

Spring 4-1-2013

Maine PERSperspective, Spring 2013

Maine Public Employees Retirement System

Follow this and additional works at: http://digitalmaine.com/mainepers_docs

Recommended Citation

Maine Public Employees Retirement System, "Maine PERSperspective, Spring 2013" (2013). *Public Employees Retirement System Documents*. Paper 33.
http://digitalmaine.com/mainepers_docs/33

This Text is brought to you for free and open access by the State Documents at Maine State Documents. It has been accepted for inclusion in Public Employees Retirement System Documents by an authorized administrator of Maine State Documents. For more information, please contact statedocs@maine.gov.

Message from the Executive Director

We feel good every day that the financial markets hold their gains or continue an upward climb, but at the same time remain cautious that these changes are not necessarily permanent.

MainePERS, of course, is not alone in watching the financial markets with caution. Our approach is to identify the greatest risks we face in managing the retirement trust fund and to manage those risks prudently. Other organizations that have an interest in how pension funds are managed have also reviewed their approach to pension funding. As a result, there are some changes ahead that may affect how public pension plans are evaluated.

These changes are important for you to be aware of because you may read stories in the news about them over the coming months. A little knowledge of what these changes are about will be helpful in understanding what they really mean.

The first change is in how public pensions will be reported on the balance sheets of state and local governments in the future. An organization called the Governmental Accounting Standards Board, or GASB, provides the accounting guidance that state and local governments use to report their financial condition each year.

Starting with fiscal years 2014 and 2015, state and local governments will be required to calculate the unfunded actuarial liability (UAL) of each plan they sponsor under new accounting rules, and to report the full liability on their balance sheet. Prior to this, they were required to disclose the full liability in the notes to their financial statement, but report only a portion of the UAL on their balance sheet. In addition, the new accounting rules specify the funding method and in some cases the selection of the discount rate used to calculate the liability. This means the financial condition of state and local governments will show more debt than in previous years. This change does not affect how MainePERS calculates the amount the State and local governments owe for their pension costs each year.

The second change also relates to the UAL, but targets how the bond ratings are developed for state and local governments. Moody's Investors Service, one of the agencies that rates the state and local governments for bonds those governments may wish to issue, has created a single pension liability calculation that they will apply to all state and local government plans they rate. Moody's calculation uses more conservative assumptions than most state and local governments, so pension liabilities under their calculation will likely be significantly higher than that reported under GASB.

These changes reflect the continuing discussions about public pension plans that you may read about from time to time. They do not change how MainePERS determines the contribution amounts for the State and local governments, but may change how pension plan costs are reported and viewed in the State and local government financial statements. None of these changes affect how your benefit is determined.



Inside this issue:

- Message from the Executive Director
- Securing Your Financial Future
- Protecting Member's Privacy/Security
- Keeping Your Personal Data Safe
- What Makes a Good Password
- Keeping You Up-to-Date

and more!



Feel free to contact us with any questions you may have.

BOARD OF TRUSTEESPeter M. Leslie, *Chair*Benedetto Viola, *Vice Chair*

George A. Burgoyne

Richard T. Metivier

Brian H. Noyes

Catherine R. Sullivan

Kenneth L. Williams

*Ex-officio Member*Neria R. Douglass, *State Treasurer***EXECUTIVE DIRECTOR**

Sandra J. Matheson

**General Counsel and
Chief Deputy Executive Director**

John C. Milazzo

Mailing Address46 State House Station
Augusta, ME 04333-0046**Location**

96 Sewall Street, Augusta, ME

Phone

Main: (207) 512-3100

Toll-Free: 1-800-451-9800

Fax: (207) 512-3101

TTY: (207) 512-3102

RETIREMENT SERVICES

(207) 512-3158

EMPLOYER SERVICES

(207) 512-3200

GROUP LIFE INSURANCE

(207) 512-3244

DISABILITY

(207) 512-3170

MainePERSpectivePublished by Maine Public Employees
Retirement System (MainePERS).

