

PERAC

Pension News

No.
67

January
2025

A Publication of the Public Employee Retirement Administration Commission

WEP & GPO Repealed

Public Employees and Retirees Will See Added Benefits

By Judith Corrigan, Esq.
General Counsel

On January 5, 2025, President Biden signed into law *The Social Security Fairness Act* (“the Act,” which repealed the *Windfall Elimination Provision* (“WEP”) and *Government Pension Offset* (“GPO”) provisions of Social Security.

This law has a retroactive effective date of January 1, 2024, which means that the Social Security Administration (“SSA”) will be required to recalculate benefits for anyone impacted by either of these provisions during 2024, as well as make adjustments going forward.



The WEP and GPO have negatively impacted thousands of Massachusetts public employees and their beneficiaries for decades. The WEP had been used to offset the amount of Social Security benefits a person received in conjunction with a public pension. The GPO has reduced the Social Security Survivor benefits of

spouses who were also receiving a public pension.

This has no impact on the amount of retirement allowances paid to retirees and beneficiaries by the Massachusetts public pension systems. This purely involves the

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Commonwealth Valuation

By John Boorack
Actuary

The Commonwealth Actuarial Valuation Report presents the results of the actuarial valuation of the pension benefits that are the obligation of the Commonwealth of Massachusetts. The four components of the report are the State Employees’ Retirement System (SRS), the Massachusetts Teachers’ Retirement System (TRS), Boston Teachers, and the Cost-of-Living Allowance reimbursements to local systems.

The chart, pictured in Table 1, shows a comparison of the principal valuation results of the January 1, 2023 and the January 1, 2024 actuarial valuations. The unfunded actuarial liability (UAL) represents the actuarial accrued liability less the value of plan assets. The funded ratio is the value of plan assets divided by the actuarial accrued liability. The funded ratio represents the portion of the actuarial accrued liability covered by plan assets. As of January 1, 2024, the actuarial liability was \$120.8 billion, and the actuarial value of plan assets was \$78.6 billion. The difference of \$42.3 billion is the UAL. The funded ratio is 65.0%.

It is important to note that plan assets have grown faster than plan liabilities since 1990. As of January 1, 1990, the actuarial accrued liability was approximately \$20.0 billion and the actuarial value of assets was

	Valuation Date	
	1/1/2024	1/1/2023
Actuarial Liability		
Actives	\$52,098,968	\$48,916,993
Retirees and Inactives	\$68,719,686	\$67,294,231
Total	\$120,818,654	\$116,211,224
Assets (Actuarial Value)	\$78,567,120	\$73,831,127
Unfunded Actuarial Liability	\$42,251,534	\$42,380,097
Funded Ratio	65.0%	63.5%

Table 1 | All dollars in thousands

\$7.8 billion which resulted in an UAL of \$12.2 billion and a funded ratio of approximately 39%. Since 1990, the actuarial liability has grown by about 6.0 times while assets have grown by about 10.1 times.

For this reason, we believe the funded ratio represents a better measure of the Commonwealth’s funding progress. Although the funded ratio reached 85.2% on January 1, 2000, this was the result of average annual returns from 1985-1999 that exceed-

ed 12.5% and attaining such a high level of funding so quickly was not expected. If there had been no gain or loss on assets from 1985-1999, the funded ratio would have been about 45%. Over the past 20 years (2004-2023), the average annual return on assets on a market value basis is approximately 7.8%. Over a 10-year and 5-year period, the returns were 8.0% and 9.5% respectively. The 39-year return (since inception) is 9.4%. ■

WEP & GPO (continued from page 1)

SSA offsetting its benefits, and it will need time to implement the changes in the law and process recalculations, as the current estimate is that the benefits of upwards of 3 million people will be impacted. The most recent guidance from the SSA may be found at <https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html>. The retirement boards should provide their members with this resource and explain to them that this process will take time.

Pursuant to Federal law, members of Chapter 32 systems have been required to sign Form SSA-1945

upon becoming employed in the public sector in Massachusetts, acknowledging the potential impacts of the WEP and GPO. Given that the WEP and GPO have been repealed, PERAC has advised that retirement boards pause on requiring the completion of this form until the SSA releases further guidance.

The repeal of the WEP and GPO does not change eligibility standards for Social Security; only the benefits of those eligible will change.

The repeal of these two provisions of the law was brought about by the tireless advocacy of many groups

for many years, including teachers' unions, public safety unions, and other entities. In Massachusetts, special thanks should go to the Massachusetts Retirees Association ("Mass Retirees"). Mass Retirees has labored for over 41 years to have this law repealed and deserve much credit in making this happen. ■

PERAC Gives Back

PERAC staff got into the holiday spirit last month by participating in a toy drive benefiting Christmas in the City for the second year in a row.

