



MBTA
RETIREMENT
FUND

INTERIM EXECUTIVE DIRECTOR'S 2021 ANNUAL REPORT TO THE BOARD OF THE MBTA RETIREMENT FUND

February 18, 2022

John P. Barry

About this Annual Report

- » **Purpose.** The purpose of this Annual Report is to provide the Retirement Board with management's overview of the MBTARF's accomplishments in 2021 and to preview proposed actions for 2022 (and beyond) – it is not meant to be an exhaustive report of all activities or actions items. The Retirement Board is committed to transparency, and is publicly posting this abbreviated version of the Annual Report that the was originally delivered by John Barry to the Retirement Board on February 18, 2022.
- » **Continuous Improvement.** The MBTARF is dedicated to continuously improving its operations and customer service. Accordingly, it may revise or modify its planning for 2022, as described in this Annual Report, or thereafter, to dynamically adapt to changes in the operating environment or to otherwise reflect the needs of its membership. Member and retiree feedback is encouraged.

Table of Contents

<u>Title</u>	<u>Slide No.</u>
About this Annual Report	2
Management Report	
» COVID-19 Response Status	4
» MBTARF Strategic Plan – Progress Report	5-6
» In-Service Training	7
» PRIM/PRIT Investment Initiative	8
» Public Records Law Experience	9
» PERAC Self-Reporting	10-11
Information Governance	
» Technology Upgrades	12
Finance and Investment	
» Financial and Investment – GFOA Certificates	13-14
» Investment Compliance Working Group (“ICWG”) Update	15
» Investment Returns as of December 31, 2021	16
» Investment Performance Comparison to PRIM	17
Benefits Department Status Report	
» Membership & Payments	18-19
» Standard Operating Procedures	20
Questions?	21

MBTARF Management Report – COVID-19 Response Status

The COVID-19 pandemic caused less disruption to routine MBTARF operations during 2021 than it did during 2020. The MBTARF's proactive steps described below at the onset of the pandemic helped ensure the personal safety of staff and members while maintaining quality service.

» **Consultations.**

- **Walk-In Consultations.** The MBTARF temporarily suspended walk-in consultations while continuing to service members, retirees, and beneficiaries through e-mail, telephone, and Zoom video conference.
- **Scheduled In-Person Consultations.** Members, retirees, and beneficiaries requiring in-person service may schedule in-person consultations with MBTARF staff. The MBTARF practices social distancing measures to conduct in-office consultations in separate rooms with MBTARF staff via a Zoom video meeting.
- **PTG Self-Service Portal.** Members and retirees have access to the MBTARF's self-service platform which enables members and retirees to review pension benefit information, calculate pension estimates, and update certain account information by downloading fillable forms to deliver to the MBTARF. As of January 6, 2022, 1,588 users have registered for the Member Self-Service Portal, of which 1,077 are Members and 511 are Retired Members.

» **Return-to-Work Guide; Remote Work.** The MBTARF developed, and has continued to evaluate during the pandemic, a written return-to-work guide providing instructions and guidelines for employees working during the COVID-19 pandemic, as guided by Gov. Baker's phased approach to re-opening the Commonwealth, City of Boston guidelines, and CDC recommendations.

- **Mandated Training.** The MBTARF conducted mandated social distance and sanitization training in conjunction with its annual in service training.
- **Remote Work.** While the return-to-work guide provides instructions for working in the office, MBTARF staff are encouraged to work productively from home while travelling to the office as needed for essential business purposes to service MBTARF membership. The Retirement Board and MBTARF Management's adoption of the 2020-2023 Strategic Plan enabled the MBTARF to employ sophisticated technology to adapt nimbly to a remote work environment.

» **Disability Medical Evaluations.** The MBTARF, in conjunction with its independent medical evaluation provider, has secured access to telemedicine technology (i.e. examinations using HIPAA compliant video-conferencing tools) for Members requiring a physician's examination in order to apply for disability retirement benefits and Retired Members requiring disability re-exams.

