Caroline Carcia Promoted
Elevation Recognizes Her Dedication to PERAC

By Natacha Dunker
Communications Director

Caroline J. Carcia has been named PERAC’s Deputy Executive Director for Administration. This promotion, effective May 1, 2019, gives Caroline the distinction of having been promoted by all four Executive Directors she has served under: Jack McGlynn, Bob Stalnaker, Joe Connarton, and now John Parsons.

Executive Director Parsons noted, “Caroline’s promotion to this new position is well deserved, and a recognition of her many years of hard work and dedicated service to PERAC and its predecessor agency, PERA.” In fact, Caroline is one of only five current PERAC employees who began their employment with PERA, and is currently the 2nd longest serving employee at PERAC.

Caroline began working for PERA while still in high school, and her first day off from the job was to participate in her high school graduation ceremony! While maintaining a full-time work schedule, Caroline earned her Bachelor of Arts degree from the University of Massachusetts, majoring in Political Science and minoring in Business Administration. As it turned out, the concentration in Business Administration was to serve her in good stead, as she worked her way up in the organization to become involved in virtually all aspects of PERAC, (continued, page 6)
The Public Employee Retirement Administration Commission (PERAC) adopted new audit protocols at its April 10, 2019 meeting. The approach targets high risk areas, avoids duplication with private work, and will produce more timely and substantive reports.

“We believe,” explained PERAC Executive Director John Parsons, “that the adoption and implementation of these guidelines will lead to improved collaboration with the retirement systems as retirement boards receive regular, comprehensive, and targeted evaluations to improve system administration.”

In keeping with national trends in the audit field, PERAC will tailor its audits by considering the risk level of the system to be audited. A key aspect of this new approach will be 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. PERAC believes that increasing the use of private audits will enable more frequent assessment of the systems’ condition and the earlier detection and correction of deficiencies. Retirement boards are encouraged to retain private auditors and employ those auditors to conduct annual audits of the system. The parameters of the PERAC audit in such instances will be assessed in light of those private audits. It is expected that as a result of this action the PERAC audit will be less intrusive for the Board while the level of scrutiny of the condition of the system is enhanced by the annual review.

Director of Audits Caryn Shea has already begun to initiate audits in accordance with the new directive. “As PERAC and the retirement boards become familiar with the new approach,” Shea said, “we anticipate that audits will be seen as a collaborative endeavor to avoid duplication and improve operations.”

In addition to whether or not the system has been audited in the intervening period, other risk factors that will bear on the determination of the level of review to be conducted include staff stability, findings in prior audits, asset management practices, and ongoing compliance with statute and regulations as assessed by various PERAC Units. Other considerations, such as the timely filing of accounting information and the Annual Statement, will also be taken into account.

“...we anticipate that audits will be seen as a collaborative endeavor to avoid duplication and improve operations.”
**Spotlight: The Actuarial Unit**

By John Boorack

**Actuary**

In this edition, the spotlight shines brightly upon PERAC’s Actuarial/Calculation Unit. The unit currently consists of John Boorack (Actuary), Jim Lamenzo (Actuarial Consultant), Tim Larkin (Senior Actuarial Analyst), Sam MacElveen (Senior Actuarial Analyst), Michael Humbert (Actuarial Analyst) and Sherry Brooks-Ross (Benefit Calculation Specialist).

Several changes have recently taken place in the Actuarial Unit. The long-time leader of the unit, Jim Lamenzo retired in May and John Boorack assumed the role of Actuary. On a separate note, in early June, Sam MacMillan married her long-time boyfriend/fiancé and became Mrs. Sam MacElveen.

PERAC serves as the actuary for the State Employees’ Retirement System (SRS), Massachusetts Teachers’ Retirement System (TRS) as well as for 38 local retirement systems. In this capacity, the actuarial unit is responsible for performing annual actuarial valuations of the Commonwealth’s total pension obligation (SRS, TRS, Boston Teachers, and COLA reimbursements to Local Systems), and biennial actuarial valuations for the local retirement systems.

The unit also prepares annual disclosures under GASB 67/68 for these retirement systems. Additionally, the unit develops and/or approves pension funding schedules for all of the retirement systems. The schedules are used to determine the annual pension appropriations for each retirement system. The actuarial unit provides annual appropriation letters including an allocation by governmental unit. The unit also performs a number of cost analyses each year to determine the impact of assumption or benefit changes for retirement systems, the Legislature and other parties. It also performs other special reports and analyses including periodic experience analyses of mortality, retirement, disability and termination.

The Unit is also tasked with reviewing and approving benefit calculations for nearly all of the retirement systems as well as determining the pro-ration of the pension portion of benefits for members who have worked in multiple retirement systems during the course of their careers (known as Section 3(8)(c) reimbursements). During 2018, the unit reviewed and approved approximately 4,000 benefit calculations/3(8)(c) reimbursements.
PERAC staff once again participated in the annual Massachusetts Association of Contributory Retirement Systems’ (MACRS) annual conference. This year was a TEDs year (Trustees Educational Seminar), so there were additional sessions over the weekend. The Kevin J. Regan Annual Spring Conference in Hyannis was very well attended by board members and staff from across the Commonwealth.

On Saturday, General Counsel Judith Corrigan, along with Senior Associate General Counsels Ken Hill, and Patrick Charles presented Chapter 32 in a Nutshell.

