

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, 2017

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 549 retirees, 52 beneficiaries, 972 active employees, and 614 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 2017, we are 84.7% funded at 29 years (72.5%) 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 2017	CY 2016	CY 2015
Balances			
Cash	1,208,508	927,926	1,027,504
Investments	144,523,227	124,166,637	115,356,788
Receivables	207,894	333,708	448,896
Payables	2,019,479	1,622,175	1,376,958
Annuity Savings (members)	30,005,767	28,830,926	28,029,622
Retirement Reserves	113,914,384	98,219,520	90,180,524
Revenues			
Member's contributions	3,682,424	3,671,628	3,513,770
Towns, Schools, Agencies	6,162,964	5,875,582	5,645,116
Retirement Cost Sharing	474,821	460,054	472,213
Miscellaneous Revenue	13,725	9,928	20,122
Investment Income (net)	19,547,767	10,744,197	1,259,131
Expenses			
Retirement Benefits	9,802,088	9,113,301	8,432,951
Operating Expenses	495,399	498,301	469,365
Investment Expenses	763,190	703,498	687,629
Retirement Cost Sharing	1,636,665	1,289,229	2,884,282
Refunds to Members	314,654	316,759	368,098
Investment Performance			
Target	7.75%	7.75%	7.75%
Since 1984	8.57%	8.36%	8.34%
10 years	6.57%	6.17%	6.57%
5 years	10.59%	10.20%	8.49%
Current Year	15.41%	9.16%	1.11%
Demographics			
	01/01/2018	01/01/2016	01/01/2014
Members' Average Age	48.30	48.30	48.30
Members' Average Service	10.10	10.50	10.50
Members' Average Salary	37,651.00	35,966.00	33,249.00
Retirees' Average Age	72.60	72.30	72.10
Retirees' Average Pension	16,433.00	15,274.00	14,164.00
Disabled Members' Average Age	58.30	58.00	56.40
Disabled Members' Average Pension	28,790.00	26,353.00	26,052.00

Dale Kowacki
 Executive Director
 Franklin Regional Retirement System