Wakefield

Retirement System Audit Report

Jan. 1, 2018 - Dec. 31, 2021

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

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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.

April 1, 2025

The Public Employee Retirement Administration Commission has completed an examination of certain activities of the Wakefield 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 Wakefield 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 finding 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

FIVE MIDDLESEX AVENUE, SUITE 304 | SOMERVILLE, MA 02145
PH 617 666 4446 | FAX 617 628 4002 | TTY 617 591 8917 | WWW.MASS.GOV/PERAC

EXPLANATION OF FINDING AND RECOMMENDATION

Elected Official Buybacks:

Our testing of active members found three members who purchased prior non-member time as an elected official. PERAC Memo #28 from 2021 discusses the case law and the reasoning behind not allowing members to buy this time. One of the three members will be losing their 6% contribution rate because they will no longer have 30 years of service once the board removes the 21 years of non-member elected time that were purchased.

Our testing of new retirement calculations found one retiree with an elected official buyback included in the total creditable service used in the retirement allowance calculation.

Recommendation: The Board needs to remove the creditable service granted to the three active members and return all contributions and interest paid. The Town needs to correct the contribution rate for the one active member at 6%. The underpayment due to the difference in the contribution rates should be collected. The Board may vote to utilize the waiver provision in §20(5)(c)(3) for the contributions owed.

The Board needs to remove the service time granted to the retiree noted above and recalculate the retirement allowance. The Board then needs to return payments made by the member for the service purchase or offset it with the overpayments made to the retiree that should be collected. The Board may vote to utilize the waiver provision in §20(5)(c)(3) for the retirement allowance owed.

The Board should review the files of other members with elected official buybacks and make corrections as necessary.

Board Response:

Respectfully, the Board is going to defer any remedial action regarding its members who purchased and received credit for past non-membership elected service. As PERAC is aware, as far back as June 3, 2005, former PERAC Executive Director Joseph Connarton authorized the Board to allow such service purchases, and subsequently on May 4, 2006, Mr. Connarton issued a second letter reiterating that such service purchases were permissible. In reviewing this matter further, the Board became aware of a CRAB decision issued in *James Goode v. Weymouth Retirement Board and Norfolk County Retirement Board*, CR-99-701 (May 1, 2001), in which CRAB opined that an elected official who does not become a member within 90 days of assuming office cannot later purchase and receive credit for this service. It is unclear why, in light of CRAB's decision in 2001, Mr. Connarton authorized the Board – twice, once in 2005 and once in 2006 - to allow the purchase. Moreover, why it took PERAC *7 years* to issue PERAC Memorandum #28/2021, after the *Awad* decision was issued in 2014 is simply unexplainable. Finally, as PERAC is aware, CRAB decisions are only binding on the parties, and since the Board was not a party to either *Goode* or *Awad*, and no appellate court has issued a decision as to whether members may purchase prior non-membership elected service,

the board has filed a complaint in Middlesex Superior Cout to ask the Court to render a determination as to whether PERAC's position as stated in 2005 is the correct interpretation of the law. The Board will, of course, comply with any final decision the Court, or any appellate court, issues regarding this matter. The Board has notified the impacted employees as to PERAC's position, and the potential for the creditable service to be taken away from them, so that each employee can make the most informed decision.

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	$1,073,554	$1,075,570	$483,371	$588,470
PRIT Cash Fund	60,025	60,030	60,483	60,627
PRIT Core Fund	173,987,529	147,226,169	133,613,618	117,672,088
Accounts Receivable	30,663	28,809	23,348	40,337
Accounts Payable	(5,646)	(5,170)	(773)	(468)
Total	$175,146,125	$148,385,407	$134,180,046	$118,361,054
Fund Balances:				
Annuity Savings Fund	$30,522,041	$29,772,703	$27,955,465	$27,349,120
Annuity Reserve Fund	7,250,095	6,729,197	6,844,681	6,635,305
Pension Fund	4,830,432	4,464,676	5,035,651	5,643,337
Military Service Fund	55,132	55,077	55,022	46,971
Pension Reserve Fund	132,488,424	107,363,754	94,289,228	78,686,322
Total	$175,146,125	$148,385,407	$134,180,046	$118,361,054