MBTARF Strategic Plan (2020-2023) – Progress report

- » **Project 2020.** The Project 2020 Team, including the Interim-Executive Director and MBTARF outside counsel, with input from staff, board members, stakeholders and peers, developed a transformative Strategic Plan covering the four (4) year period commencing in 2020 and ending in 2023 with the 75th Anniversary of the MBTARF's founding in 1948.
- » **MBTARF Strategic Plan.** To develop the MBTARF's long term strategic goals, specific objectives within those goals, and targeted strategic initiatives designed to achieve each objective, the Project 2020 Team collected and analyzed information, obtained through anonymous surveys and interviews of MBTARF senior staff and various stakeholders. This work provided the foundation for the MBTARF Strategic Plan for 2020-2023. The Retirement Board approved the Strategic Plan in 2020.
- » **MBTARF Strategic Plan (Year #2) Progress Report:** Although 2021 continued to be dominated by the pandemic, MBTARF management is pleased to report that it was able to pursue its strategic planning goals and align them with immediate needs triggered by the necessity of largely remote operations. The next slide highlights some of the MBTARF's accomplishments in 2021. A more detailed progress report is provided separately in the document entitled *Strategic Plan Implementation Progress Report*.

MBTARF Strategic Plan (2020-2023) – Progress report (cont.)

- » **Operational Reorganization.** MBTARF management implemented the reorganization plan approved by the Board at the September 18, 2020 Board meeting. The reorganization furthers the goals established in the MBTARF’s Strategic Plan and is consistent with MBTARF management’s ongoing efforts to become a leaner, more cost effective organization. Since the beginning of John Barry’s tenure as Interim-Executive Director, several positions were eliminated, including (i) the Deputy Director, (ii) an Executive Assistant position; and (iii) a Benefits Administrator position. From 2016 through December 2021, the overall costs savings to the MBTARF based on the absorbed roles is approximately \$2,064,000 (including estimated insurance premiums). In 2020-2021, PERAC Chairperson assisted MBTARF management with implementation of the reorganization plan and delivered an independent assessment of MBTARF operations to the Board in February, 2021. The PERAC Chairperson concluded that, based on “objectively measurable criteria to compare the MBTARF to its peers, e.g., similarly sized or larger PERAC regulated public pension funds, the operational capabilities and outputs of the MBTARF are best in class.”
- » **MBTARF Transparency.** The MBTARF’s Manager of Information Technology and its website developer, Keza, have continued and enhanced their campaign to regularly update the MBTARF website to add information (such as monthly flash reports, investment documents, and MBTARF reports) designed to increase transparency into MBTARF operations and to educate stakeholders about the MBTARF’s achievements and its limitations, including funding challenges created through demographic forces such as disproportionate increases in retirees through increased life expectancy and decreases in active, contributing members.
- » **Benefits Department SOPs.** In accord with Strategic Initiative B3.2 (“[d]evelop and evaluate standard operating procedures (SOPs) to improve efficient operations, productivity and uniformity”) and to address the MBTARF’s changes in its standard practices based on technological enhancements, the MBTARF is developing standardized SOPs for the Benefits Department. An overview of the Benefits SOPs project is provided in Slide No. 20. In addition, the PERAC Chairperson provided additional details on the Benefits SOPs in his presentation detailing his operational assessment of the development of the Benefits SOPs.

In-Service Training

- » **2021 Annual In-Service Training.** The 2021 Annual In-Service Training (9th Ed. 101 pp.) was conducted on October 21, 2021 and covered the following topics:
 - **MBTARF Policies.** Refresher on, and changes to, the following MBTARF policies:
 - The Employee Handbook;
 - The Acceptable Use Policy;
 - The Written Information Security Program;
 - The Records Management Program;
 - The Incident Response Plan; and
 - The Policy for the Elimination of Unlawful Harassment and Discrimination.
 - **Phishing Email Awareness Training.** The MBTARF understands that phishing attacks are one of the most common cyberattacks for criminals to employ. Accordingly, the Annual In-Service Training included employee training on how to spot and report suspected phishing emails in order to better protect the MBTARF from cybercriminals, hackers, and other bad actors.
 - **Fiduciary Training.** MBTARF staff was given an ethics tutorial by PERAC Chairperson based on the Board-approved Standards of Fiduciary Responsibility.
 - **COVID-19 Response.** An overview and refresher was delivered covering the MBTARF's COVID-19 response and return to work guidelines, as set forth in the COVID-19 Return-to-Work Guide.
- » **Intern Training.** Intern training was conducted on 6/3/2021 for the MBTARF's intern.

