

PERAC

Pension News

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Systems Earn Favorable Returns *Second Consecutive Year*

By John W. Parsons, Esq.
Executive Director

For the second consecutive year, Massachusetts' public pension systems enjoyed double-digit investment returns, bouncing back from the negative returns of 2018. Following a composite rating of 16.91% in 2019, the collective performance of our systems for 2020 was 12.80%. The performances of the past two years have had a positive effect on the long-term returns of our systems. As of December 31, 2020, the composite five-year return stood at 10.38%, the ten-year at 8.93%, and the 36-year at 9.31%.

Massachusetts' returns during 2020 were comparable to the returns posted nationally by public pension systems. Surprisingly, this performance

has weathered the challenges and impact of the pandemic. Reported returns locally and nationally for fiscal year 2021 (July 1, 2020 to

the collective performance
of our systems for 2020 was
12.80%

June 30, 2021) have been record-setting, and there is optimism that the final returns for calendar 2021 will remain positive.

It is important to recognize the significant due diligence of systems and their consultants in developing and maintaining robust, diversified, and agile portfolios to weather

the challenges of today's complex investment market. The pressure of Massachusetts' funding requirements on the State and municipalities has systems working overtime to maximize earnings in a measured manner, cognizant of budget pressures and system returns.

Further, it is important to recognize the procurement process established under pension reform and codified in M.G.L. c. 32, s. 23B. The competitive, transparent, and comprehensive provisions of section 23B have played a significant part in the integrity and performance of system portfolios. The recent positive returns have allowed many systems to adjust their assumed *(continued page 6)*

Inside this issue

Commissioner Leung-Tat Appointed.....	2
Compliance Unit Update.....	3
Legislative Update.....	4

Commissioner Dooling.....	6
New & Noteworthy.....	7
Education Schedule.....	8

New Commissioner Appointed

By Bill Keefe
Assistant Deputy Director

Auditor of the Commonwealth, Suzanne Bump, has appointed Michael K. Leung-Tat to the Public Employee Retirement Administration Commission (PERAC) as her statutory designee.

He replaces former Commissioner Timothy Dooling, who served on the Commission with distinction from April 2016 until September 2021, when he was sworn in as an Administrative Law Judge in the Department of Industrial Accidents.

Commissioner Leung-Tat currently serves as Deputy Auditor and General Counsel in the State Auditor's Office. As General Counsel, he represents the Office in legal proceedings, provides legal research for audit investigations, and is instrumental in developing legislation and legal policy. He also oversees two important units within the Auditor's Office - the Bureau of Special Investigations (BSI) which is charged with detecting and preventing fraud within public assistance programs; and the Division of Local Mandates, a resource for communities seeking to determine if they have been subject to an unfunded state mandate.

Commissioner Leung-Tat has served in multiple legal and leadership roles at both the municipal and state government level. From 2017 to 2019,

Leung-Tat worked at the Auditor's Office as Legal Counsel for BSI and then as Assistant General Counsel for the entire agency. He then worked as Assistant Corporation Counsel in the City of Boston's Law Department for the Boston Public Schools. Most recently, he served as Deputy Division Chief in the Massachusetts Attorney General's Fair Labor Division.

One of seven PERAC Commissioners, Leung-Tat earned his law degree from the Benjamin N. Cardozo School of Law in New York City and his bachelor's degree from Yale University.

PERAC Chairman Philip Y. Brown welcomed Commissioner Leung-Tat to the Commission on behalf of his fellow Commissioners:

"I join my fellow Commissioners in welcoming Michael Leung-Tat to PERAC as the designee of Auditor Bump," said PERAC Chairman Philip Y. Brown. "Michael's experience with oversight and regulatory agencies and his efforts to ensure equal treatment under the law will serve the Commission well. Having a background with both municipal and



state government will bring a valuable perspective. We all look forward to working with Michael."