For the most complete and up-to-date information, contact a MainePERS representative. The contents of this publication should not be considered the basis of any contractual rights between MainePERS and its members. The official wording of the laws of Maine will govern.

MainePERS does not discriminate against people with disabilities in its programs, activities, or employment. MainePERSpective can be made available in alternative formats. If you have such a request, please contact the Communications Department.

Editor: Robert L. Drury

Securing Your Financial Future

Participating in an employer-sponsored defined contribution plan is a reliable way to help secure your financial future. It may seem a long way off today, but retirement can sneak up on you and the sooner you start saving, the more comfortable and assured you will be when it arrives.

Public employees in Maine have long relied on MainePERS to meet their retirement needs. While the MainePERS defined benefit pension plans are a foundation for members' financial security in retirement, most public employees will need to supplement their pension benefits with retirement savings. This goal can be achieved through a systematic, tax-deferred 457, 403(b) or 401(a) defined contribution plan like MaineSTART. *(Note: Check with your employer to see if they offer one of these plans.)*

MaineSTART is the MainePERS program offering a 457 and a 401(a) plan to its participating local district (PLD) employers. These were created to provide a

continued on page 4

Securing Personal Financial Data and Preventing Identity Theft



DIRECT DEPOSIT: Authorizing your employer or MainePERS to send your payroll or pension payment electronically to your financial institution is a safe and easy way for you to have peace of mind and keep your finances secure. Direct deposit provides fast and secure receipt of payroll or retirement benefits.

SOCIAL NETWORKS: Social networks are a popular, but not always safe way to keep in touch with friends and family. What you post online may put your financial safety or future at risk. A simple post such as "Taking Fido for a long walk along the river" can alert strangers that you are away from your home. If you plan to travel, resist the temptation to post your plans on social network sites prior to your trip. Provide friends and family with alternate means to reach you.

MAIL: Stealing another person's mail is a federal felony, but that doesn't always stop thieves. Authorizing your bank or credit card company to send your statements electronically will prevent theft of information from your mail box.

PASSWORDS: Security experts recommend keeping your passwords in a safe place in your home. Thieves may not only get their hands on your valuables, but could also walk away with your list of banking login and password information.

GENERAL: Keep your confidential information private by responding only to valid inquiries. Financial providers won't call or e-mail you asking for your account information; they already have it.

Do not keep your Social Security card in your wallet.

Keep your vehicle locked. Someone could take important identity information from your vehicle registration or insurance cards without you even knowing.





Protecting the Privacy and Security of our Members

MainePERS recently began using a new software that enables secure transfer of confidential information between members, retirees, employers and MainePERS staff members. The system, called Zixmail, is used by many organizations for the secure transfer of sensitive or confidential information via email.

The system works by sending a notification to the recipient that a secure email has been generated. The notification prompts the recipient to log into the MainePERS secure site to retrieve the information. Once connected, the recipient is able to read/reply/create a message with or without an attachment to send back to MainePERS.

The Zixmail portal provides links to assist users in the operation of the system and basic guidelines and instructions on setting up an account or resetting a password.

The link to the MainePERS Zixmail portal is
<https://web1.zixmail.net/s/login?b=mainepers>.

What Makes a Good Password?

Most of us use passwords daily. We are told to keep those secure and to remember them without writing them down. Ever go to a website that asks you for a password, only to have forgotten it or have it mixed-up with another one? It's no wonder this happens with the dozens of passwords we are expected to maintain.

COMPLEX PASSWORD EXAMPLE

A technique for creating a good, complex password is using the first letter of each word in a phrase. The phrase "I was born on Monday November 5" may become password **IwboMN5** or "Boston Red Sox are 1" may become your password as **BRSa#1**. The mixture of upper and lower letters, symbols, and numbers makes the password solid.

CONSIDER A PASSWORD MANAGER

A password manager is software that helps you organize your passwords and PIN codes. It stores your login information for websites you use and helps you log into them automatically. By using this method, you have only one master password (which is safely encrypted) so it is the only one you have to remember.

