

**PLYMOUTH**  
**RETIREMENT SYSTEM**  
**AUDIT REPORT**  
JAN. 1, 2019 - DEC. 31, 2022



**PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION**  
COMMONWEALTH OF MASSACHUSETTS

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## Public Employee Retirement Administration Commission

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# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

May 28, 2026

The Public Employee Retirement Administration Commission has completed an examination of certain activities of the Plymouth Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2019, to December 31, 2022. Based on an assessment in accordance with the policy outlined in PERAC Memo #18/2019, the scope of this audit was modified as noted below and was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00.

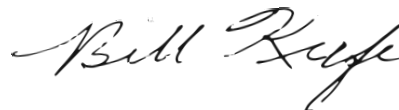
The specific objectives of our audit were to determine: 1) that the Board is exercising appropriate fiduciary oversight, 2) that cash balances are accurately stated, 3) that investment balances are accurately stated, 4) that retirement contributions are accurately deducted, 5) that retirement allowances were correctly calculated, and 6) that required member documentation is maintained.

To achieve these objectives, we inspected certain records of the Plymouth Retirement Board in the above areas. Specifically, we reviewed the minutes of the Board meetings for compliance with fiduciary oversight and verified cash and investment balances. We tested the payroll records of a sample of active members to confirm that the correct percentage of regular compensation is being deducted, including the additional two percent over \$30,000. We also tested a sample of members who retired during our audit period to verify that their retirement allowance was calculated in accordance with the statute. We reviewed a sample of member files for accuracy and completeness.

In our opinion, for those areas tested, the financial records are being maintained and the management functions are being performed in conformity with the standards established by PERAC with the exceptions noted in the findings presented in this report.

In closing, I acknowledge the work of the auditors who conducted this examination, and express appreciation to the Board and staff for their courtesy and cooperation.

Sincerely,



William T. Keefe  
Executive Director



# EXPLANATION OF FINDINGS AND RECOMMENDATIONS

## **1. New Retirees' Allowance Calculations:**

We tested 16 retirements calculated during the audit period. We found issues with the two accidental disability retirements reviewed as follows:

- The Town withheld retirement deductions on supplemental payments received while the member was on workers' compensation. These deductions should be returned to the retiree.
- For the same retiree noted above, the Board had an incorrect retirement date. The effective date of an accidental disability retirement is the latest of three dates: the date of injury, the date six months prior to application or the date of last regular compensation received. The Board used a date eight months later than it should have.
- With regard to the second retiree, the Board excluded longevity and holiday pay. This retiree has been underpaid by approximately \$600 per year since retiring in 2021.

**Recommendation:** The Board must review the above retirement allowance calculations, make appropriate corrections and resubmit the revised calculations to PERAC's Actuarial Unit for approval. The revised letters should be maintained with the retirees' files. The Board should review other disability retirement allowance calculations for accuracy of regular compensation and retirement dates.

## **Board Response:**

- Workers compensation deductions have been refunded to the retiree. Retirement date was changed, as well as New Earnings at Disability Date was amended resulting in retroactive pay due for this period. This amount was paid in his March 2026 retirement allowance. Recalculation of retirement allowance was prepared and submitted to PERAC via PROSPER. Currently awaiting PERAC approval.
- The second retiree's allowance was re-calculated to include longevity and holiday pay (\$812.56), as well as the full retro amount that was spread out over weekly pay periods (\$225). The retiree was given retroactive pay for this in his March 2026 allowance. Recalculation has been submitted to PERAC via PROSPER. Currently waiting for PERAC approval.

## **2. Regular Compensation:**

Our review of Active members' payrolls found that "differential" pay for the School Head Custodian did not have retirement deductions taken. Since this is a pre-determined amount for specific services to the employer, it should be considered regular compensation.

Also, we found a few members of the Fire department receiving Fire Auxiliary Duty stipend of \$4,000 per year, which was included in regular compensation. The union contract noted this was in recognition of many additional services provided. However, the services were not specifically listed and this should not be considered regular compensation.

**Recommendation:** The Board should review these pay codes and communicate with the payroll department which pay codes should be treated as regular compensation. The Board should return all deductions collected on pay that was not regular compensation.

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

### **Board Response:**

#### **Fire Auxiliary Duty Stipend Issue:**

PERAC opined that a Fire Auxiliary Duty Stipend is not regular compensation because it was “in recognition of many additional services provided. However, the services were not specifically listed and this should not be considered regular compensation.” Article XII, Section E of the contract between the Town of Plymouth and Local 1768 regarding this stipend states:

In recognition of the many additional services provided by the members of the Fire Department, as required by the Chief, all members shall receive an Auxiliary Duty Stipend of \$4,000.00.

We respectfully disagree that this stipend, on its face, is not regular compensation. Recently, in *Paul McLeod v. Malden Retirement Board*, CR-22-625 (DALA, December 15, 2023, CRAB appeal pending), DALA said regarding a retirement board and PERAC’s decision to exclude from regular compensation a hazardous duty stipend:

Since 2009, the retirement law has defined regular compensation as “wages . . . for services performed in the course of employment.” G.L. c. 32, § 1. In turn, wages are “the base salary or other base compensation of an employee . . . for employment by an employer.” *Id.* Overall, regular compensation is intended to embrace all “ordinary, recurrent, or repeated payments,” while disregarding “extraordinary ad hoc amounts,” with their potential to “place untoward, massive, continuing burdens on the retirement systems.” *Pelonzi v. Ret. Bd. of Beverly*, [451 Mass. 475](#), 479 (2008).

PERAC regulations reiterate that regular compensation must be received “for services performed in the course of employment.” 840 C.M.R. § 15.03(3)(a). The regulations add that wages include “pre-determined, non-discretionary, guaranteed payments paid by the employer to similarly situated employees.” § 15.03(3)(b). They specify that wages cover pay amounts resulting from “the character of the work,” “the employee’s length of service,” and “the time at which the work takes place.” *Id.*

Mr. McLeod’s hazardous duty pay obviously satisfied regularity’s defining attributes. It was disbursed once every pay period. Its amount was predetermined and unvarying throughout each fiscal year. It was not in any way extraordinary, adventitious, or ad hoc. The right to hazardous duty pay did not depend on any discretion or contingency. And the same hazardous duty pay was available to all similarly situated employees, i.e., all superior officers.

