MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Board of Trustees

Public Meeting Packet

July 11, 2024

MainePERS Board of Trustees Meeting
July 11, 2024
139 Capitol Street, Augusta

AGENDA

9:00 a.m.[1]		CALL TO ORDER		Dick Metivier
9:00 – 9:05 a.m.	1.	CONSIDERATION OF CONSENT CALENDAR • Minutes of June 13, 2024 Meeting • Consideration of Items Removed	ACTION	Dick Metivier
9:05 – 9:25 a.m.	2.	INVESTMENT REVIEW • Investment Monthly Review		James Bennett Brian McDonnell
9:25 – 9:30 a.m.	3.	PRIVATE MARKETS REVIEW • Private Markets Activity		James Bennett Doug Porter
9:30 – 9:45 a.m.	4.	PROXY VOTING REVIEW		James Bennett
9:45 – 10:45 a.m.	5.	ACTUARIAL • Rate Setting for State-Sponsored Plans FY26-27 • GLI Premium Study and Premium Setting for State-Sponsored Plans	 ACTION ACTION	Gene Kalwarski, Bonnie Rightnour, Greg Reardon, Ryan Benitez; Cheiron
10:45 – 11:00 a.m.		*BREAK*		
11:00 – 11:15 a.m.	6.	RULEMAKING • Proposed New Rule Chapter 513 • Amended Rule Chapter 506 • Amended Rule Chapter 103	 ACTION ACTION ACTION	Michael Colleran Nanette Ardry
11:15 – 11:45 a.m.	7.	CEO REPORT • Stakeholder Concerns – Divestment • Mission Moment - GLI		Dr. Rebecca M. Wyke James Bennett Mara McGowen Stacey Beckim
11:45 – 11:55 a.m.	8.	MEMBER SERVICES, FINANCE, and OPERATIONS REPORT		Mara McGowen Sherry Vandrell Michael Colleran
11:55 a.m. – 12:00 p.m.	9.	LITIGATION UPDATE		Betsy Stivers
12:00 p.m.		ADJOURNMENT		Dick Metivier

[1] All times are estimated based upon the anticipated length of each presentation, hearing, discussion, and action. The presiding officer may take agenda items out of order for more efficient or effective conduct of the meeting.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Minutes

Board of Trustees	MainePERS
Board Meeting	Augusta
June 13, 2024	9:00 a.m.

The Board of Trustees met at MainePERS, 139 Capitol Street, Augusta, ME 04330 at 9:00 a.m. on June 13, 2024. Brian Noyes, Chair, presided. Other Trustees participating were: Dick Metivier, Vice Chair; Henry Beck, State Treasurer; John Beliveau; Shirrin Blaisdell; Nate Burnett; Kirk Duplessis; and John Kimball. Joining the Trustees were Dr. Rebecca Wyke, Chief Executive Officer; Michael Colleran, Chief Operating Officer and General Counsel; James Bennett, Chief Investment Officer; Scott Lupkas, Deputy Chief Investment Officer; Chip Gavin, Chief Services Officer; Sherry Vandrell, Chief Financial Officer; Monica Gorman, Secretary to the Board of Trustees; and Betsy Stivers, Assistant Attorney General and Board Counsel. The Board also was joined for select portions of the meeting by Nanette Ardry, Associate General Counsel; Seth Keller, Asset Class Head, Investments; Stuart Cameron, Cambridge Associates; William Greenwood and Sean Crawford, Albourne; Tom Lynch and George Bumeder, Cliffwater; and Gene Kalwarski, Greg Reardon, and Ryan Benitez, Cheiron.

Brian Noyes called the meeting to order at 9:00 a.m. Kirk Duplessis and John Kimball participated through video remote access pursuant to 1 M.R.S. § 403-B, having been excused from in-person attendance. All other Trustees were in-person.

CONSIDERATION OF THE CONSENT CALENDAR

The presiding officer called for consideration of the Consent Calendar. The action items on the Consent Calendar were:

- Minutes of May 9, 2024
- Decision, K. T. Appeal

- Action. John Beliveau made the motion, seconded by Nate Burnett, to approve the Consent Calendar. Unanimously voted in favor by six Trustees (Beliveau, Blaisdell, Burnett, Duplessis, Metivier, and Noyes).

PRIVATE MARKETS ACTION

Jim Bennett introduced Scott Lupkas, who joined MainePERS in May as Deputy Chief Investment Officer. Jim then introduced two investment recommendations. Jim reported that the Investment Team believes that a commitment to Voleon Composition Fund is unlikely to involve any investment in stocks, securities, or other obligations of fossil fuel or for-profit prison companies. Jim reported that while Stonepeak's Infrastructure Fund V was not expected to make any investments related to for-profit prison companies, it was likely to make investments related to fossil fuel companies. Jim noted that the Investment Team expected that these investments would constitute a minority of the Fund's investments, and that any such investments would be in areas such as power generation, pipelines, and LNG transportation. Jim then suggested that any specific questions regarding the commitments be addressed in executive session.

- Action. Dick Metivier made the motion, seconded by Shirrin Blaisdell, to enter into executive session pursuant to 1 M.R.S. §405(6)(F); 5 M.R.S. §17057(4) to discuss private market investment information contained in non-public documents. Unanimously voted by six Trustees (Beliveau, Blaisdell, Burnett, Duplessis, Metivier, and Noyes).

Henry Beck and John Kimball arrived at 9:05 a.m.

The Board moved out of executive session.

Voleon Composition Fund

- Action. Shirrin Blaisdell made the motion, seconded by Dick Metivier, that MainePERS make a commitment of up to $100 million to Voleon Composition Fund, subject to final due diligence, legal review and negotiations, and authorize the Chief Executive Officer, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

Stonepeak Infrastructure Fund V

- Action: Dick Metivier made the motion, seconded by John Beliveau, that MainePERS make a commitment of up to $25 million to Stonepeak Infrastructure Fund V, subject to final due diligence, legal review and negotiations, and authorize the Chief Executive Officer, Chief Investment Officer, and General Counsel as signatories to execute documents in connection with this commitment. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

INVESTMENT REVIEW

Investment Monthly Review

Jim Bennett reported that as of May 31, 2024, the MainePERS fund had a preliminary market value of $19.6 billion, the preliminary return for the month was 1.2%, and the preliminary calendar year-to-date return was 3.2%.

PRIVATE MARKETS REVIEW

Private Markets Activity

Jim Bennett reviewed the table of private market funds and co-investments that had closed during the past 12 months. Jim shared there are no meetings with managers scheduled for June.

INVESTMENT EDUCATION

Public Equity Investment Implementation

Jim Bennett summarized the first two steps of the investing process. Jim reviewed the third step, Implementation, with focus on public equity. Jim and Stuart Cameron answered questions from the Trustees.

FINANCE AND AUDIT COMMITTEE

Report from the Committee

Shirrin Blaisdell, Chair of the Finance and Audit Committee, reported that the Committee had met on May 16, 2024 and discussed the FY25 budgets and are recommending approval by the Trustees.

Board of Trustees Budget Briefing

Dr. Rebecca Wyke reviewed the FY2025 Budget Briefing presentation with the Trustees. Dr. Wyke answered questions from the Trustees.

FY2025 Administration and Investment Operations Budget

Dr. Wyke and Sherry Vandrell reviewed the Administrative and Investment Expenses Budgets with the Trustees. There was an increase of 13.4% in the proposed Administrative Operations Budget and an increase of 7.7% in the proposed Investment Operations Budget. Dr. Wyke and Sherry responded to questions from the Trustees regarding both budgets.

- Action. Shirrin Blaisdell made the motion, seconded by Henry Beck, that the Board approve the FY25 recommended Administrative Operating Budget in the amount of $21,994,206 and the recommended Investment Operations Budget in the amount of $6,929.814. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

ACTUARIAL PRACTICES EDUCATION

Rate Setting

In accordance with Board Policy 1.8, Gene Kalwarski provided the Trustees with a training on actuarial practices. Gene reviewed the rate setting timeline, how the actuarial contribution is determined, and the roll forward process. Greg Reardon discussed the historical data and impact of inflation rates. Gene and Greg answered questions from the Trustees.

ACTUARIAL ECONOMIC ASSUMPTIONS REVIEW

Gene Kalwarski and Greg Reardon reviewed the investment return and inflation actuarial assumptions with the Trustees, including historical experience, industry trends, risk tolerance, cash flow, and future expectations, before recommending no changes to the current assumptions. Gene and Greg answered questions from the Board.

- Action. Henry Beck made a motion, seconded by Nate Burnett, that the Board accept the recommendation of the actuary to maintain the current economic assumptions. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

GLI PREMIUM STUDY

Ryan Benitez shared an overview of the Group Life Insurance Program premium study and preliminary results. Ryan stated a recommendation to approve the premium rates for State Employees and Teachers will be brought before the Board at the July meeting. He stated the PLD Advisory Committee will also receive the same presentation and recommendation to approve rates for PLD Employees in the fall for FY27. Ryan and the Trustees discussed the study.

RULEMAKING

Public Hearing on Proposed New Rule Chapter 513 and Proposed Amendment of Rule Chapter 506

Brian Noyes reviewed the process for in-person and virtual attendees from the public to participate and comment during the public hearing on the proposed amendments. The following spoke at the public hearing: John York, Susan Hawes, and Andy Willigar. No one attending remotely offered comments.

Michael Colleran summarized the proposed new Rule Chapter 513 compensation limitations and offsets to disability retirement benefits and submission of annual statements by disability retirees. Michael also summarized the proposed amendment to Rule Chapter 506 amending the definition of "earnings" to align with the definition in the proposed new Rule Chapter 513.

Nanette Ardry summarized the proposed amendment to Rule Chapter 103 governing administration of qualified domestic relations orders.

Michael Colleran stated the amendment to Rule Chapter 201, employer reporting and payments, will not be presented for a vote as stated in the agenda. Further review of the amendment is necessary and will be brought before the Board at a later date.

Brian Noyes stated written public comments may be submitted until 4:00 p.m on Monday, June 24, 2024.

DC PLANS

Michael Colleran shared proposed recommended amendments to the MaineSTART 401(a) and 457 plan documents and to the MainePERS 401(a) Supplemental Retirement Plan to reflect changes in federal law and other improvements.

- Action. Henry Beck made the motion, seconded by Shirrin Blaisdell that the Board adopt the amended MaineSTART 401(a) and 457 plan documents and the amended MainePERS 401(a) Supplemental Retirement Plan and authorize the Chief Executive Officer and the Chief Operations Officer and General Counsel to sign any documents related to effecting this action. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

MAINESTART QUARTERLY REVIEW

Michael Colleran presented the MaineSTART Quarterly Review for the quarter ending 3/31/24.

CEO REPORT

Board Self-Evaluation Survey

Dr. Rebecca Wyke shared that Amy McDuffee, the Board's governance consultant, will be emailing Trustees the Board self-evaluation survey. She stated Amy will be attending the August Board meeting to provide governance education and to discuss the survey results with the Trustees.

Stakeholder Concerns

Dr. Rebecca Wyke shared that she and Brian Noyes, Jim Bennett, and Michael Colleran met with a group of fossil fuel divestment supporters. Dr. Wyke stated the group provided information that MainePERS is researching and will report on to the Board in the near future.

BOARD RESOLUTIONS

- Action. Henry Beck made the motion, seconded by Dick Metivier that the Board adopt a resolution to add Jennifer Lidback to the list of authorized signers on the accounts of MainePERS held at Bangor Savings. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

- Action. Henry Beck made the motion, seconded by Dick Metivier that the Board approve the establishment of the two new Insured Cash Sweep (ICS) accounts to be held by Bangor Savings Bank and authorize the Chief Executive Officer and Chief Financial Officer as signatories to execute documents in connection with establishing these accounts. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

Chip Gavin shared the updated design of the call routing system is proving to be successful. Chip stated the initial wait time has been shortened from the average of four minutes to around thirty seconds.

Sherry Vandrell reported 95% of employers submitted payrolls on time in May. She stated account reconciliations reached 81.2% through the end of March. Sherry shared with the Trustees the newest chart being included in the monthly report is the oldest unreconciled transactions. She stated the Portland Public Schools continue to make great progress in the data correction reporting. Sherry stated CliftonLarsonAllen has completed the member estimates and statements of account review and will provide the completed report to the Finance and Audit Committee at their August meeting.

Brian Noyes, on behalf of the Board, commended Sherry and her staff on the great job they are doing assisting the Portland Public Schools.

Michael Colleran shared a contract with Regional Electric LLC has been entered into for purchase and installation of a generator for the Augusta office. He stated recruiting for eight positions is currently underway.

LEGISLATIVE UPDATE

Kathy Morin shared the Legislature has adjourned and remaining bills will be carried over or will die at the end of this Legislature (December).

LITIGATION UPDATE

Betsy Stivers shared the Court denied the Hawes FOA appeal. She stated there is no new information on the Stoddard overpayment matter as it is still in the discovery stage. Betsy reported receipt of an appeal prior to final agency action on a disability matter that is still before a hearing officer. Betsy will be filing a motion to dismiss as the litigant has not exhausted her administrative remedies as required by law.

ADJOURNMENT

- Action. Henry Beck made the motion, seconded by Shirrin Blaisdell, that the June meeting adjourn. Unanimously voted by eight Trustees (Beck, Beliveau, Blaisdell, Burnett, Duplessis, Kimball, Metivier, and Noyes).

The meeting adjourned at approximately 2:00 p.m.

7/11/24
Date Approved by the Board

Dr. Rebecca M. Wyke, Chief Executive Officer

Date Signed

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: MONTHLY INVESTMENT REVIEW

DATE: JULY 3, 2024

Following this memo is the Monthly Investment Review for June and the Proxy Voting Review.

POLICY REFERENCE

Board Policy 2.1 – Investment Policy Statement

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

MONTHLY INVESTMENT REVIEW: HIGHLIGHTS AND OBSERVATIONS

Preliminary Fund results for the month include:

- Month-end fund value of $19.7 billion.
- Monthly return of 0.4%.
- Calendar year-to-date return of 3.8%.
- Fiscal year-to-date return of 7.3%.

MainePERS
PUBLIC EMPLOYEES RETIREMENT SYSTEM

Investment Review

July 11, 2024

Investment Policy Objective

Investment Objective

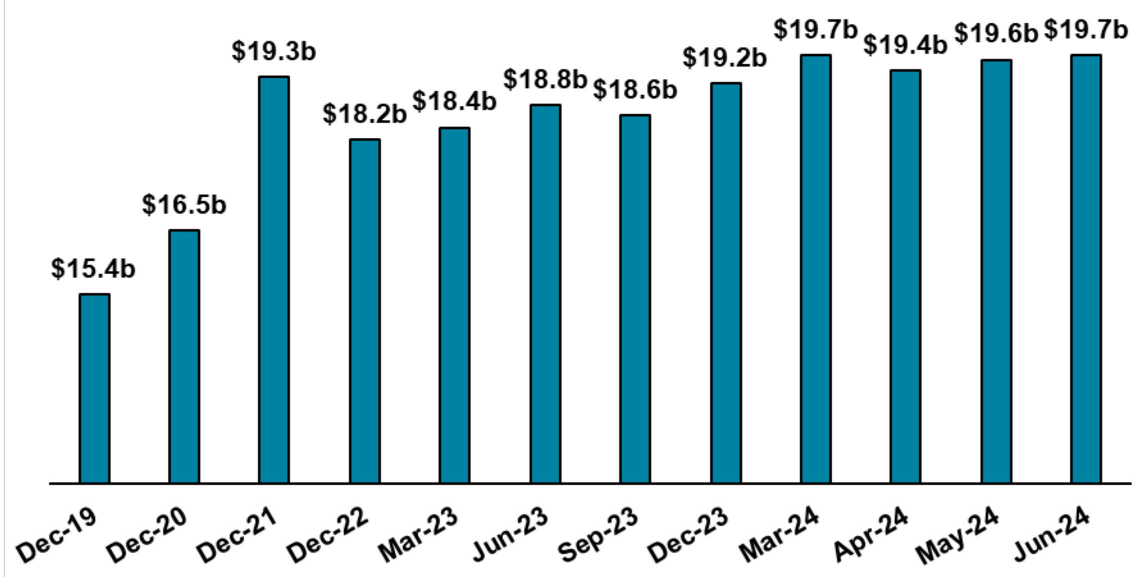
MainePERS' investment objectives balance the System's twin goals of generating investment returns (to ensure growth of the trust funds) and minimizing investment risks (loss of capital and cash flow shortfalls).

The Board recognizes and accepts that these goals are in opposition, and that a trade-off exists between expected risk and return. The Board balances these goals by seeking to optimize portfolio returns consistent with an established targeted portfolio risk level.

Additionally, by optimizing investment returns on trust assets, rather than attempting to maximize them, the Board seeks to maintain contribution rate and funding level volatility at acceptable levels that have been determined from time to time during strategic asset allocation planning and asset/liability reviews.

June 2024 Performance (Preliminary)

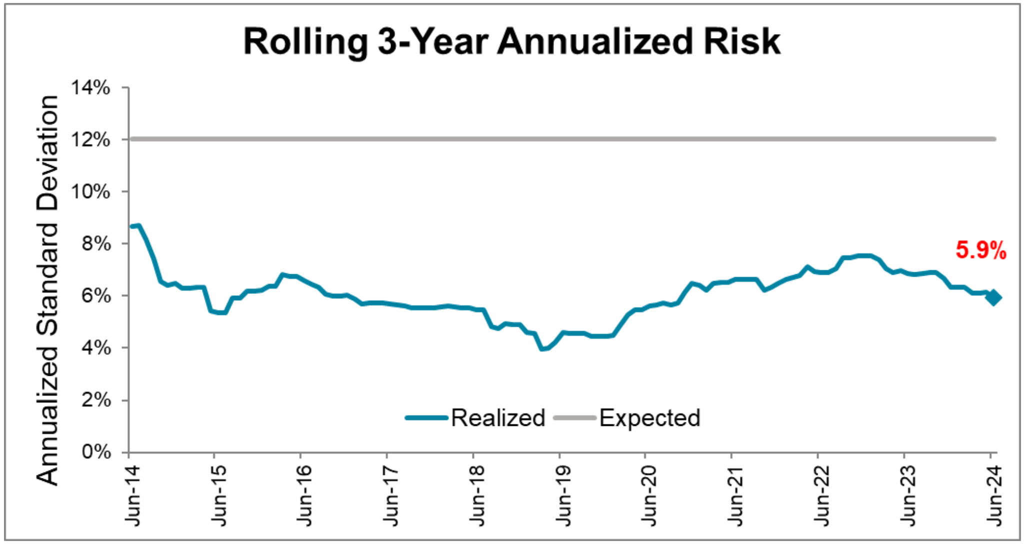
The preliminary fund value at the end of June is $19.7 billion.



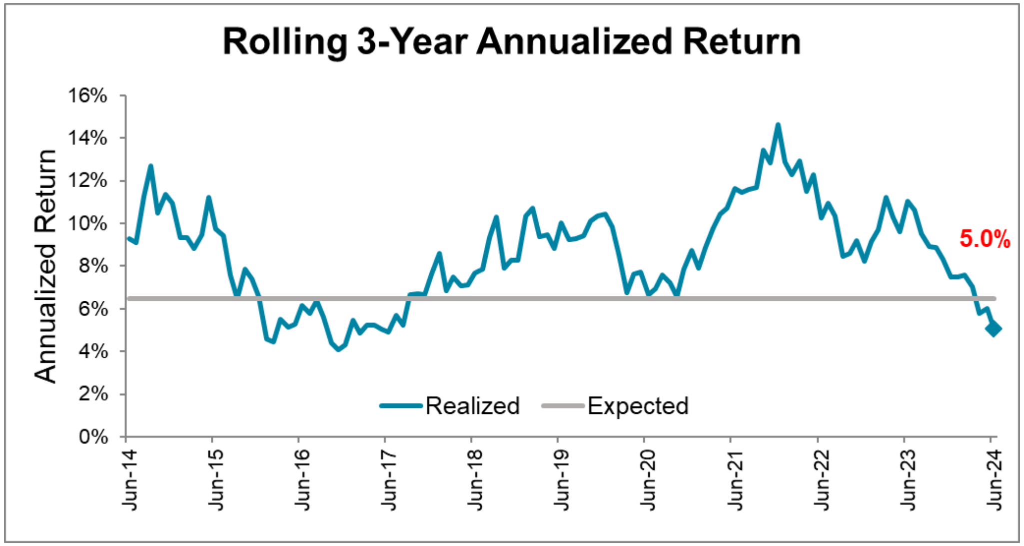
<u>Fund and Benchmark Returns</u>

	Jun-24	CYTD 2024	FYTD 2024
Total Fund	0.4%	3.8%	7.3%
Russell 3000	3.1%	13.6%	23.1%
MSCI ACWI ex-USA	-0.1%	5.7%	11.6%
Bloomberg US Aggregate	0.9%	-0.7%	2.6%

Investment Objective Measurement: Risk and Return



Despite heightened volatility in 2022, observed risk at the Fund level remains below targeted risk on a rolling 3-year annualized basis.



On a rolling 3-year annualized basis, investment returns are slightly below expected values and the System's discount rate.

Note: Rolling 3-year return and standard deviation are calculated at each point in time based on returns over prior 36 months.
All figures are annualized.

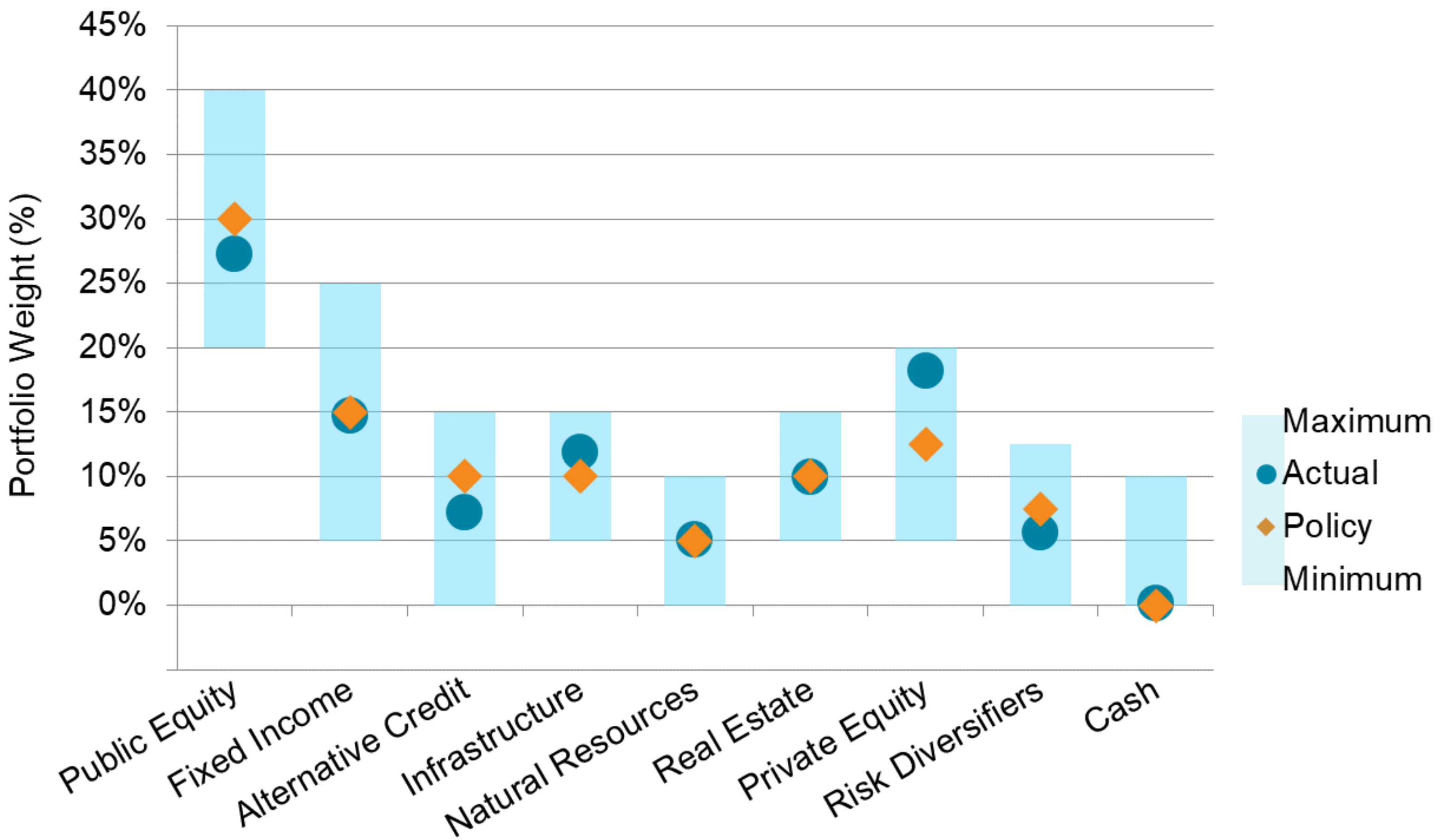
June 2024 Asset Allocation (Preliminary)

Assets (Millions)		Value	% of Fund	Policy %
MainePERS Portfolio	**$**	**19,677**	**100.0%**	**100.0%**
Domestic Equity	$	3,447	17.5%	19.1%
International Equity	$	1,910	9.7%	10.9%
Fixed Income	$	2,886	14.7%	15.0%
Alternative Credit	$	1,422	7.2%	10.0%
Infrastructure	$	2,336	11.9%	10.0%
Natural Resources	$	1,007	5.1%	5.0%
Private Equity	$	3,580	18.2%	12.5%
Real Estate	$	1,959	10.0%	10.0%
Risk Diversifiers	$	1,103	5.6%	7.5%
Cash	$	27	0.1%	0.0%

Portfolio weights for most asset classes remain near MainePERS Investment Policy asset allocation weights.

Private equity remains overweight at ~18.2% of Fund value, and private markets assets in aggregate comprise 52.4% of the overall portfolio, above the 47.5% policy weight.

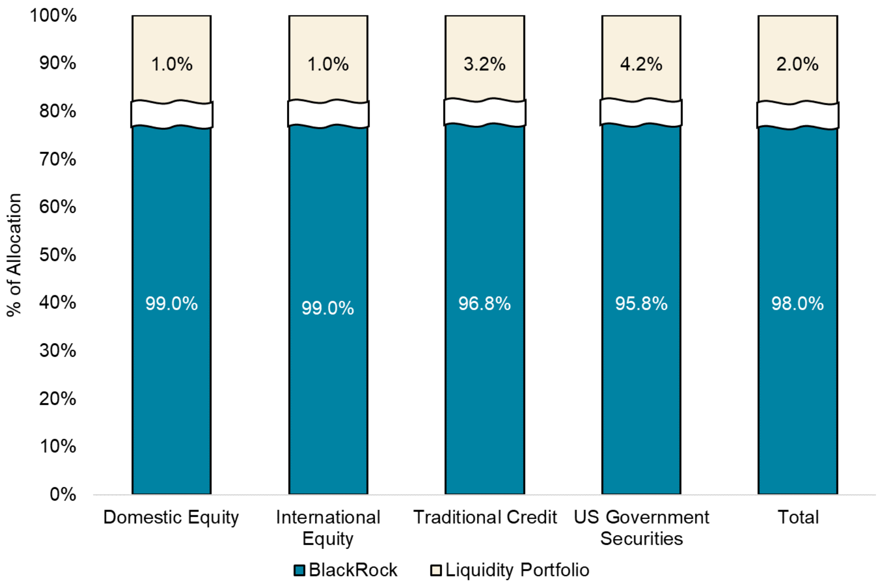
June 2024 Asset Allocation (Preliminary)



Public Securities: Liquidity Portfolio

At the end of June, 0.8% of Fund assets were invested via ETFs and futures contracts in an account managed by Parametric Associates.

The Liquidity Portfolio accounts for 2.0% of MainePERS' total exposure to public securities.



MainePERS Liquidity Portfolio	Market Value (Millions)	Exposure Type
Parametric Domestic Equity	$33.2	Futures
Parametric International Equity	$19.7	Futures
Parametric Traditional Credit	$30.3	ETFs
Parametric US Government Securities	$80.6	Futures
Total Liquidity Portfolio	**$163.7**	

Derivatives and Leverage

MainePERS has **exposure to derivatives** in the following areas:

- Public Equities, Public Fixed Income, and Risk Diversifiers

MainePERS has **financial leverage** (borrowing and investing) in the following areas:

- BlackRock – Financial leverage in securities lending
- JP Morgan – Financial leverage in securities lending
- Alternative Credit
- Infrastructure
- Natural Resources
- Private Equity
- Real Estate

Investment Related Fees: June 2024

Description	FY 24	FY 23	FY 22	FY 21	FY 20
Investment Mgmt. Fees	$134,105,868	$133,285,971	$130,884,088	$120,429,567	$122,567,451
Securities Lending Fees [1]	1,263,707	1,303,543	1,744,317	1,653,172	2,239,396
Consulting Fees	1,215,000	1,193,543	1,120,000	1,120,000	1,120,000
Broker Commissions [2]	77,495	136,039	77,558	52,364	37,461
Placement Agent Fees	0	0	0	0	0
Total	**$136,662,070**	**$135,919,096**	**$133,825,963**	**$123,255,103**	**$125,964,308**
Percentage of Fund [3]	**0.69%**	**0.72%**	**0.73%**	**0.68%**	**0.86%**

1. Securities Lending Fees are through 5/31/2024
2. Actual paid commissions reported by JP Morgan
3. For FY24: Total fees projected for the full fiscal year ($136,662,070) divided by current Fund value.
   For prior FY: Total fees divided by FYE Fund value.

Securities Lending: May 2024

	Average Lendable Assets	Average Assets On Loan	Total Sec Lending Revenue	Revenue Split	MainePERS Net Income	MainePERS Net Income, FYTD
BlackRock						
Fixed Income	$2,297,551,054	$1,544,260,497	$180,113	60%/40%	$108,068	$1,320,905
Total Equity	$1,697,751,125	$205,673,617	$127,334	60%/40%	$82,947	$654,710
Total Blackrock	$3,995,302,179	$1,749,934,114	$307,447		$191,015	$1,975,615
JP Morgan						
Domestic Equities	$3,102,337,127	$105,875,462	$21,580	85%/15%	$18,346	$296,966
Total JP Morgan	$3,102,337,127	$105,875,462	$21,580		$18,346	$296,966
Total	**$7,097,639,306**	**$1,855,809,576**	**$329,027**		**$209,361**	**$2,272,581**

Total Annualized Securities Lending Income, FY 2024: $2,479,180 (0.01%, or 1.3 bps)

Total Actual Securities Lending Income, FY 2023: $2,557,153 (0.01%, or 1.4 bps)

Liquidity Schedule: June 2024

Term	Market Value	Percent of Portfolio
Liquid[1]	$8,271m	42.0%
Semi-Liquid[2]	$2,201m	11.2%
Illiquid[3]	$9,205m	46.8%
Total	**$19,677m**	**100.0%**

Sources and Uses of Liquidity		
Private Markets Activity	**Last 12 Months Actual**	**Next 12 Months Projection**
Capital Contributions	-$825m	-$760m
Distributions	$1,210m	$1,820m
Net Private Markets Activity	**$385m**	**$1,060m**
Benefit Payments	**-$445m**	**-$460m**
Net Cash Flows	**-$60m**	**$600m**

[1]Liquid assets includes public equities and public fixed income
[2]Semi-liquid assets includes risk diversifiers, open-end real estate investments, and listed alternative credit funds
[3]Illiquid assets includes closed-end alternative credit, infrastructure, natural resources, private equity, and real estate funds

MainePERS Alternative Investments Summary

as of 06/30/2024	# of Funds	# of GP Relationships
Alternative Credit	25	13
Infrastructure	36	11
Natural Resources	16	10
Private Equity	130	34
Real Estate	35	18
Risk Diversifiers	11	10
Total*	**253**	**87**

*GP Total may not add due to overlapping relationships

Currently, MainePERS is invested in 253 funds, and has 87 distinct manager relationships.

MainePERS Alternative Investments Summary

(in $millions) *as of 06/30/2024*	Current Market Value Dollars	% of Fund	Policy %*	Unfunded Commitment Dollars	% of Fund
Alternative Credit	$ 1,422	7.2%	10.0%	$ 770	3.9%
Infrastructure	$ 2,336	11.9%	10.0%	$ 467	2.4%
Natural Resources	$ 1,007	5.1%	5.0%	$ 219	1.1%
Private Equity	$ 3,580	18.2%	12.5%	$ 1,114	5.7%
Real Estate	$ 1,959	10.0%	10.0%	$ 303	1.5%
Risk Diversifiers	$ 1,103	5.6%	7.5%	$ 85	0.4%
Total Alternatives	**$ 11,407**	**58.0%**	**55.0%**	**$ 2,958**	**15.0%**

For more details please see Private Markets Investment Summary at http://www.mainepers.org/Investments/

*Investment Policy weights approved by the Board of Trustees effective May 2022

Note: Market values shown above are preliminary estimates. Private market asset values are based on 12/31/2023 values, adjusted for subsequent cash flows.

(in $millions) *as of 06/30/2024*	Private Market Commitments by Vintage Year 2021	2022	2023	2024	3-Year Average[1]
Alternative Credit	$ 410	$ 550	$ 80	$ 175	$ 347
Infrastructure	$ 180	$ 200	$ 50	$ 25	$ 143
Natural Resources	$ -	$ 30	$ 40	$ -	$ 23
Private Equity	$ 438	$ 218	$ 71	$ 174	$ 242
Real Estate	$ 285	$ 180	$ 50	$ 35	$ 172
Total Commitments	**$ 1,313**	**$ 1,178**	**$ 291**	**$ 409**	**$ 927**

[1] 3-Year Average: 2021-2023

MainePERS Private Market Investments Summary: 12/31/2023

Asset Class Summary	Commitment (A)	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit	$ 2,494,132	$ 2,026,997	$ 901,373	$ 1,530,295	$ 2,431,668	7.7%
Infrastructure	$ 3,450,052	$ 3,622,222	$ 2,898,371	$ 2,388,145	$ 5,286,515	11.2%
Natural Resources	$ 1,060,500	$ 1,116,397	$ 458,425	$ 1,019,291	$ 1,477,715	6.4%
Private Equity	$ 4,962,015	$ 4,916,835	$ 4,316,122	$ 3,702,009	$ 8,018,131	15.5%
Real Estate	$ 2,778,633	$ 2,806,815	$ 1,955,115	$ 1,874,133	$ 3,829,248	6.2%
Total	$ 14,745,332	$ 14,489,266	$ 10,529,406	$ 10,513,873	$ 21,043,278	10.2%

Note: This Asset Class Summary table includes all private market investments: both fund investments and co-investments.

Co-Investment Summary	Commitment (A)	# of Co-Investments	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alternative Credit Co-Investments	$ 265,353	36	$ 262,443	$ 105,764	$ 207,585	$ 313,349	10.0%
Infrastructure Co-Investments	$ 219,529	11	$ 215,476	$ 255,275	$ 131,376	$ 386,651	14.4%
Natural Resources Co-Investments	$ 32,500	2	$ 32,662	$ 37	$ 52,729	$ 52,767	11.8%
Private Equity Co-Investments	$ 380,112	33	$ 378,133	$ 316,759	$ 262,438	$ 579,197	12.8%
Real Estate Co-Investments	$ 67,151	5	$ 58,791	$ 7,813	$ 37,856	$ 45,670	-7.9%
Total	$ 964,645	87	$ 947,505	$ 685,650	$ 691,985	$ 1,377,634	12.2%

Note: This table contains values for the co-investment portion of the private market portfolio.

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Direct Lending Fund II	$ 25,000	3/31/2020	$ 23,749	$ 22,351	$ 11,443	$ 33,794	18.1%
Angelo Gordon Direct Lending Fund III	$ 100,000	7/20/2018	$ 102,822	$ 82,023	$ 60,549	$ 142,571	10.5%
Participation Agreement #1	$ 7,500	10/11/2019	$ 7,479	$ 2,760	$ 7,092	$ 9,852	9.3%
Participation Agreement #2	$ 5,000	10/11/2019	$ 4,994	$ 5,422	$ -	$ 5,422	8.8%
Participation Agreement #3	$ 5,000	10/11/2019	$ 5,000	$ 5,700	$ -	$ 5,700	7.3%
Participation Agreement #4	$ 10,000	10/18/2019	$ 9,915	$ 3,026	$ 9,571	$ 12,597	9.4%
Participation Agreement #5	$ 5,000	12/6/2019	$ 5,000	$ 2,755	$ 4,048	$ 6,803	10.1%
Participation Agreement #6	$ 10,000	12/6/2019	$ 9,991	$ 3,076	$ 9,554	$ 12,629	9.8%
Participation Agreement #7	$ 5,000	12/11/2019	$ 5,000	$ 2,180	$ 4,571	$ 6,750	9.1%
Participation Agreement #8	$ 5,000	8/13/2020	$ 4,866	$ 1,879	$ 4,548	$ 6,428	9.6%
Participation Agreement #9	$ 7,500	4/9/2021	$ 7,425	$ 2,183	$ 7,080	$ 9,263	10.6%
Participation Agreement #10	$ 5,000	4/20/2021	$ 4,996	$ 1,680	$ 4,534	$ 6,214	9.9%
Participation Agreement #11	$ 5,000	5/5/2021	$ 5,000	$ 1,283	$ 4,589	$ 5,872	7.0%
Angelo Gordon Direct Lending Fund IV	$ 100,000	1/24/2020	$ 92,500	$ 19,007	$ 101,329	$ 120,336	12.0%
Participation Agreement #1	$ 5,000	10/23/2020	$ 4,913	$ 2,554	$ 3,850	$ 6,404	10.5%
Participation Agreement #2	$ 12,500	8/17/2021	$ 12,295	$ 2,611	$ 12,044	$ 14,655	9.8%
Participation Agreement #3	$ 7,500	10/5/2021	$ 7,500	$ 7,913	$ -	$ 7,913	7.9%
Participation Agreement #4	$ 5,000	12/21/2021	$ 4,925	$ 1,055	$ 4,867	$ 5,922	10.4%
Participation Agreement #5	$ 5,000	12/21/2021	$ 4,925	$ 1,454	$ 4,471	$ 5,925	10.6%
Participation Agreement #6	$ 5,000	1/12/2022	$ 4,913	$ 1,048	$ 4,852	$ 5,900	NM
Participation Agreement #7	$ 7,500	1/12/2022	$ 7,378	$ 1,578	$ 7,260	$ 8,838	NM
Participation Agreement #8	$ 12,500	6/16/2022	$ 12,391	$ 2,213	$ 12,227	$ 14,440	NM
Angelo Gordon Direct Lending Fund IV Annex	$ 50,000	11/18/2021	$ 47,500	$ 6,309	$ 49,670	$ 55,979	11.1%
Angelo Gordon Direct Lending Fund V	$ 125,000	8/3/2022	$ 53,125	$ -	$ 59,718	$ 59,718	NM
Participation Agreement #1	$ 7,500	9/1/2022	$ 7,388	$ 1,119	$ 7,318	$ 8,437	NM
Participation Agreement #2	$ 12,500	10/7/2022	$ 12,263	$ 1,777	$ 12,254	$ 14,031	NM
Participation Agreement #3	$ 10,000	10/19/2022	$ 9,850	$ 1,428	$ 9,755	$ 11,183	NM
Participation Agreement #4	$ 10,000	10/27/2022	$ 9,800	$ 1,829	$ 9,300	$ 11,129	NM
Participation Agreement #5	$ 10,000	2/27/2023	$ 9,811	$ 1,091	$ 9,766	$ 10,857	NM
Participation Agreement #6	$ 5,000	10/20/2023	$ 4,875	$ 110	$ 4,877	$ 4,986	NM
Ares Capital Europe IV	$ 122,000	4/30/2018	$ 96,890	$ 30,005	$ 85,984	$ 115,989	5.0%
Ares Capital Europe V	$ 122,000	9/4/2020	$ 88,877	$ 8,908	$ 93,133	$ 102,041	8.4%
Ares Capital Europe VI	$ 82,500	3/17/2023	$ 8,152	$ -	$ 9,054	$ 9,054	NM
Ares Senior Direct Lending Fund II	$ 100,000	12/10/2021	$ 59,430	$ 9,891	$ 60,757	$ 70,648	15.0%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Alternative Credit

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Ares Senior Direct Lending Fund III	$ 100,000	7/28/2023	$ 0	$ -	$ (3)	$ (3)	NM
Audax Senior Debt (MP), LLC	$ 100,000	6/30/2017	$ 100,000	$ 88,900	$ 43,936	$ 132,836	5.1%
Brookfield Infrastructure Debt Fund III	$ 100,000	7/15/2022	$ 60,779	$ 19,376	$ 43,961	$ 63,337	NM
Comvest Credit Partners VI	$ 125,000	5/20/2022	$ 78,370	$ 20,866	$ 64,675	$ 85,541	NM
Deerpath Capital VI	$ 75,000	9/30/2021	$ 54,590	$ 8,356	$ 55,490	$ 63,846	8.5%
Global Infrastructure Partners Spectrum	$ 100,000	2/20/2019	$ 110,363	$ 35,631	$ 83,517	$ 119,148	7.2%
Mesa West Core Lending Fund	$ 100,000	6/18/2013	$ 127,612	$ 65,524	$ 108,162	$ 173,686	4.9%
Blue Owl Capital Corporation	$ 100,000	3/10/2017	$ 116,571	$ 65,223	$ 104,964	$ 170,187	9.1%
Participation Agreement #1	$ 5,000	5/7/2018	$ 4,851	$ 5,499	$ -	$ 5,499	12.7%
Participation Agreement #2	$ 6,185	7/31/2018	$ 6,196	$ 7,745	$ -	$ 7,745	9.9%
Participation Agreement #3	$ 5,000	8/7/2018	$ 4,938	$ 5,634	$ -	$ 5,634	7.9%
Participation Agreement #4	$ 5,000	8/20/2018	$ 4,566	$ 5,835	$ -	$ 5,835	8.1%
Participation Agreement #5	$ 5,000	12/21/2018	$ 4,988	$ 2,275	$ 4,441	$ 6,716	7.6%
Participation Agreement #6	$ 11,653	8/7/2020	$ 12,494	$ 4,230	$ 10,936	$ 15,166	10.3%
Participation Agreement #7	$ 7,500	7/26/2021	$ 6,557	$ 7,970	$ -	$ 7,970	9.8%
Participation Agreement #8	$ 12,500	6/17/2022	$ 12,778	$ 2,435	$ 12,290	$ 14,725	NM
Participation Agreement #9	$ 7,500	9/26/2022	$ 7,388	$ 1,143	$ 7,202	$ 8,345	NM
Blue Owl Capital Corporation III	$ 100,000	6/19/2020	$ 118,400	$ 26,110	$ 124,207	$ 150,317	11.5%
Pathlight Capital Fund II	$ 75,000	4/22/2021	$ 118,860	$ 67,926	$ 65,258	$ 133,184	10.7%
Participation Agreement #1	$ 7,500	4/1/2022	$ 7,368	$ 1,795	$ 7,023	$ 8,818	NM
Participation Agreement #2	$ 7,500	4/1/2022	$ 7,429	$ 1,482	$ 7,268	$ 8,750	NM
Pathlight Capital Fund III	$ 75,000	6/24/2022	$ 87,488	$ 40,368	$ 54,338	$ 94,705	NM
Solar Capital Private Corporate Lending Fund	$ 50,000	6/26/2019	$ 40,188	$ 9,752	$ 41,562	$ 51,314	11.8%
Solar Capital Debt Fund	$ 50,000	6/26/2019	$ 25,000	$ 3,785	$ 26,393	$ 30,178	12.5%
SLR Private Corporate Lending Fund II	$ 125,000	12/23/2022	$ 6,202	$ -	$ 6,937	$ 6,937	NM
Silver Point Specialty Credit II	$ 50,000	1/31/2020	$ 62,775	$ 29,684	$ 43,036	$ 72,719	10.0%
Tennenbaum Direct Lending VIII	$ 100,000	11/30/2017	$ 100,883	$ 95,288	$ 29,604	$ 124,892	6.4%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Alinda Infrastructure Fund II	$ 50,000	9/17/2009	$ 68,297	$ 74,099	$ 304	$ 74,403	1.9%
ArcLight Energy V	$ 75,000	10/28/2011	$ 76,031	$ 103,624	$ -	$ 103,624	8.0%
Shore Co-Investment Holdings II	$ 20,000	1/30/2014	$ 17,709	$ 19,737	$ -	$ 19,737	8.4%
ArcLight Energy VI	$ 150,000	11/25/2014	$ 159,687	$ 134,744	$ 50,223	$ 184,967	3.4%
Great River Hydro Partners	$ 12,000	6/17/2017	$ 10,718	$ 45,094	$ -	$ 45,094	39.5%
Brookfield Infrastructure Fund II	$ 100,000	6/28/2013	$ 117,714	$ 115,583	$ 89,187	$ 204,771	10.0%
Brookfield Infrastructure Fund III	$ 100,000	4/15/2016	$ 111,339	$ 62,715	$ 109,432	$ 172,147	12.2%
Co-Investment #1	$ 20,000	3/31/2017	$ 15,952	$ 21,551	$ 15,856	$ 37,406	26.2%
Carlyle Global Infrastructure Opportunity Fund	$ 100,000	5/1/2019	$ 93,946	$ 23,574	$ 96,339	$ 119,913	12.8%
Carlyle Infrastructure Partners	$ 50,000	11/2/2007	$ 57,366	$ 64,289	$ 355	$ 64,644	2.5%
Carlyle Power Partners II	$ 50,000	11/19/2015	$ 64,349	$ 44,475	$ 48,514	$ 92,989	10.2%
Cube Infrastructure	$ 45,000	4/16/2010	$ 60,063	$ 96,665	$ 422	$ 97,087	8.0%
Cube Infrastructure II	$ 90,000	9/11/2018	$ 78,539	$ 5,744	$ 78,334	$ 84,078	1.9%
Cube Infrastructure III	$ 90,000	8/16/2021	$ 57,514	$ -	$ 60,528	$ 60,528	4.5%
EQT Infrastructure III	$ 68,000	12/3/2016	$ 104,899	$ 156,706	$ 23,825	$ 180,531	20.4%
EQT Infrastructure IV	$ 100,000	12/17/2018	$ 97,706	$ 17,180	$ 114,707	$ 131,887	10.9%
EQT Infrastructure V	$ 75,000	12/8/2020	$ 62,693	$ 8,532	$ 65,400	$ 73,932	12.0%
First Reserve Energy Infrastructure Fund	$ 50,000	6/30/2010	$ 59,778	$ 53,144	$ 2,552	$ 55,696	-2.0%
First Reserve Energy Infrastructure Fund II	$ 100,000	10/21/2013	$ 128,434	$ 129,302	$ 24,930	$ 154,232	11.1%
Global Infrastructure Partners Sonic	$ 35,000	7/31/2020	$ 32,909	$ -	$ 20,011	$ 20,011	-14.3%
Global Infrastructure Partners	$ 75,000	3/31/2008	$ 101,173	$ 205,062	$ 230	$ 205,292	17.2%
Global Infrastructure Partners II	$ 75,000	12/3/2011	$ 106,369	$ 150,432	$ 34,562	$ 184,994	15.6%
Global Infrastructure Partners III	$ 150,000	4/15/2016	$ 185,496	$ 109,978	$ 156,569	$ 266,547	10.0%
Co-Investment #1	$ 29,000	2/28/2017	$ 27,950	$ 17,727	$ 35,743	$ 53,470	13.7%
Co-Investment #2	$ 25,000	8/16/2018	$ 27,071	$ 3,392	$ 21,457	$ 24,849	-1.8%
Global Infrastructure Partners IV	$ 150,000	12/21/2018	$ 143,018	$ 17,568	$ 137,500	$ 155,068	5.1%
IFM Global Infrastructure (US), L.P.	$ 100,000	12/20/2012	$ 144,550	$ 208,040	$ -	$ 208,040	9.8%
KKR Diversified Core Infrastructure Fund	$ 100,000	4/29/2022	$ 102,051	$ 2,051	$ 104,278	$ 106,329	NM
KKR Global Infrastructure Investors	$ 75,000	9/29/2010	$ 87,917	$ 154,328	$ 92	$ 154,420	13.1%
KKR Global Infrastructure Investors II	$ 150,000	10/24/2014	$ 186,845	$ 271,895	$ 54,966	$ 326,861	16.9%
KKR Atlanta Co-Invest	$ 24,000	9/26/2014	$ 21,428	$ 28,551	$ -	$ 28,551	5.7%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Infrastructure

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
KKR Taurus Co-Invest II	$ 25,000	8/15/2017	$ 25,000	$ 56,779	$ 838	$ 57,617	21.3%
KKR Byzantium Infrastructure Aggregator	$ 15,000	10/17/2017	$ 15,000	$ 7,013	$ 11,208	$ 18,221	4.6%
KKR Global Infrastructure Investors III	$ 100,000	3/29/2018	$ 91,871	$ 26,895	$ 99,398	$ 126,293	12.5%
Meridiam Infrastructure (SCA)	$ 11,000	9/23/2015	$ 21,938	$ 12,319	$ 28,136	$ 40,455	9.3%
Meridiam Infrastructure (SCA) B Shares	$ 1,000	9/23/2015	$ 305	$ 55	$ 25,815	$ 25,869	77.0%
Meridiam Infrastructure Europe II (SCA)	$ 22,500	9/23/2015	$ 36,936	$ 17,547	$ 38,581	$ 56,128	8.7%
Meridiam Infrastructure Europe III SLP	$ 95,000	4/27/2016	$ 72,877	$ 17,697	$ 71,209	$ 88,907	6.3%
Meridiam Sustainable Infrastructure Europe IV	$ 90,000	4/16/2021	$ 21,748	$ 1,175	$ 19,920	$ 21,095	NM
Meridiam Infrastructure N.A. II	$ 75,000	9/28/2012	$ 88,232	$ 39,091	$ 180,412	$ 219,503	16.6%
MINA II CIP	$ 175	6/30/2015	$ 169	$ 938	$ 20,328	$ 21,266	105.6%
Meridiam Infrastructure N.A. II	$ 20,000	6/30/2015	$ 18,870	$ 6,394	$ 46,220	$ 52,614	22.1%
Meridiam Infrastructure N.A. III	$ 50,000	7/12/2017	$ 32,309	$ 1	$ 42,594	$ 42,594	15.0%
Stonepeak Infrastructure Partners II	$ 140,000	11/12/2015	$ 189,470	$ 233,055	$ 40,779	$ 273,834	13.2%
Stonepeak Claremont Co-Invest	$ 25,000	5/30/2017	$ 25,000	$ 51,959	$ -	$ 51,959	17.8%
Stonepeak Spear (Co-Invest) Holdings	$ 25,000	1/8/2018	$ 19,648	$ 3,472	$ 35,353	$ 38,826	12.8%
Stonepeak Infrastructure Partners III	$ 150,000	10/13/2017	$ 165,797	$ 57,763	$ 187,970	$ 245,733	13.7%
Stonepeak Guardian (Co-Invest) Holdings	$ 10,000	4/27/2023	$ 10,000	$ 0	$ 10,921	$ 10,921	NM
Stonepeak Infrastructure Partners IV	$ 125,000	5/8/2020	$ 69,657	$ 10,745	$ 67,305	$ 78,051	8.1%
Stonepeak Core Infrastructure Fund	$ 100,000	8/5/2022	$ 100,336	$ 336	$ 108,248	$ 108,584	NM
Stonepeak Opportunities Fund	$ 50,000	6/12/2023	$ 7,370	$ -	$ 6,575	$ 6,575	NM

