



The Advisor

for our Active members

A periodic publication of the Massachusetts Teachers' Retirement System

Summer 2020



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Dear MTRS Members,

I hope this letter finds you and your loved ones well. The events of the first half of 2020 have challenged us, individually and collectively,

perhaps in ways we could have never imagined. *Thank you for how you adapted to the rapidly evolving situation during the pandemic.*

I want to begin with an expression of gratitude to our teachers and administrators! Thank you for how you adapted to the rapidly evolving situation during the pandemic.

The transition from classroom learning to distance learning was an impressive accomplishment and you should be commended.

Following Governor Baker's order on March 17th, the MTRS closed our offices to the public in order to protect the health and safety of our members and employees. We quickly transitioned to remote operations while maintaining a small skeleton crew on-site to ensure the continuity of essential services. I commend the MTRS staff who worked diligently to avoid interruption of the services our members depend upon, including the continued processing of new benefit applications and on-time payment of monthly pensions.

As Massachusetts enters the next phase of its reopening plan, the MTRS is developing plans to bring more staff back to our

offices in the fall, and we look forward to eventually resuming in-person member services. We are also developing plans to hold online retirement planning webinars and video counseling sessions. In the meantime, I encourage you to access the many educational resources available on our website, and listed on page 9.

In my opinion, our public school teachers and administrators have one of the most complex and challenging leadership responsibilities in our society during this pandemic. Please know that we're here to support you as you prepare for the ongoing challenges ahead and we are ever grateful for all you do. Take good care and please stay safe.

Sincerely,

Erika

Erika M. Glaster
MTRS Executive Director

2019 Board election results

Congratulations to our re-elected Board Members! The election results, tabulated in December 2019, were as follows:

Jacqueline A. Gorrie*	14,126
Dennis J. Naughton*	12,266
Louis C. Arienti	4,874

For more information about the election, visit mass.gov/mtrs

*Re-elected



Dr. Ventura Rodriguez, Chair

BOARD MEMBERS

Dr. Ventura Rodriguez
Chair, Designee of the
Commissioner of Elementary
and Secondary Education

Debora 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

ADMINISTRATION

Erika M. Glaster
Executive Director

Sean P. Neilon
Assistant Executive Director

Jonathan Osimo
Assistant Executive Director

James O'Leary
General Counsel

MAIN OFFICE

500 Rutherford Avenue
Suite 210
Charlestown, MA
02129-1628
617-679-MTRS (6877)
Fax 617-679-1661

WESTERN

REGIONAL OFFICE

One Monarch Place
Suite 510
Springfield, MA
01144-4028
413-784-1711
Fax 413-784-1707

mass.gov/mtrs

A message from the Chair

From Dr. Ventura Rodriguez, our new Chair

Dear MTRS Members,

I hope that this message finds you and your families safe and in good health. We are living through a truly unprecedented time. In addition to a once-in-a-generation health pandemic, our country is grappling with how to (finally!) eliminate racism and inequality so that we can more fully embody the words of our founding fathers—“...all men (and women) are created equal.”

*During this time of tremendous uncertainty,
the critical role of schools and educators in our
children's lives has never been more evident.*

During this time of tremendous uncertainty, the critical role of schools and educators in our children's lives has never been more evident. It is our great honor as Board members and staff of the Massachusetts Teachers' Retirement System to be able to take care of our members, who have given, and continue to give, so much to our children and their families.

On July 1, the Massachusetts Teachers' Retirement System celebrated its 106th anniversary.

Although many things have changed since 1914, one thing has remained constant: our commitment to providing you, the educators of Massachusetts, with quality service and retirement security. This edition of the Advisor is chock full of information about our retirement system, including funding and system sustainability, membership, and investments. I encourage you to read the information and contact the MTRS staff if you have any questions.

Finally, I would like to acknowledge the passing of former Executive Director Joan Schloss, who passed away on May 22, 2020. Joan dedicated twenty-eight years of service to the MTRS, beginning with her role of General Counsel starting in 1986. We are all grateful for Joan's service, and saddened that she didn't get to enjoy the many years of retirement that she helped provide for so many others.

