# MainePERSpective

for Members, Retirees, and Employers of Maine Public Employees Retirement System



**SPRING 2016** 

# Education ISSUE

# **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.

## 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.

#### 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!

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.

...continued on page 2

#### **BOARD OF TRUSTEES**

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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.mainepers.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.



# **Keeping Your Personal Data Safe**

Keeping your information safe and secure is one of our highest priorities. We are always working to protect your information.

You can help keep your information safe if you know that we do not call you for personal information unless you've requested information from us. If you do receive an unsolicited call from someone saying they are MainePERS, please do not give out any information. Instead, call us at 207-512-3100 and report the call. We will verify it is you with a few short questions and resolve any concerns.

Please feel free to call us about your retirement benefits any time Monday through Friday from 7:30 a.m. to 5:00 p.m. Or, you can use Zixmail, our secure e-mail system, if these times aren't convenient for you. You can find Zixmail on the "Contact Us" page of our website, www.mainepers.org.

Other tips for keeping your information safe include:

- Never include your Social Security number when using regular e-mail;
- Think carefully before putting personal information on social media;
- Look carefully at links you receive in e-mail before clicking on them;
- Never click on a link from someone you don't know or any links in e-mails from people you do know that seem suspicious. Their e-mail may have been hacked;
- Create a different password for every account you have. Subscribe to a reputable password vault to help you remember all of your passwords;
- Make your passwords complicated to guess by using a combination of letters, numbers, and symbols;
- Avoid using public Wi-Fi for sensitive activities such as online banking or shopping;
- Keep your trusted software up-to-date. Trustworthy software vendors are continuously improving their security too.

We want to be your partner in keeping your information safe. Please call us at 207-512-3100 anytime you have questions.

# Retirees -New Advice of Deposit Forms Effective April 2016



#### **New Board Member**

We are very happy to welcome a new member to our Board of Trustees. Phil Brookhouse is a retired middle school teacher from Auburn. He worked with Maine Learning Technology Initiative for nine years and is currently consulting for the Auburn School Department for gifted and talented high school students. Mr. Brookhouse has been an active member of professional associations as well as numerous educational and technology efforts. He also has served as vice chair and chair of the MEA Benefits Trust. Mr. Brookhouse attended Michigan State University, has a BS Ed from UMF, and a MS Ed from USM.

# **Retiree Benefit Payment Calendar**

You called and we listened! You want the return of the Retiree Benefit Payment Calendar, which we stopped mailing in 2015.

We're starting by including the benefit payment schedule for the remainder of 2016 in this edition of the MainePERSpective. We're also bringing together a group of retirees to create a 2017 calendar that really works for you. If you have any thoughts you want the group to consider, please send an e-mail to Communication@mainepers.org or write to us at Attn: Communications, MainePERS, P.O. Box 349, Augusta, ME 04332-0349.

Watch for your 2017 benefit payment calendar late this fall. Thank you for your feedback about the importance of this calendar to you.



Friday, April 29
Friday, May 27
Wednesday, June 29
Friday, July 29
Tuesday, August 30
Thursday, September 29
Friday, October 28
Tuesday, November 29
Friday, December 30\*

\*Benefit Payment & Advice of Deposit Mailing Date. (An Advice of Deposit is mailed whenever your net benefit changes by a dollar or more.)

### 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 <a href="https://www.mainepers.org">www.mainepers.org</a> 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.

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