
MAINEPERS

BOARD OF TRUSTEES MEMORANDUM

TO: BOARD MEMBERS
FROM: DR. REBECCA M. WYKE, CEO
SUBJECT: 5-YEAR STRATEGIC PLAN UPDATE – YEAR IV
DATE: OCTOBER 14, 2026

POLICY REFERENCE

[Board Policy 4.5 – Board/Staff Relations](#)
[Board Policy 4.6 – Communications and Support to the Board](#)

In August of 2022, the Board of Trustees adopted a 5-Year Strategic Plan. Much work has been done over the past four years to implement and operationalize the Plan. The focus of this report is to update the Board on the progress made in the fourth year of the Plan, September 2025 through August 2026.

This work advanced each of the six goals under the plan:

- I. Preservation of the Trust Fund
- II. Stability of the Contribution Rates
- III. Security and Integrity of our Information Systems
- IV. Cultivation of a Member-centric Organization
- V. Development of Stakeholder Relations
- VI. Foster an Engaged Workforce that Advances the Organization's Mission

The four legislatively directed objectives in the Strategic Plan were substantially completed in the first year of the plan, including: a study on potential public plan options that include social security (Resolves 2021, c. 66 & 72), responding to the divestment legislation (PL 2021, c. 231 & 234), expanding the availability of defined contribution plans to teachers (PL 2021, c. 548), and exploring mandatory long-term disability insurance coverage (PL 2021, c. 277).

In relation to **Goal I. Preservation of the Trust Fund**, a Board Work Plan for 2026 was adopted by the Board in November 2025. The Plan maps the Board's responsibilities as outlined in Maine law and Board Policy to the monthly meeting agenda and includes a frequency schedule to guide the annual update of the Plan. The Trustee Charter, which was adopted by the Board in March 2023, was reviewed and affirmed in November 2025. The Charter sets forth the Board's principles, duties, and oversight responsibilities for the Governance of MainePERS and its programs. Additionally, the Board reviewed and updated (as needed) more than a third of its

policies in the Board Governance Manual over the past year, consistent with its three-year review cycle.

Transparency efforts regarding Board operations continued, and all public meeting materials were posted on the MainePERS website in advance of meetings, in addition to agendas and minutes. These materials are archived on the website so members of the public may easily review prior meeting materials. MainePERS also posts materials for the Finance and Audit Committee and the PLD Advisory Committee online. Additionally, all Board and Committee meetings may be viewed live via an online webinar platform.

The Board conducted its annual self-evaluation in September 2025. As part of this process the Board received its annual education on best practices in Board governance. Following receipt of the Board's input on educational needs, an Education Plan was developed and presented to the Board in October 2025. The Plan includes educational presentations during Board Meetings, trustee seminars conducted by national associations, and materials for self-study. As part of this plan, fiduciary education was offered by the Board's governance consultant in April 2026, outlining the legal framework of the Trustee's fiduciary duties. The Board received required training on the Maine Freedom of Access Act, as well as quarterly investment and annual actuarial practices education. In addition, the Board received "mission moments" – introducing the Board to various programs within MainePERS – on a variety of topics, including: the enterprise risk management plan, the preliminary to final benefit process, the disability retirement program, the business continuity program, the succession planning process, the communications program, the information technology security program, the artificial intelligence policy, and two presentations on the pension administration system project.

One new Trustee was welcomed to the Board this past year. Onboarding for the new Trustee representing the Maine Education Association occurred in July 2025. The orientation, delivered by senior management, included the governance framework, fiduciary duties, actuarial valuation, rate-setting, cost-of-living increases, finances, investments, member services and employer services.