Fraud Prevention Manager Sandra King, Medical Services Manager Kate Hogan, and Compliance Director Tom O’Donnell presented an update on the PROSPER application on Sunday. There have been several enhancements to the application since its initial launch that have made it easier to use.

The full conference began on Monday morning with a keynote presentation by Attorney Robert Klausner, followed by a PERAC Update from Executive Director John Parsons.

PERAC staff was an integral part of several presentations throughout the week, with Patrick Charles participating in the Legislative Panel on Monday, Derek Moitoso participating in the Legal Panel on Tuesday, and Judith Corrigan and Patrick Charles presenting a Forms Update on Wednesday.

The Conference included several other informative speakers from the public and private sector including Hank Kim, Executive Director and Counsel for the National Conference on Public Employee Retirement Systems, who presented The State of Public Pensions and Kelly Tuthill, Vice President of Marketing and Communications at Regis College who spoke on The Power of Resiliency, recounting how she managed to thrive despite her battle with breast cancer while continuing to work as a television reporter.

Our thanks go out to Kathleen Kiely-Becchetti and everyone at MACRS for a well organized event!
Conference Highlights

There was an overflow of excellent speakers at this year’s conference! Pictured, clockwise from top right: Hank Kim, NCPERS Executive Director; Judith Corrigan, PERAC General Counsel; Betsy Early, Worcester Retirement Board’s outgoing Executive Director, who was surprised with an award for her years of service ahead of her retirement; the Legislative Panel Presentation (Shawn Duhamel, Coley Walsh, Michael O’Reilly, and Patrick Charles); and finally, keynote speaker Kelly Tuthill, Communications Director for Regis College speaking with conference attendees following her remarks.
For the 2019-20 legislative session, PERAC has filed 6 pieces of legislation which have all been referred to the Joint Committee on Public Service. These bills were the subject of an article in the November 2018 edition of the Pension News. To date, two of PERAC’s bills have had public hearings before the Public Service Committee.

On May 29, 2019, H.22, An Act Relative to Veterans’ Buyback, was heard and Senior Associate General Counsel Patrick M. Charles and PERAC Commissioner James Machado provided written and oral testimony in support of the legislation. House 22 would allow members of the retirement system who are veterans the opportunity to purchase creditable service under G.L. c 32, s. 4(1)(h) at any time prior to the member becoming vested in the retirement system. Currently, members must make the purchase or affirm that they intend to purchase the service, depending on the rules of the local board, within 180 days of being provided notice.

On June 25, 2019, H. 21, An Act Relative to Pension Forfeiture, was heard and Executive Director John W. Parsons and Patrick M. Charles offered written and oral testimony in support of the legislation. This bill follows the decision in PERAC v. Bettencourt in 2016, and the Legislature’s subsequent establishment of a Special Commission on Pension Forfeiture. That Commission issued a report, along with legislation, last session and H. 21 is a refile of H.4555, which was released favorably by the Committee on Public Service last session with amendments.

This legislation redrafts section 15 of Chapter 32 and shifts Massachusetts from an all or nothing jurisdiction by providing for partial forfeiture. If forfeiture is warranted, a retirement board would be able to forfeit a member’s benefit by 1/3, 2/3 or to a minimum allowance. The minimum allowance is equal to that which a group 1 employee would receive at minimum retirement age with 10 years of creditable service. The bill also allows for full forfeiture in limited circumstances.

We are expecting that PERAC’s remaining bills will receive public hearings in the near future and we will keep you updated in upcoming issues of the Pension News.
Did you know?

PERAC lists open retirement board positions on our website. If your retirement system has a job opening or an open board member position, please email them in Word or pdf format to our Communications Director, Natacha Dunker, at nadunker@per.state.ma.us.

Please note: 5th member postings will be reviewed by our Compliance Unit before they are posted.

Memos released last quarter:

#12: Tobacco Company List
Quarterly update of prohibited investments

#13: Mandatory Retirement Board Member Training
Reviews guidelines for board member education as well as provides the schedule of upcoming training

#14: Forfeiture of Retirement Allowance for Dereliction of Duty by Members
Advisory to boards advising them of members ineligible for membership

#15: Application for a Waiver of Education Restrictions
New law enacted in January allows for waiver due to extenuating circumstances. New form attached.

#16: Cash Book Submissions
New email address available for the submission of cash books, along with administrative reminders

#17: Tobacco Company List
Quarterly update of prohibited investments

#18: Audits
An overview of an updated Audit procedure for Retirement Boards

Register today!

EMERGING ISSUES FORUM

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

Go to Mass.gov/PERAC for link

Upcoming Meetings

August 14, 11:00 a.m. Commission Meeting

September 11, 11:00 a.m. Commission Meeting

October 9, 11:00 a.m. Commission Meeting

November 13, 11:00 a.m. Commission Meeting

Meetings are held at our Somerville office unless otherwise noted and are open to the public.
## 2019 Education Schedule

### third quarter

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<th>Date</th>
<th>Location</th>
<th>Event</th>
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<td>Conflict of Interest</td>
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<td>August 7</td>
<td>Littleton</td>
<td>Know Your Responsibilities</td>
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<td>August 15</td>
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<td>Board Administrator Training</td>
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<td>August 28</td>
<td>PERAC/Webinar</td>
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<tr>
<td>September 12</td>
<td>Worcester</td>
<td>Emerging Issues Forum</td>
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### Credits

- **18** credits must be earned per term.
- **3** credits are the minimum per term year.
- **9** credits are the maximum per term year.

See our website for additional educational opportunities and registration information.

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