

The **Advisor** for our Retired members

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

June 2016

BASE REMAINS AT \$13,000

3% COLA included in Governor's FY2017 budget

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

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As we go to press, the Governor's proposed budget for FY2017 includes a recommended cost-of-living adjustment (COLA) of 3% on the first \$13,000 of eligible MTRS retirees' benefits, for a maximum annual increase of \$390 for the fiscal year beginning July 1, 2016. Likewise, the House and Senate included a 3% COLA in their budget proposals, and, as they have done for many years, both have already approved that provision. To be eligible to receive this COLA, you must have retired on or before June 30, 2015.

Although the Consumer Price Index for the year ended December 31, 2015 was 0.0%, 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 FY2017 budget must first be finalized. The increase, if approved,

will take effect in our retirees' July benefit payments.

For the latest information about the status of the FY2017 COLA, or other retirement related news, please watch our website at mass.gov/mtrs—or better yet, join our e-mail list and get up-to-date information right to 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, please visit mass.gov/mtrs and navigate to Forms and general resources > Employment and volunteer opportunities for retirees



Thank you, retirees!

99.99% of you returned last year's Benefit Verification forms—benefit payments remain stopped for 7 retirees whose forms are still outstanding

In January 2015, we mailed blue and yellow Benefit Verification forms to our over 62,500 members who were receiving a monthly benefit as of December 31, 2014. We are very happy to report that, as we go to press, we have received all but seven 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

The MTRS Board: What we do

Working to administer the system in a reasoned and impartial manner

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

ADMINISTRATION

Erika M. Glaster
Executive Director

Sean P. Neilon
Assistant Executive Director

Jonathan Osimo
Assistant Executive Director

James H. Salvie
General Counsel

MAIN OFFICE

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Cambridge, MA
02142-1206
617-679-MTRS (6877)
FAX 617-679-1661

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REGIONAL OFFICE

One Monarch Place
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Springfield, MA
01144-4028
413-784-1711
FAX 413-784-1707

mass.gov/mtrs

The seven members of the Teachers' Retirement Board have a variety of responsibilities. We appoint and evaluate the executive director, monitor the system's performance, set the budget, and promulgate regulations. Each month we're also called upon to make decisions that affect the benefits of individual members, whether it be for disabilities, involuntary terminations, excess retirement earnings, or other situations.

Among the most difficult cases are those where a member has been convicted of a crime. If we determine that the crime was connected to the member's teaching position, we are required by law to forfeit the pension. Fortunately, those cases are rare!

"Whenever a member comes before the Board, we make every effort to treat him or her with dignity, compassion, and fairness."

Whenever a member comes before the Board, we make every effort to treat him or her with dignity, compassion, and fairness. At the same time, we have an obligation, to all who depend on MTRS, to carry out the law and administer the system in a reasoned and impartial manner. Four of your Board members are career educators, and their years of experience in our public schools help us to make these difficult decisions. I hope we are doing so in a way that earns your trust.

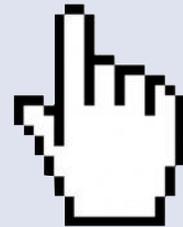
Best wishes from the entire Board to all of you for a healthy and happy summer!

Jeff Wulfson, Chairman

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 right margin.
- 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!

Incumbent Naughton and Jackie Gorrie elected

Richard Liston reappointed as board-selected member

Last fall, we conducted an election for the two seats on the Board that are held by active or retired members of the MTRS. Thank you to all of the candidates and everyone who voted in this important election!



Dennis Naughton, Elected Member

Dennis Naughton was first elected to the Board in December 2011. He began his career as a public school educator in the Millis Public Schools in 1968, where he served as

a high school social studies teacher for 33 years, as well as social studies department head, golf coach, and, from 2001 until his retirement in 2004, principal.

Mr. Naughton is actively involved as a retired life member of the Massachusetts Teachers Association and the National Educational Association. He holds an A.B. in History from Saint Anselm College and an M.A.T. in History from Assumption College. Mr. Naughton is currently in his second four-year term as the board-elected representative to the Pension Reserves Investment Management (PRIM) Board.