The dispute concentrates on the statutory and regulatory requirement that regular compensation must be received “for services performed in the course of employment.” G.L. c. 32, § 1; 840 C.M.R. § 15.03(3)(a). Although employment services are the reason for the great majority of payments from employer to employee, there are exceptions. For example, reimbursement for expenses does not count as pay “for services.” *Parente v. State Bd. of Ret.*, [80 Mass. App. Ct. 747](#) (2011). Cf. *Perreira v. Fall River Ret. Bd.*, No. CR-17-015 (DALA May 28, 2020). Workers’ compensation is available precisely when employees are incapable of providing their usual services. *Zelesky v. Commissioner of Div. of Pub. Emp. Ret. Admin.*, [30 Mass. App. Ct. 106](#) (1991). Incentives for early retirement also clearly are not pay for services. *Boston Ass’n of Sch. Administrators & Sup’rs v. Boston Ret. Bd.*, [383 Mass. 336](#), 341 (1981).

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

The board does not contend that Malden's police officers received their hazardous duty pay in exchange for anything other than employment services. The board in fact acknowledges that the "hazardous duty" implicated here was "being a police officer." The board's argument concentrates on the fact that hazardous duty pay was assigned its own CBA provision, paycheck line, and accounting code. Given that fact, the board theorizes that hazardous duty pay qualifies as regular compensation only if "the employee provid[ed] additional services or duties in return" (emphasis added).

This theory is unsupported by the text and purpose of the regular compensation provisions. See generally *Rotondi v. Contributory Ret. Appeal Bd.*, [463 Mass. 644](#), 648 (2012). The pertinent statutory language concentrates on whether employees receive their pay "for services performed in the course of employment." There is no hook in that phrase for a demand that each component of an employee's total pay must correspond to a discrete set of services. See *Twohig v. Braintree Ret. Bd.*, No. CR-18-505, 2022 WL 16921472, at \*4 (DALA May 20, 2022). The nonexistence of such a requirement is also reflected in the PERAC regulations stating that regular compensation includes pay for "the character of the work," "the employee's length of service," and other circumstances that do not entail specific job duties. 840 C.M.R. § 15.03(3)(b).

The *Twohig* case has to do with a so-called "accreditation stipend" which was paid to all Braintree Police Officers for their performing unspecified duties as they related to the Braintree Police Department's accreditation pursuant to the Massachusetts Police Accreditation Commission, which may reduce a police department's liability. In both *McLeod* and *Twohig*, DALA found that because the payments were "recurrent, predetermined, non-discretionary and indefinite in duration," they qualified as regular compensation, even if there were no additional defined "services" that the employee was required to perform. DALA also said in *Twohig*, "new pay is not required to arise from new services. See *Olsen v. Teachers' Ret. Bd.*, 70 Mass. App. Ct. 429, 434 (2007)." Therefore, it seems to the Board that the Fire Auxiliary Duty Stipend would qualify as regular compensation, or at least should not be disqualified because no new services are required to be performed. That said, we are aware that PERAC has appealed both DALA decisions to CRAB, and thus until these matters are resolved, PERAC will not allow or approve any retirement calculation that includes these stipends. However, we believe the most prudent approach is to continue accepting deductions for these payments, and include them in the calculation of a member's retirement allowance, and if CRAB upholds the decision, the Board can make the adjustment at that time. It is much easier to collect contributions and refund them, than it is to not accept them and then chase down the member for them.

### Head Custodian Differential Issue:

School Department Payroll has confirmed via email that they have implemented this change and are now taking retirement deductions from Head Custodian "differential" pay.

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

### **PERAC Response:**

The DALA case of McLeod v. Malden CR-22-625 did not involve the Town of Plymouth and the collective bargaining agreements of the Plymouth public safety unions. This case was not appealed to the Contributory Retirement Appeal Board (CRAB). For the hazardous duty stipend to be considered regular compensation there must be a service performed associated with the stipend. The Twohig case is currently on appeal to CRAB and is not a final decision. Until such time as a final decision is reached PERAC will not amend its guidance. If the Fire Auxiliary Duty Stipend was a combination of previously pensionable stipends then the town should amend the contract to reflect what duties are required to receive the stipend. For instance, many contracts have stipends for defibrillator training or narcan distribution training. These require certification and the payments qualify as regular compensation. The union and the employer can negotiate a memorandum of understanding outlining specific duties that have been required for the duration of the contract.

### **3. Fifth Member Appointment:**

In June 2020, during the audit period, and in June 2023, after the audit period, the Board reappointed the Fifth Board member without following procedures set forth in the PERAC Memo #28/2017. These procedures include posting an open position and interviewing candidates.

**Recommendation:** The Board must follow PERAC Memo #28/2017 for the proper procedures to appoint the Fifth Board Member.

### **Board Response:**

PERAC alleges that the Board reappointed the 5<sup>th</sup> member “without following the procedures set forth in the PERAC Memo #28/17. These procedures including posting the open position and interviewing candidates.” The recommendation is that the “Board must follow PERAC Memo #28/2017 for the proper procedures to appoint the Fifth Board Member.” Similar to the issues addressed regarding the Section 23B procurement process, there isn’t anything in M.G.L. c. 32, § 20(4)(b) that requires interviews:

Each such city or town system shall be managed by a retirement board which shall have the general powers and duties set forth in subdivision (5). Such board shall consist of five members and shall be chosen in the following manner, except as provided in paragraph (c), the city auditor or town accountant or other officer having similar powers and duties who shall be a member ex officio, a second member appointed by the board of selectmen in a town, the mayor in a city, the city manager in a city having a Plan D or Plan E form of government, a third and fourth member who shall be elected by the members in or retired from service of such system from among their number in such manner and for such term, not exceeding three years, as the mayor in a city or the board of selectmen in a town shall determine, and a fifth member who shall not be an employee, a retiree, or official of the governmental unit and shall be chosen by the other four for a term of three years. If the fifth member is not chosen by the other four members within thirty days after the expiration of the term of the fifth member, said member shall be appointed in a city by the mayor, subject to confirmation by the city council, or in a town by the board of selectmen.