Christmas in the City is a 100% volunteer organization founded in 1989. They host non-denominational holiday events for families experiencing homelessness and poverty.

In line with reports of similar organizations, Christmas in the City struggled to meet growing demand this holiday season. PERAC staff donated 60 toys and gift cards, far surpassing last year's total and in a small way, helping to meet the increased need.

We look forward to continuing this tradition of giving next holiday season! ■



Fall MACRS Conference

December Date Brings Great Attendance

By John Galvin
Compliance Manager

The retirement board members and staff that made it to Springfield for the Fall Conference of the Massachusetts Association of Contributory Retirement Systems (MACRS) experienced a wide variety of relevant topics that impact their boards and members.

Retirement board members could earn up to nine educational credits for attending the conference to help them meet the annual education requirement, depending on the sessions they participated in: three credits for attending *Organizational Changes for Board Members & Staff*, with Matthew Feeney, of the Norfolk County Retirement Board, and Michael Pasquariello, of the Somerville Retirement Board; three credits for attending the *Legal Panel*, moderated by Tom Gibson; and three credits for attending the *PERAC presentations*, held on the final morning of the conference, provided by members of the PERAC Legal and Compliance Units, Ken Hill, Felicia McGinnis, and myself. Other sessions ranged from abandoned property to managing stress, and the impact of the election on the economy.



Frank Zecha (right) shown with Reginald Steele (left), Lead Investigator, Unclaimed Property Division, Office of the State Treasurer

PERAC participated throughout the conference as well. PERAC Executive Director, Bill Keefe provided remarks on the opening day and Patrick Charles, Assistant Deputy Director, also presented during the Legislative Panel.

Attendees were ecstatic to see Frank Zecha, Executive Director of the Brookline and Blue Hills Regional Retirement Systems, receive recognition for his many years of service to the Massachusetts retirement community. Frank is not only Executive Director of Brookline and Blue Hills but also serves on the Mass Water Resources Authority Retirement Board.

The first MACRS Conference held in December was an overwhelming success with the highest number of attendees for the fall conference ever! MACRS Conferences have become must attend events where board members and staff have the opportunity to not only gain valuable knowledge to help them better assist their members, but also provide them with an opportunity to create bonds with their peers, and learn from each other.

Our thanks, as always, go out to the MACRS executive board for hosting the fall conference and to the planning committee and MACRS president, Kathleen Kiely-Becchetti, for all their hard work and dedication in providing this opportunity. ■

Various Deadlines Approaching

Annual Vendor Disclosure

The Annual Vendor Disclosure (AVD) has been released through PROSPER to vendors involved in the distribution of investment products to the retirement boards. Investment service providers to retirement boards must provide the board, and PERAC, with Vendor Disclosures each year during a contractual relationship. Annual disclosures are to be submitted by the vendor through PROSPER and are due no later than March 1, 2025.

The AVDs are not only a requirement for the board to review but is beneficial to the board as it gives them the opportunity to review their relationships. During the board's annual meeting with their vendors, the board should review the fees to ensure they

are accurate, determine if the services the vendor was selected for are being performed, and take the opportunity to negotiate the fees for the benefit of the board.

Open Meeting Law Waivers

Open Meeting Law waivers allowing for fully remote and hybrid meetings without the Chair or a quorum physically present are scheduled to expire March 31, 2025. PERAC will monitor the situation and provide updates.



Annual Statements

Annual Statements to PERAC are due May 1, 2025 and must be signed by board members and submitted by staff through PROSPER.

Statement of Financial Interest

The Statement of Financial Interest (SFI) has also been released through PROSPER for board members to review and submit! The SFI's for 2024 are due on or before May 1, 2025. ■

MACRS Highlights



Assistant Deputy Director, Patrick Charles, speaking during the Legislative Panel at MACRS



Compliance Manager, John Galvin, presented a Compliance Overview



Senior Associate General Counsel, Felicia McGinniss, presenting on the Ins and Outs of a PERAC Opinion Letter

Online 91A Form Submission Expanded

By Natacha Dunker
Communications Director

In 2024, PERAC piloted a new Online 91A Annual Statement of Earned Income (91A Form) for certain disability retirees. This program has been expanded this year to allow for ALL disability retirees to submit their 91A Form completely online.

Due to our upcoming move, the 91A forms will be mailed slightly later, in early March. However, this year, we are also mailing all disability retirees a postcard in early February advising them of the change. We will also have a page on our website with additional information.