Jackie Gorrie, Elected Member

Jacqueline Gorrie was elected to the Board in December of 2015. Jackie began and ended her 36-year teaching career in the Taunton Public Schools, where she served as a second

grade teacher and a kindergarten teacher.

Jackie advocated for her profession and her students throughout her career, and held many leadership roles within her union. Locally, she served as the Public Relations and Political Action Chairperson, the Secretary, Vice President/ Grievance Chairperson and President of the Taunton

Education Association. Her community activism led to state and national roles on the board of directors of the Massachusetts Teachers Association and, subsequently, the National Education Association.

Currently, Jackie represents retired members of the Massachusetts Teachers Association on the MTA Board of Directors and is a member of the MTA Retired Members Committee.



Richard Liston, Board Appointee

Richard Liston was reappointed to a four-year term in November of 2015. Originally appointed to the Board in January 2012, Mr. Liston was a special education teacher

in the Everett Public Schools for 40 years and served as the president of the Everett Teachers Association for 27 years.

He currently represents retired members of the Massachusetts Teachers Association on the MTA Board and is co-chair of the MTA Retired Members Committee. Mr. Liston holds a B.A. and M.A. in special education from Fitchburg State University.



Thanks and farewell to Karen Mitchell!

After serving on the Board for two four-year terms, Karen Mitchell decided to not seek re-election. The MTRS is very

grateful for Ms. Mitchell's service to the educators of Massachusetts and we wish her the very best in her retirement!

About the Board

The Board is composed of seven members: the State Treasurer, or her designee; the Auditor of the Commonwealth, 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 the 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, investigates all claims for accidental and ordinary disabilities, establishes the rules and regulations of the agency, and oversees the dissemination of services and information to its membership of more than 90,000 active educators and 62,000 retirees and survivors.

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



The MTRS in 2016

Who we are...

A profile of our membership

Who we are...

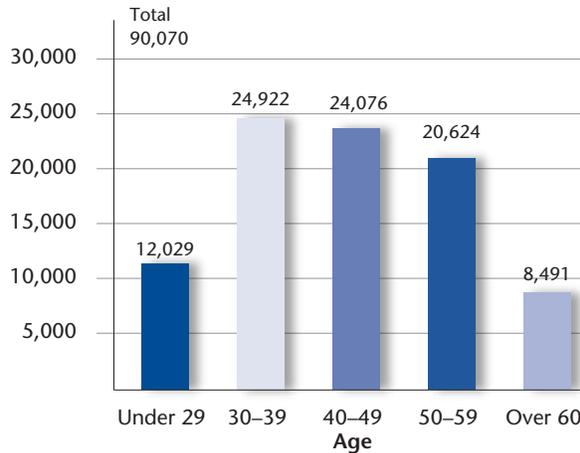
Active members

- Average salary \$68,883
- Average age. . . . 43.8 years
- Average service . . 12.9 years
- Total member compensation. . . \$6.2 billion
- Employee contributions . . \$620 million

Retired members

- Average annual benefit \$43,761
- Average age. . . . 71.3 years
- Total benefits paid. . \$2.626 billion

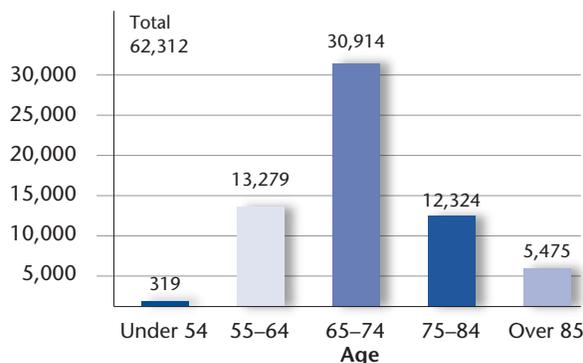
Our active members, by age



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

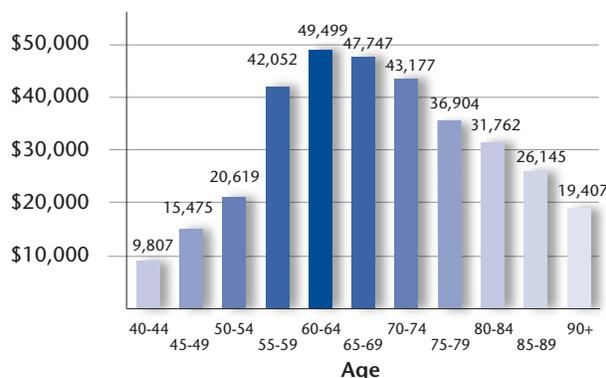
Since 2012, the ratio has been 3:2, or three active members for every two retirees.

