

# Compass

EMPLOYEES' RETIREMENT SYSTEM OF  
RHODE ISLAND  
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WARWICK, RI 02886  
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Dear Member,

As you know, Treasury worked with the Governor and General Assembly to save the failing pension system in 2011 because it was facing a crisis. The work we did together had two objectives in mind - to provide you with retirement security and to fix our ailing pension system. This commitment of putting the health of the system, and your retirement first, continues today.

General Treasurer Gina Raimondo

The Rhode Island Retirement Security Act made the system stronger and ensures that the pension benefits you've worked so hard for will, in fact, be there for you when you retire. If the General Assembly had not taken action, it is likely that down the road, pensions would have had to be severely cut.

Although the decisions we made were difficult and the reforms have significantly strengthened the system, the fund still pays out more in benefits than it receives every year. This reality means we have to find ways to reduce risk, even more so than other pension funds. We have to balance our long-term obligations and our shorter term cash flow requirements when building the investment portfolio. The system is still recovering from the 2008-2009 market crash, when it lost \$2.1 billion.

In order to have the money needed to pay pensions the system needs to earn an investment rate of 7.5 percent after all fees are paid. The State Investment Commission is pursuing a strategy of diversification and risk reduction, which we believe will be the best way to reach the state's investment goal of 7.5 percent over time. The return last fiscal year was 11.1 percent, or \$780 million, after all fees were paid. The three-year return was 10.43 percent after all fees were paid.

In addition to achieving strong risk-adjusted investment returns, I was pleased to successfully advocate on your behalf with the legislature to keep a provision in the state budget that requires surplus revenues be transferred to the retirement system. For Fiscal Year 2013 these funds total almost \$13 million. You deserve to have the system return to healthy funding levels as quickly as possible.

It is never lost on me how difficult these changes are. We will continue to monitor the system and on the investment side, make changes when necessary based on what is in your best long-term interest. Please reach out anytime with questions or concerns.

Sincerely,

### **Audit: Actuary's Work Reliable and Reasonable**

A recent audit by Cheiron of the state's actuary should provide peace of mind to public employees and retirees that the calculations of the Retirement Board's actuary, both during pension reform and on an ongoing basis, have been reasonable and reliable. Reports like this demonstrate that the process state leaders went through to fix our broken state retirement system was thoughtful and driven by data.

### **Compass Fast Facts**

**Updated Website:** The [ersri.org](http://ersri.org) website will soon have a new design.

**Update Your Email:** A quick and easy way to receive information from ERSRI is to let us know your email address. Consider updating your email today by calling (401) 462-7600 or emailing [ersri@ersri.org](mailto:ersri@ersri.org).

# EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

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Warwick, RI 02886



Address Field

Presorted Standard  
U.S. Postage  
PAID  
Permit No. 1286  
Providence, RI

Gina M. Raimondo, General Treasurer  
Chair, ERSRI Board

**Legislative Updates:** The 2013 legislative session was an active one, with changes that may affect you:

- A provision in the state budget was saved that requires surplus revenues be transferred to the retirement system. For Fiscal Year 2013 these funds total almost \$13 million. This will help move the system to a healthier funding status faster.
- New City of Cranston employees who are members of LIUNA Local 1322 and are hired after April 23, 2013 will not be a part of the Municipal Employees' Retirement System. They will be enrolled in a defined contribution plan established by the City. (H-6184, S-1026)
- For MERS Police and Fire there are new filing requirements regarding accidental disability. For injuries occurring on or after July 1, 2011, when submitting an appeal of a determination made by the Retirement Board, you must now file a notice of appeal with the Workers' Compensation Court within 20 days of the entry of the Retirement Board's decision in addition to filing a notice with the Retirement Board. (H-5768, S-0524)
- For MERS Police and Fire there were various amendments to procedural provisions regarding workers' compensation cases, including the notice requirements, increasing the amount paid for burial expenses in cases of work-related injuries resulting in death, and extending the appropriation of \$2 million by the state to the uninsured employer fund to 2015. Nothing contained in the act would abrogate or affect substantive rights or pre-existing agreements, preliminary determinations, orders or decrees. (H-6164, S-0951)

**TIAA-CREF: Unlimited Access:** The State Investment Commission (SIC) is constantly monitoring your Rhode to Retirement TIAA-CREF investment lineup and making adjustments when appropriate. Recently they voted to move the Vanguard Target Date series -- the investment vehicle used by the majority of participants -- into a commingled trust. This change will benefit you with lower expenses for this series, while keeping the same investment strategy. Not sure how these changes will affect your retirement account? TIAA-CREF has financial counselors available to provide a free, holistic review of your finances and offer expert advice.

For information or assistance on your plan, call **800-897-1026**, Monday through Friday from 8 a.m. to 10 p.m. and Saturday, from 9 a.m. to 6 p.m. To schedule a counseling session or to have a representative visit your workplace call **800-732-8353**, Monday through Friday, from 8 a.m. to 8 p.m. TIAA-CREF has offices in Providence, and offers free parking.