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

*Learn more about
Dr. Rodriguez*

You can find his
biography on page 6.



In fond memory of Joan Schloss



The MTRS suffered a profound and unexpected loss in May with the passing of our former Executive Director, dear friend and colleague, Joan Schloss, Esq.

Joan began her 30+ year career in public service at the City of Boston Retirement System and became General Counsel at the Massachusetts Teachers' Retirement System in 1986. During her tenure as General Counsel, Joan helped the MTRS staff interpret the retirement statute, navigate the complex legal issues associated with significant plan changes, including the RetirementPlus program, and worked to bring the system's tax reporting into compliance with the Internal Revenue Code. In 2002, Joan was appointed Executive Director of the MTRS and served in that position until she retired in 2014. As Executive Director, Joan expanded the MTRS staff and spearheaded the modernization of the system's technology resources and the implementation of multiple pension reforms. Joan was an intelligent, kindhearted and courageous person who was a great mentor and leader to us all.

At Joan's retirement celebration in 2015, current Executive Director Erika Glaster said "as a leader, one of the best outcomes we can hope to achieve is to leave our organization better off than when we began. Joan, there is no doubt that you have accomplished this and I hope you will look back on your tenure with pride and joy."

Joan will be sorely missed, and our deepest sympathies are with her husband, Bob DeLena, and her loved ones.

Two long-serving MTRS Contact Center Representatives have retired—for a second time!

Don Nelson and Gerry Cavanaugh say goodbye to their second careers at the MTRS.



Don Nelson

To help with the influx of questions due to the implementation of RetirementPlus, the MTRS created the Contact Center in November of 2000. In order to tap both personal experience with the retirement process and

individuals well-versed in education, we decided to hire our own retired members as part-time contractors to staff the Contact Center. Don Nelson and Gerry Cavanaugh, both life-long educators, were two of the initial retirees who were hired. Don and Gerry were able to continue their work in retirement*, this time teaching their former colleagues about the benefits available to MTRS members. What originally began as a 6-month contract turned into a



Gerry Cavanaugh

nearly 20-year second career for the two. Along with other Contact Center staff, they took tens of thousands of calls, answering countless questions and helping to guide members through the retirement process. 20 years later—due in large part to the dedication

Don, Gerry and the other MTRS retirees brought to their work—the Contact Center is still staffed by MTRS retirees and is thriving as a primary informational resource for our members. We want to thank Gerry and Don for their many years of service to our members and wish them good health and happiness in their second retirement from the MTRS.

*Adhering to the limitations on public sector employment for MTRS Retirees



A snapshot of the MTRS

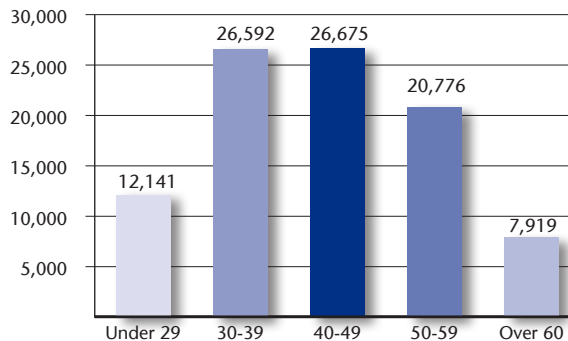
A profile of our membership...

Who we are

Active members

- Total membership 94,103
- Average salary \$75,183
- Average age 43.6 years
- Average service 13.2 years
- Total member compensation \$7.02 billion
- Employee contributions \$720 million

Our active members, by age

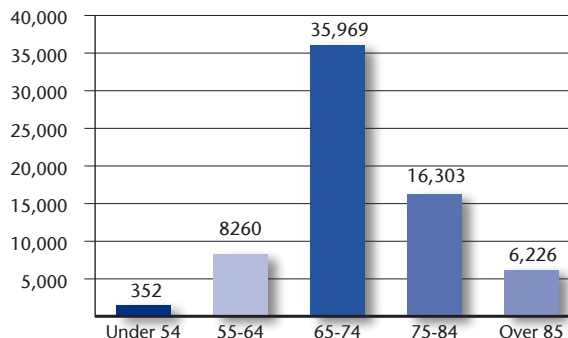


Since 2010 the ratio between active members and retired members has gone from 1.6 active members for every 1 retired member in 2010 down to 1.4 active members for every 1 retired member in 2019.