Our retired members, by age



This population has never been greater, with the number of older retirees continuing to grow—including 2,213 now age 90 or over.

Current average benefits by age



While the average benefit by age will vary from year to year based on the ages of new retirees, it has steadily increased over the years, as evidenced by a right-to-left reading of the bar graph.

Source: Public Employee Retirement Administration Commission's 2015 Actuarial Valuation of the Massachusetts Teachers' Retirement System, <http://www.mass.gov/perac/docs/forms-pub/reports/valuation-reports/teachersval15.pdf>

...and where we stand

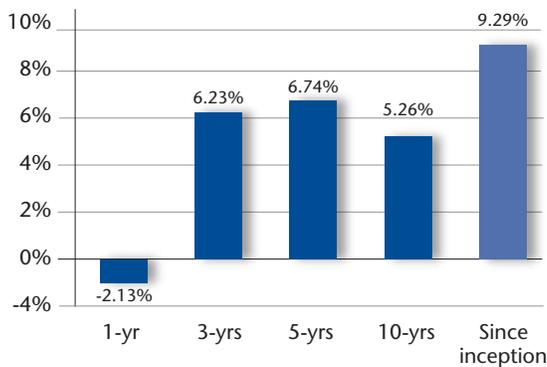
Our funding status

As of January 31, 2016, MTRS assets at \$23.62 billion

The assets of the MTRS held in the Pension Reserves Investment Trust (PRIT) reached \$23.62 billion as of January 31, 2016. The one-year investment return was -2.13%, the three-year return was 6.25%, and the five-year return was 6.74%. The actuarial assumed investment rate of return is currently 7.75%.

The PRIT assets are managed by the nine-member Pension Reserves Investment Management (PRIM) Board, which is chaired by State Treasurer and MTRS Board member Deborah Goldberg. Also serving on the Board and representing the interests of the teachers' retirement system are MTRS Board member Dennis Naughton and retiree Robert Brousseau, who is in his twenty-ninth year on the PRIM Board. Michael G. Trotsky, CFA is the Executive Director of the PRIM Board.

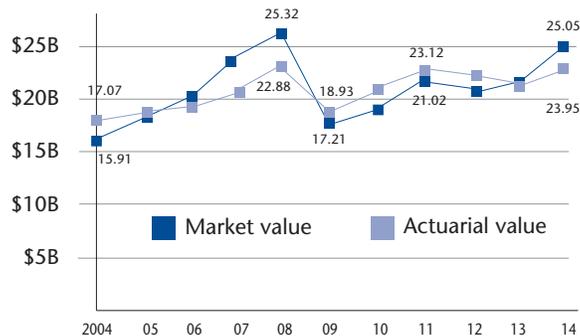
PRIT core fund performance



As of January 31, 2016

The Legislature and State Actuary have set 7.75 percent as the pension fund's long-term rate of return target. The system has averaged 5.26 percent over the past 10 years, and **9.29 percent** 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.

Where we stand...

As of January 1, 2015*

- Percent funded 54.3%
- **Unfunded liability \$20.1 billion**
- Year fully funded 2036

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

As of January 31, 2016, our System's assets of \$23.62 billion were invested as follows:

- Global equities 40.9%
- Private equities 11.3%
- Fixed income 22.5%
- Real estate 10.2%
- Timber 3.4%
- Hedge funds 9.2%
- Alternative investments 2.2%

**The next valuation, effective 1/1/2016, is expected to be complete by the fall of 2016.*

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



Have the talk now!