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 2018	$25,829,855	$6,929,065	$5,846,978	$46,924	$0	$84,760,586	$123,413,407
Receipts	3,063,933	197,681	6,163,695	47	821,874	(3,271,979)	6,975,251
Interfund Transfers	(1,257,478)	1,255,971	2,803,793	0	0	(2,802,285)	0
Disbursements	(287,190)	(1,747,411)	(9,171,129)	0	(821,874)	0	(12,027,604)
Ending Balance 2018	27,349,120	6,635,305	5,643,337	46,971	0	78,686,322	118,361,054
Receipts	3,111,333	194,988	6,592,462	8,051	836,097	18,350,821	29,093,752
Interfund Transfers	(1,857,891)	1,856,495	2,749,311	0	0	(2,747,915)	0
Disbursements	(647,097)	(1,842,108)	(9,949,459)	0	(836,097)	0	(13,274,760)
Ending Balance 2019	27,955,465	6,844,681	5,035,651	55,022	0	94,289,228	134,180,046
Receipts	3,581,975	202,040	7,161,580	55	829,489	15,295,067	27,070,205
Interfund Transfers	(1,661,506)	1,661,355	2,220,691	0	0	(2,220,540)	0
Disbursements	(103,232)	(1,978,879)	(9,953,246)	0	(829,489)	0	(12,864,844)
Ending Balance 2020	29,772,703	6,729,197	4,464,676	55,077	0	107,363,754	148,385,407
Receipts	3,375,504	203,905	7,536,302	55	990,593	28,355,521	40,461,880
Interfund Transfers	(2,426,250)	2,419,469	3,237,632	0	0	(3,230,851)	0
Disbursements	(199,916)	(2,102,475)	(10,408,178)	0	(990,593)	0	(13,701,162)
Ending Balance 2021	$30,522,041	$7,250,095	$4,830,432	$55,132	$0	$132,488,424	$175,146,125

ANNUAL STATEMENTS (as submitted) (Continued)

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2021	2020	2019	2018
Annuity Savings Fund:				
Members Deductions	$3,141,229	$2,929,549	$2,855,288	$2,686,398
Transfers from Other Systems	177,790	601,584	198,225	295,773
Member Make Up Payments and Re-deposits	17,511	16,733	8,059	50,428
Member Payments from Rollovers	0	5,870	0	0
Investment Income Credited to Member Accounts	38,974	28,238	49,761	31,335
Sub Total	3,375,504	3,581,975	3,111,333	3,063,933
Annuity Reserve Fund:				
Investment Income Credited to the Annuity Reserve Fund	203,905	202,040	194,988	197,681
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	296,224	238,434	153,638	113,045
Received from Commonwealth for COLA and Survivor Benefits	87,357	98,525	90,243	113,416
Pension Fund Appropriation	7,152,721	6,812,121	6,348,581	5,937,234
Settlement of Workers' Compensation Claims	0	12,500	0	0
Recovery of 91A Overearnings	0	0	0	0
Sub Total	7,536,302	7,161,580	6,592,462	6,163,695
Military Service Fund:				
Contribution Received from Municipality on Account of Military Service	0	0	8,004	0
Investment Income Credited to the Military Service Fund	55	55	47	47
Sub Total	55	55	8,051	47
Expense Fund:				
Investment Income Credited to the Expense Fund	990,593	829,489	836,097	821,874
Pension Reserve Fund:				
Interest Not Refunded	6,629	182	4,026	211
Miscellaneous Income	0	132	0	1
Excess Investment Income	28,348,892	15,294,753	18,346,795	(3,272,191)
Sub Total	28,355,521	15,295,067	18,350,821	(3,271,979)
Total Receipts, Net	$40,461,880	$27,070,205	$29,093,752	$6,975,251

ANNUAL STATEMENTS (as submitted) (Continued)

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2021	2020	2019	2018
Annuity Savings Fund:				
Refunds to Members	$73,293	$21,030	$287,843	$203,480
Transfers to Other Systems	126,623	82,201	359,254	83,710
Sub Total	199,916	103,232	647,097	287,190
Annuity Reserve Fund:				
Annuities Paid	2,102,475	1,978,879	1,842,108	1,747,411
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	7,936,659	7,501,190	7,220,352	6,883,104
Survivorship Payments	686,330	679,653	604,430	576,064
Ordinary Disability Payments	97,756	103,486	107,094	109,336
Accidental Disability Payments	894,939	886,860	884,016	965,618
Accidental Death Payments	335,999	327,108	319,725	316,442
Section 101 Benefits	112,785	126,711	95,619	80,300
3 (8) (c) Reimbursements to Other Systems	343,711	328,238	718,223	240,266
Sub Total	10,408,178	9,953,246	9,949,459	9,171,129
Expense Fund:				
Board Member Stipend	4,500	4,500	4,500	4,500
Salaries	121,872	115,041	121,183	110,760
Legal Expenses	1,807	294	4,736	6,915
Benefits	17,124	16,372	0	0
Travel Expenses	0	0	3,462	3,470
Administrative Expenses	8,834	8,888	6,067	5,768
Professional Services	0	0	2,000	0
Education and Training	500	0	2,140	2,240
Furniture and Equipment	0	0	2,796	3,875
Management Fees	793,000	643,123	648,074	645,115
Service Contracts	28,125	27,095	26,118	25,257
Fiduciary Insurance	14,830	14,175	15,021	13,973
Sub Total	990,593	829,489	836,097	821,874
Total Disbursements	$13,701,162	$12,864,844	$13,274,760	$12,027,604

