



Letter from the **EXECUTIVE DIRECTOR** **Bill Keefe**

“... the goal remains the same – to work collaboratively with retirement board members and staff, state and local government, stakeholder groups, practitioners and vendors to provide members, retirees and beneficiaries the secure retirement they have been promised and an effective, equitable and ethical retirement system for all.”

There is a new name and face on this page, but utilizing the foundation of high-quality, dedicated PERAC staff, the leadership of the PERAC Commission and the legacy of past executive directors, the goal remains the same – to work collaboratively with retirement board members and staff, state and local government, stakeholder groups, practitioners and vendors to provide members, retirees and beneficiaries the secure retirement they have been promised and an effective, equitable and ethical retirement system for all.

I am extremely grateful for, and humbled by, the Commissioners placing their trust in me and I will work every day to uphold that trust. I am most appreciative of the kind and warm reception I have received from board members, staff and all the folks in the Chapter 32 community, and your willingness to maintain and strengthen our partnership and relationships. You do outstanding work that often goes unnoticed. I have said many times, we are all in this together and together we can do more.

I am very proud of the PERAC staff and hope that the support that I provide to them equals the support they have given me. To a person, they care deeply about the mission of public retirement and serving members and retirement boards. We are lucky to have them and the success of PERAC is theirs.

Likewise, I am fortunate to have known John Parsons for nearly 30 years, from the time I entered public service, and for the majority of that time to have worked with and

for him. John is a consummate professional and an even better person. He was always well-informed, reasonable, approachable and had no agenda. His interest was in what’s best for all concerned. I’m also fortunate to have known his predecessor, Joe Connarton, for just as long. He shaped and formed PERAC from its early days over his long tenure into a trusted and reliable resource. I’m happy to call both John and Joe friends and I am privileged to stand on the solid footing they established.

In 2023, the Commission bid farewell to its 12-year vice chair in Auditor Suzanne Bump, who did not run for re-election, and welcomed a new vice chair in newly-elected Auditor Diana DiZoglio, who we were pleased to see maintained Michael Leung-Tat as her designee to the Commission.

After a challenging investment environment in 2022, returns rebounded strongly in 2023 with nearly all boards posting double-digit returns and with all boards exceeding their assumed return. The composite return was 11.64%. In 2018, there were 38 boards with a funding ratio of 70% or better. As of this writing, there are now 69. That level of growth was barely fathomable when forward funding was established in 1988. It is a testament to the reasoned, thoughtful, and disciplined approach of retirement boards across the Commonwealth, together with a commitment from state and local government. Already, there are some boards that have achieved full funding and others that are close, meaning some of these funds dedicated to retirement will soon be able to

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be repurposed to serve Massachusetts residents. A prime example of this is the latest Commonwealth funding schedule. While maintaining a 7% return assumption, the annual increase in the total appropriation of 9.63% transitions to a 4% increasing amortization for Fiscal Year 2028 - closer than we think - through the schedule's completion in FY 36.

PERAC devoted significant effort to updating its Outsourced Chief Investment Officer (OCIO) Policy as changes in the marketplace dictated new guidance. Several outreach meetings were held with interested vendors to hear their perspectives and concerns. The work ultimately resulted in the Commission voting to approve a revised policy which was described in Memo #24 of 2023.

The Legal Unit embarked on a comprehensive review of PERAC regulations, leading an internal working group that resulted in draft changes, hearings and public comment periods for several regulations: 840 CMR 2.00 Retirement Board Travel; 840 CMR 4.00 Financial Operations/Standard Method of Accounting; 840 CMR 12.00 Service Between Age 65 and 70; 840 CMR 15.00 Miscellaneous (which included relaxing the permissible uses of board credit cards); and 840 CMR 25.00 The Conduct of Field examinations of Contributory Retirement Systems. The Legal Unit also recommended the repeal of 840

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CMR 8.00 Applicability of \$30,000 Salary Cap and 840 CMR 11.00 Service After Age 70.

Monthly cash books and annual statements

were the latest enhancements rolled into PROSPER by the IT team, working with the Audit and Investment Units. Continuing to make documents electronic and centrally located should streamline processes for all involved.

There were a number of developments on the legislative front. After three years of waivers due to the pandemic, 2023 saw the earnings and hours limitation of Section 91 reintroduced for retirees working in the public sector. Meanwhile, the Open Meeting Law waivers allowing remote and hybrid meetings without the chair or a quorum physically present while requiring public access were extended to March 31, 2025.

Veterans' buyback legislation was refiled in the 2023-24 session by Sen. John Velis and Rep. Jerry Parisella at PERAC's request. Gov. Maura Healey then filed an omnibus veterans' benefit bill - "the HERO Act" - which included this veterans' buyback legislation. Similarly, Sen. Pat Jehlen and Rep. Jay Livingstone filed An Act to Protect Gender Pay Equity at PERAC's request; the bill would ensure people who received an equity-based pay increase resulting from the Massachusetts Equal Pay Act would realize the full impact of that increase in retire-

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ment without tripping anti-spiking provisions. Among PERAC's seven bill filings were six re-files and a new bill which would require the payment of prior non-membership service for employees of units that newly adopt Chapter 32 which would be consistent with other such buybacks.

PERAC maintained its commitment to training, offering board members and staff a full complement of regular, originally-produced events. PERAC staff contributed to two MACRS conferences, three administrators' trainings held across the state and presented several webinars. PERAC once again hosted the Emerging Issues Forum; the final rendition at Holy Cross featured presentations from US Department of Labor Principal Deputy Assistant Secretary Ali Khawar, House Public Service Chair Ken Gordon, Massachusetts Taxpayers Foundation President Doug Howgate and the MBTA Retirement Fund. We are appreciative

of our continued partnership with the Office of the Inspector General, which provides two educational sessions per year. Additionally, our continued partnership with the Executive Office of Technology Services and Security has made a free annual cybersecurity awareness program available to retirement boards and we are grateful to EOTSS for this.

Staff made contributions beyond formal work, giving back to the community through two programs, in addition to other individual volunteering efforts. PERAC employees donated toys and gift cards for the Christmas in the City toy drive, which brings some holiday spirit to families experiencing homelessness. PERAC staff also took time to remember and honor the over 37,000 Massachusetts residents who have given their life in service to our country by participating in the Massachusetts Military Heroes Fund and Home Base Memorial Day Flag Garden at Boston Common.

Both efforts were reason for us all to pause, reflect and appreciate, sentiments we repeated upon the passing of retirement community giant, dedicated public servant and decorated US Marine Corps veteran Ralph White.

Public retirement is moving forward on a very steady and stable course thanks to contributors like Ralph and everyone in the Chapter 32 community. Together, we will continue on that course and build on that success. ■

Sincerely,



Bill Keefe
Executive Director