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Natural Resources

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ACM Permanent Crops	$ 35,000	10/24/2014	$ 39,100	$ 12,107	$ 56,558	$ 68,665	8.4%
ACM Permanent Crops II	$ 35,000	5/12/2016	$ 42,906	$ 8,885	$ 19,491	$ 28,376	-11.0%
AMERRA Agri Fund III	$ 50,000	2/11/2016	$ 99,737	$ 86,230	$ 18,892	$ 105,123	2.0%
Denham Mining Fund	$ 35,000	6/29/2018	$ 33,511	$ 659	$ 42,081	$ 42,740	8.0%
Homestead Capital Farmland II	$ 50,000	8/8/2016	$ 56,136	$ 11,440	$ 57,369	$ 68,809	4.9%
Homestead Capital Farmland III	$ 30,000	10/26/2018	$ 32,067	$ 3,534	$ 32,306	$ 35,839	6.4%
Orion Mine Finance Fund II	$ 50,000	5/25/2016	$ 102,075	$ 78,365	$ 46,469	$ 124,834	8.3%
Orion Mine Finance Co-Fund II	$ 20,000	8/13/2018	$ 20,125	$ -	$ 32,823	$ 32,823	9.9%
Silver Creek Aggregate Reserves Fund	$ 100,000	11/6/2018	$ 15,430	$ 3,000	$ 18,457	$ 21,457	NM
Sprott Private Resource Lending Fund III	$ 30,000	8/31/2022	$ 6,614	$ 539	$ 5,840	$ 6,380	NM
Sprott Private Resource Streaming and Royalty Annex	$ 40,000	5/17/2023	$ 20,147	$ 477	$ 21,130	$ 21,607	NM
Taurus Mining Fund	$ 50,000	3/27/2015	$ 41,459	$ 46,658	$ 3,580	$ 50,237	7.5%
Taurus Mining Fund Annex	$ 23,000	12/1/2016	$ 18,384	$ 23,486	$ 855	$ 24,341	17.7%
Taurus Mining Fund No. 2	$ 75,000	4/18/2019	$ 64,374	$ 46,211	$ 32,157	$ 78,368	16.9%
Teays River Integrated Agriculture	$ 200,000	7/1/2015	$ 198,974	$ 28,770	$ 343,332	$ 372,102	8.2%
Twin Creeks Timber	$ 200,000	1/7/2016	$ 202,804	$ 96,461	$ 136,402	$ 232,863	3.4%
U.S. Farming Realty Trust III	$ 100,000	7/7/2015	$ 110,017	$ 11,565	$ 131,642	$ 143,207	4.9%
Canally Coinvest Holdings	$ 12,500	12/9/2019	$ 12,537	$ 37	$ 19,906	$ 19,944	19.0%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ABRY Advanced Securities Fund II	$ 20,000	5/4/2011	$ 20,541	$ 29,705	$ 234	$ 29,939	13.0%
ABRY Advanced Securities Fund III	$ 30,000	4/30/2014	$ 45,253	$ 30,354	$ 15,945	$ 46,299	0.6%
ABRY Heritage Partners	$ 10,000	5/31/2016	$ 11,034	$ 12,303	$ 8,305	$ 20,608	26.9%
ABRY Partners VII	$ 10,000	4/29/2011	$ 12,969	$ 17,340	$ 2,203	$ 19,543	12.1%
ABRY Partners VIII	$ 20,000	8/8/2014	$ 23,934	$ 29,732	$ 3,907	$ 33,639	10.0%
ABRY Senior Equity IV	$ 10,000	12/7/2012	$ 10,845	$ 16,881	$ 1,115	$ 17,996	14.5%
ABRY Senior Equity V	$ 12,050	1/19/2017	$ 13,064	$ 6,413	$ 12,971	$ 19,384	13.9%
Advent International GPE VII	$ 30,000	6/29/2012	$ 34,811	$ 53,835	$ 4,563	$ 58,398	13.4%
Advent International GPE VIII	$ 50,000	2/5/2016	$ 57,446	$ 57,750	$ 53,765	$ 111,515	17.6%
Advent International GPE IX	$ 50,000	5/9/2019	$ 46,753	$ 4,998	$ 65,306	$ 70,304	18.2%
GPE IX TKE Co-Investment	$ 24,000	3/30/2020	$ 21,243	$ -	$ 32,331	$ 32,331	13.0%
Advent International GPE X	$ 45,000	4/28/2022	$ 16,206	$ -	$ 16,232	$ 16,232	NM
AI Co-Investment I-A	$ 7,500	3/2/2023	$ 7,443	$ -	$ 8,113	$ 8,113	NM
Advent Latin America PE Fund VI	$ 20,000	10/17/2014	$ 19,516	$ 12,350	$ 22,144	$ 34,494	14.7%
Affinity Asia Pacific Fund IV	$ 60,000	2/28/2013	$ 65,153	$ 74,885	$ 36,041	$ 110,926	15.5%
Affinity Asia Pacific Fund V	$ 40,000	12/11/2017	$ 23,158	$ 4,966	$ 24,021	$ 28,987	9.4%
Bain Capital Ventures 2021	$ 25,000	10/28/2020	$ 19,438	$ 1	$ 20,973	$ 20,974	3.9%
Bain Capital Ventures 2022	$ 25,000	6/10/2022	$ 3,625	$ 0	$ 3,017	$ 3,018	NM
Bain Capital Venture Coinvestment Fund III	$ 15,000	4/1/2021	$ 15,263	$ 825	$ 14,863	$ 15,688	1.6%
Bain Capital Venture Coinvestment Fund IV	$ 15,000	6/10/2022	$ 1,500	$ -	$ 1,751	$ 1,751	NM
Berkshire Fund VIII	$ 15,000	7/20/2011	$ 16,846	$ 27,586	$ 9,611	$ 37,197	16.7%
Berkshire Fund IX	$ 50,000	3/18/2016	$ 57,832	$ 36,889	$ 57,654	$ 94,543	15.6%
Blackstone Capital Partners VI	$ 30,000	6/30/2010	$ 38,259	$ 55,427	$ 8,866	$ 64,292	12.3%
Blackstone Capital Partners VII	$ 54,000	3/27/2015	$ 62,092	$ 44,965	$ 51,157	$ 96,122	13.0%
Carlyle Asia Partners III	$ 15,000	12/31/2009	$ 20,694	$ 31,227	$ 17	$ 31,244	12.6%
Carlyle Asia Partners IV	$ 60,000	6/3/2014	$ 83,102	$ 101,962	$ 32,586	$ 134,549	13.1%
Carlyle Asia Partners V	$ 45,000	10/30/2017	$ 42,589	$ 11,316	$ 37,760	$ 49,076	8.2%
Centerbridge Capital Partners III	$ 30,000	10/24/2014	$ 48,316	$ 46,453	$ 28,906	$ 75,359	17.1%
CB Blizzard Co-Invest	$ 15,684	9/11/2019	$ 15,684	$ 10,053	$ 2,465	$ 12,518	-17.1%
Charterhouse Capital Partners VIII	$ 13,500	1/6/2011	$ 11,188	$ 14,160	$ -	$ 14,160	7.9%
Charterhouse Capital Partners IX	$ 4,500	1/6/2011	$ 5,410	$ 7,275	$ 34	$ 7,309	12.0%
Charterhouse Capital Partners X	$ 67,000	5/13/2015	$ 59,406	$ 76,351	$ 32,367	$ 108,718	20.2%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Charterhouse Acrostone	$ 12,000	8/24/2018	$ 13,254	$ 21,268	$ -	$ 21,268	16.9%
Charterhouse Capital Partners XI	$ 45,000	4/23/2021	$ 18,245	$ 1,329	$ 19,700	$ 21,028	NM
CVC Capital Partners VI	$ 67,000	7/12/2013	$ 102,109	$ 123,632	$ 58,087	$ 181,719	16.5%
CVC Capital Partners VII	$ 48,000	5/9/2017	$ 77,456	$ 53,768	$ 64,624	$ 118,392	21.9%
CVC Capital Partners VIII	$ 44,000	6/11/2020	$ 58,841	$ 27,352	$ 34,699	$ 62,051	8.1%
CVC Capital Partners IX	$ 44,000	6/29/2023	$ -	$ -	$ -	$ -	NM
EnCap Energy Capital VIII	$ 30,000	1/31/2011	$ 34,190	$ 23,766	$ 11,057	$ 34,823	0.4%
EnCap Energy Capital Fund VIII Co-Investors	$ 16,238	12/8/2011	$ 16,513	$ 6,278	$ 5,980	$ 12,258	-4.0%
EnCap Energy Capital Fund IX	$ 30,000	12/19/2012	$ 34,541	$ 41,770	$ 9,162	$ 50,932	10.5%
EnCap Energy Capital Fund X	$ 40,000	3/5/2015	$ 43,084	$ 57,770	$ 23,276	$ 81,046	15.5%
EnCap Energy Capital Fund XI	$ 40,000	5/31/2017	$ 41,754	$ 23,744	$ 41,517	$ 65,261	19.4%
EnCap Flatrock Midstream Fund III	$ 20,000	4/9/2014	$ 25,255	$ 23,797	$ 10,822	$ 34,619	10.0%
EnCap Flatrock Midstream Fund IV	$ 22,000	11/17/2017	$ 19,996	$ 10,873	$ 12,857	$ 23,731	7.6%
General Catalyst X - Early Venture	$ 19,565	3/26/2020	$ 19,174	$ -	$ 30,902	$ 30,902	18.8%
General Catalyst X - Endurance	$ 22,826	3/26/2020	$ 22,859	$ 1,113	$ 21,809	$ 22,922	0.1%
General Catalyst X - Growth Venture	$ 32,609	3/26/2020	$ 32,120	$ -	$ 35,016	$ 35,016	3.1%
General Catalyst XI - Creation	$ 8,823	10/29/2021	$ 5,227	$ -	$ 5,340	$ 5,340	2.5%
General Catalyst XI - Endurance	$ 29,412	10/29/2021	$ 23,367	$ -	$ 22,682	$ 22,682	-2.0%
General Catalyst XI - Ignition	$ 11,765	10/29/2021	$ 8,579	$ -	$ 8,273	$ 8,273	-2.6%
GTCR Fund X	$ 30,000	1/28/2011	$ 31,766	$ 64,646	$ -	$ 64,646	21.4%
GTCR Fund XI	$ 35,000	11/15/2013	$ 34,961	$ 76,701	$ 35,435	$ 112,136	32.4%
GTCR Fund XII	$ 50,000	9/29/2017	$ 51,713	$ 31,746	$ 57,701	$ 89,446	22.9%
Co-Investment #1	$ 5,238	4/26/2019	$ 4,556	$ -	$ 9,771	$ 9,771	17.8%
Co-Investment #2	$ 5,997	11/1/2019	$ 5,911	$ 10,962	$ 2,382	$ 13,344	43.9%
GTCR XIII	$ 50,000	10/27/2020	$ 26,393	$ 5,556	$ 27,403	$ 32,959	17.7%
GTCR XIV	$ 50,000	12/16/2022	$ -	$ -	$ -	$ -	NM
H.I.G. Bayside Loan Fund II	$ 25,000	5/28/2010	$ 24,020	$ 32,189	$ 297	$ 32,486	7.1%
H.I.G. Bayside Loan Ops Fund III (Europe)	$ 30,000	7/27/2012	$ 26,707	$ 31,070	$ 3,481	$ 34,551	7.2%
H.I.G. Brazil & Latin America Partners	$ 60,000	7/1/2015	$ 69,040	$ 26,649	$ 79,052	$ 105,702	13.1%
H.I.G. Capital Partners V	$ 15,000	2/28/2013	$ 21,152	$ 32,213	$ 9,070	$ 41,283	23.1%
H.I.G. Europe Capital Partners II	$ 22,500	7/1/2013	$ 25,240	$ 20,667	$ 15,629	$ 36,296	11.3%
H.I.G. Growth Buyouts & Equity Fund II	$ 17,500	6/30/2011	$ 23,713	$ 28,136	$ 12,708	$ 40,844	13.7%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
H.I.G. Growth Buyouts & Equity Fund III	$ 35,000	9/13/2018	$ 16,492	$ 2,134	$ 16,833	$ 18,967	NM
H.I.G Middle Market LBO Fund II	$ 40,000	2/7/2014	$ 48,874	$ 68,526	$ 23,295	$ 91,820	26.5%
Co-Investment #1	$ 9,000	10/12/2017	$ 9,000	$ -	$ 0	$ 0	-85.6%
Co-Investment #2	$ 686	6/19/2020	$ 686	$ -	$ 981	$ 981	10.6%
Co-Investment #3	$ 1,000	6/1/2021	$ 1,079	$ -	$ 0	$ 0	-97.5%
H.I.G. Middle Market LBO Fund III	$ 40,000	7/23/2019	$ 34,970	$ 2,021	$ 40,649	$ 42,671	12.6%
Hellman & Friedman Capital Partners VII	$ 30,000	6/19/2009	$ 44,355	$ 105,844	$ 7,108	$ 112,953	24.7%
Hellman & Friedman Capital Partners VIII	$ 45,000	9/24/2014	$ 48,803	$ 26,913	$ 57,434	$ 84,347	13.1%
Hellman & Friedman Capital Partners IX	$ 45,000	9/28/2018	$ 46,049	$ 3,769	$ 63,240	$ 67,009	14.1%
Hellman & Friedman Capital Partners X	$ 45,000	5/10/2021	$ 32,546	$ 84	$ 37,618	$ 37,702	8.9%
Inflexion Buyout Fund IV	$ 27,000	9/30/2014	$ 37,086	$ 46,850	$ 18,307	$ 65,157	15.6%
Inflexion Partnership Capital Fund I	$ 17,000	9/30/2014	$ 26,034	$ 40,815	$ 6,778	$ 47,593	22.1%
Inflexion Supplemental Fund IV	$ 10,000	5/31/2016	$ 15,355	$ 23,068	$ 6,992	$ 30,060	23.8%
Kelso Investment Associates VIII	$ 3,000	1/6/2011	$ 3,044	$ 4,358	$ 11	$ 4,369	7.9%
Kelso Investment Associates IX	$ 60,000	11/5/2014	$ 70,004	$ 87,745	$ 33,469	$ 121,214	19.3%
KIA IX (Hammer) Investor	$ 25,000	8/12/2016	$ 25,492	$ 69,544	$ -	$ 69,544	21.4%
Kelso Investment Associates X	$ 45,000	3/16/2018	$ 48,500	$ 19,943	$ 68,447	$ 88,390	28.2%
Kelso Investment Associates XI	$ 45,000	12/22/2021	$ 13,806	$ 1,829	$ 15,244	$ 17,073	NM
Kelso XI Heights Co-Investment	$ 12,000	8/19/2022	$ 10,025	$ -	$ 10,146	$ 10,146	NM
KKR North American Fund XI	$ 60,000	2/7/2012	$ 100,582	$ 166,162	$ 21,346	$ 187,508	19.1%
KKR North America Fund XI (Platinum)	$ 8,003	2/26/2016	$ 8,040	$ 2,313	$ 4,712	$ 7,025	-2.5%
KKR Element Co-Invest	$ 10,000	8/29/2016	$ 10,050	$ 24,030	$ -	$ 24,030	23.5%
KKR Americas XII	$ 60,000	3/3/2016	$ 63,628	$ 39,476	$ 75,063	$ 114,539	19.6%
KKR Sigma Aggregator	$ 15,000	6/22/2018	$ 15,000	$ -	$ 23,801	$ 23,801	8.7%
KKR Enterprise Co-Invest	$ 15,000	10/11/2018	$ 15,000	$ -	$ -	$ -	-100.0%
KKR Enterprise Co-Invest AIV A	$ 8,936	11/8/2019	$ 8,936	$ 7,908	$ 198	$ 8,106	-10.8%
KKR North America XIII	$ 40,000	6/25/2021	$ 18,171	$ -	$ 19,238	$ 19,238	NM
KKR Special Situations Fund	$ 60,000	12/19/2012	$ 118,957	$ 100,114	$ 10,510	$ 110,624	-2.5%
KKR Special Situations Fund II	$ 60,000	12/19/2014	$ 98,284	$ 78,456	$ 22,712	$ 101,167	1.1%
Long Ridge Equity Partners IV	$ 15,000	6/26/2023	$ -	$ -	$ -	$ -	NM
Metwest Enhanced TALF Strategy Fund L. P.	$ 75,000	7/31/2009	$ 53,350	$ 67,405	$ -	$ 67,405	10.2%
Oaktree Opportunities VIII	$ 30,000	12/9/2009	$ 30,000	$ 43,920	$ 68	$ 43,988	9.1%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
ONCAP IV	$ 15,000	11/8/2016	$ 16,145	$ 5,321	$ 20,008	$ 25,328	14.1%
Onex Partners III	$ 10,000	1/6/2011	$ 11,211	$ 17,065	$ 1,966	$ 19,031	13.2%
Onex Partners IV	$ 60,000	11/22/2013	$ 64,494	$ 55,093	$ 38,093	$ 93,186	8.1%
Co-Investment #1	$ 10,000	2/27/2017	$ 10,471	$ 1,235	$ 4,027	$ 5,262	-11.5%
Onex Partners V	$ 45,000	7/11/2017	$ 42,659	$ 6,549	$ 50,892	$ 57,441	14.4%
Paine & Partners Capital Fund IV	$ 60,000	12/18/2014	$ 56,849	$ 29,070	$ 49,266	$ 78,336	7.3%
Wawona Co-Investment Fund I	$ 15,000	3/31/2017	$ 15,023	$ -	$ 1	$ 1	-88.7%
Lyons Magnus Co-Investment Fund I	$ 15,000	11/8/2017	$ 15,016	$ -	$ 27,388	$ 27,388	10.3%
PSP Maverick Co-Invest	$ 7,238	9/12/2019	$ 7,264	$ -	$ 514	$ 514	-46.2%
PSP AH&N Co-Investment Fund	$ 19,724	11/27/2019	$ 17,539	$ -	$ 31,959	$ 31,959	16.7%
Paine Schwartz Food Chain Fund V	$ 45,000	8/3/2018	$ 46,857	$ 23,888	$ 39,796	$ 63,683	19.5%
SNFL Co-Investment Fund	$ 5,000	10/11/2019	$ 5,024	$ 5,524	$ 4,459	$ 9,982	18.9%
Rhone Partners V	$ 56,000	3/12/2015	$ 75,954	$ 65,200	$ 65,597	$ 130,797	16.3%
Riverside Capital Appreciation Fund VI	$ 60,000	7/3/2013	$ 63,787	$ 79,867	$ 20,389	$ 100,256	11.9%
RCAF VI CIV XXXII	$ 12,399	10/21/2015	$ 12,687	$ 35,268	$ -	$ 35,268	19.9%
Riverside Micro-Cap Fund III	$ 35,000	6/30/2014	$ 51,608	$ 194,767	$ 40,614	$ 235,381	35.9%
Riverside Micro-Cap Fund IV	$ 60,000	10/23/2015	$ 55,659	$ 5,112	$ 83,119	$ 88,231	8.0%
Riverside Micro-Cap Fund IV-B	$ 20,000	8/9/2019	$ 24,292	$ 5,583	$ 37,921	$ 43,504	22.1%
Riverside Micro-Cap Fund V	$ 40,000	8/21/2018	$ 37,363	$ 2,513	$ 53,191	$ 55,703	15.9%
Riverside Micro-Cap Fund VI	$ 45,000	8/26/2021	$ 13,878	$ 263	$ 13,442	$ 13,706	NM
Shoreview Capital Partners III	$ 24,000	7/24/2013	$ 25,922	$ 32,738	$ 23,255	$ 55,993	18.4%
Shoreview Capital Partners IV	$ 30,000	6/3/2019	$ 18,567	$ 6,023	$ 23,903	$ 29,926	46.2%
Sovereign Capital IV	$ 46,500	7/7/2014	$ 40,344	$ 26,905	$ 34,250	$ 61,155	10.3%
Summit Partners Credit II	$ 60,000	10/25/2013	$ 90,831	$ 87,991	$ 12,624	$ 100,616	4.0%
Summit Europe Growth Equity III	$ 22,000	3/18/2020	$ 18,905	$ -	$ 21,507	$ 21,507	8.5%
Summit Europe Growth Equity IV	$ 22,000	2/10/2023	$ -	$ -	$ -	$ -	NM
Summit Growth Equity VIII	$ 25,000	5/27/2011	$ 33,445	$ 63,535	$ 11,738	$ 75,272	26.0%
Co-Investment #1	$ 16,000	6/3/2015	$ 16,000	$ 38,735	$ 19,639	$ 58,375	31.3%
Summit Growth Equity IX	$ 60,000	8/26/2015	$ 84,846	$ 92,283	$ 77,845	$ 170,127	27.6%
Co-Investment #1	$ 15,000	11/29/2016	$ 14,895	$ 41,743	$ -	$ 41,743	159.6%
Summit Partners Co-Invest (Ironman)	$ 15,530	4/20/2018	$ 15,534	$ -	$ 15,508	$ 15,508	0.0%
Summit Partners Co-Invest (Giants-B)	$ 15,000	10/22/2019	$ 15,000	$ 41,780	$ 5,385	$ 47,165	80.3%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Private Equity

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Summit Growth Equity X	$ 60,000	2/26/2019	$ 61,832	$ 18,176	$ 68,101	$ 86,277	18.1%
Summit Partners Co-Invest (Lions)	$ 7,534	10/14/2020	$ 7,534	$ 119	$ 14,417	$ 14,536	23.6%
Summit Partners Co-Invest (Indigo)	$ 10,000	12/11/2020	$ 11,436	$ -	$ 11,423	$ 11,423	0.0%
Summit Growth Equity XI	$ 45,000	10/1/2021	$ 11,553	$ -	$ 13,005	$ 13,005	NM
Summit Venture Capital III	$ 13,150	5/27/2011	$ 18,044	$ 32,899	$ 2,762	$ 35,662	17.4%
Summit Venture Capital IV	$ 40,000	8/26/2015	$ 51,043	$ 48,377	$ 66,532	$ 114,909	36.9%
Summit Venture Capital V	$ 45,000	6/16/2020	$ 26,273	$ 2,771	$ 25,198	$ 27,969	3.8%
Summit Partners Co-Invest (CS)	$ 13,753	10/22/2021	$ 13,798	$ -	$ 12,979	$ 12,979	-3.1%
Technology Crossover Ventures VIII	$ 60,000	5/8/2013	$ 55,596	$ 53,376	$ 62,748	$ 116,124	11.5%
Technology Crossover Ventures IX	$ 60,000	2/19/2016	$ 48,427	$ 49,773	$ 51,583	$ 101,356	19.5%
TCV Sports	$ 8,000	9/25/2018	$ 8,000	$ -	$ 9,601	$ 9,601	3.5%
Technology Crossover Ventures X	$ 45,000	8/31/2018	$ 36,448	$ 10,890	$ 61,115	$ 72,005	21.7%
Technology Crossover Ventures XI	$ 45,000	10/2/2020	$ 32,150	$ -	$ 29,017	$ 29,017	-6.3%
Technology Impact Fund	$ 40,000	12/18/2017	$ 37,608	$ 24,652	$ 89,785	$ 114,437	42.8%
Technology Impact Fund II	$ 40,000	4/13/2021	$ 13,139	$ 325	$ 13,069	$ 13,393	NM
Technology Impact Growth Fund	$ 40,000	11/26/2018	$ 50,425	$ 26,676	$ 33,943	$ 60,619	8.3%
Technology Impact Growth Fund II	$ 40,000	8/6/2021	$ 16,218	$ 0	$ 14,206	$ 14,206	NM
TIGF II Direct Strategies LLC - Series 3	$ 5,000	7/14/2023	$ 5,000	$ -	$ 4,961	$ 4,961	NM
Thoma Bravo Fund XI	$ 50,000	5/1/2014	$ 76,680	$ 159,143	$ 49,607	$ 208,751	26.7%
Thoma Bravo Fund XII	$ 60,000	4/27/2016	$ 78,447	$ 80,943	$ 73,297	$ 154,241	16.8%
Thoma Bravo Fund XIII	$ 45,000	12/7/2018	$ 60,680	$ 43,681	$ 66,469	$ 110,150	27.8%
Thoma Bravo Special Opportunities Fund II	$ 15,000	3/27/2015	$ 18,113	$ 21,091	$ 17,406	$ 38,497	16.3%
Thoma Bravo Discover Fund IV	$ 45,000	7/1/2022	$ 25,731	$ -	$ 28,025	$ 28,025	NM
Tillridge Global Agribusiness Partners II	$ 50,000	10/21/2016	$ 31,539	$ 4,406	$ 24,765	$ 29,171	-2.5%
Water Street Healthcare Partners III	$ 25,000	7/25/2012	$ 30,474	$ 78,671	$ 10,537	$ 89,208	35.4%
Water Street Healthcare Partners IV	$ 33,000	9/15/2017	$ 36,745	$ 10,624	$ 52,108	$ 62,731	19.8%
Water Street Healthcare Partners V	$ 43,000	4/15/2022	$ 9,863	$ -	$ 8,047	$ 8,047	NM
Wayzata Opportunities Fund III	$ 30,000	9/11/2012	$ 14,718	$ 11,860	$ 3,680	$ 15,540	1.2%
Wynnchurch Capital Partners IV	$ 40,000	10/23/2014	$ 38,474	$ 46,859	$ 58,578	$ 105,438	26.8%
Wynnchurch Capital Partners V	$ 40,000	1/15/2020	$ 28,231	$ 538	$ 35,296	$ 35,833	13.7%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Angelo Gordon Net Lease IV	$ 50,000	2/17/2020	$ 45,938	$ 5,599	$ 46,048	$ 51,647	5.8%
Angelo Gordon Realty Fund XI	$ 50,000	3/31/2022	$ 10,000	$ -	$ 9,798	$ 9,798	NM
Bain Capital Real Estate II	$ 50,000	3/5/2021	$ 29,607	$ 2,365	$ 29,093	$ 31,458	4.8%
Bain Capital Real Estate III	$ 35,000	12/18/2023	$ 3,264	$ -	$ 2,317	$ 2,317	NM
Blackrock Granite Property Fund	$ 63,791	9/30/2006	$ 68,771	$ 53,312	$ -	$ 53,312	-4.9%
Blackstone Property Partners	$ 350,000	6/29/2017	$ 350,000	$ 44,727	$ 380,617	$ 425,344	4.0%
Blackstone Real Estate Partners VII	$ 75,000	2/26/2012	$ 105,412	$ 156,313	$ 11,415	$ 167,728	14.6%
Blackstone Real Estate Partners VIII	$ 50,000	3/27/2015	$ 64,289	$ 65,357	$ 35,318	$ 100,676	14.3%
Blackstone Real Estate Partners IX	$ 40,000	12/21/2018	$ 45,360	$ 16,339	$ 44,657	$ 60,997	16.5%
Barings Asia Real Estate II	$ 50,000	7/31/2018	$ 38,239	$ 2,506	$ 31,847	$ 34,353	-6.1%
EQT Real Estate II	$ 55,000	4/26/2019	$ 33,553	$ 5,679	$ 33,734	$ 39,414	8.4%
EQT Real Estate Rock Co-Investment	$ 11,000	8/10/2020	$ 9,281	$ -	$ 11,270	$ 11,270	7.5%
H/2 Credit Partners, L.P.	$ 75,000	6/21/2011	$ 75,000	$ 112,177	$ -	$ 112,177	5.9%
Harrison Street Core Property Fund, L.P.	$ 75,000	4/30/2012	$ 96,240	$ 55,308	$ 123,505	$ 178,813	7.7%
HSRE-Coyote Maine PERS Core Co-Investment	$ 20,000	12/4/2020	$ 14,217	$ 1,869	$ 11,511	$ 13,380	-2.1%
High Street Real Estate Fund IV, L.P.	$ 25,000	8/23/2013	$ 24,717	$ 34,157	$ -	$ 34,157	14.7%
High Street Real Estate Fund V	$ 25,000	7/24/2015	$ 24,925	$ 36,176	$ -	$ 36,176	13.2%
High Street Real Estate Fund VI	$ 25,000	3/22/2019	$ 25,000	$ 6,270	$ 38,144	$ 44,414	21.2%
HSREF VI Elgin Co-Invest	$ 10,000	4/9/2021	$ 10,000	$ 1,784	$ 15,076	$ 16,860	22.9%
High Street Real Estate Fund VII	$ 35,000	8/16/2021	$ 35,000	$ 210	$ 39,966	$ 40,176	10.6%
High Street Real Estate VII Venture	$ 15,000	3/17/2023	$ 15,000	$ -	$ 14,785	$ 14,785	NM
Hines US Property Partners	$ 200,000	9/9/2021	$ 136,960	$ 13,408	$ 117,644	$ 131,052	-3.7%
Invesco Real Estate Asia IV	$ 30,000	3/25/2020	$ 23,831	$ 18,251	$ 7,741	$ 25,992	10.2%
Invesco US Income Fund	$ 195,000	7/17/2014	$ 234,006	$ 75,283	$ 298,780	$ 374,064	8.9%
IPI Data Center Partners I	$ 30,000	12/15/2017	$ 36,325	$ 23,552	$ 30,307	$ 53,859	14.0%
IPI Data Center Partners II	$ 25,000	12/20/2019	$ 23,346	$ 1,619	$ 27,247	$ 28,866	16.4%
JPMCB Strategic Property Fund	$ 130,000	11/15/2005	$ 186,941	$ 297,519	$ -	$ 297,519	5.8%
KKR Real Estate Partners Europe I	$ 50,000	12/2/2015	$ 53,822	$ 55,069	$ 14,897	$ 69,966	9.5%
KKR Real Estate Partners Europe II	$ 25,000	12/23/2019	$ 21,451	$ 6,411	$ 15,492	$ 21,903	1.5%
KKR Real Estate Partners Americas I	$ 50,000	12/20/2013	$ 50,066	$ 59,735	$ 1,487	$ 61,222	10.6%
KKR Real Estate Partners Americas II	$ 50,000	6/2/2016	$ 61,319	$ 72,846	$ 10,505	$ 83,351	19.2%
Northbridge-Strategic Fund II	$ 30,000	2/8/2019	$ 30,000	$ 5,012	$ 48,322	$ 53,334	13.2%
Prima Mortgage Investment Trust, LLC	$ 75,000	7/29/2011	$ 97,490	$ 131,918	$ -	$ 131,918	3.8%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Real Estate

Fund Name	Commitment (A)	Date of Commitment	Amount Contributed (B)	Total Distributions (C)	Current Market Value (D)	Total Value (C+D)	Interim Net IRR
Principal Life Insurance Company U.S. Property	$ 60,000	5/20/2005	$ 60,000	$ 125,410	$ -	$ 125,410	6.2%
PRISA	$ 90,000	6/30/2005	$ 139,622	$ 222,450	$ -	$ 222,450	5.3%
Rubenstein Properties Fund III	$ 30,000	10/23/2015	$ 30,606	$ 627	$ 11,636	$ 12,264	-17.4%
LCC Co-Investor B	$ 15,000	10/18/2019	$ 15,000	$ -	$ -	$ -	-100.0%
Rubenstein Properties Fund IV	$ 25,000	4/16/2019	$ 8,286	$ 56	$ 2,182	$ 2,238	NM
Prudential Senior Housing Fund V	$ 50,000	3/17/2015	$ 41,333	$ 5,453	$ 42,061	$ 47,514	2.4%
Smart Markets Fund, L.P.	$ 195,000	6/17/2013	$ 227,741	$ 74,882	$ 291,872	$ 366,754	8.0%
Stonelake Opportunity Partners VII	$ 40,000	6/30/2022	$ 4,000	$ -	$ 2,259	$ 2,259	NM
Walton Street Real Estate Fund VII	$ 50,000	5/9/2012	$ 44,043	$ 51,891	$ 8,354	$ 60,245	8.8%
Walton Street Real Estate Fund VIII	$ 50,000	10/23/2015	$ 42,895	$ 36,465	$ 22,123	$ 58,588	9.3%
Co-Investment #1	$ 10,000	9/27/2017	$ 10,293	$ 4,160	$ -	$ 4,160	-60.0%
Westbrook Real Estate Fund IX	$ 15,000	6/30/2014	$ 17,437	$ 17,500	$ 2,057	$ 19,558	4.3%
Westbrook Real Estate Fund X	$ 50,000	1/15/2015	$ 48,803	$ 42,649	$ 11,420	$ 54,069	4.6%
Westbrook Real Estate Fund XI	$ 40,000	1/31/2019	$ 37,385	$ 12,799	$ 28,774	$ 41,573	13.0%

(all dollar amounts in thousands)

MainePERS Private Market Investments Summary: 12/31/2023

Notes: NM = Not Meaningful. MainePERS only reports IRRs for funds with more than 24 months of history and for which Amount Contributed is greater than 50% of Commitments. "Date of Commitment" is not the date of first capital draw. The "IRR" presented uses interim estimates and may not be indicative of ultimate performance of partnership investments due to a number of factors including lags in valuation, maturity of fund, and differences in investment pace and strategy of various funds. Performance figures should not be used to compare returns among multiple funds or different limited partners. Private market investments are long-term investments which are expected to generate returns over the course of their entire life cycle of 10 or more years. Common industry practice dictates that any performance analysis on these funds while they are still in the early years of their investment cycle would not generate meaningful results. The Interim Net IRR figures presented in this table are based on cash flow information provided by the general partner. The above information was not prepared, reviewed, or approved by any of the partnerships, general partners, or their affiliates and may differ from those generated by the general partner or other limited partners due to differences in timing of investments, disposal of in-kind distributions, and accounting and valuation policies.

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: **PROXY VOTING SEMI-ANNUAL REVIEW – FY 2024**

DATE: JULY 3, 2024

Board Policy 2.7 (Engagement) notes that the System will vote its proxies in the best interests of its members as pension beneficiaries. The Policy directs the Investment Team to develop and maintain proxy voting guidelines, and to engage a proxy agent for the purpose of voting its proxies. Glass Lewis serves as the MainePERS proxy agent for those shares held directly by the System, and places individual votes for each item according to the System's proxy guidelines.

The below items follow this memo and will be discussed at the meeting:

- FY24 Proxy Voting Summary Report (Russell 1000 Holdings)
- Board Policy 2.7 – Engagement
- Investments Practice 21.0 – Proxy Voting Implementation Guidelines

POLICY REFERENCE

Board Policy 2.1 – Investment Policy Statement

Board Policy 2.7 – Engagement

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

RECOMMENDATION

No changes to the System's voting policy or practices are being recommended at this time. As discussed in this memo, the Investment Team will examine the current practices concerning the voting of proxies for investments held in commingled vehicles, and report back to Trustees by year end.

PROXY VOTING AT MAINEPERS

As a reminder, the System's target allocation to Public Equities is 30%. The below table contains details on this allocation, investment structures, and proxy voting practices as of fiscal year end 2024.

	Public Equity Portfolio Weight	Value ($M)	# of Companies	Holding Structure	Proxy Voting
Domestic Equity					
Russell 1000	61%	$3,414	≈1,000	Direct Holdings	MainePERS (*Glass Lewis*)
Russell 2000	3%	$168	≈2,000	ETF	BlackRock
International Equity					
ACWI ex US	36%	$1,891	≈2,300	Commingled	BlackRock
	100%	$5,305	≈5,300		

Proxies for MainePERS' direct shareholdings, constituting a majority of assets, are voted by Glass Lewis in accordance with the System's guidelines. In addition, as indicated above, proxies for shares held in commingled vehicles (including ETFs) are voted by BlackRock, in accordance with BlackRock's proxy voting policy. At a high level, this policy is in line with the System's proxy guidelines and objectives. For example, BlackRock's policy has the goal of advancing corporate governance practices that are aligned with long term shareholder value creation, seeks to align management compensation with financial performance, and supports disclosure of sustainability factors.

FY2024 PROXY VOTING – RUSSELL 1000 HOLDINGS

Public company annual meetings typically feature a number of items to be voted on by shareholders, such as Board of Director nominations, ratification of the company's auditor, and various proposals put forward by shareholders. Glass Lewis serves as MainePERS' proxy agent for the System's direct holdings of companies in the Russell 1000 index, and places individual votes for each item according to the System's proxy guidelines.

As shown in the attached report, the System cast votes on nearly 11,000 individual ballot items across nearly 1,000 annual meetings during FY2024. The vast majority of these items (95%)

were management proposals (e.g., Board nominations, auditor ratification, and compensation related), while nearly 600 votes were cast on shareholder proposals.

Each ballot proposal is accompanied by management's recommendation with respect to whether or not to support the proposal. In the case of management proposals, the System's proxy guidelines generally align with management's recommendations, and we voted in line with management in nearly 91% of cases. However, in the case of shareholder proposals, our voting departs from management's recommendations in a majority (60%) of cases.

FY2024 PROXY VOTING – COMMINGLED HOLDINGS

As noted above, the System's investments in International Equity and the Russell 2000 are held in commingled vehicles. Proxies for these investments are voted by BlackRock, guided by BlackRock's Investment Stewardship principles.

In 2022, BlackRock introduced a feature allowing investors in some commingled vehicles to vote the proxies corresponding to their stake in the vehicles. Electing this option allows an investor to vote proxies according to its own guidelines, rather than BlackRock's guidelines. At the time, it was determined that given the similarities between MainePERS and BlackRock proxy policy objectives, utilizing this new feature would mean greatly expanding the engagement with our proxy agent and increase cost and utilization of resources while not leading to meaningful differences in voting results.

The Investment Team has completed a review comparing the proxy votes cast under BlackRock's policy to our actual votes, for CY 2023 (the most recent period for which this data is available). This comparison reveals a very high degree of similarity overall, with nearly 90% of votes under each policy being the same. For management proposals, MainePERS voted the same as BlackRock in 91% of the cases (8,486 out of 9,287 votes cast). However, in the case of shareholder proposals, MainePERS and BlackRock voted the same in only 41% of the cases (215 out of 559 votes cast). Within shareholder proposals, there was strong alignment with BlackRock voting regarding environmentally focused shareholder proposals (voting the same nearly 70% of the time), but less alignment on items concerning compensation, governance, and social issues (voting the same in less than 50% of cases).

The Investment Team believes these findings warrant further research into the previously adopted approach of casting proxies based on BlackRock's guidelines. This work will be done once FY24 voting results are available, and we expect to report findings by the end of the calendar year, along with a recommendation concerning whether or not to change our current practice concerning proxy voting for commingled vehicles.

SHAREHOLDER ENGAGEMENT

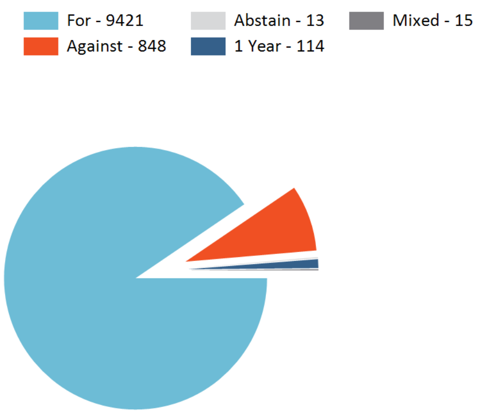
MainePERS will selectively maintain direct engagement with public companies on matters that encourage the success and long-term growth of its portfolio. Direct engagement is conducted through written communication to companies, urging the Board of Directors to reconsider their stance on proposed ballot items. For FY2024, the Investment Team wrote sixteen such letters. Nine supported Shareholder Proposals regarding an “Independent Board Chair” in order to provide objective oversight and unique value adding insights. An additional seven letters advocated for proposals regarding a “Simple Majority Vote” which strengthen shareholder’s rights by allowing a majority vote to influence governance decisions versus a more prohibitive supermajority (greater than 50%) practice.

Proposal Statistics Report

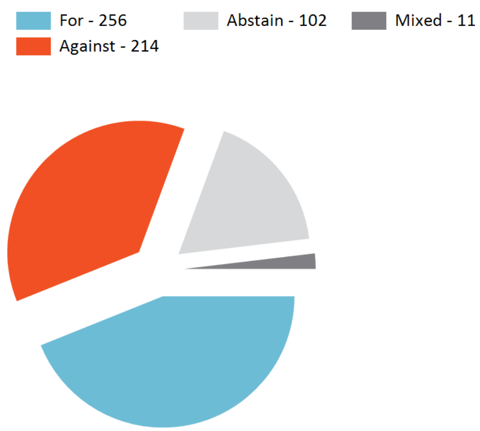
From 7/1/2023 to 6/30/2024

	Mgmt Proposals	SHP Proposals	Total Proposals
For	9421	256	**9677**
Against	848	214	**1062**
Abstain	13	102	**115**
1 Year	114	0	**114**
2 Years	0	0	**0**
3 Years	0	0	**0**
Mixed	15	11	**26**
Take No Action	0	0	**0**
Unvoted	0	0	**0**
Totals	**10411**	**583**	**10994**

Management Proposals – Votes Cast

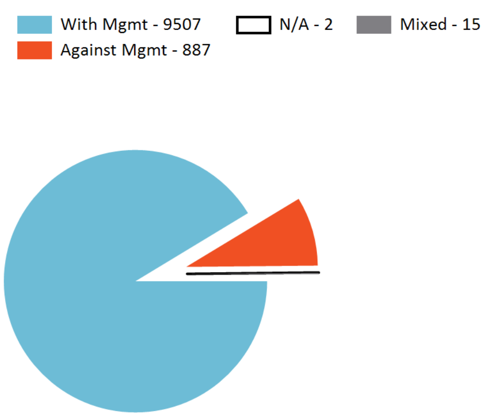


Shareholder Proposals – Votes Cast

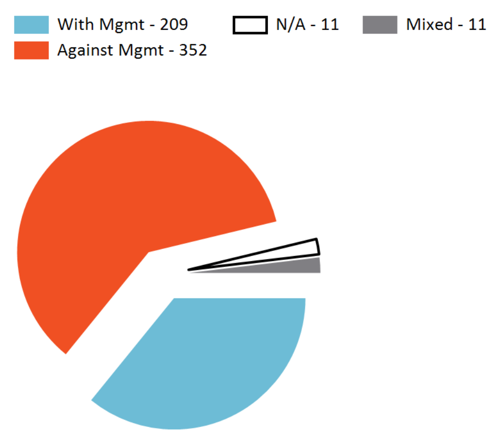


	Mgmt Proposals	SHP Proposals	Total Proposals
With Management	9507	209	**9716**
Against Management	887	352	**1239**
N/A	2	11	**13**
Mixed	15	11	**26**
Take No Action	0	0	**0**
Unvoted	0	0	**0**
Totals	**10411**	**583**	**10994**

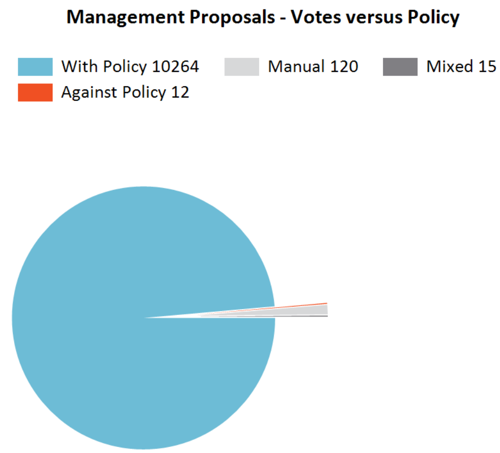
Management Proposals – Votes versus Management

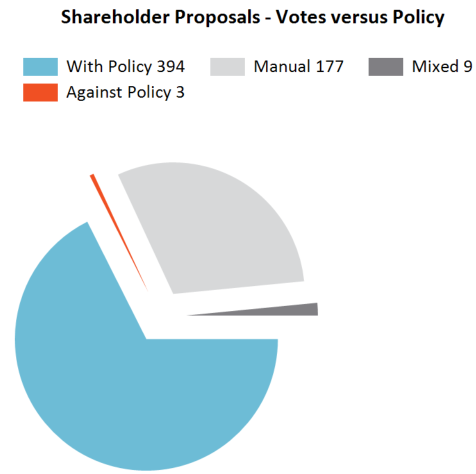


Shareholder Proposals – Votes versus Management

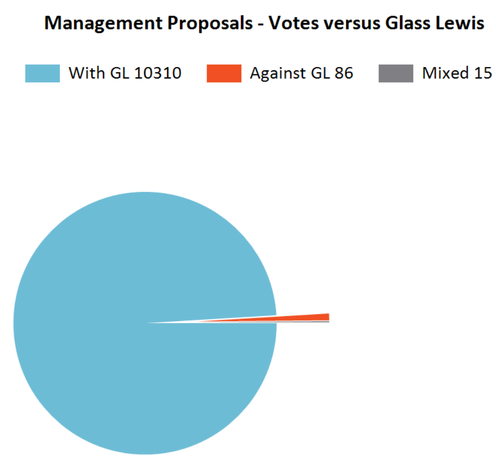


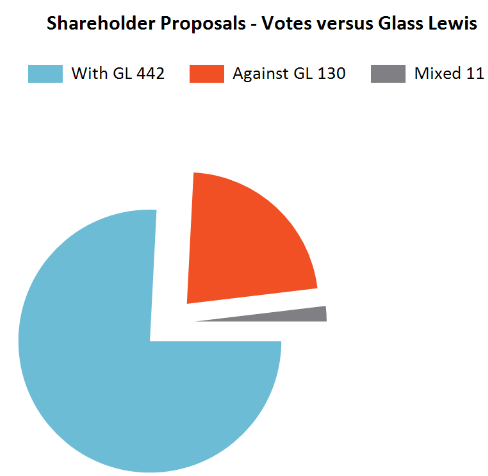
	Mgmt Proposals	SHP Proposals	Total Proposals
With Policy	10264	394	**10658**
Against Policy	12	3	**15**
Manual	120	177	**297**
N/A	0	0	**0**
Mixed	15	9	**24**
Take No Action	0	0	**0**
Unvoted	0	0	**0**
Totals	**10411**	**583**	**10994**





	Mgmt Proposals	SHP Proposals	Total Proposals
With Glass Lewis	10310	442	**10752**
Against Glass Lewis	86	130	**216**
N/A	0	0	**0**
Mixed	15	11	**26**
Take No Action	0	0	**0**
Unvoted	0	0	**0**
Totals	**10411**	**583**	**10994**



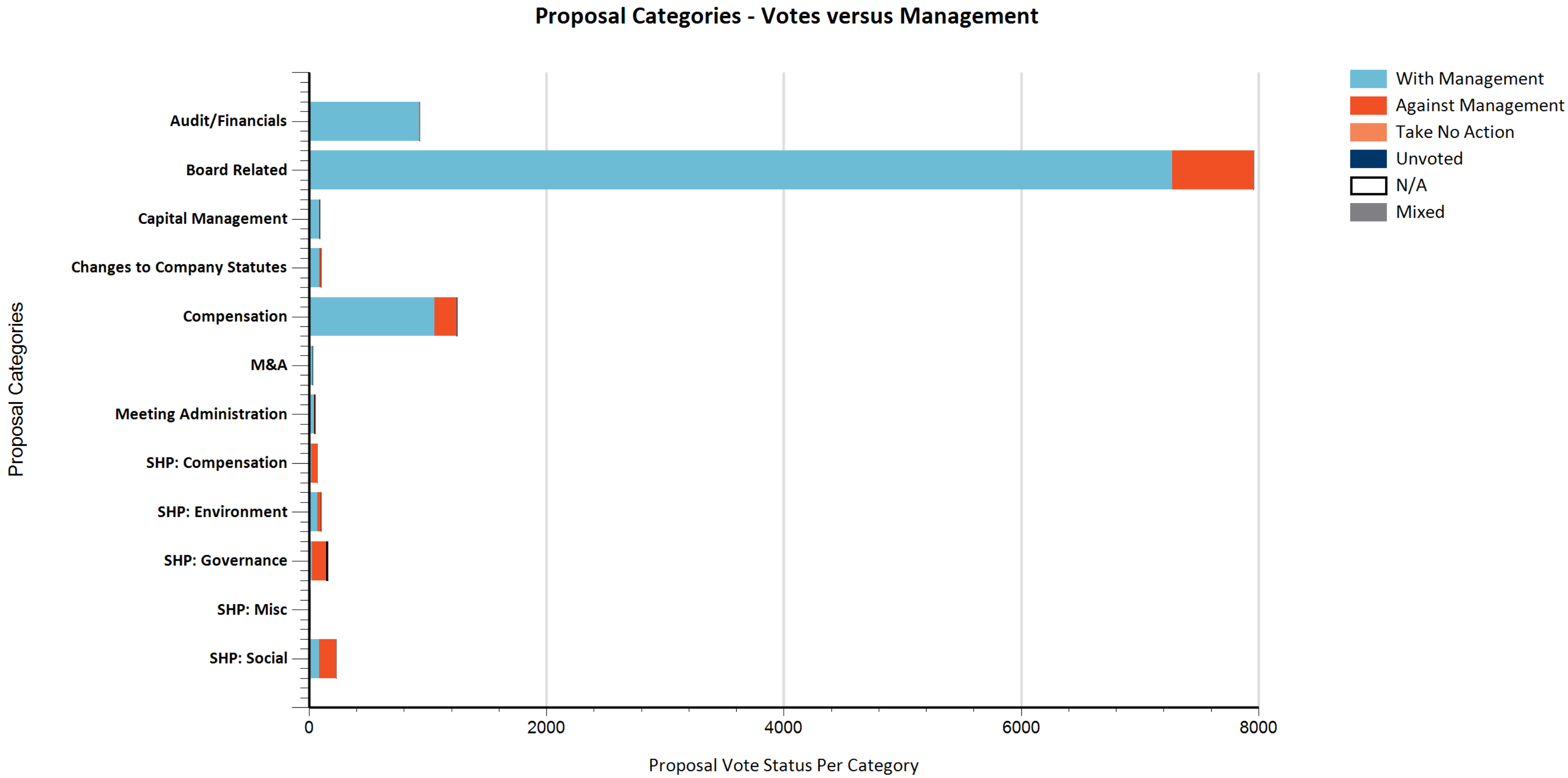


Proposal Category Report

From 7/1/2023 to 6/30/2024

Proposal Categories - All Votes

Proposal Category Type	For	Against	Abstain	Take No Action	Unvoted	Mixed	1 Year	2 Years	3 Years	Total
Totals	**9677**	**1062**	**115**	**0**	**0**	**26**	**114**	**0**	**0**	**10994**
Audit/Financials	931	1	0	0	0	1	0	0	0	**933**
Board Related	7292	653	9	0	0	12	0	0	0	**7966**
Capital Management	88	2	0	0	0	0	0	0	0	**90**
Changes to Company Statutes	84	14	4	0	0	0	0	0	0	**102**
Compensation	954	174	0	0	0	2	114	0	0	**1244**
M&A	31	0	0	0	0	0	0	0	0	**31**
Meeting Administration	41	4	0	0	0	0	0	0	0	**45**
SHP: Compensation	32	19	19	0	0	1	0	0	0	**71**
SHP: Environment	17	69	13	0	0	0	0	0	0	**99**
SHP: Governance	121	33	5	0	0	6	0	0	0	**165**
SHP: Misc	5	8	0	0	0	1	0	0	0	**14**
SHP: Social	81	85	65	0	0	3	0	0	0	**234**



Proposal Categories - Votes versus Management

Proposal Category Type	With Management	Against Management	Take No Action	Unvoted	N/A	Mixed	Total
Totals	**9716**	**1239**	**0**	0	**13**	**26**	**10994**
Audit/Financials	929	3	0	0	0	1	**933**
Board Related	7275	679	0	0	0	12	**7966**
Capital Management	88	2	0	0	0	0	**90**
Changes to Company Statutes	84	18	0	0	0	0	**102**

Proposal Category Type	With Management	Against Management	Take No Action	Unvoted	N/A	Mixed	Total
Compensation	1059	182	0	0	1	2	**1244**
M&A	31	0	0	0	0	0	**31**
Meeting Administration	41	3	0	0	1	0	**45**
SHP: Compensation	19	51	0	0	0	1	**71**
SHP: Environment	69	30	0	0	0	0	**99**
SHP: Governance	28	120	0	0	11	6	**165**
SHP: Misc	8	5	0	0	0	1	**14**
SHP: Social	85	146	0	0	0	3	**234**

Board Responsibilities – Investments and Administration

2.7 – Engagement

Date Adopted: February 11, 2016

Date Amended: October 11, 2018; November 18, 2021

Policy

MainePERS is the fiduciary for funds it is assigned to manage. MainePERS shall be a good steward for the funds entrusted to it, managing and investing these funds as a "prudent investor" in accordance with the "exclusive benefit rule" and the laws and Constitution of the State of Maine. MainePERS shall also promote the long-term success of companies with which the System invests through engagement activities.

Statutory/Legal Provisions

- Me. Const. art. IX, § 18.
- 5 M.R.S. §§ 17102, 17103, 17435; 18-B M.R.S. § 801, *et seq*. (Maine Uniform Trust Code); 18-B M.R.S. § 901*, et seq.* (Maine Uniform Prudent Investor Act).
- 5 M.R.S. §§ 17153(4).
- Restatement (Third) of Trusts § 78(1) (2007) (the "sole interest rule").
- The Employee Retirement Income Security Act ("ERISA"), codified at 29 U.S.C. § 1002, *et seq*., provides a description of the standard of care that applies to trustees of private sector retirement plans. Although the System as a public retirement plan is not specifically governed by the fiduciary duty standard set forth in ERISA, courts will often consider the standard set forth in ERISA when addressing public pension plan issues. Under ERISA, a fiduciary must act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person (expert) acting in a like capacity would act. This statutory standard is derived from the common law of trusts, which is applicable in the State of Maine.

Engagement

Engagement is encouraging long-term success and growth of publicly traded companies with whom MainePERS invests through activities such as:

- Direct engagement
- Participating in or sponsoring shareholder litigation
- Proxy voting

Direct Engagement

MainePERS will maintain a direct engagement effort consistent with the need for and resources available to encourage the publicly traded companies in its portfolio to achieve long term growth and success, balancing the long term focus of good stewardship with the short term challenges the company faces. Direct engagement opportunities may be based on continuous monitoring of its investments including investment analysis, trade publications, trade organizations, or coordination with other institutional investors.

Direct engagement includes written and oral communication to companies, including attending shareholder meetings and sponsoring shareholder resolutions in unusual circumstances.

Shareholder Litigation

MainePERS will participate in shareholder litigation only to the extent that participation is likely to benefit MainePERS members as pension beneficiaries. MainePERS generally will not assume the role of lead plaintiff in a securities class action unless no other investor with interests similar to MainePERS and sufficient resources to support the litigation is willing to serve as lead plaintiff and the System otherwise will lose the benefit of the litigation to members.

Proxy Voting

MainePERS will vote its proxies in the best interests of its members as pension beneficiaries. This will generally mean focusing on good stewardship by the companies with which MainePERS invests, including:

- Voting to optimize each company's value to shareholders, balancing the long-term focus of good stewardship with the short-term challenges the company faces. Good stewardship includes establishment of effective governance and management practices, responsibility to employee and customer welfare, and responsibility to the environment;
- When there is a conflict between long- and short-term interests, voting shall be in favor of proposals that maximize shareholder control consistent with effective business operations of the company;
- Refraining from voting to further the interests of any group other than the best interests of MainePERS members as pension beneficiaries.

The Chief Executive Officer and Chief Investment Officer shall implement this direction by engaging a proxy voting agent to vote shares of stock owned by MainePERS. The MainePERS investment team shall create, maintain, and update general guidance in the following areas that the proxy voting agent can use to map to proxy votes available to MainePERS:

- Management resolutions
    - Elections of officers
    - Ratification of auditors
    - Governance structure and shareholder rights
    - Compensation

- Shareholder proposals
    - Environment
    - Social matters
    - Governance
    - Compensation
- Mergers and proxy contests

The MainePERS Investment team shall work with the proxy voting agent to determine MainePERS' position on proxies not directly covered by the implementation guidance. The Investment team shall monitor the proxy voting agent's implementation of the MainePERS guidance and report semi-annually to the Board of Trustees. The Board may meet with the proxy voting agent from time to time to discuss MainePERS' votes.

Investment General Practice
21.0 Engagement - Proxy Voting Implementation Guidelines

Summary of Practice

MainePERS Board's Engagement Policy sets broad principles for the voting of System proxies. These principles are based on MainePERS' fiduciary duties, and call for voting in a manner designed to encourage good corporate stewardship and the maintenance of an appropriate balance of long and short-term goals. The Executive Director and Chief Investment Officer are charged with implementing proxy voting in a manner consistent with the System's Engagement Policy. This document contains specific guidance for placing votes on a broad variety of topics.

The System employs a proxy voting agent (currently Glass Lewis) to assist with both the mechanical and decision-making aspects of casting votes on over 10,000 proxy questions annually. The proxy voting agent develops an internal set of voting guidelines consistent with its interpretation of the principles of improving shareholder welfare. These principles and guidelines are used to establish the proxy agent's position on each item to be voted. In situations where MainePERS' guidance would lead to a different vote than the proxy agent's guidelines, the agent places votes so as to reflect MainePERS' guidance. In cases where the proxy agent is unable to determine a voting preference based on MainePERS's guidance, MainePERS is notified and manually places its vote based on internal discussion of the issue.

The attached "Proxy Voting Guidelines" document provides specific guidance as to how the Board's Engagement Policy will be implemented in a variety of specific voting situations.

Statutory/Legal/Policy Provisions

MainePERS Governance Manual, Board Policies 2.1, 2.7, 5.1, 5.2.

Ownership

This Policy is owned by the Chief Investment Officer.

Adopted this 3rd day of March, 2016; Approved as amended April 17, 2024.

James Bennett
Chief Investment Officer

Proxy Voting Guidelines

Management Resolutions – Board of Directors

Maine PERS generally supports the appointment of directors that protect shareholders' interests and enable companies to achieve long term growth and success. Boards should work to protect and enhance the best interests of shareholders, be at least a majority independent and include members with a record of positive performance with a diversity and depth of experience.

Staggered or Classified Boards

MainePERS generally favors non-staggered[1] and non-classified boards. MainePERS will therefore generally vote:

- Against proposals to establish or protect staggered or classified boards
- In favor of proposals to eliminate classification and staggering
- In favor of proposals for annual election of all directors

Liability/Indemnification of Directors

MainePERS expects directors to act in good faith and in the best interests of the company. MainePERS will therefore generally vote:

- Against proposals to limit/eliminate liability for violation of duty of care.
- Against proposals to indemnify directors in instances of gross negligence.
- In favor of proposals to indemnify where the directors acted in good faith and reasonably believed their action(s) was/were in the best interest of company.

Nomination of Directors

MainePERS will generally vote:

- Against proposals to limit/eliminate shareholders' right to nominate directors, to have a role in filling vacancies or to initiate/compel removal of directors.
- In favor of proposals to provide or protect shareholders' ability to nominate directors, to have a role in filling vacancies or to initiate/compel removal of directors.

Independent Directors

MainePERS is generally in favor of director independence[2] and therefore will generally vote:

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[1] A non-staggered (or non-classified) board features all directors elected to equal length terms at the same time. With a staggered board, only a fraction of directors are elected each year. An example of a staggered board would be one where one third of directors are elected each year, for three year terms. This feature makes hostile takeovers more difficult, as a potential acquirer will need multiple years to obtain board control.

[2] An independent (or "outside") director is not a current or former employee of the company, is not related to a key employee of the company, and has never worked for a major supplier, customer, service provider, or consultant to the company.

- Against proposals that would result in a majority of inside directors[3].
- Against individual non-independent directors where non-independent directors would or already do comprise a majority of the Board.
- Against individual directors with any material business relationship with the company.
- In favor of proposals calling for appointment of an independent chair.
- In favor of proposals that all, or a majority of, directors be independent.
- In favor of proposals that audit, compensation and/or nominating committees consist entirely of, or a majority of, independent directors.

Directors Ignoring Majority Shareholder Votes

In general, MainePERS will vote:

- Against individual director-candidates put forward by a Board where the candidates serve on a Board committee that has failed to implement shareholder proposals that (i) have received a majority of shareholder votes and (ii) that are in accordance with MainePERS' principles.

Directors – Attendance

MainePERS will generally withhold votes:

- For individual directors who attend fewer than 75% of board and committee meetings.

Directors – Poor Performance

MainePERS will generally withhold votes for directors judged to have poor committee performance. Criteria for poor performance include, but is not limited to:

- Compensation committee: Failing to link pay with performance or for egregious non-performance based compensation
- Governance committee: Adoption of anti-takeover defenses such as poison pill[4] and classified board.
- Governance committee: Adoption of limits on full legal recourse, such as exclusive forum provisions or fee-shifting bylaws and/or when the company's governing documents are reduced or suspended relating to an important shareholder right such as a takeover protection, ability to call a special meeting.

[3] An inside director is a director who is also an employee (e.g., CEO) or major stakeholder (e.g., labor union representative) of the company.
[4] A shareholder rights plan, typically referred to as a "poison pill" is a defensive tactic used to prevent a hostile takeover. Once adopted by a company, poison pills are typically triggered when a potential acquirer obtains a given percentage of a company's shares (e.g., 15%) without board approval. The poison pill then allows all other shareholders to acquirer new shares at a low cost, effectively diluting the acquirer's stake and making a takeover impossible.

- Audit committee: Material restatements or un-remediated material weaknesses

Management Resolutions – Auditor

Auditor Ratification

MainePERS believes that role of the auditor is crucial in protecting shareholder value and demand the services of objective and well-qualified auditors at all companies. Auditors should be free from conflicts of interest and should assiduously avoid situations that require them to make choices between their own interests and the interests of the shareholders.
MainePERS generally supports management's recommendation regarding the selection of an auditor. However, MainePERS will generally vote against the ratification of auditors for the following reasons:

- When audit fees added to audit-related fees total less than one-half of total fees.
- When there have been any recent restatements or late filings by the company where the auditor bears some responsibility for the restatement or late filing (e.g., a restatement due to a reporting error).
- When the company has aggressive accounting policies.
- When the company has poor disclosure or lack of transparency in financial statements.
- When there are other relationships or issues of concern with the auditor that might suggest a conflict between the interest of the auditor and the interests of shareholders.
- When the company is changing auditors as a result of a disagreement between the company and the auditor on a matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures.

Auditor Rotation

MainePERS typically supports audit related proposals regarding mandatory auditor rotation when the proposal uses a reasonable period of time (usually not less than 5-7 years).

Management Resolutions – Governance Structure and Shareholder Rights

MainePERS generally supports resolutions that enhance shareholder rights.

<u>Anti-Takeover Measures</u>

MainePERS generally opposes strategies implemented to prevent takeovers.
MainePERS will therefore generally vote:

- Against proposals to establish, authorize or expand greenmail[5] payment authority.

[5] Greenmail refers to the practice of purchasing shares from a potential acquirer at an above-market price in order to dissuade an attempt at a

- Against proposals to establish, authorize or expand poison pills except in circumstances regarding NOL poison pills[6] outlined below.
- In favor of anti-greenmail proposals and restrictions on greenmail payments.
- In favor of proposals to eliminate or limit poison pills except in the circumstance regarding NOL poison pills outlined below.
- In favor of proposals to require shareholder approval of poison pills.
- In favor of proposals to adopt or amend poison pills to include NOL protective provisions if the terms are narrowly tailored to prevent a change in control and in consideration of the value of the NOLs to the company, the likelihood of a change of ownership based on the size of the holding and the nature of the larger shareholders, the trigger threshold, whether the term of the plan is limited in duration or is subject to periodic board review and/or shareholder ratification without unduly limiting takeovers.