PRIM/PRIT Investment Initiative

- » **August 1, 2017** – Section 23 of the 2018 Budget Bill added the private MBTARF as a “system” under G.L. c. 32 allowing, not compelling, the MBTARF to invest in PRIT (Retirement Board has fiduciary obligations to the MBTARF).
- » **June 16, 2017 – June 21, 2019** – The Board convened a “PRIM Investment Feasibility Group” (the “**Group**”) in 2017 comprised of outside counsel, MBTARF’s investment consultant from Segal Marco and MBTARF staff to study the issue. The Group performed significant factual and legal due diligence over a two (2) year period leading to the MBTARF’s “*Roadmap to PRIT Fund Investment,*” a copy of which is in your Board Member Handbook.
- » **June 17, 2019 – July 19, 2019** – Local 589 and the MBTA’s Fiscal Management Control Board (“**FMCB**”), together the settlors of the 1980 Trust Agreement (the “**Trust**”), voted to amend the Trust (the “**Trust Amendment**”) to add PRIM as an investment manager pursuant to Section 7, thereby authorizing MBTARF investments in PRIT. The Retirement Board voted to approve the Trust Amendment at the July 2019 meeting.
- » **August 19, 2019 – September 20, 2019** – PRIM representatives met with the MBTARF in August to discuss investment options available to “Purchasing Systems”. The MBTARF and PRIM executed a Letter Agreement, dated September 26, 2019, to accommodate the MBTARF’s investments.
- » **PRIT Investments.** The Retirement Board has voted to authorize the following investments in PRIT, which are governed by statutes and regulations pertaining to PRIT as well as a Letter Agreement that is updated to reflect each new investment:
 - PRIT Hedge Fund Sleeve (\$20 million; approved by Board 10/1/2019);
 - PRIT Private Equity Vintage Year 2020 sleeve (\$25 million; approved by Board 11/15/19);
 - PRIT Emerging Markets sleeve (\$30 million; approved by Board 7/17/20);
 - PRIT Private Equity Vintage Year 2021 sleeve (\$17.5 million; approved by Board 10/18/20);
 - PRIT Real Estate Sleeve (\$15 million; approved by Board 5/21/21);
 - PRIT Hedge Fund Sleeve (\$10 million; portfolio rebalancing, funded 7/1/21);
 - PRIT Hedge Fund Sleeve (\$10 million; portfolio rebalancing, funded 10/1/21);
 - PRIT Private Equity Vintage Year 2022 sleeve (\$10 million; approved by Board 11/19/21); and
 - On December 17, 2021, the Board voted to allocate the funds received from the Rock Creek Redemption (amount to be determined) to the PRIM Hedge Fund account, which will be funded on 4/1/2022.

Public Records Law Experience

- » **Public Records Law Amendment.** The 2016 amendment (Chapter 121 of the Acts of 2016, effective 1/1/17) to the Public Records Law specifically applied the Commonwealth's Public Records Law ("**PRL**") to the MBTARF. At the 1/20/17 meeting, the Board voted to comply with the law "in spirit" while reserving the MBTARF's rights as a private trust to challenge the law if necessary.
- » **Records Officer.** MBTARF counsel, K|P Law, works with the Interim Board Secretary to meet the requirements of the PRL, including supporting her in the role of Records Officer ("**RO**") consistent with the PRL.
- » **PRL Requests.** K|P Law and MBTARF Management have received and responded to periodic records requests under the PRL since 2017. Aside from several requests from the Boston Globe shortly after the effective date of the law, and sporadic requests from institutional data aggregators over the years, there has not been a significant volume of requests.
 - **Most Frequently Requested Information.** The most frequently requested records include investment-related information and Board meeting agendas and minutes. The MBTARF has generally directed requesters to the MBTARF's website, where approved meeting minutes from April, 2019 - forward can be publicly accessed. With respect to requests for investment-related information, the MBTARF has generally directed requesters to the ACFR (also available on the MBTARF's website), and denied requests for information outside of the ACFR under the "PRIM exemption" to the PRL, which protects confidential investment related records.
 - **Notable 2021 Requests.** In calendar year 2021, the MBTARF received five (5) third party PRL requests - none of a controversial nature or requiring assistance of counsel. The data aggregator, FundMap, sent two requests to which the RO responded by using a standard form prepared by counsel citing the "PRIM exemption" and referring FundMap to information publicly available on the MBTARF website (e.g. ACFR).
- » **PRL Experience Update.** Working with MBTARF staff, K|P Law has helped implement the reorganization of Board meeting agendas, and corresponding changes to the format of meeting minutes, in order to facilitate the now-ongoing publication of open session meeting minutes via posting on the MBTARF's website.

