Message from the Director

Your MainePERS pension is an important piece of your retirement plan. In addition to retirement income from other jobs you may have held, your personal savings, and possibly Social Security, your MainePERS pension adds to your peace of mind in retirement. But how secure is your plan in this era where headlines across the country predict significant troubles for some other pension plans?

Our primary job is to help make sure your pension is there for you throughout your retirement. In fact, our duty is to members and retirees, and we are held to very high principles in carrying out this role. These principles are called fiduciary standards, and they guide how we make our investments, how we calculate the costs of each pension plan we administer, and how we manage our day-to-day role such as paying retiree benefits on time every month.

Fiduciary standards make clear that our exclusive duty is to our members, retirees and other beneficiaries by working within all investment, actuarial, and accounting standards. Maine’s Constitution requires that trust fund assets “shall be held, invested or disbursed as in trust for the exclusive purpose of providing for such [retirement] benefits.”

We specifically set our investment goals to balance market risks with the amount of income we can earn to fund your benefits. Investment income is the primary source of the funds that pay your benefits, so we take great care in choosing how funds held in trust are invested. This has become increasingly important over the last 20 years as shrinking interest rates have created greater reliance on stocks or other similar investments.

One of the significant ways MainePERS has worked to protect your benefit in this low interest rate era is to steadily reduce the amount we expect to earn on investments. This requires higher pension contributions because funding for a pension comes from either contributions or investment income, but has been a sound approach in protecting the funding of the plans we administer. Nearly all other states are working toward achieving an earnings assumption that MainePERS currently maintains.

The Maine Constitution is only one of a handful of state constitutions that supports sound pension funding by requiring that state employee and teacher retirement benefits “be funded annually on an actuarially sound basis” as determined by the MainePERS actuary. This means that the State of Maine and local school administrative units pay their share of ongoing costs each year and that the State of Maine also assists in making up losses in the fund for those plans. MainePERS applies the same sound actuarial practices to the other plans we administer including the Participating Local District Consolidated Retirement Plan (PLD Plan).

The State Employee and Teacher Retirement Plan is an example for the nation of how consistently following sound actuarial and investment policies ensures that pension benefits will be there for members and retirees throughout their lifetimes. By the 1980s, Maine had set aside less than 20 cents for each pension dollar owed to members and retirees. Today, the plan is 81% funded and well on its way to becoming fully funded.

Following these principles consistently has placed the pension plans MainePERS administers among the best funded in the country, which is good news for all plan members and retirees.

Member Statements

We have been mailing annual postcard reminders to check in with us about your retirement account for the past few years. Many people do contact us when they receive their reminder and we are able to touch base and answer questions. This summer we reinstated Member Account Statements as a regular mailing to you in your birth month instead of annual postcards. These statements will contain key information about your account, including beneficiary, service credit, vesting status, and contributions paid.
2019 Cost-of-Living Adjustment

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

On August 8, 2019, the MainePERS Board of Trustees adopted the 1.6% Consumer Price Index – Urban Consumers (CPI-U) rate compiled by the U.S. Department of Labor’s Bureau of Labor Statistics on June 30, 2019, as the basis for the 2019 cost-of-living adjustment (COLA) for all pension plans to which it applies. Eligible recipients will receive this increase in their September pension payment.

COLAs differ depending on which plan you are in. There is more information about eligibility requirements and how the COLA works in your plan at www.mainepers.org. You can also call our office at 207-512-3100 and speak with one of our service representatives.

Eligible State/Teacher, Judicial and Legislative retirement plan retirees will receive a 1.6% COLA on their benefit up to $22,451.03 (which is the 2019 base), or a maximum increase of $29.94 per month. The 2019 COLA will also increase the 2020 COLA base by 1.6%, to $22,810.25. The total increase that will be paid to the eligible benefit recipients in these plans during the next 12 months as a result of the 2019 COLA is expected to be approximately $9,100,000.

Eligible Participating Local District (PLD) Consolidated Plan retirees will receive a 1.6% 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 2019 COLA is expected to be approximately $2,250,000.