One Share-One Vote

MainePERS will generally vote:

- Against proposals to issue shares having greater or lesser voting rights than other shares.
- In favor of proposals to prohibit or limit issuance of unequal-voting shares, or to eliminate dual class share structures.

Confidential/independently-verified voting

MainePERS will generally vote:

- Against proposals to prohibit or eliminate confidential and/or independently verified voting.
- In favor of proposals to institute or expand confidential and/or independently verified voting.

Supermajority bylaw amendment

MainePERS will generally vote:

- Against proposals to adopt supermajority requirement[7] for amendment of bylaws.
- In favor of proposals to remove supermajority requirement for amendment of bylaws.

takeover.

[6] Net Operating Losses (NOLs) can be used to offset future income and constitute a valuable asset for some corporations. In some circumstances a change of corporate ownership can result in the value of these assets becoming significantly impaired, due to IRS regulations. NOL poison pills are poison pills designed specifically to prevent a change in ownership that would impair NOL assets, and serve to prevent takeovers in general.

[7] Under a supermajority requirement, bylaw changes require the approval of more than a simple majority of shareholders - typically 2/3or greater.

Pre-emptive rights

MainePERS will generally vote:

- In favor of proposals to protect or restore shareholders' preemptive rights[8].
- Against proposals to prohibit, eliminate or restrict shareholders' rights to purchase new share issues before others.

Proxy Access

MainePERS will generally vote:

- Against proposals to deny shareholder access to proxy materials and process for purpose of presenting opposing views on management proposals.
- In favor of expanded proxy access[9] proposals with terms substantially similar to those proposed by the SEC, e.g., 3% shareholder holding shares for three years can nominate up to 20%/25% of the board.

Related Party Transactions

MainePERS will generally vote:

- Against proposals to narrow the scope of related party transactions requiring scrutiny.
- Against proposals to not provide or to lessen disclosure of related party transactions.
- In favor of proposals to require scrutiny and/or disclosure of related party transactions.
- In favor of proposals that would broaden existing requirements for scrutiny and/or disclosure.

Competing Proposals

MainePERS will generally vote:

- Against proposals that compete with or exclude shareholder proposals with materially preferable terms.

Management Resolutions – Compensation

MainePERS generally supports compensation related resolutions in cases where the company has adequately aligned pay with long term performance.

[8] Preemptive rights provide existing shareholders with the right to purchase newly-issued before the new shares are offered to the general public. This allows shareholders to avoid dilution of their ownership percentage.

[9] Currently, corporate management produces proxy material containing their director nominations and various resolutions for shareholder consideration. Proposals for "proxy access" would allow shareholders meeting certain criteria (size of stake and time held) to also place items on the proxies distributed by the company.

Stock Options

MainePERS believes that appropriate use of stock options can benefit shareholders by more closely aligning company and employee interests. MainePERS will therefore generally vote:

- In favor of proposals that grant stock options broadly to employees, executives and directors.
- Against proposals that limit stock option grants to executives and/or directors or excessively favor executives and/or directors. MainePERS views an option program in which Named Executive Officers receive over 50% of options to be excessively favorable to executives.
- Against proposals that encourage management and directors to focus on near-term stock performance rather than long-term growth in company value.
- Against proposals that would obfuscate or hide dilution and earnings effects of stock options grants.
- In favor of proposals that meaningfully link stock option vesting to long-term growth in company value, e.g., indexed options[10].
- In favor of proposals that would result in disclosure of dilution and earnings effects of stock option grants.

Golden Parachutes

MainePERS generally supports golden parachutes related to mergers as long as amounts are subject to double triggers[11] and are reasonable. MainePERS will generally vote:

- In favor of proposals requiring shareholder approval of golden parachutes
- In favor of proposals setting reasonable restrictions or limitations on golden parachutes.
- Against proposals to establish, authorize or expand golden parachutes unless judged reasonable.

Say on Pay

MainePERS will vote:

- In favor of proposals to annual frequency of "say on pay[12]" votes.
- Against proposals to adopt less than annual frequency of say on pay votes.

Rights of Key Employees and Outside Directors to acquire stock and/or participate in appreciated value of stock

[10] An employee stock option that can only be exercised if the company outperforms a given stock index (e.g., the S&P 500).
[11] The double triggers are that (i) the merger or acquisition actually occurs, and (ii) the executive's employment is terminated.
[12] Say on Pay refers to an SEC requirement that shareholders be given the opportunity to vote on executive compensation at least once every three years, and that shareholders also vote on the frequency with which compensation will be considered.

MainePERS will generally vote:

- Against proposals that excessively dilute (i.e., 10% or greater dilution) shareholder equity.
- Against proposals that permit an exercise price that is less than 100% of fair market value (FMV) on date of option grant.
- In favor of proposals that are incentive-based and not otherwise unacceptable.
- In favor of proposals that require full disclosure of management and director compensation.
- In favor of proposals to require shareholder approval of key employee and director stock option plans.

Shareholder Proposals

Environmental

MainePERS will generally vote:

- In favor of proposals calling for reasonable disclosures of risks or risk mitigation actions related to environmental factors.

Social Matters

MainePERS will generally vote:

- In favor of proposals that would allow charitable contributions and/or that require disclosure of contributions.
- In favor of proposals requesting disclosure of corporate political donations.
- In favor of proposals seeking to advance a social policy or objective when the proposal is expected to positively impact shareholder financial value.
- Against proposals seeking to advance a social policy or objective when the proposal is expected to negatively impact shareholder financial value.
- Abstain from voting on proposals seeking to advance a social policy or objective when the proposal is expected to have no impact on shareholder financial value.
- In favor of proposals calling for or supporting corporate policies or requirements that positively affect employee health and safety.
- Against proposals calling for or supporting corporate policies or requirements that negatively affect employee health and safety.

Governance

MainePERS will generally:

- Vote in favor of proposals to allow shareholders to call special meetings.

- Vote in favor of proposals allowing shareholders to act by written consent.
- Vote in favor of proposals requiring a director to own a minimum amount of company stock.
- Withhold votes from directors owning less than 100 shares of company stock.
- Vote AGAINST proposals to hold the annual meeting somewhere other than where management has proposed. However, MainePERS expects management to take shareholder expense and convenience into account when choosing meeting locations.

Compensation

- MainePERS will generally vote in favor of proposals calling for companies to adopt a policy of not providing tax gross-up payments[13] to corporate executives, except in situations where gross-ups are provided pursuant to a plan, policy or arrangement applicable to management employees of the company, such as a relocation of expatriate tax equalization policy.
- MainePERS will generally vote in favor of proposals calling for board compensation committees to develop and disclose a policy for reviewing unearned bonus and incentive payments that were awarded to executive officers owing to fraud, financial results that require restatement or some other cause. The policy should require recovery or cancellation of any unearned awards to the extent that it is feasible and practical to do so.

Extraordinary Items

Reincorporation

MainePERS will generally vote:

- Against proposals to reincorporate, whether on- or off-shore, where reincorporation will result in weakening of shareholder rights and/or lesser accountability of management and/or directors. Where off-shore reincorporation is proposed, substantial continuing benefit to company's long-term value must be shown to exist.
- In favor of proposals to reincorporate where reincorporation will result in improved shareholder rights and/or greater management and/or director accountability and, in the case of proposed off-shore reincorporation, where substantial continuing benefit to the company's long-term value is demonstrated to exist.

13 Tax gross-up payments are made so such that the net after tax payment received equals an agreed-upon amount.

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: KATHY J. MORIN, DIRECTOR, ACTUARIAL AND LEGISLATIVE AFFAIRS

SUBJECT: RATE-SETTING, GLI PREMIUM STUDY/PREMIUM SETTING

DATE: JULY 2, 2024

POLICY REFERENCE

Board Policy 1.2 – Trustee Fiduciary Responsibility

Board Policy 2.2 – Actuarial Soundness and Funding

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

FY 2026- 2027 RATE-SETTING

As we discussed in June, every two years, the Board adopts the employer contribution rates that will apply to the State-sponsored plans in the upcoming biennium. The information needed to develop the rates includes the value of assets as of the June 30th fiscal year end. Because the State needs these rates as the basis for beginning the biennial budget process in July, the turnaround time is extremely tight for providing the Board with the information to make a decision at the July meeting. The FY 2026-2027 rate-setting information in currently being developed and will be provided to you in advance of the July meeting. Cheiron will be at the meeting to present the recommended rates.

GLI PREMIUM STUDY/PREMIUM SETTING

The Group Life Insurance Program premium study previewed at the June meeting has been completed. At the July meeting, Cheiron will present the results of the study as well as their recommendations, which include an increase in the premiums for active coverage for State employees and teachers beginning in FY 2026, and a review of the Program again in two years instead of the more typical four year review schedule.

Cheiron is also recommending an increase in premiums for active coverage for the PLD Group Life Insurance Program. We will present funding information and rate increase options to the PLD Advisory Committee for their input at their upcoming meeting. We anticipate incorporating the PLD Advisory Committee input into a recommendation that we will bring to the Board of Trustees at a future meeting.

A copy of the draft GLI Premium Study Report as well as Cheiron's presentation is included with this memo.

RECOMMENDATION

That the Board approve the recommended rates and group life insurance premiums for the State Employee and Teacher Retirement Program, Judicial Retirement Program and Legislative Program for fiscal years 2026 and 2027.

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FY 2026 and 2027
State Budget Rate Setting

Gene Kalwarski, FSA, FCA, EA, MAAA
Greg Reardon, FSA, EA, MAAA
Bonnie Rightnour, FSA, EA, MAAA

July 11, 2024

MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

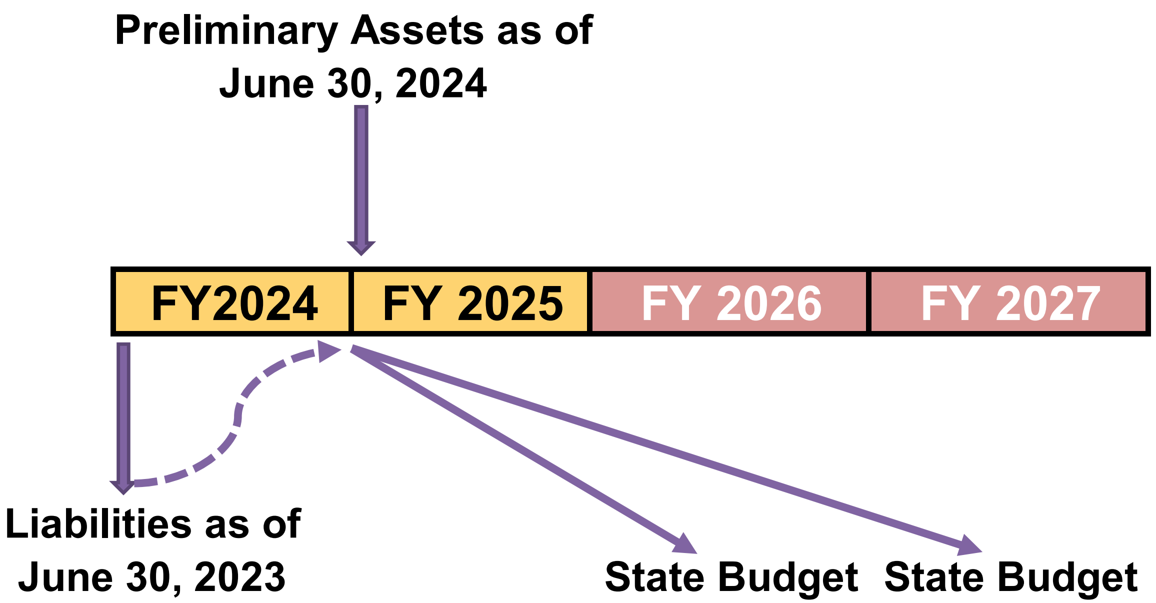
Classic Values, Innovative Advice

Rate Setting Agenda

- **Background**
- **FY 2026 and 2027 State Budget**

State Biennium Budget Timing

- State Employee and Teacher, and Judicial and Legislative Programs



- Participating Local Districts (PLDs) - June 30, 2024 valuation used for FY 2026 PLD and member contributions

FY 2026 AND 2027 State Budget

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Highlights

- Funded Ratios slightly improved from prior year
- Composite State Contribution Rate has slightly decreased since prior biennium
- Total estimated biennium contributions have increased by $80 million, increasing from $978 million to $1,058 million
  - $25.0 million higher than expected primarily due to
    - Higher payrolls than assumed
    - Higher COLA's than assumed

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June 30, 2024 "Roll Forward" Valuation Results

	Total STATE MainePERS	Teachers	All State Employees	Judicial	Legislative
7/1/2023 Valuation					
Actuarial Liability	17,610,528,012	11,507,894,703	6,012,640,981	78,586,151	11,406,177
Actuarial Value of Assets	14,991,920,469	9,868,754,960	5,020,331,623	86,355,694	16,478,192
Market Value of Assets	15,177,253,605	9,990,754,493	5,082,393,972	87,423,240	16,681,900
Unfunded Actuarial Liability (UAL)	2,618,607,543	1,639,139,743	992,309,358	(7,769,543)	(5,072,015)
Actuarial Value Funded Ratio	85.13%	85.76%	83.50%	109.89%	144.47%
Market Value Funded Ratio	86.18%	86.82%	84.53%	111.25%	146.25%
7/1/2024 Roll Forward Valuation					
Actuarial Liability	18,049,125,305	11,800,986,040	6,156,280,809	79,901,772	11,956,684
Actuarial Value of Assets	15,673,879,336	10,314,623,415	5,254,283,558	87,788,826	17,183,537
Market Value of Assets	15,817,598,860	10,409,201,964	5,302,462,003	88,593,794	17,341,099
Unfunded Actuarial Liability (UAL)	2,375,245,969	1,486,362,625	901,997,251	(7,887,054)	(5,226,853)
Actuarial Value Funded Ratio	86.84%	87.40%	85.35%	109.87%	143.71%
Market Value Funded Ratio	87.64%	88.21%	86.13%	110.88%	145.03%

June 30, 2024 "Roll Forward" Valuation Results

	Regular State Employees	Inland Fish & Wildlife	25 & Out Plan	98 Special Plan	Fire Marshals
7/1/2023 Valuation					
Actuarial Liability	5,144,517,887	43,231,465	323,315,946	495,019,103	6,556,580
Actuarial Value of Assets	4,328,207,614	43,044,691	264,334,442	381,102,469	3,642,407
Market Value of Assets	4,381,713,786	43,576,819	267,602,198	385,813,734	3,687,435
Unfunded Actuarial Liability	816,310,273	186,774	58,981,504	113,916,634	2,914,173
Actuarial Value Funded Ratio	84.13%	99.57%	81.76%	76.99%	55.55%
Market Value Funded Ratio	85.17%	100.80%	82.77%	77.94%	56.24%
7/1/2024 Roll Forward Valuation					
Actuarial Liability	5,241,655,052	41,275,535	347,265,435	518,886,986	7,197,801
Actuarial Value of Assets	4,499,867,710	41,105,800	293,397,959	415,362,610	4,549,479
Market Value of Assets	4,541,128,641	41,482,714	296,088,232	419,171,221	4,591,195
Unfunded Actuarial Liability	741,787,342	169,735	53,867,476	103,524,376	2,648,322
Actuarial Value Funded Ratio	85.85%	99.59%	84.49%	80.05%	63.21%
Market Value Funded Ratio	86.64%	100.50%	85.26%	80.78%	63.79%

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Fiscal Years 2026 & 2027 State Contributions

	Total STATE MainePERS	Teachers	All State Employees	Judicial	Legislative
FYE 2026					
Normal Cost as a % of payroll		4.36%	see next page	12.51%	5.59%
UAL amortization as a % of payroll		14.44%	see next page	-9.70%	-5.59%
Total Contribution Rate		18.80%	see next page	2.81%	0.00%
Estimated Normal Cost dollars	$ 122,378,187	$ 73,554,571	$ 47,346,719	$ 1,260,991	$ 215,906
Estimated UAL amortization dollars	$ 399,417,177	$ 243,595,788	$ 157,014,944	$ (977,649)	$ (215,906)
Estimated Total Appropriation	$ 521,795,364	$ 317,150,359	$ 204,361,663	$ 283,342	$ -
FYE 2027					
Normal Cost as a % of payroll		4.36%	see next page	12.51%	5.59%
UAL amortization as a % of payroll		14.44%	see next page	-9.76%	-5.59%
Total Contribution Rate		18.80%	see next page	2.75%	0.00%
Estimated Normal Cost dollars	$ 125,512,802	$ 75,577,322	$ 48,362,638	$ 1,287,496	$ 285,346
Estimated UAL amortization dollars	$ 410,337,648	$ 250,294,672	$ 161,332,856	$ (1,004,534)	$ (285,346)
Estimated Total Appropriation	$ 535,850,450	$ 325,871,994	$ 209,695,494	$ 282,962	$ -

Estimated Total Biennium Appropriation	$ 1,057,645,814
Prior Biennium Total Appropriation	$ 978,086,162

Based on Total MainePERS market value estimate of $19.8 billion and estimated amounts of contributions, benefit payments, and administrative expenses for FYE June 30, 2024

Fiscal Years 2026 & 2027 State Contributions

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	Regular State Employees	Inland Fish & Wildlife	25 & Out Plan	98 Special Plan	Fire Marshals
FYE 2026					
Normal Cost as a % of payroll	4.81%	14.49%	5.49%	5.41%	11.18%
UAL amortization as a % of payroll	16.05%	29.50%	18.26%	17.46%	21.96%
Total Contribution Rate	20.86%	43.99%	23.75%	22.87%	33.14%
Estimated Normal Cost dollars	$ 38,612,587	$ 14,524	$ 2,969,796	$ 5,517,392	$ 232,420
Est. UAL amortization dollars	$ 128,848,606	$ 29,569	$ 9,875,630	$ 17,804,574	$ 456,565
Estimated Total Appropriation	$ 167,461,193	$ 44,093	$ 12,845,426	$ 23,321,966	$ 688,985
FYE 2027					
Normal Cost as a % of payroll	4.81%	14.49%	5.49%	5.41%	11.18%
UAL amortization as a % of payroll	16.14%	29.69%	18.37%	17.57%	22.10%
Total Contribution Rate	20.95%	44.18%	23.86%	22.98%	33.28%
Estimated Normal Cost dollars	$ 39,444,927	$ 14,829	$ 3,032,217	$ 5,633,360	$ 237,305
Est. UAL amortization dollars	$ 132,391,942	$ 30,383	$ 10,147,210	$ 18,294,200	$ 469,121
Estimated Total Appropriation	$ 171,836,869	$ 45,212	$ 13,179,427	$ 23,927,560	$ 706,426

Based on Total MainePERS market value estimate of $19.8 billion and estimated amounts of contributions, benefit payments, and administrative expenses for FYE June 30, 2024

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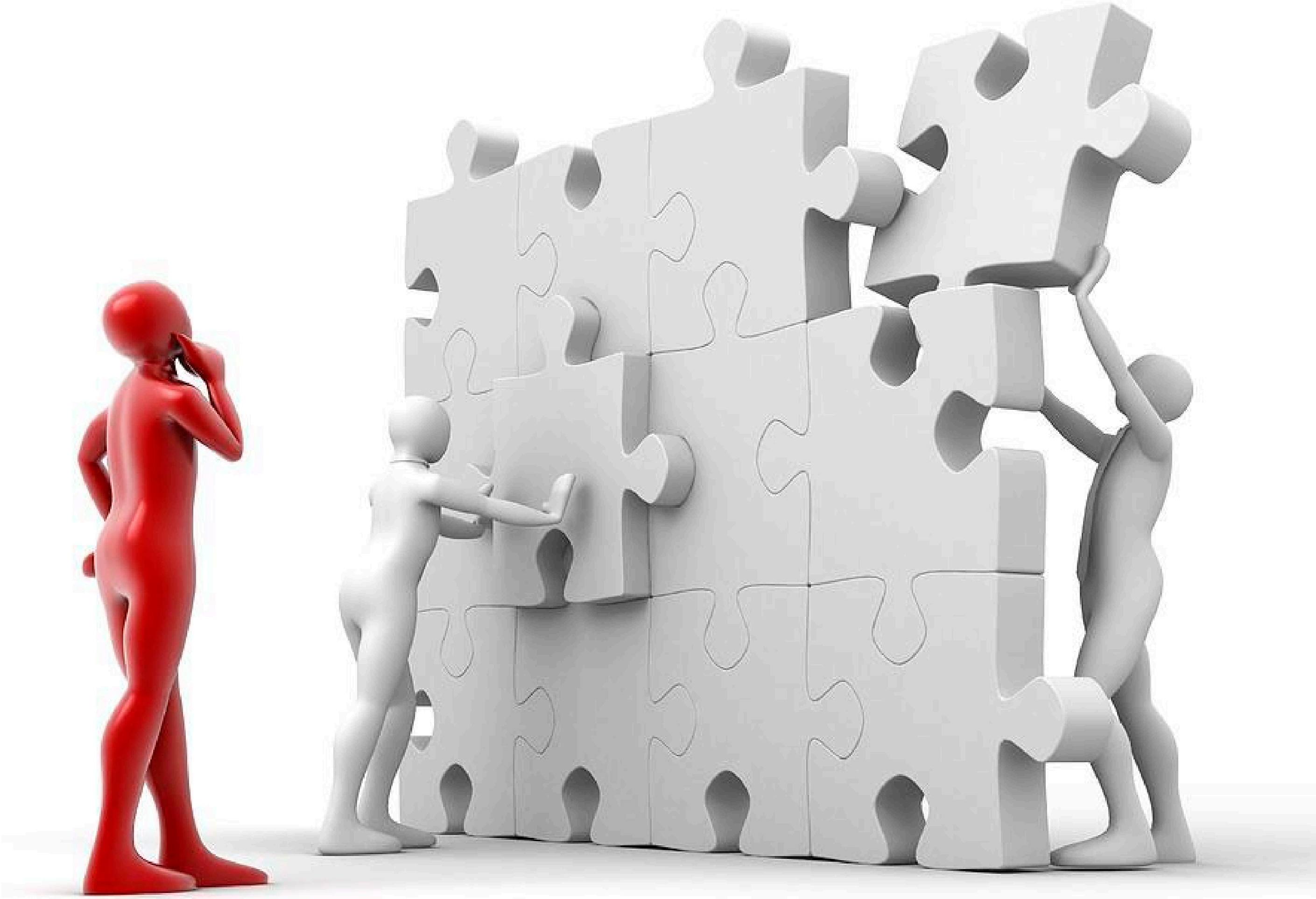
Next Steps

Actual June 30, 2024 Valuation Results will be reviewed in the October Board meeting.



Required Disclosures

In preparing this presentation, we relied on information supplied by the Maine Public Employees Retirement System.

The actuarial assumptions, data, and methods are those used in the preparation of the latest actuarial valuation report prepared for these plans as of June 30, 2023.

The results of this presentation rely on future Plan experience conforming to the underlying assumptions and methods outlined in the reports. Future results may differ significantly from the current results presented in this presentation due to such factors as the following: Plan experience differing from that anticipated by the assumptions, changes in assumptions, and changes in Plan provisions or applicable law.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Cheiron's presentation was prepared solely for the Maine Public Employees Retirement System for the purposes described therein, except that the Plan auditor may rely on the report solely for the purpose of completing an audit related to the matters herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

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Principal Consulting Actuary

Bonnie Rightnour, FSA, MAAA, EA
Principal Consulting Actuary

Greg Reardon, FSA, MAAA, EA
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Contact us if you have any questions

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Group Life Insurance (GLI) 2024 Premium Study

Ryan Benitez, ASA, MAAA

July 11, 2024

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Agenda

- GLI Benefits, Premium Structure, and Funding for Retirees
- Overview of Premium Study Key Findings
- Premium Study Recommendations
- Discuss Next Steps

MainePERS GLI Benefits Overview

Active Life Insurance Benefits

Basic Life 100% Salary

AD&D 100% Salary
(Additional depending on cause of death)

Supplemental Life (100 to 300% Salary)

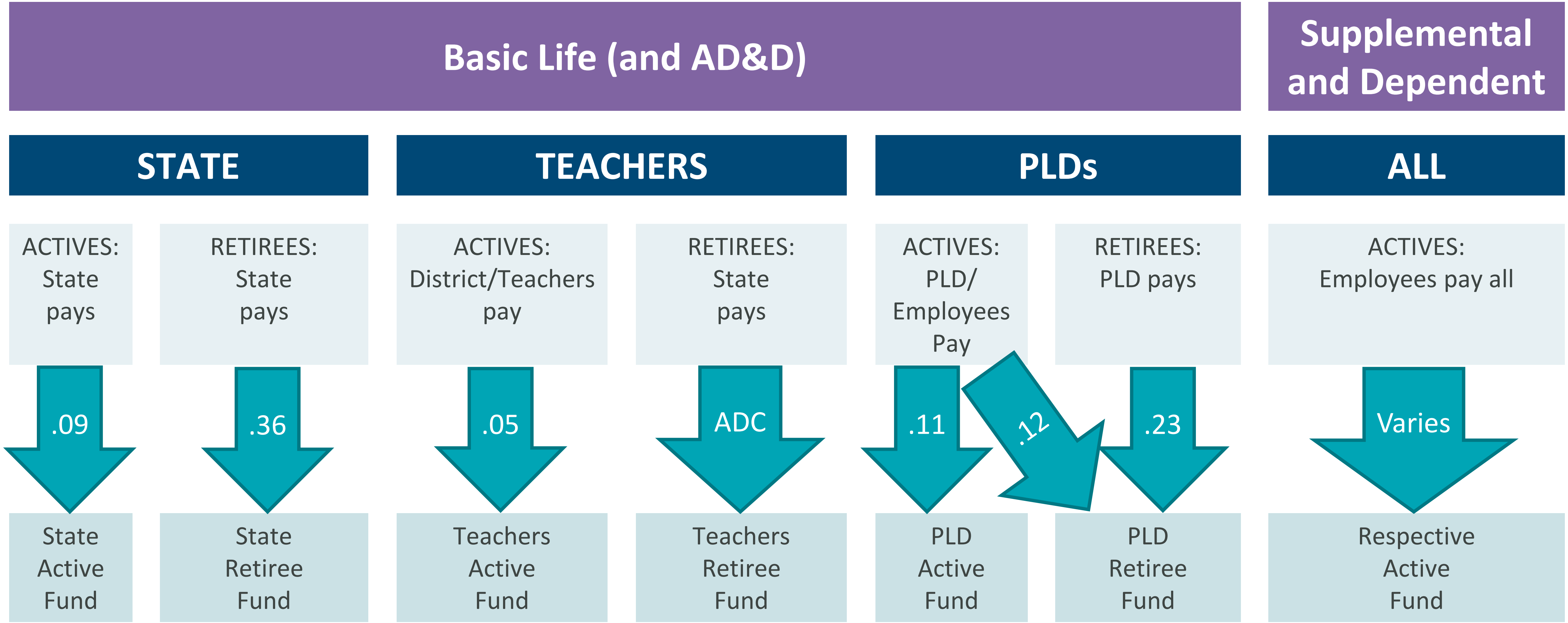
Dependent Life Plan A - $5,000 (Spouse)
$5,000 (Child), $1,000 (Child Under 6 Months)

Dependent Life Plan B - $10,000 (Spouse)
$5,000 (Child), $2,500 (Child Under 6 Months)

Retirement Basic Life Benefits

Year 1	100% Salary
Year 2	85% Salary
Year 3	70% Salary
Year 4	55% Salary
Year 5+	40% Salary

Funding Overview



Amounts shown in arrows are biweekly premiums per $1,000 of coverage

Retiree Basic Life Benefits – Funded Status and Funding Goals

- Annual GLI Report reviews the Basic Life benefits that are available after retirement
- Responsibility to pay retiree benefits creates an Unfunded Actuarial Liability (UAL), similar to the pension plan

	June 30, 2022	June 30, 2023				2022 to 2023 % Change
	Total	State[1]	Teachers	PLD	Total	
Assets and Liabilities						
Discount Rate	6.50%	6.50%	6.50%	6.50%		
Actuarial Liability	$ 267.9	$ 124.4	$ 121.0	$ 33.8	$ 279.2	4.2%
Market Value of Assets (MVA)	$ 141.4	$ 53.3	$ 86.5	$ 20.2	$ 160.0	13.2%
Unfunded Actuarial Liability (UAL)	$ 126.4	$ 71.1	$ 34.5	$ 13.6	$ 119.2	-5.7%
MVA Funded Ratio	53%	43%	71%	60%	57%	

[1] State group includes Judicial and Legislative as well as those in the State Employees Program

- One purpose of the Premium study is to review the sufficiency of the retiree premiums (along with the active premiums) to achieve full funding within designated timeframe
  - 30 Years from 2008 for State & Teachers by 2038
  - 28 Years from 2008 for PLDs by 2036

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Key Findings

- Proposed Changes
  - Increases in Active Basic rates for State and Teacher participants
  - Recommend scheduled increase for Active & Retiree Basic PLD participants in 2026 with additional increase in 2028
- Rates for Retiree Basic (State and Teacher) appear to be sufficient with no increase needed.
- For all groups, Supplemental and Dependent rates appear to be sufficient with no increase needed
- Reasons for Rate Increases
  - Higher than expected mortality in recent years, in particular for active State Employees
  - Claim experience for State, Teachers, and PLDs was significantly worse than expected during the experience period
  - Active funds are significantly decreased since 2021 and they risk being depleted without premium rate increases
- Next Premium Study recommended for 2026 rather than 2028

Experience and Recommendations

Current and Recommended Premium Rates

Rate Schedule - Bi-weekly Rates Per $1,000 of Coverage								
Current Rates				Rates as of Fiscal Year Ending 2026				
	State	Teacher	PLD		State	Teacher	PLD
Active Basic	$ 0.09	$ 0.05	$ 0.23	**Active Basic**	$ 0.12	$ 0.06	$ 0.24
Retiree Basic	$ 0.36	ADC		**Retiree Basic**	$ 0.36	ADC	
Supplemental				**Supplemental**			
Age <= 34	$ 0.02	$ 0.01	$ 0.02	Age <= 34	$ 0.02	$ 0.01	$ 0.02
35-44	$ 0.02	$ 0.01	$ 0.03	35-44	$ 0.02	$ 0.01	$ 0.03
45-49	$ 0.04	$ 0.02	$ 0.05	45-49	$ 0.04	$ 0.02	$ 0.05
50-54	$ 0.06	$ 0.04	$ 0.07	50-54	$ 0.06	$ 0.04	$ 0.07
55-59	$ 0.10	$ 0.07	$ 0.14	55-59	$ 0.10	$ 0.07	$ 0.14
60-64	$ 0.15	$ 0.10	$ 0.20	60-64	$ 0.15	$ 0.10	$ 0.20
65 plus	$ 0.20	$ 0.13	$ 0.40	65 plus	$ 0.20	$ 0.13	$ 0.40
Dependent A	$ 0.89	$ 0.89	$ 0.89	**Dependent A**	$ 0.89	$ 0.89	$ 0.89
Dependent B	$ 1.57	$ 1.57	$ 1.57	**Dependent B**	$ 1.57	$ 1.57	$ 1.57

State Active Basic	Increase the Active Basic Premiums by $0.03 bi-weekly per $1,000 of coverage.
Teacher Active Basic	Increase the Active Basic Premiums by $0.01 bi-weekly per $1,000 of coverage.
PLD Active and Retiree Basic	Option selected in 2020 Premium Study included increase to $0.24 in 2026.

- **State** active basic premiums increase by $0.03
- **Teacher** active basic premiums increase by $0.01
- **PLD** overall rate already scheduled to increase from $0.23 to $0.24 in 2026. Recommended to increase to $0.25 in 2028.
  - Allocation to active fund recommended to increase from $0.11 to $0.12 in 2026
- No changes to other rates

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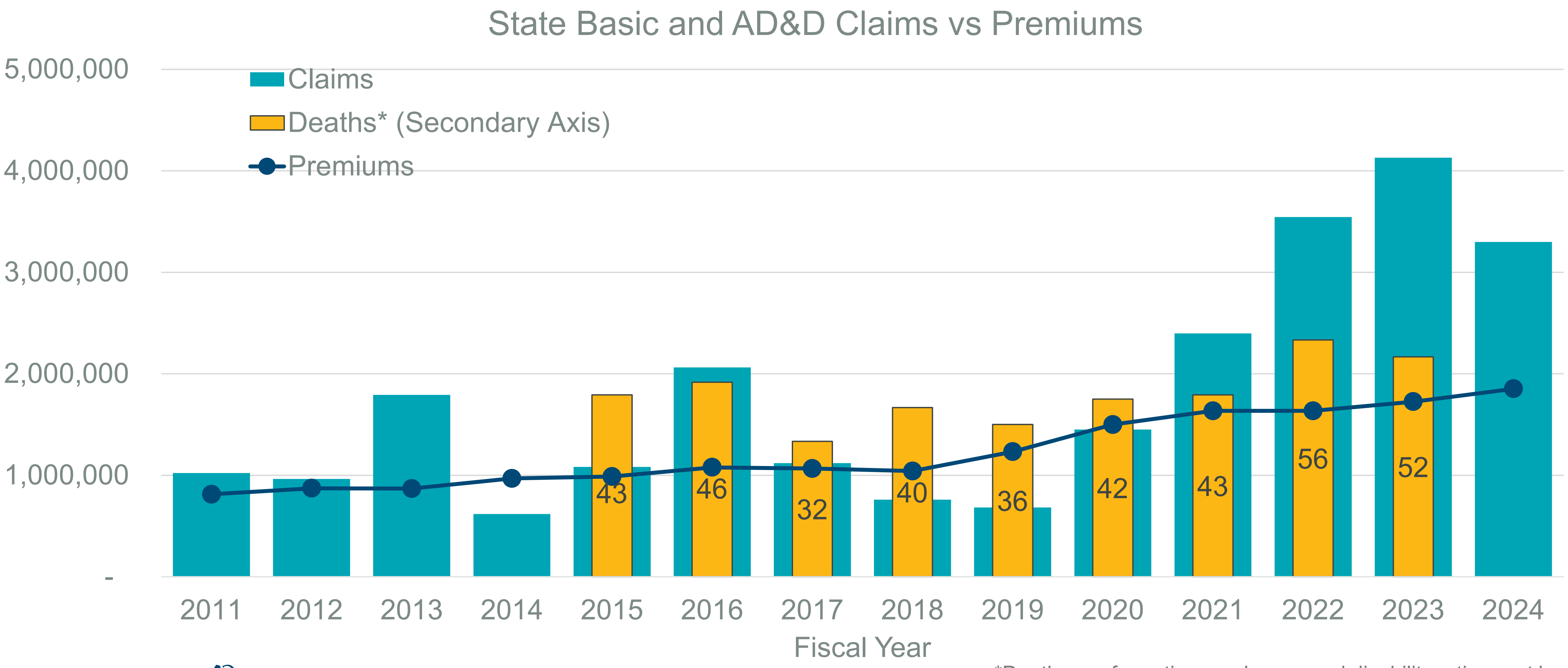
State Active Basic claims for the past 3 years have been abnormally high (more than double the Basic premiums)



*Deaths are for active employees and disability retirement benefit recipients. Data only available for FY 2015 through 2023.

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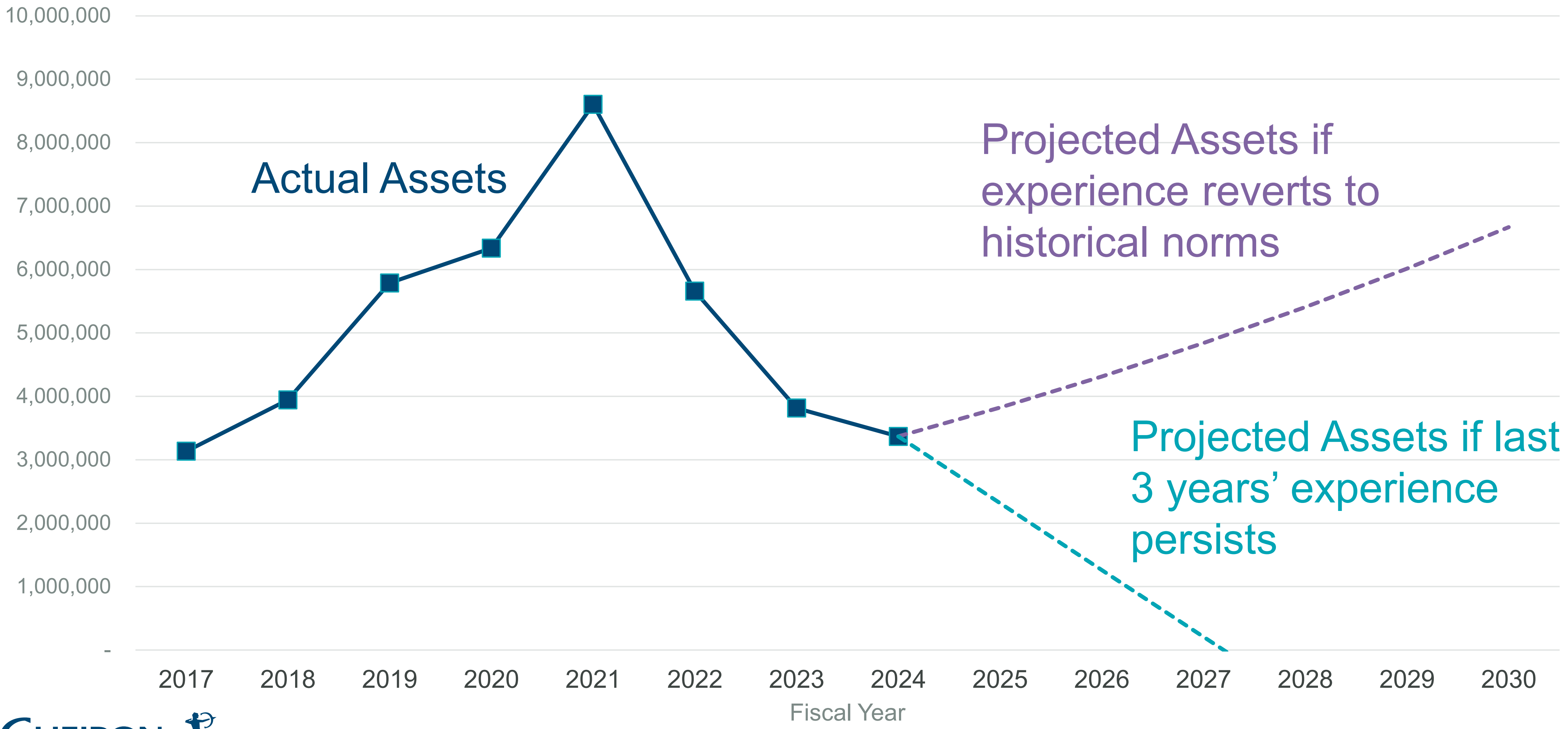
State Active Basic: Without an increase, assets could be exhausted by FY 2028 if recent experience persists



Assumes that beginning FY 2025, Disability claims will be paid from the Retiree Trust.

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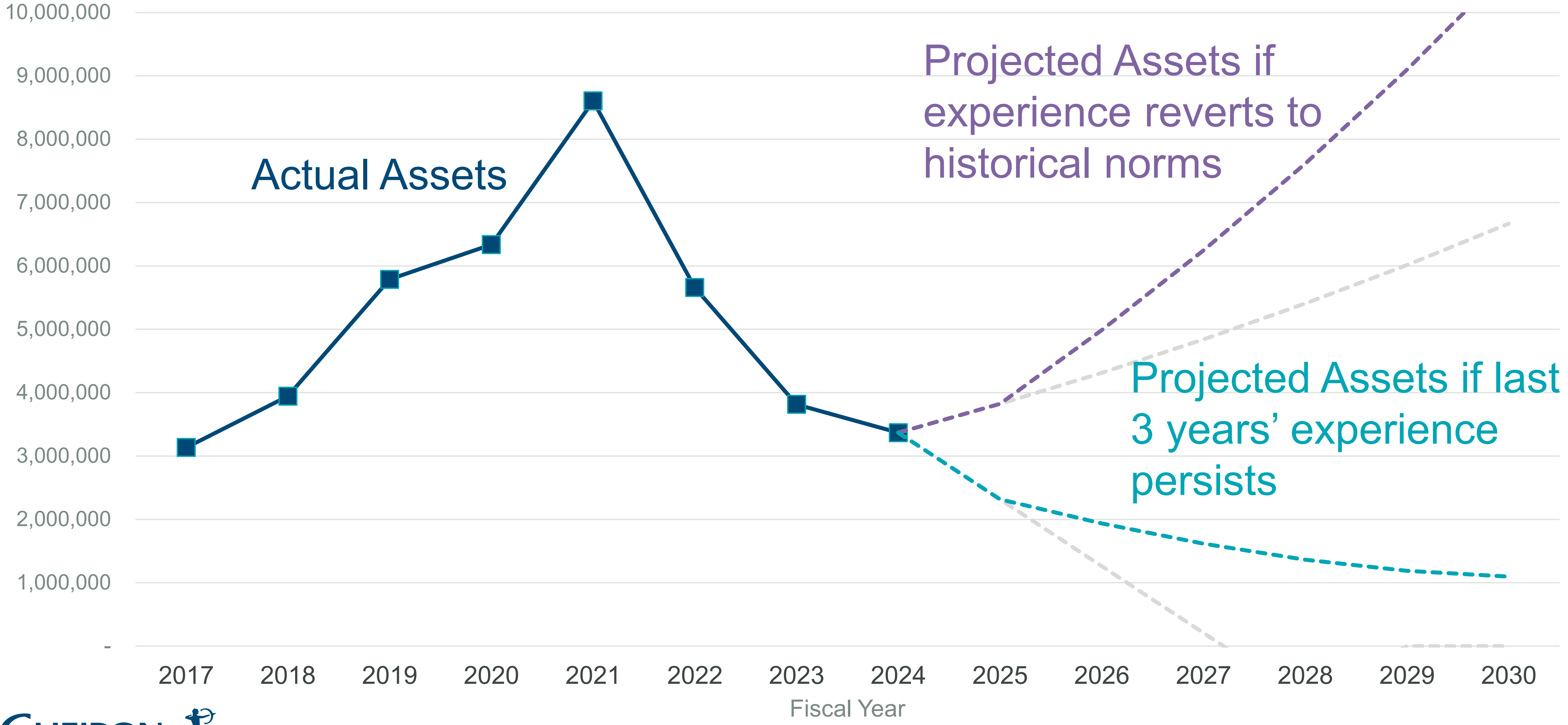
State Active Basic: With recommended $0.03 increase, assets are not projected to deplete by 2030



Assumes that beginning FY 2025, Disability claims will be paid from the Retiree Trust.

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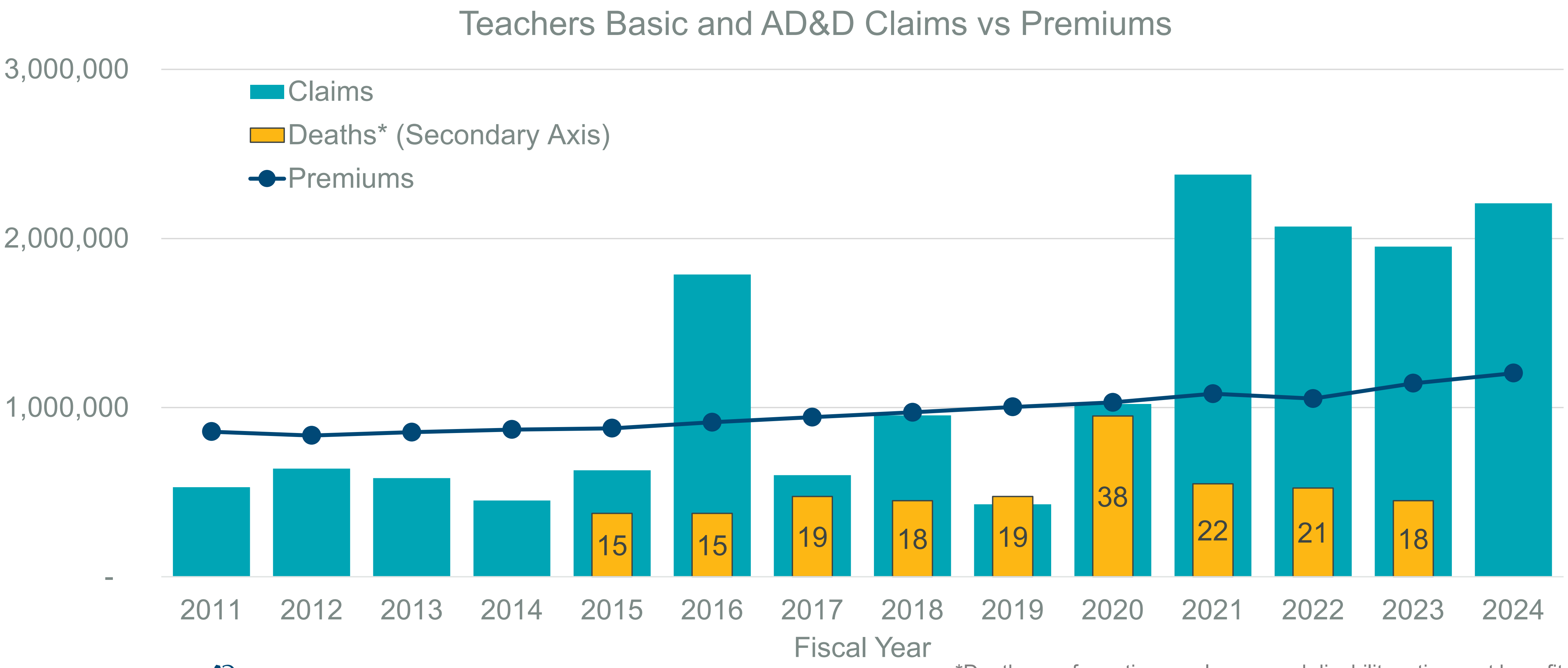
Teachers Basic claims for the past 4 years have been abnormally high, averaging more than double the Basic premiums



*Deaths are for active employees and disability retirement benefit recipients. Data only available for FY 2015 through 2023.

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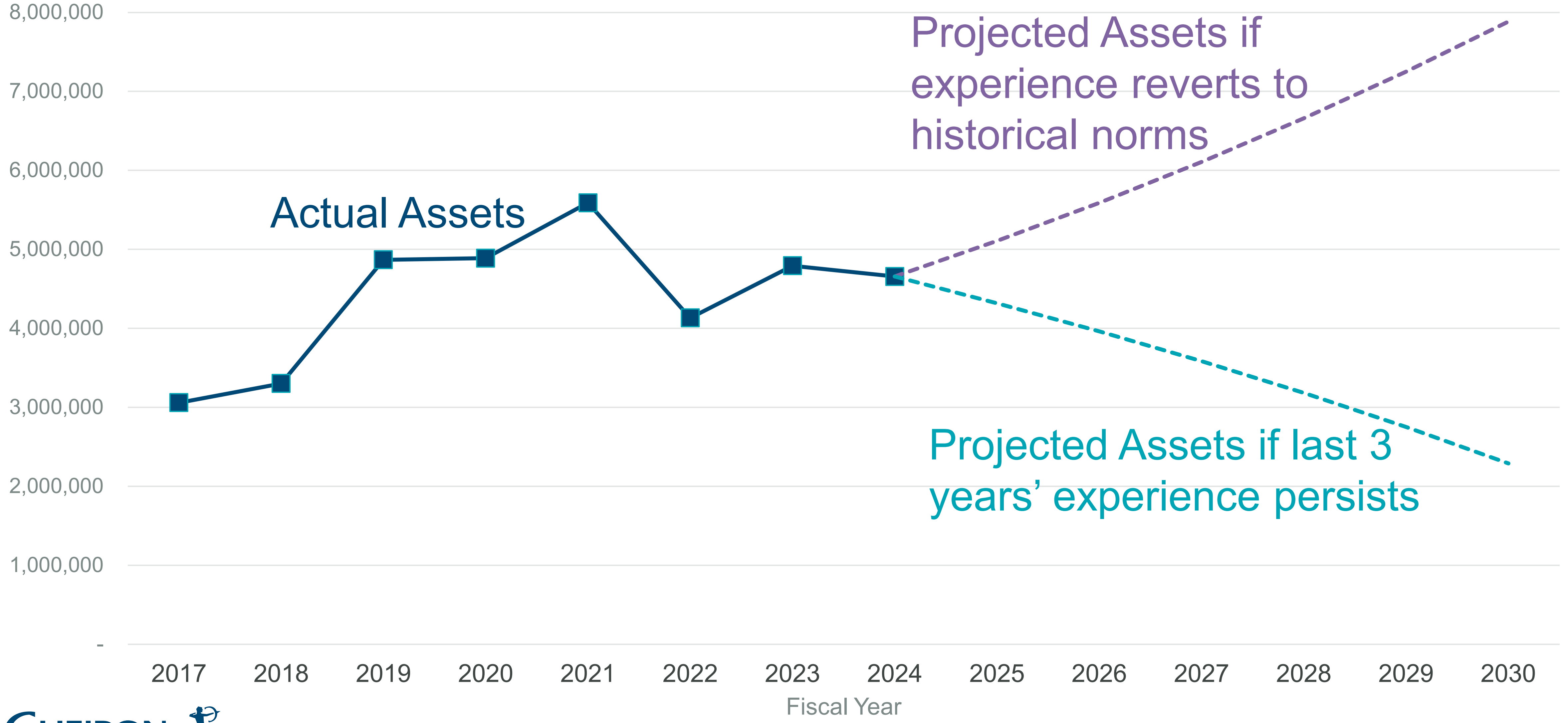
Teachers Active Basic: Assets are not expected to be exhausted by FY 2030 even if recent experience persists



Assumes that beginning FY 2025, Disability claims will be paid from the Retiree Trust.

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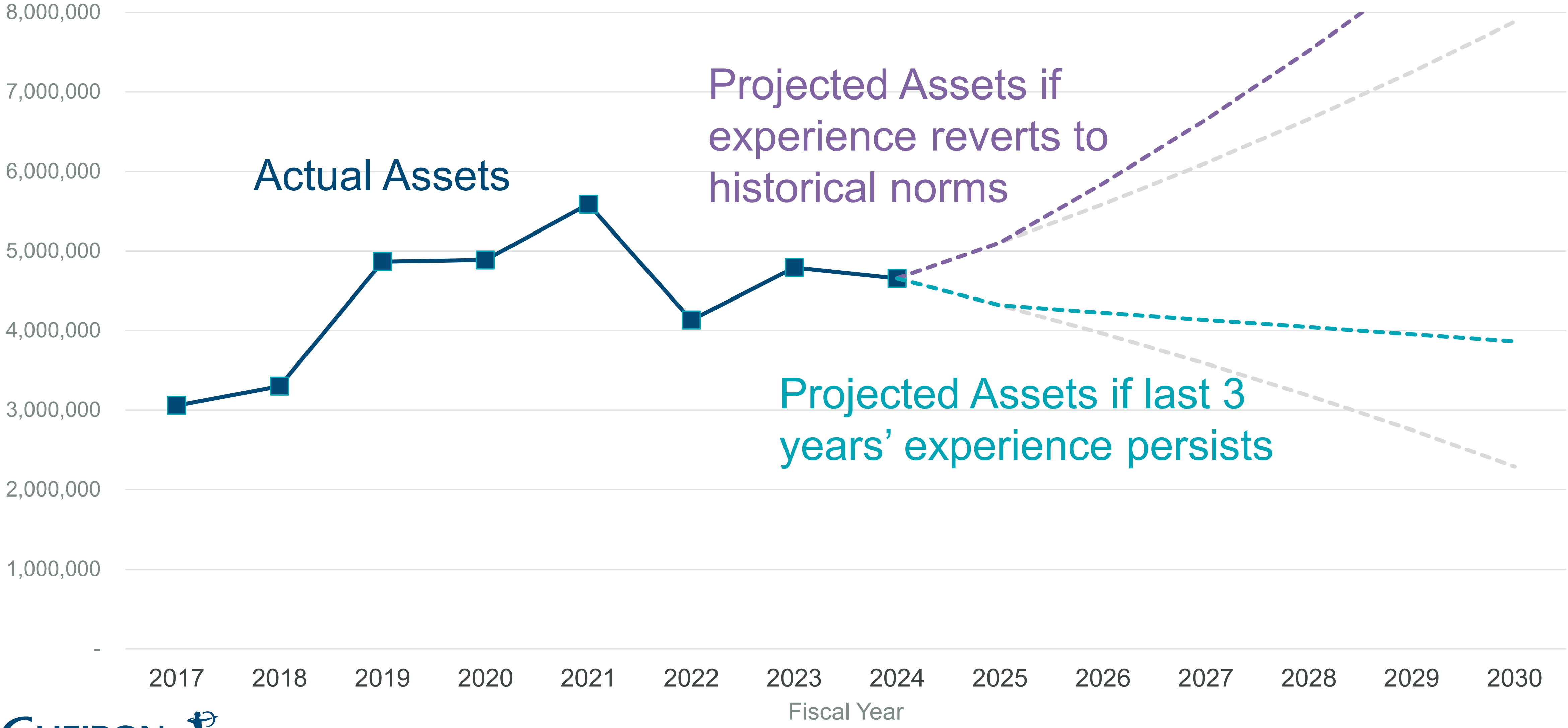
Teachers Active Basic: Recommended increase of $0.01 is expected to add $0.9 million to assets by the end of FY 2028.



Assumes that beginning FY 2025, Disability claims will be paid from the Retiree Trust.

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Summary of Recommendations

- State
  - Active Basic: $0.09 to $0.12 (Adds $0.65 million in premiums in 2026)
  - No change to Retiree, Supplemental, or Dependent Premium
- Teacher
  - Active Basic: $0.05 to $0.06 (Adds $0.25 million in premiums in 2026)
  - No change to Retiree, Supplemental, or Dependent Premium
- PLD
  - Basic Life
    - Scheduled increase from $0.23 to $0.24 in 2026 (Adds $0.11 million in premiums in 2026)
    - Recommended increase from $0.24 to $0.25 in 2028 (Adds $0.12 million in premiums in 2028)
    - Recommend increasing premium allocated to Active Fund from $0.11 to $0.12 in 2026
  - No change to Supplemental, or Dependent Premium
- **Next Premium Study in 2026**

CHEIRON

Classic Values, Innovative Advice.

Contact us if you have any questions

Ryan Benitez, ASA, MAAA
Consulting Actuary
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Maine Public Employees Retirement System

Group Life Insurance Premium Study

Produced by Cheiron
July 2024

www.cheiron.us 1.877.CHEIRON (243.4766)

TABLE OF CONTENTS

Via Electronic Mail

July 2, 2024

Board of Trustees
Maine Public Employees Retirement System
P.O. Box 349
Augusta, Maine 04332-0349

Re: Maine Public Employees Retirement System Group Life Insurance Premium Study Report

Dear Members of the Board:

At your request, in the spring of 2024, we completed the quadrennial study of premiums paid for the Maine Public Employees Retirement System (MainePERS) Group Life Insurance Benefits. Our study compared premiums collected vs. benefits paid for Basic, Supplemental, and Dependent Life Insurance for active participants and Basic Life Insurance for retirees. We analyzed results for participants in the Group Life Insurance Programs for the State Sponsored Plans, Teachers, and Participating Local Districts (PLDs). For this study, we looked at historical premium collection and life insurance claims for these groups, projected future claims, and income based on the future premium rates approved by the Board.

Section I summarizes the conclusions of this study.

Section II contains a historical summary of the premiums and claims for the Group Life Insurance obligations.

Sections III and IV contains the projections of claims and income based on current premiums and the future premiums approved by the Board. The projections are based on data through the valuation as of June 30, 2023 utilizing financial data through June 30, 2024 as projected for July 2024 rate setting. The changes to premiums will be effective on or after Fiscal Year Ending (FYE) 2026 but will be reflected in projections for the next full biennial valuation performed as of June 30, 2024 to the extent any changes are adopted by the Board.

Appendix A describes the Participant Data, Assumptions, and Methods used in the projections contained in Sections I-IV.

Appendix B contains the substantive plan provisions provided by the system.

The purpose of this report is to present the study of premium adequacy for the Group Life Insurance program as of June 30, 2023, for MainePERS. This report was prepared exclusively for the use of the MainePERS. This report is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

In preparing our report, we relied on information (some oral and some written) supplied by MainePERS. This information includes, but is not limited to, the Plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

If you have any questions, please contact us.

Sincerely,
Cheiron

John L. Colberg, FSA, EA, MAAA
Principal Consulting Actuary

Ryan Benitez, ASA, MAAA
Consulting Actuary

SECTION I – EXECUTIVE SUMMARY

Maine Public Employees Retirement System (MainePERS) engaged Cheiron to provide an analysis of the Group Life Insurance premium using data through June 30, 2023, and financial data through June 30, 2024 as projected for July 2024 rate setting. The primary purpose of this study is to analyze if the premiums being charged for the Group Life Benefits are sufficient to fund the Plan and to show the impact of the premium changes approved by the Board.