Through its Finance and Audit Committee, Trustees reviewed the 2025 Annual Comprehensive Financial Report prior to its acceptance by the Board, with MainePERS receiving a "clean" audit for the year from its external auditor, Berry Dunn. For the twenty-second year in a row MainePERS was awarded a certificate of achievement for excellence in reporting from the Government Finance Officers Association. The FY 2027 Annual Administrative Operations and Investment Operations Budgets were reviewed by the Finance and Audit Committee prior to their adoption by the Board. The budgets were developed to support ongoing operational needs as well as the Strategic Plan, in particular the development of the new pension administration system. FY 2026 ended within the respective administrative and investment operations budgets as approved by the Board.

The Finance and Audit Committee also oversaw the outsourced internal audit program. Audits were completed for human resources practices, death benefit processing, the employer auditing program and the vendor management program. The Committee reviewed the updated enterprise risk management plan and the 2026-27 internal audit plan, which includes upcoming audits for compensation, freedom of access compliance, refunds processing, lease schedules and fixed assets. Additionally, the Committee reviewed employer account reconciliations, currently 81% reconciled, as well as status updates on employer reporting issues.

The investment team, working with Cambridge Associates, began a review of the system's strategic asset allocation in June 2025. This review included an asset-liability study conducted by the Board's actuary reviewing eight potential asset allocations for the State Employee and Teacher Plan and the Participating Local District Consolidated Plan. Over the next several months, the investment team led a process with the Board to review the results of this study, culminating in the Board's approval of an updated asset allocation consistent with a moderate reduction in the plans' risk profiles in November 2025.

The Board reviewed private markets governance, investment fees, and a peer risk study with the investment team and consultants. The Board also reviewed actuarial best practices against peers with its actuary. Staff presented information on compliance with the divestment legislation and related investment policy statement provisions, updated the Board on the status of fossil fuel investments, and presented the final Divestment Report for the Legislature to the Board in December 2025. The Board also consulted Assistant Attorneys General Tim Steigelman and John Nichols, in executive session, concerning the Board's legal rights and duties related to the divestment legislation.

From an investment perspective, the System's portfolio benefited from a third consecutive year of strong investment performance. Preliminary earnings for FY2026 are 11.6%, and the preliminary trust fund balance is \$23 billion. Investment returns reported by the System's custodian for the 5 and 10-year periods ending June 30, 2026, were 7.4% and 9.4%, respectively, which are above the assumed rate of return of 6.5%. For the eighteenth consecutive year, MainePERS received the Public Pension Coordinating Council's Recognition Award for Funding in recognition of adherence to best practices in maintaining plan funding.

Under **Goal II – Stability of the Contribution Rates**, the Board reviewed and approved the FY 2025 actuarial valuations and reviewed the status of the State Employee and Teacher Plan unfunded actuarial liability in October 2025. On an actuarial basis for FY 2025, the trust fund had an investment return of 8.0% (market value of assets, 9.3%). The State Employee and Teacher Plan is 87.6% funded and the calculated employer contribution rate was stable at 20.0%. The Legislative and Judicial Plans remain fully funded at 135.9% and 108.7%, respectively. In anticipation of the FY 2026 valuation, the Board also reviewed the actuarial economic assumptions in June 2026.

MainePERS administered the award of the annual cost-of-living adjustment for the State-sponsored Plans. The Consumer Price Index-Urban (CPI-U) for the twelve months ended June 30, 2025, was 2.7%. Pursuant to Maine law, the Board of Trustees awarded an annual cumulative COLA of 2.7% in September 2025.

The Participating Local District (PLD) Advisory Committee reviewed the actuarial valuation approved by the Board for the PLD Consolidated Plan. On an actuarial basis for FY 2025, the Plan is 90.5% funded. Additionally, the employer/employee rates for the PLD Consolidated Plan were recommended by the PLD Advisory Committee and established pursuant to the authority granted by the Board to the Chief Executive Officer. The aggregate contribution rate for the PLD Consolidated Plan is 19.0%.

MainePERS also administered the award of the annual COLA adjustment for the PLD Consolidated Plan. Pursuant to Maine law and rule, the Board of Trustees awarded an annual cumulative COLA of 2.5% in September 2025.

