

Sandra A. Hanks
Board Chair

Angelina J. Bragdon
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, 2019

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 578 retirees, 55 beneficiaries, 1,044 active employees, and 611 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 2019, we are 74.4% funded at 31 years (77.5%) 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 2019	CY 2018	CY 2017
Balances			
Cash	1,579,892	1,548,623	1,208,508
Investments	155,459,951	137,212,980	144,523,227
Receivables	73,637	99,508	207,894
Payables	2,988,090	2,460,693	2,019,479
Annuity Savings (members)	31,675,249	30,591,939	30,005,767
Retirement Reserves	125,438,231	105,808,479	113,914,384
Revenues			
Member's contributions	4,368,605	3,754,462	3,682,424
Towns, Schools, Agencies	6,871,971	6,506,893	6,162,964
Retirement Cost Sharing	516,330	531,674	474,821
Miscellaneous Revenue	10,781	17,971	13,725
Investment Income (net)	24,332,594	(4,375,884)	19,547,767
Expenses			
Retirement Benefits	11,329,395	10,451,458	9,802,088
Operating Expenses	567,347	542,267	495,399
Investment Expenses	837,388	802,542	763,190
Retirement Cost Sharing	2,262,262	1,714,774	1,636,665
Refunds to Members	390,827	443,808	314,654
Investment Performance			
Target	7.75%	7.75%	7.75%
Since 1984	8.47%	8.21%	8.57%
10 years	9.57%	9.60%	6.57%
5 years	7.79%	5.99%	10.59%
Current Year	17.92%	-3.13%	15.41%
Demographics			
	1/1/2020	1/1/2018	1/1/2016
Members' Average Age	47.50	48.30	48.30
Members' Average Service	9.20	10.10	10.50
Members' Average Salary	37,982.00	37,651.00	35,966.00
Retirees' Average Age	72.80	72.60	72.30
Retirees' Average Pension	17,171.00	16,433.00	15,274.00
Disabled Members' Average Age	60.30	58.30	58.00
Disabled Members' Average Pension	29,998.00	28,790.00	26,353.00

Dale Kowacki
 Executive Director
 Franklin Regional Retirement System