PERAC Executive Director, John Parsons added "Commissioner Tim Dooling worked with, and offers high praise for, Commissioner Leung-Tat, an endorsement that carries weight. I am eager to work with him in protecting and guiding our public pension systems." ■

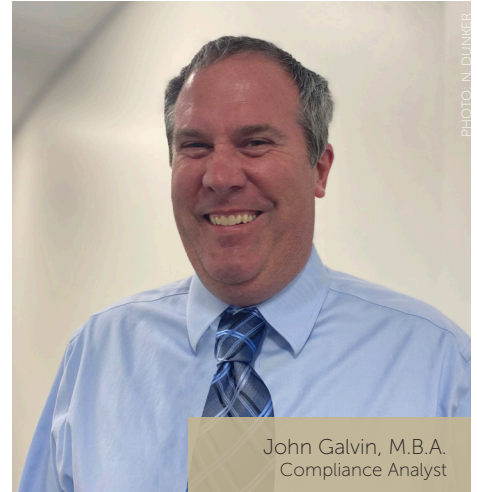
Compliance Unit Update

By Caroline Carcia
Deputy Executive Director

The PERAC Compliance Unit would like to welcome John Galvin, who will be filling the role of Compliance Analyst.

John joined PERAC this past July. He transitioned from the private sector, where he worked in retirement and financial administration for 20 years. He is excited to use his knowledge and experience as a foundation for his work in the Compliance Unit.

John received his Bachelor's degree from the University of Massachusetts, Amherst and his M.B.A. from Suffolk University's Sawyer School of Business. Please join us in welcoming him to the Massachusetts Public Retirement community! ■



John Galvin, M.B.A.
Compliance Analyst

Other PERAC Staffing Updates

Attorney Katherine Brady recently married and changed her name to Katherine Bensel.

Her new email address is now kmbensel@per.state.ma.us. In addition to her Legal Unit responsibilities, Katherine reviews procurement compliance notices and 5th member posting requests submitted to PERAC.

Boards Filed 100% of their SFI's

By Tom O'Donnell
Director of Compliance

Thanks to the diligence of board members and the efforts of PERAC's Compliance and IT Units, we are happy to announce that all 504 active board members filed their 2020 Statement Of Financial Interest (SFI).

Nearly all members filed their SFI electronically via PROSPER. This was a new PROSPER function rolled out this year after the Compliance and IT Units collaborated to create and offer training on its use.

Going forward, board members will fully realize the fruits of this application as their SFIs in subsequent years will be pre-populated with the information they provided in their prior filing. Board members will only have to make updates for any changed circumstances, making filing future SFIs much quicker and easier.

Again, thanks to all for their cooperation and compliance with this endeavor! ■

The PERAC Compliance Unit

This unit plays a key role in PERAC's oversight of public retirement system administration. Among its many responsibilities, the Unit oversees board procurement notices, board member education compliance, and the annual Statement of Financial Interests.

Other Members of the Unit:

Thomas O'Donnell
Director of Compliance

Rose Morrison
Administrative Assistant

Legislative Update

Public Work Limit Now 1,200 Hours

By Bill Keefe
Assistant Deputy Director

Public retirees working in the public sector may now work up to 1,200 hours per calendar year with the legislative override of the governor's veto of H.4007, *An Act Relative to Post-Retirement Employment of Public Retirees*, on September 30th.

The law has an emergency preamble, which means it takes effect immediately. It also has an effective date of July 1, 2021.

This amendment to M.G.L. Chapter 32, Section 91 **does not** change earning limits, **only** hours worked. It applies to superannuation and disability retirees.

Initially, the expansion to 1,200 hours was included as Section 18 in the FY22 budget bill that the Legislature sent to the Governor.

When the Governor signed the budget into law as Chapter 24 of the Acts of 2021 on July 16, he returned Section 18 to the Legislature. His amendment was to increase the hours limit to 975 and allow for greater use of the "critical shortage" waiver.

Both the House and Senate rejected the amendment, re-enacted the 1,200 hours language as H.4007 and sent it back to the Governor. The Governor then vetoed that bill.

On September 23rd, the House unanimously overrode the Governor's veto followed on September 30th



by the Senate's unanimous override. A technical fix was needed and that was signed into law in Section 4 of Chapter 76 of the Acts of 2021 on October 20th.

For further information on this statute, please refer to PERAC Memo #29 of 2021.