Below is a summary of key findings:

For all groups (State, Teachers, and PLDs), claim experience was significantly worse than expected over the experience period, especially the last 3 years. The active funds have seen a significant decrease in assets from 2021 levels. **We recommend the next experience study be conducted in 2026**, rather than waiting until 2028**.**

Since the establishment of separate active and retiree funds for Group Life Insurance benefits, claims for members on disability have been paid out of the active trust. Beginning in FYE 2025, these benefits will be paid out of the retiree trust. This will be consistent with how premiums are calculated for these members, since disability is a post-employment benefit.

State Employees

- Claim experience in the state active plan was 60% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) more than 108% worse than expected after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be similar to 2022 and 2023. This experience includes claims for disabled participants.

- **If experience in the active plan continues at the average of the past three years (2022 through 2024) with $4.0 million in average annual claims, the plan's assets for actives are in danger of being exhausted in FY 2028.** We recommend that premiums for State actives be increased from $0.09 to $0.12 bi-weekly per $1,000 of coverage effective beginning FY 2026, with a mid-period premium study conducted in 2026. Based on projected salaries, the increase of $0.03 bi-weekly per $1,000 of coverage is projected to cost the State approximately $652,000 in FY 2026 and $669,000 in FY 2027.

- Beginning in FYE 2024, the premiums for basic retiree coverage were increased to $0.36 bi-weekly per $1,000 of coverage based on the results of the 2020 premium study. We recommend keeping premiums at this level.

- The current age-based premiums for supplemental insurance are sufficient, and no change is recommended.

- The premiums for dependent coverage are sufficient, and no change is recommended.

SECTION I – EXECUTIVE SUMMARY

Teachers

- Claims experience in the Teachers active plan was 54% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) 39% worse than expected, after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be similar to 2022 and 2023.
- **If experience in the active plan continues at the average of the past three years (2022 through 2024) with $2.1 million in average annual claims, the plan's assets are still projected to exceed $2.3 million through FY 2030.**
- We recommend that premiums for active Teachers be increased from $0.05 to $0.06 bi-weekly per $1,000 of coverage effective beginning FY 2026.
- The State contributes the Actuarially Determined Contribution (ADC) for basic retiree coverage. No change is recommended to this method.
- The current age-based premiums for supplemental insurance are sufficient and no change is recommended.
- The premiums for dependent coverage are sufficient, and no change is recommended.

Participating Local Districts

- Claims experience in the PLD active plan was 27% worse than expected over the experience period with experience over the final two years (FYE 2022 and 2023) 50% worse than expected, after being lower than projected in 2020 study. Emerging experience for FYE 2024 appears to be more in line with historical trends.
- **If experience in the active plan continues at the average of the worst three years (2022 through 2024) with $2.0 million in average annual claims, the plan's assets are still projected to exceed $3.1 million through FYE 2030.**
- An increase in the overall rate from $0.23 to $0.24 is already scheduled for 2026. We recommend the active fund allocation being increased from $0.11 to $0.12 also in 2026. Additionally, an increase to $0.25 will likely be needed for 2028.
- The current age-based premiums for supplemental insurance are sufficient and no change is recommended.
- The premiums for dependent coverage are sufficient, and no change is recommended.

For all plans, we recommend reviewing the sufficiency of the premiums whenever the cash flows deviate significantly from the projections presented in this report and no less frequently than every four years.

The body of this report provides additional detail and support for our conclusions.

SECTION II – HISTORICAL SUMMARY

Cheiron has developed premiums for the MainePERS Group Life Insurance program since the 2005 premium study. This study developed recommendations that went into effect for Fiscal Year Ending 2008 when the State needed to record the liability for Other Post-Employment Benefits paid by the State on its financial statements for the implementation of GASB 43/45. Since then, Cheiron has conducted premium studies in 2012, 2016, 2020, and now 2024.

Premium rates have been set historically to ensure that the Unfunded Actuarial Liability is paid within 30 years, the maximum acceptable period that was established by GASB 43/45, as of the Fiscal Year Ending 2008 for State & Teachers. A 23-year period was used for PLDs, which was the projected period over which the current rates would amortize the UAL at that time.

Below is a historical summary of the premium rates paid for Maine's Basic Group Life Insurance benefits.

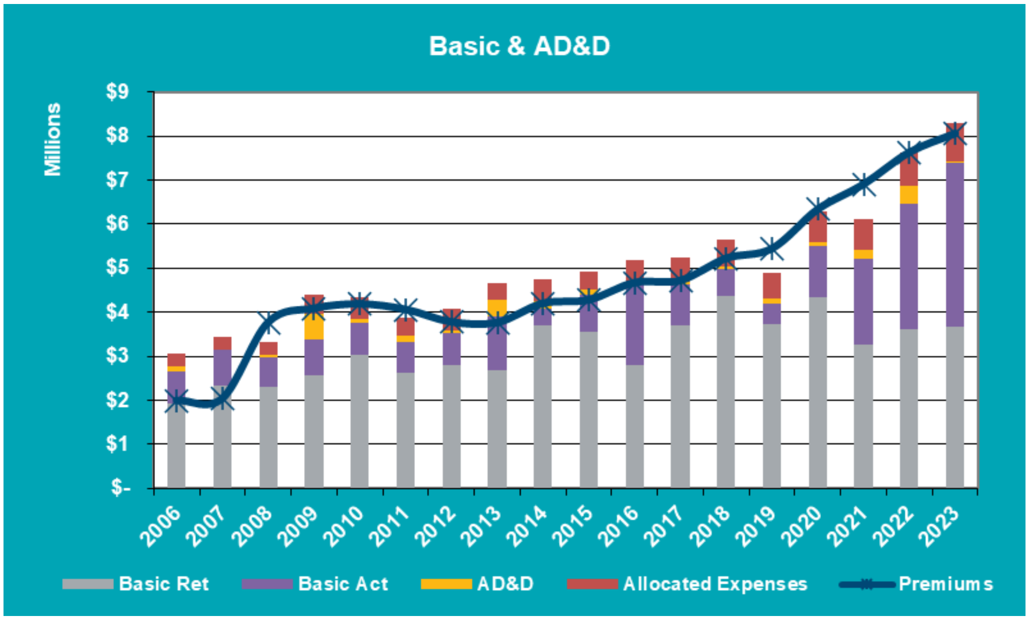
Bi-weekly per $1,000	State Active Basic	State Retiree Basic	Teacher Active Basic	Teacher Retiree Basic*	PLDs Active & Retiree Basic
FYE 2007	$0.14		$0.10		$0.21
FYE 2008	$0.06	$0.20	$0.05	ARC	$0.21
FYE 2010	$0.06	$0.20	$0.05	ARC	$0.21
FYE 2012	$0.06	$0.20	$0.05	ARC	$0.21
FYE 2014	$0.07	$0.22	$0.05	ARC	$0.21
FYE 2016	$0.07	$0.24	$0.05	ARC	$0.21
FYE 2018	$0.09	$0.26	$0.05	ADC	$0.21
FYE 2020	$0.09	$0.29	$0.05	ADC	$0.21
FYE 2022	$0.09	$0.33	$0.05	ADC	$0.22
FYE 2024	$0.09	$0.36	$0.05	ADC	$0.23

* *The "Annual Required Contribution" (ARC) as defined by GASB 43/45 has changed to the "Actuarially Determined Contribution" (ADC) as defined by GASB 74/75.*

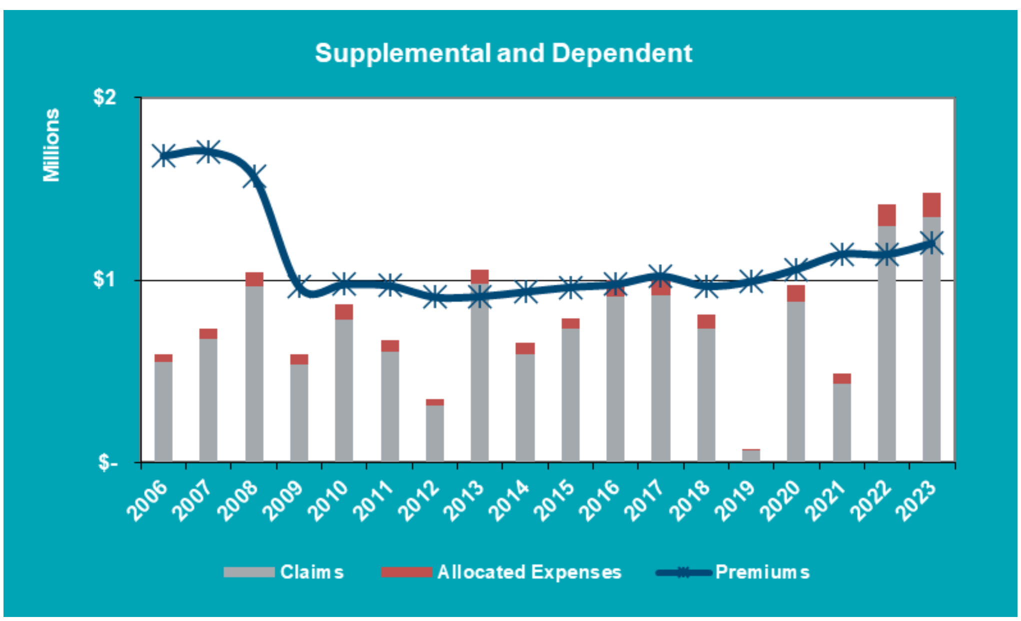
Contribution Year	Teacher Retiree ARC/ADC	Contribution Year	Teacher Retiree ARC/ADC
FYE 2008	$2,394,002	FYE 2017	$3,270,928
FYE 2009	$2,507,718	FYE 2018	$3,459,442
FYE 2010	$3,222,106	FYE 2019	$3,546,978
FYE 2011	$3,375,156	FYE 2020	$4,478,090
FYE 2012	$3,804,356	FYE 2021	$4,601,233
FYE 2013	$3,985,063	FYE 2022	$4,592,850
FYE 2014	$4,196,485	FYE 2023	$4,726,664
FYE 2015	$4,343,362	FYE 2024	$4,859,254
FYE 2016	$3,160,319	FYE 2025	$4,992,883

SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for State Employees for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.

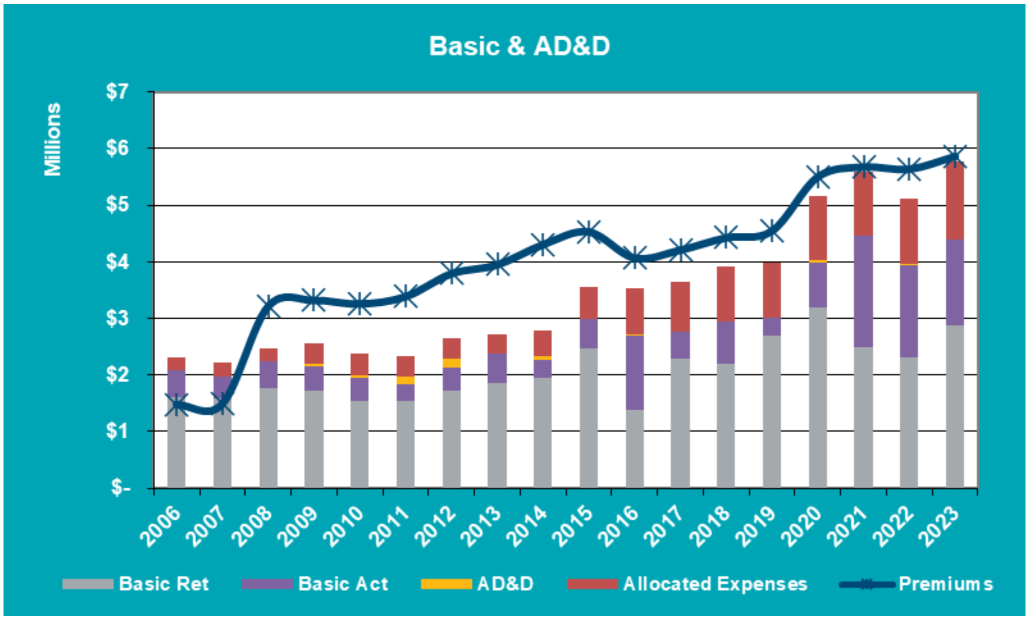


The chart below shows the historical premiums and claims for State Employees for Supplemental and Dependent Life Insurance and expenses.

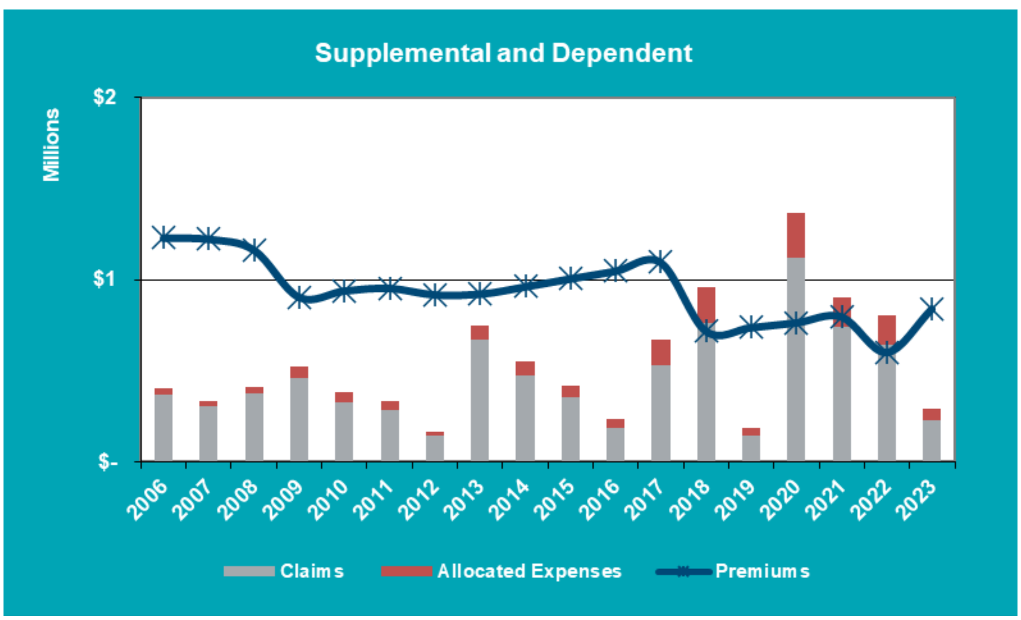


SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for Teachers for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.

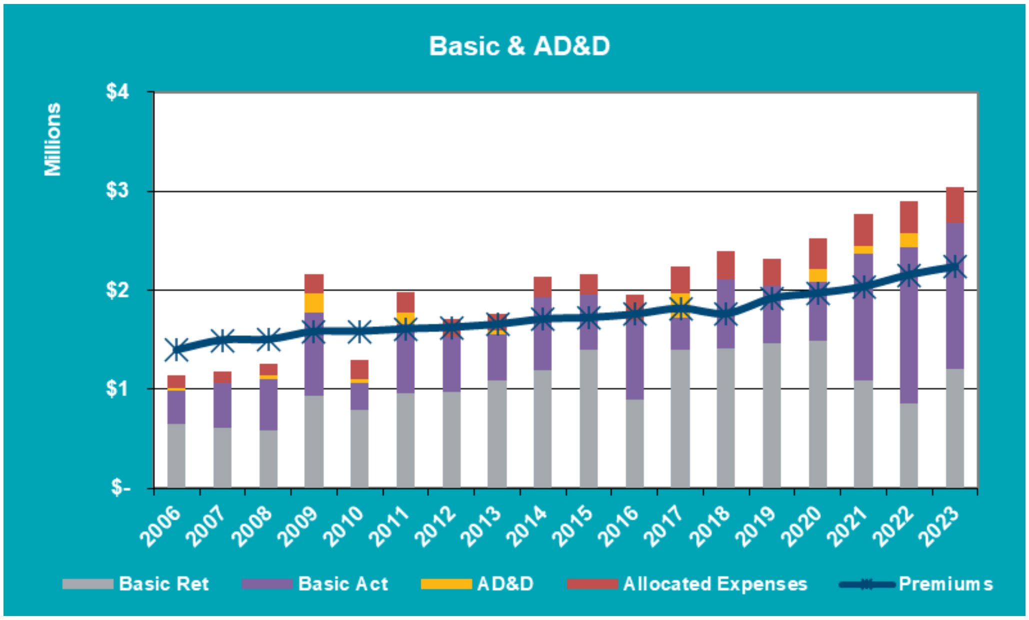


The chart below shows the historical premiums and claims for Teachers for Supplemental and Dependent Life Insurance and expenses.

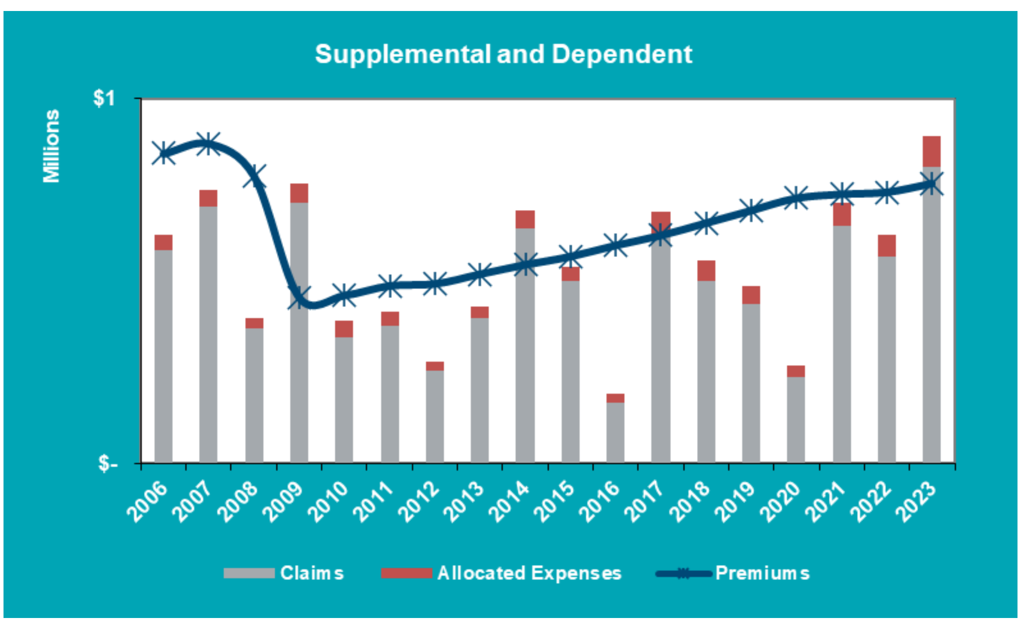


SECTION II – HISTORICAL SUMMARY

The chart below shows the historical premiums and claims for PLD employees for Basic Active Life Insurance, Accidental Death and Dismemberment (AD&D), Basic Retiree Life Insurance, and expenses.



The chart below shows the historical premiums and claims for PLD employees for Supplemental and Dependent Life Insurance and expenses.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

The premiums used for the Group Life Insurance benefits were last adjusted for the Fiscal Year ending 2024, developed from the 2020 experience study. For this study, we reviewed the premiums collected vs. the claims paid for the State, Teacher, and PLD Program life insurance benefits since 2007, and show projected claims and premiums for the next 10 years.

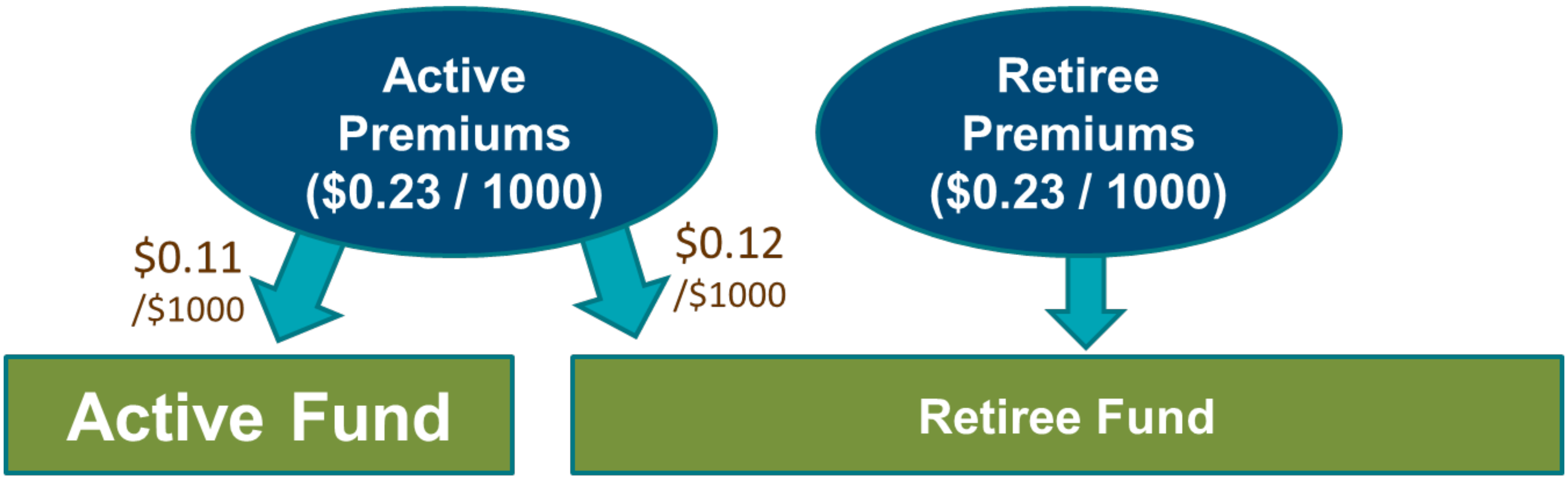
The fundamental principle underlying our analysis is that the cost of benefits should be related to the period in which benefits are earned. For active employees and dependents, the cost of coverage should be equal to the claims expected to be paid from the plan plus any expenses. If the premiums are expected to be less than claims, an increase in premiums is recommended.

To apply the fundamental principle to retirees, however, requires that the cost of coverage for a benefit that will be paid after retirement be funded during the active working life of participants (the period in which benefits are earned), rather than after retirement (the period of benefit distribution). The cost of retiree benefits is represented as the Actuarially Determined Contribution (ADC) calculated under the provisions of GASB Statements 74 and 75 and is the sum of two components: the normal cost and the amortization of the Unfunded Actuarial Liability (UAL). The *normal cost* is the annual amount which would be sufficient to fund the substantive plan benefits (net of contributions on the retiree's behalf) if it were paid from each employee's entry into the Plan until termination or retirement. The *actuarial liability* represents the portion of the value of the projected benefit at retirement that is allocated to service earned prior to the valuation date. The *Unfunded Actuarial Liability* (UAL) represents the excess of the actuarial liability over plan assets and is amortized as a level percent of pay over a period not to exceed 30 years. If premiums are expected to be less than the ADC, a premium increase is indicated.

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Due to the implementation of GASB 74/75, the State has established separate asset funds to pay for active benefits and retiree benefits.

For PLD funding, the same biweekly premium rate of $0.23/$1,000 (recommended to increase to $0.24 in FY26 based on the 2020 Premium Study) is paid on behalf of actives and retirees. For retirees, all of that goes into the Retiree Fund. The active PLD premium of $0.23 bi-weekly per $1,000 of coverage is currently allocated as $0.11 to the Active fund and $0.12 to the Retiree Fund. The graphic below illustrates this allocation.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

The chart below shows the current and recommended scheduled premium rates.

Rate Schedule - Bi-weekly Rates Per $1,000 of Coverage							
Current Rates				**Rates as of Fiscal Year Ending 2026**			
	State	**Teacher**	**PLD**		State	Teacher	PLD
Active Basic	$ 0.09	$ 0.05	$ 0.23	**Active Basic**	$ 0.12	$ 0.06	$ 0.24
Retiree Basic	$ 0.36	ADC		**Retiree Basic**	$ 0.36	ADC	
Supplemental				**Supplemental**			
Age <= 34	$ 0.02	$ 0.01	$ 0.02	Age <= 34	$ 0.02	$ 0.01	$ 0.02
35-44	$ 0.02	$ 0.01	$ 0.03	35-44	$ 0.02	$ 0.01	$ 0.03
45-49	$ 0.04	$ 0.02	$ 0.05	45-49	$ 0.04	$ 0.02	$ 0.05
50-54	$ 0.06	$ 0.04	$ 0.07	50-54	$ 0.06	$ 0.04	$ 0.07
55-59	$ 0.10	$ 0.07	$ 0.14	55-59	$ 0.10	$ 0.07	$ 0.14
60-64	$ 0.15	$ 0.10	$ 0.20	60-64	$ 0.15	$ 0.10	$ 0.20
65 plus	$ 0.20	$ 0.13	$ 0.40	65 plus	$ 0.20	$ 0.13	$ 0.40
Dependent A	$ 0.89	$ 0.89	$ 0.89	**Dependent A**	$ 0.89	$ 0.89	$ 0.89
Dependent B	$ 1.57	$ 1.57	$ 1.57	**Dependent B**	$ 1.57	$ 1.57	$ 1.57

State Active Basic	Increase the Active Basic Premiums by $0.03 bi-weekly per $1,000 of coverage.
Teacher Active Basic	Increase the Active Basic Premiums by $0.01 bi-weekly per $1,000 of coverage.
PLD Active and Retiree Basic	Option selected in 2020 Premium Study included increase to $0.24 in 2026.

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State Employees: Active Life Insurance (Basic and AD&D)
Current Premium Rate: $0.09 bi-weekly per $1,000 of coverage.

Due to the high incidence of active deaths in recent years, we are recommending increasing the premium rate from $0.09 to $0.12 bi-weekly per $1,000 of coverage along with an additional mid-term premium study in 2026. This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and assuming experience returns to historical norms.

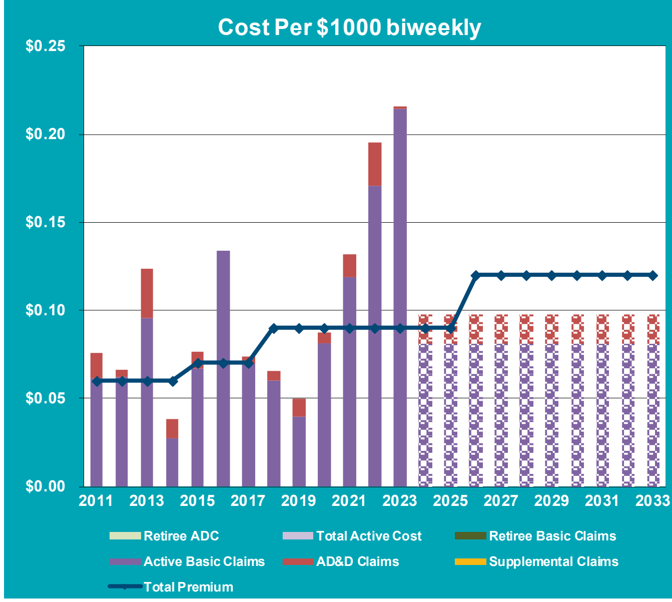
CHEIRON **Stress Testing**

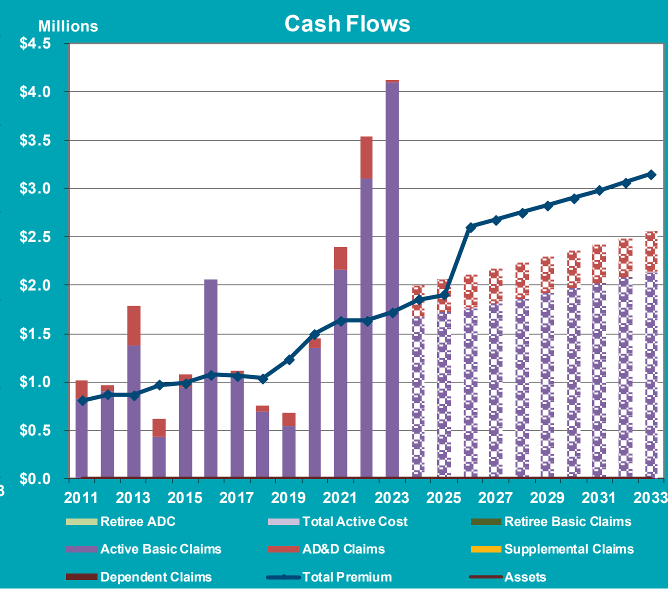
Inputs:

Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	Yes
Teacher	No
PLD	No
Show Benefits	
Active Basic	Yes
Retiree Basic	No
Supp & Dependent	No
Show Assets	No

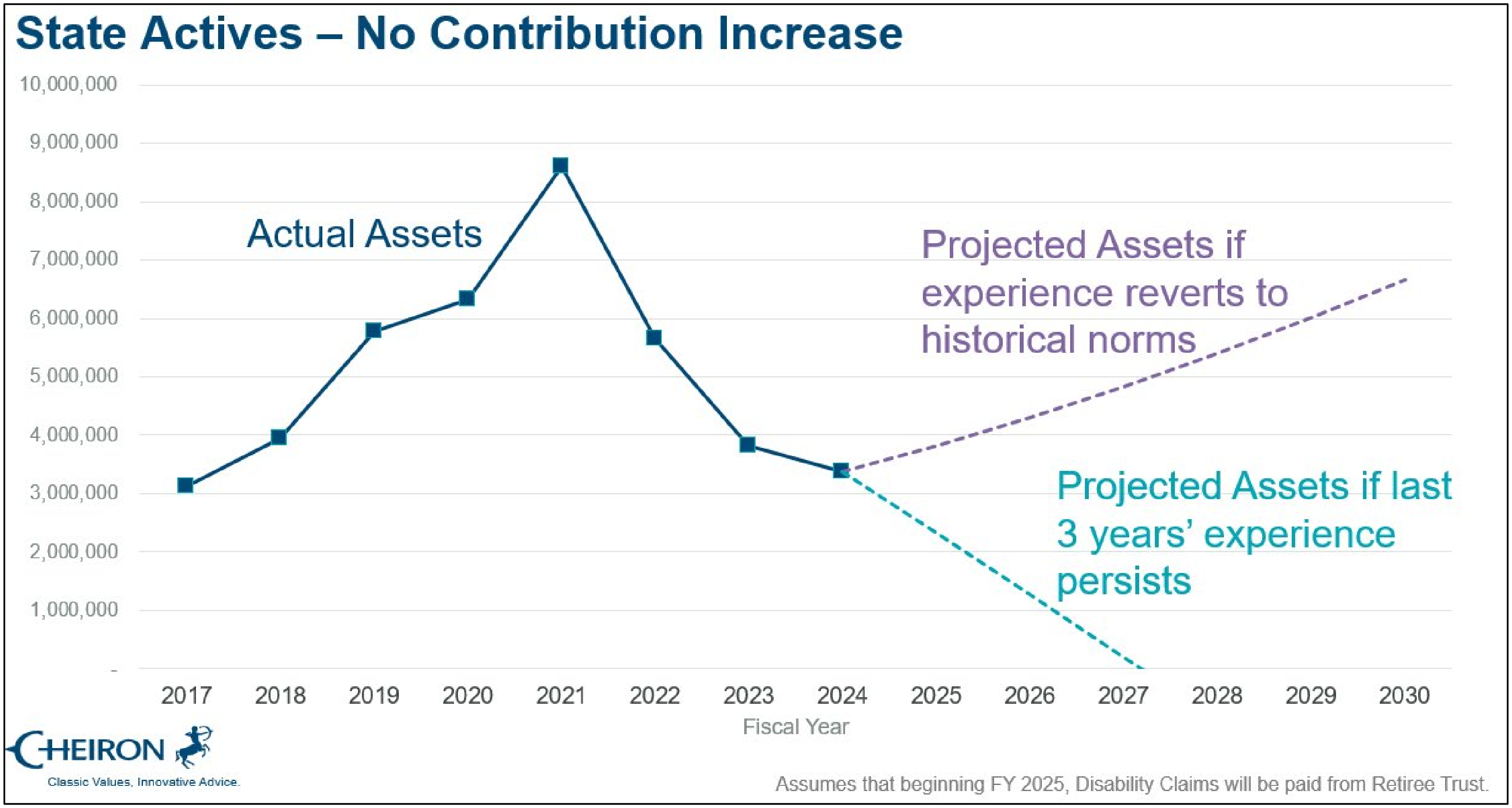
Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC





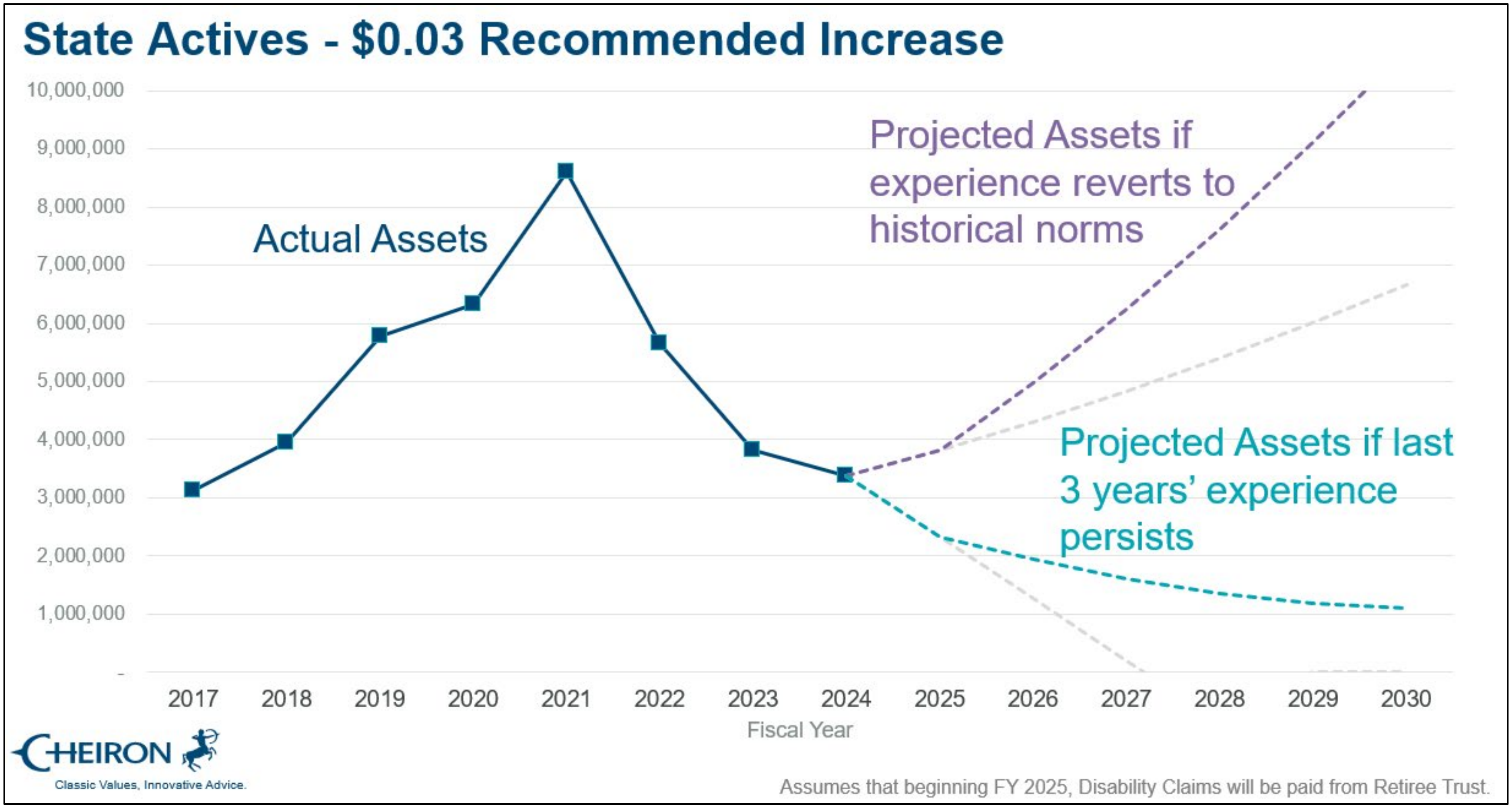
SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected State Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the State continues to contribute the $0.09 bi-weekly per $1,000 of coverage.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected State Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the State increases the contribution to $0.12 bi-weekly per $1,000 of coverage in 2026. The dotted gray lines show results if the contribution remains at $0.09 as shown in the prior chart.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State: Basic Retiree Life Insurance

The current rate of $0.36 bi-weekly per $1,000 of coverage which became effective in 2024 based on the results of the 2020 Premium Study is sufficient to pay off the Unfunded Actuarial Liability in 18 years (by 2038), the funding target established by the Board. No further changes in premium are required at this time.

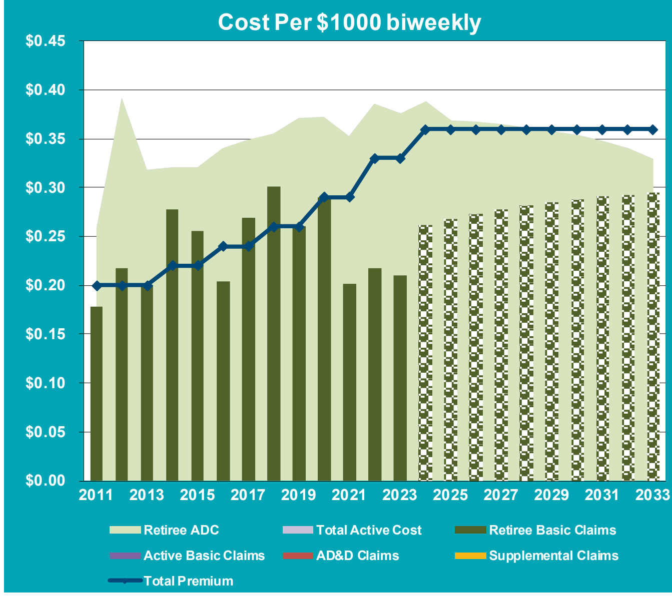
CHEIRON **Stress Testing**

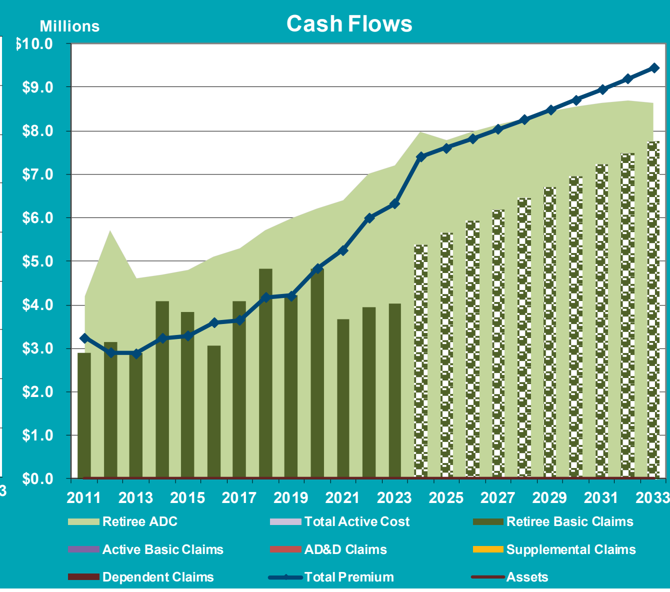
Inputs:

Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	Yes
Teacher	No
PLD	No
Show Benefits	
Active Basic	No
Retiree Basic	Yes
Supp & Dependent	No
Show Assets	No

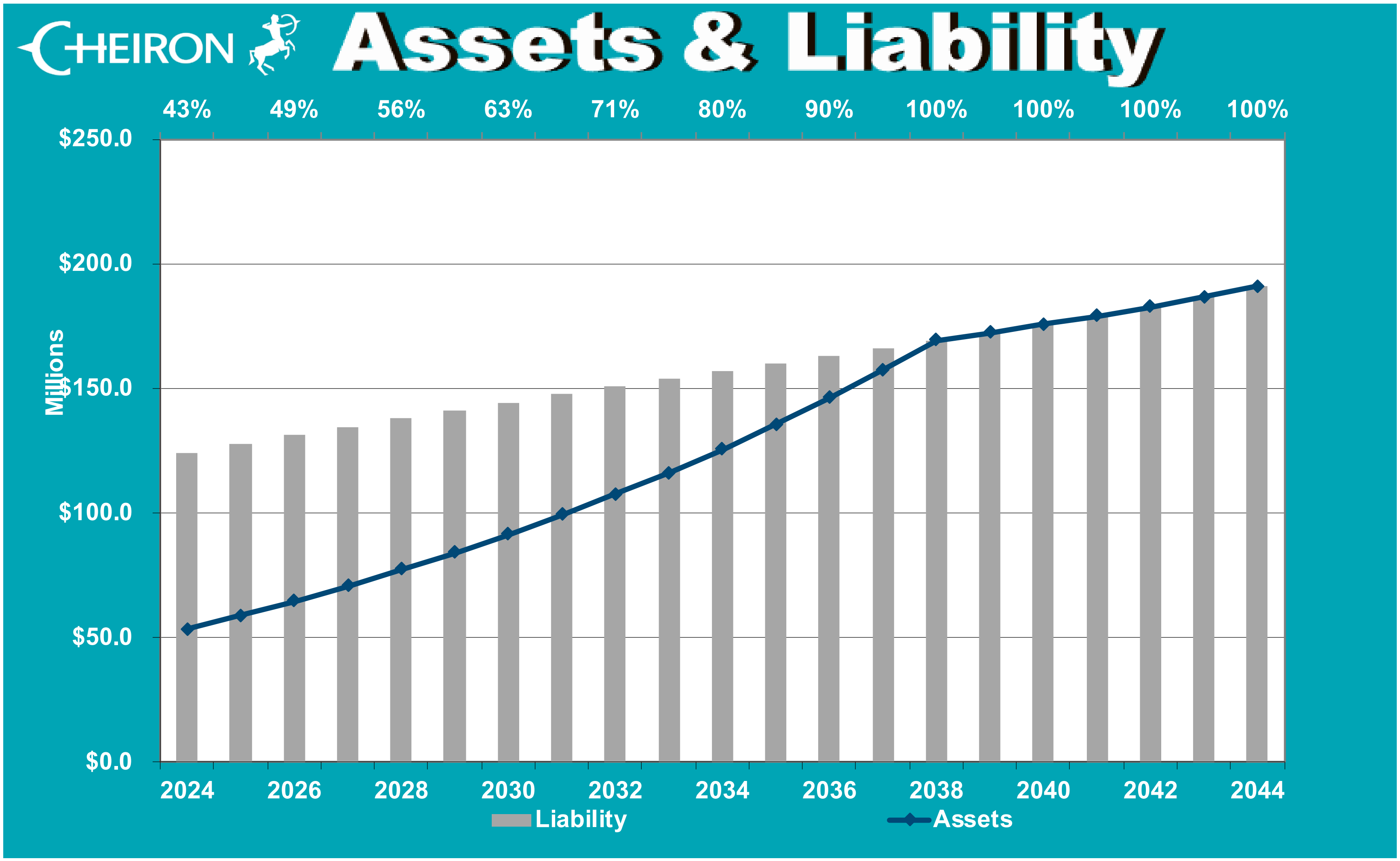
Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC





SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

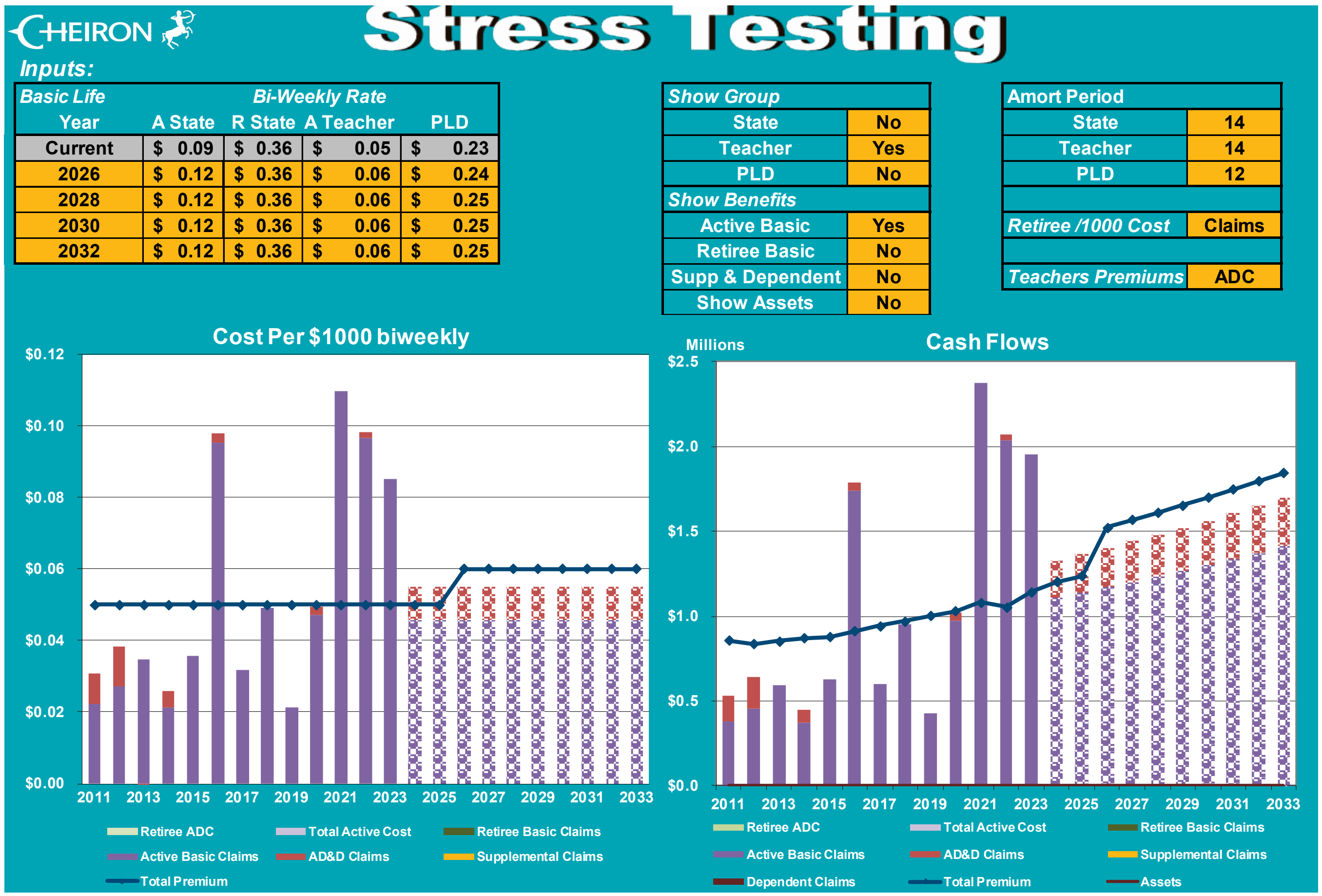
This chart displays the projected State Assets and Liabilities for Retiree Group Life Insurance under the current premium rate of $0.36 bi-weekly per $1,000 of coverage without increases.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teachers: Basic Active Life Insurance and AD&D
Current rate of $0.05 bi-weekly per $1,000 of coverage.

Due to the high incidence of active deaths in recent years, we are recommending increasing the premium rate from $0.05 to $0.06 bi-weekly per $1,000 of coverage. This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and assuming experience returns to historical norms.



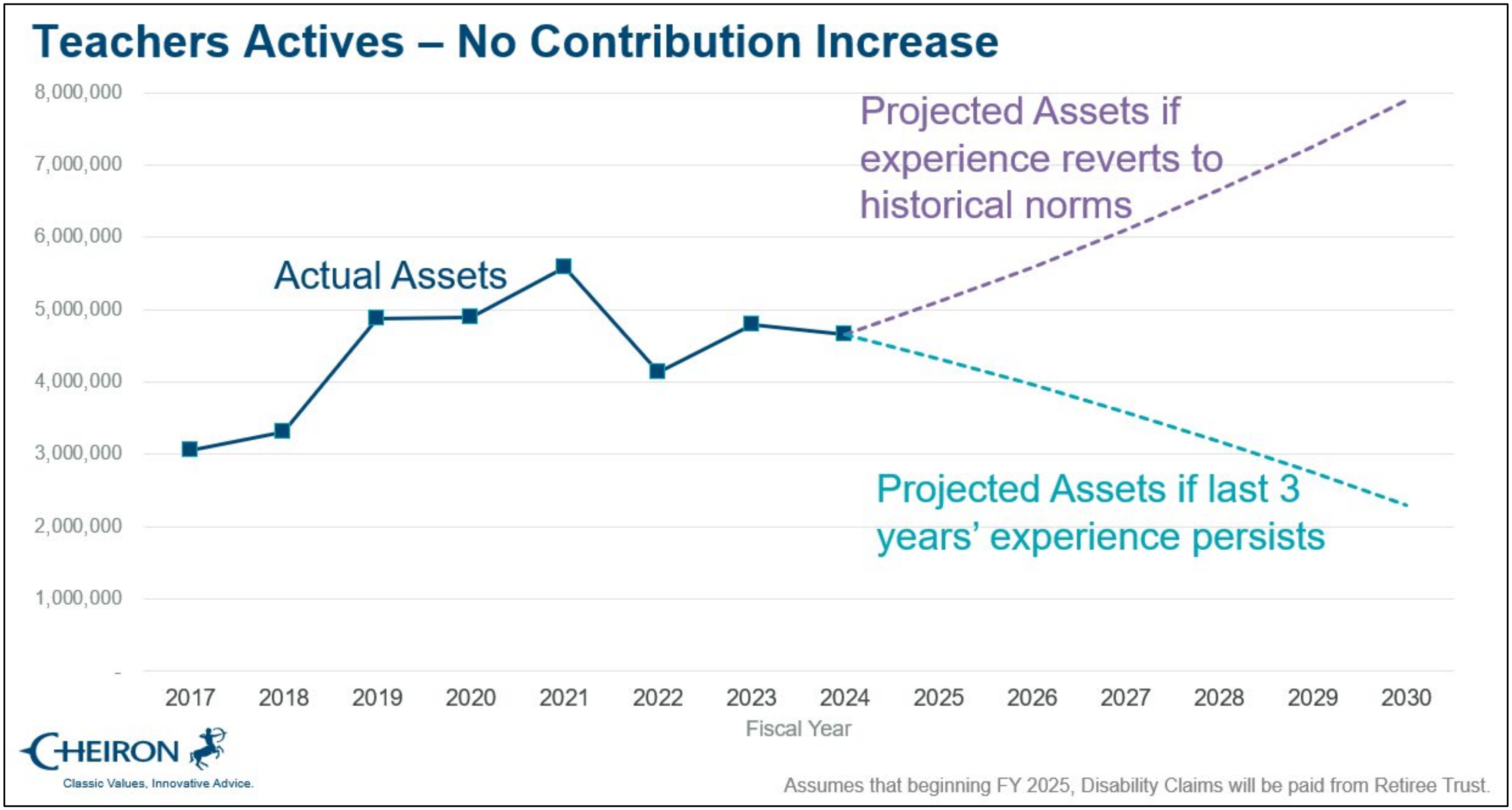
Basic Life Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	No
Teacher	Yes
PLD	No
Show Benefits	
Active Basic	Yes
Retiree Basic	No
Supp & Dependent	No
Show Assets	No

Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC

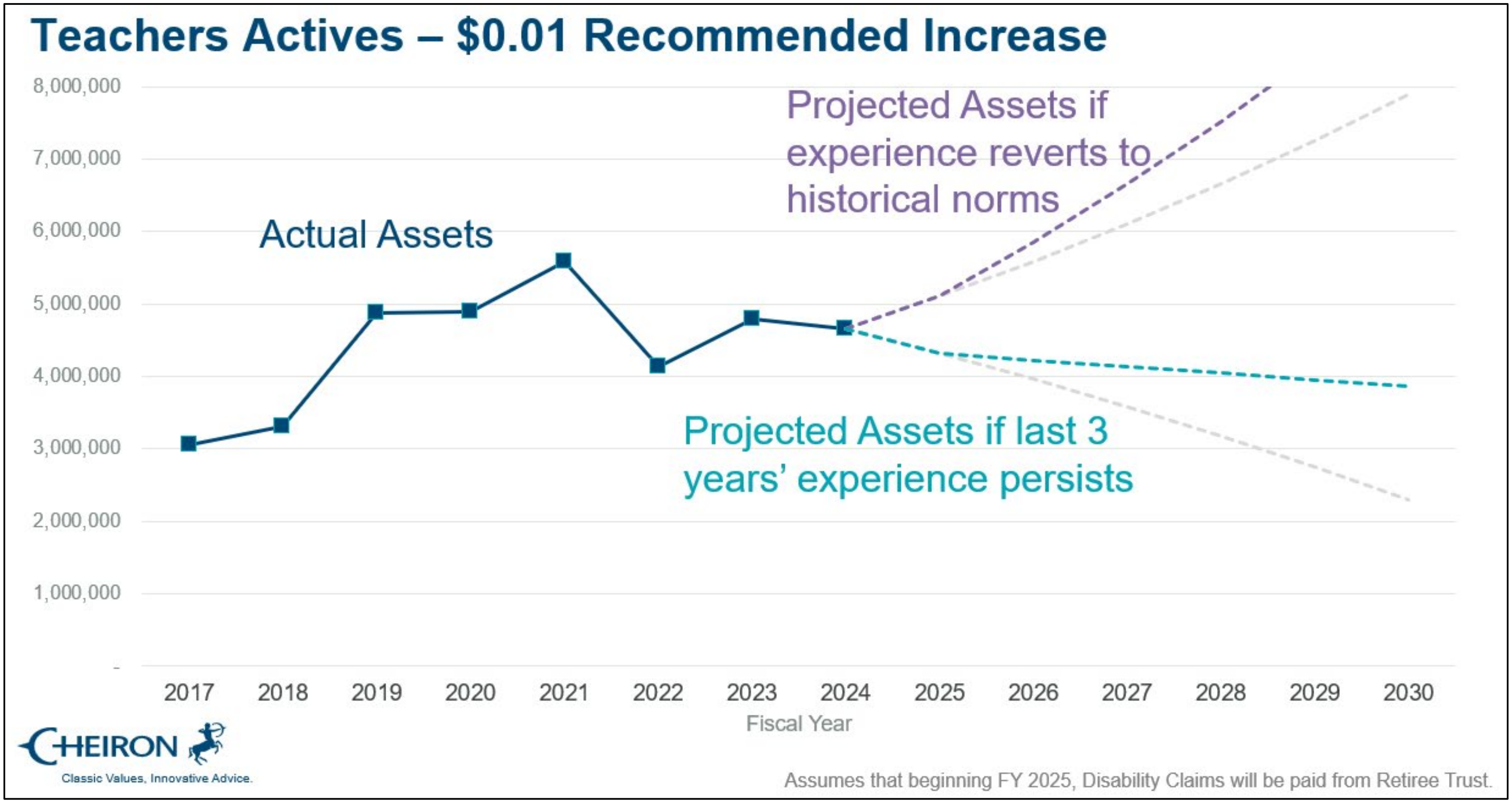
SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected Teachers Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium continues to be $0.05 bi-weekly per $1,000 of coverage.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected Teachers Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected, and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium increases to the recommended $0.06 bi-weekly per $1,000 of coverage in FY 2026. The dotted gray lines show results if the contribution remains at $0.05 as shown in the prior chart.

