

PERAC

Pension News

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Joint Committee on Public Service Co-Chairs Appointed

By Patrick Charles
Associate General Counsel

The Massachusetts legislature has named its co-chairs of the Joint Committee on Public Service for the 2019-2020 legislative session.

Senate President Karen Spilka has named Senator Michael E. Brady of Brockton as Senate Co-Chair and House Speaker Robert A. DeLeo has reappointed Representative Jerald A. Parisella of Beverly to be the House Co-Chair of the Committee.

Representative Parisella is in his fifth term in the House of Representatives and served as the House Chair of the Committee last session. Prior to being appointed to the Public Ser-



Senator Michael Brady
Senate Co-Chair

vice Chairmanship he was the House Chairman of the Joint Committee on Veterans and Federal Affairs. He is a graduate of Emerson College and the New England School of Law. He is a Lt. Colonel in the United States Army



Representative Jerald Parisella
House Co-Chair

Reserve serving as a Judge Advocate General and has served in Bosnia (1997) and Iraq (2011).

Senator Brady is in his third term in the Senate after previously serving in the House of (continued, page 6)

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Strengthening Partnerships

PERAC's new Executive Director reflects on the future

... I witnessed a strong, daily partnership between PERAC and the state's retirement boards and staff. Continuing and strengthening this relationship is our main goal ...



By John W. Parsons, Esq.
Executive Director

As I begin my tenure as the new Executive Director at PERAC, I want to take a moment to thank those that were supportive during the process and all those who reached out subsequently to offer congratulations. I am humbled by the Commission's selection and honored to be following in the footsteps of my good friend and colleague Joe Connarton.

During my 7 years as General Counsel at PERAC and 10 years as a PERAC Commissioner and member of the Teachers' Retirement Board before that, I witnessed a strong, daily partnership between PERAC and the state's retirement boards and staff. Continuing and strengthening this relationship is our main goal and function.

Consistent with this goal, I have begun an initiative to visit retirement boards on a weekly basis. This effort has been well received and resulted in engaging discussions relative

to improving our ongoing relationships. Internally, we are focused on finalizing PROSPER enhancements, increasing on-line education and administrative training opportunities, and reviewing our audit process, among other initiatives.

PERAC will again partner with MACRS in the upcoming June conference, including the TEDS program for new board members and staff Saturday through Wednesday, June 1-5, 2019. Looking ahead, our pension systems, notwithstanding a robust funding commitment at the state and local

levels, will face difficult funding and program challenges. It is imperative that all involved in the implementation and regulation of our pension system work together cooperatively to sustain and improve upon it. I look forward to working with you on this effort. ■

Actuaries Hosted at PERAC

Roundtable convenes to discuss current issues

By James Lamenzo
Actuary

On March 11, 2019, PERAC hosted an Actuarial Roundtable at our Somerville office. We periodically meet with the actuaries who work on public plans in Massachusetts to discuss current issues pertaining to these plans.

All of the local firms currently performing actuarial services for Chapter 32 clients were represented. The attendees were Hilja Viidemann of Buck, Linda Bournival of KMS Actuaries, Kathy Riley, Lisa VanDermark, and Bridget Orr of Segal Consulting, Dan Sherman of Sherman Actuarial Services, and Larry Stone and Colin Edgar of Stone Consulting, Inc. Amanda Makarevich of KMS Actuaries participated by phone.

Executive Director John Parsons welcomed the group and thanked them for their participation. He indicated that at the February Commission meeting, John Boorack and I recommended a reduction in the investment return assumption for the January 1, 2019 Commonwealth actuarial valuation (from 7.35% used as of January 1, 2018 to 7.25%). Before adopting this recommendation, the Commission requested we review our recommendation with the actuaries at the Roundtable.

The actuaries agreed that reducing the investment return assumption to 7.25% was a reasonable approach and was in line with their thinking and past assumptions. The fact that the State and Teachers' Retirement Systems (the systems that primarily make up the Commonwealth valuation) are mature plans and the level of the annually increasing payments under the Commonwealth schedule of 8.94% were two reasons cited for maintaining a more conservative assumption.

PERAC Actuaries also presented preliminary results of a local system retiree mortality study and showed a comparison of the actual mortality rates to the expected results (by gender and job group) generated by using eight different mortality assumptions including the recently released public sector mortality tables. We hope to finalize the assumption used in our 2019 local valuation over the next several months.

