

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, 2015

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 503 retirees, 51 beneficiaries, 951 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 2015, we are 78.2% funded at 27 years (67.5%) 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 the “Finances” page of our website.

	CY 2015	CY 2014	CY 2013
<u>Balances</u>			
Cash	1,027,504	1,370,581	2,107,878
Investments	115,356,788	118,166,255	112,129,229
Receivables	448,896	523,687	272,477
Payables	1,376,958	81,595	100,714
Annuity Savings (members)	28,029,622	26,866,304	27,949,619
Retirement Reserves	90,180,524	93,275,814	86,459,252
<u>Revenues</u>			
Member's contributions	3,513,770	3,270,926	3,187,508
Towns, Schools, Agencies	5,645,116	5,418,158	5,605,588
Retirement Cost Sharing	472,213	466,031	439,735
Miscellaneous Revenue	20,122	19,414	20,752
Investment Income (net)	1,259,131	9,063,675	18,879,116
<u>Expenses</u>			
Retirement Benefits	8,432,951	7,980,270	7,437,506
Operating Expenses	469,365	403,803	373,095
Investment Expenses	687,629	720,626	657,782
Retirement Cost Sharing	2,884,282	3,028,026	960,334
Refunds to Members	368,098	372,232	396,387
<u>Investment Performance</u>			
Target	7.75%	7.75%	7.88%
Since 1984	8.34%	8.59%	8.59%
10 years	6.57%	7.25%	7.28%
5 years	8.49%	11.39%	13.33%
Current Year	1.11%	8.42%	19.80%
<u>Demographics</u>			
	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