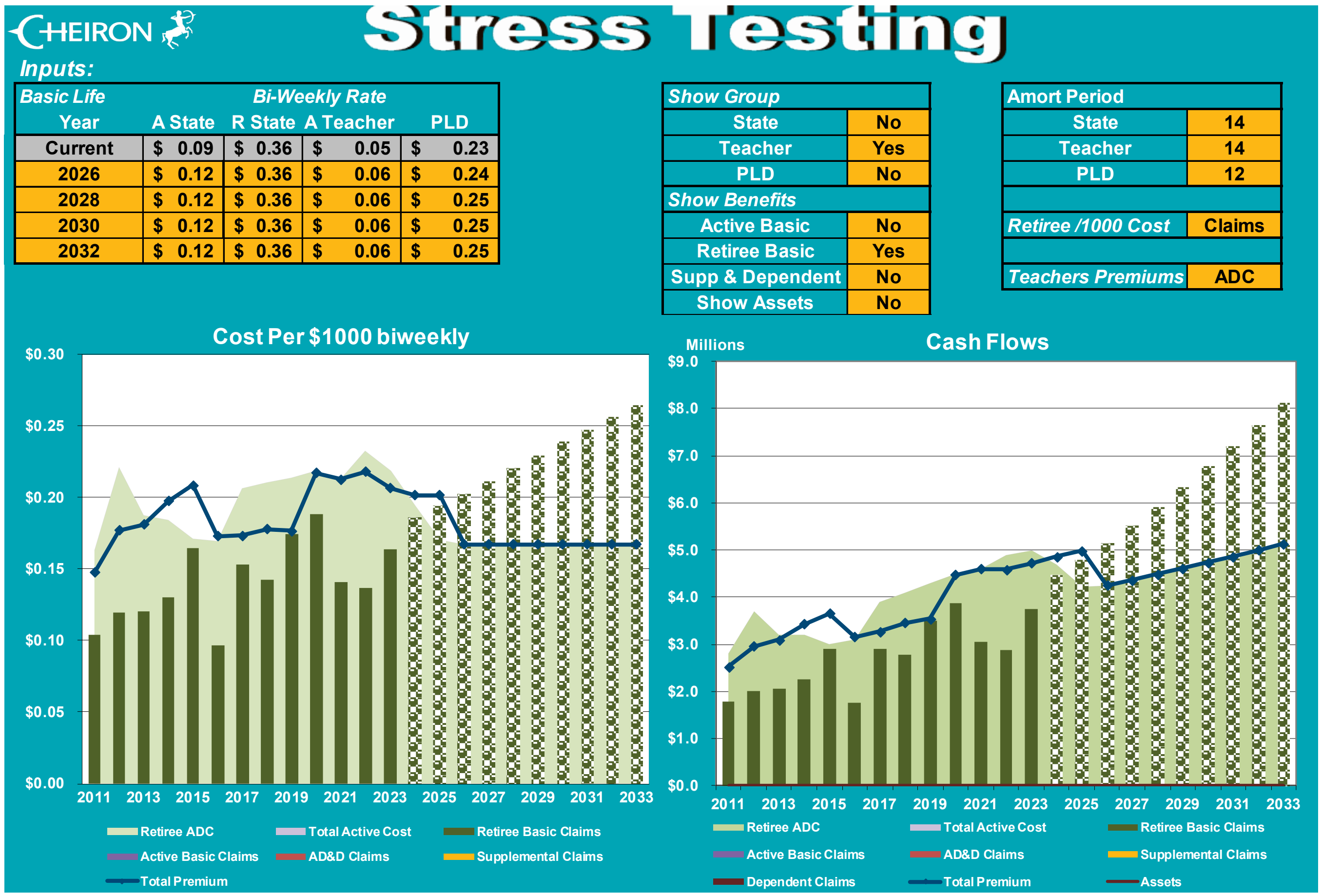


SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teachers: Basic Retiree Life Insurance

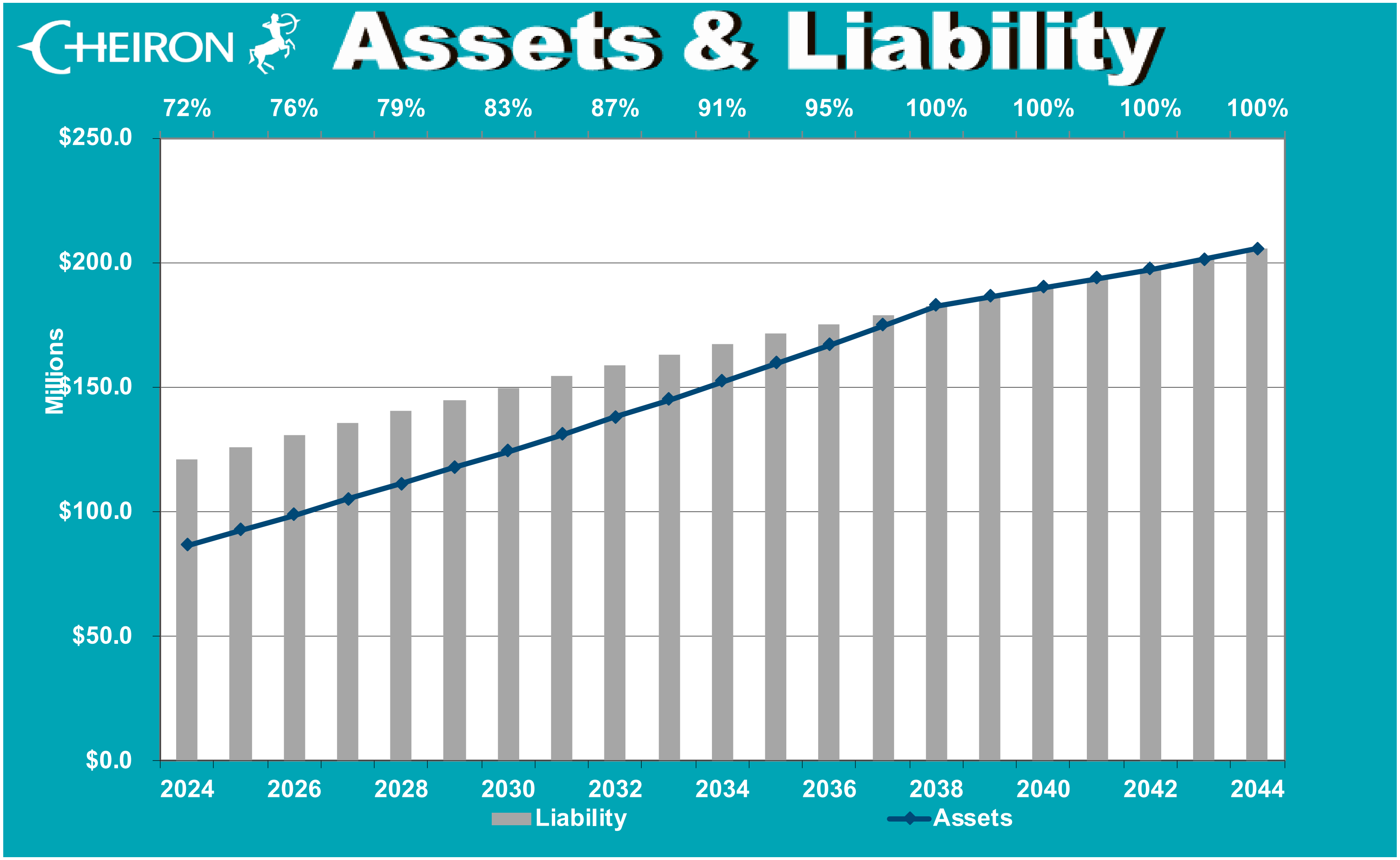
The premiums for the Teachers' Basic Retiree Life Insurance benefit are paid by the State as the dollar amount of each year's ADC. (This benefit is not funded using a rate per $1,000 of coverage.) This funding method is appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows projected cost, historic and projected cash flows, and retiree ADC on a Fiscal Year basis.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected Teacher Assets and Liabilities for Retiree Group Life Insurance under the current method of funding the ADC.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Active Life Insurance and AD&D

Current rate of $0.23 bi-weekly per $1,000 of coverage scheduled to increase to $0.24 in 2026 based on the option selected from the 2020 Premium Study which was expected to be sufficient to pay the retiree UAL by 2036. For active employees, $0.11 is being used for current active benefits and $0.12 is being allocated for future retirement benefits. Due to the high incidence of active deaths in recent years, we are recommending increasing the amount allocated to fund active benefits from $0.11 to $0.12 bi-weekly per $1,000 of coverage. This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a fiscal year basis, with the increase effective in 2026 and an additional increase to $0.25 in 2028 and assuming experience returns to historical norms.

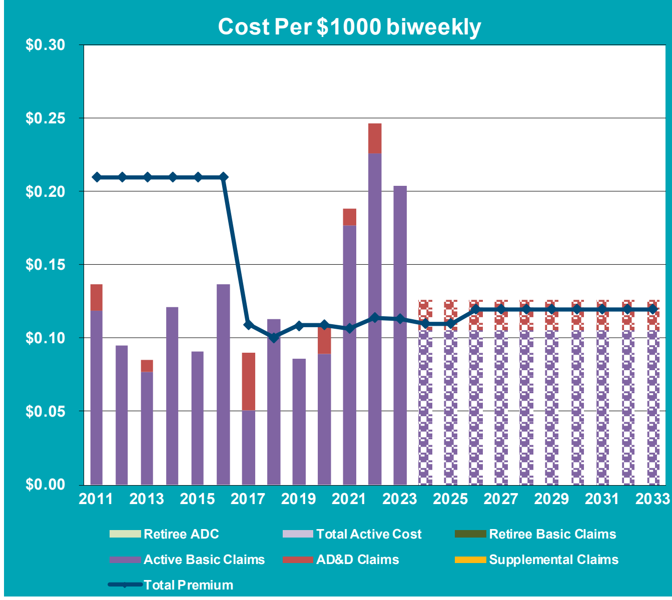
CHEIRON **Stress Testing**

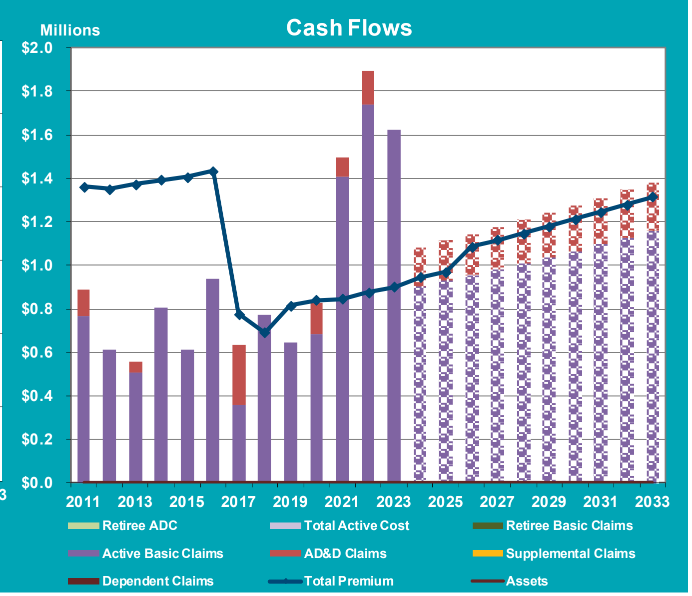
Inputs:

Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	No
Teacher	No
PLD	Yes
Show Benefits	
Active Basic	Yes
Retiree Basic	No
Supp & Dependent	No
Show Assets	No

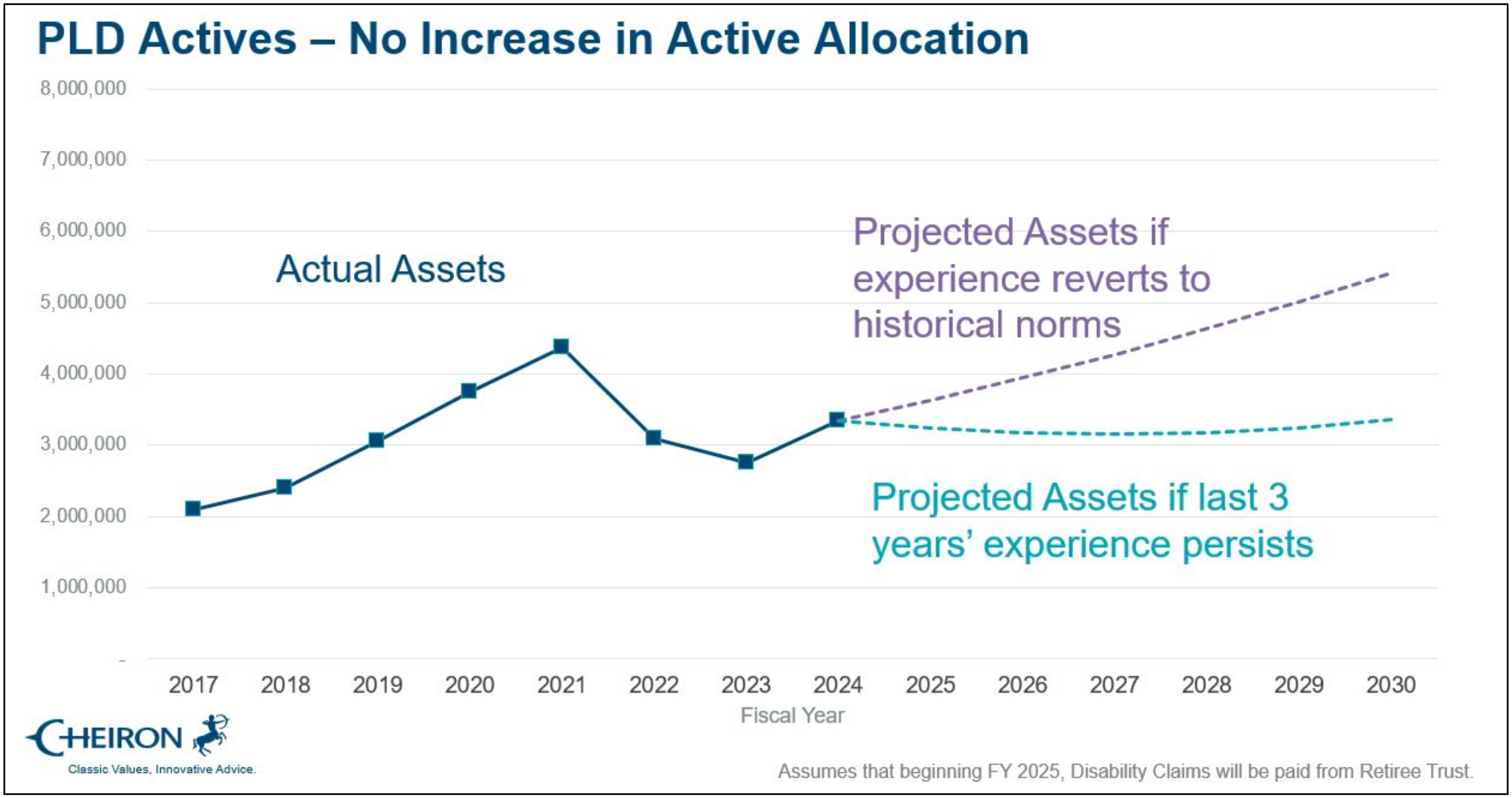
Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC





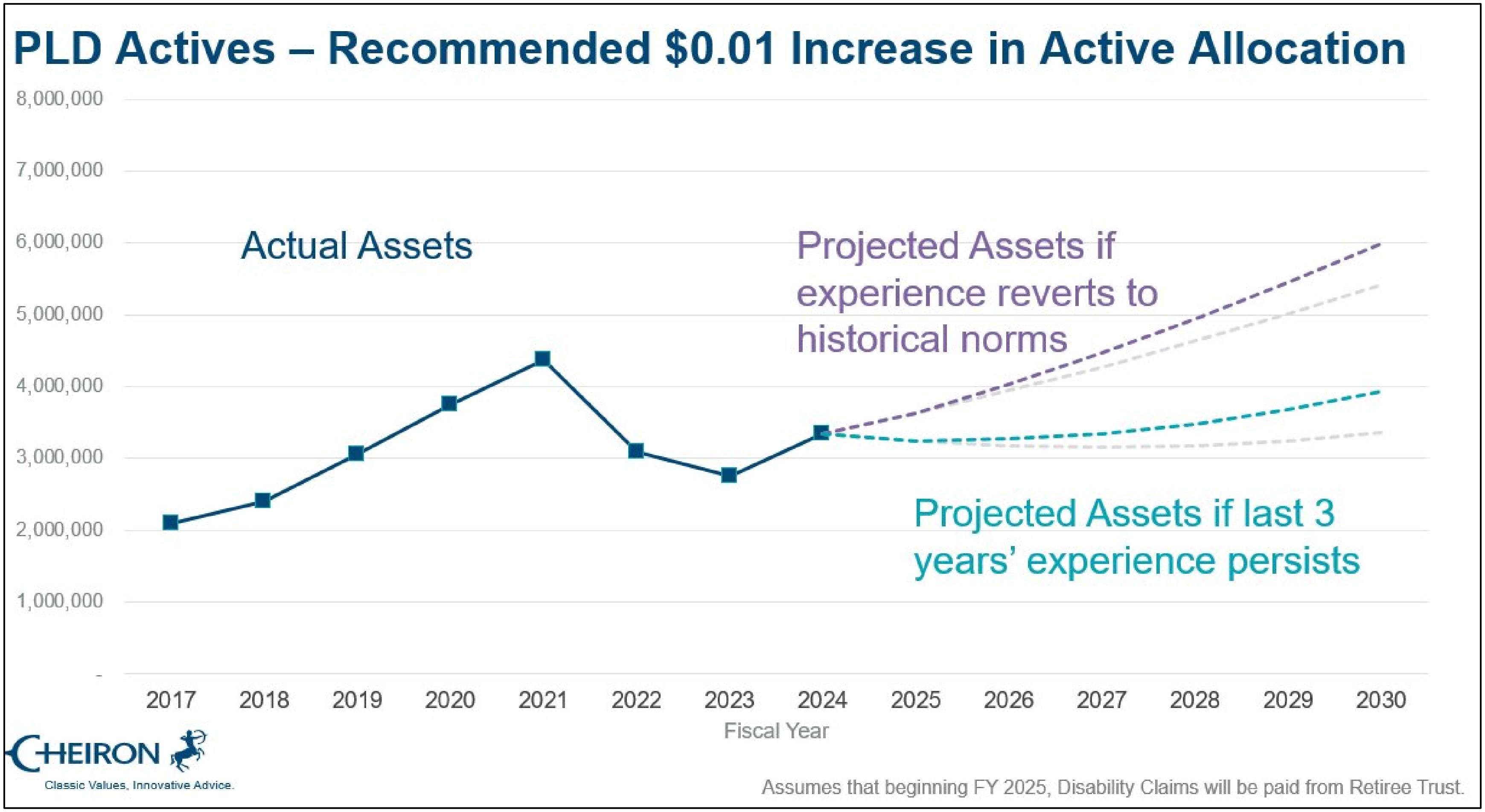
SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected PLDs Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium allocated to the active fund continues to be $0.11 bi-weekly per $1,000 of coverage.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

This chart displays the projected PLDs Assets for Active Group Life Insurance under two scenarios: mortality trends are as expected and mortality trends follow the average of the past three years which have been substantially higher than expected. This chart shows the two scenarios if the premium allocated to the active fund increases to the recommended $0.12 bi-weekly per $1,000 of coverage in FY 2026. The dotted gray lines show results if the contribution remains at $0.11 as shown in the prior chart.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance

The following charts show the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per $1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current rate. With the recommended increase in the portion of the rate being directed to the active fund, the current premium rate will not be sufficient to pay off the Unfunded Actuarial Liability in the 12 years (by 2036) designated as a result of the 2020 Premium Study, but instead 13 years (by 2037).

The following pages show two scenarios:

- Results if premiums continue at the increases designated from the 2020 Premium Study with no further increases, but active contribution is increase from $0.11 to $0.12 in 2026 (UAL is paid for in 13 years by 2037):
    - FYE 2024 - $0.23 for retirees with $0.12 of active premiums allocated to the Retiree Fund
        - Active Contribution is $0.23, with $0.11 allocated to the Active Fund
    - FYE 2026 - $0.24 for retirees with $0.12 of active premiums allocated to the Retiree Fund
        - Active Contribution is $0.24, with $0.12 allocated to the Active Fund
- Results if premiums continue at the increases designated from the 2020 Premium Study with an additional increase in 2028 to compensate for the increase in active premiums (UAL is paid for in 12 years by 2036):
    - FYE 2024 - $0.23 for retirees with $0.12 of active premiums allocated to the Retiree Fund
        - Active Contribution is $0.23, with $0.11 allocated to the Active Fund
    - FYE 2026 - $0.24 for retirees with $0.12 of active premiums allocated to the Retiree Fund
        - Active Contribution is $0.24, with $0.12 allocated to the Active Fund
    - FYE 2028 - $0.25 for retirees with $0.13 of active premiums allocated to the Retiree Fund
        - Active Contribution is $0.25, with $0.12 allocated to the Active Fund

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance – Continue at the current increase schedule
Current rate: $0.23 bi-weekly per $1,000 of coverage for current retirees plus $0.12 of active premium is allocated to the Retiree Fund.

This chart shows the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per $1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current rate. The current schedule is projected to pay off the Unfunded Actuarial Liability in 13 years (by 2037), one year behind the year designated based on the option selected from the 2020 Premium Study.

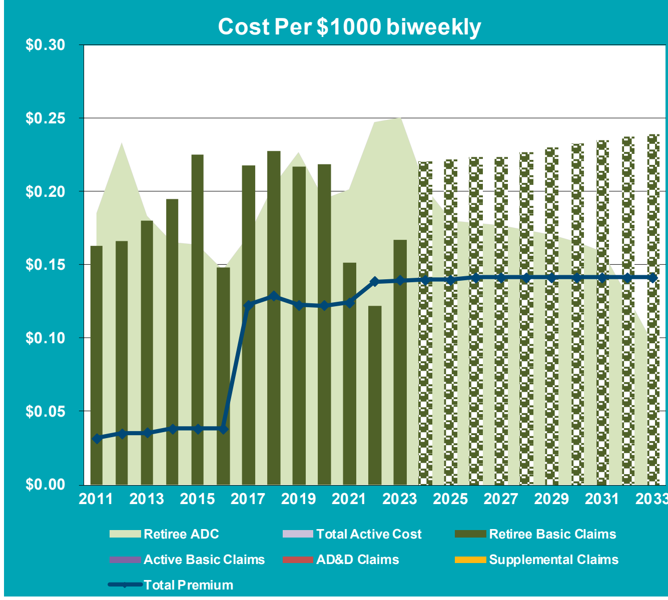
CHEIRON **Stress Testing**

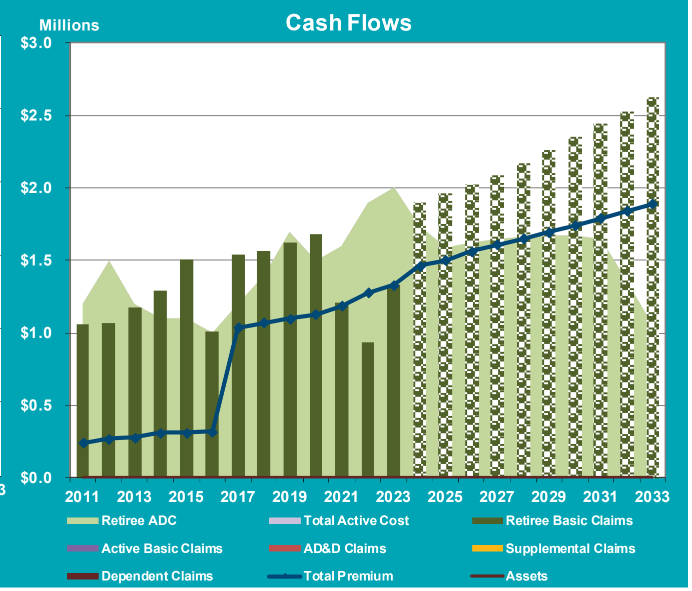
Inputs:

Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.24

Show Group	
State	No
Teacher	No
PLD	Yes
Show Benefits	
Active Basic	No
Retiree Basic	Yes
Supp & Dependent	No
Show Assets	No

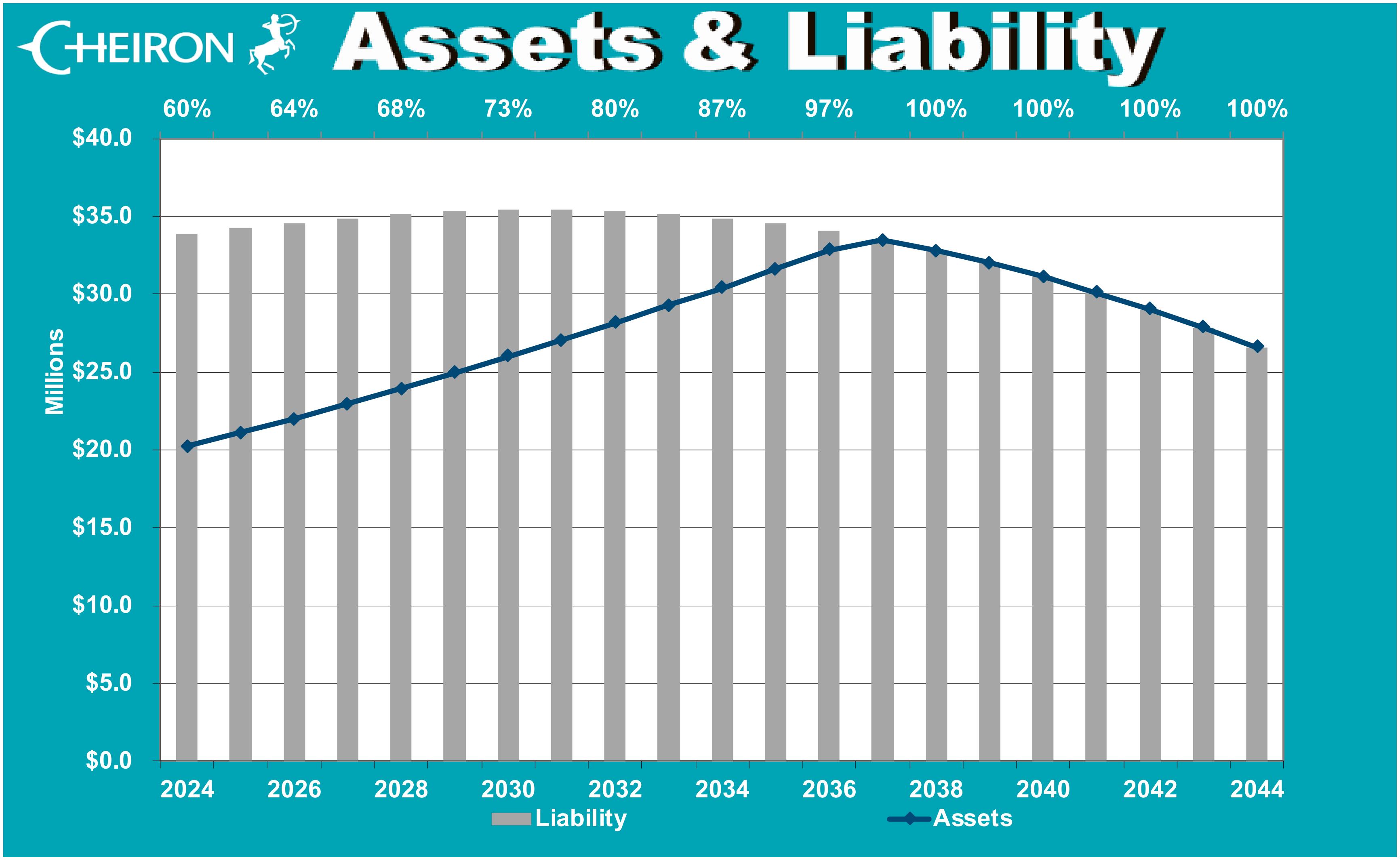
Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC





SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

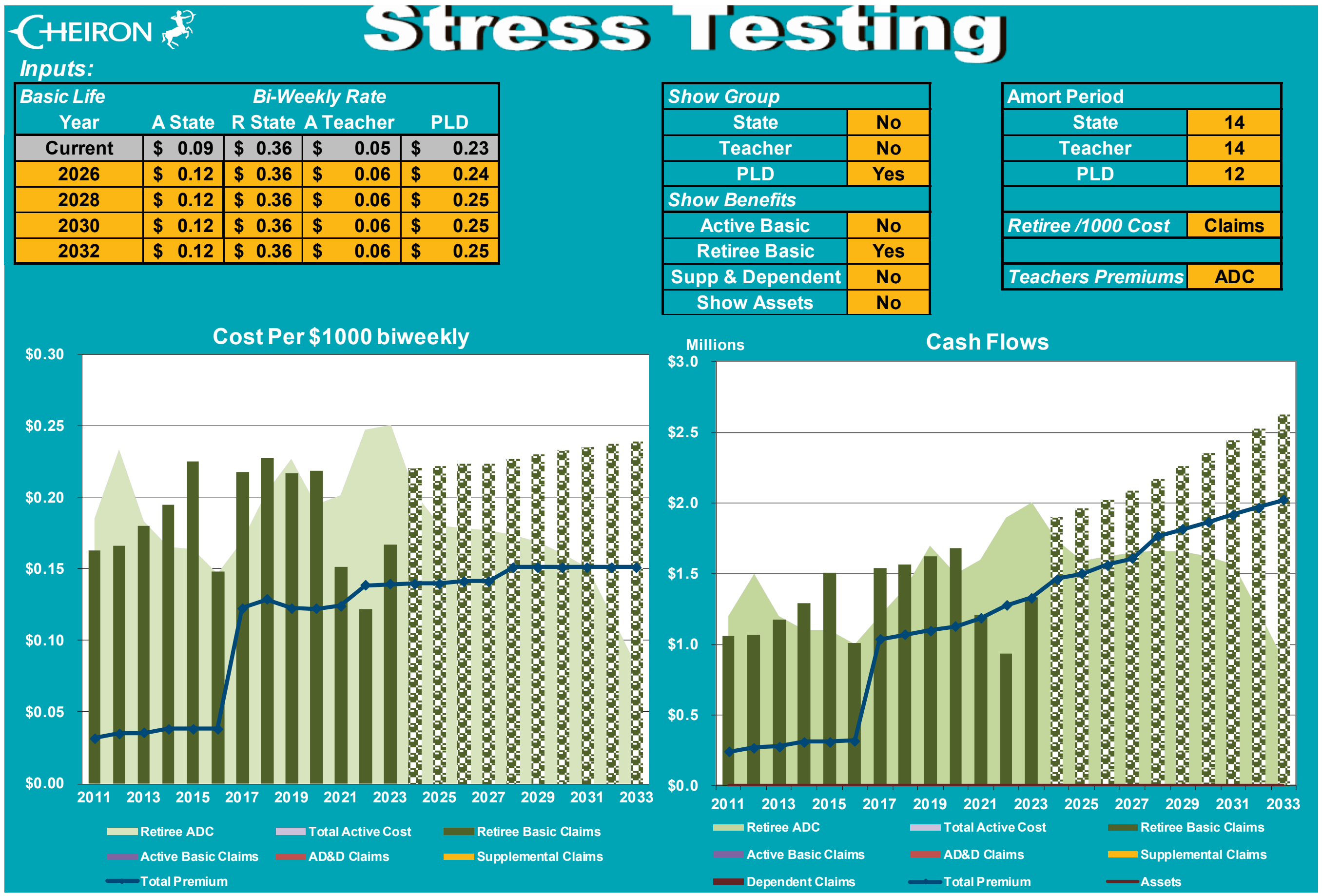
This chart displays the projected PLD Assets and Liabilities for the post-retirement life insurance benefit under the current premium rates of $0.23 bi-weekly per $1,000 of coverage for current retirees plus $0.12 of active premium is allocated to the Retiree Fund, including the scheduled increase in 2026 to $0.24 for current retirees plus $0.12 of active premium is allocated to the Retiree Fund.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD: Basic Retiree Life Insurance – Current increase schedule plus $0.01 increase for 2028
Current rate: $0.23 bi-weekly per $1,000 of coverage for current retirees plus $0.12 of active premium is allocated to the Retiree Fund.

This chart shows the retiree portion of the active premium plus the retiree premium compared to the cost on a bi-weekly basis per $1,000 of retiree coverage, as well as historic and projected cash flows on a fiscal year basis for the current increase schedule with one additional increase in 2028. This schedule is projected to be sufficient to pay off the Unfunded Actuarial Liability in 12 years (by 2036).



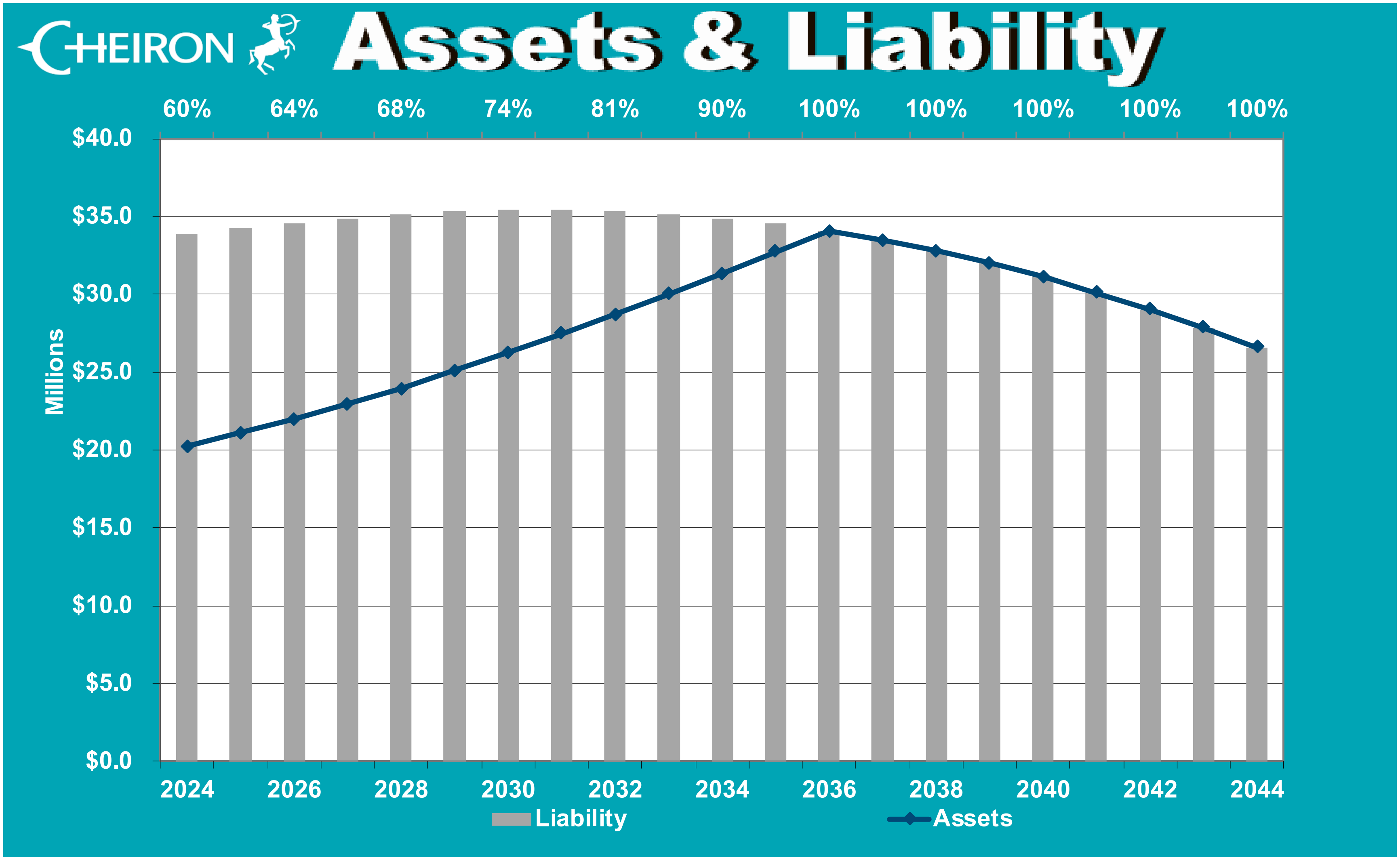
Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	No
Teacher	No
PLD	Yes
Show Benefits	
Active Basic	No
Retiree Basic	Yes
Supp & Dependent	No
Show Assets	No

Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC

SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

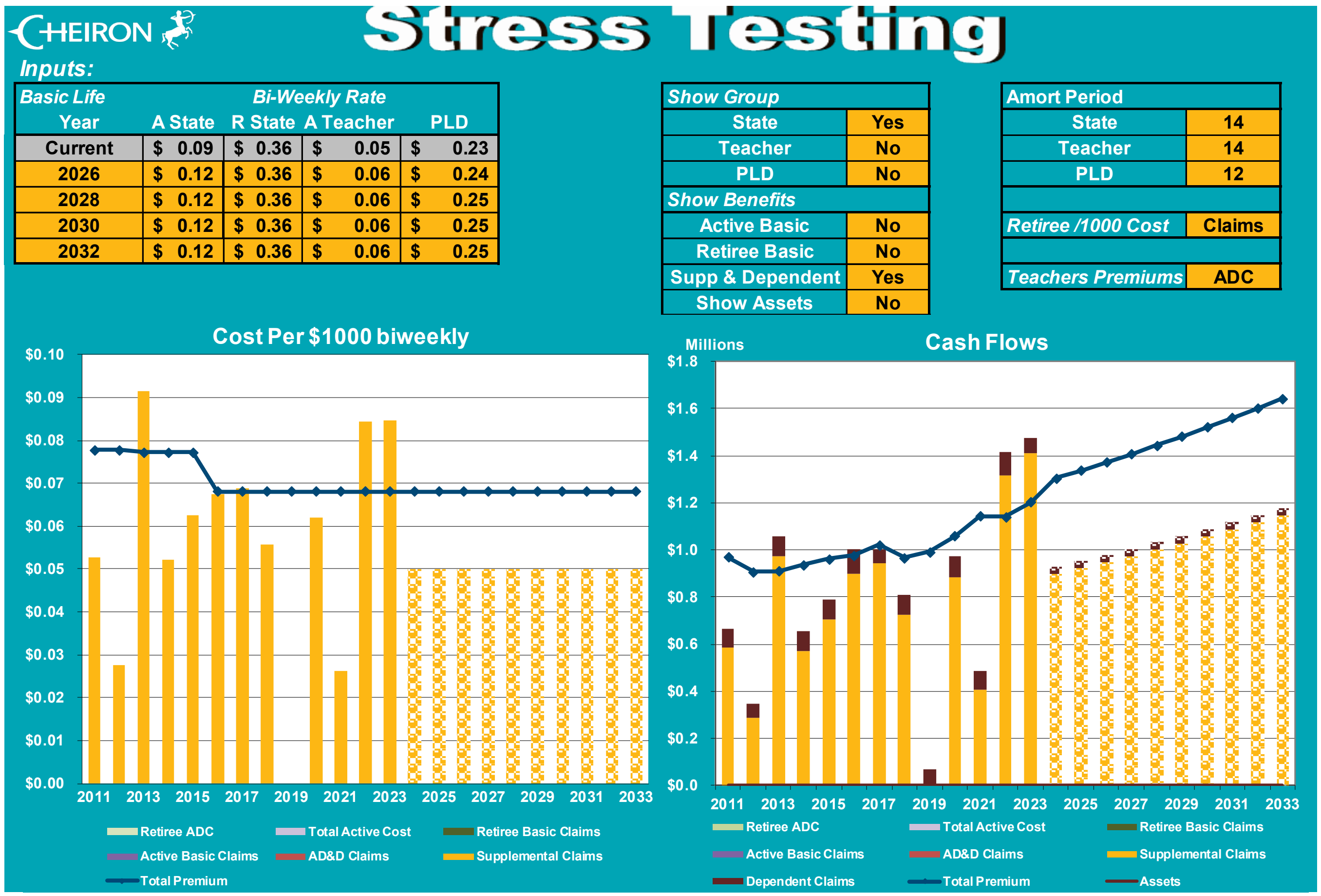
This chart displays the projected PLD Assets and Liabilities for the post-retirement life insurance benefit with premium rates of $0.23 bi-weekly per $1,000 of coverage for current retirees ($0.11 of active premium allocated to Retiree Fund), increasing in 2026 to $0.24 ($0.12 of active premium allocated to Retiree Fund) and in 2028 to $0.25 ($0.13 of active premium allocated to Retiree Fund).



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

State Active Supplemental and Dependent Life Insurance
The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.

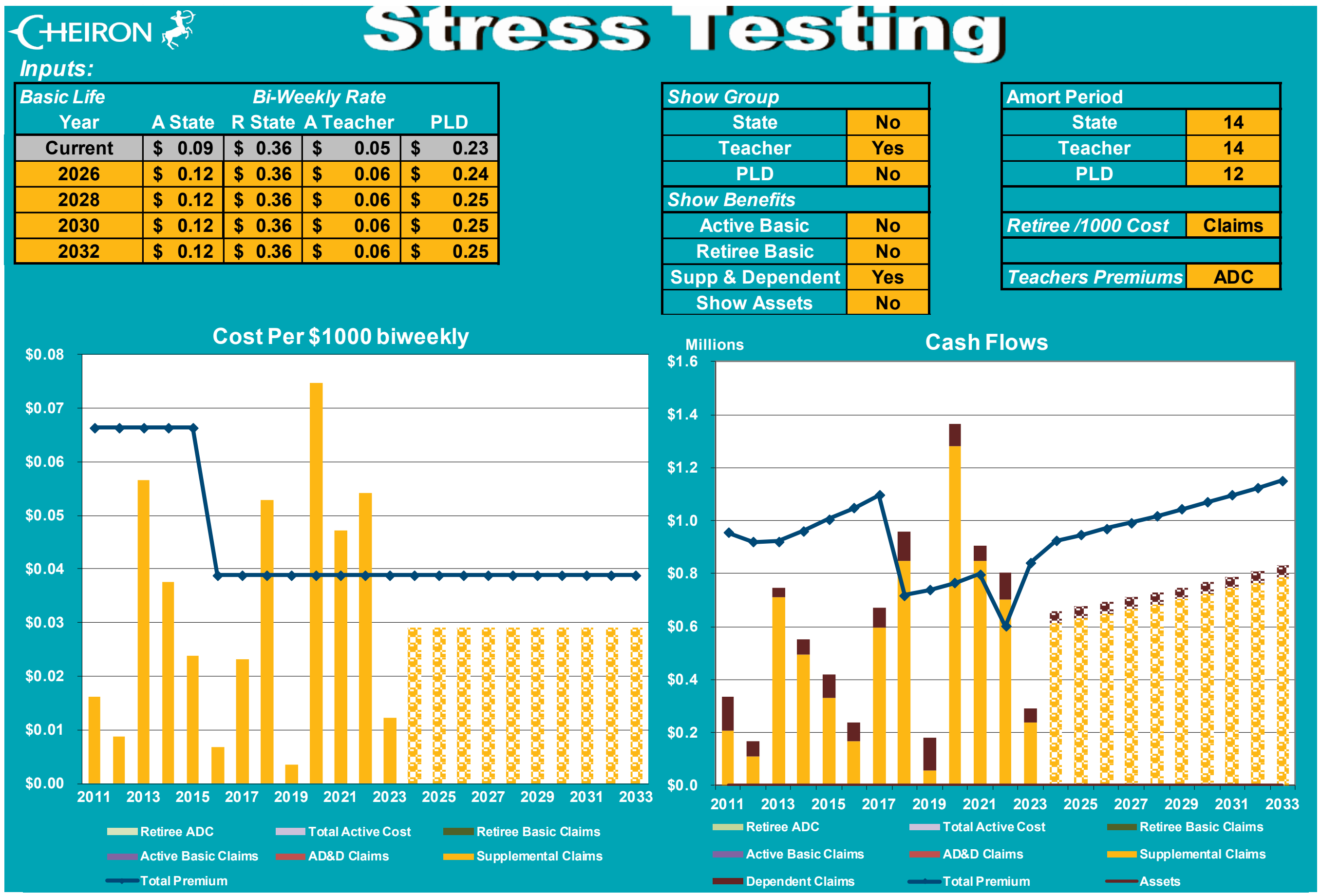


SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

Teacher Active Supplemental and Dependent Life Insurance

The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.



SECTION III – PREMIUM PROJECTIONS AND SCENARIOS

PLD Active Supplemental and Dependent Life Insurance

The current supplemental and dependent rates are appropriate for funding the benefits, and a change is not indicated at this time.

This chart shows premium and cost on a bi-weekly basis per $1,000 of coverage, historic and projected cash flows on a Fiscal Year basis, for the current rates.

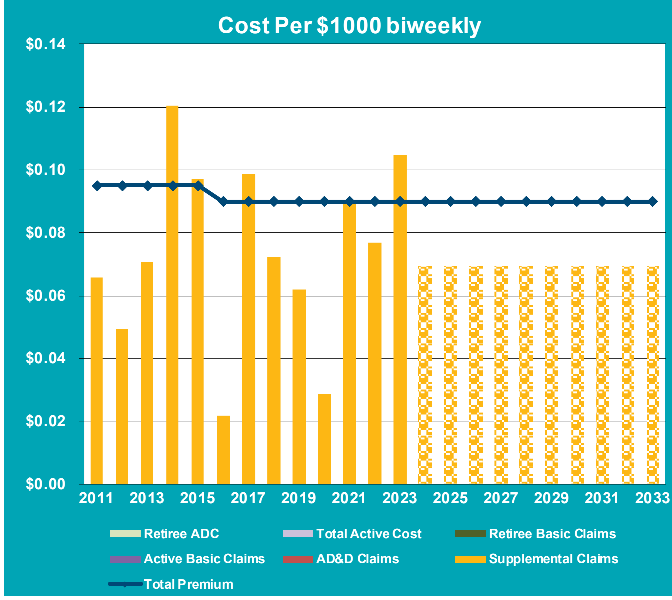
CHEIRON **Stress Testing**

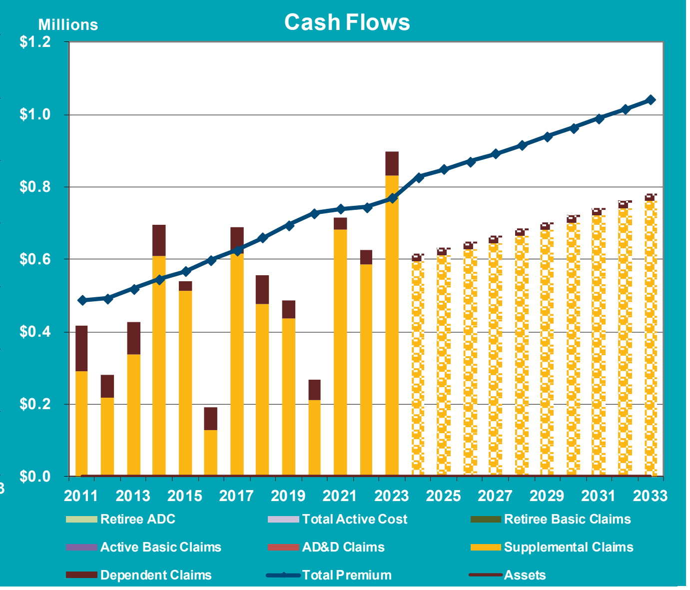
Inputs:

Basic Life	*Bi-Weekly Rate*			
Year	A State	R State	A Teacher	PLD
Current	$ 0.09	$ 0.36	$ 0.05	$ 0.23
2026	$ 0.12	$ 0.36	$ 0.06	$ 0.24
2028	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2030	$ 0.12	$ 0.36	$ 0.06	$ 0.25
2032	$ 0.12	$ 0.36	$ 0.06	$ 0.25

Show Group	
State	No
Teacher	No
PLD	Yes
Show Benefits	
Active Basic	No
Retiree Basic	No
Supp & Dependent	Yes
Show Assets	No

Amort Period	
State	14
Teacher	14
PLD	12
Retiree /1000 Cost	Claims
Teachers Premiums	ADC





SECTION IV – IMPACT ON CONTRIBUTIONS

The following tables show the impact on contributions for each recommended increase in the biweekly rate proposed based on the following amounts of Insurance in Force.

	Insurance in Force in 2023		
FYE (6/30)	State	Teachers	PLDs
Active Basic	$ 770,062,600	$ 901,119,000	$ 321,295,000
Active Sup	$ 692,457,600	$ 814,115,000	$ 331,298,000
Active Dep A	$ 4,325,000	$ 5,900,000	$ 3,040,000
Active Dep B	$ 14,460,000	$ 18,070,000	$ 9,400,000
Retiree Basic	$ 208,446,890	$ 192,128,801	$ 70,322,944

	State Basic Active - Increase Bi-weekly rate schedule by $0.03 in 2026		
FYE (6/30)	Current	Proposed	Difference
2024	$1,851,500	$1,851,500	$0
2025	$1,902,416	$1,902,416	$0
2026	$1,954,733	$2,606,310	$651,578
2027	$2,008,488	$2,677,984	$669,496
2028	$2,063,721	$2,751,628	$687,907
2029	$2,120,474	$2,827,298	$706,825
2030	$2,178,787	$2,905,049	$726,262
2031	$2,238,703	$2,984,938	$746,234
2032	$2,300,268	$3,067,023	$766,756
2033	$2,363,525	$3,151,367	$787,842

	Teacher Basic Active - Increase Bi-weekly rate schedule by $0.01 in 2026		
FYE (6/30)	Current	Proposed	Difference
2024	$1,203,670	$1,203,670	$0
2025	$1,236,771	$1,236,771	$0
2026	$1,270,782	$1,524,938	$254,156
2027	$1,305,728	$1,566,874	$261,146
2028	$1,341,636	$1,609,963	$268,327
2029	$1,378,531	$1,654,237	$275,706
2030	$1,416,440	$1,699,729	$283,288
2031	$1,455,393	$1,746,471	$291,079
2032	$1,495,416	$1,794,499	$299,083
2033	$1,536,540	$1,843,848	$307,308

SECTION IV – IMPACT ON CONTRIBUTIONS

	PLD Basic - Increase Bi-weekly rate schedule by $0.01 in 2026		
FYE (6/30)	Current	Proposed	Difference
2024	$2,406,277	$2,406,277	$0
2025	$2,472,449	$2,472,449	$0
2026	$2,540,442	$2,650,896	$110,454
2027	$2,610,304	$2,723,795	$113,491
2028	$2,682,087	$2,798,700	$116,612
2029	$2,755,845	$2,875,664	$119,819
2030	$2,831,630	$2,954,745	$123,114
2031	$2,909,500	$3,036,000	$126,500
2032	$2,989,512	$3,119,490	$129,979
2033	$3,071,723	$3,205,276	$133,553

	PLD Basic - Increase Bi-weekly rate schedule by $0.01 in 2026 and an additional $0.01 in 2028		
FYE (6/30)	Current	Proposed	Difference
2024	$2,406,277	$2,406,277	$0
2025	$2,472,449	$2,472,449	$0
2026	$2,540,442	$2,650,896	$110,454
2027	$2,610,304	$2,723,795	$113,491
2028	$2,682,087	$2,915,312	$233,225
2029	$2,755,845	$2,995,483	$239,639
2030	$2,831,630	$3,077,859	$246,229
2031	$2,909,500	$3,162,500	$253,000
2032	$2,989,512	$3,249,469	$259,958
2033	$3,071,723	$3,338,830	$267,106

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Participant Data as of June 30, 2022

ACTIVE MEMBER DATA

Group	Count	Average Age	Average Service	Average Salary
State	11,286	47.9	12.3	$ 63,945
Teachers	15,374	46.4	13.3	56,620
Judges	59	60.0	14.5	140,627
Legislators	54	63.2	6.1	14,000
PLD	5,248	48.8	10.5	57,363
TOTAL	32,021	47.4	12.5	59,406

Note that Legislators are subject to eight-year term limits for each house. Therefore, it is assumed that no active Legislators will reach the 10 years of service required to be eligible for retiree life benefits. However, they are included in the counts for the above exhibit because they are included in the expected remaining service life.

NON-ACTIVE MEMBER DATA

Group	Count	Average Age	Average Benefit[1]
State	8,909	73.2	$ 19,066
Teachers	8,039	74.3	21,496
Judges	55	76.0	46,642
Legislators	13	81.2	5,622
PLD	3,015	72.7	19,266
TOTAL	20,031	73.6	20,138

[1] Ultimate benefit (40% of initial base benefit)

Participant Data as of June 30, 2023

Group	Active Basic	Retiree Basic	Supplemental	Dependent A	Dependent B
State[1]	11,668	8,988	4,482	865	1,446
Teachers	15,403	8,004	6,145	1,180	1,807
PLDs	5,300	2,998	2,413	608	940
Total	32,371	19,990	13,040	2,653	4,193

[1] State Group including Judges and Legislators

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Economic Assumptions

Valuation Date: June 30, 2023, for the purposes of measuring active life insurance. June 30, 2022, for the purposes of measuring retiree life insurance cost.

Investment Return*:* 6.50% per year

Cost-of-Living Increases in Life Benefits:
N/A. Unlike pension benefits, life insurance benefits do not increase with Cost-of-Living.

Premium Expense and Conversion Assumption*:*
To reflect administrative expenses and conversion expenses associated with the distribution of benefits, the following loads have been added to the liabilities, normal cost, and benefit payments.

Expense Load
State Employees, Judges, and Legislators: 9.97%
Teachers: 18.08%
PLDs: 9.67%

Conversion Load
State Employees, Judges, and Legislators: 2.50%
Teachers: 2.48%
PLDs: 1.42%

Rates of Salary Increase
(Experience-based sample rates by service including both merit scale increase and yearly increase):

Service	State	Teachers	Judges & Legislators	PLD
0	9.43%	13.03%	2.75%	11.48%
5	6.24	5.83	2.75	3.78
10	5.32	4.81	2.75	3.26
15	3.98	4.29	2.75	3.01
20	3.78	3.26	2.75	2.75
25+	3.26	2.80	2.75	2.75

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Demographic Assumptions

Rates of Termination
(Experience-based sample rates by service):

Service	State	Teachers	PLDs Regular	PLDs Special
0	32.5%	26.0%	28.0%	17.9%
5	10.0	9.0	9.0	7.9
10	6.0	5.5	5.0	4.5
15	4.0	3.5	3.5	2.9
20	3.0	3.0	3.5	2.7
25	2.5	3.0	3.0	0.0

(Experience-based sample rates by age):

Age	Judges
25	7.0%
30	6.0
35	5.0
40	4.0
45	3.0
50	2.0
55	1.0

(Experience-based sample rates by service):

Service	Legislators
0	0.0%
1	5.0
2	10.0
3	15.0
4	20.0
5	25.0
6	30.0
7	40.0
8+	50.0

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rates of Mortality
(Experience-based sample deaths per 10,000 members by age):

State and Teacher Healthy Annuitant

(showing values in 2022)				
	State Employees		Teachers	
Age	Male	Female	Male	Female
50	31	25	10	6
55	47	35	21	17
60	71	48	36	26
65	103	69	59	37
70	159	112	97	60
75	269	200	179	114
80	485	370	342	320
85	894	703	715	629
90	1,556	1,314	1,335	1,191
95	2,428	2,146	2,246	2,119

Rates for the State Group are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females.

Rates for Teachers are based on the 2010 Public Plan Teacher Benefits-Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

State and Teacher Healthy Active Employees

	(showing values in 2022)			
	State Employees		Teachers	
Age	Male	Female	Male	Female
20	3	1	3	1
25	3	1	2	1
30	4	2	3	2
35	6	3	4	3
40	7	4	5	3
45	9	5	7	4
50	12	7	10	6
55	18	11	15	10
60	28	17	25	16
65	39	25	41	24

Rates for the State Group are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. Rates for Teachers are based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

PLD Healthy Annuitant

	Showing values in 2022	
Age	Male	Female
50	31	25
55	47	35
60	71	48
65	103	69
70	159	112
75	269	200
80	485	370
85	894	703
90	1,556	1,314
95	2,428	2,146

Rates are based on 112.1% and 118.5% of the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, respectively, for males and females. Proposed rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, with convergence to the ultimate rates in 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

PLD Healthy Active Employees

	(showing values in 2022)	
Age	Male	Female
20	3	1
25	3	1
30	4	2
35	6	3
40	7	4
45	9	5
50	12	7
55	18	11
60	28	17
65	39	25

Rates are based on 83.5% and 88.6% of the 2010 Public Plan General Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Mortality

	(showing values in 2022) State and PLDs		Teachers	
Age	Male	Female	Male	Female
25	36	21	32	25
30	54	37	47	42
35	73	57	64	69
40	90	76	79	91
45	113	99	99	119
50	161	143	141	172
55	219	184	192	221
60	278	213	244	255
65	330	222	289	267
70	389	262	341	314

Rates for the State and PLDs are based on 107.3% and 103.2% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. Rates for Teachers are based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rates of Retirement
(Experience-based sample retirements per 1,000 members by age)

Teachers and State Regular Plans

	State Regular Employees			Teachers		
Age	NRA 60	NRA 62	NRA 65	NRA 60	NRA 62	NRA 65
57	40	35	N/A	40	35	N/A
59	260	40	N/A	200	45	N/A
60	210	50	20	275	80	20
61	210	350	20	210	240	20
62	210	270	50	230	220	50
63	250	180	80	220	180	80
64	190	200	300	280	220	200
65	210	220	250	340	300	300
70	200	200	200	300	200	300
75	350	350	250	400	200	300
80	1,000	1,000	1,000	1,000	1,000	1,000

State Special Plans

Members of the 1998 Special Plan are assumed to retire at rates that vary by age and whether service is less than 25 years or not. Sample rates are as follows:

	1998 Special Plan Retirement	
Age	Service < 25	Service >= 25
55	20.0%	25.0%
57	10.0	25.0
60	20.0	30.0
62	30.0	30.0
65	23.4	30.0
67	36.8	50.0
70	100.0	100.0

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Members of the 25 & Out Plan are assumed to retire at rates that vary by service. Sample rates are as follows:

Service	Rate
<24	0.0%
25-29	25.0
30-31	25.0
32-34	40.0
35-37	40.0
38+	100.0

Members of State Special Plans other than the 25 & Out Plan and the 1998 Special Plan are all currently assumed to retire at a rate of 50% per year, beginning when they reach eligibility for unreduced benefits, with a 100% assumed rate at age 70. Rates are only applied when the member is at least age 50.