PERAC Self-Reporting

- » **Self-Reporting.** In 2010, the MBTARF adopted the practice of self-reporting and best practice sharing with the Massachusetts Public Employee Retirement Administration Commission (“**PERAC**”) which is responsible for the oversight, guidance, monitoring, and regulation of the 104 Massachusetts Public Pension Systems. See Slide No. 11.
- » **December 2018 Update.** On December 13, 2018, MBTARF management met with, and delivered a report to, PERAC representatives, including both the retiring PERAC Executive Director and the incoming Executive Director. After the December 13th meeting, the retiring PERAC Executive Director commended the MBTARF for its transparency and willingness to share information with PERAC.
- » **September 2019 Update.** On September 17, 2019, MBTARF management met with PERAC representatives, including the Executive Director, to discuss, among other things, the MBTARF’s Project 2020 and PRIT investment compliance and monitoring issues.
- » **February 2020 Update.** On February 13, 2020, MBTARF management met with PERAC representatives, including the Executive Director, to update PERAC concerning the MBTARF’s progress with Project 2020 (including the MBTARF’s draft strategic plan) and seek advice concerning the MBTARF’s unclaimed property project.
- » **August 2020 Update.** On August 18, 2020, MBTARF management met via Zoom with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s progress with its Strategic Plan and to discuss, among other things, the MBTARF’s response to COVID-19; the MBTARF’s website updates designed to increase information sharing; and investment performance.
- » **March 2021 Update.** On March 11, 2021, MBTARF management participated in a Zoom meeting with PERAC representatives, including the Executive Director and Assistant Deputy Director, to update PERAC on the MBTARF’s COVID-19 response as well as its progress on its Strategic Plan.
- » **March/April 2022 Update (planning).** MBTARF management is planning a meeting with PERAC representatives for March or April 2022.

PERAC Self-Reporting (cont.)

MBTARF Meetings with PERAC – 2010 through 2021

- » May 6, 2010
- » October 21, 2010
- » February 16, 2011
- » June 10, 2011
(Meeting at PERAC)
- » November 3, 2011
- » September 27, 2012
- » February 6, 2014
- » May 7, 2015
- » August 27, 2015
- » December 15, 2016
- » March 30, 2017
- » December 4, 2017
- » May 24, 2018
- » December 13, 2018
- » September 17, 2019
- » February 13, 2020
- » August 18, 2020
- » March 11, 2021
- » March/April 2022
(planning)



Information Governance – Technology Upgrades

- » **The MBTARF’s IG Group.** Pursuant to its 2015-2019 Strategic Plan, the MBTARF established an Information Governance (“IG”) Group led by the Manager of IT, and including the MBTARF’s Interim-Executive Director, the MBTARF’s technology consultant from CMIT, and outside counsel from Holland & Knight, LLP.
- » **Technology Upgrades.** The IG Group has implemented the following technology upgrades:
 - **PTG PensionPro Enhancements.** The MBTARF replaced its previous pension benefit software with PTG’s PensionPro, a state of the art pension management software system designed to enhance both customer service and MBTARF efficiency. The MBTARF has been using the PensionPro system successfully in production mode to process monthly benefit payments since April 2019. The MBTARF has not been made aware of any errors in the processing of monthly benefit payments by any MBTARF payees since the system cutover to PensionPro in April 2019. PTG completed implementing enhanced functionality that attaches scans of paper-based records to the corresponding member files in PTG PensionPro. This allows MBTARF staff to have the ability to review all member and retiree records in one location, further increasing efficiency and customer service.
 - **Cloud Migration; Quarterly IG Meetings.** The IG Group negotiated updates to the master subscription agreement with its managed service provider and technology consultant, CMIT to add a scope of work to migrate to a new cloud-based hosting solution. This migration was completed in 2021 and is expected to reduce operating costs, enhance scalability and increase data security. The revisions to the master subscription agreement added terms designed to better protect the MBTARF against potential liability and required CMIT to conduct quarterly strategic meetings scheduled to coincide with the IG Group’s quarterly meetings.
 - **Information Security Enhancements.** In connection with its cybersecurity renewal process, the MBTARF implemented multifactor authentication (MFA) for access to the MBTARF’s network, directory services, switches, endpoints and servers. The MBTARF also completed its implementation of enhanced mobile device management and email encryption technology.

