



Maine State

Retirement News

for Members, Retirees and Employers

Maine State Retirement System

Fall 2003

IMPORTANT INFORMATION ABOUT DEPENDENT CHILD GROUP LIFE INSURANCE COVERAGE

Most participants of the MSRS Group Life Insurance Program can elect dependent insurance that provides up to \$5,000 coverage on each child of the participant, depending on the child's age, marital status, and whether the child is a full-time student. This is in addition to \$5,000 or \$10,000 of spousal coverage depending on the plan that was selected. A participant pays one premium for dependent coverage, no matter how many eligible dependents the participant has now or in the future.

Dependent child coverage under the group life insurance plan terminates when the child turns 19 years of age unless the child remains an unmarried, full-time student in which case coverage could continue until 22 years of age.

In addition, the amount of dependent coverage can be converted to a whole life policy within 31 days after the child no longer meets the requirements of dependency. If the policy is

converted, the participant will be responsible for paying periodic premiums directly to Aetna Life Insurance Company.

Life insurance coverage for a completely disabled dependent child may continue past the maximum age for a dependent child if proof that the child is completely disabled is submitted no later than 31 days after the date that he or she would otherwise no longer be eligible for coverage. In order for coverage to continue, the child must be certified by the Medical Board of the MSRS to be permanently mentally incompetent or permanently physically incapacitated and must also be determined by the Executive Director to be unable to engage in any substantial gainful employment.

Because participants do not need to disclose the names and ages of children for purposes of dependent coverage, the MSRS does not have the information to determine the dates when each dependent child of a participant

will no longer be considered a dependent. It falls to the member to make that determination. By way of example, assume that a participant has a dependent child that will soon turn 19 years of age, is under 22 years of age and is no longer an unmarried full-time student or is reaching 22 years of age regardless of student, or marital status. The participant desires to either convert that child's coverage to a whole life policy or, in the alternative, desires to establish that group life coverage should continue because the child is incapacitated. The participant should contact MSRS before the child loses his or her dependent status. Unless coverage is continued by conversion or a determination of incapacity, dependent group life coverage will cease no later than 31 days after the child loses his or her dependent status, as explained above.

See your Certificate of Coverage for more information. If you have any questions about your group life coverage, please contact the Survivor Services Unit.

TRUSTEES SET COLA AT 2.1%

At its meeting in August, the MSRS Board of Trustees adopted a cost-of-living adjustment (COLA) of 2.1% to be added to the benefits of all COLA-eligible MSRS benefit recipients, effective with benefits to be paid in September 2003. The COLA rate, by state statute, must be set at the amount of the change in the Consumer Price Index for All Urban Consumers (CPI-U) for the 12-month period preceding each June 30.

State employee and teacher benefit recipients whose normal retirement age is 60 are eligible to receive a cost-of-living adjustment (COLA) in the first September after having been retired for at least 12 months. For example, if you

Continued on page 4

MESSAGE FROM THE EXECUTIVE DIRECTOR

Corporate Governance: A Chance to Make Change

The recent and continuing revelations of entirely unacceptable behavior in the U.S. financial and investment worlds have made one thing clear: public reaction matters. It can be made to matter in significant ways if the reaction is not just a yelp of indignation. If instead the initial reaction persists as a sustained application of attention and energy to making changes, meaningful and significant changes might just be made. Here is a matter in which your attention and energy might well make for a meaningful change.

The matter in question is this: the ability of shareholders of companies to affect the way in which a company is run. This matter is significant to you because as an MSRS member you are a shareholder, in many companies. You are a shareholder because the money that the MSRS invests in the stock ("shares") of companies is invested on your behalf. In investing the System's funds, the MSRS as the shareholder stands for the real shareholders, who are you, the System's members.

Shareholders as a group own the companies in which they have invested. Owners don't necessarily run what they own; they employ others to do that. But, owners always intend the company to be run in their interest and they establish some way to ensure that it is. In the case of the "public" companies, those whose owners (shareholders) buy and sell their ownership interests ("shares", or "stocks") in public markets (for example, the New York Stock Exchange, NASDAQ), the role and duty of a company's Board of Directors is to ensure that the company is run in the interest of the shareholder-owners.

