

COMPASS

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

A MESSAGE FROM TREASURER MAGAZINER



As Treasurer, I am committed to strengthening the Employees' Retirement System of Rhode Island and delivering excellent customer service to all of our active members and retirees.

It has been a pleasure to see so many of you at the dozens of information sessions Treasury has conducted in partnership with our employee and retiree groups to discuss the changes to the system following last year's pension settlement.

In this spring edition of Compass, we introduce you to new members of the Retirement Board, and warmly thank former members for their service following January's board election. The newsletter also includes new features we hope you enjoy, including an Investment Update, a Legal Corner that provides important tips regarding benefits, and a Retiree Profile that shares the personal story of a fellow retiree. A new column, Ask Frank, taps the expertise of ERSRI Executive Director Frank J. Karpinski to answer commonly asked questions about the pension system.

We always welcome your questions and feedback, and look forward to your suggestions for future retiree profiles. Please keep in touch!

Sincerely,

Seth Magaziner
 General Treasurer, Chairman ERSRI Board

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ELECTIONS

Retirement Board Gets Three New Members

Three new members were elected to the Retirement Board during its January elections.

Joanne A. Matisewski, Paul L. Dion and **Thomas M. Lambert** will represent retirees, active state employees and active municipal employees, respectively.

Incumbents **William B. Finelli** and **John P. Maguire**, who represent active teachers, had no challengers and per Employees' Retirement System of Rhode Island rules were re-elected to the Board.

Voters elected incumbent **Claire M. Newell** and Mr. Dion, a newcomer, to serve as representatives of active state employees.

ELECTIONS (CONTINUED)



Dion

Mr. Dion is the Chief of Revenue Analysis for the Department of Revenue.

Mr. Dion said he is concerned about the health of the state pension system. "Although there are many factors that impact the health of the state pension system, some of the more important ones are related to the assumptions underlying the actuarial analysis of the pension fund," Mr. Dion said.



Lambert

Mr. Lambert replaced Louis M. Prata, who retired from the position of active municipal employee representative in January. Mr. Lambert was the sole candidate for the position.

Mr. Lambert is supervisor of custodians at Woonsocket High

School and Woonsocket Area Career Technical Center and serves on the executive board of Rhode Island Council 94, AFSCME, AFL-CIO. Mr. Lambert said he wants to bring fairness to the board.

Voters elected incumbent Roger P. Boudreau and Ms. Matisewski, a newcomer, to represent retirees.



Matisewski

Ms. Matisewski is a retired teacher who works for a certified public accountant providing services in accounting, bookkeeping and tax preparation. She said she is eager to push for sound investment strategies.

Board members were sworn in at the March 9 Board meeting.

THANK YOU FOR YOUR SERVICE



Meehan

The Employees' Retirement System of Rhode Island warmly thanks John J. Meehan, Michael R. Boyce and Louis M. Prata for their years of distinguished service on the Retirement Board.

Mr. Meehan, who has been a correctional officer for the Rhode Island Department of Corrections for 24 years, served on the Retirement Board since 2005. Mr. Meehan said he was grateful to serve and thanked ERSRI staff members for their support and dedication.

"From 2005 through 2015 there were many legislative pension changes which proved challenging. We kept at it with the goal to make things better," he said. "It was my privilege to serve my fellow state employees."



Prata

Mr. Prata joined the Board in 2002. He served on the Board's Legislative Subcommittee, Procurement Committee and Audit Subcommittee, among others.

Mr. Prata recently retired from his job as foreman at the Johnston Recreation Department, where he served for 29 years. He called his time on the Retirement Board important and satisfying.

"Everything we have done has been an accomplishment, as difficult as it was," Mr. Prata said.

Mr. Boyce, a retired municipal employee from East Providence, was the longest serving member on the Retirement Board. He was elected in 1988. Mr. Boyce is the Financial Secretary/Treasurer for AFL-CIO Providence Central Federated Council.

RETIREE PROFILE: MY LIFE



Marie and Ronnie McDermott

Marie McDermott retired from her job as a senior word processing typist at Rhode Island College in September of 2015 and is now enjoying retired life in South Kingstown. It didn't come easy.

Marie and her husband Ronnie, high school sweethearts, married young, had a daughter and bought a house in Warwick.

Ronnie, who suffered from heart disease, retired in 2002 from his job as head custodian at Gorton Junior High School. Marie looked forward to joining him in retirement. They hoped to move to South County near the beaches.

"I didn't want to reach my 50th wedding anniversary and still be working," Marie says. "I wanted to do things with him. We had become especially close in the past ten years. We really grew into one person. We thought as one person."

