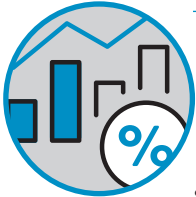




PERAC | The Year in Review






Actuarial Unit

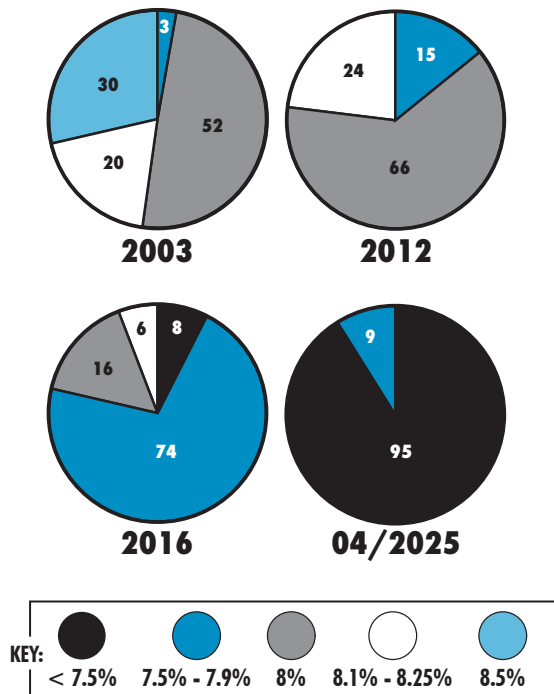
As always, actuarial information details the fiscal condition of the systems, which can play a direct role in state and local budgets. The funded ratio indicates the extent to which assets cover system liabilities. When the system will pay off its unfunded liability and what type of funding technique is being used are also noted. PERAC has consistently urged boards to conduct actuarial valuations in order to provide an up-to-date assessment of the fiscal condition of their respective systems.

In the actuarial area, PERAC approved 59 revised funding schedules and completed 20 actuarial valuations in 2024. The valuations complemented the 53 valuations performed by private actuaries. Throughout the year, PERAC responded to legislative and gubernatorial requests for analysis of legislation and made several presentations. ■

Actuarial Valuations and Funding Schedules (By Year)

YEAR	 PERAC VALUATIONS	 PRIVATE VALUATIONS	 FUNDING SCHEDULES
2024	20	53	59
2023	20	20	46
2022	19	55	68
2021	20	23	38
2020	18	55	69

The Massachusetts Investment Return Assumptions from 2003 to Present:



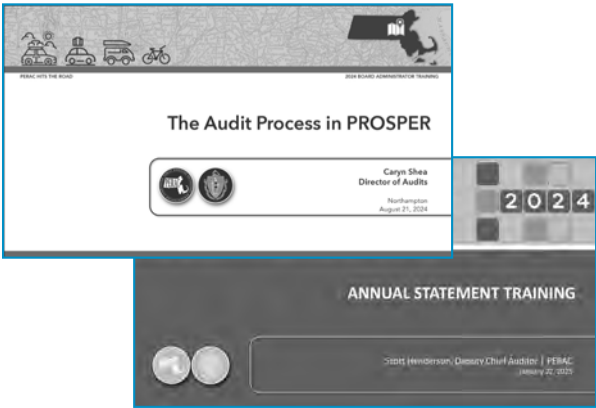


Audits

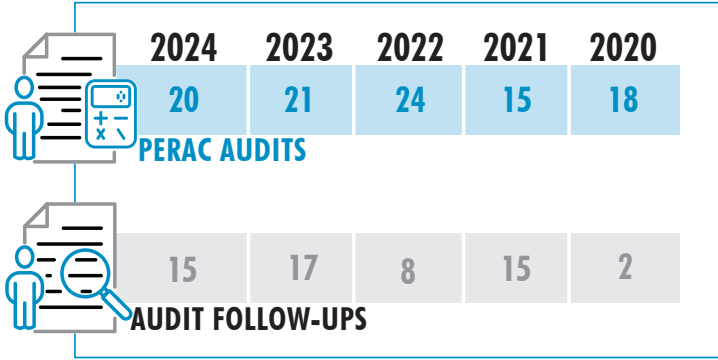
As in 2023, the Audit Unit continued to work in a hybrid fashion, although more in person than remote.