The members of company Boards are elected by the company's shareholders. Board-member candidates are nominated by the Board. Shareholders cast their votes by completing and returning a "proxy" (ballot) on which Board-member candidates, nominated by the Board, are listed. Recent corporate scandals and longstanding instances of boards' unresponsiveness to the concerns of shareholders have raised an outcry that many boards clearly misunderstand their duty to protect shareholders' interests and that shareholders have to be able to directly affect who sits on a company Board, by being able to nominate Board candidates and to have their nominees listed on the company proxy.

Here's how your attention and energy as a shareholder can affect this matter. The Securities and Exchange Commission (SEC) make the rules about shareholders' rights to

put director-candidates on a company proxy. The SEC is thinking about proposing a rule that would establish this right. The SEC will be more likely to propose and adopt such a rule if lots of shareholders tell the SEC that it should. You can tell that to the SEC by e-mail (rule-comments@sec.gov) and/or letter (Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609). You need simply say: "I am a shareholder. Shareholders need to be able to nominate directors and to have their nominees included on companies' proxies." The MSRS has said that on your behalf. Say it yourself. Numbers will matter.

Member Statements: A New Era Begins for Active Members

Readers of *Retirement News* have heard often of the System's Automation Project. The Automation Project is our staff-wide effort to electronically receive, manage and use current retirement data for all of our members and to convert all of our historical retirement data to electronic form. ("Project" is a polite bureaucratic term for the gargantuan, complicated, long-lived undertaking that sometimes seems to threaten to bury us.) The ways in which the System serves its members will be transformed by the Automation Project. In fact, some transformations have already become the standard way we do things. For example, System members who have retirement service that they could purchase now have more, better and more timely information in making a purchase decision and have many more options for how they can make the purchase.

But no result of the Automation Project is more important to an active MSRS member than being able to know, on a current basis, the current status of her/his retirement information as it exists in the System's records. The "New Era" noted by the title of this piece is the era of being able to know exactly that. It is the Era of Member Statements.

Initial Member Statements will go out in waves. That is, some Maine State Retirement System members will soon begin to receive Member Statements but, because membership requirements, circumstances and members' histories are so varied and often complex, not all MSRS members will begin to receive their Statements at the same time. After getting an initial Statement, a member will periodically receive an updated Statement of her/his retirement information.

Continued on page 3

HAVE YOU TAKEN A WORKERS' COMPENSATION LEAVE OF ABSENCE?

For Maine State Retirement System (MSRS) purposes, "earnable compensation" is defined as salary and wages paid to a member for services rendered in an MSRS-covered position and includes workers' compensation benefits. For this reason, if you are a member of the MSRS and you receive workers' compensation benefits during a leave of absence from your MSRS-covered position, MSRS contributions must be paid at the same contribution rate as would have been deducted from your regular earnings. For instance, if 7.65% of your salary is normally deducted as MSRS contributions, then 7.65% of your workers' compensation benefit must be paid to MSRS. Payment of these contributions will ensure that you receive service credit for the period during which you are on a workers' compensation leave of absence. The payment of these contributions is required.

In the past, MSRS has not consistently actively pursued the collection of contributions for workers' compensation leaves at the time that they become due. Begin-

ning immediately, MSRS is implementing the practice of collecting contributions for workers' compensation leaves during the leave. Members will of course receive appropriate creditable service for these periods.

Because the insurer will not have deducted MSRS contributions from your workers' compensation benefit payments, you are responsible for paying them. Payments should be made to "The Maine State Retirement System" and sent to the attention of the Retirement Services Department within 30 days of when you receive workers' compensation benefits. You must enclose copies of your applicable workers' compensation pay stubs with your payment. If payment of the total amount due is not made within 30 days of your receipt of each workers' compensation payment, interest at an annual rate of 8% (subject to change by action of the MSRS Board of Trustees) will begin to accrue on the unpaid balance as of the date that you received compensation.