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

Again, conspicuous by its absence is any reference to conducting interviews as part of the 5<sup>th</sup> member appointment process. PERAC Memorandum #28/2017 states, in pertinent part:

The selection of the Fifth member is a duty owed to the board's members and beneficiaries and every effort should be made towards an open, competitive process. Pursuant to this duty and G.L. Chapter 32, sections 20(4) and 23(3), the board should actively solicit resumes of interested candidates through a public posting/announcement. (The selection of the Fifth member [seventh member in the case of the Teachers' Retirement System] is outlined in different statutes for different boards; however, in each case the fiduciary obligations of the other board members remain the same.) This period should be followed by a documented review process and interviews of interested candidates. The board's process should be documented in a written policy and followed every three years, regardless of whether the incumbent Fifth member is seeking reappointment. Finally, a board should not abdicate its authority to the board of selectman, mayor or city manager by simply opposing a candidate(s) in order to force a tiebreaking selection; this is a board function and every effort should be made to perform its fiduciary duty. Only in the event that the board can't ultimately agree on a new Fifth member should the process move forward pursuant to the statute.

In *Watertown Retirement Board v. PERAC*, CR-19-0013 (DALA, August 28, 2020, no CRAB decision), DALA upheld PERAC's refusal to approve a Watertown Retirement Board regulation that would allow the 5<sup>th</sup> member to be appointed without conducting an interview, citing to PERAC Memorandum #28/2017. DALA reasoned that all PERAC was doing was "filling in the gaps" and stated:

The Supreme Judicial Court has held that PERAC need not exercise this authority exclusively through regulation. It may instead validly issue memoranda, without going through the rule making process, when the memoranda clear up ambiguities or fill gaps without inaugurating "a material change in policy." *Boston Retirement Bd. v. Contributory Retirement Appeal Bd.*, [441 Mass. 78](#), 83-84, 803 N.E.2d 325, 330 (2004), quoting *Massachusetts Gen. Hosp. v. Rate Setting Comm'n*, [371 Mass. 705](#), 707, 359 N.E.2d 41 (1977). PERAC memoranda are "binding on retirement boards unless they are manifestly unreasonable." *Grimes v. Malden Retirement Bd. and PERAC*, Docket No. CR-15-5, Decision at 11 (Mass. Div. of Admin. Law App., Aug. 14, 2015). Although the Contributory Retirement Appeal Board reversed some of the specific holdings of DALA's *Grimes* decision on appeal, it agreed that:

[t]he memoranda issued by PERAC to the retirement boards are binding on the boards. . . Retirement boards must follow PERAC's directives because of the statutory grant of power to PERAC to issue such directives in order to ensure that the more than one hundred retirement systems in the Commonwealth operate efficiently and apply uniform rules and policies. It would be wholly impractical to require PERAC to interpret and administer the retirement law solely by issuing individual rulings regarding individual retirement board determinations. If a retirement board disagrees with the interpretation of the retirement law adopted in a PERAC memorandum as applied to a particular case, it may request a ruling from PERAC which would be appealable by an aggrieved party under G.L. c. 32, § 16(4). On appeal to DALA, to CRAB, or to the courts, the position taken in a PERAC memorandum will be considered an "interpretive" rule, entitled to persuasive weight under the standard of *Skidmore v. Swift & Co.*, 323 U.S. 134, 140 (1944), but not having the force of law of a statute or regulation.

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS

(Continued)

*Grimes*, CRAB at 13 (November 18, 2016).

First, a CRAB decision is only binding on the parties, and thus the *Grimes* decision has no application to the Board. Second, the Board does not believe requiring retirement boards to do something that is not statutorily required is only to “clear up ambiguities or fill gaps without inaugurating ‘a material change in policy.’” There is no ambiguity in Section 20(4)(b) – it sets the disqualifications for being a 5<sup>th</sup> member, and that the 5<sup>th</sup> member shall be appointed by the other four members, and what happens if the 5<sup>th</sup> member is not selected within 30 days – that’s it. Third, if a retirement board does not exercise its authority to appoint a 5<sup>th</sup> member within the 30 days after the incumbent 5<sup>th</sup> member’s term expires, the power of the appointment – with no interview process – reverts to the local executive or legislative authority in the municipality, as the case may be, which supports the notion that no interview is required. Finally, with the *Watertown* case, the Board certainly recognizes PERAC’s authority to refuse to approve a regulation, and in this case, the Board has not adopted or submitted a regulation, but rather acted within the scope of its statutory authority to appoint its 5<sup>th</sup> member.

Thus, while we are mindful of the SJC’s opinion in the *Boston* case, the full quote is, “Formal rule making is unnecessary “where the agency is intending to fill in the details or clear up an ambiguity of an established policy, rather than to inaugurate a material change of policy.” The issue in the *Boston* case was that M.G.L. c. 32, § 91A had not defined what constituted “earned income,” and thus the memorandum that PERAC issued in further defining earned income was “issued only to clear up an ambiguity and fill in gaps for determining what constitutes ‘earned income’ pursuant to s. 91A.”

It is difficult to accept that PERAC Memorandum #28/2017, much like Memorandum #32/2018 were issued to clear up some “ambiguity” or “filling in the gaps” and were not a “material change in policy.” There is neither ambiguity nor gaps in Sections 20(4)(b) or 23B regarding the 5<sup>th</sup> member appointment or the procurement process. Neither requires interviews, and compelling the Board to do so, and to advertise the position, clearly constitutes a change in policy, and thus the Board does not believe, respectfully, that interviews were necessary or required in either instance. To be clear, the Board’s responses should not be construed as non-compliance, but rather a good faith dispute as to the Board’s obligations, which it takes very seriously.

### **PERAC Response:**

PERAC respectfully disagrees and holds the position that conducting an open, transparent and competitive process to assure system membership that a diligent effort was made to attract candidates and select a fifth member is part of the board’s fiduciary duty. This position was explained in Memorandum #28 of 2017 which was upheld by the Division of Administrative Law Appeals in *Watertown Retirement Board v. PERAC*, CR-19-0013 (August 28, 2020). That case was not appealed and is therefore a final decision of CRAB. DALA determined that PERAC’s memo and the guidance that boards must solicit resumes and interview qualified candidates was not arbitrary and that retirement boards were bound by Memo #28/2017. A prior ruling in *Grimes v. Malden Retirement Board & PERAC*, CR-15-1 (2016) stated that boards are bound by PERAC memos subject to appeal by an aggrieved party. CRAB decisions in which PERAC was a party are binding on all of the retirement boards as PERAC is bound by the decision and PERAC oversees all of the retirement systems. As

## EXPLANATION OF FINDINGS AND RECOMMENDATIONS

(Continued)

PERAC memos are binding on the retirement boards the board must comply with the requirements of Memorandum #28 of 2017 when the current fifth member term ends this year. The Board is free to challenge the validity of the memo but while that challenge is pending the Board must comply with the memo.

