We hope you are enjoying fall and the fall weather. It has been a busy season for us, but we always look forward to sharing our retirement benefit calendar with our retirees. One piece of important information we have for you is that we are moving from our current location to a new building just up the road at 139 Capitol Street in Augusta. We plan to be open for business in our new location on January 15, 2019. We always look forward to hearing from you, so please feel free to contact us at Executive.Director@mainepers.org.

How MainePERS COLAs Work

The MainePERS Board of Trustees adopts cost-of-living-adjustments (COLAs) every August based on the Consumer Price Index – Urban Consumers (CPI-U) as of June 30 of that year. MainePERS adds the new COLA to your benefit starting in September. The 2018 CPI-U was 2.9%. Our retirees look forward to this annual adjustment, so we publish this information on our website prior to September so that everyone can know what their coming COLA will be.

You may wonder why we have more than one COLA rate and why your plan’s rate is either higher or lower than the other plan. MainePERS administers four primary pension plans – three are for the State of Maine and one – the PLD Consolidated Retirement Plan - is for local governments. All three State of Maine plans will have the same COLA, while the PLD Plan COLA may be different. This is because the State of Maine sponsors and pays for their plans, and local governments sponsor and pay for the PLD Plan. Each sponsor has different needs, so the designs of the plans differ. MainePERS administers all of the plans, and therefore we announce and add the COLA to your benefit.

The Legislature adopted the current State/Teacher Plan COLA design in 2011 to make contribution rates more affordable and to strengthen the Plan’s funding following the recession. This COLA is capped at 3% of a base amount that increases each year by the amount of the COLA. The 2018 COLA base was $21,818.30. This means the maximum COLA based on a 2.9% CPI-U for 2018 was $632.73, and the 2019 base will be $22,452.03.

The PLD Consolidated Plan’s COLA provisions changed in 2018 as part of several modifications to strengthen the plan’s ability to weather future financial challenges. This plan has a 2.5% COLA cap, also based on the CPI-U, but the COLA applies to each retiree’s entire benefit. The 2018 changes also allow for lowering the COLA in bad market conditions, which should reduce or eliminate future COLA freezes.

These examples show how each of the COLA provisions work:

<table>
<thead>
<tr>
<th>Plan</th>
<th>Benefit</th>
<th>Subject to COLA</th>
<th>Rate</th>
<th>Annual COLA</th>
<th>Monthly COLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/Teacher</td>
<td>$20,000</td>
<td>$20,000</td>
<td>2.9%</td>
<td>$580.00</td>
<td>$48.33</td>
</tr>
<tr>
<td>PLD</td>
<td>$20,000</td>
<td>$20,000</td>
<td>2.5%</td>
<td>$500.00</td>
<td>$41.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plan</th>
<th>Benefit</th>
<th>Subject to COLA</th>
<th>Rate</th>
<th>Annual COLA</th>
<th>Monthly COLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/Teacher</td>
<td>$30,000</td>
<td>$21,818.30</td>
<td>2.9%</td>
<td>$632.73</td>
<td>$52.73</td>
</tr>
<tr>
<td>PLD</td>
<td>$30,000</td>
<td>$30,000.00</td>
<td>2.5%</td>
<td>$750.00</td>
<td>$62.50</td>
</tr>
</tbody>
</table>

Going Paperless

We notified paper benefit check recipients last fall that all MainePERS benefit payments will be made through Direct Deposit beginning with the January 2019 benefit payment. We will no longer issue paper checks to retirees living in the U.S. If you have not yet made the switch, we need your bank account information soon in order to avoid any interruption in your January benefit payment. We are calling everyone that has not yet sent a direct deposit form to help with the transition.

Direct Deposit is the most secure and predictable way for you to receive your benefit payments because:

- Your money is delivered on time and is available to you sooner;
- You save time and money eliminating trips to the bank;
- Worries about the potential for lost or stolen checks are eliminated;
- Your financial information remains private because funds are moved directly to your account; and
- There are environmental benefits like saving paper, ink and fossil fuels associated with delivery.

