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Change was in the air at MACRS

By Natacha Dunker
Communications Director

MACRS Conference during the legal panel

Photo: Natacha Dunker

The spring conference of the Massachusetts Association of Contributory Retirement Systems (MACRS) was ushered in with quite a bit of change this year, which attendees took in stride. While there was a different location and new leadership, the desire to provide a top-notch experience for attendees never wavered.

This year's conference was held in Springfield, MA instead of the usual Hyannis location due to the sale of the venue that had been the site of the spring conference for many years. Conference organizers were able to quickly pivot and secured the Springfield location with short notice. Vice President, John Brown, board member of the Middlesex County and Fitchburg Retirement Boards, stepped in as interim president after Kathleen Kiely-Becchetti stepped down. John thanked and acknowledged Kathleen for her tireless work over the past ten years. He also thanked Lisa Maloney, Chief Administrative Officer of the Middlesex Retirement Board, and Melissa Hurley, the Conference planner, who were able to step in and assist him to make sure the planning continued seamlessly.

John ended his remarks on a somber note, acknowledging the deaths of long-time board members Jim Vieira formerly of the Medford Retirement Board and Mass *(continued page 2)*

Inside this issue

MACRS Conference (continued from page 1)

Retirees Middlesex District V.P., and Brad Tenney, formerly of the Cambridge Retirement Board and V.P. of the Professional Fire Fighters of Massachusetts. The passing of board members Joe Davis of Weymouth and Don Fermano of Malden were also acknowledged during the conference. A moment of silence was held for them and the two first responders who both recently died in the line of duty, Boston fire fighter Bobby Kilduff and State Trooper Kevin Trainor.

PERAC Executive Director, Bill Keefe, spoke on Monday morning and provided some PERAC updates, including the announcement of the upcoming Emerging Issues Forum date of September 17 in Westborough. He also noted that this is PERAC's 30-year anniversary and that board members were in 100% compliance filing their Statements of Financial Interest (SFI)! Bill's main message to boards, however, was to stress that PERAC is here to work together with boards, not against them.

Another notable update from Bill was the new requirement for longer passwords in PROSPER which will result in less frequent password changes. PERAC is also introducing multi-factor authentication in PROSPER for increased security.

State Auditor, Diana DiZoglio, spoke on Monday afternoon and gave an overview of the purpose of her office. She stressed that the purpose was not to "shame and blame" but to review process and procedures and make recommendations for improvement. Her office is currently auditing the MBTA and the Department of Children and Families. She noted that her office will keep working to increase transparency and accountability in the Commonwealth. She informed attendees about another ballot question she introduced that will go before voters this fall to determine if voters think the governor and Attorney General must be mandated to follow public records law.

Board members who attended the conference were able to earn up to 9 educational credits for attending certain sessions. Three credits were offered for attending the AI & Cybersecurity Panel, presented by Jeffrey Ziplow of Cyber Care Resources; three credits were offered for attending the Legal Panel, moderated by Tom Gibson, with attorneys Natacha Thomas of the Boston Retirement Board, Daniel Taylor from PERAC, Marko Samardzic of the State Retirement Board, and Uyen Tran from the Law Offices of Tom Gibson; and three credits were offered for attending the PERAC Wednesday morning panels, with attorneys Judith Corrigan and Felicia Baruffi covering Local Options, and PERAC Auditor, Connor Allan, covering Recent Audit Issues.

During Jeffrey's presentation, he stressed the importance of continued security awareness training and having a high-level understanding of AI & Cybersecurity and how to stay safe. He noted that cyber-attacks have increased 880% and CEO fraud and voice cloning are also on the rise.

Other notable presentations included a health care panel moderated by Nancy McGovern of Mass Retirees, with Matt Veno, Salem board member and Executive Director of the Group Insurance Commission and Paul Sweeney, VP of Diversified Sales for Blue Cross & Blue Shield of Massachusetts; a COLA Reform Update with Shawn Duhamel, CEO of Mass Retirees and Frank Valeri, president of Mass Retirees; an Administrator Roundtable moderated by Frank Zecha of the MACRS Executive Board, with Lisa Poske, Executive Director of the Worcester Retirement Board, Michael Pasternak, Executive Director of the Fall River Retirement Board, and Jim Lovotti, Executive Director of the West Springfield Retirement Board; and a PRIM Update on the Architectural Evolution of Hedge Funds moderated by Laura Strickland, Senior Client Services Officer for PRIM, with Bill Li, Director of Portfolio Completion Strategies for PRIM and John Dolan, Director of Public Equitiesfor Summit Partners.

