

Message from the CEO

As I complete my first year with MainePERS, I am pleased to share we have set a course for the organization over the next five years. Under the guidance of the Board of Trustees and with input from active and retired members, beneficiaries, staff, employers, and other stakeholders, MainePERS has developed a strategic plan designed to ensure quality member services and the ongoing security of your pension assets.

MainePERS began this process with a set of Goals and Objectives adopted by the Trustees in November, 2021, to guide our efforts. From this framework we developed mission and vision statements, organizational values, and a set of strategic objectives. The Trustees adopted the MainePERS 5-Year Strategic Plan on August 11, 2022.

I hope you will take a few minutes to review the full strategic plan at mainepers.org. Below you will find an excerpt from the plan outlining the Board's Goals and Objectives, our mission and vision statements, and our organizational values. I look forward to providing updates on our progress as we implement the plan.

Best regards,



Dr. Rebecca M. Wyke
Chief Executive Officer

MainePERS 5-Year Strategic Plan

Goals (ongoing, long-term strategic direction)

- Preservation of the Trust Fund
- Stability of the contribution rates
- Security and integrity of our information systems
- Cultivation of a member-centric organization
- Development of stakeholder relations
- Foster an engaged workforce that advances the organization's mission

Objectives (short-term legislatively directed)

- Planning for the post-2028 full funding of the Unfunded Actuarial Liability (UAL), including potential public pension plan options that include social security (Resolves 2021, c. 66 & 72)
- Responding to the recent divestment legislation (PL 2021, c. 231 & 234)
- Expanding the availability of defined contribution plans to teachers (PL 2021, c. 548)
- Exploring mandatory long-term disability insurance coverage (PL 2021, c. 277)

Mission: MainePERS partners with public employers to deliver retirement and related services.

Vision: MainePERS is a trusted and effective fiduciary focused on meeting the needs of active and retired members, beneficiaries, and employers.

Organizational Values:

Accountability – We act with integrity. We educate, equip, and empower all to consistently deliver knowledgeable and respectful service to our constituents and colleagues.

Respect – We are mindful of culture and diversity in all we do, exercising empathy, compassion, kindness, and appreciation in valuing all others.

Collaboration – We work together, proactively sharing information and knowledge and acting transparently in all interactions.

Stewardship – We secure and safeguard assets (data, funds) entrusted to our care and consistently comply with our obligations to ensure benefits are sustained.

Agility – We strive for personal and organizational excellence through continuous improvement.

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CHIEF EXECUTIVE OFFICER

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EMPLOYER SERVICES

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GROUP LIFE INSURANCE

(207) 512-3244

DISABILITY SERVICES

(207) 512-3170



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2022 Cost-of-Living Adjustment



On August 11, 2022, the MainePERS Board of Trustees adopted the 2022 cost-of-living adjustment (COLA) up to the limits allowed by statute and rule. The COLA is based upon the Consumer Price Index – Urban Consumers (CPI-U) rate, an index compiled by the U.S. Department of Labor's Bureau of Labor Statistics. Since the June 30, 2022 CPI-U rate was 9.1%, all plans will receive the maximum COLA allowed for each plan.

Beginning with the September pension payment, eligible State, Teacher, Judicial, and Legislative plan retirees will receive the 3% COLA on their benefit up to \$24,186.25 (which is the 2022 base), or a maximum increase of \$60.47/month. The 2022 COLA base will increase by 3%, to \$24,911.84, which will be the COLA base in 2023. The total amount that will be paid to the approximately 37,100 eligible benefit recipients in these plans during the next 12 months as a result of the 2022 COLA is expected to be approximately \$19,200,000.

The eligible Participating Local District – Consolidated Plan (PLD) retirees will receive a 2.5% COLA on their current benefit. The total amount that will be paid to the approximately 8,450 eligible benefit recipients in this plan during the next 12 months as a result of the 2022 COLA is expected to be approximately \$4,000,000.

You can read more about eligibility requirements and how your plan implements the annual COLA on our website at www.mainebers.org/retirement/colas/. You may also call our office at 800-451-9800 and speak with one of our Member Service Representatives.

Investment Update

FY 2022 was an eventful year for both the economy and the markets. The year began with the economy continuing its post-Covid recovery and saw stocks and bonds earn positive returns through the end of calendar year 2021. However, steadily increasing energy, food, and housing prices contributed to the highest level of inflation since the early-1980s, leading the Federal Reserve to begin increasing interest rates in March in order to slow the economy.

Stock and bond markets reacted negatively to rising interest rates, and both ended FY 2022 with losses. The investment landscape was not all negative, however. Other parts of the portfolio, such as Real Estate and Natural Resources, benefitted from some of the trends that emerged during the year and produced positive returns. While the numbers are not yet final, we estimate that the overall Fund ended the fiscal year with a small loss.

Diversification is one of our bedrock principles in building a portfolio, and FY 2022 illustrated the importance and benefits of investing across a variety of asset types. We continue to work toward reaching 100% funding for all of our retirement plans.

MainePERS to Increase Email Communication with Members, Retirees, and Beneficiaries



In an effort to enhance communication with members, retirees, and beneficiaries, MainePERS is excited to announce our plans to increase our use of email to provide you timely updates, this *MainePERSpective* newsletter, and other relevant information. This effort already has started, with a trial email to approximately 5,000 members and retirees this August.