But Marie continued working to keep their health benefits.

On New Year's Eve of 2012 the McDermotts had just returned from Top of the Bay Restaurant and were walking to the house when Marie noticed Ronnie struggling to move and ran to him. He started to collapse.

"I held on to him and we both began to slowly fall to the ground," she says. "His eyes were open but there was nobody inside."

Ronnie died of a massive heart attack.

"At least I was with him and he didn't suffer," Marie says. "When I woke up in 2013, I had a whole new life."

It took Marie three weeks before she went back to work while she got her life in order and prepared herself for the future without Ronnie.

"I wondered how I would live on. I had to take it minute by minute, hour by hour, day by day," she says. Much of what helped Marie while she grieved her

husband was family, friends, people from work, her church community, her dogs Charlie and Joey and her cat Sylvester.

Marie joined the church choir. She worked with church members to help people with disabilities. She and church members put on a presentation of the songs from the movie comedy "Sister Act." She worked with Daughters of Isabella to raise money for people in need.

Close friends of the McDermotts who had moved from their home in West Kingstown to The Village at Worden's Pond in South Kingstown told Marie she should join their retirement community.

Marie liked it immediately. It was in South County, near the beaches that she and Ronnie had dreamed of.



Marie and great granddaughter Zoey

Marie has been in her new house for a couple of months now. A lot of her time is spent with her one-year-old great-granddaughter Zoey.

"I'm in love with her. She has filled up some of the void of losing my husband Ronnie," she says.

Marie says her grandson and his wife are happy. That's all that matters.

She is looking forward to the warmer days when she can take walks with her friends and sit in her screened porch, which she no doubt will have to share with Charlie, Joey and Sylvester.