Judges:

Age	NRA 60	NRA 62	NRA 65
60-61	1,000	N/A	N/A
62	1,000	200	N/A
63	1,000	275	N/A
64	1,000	350	N/A
65	1,000	425	400
66	1,000	500	500
67	1,000	450	450
68	1,000	400	400
69	1,000	350	350
70	1,000	300	300
71-75	1,000	250	250
76-79	1,000	500	500
80+	1,000	1,000	1,000

Legislators:

Age	Fiscal Years Ending Even	Fiscal Years Ending Odd
57-69	0	250
70+	0	1,000

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

PLD Regular:

Age	NRA 60	NRA 65
60	120	60
65	250	200
70	1,000	250
75	1,000	1,000

PLD Special:

Service	Assumption
20	350
21	300
22	280
23	250
24	200
25	350
26	250
27	230
28	250
29	400
30-33	250
34	330
35+	1,000

Participants who are not members of MainePERS: Age 62

Rates of Disability
(Experience-based sample disablements per 10,000 members by service):

Age	State Regular	State Special	Teachers	Judges & Legislators	PLDs Regular	PLDs Special
25	2.5	5.4	1.1	0.0	0.9	2.3
30	3.1	6.5	1.2	0.0	1.2	3.0
35	9.3	9.9	1.2	0.0	1.8	4.5
40	14.0	15.8	1.6	0.0	4.2	10.5
45	16.0	24.4	3.1	0.0	8.7	21.8
50	18.0	36.4	6.6	0.0	16.5	41.3
55	25.0	42.6	22.1	0.0	28.5	70.0
60	43.4	46.4	22.2	0.0	30.0	70.0

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Rationale for Assumptions

The economic and demographic assumptions listed above were adopted by the Board of Trustees at their March 11, 2021 meeting. The revised discount rate was adopted by the Board of Trustees at their August 12, 2021 meeting. The demographic assumptions adopted are based on an experience study covering the period from July 1, 2015 through June 30, 2020, and the economic assumptions are based on this experience study along with advice of the MainePERS investment consultants.

Other Assumptions (Unique to this Valuation)

Conversion Charges:
Apply to the cost of Active Group Life Insurance, and not Retiree Group Life Insurance.

Form of Benefit Payment:
Lump Sum

Mortality Projections Cashflows shown in Section III:
For actives, the static tables of the above mortality assumptions were used, projected to the year 2020, and adjusted by factors of 1.5 for State, 1.12 for Teachers, and 1.74 for PLD. For retirees, the factors were 0.9, 1.0, and 0.98, respectively.

Child Assumption for Dependent Insurance:
We made an assumption for the number of eligible children covered under dependent insurance, based on the sample employee's age. Employees are assumed to have zero children prior to age 24, one child from ages 24-28, two children from ages 28-46, one child from ages 46-50, and no children after age 50. Child mortality was assumed to be one half of the mortality at age 15.

Probability of AD&D:
Probability of receiving AD&D insurance was assumed to be 10% of mortality for healthy employees for all three groups.

Participation Percent for Future Retirees:
100% of those currently enrolled.

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Additional Disclosures regarding Models Used

ProVal: Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate the liabilities, normal costs, and projected benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this actuarial valuation.

Mortality Improvement Model: Cheiron utilized the RPEC_2014_v2020 Model Implementation Tool for the purposes of developing the customized version of MP-2020 used in this report. This tool is updated and published annually by the Society of Actuaries and their Retirement Plans Experience Committee and allows actuaries to develop customized versions of mortality improvement scales based on the parameters and data underlying the published MP-2020 scale but allowing practitioners to vary parameters from those used in the published MP-2020 scale.

We have reviewed this model and believe it is appropriate to our intended use in developing a customized mortality improvement scale for the Programs. Further, we are aware of no material inconsistencies that would limit our ability to use this model for its intended purpose.

APPENDIX A – PARTICIPANT DATA, ASSUMPTIONS, AND METHODS

Actuarial Cost Method

To be consistent with past analyses and with the Pension Plan funding, the individual entry age normal method is used to determine liabilities. Under this funding method, a normal cost rate is calculated for each member. This rate is determined by taking the value, as of age at entry into the Plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age of his expected future salary. The normal cost for each member is the product of annual salary and the normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

The actuarial liability is defined as the present value of future benefits, less the present value of future normal costs. The UAL is the total of the actuarial liability for all members, less the actuarial value of the System's assets.

The discount rate used reflects the long term funding policy to fully fund the benefits on an actuarial basis by FY 2038 for State and Teachers and by FY 2036 for PLDs.

To amortize the UAL, we used amortization period to the beginning of FY 2038 for State and Teacher employees and to the beginning of FY 2036 year amortization period for PLD employees. Amortization payments are calculated using a level percent of pay with a 2.75% annual increase in payroll assumed and a discount rate of 6.5%.

Asset Valuation Method

Figures were reported by MainePERS without audit or change. Assets as of June 30, 2024 were projected by MainePERS for July 2024 rate setting.

Assumption Changes Implemented for Premium Study

None

APPENDIX B – SUMMARY OF KEY PLAN PROVISIONS

Active Employees

Membership

Actively at Work and a member of an Eligible Class, as defined in the Certificate of Coverage.

Basic Life Insurance

One times Annual Base Compensation, rounded to the next highest $1,000.

Basic AD&D Insurance

One times Annual Base Compensation, rounded to the next highest $1,000. See Schedule of Benefits in Certificate of Coverage for benefits by injury.

Supplemental Life Insurance

One, two, or three times Basic Life Insurance Amount.

Dependent Life Insurance

Option A:	$5,000 for spouse, $1,000 for dependent children under age six months, $5,000 for dependent children over age six months but under age 19, except for full-time, unmarried students under age 22
Option B:	$10,000 for spouse, $2,500 for dependent children under age six months, $5,000 for dependent children over age six months but under age 19, except for full-time, unmarried students under age 22

Employee Contributions

State Employees:	None for Basic; employee pays full premium for Supplemental and Dependent
Teachers:	Cost for Basic split between employer and employee, depending on employer; employee pays full premium for Supplemental and Dependent
PLDs:	Cost for Basic split between employer and employee, depending on employer; employee pays full premium for Supplemental and Dependent
Judges:	None for Basic; employee pays full premium for Supplemental and Dependent
Legislators:	None for Basic; employee pays full premium for Supplemental and Dependent

Portability and Conversion

Discontinued coverage may be ported to another group term product or converted to an individual policy. MainePERS is charged a fee for those active employees who convert to an individual policy upon termination from employment. Conversion charges are considered a cost of active, not retiree group life insurance.

APPENDIX B – SUMMARY OF KEY PLAN PROVISIONS

Retired Employees

Membership

Service Retirement:	A retiree must have participated in the group life insurance program for at least 10 years and possess coverage just prior to retirement
Disability Retirement:	An employee must have participated in the group life insurance program immediately prior to disablement

Basic Insurance

Average final compensation calculated for retirement purposes

Amount of Insurance for a Retiree

Service Retirement:	The Basic Insurance will be reduced by 15% per year until the amount equal to the greater of (a) 40% of the initial Basic Insurance, or (b) $2,500.
Disability Retirement:	The amount of basic life insurance in force prior to retirement will be continued until normal retirement age. At normal retirement age, the amount of insurance will be reduced as for service retirement.

Retiree Contributions

State Employees:	None
Teachers:	None
PLDs:	PLD must pay $0.46 per month per $1,000 of base benefit, based on the coverage amounts declining from 100% to 40%.
Judges:	None
Legislators:	None

Normal Retirement Age

The specified age, the years of service requirement, or any age and years of service combination at which a participant may become eligible for unreduced service retirement benefits.

Discontinued Coverages at Retirement

- Supplemental Life
- Accidental Death and Dismemberment
- Dependent Life

Portability and Conversion

Discontinued coverage may be ported to another group term product or converted to an individual policy. MainePERS is charged a fee for those active employees who convert to an individual policy upon termination from employment. Conversion charges are considered a cost of active, not retiree group life insurance. Therefore, it is not included in these liabilities.)

CHEIRON

Classic Values, Innovative Advice

MAINEPERS

BOARD OF TRUSTEES RULEMAKING MEMORANDUM

TO: BOARD MEMBERS

FROM: MICHAEL J. COLLERAN, COO & GENERAL COUNSEL
NANETTE ARDRY, ASSOCIATE GENERAL COUNSEL

SUBJECT: RULEMAKING

DATE: JULY 3, 2024

The July Board meeting will include consideration of three rulemaking proposals: (1) new Rule Chapter 513 (Disability Retirement Compensation Limitations and Benefit Offsets), (2) an amendment to Rule Chapter 506 (Eligibility for Disability Retirement Benefits) to conform to the proposed new rule, and (3) amendments to Rule Chapter 103 (Qualified Domestic Relations Orders).

Public hearings were held at the June meeting, and written comments were accepted through June 24, 2024. Five members of the public commented on proposed Rule Chapter 513, and two commented on the proposed amendments to Rule Chapter 506. No comments were received on Rule Chapter 103. Copies of the proposals and their proposed basis statements are provided in the Board materials, along with the written comments received and a presentation summarizing the response to the Rule 513 comments.

POLICY REFERENCE

Board Policy 2.3 -- Rulemaking

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communications and Support to the Board

RULE CHAPTER 513

This proposed new rule sets forth guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees.

Andy Willigar provided oral public comments, Rick Cailler and Lance Sanborn provided written public comments, and John York and Susan Hawes provided both. The proposed basis statement summarizes and addresses the comments. The presentation does the same.

After considering the comments, the staff has revised the proposed language to provide increased specificity on the tax information to be used to determine earnings, include statutory context, clarify that retirees who were not covered by Social Security need not provide Social Security information, and explain the action to be taken when the documentation shows an unexplained change in other benefits.

RULE CHAPTER 506

This rule sets forth the standards and processes for determining eligibility for disability retirement benefits. Staff propose amending the definition of "earnings" to align with the definition of that term in the proposed new Rule Chapter 513.

Wendy Fenderson submitted written public comments regarding her disability case that did not address the proposed change. Susan Hawes provided oral and written public comments on the proposed change that correspond to her comments on the same definition in proposed Rule 513. After considering the comments, staff has made revisions consistent with Rule 513.

AMENDED RULE CHAPTER 103

This rule governs administration of qualified domestic relations orders, which are court orders that divide retirement benefits between ex-spouses. The proposed amendments streamline and clarify the existing rule, including by providing express guidance on what happens when the alternate payee dies before the member. No members of the public submitted comments.

RECOMMENDATION

That the Board adopt Rule Chapter 513, amended Rule Chapter 506, amended Rule Chapter 103, and their respective basis statements.

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 513: DISABILITY RETIREMENT COMPENSATION LIMITATIONS AND BENEFIT OFFSETS

SUMMARY: This Chapter provides guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees.

SECTION 1. DEFINITIONS

1. **Earnings**. "Earnings" as used in this Chapter means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms and income that is reported on federal self-employment tax schedules as subject to self-employment tax. Unless the context indicates otherwise, "compensation" received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.

2. **Statement of Compensation.** "Statement of compensation" as used in Title 5, Part 20, means: (1) a completed, signed form in the format prescribed by the Chief Executive Officer specifying the disability retiree's earnings; and (2) a copy of the disability retiree's federal W-2 tax forms, any self-employment tax schedules filed by or for the disability retiree, and any other federal tax forms and schedules determined by the Chief Executive Officer to be necessary to show the disability retiree's earnings.

SECTION 2. EARNINGS LIMITATIONS, OFFSETS, AND THE ANNUAL STATEMENT OF COMPENSATION PROCESS

1. Title 5, Sections 17930 and 18530 specify the calculation of earnings limitations for each retiree and the reduction, or offset, to disability retirement benefits when the retiree also receives disability benefits under other laws, including workers' compensation benefits and Social Security disability benefits. These sections also specify the steps to be taken when a retiree exceeds earnings limitations, including the reduction or elimination of further benefits and reimbursement of any remaining excess benefit payments.

2. Earnings and benefits as reported in the annual statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.

3. The statement of compensation required by Title 5, Sections 17931 or 18531 must be submitted so that it is received by MainePERS by the deadline for filing federal tax returns for the year covered by the statement of compensation.

    A. A disability retiree who obtains an extension of the tax filing deadline must submit proof of the extension application so it is received by MainePERS by the original deadline. The statement of compensation will be due on the extended deadline.

    B. MainePERS may extend the deadline or waive in whole or in part the statement of compensation requirement for good cause.

C. Disability retirement benefits may be withheld for failure to submit a statement of compensation only after compliance with Title 5, Section 17105-A, including the right to an informal hearing, written decision, and appeal process.

D. If disability retirement benefits are withheld for failure to submit a statement of compensation and the statement is subsequently submitted within one-year of the original due date, MainePERS will disburse the withheld benefits to the retiree.

4. In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits, except as provided in paragraph A, each person required to submit a statement of compensation must at the same time and on the same form report any Social Security disability and workers' compensation benefits and submit any SSA-1099 tax form received for the year covered by the statement of compensation.

A. A disability retiree is not required to report Social Security benefits or provide SSA-1099 tax forms if the retiree was not covered by Social Security during the employment service associated with the disability retirement.

B. If the information submitted reflects a decrease in other benefits or an increase beyond a cost of living adjustment, MainePERS, with the cooperation of the retiree, will seek further information from the other benefit provider to determine whether the change in other benefits should result in a change in benefit reductions.

STATUTORY AUTHORITY: 5 M.R.S. § 17103(4)

BASIS STATEMENT FOR ADOPTION JULY 11, 2024/STATEMENT OF COMMENTS:

This proposal for rulemaking was noticed on May 22, 2024. A public hearing was held on June 13, 2024. Three members of the public provided oral comments at the public hearing, and two of those same members of the public submitted written comments prior to the June 24, 2024 comment deadline. Two additional members of the public submitted written comments prior to the June 24, 2024 comment deadline. The comments are summarized below, and MainePERS' responses are in italics.

This proposed new rule sets forth guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees. It establishes applicable definitions and the process for submission of an annual statement of compensation, including the required documentation and filing deadlines.

One member of the public[1] commented that the rule should more clearly address the procedures that apply when a disability benefit recipient exceeds earnings limitations and must repay MainePERS. The commenter suggested the Social Security Administration limits on garnishment of benefits as an approach to follow rather than withholding the entire monthly benefit towards the repayment of the overpayment of benefits.

One member of the public[2] spoke in support of the first commenter, a prior coworker, and opined that a 100% claw back of benefits to repay amounts due is catastrophic for the impacted individual.

Language has been added to the proposed rule to reflect that the steps to be taken when a disability retiree exceeds earnings limitations are set forth in statute. See, e.g., 5 M.R.S. § 17930(2)(A)&(B). No further procedural guidance is necessary in this rule. The Social Security garnishment limit was announced in March of 2024 and applies to recovery of overpaid benefits generally. MainePERS will consider whether rulemaking on the topic of overpayment recoveries generally would be appropriate.

One member of the public[3] made several comments and recommendations regarding the proposed new rule. First, the commenter opined that MainePERS should not require disability retirees to submit SSA-1099's and that it has no legal authority for this requirement. Further, that the proposed rule would require all disability retirees to submit their SSA-1099, regardless of the basis on which the Social Security payments are paid. The commenter further opined that information reported on the SSA-1099 is not "compensation received from gainful occupation" and therefore is not needed to accurately apply benefit reductions as stated in the proposed rule. The commenter further opined that only a small subset of disability retirees are likely to also receive a Social Security disability benefit and that for those individuals who do, the information needed to determine any offset cannot be obtained from the SSA-1099. The commenter further opined that requiring the submission of SSA-1099's creates unnecessary work for MainePERS staff, increases the chances of an inaccurate calculation of the offset and creates an unnecessary burden for disability retirees to submit the annual documents as part of the Annual Statement of Compensation filing process.

Second, the commenter suggests alternative wording to Section 2(3) of the rule to eliminate consideration of other benefits.

MainePERS has the authority and responsibility to administer the statutory provisions that require disability retirement benefits to be reduced when Social Security disability benefits are received for

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[1] John York, Bangor
[2] Andy Willigar, Bangor
[3] Susan Hawes, Portland

the same disability. See 5 M.R.S. § 17103(4)&(6); 17105(1)(A). It is clear from the proposed rule's language that the information about other benefits is distinct from the annual statement of compensation requirement but for convenience is reported at the same time and on the same form. Doing so is efficient and minimizes the burden on retirees and staff. Language has been added to the proposed rule to clarify that the SSA-1099 is not used in isolation to change benefit reductions, but rather it is an indicator that leads to further inquiry if it shows unexplained increases or decreases in benefits. The burden of including this form with the annual statement of compensation filing is slight and is justified by its value in avoiding an underpayment or overpayment of benefits.

Third, the commenter suggests alternative wording to the definition of "earnings" in Section 1(1) of the proposed rule, with the stated intent to make it more understandable to those less knowledgeable about federal tax laws. The commenter suggests that the definition be more specific in its reference to federal tax forms and information found on those forms. The commenter also suggests inserting additional statutory references into the definition of "earnings" to apply it in other situations.

The language has been made more specific, but MainePERS declines to refer to particular line numbers because federal tax forms are revised annually, and it would be unwieldly to require rulemaking every time a line number changed on a federal form. MainePERS also declines to extend the definition of "earnings" to other contexts as suggested because "earnable compensation" is defined by statute and the ability to earn may not be reflected on tax filings.

Fourth, the commenter opined that how individuals report rental income on federal tax filings could result in that income being arbitrarily counted as "earnings" under the proposed definition. The commenter suggests that the rule incorporate the IRS definitions of "significant services" with respect to rental income; and "materially participate" with respect to farming income.

MainePERS declines to depart from the clear guidance provided by the rule in favor of a more ambiguous standard.

The commenter also opined that the rule should be expanded to include various additional procedures and provisions pertaining to benefit offsets, overpayments, compensation limits, deadlines, and dates.

MainePERS believes that statute and the proposed rule provide sufficient guidance on the subject matter of this rule. As noted above, MainePERS will consider whether rulemaking on the topic of overpayment recoveries generally would be appropriate.

The commenter requested the Board to require the Chief Executive Officer to engage in consensus-based rulemaking on the proposed rule to include those directly impacted by the rule.

Formal consensus-based rule development is optional for an agency. Here, where stakeholder input was solicited informally during development and the proposed rule has gone through the formal rulemaking process including a public hearing, there is no need for further development.

Finally, the commenter alleged that "it appears MainePERS has been unlawfully reducing the benefit amounts of disability retirees based on what is reflected on SSA-1099s or some other benefit reduction" and submitted as support for this allegation a document the commenter had prepared listing payments to seven disability retirees that appeared to reduce in amount over time. She identified data provided by MainePERS as the source of these benefit payment amounts.

This allegation is false. While MainePERS did provide information to this commenter on all disability payments made over a seven year period in response to freedom of access requests, the document created *by the commenter did not accurately reflect the data produced. The accurate data shows benefits to all seven of the disability retirees increased year-to-year – there were no reduced benefits, let alone "unlawfully" reduced benefits.*

Written comments were received from one member of the public[4] who opined that the rules pertaining to earnings for a disability retiree need to limit the impact on members who are attempting to improve their situations. The commenter also opined that repayment of overpaid benefits should never result in the garnishment of an individual's entire benefit. Finally, the commenter opined that it should not be necessary for disability retirees to submit SSA-1099's as part of the financial documents requested by MainePERS since all income information is available on the tax schedules that must be submitted and some retirees were not covered by Social Security.

See response above to the first set of comments. Additionally, under the proposed rule, MainePERS no longer will require disability retirees to submit their entire tax filing, so the information on the SSA-1099 will not be available through other tax schedules submitted. Language has been added to the proposed rule to clarify that the Social Security reporting does not apply to those retirees who were not covered by Social Security.

Written comments were also received from a member of the public[5] who opined that the rule should more clearly address how MainePERS uses the financial information collected from disability retirees to determine whether earnings limitations have been met, and should better articulate guidance on earnings limitations and how exceeding those limitations might result in the need for repayment of benefits, as well as how those repayments are expected to be made, including through the withholding of future benefits.

MainePERS believes that statute and the proposed rule provide sufficient guidance on the subject matter of this rule. As noted above, MainePERS will consider whether rulemaking on the topic of overpayment recoveries generally would be appropriate.

Based on consideration of the comments received, MainePERS staff recommends changes to the proposed new rule to: (1) provide increased specificity on the tax information that will be used to determine earnings; (2) specify that a disability retiree who was not covered by Social Security during the period of employment associated with the disability retirement is not required to report Social Security benefits or provide a SSA-1099; (3) include statutory context; (4) reorder the rule for clarity; (5) correct statutory cites; and (6) explain the steps to be taken if documentation submitted by a disability retiree reflects an unexplained change in other benefits being received by that retiree. The Board concurs with these recommendations.

At the Board's regular meeting held on July 11, 2024, __________________ made the motion, seconded by______________________ to adopt the new rule. Voted ________________________ by ___________________________.

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[4] Rick Cailler, Professional Firefighters of Maine
[5] Lance Sanborn, Hermon

PROPOSED NEW RULE COMPARED TO ORIGINAL VERSION

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 513: DISABILITY RETIREMENT COMPENSATION LIMITATIONS AND BENEFIT OFFSETS

SUMMARY: This Chapter provides guidance on compensation limitations and offsets applicable to disability retirement benefits and the submission of annual statements of compensation by disability retirees.

SECTION 1. DEFINITIONS

1. **Earnings**. "Earnings" as used in this Chapter means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms~~subject to Federal Insurance Contributions Act taxes~~ and income ~~from self-employment~~ that is reported on federal self-employment tax schedules as subject to self-employment~~Self-Employed Contributions Act~~ tax~~es~~. Unless the context indicates otherwise, "compensation" received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.

2. **Statement of Compensation.** "Statement of compensation" as used in Title 5, Part 20, means: (1) a completed, signed form in the format prescribed by the Chief Executive Officer specifying the disability retiree's earnings; and (2) a copy of the disability retiree's federal W-2 tax forms, any self-employment tax schedules filed by or for the disability retiree, and any other federal tax forms and schedules determined by the Chief Executive Officer to be necessary to show the disability retiree's earnings.

SECTION 2. EARNINGS LIMITATIONS, OFFSETS, AND THE ANNUAL STATEMENT OF COMPENSATION PROCESS

1. Title 5, Sections 17930 and 18530 specify the calculation of earnings limitations for each retiree and the reduction, or offset, to disability retirement benefits when the retiree also receives disability benefits under other laws, including workers' compensation benefits and Social Security disability benefits. These sections also specify the steps to be taken when a retiree exceeds earnings limitations, including the reduction or elimination of further benefits and reimbursement of any remaining excess benefit payments.

2. Earnings and benefits as reported in the annual statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.

~~1.~~3. The statement of compensation required by Title 5, Sections 17931~~0~~ or 18531~~0~~ must be submitted so that it is received by MainePERS by the deadline for filing federal tax returns for the year covered by the statement of compensation.

    A. A disability retiree who obtains an extension of the tax filing deadline must submit proof of the extension application so it is received by MainePERS by the original deadline. The statement of compensation will be due on the extended deadline.

B. MainePERS may extend the deadline or waive in whole or in part the statement of compensation requirement for good cause.

C. Disability retirement benefits may be withheld for failure to submit a statement of compensation only after compliance with Title 5, Section 17105-A, including the right to an informal hearing, written decision, and appeal process.

D. If disability retirement benefits are withheld for failure to submit a statement of compensation and the statement is subsequently submitted within one-year of the original due date, MainePERS will disburse the withheld benefits to the retiree.

4. In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits, except as provided in paragraph A, each person required to submit a statement of compensation must at the same time and on the same form report any Social Security disability and workers' compensation benefits and submit any SSA-1099 tax form received for the year covered by the statement of compensation.

A. A disability retiree is not required to report Social Security benefits or provide SSA-1099 tax forms if the retiree was not covered by Social Security during the employment service associated with the disability retirement.

~~E.~~B. If the information submitted reflects a decrease in other benefits or an increase beyond a cost of living adjustment, MainePERS, with the cooperation of the retiree, will seek further information from the other benefit provider to determine whether the change in other benefits should result in a change in benefit reductions.

~~2.~~~~1.~~ ~~Earnings and benefits as reported in the statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.~~

STATUTORY AUTHORITY: 5 M.R.S. § 17103(4)

WRITTEN COMMENTS RECEIVED

Board of Trustees Maine Public Employees Retirement System (MEPERS)
Rulemaking Public Hearing
Ch. 513: Disability Retirement Compensation Limitations and Benefit Offsets
June 13, 2024

John L. York
[redacted]
Bangor, Maine 04401

Members of the board, my name is John York and I live in Bangor. I worked for the City of Bangor for 25 years as a firefighter/paramedic. Five years before I would have qualified for service retirement, I was injured on the job February 18, 2015, where I endured a concussion and PTSD. I was approved for MEPERS disability retirement in mid-2020. Now I receive reduced MainePERS service retirement benefits. My monthly disability benefit was $3,231.49. My service retirement benefit is $2,686.42.
az
I am here to share my experience and give my comments on the proposed "compensation limitations" rule. I will submit my written comments by the deadline.
Before acting on this rule, I urge the board to look at the actual procedures of its staff and include the procedures in the rule. What was the experience of disabled retirees who are no longer receiving disability benefits? Are they now indebted to MEPERS as I am? Was their experience like mine where suddenly MEPERS is saying we are no longer disabled, we've "overearned," and MEPERS is clawing back the disability benefit?

The System must be more transparent and its procedures equitable for the Maine's public employees. This OUR system and it's time to make it work for us after we spent our careers working to earn benefits that we and our employers PAID for.

At the time of my accident, I was also the President of Local 772 Firefighters Union in Bangor and I own a carpentry business and apartment rental business. All of these things I was able to do prior to my accident but, after my accident, I struggled. However, with the help of my wife, Laura, we have been successful. In 2021, our carpentry business did especially well and due to this, my disability benefits were challenged by MEPERS.
After receiving my 2021 Annual Statement of Compensation with our 2021 tax returns in late 2022, MEPERS made assumptions about the tax information and ended my disability retirement. I appealed the decision but ultimately did not have the financial resources or stamina to fight so I transitioned to regular retirement effective December 1, 2022.

A YEAR LATER, in November 2023, MEPERS informed me that because I made too much money in 2022, my full service retirement check would be garnished until $35,788.76 plus 6.5% interest is paid back. This has been devastating. Now at age 55 and with mental health challenges, I am working harder than ever in order to be able to afford my bills WITHOUT my MEPERS retirement money. My wife and I had to make the difficult decision to sell one of our rental properties to make ends meet during this turbulent time.

My wife and I file joint tax returns and work together. Why was the joint income on our tax returns not split 50/50? She has not had a W-2 since 2016 and doesn't draw a paycheck from either business. She earned half of the net income.

According to the new draft rule, Ch. 513, MEPERS will no longer count passive income such as rental income. How did my negative rental income impact the limitation calculation in my case?

I would like to know how to request MEPERS waive the recoupment of $35,788.76 or at the very least to have my finances reviewed to reflect the shared income with my wife to reduce the recoupment amount. This guidance should also be in the proposed rule.

I'd strongly urge MEPERS to follow the lead of the Social Security Administration which decided in March 2023 to limit the garnishment of monthly payment amount to 10% instead of taking 100% of a MEPERS retiree's monthly income. Please disclose and add MainePERS "overpayment" procedures to the rule.

In closing, I'm happy to have been part of any change by telling my story. Maybe it will help someone out in the future. Thank you for your time and consideration. I look forward to hearing your thoughts on changes or any questions you may have.

Board of Trustees Maine Public Employees Retirement System (MEPERS)
Rulemaking Public Hearing
Ch. 513: Disability Retirement Compensation Limitations and Benefit Offsets
June 13, 2024

John L. York
[redacted]
Bangor, Maine 04401

Members of the board, my name is John York and I live in Bangor. I worked for the City of Bangor for 25 years as a firefighter/paramedic. Five years before I would have qualified for service retirement, I was injured on the job February 18, 2015, where I endured a concussion and PTSD. I was approved for MEPERS disability retirement in mid-2020. Now I receive reduced MainePERS service retirement benefits. My monthly disability benefit was $3,231.49. My service retirement benefit is $2,686.42. I have shared my experience in person and gave my comments on the proposed “compensation limitations” rule. These are my written comments.

Before acting on this rule, I urge the board to look at the actual procedures of its staff and include the procedures in the rule. What was the experience of disabled retirees who are no longer receiving disability benefits? Are they now indebted to MEPERS as I am? Was their experience like mine where suddenly MEPERS is saying we are no longer disabled, we’ve “overearned,” and MEPERS is clawing back the disability benefit?

The System must be more transparent and its procedures equitable for the Maine’s public employees. This OUR system and it’s time to make it work for us after we spent our careers working to earn benefits that we and our employers PAID for.

At the time of my accident, I was also the President of Local 772 Firefighters Union in Bangor and I own a carpentry business and apartment rental business. All of these things I was able to do prior to my accident but, after my accident, I struggled. However, with the help of my wife, Laura, we have been successful. In 2021, our carpentry business did especially well and due to this, my disability benefits were challenged by MEPERS.

After receiving my 2021 Annual Statement of Compensation with our 2021 tax returns in late 2022, MEPERS made assumptions about the tax information and ended my disability retirement. I appealed the decision but ultimately did not have the financial resources or stamina to fight so I transitioned to regular retirement effective December 1, 2022.

A YEAR LATER, in November 2023, MEPERS informed me that because I made too much money in 2022, my full service retirement check would be garnished until $35,788.76 plus 6.5% interest is paid back. This has been devastating. Now at age 55 and with mental health challenges, I am working harder than ever in order to be able to afford my bills WITHOUT my MEPERS retirement money. My wife and I had to make the difficult decision to sell one of our rental properties to make ends meet during this turbulent time.
My wife and I file joint tax returns and work together. Why was the joint income on our tax returns not split 50/50? She has not had a W-2 since 2016 and doesn't draw a paycheck from either business. She earned half of the net income.

According to the new draft rule, Ch. 513, MEPERS will no longer count passive income such as rental income. How did my negative rental income impact the limitation calculation in my case?

I would like to know how to request MEPERS waive the recoupment of $35,788.76 or at the very least to have my finances reviewed to reflect the shared income with my wife to reduce the recoupment amount. I also question why I wasn't at least allowed my earned retirement benefit in lieu of the disability benefit. There are no limitations on that amount. This guidance should also be in the proposed rule.

I'd strongly urge MEPERS to follow the lead of the Social Security Administration which decided in March 2023 to limit the garnishment of monthly payment amount to 10% instead of taking 100% of a MEPERS retiree's monthly income. Please disclose and add MainePERS "overpayment" procedures to the rule.

In closing, I'm happy to have been part of any change by telling my story. Maybe it will help someone out in the future. Thank you for your time and consideration. I look forward to hearing your thoughts on changes or any questions you may have.

Sincerely,

John L. York
[redacted]
Bangor, ME 04401
[redacted]

Comments in Response to MainePERS Rulemaking
Concerning MainePERS's Proposed New Rule
94-411, Chapter 513: Disability Retirement Compensation Limitations and Benefit Offsets
Rulemaking notice published May 22, 2024 & public hearing held June 13, 2024

Submitted to MainePERS on June 17, 2024
by Susan Hawes, [redacted]

To the MainePERS Board of Trustees,

My name is Sue Hawes. I live in Portland. I am my husband's Power of Attorney and have been his MainePERS Designated Representative since 2018.

My husband receives MainePERS disability retirement benefits and Social Security disability benefits based on creditable service for his work as a Corrections Officer at the Cumberland County Jail. While employees at Cumberland County are automatically included in paying FICA taxes (Social Security and Medicare), paying into the MainePERS retirement system was optional. He opted for membership at MainePERS upon hire in 2006.

After falling ill in May of 2016 and applying for Social Security disability benefits in September 2017, he was approved by Social Security in May 2018. His December 2017 application for MainePERS disability retirement was approved September 2018 at the initial application phase.

MainePERS projects that my husband will crossover from MainePERS disability retirement to a regular service retirement in the year 2040 at age 70. He will cross over from Social Security disability benefits to regular Social Security retirement benefits at age 67.

I write to supplement my June 13th oral testimony on the proposed draft rule.

COMMENT 1

Subject: Requiring MainePERS disability retirees to submit any Social Security SSA-1099 tax forms they receive each year

Recommendation: Remove Sec. 2 (2). Do not require submission of annual SSA-1099. Also, please stop the long-standing MainePERS practice of requiring this form without any specific statutory or regulatory authority to do so.

This Chapter 513 provision reads as follows:

> Sec. 2 (2) In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits, each person required to submit a statement of compensation must at the same time and on the same form report any Social Security disability and workers' compensation benefits and submit any SSA-1099 tax form received for the year covered by the statement of compensation.

Discussion: Chapter 513 casts a very large net to catch a lot of SSA 1099 forms, none of which are needed to apply the statutory Social Security disability benefit offset. Chapter 513 Section (2), Subsection (2) can be read as requiring all MainePERS disability retirees to submit annually any SSA-1099 form they receive as part of their Annual Statements of Compensation.

As directed by statute, MainePERS requires every disability retiree to submit "a statement of compensation received from any gainful occupation during the year." Title 5, sections 17931 and 18531. **What is reported on a Social Security 1099 is not "compensation received from any gainful occupation."** Nevertheless, for many years, without specific statutory or regulatory authority to do so, MainePERS has been requiring that disability retirees submit SSA-1099s as part of the Annual Statement of Compensation ("ASC") process.[1]

In proposing Chapter 513, MainePERS staff seek to obtain regulatory authority for MainePERS to continue its long-standing practice of requiring SSA-1099s as part of the Annual Statement of Compensation process. Chapter 513 states that the SSA-1099 submission requirement is necessary "In order for MainePERS to accurately apply the benefit reductions in Title 5, Sections 17930 and 18530 for receipt of other benefits."

Instead of SSA-1099 forms being necessary for "accurately applying" the offset, this requirement:

A) **Is completely unnecessary to determine the offset adjustment.** Recipients of SSA-1099 forms of any even tangential relevance to applying the offset are limited to an extremely small subset of MainePERS disability retirees who:
    1) were PLD employees who opted into dual MainePERS/Social Security coverage when offered by the PLD employer. (Only a limited number of PLDs offer or have offered their employees the

[1] I do note that Chapter 513, Section 2, subsection (1)(B) allows MainePERS to waive this requirement for "good cause" without giving any indication of what constitutes good cause or how to apply for the waiver. The lack of guidance adds to the burden on the retiree to know about the possibility of a waiver and creates an additional paperwork burden on MainePERS staff of considering the request and deciding based upon unspecified criteria. I urge the agency to stop requiring the SSA-1099 altogether, thus no need for waivers.

dual coverage option, and few employees appear to choose the option.); AND

2) receive Social Security disability benefits for the "same disability," and "the employment for which [MainePERS] creditable service with the employer is allowed was also covered under the [Social Security Act] at the date of [MainePERS] disability retirement." 5 MRS §18530 Sec.4 (A) and 5 MRS §18530 Sec.4 (A)(2); AND
3) were not already approved for Social Security Disability by the time of the initial benefit calculation of the MainePERS disability retirement benefit.

If the MainePERS disability retiree falls into this very small subset of retirees, **what is then needed for the offset determination is only the Social Security disability benefit amount for the first month of entitlement to MainePERS disability benefits.** That amount cannot be ascertained from the SSA-1099, a form that does not break down benefits per month and doesn't even indicate the type of Social Security benefit (disability, retirement, spousal, or survivor, etc.). The form would also not indicate whether Social Security had made a rare recalculation of the disability retiree's Social Security disability benefit amount for the first month of MainePERS benefits.

As part of the disability retirement application process, MainePERS already requires proof that the applicant has applied for Workers Compensation "If the incapacity upon which the application is based is a result of an injury or accident received in the line of duty..." or Social Security benefits, "If the employment for which creditable service with the employer is allowed was also covered under the United States Social Security Act..." 5 MRS §17925, §18525

MainePERS can obtain the relevant information directly from the Workers Compensation Board and the Social Security Administration for that rare disabled retiree who is pending approval for Social Security Disability at the time of MainePERS approval.

B) Creates a totally unnecessary workload for MainePERS staff reviewing SSA-1099s and making unnecessary follow-up communications with the disability retiree and/or the Social Security Administration since the SSA-1099 does not reveal what type of Social Security benefit is being reported (disability, retirement, spousal, survivors, others) and even if it turns out that the reported amount on the SSA-1099 turns out to be for Social Security disability, there is no way to tell that the payment is for the same disability for which MainePERS disability benefits were approved. Nor is the SSA-1099 relevant for established retirees where the benefit offset *has already been applied!*

Maine statutes prohibit MainePERS from adjusting that initially determined offset benefit amount based on cost-of-living increases. "[The initial benefit calculation] shall not be adjusted when cost-of-living adjustments are applied to the [Social Security or Workers Compensation] benefits…" 5 MRS §18530 Sec. 4 (B)(2), 5 MRS §17930 Sec. 4 (B)(2).

C) **Creates a totally unnecessary yearly paperwork burden for MainePERS disability retirees** under threat that MainePERS will immediately withhold all of their benefit payment for every month that the ASC filing (with all of its required documentation) is late – *even if the disability retiree had no "compensation from any gainful occupation."* Requiring the annual submission of SSA-1099s under threat of benefit suspension and termination creates a pointless annual paperwork compliance burden on MainePERS disability retirees and/or their family members.

D) **Increases the chances of MainePERS staff inaccurately applying the offset**, an offset that applies only to the determination of the initial MainePERS disability retirement benefit amount for a very small subset of disability retirees.

Correct me if I'm wrong, but it appears MainePERS has been unlawfully reducing the benefit amounts of disability retirees based on what is reflected on SSA-1099s or some other benefit reduction. See below the 2017-2023 sample check data handout provided to the Board during my oral comments at the Board's June 13th rulemaking public hearing on Ch. 513.

My correspondence with MainePERS staff, discussions with MainePERS disability retirees, and the frequency of year-to-year decreases in the gross amounts received monthly by MainePERS disability retirees seen in the benefit check data I acquired via FOAA requests on April 5, 2022, and January 2, 2024, indicate that **there is a strong possibility of widespread inaccurate application of the offset or some other type of benefit reduction over many years**.

On June 13th, the Board voted for a FY 2025 budget taking the first steps to spending tens of millions of dollars from the retirement trust fund to purchase new system-wide pension application software (PAS).

Once the existing MainePERS data is converted from the current V3 software to a new system, it is going to be MUCH HARDER to reconcile what happened with these highly questionable annual disability gross benefit reductions. For example, audit trail records may not be converted to the new system. When you move to new software, you pick and choose the old data you will pay the vendor of the new system to convert into the new system. For example, check data may be converted over to the new software, but MainePERS may elect not pay for the conversion of the records showing what lead to the reduced gross benefits evident in the check data as an ongoing concern for YEARS.

Conclusion: Requiring every MainePERS disability retiree to submit "any SSA-1099" they receive every year is an **unnecessary, highly inefficient, unnecessarily burdensome, and staff error-prone way** to begin to go about finding the relevant Social Security disability amount for the first month of entitlement to MainePERS disability retirement benefits.

COMMENT 2

Subject: The Section (2)(3) statement lacks clarity. That section currently reads:

> Sec. 2(3) Earnings and benefits as reported in the statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 or 18530.

Recommendation: Delete "and benefits" and add sections "(2) & (3)" to the statutory references. With these changes, the provision would then read as follows:

> Sec. 2(3) Earnings as reported in the statement of compensation process will be used in applying the benefit reduction provisions in Title 5, Sections 17930 (2) & (3) or 18530 (2) & (3).

Discussion: Only the disabled retiree's **current employment earnings** as reported in the statement of compensation process are relevant to the benefit reduction provisions in Title 5, Sections 17930 or 18530 & then only to Title 5, Sections 17930 (2) & (3) or 18530 (2) & (3). Social Security Disability and Workers Compensation disability benefits are not "compensation received from any gainful occupation."

As shown in the previous comment, a required annual reporting of "benefits" is irrelevant to the benefit reduction provisions in Title 5, Sections 17930 (4) or 18530 (4).

COMMENT 3

Subject: Current proposed Chapter 513 definition of "earnings"

> **Earnings**. "Earnings" means wages, tips, and other compensation from employment that is subject to Federal Insurance Contributions Act taxes and income from self-employment that is subject to Self-Employed Contributions Act taxes. Unless the context indicates otherwise, "compensation" received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.

Recommendation #1: Increase the clarity of the definition and make the definition more understandable to people who are not federal tax specialists by incorporating some, if not all, of the following suggested inserted language:

> **Earnings**. "Earnings" means gross wages, tips, and other compensation from employment that is subject to Federal Insurance Contributions Act (FICA) taxes (amount shown in Box 1 on an IRS Form W-2 Wage and Tax Statement) and net income from self-employment that is subject to Self-Employed Contributions Act (SECA) taxes (amount shown on Line 9 of the IRS Schedule SE Self-Employment Tax). Unless the context indicates otherwise, "compensation" received from engaging in any gainful activity, occupation, or employment as used in Title 5, Sections 17930 or 18530 has the same meaning as earnings.

Recommendation #2: It's unclear from the last sentence in the definition whether or not the new definition also applies to the phrase "earnable compensation" found in Title 5, Sections 17930(3) and 18530(3). It's also unclear whether the new definition applies to "annual earnings" found in Title 5, Sections 17929(2)(B) and 18529(2(B). To provide clear notice to disability retirees and MainePERS staff, MainePERS should address these questions in the Chapter 513 and Chapter 506 definitions of "earnings."

Discussion: This section of the proposed draft rule changes MainePERS policy. MainePERS's current practice counts as "earnings" non-employment related income. My suggested changes use plain language and give more clarity to the requirements, and don't inadvertently overlook income from jobs that do not pay into Social Security.

Inserting the other relevant statutory references in the last sentence would ensure consistency with all MainePERS "disability retirement compensation limitations." The suggested inserted language would increase transparency as well as understandability by both the general public and the MainePERS disability retiree.

Additional reasons for specifying Box 1 on the W-2 include the following:

> 1) The amount in Box 1 is the amount subject to FICA;
> 2) Clarity is needed to ensure that an unfair, long-standing MainePERS practice ceases. Without a rational basis, MainePERS policy and practice since the 1990s has been to choose the higher amount between Box 1 (Wages, Tips and Other Compensation) and Box 5 (Medicare wages and tips) -- that is, to choose whichever amount is most detrimental to the MainePERS disability retiree. (See MainePERS Appeal 2011-54, McArdle; and 2023 Annual Statement of Compensation Instructions, p. 3). It is quite common for the amounts shown in Box 5 to be larger than the amount in Box 1, sometimes significantly higher.

An additional reason for specifying Line 9 on Schedule SE is that it appears to be the only place that one would locate "[net] income from self-employment that is subject to the Self-Employed Contributions Act." I note that Schedule E requires quite a lot of steps to get to the point of determining that number.

COMMENT 4

Subject: Relying so heavily on the disability retiree's federal tax law sophistication (and/or the means to hire a federal tax law specialist) can make the determination of whether or not rental income and farming income counts as "earnings" arbitrary.

Recommendation: If the Chapter 513 definition of "earnings" continues to refer to income subject to Self-Employed Contributions Act (SECA), then Chapter 513 should explicitly state that MainePERS is adopting the IRS definitions of: 1) "significant services" with respect to rental income; and 2) "materially participate" with respect to farming income.

Discussion: Some people will inadvisably choose to put their rental income on a Schedule C (Profit or Loss from Business) which will show their net profit as earnings under the proposed Chapter 506 earnings definition. The Schedule C net profit would flow to the Schedule SE and then be assumed to be "income from self-employment that is subject to Self-Employed Contributions Act taxes."

Rather than use Schedule C, people with more tax sophistication and/or better advice will more frequently choose to use Schedule E Supplemental Income and Loss (passive income from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.). By using Schedule E, the person's rental real estate income would not be subject to self-employment taxes.

Schedule E instructions include the following guidance for whether Schedule E or Schedule C should be used, based upon whether the individual provided "significant services":

> "Generally, rental real estate activity is reported on Schedule E even if it is also a trade or business activity; however, <u>if you provided significant services to the renter, such as maid service, report the</u> <u>rental</u> <u>activity on Schedule C</u>, not on Schedule E. <u>Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services."</u>

From the *Social Security Handbook*, §1213: What rental income must be included in calculating earnings? Rental income you receive from real estate does not count for Social Security purposes unless: (A) You receive rental income in the course of your trade or business as a real estate dealer (see §§1214-1215);(B) Services are rendered primarily for the convenience of the occupant of the premises (see §1218); or (C) In the case of farm rental income, you materially participate in the production or in the management of the production of farm commodities on land rented to someone else. (See §§1221-1232.)

The IRS tax treatment of farming income depends on what the IRS defines as having "materially participated" in the operation of the farming business.

For purposes of transparency and fairness, MainePERS Chapter 513 should provide clear notice to MainePERS disability retirees about the <u>standards</u> that MainePERS is adopting by making countable earnings dependent upon IRS definitions, -- especially with respect to rental income and farming income. It would be unfair for MainePERS to make its determination of countable earnings solely dependent on the disability retiree's level of tax law sophistication.

ADDITIONAL GENERAL COMMENTS

There is too much unsaid in this new draft rule about MainePERS's procedures. I urge the Board not to squander this "mission moment" opportunity to fully address procedural transparency around the Annual Statement of Compensation and MainePERS's use of the disabled retiree's financial data.

It appears that MainePERS has been retroactively "clawing back" benefits under the guise of the "offset," "earnings limitations," and "overpayments," and in some cases, terminating benefits while it ignored the law addressing the process of recoupment, suspension, and termination (5 MRS 17105-A, effective 2009).

Despite the claim of the Title and Summary in the draft rule, the proposed new rule does not provide "guidance on compensation [earnings] limitations and offsets."

Guidance is necessary to provide notice to MainePERS disability retirees and to also direct MainePERS staff in lawfully and transparently applying our state retirement laws. To the contrary, the content in the rule never even mentions the keywords of the title and summary: "limitations" and "offsets."

Add missing content to the proposed Chapter 513 includes:

1. MainePERS procedures for calculating and applying all the different kinds of "Disability Retirement Compensation Limitations" (not just those contained in Title 5, Sections 17930 and 18530), including how overearnings are determined by MainePERS
2. MainePERS procedures for calculating and applying "Benefit Offsets"
3. MainePERS procedures for calculating and applying "overpayments."
4. Include applicable additional definitions
5. Increase clarity concerning the filing deadlines for Annual Statements of Compensation (See Mahood decision)
6. Increase clarity concerning the date of termination of benefits for failure to submit a timely Annual Statement of Compensation
7. Provide notice and procedures related to the statutorily required removal of the offset when the retiree is no longer receiving disability benefits from Workers Compensation or Social Security. From reading the rule as it is, I would never know that the offset applied to my husband's MainePERS benefit will end when he turns age 67 and his Social Security disability benefit automatically converts to a regular Social Security retirement benefit.

In December 2022, MainePERS paid about $18,000 for a “Disability Program Compliance Assessment” executed by CliftonLarsonAllen (CLA) of Minneapolis, Minnesota. The August 26, 2022, Letter of Engagement states, "Our internal audit services: To meet the objectives described above, we expect to perform a program review of the implementation of the specific changes and requirements with the new law as enacted on June 17, 2021, as well as test and inspect controls and performance of <u>offsets</u> and earning <u>limitations</u> as applied under the statute." And within the report, “Lastly, the assessment reviewed two additional components of the program related to benefit calculation(s) <u>offsets</u> and earnings <u>limitations</u> to determine if MainePERS was applying those aspects consistently within the statute and board rule, and in a timely and controlled fashion on behalf of members.”

None of the nine "offset" scenarios MainePERS staff provided to the contractor for analysis used an SSA-1099 to calculate an offset.[2] In its work product, the contractor does not address “offsets and earning limitations,” except to use the word “offset” in passing in its one page of three rudimentary findings or “observations” supporting the purchase of new, system-wide pension software. See 2022 CLA report, “Disability Program Compliance Assessment.”

CONCLUSION
The agency-produced draft rule attempts to force disabled retirees, such as my husband, to annually produce to MainePERS their SSA-1099 reporting Social Security income under threat of termination. There is no statutory justification for MainePERS to create this administrative burden requiring the annual submission of Social Security income (disability or retirement or other Social Security benefit) once established as a MainePERS disability retiree receiving a Social Security disability benefit as of a month that the retiree also qualifies for MainePERS disability benefits for the same disability and based on creditable service for the same employer.

The Board has 120 days from the comment deadline of June 24 to vote on this proposed rule. I urge the Board to require the CEO to engage in good faith at reaching a consensus on the draft rule with members actually impacted by the Annual Statement of Compensation and to enhance the draft rule to describe those procedures demonstrating how the disabled retiree’s financial data, collected by MainePERS, is used exactly by MainePERS. Also, part of a good faith process at reaching consensus with members who are actually impacted should be consideration of the Annual Statement of Compensation <u>instructions and form.</u>

[2] See Cumberland County Superior Court case CV-2024-84.

Sampling of widespread reductions in gross disability benefits from dates available in data provided thus far from MainePERS (Jan 2017-Dec 2023). Ms. Hawes is still waiting for Jan 2010-current monthly disability check data records requested via FOAA on May 24, 2024.

T.E.L. 1/30/2017 $3,362.73 9/29/2017 $3,280.71 9/28/2018 $3,261.14 9/27/2019 $3,209.78 9/29/2020 $3,131.49 9/29/2021 $3,082.18 A.L.D. 6/29/2017 $1,202.92 6/29/2018 $1,167.88 6/28/2019 $1,160.91 6/29/2020 $1,142.63 6/29/2021 $1,110.43 6/29/2022 $1,214.60 6/29/2023 $1,251.04 M.A.S. 6/29/2017 $133.40 6/29/2018 $129.51 6/28/2019 $128.74 6/29/2020 $126.71 6/29/2021 $123.14 6/29/2022 $134.69 6/29/2023 $138.73 Philip Hawes (apparently not impacted by annual benefits reductions although he is receiving SSDI & MainePERS disability benefits for same medical diagnoses since 2018 and MainePERS applied the statutory offset in initial benefit calculation) 12/28/2018 $1,482.97 9/27/2019 $1,506.70 9/29/2020 $1,515.74 9/29/2021 $1,553.63 9/29/2022 $1,608.01 2/27/2023 $1,623.70 9/29/2023 $1,664.29	S.G. 6/29/2017 $138.86 6/29/2018 $135.47 6/28/2019 $134.66 6/29/2020 $132.54 6/29/2021 $129.31 6/29/2022 $138.86 6/29/2023 $145.12 B.R.L. 6/29/2017 $7,509.02 6/29/2018 $7,325.87 6/28/2019 $7,032.27 6/29/2020 $6,921.53 6/29/2021 $6,752.71 6/29/2022 $7,509.02 6/29/2023 $7,847.66 M.M.O. 6/29/2017 $8,433.81 6/29/2018 $8,376.44 6/28/2019 $8,365.03 6/29/2020 $8,335.10 6/29/2021 $8,282.37 6/29/2022 $8,452.93 6/29/2023 $8,513.40 J.E.R., Jr. 6/29/2017 $5,033.82 6/29/2018 $4,976.45 6/28/2019 $4,965.04 6/29/2020 $4,935.11 6/29/2021 $4,882.38 6/29/2022 $5,052.94 6/29/2023 $5,113.41 12/29/2023 $5,175.69

June 19, 2024

MainePERS
P.O. Box 349,
Augusta, ME 04332-0349
Submitted electronically: rulemaking@mainepers.org

RE: 94-411, Chapter 513: Disability Retirement Compensation Limitations And Benefit Offsets

MainePERS exists to serve both employer and member who make weekly contributions to provide an array of benefits. Under ideal circumstances the retirement system is able to provide these benefits at the conclusion of each member's working years. Unfortunately the idyllic concept of a long and healthy retirement is not a forgone conclusion neither is achieving retirement age requirements, we all know life happens. Part of the agreement that each member and employer makes is that MainePERS will provide coverage for the unexpected, death and disability benefits provide these necessities.

The unexpected can have devastating implications for the member, while the employer may have a temporary blip when an employee can no longer serve, the employee and their family have entered into a different permanent life. The fact that a MainePERS disability applicant only gains approval on permanency of the condition that ended employment, there are no illegitimate recipients.

My role with the Professional Firefighters of Maine is to assist firefighters who can no longer meet the requirements of the job due to physical or mental injuries. I meet with and follow each disability applicant throughout the disability process. From personal experience I have found that MainePERS employees are both proficient and actually care to do the best they can for someone who is losing their career and entering into the unknown.

The loss of a career due to disability comes with financial and emotional impacts that few of us hopefully will ever know or fully understand. Applying for disability is not a cake walk or a golden parachute, it is a mind-numbing array of requests and hoops to navigate, and for those who have to do this without advocacy it is incredibly difficult despite the assistance of MainePERS employees.

When a member makes contributions to both Social Security and MainePERS for the same MainePERS-covered position, Maine law requires that they apply for Social Security disability before an application for MainePERS disability retirement can be accepted. A member does not have to receive a decision from Social Security before the MainePERS application can be accepted but they must provide proof that an application has been filed with Social Security. Similar requirements are in place for a MainePERS disability applicant with respect to Workers Compensation benefits for the same disability due to on-the-job causes.

If a member receives a Social Security disability benefit for employment unrelated to their MainePERS-covered position or receives a Workers' Compensation or Social Security disability benefit for a condition other than the condition(s) the MainePERS disability benefit has been granted on, there is no offset to the MainePERS disability benefit pursuant to 5 MRS §17930 Sec. 4, §18530 Sec. 4.

If approved for disability, your standard of living will never be the same. Being denied is obviously even worse. For those who worked hard to build a secure future, the rules and requirements can be somewhat dehumanizing, restrictive and limiting. Any hope of getting back to near normal financially is unlikely due to the earning restrictions.

After reviewing information that was sent to me regarding the most recent rulemaking I was left with little choice but to provide this commentary. I am troubled by some of the raw data that has been furnished where numerous applicants are having their benefits reduced.

While I truly understand that the retirement system needs to maintain standards and requirements to ensure that benefits are not abused I also believe the rules need to limit the impact on members who are trying to get back their lives. I read the comments provided by Lance Sanborn whom I do not know nor ever met. I can tell you I have assisted dozens just like him, the stories are similar in terms of the financial impact that comes along with a disability retirement and how it changes a person's future.

For full disclosure I serve as a PLD Advisory board member, a position that has both educated me and allowed me to understand that the retirement system exists for its members yet needs to ensure that the benefits are sustainable. This is also likely the reason I was contacted regarding this issue. Accountability of the retirement system including holding the receiver of benefits accountable are vital for the long-term health of the pension fund.

I do not believe that providing SSA-1099's are necessary when each recipient is required to provide their tax schedules which would yield any income that may impact a disability benefit. I also believe there should never be a need or requirement of reducing a pension payment by 100% as a garnishment which is excessively punitive.

Every effort should be made to provide a brighter future. Shared experiences are important. As Mr. Sanborn described, he chose not to "settle" but is now going to have a reduced retirement with garnishments, he is still disabled but choose to make his life better. Perhaps it is time that we reevaluate the disability process and not punish people for wanting a better life.

Sincerely,

Rick

Rick Cailler
Retirement Representative
Professional Firefighters of Maine
[redacted]

Comments in Response to MainePERS Proposed Rulemaking
Concerning MainePERS's Proposed New Rule

94-411, Chapter 513: Disability Retirement Compensation Limitations
and Benefit Offsets

Lance H. Sanborn
[redacted]
Hermon ME 04401

Submitted to MainePERS June 13, 2024

To MainePERS Board of Trustees:

In February 2008, when I was 28 years old, I was hit head on by another vehicle in what turned out to be a "horrific," career ending car accident which prevented me from returning to my chosen career as a firefighter/paramedic. My injuries included a fractured pelvis (which I still have 4 plate and 28 screws in place), compound fractures to both lower legs, broken ankles, broke all bones in my left foot, a fractured heal bone and patella. After the initial accident I spent a week in a medically induced coma and endured 7 operations. Later having 2 more surgeries to further correct damage.
In April 2009, I was forced to retire from the Bucksport Fire Department when MainePERS approved my medical disability retirement application determining I had permanent physical functional limitations preventing me from working as firefighter/paramedic.

I started to rebuild my life while dealing with permanent physical deficits [and permanent or reoccurring. These include loss of sensation in my right foot, limited range of motion in my right ankle in addition, I lost a portion of rotational motion in my left hip. These injuries are still present and still affect my daily life with pain and the impedance of normal walking causing physical limitations.

In 2012, I returned to the workforce as a facilities manager for a childcare corporation. Then at the end of 2014, I returned to a fire service job as a fire inspector with the City of Bangor Fire Department. At this point in time my MainePERS disability retirement benefits were discontinued because I became gainfully employed.

In 2015 I was notified by MainePERS that I had "over earned" on the earnings limitation of the prior year. I believe at the time the earnings limitation was 22 or 26 thousand dollars. The discontinuation of the MainePERS retirement, which overall was a pay cut, occurred because I chose to go work and make a better life for my family. The "overpayment" during my last year on MainePERS disability retirement was reported to me as $8798 and has been accruing interest since 2015. Having been unable to pay the disability retirement benefits MainePERS says I owe back to them, that debt MainePERS created for me has grown to almost $15,000 in 2024..

When I was on MainePERS disabily retirement from April 2009 to March 2015, I had two options: (1) to settle and live on a limited income or (2) push and choose to move on and better myself. Today I work as a Senior Manager of fire and life safety for a fortune 100 company, returned to school, and currently am completing a master's degree.

What has not changed are the effects of my accident more than 16 years later and the effect of the practices of MainePERS. I am no longer receiving any payment from MainePERS for my functional limitations that still exist. I am not receiving retirement service credit to complete the retirement I started in 2003. If I had remained on disability retirement, I would have continued earning years of service. Which at age 59 ½ when I will eligible to collect my retirement under the disability section of my 50 percent will be penalized approximately 30 percent because of not meeting the years of service requirement, because I chose to return to work and push into a new career and not settle.

