



Letter From Chairman Philip Y. Brown

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Throughout 2019 and into 2020, PERAC and the Massachusetts retirement systems have responded positively to challenging situations with continued dedicated service to the members of the systems.

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One of PERAC's strengths is that it has been able to develop strong leaders. In 2019, Executive Director John Parsons promoted Caroline Carcia to Deputy Director, Judith Corrigan to General Counsel, and John Boorack to Actuary. Their promotions are well-deserved and, together, they are a strong team to guide PERAC through the challenges of 2020.

In order to help with the disruptions caused by the pandemic, Deputy Executive Director Joe Martin delayed his retirement to the end of June, which was in keeping with his dedication to the public retirement system. Joe gave the Commonwealth 41 years of exemplary public service, including the last 33 with PERAC and its predecessor PERA. Joe always put the interests of the members first as he helped shape pension legislation and investment practices with the goal of ensuring the pension system is administered fairly and ethically. His knowledge, integrity, tenacity and good humor were appreciated and well-known both within PERAC and within the retirement community as a whole. Thank you, Joe, for your years of service and for all you have done for the Massachusetts public pension system.

I am pleased that Commissioners James Machado and Kate Fitzpatrick were both reappointed to another term. Both Jim and Kate bring a wealth of experience, perspective and passion to the Commission and I am proud to call them

both colleagues and friends. Commissioner Machado, appointed by Governor Charles Baker, is a Sergeant with the Fall River Police and Commissioner Fitzpatrick, appointed by State Auditor Suzanne Bump, is Town Manager of Needham.

The investment performance of the systems detailed in this report averaged 16.9%. Once again, we are pleased to note that PERAC's analysis of funding levels and investment performance meant no board would be required to transfer its assets to the Pension Reserves Investment Trust Fund. Retirement board members, through education, experience, and dedication, have adopted and put into practice the principles of modern investment management either directly or through investing in the Pension Reserves Investment Trust Fund (PRIT). Although our retirement systems face many challenges, this record of prudent management has served the interests of system members and taxpayers very well.

In keeping with national trends in the audit field, PERAC has adopted the practice of tailoring its audits by considering the risk level of the system to be audited. A key aspect of this new approach is the review and, when warranted, acceptance of audits performed by private firms in lieu of segments of the PERAC audit. Although this acceptance has been incorporated into law and regulation for several years, it has not attained widespread use. The Audit Unit hosted an Auditors' Roundtable with private sector auditing firms to launch this initiative, which was well attended and well received. A significant benefit of this approach is that the PERAC audit will be less intrusive and more timely for retirement boards.

PERAC's PROSPER system continues to enhance the user experience and improve the effectiveness and efficiency of various processes. Use of the Disability Application, which has largely eliminated the sending of, and waiting for, paperwork of cases in the pipeline, has reduced the time to process applications from 96 days in June 2017 to 14 days in August 2019. PROSPER's value was highlighted even more as it helped allow remote working as the pandemic hit. The PERAC IT unit continues its great work improving PROSPER and adding more functionality; look for more PROSPER tools in the coming year.

We continue to expand our educational activities by holding sessions for board administrators across the state. We are most excited about our recent expansion of web-based and online offerings. This should make meeting the statutory requirements less burdensome for those seeking to meet (or exceed) their mandated requirements and has provided much-needed flexibility in these trying times.

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Sincerely,



Philip Y. Brown
Chairman