Direct Deposit of monthly benefit payments are generally posted to your account on the next to the last business day of the month for which the payment is issued. Make the change now and experience the ease of the monthly deposit.

Starting Direct Deposit is a simple process in most cases:

- Submit a completed, signed, and dated “Authorization Agreement for Electronic Direct Deposit” form to MainePERS.
- Submit that form by the last business day of the month for the direct deposit to be active the following month.
- In addition, if you want the payment deposited into your checking account, attach a check marked “void” to your direct deposit form in order to guarantee accurate processing.

Full directions are available under “Forms” on our website, www.mainepers.org. If you have questions or would like additional information about Direct Deposit, please contact us at 1-800-451-9800 or via email at Retirement.Services@mainepers.org.
Gross Income Exclusion for Eligible Retired Public Safety Workers

Are you a retired public safety worker receiving your pension from MainePERS? Did you retire at or after your normal retirement age, or due to disability? Do you have your health insurance premium deducted directly from your MainePERS benefit?

If you answered yes to all three of these questions, you may be able to exclude up to $3,000 from your gross taxable income for those health insurance dollars you paid.

The Pension Protection Act of 2006 includes a provision that permits eligible retired public safety workers to exclude health insurance premiums of up to $3,000 per year from their taxable income. To qualify, a retired public safety worker must have retired on or after normal retirement age or due to disability. In addition, your health insurance premiums must be deducted directly from a qualified retirement plan, like MainePERS, and must be remitted directly to the insurance provider. If you think you qualify, please contact your tax advisor for additional information including how to claim the exclusion.

For PLD Retirees

If you are a retiree from one of our Participating Local District (PLD) employers and are thinking about going back to work in a position that is covered by MainePERS, there are recent changes you need to know about. PLD employers who hire a retiree of the Plan into a PLD Plan covered position need to let MainePERS know whether the returning retiree will continue to receive retirement payments or will terminate the benefit and re-enter the Plan.

• Continuing as a retiree. During the period that a retiree is employed, payments will be remitted to MainePERS by the PLD so that outstanding unfunded Plan liabilities continue to be funded.

• Re-entering the Plan. Starting on July 1, 2019, a retiree reentering the plan may have their retirement benefit terminated, and the person again becomes a full contributing member of the Plan and will accumulate additional service credit. When the person again retires, the benefit will be calculated in accordance with the law in effect at that time.

Important note: PLD retirees who were employed in one of these positions on October 1, 2018, are exempt from the changes until they terminate employment or June 30, 2021, whichever comes first. If a currently exempt retiree is still employed on July 1, 2021, at that point in time they will be subject to the new provisions.

Your Mailing Address

We need your help to make sure that your mailing address on file with MainePERS is current. Keeping your address up-to-date is essential to our ability to provide you with important notifications and time-sensitive documents like 1099r tax forms. If you have moved recently or are unsure that we have your current address, please contact us and we will make sure you get the form that must be submitted to update your address information.

Also know that accurately having your address is more important now than ever since we no longer send tax forms, advices of deposit, or any other information specific to you via e-mail or fax. Ending these past practices was needed to keep your personal data secure.

Here are the steps to follow if you need to change your mailing address and/or phone number with us:

• Submit a completed and signed “Member/Benefit Recipient Data Update form” to MainePERS via U.S. Mail:
  o You can find the form on the Retiree Home Page of the MainePERS website, www.mainepers.org under “Address and Information Changes”
  o Or call MainePERS at (207) 512-3100 or toll-free at (800) 451-9800 to request that a form be sent to you
  o Or stop into MainePERS’ office in Augusta to complete the form in person

• Send us a written request with your original signature to change your physical mailing address and/or phone number via U. S. Mail:
  o Or stop into MainePERS’ office in Augusta to drop off your written request with your original signature to change your mailing address and/or phone number