Keeping Track of Our Members

Have you checked in with us lately to make sure we have up-to-date contact information for you? We want to make sure the information we send is getting to you, and that it really is you when you call or write our office. We hope you put us in your “important information to update” file that you use when you move or have other life changes.

You can give us your up-to-date contact information by mailing us a signed address change form, found in the forms section of our web site. Active members can ask their employer to make the change for them. For your security, MainePERS staff will not share or update the contact information that is on file over the telephone or by email.

Required Minimum Distribution

Our members who have paid into tax-deferred pension plans must start receiving the benefits they earned by the time they reach age 70½ if they are no longer working in a MainePERS-covered position. These requirements come from state and federal law and are referred to as Required Minimum Distributions (RMDs), and are similar to those that apply to your 457, 401(k), or other tax-deferred savings accounts. MainePERS is making efforts to contact members who are or soon will be subject to RMD requirements. But you do not need to wait for that reminder. If you are no longer working in a MainePERS-covered position, contact Retirement Services today to update your contact information and to learn more information about your benefits and when you can receive them.
MainePERS Thanks Our Trustees

MainePERS extends our deepest thanks to three of our former trustees for their service and contributions to the retirement system, its members, and beneficiaries. Together these individuals dedicated over 20 years of exemplary service to MainePERS, its members and retirees.

Michael Currie, President and Managing Director at H.M. Payson, was appointed to serve in one of the two statutory positions appointed by the Governor. Mr. Currie served from 2017 to 2019.

Former Maine State Treasurer Teresea (Terry) Hayes served as an ex-officio member of the Board from 2014 to 2019.

Benedetto (Ben) Viola was appointed to serve in the position reserved by statute for a state employee after election by the Maine State Employees' Association. He served as a trustee from 2004 to 2018 and for the last nine of those years as the Board’s Vice Chair.

Newly Appointed MainePERS Trustees

Three new trustees have been appointed to the MainePERS Board. Please join us in welcoming the following new Trustees.

Henry Beck who was elected in 2018 by a Joint Convention of the 129th Maine Legislature to the office of State Treasurer. Treasurer Beck serves in an ex-officio role on the Board. He previously served on the Waterville City Council and in the Maine House of Representatives.

John S. Beliveau, Managing Director and Portfolio Manager at H.M. Payson & Company, was appointed by Governor Mills to serve in one of the two statutory positions appointed by the Governor. Mr. Beliveau is a member of the Maine CFA Society, Financial Planning Association.

Mark A. Brunton was elected by the Maine State Employees Association Local 1989 of the Service Employees International Union and was seated by Governor Mills in June 2019. Mr. Brunton, a Licensed Social Worker works for the Department of Health and Human Services, Office of Aging and Disabilities. He is the current president of the Capitol Western Chapter of MSEA and a member of the Finance Committee.

More information about the MainePERS Board of Trustees is available on our website at: www.mainepers.org.
**Legislative Update**

For those of you who follow pension bills in the Legislature, we have provided a summary of laws that have been approved and the status of those awaiting further actions as of our press time.

**New Laws Approved in 2019:**
- Public Law Chapter 364 (L.D. 1395) – Permits participating local district employers to cover dispatchers by a special plan.
- Public Law Chapter 395 (L.D. 1620) – Excludes collectively bargained salary and wage increases and job promotions from the 5%/10% “cap” on earnable compensation included in benefit calculations.
- Public Law Chapter 436 (L.D. 1220) – Removes compensation and time limit restrictions for retired state employees and teachers who return to work.
- Public Law Chapter 459 (L.D. 1400) – Permits the purchase of service credit for time worked as a law enforcement officer before becoming a MainePERS member.
- Public Law Chapter 460 (L.D. 1412) – Permits membership in the teacher retirement plan for employees of school management and leadership centers who meet the definition of teacher.
- Public Law Chapter 482 (L.D. 1480) – Places certain employees in the State Fire Marshal’s Office in a new special plan that provides for retirement after 20 years of service in a covered capacity.

The effective date of these new laws is September 19, 2019.

