

Sandra A. Hanks
Board Chair

Paula J. Light
Council Member

Gabriele H. Voelker
Elected Member

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

Paul J. Mokrzecki
Vice Chair

Mary A. Stokarski
Elected Member

Dale C. Kowacki
Executive Director

Annual Report for the Calendar Year Ending December 31, 2016

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 530 retirees, 51 beneficiaries, 987 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). We contract with an independent auditor to do a full audit of our system each year. We also contract with an actuary to perform a complete actuarial valuation every two years. PERAC audits our operations and financial records every three 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 2016, we are 75% funded at 28 years (70%) 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 2016	CY 2015	CY 2014
Balances			
Cash	927,926	1,027,504	1,370,581
Investments	124,166,637	115,356,788	118,166,255
Receivables	333,708	448,896	523,687
Payables	1,622,175	1,376,958	81,595
Annuity Savings (members)	28,830,926	28,029,622	26,866,304
Retirement Reserves	98,219,520	90,180,524	93,275,814
Revenues			
Member's contributions	3,671,628	3,513,770	3,270,926
Towns, Schools, Agencies	5,875,582	5,645,116	5,418,158
Retirement Cost Sharing	460,054	472,213	466,031
Miscellaneous Revenue	9,928	20,122	19,414
Investment Income (net)	10,744,197	1,259,131	9,063,675
Expenses			
Retirement Benefits	9,113,301	8,432,951	7,980,270
Operating Expenses	498,301	469,365	403,803
Investment Expenses	703,498	687,629	720,626
Retirement Cost Sharing	1,289,229	2,884,282	3,028,026
Refunds to Members	316,759	368,098	372,232
Investment Performance			
Target	7.75%	7.75%	7.75%
Since 1984	8.36%	8.34%	8.59%
10 years	6.17%	6.57%	7.25%
5 years	10.20%	8.49%	11.39%
Current Year	9.16%	1.11%	8.42%
Demographics			
	01/01/2016	01/01/2014	01/01/2012
Members' Average Age	48.30	48.30	49.00
Members' Average Service	10.50	10.50	10.90
Members' Average Salary	35,966.00	33,249.00	32,333.00
Retirees' Average Age	72.30	72.10	72.10
Retirees' Average Pension	15,274.00	14,164.00	12,931.00
Disabled Members' Average Age	58.00	56.40	n/a
Disabled Members' Average Pension	26,353.00	26,052.00	n/a

Dale Kowacki
 Executive Director
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