



The Advisor

for our Retired members

A periodic publication of the Massachusetts Teachers' Retirement System as a service to its members

June 2018

BASE REMAINS AT \$13,000

3% COLA included in Governor's FY2019 budget

If approved, would allow a maximum annual increase of \$390, effective July 1st

In this issue...

A message from the chairman 2

Board and staff news

Auditor's new designee joins Board; two long-serving MTRS Directors retiring in June 3

The MTRS:

Who we are

Statistics on our membership, retirement benefits and funding 4-5

Board supports divestment from gun and ammunition companies

Standing in solidarity with students, educators and communities everywhere 6

Don't fall victim to phone scams

Beware of unsolicited calls—say nothing and hang up 7

As we go to press, the Senate has included in its FY2019 budget proposal the Governor's recommendation for a cost-of-living adjustment (COLA) of 3% on the first \$13,000 of eligible MTRS retirees' benefits. The House had already approved the increase in their budget in late April. This COLA would allow for a maximum annual increase of \$390 for the fiscal year beginning July 1, 2018.

Although the Consumer Price Index for the year ended December 31, 2017 was 2.0%, the Legislature and Governor may still allow up to 3% in accordance with M.G.L. Chapter 32.

Before the MTRS can pay any COLA, however, the House and Senate must resolve the differences in each of their budgets and send a final budget to the Governor for his approval. As all have consistently approved a 3% COLA since 1999, we are hopeful that they will approve this amount again this year. The increase, if approved in time for us to process it in July, will be paid in our retirees'

July benefit payments. To be eligible to receive this COLA, you must have retired on or before June 30, 2017.

For the latest information about the status of the FY2019 COLA, and other retirement related news, please watch our website at mass.gov/mtrs—or better yet, join our e-mail list and receive up-to-date information right in your inbox (*see page 2*).

HELP WANTED

As a retired educator, you are highly sought after for volunteer positions!



For a listing of available opportunities, visit mass.gov/mtrs, click on the Retirees tab. Under the "I want to..." menu, click Find employment and volunteer opportunities

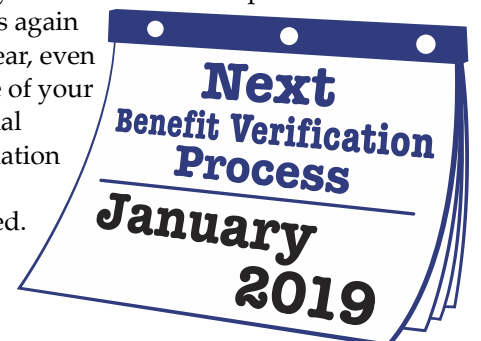
Thank you, retirees!

99.99% of you returned last year's Benefit Verification forms—benefit payments remain stopped for 10 retirees whose forms are still outstanding

In January 2017, we mailed blue and yellow Benefit Verification forms to our over 63,000 members who were receiving a monthly benefit as of December 31, 2016. We are very happy to report that, as we go to press, we have received all but ten of these forms—a return rate of 99.99%. Thank you for your cooperation!

The Benefit Verification process is important in helping to keep the MTRS' records up-to-date and to ensure that benefits are being

paid to the correct individuals. Please keep in mind, you will have to take part in this process again next year, even if none of your personal information has changed.





Jeff Wulfson, Chairman

FROM THE CHAIRMAN

MTRS assets in good hands with PRIM Board

Pension Reserves Investment Management (PRIM) Board recognized as one of the nation’s top public sector institutional investors

The financial health of our pension system depends on three sources of income: employee contributions, employer contributions (which are paid by the Commonwealth on behalf of local school districts), and investment income. MTRS has more than \$28 billion in its investment accounts, which are managed by the state’s Pension Reserves Investment Management (PRIM) Board. PRIM also manages the investments for the State Employees Retirement System and many local retirement boards.

PRIM’s investment activities are handled by a small professional staff headed by executive director Michael Trotsky. Michael reports to a nine-member board, which is chaired by Treasurer Deborah Goldberg. The PRIM Board also includes two MTRS representatives: Bob Brousseau, a retiree of the Wareham public schools who was elected by the MTRS membership; and, Dennis Naughton, a retiree of the Millis public schools, who was selected by the MTRS Board.