Finance and Investment – GFOA Certificates

- » **Government Accounting Standards Board (“GASB”).** The MBTARF completed, and the Board approved, the GASB 67 and 68 Reports at the May 21, 2021 Board meeting. The MBTARF also completed and incorporated the required GASB 72 procedure for 2020 as a part of the 2020 Audit (this procedure measures and records the MBTARF’s investments using fair value measurement guidelines established by generally accepted accounting principles).
- » **Audit and Annual Report.** The 2020 Audit and Annual Comprehensive Financial Report (“**ACFR**”) were approved by the Board at the June 18, 2021 meeting.
- » **GFOA Certificate of Achievement.** For the last four years, the MBTARF received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its ACFR. The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program (“**Financial Reporting Program**”) in 1945 to encourage agencies to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize agencies that succeed in achieving that goal. Reports submitted to the Financial Reporting Program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee, which is comprised of individuals with expertise in public sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals.
 - **2016 Certificate of Achievement.** In January of 2018, the MBTARF received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended December 31, 2016.
 - **2017 Certificate of Achievement.** In January of 2019, the MBTARF received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended December 31, 2017.
 - **2018 Certificate of Achievement.** In February of 2020, the MBTARF received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended December 31, 2018.
 - **2019 Certificate of Achievement.** In February of 2021, the MBTARF received the GFOA’s Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended December 31, 2019.

Finance and Investment – GFOA Certificate (cont.)

2016 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill
Executive Director/CEO

2017 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill
Executive Director/CEO

2018 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill
Executive Director/CEO

2019 Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**MBTA Retirement Fund
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill
Executive Director/CEO

Finance and Investment – ICWG – Updates and Action Items

» **The Investment Policy Statement.**

- **IPS Overhaul.** In 2018 the MBTARF convened its Investment Compliance Working Group (“**ICWG**”), comprised of John Barry, the MBTARF’s finance department staff, investment advisor and investment counsel. The ICWG revised and developed a more efficient and user friendly Investment Policy Statement (“**IPS**”). The revised IPS was approved by the Retirement Board on April 19, 2019.
- **Additional IPS Updates.** In 2020, the MBTARF again convened the ICWG and revised the IPS to incorporate (i) the amendment to the Trust Agreement authorizing the MBTARF to invest in PRIT, (ii) the Retirement Board’s new approved asset allocation and (iii) the updated Assumed Rate of Return (from 7.5% to 7.25% annually). The revised IPS was approved by the Retirement Board on July 17, 2020.