Employers and other stakeholders were informed of funding trends through scheduled meetings with representatives of State government and the PLD Advisory Committee, as well as other communications. The Legislative committees of jurisdiction were also informed through the Annual Report to the Legislature in March 2026.

In spring 2026, the Board reviewed the results of the experience study for the State Employee and Teacher Plan and the PLD Consolidated Plan and approved minor adjustments to the demographic assumptions. In June 2026, the Board amended its funding policy to allow for the adjustment of amortization periods within Constitutional and policy limits in order to manage the volatility of contributions rates following the retirement of the legacy 1996 unfunded actuarial liability (UAL) of the State Employee and Teacher Plan. The Board reviewed the group life insurance premium study and approved rates in August 2026. As required by Board Policy, the Board also reviewed the results of the actuarial audit conducted by GRS at its September 2026 meeting.

For **Goal III – Security and Integrity of our Information Systems**, staff have been focused on developing the new pension administration system (PAS). MainePERS' current system is at end of life and in need of replacement. Planning for this transition began in fall 2022. A Request for Proposals (RFP) was developed and issued in May 2024, and the contract was awarded to Sagitec Solutions for their Neospin™ system in October 2024. The project officially kicked off in April 2025, following the conclusion of contract negotiations. The project has concluded the project inception and planning phase, including project governance and management plans, and the detailed business process reviews and requirements confirmation. The current phase of the project is focused on configuring the Neospin system to meet our requirements, a process that is expected to take the next two years. Work continues on infrastructure and environments, as well as data cleansing with more than 450,000 data points having been addressed to date. Staff also created a data map to support conversion of data from the legacy system to the new PAS. Overall, the project continues to be on track for quality, scope, schedule, and resources.

We completed 14 cybersecurity exercises over the past year, including: web application penetration testing, external and internal penetration testing, a social engineering physical breach test, and a tabletop exercise focused on artificial intelligence. We implemented the Fortinet network security firewall solution to enhance our security posture and rolled out FortiClient VPN for secure remote connectivity. Staff also received cybersecurity training to educate and guard against various threats, as well as training on the appropriate use of artificial intelligence.

Development of a comprehensive member education, communications, and service model that supports planning for retirement security is a key strategic objective under **Goal IV – Cultivation of a Member-centric Organization**. This past year MainePERS conducted 37 webinars covering 8 different topics that were attended by more than 900 members. Additionally, MainePERS participated in webinars and in-person educational sessions organized by others.

We published three member newsletters this past year, one targeted with information just for retirees, another with information just for active members, and a third that was sent to all. We also participated in the annual meetings for MEA-Retired, MSEA-Retired, and Maine Association of Retirees as a vendor to meet with members, provide information and answer questions.

The benefit estimator, introduced in February 2023, continues to be a popular tool for members to aid in their retirement planning with average monthly usage of 1,200 in 2026.

Staff continue to monitor all key workflow metrics on a weekly basis and have eliminated many of the backlogs in existence when the Strategic Plan was developed, including the backlogs in service retirement estimates, member requests for benefit verifications, beneficiary elections, and member account statements, and processing times for these requests continue to be current.

The only significant remaining backlog is in moving retired members from a preliminary to a final benefit. The roots of this backlog are complex, and the solution lies in streamlined processes, additional staffing, and enhanced technology. The staff have implemented several process changes to better manage this work. The Board also approved additional staff positions to keep pace with our expanding membership rolls, while plans to develop a new pension administration system are well underway. The process changes and additional staffing are making a difference, and the pending queue was reduced by more than 50% from June 2025 to June 2026.