Let your survivors know what they will need to do when you pass away

It's a difficult subject to broach, but it is very important to discuss with your survivors (and any named beneficiaries) what needs to be done upon the event of your death. Thus we have prepared the following information to share with the individual(s) who will handle your estate:

How to report the death of a benefit recipient

As soon as possible after the passing of an MTRS retiree or survivor benefit recipient, a member or representative of the person's family should report the death either by:

- calling our main office at 617-679-6877 (we will request that a photocopy of the death certificate be provided to us via fax or mail), or
- submitting our **Report of death of MTRS benefit recipient**, along with a photocopy of the death certificate. You can find this form on our website mass.gov/mtrs, and it may be sent to us via fax, mail or e-mail.

What we will do after receiving the report of a retiree's death

Upon our receipt of the report of the benefit recipient's death, we will stop the benefit recipient's next benefit payment.

Within seven days of our receipt of your report, we will contact you to let you know the next steps. You may be required to complete a benefit claim form that we will send you, and also submit additional documentation.

The next steps will vary, depending on:

- the type of benefit that the person was receiving (regular or disability retirement, or a survivor benefit);
- if the person was a retiree, the particular retirement allowance option—Option A, B or C—that he or she chose at retirement;
- the survivor's relationship to the member;
- the type of beneficiary the member specified and who the member named as a beneficiary on his or her MTRS Beneficiary Designation form; and
- when in the month the benefit recipient passed away and when we received notice of his or her death.

Generally, if any survivor benefit payment is due, it will be processed in 30–60 days from the date that we receive all required documentation.

Important notes for survivors

- **A copy of the death certificate is required before any benefits due will be paid.** The MTRS must receive a copy of the benefit recipient's death certificate before making any payment to a survivor.
- **Depending on when in the month the benefit recipient passed away, and when we received notice of his or her death, we may need to recover an overpayment of benefits from the benefit recipient's bank or estate.** Retirement benefits for a particular month are processed in the middle of the month, and paid at the end of that month (in other words, the payment received at the **end** of July is the payment of benefits earned **for** July). Accordingly, if we learn of a benefit recipient's death after we have processed his or her payment for that month, it is usually too late for us to stop the payment, which results in an overpayment of benefits for the period from the date of death to the last day of the month. The MTRS must recover this overpayment either from the benefit recipient's bank or estate. If necessary, such overpayment will be deducted from the amount, if any, owed to the recipient's beneficiary.
- **If the benefit recipient was receiving health or other insurance coverage through his or her former school district, please contact the insurance provider—the city, town or Group Insurance Commission—for information on insurance consequences.** The MTRS does not administer medical, dental or life insurance benefits for our benefit recipients; we simply facilitate the payment of premiums to the cities, towns and Group Insurance Commission (GIC) by deducting premiums directly from benefit recipients' benefit payments.

Have you named your "pro-rata" beneficiary?

If you are either retired with an Option A benefit, or are receiving a Survivor Benefit from a member who retired under Option C, we encourage you to name a beneficiary for the portion of your benefit payment owed for the number of days you live in the month of your death. Though this may be a relatively small amount—as it may represent only a few days' worth of the monthly benefit—if you designate a "pro-rata" beneficiary, we can issue payment directly to your designee(s) rather than your estate, potentially avoiding additional paperwork and expense.

If you wish to name a beneficiary, go to mass.gov/mtrs, download our *Beneficiary Designation Form for Retirees and Survivors*, and mail your completed form to our Cambridge office. If you do not have Internet access, call 617-679-6877 and we will be happy to send you the form.

How to read your check or direct deposit statement

If you receive your payment via paper check, or if you're on direct deposit and your monthly benefit payment changes, you will receive a statement in the mail

1: Check Information

This section shows the effective pay date, the check number and the check amount.

2: Check Message

The MTRS uses this space to inform retirees of important information. If you have not yet given us your e-mail address, be sure to read our check message for helpful info.

3: Member Information

This section displays your personal identification data.

4: Earnings

This section outlines the components that make up your monthly benefit payment. Your gross pay is broken into the following components:

- **BASE:** Your total monthly benefit amount plus any past cost-of-living adjustments (COLAs).
- **COLA:** The monthly amount for the current year's COLA, if any. For example on check stubs and direct deposit statements for July 2015 through June 2016 payments, "COLA" refers to the FY2016 COLA.

- **BASE-ADJ:** If applicable, the amount of an adjustment to your payment.

5: Deductions

This section itemizes all the deductions that come out of your monthly benefit payment. They could be any of the following, depending on your situation.