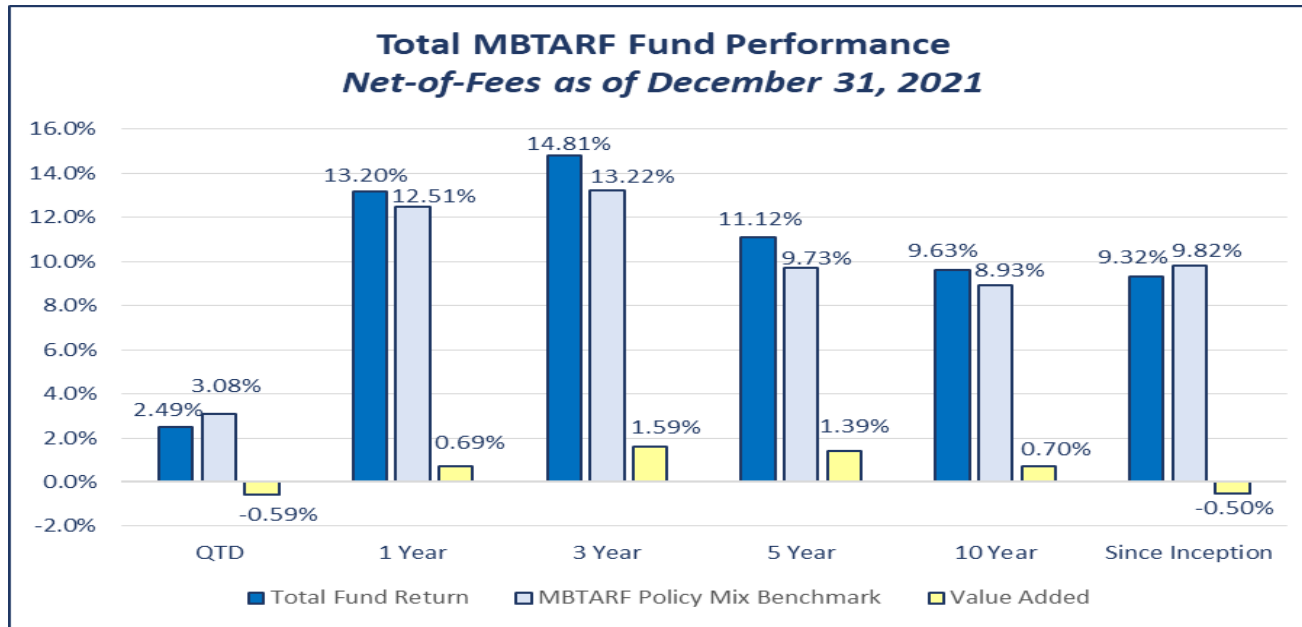
» **Investment Manager Meetings.** Notwithstanding issues created by COVID-19, the Retirement Board was able to complete all the 2021 meetings with Investment Managers as required by Sec. 9.3 of the IPS.

» **Additional Finance Policy Updates.**

- **Finance Department Procedures.** During 2021 the ICWG reviewed the IPS and the Finance Department Procedures (“**FDP**”), a document describing how the MBTARF conducts its accounting and valuation of assets and reports that information to the Retirement Board. The ICWG concluded that the IPS did not require revisions. The ICWG revised the FDP to: (i) better describe the structure and governance of the MBTARF, and (ii) reflect changes in technologies and processes utilized by the MBTARF. The revised FDP was presented to the Retirement Board at its October 2021 meeting.
- **Investment Manager Selection Process.** The IPS references and incorporates an Investment Manager Selection Process (“**IMS**”) document. The ICWG plans to review and, if necessary, update the IMS in 2022.

Finance and Investment – Investment Returns as of December 31, 2021

» Rate of Returns. MBTARF (Total Plan) Preliminary Rate of Returns - Net of Fees¹:



- » The Retirement Board recognizes that asset allocation decisions generally account for 90% of investment return. See IPS, p. 7.
- » Over the 1, 3, 5 and 10- year periods the MBTARF outperformed its Policy Mix Benchmark by 69, 159, 139 and 70 basis points, respectively.
- » The Year-to-Date return of 13.20% ranked in the 68th percentile and slightly below the median return of 14.2% among the InvMetrics \$1 Billion Plus Public Defined Benefit Funds Universe.⁴
- » The 3, 5 and 10-Year returns of 14.81%, 11.1%, and 9.6% ranked in the 40th, 43rd, and 47th percentiles, respectively, all above median among the InvMetrics \$1 Billion Plus Public Defined Benefit Funds Universe.⁵

¹ These net returns for the period ending December 31, 2021 are preliminary. Pricing for alternative investments typically arrives in March.

