Pension Reserve Fund	129,215,340	156,787,180	127,508,730	125,199,627
Total	$175,281,771	$202,060,280	$171,731,676	$156,815,792

ANNUAL STATEMENTS (as submitted) (Continued)

STATEMENT OF CHANGES IN FUND BALANCES

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance 2019	$25,437,276	$7,260,673	$2,080,766	$9,921	$0	$103,723,396	$138,512,033
Receipts	2,840,503	223,384	4,226,518	10	1,036,782	21,474,739	29,801,935
Interfund Transfers	(2,204,360)	2,202,868	0	0	0	1,491	0
Disbursements	(405,252)	(1,661,750)	(8,394,392)	0	(1,036,782)	0	(11,498,176)
Ending Balance 2019	25,668,168	8,025,175	(2,087,109)	9,931	0	125,199,627	156,815,792
Receipts	2,848,404	235,247	4,536,774	10	1,043,289	18,039,386	26,703,110
Interfund Transfers	(1,388,662)	1,385,917	15,733,027	0	0	(15,730,283)	0
Disbursements	(183,767)	(1,768,403)	(8,791,767)	0	(1,043,289)	0	(11,787,226)
Ending Balance 2020	26,944,143	7,877,936	9,390,925	9,941	0	127,508,730	171,731,676
Receipts	3,562,135	236,985	4,865,728	10	1,204,609	33,113,650	42,983,116
Interfund Transfers	(1,757,632)	1,753,554	3,839,279	0	0	(3,835,200)	0
Disbursements	(274,711)	(1,867,661)	(9,307,531)	0	(1,204,609)	0	(12,654,512)
Ending Balance 2021	28,473,935	8,000,814	8,788,401	9,951	0	156,787,180	202,060,280
Receipts	3,407,436	236,409	5,103,965	10	1,251,075	(23,352,215)	(13,353,320)
Interfund Transfers	(1,617,384)	1,612,799	4,228,568	(4,359)	0	(4,219,624)	0
Disbursements	(723,842)	(1,992,152)	(9,458,120)	0	(1,251,075)	0	(13,425,189)
Ending Balance 2022	$29,540,144	$7,857,870	$8,662,814	$5,602	$0	$129,215,340	$175,281,771

ANNUAL STATEMENTS (as submitted) (Continued)

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2022	2021	2020	2019
Annuity Savings Fund:				
Members Deductions	$2,968,304	$2,762,185	$2,665,198	$2,574,168
Transfers from Other Systems	341,410	681,210	148,735	232,647
Member Make Up Payments and Re-deposits	48,977	86,334	6,434	1,575
Member Payments from Rollovers	0	0	0	0
Investment Income Credited to Member Accounts	48,744	32,406	28,037	32,113
Sub Total	3,407,436	3,562,135	2,848,404	2,840,503
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	236,409	236,985	235,247	223,384
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	321,963	342,451	196,668	197,639
Received from Commonwealth for COLA and Survivor Benefits	81,775	33,591	74,423	87,771
Pension Fund Appropriation	4,700,227	4,477,686	4,265,682	3,927,108
Settlement of Workers' Compensation Claims	0	12,000	0	14,000
Recovery of 91A Overearnings	0	0	0	0
Sub Total	5,103,965	4,865,728	4,536,774	4,226,518
Military Service Fund:				
Investment Income Credited to the Military Service Fund	10	10	10	10
Expense Fund:				
Investment Income Credited to the Expense Fund	1,251,075	1,204,609	1,043,289	1,036,782
Pension Reserve Fund:				
Federal Grant Reimbursement	0	0	0	9,949
Interest Not Refunded	0	0	0	127
Excess Investment Income	(23,352,215)	33,113,650	18,039,386	21,464,663
Sub Total	(23,352,215)	33,113,650	18,039,386	21,474,739
Total Receipts, Net	($13,353,320)	$42,983,116	$26,703,110	$29,801,935

ANNUAL STATEMENTS (as submitted) (Continued)