### **FINAL DETERMINATION:**

***PERAC Audit staff will follow up in six (6) months to ensure appropriate actions have been taken regarding all findings.***

# ANNUAL STATEMENTS (as submitted)

## STATEMENT OF LEDGER ASSETS AND LIABILITIES

	AS OF DECEMBER 31,			
	2022	2021	2020	2019
<b>Net Assets Available For Benefits:</b>				
Cash	\$3,527,907	\$3,725,763	\$2,531,781	\$2,328,114
Equities	29,481,252	35,748,309	31,839,800	26,020,443
Pooled Domestic Equity Funds	35,702,443	49,382,254	48,092,587	36,743,737
Pooled International Equity Funds	33,573,796	35,918,387	18,095,256	36,854,604
Pooled Domestic Fixed Income Funds	46,810,738	48,590,205	51,627,266	39,941,566
Pooled Alternative Investment Funds	30,316,693	31,618,512	19,476,183	14,443,596
Pooled Real Estate Funds	22,210,482	26,292,205	20,663,905	19,432,905
Pooled International Balanced Funds	9,333,517	10,470,592	9,808,358	8,343,705
Hedge Funds	11,039,217	11,267,497	10,294,487	10,165,668
PRIT Core Fund	6,662,967	4,580,572	3,251,231	4,035,382
Prepaid Expenses	19,844	66,880	32,395	18,000
Accounts Receivable	15,535	14,138	11,746	12,820
Accounts Payable	(171,287)	(120,590)	(109,263)	(143,259)
<b>Total</b>	<u>\$228,523,107</u>	<u>\$257,554,725</u>	<u>\$215,615,732</u>	<u>\$198,197,283</u>
<b>Fund Balances:</b>				
Annuity Savings Fund	\$49,573,064	\$47,583,124	\$47,138,101	\$46,380,423
Annuity Reserve Fund	19,072,559	18,369,120	17,154,089	16,389,275
Pension Fund	5,498,572	5,845,568	5,715,448	6,453,579
Military Service Fund	44,654	44,610	44,565	44,520
Expense Fund	0	0	0	0
Pension Reserve Fund	154,334,257	185,712,304	145,563,529	128,929,486
<b>Total</b>	<u>\$228,523,107</u>	<u>\$257,554,725</u>	<u>\$215,615,732</u>	<u>\$198,197,283</u>

## ANNUAL STATEMENTS (as submitted) (Continued)

### STATEMENT OF CHANGES IN FUND BALANCES

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance 2019	\$44,812,214	\$16,228,818	\$6,461,116	\$44,476	\$0	\$101,695,019	\$169,241,643
Receipts	5,080,409	491,383	15,223,278	44	1,912,253	29,441,405	52,148,772
Interfund Transfers	(2,821,664)	2,821,664	2,206,978	0	0	(2,206,978)	0
Disbursements	(659,605)	(3,183,480)	(17,437,793)	0	(1,912,253)	0	(23,193,132)
Ending Balance 2019	46,380,423	16,389,275	6,453,579	44,520	0	128,929,486	198,197,283
Receipts	5,302,707	491,906	16,386,736	45	1,854,347	17,381,964	41,417,705
Interfund Transfers	(3,697,337)	(1,565)	4,446,851	0	0	(747,950)	0
Disbursements	(849,509)	(3,425,887)	(17,869,513)	0	(1,854,347)	0	(23,999,257)
Ending Balance 2020	47,138,101	17,154,089	5,715,448	44,565	0	145,563,529	215,615,732
Receipts	5,851,705	527,004	16,905,894	45	2,252,603	42,093,671	67,630,922
Interfund Transfers	(4,421,746)	4,420,975	1,945,667	0	0	(1,944,896)	0
Disbursements	(985,708)	(3,732,177)	(18,721,441)	0	(2,252,603)	0	(25,691,929)
Ending Balance 2021	47,583,124	18,369,120	5,845,568	44,610	0	185,712,304	257,554,725
Receipts	6,984,038	558,278	18,202,334	45	2,213,753	(29,669,040)	(1,710,591)
Interfund Transfers	(4,266,780)	4,266,905	1,708,882	0	0	(1,709,007)	0
Disbursements	(727,318)	(4,121,744)	(20,258,213)	0	(2,213,753)	0	(27,321,027)
Ending Balance 2022	\$49,573,064	\$19,072,559	\$5,498,572	\$44,654	\$0	\$154,334,257	\$228,523,107

# ANNUAL STATEMENTS (as submitted) (Continued)

## STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2022	2021	2020	2019
<b>Annuity Savings Fund:</b>				
Members Deductions	\$5,487,830	\$5,040,780	\$5,124,608	\$4,715,633
Transfers from Other Systems	1,320,968	616,570	47,224	283,380
Member Make Up Payments and Re-deposits	57,293	33,585	43,198	19,428
Member Payments from Rollovers	48,092	74,865	12,944	8,806
Investment Income Credited to Member Accounts	69,855	85,905	74,733	53,161
Sub Total	<u>6,984,038</u>	<u>5,851,705</u>	<u>5,302,707</u>	<u>5,080,409</u>
<b>Annuity Reserve Fund:</b>				
Investment Income Credited to the Annuity Reserve Fund	558,278	527,004	491,906	491,383
<b>Pension Fund:</b>				
3 (8) (c) Reimbursements from Other Systems Received from Commonwealth for COLA and Survivor Benefits	545,107	137,540	392,377	419,276
Pension Fund Appropriation	106,570	85,840	116,023	116,600
Settlement of Workers' Compensation Claims	17,434,233	16,604,031	15,813,363	14,623,047
Recovery of 91A Overearnings	7,800	9,500	0	0
Sub Total	<u>18,202,334</u>	<u>16,905,894</u>	<u>16,386,736</u>	<u>15,223,278</u>
<b>Military Service Fund:</b>				
Investment Income Credited to the Military Service Fund	45	45	45	44
<b>Expense Fund:</b>				
Investment Income Credited to the Expense Fund	2,213,753	2,252,603	1,854,347	1,912,253
<b>Pension Reserve Fund:</b>				
Federal Grant Reimbursement	55,427	81,987	10,124	34,374
Interest Not Refunded	532	7,457	7,755	0
Miscellaneous Income	(185)	557	158	2,533
Excess Investment Income	(29,724,813)	42,003,669	17,363,927	29,404,497
Sub Total	<u>(29,669,040)</u>	<u>42,093,671</u>	<u>17,381,964</u>	<u>29,441,405</u>
<b>Total Receipts, Net</b>	<u>(\$1,710,591)</u>	<u>\$67,630,922</u>	<u>\$41,417,705</u>	<u>\$52,148,772</u>

