# **REVERE**

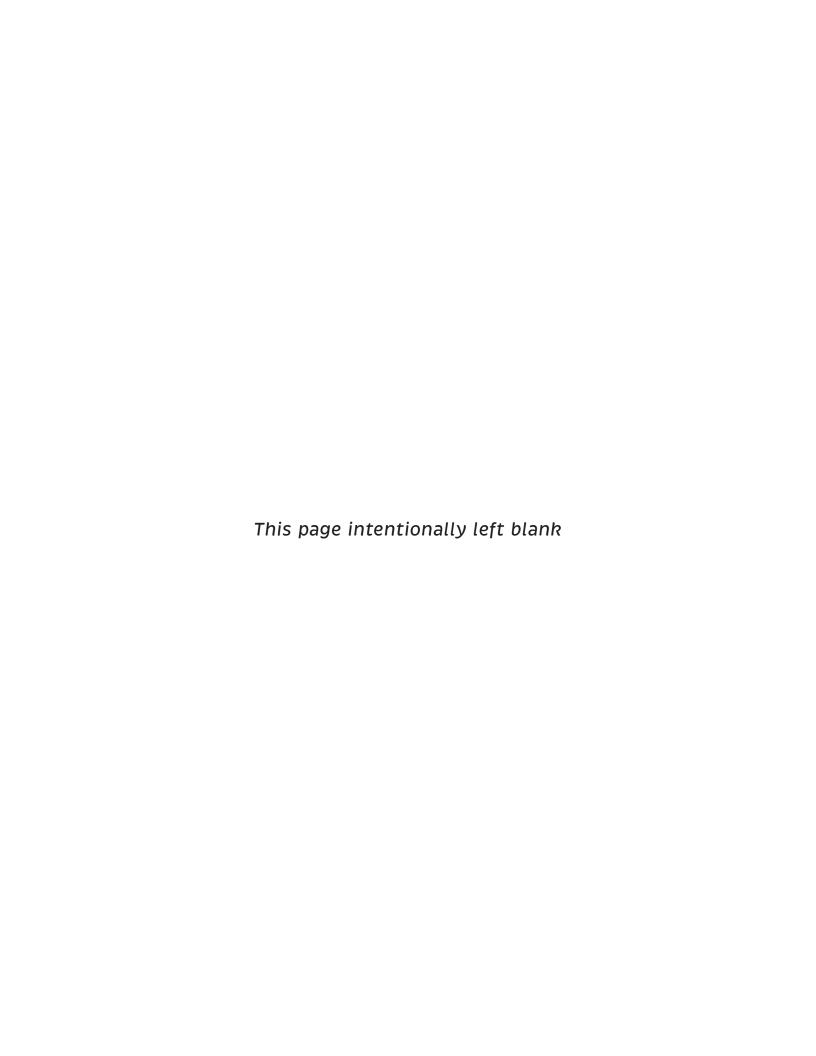
# RETIREMENT SYSTEM AUDIT REPORT

JAN. 1, 2018 - DEC. 31, 2021



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#### 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.

#### October 1, 2025

The Public Employee Retirement Administration Commission has completed an examination of certain activities of the Revere Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2018 to December 31, 2021. 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 Revere 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

Bill Kufe





#### **EXPLANATION OF FINDINGS AND RECOMMENDATIONS**

#### 1. Cash Reconciliations:

The Treasurer prepares cash reconciliations for all three of the board's bank accounts: the accounts payable (AP) checking account, the pension payroll account and the tailings account. Although the Treasurer reconciles the AP checking account to the general ledger (GL), the pension payroll account and the tailings account are reconciled to a zero balance instead of the cash amount in the GL.

An unexplained difference with the GL of about \$32,000 was noted in the pension payroll cash account as of December 31, 2021, the end of the audit period. A very similar unexplained difference was noted as of January 31, 2025, which was the most recently completed reconciliation at the beginning of the audit field work. In both periods, the Retirement System's GL was higher than the adjusted bank balance.

The bank reconciliations for all three bank accounts are very informal. There is no signature of the Treasurer or indication when the reconciliation was completed on the reconciliation documents.

**Recommendation:** The Board needs to formalize the Cash Reconciliations process and documentation. The Treasurer should reconcile all three bank accounts to the system's GL cash balances, and sign and date the reconciliations. If differences do exist, they should be reviewed and addressed in a timely manner.

#### **Board Response:**

The Executive Director and the city's Treasurer will review the current process. Additionally, the Director and Treasurer will both account for and resolve the \$32,000.00 discrepancy.