An analysis of historical funded ratios by board and a discussion related to disclosures regarding different types and measures of plan risk were the final topics of the day. We began providing a limited analysis related to risk as part of our 2018 actuarial valuations. All actuarial valuations performed in 2019 will include an analysis and/or discussion of various measures of plan risk. This analysis could include an historical analysis of funded ratios and gains or losses, analysis of the strength of the funding schedule, as well as a number of plan maturity and volatility measures or ratios. ■



PERAC Actuary Jim Lamenzo Retires

By Joe Martin
Deputy Executive Director

In the late 1990's as PERAC was starting up it was immediately confronted by a major personnel challenge. Its actuary had decided to relocate and thus perhaps the most important position in the agency would need to be filled. Complicating matters was the fact that the Executive Director had just been selected and was trying to get the Commission up and running.

After a job search the details of which are lost in the mists of time, Jim Lamenzo was hired with a start date of August 11, 1997. For nearly twenty-two years, Jim's sage advice, steady demeanor and long-range vision have enabled employees, retirees, public officials and taxpayers to remain confident in the viability of our pension system.

Earlier this year Jim announced that he would be retiring from full time employment. He will be succeeded by PERAC's other Actuary, John Boorack.

Jim's tenure at PERAC coincided with a most challenging period for the Massachusetts public pension system. Two major market downturns, several pension reform legislative actions, GASB, OPEB, Special Commissions and increased public scrutiny were met by Jim with a reasoned, well natured and professional response. A partial list of the educational sessions he hosted in these years reflects this turbulent time: "Actuarial Assumptions"; "Investment Return

Assumption History"; "Actuarial Valuation Basics and Funding Strategies"; "GASB 67 & 68"; "Is the Sky Really Falling? A Review of the Funded Status of Public Pension Plans"; "Revisiting the Pension Crisis: Looking Back and Looking Forward"; "OPEB: The Costs and Challenges of Implementation"; "Risk"; "Anti-Spiking: Everything You Wanted to Know ... (and Have Asked Several Times)"; and who could ever forget the seminal "Actuarial Hodgepodge".

Jim was once described as "... a dependable mainstay ... with an unwavering consistency in his commitment, productivity, sensitivity, attitude, dedication, lack of pretense, tenacity, good nature and general wholesomeness."

Whether grappling with co-chairs of a Special Commission who were unfamiliar with the intricacies of Chapter 32 or patiently listening to comments meant to posture rather than enlighten, Jim always maintained his steady demeanor even while others could not.



Jim Lamenzo
Retiring PERAC Actuary

An early comment on a presentation Jim made stated "You were able to convey an unpleasant message relative to the pension appropriations of the towns represented at the meeting while retaining the good will of the audience."

A Retirement Board thank you note said "We appreciate the thoroughness and professional presentation of the facts and relevant background. This report will serve us well in planning our investment strategies and meeting our fiduciary duties."

During his service to the Commonwealth the same sentiments were expressed by Governors, A&F Secretaries, Auditors, Treasurers, Chairs of the House and Senate Ways & Means Committees, Public Service Committee Chairs and virtually everyone who, at one time or another, came (continued, next page)

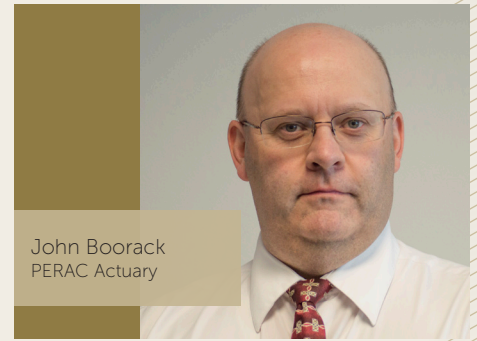
John Boorack promoted to PERAC Actuary

John Boorack has been promoted to lead the Actuarial Unit upon Jim's retirement. John is an enrolled actuary who has been with PERAC since 1995.

Jim Lamenzo praised the promotion stating, "I'm pleased that John will be taking over the role of Actuary and congratulate him on this significant accomplishment. I have had the

privilege of working closely with him for over 20 years and have watched his steady progress. He has always worked with diligence and thoroughness and has been an integral part of the Actuarial Unit. His ability, work ethic, critical thinking, reliability, and good nature are an asset to PERAC and the public pension community."

You can read more about John's



John Boorack
PERAC Actuary

background in Issue #49 of PERAC Pension News! ■

Jim Lamenzo (continued from previous page)

in contact with and relied upon Jim. His annual presence at the Consensus Revenue Hearing assured that the Budget Appropriation would match the amount in his recommended funding schedule. On several occasions his opinion prevented the passage of Legislation that would have burdened the state and its cities and towns with pension liability that could have led to bankruptcy. His calm explanation of the ramifications of GASB pronouncements and OPEB dictates eased the fears that our defined benefit plan would not be

able to continue in the wake of these new and onerous requirements.