In the first year following the establishment of the strategic plan, we reported that MainePERS conducted an extensive review of the disability retirement program following the implementation of Public Law 2021, c. 277. Both the law and the review focused on the application process for disability retirement. Other improvements to the disability retirement program over the past few years include: use of the Social Security Administration's compassionate allowance list; guidance on the definition of "earnings"; introducing a formal waiver process for the annual statement of compensation; removing the continuous service requirement from the standard for pre-existing conditions; and removing the offset for Social Security. This past year we focused on the experience of members receiving a disability retirement benefit and through process changes and legislation made additional member-focused improvements, including: streamlining eligibility determinations; simplifying earnings limitations; and eliminating the collection of overpayments.

Our most recent survey of members who have completed the disability retirement application process since the prior survey was conducted in July 2026. Ninety-three percent (93%) of those responding were satisfied or very satisfied that the process was fair, while 2 respondents were neutral. One hundred percent (100%) of respondents agreed or strongly agreed that they were treated with respect and had their questions responded to in a timely manner.

Perhaps one of the most significant achievements highlighted in the Year I update on the Strategic Plan was the development and launch of the member portal for which a phased rollout began in fall 2023. To date over 38,000 members have registered for the portal. Members use the portal to access forms, as well as to review member statements and tax information. Members have also used the portal to update their own demographic information with over 6,000 transactions to date.

MainePERS conducted its most recent annual member survey for active and retired members March 30 through April 16, 2026. Ninety-six percent (96%) of retirees and 61% of active members indicated they were "satisfied" or "very satisfied" with MainePERS. Ninety-three percent (93%) of retirees and 70% of active members stated they "agree" or "strongly agree" that MainePERS acts with integrity. And, 81% of retirees and 46% of active members "agree" or "strongly agree" that MainePERS staff are knowledgeable.

Under **Goal V – Development of Stakeholder Relations**, MainePERS staff have continued to focus on improving stakeholder relations with our more than 500 employers. Last year we convened a new Employer Advisory Panel which now meets quarterly. The Panel has more than 20 members representing both large and small employers, as well as a diverse group of school districts, municipalities, local authorities, and the state of Maine. The Panel provides our employer partners with a conduit for input into the development of the new pension administration system, training materials, and planning for transition to the new system, as well as an opportunity to discuss other issues of mutual interest.

Monthly online training sessions are available to MainePERS' employers covering employee eligibility and enrollment, as well as basic navigation within the employer portal. Employers also receive a quarterly newsletter with information on payroll filing deadlines, training opportunities, tips for using the employer portal, and upcoming events and deadlines. User manuals for the employer portal are available on our website along with quick reference guides and training videos.

The most recent employer satisfaction survey was held in September 2025. Eighty-four percent (84%) of employers were "satisfied" or "very satisfied" with MainePERS, compared to 78% the previous year. The next employer survey will be held September 28 through October 9, 2026.

MainePERS worked closely with the Participating Local District (PLD) Advisory Committee, whose membership includes five employer representatives and five employee representatives. Committee members received education and informational updates, and multiple new members received onboarding. Over the past year, the Committee reviewed information on the PLD Consolidated Plan, developed contribution rates, and reviewed department legislation regarding the disability retirement program. Participation in the PLD Consolidated Plan continues to grow. The Plan grew by 12 new employers and 353 active members in FY 2026. In addition, the MaineSTART program grew employer participation by 10% and member participation by 9%.

MainePERS also worked closely with member organizations representing our active and retired members. We met with leaders of the Maine Education Association (MEA) and Maine Service Employees Association (MSEA) during the year in regard to both specific items as well as general discussion. Representatives of both these associations were in communication with us on pending legislation and questions on the defined benefit plans. Regular articles were drafted by MainePERS for the newsletters of the Maine Association of Retirees and MEA-Retired. As noted under Goal IV, we supported retirees by participating in the annual meetings for MEA-Retired, MSEA-Retired, and Maine Association of Retirees. We also supported employer organizations by participating in the annual meetings of the Maine Municipal Association, the Maine School Management Association, the Maine Local Government Human Resources Association, and the Maine Government Finance Officers Association.