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2022	2021	2020	2019
Annuity Savings Fund:				
Refunds to Members	$182,690	$50,373	$52,741	$153,501
Transfers to Other Systems	541,152	224,338	131,026	251,751
Sub Total	723,842	274,711	183,767	405,252
Annuity Reserve Fund:				
Annuities Paid	1,992,152	1,867,661	1,768,403	1,661,750
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	6,156,580	5,960,855	5,611,143	5,231,833
Survivorship Payments	676,690	689,021	678,715	656,478
Ordinary Disability Payments	222,876	242,641	253,643	297,265
Accidental Disability Payments	1,645,912	1,763,907	1,761,470	1,777,034
Accidental Death Payments	317,891	231,923	185,158	205,279
Section 101 Benefits	36,552	42,486	52,564	71,708
3 (8) (c) Reimbursements to Other Systems	401,619	376,699	249,074	154,794
Sub Total	9,458,120	9,307,531	8,791,767	8,394,392
Expense Fund:				
Salaries	186,619	174,021	167,835	155,527
Legal Expenses	32,065	22,151	25,715	22,020
Travel Expenses	1,608	137	199	3,843
Administrative Expenses	10,702	9,060	7,952	8,725
Professional Services	37,608	36,227	32,744	24,311
Actuarial Services	27,250	5,500	24,000	24,000
Education and Training	2,168	1,575	1,395	4,237
Furniture and Equipment	0	2,042	645	6,128
Management Fees	923,274	923,998	753,402	761,221
Rent Expenses	19,645	19,420	19,315	19,385
Service Contracts	3,437	3,841	3,866	1,295
Fiduciary Insurance	6,698	6,636	6,223	6,090
Sub Total	1,251,075	1,204,609	1,043,289	1,036,782
Total Disbursements	$13,425,189	$12,654,512	$11,787,226	$11,498,176

ANNUAL STATEMENTS (as submitted) (Continued)

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31, 2022	2021	2020	2019
Investment Income Received From:				
Cash	$430	$58	$5,069	$20,336
Pooled or Mutual Funds	4,715,276	4,346,784	3,525,840	3,952,888
Total Investment Income	4,715,706	4,346,841	3,530,908	3,973,224
Plus:				
Realized Gains	1,698,322	14,441,026	7,534,645	7,366,916
Unrealized Gains	17,543,596	20,168,692	28,548,363	17,901,689
Sub Total	19,241,918	34,609,718	36,083,008	25,268,605
Less:				
Realized Loss	(535,740)	0	(1,017,903)	0
Unrealized Loss	(45,237,860)	(4,368,899)	(19,250,044)	(6,484,877)
Sub Total	(45,773,600)	(4,368,899)	(20,267,948)	(6,484,877)
Net Investment Income	(21,815,977)	34,587,660	19,345,968	22,756,952
Income Required:				
Annuity Savings Fund	48,744	32,406	28,037	32,113
Annuity Reserve Fund	236,409	236,985	235,247	223,384
Military Service Fund	10	10	10	10
Expense Fund	1,251,075	1,204,609	1,043,289	1,036,782
Total Income Required	1,536,238	1,474,010	1,306,582	1,292,290
Net Investment Income	(21,815,977)	34,587,660	19,345,968	22,756,952
Less: Total Income Required	1,536,238	1,474,010	1,306,582	1,292,290
Excess Income (Loss) To The Pension Reserve Fund	($23,352,215)	$33,113,650	$18,039,386	$21,464,663

SUPPLEMENTARY INFORMATION

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2022	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$273,860	0.2%
PRIT Cash Fund	153,003	0.1%
PRIT Core Fund	174,894,971	99.8%
Grand Total	$175,321,834	100.0%

For the year ending December 31, 2022, the rate of return for the investments of the Dedham Retirement System was -10.91%. For the ten-year period ending December 31, 2022, the rate of return for the investments of the Dedham Retirement System averaged 8.38%. For the 38-year period ending December 31, 2022, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Dedham Retirement System was 9.29%.

The composite rate of return for all retirement systems for the year ending December 31, 2022 was -10.84%. For the ten-year period ending December 31, 2022, the composite rate of return for the investments of all retirement systems averaged 8.18%. For the 38-year period ending December 31, 2022, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 8.99%.

SUPPLEMENTARY INFORMATION (Continued)

SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Dedham Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

ADMINISTRATION

There are 104 contributory retirement systems for public employees in Massachusetts. Each system is governed by a retirement board and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure for all systems.

PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the State Police. The other 3 classes are as follows:

Group 1:

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2:

Certain specified hazardous duty positions.

Group 4:

Police officers, firefighters, and other specified hazardous positions.

SUPPLEMENTARY INFORMATION (Continued)

MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 - 1983:	7% of regular compensation
1984 to 6/30/96:	8% of regular compensation
7/1/96 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of $30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire at age 65. There is no mandatory retirement age for employees in Group 1.