PERAC issued 20 audits and 15 follow-up audits in 2024. Appreciation is extended to all retirement boards that underwent audits for their cooperation, courtesy, and accommodations. We had some staff changes during the year as one auditor left for other employment and four new auditors were hired.

The Audit Unit continued to work with PERAC's IT Unit to implement a new audit process within PROSPER. The information from the Pre-Audit Planning Questionnaire, which is now generated through PROSPER, is used in planning each board's audit. The Engagement Letter and the Materials List are also issued through PROSPER, and the items



Total PERAC Audits Conducted (By Year)



requested on the Materials List can now be securely uploaded and stored within the system. We believe this has streamlined the information gathering process allowing us to complete our audits more efficiently. Our next goal is to introduce the Internal Control Questionnaire into the PROSPER application.

The Audit Unit also conducted our annual seminar on the preparation and submission of the Annual Statement, presented at the spring MACRS conference and at the New Administrator trainings and provided technical assistance to dozens of boards.

Monthly meetings of the full Audit Unit continued to provide opportunities for coaching, troubleshooting, and training for our staff. ■



Information Technology

The Information Technology Unit has been busy with projects to enhance internal PERAC functionality and automating processes for retirement systems within the PERAC Portal. Three such projects in the works that will impact Retirement Boards for FY26 are outlined in the figure below. The PERAC IT unit was also busy this past year preparing the office to move to their new space in March of 2025. ■



Projects Moving into PROSPER in FY2026

- Tighter security with new authentication measures:**
 - Azure B2C:** A customer identity access management solution that handles billions of authentications per day; will monitor authentication safety and handle threats.
 - MFA (Multi-Factor Authentication):** requires users to provide 2 or more verification factors to access an account; PERAC will be phasing this in for added protection.
- Internal Control Questionnaire for auditing to be integrated into PROSPER FY26**
- Submission of custodial and consultant reports online via PROSPER**



Education

PERAC's educational offerings continued to build off the previous year's offerings with several in-person and remote sessions available for retirement board members and staff. A wide variety of sessions were offered each quarter giving board members an opportunity to comply with their educational requirements while also ensuring the topics remained varied and relevant to them.

Board Administrator Training



As staffing at retirement systems changes every year either due to retirements or employees seeking new opportunities, there continues to be a

need to have the New Administrator Training. The in-person training consists of a three-part series aimed at bringing the new staff member up to speed with the basics of working at a board. Despite being designed specifically for new employees, we often see seasoned colleagues who just want a refresher.

The locations are selected to cover as much of the state as we can. We offered sessions located in:

- Northampton (Western MA)
- Danvers (the North Shore) and
- Norwood (the South Shore)

All three sessions were very well attended, and we received positive feedback from attendees. We will continue to host these sessions annually. The topics covered in this series were *Cash Books and Recent Updates*, *Accounting Basics and the Audit Process*, *How to Run a Meeting*, *Retirement Counseling*, *Calculation Basics*, and an overview of *Disability Medical Panels and Transmittals in PROSPER*.

NOTE: Board members who attended earned three educational credits.

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A wide variety of educational offerings were held each quarter giving board members an opportunity to comply with their educational requirements.

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Emerging Issues Forum

This year's Emerging Issues Forum was held at a new location in Westborough, MA. It was a refreshing change after so many years at our previous location. The location had plenty of parking for attendees and was very easy to get to.



After welcome remarks from PERAC Executive Director, Bill Keefe, and PERAC Chairman, Phil Brown, we heard from Paul Andrews, Managing Director at the CFA Institute, who gave a presentation on *AI and the Impact on Retirement Systems*. His presentation was both a cautionary tale - urging boards to do their due diligence - but also, discussed some of the exciting possibilities for retirement systems with the emergence of Artificial Intelligence.

