2025

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.

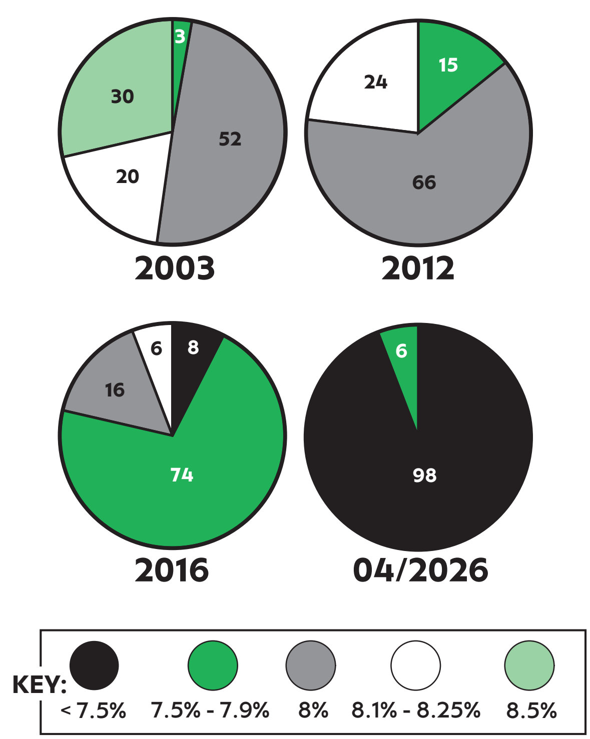
In the actuarial area, PERAC approved 52 revised funding schedules and completed 21 actuarial valuations in 2025. The valuations complemented the 27 valuations performed by private actuaries. Throughout the year, PERAC responded to legislative and gubernatorial requests for analysis of legislation and made several presentations. In addition, in 2025, we assisted and provided to the Administration a number of triennial funding schedules for its consideration.

Actuarial Valuations and Funding Schedules (By Year)

YEAR	PERAC VALUATIONS	PRIVATE VALUATIONS	FUNDING SCHEDULES
2025	21	27	52
2024	20	53	59
2023	20	20	46
2022	19	55	68
2021	20	23	38

> *PERAC approved **52** revised funding schedules and completed **21** actuarial valuations in 2025.*

The Massachusetts Investment Return Assumptions from 2003 to Present:



Audit Unit

As in 2024, the Audit Unit continued to work in a hybrid fashion, although more in person than remote.

PERAC issued 31 audits and 8 follow-up audits in 2025. 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 two auditors left for other employment and six new auditors were hired.

The Audit Unit continued to work with PERAC's IT Unit to implement new audit processes 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 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.

Total PERAC Audits Conducted (By Year)

	2025	2024	2023	2022	2021
PERAC AUDITS	31	20	21	24	15
AUDIT FOLLOW-UPS	8	15	17	8	15

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 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 PROSPER, the PERAC portal. Three such projects in the works that will impact Retirement Boards for FY26 are outlined in the figure below.

Also in the works for potential release in 2026 is using AI integrated with memos and Chapter 32 to provide answers to questions along with citations. We will be testing functionality internally shortly and hoping for a release to the retirement boards in 2026. ■

PERAC Information Technology PROSPER Updates

PROSPER

	PROJECTS MOVING INTO PROSPER IN FY2026
1	**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.
2	**Internal Control Questionnaire for auditing to be integrated into PROSPER FY26**
3	**Submission of custodial and consultant reports online via PROSPER**

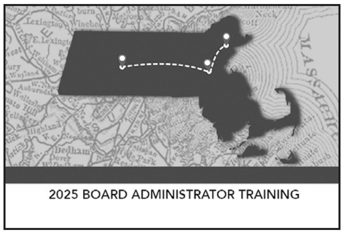
Education

PERAC offered a wide variety of sessions each quarter, giving board members options to comply with their educational requirements. Sessions ranged from in-person sessions, PERAC webinars, and conferences and webinars offered by other agencies and organizations. Our goal is to ensure the topics offered are varied and relevant.