Despite all the changes this spring, the Conference continued to run like a well-oiled machine! ■

Leadership Changes at MACRS

Photo: Natacha Dunker

An election was held during the spring MACRS Conference which resulted in several new additions to the executive board. Newly elected principal officers include William Taylor (Marlborough) as president and John Brown (Middlesex/Fitchburg) as Vice President. Newly elected members to the Executive Board include Scott Albanese (Brockton), Michael Pasternak (Maynard), Brian Whitney (Concord), and Frank Zecha (MWRA).

William Taylor, pictured, the newly elected president, addressed attendees after he was elected and sworn in. We look forward to continued collaboration with the MACRS board and congratulate the new officers. ■

MACRS Leadership

Principal Officers:

- **President:** William Taylor, Marlborough
- **Vice President:** John Brown, Middlesex/Fitchburg
- **Treasurer:** Robert Moynihan, Springfield
- **Secretary:** Robert Ward, Brookline

Executive Board Members

- Scott Albanese, Brockton
- Jeffrey Cutter, Newburyport
- Kenneth Hughes, Arlington
- Rick Jordan, Medford
- David Keene, Lowell
- Edwin Little, Norfolk County
- Lisa Maloney, Blue Hills/Newton
- Michael Pasternak, Maynard
- Karl Schmaelzle, Hampden County/Springfield
- John Sciara, Plymouth County
- Brian Whitney, Concord
- Frank Zecha, MWRA

Board Directors Convene in Dukes County


Photo courtesy Dukes County Retirement System

Over 50 retirement board directors and staff convened in Edgartown for a two-day conference terrifically organized by Dukes County Retirement Board Director Kelly McCracken and Assistant Administrator Elaine Graves.

The conference was an opportunity for board staff to discuss retirement topics and share ideas and best practices on a peer-to-peer basis. There were roundtable discussions on matters such as deductions, payment plans and collective bargaining contracts. Additionally, PERAC's Bill Keefe presented in person while Ken Hill, Felicia Baruffi, Dan Taylor and Patrick Charles joined and presented remotely as did public retirement attorney Tom Gibson.

There was a high level of engagement around the chock-full agenda. Likewise, there was a palpable sense of enthusiasm, camaraderie and energy in being able to connect and re-connect with the select group of professionals who can debate the finer points of 3(8)(c) and 4(2)(b). ■

COLA Reform Pending on Beacon Hill

By Patrick Charles
Assistant Deputy Director

The Fiscal Year 2027 annual budget was passed by the legislature and sent to the Governor's desk on Wednesday, July 1, 2026. The budget contains a number of pension related items.

The Budget approved the standard 3% COLA for State and Teachers on a $13,000 base.

The most significant provision in the Budget was a COLA reform based upon the recommendations of the COLA Commission that released its report on December 31, 2025. The Budget adopts the House proposal that a COLA Reserve Fund be established that would cover the cost of providing $1,000 increases in the State and Teachers COLA base as well as funding an enhanced COLA benefit for long serving, long retired members.

The COLA Reserve Fund would be funded by setting aside 7.5% of any investment gains that are above the actuarial assumed rate. Once a sufficient amount has been accumulated in the fund then that money would be transferred back to the pension reserve fund to cover the cost of an increased COLA base or the cost of the enhanced COLA.

The enhanced COLA benefit would provide an increased COLA for members who retired prior to July 1, 2020, had at least 20 years of creditable service and a pension that is below 80 percent of the average salary in the respective system. Those members who have been retired for at least 10 years but less than 15 will receive an additional $100 per year. Members retired for between 15-19 years will receive $200 and members retired 20 or more years would receive an additional $300 per year. The enhanced COLA will not take effect until sufficient funds have been placed in the COLA Reserve Fund to cover the full actuarial costs.

The COLA Reserve Fund and the Enhanced COLA would be local options approved by the local legislative bodies for all of the retirement systems other than State and Teachers'.

The House version of the budget included a provision allowing members of the Teachers' Retirement System who missed the deadline to opt into Retirement Plus with another one-time opportunity to do so. The Senate did not include the Retirement Plus provision but they have since passed a standalone bill (S. 3109) providing a new opportunity to elect to join Retirement Plus. The Senate version requires actuarial assumed interest be added to the cost of the buyback. No retirement plus provision was included in the final budget.

