Message from the Director

Most of us are aware how important our investment choices can be in creating personal retirement savings. At a minimum, investment earnings can help retirement savings keep up with inflation. At best, strong investment returns may help retirement savings grow into a substantial nest egg. On the other hand, losing retirement savings due to investment losses can change retirement schedules and plans.

MainePERS faces the same potential investment risks and rewards that each of us face when investing our own personal retirement savings. However, MainePERS cannot adjust how much we withdraw from the trust fund to pay benefits simply because the economy is not doing well. We must maintain adequate funds at all times to pay retirees the benefits that they have earned when those benefits are due.

This is why the topic of how much public pension plans expect to earn each year, and how they invest their trust funds, has been under tough national scrutiny over the last two decades.

What exactly has caused this scrutiny? The primary reason is that economic conditions have changed since defined benefit plans were created decades ago. Twenty-five years ago, defined benefit plans could invest a significant amount of their trust funds in U.S. Government bonds earning 6-8%. For some time now, however, the interest paid by these bonds has been closer to 1-2%.

Lower interest rates mean that trust fund investment return goals must be reached by investing less in bonds and more in stocks and similar investment choices, which move with market and economic swings. This can cause trust fund returns to move with the markets and economy, which in turn can cause employer contribution rates to fluctuate. This makes it hard for employers to budget and consequently places scrutiny on defined benefit plans.

What does MainePERS do to reduce the effect of the changing economy on the trust fund? First, we carefully select a portfolio of investments to meet a lower level of risk while still earning meaningful investment returns. Next, we have gradually lowered our expected earnings, which more closely matches what is happening in the markets today. These steps help keep the trust fund in healthy condition, although they cannot totally eliminate the effects of wide swings in the markets and the economy.

MainePERS and our actuary have also developed a new cost-sharing model that helps avoid the cycle where future benefits must be reduced or cost-of-living-adjustments are frozen when substantial market losses occur. The Board of Trustees adopted this model for the PLD Plan in May 2018, which has received recognition from the Society of Actuaries as an innovative funding model for public pension plans. You can read more about this at www.mainepers.org.

MainePERS: Long-Term Disability Insurance

MainePERS is always looking for ways to help our members financially prepare for retirement. Along with a group of stakeholders, we have been working on offering a long-term disability insurance policy in which employers can elect to participate and make available to their employees. Although common in the private sector, most public employees do not have long-term disability insurance available to them through their employer. Offering this insurance is an important step in creating income protection for sick or injured members who do not qualify for MainePERS disability retirement.

The State Legislature and the MainePERS Board of Trustees endorsed and established authority for MainePERS to offer this voluntary program. We are in the early stages of searching for the right policy and will keep members and employers informed as we move toward being able to offer this insurance.
Legislative Update

The Maine State Legislature is continuing their work this summer on some bills that remain before them. Below is a summary of laws that have been enacted to date. More information about each new law is available on our website at www.mainepers.org.

New Laws Approved in 2018:

- **Resolve Chapter 57 (L.D. 1907)** – Authorizes the continued work of the working group established to evaluate and design plan options for state employees and teachers, and establishes December 1, 2019 as the date by which the working group must submit its final report to the Legislature
- **Public Law Chapter 378 (L.D. 176)** – Authorizes MainePERS to offer long term disability insurance
- **Public Law Chapter 384 (L.D. 521)** – Changes disability retirement benefit eligibility for veterans who receive federal service-connected disability benefits
- **Public Law Chapter 392 (L.D. 247)** – Grants authority to make changes to the PLD Consolidated Plan as recommended by the PLD Advisory Committee
- **Public Law Chapter 439 (L.D. 1653)** – Provides retroactive special plan coverage for certain Capitol Police Officers
- **Public Law Chapter 460 (L.D. 925)** – As part of the State budget, allows for an unreduced early retirement benefit for certain correctional employees who retire as a result of their facility closing

Partnering In Keeping Your Personal Data Safe

MainePERS believes that one of the most important things we do is to help protect the personal information you have provided to us. We work every day, all day, to keep your information safe. Fraudsters, however, are constantly coming up with new ways to obtain personal information and steal money. Sometimes these thieves look for information that may seem unimportant at first glance. However, when these thieves start combining it with information they find in other places, it may be just what they need to steal from you or others.