Once when commenting on the investment return assumption Jim stated, "I reiterate that I am not an investment professional." In fact, in all his dealings Jim has been the consummate professional, committed to providing the best advice possible. But to those of us who have been honored to work side by side with him Jim has been a wonderful colleague, a sage mentor and, most importantly, a cherished friend. ■



Lamenzo presenting at the 2018
Emerging Issues Forum

Joint Committee on Public Service (Continued from page 1)

Representatives from 2009-2015. He was the Senate Chair of the Joint Committee on Revenue during the last legislative session. He has been an elected official representing Brockton for over 20 years, having served on the School Committee and City Council prior to being elected to the State House.

The Joint Committee on Public Service has jurisdiction over hundreds of bills regarding pension benefits, collective bargaining, civil service and public employee healthcare. The committee holds hearings throughout the legislative session on all bills assigned to it. PERAC monitors all bills impacting the retirement system, including the agency's legislative filings for this session.

PERAC's Executive Director, John W. Parsons welcomes Chairmen Brady and Parisella:

I want to congratulate Senator Brady on his appointment as Senate Chair of the Joint Committee on Public Service and welcome Representative Parisella back as House Chair. The work of the committee is vital to the tens of thousands of hard-working public employees at the state and local level as well as all of the retirees of the 104 retirement systems.

PERAC serves as a resource to the legislature and its committees on issues impacting pensions and the retirement systems. We have already established an excellent working relationship with Chairman Parisella and his staff and look forward to establishing a similar relationship with Senator Brady and his staff as the session progresses. ■

Committee Members

Senate Members

Michael D. Brady, Chair
Anne M. Gobi, Vice Chair
Walter Timilty
John F. Keenan
Rebecca L. Rausch
Donald Humason, Jr.

House Members

Jerald A. Parisella, Chair
Gerard J. Cassidy, Vice Chair
Marcos A. Devers
Russell E. Holmes
Mike Connolly
Jack Patrick Lewis
Natalie M. Blais
Peter Capano
Tommy Vitolo
Timothy R. Whelan
David F. DeCoste



Minutes added to board pages

Many retirement boards now post their meeting minutes and agenda on their websites. To assist the public in accessing this information, we have added links to these pages on our website. The links appear on your board pages. In total, **57 board pages on the PERAC site were updated** with links going to their dedicated minutes and/or agenda pages. Please review your pages on our website, mass.gov/perac, and let us know if any changes are needed.

Memos released last quarter:

- #01:** 840 CMR 10:10(3) & 10:15(4)–Annual Review of Medical Testing Fee
Reviews these two PERAC Regulations and the continuance of past practice
- #02:** Mandatory Retirement Board Member Training
Reviews guidelines for board member education as well as provide the schedule of upcoming training
- #03:** 2019 Limits under Chapter 46 of the Acts of 2002
Updates the general benefit limit for 2019
- #04:** 2019 Limits under Section 23 of Chapter 131 of the Acts of 2010
Updates the limits of regular compensation for 2019
- #05:** COLA Notice
Provides information on Cost of Living Adjustment limits for retirement boards
- #06:** Actuarial Data
Request for data from retirement systems
- #07:** Buyback and Make-up Repayment Worksheets
Updated worksheets for 2019
- #08:** 2019 Interest Rate set at 0.1%
Based on information from the Commissioner of Banks
- #09:** Accounting Changes
Outlines new ledger accounts for retirement system reporting
- #10:** Administrative Reminders
Annual reminder to retirement boards from Commission
- #11:** Workers’ Compensation Data Match in PROSPER
Update on the new feature added to the self-service application



Save the Date!



**EMERGING
ISSUES
FORUM**

**September 12, 2019
9:00 a.m. - 3:00 p.m.**

PERAC

2019 Education Schedule

second quarter

Credits
board members
must earn

18
per term

3
Minimum
per term year

9
Maximum
per term year

May 21

PERAC/Online

Non-Investment
Related Procurement

May 30

State Ethics Commission

Conflict of Interest

June 1-2

Hyannis

TEDS @ MACRS

June 3-5

Hyannis

MACRS Conference

June 20

PERAC/Online

Post-Retirement Earnings

June 27

PERAC/Online

Ch. 32 in a Nutshell

See our website for more educational opportunities & registration information

Upcoming Meetings

April 10, 10:00 a.m.

Audit Sub-Committee

April 10, 11:00 a.m.

Commission Meeting

May 8, 11:00 a.m.

Commission Meeting

June 12, 11:00 a.m.

Commission Meeting

Meetings are held at our Somerville office unless otherwise noted and are open to the public.

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