

Retiree Connection

Published for Retired Members
of the State Employees' Retirement System.

Spring/Summer 2017 ♦ Volume XI Issue I



State Retirement Board Welcomes Frank Valeri

Recently the State Retirement Board announced the results of the election to fill the vacancy created by the retirement of Board member Ralph White, who decided to step down after twenty years as your elected representative. Retiree Frank Valeri received the most votes out of the three candidates who ran.

Upon learning he was elected, Valeri stated "The support I received from my fellow retirees is amazing. I am humbled to be chosen by you to succeed Ralph and will work hard each and every day to meet the example he established through his many years of dedicated service."

And, according to Frank's predecessor Ralph White, Frank is the "greatest possible legislative representative in the Commonwealth," and will provide the best service possible to retirees and survivors.

Valeri has worked in state government for the past 38 years, during which he served as the Deputy Executive Director of PERAC (Public Employee Retirement Administration Commission), the state pension oversight agency, as well as many years with the state legislature. Currently, he serves as the President of the Mass Retirees Association representing over 52,000 members.

He was elected to the Board for a three-year term which began in January 2017.

PRIM Election Update: Paul Shanley Elected

The office of the Pension Reserves Investment Management (PRIM) Board recently conducted an election for our retirement system's representative on the PRIM Board. This is an unpaid position with a term of three years. The deadline to vote was May 9, 2017. PRIM has declared Paul Shanley to be the elected State Employees' Retirement System representative by reason of his first-place finish. *(Continued on page 3)*



A Message from the
Office of State Treasurer
Deborah B. Goldberg

For this edition of Retiree Connection, I would like to formally welcome Frank Valeri onto the Retirement Board. Frank began his 3-year term last January after being elected to fill Ralph White's place on the Board. Though no one can truly replace Ralph, I know that Frank will work tirelessly for Massachusetts retirees. With a long and distinguished career working for PERAC, the state pension oversight committee and in the state legislature, Frank is a welcome addition to the team and we are incredibly lucky to have him on board.

Sincerely,

Deborah B. Goldberg,
Treasurer and Receiver General

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Upcoming Changes to Your Monthly Benefit

June 2017

Some of you may notice changes to your monthly benefit this upcoming June due to health insurance benefits. Because health insurance benefits are paid for a month in advance, you may see any changes to your monthly health insurance premium deduction beginning with your June benefit. To view the new rates or for more information go online to mass.gov/gic.

July 2017

Also, if you have been receiving benefits for a full fiscal year (since before July 1, 2016) and are otherwise eligible, pending Legislative approval, you may see a Cost-of-Living Adjustment (COLA) beginning with your July 2017 benefit payment. A 3% adjustment would be applied to the first \$13,000 of your benefit payment. For COLA updates, visit our website at mass.gov/retirement. Please note, members who started receiving benefits on or after July 1, 2016 are not eligible for the COLA until next fiscal year.

Please note: most benefit recipients will receive a monthly statement for June and July.

A Note About Federal Taxes

With the 2016 tax filing season ending for many of us, this may be a good time to view your monthly statement at mass.gov/payinfo to review the amount of money you are having withheld for federal tax purposes.

If you decide to adjust your withholding, please complete and submit the W-4P Tax form that may be found at the Forms & Publications link at our website, mass.gov/retirement.

MSRB Staff Stats

MSRB staff continues to make progress on the thousands of pending benefit requests submitted to the State Retirement Board. Since January 1, 2017:

- nearly 1,200 retirement benefit requests have been processed,
- 46,645 phone calls were received (not including direct calls to staff), and
- nearly 2,000 walk-ins were counseled!

2017 is shaping up to be a very busy year!

GIC... Did You Know?

The Group Insurance Commission (GIC) was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, and their dependents and survivors.

The GIC and the MSRB are separate agencies. If you have questions about your GIC health and other insurance benefits or premiums you must contact the GIC direct at 617-727-2310 and select option # 6. You can also visit their website online at mass.gov/gic.