PRIM is widely regarded as one of the nation’s top public sector institutional

investors, with above-market returns and a strong emphasis on risk management, and that’s good news for us (see page 5 for recent

Our assets are managed by a team of professionals who are regarded as top public sector investors.

In contrast, 401K retirement plans rely on each worker’s ability to manage their own investments.

their outstanding work and their invaluable support to the Teachers’ Retirement System.

My best wishes to you and your families for a healthy and happy summer.

investment returns). In contrast, 401K retirement plans rely on each worker’s ability to manage their own investments, and it’s pretty clear that most of us don’t have those skills.

We want to acknowledge and thank the entire PRIM team for

BOARD MEMBERS

Jeff Wulfson
Chairman, Designee of the Commissioner of Elementary and Secondary Education

Deborah B. Goldberg
State Treasurer

Suzanne M. Bump
State Auditor

Dennis J. Naughton
Elected by the Membership

Jacqueline A. Gorrie
Elected by the Membership

Richard L. Liston
Appointed by the Board

Anne Wass
Appointed by the Governor

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Assistant Executive Director

James O’Leary
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mass.gov/mtrs

Stay up to date on retirement issues—

Have retirement updates delivered right to your Inbox when you join our e-mail list!

Just give us your e-mail address and you’ll get advance notice of upcoming seminars, important announcements and retirement news delivered right to your Inbox. It’s easy!



- 1) Go to mass.gov/mtrs.
- 2) Click on **Join our e-mail list** in the footer.
- 3) Complete the simple online form with your MTRS member status (retiree or survivor beneficiary), name and your e-mail address.
- 4) Watch your e-mail for periodic updates!

New e-mail address? No problem—just send your old and new addresses to us at geninfo@trb.state.ma.us and we’ll update our records so that you don’t miss any updates!

Board welcomes Auditor's new designee, Michael Ruane

Appointed by Suzanne M. Bump, Mr. Ruane joined the Board in April

Michael P. Ruane serves as the Deputy General Counsel for the Office of the State Auditor, Suzanne M. Bump. Before joining the Auditor's office, Mr. Ruane maintained his own private law practice, focusing primarily on criminal and civil litigation. Prior to establishing his private practice, Mr. Ruane served as an Assistant District Attorney in Essex County prosecuting criminal matters.

Mr. Ruane is a graduate of St. John's Preparatory School. He holds a Bachelor of Arts degree from the University of Notre Dame, a Master of Arts degree from Saint John's Seminary, and a Juris Doctor degree from Suffolk University Law School.

We are very pleased to welcome Mr. Ruane, and look forward to working with him in the coming years.

About the Board

The Board is composed of seven members: the State Treasurer, or her designee; the State Auditor, or her designee; two members who are elected by the active and retired members of the system; one member—who must be a retired teacher—who is appointed by the Governor; one member who is chosen by a vote of the other six; and, the last member and the Board's chairperson is the Commissioner of Elementary and Secondary Education, or his designee.

The Board votes on every disability retirement allowance, establishes the rules and regulations of the agency, and oversees the dissemination of services and information to its membership of more than 92,000 active members and 65,000 benefit recipients.

For more information about the Board and its members, visit our website at mass.gov/mtrs.

In Memoriam: Joannah M. Quinn

Served as the Auditor's designee for the last six years, always showed compassion for our members



On May 8, 2018, we lost Joannah Quinn, a good friend and respected colleague, after a prolonged battle with illness. Joannah was 44.

In 2012, Joannah was appointed by Auditor Suzanne M. Bump to serve as the Auditor's designee on our Board. From the beginning, Joannah served all members of the MTRS with care and respect. She was Chief Legal Counsel for the Auditor, and brought expertise, dedication and compassion to her role on the Board. She demonstrated empathy for our members when evaluating their disability applications, and was always supportive of the MTRS staff.

Despite her health issues, she remained upbeat and lit up the room with her great sense of humor and style. She became a friend to many of us during her tenure, and will be sorely missed by us and the entire retirement community.

Two long-serving MTRS Directors retiring in June

After many years of helping our members navigate the retirement process, Rochelle Mosley and Michael Williams are looking forward to retiring themselves!