Retired members

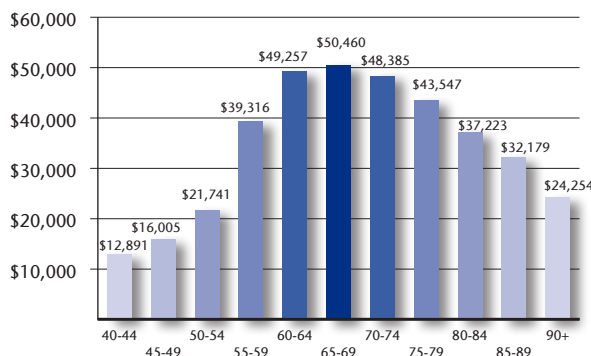
- Total membership 67,110
- Average annual benefit \$45,145
- Average age 73 years
- Total benefits paid \$3.03 billion

Our retirees and survivors, by age



At 67,110, our population has never been greater, with the number of older retirees continuing to grow—including 2,432 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.

The lower average benefits paid to our older retirees reflects the impact of inflation, both in wages and the COLA increases that only apply to the first \$13,000 of the benefit

Source: Public Employee Retirement Administration Commission's 2019 Actuarial Valuation Report of the Massachusetts Teachers' Retirement System, available at www.mass.gov/perac

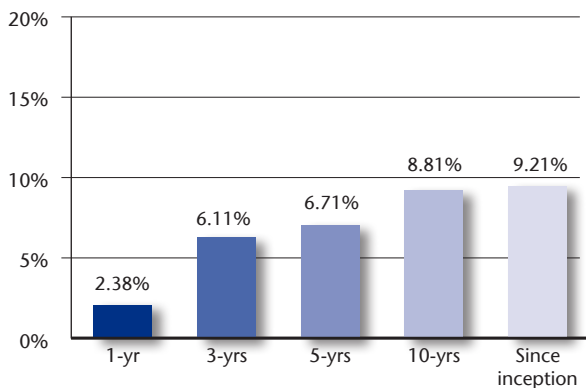


Where we stand

As of December 31, 2019, MTRS assets at \$30.63B; as of June 30, 2020 at \$29.1B

The assets of the MTRS held in the Pension Reserves Investment Trust (PRIT) reached \$30.63 billion as of December 31, 2019. At the end of the 3rd quarter of FY20, the MTRS assets had dropped to \$27.3B due to COVID-19 related market volatility. However, due to the rapid market recovery, the MTRS assets as of 6/30/20 were \$29.1B. The actuarial assumed investment rate of return is currently 7.25%. The PRIT assets are managed by the nine-member Pension Reserves Investment Management (PRIM) Board, which is chaired by State Treasurer Deborah Goldberg. Also representing the interests of the Teachers' Retirement System on the PRIM Board are elected MTRS Board member Dennis Naughton and retiree Robert Brousseau, who is in his 33rd year on the PRIM Board.

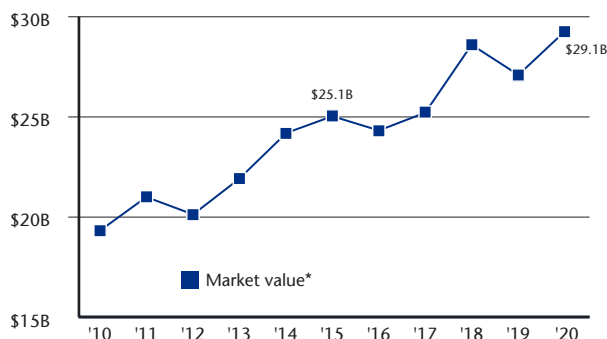
PRIT fund performance (as of 6/30/2020)



For 2019, the state actuary set 7.25% as the pension fund's long-term rate of return target which has remained for 2020.