PRIM Election Update: Paul Shanley Elected, *Continued from page 1*

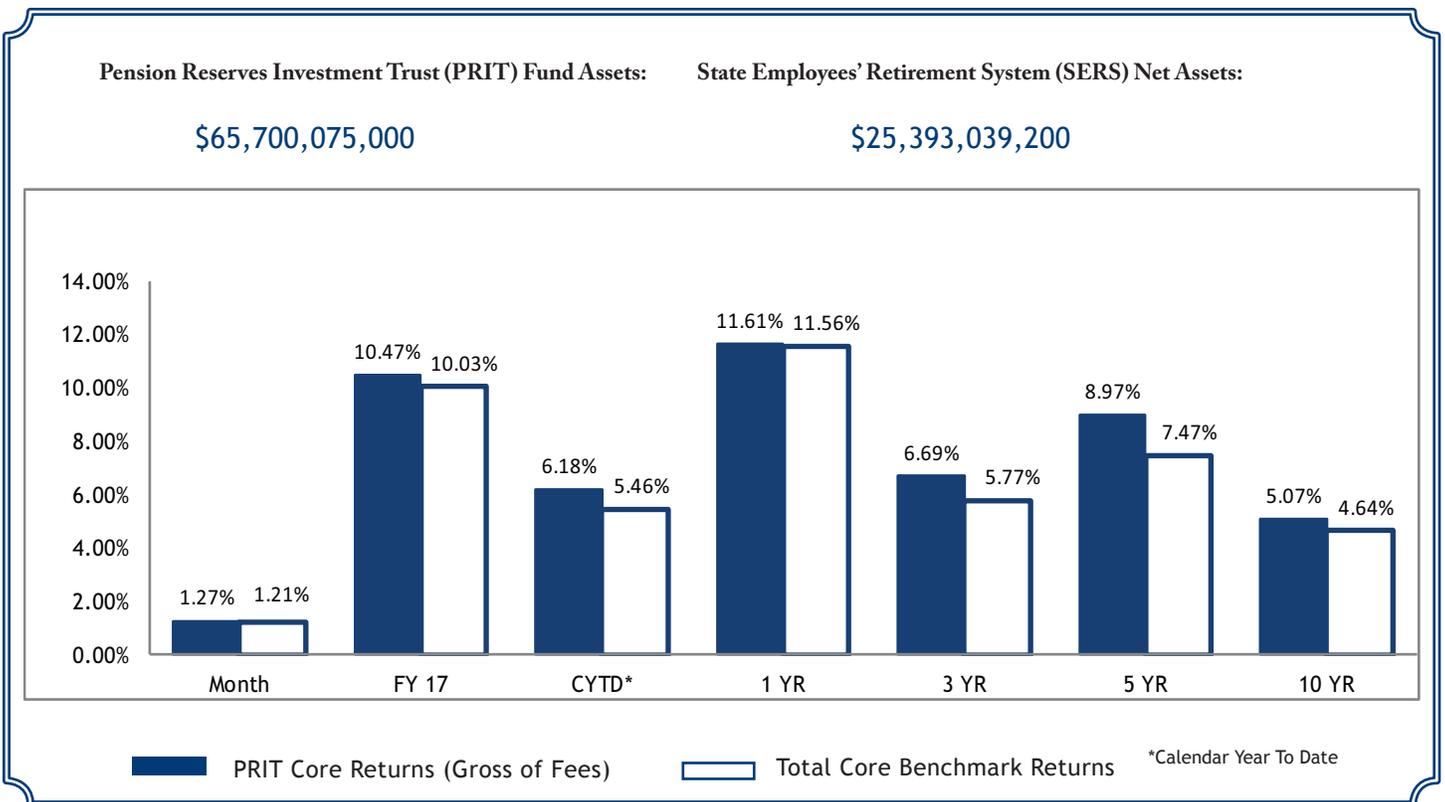
Mr. Shanley has served as the State Retirement System’s Elected Trustee on the PRIM Board for the last 9 years and is a veteran and former general counsel for the State Treasurer. He has over 40 years of experience with retirement investments and benefits. For more information, please visit the PRIM Board’s election web page.