The Legislative Update continues on page 5.

OLD LAW

- ✓ **Earnings:**
Retirees working in the public sector can earn the difference between the pension and the CURRENT salary of the position the member retired from

plus \$15,000
(after a full calendar year following retirement date for superannuation)

- ✗ **Hours:**
960 hours in a calendar year

UPDATED LAW

- ✓ **Earnings:**
Earnings limit does not change.

- ✓ **New Hours Limit:**
Retirees working in the public sector can now work up to **1,200 hours per calendar year**, provided their earnings do not exceed limits.

Effective July 1, 2021

Legislative Update (continued)

Other Retirement Bills

By Bill Keefe
Assistant Deputy Director

PERAC has been following several other bills that have come before the legislature.

Chapter 32, Section 100 amended

After the tragic death in the line of duty of Worcester Police Officer, Manny Familia, numerous avenues were pursued to grant his family Section 100 benefits as the language of the law at that time would not cover his case.

The Legislature passed and the Governor signed Chapter 29 of the Acts of 2021 which included language in Section 9 to amend Section 100. As highlighted in PERAC Memo #24 of 2021, the new language mirrors the conditions in the statute for firefighters and reads:

"... or if a police officer while at the scene of an emergency in the performance of the police officer's duties is killed or sustains injuries which result in the police officer's death ..."

The new language took effect retroactively as of June 3, 2021.

All PERAC bills heard

Between two legislative committee hearings in July and September, all eight of PERAC's bills were heard.

PERAC Executive Director John Parsons provided verbal testimony to the Public Service Committee at a July 28 hearing on the following seven bills PERAC filed this session.

- **H.10** - An Act Relative to Pension Forfeiture
- **H.11** - An Act Relative to Veterans' Buyback
- **H.12** - An Act Relative to the Recovery of Overearnings
- **H.13** - An Act Relative to Wages
- **H.14** - An Act Relative to Modifications of Retirement Allowances
- **H.15** - An Act Relative to Accidental Disability and Group 1 Emotional Distress
- **H.16** - An Act to Protect Gender Pay Equity

For the bills to proceed, the Public Service Committee needs to report the bills favorably.

Parsons delivered testimony on the other PERAC-filed bill,

H.17 - An Act Providing for Statement of Financial Interests Flexibility, on September 22, before the Joint Committee on State Administration and Regulatory Oversight.

Retirement Incentive bills heard

On September 1, the Committee heard the teachers' retirement incentive bill, **H.2620/S.1791 - An Act to Provide a Retirement Enhancement Opportunity for Certain Members of the Massachusetts Teachers' Retirement System**. This bill would allow for teachers to pay the actuarial cost of a retirement incentive providing a combination of 10 years of age and/or service.

On July 21, the Committee heard **H.2808 / S.1669 - An Act Relative to Providing a COVID-19 Retirement Credit to Essential Public-Sector Workers**. This is the bill that would provide a combination of three years of age and/or service for all public workers.

We will continue to monitor these bills and provide additional updates if their status changes as they move through the legislative process. ■

Dooling Appointed Administrative Law Judge

By Bill Keefe
Assistant Deputy Director

Commissioner Timothy Dooling was recently confirmed as an Administrative Law Judge for the Division of Industrial Accidents.

Commissioner Dooling was first appointed to the Commission in April, 2016 by State Auditor Suzanne Bump to serve as her designee. He served as Deputy Auditor and General Counsel at the Office of the State Auditor where he oversaw the Bureau of Special Investigations and the Division of Local Mandates. He has also served in a variety of legal roles throughout state government, including in the Executive Office of Labor and Workforce Development,

the Massachusetts Parole Board, as well as the Suffolk County Sheriff's Department and the Essex County District Attorney's Office.

He was nominated by governor Charles Baker for a six-year term. Auditor Bump spoke on his behalf at his hearing and he was later confirmed by the Governor's Council on July 21, 2021.

As a Commissioner, he was an active member on several committees and truly left his mark. He participated in his final Commission meeting on September 8th where the Commission presented him with a clock to recognize his service. His fellow Commissioners praised him for his leadership and collaboration.