Above: The Social Security Panel at Emerging Issues Forum

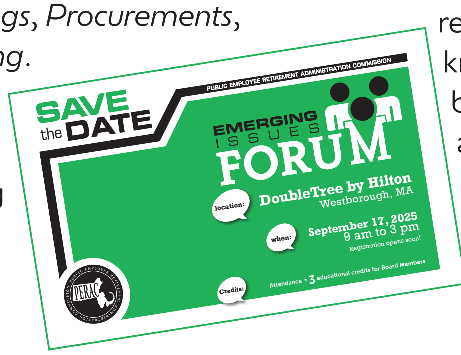
Frank Valeri and Shawn Duhamel joined Sabrina Feliciano on the Social Security Panel.

Board Administrator Training



The New Administrator Training sessions continued to be very well attended. The in-person training consists of a three-part series aimed at teaching the basics of running a public retirement system to new board staff members. Sessions held in Danvers, Northampton, and Norwood offered boards across the Commonwealth an opportunity to attend at a location that was convenient for them. We will continue to host these sessions annually. The topics covered in this series were *Buybacks and Makeups*, *To Refund or Not to Refund*, *Regular Compensation FAQs and Common Audit Findings*, *Procurements*, and a *Security Awareness Training*.

Emerging Issues Forum



PERAC held its annual Emerging Issues Forum in September, returning to Westborough, MA.

PERAC Actuary John Boorack and actuaries Linda Bournival of KMS Actuaries and Kathy Riley of Segal held a roundtable discussion on *Funding Issues as Full Funding (or 2040!) Approaches*, Doug Howgate, President of the Massachusetts Taxpayers Foundation, returned to the Forum for his *State of the State Economy* presentation, which gave a detailed analysis of his predictions of what to expect in the near future.

Sabrina Feliciano, Public Affairs Specialist for the Social Security Administration along with Shawn Duhamel and Frank Valeri, CEO and President respectively, of Mass Retirees, provided an update on how the repeal of the Windfall Elimination Provision and Government Pension Offset affects public employees. Ms. Feliciano also gave a brief but thorough overview of Social Security benefits.

The highlight of the Forum was the keynote speaker, Tom Hughes, who provided a peek inside the mind of a criminal with his story of deception and redemption. He reinforced why the well-known quote “trust but verify” must always be followed regardless of how trustworthy an individual may appear, with his presentation entitled *An Honest Discussion About Dishonesty*.

Above: Administrator Roadshow

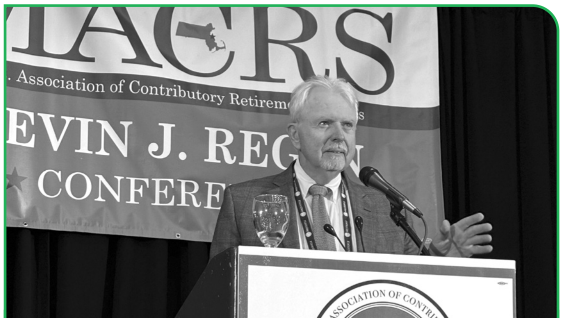
PERAC’s Caryn Shea presents on The Audit Process in PROSPER.

Above: Emerging Issues Forum

Participants at the 2025 Emerging Issues Forum in Westborough, MA.

MACRS Conferences

PERAC staff also participated in the spring and fall MACRS Conferences in 2025. The Conferences included several PERAC presentations. The fall MACRS was once again held in December and despite the later date, continued to be well attended. PERAC presented on a wide range of topics at both conferences. Spring presentations included *How Presumptuous – The Three Statutory Presumptions*, *Does this Violate Chapter 32?*, and *12B or Not 12B – That is the Question*. Fall Topics included *Violent Act Injury*, *Dual Members Under Chapter 32*, *How Presumptuous Redux, and Actuarial Valuation/ Pension Funding Basics*.



Above: MACRS Legal Panel
Tom Gibson facilitates the MACRS Legal Panel.

Some of the other highlights of the spring MACRS conference included celebrating Frank Zecha's retirement as Director from the Brookline Retirement Board after many years of service, recognition of Gary Brenner for his many years of service as Director of the Lynn Retirement Board, and a Social Security Panel discussion recognizing the passage of the Social Security Fairness Act with presenters Ed Kelly, President of the International Association of Fire Fighters, Shawn Duhamel, CEO of Mass Retirees, Frank Zecha, board administrator and trustee, Tom Lussier, Administrator of the Coalition for Retirement Security, and Tim Lee, Executive Director of the Texas Retired Teachers Association. Steve Richardson, an expert on Social Security matters, also presented.