SUPERANNUATION RETIREMENT

A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- attainment of age 60 with 10 years of service if classified in Group 1, or
- attainment of age 55 with 10 years of service if classified in Group 2, or
- attainment of age 55 if classified in Group 4.

SUPPLEMENTARY INFORMATION (Continued)

AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five year as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.

- For persons who became members prior to April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last 3 years (whether or not consecutive) preceding retirement.

- For persons who became members on or after April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 5 consecutive years that produce the highest average, or, if greater, during the last 5 years (whether or not consecutive) preceding retirement.

- The Benefit Rate varies with the member's retirement age. For persons who became members prior to April 2, 2012 the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.

- For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.

- For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .125% reduction is applied for each year of age under the maximum age for the member's group.

DEFERRED VESTED BENEFIT

A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Certain public safety employees cannot defer beyond age 65. All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 73.

SUPPLEMENTARY INFORMATION (Continued)

WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. The interest rate for employees who first become members on or after January 1, 1984 who voluntarily withdraw their contributions with less than 10 years of service will be 3%. Interest payable on all other withdrawals will be set at regular interest.

DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

ORDINARY DISABILITY

Eligibility: Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, s. 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching “maximum age”. “Maximum age” applies only to those employees classified in Group 4 who are subject to mandatory retirement.

Retirement Allowance: For persons who became members prior to April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member’s final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

SUPPLEMENTARY INFORMATION (Continued)

ACCIDENTAL DISABILITY

Eligibility: Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

Retirement Allowance: 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of $1,060.80 per year (or $312 per year in systems in which the local option contained in G.L. c. 32, s. 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member's retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution. For systems that have adopted Chapter 157 of the Acts of 2005, veterans as defined in G.L. c. 32, s. 1 receive an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

ACCIDENTAL DEATH

Eligibility: Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

Allowance: An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of $1,060.80 per year, per child (or $312 per year in systems in which the local option contained in G.L. c. 32, s. 9(2)(d)(ii) has not been adopted), payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries while in the performance of his duties that results in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death. In addition, an eligible family member may receive a one-time payment of $300,000 from the State Retirement Board. This lump sum payment is also available to the family of a public prosecutor in certain, limited circumstances.

SUPPLEMENTARY INFORMATION (Continued)

DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of $6,000. For Systems that accept the provisions of Section 28 of Chapter 131 of the Acts of 2010, the amount of this benefit is $9,000. For Systems that accept the provisions of Section 63 of Chapter 139 of the Acts of 2012, the amount of this benefit is $12,000.

DEATH IN ACTIVE SERVICE (OPTION D)

Allowance: An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is $3,000 unless the retirement system has accepted the local option increasing this minimum annual allowance to $6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

The surviving spouse of such a member in service receives an additional allowance equal to the sum of $1,440 per year for the first child and $1,080 per year for each additional child until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase (COLA) for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. Only a certain portion of a retiree's total allowance is subject to a COLA. The total COLA for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

Under the provisions of Chapter 32, Section 103(j) inserted by Section 19 of Chapter 188 of the Acts of 2010, systems may increase the maximum base on which the COLA is calculated in multiples of $1,000. For many years the COLA base was calculated based upon the first $12,000 of a retiree's allowance. Now the maximum base upon which the COLA is calculated varies from system to system. Each increase in the base must be accepted by a majority vote of the Retirement Board and approved by the legislative body.

SUPPLEMENTARY INFORMATION (Continued)

METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

Option A: Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

Option B: A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

Option C: A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-ration may not be undertaken. This is because such a person may receive a separate retirement allowance from each system.

SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

Cash accounts are considered to be funds on deposit with banks and are available upon demand.

Short Term Investments are highly liquid investments that will mature within twelve months from the date of acquisition.

Investments are reported at their fair value. Securities traded on recognized exchanges are valued at the most recent sales price at year end. If no sale was reported, the mean of the bid and asked price is used when available, or the most recent bid price. Mutual, commingled and pooled funds are valued based on the net asset or unit value at year end. Real estate and alternative investments are valued based on estimates provided by the managers of those respective investments. Purchases and sales of securities are reflected on the date the trade is initiated. Realized gain or loss is largely based on the difference between the cost or the value at the prior year end and the funds realized upon liquidation. Dividend income is generally recorded when received. Interest income is recorded as earned on an accrual basis. Income from alternative investments is recorded as reported by the managing partner. Appreciation or depreciation in the value of investments consists of the unrealized gains and losses reported as the difference between the previous period and the current value.