"I offer my congratulations



Former Commissioner
Timothy Dooling, Esq.

and best wishes to Commissioner Dooling," said executive director John Parsons. "Tim was a great resource for me to vet various issues with. He was always prepared, thorough and asked tough, pointed and needed questions to ensure all angles were covered. His many contributions to PERAC are valued and appreciated." ■

System Returns (continued from page 1)

rate of return and make adjustments to their mortality assumptions. For calendar year 2021, PERAC generally recommended an assumed rate of 7.00%, following a comprehensive review of published investment projections. According to the National Association of State Retirement Administrators, **more than half of 131 reporting pension systems reduced their return assumptions since 2018**, resulting in a median assumed return of 7%. PERAC recognizes and appreciates

the correlation between return assumptions and unfunded liabilities, and has worked with systems to establish rates that are responsible, measured, and consistent with published projections.

Despite the impressive recent performance of our systems, significant challenges remain. The Commonwealth and municipal funding schedules are aggressive and competing with other budgetary demands, and long-term investment projections have become consistently more con-

servative in recent years. According to a recent national study, the funded ratio of 169 reporting plans was 72% in 2020, a ratio not yet met by the majority of our systems. Due to the failure of Massachusetts to fully fund its plans in their early years, current systems continue to address the challenge of meeting past and present pension liabilities. It is incumbent on the funding entities and the retirement systems to continue to work together collaboratively as we meet the challenges ahead of us. ■

New & Noteworthy

Did you know?

We have over 40 webinars on our website produced by PERAC or our other partner agencies or organizations.

If you are a board member or employee, looking to increase your knowledge of running a public pension system, take a look at our curated list. All webinars listed can be viewed for credit with the submission of a Training Affidavit in PROSPER.

[Mass.gov/service-details/perac-online-training](https://www.mass.gov/service-details/perac-online-training)

Memos released last quarter:

- #16: Coronavirus Reopening Memo**
Guidance on expiring emergency orders.
- #17: Certain Coronavirus Emergency Measures Extended**
Remote participation and virtual notarization extended.
- #18: Updated Member & Beneficiary Refund Forms**
Release of new forms for retirement boards.
- #19: Mandatory Retirement Board Member Training**
Education schedule and information.
- #20: Tobacco Company List**
List of restricted investments.
- #21: Cost of Living Increase for Supplemental Dependent Allowance**
Updated amounts set by FY22 budget.
- #22: Reinstatement to Service under G.L. c. 32 § 105**
Updated form announcement.
- #23: 91A PROSPER TASKS**
New PROSPER procedure for 91A.
- #24: Important Amendment to G.L. c. 32, § 100**
Amends eligibility requirements for Section 100 benefits for police officers killed in the performance of their duties.
- #25: Tobacco Company List**
List of restricted investments.
- #26: Mandatory Retirement Board Member Training**
Education schedule and information.



Appropriation data due by October 31

Every year, retirement systems are asked to submit their appropriation data to PERAC by October 31st. 2021 Memo #27 requesting this data was sent to boards on October 7th.

This data is necessary in order for us to furnish you with the amounts to be appropriated by your governmental units. If your board has not yet submitted this data, please do so right away.

Upcoming Meetings

November 10, 11:00 a.m.
Commission Meeting

December 8, 11:00 a.m.
Commission Meeting

Until further notice, meetings are held virtually and are open to the public.
See our website for more information.

PERAC

2021 Education Schedule upcoming schedule

Credits
board members
must earn

18
per term

3
Minimum
per term year

9
Maximum
per term year

Date:	Location:	Topic:
November 4*	Webinar	Accessible Open Meetings Training for Municipalities
November 9	Webinar	Fraud Awareness
November 9*	Webinar	Accessible Open Meetings Training for Municipalities
November 16	Webinar	Boards & Commissions: Know your responsibilities
November 17*	Webinar	Accessible Open Meetings Training for Municipalities
December 2	Webinar	Conflict of Interest Law Training
December 9	Webinar	Contract Administration
December 16	Webinar	Recent Cases of Interest

***just added!**

See our website for additional educational opportunities and registration information.

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