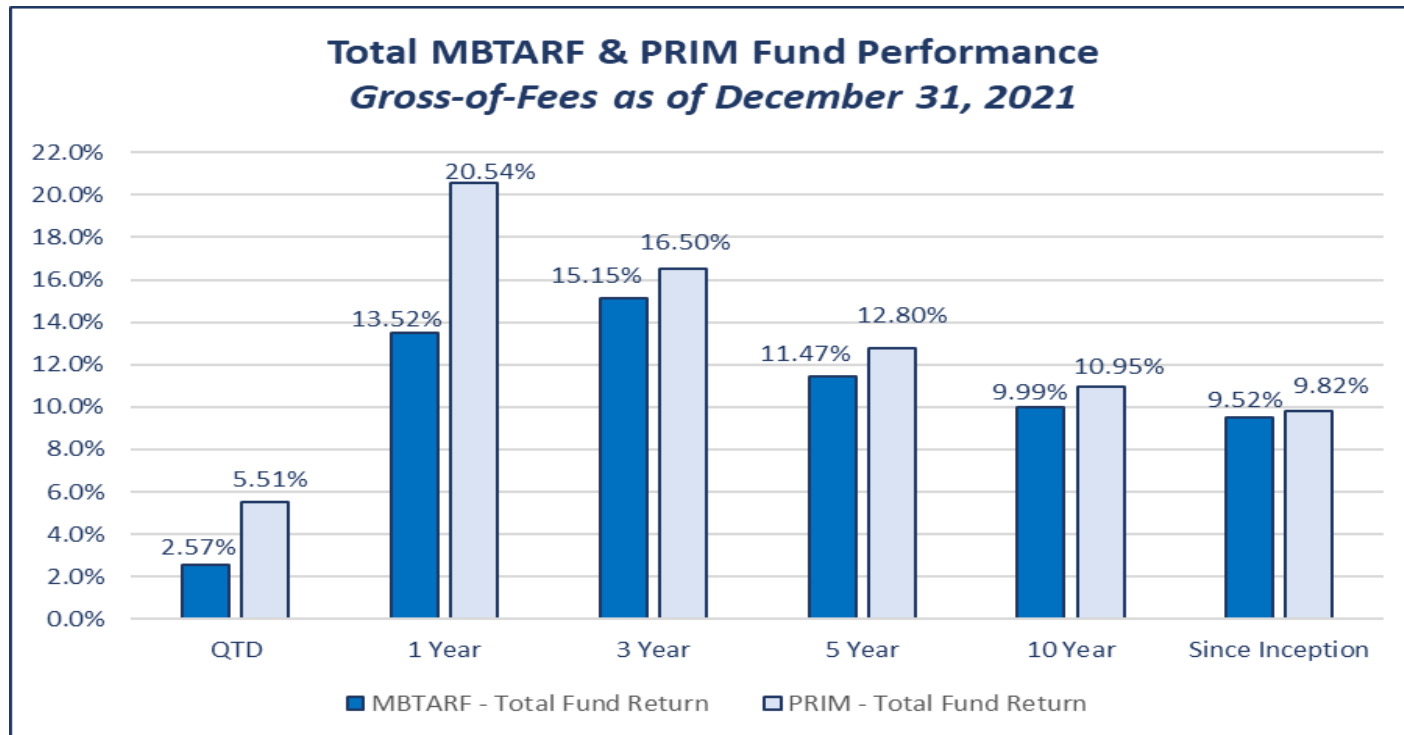
² The inception to date return begins January 1982.

³ The Policy Index replicates the return if the MBTARF were passively invested in assets strictly adhering to the asset allocation targets.

^{4,5} For periods profiled, peer group percentile rankings may change modestly, as additional plan sponsor data is made available.

Finance and Investment – Investment Performance Comparison to PRIM

» Rate of Returns. MBTARF & PRIM (Total Plan) - Gross of Fees¹



» **Total Fund Value.** As of December 31, 2021, the MBTARF’s preliminary total asset value was \$1,905,936,258, which is an increase of \$135,994,982 from the MBTARF’s December 31, 2020 asset value.³

¹ These gross returns for the quarter ending December 31, 2021 are preliminary.

² The inception to date return begins January 1982.

³ The preliminary market value does not include final valuations for private equity, real estate and hedge funds for 2021.