# ANNUAL STATEMENTS (as submitted) (Continued)

## STATEMENT OF DISBURSEMENTS

FOR THE PERIOD ENDING DECEMBER 31,				
	2022	2021	2020	2019
<b>Annuity Savings Fund:</b>				
Refunds to Members	\$405,920	\$609,359	\$373,101	\$217,666
Transfers to Other Systems	<u>321,398</u>	<u>376,349</u>	<u>476,408</u>	<u>441,939</u>
Sub Total	<u>727,318</u>	<u>985,708</u>	<u>849,509</u>	<u>659,605</u>
<b>Annuity Reserve Fund:</b>				
Annuities Paid	4,039,976	3,729,434	3,413,959	3,183,480
Option B Refunds	<u>81,768</u>	<u>2,743</u>	<u>11,928</u>	<u>0</u>
Sub Total	<u>4,121,744</u>	<u>3,732,177</u>	<u>3,425,887</u>	<u>3,183,480</u>
<b>Pension Fund:</b>				
Pensions Paid:				
Regular Pension Payments	14,277,495	13,525,520	12,622,924	12,175,483
Survivorship Payments	896,698	786,661	690,517	606,346
Ordinary Disability Payments	265,732	262,653	261,733	233,957
Accidental Disability Payments	3,162,697	2,917,446	2,866,687	2,879,891
Accidental Death Payments	714,901	587,596	589,970	592,504
Section 101 Benefits	94,264	78,617	61,973	57,829
3 (8) (c) Reimbursements to Other Systems	753,733	468,560	673,651	780,810
State Reimbursable COLA's Paid	61,731	63,429	71,098	76,644
Chapter 389 Beneficiary Increase Paid	<u>30,960</u>	<u>30,960</u>	<u>30,960</u>	<u>34,329</u>
Sub Total	<u>20,258,213</u>	<u>18,721,441</u>	<u>17,869,513</u>	<u>17,437,793</u>
<b>Expense Fund:</b>				
Board Member Stipend	3,000	3,000	3,000	6,000
Salaries	394,036	362,516	351,346	332,777
Legal Expenses	54,922	115,501	36,017	46,571
Travel Expenses	541	473	602	3,909
Administrative Expenses	36,406	31,356	24,937	31,703
Professional Services	23,000	35,500	29,500	5,000
Education and Training	611	0	565	4,670
Furniture and Equipment	4,446	4,017	2,380	36,214
Management Fees	1,380,006	1,385,001	1,100,719	1,149,667
Custodial Fees	70,654	74,164	64,406	65,402
Consultant Fees	88,250	85,046	83,184	80,761
Rent Expenses	78,291	76,014	79,800	75,584
Service Contracts	65,070	65,637	64,316	60,584
Fiduciary Insurance	<u>14,520</u>	<u>14,380</u>	<u>13,575</u>	<u>13,413</u>
Sub Total	<u>2,213,753</u>	<u>2,252,603</u>	<u>1,854,347</u>	<u>1,912,253</u>
<b>Total Disbursements</b>	<u>\$27,321,027</u>	<u>\$25,691,929</u>	<u>\$23,999,257</u>	<u>\$23,193,132</u>

# ANNUAL STATEMENTS (as submitted) (Continued)

## INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2022	2021	2020	2019
<b>Investment Income Received From:</b>				
Cash	\$101,139	\$560	\$19,420	\$84,546
Equities	392,544	374,861	375,584	465,633
Pooled or Mutual Funds	<u>3,537,707</u>	<u>3,341,795</u>	<u>3,341,059</u>	<u>3,242,826</u>
<b>Total Investment Income</b>	<u>4,031,390</u>	<u>3,717,216</u>	<u>3,736,063</u>	<u>3,793,005</u>
<b>Plus:</b>				
Realized Gains	4,527,962	13,418,202	6,696,959	6,693,226
Unrealized Gains	<u>23,111,000</u>	<u>40,522,051</u>	<u>41,245,388</u>	<u>27,376,981</u>
Sub Total	<u>27,638,962</u>	<u>53,940,253</u>	<u>47,942,347</u>	<u>34,070,208</u>
<b>Less:</b>				
Realized Loss	(2,157,186)	(759,895)	(2,570,333)	(679,010)
Unrealized Loss	<u>(56,396,048)</u>	<u>(12,028,163)</u>	<u>(29,322,933)</u>	<u>(5,322,678)</u>
Sub Total	<u>(58,553,234)</u>	<u>(12,788,058)</u>	<u>(31,893,266)</u>	<u>(6,001,688)</u>
<b>Additional Adjustments:</b>				
Miscellaneous Investment Expenses	0	(185)	(185)	(185)
<b>Net Investment Income</b>	<u>(26,882,882)</u>	<u>44,869,226</u>	<u>19,784,958</u>	<u>31,861,340</u>
<b>Income Required:</b>				
Annuity Savings Fund	69,855	85,905	74,733	53,161
Annuity Reserve Fund	558,278	527,004	491,906	491,383
Military Service Fund	45	45	45	44
Expense Fund	<u>2,213,753</u>	<u>2,252,603</u>	<u>1,854,347</u>	<u>1,912,253</u>
<b>Total Income Required</b>	<u>2,841,931</u>	<u>2,865,557</u>	<u>2,421,031</u>	<u>2,456,842</u>
Net Investment Income	<u>(26,882,882)</u>	<u>44,869,226</u>	<u>19,784,958</u>	<u>31,861,340</u>
Less: Total Income Required	<u>2,841,931</u>	<u>2,865,557</u>	<u>2,421,031</u>	<u>2,456,842</u>
<b>Excess Income (Loss) To The Pension Reserve Fund</b>	<u>(\$29,724,813)</u>	<u>\$42,003,669</u>	<u>\$17,363,927</u>	<u>\$29,404,497</u>