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The fair value of real estate and alternative investment holdings are generally estimated in the absence of reliable exchange values. The actual funds realized upon liquidation may differ from these estimates.

The provisions of Massachusetts General Laws Chapter 32, § 23(2) generally govern the investment practices of the system. The Board primarily relies upon the investment strategy of the PRIM Board to maintain their progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

Operating expenses include the ordinary and necessary cost of investment and professional services and the other miscellaneous administrative expenses of the system.

SUPPLEMENTARY INFORMATION (Continued)

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

SUPPLEMENTARY INFORMATION (Continued)

ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the City Auditor who shall be a member ex-officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex Officio Member:	Brady Winsten		
Appointed Member:	Adam Satriano	Serves until a successor is appointed	
Elected Member:	Michael Doyle	Term Expires:	06/15/29
Elected Member:	Stephen M. MacDougall	Term Expires:	12/18/28
Appointed Member:	Thomas A. Rorrie, Chairperson	Term Expires:	01/01/27

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the system has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

Retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. Fidelity insurance is the only required policy coverage under Ch. 32 §21 and §23 as well as 840 CMR 17.01. The policy is designed to cover specific intentional acts such as theft, fraud or embezzlement and also specify who commits such acts, most commonly employees of the system. This coverage reimburses the system for the losses it suffers as a result of its employees' actions. It does not insure the employees for their illegal acts. Statutorily required coverage is provided by the current fidelity insurance policy to a limit of $1,000,000 with a $10,000 deductible issued through Travelers Casualty and Surety Company. The system also has Fiduciary coverage to a limit of $100,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

BOARD REGULATIONS

The Dedham Retirement Board has adopted Regulations which are available on the PERAC website at https://www.mass.gov/Dedham-retirement-board-regulations.

SUPPLEMENTARY INFORMATION (Continued)

MEMBERSHIP EXHIBIT

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Retirement in Past Years										
Superannuation	11	11	9	20	8	14	18	10	12	12
Ordinary Disability	1	0	0	0	2	1	0	0	0	0
Accidental Disability	2	3	1	1	2	1	0	2	0	0
Total Retirements	14	14	10	21	12	16	18	12	12	12
Total Retirees, Beneficiaries and Survivors	318	325	326	328	328	326	338	343	329	330
Total Active Members	439	428	446	462	487	468	490	509	530	562
Pension Payments										
Superannuation	$4,430,851	$4,601,326	$4,697,488	$4,888,586	$5,050,505	$5,029,099	$5,231,833	$5,611,143	$5,960,855	$6,156,580
Survivor/Beneficiary Payments	502,115	531,679	575,666	596,942	606,796	612,836	656,478	678,715	689,021	676,690
Ordinary Disability	223,513	225,139	224,468	218,447	214,367	227,606	297,265	253,643	242,641	222,876
Accidental Disability	1,301,592	1,441,229	1,624,471	1,615,711	1,667,388	1,732,526	1,777,034	1,761,470	1,763,907	1,645,912
Other	268,407	309,021	536,439	769,071	596,982	564,584	431,782	486,796	651,108	756,062
Total Payments for Year	$6,726,478	$7,108,394	$7,658,532	$8,088,757	$8,136,038	$8,166,651	$8,394,392	$8,791,767	$9,307,531	$9,458,120

SUPPLEMENTARY INFORMATION (Continued)

LEASED PREMISES

The Dedham Retirement Board leased space for its office located at 202 Bussey Street, Suite 101, in Dedham. The most recent lease was for the five-year term commencing December 1, 2019, and ending December 1, 2024. The landlord was Bussey Street Realty Trust. They remained a tenant at will until the move to a new location.

The Dedham Retirement Board currently leases space for its office located at 105 Eastern Avenue, Suite 212, in Dedham. They signed a three-year lease for 1,921 square feet commencing July 14, 2025, and ending July 31, 2028. The current landlords are Dedham TIC Partners, WBR, and Pisces3 Qualified Opportunity Zone Fund.

The following schedule displays the minimum lease obligations on non-cancelable operating leases as of December 31, 2022:

For the year ending:	Annual Rent
2023	$19,140
2024	19,140
2025	35,504
2026	52,645
2027	54,224
2028 (through June)	27,513
Total future minimum lease payments required:	$208,166

COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
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