

MAINE STATE LEGISLATURE

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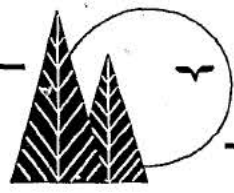
Government Evaluation Act: MSRS November 1997 Report

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MAINE STATE RETIREMENT SYSTEM

Kay R. H. Evans, *Executive Director*
Gail Drake Wright, *Deputy Director*

DATE: October 31, 1997

TO: Senator Mary Cathcart, Senate Chair
Representative Pamela Hatch, House Chair
Members, Joint Standing Committee on Labor

FROM: Kay R.H. Evans, Executive Director *Kay R.H. Evans*

RE: Government Evaluation Act: MSRS November 1997 Report

As you know, under the Government Evaluation Act (5 MRSA §951 et seq.) the Retirement System is scheduled to report to the Labor Committee in calendar 1997, unless that schedule (and/or the report contents) is altered by the Committee. In discussions last spring, the Committee and the Retirement System agreed that the System would report in November, 1997 on financial aspects of the System. As set out in David Elliott's letter to the System of June 20, 1997, the System's report is to include "...a 10 year financial summary, an analysis of the current year's budget and year-to-date experience and an evaluation of the System's investment performance over the most recent one, 3, 5 and 10 year periods." On behalf of the System, in accordance with our discussions with the Committee and with David Elliott's letter, I am submitting this memo and its Attachments A-C as the System's November, 1997, Government Evaluation Act report.

Attachment A, 10-year Financial Summary, provides financial information on the System's retirement benefit funds and plans covering state employees and teachers for the period FY1987-FY1996. The information is drawn from the System's annual actuarial valuations. The FY1997 valuation is in preparation.

Attachment B, Current Year (FY1998) Budget and Year-to-Date Experience, provides information on the Retirement System's administrative operating budget.

Attachment C, Investment Performance, sets out the investment returns of the System's invested assets for the one, three, five, and ten year periods ending June 30, 1997. This information is drawn from the records of the System, its custodial bank and its investment consultant. In light of the

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Senator Mary Cathcart, Senate Chair
Representative Pamela Hatch, House Chair
Members, Joint Standing Committee on Labor
October 31, 1997
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recent volatility in investment markets, it is important to remember that the Retirement System, like other pension funds, is the quintessential long-term investor, and it is instructive and useful to maintain focus on returns over the long term.

I trust this report provides the Committee with the information it sought and expected. If you need other information, we will, of course, be glad to provide it.

KE/jr

Attachments

cc: David Elliott, OPLA
Members, Board of Trustees

MSRS Government Evaluation Act Report
November, 1997

ATTACHMENT A: 10-year Financial Summary, Retirement System Assets and Liabilities
(billions)

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Assets (Total; Market Value)	1.34	1.40	1.68	1.97	2.14	2.46	2.92	3.05	3.65	4.32
Liabilities/Actuarial, S/T*	2.77	3.07	3.38	3.72	4.03	4.77	4.50	4.85	5.11	5.91
Liabilities/Accrued, S/T	2.01	2.17	2.37	2.56	2.82	3.12	3.21	3.57	3.80	4.63
Unfunded actuarial liability, S/T	1.98	2.15	2.31	2.45	2.59	3.18	2.64	2.83	2.80	2.89
Unfunded accrued liability, S/T	1.19	1.30	1.31	1.31	1.39	1.49	1.25	1.54	1.34	4.31
Funding ratio, Accrued benefit, S/T	41.0%	40.1%	44.8%	49.3%	50.6%	52.4%	61.2%	57.1%	64.8%	71.0%

* "S/T" means State/Teacher plan

MSRS Government Evaluation Act Report
November, 1997

ATTACHMENT B
Current Year (FY 1998) Budget and Year-to-Date Expenses

ADMINISTRATIVE OPERATING BUDGET

	FY 98 Budget 7/1/97	FY 98 YTD @9/30/97
PERSONAL EXPENSES		
SALARIES & WAGES	\$ 3,521,342	\$ 747,848
DIRECT BENEFITS	967,060	184,254
OTHER PERSONNEL EXP	<u>395,462</u>	<u>21,444</u>
TOTAL PERSONAL SERVICES	4,883,864	953,546
ALL OTHER	<u>2,569,350</u>	<u>481,631</u>
GRAND TOTAL	\$ 7,453,214	\$ 1,435,177

MEMBERSHIP LISTING PROJECT

**Total Funding Available to
Project (from 7/1/97 until expended)** **\$1,200,000**

EXPENDED TO DATE

SALARIES & WAGES	60,939
DIRECT BENEFITS	<u>16,130</u>
TOTAL	<u>77,069</u>

REMAINING BALANCE **\$1,122,931**

**MSRS Government Evaluation Act Report
November, 1997**

ATTACHMENT C: Investment Performance

Return as of
6/30/97

1 year	18.8%
3 year	17.6%
5 year	14.1%
10 year	11.1%