#### 2. Special Legislation for Firefighters:

Revere Firefighters received Special Legislation (Chapter 298 of the Acts of 2022) for call/reserve time. The special legislation was for those firefighters who became members of the Revere Retirement System on or before February 11, 2020. Additionally, the special legislation waived any payment for this creditable service.

Four of six firefighters who were selected for active testing started their employment and membership in the system on June 15, 2020, but were each granted 1 year and 7 months of creditable service for their reserve time. None of the four paid for any of the creditable service time.

Another firefighter (with an employment/membership date before February 11, 2020) was given five years of creditable service for reserve time but most of this time overlapped with service that was transferred to Revere from another system. This resulted in the member receiving four extra years of creditable service.

**Recommendation:** All four firefighters who were granted creditable service even though they were enrolled after February 11, 2020, should be notified that this creditable service is not available to them through the special legislation. As part of that notification, the Board should inform the

# EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

firefighters they may be able to purchase this creditable service under Section 4(2)(b). The Board should take steps to properly reflect the creditable service within the member database. Furthermore, the Board should make sure that there are no other firefighters that became members after February 11, 2020 and were incorrectly given any creditable service. The Board should review and correct the creditable service for the final active member mentioned above.

#### **Board Response:**

The Executive Director and staff will identify all individuals incorrectly credited with the 4(2)b service. Their accounts will be adjusted appropriately.

#### 3. New Retirement Allowance Calculations:

We tested retirement allowance calculations of 16 new retirees during the audit period and found the following issues:

- A superannuation retiree had extra weeks included in her three-year average salary calculation resulting in an annual overpayment of about \$630.
- Another superannuation retiree's three-year average calculation had a \$2,000 typographical error on the calculation sheet resulting in an annual overpayment of almost \$1,000.
- A third superannuation retiree's original three-year average calculation included approximately \$33,000 in Overtime pay. It appears that this was recalculated since the PERAC-approved allowance is much lower than what is found in the original calculation. However, due to a clerical error, the Board paid out the retiree in accordance with the original calculation resulting in an annual overpayment of close to \$8,500.
- An accidental disability retiree had his retirement recalculated due to a union contract settlement. This recalculation was implemented incorrectly resulting in an annual overpayment of about \$780.
- Two other retirees' folders were missing required documents such as the spouse's birth certificate and marriage certificate for an Option C retirement and the beneficiary's death certificate when an Option C retirement popped-up to Option A.

**Recommendation:** The Retirement Board must review the above noted retirement allowance calculations and make corrections as needed. The Board should maintain the required documents in the retirees' folders.

#### **Board Response:**

The Executive Director and staff will review the applicable calculations, making corrections as needed. Please note, the third calculation was corrected prior to the completion of the audit.

# EXPLANATION OF FINDINGS AND RECOMMENDATIONS (Continued)

#### 4. Post-Close General Ledgers (GLs):

The Board could not provide- a post-close GL for 2018, 2019, and 2020. The Board was able to provide pre-close GLs for 2018 and 2019; we did not receive anything for 2020. The Board was able to provide the 2021 post-close GL.

**Recommendation:** Pursuant to the Municipal Records Retention Schedule a full January-December post-close GL must be kept for each year.

#### **Board Response:**

The Retirement System will retain post-close General Ledgers, as is our current practice.

#### **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,							
	2021 2020 2019 2018							
Net Assets Available For Benefits:								
Cash	\$2,532,939	\$2,880,709	\$2,119,459	\$708,539				
PRIT Cash Fund	0	0	100	399				
PRIT Core Fund	245,772,677	203,214,069	181,305,846	156,965,703				
Accounts Receivable	<u>0</u>	<u>0</u>	<u>354,826</u>	<u>4,437</u>				
Total	\$ <u>248,305,616</u>	\$206,094,777	\$183,780,231	\$157,679,078				
Fund Balances:								
Annuity Savings Fund	\$41,369,604	\$39,576,177	\$39,342,023	\$36,756,491				
Annuity Reserve Fund	10,452,371	9,521,276	8,104,489	8,583,034				
Pension Fund	4,231,875	4,166,857	4,486,570	4,914,497				
Military Service Fund	2,253	2,250	2,248	2,246				
Expense Fund	0	0	0	0				
Pension Reserve Fund	192,249,514	152,828,218	131,844,901	107,422,810				
Total	\$ <u>248,305,616</u>	\$ <u>206,094,777</u>	\$ <u>183,780,231</u>	\$ <u>157,679,078</u>				