Benefits Department – Status Report – Membership & Payments

- » **Transit Fund Admin Agreement.** The Transit Employees Health and Welfare Fund (the “**Transit Fund**”) provides benefit programs to Retired Members, including Medicare reimbursement, dental insurance, life insurance and vision insurance. In order to assist Retired Members participating in the Transit Fund’s benefit programs, the MBTARF withholds deductions and provides Medicare reimbursement payments on behalf of the Transit Fund. In 2021, the MBTARF executed an administrative agreement with the Transit Fund that (i) sets out and defines limitations to the services the MBTARF provides to the Transit Fund, and (ii) provides contractual remedies and protections to the MBTARF in connection with its provision of services to the Transit Fund, including adding the MBTARF as an additional insured on its insurance policies (including cyber), and providing the MBTARF with robust indemnities.
- » **Retirement Incentives.** No retirement incentives offered by the Authority during calendar years 2016 and 2017 remain available. The MBTARF has no knowledge of any planned retirement incentive packages that may be offered by the Authority in the future.
- » **Meetings.** Due to COVID-19, the MBTARF suspended walk-in consultations and re-configured its phone system instructing individuals to leave voicemails if they had benefits-related questions or otherwise required assistance. Accordingly, between January 1, 2021 and December 31, 2021, Benefits staff returned 4,357 voicemails left by such individuals. Between January 1, 2021 and December 31, 2021, Benefits staff met directly (either in-person or via Zoom) with 216 active and retired members.

Benefits Department – Status Report – Membership & Payments

» **Disability Examinations.**

- **SCOPE Medical.** The MBTARF outsources disability examinations and reexaminations to SCOPE Medical, the provider also used by the MBTA. The limited information the MBTARF receives in connection with these examinations and reexaminations is not subject to HIPAA as per an opinion from MBTARF counsel.
- **Disability Reexaminations.** As of December 31, 2021, 67% of payees in the disability pool have been retested. The disability pool refers to payees who (i) receive a Disability Retirement Allowance; (ii) have received a minimum of 24 payments; and (iii) have not met their normal retirement date (the first day of the month coincident with or next following the sixty-fifth anniversary of the payee's date of birth).

» **Member Benefits - Legal Claims.** As of this date, there are no legal cases pending against the MBTARF involving members or retirees.

» **CTHRU.** The Comptroller's CTHRU initiative has replaced the Commonwealth's "Open Checkbook" website. The MBTARF delivers member and retiree information to the Commonwealth on an annual basis including: Retiree Number, Employee Number, First and Last Name, Monthly Benefit, Annual Benefit, Compensation Offset or Court Order, Date of Retirement and Age at Retirement. The Comptroller has implemented this initiative under its powers and initiatives set out in M.G.L. c. 7A.

Benefits Department – Status Report – Standard Operating Procedures

- » **Overview.** The Benefits Department SOPs are written, standard, uniform, objectively measurable and auditable work-flow procedures designed to assure the prompt, consistent and accurate administration of benefits (including member consultation procedures, retirement procedures, disability procedures, QDRO procedures, contribution refund procedures, and unclaimed property procedures).
- » **Implementation Status.**
 - **Lessons Learned.** The MBTARF held an internal KPMG “lessons learned” meeting with the Finance Department at project commencement to obtain relevant auditor feedback applicable to the development of the Benefits Department SOPs.
 - **Regular, Weekly Meetings.** The Benefits Department and outside counsel then convened regular weekly meetings to develop the standardized procedures. This attention to project management ensured timely and accurate development of the standardized procedures.
 - **Form and Template Document Review.** The Benefits SOPs implementation team also updated the Benefits Department forms and template documents to assure consistency and compliance with the Pension Agreement, applicable law, and best practices. The forms are hyperlinked to the Benefits SOPs to ensure that the Benefits Department has access to the most recent and updated version of the forms and template documents as they continue to be updated in the future
 - **Feedback from External Stakeholders and Service Providers.** The Benefits Department also solicited feedback from external stakeholders and its service providers, its actuary (Buck), its outside counsel for QDRO implementation, and outside counsel for tax advice, with regard to relevant sections of the Benefits SOPs to ensure conformity with current best practices. The PERAC Chairperson also provided feedback in connection with his operational review of the Benefits SOPs.

Questions?

Questions?