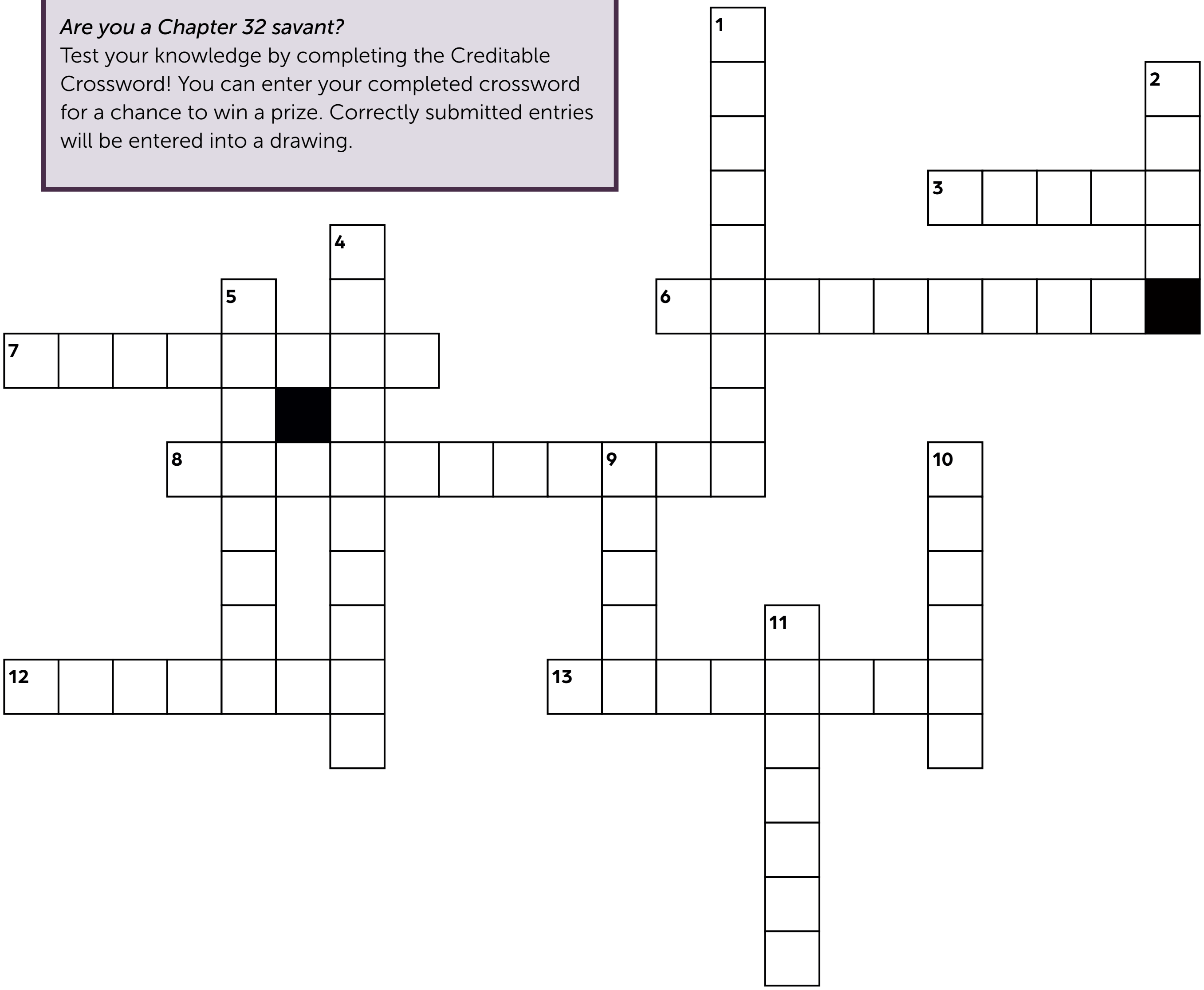

Adobe Stock Photo

Included in the final budget was a Senate provision that would increase the allowable post-retirement earnings for members under sections 91 and 91A. Under the provision, a retiree would be allowed to earn an additional $25,000 which is an increase to the current $15,000 limitation.

In April of 2026 the Governor filed an economic development bill (H5386) which included a provision which would have required the PRIT fund to set aside between $50 and $100 seed money for a fund to invest in early stage or growth stage companies. This bill was amended in the House and released as H5527 without the language relative to the PRIT fund. ■

Creditable Crossword

Are you a Chapter 32 savant?
Test your knowledge by completing the Creditable Crossword! You can enter your completed crossword for a chance to win a prize. Correctly submitted entries will be entered into a drawing.



How to play:

Print this page and enter your answers by hand or **complete an online version of this puzzle**. You can download your completed puzzle or take a photo of your printed puzzle and submit it to: pension-news@mass.gov for a chance to win.