### 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 2018	\$35,136,088	\$8,472,659	\$1,303,806	\$2,244	\$0	\$112,471,802	\$157,386,598
Receipts	4,218,214	246,389	17,272,022	2	1,204,865	(4,555,504)	18,385,989
Interfund Transfers	(2,296,509)	2,243,102	546,894	0	0	(493,487)	0
Disbursements	( <u>301,302</u> )	( <u>2,379,117</u> )	( <u>14,208,225</u> )	<u>0</u>	( <u>1,204,865</u> )	<u>0</u>	( <u>18,093,509</u> )
Ending Balance 2018	36,756,491	8,583,034	4,914,497	2,246	0	107,422,810	157,679,078
Receipts	4,454,194	255,623	14,085,407	2	1,233,260	24,422,091	44,450,578
Interfund Transfers	(1,591,230)	1,591,230	0	0	0	0	0
Disbursements	(277,432)	( <u>2,325,399</u> )	( <u>14,513,335</u> )	<u>0</u>	( <u>1,233,260</u> )	<u>0</u>	(18,349,425)
Ending Balance 2019	39,342,023	8,104,489	4,486,570	2,248	0	131,844,901	183,780,231
Receipts	4,655,958	255,086	14,516,592	2	1,197,956	20,983,316	41,608,911
Interfund Transfers	(3,753,135)	3,753,135	0	0	0	0	0
Disbursements	(668,669)	( <u>2,591,434</u> )	( <u>14,836,305</u> )	<u>0</u>	( <u>1,197,956</u> )	<u>0</u>	(19,294,364)
Ending Balance 2020	39,576,177	9,521,276	4,166,857	2,250	0	152,828,218	206,094,777
Receipts	5,439,649	285,336	15,326,767	2	1,487,021	39,421,663	61,960,438
Interfund Transfers	(3,425,740)	3,426,396	(289)	0	0	(367)	(0)
Disbursements	(220,482)	(2,780,637)	(15,261,460)	<u>0</u>	(1,487,021)	o l	(19,749,600)
Ending Balance 2021	\$ <u>41,369,604</u>	\$ <u>10,452,371</u>	\$ <u>4,231,875</u>	\$ <u>2,253</u>	\$ <u>0</u>	\$ <u>192,249,514</u>	\$248,305,616

## STATEMENT OF RECEIPTS

	F	OR THE PERIOD E	NDING DECEMBER	R 31.
	2021	2020	2019	2018
Annuity Savings Fund:				
Members Deductions	\$4,516,639	\$4,233,669	\$4,118,693	\$3,697,315
Transfers from Other Systems	634,465	299,760	229,590	350,238
Member Make Up Payments and Re-deposits	248,200	78,761	65,566	135,501
Investment Income Credited to Member Accounts	40,346	43,769	40,345	35,160
Sub Total	5,439,649	4,655,958	4,454,194	4,218,214
Annuity Reserve Fund:				
Recovery of Annuity from Reinstatement Investment Income Credited to the Annuity Reserve	0	4,486	11,905	0
Fund	285,336	250,600	243,718	246,389
Sub Total	285,336	255,086	255,623	246,389
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems Received from Commonwealth for COLA and	100,577	108,363	207,062	98,203
Survivor Benefits	199,742	87,252	194,187	125,628
Pension Fund Appropriation	15,026,449	14,310,904	13,629,432	17,048,192
Recovery of Pension from Reinstatement	0	10,073	54,726	0
Recovery of 91A Overearnings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub Total	15,326,767	14,516,592	14,085,407	17,272,022
Military Service Fund:				
Investment Income Credited to the Military Service				
Fund	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Expense Fund:	_	_	-	_
Investment Income Credited to the Expense Fund	<u>1,487,021</u>	<u>1,197,956</u>	<u>1,233,260</u>	<u>1,204,865</u>
Pension Reserve Fund:				
Interest Not Refunded	0	15,512	0	0
Miscellaneous Income	18,049	5,051	6,342	6,045
Excess Investment Income	39,403,614	20,962,753	24,415,749	( <u>4,561,550</u> )
Sub Total	39,421,663	20,983,316	24,422,091	( <u>4,555,504</u> )
Total Receipts, Net	\$ <u>61,960,438</u>	\$ <u>41,608,911</u>	\$ <u>44,450,578</u>	\$ <u>18,385,989</u>

## STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,					
	2021	2020	2019	2018		
Annuity Savings Fund:						
Refunds to Members	\$208,261	\$396,239	\$88,775	\$39,529		
Transfers to Other Systems	12,222	272,430	188,657	261,773		
Sub Total	220,482	668,669	277,432	301,302		
Annuity Reserve Fund:						
Annuities Paid	2,780,637	2,541,120	2,325,399	2,201,898		
Option B Refunds	0	50,313	0	177,218		
Sub Total	2,780,637	2,591,434	2,325,399	2,379,117		
Pension Fund:	2,700,037	2,001,404	2,020,099	2,010,111		
Pension Fund: Pensions Paid:						
	8,890,491	8,446,221	7,900,466	7,771,042		
Regular Pension Payments Survivorship Payments	8,890,491	795,678	7,900,466 884,801	7,771,042		
Ordinary Disability Payments	64,092	62,632	69,624	785,888		
Accidental Disability Payments	3,910,877	3,795,602	3,873,702	79,423 3,701,468		
Accidental Disability Payments  Accidental Death Payments	1,034,877	1,226,232	1,296,772	1,359,381		
Section 101 Benefits	135,436	120,989	120,119	121,707		
3 (8) (c) Reimbursements to Other Systems	412,221	388,952	367,851	389,316		
Sub Total	15,261,460	14,836,305	14,513,335	14,208,225		
Sub Total	13,201,400	14,000,000	14,515,555	14,200,223		
Expanse Fund:						
Expense Fund: Board Member Stipend	23.625	25,500	25,500	18,000		
Salaries	196,593	25,500 177,665	230,865	224,962		
Legal Expenses	42,011	42,003	42,022	42,391		
Medical Expenses	3,692	3,053	42,022 2,278	122		
Travel Expenses	635	3,033	764	555		
Administrative Expenses	24,712	6,994	15,355	5,799		
Accounting Services	9,000	9,000	0	0,799		
Education and Training	885	500	400	0		
Furniture and Equipment	000	7,953	400	495		
Management Fees	1,103,134	874,193	867,636	844,907		
Rent Expenses	31,500	074,139	007,000	0		
Service Contracts	40,402	40,936	38,490	58,126		
Fiduciary Insurance	10,832	10,159	9,949	9,508		
Sub Total	1,487,021	1,197,956	1,233,260	1,204,865		
Total Disbursements	\$19,749,600	\$19,294,364	\$ <u>18,349,425</u>	\$18,093,509		

## **INVESTMENT INCOME**

FOR THE PERIOD ENDING DECEMBER 31.					
	2021	2020	2019	2018	
Investment Income Received From:					
Cash	\$5,727	\$7,669	\$22,233	\$8,124	
Pooled or Mutual Funds	<u>5,179,792</u>	<u>4,077,021</u>	<u>4,521,976</u>	<u>4,368,453</u>	
Total Investment Income	<u>5,185,518</u>	4,084,690	4,544,209	4,376,577	
Plus:					
Realized Gains	16,538,173	10,631,709	8,372,484	7,109,596	
Unrealized Gains	<u>24,781,614</u>	19,829,880	20,301,590	<u>5,834,397</u>	
Sub Total	41,319,787	30,461,589	28,674,075	12,943,993	
Less:					
Realized Loss	969,032	1,164,730	0	0	
Unrealized Loss	<u>4,319,955</u>	<u>10,926,468</u>	<u>7,285,210</u>	<u>20,395,702</u>	
Sub Total	<u>5,288,987</u>	12,091,199	7,285,210	20,395,702	
Net Investment Income	41,216,319	22,455,081	25,933,074	(3,075,132)	
Income Required:					
Annuity Savings Fund	40,346	43,769	40,345	35,160	
Annuity Reserve Fund	285,336	250,600	243,718	246,389	
Military Service Fund	2	2	2	2	
Expense Fund	<u>1,487,021</u>	1,197,956	1,233,260	1,204,865	
Total Income Required	1,812,704	1,492,327	1,517,325	1,486,417	
Net Investment Income	41,216,319	22,455,081	25,933,074	(3,075,132)	
Less: Total Income Required	1,812,704	1,492,327	1,517,325	1,486,417	
Evene Income (Less) To The Paraller					
Excess Income (Loss) To The Pension Reserve Fund	\$39,403,614	\$20,962,753	\$24,415,749	(\$4,561,550)	

#### SUPPLEMENTARY INFORMATION

#### SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

		AS OF DECEMBER 31, 2021			
		PERCENTAGI OF TOTAL			
		MARKET VALUE ASSETS			
Cash		\$2,532,939	1.0%		
PRIT Core Fund		245,772,677	<u>99.0</u> %		
	Grand Total	<u>\$248,305,616</u>	<u>100.0</u> %		

For the year ending December 31, 2021, the rate of return for the investments of the Revere Retirement System was 20.16%. For the ten-year period ending December 31, 2021, the rate of return for the investments of the Revere Retirement System averaged 10.87%. For the 37-year period ending December 31, 2021, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Revere Retirement System was 8.87%.

