

Sandra A. Hanks
Board Chair

Paula J. Light
Council Member

Paul J. Mokrzecki
Appointed Member

FRANKLIN REGIONAL RETIREMENT SYSTEM
278 MAIN STREET, SUITE 311
GREENFIELD, MASSACHUSETTS 01301-3230

David R. Gendron
Vice Chair

Mary A. Stokarski
Elected Member

Dale C. Kowacki
Executive Director

Annual Report for the Calendar Year Ending December 31, 2013

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 487 retirees, 42 beneficiaries, 946 active employees, and 561 inactive members of the towns and agencies in Franklin County. We are organized under Chapter 34b, and subject to the provisions of Chapter 32 of the Massachusetts General Laws. We receive oversight on the state level from the Public Employee Retirement Administration Commission (PERAC), which audits our operations and financial records every three years. We are also audited by independent auditors in the two intervening years, as well as a complete actuarial valuation every two years.

The retirement benefit we provide replaces participation in the Social Security system and is described as a “defined benefit”, which means that we pay monthly retirement benefits based on the age, salary, and number of years worked at the time a member of our system retires. To be a member, an employee in one of our government units must be working in a permanent position scheduled at 20 hours or more per week and earning \$5,000 or greater annually. Funding of these benefits begins with deductions from the member, and, combined with matching funds from the employing unit, are invested in a mix of stocks, bonds, and indexed funds. Investment earnings are a large part of the funding of retirement benefits, and the allocation of those funds are spread to a variety of sectors to take advantage of positive activity as it occurs in each sector. Please make note of our investment performance percentages in the chart on the next page.

Up until 1988, we were a “pay-as-you-go” system. In 1988 it was legislated that we begin saving to become “fully funded” over the ensuing 40 years. Fully funded means we have enough in reserves to pay for all the current and future potential benefits of our present membership. At the end of 2013, we are 84% funded at 25 years (63%) into the 40 year mandate.

Our fiscal year is the calendar year, therefore our annual report is not filed until May of the subsequent year, and as a consequence the information provided herein will be a year old by the time you read this. Current reports and information can be found on our website:

www.FRRSMA.com.

What follows is a synopsis of our annual report, as filed with our State oversight commission, PERAC. The full report can be read on our website.

	CY 2013	CY 2012	CY 2011
Balances			
Cash	2,107,878	1,335,467	844,585
Investments	112,129,229	94,448,777	83,539,939
Receivables	272,477	431,106	375,266
Payables	100,714	114,075	212,403
Annuity Savings (members)	27,949,619	27,352,296	26,819,919
Retirement Reserves	86,459,252	68,748,979	57,727,469
Revenues			
Member's contributions	3,187,508	3,224,578	3,202,132
Towns, Schools, Agencies	5,605,588	5,202,569	5,009,154
Retirement Cost Sharing	439,735	375,647	382,475
Miscellaneous Revenue	20,752	66,657	9,161
Investment Income (net)	18,879,116	11,727,623	434,442
Expenses			
Retirement Benefits	7,437,506	6,840,923	6,158,541
Operating Expenses	373,095	398,662	356,933
Investment Expenses	657,782	538,484	472,198
Retirement Cost Sharing	960,334	723,503	740,517
Refunds to Members	396,387	541,614	594,635
Investment Performance			
Target	7.88%	7.88%	7.88%
Since 1984	8.59%	8.21%	8.02%
10 years	7.28%	7.04%	4.78%
5 years	13.33%	2.69%	2.28%
Current Year	19.80%	13.39%	0.92%
Demographics			
	01/01/2014	01/01/2012	01/01/2010
Members' Average Age	48.30	49.00	48.10
Members' Average Service	10.50	10.90	10.10
Members' Average Salary	33,249.00	32,333.00	30,400.00
Retirees' Average Age	72.10	72.10	71.90
Retirees' Average Pension	14,164.00	12,931.00	12,109.00
Disabled Members' Average Age	56.40	n/a	n/a
Disabled Members' Average Pension	26,052.00	n/a	n/a

Dale Kowacki
 Executive Director
 Franklin Regional Retirement System