

Subject: Pension Raid

I am calling an emergency executive board meeting for Wednesday June 27, 2007 at 10:00am in the Boston office of the PFFM. I respectfully request that every executive board member be present and I am authorizing time off.

I have been informed that the House of Representatives will be deliberating a bill that will mandate all retirement boards to transfer their assets to the Commonwealth of Massachusetts Pension Reserve Investment Trust Fund if a retirement system is not at least 65% funded and is 2% below the PRIT fund ten year return of 10.51%. This is the Legislature's definition of underperforming boards.

If this legislation passes the following boards will be mandated to turn over all their pension assets and all of the contributions that we have put in over our careers to the State and put our pensions at risk: Amesbury, Athol, Barnstable County, Chelsea, Chicopee, Dukes County, Everett, Fall River, Fitchburg, Hampshire County, Lawrence, Lynn, Melrose, Methuen, Middlesex County, Norfolk County, Peabody, Pittsfield, Plymouth, Springfield, Waltham, Watertown, West Springfield, Winthrop and Worcester County.

To single out these municipal and county boards as underperforming is wrong. We do not condone underperforming boards but every board has their own autonomy under the law and has a fiduciary responsibility to their communities and members of the retirement systems. If they are underperforming sanctions may be taken under the law against these so called underperforming boards.

Every board in the Commonwealth of Mass. is on a funding schedule and must be fully funded by the year 2028. They are half way there and new rules are being established in the middle of the schedule. Almost every board has met or surpassed their actuarial assumptions.

PRIT and PRIM are not the panacea everyone portrays. Last Friday the Market went down 186 points. All pension assets should not be in one fund controlled by a board that has absolutely no oversight or regulations by any agency public or private. They invest in hedge funds whose managers also have no oversight regulation by any agency. This legislation is a prescription for disaster.

Is the PRIT fund going to be a fiduciary under the law for their actions? Is the PRIT Fund and or PRIM also going to accept the responsibility that pensions will be paid to retirees and accept liability?

Is this legislation constitutional? Is this legislation an unfunded mandate? Is the Commonwealth going to assume all costs for the transfer? Why does this proposal use a 10 yr return? Would it not be prudent to use the time span from 1988 when PERAC started calculating returns and funding schedules were mandated by law? Does this proposal state a time when retirement boards and systems can take back control of their assets from PRIT?

These are just a few legitimate questions that should be answered. This proposal fails to address many issues and shows a fundamental lack of understanding concerning retirement systems and their relationship with their respective cities, towns or counties.

Please notify all our locals and members and ask them to communicate with their respective State Representatives and oppose this legislation. The bulk of the assets of the retirement systems are mostly all public employee deductions. The employers did not contribute until they were mandated in 1988. Please request your legislators to protect our pension assets in order that a pension will be there at the end of our careers.

I will speak to any member or any legislator at anytime if there are questions in regards to this communication. The proponents of this legislation have stated that if passed this legislation will reduce the stress on local property taxes. This is disingenuous and sends a false characterization.

Sincerely,

Bob McCarthy, President  
Professional Firefighters of Ma.  
130 Bowdoin St., Suite 710  
Boston, M., 02108

I have sent the following communication to our Legislators:

From: Robert McCarthy <[pffm1@aol.com](mailto:pffm1@aol.com)>  
Date: Mon, 25 Jun 2007 15:55:47 -0400  
Subject: FW: Pension Raid

Dear Legislator,

On behalf of the over 12,000 union firefighters together with their families and our retirees, I request that this legislation be withdrawn and or be put on hold in order that we may present more facts on why this proposal is unfair to members of the systems. If passed this could cause undue and unintended harm. We do not support or condone underperforming boards but this does not solve the problem and punishes hardworking boards who have performed under the rules that the law stated and in fact, through 2005

every municipal retirement board has out performed their actuarial return assumption with the exception of Greater Lawrence which is 99% funded. Please do not destroy a system that is on a schedule to have all boards fully funded by the year 2028. We are willing to work with you to define the so called "underperforming boards.

Yours truly

Bob Mccarthy  
President  
Professional Firefighters of Ma.