Correct entries will be entered into a random drawing and the winner will be announced at the September Commission meeting.

Across

3. A kind of turpitude
6. System with smallest # of active members
7. A disability retirement
8. A survivor
12. ________ 32
13. Salary additions

Down

1. A board member's duty
2. Appellate body
4. Section 15
5. Of concern
9. Caryn Shea's unit
10. Penalized earnings
11. PERAC Online Training

Answers will be available in the next issue.
See page 7 for answers to the last puzzle.

2026 Investment Return Assumption

By John Boorack
Actuary

At the beginning of each year, we review the investment return assumption to determine our recommendations for each retirement system using PERAC to perform an actuarial valuation. Based on our analysis this year, we recommended a 7.0% investment return assumption for use in the actuarial valuations for the State Retirement System, the Massachusetts Teachers' Retirement System and for the Commonwealth's total pension obligation. The Public Employee Retirement Administration Commission (PERAC) adopted the recommended 7.0% investment return assumption at its meeting on March 11, 2026. This is the same investment return assumption that has been used since the January 1, 2021 actuarial valuation.

The actuary uses several different assumptions when performing an actuarial valuation of a pension plan. The investment return assumption is one of the principal assumptions. For most public pension plans, the investment return assumption serves two purposes. First, it is used to project the growth of the plan's assets. Second, it is used as the discount rate for the plan's actuarial liabilities. The discount rate is the rate used to value the current cost of future pension obligations. There is an inverse relationship between the discount rate and the value of the plan's actuarial liabilities – when the investment return assumption decreases, the associated actuarial liabilities increase, and vice versa. To demonstrate this relationship, consider a one-year, interest-bearing account. The present value would be the amount invested at the beginning of the year to have a balance of $100 at the end of the year. In the extreme, let's assume two accounts, one that earns 0% and the other that earns 100%. For the account that earns 0%, you would need to invest $100 at the beginning of the year to end up with a balance of $100. For the fund that earns 100%, you would need to invest only $50 at the beginning of the year to end the year with a balance of $100. Therefore, the lower the interest rate, the higher the starting (or present) value.

Since most of the Chapter 32 retirement systems are invested in the Pension Reserves Investment Trust (PRIT), we use NEPC, the Pension Reserves Investment Management's (PRIM's) investment consultant, as our primary source in determining the recommended investment return assumption. We use information from secondary sources to help corroborate our recommendation. For example, we compare NEPC's Capital Market Assumptions (CMAs) to publicly available CMAs from other investment consultants to determine whether the NEPC CMAs are outliers in any given year. We use information from the National Association of State Retirement Administrators (NASRA) to compare our investment return assumption to the assumption used by other State, Teachers' and large city plans from across the country. To a lesser extent, we compare our recommended assumption to PRIT's historical investment performance over a couple of time periods (5 years, 10 years, and 20 years). We analyze all this data to establish our recommended investment return assumption. For the handful of systems who are not invested with PRIM, we also review their investment policies, in addition to all the other information, to establish their recommended investment return assumptions. ■

