

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, 2014

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 492 retirees, 49 beneficiaries, 921 active employees, and 557 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 2014, we are 79% funded at 26 years (65%) 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 PERAC report can be read on our website.

	CY 2014	CY 2013	CY 2012
<u>Balances</u>			
Cash	1,370,581	2,107,878	1,335,467
Investments	118,166,255	112,129,229	94,448,777
Receivables	523,687	272,477	431,106
Payables	81,595	100,714	114,075
Annuity Savings (members)	26,866,304	27,949,619	27,352,296
Retirement Reserves	93,275,814	86,459,252	68,748,979
<u>Revenues</u>			
Member's contributions	3,270,926	3,187,508	3,224,578
Towns, Schools, Agencies	5,418,158	5,605,588	5,202,569
Retirement Cost Sharing	466,031	439,735	375,647
Miscellaneous Revenue	19,414	20,752	66,657
Investment Income (net)	9,063,675	18,879,116	11,727,623
<u>Expenses</u>			
Retirement Benefits	7,980,270	7,437,506	6,840,923
Operating Expenses	403,803	373,095	398,662
Investment Expenses	720,626	657,782	538,484
Retirement Cost Sharing	3,028,026	960,334	723,503
Refunds to Members	372,232	396,387	541,614
<u>Investment Performance</u>			
Target	7.75%	7.88%	7.88%
Since 1984	8.59%	8.59%	8.21%
10 years	7.25%	7.28%	7.04%
5 years	11.39%	13.33%	2.69%
Current Year	8.42%	19.80%	13.39%
<u>Demographics</u>			
	1/1/2014	1/1/2012	1/1/2010
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