



ARTICLE 22: Retirement Board Stipends

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Mr. Fulton moves that the Town take affirmative action on Article 22 as printed in the Warrant.



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Retirement Board Stipends

Initially, retirement board members served without compensation but were reimbursed for expenses or loss of salary incurred through board service. Over time, to better compensate for their responsibilities, stipends were introduced.

The amendment to Massachusetts General Laws Chapter 32, Section 20, which introduced stipends ranging from \$3,000 to \$4,500 per year for elected and appointed members of city, town, county, regional, district, or authority retirement boards, was formalized in 2011 through Section 34 of Chapter 176 of the Acts of 2011.



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Retirement Board Stipends

This legislative change was designed to recognize the significant fiduciary responsibilities undertaken by retirement board members, including the management of substantial public pension funds and ensuring compliance with complex regulations. By providing a modest stipend, the amendment aimed to attract and retain qualified individuals to these critical roles, acknowledging the time and expertise required.

The stipend provision requires acceptance by the appropriate local legislative body (Town Meeting).



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Retirement Board Stipends

- Of the 104 Retirement Systems in the state, 74 of them provide stipends to their Board members, which is 71% of all boards.
- Many retirement system funds are invested in PRIM, managed by the Pension Reserves Investment Management (PRIM) Board, which oversees the Pension Reserves Investment Trust (PRIT) Fund in Massachusetts. The Concord Retirement Board has 47.7% asset allocation to PRIT and actively manages the remaining 52.3% of the approximate \$240M in assets.
- The funds for the stipends comes out of the Retirement System's Operating budget which is taken from the investment income received.



ARTICLE 22: Retirement Board Stipends

Why should the Retirement Board receive stipends and what is the difference between them and other boards/committees?

- Legal Authority and Structure
- Financial Responsibility
- Training and Oversight
- Board Impact



Legal Authority and Structure

Retirement Board

- Governed by Massachusetts General Laws Chapter 32.
- Overseen by the Public Employee Retirement Administration Commission (PERAC).
- Has fiduciary responsibility for managing Concord Retirement System.
- Members can be elected, appointed, or ex officio (e.g., Town Accountant).
- Often includes paid staff and may provide stipends to board members.



Legal Authority and Structure

Other Volunteer Boards

- Examples: Planning boards, zoning boards, cultural councils, conservation commissions, etc.
- Governed by local bylaws or state statutes (not MGL Chapter 32)
- Typically, advisory or regulatory, without fiduciary responsibility for large funds.
- Usually fully volunteer with no financial compensation.



Financial Responsibility

Retirement Board

- Actively engage in investing and managing approximately \$240M in the pension fund by diversifying the investments of the system to minimize the risk of large losses.
- Makes investment decisions, approves benefits, and ensures actuarial funding.
- Can impact the long-term financial health of municipalities.



Financial Responsibility

Other Volunteer Boards

- Usually have no direct control over large financial assets.
- Budget influence is generally limited to recommending or advising.



Training and Oversight

Retirement Board

- Required to complete mandatory fiduciary training through PERAC.
- Subject to audits (MGL Ch 32), ethics rules (MGL Ch 268A), and open meeting laws (MGL Ch 30A).
- Legally liable for breaching fiduciary duties.
 - *A breach occurs when a fiduciary fails to act in the best interests of the beneficiaries, such as by engaging in self-dealing, making imprudent investments, or failing to disclose information.*



Training and Oversight

Other Volunteer Boards

- Training varies by board and community.
- Usually, only subject to open meeting laws and standard ethics rules.



Board Impact

Retirement Board

- Directly affects the retirement benefits of public employees (firefighters, police, non-teaching school staff, etc.).
- Their decisions can have significant financial consequences for individuals and local budgets.



Board Impact

Other Volunteer Boards

- Impact may be substantial (e.g., zoning decisions), but not tied to individual financial security or long-term investment oversight.



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