This is why MainePERS, like many financial institutions, reminds you on a regular basis that we will never call you to obtain your personal information unless you have requested that call. If you receive a telephone call that you did not request from someone saying they are from MainePERS, please protect yourself and do not give out any information. Instead, call us at 207-512-3100 and report the call you received. After we verify your identity, we will do everything we can to help resolve any concerns.

If you prefer to communicate through email, we encourage you to use Zixmail, our secure e-mail system. You can find Zixmail on the “Contact Us” page of our website, www.mainepers.org. We are always happy to hear from you and available to talk with you Monday through Friday from 7:30 a.m. to 5:00 p.m. to answer any questions.

Other tips for keeping your information safe include:

- Never include your Social Security number when using regular email.
- Think carefully before putting personal information on social media.
- Look carefully at links you receive in email before clicking on them.
- Never click on a link from someone you don’t know or any links in emails from people you do know that seem suspicious.
- Create a different password for every online account you have. Subscribe to a reputable password “vault” to help you remember all your passwords.
- Make your passwords complicated by using a combination of upper and lower case letters, numbers and symbols.
- Avoid using public Wi-Fi for sensitive activities such as banking or shopping.
- Keep your trusted software up-to-date. Trustworthy software vendors are continuously improving their security too.
New Identity Verification When You Call Us

To be an effective partner in keeping your information safe, we soon will be asking a series of questions before we will start any telephone conversation that relates to your personal retirement information. This will help us to ensure that we are talking to you, and not someone who is trying to steal your information. It is also why we do not conduct certain types of business by telephone or through email.

We're Moving!

After more than 25 years at 96 Sewall Street, MainePERS is moving to a new location just up the street from our current building. Our new location will be immediately to the west of the State of Maine’s new Department of Health and Human Services (DHHS) building. Both buildings are currently under construction.

The current MainePERS 3-story building was built in 1975 for a bank and has finally completed its useful life. In studying our options, we determined that it is more cost-effective for us to rent rather than renovate our existing building or buy another building. Fortunately, we were able to work alongside the State of Maine and will soon be tenants in our own single-story building just next door to the new DHHS building.

We anticipate moving to our new space in January 2019. Our new address will be 139 Capitol Street, located on the corner of Capitol Street and Florence Avenue. We will have plenty of parking to welcome our members.

Our current P.O. Box 349, phone numbers, website address and e-mail addresses all will stay the same. We will continue to provide updates as our relocation date draws near.
Keeping Contact Information Current

Help us help you! Keeping your contact information up to date is the best way to insure you receive essential communications from us.

In addition to general communications, MainePERS also sends participants important materials via postal mail. For example, we mail retirees their annual Internal Revenue Service 1099-R forms and other important information throughout the year.

Having accurate and current contact information for you on file makes a big difference in how soon we get important information to you.

If you regularly move between two (or more) addresses (for example a winter and summer address) it is especially important to provide us with updated mailing information. Please contact us by phone or click and download our change of address form and send it to us through the US Mail.

2018 Cost-of-Living Adjustment

We’re thinking about COLA. Maybe you are, too . . .

On August 9, 2018, the MainePERS Board of Trustees adopted the 2.9% Consumer Price Index - Urban Consumers (CPI-U) rate compiled by the U.S. Department of Labor’s Bureau of Labor Statistics on June 30, 2018, as the basis for 2018 cost-of-living adjustment (COLA) for all pension plans to which it applies. Eligible recipients will first see the COLA reflected in their September pension payment.

Eligible State/Teacher, Judicial, and Legislative retirement plan retirees will receive a 2.9% COLA on their benefit up to $21,818.30 (which is the 2018 base), or a maximum increase of $52.73 per month. The 2019 COLA-base will also increase by 2.9%, to $22,451.03. The total additional amount that will be paid to the eligible benefit recipients in these plans during the next 12 months as a result of the 2018 COLA is expected to be approximately $15,744,000.

Eligible Participating Local District Consolidated Plan retirees will receive a 2.5% COLA on their current benefit. The total additional amount that will be paid to the eligible benefit recipients in this plan during the next 12 months as a result of the 2018 COLA is expected to be approximately $3,299,600.

There is more information about eligibility requirements and how your plan implements this COLA at www.mainepers.org. You can also call our office at 207-512-3100 and speak with one of our service representatives.