

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
**OFFICE OF THE STATE CONTROLLER**  
14 STATE HOUSE STATION AUGUSTA, MAINE 04333-0014

RYAN LOW  
COMMISSIONER



TERRY BRANN, CPA  
STATE CONTROLLER

March 12, 2010

Senator Bill Diamond, Chair  
Senator Troy Jackson, Chair  
Representative Emily Cain, Chair  
Representative John Tuttle, Chair

Dear Senators Diamond, Jackson, Representatives Cain, Tuttle, and Honorable Members of the Joint Standing Committees of Appropriations and Financial Affairs and Labor:

We are pleased to provide you with this brief report as required by MRSA Title 5 section 286-B that requires the State Controller and State Treasurer, as the trustees of the Retiree Health Trust Fund, to report to the Joint Standing Committees on Appropriations and Financial Affairs and Labor on the status of the Retiree Health Fund Investment Trust Fund.

In February 2008, \$100,000,000 of Retiree Health Fund assets was transferred to the MainePers for long term investment. Since then these trust funds have been invested in parallel with other MainePers investments, and along with those investments, experienced net losses as part of the overall market issues in 2008 and 2009. The value of the assets at June 30, 2009 was \$82M. As of December 31, 2009, the trust asset value had recovered to \$98.5M.

We continue to contract with John Bartel and Steven Glicksman for our annual actuarial opinion to determine the financial position of the Fund. As of June 30, 2009 the unfunded actuarial liabilities for the State and Teacher plans were \$1.229B and \$994M, respectively. The initial \$100M contribution had a significant impact on progress toward meeting the full actuarial contribution. As noted in a Pew Center report [The Trillion Dollar Gap](#), Maine was one of only four states to make more than the actuarial contribution in 2008.

As part of the next contract with the actuary and as a result of the Retiree Health Task Force formed under PL 2009, Chapter 213, Part N, we will seek a new Contribution and Expense projection for the Teacher plan that provides for a pre-funding amount. As reported to the Joint Standing Committee on Appropriations and Financial Affairs on January 13, 2010, the issues originally raised about the establishment of a trust under GASB statement #45 for the Teacher Plan that resulted in the Part N language were resolved by recommending that the Teacher plan trust be administered by a private, independent, non-governmental entity. The existing statute should be clarified to reflect this recommendation.

Sincerely,

David G. Lemoine, State Treasurer

Terry E. Brann, Acting State Controller