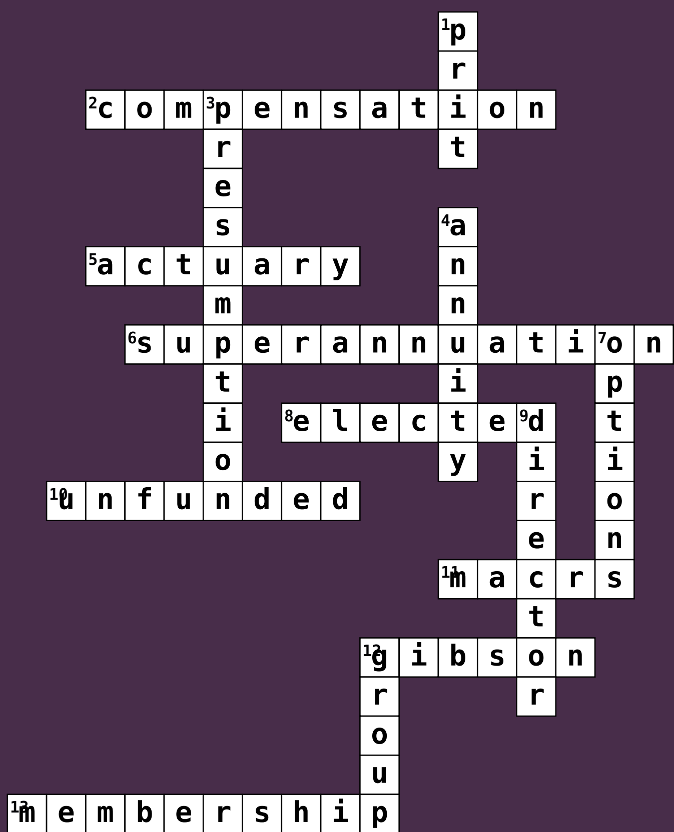
ADAMS AMESBURY ANDOVER ARLINGTON ATTLEBORO BARNSTABLE COUNTY BELMONT BERKSHIRE COUNTY BEVERLY BLUE HILLS BOSTON BRAINTREE BRISTOL COUNTY BROCKTON BROOKLINE CAMBRIDGE CHELSEA CHICOPEE CLINTON CONCORD DANVERS DEDHAM DUKES COUNTY EASTHAMPTON ESSEX COUNTY EVERETT FAIRHAVEN FALL RIVER FALMOUTH FITCHBURG FRAMINGHAM FRANKLIN REGIONAL GARDNER GLOUCESTER GREATER LAWRENCE GREENFIELD HAMPDEN COUNTY HAMPSHIRE COUNTY HAVERHILL HINGHAM HOLYOKE HULL LAWRENCE LEOMINSTER LEXINGTON LOWELL LYNN MALDEN MARBLEHEAD MARLBOROUGH MASS HOUSING MASSPORT MASS TEACHERS MWRA MAYNARD MEDFORD MELROSE METHUEN MIDDLESEX COUNTY MILFORD MILTON MINUTEMAN MONTAGUE NATICK NEEDHAM NEW BEDFORD NEWBURYPORT NEWTON NORFOLK COUNTY NORTH ADAMS NORTH ATTLEBORO NORTHAMPTON NORTHBRIDGE NORWOOD PEABODY PITTSFIELD PLYMOUTH PLYMOUTH COUNTY QUINCY READING REVERE SALEM SAUGUS SHREWSBURY SOMERVILLE SOUTHBRIDGE SPRINGFIELD STATE STONEHAM SWAMPSCOTT TAUNTON WAKEFIELD WALTHAM WATERTOWN WEBSTER WELLESLEY WEST SPRINGFIELD WESTFIELD WEYMOUTH WINCHESTER WINTHROP WOBURN WORCESTER REGIONAL WORCESTER

updates

NEW & NOTEWORTHY

creditable crossword

Issue #68 Answers



How well did you do?

Memos released last quarter:

#11: Disability Presumptions and Pre-Employment Physicals

#12: Violent Act Injury Disability – Updated Forms

#13: Tobacco Company List

#14: Mandatory Retirement Board Member Training – 2nd Qtr 2026

#15: Proposed Amendment to the Standard Rules for Disclosure of Information

#16: 91A PROSPER Tasks

#17: PROSPER Login Enhancements

#18: Tobacco Company List

#19: Mandatory Retirement Board Member Training

PERAC Staffing Update:

We are happy to welcome our newest team member, Christina Baccari, to the Disability Unit as a Disability Unit Case Manager I. Christina has been with us since March and previously worked as a Geriatric Case Manager at Springwell where she supported older adults.

When not at work she enjoys being a mom to her three boys! ■

Upcoming Meetings

July 8, 11:00 a.m.	September 9, 11:00 a.m.	October 14, 11:00 a.m.	November 18, 11:00 a.m.
Commission Meeting	Commission Meeting	Commission Meeting	Commission Meeting

Meetings are open to the public. See our website for details on how to attend in person or remotely.

PERAC 2026 Education Schedule

upcoming course highlights

Credits board members must earn

18 per term

3 Minimum per term year

9 Maximum per term year

Date	Event	Title
July 21	Hybrid Webinar/In Person (PERAC)	Retirement Board Best Practices
July 23	Webinar (OIG Academy)	Fraud Awareness
July 24	Webinar (AGO)	Open Meeting Law
August 4	Webinar (AGO)	Open Meeting Law
August 17-19	Conference, Boston, MA	Public Pension Funding Forum
August 19	Training (Northampton*)	Administrator Training
August 19	Webinar (AGO)	Open Meeting Law Training

Save the dates:
Emerging Issues Forum, Thursday, September 17th
Administrator Training, Woburn*, November 4th
Administrator Training, Norwood*, March 11th
* Note: all locations will have the same training.

See our website for additional educational resources and registration information, including:

- On demand webinars for credit

Public Employee Retirement Administration Commission | 10 Cabot Road, Suite 300, Medford, MA 02155
Phone 617 666 4446 | Fax 617 628 4002 | Web www.mass.gov/perac