

COMPASS

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

A MESSAGE FROM GENERAL TREASURER SETH MAGAZINER

The most important part of my job as Treasurer is to return the pension system to health so that our members never go through another painful pension reform. Our members, who have spent their careers serving the community, deserve a system that is sustainable for the long term.

In early 2009, the pension system had \$5.7 billion in assets. Since then, the system has grown to more than \$8.0 billion in assets. We are investing to protect the fund against market risks, inflation, and volatility. The steady growth of the fund's assets is a strong indicator that our "Back to Basics" investment strategy is working.

I want to thank the nearly 6,000 members who provided their candid responses to our recent member service survey. With your help, we're implementing recommendations for improved customer service. Since the beginning of the year, we've hired two new retirement counselors. Our goal is to provide all active members with on-demand pension estimates within the next two years and to reduce the time it takes process paperwork for our retiring members.

In this issue of Compass, you'll find an update on the pension system and find information on new legislation that may affect our members. You'll also read a tribute to Marcia Reback, whose volunteer service to the system spanned nearly four decades.

Thank you for your service to the people of Rhode Island,



Seth Magaziner



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RETIREMENT SYSTEM UPDATE

Retirement Board Election

The Employees' Retirement System of Rhode Island (ERSRI) is holding an election for seven new Board members in January 2020.

The 15-member Retirement Board oversees the state's pension system and is responsible for its administration. The board approves disability pensions, votes on the target investment rate of return and other assumptions, and certifies employer contribution rates. The board meets quarterly and has four standing subcommittees that meet monthly.

Any active contributing or retired ERSRI member as of September 15, 2019 was eligible to run for election to the State Retirement Board. In addition, active contributing members and retired ERSRI members as of September 15, 2019 may vote for a candidate within their respective membership groups.

Following receipt of nomination papers, the only contested seat in this election will be for "Active State Employees". As such, only active state employees will receive a ballot.

The State Board of Elections will count and certify the election results.

Important Dates for the January 2020 Retirement Board Election

November 2019: A lottery for ballot order will be held during the Election Subcommittee meeting.

December 27-31, 2019: Ballots will be mailed to all active state employees, as multiple candidates were nominated to serve as their board representative.

January 31, 2020: All completed ballots must be postmarked by this date.

February 2020: The R.I. Board of Elections will tabulate ballots.

March 4, 2020: New members will be sworn in at the Retirement Board meeting. ✦

Investment Performance

Most of the pension fund is invested in strategies for growth, like index funds, while about 40 percent is defensively positioned for added stability.

Over both a short- and long-term time horizon, Rhode Island's pension system continues to outperform a traditional 60% stock / 40% bond investment portfolio.

In recent years, the performance of Rhode Island's pension fund has exceeded most of its peers. ✦

Year-To-Date Performance



3-Year Annualized Performance



10-Year Annualized Performance



■ State of Rhode Island

■ Plan Benchmark

Annualized performance is reported as of 8/31/2019 and net of fees.

For more information visit: investments.treasury.ri.gov

MEMBER PROFILE

In Appreciation: Marcia Reback

Marcia Reback, whose volunteer service to the members of ERSRI spanned seven State Treasurers and nearly four decades, died on September 26th.

Ms. Reback, who began her career as an elementary school teacher in Providence, also served as President of the Providence Teachers Union, President of the Rhode Island Federation of Teachers and Health Professionals, as well as Vice President of the Rhode Island AFL-CIO and the American Federation of Teachers, respectively.

Her volunteer service with ERSRI began in 1980, when she joined the Retirement Board. Ms. Reback served as a board member through 1996. She rejoined the board in 2017 and served until health issues forced her to resign in the spring of 2019. Ms. Reback also served on the State Investment Commission for more than a decade.

Her passion for equity and justice led gave Ms. Reback a well-earned reputation of being a fierce advocate for students, as well as active and retired teachers. At Retirement Board meetings, she always asked tough questions and never suffered fools. Ms. Reback will be remembered as a dedicated educator and public servant.



Meet Heidi Halbur, ERSRI's New Deputy Director

Heidi Halbur joined ERSRI in August 2019 as Deputy Director, following thirteen years with the Orange County Employees Retirement System (OCERS) in Santa Ana, CA, most recently serving as its Director of Member Services.

"I have family here in Rhode Island and have been visiting for years," said Ms. Halbur. "When I heard that the Deputy Director position was available, I knew that I was interested. On a national level, ERSRI has a reputation of striving for continuous improvement. I am thrilled to be part of, and help lead, Rhode Island's retirement system."