Rochelle Mosley
Director of Records
Administration

A veteran MTRS staff member with over 30 years in state service, **Rochelle Mosley** will be retiring as of June 30.

Rochelle began her MTRS career in our Finance Department and went on to hold leadership roles in payroll, human resources, and administrative services. She currently serves as our Director of Records Administration, overseeing the team responsible for the agency's document imaging and indexing.

After nearly 20 years of assisting countless members and retirees, **Michael Williams** is retiring from the MTRS.



Michael Williams
Director of
Retiree Services

Michael began his career with the MTRS in our Member Services Department, and was quickly promoted to lead the newly created Call Center in 2000. Shortly thereafter, Michael was named the Director of Retiree Services, leading the unit responsible for

processing member deaths and the full range of retiree support services.

Like many of our members, Rochelle and Michael are looking forward to relaxing and spending more time with their families.

We congratulate Rochelle and Michael, thank them for their service, and wish them much happiness in retirement!



A snapshot of the MTRS

A profile of our membership...

Who we are

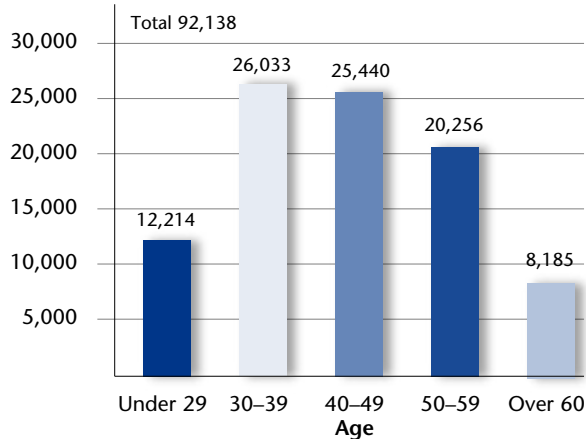
Active members

- Average salary \$71,464
- Average age 43.6 years
- Average service . . 13.0 years
- Total member compensation . . \$6.6 billion
- Employee contributions . . \$665 million

Retirees and survivors

- Average annual benefit . . . \$43,642
- Average age 72.4 years
- Total benefits paid . \$2.838 billion

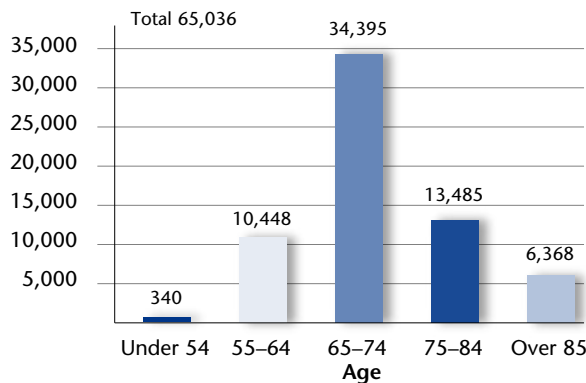
Our active members, by age



In 2004, the ratio of active members to retirees was 5:2, meaning there were five active members for every two retirees.

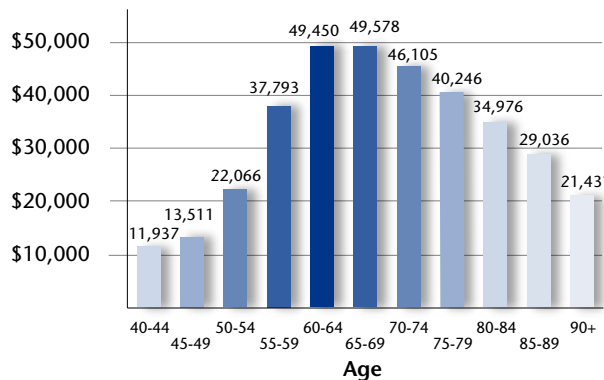
The ratio has now decreased to less than 3:2, or three active members for every two retirees.

Our retirees and survivors, by age



This population has never been greater, with the number of older retirees continuing to grow—including 2,581 now age 90 or over.

Average annual benefit, by recipient age



While the average benefit by age will vary from year to year based on the ages of new retirees, it has increased over the years.