The PRIM Board is composed of seven appointed members and two elected members, chaired by the State Treasurer and is responsible for investing and managing the assets of our system, Teachers’ Retirement System, and several local systems held in the Pension Reserves Investment Trust (PRIT) Fund. These representatives work to maximize returns while mitigating risk to help fund our members’ benefits and those of retirement systems across the Commonwealth.

Shanley will serve for a three-year term without compensation beginning July 20, 2017.

Your State Pension Fund

PRIM Board Update as of April 30, 2017



A Note About PRIT Fund Updates

The PRIT Fund updates are courtesy of the PRIM Board. Due to limited space, we can only provide a condensed version of fund updates. For full quarterly updates and more detailed information about the PRIM Board please visit their website at mapension.com.

Understanding Your Benefits:

2017 State Retirement System Actuarial Valuation Report Highlights¹

Every January the Public Employee Retirement Administration Commission (PERAC) publishes a valuation report of the Massachusetts State Employees' Retirement System (MSERS). The report provides demographic, financial and funding information about the plan as of each January 1st. Some highlights from the 2017 report are summarized below. The full report is available on the MSRB website as a downloadable pdf. To access it go to mass.gov/retirement > click on the "All Forms & Publications" link > then scroll to the bottom of the page and look under the "Board Publications" section. The report title/link name is [2017 State Retirement System Actuarial Valuation Report](#). Additionally, the full report, along with other retirement systems valuation reports, can be found on PERAC's website, mass.gov/perac.

State Employees at a Glance:

| | |
|-------------------------------------|----------|
| Total number of MSERS members | 90,014 |
| Average age | 46.9 |
| Average years of creditable service | 12.4 |
| Average annual salary | \$65,845 |

Funding Level (in thousands)

| | |
|---|--------------|
| Total actuarial liability of MSERS | \$38,316,719 |
| Actuarial value of MSERS Assets | \$24,773,042 |
| Unfunded actuarial liability ² | \$13,543,677 |
| MSERS funded ratio | 64.7% |

State Retirees and Survivors at a Glance:

| | |
|--|-----------------|
| Total number of retirees and survivors | 62,259 |
| Average age | 71.7 |
| Total benefits paid | \$2.097 Billion |
| Average annual benefit | \$33,680 |

²Unfunded Actuarial Liability Explained:

Unfunded actuarial liability is when the estimated cost of future benefits the Commonwealth is expected to pay in retirement benefits is larger than the estimated future value of current assets. The commonwealth currently makes annual payments to the PRIT fund and is mandated by M.G.L., Chapter 32 to bring the unfunded actuarial liability to zero by June 30th, 2040.

¹This valuation was based on member data as of December 31, 2016.