- If you have insurance through the state's Group Insurance program, the amount withheld for your group health and life insurance premium will be listed as "GROUP INS," and any amount withheld for a dental insurance premium will be listed as "GIC DNTL."
- If you have insurance through your former school district's program, an individual premium amount for each type of insurance coverage will appear:
 - **FEDERAL I:** Monthly federal income tax withheld
 - **MEDICAL D:** Cost of the first health insurance which you carry through your group insurance program.

- **MEDICAL I:** Cost of a second health insurance coverage if your spouse is included in your coverage.
- **DENTAL:** Cost of your dental coverage (if offered by your group insurance program)
- **LIFE INSU:** Cost of your basic life insurance (normally, between \$1,000 and \$12,500 worth of coverage). You can contact your Benefits Coordinator at your district to determine the value and beneficiaries of your life insurance policy.
- **OPTIONAL:** Cost of any optional life insurance coverage you may have (if offered by your group insurance program)
- **OTHER MED:** Cost of your vision coverage (if offered by your group insurance program)

If you receive your benefit by direct deposit (also known as electronic funds transfer), you will note that your bank's routing number, your bank account number and the type of account are also listed on the statement. For security purposes, only the last four digits of your banking numbers appear; the initial numbers are replaced with Xs.

The Commonwealth of Massachusetts
Department of the State Treasurer

Deborah B. Goldberg
TREASURER AND RECEIVER GENERAL

1 EFFECTIVE DATE : XX/XX/2016
CHECK NUMBER : XXXXXXXXXX
CHECK AMOUNT : \$2,244.63

PAYMENT TYPE : TRB PENSION PAYMENT

2 STILL RECEIVING YOUR MONTHLY PAYMENT AS A MAILED CHECK?
PLEASE CONSIDER DIRECT DEPOSIT!
No trips to the bank or waiting in line to cash your check.
No risk of your payment getting stolen or lost in the mail.
Instant access to your payment on the last business day of the month.
PLUS, you'll help the environment and reduce costs for our pension system!
It's easy to sign up for direct deposit--download the form from our website
at mass.gov/mtrs or call us at 617-679-6877 and request the form. Thank you!

3 NAME: SOC. SEC. NO. AGENCY NO. AGENCY NAME TRBP DIV. NO. EMP. NO. DEPT.

EARNINGS	HOURS	AMOUNT	DEDUCTIONS			DEDUCTIONS		
			CURRENT	YTD	CURRENT	YTD		
BASE		2729.65	FEDERAL I	225.04	LIFE INSU	1.15	2.30	
COLA		32.50	DENTAL	6.79	MEDICAL D	284.54	569.08	
CURRENT GROSS		2762.15						
YTD GROSS		5524.30						
HOURS EARNED								
NET PAY 2,244.63								



FY2017 COLA Update 1

If granted, will take effect July 1, 2016

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Know what your survivors will need to do when you pass away

Plus a message from our Board chairman—and more!

MTRS legislative update

H20 sees favor in house committees

The MTRS bill, H20, *An Act related to the forfeiture of pension upon conviction of child pornography and other offenses*, received a favorable report from the Joint Committee on Public Service on November 30, 2015 and has been subsequently reported favorably by the House Steering, Policy and Scheduling Committee and is now one vote away from being passed by the entire House of Representatives. If passed by the House, the bill would move to the Senate for their consideration.

The MTRS holds the position, which to us seems self-evident, that the conviction of a teacher for possession of child pornography “involves” the position of teacher, and should trigger forfeiture under that law. We reasoned that any conviction that shows a teacher’s desire to exploit children in such a despicable manner, even if that exploitation occurred “off duty,” is inconsistent with the professional standards of a teacher, and the special obligation that all teachers have to protect children. Unfortunately, the Supreme Judicial Court disagreed with us in *Garney v. MTRS*, 469 Mass. 384 (2014). Although this affects very few of our members, the Board felt that even one case was unacceptable and for that reason filed H20.

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.**



Since September 2007, the MTRS has returned a total of \$669,756.01 to 188 different estates and beneficiaries of deceased members.

To view our unclaimed funds list, visit mass.gov/mtrs