



Letter from the EXECUTIVE DIRECTOR **Bill Keefe**

Like any team, we can do more together than we can on our own. The public retirement community is most certainly together because there was a whole lot accomplished in the last year.

I am extremely grateful to all the wonderful people in the public retirement community who passionately dedicate themselves to ensuring Massachusetts has effective, equitable and ethical pension systems.

It takes a village: board members, board staff, MACRS, retirement system members, public pension attorneys, investment consultants and managers, PRIM, actuaries, custodians, banks, IT professionals, public worker unions, the Mass. Retirees Association, local government, state government, the Legislature, and, most close to me, the superb staff at PERAC and our very supportive Commission. All of these groups play a role in making public retirement work. In my view, it worked very well in the past year and that is a result of the cooperation, collaboration and commitment from all groups. It was done together.

To me, the most significant example of this was the passage and implementation of the veterans' buyback statute in the HERO Act. Having recognized that a 180-day window to purchase military time for a veteran adjusting to civilian life just doesn't work, the PERAC

Commission first approved filing the bill in 2017. For the 2023-24 legislative session, we set out to work with multiple partners to draft, file and pass a bill that extends that window to up to one-year after vesting while also creating a one-year grace period to purchase military service for those who missed their initial opportunity.

Rep. Jerry Parisella and Sen. John Velis, both veterans, filed the bill. Public Service Chairs Rep. Ken Gordon and Sen. Mike Brady supported it through committee. Veterans Secretary Jon Santiago picked it up and brought it to Governor Maura Healey. Meanwhile, public sector unions, in particular fire and police, brought their advocacy in addition to veterans' groups, and retirement boards. Governor Healey included the provision in the HERO Act, which she ultimately signed into law on August 8, 2024.

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Then the implementation began. We had open dialogue with stakeholders throughout the process of issuing a memo, presenting

webinars and developing frequently asked questions. Retirement boards sent notices to every member of every system. Presentations were made at PERAC, MACRS and other retirement events, fire and police conferences and a Mass. Municipal Association seminar. Our Communications Unit created posters and digital images that were distributed to boards, unions and the Executive Office of Veterans Services, which conducted outreach sessions

Letter from the Executive Director (continued)

across the state. There were challenges no doubt, but together they were met. It was a team effort. In the end, veterans were served well and given every opportunity to utilize a benefit they earned.

In addition to this significant legislation, there were four other key pieces of retirement-related legislation passed into law with teamwork again in play. The MWRA Retirement Board was the catalyst for the law that now ensures people who had their salary increased as a result of the Equal Pay Act due to gender inequity will no longer trip spiking and will realize the full benefit of the Equal Pay Act in retirement. PERAC had filed the bill in prior legislative sessions, but this time turned to the Equal Pay Act's original authors, Sen. Pat Jehlen and Rep. Jay Livingstone, whose support proved vital.

PERAC also helped secure passage of a law rectifying an administrative law decision that upset the longstanding practice of allowing a retiree working in the public sector to use either the salary from the position retired from or the salary from the position used in the retirement allowance calculation in determining his or her post-retirement earnings limitation.

Two other statutes weren't PERAC bills, but we worked with stakeholders and the Legislature upon their request to assist in drafting and technical matters. Most notably is the Violent Act Injury enhanced disability benefit for police, fire and licensed health professionals, which we continue to work on implementing. Also, disability retirees, if medically cleared, can elect to pursue a return to service to a different job from which they retired or in a different retirement system with passage of another statute.

The most consequential retirement law wasn't passed on Beacon Hill nor did it involve Chapter 32. The repeal of the federal Windfall Elimination Provision and Government Pension Offset, long known as the WEP and

Mass. Retirees Association for leading the charge for decades and to the fire and police unions for their key support.

Investment returns were strong again in 2024 with a composite return of 9.60% and 98% of boards meeting their actuarially assumed rate of return. Twenty boards are now funded at 90% or better and 70 are at 70% or better. Kudos to board members, staff, PRIM, investment consultants, investment managers, custodians, actuaries, board counsel and all involved for your efforts and results.

First Deputy Executive Director Caroline Carcia tirelessly led a hard-working team in our years-in-the-making move to 10 Cabot Road in Medford tackling every job imaginable in the process from office layout to

working with vendors to placement of HVAC equipment and electrical outlets. IT Director Dan Boyle and his team were also instrumental and put in many long hours.

Special thanks to the PERAC Commission for their leadership and support throughout the process and the Teachers' Retirement System for sharing their past moving experience and office design. For those of you who made it to our open house, you saw the wonderful results; for those who didn't, you have an open invitation to come visit.

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GPO and long the bane of Massachusetts public workers, reinstated access to meaningful Social Security benefits, if eligible, to the Commonwealth's public servants. The WEP and GPO were Ronald Reagan-era laws that most people had given up hope of ever overturning. Much credit and gratitude belongs to the



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Our final PERAC staff photo taken at our old office at Five Middlesex Avenue, Somerville.

Our other large-scale project was creating an online filing option for the 91A earnings statements of disability retirees. This project cut across units including Fraud, IT, Communications, Legal and Administrative. It took a tremendous amount of planning, programming, testing and logistics. Did I mention we were moving in the middle of this? Something as normally simple as including our office address and phone number on materials became painstaking tasks. In the end, it worked very well and we hope more and more people will take advantage to save a trip to the post office and instantly have assurance that your filing has been received securely.

Among other significant initiatives and achievements, the Commission supported the first increase in fees for physicians in 12 years. Attracting and retaining the necessary doctors for medical panels, return to service exams and comprehensive medical exams had become a struggle and this two-step increase over two years should ensure sufficient staffing to ensure the system is served well and timely. We moved the Investment Analyst function back to the Compliance Unit from the Audit Unit to help streamline that unit's efforts. The Commission also supported adding four audit positions in the FY 25 budget.

Additionally, audit-related documents can now be uploaded via PROSPER and the audit program was updated. Our Emerging Issues conference was a great success in a new venue at the Doubletree Westborough. Chief Financial Officer Virginia Barrows continued her 25-year run of a 100% compliance rate earning prompt payment discounts for timely vendor payments, saving PERAC over \$430,000. For that, she was named a PERAC Rock Star, an award initiated to recognize achievement or unsung efforts at monthly staff meetings.

It was an outstanding year of achievement for Massachusetts public retirement, which is in a very good place thanks to the efforts of the dedicated, knowledgeable people all across the Chapter 32 community. When the famous leader of a certain local football team that enjoyed a lot of success was asked which achievement was his favorite, he would say the next one. I look forward to the encore in 2025 from the public retirement team. On to Cincinnati. ■

Sincerely,

Bill Keefe

Bill Keefe
Executive Director