## SUPPLEMENTARY INFORMATION

### SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

AS OF DECEMBER 31, 2022		
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	\$3,527,907	1.5%
Equities	29,481,252	12.9%
Pooled Domestic Equity Funds	35,702,443	15.6%
Pooled International Equity Funds	33,573,796	14.7%
Pooled Domestic Fixed Income Funds	46,810,738	20.5%
Pooled Alternative Investment Funds	30,316,693	13.3%
Pooled Real Estate Funds	22,210,482	9.7%
Pooled International Balanced Funds	9,333,517	4.1%
Hedge Funds	11,039,217	4.8%
PRIT Core Fund	<u>6,662,967</u>	<u>2.9%</u>
<b>Grand Total</b>	<b><u>\$228,659,014</u></b>	<b><u>100.0%</u></b>

For the year ending December 31, 2022, the rate of return for the investments of the Plymouth Retirement System was -10.55%. For the ten-year period ending December 31, 2022, the rate of return for the investments of the Plymouth Retirement System averaged 8.59%. For the 38-year period ending December 31, 2022, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Plymouth Retirement System was 8.68%.

The composite rate of return for all retirement systems for the year ending December 31, 2022, was -10.84%. For the ten-year period ending December 31, 2022, the composite rate of return for the investments of all retirement systems averaged 8.18%. For the 38-year period ending December 31, 2022, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 8.99%.

## SUPPLEMENTARY INFORMATION (Continued)

### SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Plymouth Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

#### ADMINISTRATION

There are 104 contributory retirement systems for public employees in Massachusetts. Each system is governed by a retirement board and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure for all systems.

#### PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the State Police. The other 3 classes are as follows:

##### **Group 1:**

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

##### **Group 2:**

Certain specified hazardous duty positions.

##### **Group 4:**

Police officers, firefighters, and other specified hazardous positions.

## SUPPLEMENTARY INFORMATION (Continued)

### MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 - 1983:	7% of regular compensation
1984 to 6/30/96:	8% of regular compensation
7/1/96 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of \$30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012, will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

### RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

### RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire at age 65. There is no mandatory retirement age for employees in Group 1.

### SUPERANNUATION RETIREMENT

A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- attainment of age 60 with 10 years of service if classified in Group 1, or
- attainment of age 55 with 10 years of service if classified in Group 2, or
- attainment of age 55 if classified in Group 4.

## SUPPLEMENTARY INFORMATION (Continued)

### AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five years as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of \$15 per year for each year of creditable service, up to a maximum of \$300.

For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.

- For persons who became members prior to April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last 3 years (whether or not consecutive) preceding retirement.
- For persons who became members on or after April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 5 consecutive years that produce the highest average, or, if greater, during the last 5 years (whether or not consecutive) preceding retirement.
- The Benefit Rate varies with the member's retirement age. For persons who became members prior to April 2, 2012 the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.
- For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.
- For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .125% reduction is applied for each year of age under the maximum age for the member's group.

### DEFERRED VESTED BENEFIT

A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Certain public safety employees cannot defer beyond age 65. All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 73.

## SUPPLEMENTARY INFORMATION (Continued)

### WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. The interest rate for employees who first become members on or after January 1, 1984 who voluntarily withdraw their contributions with less than 10 years of service will be 3%. Interest payable on all other withdrawals will be set at regular interest.

### DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

#### ORDINARY DISABILITY

**Eligibility:** Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, s. 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching "maximum age". "Maximum age" applies only to those employees classified in Group 4 who are subject to mandatory retirement.

**Retirement Allowance:** For persons who became members prior to April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

## SUPPLEMENTARY INFORMATION (Continued)

### ACCIDENTAL DISABILITY

**Eligibility:** Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

**Retirement Allowance:** 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of \$1,060.80 per year (or \$312 per year in systems in which the local option contained in G.L. c. 32, s. 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member's retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution. For systems that have adopted Chapter 157 of the Acts of 2005, veterans as defined in G.L. c. 32, s. 1 receive an additional benefit of \$15 per year for each year of creditable service, up to a maximum of \$300.

### ACCIDENTAL DEATH

**Eligibility:** Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

**Allowance:** An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of \$1,060.80 per year, per child (or \$312 per year in systems in which the local option contained in G.L. c. 32, s. 9(2)(d)(ii) has not been adopted), payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries while in the performance of his duties that results in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death. In addition, an eligible family member may receive a one-time payment of \$300,000 from the State Retirement Board. This lump sum payment is also available to the family of a public prosecutor in certain, limited circumstances.

## SUPPLEMENTARY INFORMATION (Continued)

### DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of \$6,000. For Systems that accept the provisions of Section 28 of Chapter 131 of the Acts of 2010, the amount of this benefit is \$9,000. For Systems that accept the provisions of Section 63 of Chapter 139 of the Acts of 2012, the amount of this benefit is \$12,000.

### DEATH IN ACTIVE SERVICE (OPTION D)

**Allowance:** An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is \$3,000 unless the retirement system has accepted the local option increasing this minimum annual allowance to \$6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

The surviving spouse of such a member in service receives an additional allowance equal to the sum of \$1,440 per year for the first child and \$1,080 per year for each additional child until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

### COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase (COLA) for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. Only a certain portion of a retiree's total allowance is subject to a COLA. The total COLA for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

Under the provisions of Chapter 32, Section 103(j) inserted by Section 19 of Chapter 188 of the Acts of 2010, systems may increase the maximum base on which the COLA is calculated in multiples of \$1,000. For many years the COLA base was calculated based upon the first \$12,000 of a retiree's allowance. Now the maximum base upon which the COLA is calculated varies from system to system. Each increase in the base must be accepted by a majority vote of the Retirement Board and approved by the legislative body.

## SUPPLEMENTARY INFORMATION (Continued)

### METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

**Option A:** Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

**Option B:** A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

**Option C:** A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

### ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-ration may not be undertaken. This is because such a person may receive a separate retirement allowance from each system.

## SUPPLEMENTARY INFORMATION (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

Cash accounts are considered to be funds on deposit with banks and are available upon demand.

Short Term Investments are highly liquid investments that will mature within twelve months from the date of acquisition.