**Proposals Awaiting Further Action:**

<table>
<thead>
<tr>
<th>Category</th>
<th>L.D.</th>
<th>What the Proposal Does</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost-of-Living</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1104</td>
<td>Expands contractual commitment to include COLA</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>1537</td>
<td>Increases the portion of retirement benefit to which cost-of-living adjustments apply</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td><strong>Special Plans</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>833</td>
<td>Includes Emergency Communications Specialists in the 1998 Special Plan</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>1207</td>
<td>Includes Bureau of Motor Vehicle detectives in the 1998 Special Plan</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>1208</td>
<td>Includes detectives in the Attorney General’s Office in the 1998 Special Plan</td>
<td>Pending</td>
<td></td>
</tr>
<tr>
<td>1355</td>
<td>Includes Public Safety Crime Lab and Computer Crimes Unit employees in the 1998 Special Plan</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td>1659</td>
<td>Includes certain mental health workers in the 1998 Special Plan</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td>1842</td>
<td>Includes past service of certain Corrections employees in the 1998 Special Plan</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>467</td>
<td>Expands subsidized military service credit purchase</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td>1184</td>
<td>Reduces early retirement reduction for certain State retirees</td>
<td>Carry Over</td>
<td></td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>427</td>
<td>Shifts payment of teacher retirement normal costs back to the State</td>
<td>Carry Over</td>
<td></td>
</tr>
</tbody>
</table>
Did you know that cybersecurity is seen as the No. 1 threat to the global economy over the next five to ten years by CEOs in a recent survey of 200 global CEOs in Forbes largest private companies? We have all become aware over the last several years that we have to protect our security on a daily basis, but new threats seem to constantly pop up. We have included this special insert to help you in building new habits to protect your information and be our partner in protecting your retirement information which we maintain on your behalf.

**Don’t Get Compromised by Fraudulent Email**

Cyber thieves who gain access to or control of your email account can change your settings, including your password, and even use your account for criminal purposes. Once someone gains access to your email account, they can read, delete, and even send emails that look like they are from you.

Complex passwords that consist of a combination of upper-and-lower-case letters, numbers, and symbols are your best defense against cyber thieves. You increase your protection substantially when you get in the habit of changing your password every few months. While this may feel like an inconvenience, it is the best step you can take to protect your identity and financial security. There are many good password keeper apps for your smart phone, which assist with changing your password and making it a habit.

One other habit that will greatly increase your protection is to always check the sender’s email address of any email that contains links or attachments to make sure that sender is legitimate. Clicking on the sender’s address will show you the real address, not just the shortcut they have given as the sender. Fraudulent links in emails will send you to a website that may look legitimate, but is really designed to steal your identity by requesting you fill in a form with your personal information, such as your Social Security number. Fraudulent attachments can contain different types of malicious code which can harm your phone or computer and steal sensitive data.

Cyber thieves are better than ever at stealing your information. They play the odds that you may use a certain bank or type of cell phone, and “spoof” those companies and you with an alarming message like your bank account will be closed, or your phone turned off, until you click the link and reply.

So, make some new habits if you haven’t already. These are as important as eating right and exercising. The difference is these habits will help you have a healthy financial future.

**How Do I Know It’s You?**

Someone has actually been pretending to be MainePERS and trying to sell products to our members! Your caller ID says it is MainePERS, but it is not. These “spoofers” are trying to take your money.

Spoofing by phone is the same as spoofing by email. Someone is pretending to be someone they are not. It's easy and cheap for spoofers to get software that changes the caller ID information and makes it appear the call is coming from any number they would like you to see.

How do they know that you are a MainePERS member? All of our members are public employees, and those lists are available in many places. So spoofers just need to get phone lists and match them up with public employee names to see if someone will pick up their call. Then they hope they can get someone to fall for their sales pitch or thievery. You will know it is not MainePERS because we never have or ever will sell you products or services or give your name to anyone else for that purpose. We are here solely to help you with your retirement benefit. And, we carefully guard your sensitive data so it is not available to thieves.

