



Letter from the Executive Director

John W. Parsons

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The Commission and staff are pleased to release this Annual Report on the Massachusetts Public Retirement Systems for 2021, which in ways both good and bad, was similar to 2020.

In 2020, life came to a halt and then dramatically changed. We got creative, we developed work arounds, we persevered, we got used to the “new normal.” In 2021, COVID, with all its restrictions, masks, boosters, social distancing, Zooms and lack of in-person contact, had the feeling of that last house guest that just doesn’t know when to leave. It was another year without the MACRS or Emerging Issues conferences.

Similar to 2020, retirement systems continued to excel in 2021 providing quality services to members and delivering retirement allowances without a hitch. After strong composite investment returns in both 2019 and 2020, the 2021 results of 19.5% topped both years due in part to continued strong board oversight and leadership, competitive processes, and deliberate portfolio construction. The same wise and thoughtful approaches which brought bountiful returns will be

heavily leaned on as 2022 begins with challenging market and economic conditions.

Tied to careful investment planning is careful establishment of the investment return assumption. It is a fine line to establish taking into account the impacts this assumption makes on funded status, on appropriations, and on asset allocation and risk tolerance. Utilizing a variety of reports and studies in its analysis, PERAC established a Commonwealth investment return assumption of 7.0% for 2021, which fell about right in the middle of public funds nationally. Most local boards were within 50 basis points either way of that figure.

Collectively, 2021 saw PERAC and the boards move forward in automating our interactive processes. Retirement calculations are now processed completely via PROSPER, eliminating the need for paper files and improving the timing and integrity of the pension calculation function. In addition, board members submitted

their annual Statements of Financial Interest via PROSPER for the first time and PERAC reported 100% compliance for active members. Subsequent filings will be greatly enhanced by the new program. Technology continued to aid in holding public meetings, counseling members and processing benefits, among other functions.

Technology also allowed us to continue our education program with 41 courses all offered online with 1,990 completions. And it was woven into our latest pension fraud campaign, **“Help Take a Bite Out of Pension Fraud,”** as we are utilizing electronic means to distribute the message in addition to the normal dissemination of posters.



actions can be prevented, collectively we have recognized the need for vigilance, have raised our awareness and have taken action – whether it's taking training, upgrading IT infrastructure and software, reviewing processes to increase security, or pursuing cyber insurance. At PERAC, we have investigated actual and attempted cyber attacks, issued memos offering guidance and offered training. In particular, we asked that all attempted cyber attacks, whether successful or not, be reported to PERAC. This has proved very useful in communicating threats to other retirement systems and for understanding the nature of the threats. Collectively, all of these efforts are proving fruitful as a number of potential attacks have been detected and snuffed out. However, we all know cybersecurity is an ongoing concern we will all have every day going forward.

On the legislative front, PERAC filed eight bills for the 2021-22 legislative session to address various retirement issues ranging from veterans' buyback to gender pay equity to pension forfeiture. All were reported favorably by the Public Service Committee. Chapters 67 and 76 of the Acts of 2021 increased from 960 to 1,200 the number of hours a superannuation retiree can work in the public sector.

Chapter 29 of the Acts of 2021 made a significant change to Section 100, allowing for those benefits to be awarded in the case of a police officer who dies responding to an emergency after the tragic death of Worcester Police Officer Manny Familia who drowned while attempting a water rescue. We honor Officer Familia's service and sacrifice and wish his family peace and comfort.

The PERAC Commission saw change in 2021 with the departure of Commissioner Tim Dooling, the designee of State Auditor Suzanne Bump, and the appointment of Commissioner Michael Leung-Tat. Dooling served as a Commissioner for over five years through September 2021 before being appointed an administrative law judge in the Department of Industrial Accidents. He was a great resource, always prepared, thorough and asked tough, pointed questions to ensure all angles were covered. Michael Leung-Tat, having previously worked with Dooling, succeeded him as General Counsel at the State Auditor's Office. Michael graduated from Yale before earning his law degree from the Cardozo School of Law in New York City. He brings with him experience at both the municipal and state levels of government.

The PERAC staff also saw a couple of key veteran employees retire in Senior Executive Assistant Kim Boisvert and Senior Programmer/Analyst Chuck Hoyt. Followers of PERAC know Kim well as she was instrumental in handling all Commission meeting matters. Chuck was more behind the scenes, but his presence was also felt as a key player in the development of PROSPER. We wish them both a happy and well-deserved retirement.

Calendar year 2021 was not without its challenges, but between improving conditions and having had to deal with all that the beginning of the pandemic brought in 2020, it seemed more manageable. That is a tribute to all in the retirement community.

Thank you for your contributions to the Massachusetts public retirement system and I am proud to continue working with you for an effective, equitable and ethical system for all. ■

Sincerely,



John W. Parsons, Esq.
Executive Director