Investments are reported at their fair value. Securities traded on recognized exchanges are valued at the most recent sales price at year end. If no sale was reported, the mean of the bid and asked price is used when available, or the most recent bid price. Mutual, commingled and pooled funds are valued based on the net asset or unit value at year end. Real estate and alternative investments are valued based on estimates provided by the managers of those respective investments. Purchases and sales of securities are reflected on the date the trade is initiated. Realized gain or loss is largely based on the difference between the cost or the value at the prior year end and the funds realized upon liquidation. Dividend income is generally recorded when received. Interest income is recorded as earned on an accrual basis. Income from alternative investments is recorded as reported by the managing partner. Appreciation or depreciation in the value of investments consists of the unrealized gains and losses reported as the difference between the previous period and the current value.

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The fair value of real estate and alternative investment holdings are generally estimated in the absence of reliable exchange values. The actual funds realized upon liquidation may differ from these estimates.

The provisions of Massachusetts General Laws Chapter 32, § 23(2) generally govern the investment practices of the system. The Board retains an investment consultant to closely monitor the implementation and performance of their investment strategy and advise the of the progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

Operating expenses include the ordinary and necessary cost of investment and professional services and the other miscellaneous administrative expenses of the system.

## SUPPLEMENTARY INFORMATION (Continued)

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

## SUPPLEMENTARY INFORMATION (Continued)

### ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the Director Of Finance who shall be a member ex-officio, a second member appointed by the governing authority, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the other four board members.

Ex-officio Member:	Lynne Barrett		
Appointed Member:	Sharon Larosa	Term Expires:	06/30/2026
Elected Member:	Thomas M Kelly, Chairman	Term Expires:	06/30/2028
Elected Member:	Dale Webber	Term Expires:	06/30/2028
Appointed Member:	Robert Ness	Term Expires:	06/30/2026

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the system has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

Retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. Fidelity insurance is the only required policy coverage under Ch. 32 §21 and §23 as well as 840 CMR 17.01. The policy is designed to cover specific intentional acts such as theft, fraud or embezzlement and also specify who commits such acts, most commonly employees of the system. This coverage reimburses the system for the losses it suffers as a result of its employees' actions. It does not insure the employees for their illegal acts. Statutorily required coverage is provided by the current fidelity insurance policy to a limit of \$1,000,000 with a \$10,000 deductible issued through Travelers Casualty and Surety Company. The system also has Fiduciary coverage to a limit of \$50,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

### BOARD REGULATIONS

The Plymouth Retirement Board has adopted Regulations which are available on the PERAC website at <https://www.mass.gov/plymouth-retirement-board-regulations>.

## SUPPLEMENTARY INFORMATION (Continued)

### MEMBERSHIP EXHIBIT

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Retirement in Past Years</b>										
Superannuation	35	32	42	44	37	44	37	42	45	46
Ordinary Disability	3	1	2	2	1	0	0	0	0	0
Accidental Disability	2	1	4	2	4	3	2	1	5	4
<b>Total Retirements</b>	40	34	48	48	42	47	39	43	50	50
 Total Retirees, Beneficiaries and Survivors	631	648	677	709	732	746	773	802	832	860
 Total Active Members	867	864	885	896	884	888	915	820	904	908
<b>Pension Payments</b>										
Superannuation	\$8,969,568	\$9,294,446	\$9,806,345	\$10,350,873	\$10,942,065	\$11,417,787	\$12,175,483	\$12,622,924	\$13,525,520	\$14,277,495
Survivor/Beneficiary Payments	334,451	394,408	412,646	430,040	459,172	519,767	606,346	690,517	786,661	896,698
Ordinary Disability	102,661	83,780	80,511	151,227	164,971	167,148	233,957	261,733	262,653	265,732
Accidental Disability	2,259,132	2,277,069	2,435,023	2,565,483	2,738,483	2,903,876	2,879,891	2,866,687	2,917,446	3,162,697
Other	<u>899,621</u>	<u>447,381</u>	<u>500,959</u>	<u>598,576</u>	<u>610,002</u>	<u>614,914</u>	<u>1,542,116</u>	<u>1,427,651</u>	<u>1,229,162</u>	<u>1,655,589</u>
<b>Total Payments for Year</b>	<u>\$12,565,433</u>	<u>\$12,497,084</u>	<u>\$13,235,484</u>	<u>\$14,096,199</u>	<u>\$14,914,693</u>	<u>\$15,623,492</u>	<u>\$17,437,793</u>	<u>\$17,869,513</u>	<u>\$18,721,441</u>	<u>\$20,258,213</u>

## SUPPLEMENTARY INFORMATION (Continued)

### LEASED PREMISES

The Plymouth Retirement Board leases approximately 4,000 square feet of space for its offices located at 212 South Meadow Road, Unit 3, Plymouth, MA. They signed a five-year lease which commenced on March 1, 2019 and expired on February 29, 2024. The Board renewed with a new five-year lease which will expire on February 28, 2029. The landlord is the HallCo Properties LLC.

The following schedule displays the minimum lease obligations on non-cancelable operating leases as December 31, 2022:

<u>For the year ending:</u>	<u>Annual Rent</u>
2023	\$80,642
2024	83,062
2025	85,554
2026	88,120
2027	90,764
2028	93,487
2029 (through February)	<u>15,657</u>
Total future minimum lease payments required	<u>\$537,286</u>

Note: Upon signing the original lease in January 2019, a payment was made to HallCo Properties for the last month's rent (February 2024) and one month's rent of security deposit. This was not used at end of the lease and remains as a Prepaid at December 31, 2022.

## SUPPLEMENTARY INFORMATION (Continued)

### OTHER POST EMPLOYMENT BENEFITS (OPEB)

Chapter 113 of the Acts of 2012 allowed the Town of Plymouth to establish an Other Post Employment Benefits Trust Fund for the purpose of meeting future OPEB costs payable by the town. Section 2(b) states that the fund shall be subject to PERAC’s triennial audit.

The Town administers a single-employer defined benefit healthcare plan (“the Other Post Employment Benefit Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s health insurance plan.