Evan Horowitz, Director at the Center for State Policy Analysis at Tufts University, gave a very lively presentation on the *State of the State of Massachusetts*.

Below: Evan Horowitz delivers a presentation on the *State of the State of Massachusetts*



It was interesting to hear his analysis on the state's economy.

PERAC Assistant Deputy Director, Patrick Charles, presented a timely presentation on *Legislative Updates* as he focused specifically on legislation that was enacted just prior to the Forum.



Above: PERAC's Patrick Charles presents *Legislative Updates*

We closed out the day's sessions with an Administrator Roundtable. The session was moderated by PERAC Chairman, Phil Brown and included presentations from four retirement systems: Eric Cohen, Executive Director of the New Bedford Retirement System; Dennis

Gallagher, former Executive Director of the Braintree Retirement System; Erika Glaster, former Executive Director of the Massachusetts Teachers' Retirement System; and finally, Rachel Grimaldi, Executive Director of the Worcester Regional Retirement System. We closed out the day with a special presentation from Erika Glaster, where we were able to thank her for her many years of service at the MTRS, where she retired from after 38 years, in December 2024. We will be back at this Westborough location in 2025.



Above: Roundtable speakers Rachel Grimaldi, Dennis Gallagher, Eric Cohen, Moderator Phil Brown and Erika Glaster (at podium)

MACRS Conferences

PERAC staff also participated in the spring and fall MACRS Conferences in 2024. The Conferences were well attended and included several PERAC presentations. The fall MACRS was held in December for the first time, and it turned out to be a good change as attendance was higher than previous fall MACRS conferences. PERAC presented on a wide range of topics including *Excess Earnings*, *Calculation Basics*, *Chapter 32 in a Nutshell*, *Pension Misconceptions*, *5th Member Considerations*, the *Ins and Outs of a PERAC Opinion Letter*, *Legal's Most Interesting Questions*, and a *Compliance Overview*.



Above: PERAC's Bill Keefe speaks at MACRS



Above: PERAC Staff and Commissioners at MACRS

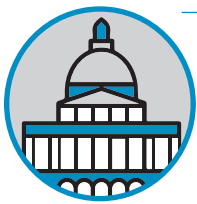
Virtual Events

In addition to the in-person events, we continued our virtual educational series with several webinars throughout the year. Our partnership with the Inspector General continued in 2024 with a reprisal of webinars on *Fiduciary Duty for Board Members* and *Contract Administration*. PERAC staff conducted webinars on *Preparing the Annual Statement* and *Disability Basics* along with webinars covering recently enacted legislation with *The HERO Act and Legislative Updates*. We posted the PERAC webinars to our website providing those unable to attend the live sessions an opportunity to participate and earn educational credits.

We had over 1800 course completions in 2024 for all educational sessions and will keep working on the foundation of offering relevant and useful training for retirement board members and staff. ■

Number of Education Courses Completed (By Year)

2020		1,273
2021		1,992
2022		1,548
2023		1,658
2024		1,816



Legislation

The 2023-24 legislative session saw a number of important pension-related items become law. Legislation regarding veterans' buyback, post-retirement earnings limitations, anti-spiking, violent act injury disability and restoration to service were all passed in July of 2024.

Chapter 178 of the Acts of 2024: An Act Honoring, Empowering, and Recognizing Our Service Members and Veterans ("The HERO Act")

The HERO Act contained the provisions of PERAC's veterans' legislation which removed the 180-day deadline to make a veterans' buyback and inserted a new deadline of within 1 year of vesting. National Guard and Reserve members have an extended deadline. It also provided members who had not made the purchase, for any reason, with a new 1-year window in which to make the purchase.

On August 19, 2024, PERAC issued Memo #23 of 2024 which detailed Sections 18, 52 and 53 of the HERO Act and contained instructions for the retirement boards regarding implementation of the new veterans' buyback sections. Included with the memo was a sample notice that the boards could use as a template. Boards were required to send notice to all active members by November 6, 2024, informing them of the opportunity to purchase military service time that had not previously been bought for any reason.