The 91A Form will include a special barcode unique to each member for them to log in to the online 91A Form to answer the form questions and upload their documents. Members will still have the option to submit a paper form if they prefer. Regardless of how they complete their annual requirement, the deadline will still be on the tax deadline, which is April 15th this year.

Disability retirees must submit a 91A Form along with copies of all corresponding documents every year unless they qualify for a waiver by being retired for more than 20 years, having no earned income for the prior 10 years, and sign an affidavit under



PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION
COMMISSION (PERAC)

File your 91A Annual Statement online this year!

91A Annual Statement of Earned Income forms will be due April 15th. Consider filing your form online this year. Get more info at mass.gov/91A.

Forms & instructions will be mailed next month.

 Faster	 Save Money	 More Secure
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Visit mass.gov/91A to learn more!

the penalties of perjury indicating that should the member realize any earned income in the future the member will forthwith notify PERAC of that fact and again report pursuant to Section 91A.

The online submission of the 91A Form should make the process easier and more efficient for retirees. It will also provide them with peace of mind, as they will be able to have confirmation and an instant record of their submission. If your members need assistance with completing their Form, our staff is here to help. Our 91A information line, 91A-Info@mass.gov or 617-591-8991, is available to help answer their questions. ■

2023 91A Results

12,679

earnings reports analyzed

3,505

reported earnings

152

excess earners

104

non-compliant

22

waived pension

\$2,393,490

excess amount

New & Noteworthy

Almost Moving Day!

As a reminder, our offices are moving in March of this year. We will send out more information to boards and post information on our website as the move date approaches.

Our New Location:

10 Cabot Road, Suite 300
 Medford, MA 02155

Same telephone: 617-666-4446



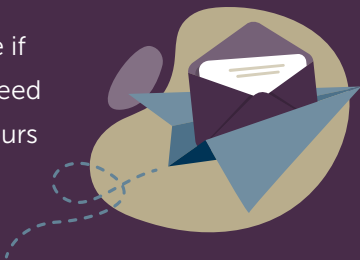
ADOBE STOCK ILLUSTRATION

Get Your Statements Ready!

It's time to start preparing for your Annual Statement to PERAC, due May 1st.

We hosted a Preparing the Annual Statement webinar on January 22nd. The recording will be posted on our website in February. You can download the presentation and a sample annual statement now.

Our staff is also available if you have questions or need guidance completing yours by the deadline.



ADOBE STOCK ILLUSTRATION

Recently released Memos:

- #33: Mandatory Retirement Board Member Training**
 Schedule of available training for first quarter, 2025
- #34: Annual Review of Medical Testing Fee**
 Up to \$100 per test approved by Commission
- #01: 2025 Interest Rate Set at 0.1%**
 Set in consultation with Commissioner of Banks
- #02: Repeal of the WEP and GPO**
 Overview of change to federal SSA benefits
- #03: Required Minimum Distribution Still Age 73 for this Year's Notifications**
 Guidance for notification requirements
- #04: 2025 Limits under Chapter 46 of the Acts of 2002**
 General compensation and benefit limit guidance
- #05: 2025 Limits under Section 23 of Chapter 131 of the Acts of 2010**
 Notice on the regular compensation limit
- #06: 2025 Limits under Chapter 46 of the Acts of 2010**
 Systems can offer COLA's up to 3%
- #07: Buyback and Makeup Repayment Worksheets**
 Use for calculating buybacks/make-ups and the cumulative interest

Upcoming Commission Meetings

February 12, 11:00 a.m.

*March 12, 11:00 a.m.

*April 9, 11:00 a.m.

*May 14, 11:00 a.m.

Meetings are open to the public. See our website for information on joining in person or remotely.

*Please check our website as the March meeting date and location is subject to change due to the move. Please also check our website for the April and May meetings for location and potential remote access impact from the Open Meeting Law waiver's scheduled expiration on March 31.

PERAC

2025 Education Schedule course highlights

Credits
board members
must earn

18
per term

3
Minimum
per term year

9
Maximum
per term year

January 29	Webinar	Open Meeting Law
February 10	Webinar	Open Meeting Law
February 20	PERAC Webinar	Recent Cases of Interest
February 26	Webinar	Open Meeting Law
March 3-4	Conference	Retirement Policy Conference (NIRS)
March 19	PERAC Webinar	Cybersecurity
	- SAVE THE DATE -	
March 26	New Board Administrator Training in Norwood	
Note: Legislative Update webinar is on our website!		

Go to mass.gov/perac-education for
additional resources & registration links

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