The actuarial valuation of the Town of Plymouth’s OPEB Trust Fund was prepared by KMS Actuaries, as of July 1, 2022, and updated to June 30, 2024, in accordance with GASB Statement No. 74. The components of the net OPEB liability of the Town of Plymouth at June 30, 2024, were as follows:

Total OPEB liability	\$580,593,780
Less: OPEB plan's fiduciary net position	<u>13,598,744</u>
Net OPEB liability	<u>\$566,995,036</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	2.34%

### ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value
Discount Rate	3.95%, net of investment expenses, including inflation
Healthcare Cost Trend Rate	8.0% decreasing to 4.1% ultimate rate
Salary Increases	3.5% per year

### PLAN MEMBERSHIP

Actives	1,607
Inactives	<u>1,422</u>
Total	<u>3,029</u>

## SUPPLEMENTARY INFORMATION (Continued)

### OPEB Schedules - GASB Disclosure Information

The Schedule of Changes in the Town of Plymouth's Net OPEB Liability and related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the Town of Plymouth's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

## SUPPLEMENTARY INFORMATION (Continued)

### SCHEDULE OF CHANGES IN THE TOWN OF PLYMOUTH'S NET OPEB LIABILTIY AND RELATED RATIOS

	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>
<b>Total OPEB Liability</b>								
Service Cost	\$ 17,765,602	\$ 25,374,857	\$ 38,009,669	\$ 40,436,080	\$ 28,061,321	\$ 21,914,725	\$ 23,038,206	\$ 27,863,367
Interest	21,736,839	27,729,027	21,117,382	22,650,812	27,716,155	23,742,073	22,140,028	19,356,363
Changes of benefits terms	-	(205,058,796)	-	(9,686,259)	(32,274,418)	-	-	-
Differences between expected and actual experience	-	(25,800,860)	-	(52,938,875)	-	15,849,776	-	-
Changes of assumptions	(27,202,734)	15,877,625	(221,863,323)	(25,487,904)	216,350,799	129,379,977	(31,391,364)	(86,284,600)
Benefit payments	<u>(18,940,333)</u>	<u>(17,636,873)</u>	<u>(20,322,457)</u>	<u>(19,306,442)</u>	<u>(19,083,851)</u>	<u>(18,182,695)</u>	<u>(17,036,667)</u>	<u>(16,651,413)</u>
Net change in Total OPEB liability	\$ (6,640,626)	\$ (179,515,020)	\$ (183,058,729)	\$ (44,332,588)	\$ 220,770,006	\$ 172,703,856	\$ (3,249,797)	\$ (55,716,283)
Total OPEB Liability - beginning	587,234,406	766,749,426	949,808,155	994,140,743	773,370,737	600,666,881	603,916,678	659,632,961
Total OPEB Liability- ending	\$ 580,593,780	\$ 587,234,406	\$ 766,749,426	\$ 949,808,155	\$ 994,140,743	\$ 773,370,737	\$ 600,666,881	\$ 603,916,678
<b>Plan Fiduciary Net Position</b>								
Contributions- employer	\$ 20,136,545	\$ 18,808,492	\$ 21,456,716	\$ 19,831,950	\$ 20,125,099	\$ 19,153,288	\$ 17,980,980	\$ 17,363,363
Net Investment Income	1,582,709	1,060,996	(1,166,553)	1,511,928	377,296	370,873	228,269	171,891
Benefit payments	(18,940,333)	(17,636,873)	(20,322,457)	(19,306,442)	(19,083,851)	(18,182,695)	(17,036,667)	(16,651,413)
Administrative expenses	-	-	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	\$ 2,778,921	\$ 2,232,615	\$ (32,294)	\$ 2,037,436	\$ 1,418,544	\$ 1,341,466	\$ 1,172,582	\$ 883,841
Plan Fiduciary Net Position - beginning	<u>10,819,823</u>	<u>8,587,208</u>	<u>8,619,502</u>	<u>6,582,066</u>	<u>5,163,522</u>	<u>3,822,056</u>	<u>2,649,474</u>	<u>1,765,633</u>
Plan Fiduciary Net Position - ending	\$ 13,598,744	\$ 10,819,823	\$ 8,587,208	\$ 8,619,502	\$ 6,582,066	\$ 5,163,522	\$ 3,822,056	\$ 2,649,474
Net OPEB Liability - ending	\$ 566,995,036	\$ 576,414,583	\$ 758,162,218	\$ 941,188,653	\$ 987,558,677	\$ 768,207,215	\$ 596,844,825	\$ 601,267,204
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	2.34%	1.84%	1.12%	0.91%	0.66%	0.67%	0.64%	0.44%
Covered-Employee Payroll	\$ 131,614,100	\$ 128,790,794	\$ 118,519,409	\$ 117,913,268	\$ 112,135,762	\$ 108,493,908	\$ 104,133,239	\$ 92,397,157
Net OPEB Liability as a Percentage of Covered-Employee Payroll	430.80%	447.56%	639.69%	798.20%	880.68%	708.06%	573.15%	650.74%
Money-Weighted Rate of Return	13.29%	10.99%	-12.30%	21.56%	6.17%	7.88%	6.50%	7.11%

## SUPPLEMENTARY INFORMATION (Continued)

### SCHEDULE OF TOWN OF PLYMOUTH'S CONTRIBUTIONS

Measurement Date	Actuarially Determined Contribution ( a )	Contributions in relation to the Actuarially Determined Contribution ( b )	Contribution Deficiency / (Excess) ( a-b )	Covered Employee-Payroll ( c )	Contributions as a percentage of Covered-Employee Payroll ( b/c )
6/30/2024	\$38,749,436	\$20,136,545	\$18,612,891	\$131,614,100	15.30%
6/30/2023	\$52,588,955	\$18,808,492	\$33,780,463	\$128,790,794	14.60%
6/30/2022	\$65,195,315	\$21,456,716	\$43,738,599	\$118,519,409	18.10%
6/30/2021	\$69,213,245	\$19,831,950	\$49,381,295	\$117,913,268	16.82%
6/30/2020	\$55,546,616	\$20,125,099	\$35,421,517	\$112,135,762	17.95%
6/30/2019	\$44,515,201	\$19,153,288	\$25,361,913	\$108,493,908	17.65%
6/30/2018	\$44,853,623	\$17,980,980	\$26,872,643	\$104,133,239	17.27%
6/30/2017	\$39,477,033	\$17,363,363	\$22,113,670	\$92,397,157	18.79%

### SCHEDULE OF INVESTMENT RETURNS

Fiscal Year	Annual Money-Weighted Rate of Return
2024	13.29%
2023	10.99%
2022	-12.30%
2021	21.56%
2020	6.17%
2019	7.88%
2018	6.50%
2017	7.11%

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**COMMONWEALTH OF MASSACHUSETTS**

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