The system has averaged 8.81% over the past 10 years, and 9.21% since its inception in January 1985

MTRS asset value (as of 6/30/2020)*



Funding summary

- Percent funded 51.7%
- Unfunded actuarial liability \$26 billion
- Full funding target 2036

The Teachers' Retirement System's assets are invested by the Pension Reserves Investment Management (PRIM) Board. As of June 30, 2020, the PRIT Fund's assets were invested as follows:

- Global equity 42.0%
- Core fixed income. 15.7%
- Value-added fixed income. . . . 7.5%
- Private equity 11.4%
- Real estate. 9.2%
- Timberland 3.7%
- Portfolio completion strategies 9.7%
- Cash overlay 0.6%

Source: June 2020 PRIT Fund Performance Update. For more information about the PRIM Board and the PRIT Fund, visit PRIM's website at www.mapension.com

Organizational news

A fond farewell from Jeff Wulfson



Jeff Wulfson

Jeff Wulfson, Chair of the MTRS Board from 2007 to 2020, announced his retirement in February 2020. As Chair, Jeff was dedicated, fair-minded, brought clarity to complex issues and supported the agency through many milestones. Jeff has our respect and gratitude, and we wish him the best in his retirement!

It has been a privilege for me to serve as the chair of the Teachers' Retirement Board for the past thirteen years. During that time, we've implemented pension reform legislation, overhauled our computer processing systems, relocated our offices, and dealt with the worst economic recession since the Great Depression. And yet our core mission never changes – to provide retirement security for the Commonwealth's public school teachers.

The MTRS still faces significant challenges in making up for past decades of systemic underfunding. But several rounds of legislative reform have helped to bring contributions and benefits into balance for today's active members. I continue to believe that a well-designed defined benefit plan makes the most economic sense both for its members and for the taxpayers.

I want you to know that you have a very dedicated and hardworking Board looking after your interests, a Board that includes four distinguished retired educators. I've seen a lot of public agencies in my 38 years with the Commonwealth, and I can tell you that the MTRS staff is as good as they come. That doesn't mean that things don't go wrong at times, but the mark of a great staff is their readiness to acknowledge and fix the things that need fixing.

My sincere thanks to all who have supported and assisted me in this role, and congratulations and best wishes to the new Board chair, DESE Senior Associate Commissioner Ventura Rodriguez.

Introducing our new Chair

In early March, DESE Commissioner Jeffrey Riley appointed Dr. Ventura Rodriguez to serve as the new Chair of the Board. We are pleased to welcome Dr. Rodriguez and are excited to work with him!

Dr. Ventura Rodriguez serves as Senior Associate Commissioner for Strategic Initiatives at the Massachusetts Department of Elementary and Secondary Education (DESE), where he leads a team that partners with stakeholders to identify, design, pilot, and elevate strategies that advance educational equity for Massachusetts students—particularly those traditionally or currently underserved. Current initiatives led by Dr. Rodriguez's team include efforts to diversify the educator workforce in Massachusetts.

Prior to his current role, Dr. Rodriguez led DESE's Statewide System of Support, setting policy and programming to support the state's lowest performing schools and districts. In this role, he helped launch state receivership efforts in Holyoke and Southbridge and helped create the Springfield Empowerment Zone Partnership (SEZP), a ground-breaking collaboration between ESE, Springfield Public Schools, and the SEZP Board intended to turnaround 8 low performing middle schools in Springfield, MA. Dr. Rodriguez currently serves as a board member on the Lawrence Alliance for Education (LAE), the state-appointed receiver for the Lawrence Public Schools.

Dr. Rodriguez began his career as a high school Spanish and humanities teacher in San Francisco and Nairobi, Kenya and was the founder and Executive Director of St. HOPE Leadership Academy, a public charter school in Harlem.

Dr. Rodriguez holds a BA in history from the University of San Francisco, a MA of Education from San Francisco State University, and is a graduate of the Doctor of Education Leadership program (Ed.L.D.) at the Harvard Graduate School of Education.

COVID-19 Operational impact

Many aspects of our daily lives have changed dramatically as a result of the COVID-19 pandemic, please know that the MTRS is here to serve you. While we are closely monitoring the phased reopening plans and we look forward to providing services in person, our offices remain temporarily closed to the public. We are working remotely, and on-site as needed to continue to provide essential services such as processing retirement, disability, and survivor benefits, service purchases, creditable service estimates, refunds, and account maintenance.