Heidi joined the Orange County Employees Retirement System in 2006 where she rose through the ranks. As Director of Member Services, Ms. Halbur was responsible for oversight of the department's budget and staff, including all service needs of the system's 45,000 members. Ms. Halbur was awarded both "Employee of the Year" and "Manager of the Year".

"The first few months at ERSRI have exceeded my expectations", continued Ms. Halbur. "This team has a deep knowledge of systems and best practices. As members of the retirement system themselves, they understand and can empathize with members who need help navigating the retirement process."



MEMBER NEWS

2019 Legislative Update

During the 2019 legislative session the Rhode Island General Assembly passed three bills that may affect members of Employees' Retirement System of Rhode Island.

Contribution Timing

Acting on the recommendation of the Retirement Board, Rhode Island's General Assembly passed a bill which will shorten the length of time an employer has to transmit employee contributions to the Retirement System.

Currently, an employer has up to 45 days to transmit contributions to the Retirement System. Beginning July 1, 2020, employers will have 3 business days to transmit contributions.

This new law will enable the Retirement System to process retirement paperwork more quickly; helping reduce the delay in providing new retirees with their first retirement check.

The retirement system will also be able to invest contributions more quickly, earning additional investment income for the system and its members.

Correction Officer / State Employee - Combining Service Credit

Members of the retirement system who have worked both as a Correctional Officer and as a State Employee will now be able to combine their service when determining their retirement eligibility date and the calculation of their retirement benefits.

Retirement System Welcomes Central Falls Public Safety Employees

Currently, 116 municipal pension plans in Rhode Island are managed by the State Retirement System. These plans receive the benefits of scale (lower costs due to a larger amount of pooled assets), professional management and predictability of being in the Retirement System. Members of these municipal plans also benefit from the member services offered by the Retirement System.

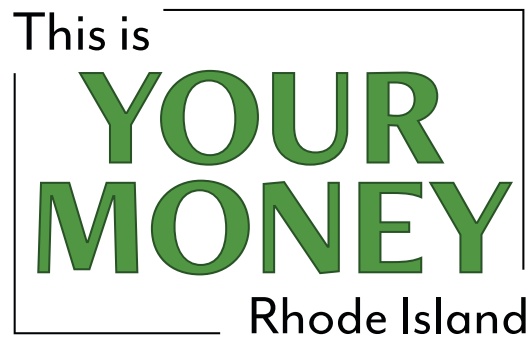
However, under previous law it was virtually impossible for certain municipal pension plans to join the state retirement system. At the request of the City of Central Falls administration and public safety unions, as well as Treasurer Magaziner, the law was amended to make it easier for the Central Falls public safety plan to join the state retirement system. The transfer of management of the Central Falls public safety plan from the city to the State Retirement System will occur on December 31.

Importantly, there will be no impact on existing state and municipal plans due to Central Falls public safety joining the state system.

The funded status of each municipal plan managed by the Retirement System is calculated separately. When a municipal plan joins the Retirement System there is no impact to the existing municipal plans, or to the State Employee plan.

MEMBER NEWS *cont...*

Is your missing money waiting for you?



Rhode Island Treasury's Unclaimed Property department is currently holding over \$370 million of unclaimed property waiting to be returned to its rightful owner.

Each year, the Treasurer's office recovers unclaimed cash and assets from businesses, banks, landlords, and utility companies. Unclaimed property might be money from a forgotten bank account, an uncashed paycheck, a refund that you never received, a utility deposit, or even the contents of a safe deposit box.

Typically, property is turned over to the Treasurer's Office if it has been unclaimed by its owner for three years. However, wages and utility deposits are turned over to the State after one year.

To reunite Rhode Islanders with their unclaimed property more efficiently, Treasurer Magaziner launched the innovative **YOUR MONEY** program in November 2017.

Under **YOUR MONEY**, unclaimed property checks are automatically mailed to individuals whose current address is already on file at ERSRI, the Department of Revenue and in other state databases. Rhode Island was the second state in the country to begin returning missing money automatically. For most recipients of **YOUR MONEY**, the first time they know they have unclaimed property is when the check arrives their mailbox.

It is still important for all Rhode Islanders to check the unclaimed property database regularly, because the **YOUR MONEY** program only automatically sends checks to people whose current addresses are already on file.

Searching for and claiming property is free and simple.

Visit www.findRImoney.com to begin the process.

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IN THE FALL 2019 COMPASS NEWSLETTER

- *Remembering Marcia Reback*
- *2019 Legislative Update*
- *Meet: Heidi Halbur, ERSRI's new Deputy Director*
- *The State may have money waiting to be returned to you*

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Chairman, ERSRI Board