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How Boston's Pension System Compares

Of the 105 systems, SBRS measures up relatively well in key indicators

The State-Boston Retirement System (SBRS) is in a relatively good financial position according to the Massachusetts Public Employee Retirement Administration Commission (PERAC) 2012 annual progress report on the status of the Massachusetts 105 pension systems. PERAC oversees the state public pension program and the State and State Teachers systems and 103 local systems.

Year Fully Funded The SBRS is one of 15 retirement systems or 14% of the 105 currently scheduled to reach full funding of its unfunded pension liability by 2025, 12 years from now. Eighty-nine systems are scheduled to reach full funding after 2025.

Boston	2025
Sooner	13 systems
Later	89 systems
Same	2 systems
Earliest	2012 (1 system)
Latest	2040 (8 systems)

Funding Schedule The SBRS's funding schedule assumes an annual increase in city appropriations of 9.25% to reach full funding by 2025, which is the most aggressive of the 105 systems.

Assumed Rate of Return The investment rate of return assumed by the SBRS of 7.75% places it in the lowest 17% of the 105 systems. Higher return rates were used by 83% of the systems, with the highest rate of 8.25% used by 11 systems. The lowest

assumed rate of return of 7.50% is used by only four systems.

Assumed Rate of Return

Boston	7.75%
Lower	5 systems
Higher	87 systems
Same	12 systems
Highest	8.25%
Lowest	7.50%

Funded Ratio The value of assets held by the SBRS is equal to 70.7% of its actuarial accrued liability, placing it in the top 24% of state pension systems. This funded ratio does not include the teacher assets or liabilities. Since 2010, the Commonwealth has been responsible for the teacher pension unfunded liability and the investment of the fund assets attributable to the teachers.

Funded Ratio

Boston	70.70%
Lower	80 systems
Higher	24 systems
Highest	104%
Lowest	29%

Investment Return The annualized rate of investment return over the five years from 2008-2012 was 3.25% for the SBRS, placing it in the top 17%. However, its 2012 investment return of 13% placed it below 75 other systems. The composite return for all 105 systems was 13.84% and the return rate for the State and State Teachers systems was 14% in 2012.