Email is a quick, easy, and cost effective way for us to keep in touch and to serve you better. We have also heard from many of you, that you also prefer this convenient way to communicate.

We remain committed to the security of your sensitive information. For the protection of your data, we will continue to use specialized, secure email communication tools when sensitive information is involved.

Our use of email communications is one of many initiatives we are pursuing to modernize our member relations.

Annual Member Account Statements

Following a successful pilot that began last September, MainePERS is pleased to announce that since June 2022, all active members have been mailed an Annual Member Account Statement in the month of their birth. These statements contain key information about your account, including named beneficiary, service credit, vesting status, and contributions paid.

This statement also provides an opportunity to review the contact information MainePERS has on file for you. Should you need to update your contact information, please complete the Member/Benefit Recipient Data Update form available at www.mainebers.org/forms/member-forms/.

Update on the Maine Pension Income Deduction and Your MainePERS Benefit

Individuals who receive MainePERS benefits and file their taxes with the State of Maine may qualify for a pension income deduction for all or part of their MainePERS benefit. The amount of the pension income deduction available varies depending on the tax year and will be reduced by social security or railroad retirement benefits you may receive.

The maximum deductions for individual taxpayers for tax years 2022 and 2023 are \$25,000 and \$30,000, respectively. Starting in 2024, the deduction will be \$35,000. Additional information is available at www.mainebers.org/retirement/benefit-payment-and-tax-information/.

Please note, a new Form W-4ME must be filed with MainePERS if you would like to change your state withholding. This form may be found at www.mainebers.org/forms/retiree-forms/. If you have a tax preparer or advisor, they should be able to address any questions about the Maine pension income deduction. Questions also may be directed to Maine Revenue Services at 207-626-8475.

Secure Passwords: The First Defense Against Cyber Thieves

Online transactions with businesses, financial institutions, retail establishments, and even medical providers have become commonplace. However, it is important to be careful with your online transactions, and the first line of defense is creating a secure password. Here are some tips to keep in mind regarding passwords:



- Use a combination of upper-and-lower-case letters, numbers, and symbols.
- For extra security use longer passwords (more than six characters).
- Change your passwords on a regular basis.
- Never use personal information in your password.
- Use a unique password for each account or site (do not use the same password).
- Random passwords are the strongest (those that do not contain a set pattern or common words).

Finally, consider a password manager to generate a random password and also keep track of all your passwords. This provides added security by eliminating the need to write down your passwords where someone could find them. Several commercial password managers are available for use with your computer, cellphone, and other electronic devices.

Health Insurance Premiums and MainePERS

As a convenience for our retirees, health insurance premiums can be deducted from your monthly benefit payment and sent directly to your insurer, if they are an approved vendor. MainePERS does not administer any health insurance programs. If you have questions about your health insurance plan coverage, please contact the administrator of your health insurance program. A list of the most common plan administrators is provided below for your convenience.

Maine Education Association - 888-622-4418 ext. 2207 - Web: www.meabt.org

Maine School Management Association - 800-660-8484 or 207-622-3473 - Web: www.msmaweb.com

State Retiree Health Office (Employee Health and Benefits) - 800-422-4503 or 624-7380 - Web: www.maine.gov/deh

Legislative Update

For those of you that follow pension bills in the legislature, we have provided a summary of laws that were approved during the Second Regular Session of the 130th Legislature. The full text of enacted laws can be found on the Maine State Legislature's website at legislature.maine.gov/. When the 131st Legislative Session begins in January, we will continue to provide updates on pension related information on our website, mainepers.org.

New Laws Approved in 2022:

| Public Law | L.D. | What the Law Does | Effective Date |
|------------|------|--|----------------|
| 548 | 1922 | Makes several changes to retirement laws, including to clarify existing law and remove inconsistencies, align State law with federal law, remove obsolete sections, correct cross-references and make other non-substantive changes. | August 8, 2022 |
| 617 | 408 | Updates the date when MainePERS will next be scheduled for a review under the Government Evaluation Act. This review is done every eight years, with the System last reviewed in 2021. The System will next be reviewed in 2029. | August 8, 2022 |
| 635 | 1995 | This is the State supplemental budget for fiscal years 2022 and 2023. Part NN of the budget includes funding to provide an additional 1% cost-of-living adjustment to eligible retirees from the State-sponsored plans effective 2021. MainePERS implemented the additional COLA in May. It also increases the "COLA base," the amount subject to COLA, for September 2022 to \$24,186.25, reflecting the full June 30, 2021 CPI-U. Part DDD changes Maine tax code to increase the pension deduction amount on a graduated basis over the next three years. (See Update on the Maine Pension Income Deduction and Your MainePERS Benefit on page 3.) | April 20, 2022 |
| 651 | 2023 | Generally rewrites the laws pertaining to notarization. It permits remote notarization and electronic notarization if certain requirements are met. | August 8, 2022 |
| 666 | 1772 | Removes certain restrictions on when public bodies such as the MainePERS Board of Trustees can hold public proceedings remotely. | August 8, 2022 |

New Quick Tip Videos for Members Considering Retirement

Thinking about setting a retirement date in the next two years? MainePERS has four new Quick Tip Videos available that focus on frequently asked questions by members beginning to consider retirement. The topics include when to contact MainePERS about your approaching retirement, how to select a benefit payment option, how benefits are paid, and when benefits may cover the cost of insurance. The videos are available for viewing on the MainePERS website at www.mainebers.org/while-working/getting-ready-to-retire/.

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