

## Message from the Executive Director



Our money and our health are two of the most important needs in our lives. This is because both help us to create the life we want for ourselves and our families.

Managing our money to meet our needs is important. Regular paychecks while we are working are helpful because they are the same month to month. The same is true for your MainePERS retirement benefit. You get the same amount each month delivered on time once you have retired. Social Security, if you receive it, serves a similar purpose.

Managing personal savings can be more difficult. Knowing how to invest and when to withdraw your money in a way that lasts your lifetime requires more time and attention.

MainePERS faces the same challenge in managing the retirement plan trust fund. We decide where we will invest the money so that it will grow and be there to pay your benefit. Our professional investment team works with other professionals and the Board of Trustees to create our investment mix. We weather market swings by sticking with our investment mix. We aren't tempted to react to short term market ups and downs.

Research suggests staying the course with a well-thought out investment strategy is also a good approach for individuals managing their retirement savings. Some people choose their own investment strategy while others use a personal financial advisor to help manage their retirement savings. Whichever you choose, you should be sure to research your decisions with information from reputable non-profit financial education associations.

No matter if you are working or retired, following a budget is a great way to grow your savings. And while you're managing your budget, don't forget that one of the best ways to save during retirement is to maintain healthy habits. Not spending money on avoidable healthcare costs can be a great boost to a sound retirement strategy.

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### What is a CAFR?

What exactly *is* a CAFR and why is it important to you? CAFR stands for Comprehensive Annual Financial Report. MainePERS, along with most state and local governments, issues one annually. It is important to you because you can find almost everything within the CAFR you might want to know about the financial strength of your retirement benefit.

We publish our CAFR every December. It includes financial information for the year that ended the previous June 30th. It has five sections.

1. **Introductory Section.** This section provides information about the MainePERS Board of Trustees and management. This section also includes information about recent laws that affect your benefit.
2. **Financial Section.** This is where you can find our balance sheet and income statement. You can see how much money is in the trust and how our money was spent during the year.
3. **Investment Section.** This section shows where we invest the money held in the trust fund. You can also see how much we earn on this money year to year.

#### Inside this issue:

- Message from the Executive Director
- What is a CAFR?
- Disability Retirement Task Force
- Keeping Your Personal Data Safe
- New Board Member
- Legislative Update

*and more!*

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**MainePERSpective**

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Editor: Deborah Fish

**What is a CAFR? ...continued from page 1**

4. Actuarial Section. This section shows things like how many members are in each of our plans, what is the average benefit in each plan, and other interesting information. The last ten years of historic information is included.
5. Statistical Section. This is where you can find interesting facts about each of our plans for the last ten years. These facts include how much was contributed, how much was earned, and how much was paid out in benefits for each plan.

Why do we prepare a CAFR? It is a great resource for people who want to know more about MainePERS. We also prepare it for the Government Finance Officers Association. We have earned their Certificate of Achievement for Excellence in Financial Reporting Program for the past eleven years.

We think this is important because their guidelines go far beyond the minimum requirements for financial reporting. This allows us to better serve you and to meet our goals for transparency.

You can find MainePERS' most recent CAFR, for the fiscal year ended June 30, 2015, on the homepage of our website at [www.maineopers.org](http://www.maineopers.org).

**Disability Retirement Task Force**

MainePERS provides two types of retirement: service and disability. Service retirement is available when you reach an eligible retirement age in your plan. Disability retirement is available if you become permanently disabled from an illness or injury you acquired while you are working and paying into a MainePERS retirement plan.

The disability retirement benefit was defined in legislation decades ago. It has had minor modifications over the years. Some of our members have expressed frustration with the application process. We formed a task force in 2014 to try and understand why so that we could make improvements. We called it the Disability Retirement Task Force. The group includes external members, employers, and MainePERS staff familiar with the disability retirement benefit.

The task force formed three initial observations. The first, based on a survey of employers, is that some people see this program as long-term disability insurance. Long-term disability insurance benefits are temporary; they are not a permanent disability retirement. We understand this confusion and the amount of time required to provide the information necessary for a permanent disability retirement can be frustrating.

The second observation is that our members might be better served if they have long-term disability insurance. This type of insurance can provide income protection for members while they recover and go back to work or while they gather the information needed for a disability retirement review. A bill was introduced by Representative Bob Foley and passed in 2016 authorizing MainePERS to study the options for making long-term disability insurance available to members. The task force will review the report before submitting it to the legislature.

The third observation is that while the MainePERS process to review disability retirement applications is thorough and meets industry standards, it can be made much easier for members. MainePERS has recently formed an additional team to revamp all aspects of the MainePERS disability retirement application and review process. This team included member and employer stakeholders, external professionals, and MainePERS.

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## Disability Retirement Task Force...continued from page 2

The new team is currently studying ten areas for change and improvement. When complete, the Disability Retirement Task Force will review the team's actions. Finally, we will get an independent disability retirement expert in to determine if the changes are consistent with modern best practices. The last steps will be to implement the changes or submit new legislation for any parts that need to be changed by law.

We plan to include our progress on our website in the next few weeks. In the meantime, we always welcome your thoughts. You can share these by calling 207-512-3100.



### Legislative Update

For those of you that follow pension bills in the legislature, we have provided a summary of laws that have been approved and those waiting further actions. You can find more information about each bill on our website at [www.mainebers.org](http://www.mainebers.org) after the legislative session ends, which is scheduled to be on April 20, 2016.

#### New Laws Approved in 2016:

**Chapter 384 (L.D. 995)** – Establishes how MainePERS membership issues are decided and addressed for participating local district employees whose plan participation is optional.

**Chapter 385 (L.D. 1021)** – This law primarily makes technical corrections, but does include one important change for members who retire from State employment on or after July 1, 2015 and whose retirement benefit would increase if lost wages due to frozen merit increases in fiscal year 2012 were included in the calculation of the retirement benefit. It permits those members to elect to include the lost wages if they pay the associated back contributions and interest. Similar lost wages in other fiscal years are already treated in this manner, and this bill corrects an oversight that unintentionally excluded fiscal year 2012. MainePERS will contact retirees who can take advantage of this law change.

**Chapter 392 (L.D. 1463)** – Clarifies, but does not change, the terms under which a member who has been denied disability retirement benefits may reapply for benefits. The law also authorizes MainePERS to study the feasibility of offering a long-term disability insurance program.

#### Awaiting Further Consideration:

**L.D. 654** – This proposal allows detectives who work in the Attorney General's Office to participate in a so-called "special plan" in which other groups of law enforcement officers participate.

**L.D. 927** – This proposal addresses retirement matters for employees when a State facility closes.

(4)

MainePERSpective is written and printed to meet your needs. Articles are based on timely information important to you as well as common questions asked by many of our members. Our newsletter is printed online, which helps us reach members in the way they prefer. We respect the environment by printing on recycled paper and using soy-based inks—for a cleaner, healthier planet.



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