Source: Public Employee Retirement Administration Commission's 2017 Actuarial Valuation of the Massachusetts Teachers' Retirement System, www.mass.gov/files/documents/2017/12/08/2017teachers.pdf

...and our funding status

Where we stand

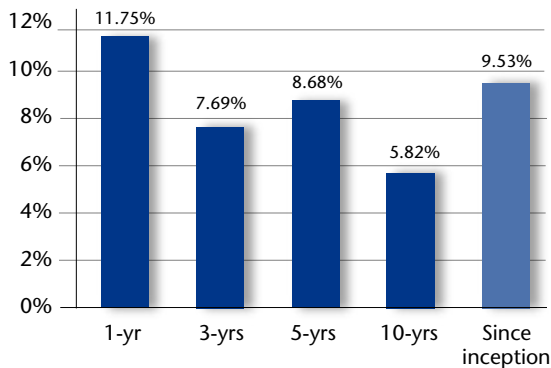
PRIM Board's Private Equity Portfolio ranked #1 among US public pension funds by American Investment Council

In the American Investment Council's report ranking the Top 10 private equity portfolios among 163 public funds based on 10-year annualized returns as of June 30, 2017, our PRIM Board's Private Equity Portfolio took first place. PRIM is the only fund to rank in the Top 5 of all private equity portfolios in every year that the AIC has performed the study, including top honors in 2015 and 2013.

The PRIT fund currently invests about \$7.5 billion, or 10.4% of its total, in private equity. For the period ended March 31, 2018, the portfolio's one-year return was 25%; for three years, 19.1%, and for five years, 19.6%.

Kudos to PRIM on its continued investment performance, and congratulations on receiving this industry recognition!

PRIT core fund performance

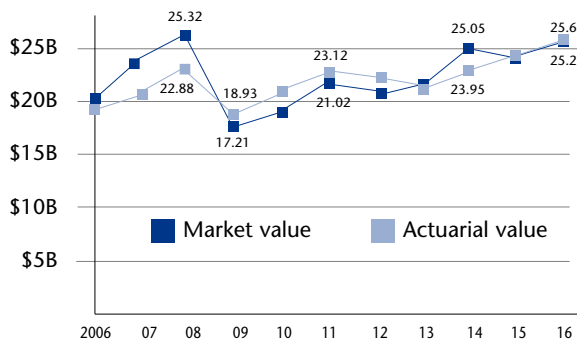


As of April 30, 2018

For 2018, the State Actuary set 7.35% as the pension fund's long-term rate of return target.

The system has averaged 5.82% over the past 10 years, and 9.53% since its inception in January 1985.

MTRS asset value



The actuarial value of assets is determined via "smoothing" of the market value over a period of five years.

As of January 1, 2017

- Percent funded 52.1%
- Unfunded actuarial liability \$23.5 billion
- Year fully funded 2036

Our next valuation, effective 1/1/2018, is expected to be complete by the fall of 2018.

The Teachers' Retirement System's assets are invested by the Pension Reserves Investment Management (PRIM) Board.

As of April 30, 2018, the PRIT Fund's assets were invested as follows:

- Global equity 42.9%
- Core fixed income . . . 12.7%
- Value-added fixed income 8.1%
- Private equity 10.4%
- Real estate 8.6%
- Timberland 3.3%
- Portfolio completion strategies 12.6%
Hedge funds, risk premia, real assets and equity hedge strategies
- Cash overlay 1.0%

For more information about the PRIM Board and the PRIT Fund, visit PRIM's website at mapension.com



Board supports bill requiring PRIM's divestment from gun and ammunition companies

At the May 2 public hearing of the Joint Committee on Public Service, the Board submitted written testimony in support of the legislation to divest Massachusetts public pension assets from ammunition and firearms companies

In the wake of the horrific school shootings in Parkland, Florida, and the prevalence of gun violence across the nation since the shootings at Columbine High School in 1999, Sandy Hook Elementary School in 2012, and many others, the Massachusetts Teachers' Retirement Board ("the Board") was compelled to add its voice to the growing chorus of state and local retirement systems, financial institutions and stakeholder groups calling for gun divestment.

