

Sandra A. Hanks
Board Chair

Angelina J. Bragdon
Council Member

Gabriele H. Voelker
Elected Member

FRANKLIN REGIONAL RETIREMENT SYSTEM
101 MUNSON STREET, SUITE 108
GREENFIELD, MASSACHUSETTS 01301-9675

Paul J. Mokrzecki
Vice Chair

Mary A. Stokarski
Elected Member

Dale C. Kowacki
Executive Director

Annual Report for the Calendar Year Ending December 31, 2021

To the reader:

The Franklin Regional Retirement System is a government agency that serves the 627 retirees, 50 beneficiaries, 1,086 active employees, and 681 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 2021, we are 97.7% funded at 33 years (82.5%) 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 2021	CY 2020	CY 2019
<u>Balances</u>			
Cash	1,428,506	1,492,254	1,579,892
Investments	207,207,180	174,179,165	155,459,951
Receivables	97,899	101,506	73,637
Payables	2,581,944	2,209,591	2,988,090
Annuity Savings (members)	33,909,443	32,662,132	31,675,249
Retirement Reserves	170,813,691	140,901,202	125,438,231
<u>Revenues</u>			
Member's contributions	4,423,787	3,955,793	4,368,605
Towns, Schools, Agencies	7,684,673	7,268,256	6,871,971
Retirement Cost Sharing	546,491	565,436	516,330
Miscellaneous Revenue	21,318	11,867	10,781
Investment Income (net)	35,121,918	20,436,491	24,332,594
<u>Expenses</u>			
Retirement Benefits	12,576,161	12,010,238	11,329,395
Operating Expenses	605,897	590,757	567,347
Investment Expenses	1,056,568	820,937	837,388
Retirement Cost Sharing	1,808,102	1,956,450	2,262,262
Refunds to Members	591,658	409,606	390,827
<u>Investment Performance</u>			
Target	7.75%	7.75%	7.75%
Since 1984	8.89%	8.59%	8.47%
10 years	11.26%	9.31%	9.57%
5 years	12.32%	10.14%	7.79%
Current Year	20.40%	12.65%	17.92%
<u>Demographics</u>			
	01/01/2022	01/01/2020	01/01/2020
Members' Average Age	48.00	47.50	47.50
Members' Average Service	9.50	9.20	9.20
Members' Average Salary	41,628.00	37,982.00	37,982.00
Retirees' Average Age	72.90	72.80	72.80
Retirees' Average Pension	18,949.00	17,171.00	17,171.00
Disabled Members' Average Age	60.60	60.30	60.30
Disabled Members' Average Pension	28,793.00	29,998.00	29,998.00

Dale Kowacki
 Executive Director
 Franklin Regional Retirement System