Now for me will this affect me at retirement or if I become more disabled because of previous injury? Probably not. Could this have a financial impact to my retirement? Absolutely. This outdated policy of retroactively applying earnings limitations and charging back benefits to disabled retirees as overpayments, punishing those of us trying to take initiative and return to gainful employment, will most likely not have a great impact on my life. However, for those that are not in the same position as I am, these hidden MainePERS practices directly affect not just the members' quality of life but also their ability to sustain themselves during and after experiencing the personal and financial devastation of disability.

This rule has a Summary that says the new rule "provides guidance on compensation limitations and offsets applicable to disability retirement benefits." However, the rule says nothing about earnings limitations or offsets—it is just listing what financial information MainePERS demands every year from its disabled retirees under threat of suspension and termination of the benefit. Please add to the rule (1)how MainePERS uses the financial data in applying the earnings limitations, (2) articulate the procedures and disclose the "guidance" directing MainePERS employees, and (3) final outcomes indebting the member to MainePERS.

The corrective action the Board should take is to add to the rule by disclosing how the agency staff apply earnings limitations and consider the actual experience of those who wish to return to work and others whom have been put into debt by MainePERS. What other situations lead to indebtedness?
Lastly, I'd like to add that others are far more negatively impacted than I am. MainePERS has unnecessarily ruined lives and caused harmful stress on disabled retirees and their families by how MainePERS applies limitations to kick retirees off the disability retirement program. This rule must disclose the guidance provided to employees by management on applying "compensation limitations and offsets." Additionally, the rule should describe how the agency "claws back" these debts MainePERS creates and deems "overpayments." My understanding is that, when I retire in the future, MainePERS will take 100% of my full regular service retirement check until the debt is paid or, if I should die, MainePERS will make my loved ones pay by taking the amount from my MainePERS life insurance. These MainePERS procedures must be added to the draft rule.

Respectfully,

Lance H. Sanborn

https://www.jems.com/news/horrific-accident-kills-maine/

MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Response to Comments
Proposed Rule Chapter 513

July 11, 2024

Response to Rule 513 Comments

- Earnings Limitations
  - Limits are specified in statute – essentially, benefits and earnings cannot exceed pre-disability compensation.
- Consequences for Exceeding Earnings Limitations
  - This also is specified in statute.
    - Benefits are considered to have been overpaid and the excess must be recouped in one year, even if benefits are reduced to zero, and excess is owed.
    - Statute provides for financial hardship relief, which we do provide.
  - Social Security Administration policy is new and applies generally to overpayments.
    - We will consider whether overpayment rulemaking would be beneficial and the extent that the Social Security approach is permissible and advisable.

Response to Rule 513 Comments

- Specificity
  - In response to a comment, we are proposing more specificity on what types of income are earnings with reference to specific tax forms.
- Other Benefits
  - Offset for other benefits is distinct from “annual statement of compensation” but is checked at same time in same process for convenience and efficiency.
- Disability Retirees Not Covered by Social Security
  - In response to a comment, we are proposing language to clarify that the Social Security benefits part of the process does not apply to retirees whose position was not covered by Social Security.

Response to Rule 513 Comments

- SSA-1099
  - In response to comments, we propose adding language to clarify how the SSA-1099 is used.
    - Adjustments are not automatically made.
    - If there is a change not explained by a COLA, we make further inquiries.
  - Burden of providing SSA-1099 is low, and it can prevent underpayment of MainePERS disability benefits or overpayment of benefits and an unanticipated debt.

Response to Rule 513 Comments

- Allegation of "widespread reduction in gross disability benefits" is **false**.
  - Records produced to commenter under Freedom of Access Act show benefit increases, not decreases.
  - Commenter apparently made errors handling data.
  - Example:

Allegation:

T.E.L.	
1/30/2017	$3,362.73
9/29/2017	$3,280.71
9/28/2018	$3,261.14
9/27/2019	$3,209.78
9/29/2020	$3,131.49
9/29/2021	$3,082.18

Actual:

Disbursement Date	Gross Amount	Payee
01/30/2017	$3,082.18	Timothy E. L[redacted]
09/29/2017	$3,131.49	Timothy E. L[redacted]
09/28/2018	$3,209.78	Timothy E. L[redacted]
09/27/2019	$3,261.14	Timothy E. L[redacted]
09/29/2020	$3,280.71	Timothy E. L[redacted]
09/29/2021	$3,362.73	Timothy E. L[redacted]

Response to Rule 513 Comments

	Allegation	Actual
T.E.L.		
1/30/2017	$ 3,362.73	$ 3,082.18
9/29/2017	$ 3,280.71	$ 3,131.49
9/28/2018	$ 3,261.14	$ 3,209.78
9/27/2019	$ 3,209.78	$ 3,261.14
9/29/2020	$ 3,131.49	$ 3,280.71
9/29/2021	$ 3,082.18	$ 3,362.73
A.L.D.		
6/29/2017	$ 1,202.92	$ 1,092.94
6/29/2018	$ 1,167.88	$ 1,110.43
6/28/2019	$ 1,160.91	$ 1,142.63
6/29/2020	$ 1,142.63	$ 1,160.91
6/29/2021	$ 1,110.43	$ 1,167.88
6/29/2022	$ 1,214.60	$ 1,214.60
6/29/2023	$ 1,251.04	$ 1,251.04
M.A.S.		
6/29/2017	$ 133.40	$ 121.20
6/29/2018	$ 129.51	$ 123.14
6/28/2019	$ 128.74	$ 126.71
6/29/2020	$ 126.71	$ 128.74
6/29/2021	$ 123.14	$ 129.51
6/29/2022	$ 134.69	$ 134.69
6/29/2023	$ 138.73	$ 138.73

	Allegation	Actual
S.G.		
6/29/2017	$ 138.86	$ 127.27
6/29/2018	$ 135.47	$ 129.31
6/28/2019	$ 134.66	$ 132.54
6/29/2020	$ 132.54	$ 134.66
6/29/2021	$ 129.31	$ 135.47
6/29/2022	$ 138.86	$ 138.86
6/29/2023	$ 145.12	$ 145.12
B.R.L.		
6/29/2017	$ 7,509.02	$ 6,646.37
6/29/2018	$ 7,325.87	$ 6,752.71
6/28/2019	$ 7,032.27	$ 6,921.53
6/29/2020	$ 6,921.53	$ 7,032.27
6/29/2021	$ 6,752.71	$ 7,325.87
6/29/2022	$ 7,509.02	$ 7,509.02
6/29/2023	$ 7,847.66	$ 7,847.66

	Allegation	Actual
M.M.O.		
6/29/2017	$ 8,433.81	$ 8,253.74
6/29/2018	$ 8,376.44	$ 8,282.37
6/28/2019	$ 8,365.03	$ 8,335.10
6/29/2020	$ 8,335.10	$ 8,365.03
6/29/2021	$ 8,282.37	$ 8,376.44
6/29/2022	$ 8,452.93	$ 8,452.93
6/29/2023	$ 8,513.40	$ 8,513.40
J.E.R. Jr.		
6/29/2017	$ 5,033.82	$ 4,853.75
6/29/2018	$ 4,976.45	$ 4,882.38
6/28/2019	$ 4,965.04	$ 4,935.11
6/29/2020	$ 4,935.11	$ 4,965.04
6/29/2021	$ 4,882.38	$ 4,976.45
6/29/2022	$ 5,052.94	$ 5,052.94
6/29/2023	$ 5,113.41	$ 5,113.41
12/29/2023	$ 5,175.69	$ 5,175.69

94-411 MAINE STATE RETIREMENT SYSTEM

Chapter 506: ELIGIBILITY FOR DISABILITY RETIREMENT BENEFITS

SUMMARY: This chapter sets forth the standards and processes for determining eligibility for disability retirement benefits.

SECTION 1. DEFINITIONS

1. **Consistent with the person's training, education, or experience**. "Consistent with the person's training, education, or experience" has the same meaning as "qualified by training, education or experience." A member may be qualified by training, education, or experience to engage in an activity even if the member has not previously engaged in it or has not engaged in it for pay. The fact that the member may need additional training for a specific position does not mean that the position is inconsistent with the member's training, education, or experience.

2. **Continuous creditable service**. "Continuous creditable service" means a period of membership service that occurs without any break in excess of 30 days. A period of leave under the federal Family Medical Leave Act where the member returned to the employment position at the end of the leave period does not constitute a break in membership service.

3. **Date of incapacity**. "Date of incapacity" means the date when a member stopped performing the essential functions of the member's employment position due to functional limitations caused by a mental or physical condition.

4. **Earnings**. "Earnings" means wages, tips, and other compensation from employment that is reported as Medicare wages and tips on federal W-2 tax forms and ~~non-wage net~~ income that is reported on federal self-employment tax schedules as subject to ~~received in return for labor or services, such as received in~~ self-employment tax.

5. **Employment position**. "Employment position" means the position in which the member is employed at the time the member becomes incapacitated or a position that is made available to the member by the member's employer that is of comparable stature and equal or greater compensation and benefits and located within a reasonable commuting distance from the member's residence.

6. **Existed before membership**. A condition "existed before membership" if, as of the member's initial membership date, the condition:

   A. Had been diagnosed by a health care provider;

   B. Reasonably should have been diagnosed by a health care provider based on the member's medical records and symptoms and the results of any additional tests the provider reasonably should have requested;

   C. Had exhibited some, but not all signs and symptoms necessary for a diagnosis, but later manifested all such signs and symptoms and was diagnosed; or

D. Was directly caused by another condition that was diagnosed or reasonably should have been diagnosed before membership.

7. **Incapacity**. "Incapacity" means unable to perform the essential functions of the member's employment position with reasonable accommodation due to functional limitations caused by a mental or physical condition.

8. **In service**. A member is "in service" if the member has not terminated employment and is receiving compensation for rendering services, including through the use of the member's own accrued leave time.

9. **Mental or physical condition**. A "mental or physical condition" is a condition affecting the member mentally or physically that is medically diagnosable.

10. **Permanent**. "Permanent" means:

    A. the incapacity is likely to continue for the foreseeable future;

    B. the member has reasonably pursued appropriate treatment options; and

    C. those treatment options have not resolved the incapacity.

11. **Reasonable accommodation**. "Reasonable accommodation" has the same meaning as that phrase does under the federal Americans with Disabilities Act, 42 U.S.C. §12111(9).

12. **Reasonable commuting distance**. "Reasonable commuting distance" means a distance of less than 60 miles that would be reasonable for the member to commute based on the facts and circumstances, including the cost of commuting, the compensation of the employment position, the member's commuting history, and typical commuting distances where the member resides.

13. **Substantially gainful activity**. "Substantially gainful activity" means any combination of activities, tasks, or efforts, with any reasonable accommodations, for which the member is qualified by training, education, or experience that would generate annual income in an amount in excess of the substantially gainful activity amount in the labor market for the member's state of residence.

14. **Substantially gainful activity amount**. "Substantially gainful activity amount" means $20,000 or 80% of the member's average final compensation, whichever is greater, adjusted by any cost of living adjustments required by statute or rule.

SECTION 2. INITIAL ELIGIBILITY

1. **Standards**. A member is eligible for disability retirement benefits if the member has a permanent incapacity while in service, subject to the following additional requirements where applicable:

    A. If the member had less than five years of continuous creditable service as of the member's last date in service, the incapacity must not result from a condition that existed before membership unless the incapacity has been caused or substantially aggravated by an injury or accident received in the line of duty from events or circumstances not usually encountered within the scope of the member's employment.

(1) Events or circumstances are usually encountered within the scope of the member's employment if they are described in the job description for the member's position or are otherwise typically encountered one or more times during the career of a person in a position like the member's.

B. If at least two years have passed since the member's date of incapacity, the member must be unable to engage in any substantially gainful activity due to functional limitations caused by the mental or physical condition.

2. Use of the medical review service provider and independent medical examinations

A. The permanent incapacity may be revealed by an independent medical examination (IME), but the Chief Executive Officer may grant benefits without an IME and, if qualification is clear to a lay person, may grant benefits without use of the medical review service provider.

B. The Chief Executive Officer may deny benefits without use of the medical review service provider or an independent medical examination on non-medical grounds, including:

(1) The applicant was not in service at the time the applicant claims the incapacity began;

(2) The applicant is in an age-restricted plan and performed the essential functions of the employment position after normal retirement age;

(3) The claimed incapacity has existed for more than two years and the applicant has earned more than the substantially gainful activity amount in one or more years during this time;

(4) The applicant is uncooperative or unresponsive in providing essential information needed to process the application; or

(5) The applicant has already been denied benefits on the same condition and last date in service.

C. The Chief Executive Officer may not otherwise deny benefits without an IME unless the IME is waived by the applicant.

3. Determination of inability to perform the essential functions of the employment position with reasonable accommodation

A. A member is not unable to perform the essential functions of the employment position if the member could do so with one or more reasonable accommodations.

B. When a member is incapacitated by more than one mental or physical condition, any permanent functional limitations caused by the conditions will be considered in totality as part of a whole-person approach to determine whether the limitations make the member unable to perform the essential functions of the employment position with reasonable accommodation.

C. If MainePERS determines that one or more reasonable accommodations would more likely than not allow a member to perform the essential functions of the employment position, MainePERS will communicate the reasonable accommodations in writing to the member and the employer prior to issuing a decision on eligibility for disability retirement, including, where applicable, a request to the employer that it provide the identified reasonable accommodations.

(1) **Employer acceptance or refusal**. The employer shall inform MainePERS whether it will provide the requested reasonable accommodations. If the employer refuses because the member no longer is employed, the employer shall inform MainePERS whether the employer offered or would have provided the reasonable accommodations if requested during employment. MainePERS will communicate any information received from the employer to the member, and the member will be provided an opportunity to rebut the employer's information.

(2) **Member acceptance or refusal**. If the member has not terminated employment and the employer will provide the reasonable accommodations, the member shall inform MainePERS whether the member will attempt to perform the essential functions of the employment position with the reasonable accommodations. The member may provide evidence to MainePERS that the employer has refused to make the reasonable accommodations or that they would not permit the member to perform the essential functions of the employment position.

(3) **Final determination**. After employer or member refusal or the failure of a good faith attempt to perform the essential functions of the employment position with reasonable accommodation, MainePERS shall make a decision on the member's application for disability retirement.

4. **Application of disabled veteran presumption**. A member seeking application of the disabled veteran presumption pursuant to 5 M.R.S. §§ 17924 or 18524, based on a determination of individual unemployability must authorize release of information from the U.S. Department of Veterans Affairs as requested by MainePERS in addition to cooperating in providing other essential information needed to process the disability retirement application.

SECTION 3. REVIEWS FOR CONTINUING ELIGIBILITY

1. **Scheduling of reviews**. A disability retiree may be reviewed for continuing eligibility for disability retirement benefits in the following circumstances:

A. The retiree has not yet had a determination that they are unable to engage in any substantially gainful activity for which they are qualified by training, education or experience and at least two years have passed since the date of the determination that the retiree is eligible for disability retirement benefits; or

B. Earnings or other information about a retiree's activities received by MainePERS show that the retiree may have capacity to engage in substantial gainful activity and at least one year has passed since any previous review.

2. **Cooperation with review**. A retiree subject to review under subsection 1 must cooperate in providing information to MainePERS, including providing medical records and releases permitting health care providers to provide medical records. An unjustified failure to cooperate will result in the discontinuance of benefits. If the failure continues for one year, it will result in permanent cessation of benefits.

3. **Standard on review**. The retiree's eligibility for retirement benefits continues if the retiree is unable to engage in any substantially gainful activity due to functional limitations caused by the mental or physical conditions that were the basis for the initial eligibility determination or by one or more new conditions that arose from the conditions that were the basis for the initial eligibility determination.

4. **Rebuttable presumption**. A retiree is presumed to be no longer eligible for retirement benefits if the retiree has earned more than the substantially gainful activity amount in one or more years while receiving disability retirement benefits. This presumption may be rebutted by information showing that the standard in subsection 3 is met notwithstanding these earnings.

5. **Use of the medical review service provider and independent medical examinations**

   A. The Chief Executive Officer may determine that the retiree continues to be eligible without an IME and, if continuing eligibility is clear to a lay person, may determine that the retiree continues to be eligible without use of the medical review service provider.

   B. The Chief Executive Officer may not determine that the retiree is no longer eligible for retirement benefits without an IME unless the IME is waived by the retiree.

   C. IMEs under this Section are subject to the same reimbursement and waiver requirements as IMEs under Section 2.

STATUTORY AUTHORITY:
5 M.R.S. §§ 17103(4)

EFFECTIVE DATE:
March 1, 2023 – filing 2023-030

BASIS STATEMENT FOR ADOPTION JULY 11, 2024/STATEMENT OF COMMENTS:

This proposal for rule-making was noticed on May 22, 2024. A public hearing was held on June 13, 2024. One member of the public provided oral comments at the public hearing, and that same member of the public submitted written comments prior to the June 24, 2024 comment deadline. One additional member of the public submitted written comments prior the June 24, 2024 comment deadline. The comments are summarized below, and MainePERS' responses are in italics.

This rule sets forth the standards and processes for determining eligibility for disability retirement benefits. The amendment to the rule changes the definition of "earnings" to align with the definition of that term in the new Rule Chapter 513.

One member of the public[1] made two recommendations regarding the proposed amended rule. First, the commenter opined that the new definition of "earnings' lacked clarity for those less knowledgeable about federal tax laws. The commenter suggested that the definition be more specific in its reference to federal tax forms and information found on those forms.

The language has been made more specific, but MainePERS declines to refer to particular line numbers because federal tax forms are revised annually, and it would be unwieldly to require rulemaking every time a line number changed on a federal form. MainePERS also declines to extend the definition of "earnings" to other contexts as suggested because "earnable compensation" is defined by statute and the ability to earn may not be reflected on tax filings.

Second, the commenter opined that how individuals report rental income on federal tax filings could result in that income being arbitrarily counted as "earnings" under the proposed definition. The commenter suggests that the rule provide guidance on the tax reporting of rental income as part of the definition of earnings.

MainePERS declines to depart from the clear guidance provided by the rule in favor of a more ambiguous standard.

One member of the public[2] offered written comments regarding the disability retirement program that were outside the scope of the current rulemaking.

Based on consideration of the comments received, staff recommends a change to the proposed amended rule to provide increased specificity on the tax information that will be used to determine earnings. The Board concurs with this recommendation.

At the Board's regular meeting held on July 11, 2024, ___________________ made the motion, seconded by ___________________ to adopt the amended rule. Voted ____________________________ by ____________________________.

---

[1] Susan Hawes, Portland
[2] Wendy Fenderson, Limerick

Comments in Response to MainePERS Proposed Rulemaking
Concerning MainePERS's Proposed Amended Rule
94-411, Chapter 506 Eligibility for Disability Retirement Benefits
Rulemaking notice published May 22, 2024 & public hearing held June 13, 2024

by Susan Hawes, [redacted]
Submitted to MainePERS on June 13, 2024

Good morning. My name is Sue Hawes. My husband is a former Cumberland County Corrections officer and a MainePERS disabled retiree since his initial application was approved for disability benefits in September 2018. MainePERS informs me that my husband will transition from disability retirement to regular service retirement in the year 2040 at age 70.

COMMENT #1

Subject: Current proposed amendment to the definition of "earnings" lacks clarity:

Earnings. "Earnings" means wages, tips, and other compensation from employment that is subject to Federal Insurance Contributions Act taxes and income from self-employment that is subject to Self-Employed Contributions Act taxes.

Recommendation: Increase the clarity of the definition and make the definition more understandable to people who are not federal tax specialists or tax attorneys by incorporating some, if not all, of the following suggested inserted language:

Earnings. "Earnings" means <u>gross</u> wages, tips, and other compensation from employment that is subject to Federal Insurance Contributions Act (<u>FICA</u>) taxes <u>(amount shown in Box 1 on an IRS Form W-2 Wage and Tax Statement)</u> and <u>net</u> income from self-employment that is subject to Self-Employed Contributions Act (<u>SECA</u>) taxes (<u>amount shown on Line 9 of the IRS Schedule SE Self-Employment Tax</u>).

Discussion: The suggested inserted language would increase transparency as well as understandability by the general public and the MainePERS disability retiree. Additional reasons for specifying Box 1 on the W-2 include the following:

1) The amount in Box 1 is the amount subject to FICA;

2) Clarity is needed to ensure that the unfair, long-standing MainePERS practice ceases. Since the 1990s, MainePERS policy and practice has been to choose the higher amount between Box 1 (Wages, Tips and Other Compensation) and Box 5 (Medicare wages and tips) -- that is, to choose whichever amount is most detrimental to the MainePERS disability retiree. (See MainePERS Appeal 2011-54, McArdle; 2023 Annual Statement of Compensation Instructions, p. 3). It is common for the amounts shown in Box 5 to be larger than the amount in Box 1, sometimes significantly higher.

A reason for specifying Line 9 on Schedule SE is that that appears to be the only place that one would find "[net] income from self-employment that is subject to the Self-Employed Contributions Act."

COMMENT #2

Subject: Relying so heavily on the disability retiree's federal tax law sophistication (and/or the means to hire a federal tax law specialist) can make the determination of whether or not rental income counts as "earnings" arbitrary.

Discussion: Some people may inadvisably choose to put their rental income on a Schedule C (Profit or Loss from Business), which will show their net rental income as earnings under the proposed Chapter 506 earnings definition because the Schedule C net profit would be deemed to be "income from self-employment that is subject to Self-Employed Contributions Act taxes."

Rather than use Schedule C, people with more tax sophistication and/or better advice will more frequently choose to use Schedule E Supplemental Income and Loss (from rental real estate, royalties, partnerships, S corporations, estates, trusts, REMICs, etc.). Using Schedule E, the person's rental real estate income would not be subject to self-employment taxes.

Schedule E instructions include the following guidance for whether Schedule E or Schedule C should be used, based upon whether the individual provided "significant services":

"Generally, rental real estate activity is reported on Schedule E even if it is also a trade or business activity; however, if you provided significant services to the renter, such as maid service, report the rental activity on Schedule C, not on Schedule E. Significant services do not include the furnishing of heat and light, cleaning of public areas, trash collection, or similar services."

Some form of this guidance should be made part of the definition of "earnings" and more widely available to the MainePERS disability retiree. A similar situation arises in determining the tax treatment of farming income, based upon whether or not the individual "materially participated," as defined by the IRS, in the operation of the farming business.

From:	Wendy Fenderson
To:	Kathy Morin
Subject:	Fw: Supreme Court
Date:	Tuesday, May 28, 2024 9:15:45 AM

Proposed Rule # 2021-P140

What I hear my attorney saying is that the system is rigged against Maine State Workers! Social Security deemed me disabled as of 9/18/2020 The Administrative Law Judge, Decision Writer, and Vocational Expert along with my verbal testimony. I have severe spinal stenosis which Mainepers confirms, and it is permanent also confirmed yet they have continued to claim that functional limitations don't apply to me. My request for an IME was denied and everything from my physician was not taken into account. The system is broken!

Thank You,

Wendy L Fenderson

From: Conley, Gerard <conleyj@ccdpa.com>
Sent: Tuesday, May 28, 2024 7:42 AM
To: Wendy Fenderson [redacted]
Subject: Re: Supreme Court

Wendy,

The disability laws which apply to MPERS are designed to protect the decisions made by the people in charge there. I have gone to the Maine Supreme Court on three separate denials and I have lost each case. I have appealed numerous cases to the Maine Superior Court and out of all of them, I have won only one.

Based on the issues in your case, Wendy, which are all related to findings of fact as opposed to legal issues, my considered opinion is that the Hearing Officer's decision would be upheld by the court. He has written enough decisions to know how to protect his findings.

I am not only sorry about your loss. I am heartbroken for you. I know that you deserve the benefits, but I also knew when I saw Dr. Pavlak's findings that we were going to lose. Unfortunately, you did not have the resources to find the "hired" medical guns to influence the UMass docs who sunk our ship.

I just wish that there was something that could be done, but, I do not see a path to victory.

jerry

On Mon, May 27, 2024 at 12:14 PM Wendy Fenderson [redacted] wrote:

> Jerry,
>
> I want to appeal what they do to disabled State workers needs to be reformed.
>
> Thank You,
>
> Wendy L Fenderson
>
> ---
>
> **From:** Conley, Gerard <conleyj@ccdpa.com>
> **Sent:** Thursday, May 16, 2024 11:26 AM
> **To:** Wendy Fenderson [redacted]
> **Subject:** Re: Status Update
>
> Wendy,
>
> I am attaching a copy of the unfavorable decision which I discussed in
> my voice message.
>
> Once again, I am sorry.
>
> I am in court until later today. I will try to call you after I get back.
>
> jerry
>
> On Tue, Apr 23, 2024 at 7:29 AM Wendy Fenderson [redacted] wrote:
>
>> Good Morning,
>>
>> You know better than I do, I trust your lead!
>>
>> Wendy
>>
>> ---
>>
>> **From:** Conley, Gerard <conleyj@ccdpa.com>
>> **Sent:** Monday, April 22, 2024 5:40 PM
>> **To:** Wendy Fenderson [redacted]
>> **Subject:** Re: Status Update
>>
>> Wendy,
>>
>> The System is famous for delays in getting out decisions... I hate to inquire because I always feel like it will be held against us... but I will if you want me to do so.
>>
>> jerry
>>
>> On Mon, Apr 22, 2024 at 1:42 PM Wendy Fenderson [redacted]

wrote:

Jerry,

Hello, Has there been any type of communication from MePers? We are coming up on 6 months after the hearing, just inquiring.

Thank You,

Wendy L Fenderson

From: Conley, Gerard <conleyj@ccdpa.com>
Sent: Tuesday, March 19, 2024 10:19 AM
To: Wendy Fenderson [redacted]
Subject: Re: Happy Spring!

Wendy,

I always get anxious about what to do when time goes by like this when my client and myself are waiting for an answer. I do NOT dare to write because I do not want to upset the Hearing Officer.

Written decisions on cases like yours have been known to take a couple of months or more.

If we have not heard anything by April 1st, I will file a written request.

jerry

On Tue, Mar 19, 2024 at 10:13 AM Wendy Fenderson [redacted] wrote:

Jerry,

Any word from the hearing officer as yet?

Thanks, Wendy

From: Conley, Gerard <conleyj@ccdpa.com>
Sent: Monday, February 26, 2024 5:30 PM
To: Wendy Fenderson [redacted]
Subject: Re: brief and motion

Wendy,

All of the System's briefs read the same way. They always claim that the member (you) is not disabled enough to be eligible for benefits. Frankly, they usually win. But, I think that you did a great job testifying. We shall see!

jerry

On Mon, Feb 26, 2024 at 3:54 PM Wendy Fenderson [redacted] wrote:

> Jerry,
>
> More importantly, what do you think?
>
> Wendy L Fenderson
>
> ---
>
> **From:** Conley, Gerard <conleyj@ccdpa.com>
> **Sent:** Thursday, February 22, 2024 8:55 AM
> **To:** Wendy Fenderson [redacted]
> **Subject:** Re: brief and motion
>
> Wendy,
>
> I forgot to send it to you!
>
> Let me know what you think.
>
> I am also sending you a copy of the System's
> opposition to our request for an IME.
>
> No word from the Hearing Officer as to when we might
> argue about the IME motion or when he might make
> a decision on your case.
>
> jerry
>
> On Thu, Feb 22, 2024 at 8:44 AM Wendy Fenderson [redacted] wrote:
>
> > Good Morning,
> >
> > Have you received a copy of the systems brief? If so, may I read it.
> >
> > Thanks,
> > Wendy
> >
> > ---
> >
> > **From:** Conley, Gerard <conleyj@ccdpa.com>
> > **Sent:** Monday, February 12, 2024 2:04 PM
> > **To:** Wendy Fenderson [redacted]
> > **Subject:** re: brief and motion
> >
> > Wendy,
> >
> > Here is the final copy of the brief, a copy of the 2nd motion for independent

medical evaluation and a copy of the cover letter that I sent to the Hearing Officer.

As you can see, I added your supervisor's name to the quote and I changed 9 to 6 in all of the right places.

We will now have to wait for the Hearing Officer's decisions.

jerry

--
NOTE: Please note my new office address and my new email address

Cloutier, Conley & Duffett, P.A.
15 Franklin Street
Portland, Maine 04101

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NOTE: Please note my new office address and my new email address

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*****NOTE: Please note my <u>new office address</u> and my <u>new email address</u>*****

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Portland, Maine 04101

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 103: QUALIFIED DOMESTIC RELATIONS ORDERS

SUMMARY: This Chapter implements the provisions in the Maine Public Employees Retirement System statutes relating to qualified domestic relations orders (5 ~~MRSA~~M.R.S. §§ 17059 to 17061) which ~~were enacted by PL 1991, c. 746. Chapter 746~~ provide~~d~~ the statutory authority for the ~~Retirement System~~retirement system to pay benefits to the ~~spouse or former spouse~~alternate payee of a member or retiree when the right to such payment is established by a qualified domestic relations order. This Chapter provides the standards for such orders, procedures for their filing, and the procedures to be followed by the ~~Retirement System~~retirement system in reviewing and administering the statute.

SECTION 1. Definitions

~~1.~~

Terms used in this chapter, unless the context otherwise indicates, shall have the same definitions as in 5 M.R.S. § 17001.

1. ~~**Alternate Payee**. "Alternate payee" means a spouse, former spouse, child or other dependent of a member or retiree who is recognized by a domestic relations order as having a right to receive all or a portion of the benefits payable by the retirement system with respect to that member or retiree.~~

~~2.~~ **Benefits Payable With Respect to a Member or Retiree**. "Benefits payable with respect to a member or retiree" means any payment made or required to be made to a member, retiree or beneficiary under 5 ~~MRSA,~~M.R.S., chapter 423, subchapter ~~V, or~~5, chapter 425, subchapter ~~V,~~5, or chapter 427 and withdrawal of accumulated contributions, but excluding benefits payable under:

A. Section 17953, subsection 4;

B. Section 18003, with relation to dependent children;

C. Section 18553, subsection 4; and

D. Section 18603, with relation to dependent children.

~~3. **Domestic relations order**. "Domestic relations order" means a judgment, decree or order, including approval of a property settlement agreement, that:~~

~~A. Relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a member or retiree; and~~

~~B. Is made pursuant to a domestic relations law of this State or another state.~~

~~4. **Executive director**. "Executive director" means the executive director of the Maine Public Employees Retirement System or the executive director's designee.~~

~~5. **Qualified domestic relations order**. "Qualified domestic relations order" means a domestic relations order that:~~

~~A. Creates or recognizes the right of an alternate payee, or assigns to an alternate payee the right to receive all or a portion of the benefits payable with respect to a member or retiree under the Retirement System;~~

~~B. Directs the Retirement System to disburse benefits to the alternate payee; and~~

~~C. Meets the requirements of 5 MRSA §17059 and this chapter.~~

~~6. **System**. "System" means the Maine Public Employees Retirement System.~~

~~7. **Other terms**. All other terms used in this chapter, unless the context otherwise indicates, shall have the same definitions as in 5 MRSA §17001.~~

SECTION 2. Information to Spouse

Upon receipt of an attested copy of the complaint for divorce and a written request which identifies the member or retiree by name and social security number and which states the date of the marriage, the ~~System~~retirement system will provide the spouse or former spouse of a member or retiree with the same information that would be provided to the member or retiree on the member's or retiree's account or benefits which is relevant to the spouse's or former spouse's interest in the member's or retiree's account or benefits.

SECTION 3. Payments by Maine Public Employees Retirement System

1. The ~~System~~retirement system shall make payments of death or retirement benefits or of refunded contributions only as directed by statutes and rules or by a qualified domestic relations order.

2. If benefits are payable pursuant to a qualified domestic relations order that meets the requirement of a domestic relations order as defined in section 414(p) of the Internal Revenue Code, then the applicable requirements of section 414(p) of the Internal Revenue Code will be followed by the ~~System~~retirement system.

SECTION 4. Submission of orders

1. A person who wishes to have the ~~System~~retirement system review a domestic relations order to establish whether it meets the requirements for a qualified domestic relations order must submit to the ~~System~~retirement system a written request for review and a copy of the domestic relations order. The request may be made either before or after the order has been entered by the court. The order will be reviewed as provided by section 5. If the order has been entered, it must have been certified by the clerk of the court that entered the order.

2. Subject to review and approval by the Board, the Chief Executive ~~Director~~Officer will establish and may revise from time to time a filing fee for the processing and review of orders. The fee will be based on the time required for processing and review of orders, will be reasonable, and will not be set at a level which requires the ~~System's~~retirement system's members and employers as a whole to subsidize the cost of processing and review. The fee in effect at the time an order is first submitted, whether before or after entry by the court, must be paid before the order will be processed and reviewed. ~~In addition, the System will charge for legal and actuarial services and provided by section 5, subsection B.~~

3. If a domestic relations order is submitted for review after it has been entered by the court and is thereafter amended with the intention that it be a qualified domestic relations order, the member or retiree or the alternate payee must submit a certified copy of the amended order to the ~~System. The System~~retirement system. The retirement system shall review any amended order that it receives according to the same rules applicable to all other orders. A filing fee is not required with the submission of an amended order if the fee was paid with the initial submission of the order. If the review period exceeds 18 months and the domestic relations order (either as originally submitted or as subsequently revised) has not yet been approved, an additional filing fee is required for any review to continue, unless the delay in approval was caused by the retirement system.

SECTION 5. Review of Orders

1. The ~~executive director~~Chief Executive Officer shall review the order for compliance with the requirements imposed by 5 ~~MRSA~~M.R.S. §17059 and this chapter. Upon completion of the review~~:~~

~~A.~~ ~~If, t~~The ~~order has not been entered by~~Chief Executive Officer shall notify the ~~court,~~member or retiree and each alternate payee in writing of the ~~executive director will not issue a~~ determination ~~that~~of whether the order is or is not a qualified domestic relations order ~~but will, in writing, inform the person who submitted the order whether the order meets the requirements for~~. For any order that is determined not to be a qualified domestic relations order, ~~identifying any~~ the notification must identify the provisions of 5 ~~MRSA~~M.R.S. §17059 or this chapter that the order does not meet~~;~~.

~~B. If the order has been entered by the court, the executive director shall notify the member or retiree and each alternate payee in writing of the determination that the order is or is not a qualified domestic relations order identifying any provisions of 5 MRSA~~2 ~~§17059 or this chapter that the order does not meet.~~

~~2. In addition to the filing fee provided by section 3, subsection B, the System will charge for legal and actuarial services necessary in the review of an order at a rate to be determined by the executive director, based upon costs to the System. These charges must be paid before notification of determination on an order will be issued. Before any legal or actuarial services are performed, the executive director will notify the person who requested the review of the order that such services will be needed as part of the review. The notification will include an estimate of the extent of such services and the estimated costs relating to those services. No charge will be made for the first hour of legal or actuarial services or combination of both.~~

~~3~~. During any period, not to exceed 18 months, in which a domestic relations order is under review to determine whether it in a qualified domestic relations order or a determination that an order is not qualified is on appeal to the Board or to court, the ~~System~~retirement system will, in the manner provided by 5 ~~MRSA §170S9~~M.R.S. §17059, sub-§§ 7, 8, 9, and 10, identify and hold amounts that would have been paid to the alternate payee if the order had been determined to be a qualified domestic relations order and will pay those amounts during or after the period as therein provided.

SECTION 6. ~~Payment Pursuant to~~ Qualified ~~Orders~~Domestic Relations Order Standards

~~If the order in determined to be a qualified domestic relations order, the System shall, subject to the limitations of applicable statutes and this chapter, pay benefits in accordance with the order at the time benefits become payable to or in the case of contributions, are withdrawn by the member. Any determination that an order is a qualified domestic relations order is voidable or subject to modification if the System determines that the provisions of the order have been changed or that circumstances relevant to the determination have changed.~~

~~SECTION 7. Orders Not Qualified~~

The ~~executive director shall provide a written notice of any determination that an order is not a qualified domestic relations order, identifying the provisions of 5 MRSA §17059 or this chapter that the order does not meet.~~

Chief Executive Officer

~~SECTION 8. Appeal of Determination that Order is Not Qualified~~

~~A determination by the executive director that an order is not a qualified domestic relations order is a decision that may be appealed to the Board of Trustees of the System an provided by 5 MRSA §17451.~~

~~SECTION 9. Determination of Whether an Order is a Qualified Domestic Relations Order~~

~~The executive director~~ will apply the requirements of 5 ~~MRSA~~M.R.S. §17059 to determine whether an order is a qualified domestic relations order. The following provisions will also be used in making the determination:

1. The order must provide for all possible distributions of benefits by the ~~System~~retirement system for the member or retiree under plan provisions. This requirement shall be deemed to have been met by a provision that:

   A. ~~A.~~ Awards to the alternate payee a specific or clearly determinable percentage, rather than an amount, of each distribution by the ~~Retirement System~~retirement system based on the member's account or retiree's benefit;

   ~~A.~~B. Awards a specific amount of a benefit, rather than a percentage, to an alternate payee as long as the determination that the order is a qualified domestic relations order is made subsequent to the member's retirement and the order also provides for a reduction of the amount awarded in the event that the benefits available to the retiree or member are reduced by law; or

~~B~~C. Awards to the member or retiree, in accordance with plan provisions, all benefits payable with respect to a member or retiree not specifically awarded to the alternate payee.

2. The order must provide for reducing the amount awarded in the event of reduction of the benefit based on the age of the member, each reduction to be in proportion to the factors used to reduce the standard monthly benefit on the basis of the member's age below normal retirement age. This requirement shall be deemed to have been ~~not~~met if:

A. The order awards a percentage of whatever monthly benefit is payable after all elections have been made by the member, or in the event of death benefits, by the designated beneficiary;

B. The member or retiree has reached normal retirement age and, if a retiree, has retired without any reduction for early age retirement at the time of the determination as to whether the order is a qualified domestic relations order; or

C. The order reflects that the retiree is or will be receiving retirement benefits reduced for early age retirement and the award to the alternate payee has considered the reduced amount of the retiree's monthly benefit payments.

3. The order may not:

A. Purport to require the designation by the member or retiree of a particular person and the recipient of benefits in the event of a member's or retiree's death;

B. Purport to require the selection of a particular benefit payment plan or option or to limit the benefit payment plans or options from which the member or beneficiary may select;

C. Require any action on the part of the ~~System~~retirement system contrary to its governing laws or plan provisions other than the direct payment of the benefit awarded to an alternate payee or the direct payment of the benefit awarded to an alternate payee before the retirement of a member and when the payee reaches the member’s normal retirement age;

D. Make the award to the alternate payee an interest which is contingent on any condition other than those conditions resulting in the liability of the ~~System~~retirement system for payment under its plan provisions;

E. Purport to give to someone other than a member or retiree the right to designate a beneficiary or to choose any retirement plan or option available from the ~~System~~retirement system;

F. Attach a lien to any part of amounts payable with respect to a member or retiree;

G. Award an alternate payee a portion of the benefits payable with respect to a member or retiree under the ~~System~~retirement system and purport to require the

~~System~~retirement system to make a lump sum payment of the awarded portion of the benefits to the alternate payee that are not payable in a lump sum; or

H. Purport to require the ~~System~~retirement system, without action by the member, to terminate a member from membership or employment, to refund contributions, or to retire a member.

~~4. A qualified domestic relations order may not provide for the award of a specific amount of a benefit, rather than a percentage of this benefit, to an alternate payee unless the order also provides for a reduction of the amount awarded in the event that the benefits available to the retiree or member are reduced by law. This requirement shall not apply to benefit waivers executed by the member.~~

~~5. The System~~4. The retirement system will divide future benefit increases provided by statute or act of the Legislature between the member, retiree or beneficiary and the alternate payee in the same proportion that the benefits are divided.

~~6~~5. An order shall specify the date of the marriage, if the alternate payee is the member's or retiree's spouse or former spouse.

SECTION 7. Payment Pursuant to Qualified Orders

If the order is determined to be a qualified domestic relations order, the retirement system shall, subject to the limitations of applicable statutes and this chapter, pay benefits in accordance with the order at the time benefits become payable to or in the case of contributions, are withdrawn by the member. Any determination that an order is a qualified domestic relations order is voidable or subject to modification if the retirement system determines that the provisions of the order have been changed or that circumstances relevant to the determination have changed.

SECTION 8. Orders Not Qualified

The Chief Executive Officer shall provide a written notice of any determination that an order is not a qualified domestic relations order, identifying the provisions of 5 M.R.S. §17059 or this chapter that the order does not meet.

SECTION 9. Appeal of Determination that Order is Not Qualified

A determination by the Chief Executive Officer that an order is not a qualified domestic relations order is a decision that may be appealed to the Board of Trustees of the retirement system as provided by 5 M.R.S. §17451.

SECTION 10. Restoration to Service

For the purpose of calculating earnings limitations for retirees or recipients of disability retirement benefits who have been restored to service, the retiree's or recipient's retirement benefit or disability benefit will be considered to be the amount that would have been paid if there had been no qualified domestic relations order.

SECTION 11. Amount of Disability Retirement Benefit Subject to Qualified Domestic Relations Order

If the benefit of a recipient of a disability retirement benefit is reduced because of amounts received by the recipient as Workers Compensation or ~~'~~Social Security benefits, or both, the amount of the benefit subject to a qualified domestic relations order is the amount of benefit remaining after reduction for the Workers~~,~~ Compensation or the Social Security benefits or both.

SECTION 12. ~~Benefits Resulting from Resumption of Membership and~~ Reinstatement of Service Credit

1. If a member terminates membership in the ~~Retirement System~~retirement system by withdrawal of contributions, the ~~System~~retirement system shall pay all or a portion of the amount withdrawn to any alternate payee as directed by a qualified domestic relations order. If the former member later resumes membership in the ~~System~~retirement system, the ~~System~~retirement system shall pay to an alternate payee no portion of any benefits payable to the member or retiree which result from the resumption of membership, even if those benefits result in part from reinstatement of service credit initially credited during the marriage.

~~**SECTION 13. Reinstatement of Service Credit**~~

2. In order to receive credit for all service represented by withdrawn or refunded contributions, a member who in reinstating service credit by repaying amounts previously withdrawn or refunded must repay the entire amount withdrawn or refunded, regardless of whether a portion or all of the amount was paid to an alternate payee. Repayment must be made in accordance with 5 ~~MRSA~~M.R.S. §17703 or §18304 and service credit shall be granted in accordance with 5 ~~MRSA~~M.R.S. §17757 or §18357.

~~**SECTION 14.**~~ SECTION 13. ~~**Death of an Alternate Payee Before Commencement of Payments Under a Qualified Domestic Relations Order**~~

~~When the System has not yet begun to make payment to an alternate payee under section's and is provided with proof of the death of the alternate payee, benefits payable with respect to the member or retiree will be paid without regard to the qualified domestic relations order.~~

~~**SECTION 15.**~~ ~~**Form of**~~ **Payment to Alternate Payee; Service Retirement Benefits**

1. When the interest awarded to an alternate payee by a qualified domestic relations ~~order's~~order is distributed as a portion of a service retirement benefit, the ~~System~~retirement system will pay the alternate payee an amount that is the actuarial equivalent of that interest in the form of an annuity payable in equal monthly installments for the life of the alternate payee when:

   A. the qualified domestic relations order arises in or because of divorce;~~ and~~

B. the qualified domestic relations order divides service retirement benefits between a member and ~~her/his former spouse~~the alternate payee; and

C. the determination that the order is a qualified domestic relations order is made prior to the member's retirement.

~~D~~2. Payment under ~~this~~ subsection 1 shall be determined as follows:

~~(1)~~A. As of the date payment to the alternate payee is scheduled to begin, the ~~System~~retirement system shall determine the single life annuity value of the retirement benefit payable to the member~~;~~.

(~~2~~1) If the portion of the benefit awarded to the alternate payee by the order is not clearly stated as a percentage of full benefits, the ~~System~~retirement system shall determine the percentage of full benefits that is the equivalent to the benefit awarded to the alternate payee~~;~~.

(~~3~~2) The single life annuity value determined by the ~~System~~retirement system shall be multiplied by the percentage of full benefits awarded to the alternate payee. The result of this calculation shall be actuarially converted to a single life annuity payable to the alternate payee for the lifetime of the alternate payee~~; and~~.

~~(4)~~B. The benefit payable to the member shall be reduced by an amount equivalent to the value of the benefit payable to the alternate payee. Payment by the ~~System~~retirement system of the alternate payee's interest as provided by this section has no effect on the right of a member to name a beneficiary or the right of a member to choose an optional method of payment upon retirement.

~~(5)~~C. Payment of the alternate payee's interest under this subsection will be effective as of the same date benefit payments are effective for the member~~.~~ unless, effective September 1, 2024, the alternate payee is eligible under the terms of the qualified domestic relations order to receive benefit payments before the member's retirement.

~~2~~D. If the alternate payee begins to receive benefit payments before the member's retirement and the calculation of the alternate payee's benefit payments depends on the member's entire membership period, the alternate payee's benefit payments will be recalculated when the member retires using the same actuarial factors used to calculate the alternate payee's initial benefit.

3. When the interest awarded to an alternate payee by a qualified domestic relations order is distributed as a portion of a service retirement benefit and the determination that the order is a qualified domestic relations order is~~n~~ made subsequent to the member's retirement, the interest awarded the alternate payee by the qualified domestic relations order will be paid as a portion of the service retirement benefit the retiree is receiving.

A. If the alternate payee is already a named beneficiary under any option elected by the retiree at retirement, the total monthly benefit to which the retiree is entitled without regard to the qualified domestic relations order, whether payable to the retiree only or as divided between the retiree and the alternate payee beneficiary, will be apportioned between the retiree and the alternate payee according to the terms of the qualified domestic relations order. Upon the death of either the retiree or the alternate payee beneficiary, the benefit amount to be paid to the survivor will be that required under the option elected by the retiree at retirement, as though no qualified domestic relations order had existed.

B. If the alternate payee is not a named beneficiary under the option elected by the retiree at retirement, the benefit to which the retiree is entitled without regard to the qualified domestic relations order, will be apportioned between the retiree and the alternate payee according to the terms of the qualified domestic relations order. If the retiree predeceases the alternate payee, payments to the alternate payee will cease and payments to the retiree's named beneficiary or beneficiaries will be made as required under the option elected by the retiree at retirement, as though no qualified domestic relations order had existed. If the alternate payee predeceases the retiree, the benefit then being paid to the retiree will be increased by the amount of the benefit which was being paid to the alternate payee at time of death.

C. Payment according to the terms of the qualified domestic relations order under this subsection will commence as of the first day of the month following the date upon which the order is determined to be qualified, unless the parties jointly direct that payment is to commence at a later date.

SECTION 14. Death of an Alternate Payee

1. When the retirement system has not yet begun to make payment to an alternate payee and is provided with proof of the death of the alternate payee, benefits payable to the member or retiree will be paid without regard to the qualified domestic relations order.

2. When the retirement system has begun to make payment to an alternate payee under subsection 13(1), benefits payable to the member or retiree will not increase or otherwise be affected because of the death of the alternate payee.

3. When the retirement system has begun to make payment to an alternate payee under subsection 13(3), and is provided with proof of the death of the alternate payee, further benefits payable to the member or retiree will be paid without regard to the qualified domestic relations order unless the order provides otherwise.

SECTION 15~~16~~. Payments Made in Error

1. If a member or retiree, or the beneficiary or estate of either receives any amount of a distribution that has been awarded to an alternate payee, the recipient is designated a constructive trustee for the amount received and shall immediately transmit such amount to the alternate payee.

2. If a alternate payee or the estate, heirs, or legatees of the alternate payee receives any amount of a distribution that should have been paid to a member or retiree, or the estate, heirs, or legatees of either, the recipient ~~in~~is designated a constructive trustee for the amount received and shall immediately transmit such amount to the member or retiree or other person to whom the amount should have been paid.

3. If a member, retiree, or the beneficiary, estate, heirs, or legatees of either receive any amount of a distribution that should not have been paid by the ~~System~~retirement system, the recipient ~~in~~is designated a constructive trustee for the amount received and shall immediately transmit such amount to the ~~System~~retirement system.

~~**SECTION 17. Effective Date of Maine Public Employees Retirement System Review of Orders**~~

~~1. After September 1, 1992, the System will review domestic relations orders issued on and after March 27, 1992, to determine whether they are qualified domestic relations orders.~~

~~2. Any domestic relations order issued before March 27, 1992, will be reviewed after September 1, 1992, upon receipt by the System of the order and a written declaration signed by both parties that each consents to the application of 5 MRSA §§ 17059 to 17061 and this chapter to the order.~~

STATUTORY AUTHORITY: 5 M.R.S.A. §§ 17103(4), 17059(13)

EFFECTIVE DATE:
October 4, 1992 – filing 92-404

AMENDED:
November 28, 1993 – filing 93-429
February 14, 1994 – filing 94-51

EFFECTIVE DATE (ELECTRONIC CONVERSION):
May 5, 1996

AMENDED:
February 14, 2010 – filing 2010-32

BASIS STATEMENT FOR ADOPTION JULY 11, 2024/STATEMENT OF COMMENTS:

The proposal for rule-making was noticed on May 22, 2024. A public hearing was held on June 13, 2024. No members of the public provided comments at the public hearings, and no written comments were submitted prior to the June 24, 2024 comment deadline.

This rule implements the provisions in statutes relating to qualified domestic relations orders, which provide the statutory authority for the retirement system to pay benefits to the alternative payee of a member or retiree when the right to such payment is established by a qualified domestics relations order. This Chapter provides the standards for such orders, procedures for their filing, and the procedures to be followed by the retirement system in reviewing and administering the statute.

The amendments: (1) streamline the rule by deleting unnecessary language, updating language and reorganizing language for improved clarity; (2) clearly state what happens in each situation when the alternate payee deceases before the member; (3) specify that payments to the alternate payee may begin before the member retires only if the order so specifies; (4) provide that where the alternate payee's benefits initiate before the member's retirement, the alternate payee's benefit will be recalculated if necessary at the time the member retires using the same actuarial factors used at the time the alternate payee initiated benefits; and (5) incorporate into rule the longstanding practice of requiring an additional filing fee when review is not completed within 18 months and the delay is not caused by the retirement system.

At the Board's regular meeting held on July 11, 2024, _______________ made the motion, seconded by ____________________ to adopt the amended rule. Voted ____________________ by _________________________.

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: DR. REBECCA M. WYKE, CEO

SUBJECT: CEO REPORT

DATE: JULY 2, 2024

Pension Administration System (PAS)
As noted at the June meeting, the deadline for proposals has been extended until July 8th. We expect to select a vendor and begin contract negotiations by early fall.

Additionally, we have signed a contract extension with Linea for PAS vendor contract management services through August 2025 and have also signed a contract with Syntropy Partners for change management services. The cost of both contracts are in line with the FY2025 budgeted amounts.

Member Portal Update
The Member Portal is a key strategic objective under the Strategic Plan *Goal IV: Cultivation of a Member-centric Organization*. Respondents to the 2023 Member Satisfaction Survey indicated significant support for a secure online portal with 88% of active and 68% of retired members saying they would use the member portal when available.

The phased launch of the Member Portal, which began on October 2, 2023, was completed in January of this year. Following the phased launch, the portal became accessible on the home page of the MainePERS website and available to all members.

I am pleased to announce that this month we achieved another milestone, surpassing 20,000 Member Portal registrations. Additionally, nearly 2000 transactions have been completed via the portal, which include updates to telephone (57%), address (34%), and email (7%) information on file. Members also used the portal to view annual account statements (52%), completed forms on file (29%), and 1099-R tax forms (19%).

Stakeholder Concerns
Last month I reported that Board Chair Brian Noyes, CIO Jim Bennett, COO/General Counsel Mike Colleran and I met with a coalition of folks supporting fossil fuel divestment. This meeting occurred in response to a request from the Labor and Housing Committee's Senate Chair and the purpose was to discuss concerns related to the divestment law. In particular, the advocates requested we look into a 2022 decision by CalSTRS to shift a portion of their public equity allocation into an index targeting reduced carbon emissions. Attached to this report is a memorandum from CIO Jim Bennett which explains the approach taken by CalSTRS and also summarizes MainePERS' approach to investing in public equities.

Group Life Insurance
At the July meeting Assistant Director of Member Services Mara McGowen and Survivor Services Business Leader Stacey Beckim will present a mission moment on the Group Life Insurance Plan and recent process improvements.

MAINEPERS

BOARD OF TRUSTEES INVESTMENTS MEMORANDUM

TO: BOARD MEMBERS

FROM: JAMES BENNETT, CHIEF INVESTMENT OFFICER

SUBJECT: **MAINEPERS PUBLIC EQUITY INVESTMENT REVIEW**

DATE: JULY 3, 2024

As noted in the June CEO report, representatives of MainePERS met with a coalition supporting fossil fuel divestment at the request of the Labor and Housing Committee's Senate Chair. The purpose of the meeting was to discuss the coalition's concerns related to MainePERS' implementation of LD 99. During this discussion, the coalition pointed out that another state retirement system (CalSTRS) had made the decision to shift a portion of their public equity allocation into an index targeting reduced carbon emissions. This memo summarizes MainePERS' approach to investing in public equities and explains the approach taken by CalSTRS.

POLICY REFERENCE

Board Policy 2.1 – Investment Policy Statement

Board Policy 2.7 – Engagement

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communication and Support to the Board

MAINEPERS' PUBLIC EQUITY INVESTMENTS

Public Equity is the System's largest individual allocation, with a target weight of 30%. Along with Private Equity, Public Equity plays a critical role in generating portfolio growth to meet benefit payments and reduce funding needs. As discussed at the June 2024 Trustee meeting, in 2010 the System adopted a passive approach to investing in Public Equity. Specifically, MainePERS takes a "big picture" passive approach: setting a benchmark that reflects broad equity markets to ensure exposure to the full spectrum of global growth opportunities, and then buying and holding this benchmark to ensure the portfolio generates returns corresponding to the benchmark.

This approach allows the System to hold a very well diversified portfolio that benefits from global economic growth at very low cost. The System's Public Equity allocation is benchmarked to a combination of MSCI's All Country World Index (ACWI) ex-USA (47 developed and emerging markets) and the Russell 3000 (the largest 3,000 US stocks). This benchmark is effectively the same as ACWI, but provides broader exposure to US small stocks.

CALSTRS NET ZERO PLEDGE

CalSTRS adopted a net zero pledge in September 2021, committing the System to achieving a net zero investment portfolio by 2050 or sooner:

CalSTRS recognizes the risks and opportunities presented by the foreseeable transition to a low-carbon economy, as well as the global acceleration toward alignment with the science-based emissions targets of the Paris Climate Agreement. In order to provide sustainable benefits to California's educators, CalSTRS is committed to achieving a net zero investment portfolio by 2050 or sooner.

Subsequent to adopting this net zero pledge, in August 2022 CalSTRS adopted an interim goal of reducing the portfolio's greenhouse gas emissions by 50% before 2030. As part of meeting this interim goal, CalSTRS also adopted a recommendation to shift up to 20% of the System's public equity holdings into a low-carbon index in order to "significantly reduce portfolio emissions while managing active risk."

CalSTRS is the world's largest educator-only pension fund, and oversees assets in excess of $335 billion. Public equities have a target weight of 40% in CalSTRS' strategic asset allocation. This allocation is predominately invested on a passive basis (≈75%) and managed internally (≈78%).

In seeking to meet the interim goal related to reducing emissions associated with their portfolio, CalSTRS considered five indexes as potential replacements for capital allocated to the full ACWI:

- MSCI ACWI Low Carbon Target (ACWI LCT) Index
- MSCI ACWI Climate Paris Aligned Index
- MSCI ACWI Climate Change Index
- MSCI ACWI ex Fossil Fuels
- MSCI ACWI ex Top 100 (a custom index excluding the top 100 emitters)

The below table from CalSTRS reports the emissions reduction and active risks associated with each of these indexes, measured relative to the full index (MSCI ACWI). The final column of the table contains the ratio of these measures and shows the reduction in emissions achieved per unit of active risk.

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Table 1: Emissions Reductions per Unit of Active Risk

Index	Carbon Emissions Reduction (%)	Active Risk (bps)	Ratio
ACWI Low Carbon Target	**67**	**32**	**2.1**
ACWI Climate Paris Aligned	83	148	0.6
ACWI Climate Change	57	218	0.3
ACWI ex Fossil Fuels	36	110	0.3
ACWI ex Top 100	47	72	0.7

Sources: FactSet, Barra, MSCI ESG Manager as of 6/30/2022

As shown in the table, ACWI LCT has emissions that are 67% lower than those of the full ACWI, with 32 basis points of active risk. Active risk, also known as tracking error, measures the dispersion of a portfolio's returns relative to a benchmark. In approximate terms, an investment strategy with 32 basis points of active risk can be expected to generate returns that lie within +/-0.32% of benchmark returns, in two out of three years.