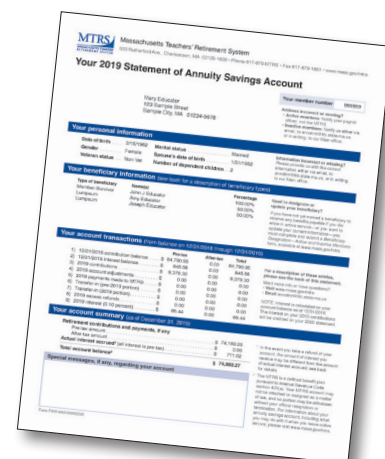
During this time, prior to contacting us, we strongly encourage you to review the “Members” section of our website along with the COVID-19 FAQs for the latest information. For assistance on urgent matters, email to GenInfo@trb.state.ma.us is currently the preferred method. You may also call our offices for a phone menu of subject-specific voicemail boxes where you can leave a message. Staff are checking these messages multiple times a day and we will return your call or email as soon as possible.

Thank you for your cooperation, patience, and understanding as we provide essential services while

protecting the health and safety of our members and employees.

Annual statement delayed until end of September

As mentioned in our broadcast email sent June 25, the mailing of the 2019 Annual statements to active and inactive members will be delayed until the end of September. Your 2019 annual statement is a summary of your MTRS account as of December 31, 2019.



Once it arrives, please be sure to review all of the personal and financial data on the front of your statement as well as the explanatory information on the back. If any of your demographic information is out of date, be sure to follow the provided instructions on the proper way to update your account. If you have any questions, please email AnnStmnt@trb.state.ma.us.

Avoid Coronavirus scams

Scammers have been especially active during the COVID-19 pandemic

During the Coronavirus pandemic, be aware that scammers are increasing the frequency and aggressiveness of their activity, targeting everyone. Here are some tips to assist you in identifying and avoiding fraudulent activity.

Be suspicious of all unsolicited phone calls or emails.

No reputable organization, such as the MTRS, the IRS, or your bank, will contact you via phone or email asking for your personal or financial information.

It might not be a legitimate email or phone call.

Scammers try to trick you with emails and phone calls pretending to be from known organizations like the MTRS, your bank, government agencies such as the IRS or your city or town, or someone you know claiming to need money. They can “spoof” email addresses and phone numbers, making their fraudulent communication attempts look legitimate.

Do not provide personal or financial information via email or over the phone.

If you receive a suspicious email, do not click on any links, and do not reply or engage in any way. Delete the email immediately. Likewise, if you receive a suspicious phone call, do not engage and hang up immediately.

Don't be rushed or pressured.

Most fraud schemes attempt to create a false sense of urgency and call on you to act quickly. Don't allow scammers to pressure you into immediate action.

How can I tell if it's real? Red flags for scams.

It can be difficult to identify potential scam emails; however, there are common red flags to look for such as grammar, punctuation and formatting errors. Look for language that creates a sense of urgency for you to act quickly. Carefully review both the links and email addresses to check for extra characters, dashes, or

(Continued)

additional letters and numbers that don't seem to belong. Place your mouse cursor, or "hover," over a link or email address to reveal the link location or actual underlying email address.

Research the organization online.

If you wish to verify the legitimacy of a communication, contact the organization in question using contact information found on the official organization website. Do not attempt to verify legitimacy using any email addresses, phone numbers, or links embedded in the questionable communication. Independent research is especially important if you are considering donating money in response to an unsolicited phone call or email.

Always be wary and exercise extreme caution, especially during uncertain times. Any unsolicited or unexpected emails or phone calls should be treated as suspicious.

Please note that emails from the Massachusetts Teachers' Retirement System will always come from addresses that end with **@trb.state.ma.us**.

For more information on avoiding scams, visit the Federal Trade Commission's website at **www.ftc.gov**.

Thinking of taking a refund? Be sure to weigh your options!

Taking a refund could have a major effect on your financial future—don't rush into it!