PERAC conducted significant outreach around the law. On August 27, 2024, PERAC conducted a webinar for over 300 attendees and answered 100 questions concerning the provisions of the HERO Act and the steps that boards must take to implement the new law. The webinar was recorded and is posted to the PERAC website along with a question-and-answer document from the webinar.

PERAC spoke on the law in a webinar for firefighters, at the MACRS fall conference, at the Emerging Issues conference, two administrator trainings, conferences for police and Mass. Municipal Association human resource officers and at retirement board visits. Additionally, electronic and printed posters were developed and distributed.

Chapter 141 of the Acts of 2024: An Act Relative to Salary Range Transparency ("Salary Transparency Act")

This legislation amended G.L. c. 32, § 5(2)(f), the anti-spiking provision, to provide a PERAC-sponsored exception to the anti-spiking provision in instances where a member's salary was adjusted as the result of a salary study under the Massachusetts Equal Pay Act. The legislation also exempts a salary adjustment resulting from an employer's systemic wage adjustment.

On August 14, 2024, PERAC issued Memo #21 of 2024. This detailed the provisions of the Act, steps that must be taken by the retirement boards to evaluate, and if needed, to recalculate anyone who spiked since July 1, 2018, and how to determine spiking going forward.

Also included in the Salary Transparency Act was a change proposed by PERAC to address a decision of the Contributory Retirement Appeal Board ("CRAB")

regarding the salary to be used when determining post-retirement earnings restrictions under G.L. c. 32, § 91. The legislation clarifies that when calculating post-retirement earnings limits under Section 91 a retiree can use either the salary currently being paid for their former position or the salary upon which their retirement allowance is based (the three-year average), whichever is greater.

On August 14, 2024, PERAC issued Memo #22 of 2024 which detailed the changes to Section 91(b).

"The 2023-24 legislative session saw a number of important pension-related items become law."

Chapter 149 of the Acts of 2024: An Act Relative to Disability Pensions and Critical Incident Stress Management for Violent Crimes (“Violent Act Injury Disability”)

This Act provides police officers, firefighters, EMTs and licensed health professionals with a 100% disability pension under Section 7 if they are disabled as the result of a “violent act injury.” This is defined as “a catastrophic, life-threatening or life-altering and permanent bodily injury sustained as a direct and proximate result of a violent attack upon a person by means of a dangerous weapon, which is designed for the purpose of causing serious injury or death, including, but not limited to, a firearm, knife, automobile or explosive device.”

On October 29, 2024, PERAC issued Memo #28 of 2024 which detailed the new Violent Act Injury Disability provisions and steps that Retirement Boards were required to take when considering applications under this new disability.

Chapter 140 of the Acts of 2024: FY 25 Budget

The Fiscal Year 2025 Budget contained a Special Commission to Study the Cost-of-Living Adjustment for State and Teachers’ and provided that the Executive Director of PERAC or his designee was a member of the Commission.


The Budget also contained a provision regarding disability retirees and their ability to be evaluated for a return to service. Section 8 of Chapter 32 was amended to allow a member to return to the same or similar position but with a different employer, even if that employer is in a different retirement system. This amendment also allows a member to request to be examined for a return to service in a completely different position with the original employer or with a new employer. This option is only at the request of the member; it can’t be mandated.

On October 28, 2024, we issued Memo #27 of 2024 which detailed the changes to the Restoration to Service provisions of Chapter 32 Section 8 and the process for a disability retiree to request an evaluation for a different position.

The Budget also included a 3% Cost of Living Adjustment for the State and Teachers’ Retirement System.