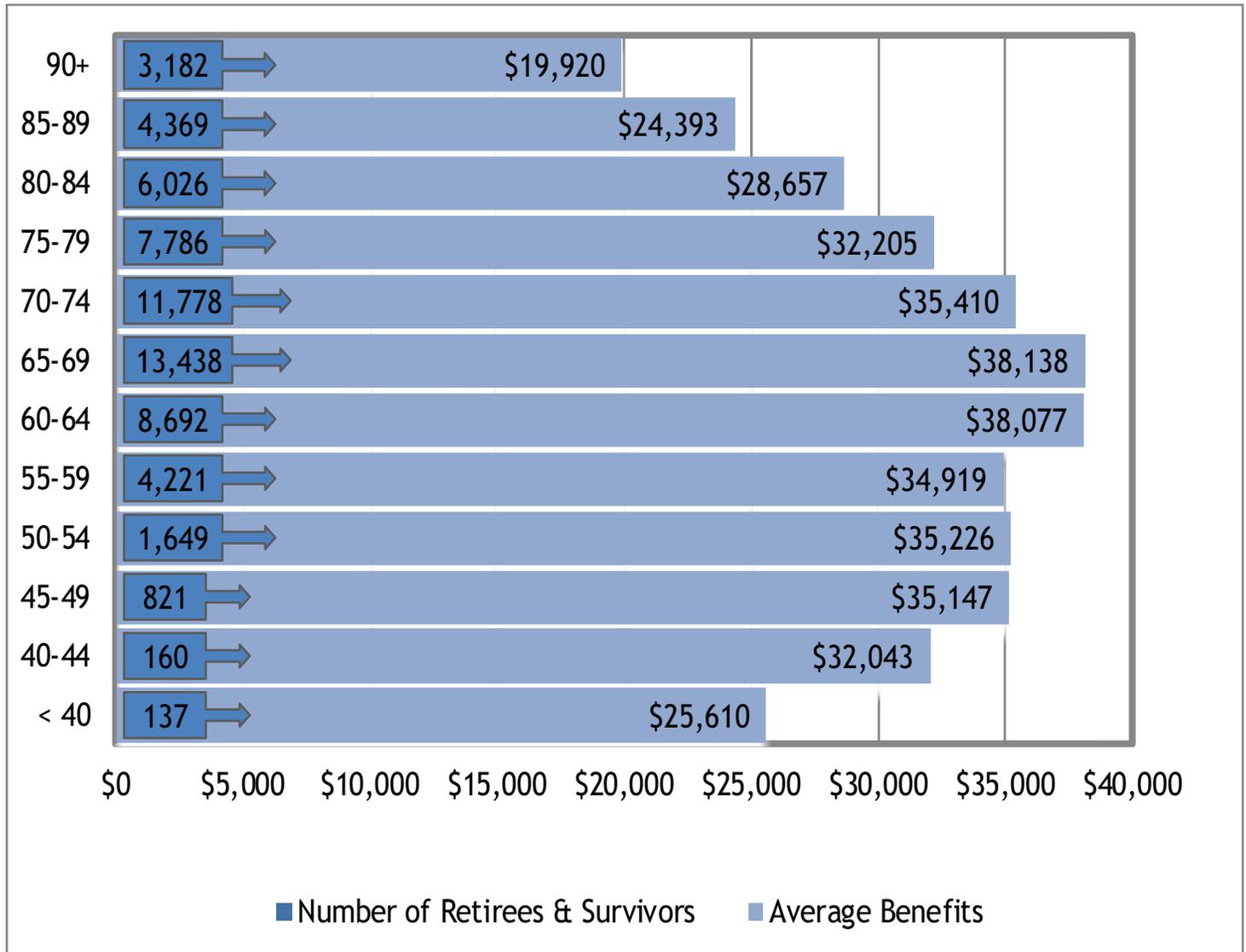
MSRB Renames its Board Room: Dedicated in Honor of Ralph W. White

As you may recall, back in December 2016, Ralph White stepped down after twenty years of serving the State Retirement Board. Ralph was a tireless voice for active and retired state employees and survivors. Staying up late on a Saturday night talking to members was a common ritual for White who truly fought for those who needed help.

In recognition of White's long history of dedicated service and commitment to the members of the Massachusetts State Employees' Retirement System and the State Retirement Board, the MSRB Board Room was renamed *The Ralph W. White Conference Room*.



Average Pension Benefit by Age Distribution Group as of 1/1/17



The largest number of benefit recipients are in the 65-69 age range with the highest average benefit of \$38,138. There are 3,182 benefit recipients aged 90 and above, and there are only 137 benefit recipients aged 40 and younger.



THE COMMONWEALTH OF MASSACHUSETTS
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REMINDERS

- The 2017 Pension Paycheck calendar is now available online at mass.gov/retirement/
- Stay up-to-date with the *Retiree eNews Bulletin*. Email your subscription request to MSRBCcommunications@tre.state.ma.us

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