During these difficult times we recognize that many of our members may be considering taking a refund of their annuity savings account due to an involuntary or voluntary separation from service. If you are currently considering taking a refund of your annuity savings account and are in Tier 1 (became an MTRS member prior to April 2, 2012), please be aware of the following issues you will experience if you return to Massachusetts public service in the future.

First, be aware that you are not required to take a refund when your employment terminates, however; if you decide to take a refund of your MTRS account and then return to Massachusetts public service, you will be subject to the pension reform changes that took effect on 4/2/2012.

A new age factor table that will require you to work longer for the same or a similar benefit that you would receive under today's table.

For example, if you are currently a Tier 1 employee and you retire at age 60 with 20 years of service, you would be entitled to 40% of your highest salary average, whereas retiring under Tier 2 with the same age and years of service would only allow you 29% of your highest salary average.

An increase in the salary average period used in the retirement benefit calculation formula from 3 years to 5 years.

In addition to the age factor decrease, your salary average period increases from 3 years to 5 years, lessening the overall amount that will be used to calculate your benefit payment as more years of lower earnings will be included in the average.

An increase in the minimum retirement age from age 55 to 60.

Under Tier 1, you can retire once you have 10 years of service and reach age 55. Additionally, you can retire at any age so long as you have at least 20 years of service. Under Tier 2, you must be at least 60 to retire with 10 years of service, and gone is the provision of any age with 20 years—you will only be able to retire after you reach age 60.

If you are in a position where taking a refund is something you are considering, we strongly urge you to visit

mass.gov/mtrs > members > Leaving MTRS service prior to retirement for more information on how taking a refund will affect your financial future.

If you have further questions about your benefits, please don't hesitate to email **GenInfo@trb.state.ma.us**—we're here to help!

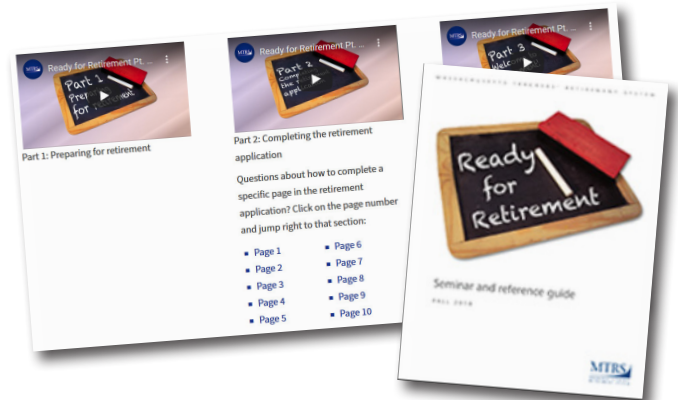
Are you on our email list?

Make sure you get the latest updates from us—join our email list today! To do so, go to **mass.gov/mtrs** and click on **Join our email list** at the bottom of the page.



Check out our online resources

Even though our walk-in services and in-person seminars and group counseling sessions have been canceled due to the COVID-19 pandemic, we still offer many educational and retirement planning resources on our website—including our recently updated Your MTRS Benefits seminar booklet.



Your MTRS Benefits

Though we weren't able to hold our Your MTRS Benefits programs this year, we did update the program booklet to include current interest rates and retirement examples. You can find the latest booklet on our website, along with the companion video series, based on our 2018 Your MTRS Benefits seminar.

Ready for Retirement

Held in the fall, these retirement planning seminars are for members who are retiring within the next year. As we go to print, it is likely the Ready for Retirement seminars will not be held in 2020, however we will provide an updated seminar booklet for download later this year. As with our Your MTRS Benefits program, we have a companion video series for these seminars.

Retirement benefit estimator

Curious to see how working a few more years or waiting until you're a little older will affect your retirement benefit? You can use our online retirement benefit estimator to test out different retirement scenarios with just a few clicks!

Retirement process timeline and checklist

During the year leading up to your retirement date, you will need to take certain steps to ensure your retirement application process goes smoothly. To help in planning, we offer an interactive checklist generator. Just plug in your anticipated retirement date, and the checklist will do the rest, letting you know what you need to do, and when!