TIPS FOR CREATING A PASSWORD

- ✓ Should be at least eight characters long.
- ✓ Does not contain your user name, real name, or company name.
- ✓ Does not contain a complete word.
- ✓ Is significantly different from previous passwords.
- ✓ Contains upper and lowercase letters, numbers and symbols.

Keeping Your Personal Data Safe

The security of your personal data is at the heart of our Information Technology (IT) strategy. MainePERS recognizes the risks that can result from failing to safeguard information. Here are just a few of the things that our dedicated IT staff does on a regular basis to keep your retirement information safe:

- Training MainePERS staff to be aware of unusual emails and to not click on links embedded in messages. We also train our staff to safeguard their passwords for network access.
- Staying abreast of technology changes and best practices, including routinely applying patches and upgrades to our software.
- Employing firewalls and other devices that limit access into and out of MainePERS data systems.
- Encrypting our wireless networks (translating data into secret code so that hackers cannot access it) and requiring password access.
- Encrypting mobile devices, such as laptops, so that data is inaccessible in the event the laptop is lost/stolen.
- Using anti-virus software and continuous vulnerability scanning tools across the organization, to safeguard against viruses and malware.
- Partnering with third parties for auditing, penetration testing, and other types of assessments and evaluations to ensure data security.
- Backing-up information in real time to a remote disaster recovery site, with daily backup of information.

A secure IT environment takes a team and the MainePERS IT Team is committed to keeping your personal data safe. Our Security Administrator, Ryan McArthur, is available to answer questions you might have about how we manage our IT security environment. ryan.mcarthur@mainepers.org or 207-512-3100; 1-800-451-9800.]

Financial Future *continued from page 2*

convenient and effective way to enhance your retirement savings through The Vanguard Group, Inc. (See www.mainestart.org/fundinformation.htm.)

Define your long-term goals now —

Regardless of how far out you are from retirement, it is a good idea to begin thinking about the future lifestyle you want to create. Having a picture of where you want to be when you retire is the first step to getting there. Our website homepage includes a “Manage Your Money” section that offers helpful links to financial planning/retirement savings. We care about your financial future and hope the links provided in that section are helpful.

DEFINED CONTRIBUTION SAVINGS PLANS CAN:

Bridge the gap between your pension and social security.

Offset healthcare costs.

Pay for everyday living expenses.

Pay for unexpected expenses.

Keeping you up to date...

NEW PENSION PLAN: MainePERS has submitted a report requested by the Legislature describing how a new pension plan could be implemented for State employees and teachers starting work on or after July 1, 2015. This report can be found on the MainePERS homepage at www.mainebers.org (see 126th Maine Legislative Session). The new plan design, reports, and proposed implementing legislation were prepared based on new employees eligible for the plan also participating in Social Security. This plan is in the design phase only. The Legislature will hear public comment on it if a bill is sponsored to implement the plan.

ONE-TIME COLA UPDATE: With the enactment of Public Law Chapter 1, the State’s Supplemental Budget for the fiscal year ending June 30, 2013, the legislature confirmed the continued payment of one-time cost-of-living adjustments to eligible retirees. The consumer price index (CPI-U) on which the adjustments are based was 1.7% in 2012. That means that if sufficient state budget surplus exists on June 30, 2013, eligible retired State employees, teachers, judges and legislators will receive a one-time payment of up to 1.7% of the first \$20,000 of their benefit payment. Cost-of-living adjustments for eligible retired Participating Local District employees will be based on the CPI-U at June 30, 2013, and will be paid in September 2013. Additional information about cost-of-living adjustments can be found on the System’s website (see *COLA under the Retired Members tab*).

PLD LEGISLATION UPDATE: LD No. 1440- An Act to Amend the Retirement Laws Pertaining to Participating Local Districts can be found on our website at www.mainebers.org/Pensions/Proposed-Legislation.htm. We will post updates as they become available.

(4)

MainePERSpective is written and printed to meet your needs. Articles are based on timely information important to you as well as common questions asked by many of our members. Our newsletter is printed and also made available online, which helps us reach members in the way they prefer. We respect the environment by printing on recycled paper and using soy-based inks—for a cleaner, healthier planet.