To that end, the Board submitted written testimony in support of legislation, *An Act requiring public pension fund divestment from ammunition and firearms*, filed by Senator Cynthia Creem of Newton (S. 2407) and Representative Lori Ehrlich of Swampscott (H. 4402) in partnership with Treasurer Deborah Goldberg.

If enacted, S. 2407/H. 4402 would require the Massachusetts Pension Reserves Investment Management (PRIM) Board to divest state pension funds from companies that derive more than 15% of revenues from the sale or manufacture of ammunition, firearms or firearm accessories for civilian purposes.

The Board believes the legislation as drafted takes a measured and narrow approach on divesting from gun and munitions companies. It recognizes the Massachusetts Pension Reserves Investment Management (PRIM) Board's fiduciary responsibility to maximize returns while mitigating risk for the benefit of the Commonwealth's public employees and retirees by allowing PRIM to cease or reverse divestment upon evidence that the fund would decrease in value by more than 0.5%. Today, that would

represent a reduction in assets of approximately \$350M, whereas PRIM's current holdings in this category total just over \$5M.

The Board does not take this position lightly. In the past, the Board has remained neutral regarding divestment initiatives, because our first priority is to ensure the funding and security of benefits for our members and

their beneficiaries. However, at \$5M, PRIM's holdings in gun companies represent a tiny fraction—approximately 0.007%—of total plan assets, and the Board believes that equivalent investments can be made so that divestment would have no detrimental impact on the fund's bottom line.

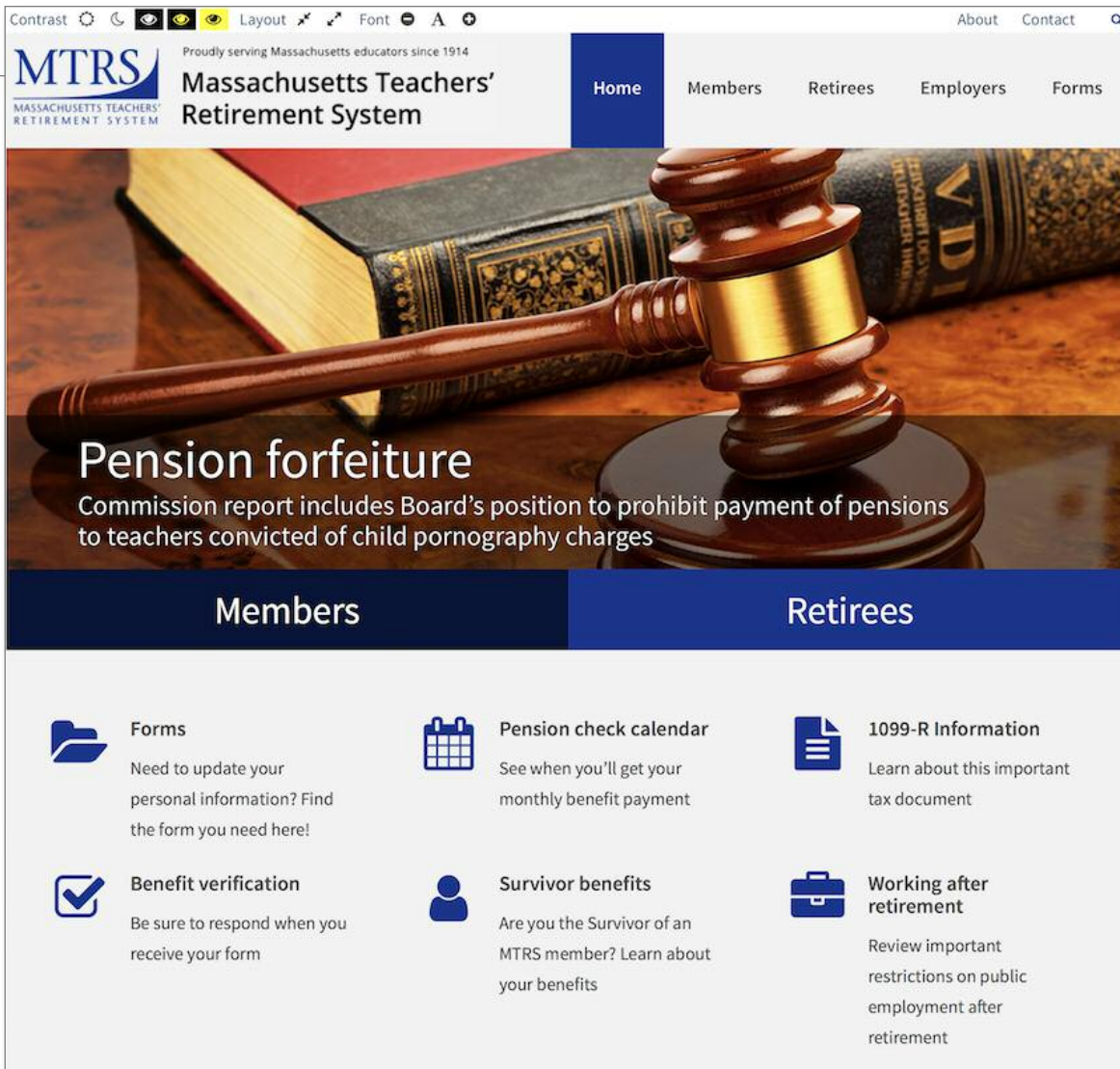
Further, the Board takes this action as a means of demonstrating support for the children, educators and communities that have been victims of horrific school shootings.