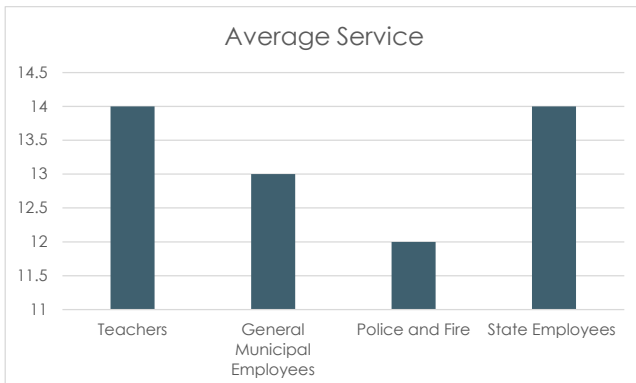
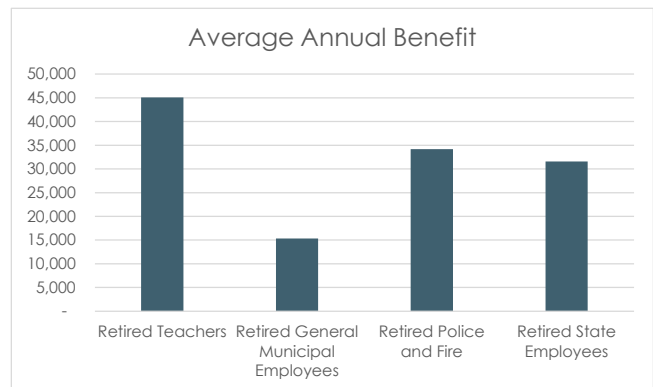
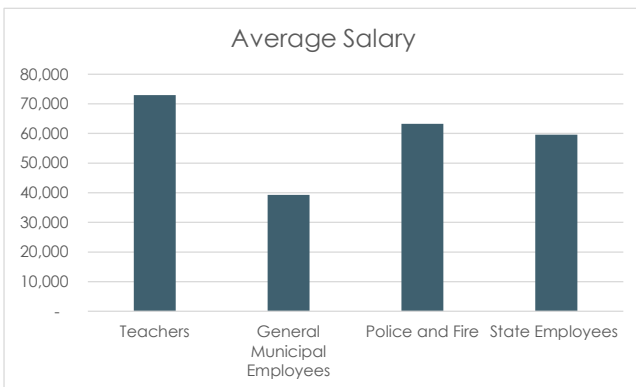
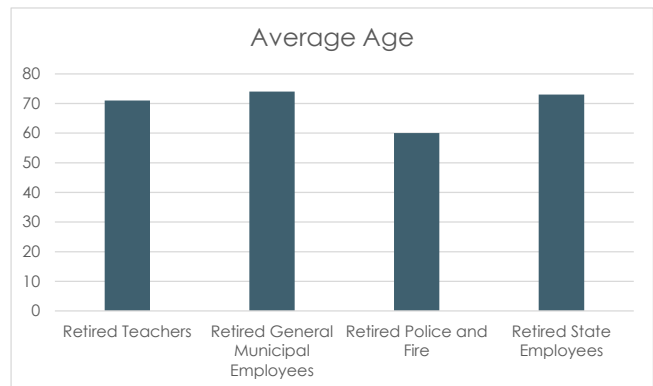
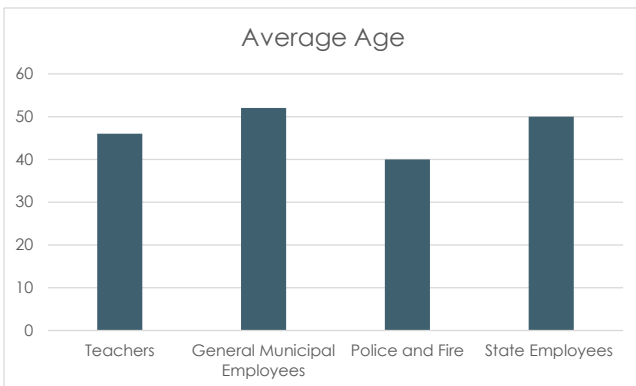
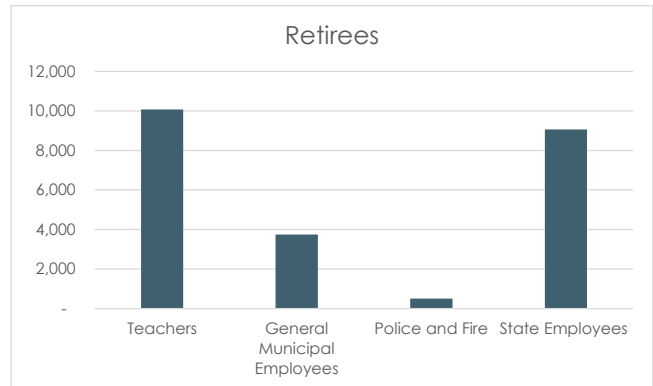
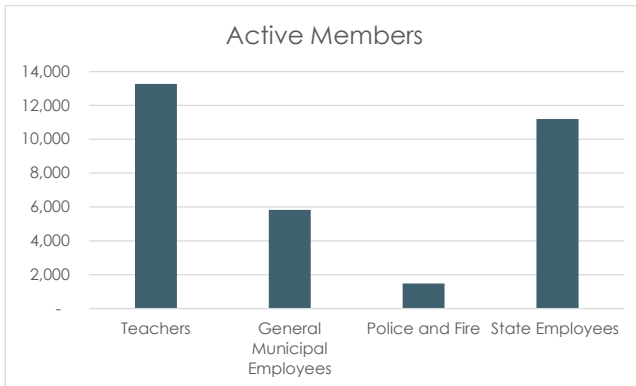
"Retirement has given me a chance to live the dream Ronnie and I had to live in South County someday," Marie says.

If you know of a retiree who would like to share stories about life in retirement for the Compass newsletter please call us at 462-7685.