The composite rate of return for all retirement systems for the year ending December 31, 2021 was 19.51%. For the ten-year period ending December 31, 2021, the composite rate of return for the investments of all retirement systems averaged 10.86%. For the 37-year period ending December 31, 2021, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.58%.

### SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Revere 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.

#### 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.

#### 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 year 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.

#### 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.

#### 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 \$1,010.28 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 \$1,010.28 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.

#### 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.

#### 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.

#### 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.

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

<u>Short Term Investments</u> 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 primarily relies upon the investment strategy of the PRIM Board to maintain their 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.

The <u>Annuity Savings Fund</u> 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 <u>Annuity Reserve Fund</u> 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 <u>Special Military Service Credit Fund</u> 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 <u>Expense Fund</u> contains amounts transferred from investment income for the purposes of administering the retirement system.

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

The <u>Pension Reserve Fund</u> 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 <u>Investment Income Account</u> 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.

#### ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the City Auditor 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: Richard Viscay, Chairperson

Appointed Member: Ida Cody Serves until a successor is appointed

Elected Member: James Cullen Term Expires: 05/20/2027

Elected Member: Sean Manion Term Expires: 05/20/2027

Appointed Member: Gennaro Cataldo Term Expires: 12/17/2026

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 Massachusetts Association of Contributory Retirement Systems.

### **BOARD REGULATIONS**

The Revere Retirement Board has adopted Regulations which are available on the PERAC website at <a href="https://www.mass.gov/revere-retirement-board-regulations">https://www.mass.gov/revere-retirement-board-regulations</a>.

## MEMBERSHIP EXHIBIT

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Retirement in Past Years										
Superannuation	12	18	15	13	19	19	13	13	36	20
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	0	4	3	4	1	5	4	2	2	2
Total Retirements	12	22	18	17	20	24	17	15	38	22
Total Retirees, Beneficiaries										
and Survivors	530	524	521	507	506	574	525	500	495	506
Total Active Members	632	658	575	574	562	587	621	786	653	676
Pension Payments										
Superannuation	\$6,519,009	\$6,793,380	\$7,112,901	\$7,158,630	\$7,264,070	\$7,542,963	\$7,771,042	\$7,900,466	\$8,446,221	\$8,890,491
Survivor/Beneficiary Payments	580,852	589,653	589,415	605,813	1,104,932	686,195	785,888	884,801	795,678	813,467
Ordinary Disability	114,353	116,687	112,441	114,811	116,602	96,883	79,423	69,624	62,632	64,092
Accidental Disability	3,263,228	4,013,979	3,360,761	3,384,398	3,668,833	3,542,283	3,701,468	3,873,702	3,795,602	3,910,877
Other	<u>1,680,863</u>	<u>1,776,129</u>	1,894,300	1,828,104	<u>1,456,287</u>	<u>1,916,776</u>	<u>1,870,404</u>	<u>1,784,742</u>	<u>1,736,173</u>	1,582,534
Total Payments for Year	\$ <u>12,158,305</u>	\$ <u>13,289,828</u>	\$ <u>13,069,818</u>	\$ <u>13,091,756</u>	\$ <u>13,610,724</u>	\$ <u>13,785,100</u>	\$14,208,225	\$ <u>14,513,335</u>	\$ <u>14,836,305</u>	\$ <u>15,261,460</u>
<u> </u>										

## **LEASED PREMISES**

The Revere Retirement Board leases approximately 1,300 square feet of space for its offices located at 14 Yearnans Street, Unit C2 and C3, Revere. They signed a five-year lease on March 1, 2021 which will expire on February 28, 2026. First lease payment was made in April 2021. The landlord is Yearnans Street Investment, LLC.

The following schedule displays the minimum lease obligations on non-cancelable operating leases as of December 31, 2021:

For the year ending:	<u>Annual Rent</u>
2022	\$42,000
2023	42,000
2024	42,000
2025	42,000
2026 (through February)	<u>7,000</u>
Total future minimum lease payments required	<u>\$175,000</u>