On May 2, 2018, the Joint Committee on Public Service held a public hearing on S. 2407/H. 4402. In addition to the testimony from the MTRS, the committee

heard testimony from Senator Creem and Representative Ehrlich, as well as several other supporters of the legislation. State Treasurer Goldberg also submitted written testimony in support of the bills.

Recently we learned that the gun divestment legislation was sent to a study for further review. We anticipate the legislation will be refiled for the next legislative session by the sponsors. Future updates will be posted on our website at www.mass.gov/mtrs.

Citing the number of shootings that have occurred in schools in this country, and their deadly toll on students and educators, the Board voted to support legislation requiring divestment from gun manufacturers.



Check out our redesigned website at mass.gov/mtrs!

Modern look-and-feel ■ Mobile-friendly ■ Clear, succinct labels
Comments? Click Feedback and tell us!

Don't fall victim to phone scams

If you receive an unsolicited call from an individual who is requesting that you immediately pay a sum of money, beware—it is most likely a scam

Often, these individuals will claim to be from a legitimate organization and request that you make a payment in some dubious way (such as prepaid credit cards, reloadable debit cards or gift cards)—they may even spoof a genuine phone number to trick your caller ID.

In this situation, the best thing to do is to say nothing and just hang up. If your bank, the IRS, the MTRS or some organization has a legitimate need to communicate with

you about a payment, it will always be in writing, not over the phone.

With many reports of phone scams in the news, remember that we will never make any unsolicited calls to request any payments or changes to your account, nor do we provide your phone number to others except pursuant to a public records request from a qualified organization.

If you ever receive a call from anyone claiming to be from the MTRS and requesting payment in the form of a credit, debit or gift card, please call us immediately at 617-679-6877.



3% COLA proposed for FY2019 1

Learn what it means for you, and—
if approved—when it would be paid

Board and staff news 3

Auditor’s new designee joins Board;
two long-serving MTRS Directors retiring in June

Our system: A snapshot 4–5

A profile of who we are and our funding status

**Board supports divestment from gun
and ammunition companies 6**

Standing in solidarity with students, educators
and communities everywhere

*Plus a message from our Board chairman—
and more!*

Next time you’re online, be sure to check our unclaimed funds list

Are you—or someone you know— entitled to unclaimed funds?



If you are the executor or executrix, or the survivor or beneficiary of a deceased MTRS member or benefit recipient, and neither you nor the member’s estate has received a “final payment” of the deceased member’s retirement benefit, **the MTRS may have unclaimed funds on account for you.**

For our list of members for whom we have unclaimed funds, visit mass.gov/mtrs

Important reminder to Option A and B retirees and survivor benefit recipients...

Don’t let your final payment end up on the unclaimed funds list—be sure to name a beneficiary to receive any benefits due in the month of your death. If you haven’t already named one, download a *Beneficiary Designation Form for Retirees and Survivors* from our website.