In the last legislative session MainePERS reported on divestment and ESG, and provided our annual report on operations. We also worked closely and collaboratively with members of the Committee and other stakeholders on legislation impacting MainePERS members. In particular, we advanced successful legislation to make further member-friendly improvements to the disability retirement program. Senior leaders met with legislators, members of the Governor's administration, labor unions, and other stakeholders on request to discuss issues related to services, legislation and investments. Stakeholders were also kept informed via email on important issues.

At the time the Strategic Plan was being developed, a sixth Goal was recommended by staff and adopted by the Board of Trustees, ***Goal VI – Foster an Engaged Workforce that Advances the Organization's Mission***. The Organizational Values Steering Committee was chartered in fall 2022 to guide the work of institutionalizing the organizational values developed by the staff as part of the strategic planning process. The Steering Committee is staff-led and promotes interdepartmental communication and collaboration as we work to bring all MainePERS staff into one cohesive team. Over the last four years the Committee has worked to improve employee-facing system policies, organizational communication, and collaboration on system-wide projects. Recently, as part of the strategic plan refresh, the committee surveyed co-workers on the organizational values and staff subsequently voted on some minor revisions that will come forward to the Board this fall. The committee is currently conducting a set of listening sessions with staff.

The staff-led Events Committee continues to plan social engagements and employee recognition events. The senior management team also organized and staffed the fifth annual cookout as a thank you to our employees for their work on behalf of our members. We continue to produce a bi-monthly employee newsletter to keep everyone up to date on staff comings and goings, upcoming events, important reminders, policy updates, and other items of interest. In addition, monthly lunch and learn sessions have continued, topics included: employment benefits; service animals in the workplace; artificial intelligence; imposter syndrome; retiree health insurance; freedom of access law; and a variety of user application sessions hosted by our IT team.

In the first year of the strategic plan, we revamped the onboarding program for new staff to include education on MainePERS' governance, mission, vision, and strategic plan, which is led by senior managers. Members of the Organizational Values Steering Committee also participate in these sessions by presenting the organizational values. The program was expanded a few years ago to include cross-departmental presentations as part of the onboarding process to promote communication and collaboration among departments. The peer contact program continues, where a veteran employee is paired with a new hire to assist with orientation. All of these efforts have resulted in positive feedback from new hires as measured through a survey conducted by human resources.

Senior leaders develop annual training plans to support the development of their respective staff. Three MainePERS staff members have now completed course certification in organizational change management and four staff members have completed a course in artificial intelligence. Leadership development for employees is supported through the Kennebec Leadership Institute with two additional participants enrolled for fall 2026. The supervisory training series continues, supporting both new and veteran supervisors. Work on inclusion and belonging also continues through regular training offered through our online training academy. A special two-hour education session for senior leaders and supervisors was held last year on understanding implicit bias and that same education is currently being rolled out to staff.

Employee turnover was slightly higher compared to last year but has remained relatively stable for the past three years. Turnover was 12% in 2025 compared to 11% in 2024, versus 13% in 2023 and 22% in 2022. Korn Ferry has been engaged to complete a compensation study this fall in anticipation of the next collective bargaining agreement. The last study was completed in 2023.

The most recent employee satisfaction survey was conducted in January 2026. The survey's response rate was 74%, of those responding 88% stated they "agree" or "strongly agree" they are satisfied with their job versus 74% in 2023. Additionally, 86% stated they "agree" or "strongly agree" they would recommend MainePERS as a great place to work versus 61% in 2023.

Conclusion

Over the past four years, much has been accomplished to move the Strategic Plan adopted by the Trustees forward and the momentum continues. The focus over the next two years will largely remain on the development of the new PAS to ensure successful implementation. As previously discussed with the Board, a "refresh" of the Strategic Plan will be brought to Trustees this fall to ensure the relevance of the Plan through the end of the PAS development. On behalf of the staff at MainePERS, I am pleased to offer this update on the progress of the Plan and look forward to accomplishing more in the year to come.