

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, 2020

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 611 retirees, 55 beneficiaries, 1,066 active employees, and 625 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 2020, we are 85.6% funded at 32 years (80%) 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 2020	CY 2019	CY 2018
<u>Balances</u>			
Cash	1,492,254	1,579,892	1,548,623
Investments	174,179,165	155,459,951	137,212,980
Receivables	101,506	73,637	99,508
Payables	2,209,591	2,988,090	2,460,693
Annuity Savings (members)	32,662,132	31,675,249	30,591,939
Retirement Reserves	140,901,202	125,438,231	105,808,479
<u>Revenues</u>			
Member's contributions	3,955,793	4,368,605	3,754,462
Towns, Schools, Agencies	7,268,256	6,871,971	6,506,893
Retirement Cost Sharing	565,436	516,330	531,674
Miscellaneous Revenue	11,867	10,781	17,971
Investment Income (net)	20,436,491	24,332,594	(4,375,884)
<u>Expenses</u>			
Retirement Benefits	12,010,238	11,329,395	10,451,458
Operating Expenses	590,757	567,347	542,267
Investment Expenses	820,937	837,388	802,542
Retirement Cost Sharing	1,956,450	2,262,262	1,714,774
Refunds to Members	409,606	390,827	443,808
<u>Investment Performance</u>			
Target	7.75%	7.75%	7.75%
Since 1984	8.59%	8.47%	8.21%
10 years	9.31%	9.57%	9.60%
5 years	10.14%	7.79%	5.99%
Current Year	12.65%	17.92%	-3.13%
<u>Demographics</u>			
	1/1/2020	1/1/2020	1/1/2018
Members' Average Age	47.50	47.50	48.30
Members' Average Service	9.20	9.20	10.10
Members' Average Salary	37,982.00	37,982.00	37,651.00
Retirees' Average Age	72.80	72.80	72.60
Retirees' Average Pension	17,171.00	17,171.00	16,433.00
Disabled Members' Average Age	60.30	60.30	58.30
Disabled Members' Average Pension	29,998.00	29,998.00	28,790.00

Dale Kowacki
 Executive Director
 Franklin Regional Retirement System