Following an evaluation of these five indexes, CalSTRS concluded that ACWI LCT was the most appropriate index choice to meet their goal of reducing the emissions associated with their portfolio, for several reasons:

- ACWI LCT features the highest ratio of emissions reduction to active risk, allowing larger emissions reductions with lower risk of excessive deviations from the ACWI benchmark

- CalSTRS was familiar with the index, and already had an internally-managed allocation to ACWI LCT as part of their Sustainable Investments and Stewardship Strategies Program

- The index provides broad sector and market exposures, since it re-weights exposures within sectors, rather than excluding sectors

While CalSTRS considered shifting up to 40% of their public equity allocation from the full ACWI into ACWI LCT, the System ultimately adopted a recommendation to allocate 20% to ACWI LCT. Staff cited two fundamental principles in their discussion of the 20% allocation:

- Achieving a meaningful reduction in portfolio emissions, and
- Recognition of the difficulty of forecasting market behavior and securities prices

Several points from their discussion were:

- “Despite considering an up to 40% allocation, staff analysis showed that a 20% allocation to the ACWI LCT created a meaningful reduction in emissions yet still provided reasonable expectations that Public Equity returns could be preserved if low-carbon portfolios are not rewarded in the short run.”
- “Staff analyzed allocations up to 40%, and while those do not significantly change Public Equity’s overall active risk exposure, they do significantly change the composition of active risk within the portfolio. In other words, staff’s current intentional portfolio tilts to factors (such as value, size, and volatility) will be impacted and distorted. As such, the ACWI LCT allocation could override staff’s active decisions to generate excess return versus the policy benchmark which would be a negative consequence. Any allocation to the ACWI LCT would skew Global Equity’s portfolio characteristics, however, staff views allocations up to 20% to be manageable. Allocations greater than 20% would create undesirable exposures that would be sub-optimal for the GE portfolio.”

CalSTRS also considered the impact of this allocation change on various liability metrics, as shown below, and highlighted several prospective risks:

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Table 2: Allocation Impacts on Liability Metrics

Liability Metric	Key Findings for a 20% Allocation
Assumed Rate of Return	No material changes to the assumed rate of return
Portfolio Growth Rates	Marginal increase in the risk for portfolio growth rates, especially for disorderly transitions and hot-house scenarios
Funding Levels	Marginal risk to both the ability of reaching full funding by 2046 and the likelihood of seeing low funding levels * A more orderly transition, that takes place sooner, tends to be positive for funding risks with lower risk of low funding and lower risk of reaching full funding * Delayed or disorderly transitions and hot-house scenarios tend to be more negative for funding risks with higher risk of low funding and some risk to full funding under certain scenarios
Contribution Rates	No anticipated impact to the contribution rate for teachers None to minimal impact to the contribution rate for school districts Marginal risk to contribution rate levels for the State * A more orderly transition, that takes place sooner, tends to have less risk of changed contribution rate for the State * A delayed or disorderly transition tends to have more risk for increasing the State contribution rate with more near-term risk in a disorderly scenario and more long-term risk in hot-house scenarios

The “disorderly transitions” and “hot-house” scenarios referred to in this table relate to the range of plausible outcomes designed by NGFS (https://www.ngfs.net/ngfs-scenarios-portal/).

MSCI ACWI LOW CARBON TARGET INDEX

As noted by MSCI, the ACWI LCT index seeks to minimize carbon exposure with a tracking error of no more than 0.5% (50 basis points). Note that actual tracking error will vary over time. This index does not exclude fossil fuel investments, but rather overweights companies (fossil fuel related and otherwise) having low carbon emissions and underweights (or excludes completely) those with high emissions.

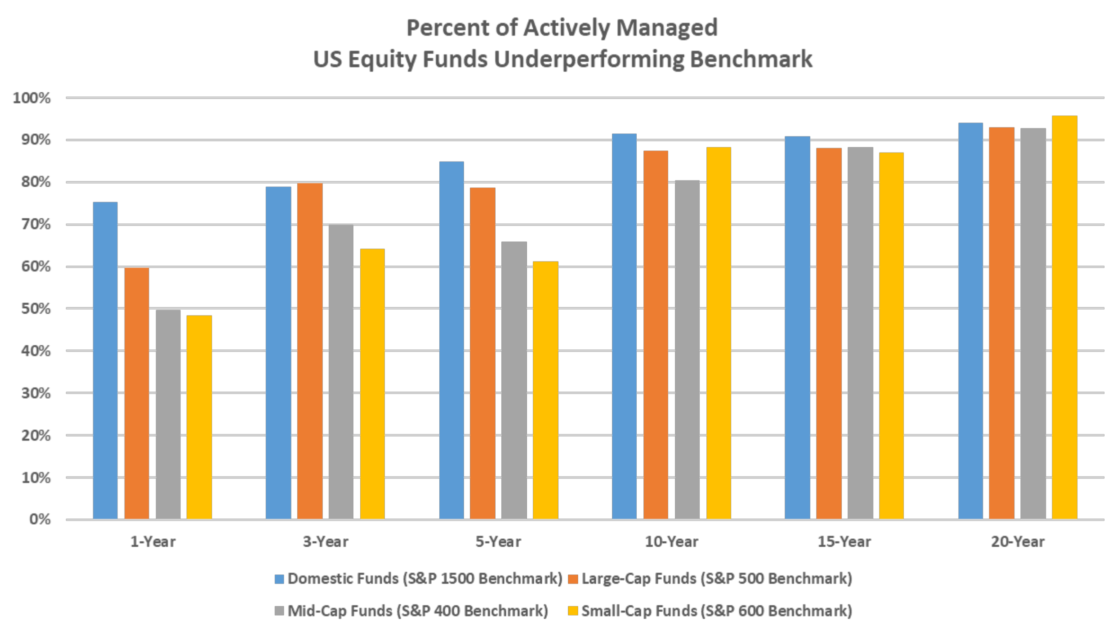
The below table contains summary information on the full ACWI and the ACWI LCT, obtained from MSCI's website and the website "Fossil Free Funds." The Fossil Free Funds data is related to ETFs tracking these indexes. Note that the criteria used by Fossil Free Funds to define fossil fuel investments likely differs from that contained in LD 99.

	ACWI (ETF: ACWI)	ACWI LCT (ETF: CRBN)	Notes
# of Companies	2,837	1,209	From MSCI Factsheets
Energy	4.54%	3.18%	From MSCI Factsheets
Utilities	2.58%	2.22%	From MSCI Factsheets
Tracking Error		0.44%	From MSCI Factsheets
% Fossil Fuel	9.65%	5.41%	From Fossil Fuel Free website
# FF Companies	269	39	From Fossil Fuel Free website
Ranking	F	C	From Fossil Fuel Free website
% / FF Company	0.0359%	0.1387%	Calculated Value

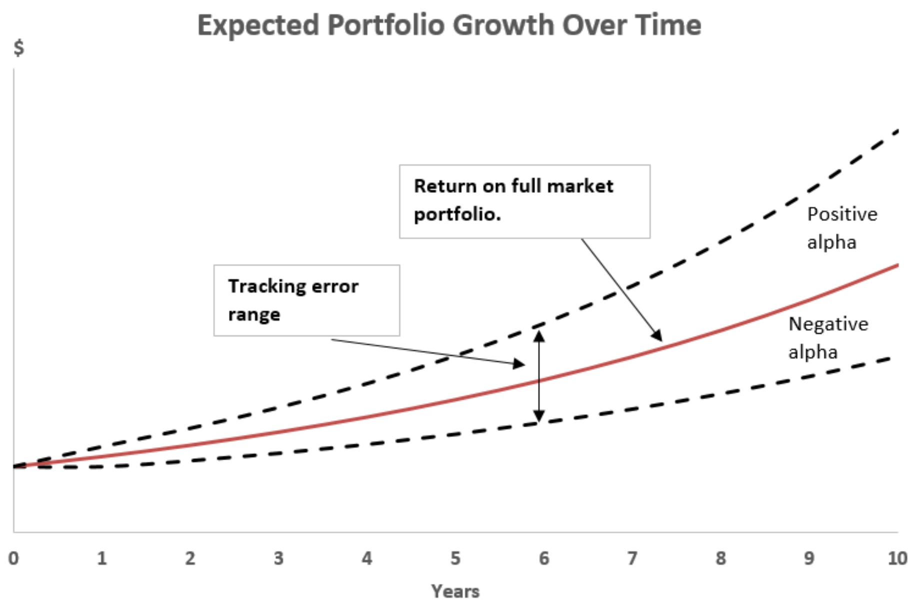
Relative to the full ACWI, the ACWI LCT is diversified across fewer individual investments, and concentrates its fossil fuel exposure into a relatively small number of companies.

CONCLUSION

The Investment Team continues to believe that the current passive approach to investing in public equities, benchmarked to the MSCI ACWI ex-USA and Russell 3000, remains optimal for meeting the System's investment goals and objectives. This approach allows the System to hold a very well diversified portfolio of over 5,000 companies and to benefit from the broad spectrum of economic growth opportunities at very low cost. Further, and as discussed last month, strong evidence exists that public market active strategies (strategies departing from holding the full market) are likely to generate negative alpha (underperform), especially over longer periods:



In addition, shifting a portion of the System's equity allocation into non-benchmark strategies, such as MSCI ACWI LCT, would introduce significant tracking error relative to the performance of the Public Equity benchmark. This would result in uncertain portfolio outcomes over time and, as shown in the below graph, increase the chances that the asset class does not meet the strategy objectives forming the basis of our passive approach.


Expected Portfolio Growth Over Time
$
Return on full market portfolio.
Positive alpha
Tracking error range
Negative alpha
0
1
2
3
4
5
6
7
8
9
10
Years

MainePERS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Group Life Insurance

Group Life Insurance (GLI) at MainePERS

Today's presentation:

- The essentials of the Group Life Insurance Program
- Routine metrics provided to Trustees about the program
- Recent news and operational changes in the program
- Benefits and advantages of the recent changes

Group Life Insurance (GLI) at MainePERS

GLI, in general, provides a one-time payment to a surviving beneficiary upon a retiree or active member's passing.

- Approximately 33,000 active members participate
- Approximately 20,000 retirees participate
- Affordable rates
- Assists members with end of life planning
- Important piece of employee benefit packages for MainePERS employers

Coverage Available to Active Members

- **Employers choose whether to participate in GLI through MainePERS and the opportunity to enroll is extended to all employees serving in eligible positions**

- **Many participating employers offer basic coverage at no cost to the employee, equal to one time their annual gross compensation, rounded to the nearest $1,000**

- **Additional coverage can be purchased by the member**
  - Supplemental 1 – an additional 1x annual salary
  - Supplemental 2 – an additional 2x annual salary
  - Supplemental 3 – an additional 3x annual salary
  - Dependent A - $5,000 for spouse and children over 6 months, $1,000 for children 0-6 months
  - Dependent B - $10,000 for spouse, $5,000 for children over 6 months, $2,500 for children 0-6 months

- **Accidental Death and Dismemberment coverage is included with all basic and supplemental coverages**

Retiree GLI Coverage

- **Basic coverage is available at no cost to the retiree when they meet the following eligibility criteria:**
  - The retiree has participated in the GLI program for at least 120 months
  - Coverage is in effect and all premiums have been paid at the time of termination
  - Termination of employment occurs within 31 days of retirement effective date
  - An application for service retirement benefits is received within the same 31 day period

- **The initial coverage is equal to their Average Final Compensation (AFC) at retirement and is subject to the following reduction:**
  - 1st year – 100% of AFC
  - 2nd year – 85% of AFC
  - 3rd year – 70% of AFC
  - 4th year – 55% of AFC
  - 5th year and beyond – 40% of AFC

Retiree coverage is available to Disability Retirees who meet slightly different eligibility criteria; they may be subject to an alternate reduction schedule.

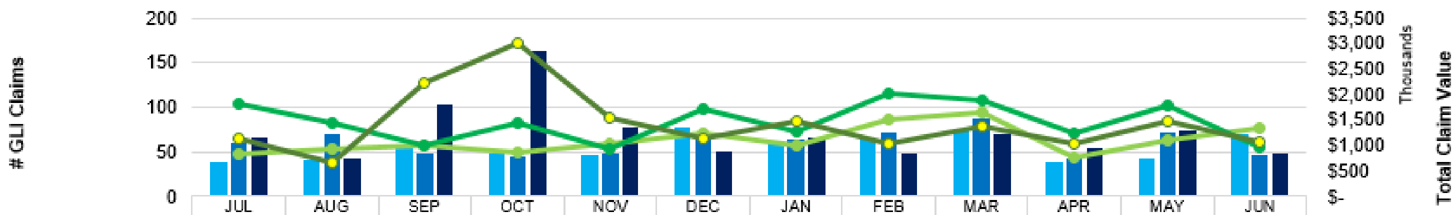
Monthly Reporting

- **Trustees receive routine updates about GLI activity as part of the monthly Member Services metrics in your meeting packets.**

SURVIVOR SERVICES

Forty-nine (49) life insurance claims were sent to our carrier (The Hartford) in June with a total value of $1,068,305 in payments due to beneficiaries. Of the claims, forty-three (43) were retiree claims and six (6) were active member claims including two (2) dependent claim.

Group Life Insurance Claim Numbers and Total Claim Values



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # Life Insurance Claims Filed	38	41	58	48	47	77	61	65	73	39	43	70
FY23 # Life Insurance Claims Filed	60	69	48	45	48	64	63	72	87	43	72	46
FY24 # Life Insurance Claims Filed	66	43	103	163	77	50	66	49	69	55	73	49
FY22 Total Claim Value	$830,400	$928,180	$993,600	$848,665	$1,024,430	$1,226,560	$1,012,780	$1,509,130	$1,660,260	$762,745	$1,104,050	$1,345,580
FY23 Total Claim Value	$1,820,300	$1,444,925	$983,345	$1,452,840	$916,000	$1,695,725	$1,273,690	$2,033,603	$1,898,640	$1,223,055	$1,776,990	$948,865
FY24 Total Claim Value	$1,129,025	$664,345	$2,223,120	$2,999,780	$1,535,415	$1,131,030	$1,488,180	$1,019,855	$1,386,725	$1,030,540	$1,477,235	$1,068,305

Re-Implementation Efforts at MainePERS

- **MainePERS conducted a competitive procurement for GLI in 2023.**
  - The incumbent, Hartford, was the successful bidder.

- **RFP resulted in an extension of the rates in the prior contract while increasing Hartford's administrative responsibilities and involvement**

- **Improvements to the administration of GLI include:**
  - Document Collection
  - Online Claim Filing for Beneficiaries
  - Streamlined process for Portability & Conversion notification and processing
  - Streamlined process for Evidence of Insurability requests
  - Ability to become early adopters of Hartford's new claim processing portal

Tasks Transitioned to Hartford

- Document Collection Efforts
  - Solicitation and management of receipt of death certificates, birth certificates, affidavits, name change documentation, trust and estate documentation, etc.
  - Locating beneficiaries
  - Decreases time required of MainePERS staff to enter a claim

- Online Claim Filing for Beneficiaries
  - When an email address is provided, beneficiaries may now file their claims and associated documentation online
  - Quicker turnaround of benefit payments for beneficiaries, sometimes within just a few business days

Tasks Transitioned to Hartford

- Streamlined Process for Portability & Conversion Notification and Processing
  - MainePERS queries the line of business software and provides a list of terminating and retiring members to Hartford
  - Hartford informs members of their rights and facilitates quoting the cost of continuing coverage

- Streamlined Process for Evidence of Insurability Requests
  - MainePERS queries the line of business software and provides a list of requests for new or increasing coverage to Hartford
  - When an email address is provided, the application can be managed online by the member
  - Quicker turnaround time for members, sometimes receiving a determination within just a few hours of document submission

Tasks Transitioned to Hartford

- Ability to become early adopters of Hartford's new claim processing portal
  - Provided feedback on the functionality and development of new claim processing portal
  - Direct contact with the project manager for the portal
  - Hartford has been extremely responsive to issues and suggestions
  - Many MainePERS suggestions have been deployed
  - Collaboration has helped to increase efficiency in submitting claims

Internal Transitions

- **The Survivor Services Unit and Employer Reporting are collaborating to transition invoice reconciliation responsibilities to Employer Reporting. This will provide:**
  - Efficiencies in reconciling employer payments
  - A single contact for employers for GLI and pension payroll processing questions

- **The Retirement Services Unit is working to transition some death-related payment processing responsibilities to Survivor Services, which will provide:**
  - Efficiencies in the processing of beneficiary payments
  - A single contact for beneficiaries regarding their benefit payments
  - Bandwidth for Retirement Services to prioritize backlog reduction efforts and other work

- **We anticipate further opportunities to streamline work with the introduction of a new pension administration system.**

Benefits and Advantages of changes

- Increased administrative support without impacting cost
- Online access for beneficiaries to file claims
- Quicker turnaround time for beneficiaries
- Online access for members to submit evidence of insurability requests
- Quicker turnaround time for member's evidence of insurability requests
- Streamlined, more efficient work processes
- Single point of contact for employers
- Decreased mailing costs
- Additional bandwidth to tackle other work, such as addressing longstanding backlogs

Internal Transitions

Thank you.
Questions?

MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS

FROM: MICHAEL J. COLLERAN, CHIEF OPERATING OFFICER & GENERAL COUNSEL
CHIP GAVIN, CHIEF SERVICES OFFICER
SHERRY VANDRELL, CHIEF FINANCIAL OFFICER

SUBJECT: MEMBER SERVICES, FINANCE, AND OPERATIONS REPORT

DATE: JULY 3, 2024

Content in the following paragraphs was selected to provide noteworthy information regarding the System's member services, finance, and operations.

POLICY REFERENCE

Board Policy 4.5 – Board/Staff Relations

Board Policy 4.6 – Communications and Support to the Board

MEMBER SERVICES

1. SUMMER SURGE: MainePERS is readying for the anticipated annual summer surge of retirements. This surge is cyclical and driven by summertime teacher plan member retirements. MainePERS entering July expected approximately 600 new retirees for July payroll, the majority of whom are teacher plan members. MainePERS more typically experiences in the range of 100 new retirements in most months of the year.

2. LOBBY OPERATIONS: MainePERS this month launched a new lobby sign-in system to improve the in-person experience for visitors and to improve record-keeping. In combination with a new staffing arrangement that allows a Member Service Representative to staff the lobby without also needing to answer phone calls, it is intended to improve service to in-person visitors. The new system prints a date and time-stamped badge for visitors upon sign in, and delivers analytics to the management team which ultimately will help forecast the busiest times. MainePERS, as an illustration of volume, welcomed approximately 250 visitors to the lobby in the mid-May to mind-June time period. This change was implemented in collaboration with Information Technology and Facilities.

3. PHONE SYSTEM UPDATE: MainePERS newly re-implemented phone structure and system has continued to benefit members and retirees with faster access to their intended destination and shorter wait times The new phone prompts now use clearer language from a caller's point of view, rather than prompts which reference internal work unit names. MainePERS is actively monitoring performance and reviewing caller and staff feedback to determine whether additional adjustments are necessary. In the 3 weeks after implementation versus the 3 weeks prior to implementation, the rate of handled calls

improved to 94% (from 84%) and wait times fell to an average of 90 seconds (down from approximately 200 seconds). This overall change helps to fulfill Goal IV of the Strategic Plan, which is a commitment to cultivating a member centric organization. This change was implemented in collaboration with Information Technology and the broader organization.

4. PENSION ADMINISTRATION SYSTEM (PAS) PROJECT: A solicitation for proposals for MainePERS to obtain a new or upgraded Pension Administration System, which opened May 1, is scheduled to close July 8 when proposals are due. The result of the RFP is expected to be a multi-year modernization project to refresh or replace MainePERS current system, known as V3.

   Evaluations are anticipated to be completed and a selection made by late summer or early fall. The PAS project supports Goals III and IV and other elements of the Strategic Plan.

   Linea, MainePERS PAS advisor, reports the overall PAS project status is green, indicating overall stability and progress toward the completion of the procurement process. MainePERS agrees. The more granular monitoring status of the project has improved. Two months ago, two of four monitored areas were coded green by Linea. Last month, three of the four areas were coded green. This month all four areas are coded green. The improvements relate first to two adjustments to the schedule and the stabilizing of and attainment of the schedule since that time. These schedule adjustments did not materially affect the multi-year schedule of the project. Also, MainePERS ability to dedicate the necessary resources to the project during FY24 and the Trustees approval of the FY25 budget have improved and maintained the resource category in a green status.

   MainePERS also has entered an agreement with a change management advisor – Syntropy Partners – in connection with the PAS project and MainePERS has extended its agreement with Linea for continuing advisory services. Both agreements were anticipated by the FY25 budget.

Overall		Scope	
Schedule		Resources	
Project Lead	Denise Myers	Project Sponsor	CEO Rebecca Wyke
Project Start	July 17, 2023	Project End	Sep 20, 2024
Reporting Period	June 10 to June 26, 2024	Reporting Date	June 26, 2024
Audience	Chip Gavin, Michael Colleran, Joy Childs, Valerie Scott, Lauren Fowler, Domna Giatas, Timothy Poulin, Sherry Vandrell	Next Core Team Meeting with Linea	June 26, 2024

FINANCE

1. EMPLOYER REPORTING. Employers submitted defined benefit payrolls on time at a 94% rate in May. This compares to a rate of 97% for the same period last year. Of the 40 payrolls that missed the deadline, half of them were one day late. The number of accounts now fully

reconciled through April data is now 533, or 82.1%. This is an increase of 6 accounts since I reported last month.

The aging of the remaining 116 accounts breaks down as follows as of June 30, 2024. The numbers in green represent a decrease in count from the prior period and the number in red is an increase, which is expected as we add new months of data to the review. The one account with 2017 transactions is being actively worked, as are several of the accounts with 2019 transactions.

	Oldest Unreconciled Transactions							
Year	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
# of Accts	39	28	7	9	12	20	-	1

MainePERS staff continue to work with Portland Public Schools and BerryDunn on the payroll reporting issues. We've had some small success this month, however analyzing the data and getting it to a state where it can be processed has proven challenging. We have identified and corrected several individual accounts for members looking to retire or take a refund of contributions to make sure those accounts are correct and we continue to meet weekly to move through the older data.

We continue to receive test files from the new ADP platform utilized by Portland Public Schools and staff are working with the District to test and make adjustments as needed.

2. EMPLOYER AUDITING. One audit was opened during the month of June and one audit was closed. The percentage of resolved findings to date is 96.3%.

3. ACCOUNTING AND FINANCE. We are currently working to scope the next several internal audits as we work to finalize the draft report from CLA on the review of member statements and estimates. Work is also underway planning the fiscal year audit, which will be conducted by BerryDunn, LLC.

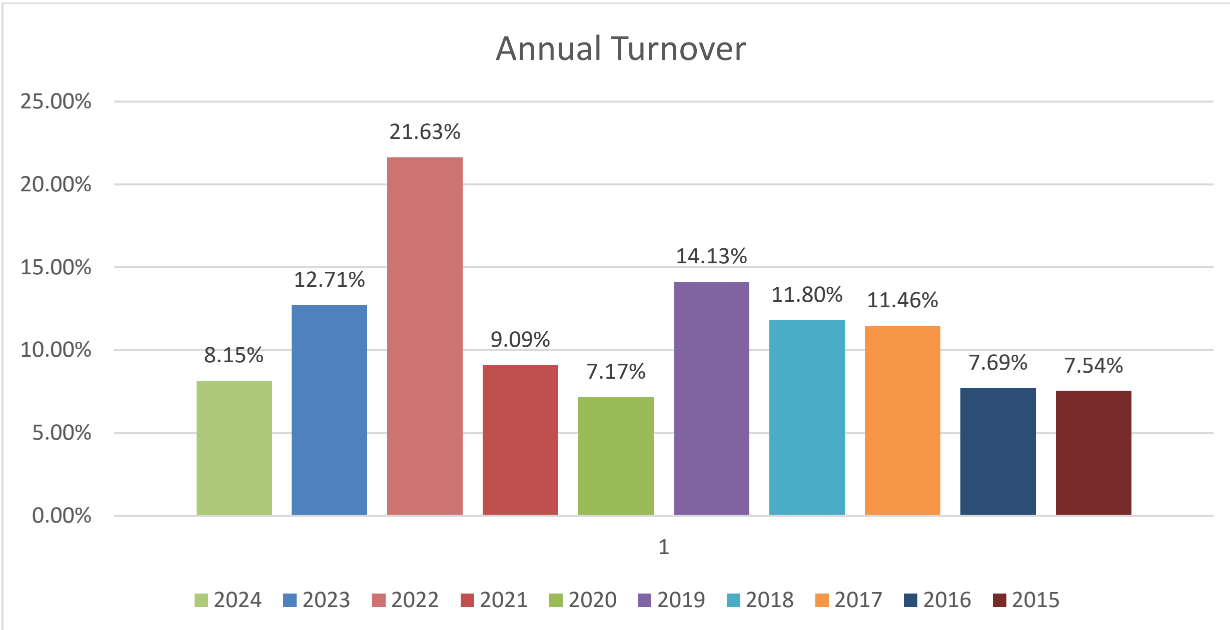
OPERATIONS

1. INFORMATION TECHNOLOGY: On June 28th, IT migrated our secure email messaging system to Mimecast. Migration to O365 Exchange will start this month for several beta test groups. Also this month, we plan to migrate our intranet to SharePoint. Work is underway on modernization of our backup storage utilizing the Extragrid technology instead of tapes. We plan to start replacement of our Augusta data center Storage Area Network, which is closing in on end of life, in September. IT staff continue to be heavily involved in the PAS replacement and data cleansing projects, and work on implementing the full Mimecast suite and O365 continues.

2. FACILITIES: We successfully conducted two evacuation drills in June. We have developed and are implementing a plan to provide suitable work spaces for our expanding workforce. This will include converting lightly-used small conference rooms into offices and replacing bullpen areas with cubicles.

3. LEGAL: We are in contract negotiations with the firm selected as a result of the collective bargaining counsel request for proposals (RFP) process. Last week we issued a request for proposals for securities litigation and monitoring services.

4. <u>Human Resources</u>: We had one new hire in June and one termination. We currently are recruiting for 15 open positions, many of which are new positions. As shown in the chart below, retention continued to improve in the first half of 2024.



The turnover rate is measured by dividing terminations by positions on a monthly basis and aggregating annually. The rate for 2024 is based on six months of data projected for the full year.

RECOMMENDATION

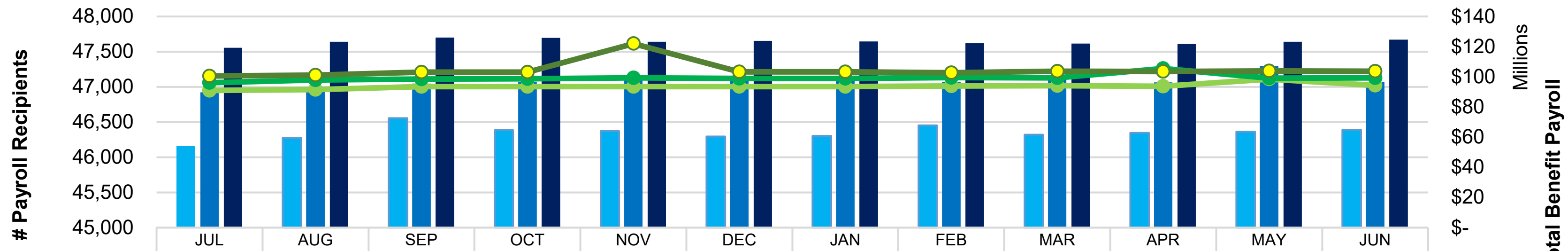
No Board action is recommended at this time.

JUNE 2024 BOARD OF TRUSTEES OPERATIONS – MEMBER SERVICES SUPPLEMENTAL NUMBERS

RETIREMENT SERVICES

BENEFITS PAYROLL: Regular monthly pension benefit payments were made to 47,669 recipients in June, totaling $103,609,109. Note: Special payments paid outside of the regular payroll run are not reflected in the "Benefits Payroll" total.

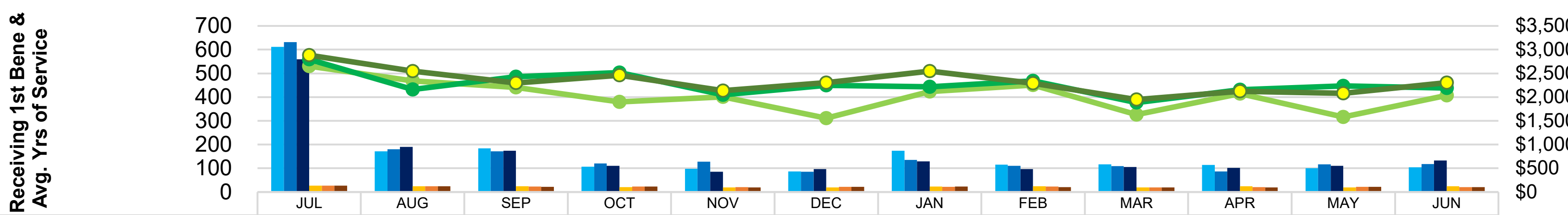
Benefit Recipients & Total Benefits Payroll



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 Benefit Recipients (#)	46,157	46,273	46,557	46,383	46,372	46,294	46,305	46,453	46,322	46,344	46,362	46,390
FY23 Benefit Recipients (#)	46,924	46,986	47,049	47,073	47,106	47,088	47,103	47,073	47,103	47,064	47,294	47,072
FY24 Benefit Recipients (#)	47,554	47,641	47,703	47,695	47,641	47,654	47,646	47,618	47,617	47,611	47,639	47,669
FY22 Benefits Payroll	$90,981,866	$91,530,971	$93,618,579	$93,515,788	$93,585,082	$93,580,970	$93,561,274	$93,959,837	$94,091,259	$93,732,973	$98,441,894	$94,406,978
FY23 Benefits Payroll	$96,074,419	$97,911,533	$98,525,514	$98,774,481	$99,301,667	$98,971,192	$98,985,590	$99,415,421	$99,380,454	$105,494,989	$99,061,443	$99,251,559
FY24 Benefits Payroll	$100,563,434	$101,088,595	$103,060,700	$103,175,787	$121,966,909	$103,361,846	$103,251,990	$102,697,626	$103,791,103	$103,462,219	$103,945,804	$103,609,109

FIRST TIME BENEFIT RECIPIENTS: One hundred thirty-three (133) individuals received their first benefit payment in June. The average benefit amount was $2,305. First time recipients averaged twenty-one (21) years of service. The count of new recipients, payment amount, and service are comparable to data seen during the same month in recent prior years.

First Time Benefit Recipients

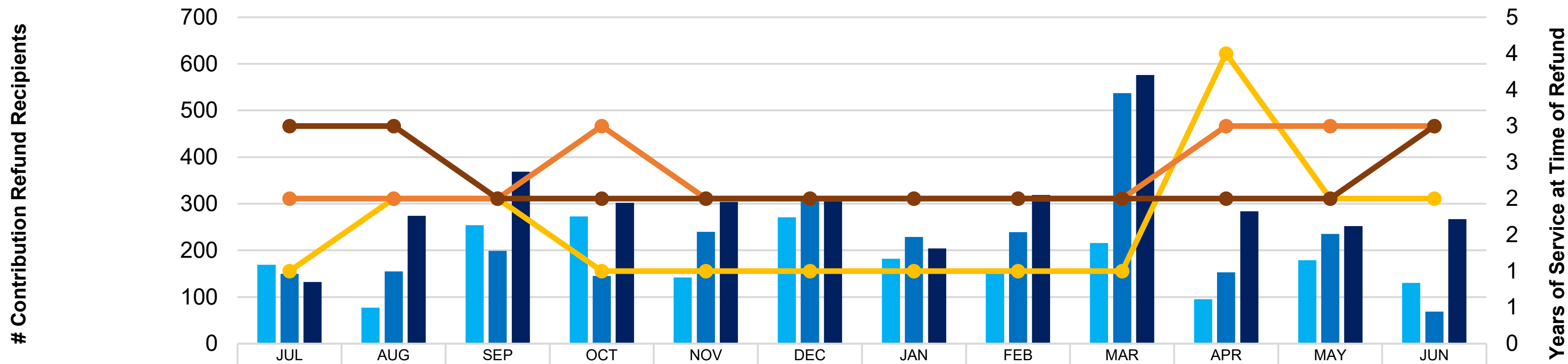


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # Receiving 1st Benefit Pmt	612	171	184	107	98	87	174	116	117	114	100	104
FY23 # Receiving 1st Benefit Pmt	632	180	172	121	128	85	136	110	109	87	117	118
FY24 # Receiving 1st Benefit Pmt	560	190	174	111	86	97	129	97	106	102	110	133
FY22 Avg Years of Svc @1st Benefit Pmt	27	25	24	21	20	19	23	24	19	24	20	24
FY23 Avg Years of Svc @1st Benefit Pmt	27	24	23	23	21	22	22	23	20	21	22	21
FY24 Avg Years of Svc @1st Benefit Pmt	27	24	22	23	20	22	23	21	19	20	22	21
FY22 Avg. 1st Benefit Pmt Amount	$2,652	$2,341	$2,206	$1,897	$2,008	$1,556	$2,118	$2,253	$1,628	$2,073	$1,584	$2,038
FY23 Avg. 1st Benefit Pmt Amount	$2,795	$2,163	$2,431	$2,519	$2,048	$2,246	$2,220	$2,342	$1,885	$2,157	$2,235	$2,195
FY24 Avg. 1st Benefit Pmt Amount	$2,883	$2,550	$2,301	$2,458	$2,137	$2,305	$2,547	$2,289	$1,948	$2,125	$2,080	$2,305

RETIREMENT SERVICES: continued

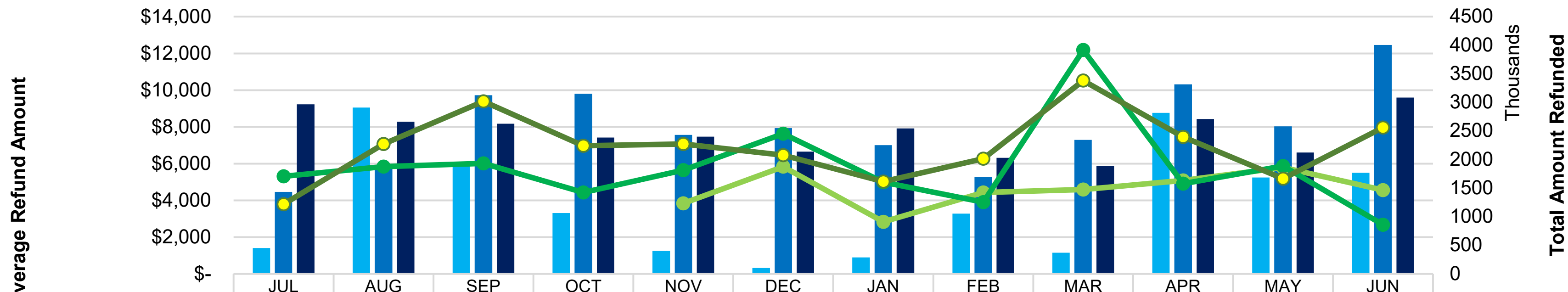
CONTRIBUTION REFUNDS: Two hundred sixty-seven (267) former members received a refund of their contributions in June. The average refund was $9,590 as the result of an average three (3) years of service. The aggregate amount refunded was $2,560,656.

Contribution Refunds Issued: Total Number & Average Years of Service



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # of Contribution Refund Recipients	169	77	254	273	142	271	182	159	216	95	179	130
FY23 # of Contribution Refund Recipients	150	155	199	145	240	309	229	239	537	153	235	69
FY24 # of Contribution Refund Recipients	132	274	369	302	304	312	204	319	576	284	252	267
FY22 Avg. YRs of Service at Time of Refund	1	2	2	1	1	1	1	1	1	4	2	2
FY23 Avg. YRs of Service at Time of Refund	2	2	2	3	2	2	2	2	2	3	3	3
FY24 Avg. YRs of Service at Time of Refund	3	3	2	2	2	2	2	2	2	2	2	3

Contribution Refund Average Amount and Total Amount Refunded

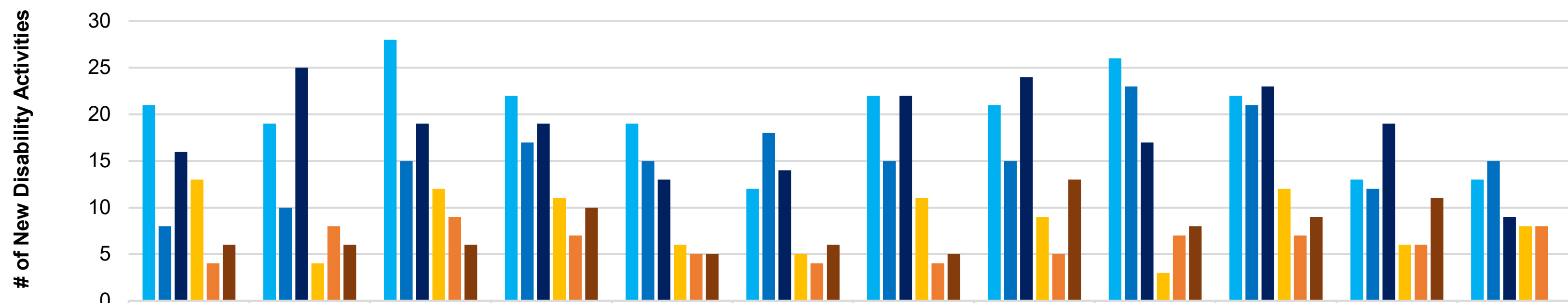


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 Avg. Refund Amount	$1,408	$9,047	$6,054	$3,304	$1,240	$313	$897	$3,272	$1,141	$8,766	$5,240	$5,506
FY23 Avg. Refund Amount	$4,463	$5,879	$9,715	$9,801	$7,563	$7,930	$7,006	$5,253	$7,290	$10,308	$8,023	$12,449
FY24 Avg. Refund Amount	$9,231	$8,287	$8,176	$7,414	$7,469	$6,657	$7,907	$6,317	$5,867	$8,426	$6,604	$9,590
FY22 Total Amount Refunded					$1,231,956	$1,873,289	$909,804	$1,421,562	$1,475,250	$1,635,042	$1,860,801	$1,461,766
FY23 Total Amount Refunded	$1,708,414	$1,877,641	$1,933,334	$1,421,169	$1,815,175	$2,450,445	$1,604,476	$1,255,368	$3,914,735	$1,577,107	$1,885,302	$858,954
FY24 Total Amount Refunded	$1,218,454	$2,270,701	$3,017,021	$2,239,106	$2,270,670	$2,076,844	$1,612,971	$2,015,179	$3,379,532	$2,392,904	$1,664,188	$2,560,656

DISABILITY SERVICES

Nine (9) intake interviews were completed in June with varying levels of detail and duration. Intakes included two (2) State members, four (4) Teacher members, and three (3) PLD members. No new disability retirement applications were received in June.

Disability Applications and Intakes

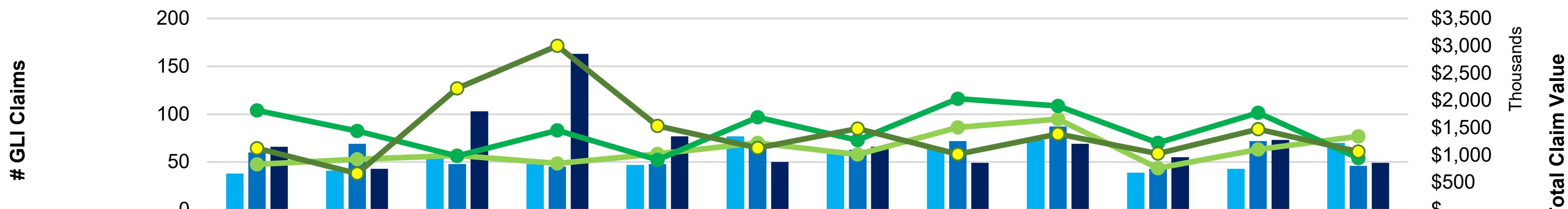


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # Disability Intake Interviews	21	19	28	22	19	12	22	21	26	22	13	13
FY23 # Disability Intake Interviews	8	10	15	17	15	18	15	15	23	21	12	15
FY24 # Disability Intake Interviews	16	25	19	19	13	14	22	24	17	23	19	9
FY22 # Disability Retirement Applications	13	4	12	11	6	5	11	9	3	12	6	8
FY23 # Disability Retirement Applications	4	8	9	7	5	4	4	5	7	7	6	8
FY24 # Disability Retirement Applications	6	6	6	10	5	6	5	13	8	9	11	0

SURVIVOR SERVICES

Forty-nine (49) life insurance claims were sent to our carrier (The Hartford) in June with a total value of $1,068,305 in payments due to beneficiaries. Of the claims, forty-three (43) were retiree claims and six (6) were active member claims including two (2) dependent claim.

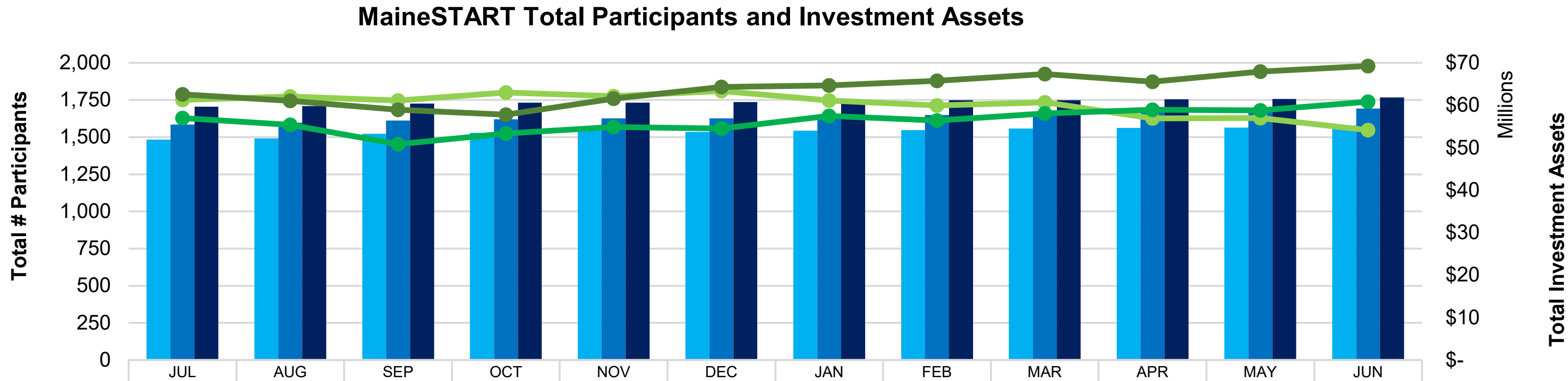
Group Life Insurance Claim Numbers and Total Claim Values



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # Life Insurance Claims Filed	38	41	58	48	47	77	61	65	73	39	43	70
FY23 # Life Insurance Claims Filed	60	69	48	45	48	64	63	72	87	43	72	46
FY24 # Life Insurance Claims Filed	66	43	103	163	77	50	66	49	69	55	73	49
FY22 Total Claim Value	$830,400	$928,180	$993,600	$848,665	$1,024,430	$1,226,560	$1,012,780	$1,509,130	$1,660,260	$762,745	$1,104,050	$1,345,580
FY23 Total Claim Value	$1,820,300	$1,444,925	$983,345	$1,452,840	$916,000	$1,695,725	$1,273,690	$2,033,603	$1,898,640	$1,223,055	$1,776,990	$948,865
FY24 Total Claim Value	$1,129,025	$664,345	$2,223,120	$2,999,780	$1,535,415	$1,131,030	$1,488,180	$1,019,855	$1,386,725	$1,030,540	$1,477,235	$1,068,305

Defined Contribution Plan Services

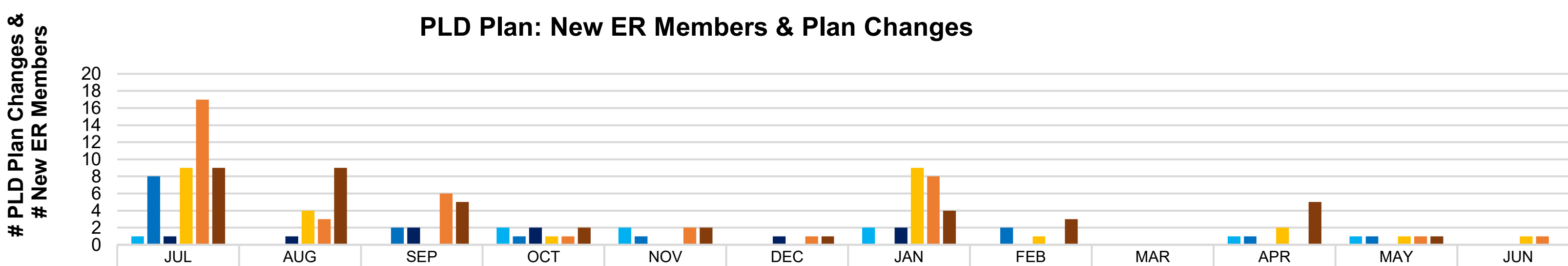
MaineSTART had one thousand seven hundred fifty-five (1,756) participants at the end of June with $67,976,720 of investment assets in the program.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # MaineSTART Participants	1,484	1,492	1,522	1,529	1,544	1,535	1,544	1,548	1,558	1,563	1,564	1,578
FY23 # MaineSTART Participants	1,584	1,597	1,611	1,621	1,626	1,626	1,640	1,650	1,657	1,679	1,694	1,693
FY24 # MaineSTART Participants	1,705	1,709	1,725	1,731	1,731	1,737	1,736	1,749	1,749	1,755	1,756	1,767
FY22 Total Investment Assets	$61,274,938	$62,044,851	$61,110,033	$62,992,964	$62,145,242	$63,376,093	$61,101,482	$59,982,909	$60,660,028	$56,908,228	$56,993,617	$54,147,040
FY23 Total Investment Assets	$56,988,173	$55,406,634	$50,831,630	$53,388,359	$54,892,043	$54,531,425	$57,495,075	$56,379,826	$58,083,647	$58,975,711	$58,798,882	$60,842,713
FY24 Total Investment Assets	$62,542,153	$61,084,454	$58,962,112	$57,792,717	$61,572,864	$64,342,452	$64,693,311	$65,803,040	$67,350,939	$65,579,958	$67,976,720	$69,264,411

PLD Plan Administration

No new employers joined the PLD Retirement Program effective June 1, 2024. There was no employer plan changes effective June 1, 2024. Note: This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.

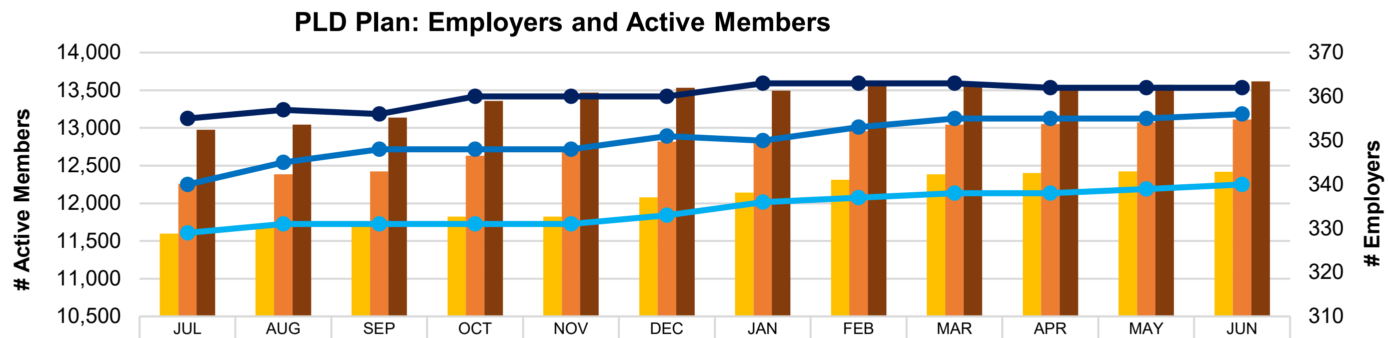


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # New PLD Plan Employers	1	0	0	2	2	0	2	0	0	1	1	0
FY23 # New PLD Plan Employers	8	0	2	1	1	0	0	2	0	1	1	0
FY24 # New PLD Plan Employers	1	1	2	2	0	1	2	0	0	0	0	0
FY22 # PLD's Adopting Plan Changes	9	4	0	1	0	0	9	1	0	2	1	1
FY23 # PLD's Adopting Plan Changes	17	3	6	1	2	1	8	0	0	0	1	1
FY24 # PLD's Adopting Plan Changes	9	9	5	2	2	1	4	3	0	5	1	0

PLD PLAN ADMINISTRATION – Continued

PLD Plan - Cumulative Employer and Member Numbers

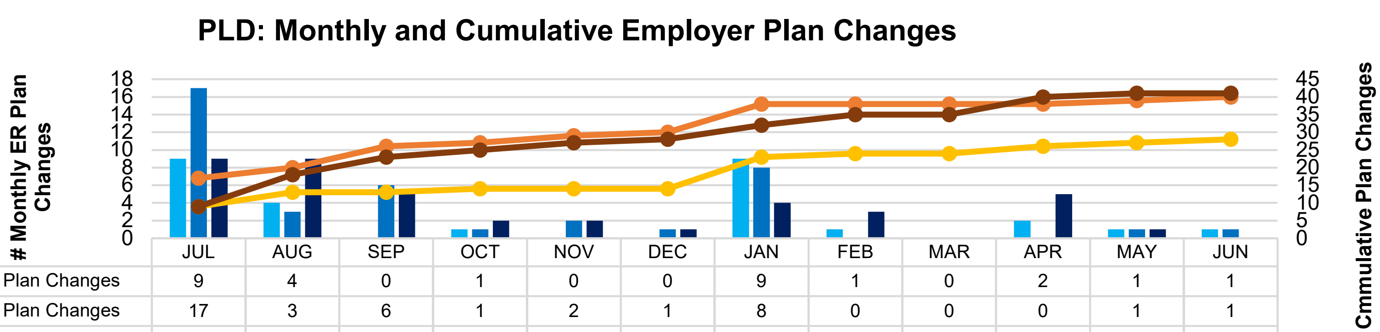
PLD employers remained at 363 from February to March but decreased to 362 in April and June; PLD Employee numbers fluctuated in March and April and landed on 13,570 in June. This data will be reported quarterly; the next update will be included in the September 2024 report.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 PLD Active Members	11,598	11,716	11,726	11,823	11,823	12,080	12,141	12,312	12,384	12,402	12,422	12,421
FY23 PLD Active Members	12,258	12,387	12,422	12,631	12,732	12,818	12,830	12,961	13,045	13,051	13,076	13,112
FY24 PLD Active Members	12,975	13,046	13,139	13,358	13,469	13,532	13,494	13,558	13,583	13,565	13,570	13,618
FY22 PLD Employers	329	331	331	331	331	333	336	337	338	338	339	340
FY23 PLD Employers	340	345	348	348	348	351	350	353	355	355	355	356
FY24 PLD Employers	355	357	356	360	360	360	363	363	363	362	362	362

PLD PLAN - MONTHLY AND CUMULATIVE EMPLOYER PLAN CHANGES

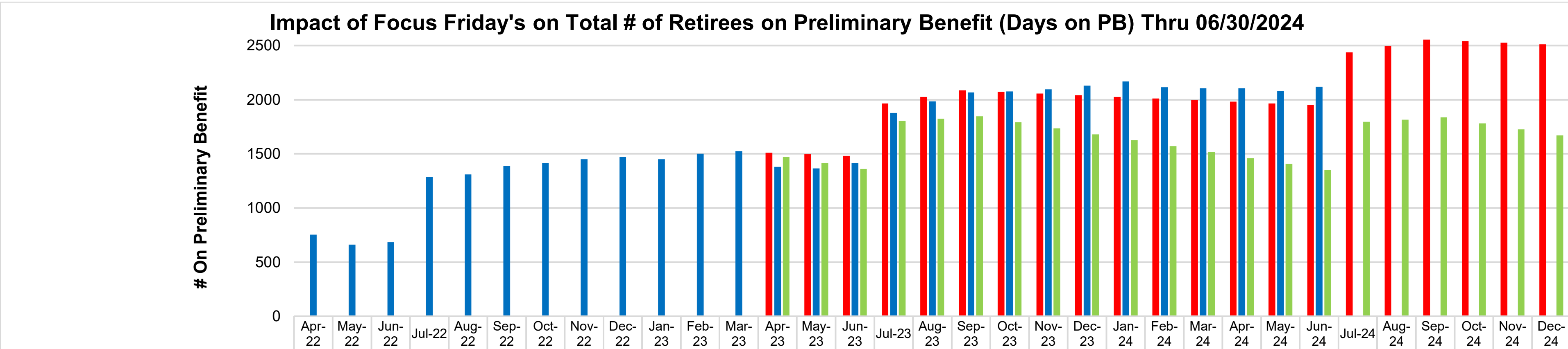
There were no new employers joining the PLD Retirement Program. There were no employer plan changes effective June 1, 2024. Total plan changes this FY is forty-one (41). *Note:* This metric reflects PLD employer changes (joining, returning, adopting plan changes) in the month of their implementation. This format is consistent with MainePERS activity reporting to our actuary.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 # PLD's Adopting Plan Changes	9	4	0	1	0	0	9	1	0	2	1	1
FY23 # PLD's Adopting Plan Changes	17	3	6	1	2	1	8	0	0	0	1	1
FY24 # PLD's Adopting Plan Changes	9	9	5	2	2	1	4	3	0	5	1	0
FY22 Cumulative Plan Changes Adopted	9	13	13	14	14	14	23	24	24	26	27	28
FY23 Cumulative Plan Changes Adopted	17	20	26	27	29	30	38	38	38	38	39	40
FY24 Cumulative Plan Changes Adopted	9	18	23	25	27	28	32	35	35	40	41	41

<u>Focus Friday Impact on backlog Reduction</u>

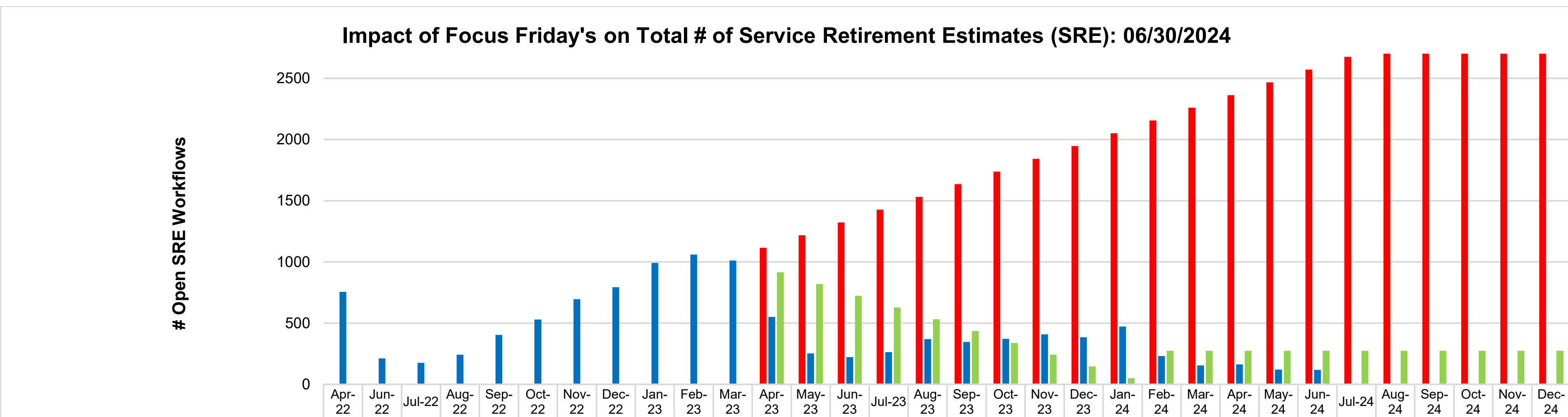
Preliminary to Final Benefit (PB to Final) Backlog through June 30, 2024: The backlog projections and reporting below are based on a data point that counts days since an initial Preliminary Benefit disbursement date (Days on PB) occurred.



	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Proj. Ttl # PB-No Action-Est: 3/8/23													1511	1496	1481	1966
Actual Month End Total # on PB	753	662	684	1289	1310	1387	1413	1449	1472	1450	1501	1526	1379	1365	1415	1878
Proj. Ttl # PB -2 Foc.Fri./Mon.- Est: 3/8/23													1471	1416	1361	1806

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Proj. Ttl # PB-No Action-Est: 3/8/23	2026	2086	2071	2056	2041	2026	2011	1996	1981	1966	1951	2436	2496	2556	2541	2526	2511
Actual Month End Total # on PB	1985	2067	2076	2096	2129	2168	2115	2105	2106	2080	2120						
Proj. Ttl # PB -2 Foc.Fri./Mon.- Est: 3/8/23	1826	1846	1791	1736	1681	1626	1571	1516	1461	1406	1351	1796	1816	1836	1781	1726	1671

Service Retirement Estimate Backlog through June 30, 2024: The backlog projections and reporting below are based on data that count the total number of open Service Retirement Estimate workflows.



	Apr-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23
Proj. Ttl # SRE Wkfl -No Action- Est: 3/8/23												1115	1219	1323	1427
Actual Month End # SRE Wkfl	755	213	177	242	405	529	697	795	993	1061	1011	551	252	222	264
Proj.Ttl # SRE Wkfl-2 Foc.Fri./Mon. Est: 3/8/23												915	819	723	627

	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Proj. Ttl # SRE Wkfl -No Action- Est: 3/8/23	1531	1635	1739	1843	1947	2051	2155	2259	2363	2467	2571	2675	2779	2883	2987	3091	3195
Actual Month End # SRE Wkfl	371	347	372	409	385	472	232	155	163	121	118						
Proj.Ttl # SRE Wkfl-2 Foc.Fri./Mon. Est: 3/8/23	531	435	339	243	147	51	275	275	275	275	275	275	275	275	275	275	275