ERSRI MEMBERSHIP: BY THE NUMBERS

Active Employees

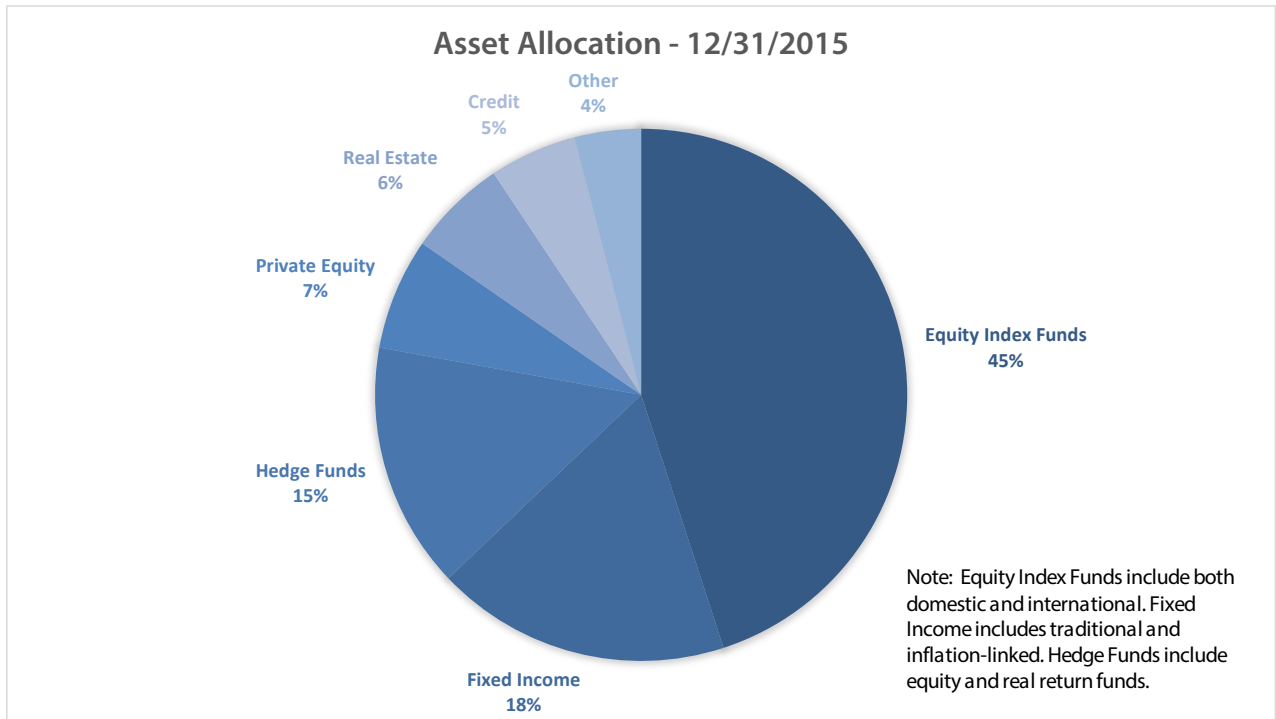
Retirees



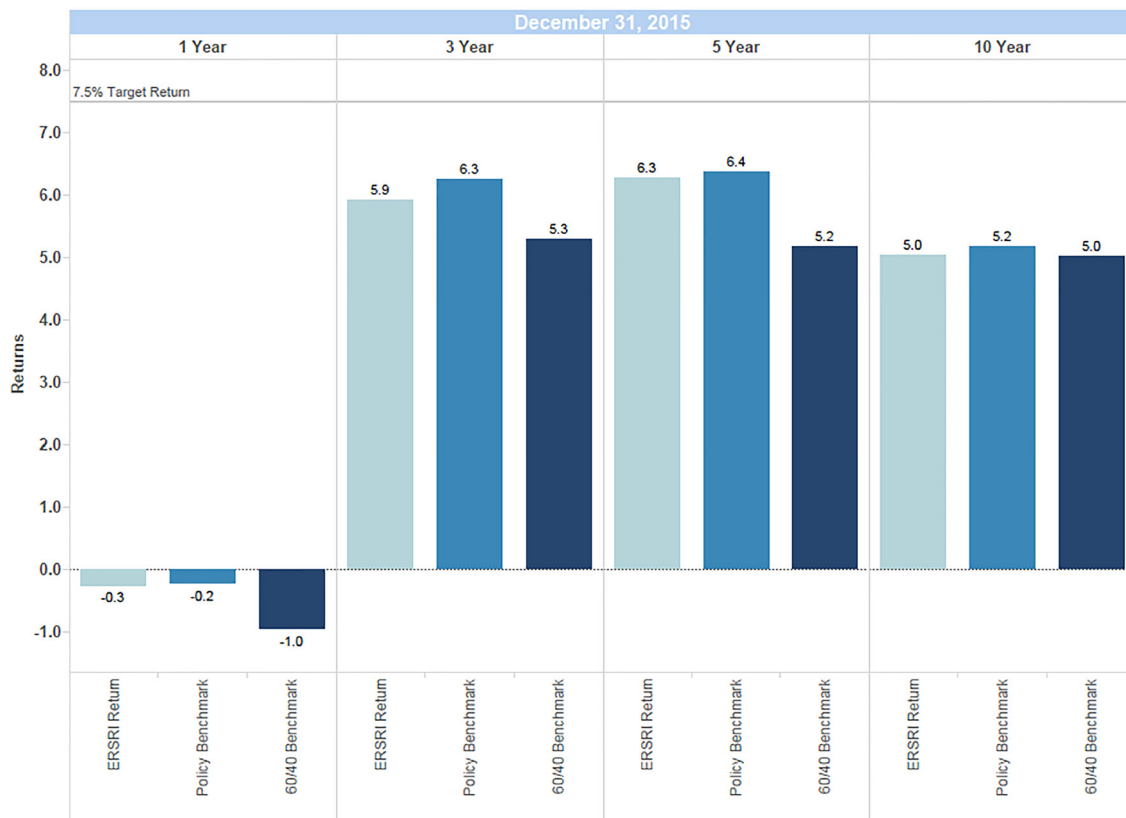
Did You Know?