Above: MACRS Conference
Former MACRS President Kathleen Kiely-Becchetti

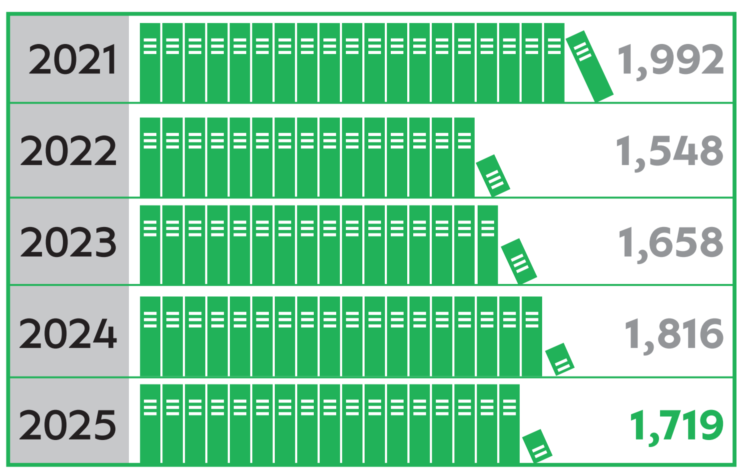
> *PERAC offered a wide variety of sessions each quarter, giving board members options to comply with their educational requirements.*

Virtual Events

Along with our regular in-person programming, we continue to lean in to offering remote learning opportunities with our webinar series. PERAC staff conducted webinars on *Preparing the Annual Statement* and *Recent Cases of Interest*. We also provided several webinars with external partners. We partnered with attorneys from Ice Miller on two webinars, *Chapter 32 and Federal Taxation*, Parts 1 & 2; we partnered with the Executive Office of Technology and Security Services (EOTSS), the MBTA, and the Westfield Retirement Board on a Cybersecurity presentation; and finally, we partnered with representatives of cyber-security insurance firms Cabot Risk Strategies, Collaborative Insurance Solutions, Lydon & Murphy Insurance, and AMWINS on *Cybersecurity Insurance for Retirement Boards*.

We also make many webinars available on the PERAC website, giving board members an additional opportunity to learn and earn educational credits. There were 1,719 course completions in 2025 for all educational sessions.

Number of Education Courses Completed (By Year)



Legislation

For the 2025-26 legislative session PERAC filed 7 pieces of legislation. Three of these were refiles from the 2023-24 legislative session and three were refiles which were amended. PERAC has filed one new bill:

H. 25 An Act Relative to the Enabling Statute of the Public Employee Retirement Administration Commission

This new bill would amend Chapter 7, Section 50 to strike three paragraphs from PERAC's enabling statute dealing with rehabilitation services and programs that have never been utilized.

Additionally, PERAC has asked two legislators, Representative Ken Gordon and Senator Michael Brady, to file a bill relative to PTSD and accidental disability which would amend section 7 to allow an employee, in any group, to use official records of the employer to document an emotional or psychological injury even if said injury occurred more than two years prior to the filing of the application for disability.

The House bill is H. 2853 and the Senate version is S. 1788.

PERAC legislative initiatives for the 2025-26 legislative session:

- **H. 9:** An Act Relative to Pension Forfeiture
- **H. 20:** An Act Relative to Post-Retirement Earnings
- **H. 21:** An Act Relative to Chapter 32 Section 8 and Modifications of Retirement Allowances
- **H. 22:** An Act Providing For Statement of Financial Interests Flexibility
- **H. 23:** An Act to Provide For Payment of Creditable Service
- **H. 24:** An Act Clarifying the Chapter 32 Definition of Wages
- **H. 25:** An Act Relative to Enabling Statute of the Public Employee Retirement Administration Commission

All of the legislative initiatives had public hearings before the Joint Committee on Public Service during 2025.

There were also significant changes made to the Violent Act Disability provision in Chapter 32 that was inserted in 2024 by Chapter 149 of the Acts of 2024.