The Actuarial Unit provided cost estimates on two dozen classification bills at the request of the Public Service Committee to aid in their deliberations. PERAC regularly reviewed legislation by legislative request for matters of equity, consistency and technicality. Additionally, PERAC regularly responded to legislative requests regarding retirement-related issues for constituents. ■

Legislator-Filed Bills

1	House 2627/S 1750 - An Act Relative to Veterans’ Buyback	
2	House 2588/S 1691 - An Act to Protect Gender Pay Equity	

PERAC-Filed Bills

1	House 9 - An Act Relative to Pension Forfeiture
2	House 10 - An Act Relative to the Recovery of Overearnings
3	House 11 - An Act Relative to Modifications of Retirement Allowances
4	House 12 - An Act Relative to Accidental Disability and Group 1 Emotional Distress
5	House 13 - An Act Providing for Statement of Financial Interest Flexibility
6	House 14 - An Act to Provide for Payment of Creditable Service
7	House 15 - An Act Clarifying the Chapter 32 Definition of Wages



Legislative Bills Filed in 2024





Legal Unit

PERAC’s Legal Unit represented the Commission in numerous cases this past year at the Division of Administrative Law Appeals. Cases also progressed through the Contributory Retirement Appeal Board, and to the Superior Court, where the Legal Unit assisted the Attorney General’s office in ongoing cases.

The Legal Unit also produced 155 Opinion Letters in 2024, including the statutorily required review of the supplemental regulations of retirement boards, and conducted the statutory review of all accidental disability, accidental death, ordinary disability, and termination retirement allowance applications approved by the 104 retirement boards.

Total Legal Opinions and Disabilities Reviewed (By Year)

	2024	2023	2022	2021	2020
 LEGAL OPINIONS	155	131	147	192	115
 DISABILITIES REVIEWED	625	572	613	602	537

The Legal Unit reviewed 625 disability transmittals and remanded 18 transmittals. Members of the Legal Unit also participated in, produced, and presented numerous educational webinars. ■





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Medical Panels

In addition to the information detailed in the Board Profiles, PERAC, as always, has been busy assisting the boards in other areas. In 2024, 729 medical panel requests were initiated and processed. A total of 607 disability applications and 12 accidental death claims were approved in 2024. For Post-Retirement medical reviews, 1,304 disability retirees were eligible for comprehensive medical evaluations. Occupational Health Physicians conducted medical evaluations on 24 retirees and 7 retirees were examined for restoration to service. ■

Medical Panels (By Year)

YEAR	 MEDICAL PANEL REQUESTS	 IN-HOUSE CME REVIEWS	 DISABILITY APPROVALS	 DEATH APPROVALS
2024	729	1,304	607	12
2023	770	1,607	569	10
2022	703	578	585	14
2021	806	1,116	600	16
2020	470	1,110	494	9



Post-Retirement Earnings

PERAC is responsible for the post-retirement monitoring of disabled retirees.







One aspect of that task is enforcing the earnings limits set forth in Chapter 32. In 2024, PERAC analyzed 12,679 earnings reports, 3,436 retirees reported earnings and 150 earned more than the statutory limits.

An additional 70 retirees failed to comply with the reporting requirement. This resulted in the identification of \$2,341,813.51 in excess earnings and \$1,828,812.72 for non-compliance. In addition, 23 retirees waived their allowance, saving \$633,986.64. ■

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In 2024, PERAC analyzed 12,679 earnings reports, 3,436 retirees reported earnings and 150 earned more than the statutory limits.
”

Post-Retirement Earnings (By Year)

YEAR	EARNINGS REPORTS ANALYZED	REPORTED EARNINGS	NUMBER OF EXCESS EARNERS	NON-COMPLIANT	WAIVED
2024	12,679	3,436	150	70	23
2023	12,680	3,492	136	49	23
2022	12,789	3,304	108	67	20
2021	12,733	3,344	87	178	21
2020	12,783	3,563	87	161	22



YEAR	EXCESS EARNINGS AMOUNT	NON-COMPLIANCE AMOUNT	WAIVED AMOUNT
2024	\$2,341,814	\$1,828,813	\$633,987
2023	\$2,041,733	\$1,175,814	\$534,268
2022	\$1,624,757	\$827,719*	\$463,090
2021	\$1,189,525	\$5,624,045	\$438,967
2020	\$1,459,319	\$4,100,425	\$263,238

* Not all boards reported Non-Compliance Amounts