You know by now that unscrupulous telemarketing firms are spoofing numbers to make it appear as though the call is coming from someone in the same city or town as you. Chances are you have learned not to answer those calls and see if they leave a message. Then you may go into their caller information and use your phone to block future calls. Most of the time this nuisance marketing call is more of an annoyance than an actual risk.

But, the same technique can be used by a cybercriminal with truly bad intent. These criminals want to masquerade as someone you trust – say, your bank or your doctor or someone else with whom you do business. When spoofing is used in

(continued on reverse)

---

1Cybersecurity is the biggest threat to the world economy over the next decade, CEOs say. By: Chloe Taylor. CNBC-Cybersecurity. 07/09/2019.
How Do I Know It's You? (continued)

this way, it is a modern-day electronic form of a “con” – a confidence scheme. The caller is fraudulently using that familiar phone number to trick you. They want to gain your trust so you are more likely to share other information that, as the police say when reciting the Miranda rights, “can and will be used against you.”

Do not fall for it. The most important thing to remember is it is easy to “spoof” a phone number. Do not let your guard down by trusting a caller just because they appear to be calling from a company you know. Verify the caller’s identity in some other way. One good way is to offer to hang up and call them back at the same number, or the organization’s official number. If the caller ID has been spoofed, that’s probably the last time you’ll hear that voice!

Is Ransomware Still a Thing?

Yes. In fact, the use of ransomware is actually on the rise. Ransomware is a type of attack hackers periodically use to extort money from unsuspecting people and organizations. If a hacker gains access to your computer, for example, they could steal and hold your information hostage. This is known as encrypting your data, and means you would lose access to all your pictures, documents, and even to the internet or other applications.

Hackers frequently target businesses or governments who require all of their data to run their operations. If they manage to gain this access, they will often request money or “ransom” to unlock the computer and files. This is why the software is known as ransomware.

In some cases, paying the requested amount will bring back access to your files. But, more often than not, the hackers will not fulfill their promises, and doing so will only further make the hostage a target for future attempts.

This is one of the reasons why prevention, such as changing passwords and not clicking on links or files, is so important.

How Else Can You Protect Against Ransomware?

1. One of the best defenses against ransomware, and many other potential threats, is having up-to-date antivirus software on your computer. Running periodic scans once a week will help catch and prevent any unauthorized access to your computer. Some antivirus software has active scanning to help prevent attempts as they happen.

2. Check to see if you are on a safe and secure website each time you are on the internet. Many sites now let you know their security credentials when you access their site. More importantly, many browsers warn you that you are not on a secure site.

3. Finally, the best way to keep your data from disappearing is to back up your files before ransomware can infect your computer. Copying your files to removable media such as USB flash drive and storing it disconnected from your computer ensures you always have a trusted and secure backup of all your important data. That way, you can safely restore your computer without worry of losing your data. We know backing up your data can be tedious, but even a monthly backup will go a long way to ensuring you always have a secure and reliable backup source for your valuable data!

Wiping and Disposing of Old Equipment

We all like new things, including computers. How do we safely dispose of the old computer and anything stored on it? When you stop using your old computer, phone or tablet consider these steps to prevent someone from recovering data from your device once you have disposed of it.

1. Back up the information on your old computer or laptop. Copy all your data to your new device or an external hard drive. If you are purchasing a new phone or tablet, the sales person will often perform this service for you.

2. Reset your old laptop, computer, or phone to factory settings. This will overwrite the data and delete your account information. You can generally find how to do this in “Settings”.

3. Because resetting still leaves some of your data on the hard drive, you may want to consider purchasing or downloading software (make sure it’s from a safe source!) to your device to delete any leftover data from the hard drive.

4. If you want to be 100% certain all data is destroyed, remove the hard drive and drill some holes through it or take a hammer to it. This can be fun, but make sure to shield your eyes! You can do the same with a phone or tablet.

5. Be a good steward of the environment and recycle the old equipment where this type of equipment is accepted. Electronic devices contain many components toxic to our planet.

If you are uncertain how to accomplish any of the steps above, consult with a local seller of computer equipment. Many retailers offer these services.