ANNUAL STATEMENTS (as submitted) (Continued)

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2021	2020	2019	2018
Investment Income Received From:				
Cash	$784	$1,476	$4,082	$4,202
Pooled or Mutual Funds	3,717,596	3,002,909	3,369,783	3,351,335
Total Investment Income	3,718,380	3,004,385	3,373,865	3,355,538
Plus:				
Realized Gains	12,344,481	6,392,028	6,250,294	5,634,893
Unrealized Gains	17,293,956	24,237,614	15,246,452	4,366,446
Sub Total	29,638,438	30,629,642	21,496,747	10,001,339
Less:				
Realized Loss	0	(865,765)	0	0
Unrealized Loss	(3,774,399)	(16,413,686)	(5,442,924)	(15,578,131)
Sub Total	(3,774,399)	(17,279,451)	(5,442,924)	(15,578,131)
Net Investment Income	29,582,419	16,354,575	19,427,688	(2,221,254)
Income Required:				
Annuity Savings Fund	38,974	28,238	49,761	31,335
Annuity Reserve Fund	203,905	202,040	194,988	197,681
Military Service Fund	55	55	47	47
Expense Fund	990,593	829,489	836,097	821,874
Total Income Required	1,233,527	1,059,822	1,080,893	1,050,936
Net Investment Income	29,582,419	16,354,575	19,427,688	(2,221,254)
Less: Total Income Required	1,233,527	1,059,822	1,080,893	1,050,936
Excess Income (Loss) To The Pension Reserve Fund	$28,348,892	$15,294,753	$18,346,795	($3,272,191)

SUPPLEMENTARY INFORMATION

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2021	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$1,073,554	0.6%
PRIT Cash Fund	60,025	0.0%
PRIT Core Fund	173,987,529	99.4%
Grand Total	$175,121,108	100.0%

For the year ending December 31, 2021, the rate of return for the investments of the Wakefield Retirement System was 20.31%. For the ten-year period ending December 31, 2021, the rate of return for the investments of the Wakefield Retirement System averaged 11.04%. 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 Wakefield Retirement System was 10.00%.

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 Wakefield 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.

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.

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 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 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.

ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the Town Accountant 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:	Kevin Gill, Chairperson		
Appointed Member:	Sherri A. Dalton	Serves Until Successor is Appointed	
Elected Member:	Erin Findlen Kokinda	Term Expires:	08/31/2025
Elected Member:	Scott Morrison	Term Expires:	01/15/2027
Appointed Member:	Daniel W. Sherman	Term Expires:	12/18/2026

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 $2,000,000 with a $25,000 deductible issued through US Specialty Insurance Company. The system also has $500,000 employee dishonesty coverage through NGM Insurance Company.

BOARD REGULATIONS

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

SUPPLEMENTARY INFORMATION (Continued)

MEMBERSHIP EXHIBIT

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Retirement in Past Years										
Superannuation	13	11	8	16	16	8	11	14	18	22
Ordinary Disability	0	0	0	0	0	0	0	0	0	0
Accidental Disability	1	0	0	0	0	0	0	0	0	0
Total Retirements	14	11	8	16	16	8	11	14	18	22
Total Retirees, Beneficiaries and Survivors	360	364	356	361	362	362	359	365	367	375
Total Active Members	449	432	457	460	443	449	457	453	453	462
Pension Payments										
Superannuation	$5,865,890	$5,993,187	$5,927,770	$6,021,449	$6,436,855	$6,613,596	$6,883,104	$7,220,352	$7,501,190	$7,936,659
Survivor/Beneficiary Payments	396,781	397,240	518,325	542,767	538,558	564,751	576,064	604,430	679,653	686,330
Ordinary Disability	53,992	55,228	89,571	111,012	110,571	92,623	109,336	107,094	103,486	97,756
Accidental Disability	887,639	1,047,869	963,278	984,643	981,288	972,107	965,618	884,016	886,860	894,939
Other	470,327	509,871	549,090	578,632	560,005	646,475	637,007	1,133,568	782,057	792,494
Total Payments for Year	$7,674,629	$8,003,395	$8,048,035	$8,238,503	$8,627,277	$8,889,552	$9,171,129	$9,949,459	$9,953,246	$10,408,178

COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
Five Middlesex Avenue, Suite 304 | Somerville, MA 02145
Phone: 617-666-4446 | Fax: 617-628-4002
Web: www.mass.gov/perac