Continued on page 4

Member Statements continued from page 2

Initial Member Statements will soon be in the mail to those State employees who are in "Wave One." "Wave Two" teachers will follow in the next year. Other waves of State employee, teacher and PLD members will come over the next few years. A Member Statement in its initial form tells the member the amount of her/his retirement service credit and her/his retirement plan, normal retirement age, and known purchasable service. As the System's capabilities to electronically receive, manage and use information continue to grow, Member Statements will evolve. They will encompass more information and become more and more informative and useful in work and retirement planning.

The importance to our members of knowing their retirement status as they move through their working years is obvious. To the System's Trustees and staff, this turning point is important because it is important to the System's members. And, it is important to Trustees and staff because it means that we have transformed the MSRS into an organization that can do what it has said for so long it would do. This New Era is one that all of the Retirement System staff has been working toward. To a person, we are very glad to have gotten here.


Executive Director

MEMBER MAILING ADDRESSES NEEDED!

This year MSRS has been working on a special project to make sure we have up to date addresses for all of our members. We look forward to being able to contact you directly in the future with important information about your retirement benefits as well as other useful information regarding your membership. Employers have done an excellent job of providing us with the most current address information they have.

Now we need your help to make sure that we continue to maintain a current address for you on file. Please notify us immediately if your address changes through one of the following options:

1. Complete and drop off or mail in an MSRS Member/Retiree Data Update form. (The form is available through your employer, or you can download it from the homepage or Forms section of our Web site at www.msrs.org.)
2. Contact the MSRS Membership Services Eligibility Division at toll free 1-800-451-9800 or locally at 512-3200.

Trustees Set COLA continued from page 1

retired on or before September 1, 2002, you received a COLA in September 2003; if you retired as of October 1, 2002, you will receive a COLA in September 2004. If, however, your normal retirement age is 62, you are not eligible to receive a COLA until at least 12 months after you reach age 62. Participating Local District (PLD) benefit recipients who are covered by a retirement plan that includes the COLA provision are eligible to receive a COLA the first September after having been retired for at least six months. For example, if you retired on or before March 1, 2003, you received a COLA in September 2003. If you are unsure if your district has a COLA provision, check with your payroll office or the PLD Unit of the Retirement System.

Workers' Compensation continued from page 3

Your employer is required to provide the appropriate documentation to the MSRS when your leave commences and when it ends. We also ask that you inform the MSRS Retirement Services Department when you stop receiving workers' compensation benefits. At that time, we will obtain the verification from your employer necessary to determine whether you have paid the appropriate amount of contributions. If you have not paid enough, we will send you a statement for the additional amount owed. If you have paid too much, we will issue you a refund of the amount overpaid, which will include interest accrued from the date that you submitted the overpayment.

If you are or have been on a workers' compensation leave of absence, and you have any questions, please contact the MSRS Retirement Services Department.

MSRS Holiday Schedule

The MSRS office will be closed in observance of the following holidays for the remainder of 2003:

Columbus Day	Monday, October 13 th
Veterans Day	Tuesday, November 11 th
Thanksgiving Day	Thursday, November 27 th
Thanksgiving Friday	Friday, November 28 th
Christmas Day	Thursday, December 25 th

REMINDER FOR RETIREES

If you are moving, or have moved, and need to change your address on our records, please notify us in writing. Be sure to include your old address and your Social Security number. You can download the Member/Retiree Data Update form at www.msrs.org (see Homepage or Forms section). We require this notification in writing for your protection.



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Retirement News is intended to provide timely information about the MSRS to members, employers and retirees. For the most complete and up-to-date information, please contact an MSRS representative. The contents should not be considered the basis of any contractual rights between the MSRS and its members. The official wording of the laws of Maine will govern.

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SPECIALIZED MSRS UNITS

For State Employee, Legislative
or Judicial Members:
(207) 512-3158

For Teacher Members:
(207) 512-3159

For Participating Local
District (PLD) Members:
(207) 512-3247

OTHER PROGRAMS

Group Life Insurance:
(207) 512-3244

Disability:
(207) 512-3170

All other inquiries should be made
by calling the following numbers:

Main: (207) 512-3100
Toll-Free: 1-800-451-9800
Fax: (207) 512-3101
TTY: (207) 512-3102

Visit MSRS online at: www.msrs.org