For this edition of the Active Member Newsletter, 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.

As always, thank you for your hard work and dedication to our commonwealth and to its people. Please do not hesitate to reach out with any questions, concerns or feedback you may have.

Sincerely,
Deborah B. Goldberg, Treasurer and Receiver General

In This Issue

- Welcoming Frank Valeri; PRIM Election Update: Paul Shanley Elected, 2
- Chapter 32, Section 90G ¾ Repealed; MSRB Renames its Board Room; PRIM Election Update (continued); MSRB ID Number, What’s Yours?, 5
- Active Members' 2016 Annual Statements, 3
- Understanding Your Benefits: State Retirement System Valuation Highlights, 4
- PRIM Board Update & Reminders, 6
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 5)

2017 is shaping up to be a very busy year!
Chapter 32, Section 90G¾ Repealed

A change to Chapter 32, repealing section 90G¾ was enacted as part of the fiscal year 2018 state budget and is effective as of July 1, 2017. That section previously required that a member of a public retirement system who reached the age of 70, and wished to continue to accrue creditable service after that age and to continue making contributions, had elect to do so.

As a result of this change, the MSRB will no longer issue a letter to active members approaching age 70. If a member was issued a letter and it was not already received by the MSRB before the law went into effect, the member will continue to contribute to the retirement system. All choices made regarding 90G¾ before July 1, 2017 will remain in effect.

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.

Active Members’ 2016 Annual Statements

Active members’ 2016 Annual Statements mailed on June 30, 2017. Your Annual Statement provides the balance in your annuity savings account as of December 31, 2016. Members who entered state service January 1, 2017 or later will not receive a statement this year. For more information, visit MSRB’s Active Members’ 2016 Annual Statements web page.
Understanding Your Benefits:

2017* State Retirement System Actuarial Valuation Report Highlights

Every January the Public Employee Retirement Administration Commission (PERAC) publishes a valuation report of the Massachusetts State Employees' Retirement System. 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.

Active Members at a Glance:

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

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 |

Funding Level (in thousands)

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

The largest number of employees is in the 50-54 age range with an average salary of $71,418. Members in the 65+ age range have the highest average salary of $77,674.

*Unfunded 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.

*This valuation was based on member data as of December 31, 2016.
PRIM Election Update: Paul Shanley Elected (continued)

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.

MSRB ID NUMBER: What’s yours?

Your Massachusetts State Retirement Board (“MSRB”) ID number is your unique six digit retirement account code. For security purposes, it is used instead of your social security number and it is printed on all correspondence you receive from the Board. (Please note: it is NOT the same as your Employee ID number.) You can easily locate it on your Active Members’ 2016 Annual Statement in the top right corner. For more information about Annual Statements visit our Active Members’ 2016 Annual Statements web page.
PRIM Board Update

The Pension Reserves Investment Trust (PRIT) Fund is a pooled investment fund established to invest the assets of the Massachusetts State Teachers’ and Employees’ Retirement Systems, as well as the assets of county, authority, district, and municipal retirement systems that choose to participate. The PRIT Fund was created by the Legislature in December 1983. The Treasurer and Receiver General of the Commonwealth is a member ex officio and serves as the chair of the nine-member Pension Reserves Investment Management (PRIM) Board, which is responsible for overseeing the Fund. The State Employees’ Retirement System has two representatives on the Board: one is elected by the members of the Retirement System and one is an elected member of the State Retirement Board.

Reminders

Important Dates to Remember:

**August**
- Thursday, 31st - Retirement Board Meeting*

**September**
- Monday, 4th - Labor Day, Office Closed
- Thursday, 28th - Retirement Board Meeting*

Need a Form or a MSRB Publication?
*Our most current forms and publications are available for download on our website:
Key Resources > All Forms and Publications

*Unless otherwise noted, meetings are held at:
One Winter St, 8th Floor, Boston, MA

Have You Recently Moved?
Be sure to provide your new address to your Human Resources department so that they update your employee file.

Has Your Email Address Changed?
Be sure to notify your Human Resources and/or Network Administrator (IT) department so that they can update your electronic profile. Please note: MSRB staff is not able to update active members individual state email addresses. Thank you!

---

**Market Recap as of June 30, 2017**

<table>
<thead>
<tr>
<th>Month</th>
<th>Quarter</th>
<th>CYTD*</th>
<th>1 YR</th>
<th>3 YR</th>
<th>5 YR</th>
<th>10 YR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.10%</td>
<td>0.54%</td>
<td>3.81%</td>
<td>8.85%</td>
<td>7.32%</td>
<td>13.24%</td>
<td>11.97%</td>
</tr>
<tr>
<td>6.36%</td>
<td>5.29%</td>
<td>9.79%</td>
<td>8.27%</td>
<td>5.10%</td>
<td>4.63%</td>
<td></td>
</tr>
</tbody>
</table>

*Calendar YTD

Pension Reserves Investment Trust (PRIT) Fund Assets:
- $66,759,346,000

State Employees’ Retirement System (SERS) Assets:
- $25,803,440,739

* PRIT Fund updates are courtesy of PRIM. Due to limited space, we can only provide a condensed version of fund updates. For full quarterly updates and more detailed information on the PRIM Board go to: www.mapension.com

*Unless otherwise noted, meetings are held at:
One Winter St, 8th Floor, Boston, MA

If you have any questions of comments, please email us at: MSRBCommunications@tre.state.ma.us