Chapter 73 of the Acts of 2025 sections 21, 22 and 23:

The Violent Act Injury definition in Section 1 of Chapter 32 was amended, and the State Police were made eligible for the provisions of the Violent Act Injury Disability. PERAC issued Memorandum 33 of 2025 detailing the amendments.

The Fiscal Year Budget for 2025 included a 3% Cost of Living Adjustment for the State and Teachers' Retirement System.

The Open Meeting Law waivers, which have exempted public bodies from having a physical quorum for a meeting and the Chair being physically present as long as there is adequate alternate means of access to the public, were extended to June 30, 2027.

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.

Above: Senate Chair, Joint Committee on Public Service

Senator Michael Brady

Above: House Chair, Joint Committee on Public Service

Representative Daniel Ryan

> *All of the legislative initiatives had public hearings before the Joint Committee on Public Service during 2025.*

PERAC Legislative Initiatives for the 2025-26 Legislative Session

	BILL	PERAC-FILED BILLS
1	HOUSE 9	An Act Relative to Pension Forfeiture
2	HOUSE 20	An Act Relative to Post-Retirement Earnings
3	HOUSE 21	An Act Relative to Chapter 32 Section 8 + Modifications of Retirement Allowances
4	HOUSE 22	An Act Providing for Statement of Financial Interests Flexibility
5	HOUSE 23	An Act to Provide for Payment of Creditable Service
6	HOUSE 24	An Act Clarifying the Chapter 32 Definition of Wages
7	HOUSE 25	An Act Relative to Enabling Statute of PERAC

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.

Total Legal Opinions and Disabilities Reviewed (By Year)

	2025	2024	2023	2022	2021
LEGAL OPINIONS	179	155	131	147	192
DISABILITIES REVIEWED	559	625	572	613	602

The Legal Unit also produced 179 Opinion Letters in 2025, 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.

The Legal Unit reviewed 559 disability transmittals and remanded 54 transmittals. Members of the Legal Unit also participated in, produced, and presented numerous educational webinars.

> *"The Legal Unit reviewed **559** disability transmittals and remanded **54** transmittals."*

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 2025, 623 medical panel requests were initiated and processed. A total of 519 disability applications and 19 accidental death claims were approved in 2025.

For Post-Retirement medical reviews, 1,225 disability retirees were eligible for comprehensive medical evaluations. Occupational Health Physicians conducted comprehensive medical evaluations on 18 retirees and 6 retirees were examined for restoration to service.

Medical Panels (By Year)

YEAR	MEDICAL PANEL REQUESTS	IN-HOUSE CME REVIEWS	DISABILITY APPROVALS	DEATH APPROVALS
2025	623	1,225	519	19
2024	729	1,304	607	12
2023	770	1,607	569	10
2022	703	578	585	14
2021	806	1,116	600	16

Above: Administrator Roadshow

PERAC's Patrice Looby presents on PROSPER's Disability Medical Panel Request process.

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 2025, PERAC analyzed 12,706 earnings reports, 3,712 retirees reported earnings and 145 earned more than the statutory limits.

An additional 75 retirees failed to comply with the reporting requirement. This resulted in the identification of $2,127,030.81 in excess earnings and $1,903,028.88 for non-compliance. In addition, 27 retirees waived their allowance, saving $782,924.19.

> *"In 2025, PERAC analyzed **12,706** earnings reports, **3,712** retirees reported earnings and **145** earned more than the statutory limits."*

Disability retirees have a new option for reporting their earnings with the introduction a few years ago of Online 91A Filing. Adoption of this method has been steadily increasing with over 2,179 taking advantage of this option during the most recent reporting period. ■

Post-Retirement Earnings (By Year)

YEAR	EARNINGS REPORTS ANALYZED	REPORTED EARNINGS	NUMBER OF EXCESS EARNERS	NON-COMPLIANT	WAIVED
2025	12,706	3,712	145	75	27
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

YEAR	EXCESS EARNINGS AMOUNT	NON-COMPLIANCE AMOUNT	WAIVED AMOUNT
2025	$2,127,030.81	$1,903,028.88	$782,924.19
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

* Not all boards reported Non-Compliance Amounts