The demographics of ERSRI's membership have an important impact on the investment strategy for the plan. With nearly as many retirees as active members, investments must be managed to accommodate the payment of over \$900 million in pension benefits each year.

PENSION INVESTMENT INFORMATION



Performance



Got a question? ASK FRANK



Frank J. Karpinski, ERSRI Executive Director

Let's talk about Optional Annuity Protection.

Optional Annuity Protection (OAP) is a way to provide a beneficiary (family member or other survivor) with the option of receiving an annuity (monthly) benefit, rather than a one-time refund of contributions if you die before your retirement from public service.

Who is Eligible for Optional Annuity Protection?

Active members with at least ten years of contributing service credit on or before June 30, 2012 or at least five years of contributing services on or after July 1, 2012 are eligible for OAP.

How do You Designate an Optional Annuity Protection Beneficiary?

Eligible members can designate an OAP beneficiary by completing the Beneficiary Nomination Form in the "ERSRI Forms" section of our website www.ersri.org. Here are some additional things to consider when making your OAP beneficiary designation.

1. If you have already named a spouse or domestic partner (domestic partners must complete an affidavit affirming they meet the criteria set forth in state statute) as your beneficiary, he/she is automatically eligible to receive an annuity when you die, even if you do not expressly designate them as your OAP beneficiary.
2. If you would like a different person to receive the annuity, you must mark the OAP Election box on the Beneficiary Nomination Form.
3. If your OAP beneficiary dies before you do, your benefits will revert to your estate unless you choose a contingent OAP beneficiary.
4. OAP is a benefit for active members. An OAP designation is void upon your retirement.

Additional Considerations for Police and Fire Members

Police and Fire members should know that marking the OAP election may actually result in lower benefits for a spouse or domestic partner. The police and fire statute provides a survivor benefit to your spouse or domestic partner (provided that they do not remarry) of 30% of your highest average salary plus an additional 10% for each child under the age of 18 up to a maximum family benefit of 50%. However this survivor benefit is not awarded if the member has designated an OAP beneficiary.

Do you have a question that you would like Frank to answer in an upcoming issue of Compass? Email it to us at communications@ersri.org.

Legal Corner

Post-retirement Employment



Are you a retiree who is currently working in the public sector?

As a retired member of the Employees' Retirement System of Rhode Island (ERSRI) or the Municipal Employees' Retirement

System (MERS), you are subject to laws that limit where and how much you can work. You and your employer must follow certain reporting requirements. A violation of the laws could affect your pension benefit.

If you are a retiree and are currently working at any

of the public or charter schools in Rhode Island, for the State of Rhode Island, a state college, university, or any of the municipalities which participate in MERS and did not contact our office before beginning employment, we recommend that you contact us to confirm whether or not the laws apply to your employment.

In most instances, the law limits the number of days a retiree can work for any of these employers or the number of dollars he or she may earn.

Exceeding these limits may result in an adjustment to your pension benefit. In some instances, employment is prohibited unless the pension benefit is suspended.

For more information on post retirement employment, please email communications@ersri.org or visit www.ersri.org and go to the "Post Retirement Employment" section.



Shareholder Advocacy

Treasury's shareholder advocacy initiative works to hold corporate America and Wall Street firms accountable for actions that hurt Rhode Island's pension fund.

In 2015, the Employees' Retirement System of Rhode Island pursued leadership roles in two class action lawsuits against fossil fuel industry giants BP and Plains All American for oil spills that harmed investors and hurt the environment

Houston-based Plains All American Pipeline is responsible for the largest oil spill off the coast of California in 25 years. BP's 2006 oil spill in Prudhoe Bay was largest ecological disaster caused by a failed pipeline in the history of oil exploration in Alaska. Both shareholder lawsuits accuse the companies of reckless behavior, misrepresentation and fraud related to the oil spills.

Treasury's lawsuits against the oil companies seek financial restitution for the harm caused to the pension system by their environmental recklessness. The lawsuits allege that Plains All American and BP misled their investors when they reported they were complying with environmental laws and regulations. After the environmental disasters they caused, both companies downplayed the extent of the destruction.

Treasury also led a class action lawsuit in 2015 against 23 of the largest Wall Street banks, in response to reports that the banks manipulated prices of United States Treasuries at the expense of public pension funds and other investors.

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

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Seth Magaziner, General Treasurer
Chairman, ERSRI Board

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