

MassHousing Retirement Newsletter

MASSHOUSING RETIREMENT BOARD WELCOMES A NEW CHAIRWOMAN 2020 MARKET RETROSPECTIVE & PORTFOLIO COMMENTARY

MassHousing Board Updates



Andris Silins



Thomas J. Flynn



Lisa Serafin

Several changes to the MassHousing Board were announced in March.

First, we would like to welcome Lisa Serafin as the new Chairwoman of the MassHousing Retirement Board. Lisa Serafin was elected Treasurer, a role previously held by Mr. Silins. Ms. Serafin, who joined the MassHousing Board in 2016, is a Principal with Redgate Real Estate Advisors. We congratulate Ms. Serafin on her new role.

The MassHousing Retirement Board would like to thank Andris Silins, for his many years of service and dedication to the members of the Retirement System. Good Luck in Retirement!

Finally, Mr. Silins seat who served on the MassHousing Board for over 24 years, was filled by Thomas J. Flynn, General Secretary-Treasurer of the United Brotherhood of Carpenters & Joiners of America.

Congratulations to Antonio Torres on his re-election to the Retirement Board!! Antonio Torres has been serving the members of the Retirement System faithfully since 2003.

Elected board member's contact information - Mike Fitzmaurice fitzmo721@gmail.com and Antonio Torres ajtorres75@gmail.com

RETIREE SPOTLIGHT

See page 4 for news about Peter Milewski's new book "Feel Good and Do Well by Doing Good" reaches #1 New Release in Business Ethics on Amazon.

Recent Retirements

2021

**Sylvette Bentancourt
Diane Cardinale
Diane Gillis
Antonio Torres**

*Congrats & Thank you
for your service!*

2020 Portfolio Commentary - Written by Michael Fitzmaurice-

Greetings to my fellow retirees and all members of the MassHousing Retirement System. I hope all of you are healthy and staying safe during this unprecedented pandemic we find ourselves in.

I am writing this article in response to inquiries I have received, from time to time, regarding the Retirement System's investment philosophy, investment portfolio and investment performance.

The Retirement Board maintains a strict philosophy that the long-term view of our portfolio is of the utmost importance. We, along with our advisors, constantly monitor our portfolio and fund managers and adjust when circumstances dictate. We have structured a highly diversified portfolio of investments which has been constructed to protect against a wide variety of risks. We do not speculate, nor do we invest in so called exotic investment vehicles. We do not chase yield, meaning we do not adjust our portfolio simply because one market sector is experiencing volatility. We value safety over yield. Our approach sometimes causes our performance to lag other retirement systems but the fund's superior funding level of over 93 percent means we do not need to take undue risk in our investing. This approach further protects us in down markets as losses may not be as severe as our peers.

The Retirement fund currently maintains an asset allocation mix across 10 asset classes with investments further diversified among several fund managers within each asset class. We currently have 47 percent of the portfolio invested in equities or stocks spread out among U.S. equities, developing market equities and emerging market equities. We further have 25 percent of the portfolio invested in bonds and treasury securities. The remainder of the fund is invested in Private Equity, Real Estate, Infrastructure and cash.

In 2020, the Retirement System returned 14.4% compared to 11.8% for the universe of similar sized public funds, and 12.6% for the PRIT Fund. Returns for the year were driven by primarily strong stock market performance, with the Retirement System's domestic and emerging market equity assets returning 21.6% and 25.4%, respectively. The private equity portion of the portfolio also performed well, up 25.8%. Risk mitigating assets also contributed to strong returns relative to historical expectations with TIPS and investment grade bonds returning 11.0% and 9.2%, respectively, for the calendar year.

Despite a volatile year, the System topped \$200 million in assets for the first time. Based on the retirement system's most recent actuarial valuation we are currently between 94 to 97 percent funded which places us among the top systems in the commonwealth. We continue to believe diversification and constant monitoring are the best tools to ensure we meet our investment goals as all of us on the Board understand how important your pension is to a successful and happy retirement.

I hope this was helpful and if any of you would like to talk further on this subject or any other subject regarding the Retirement System or your individual retirement issues, please feel free to contact me anytime.

Recent Retirements

2020

**Gail Bishop
Norman Brown
Stephen Dowling
Deborah Goddard
Thomas Harrington
Ineda Jackson
Peter Joy
Michael Kilgannon
Wilson Li
John McGinty
Heather Putnam-Graham
Paul Silverstone
Loretta Spinale
Gerald Sullivan
Linda Wynn
Bolade Yakubu-Owolewa**

***Congrats & Thank you
for your service!***

Recently Deceased over the past three years

2021

**Charlotte McClure
Joanne Burk**

2020

**Alice Warren
Shirley Abrams
Robert DeBonis
Trudy Kelly
Vernon McCaughey
Paul Power**

2019

**Dean Hobbs
Deanne Clough
Paul Burbine**



OPTION D-FOR CURRENT EMPLOYEES

Option D is often confusing for our current employees. Let us try to make it a little clearer for you.

D usually comes after C – except in retirement.

Most members are aware of the [payment options](#) available to them when they retire, Option A, Option B, or Option C. Few members, however, are aware of Option D, the member survivor allowance. Option D is actually not a retirement option for the member, but it does provide for a lifetime benefit for the member's named beneficiary.

Option D provides for a lifetime monthly allowance for the member's beneficiary. The monthly allowance is equal to the full Option C allowance the member would have received had they retired on the date of their death. If they are not yet 55, the allowance will be calculated as if the member were 55 at the time of their death. For members joining the system after April 2, 2002, the age is 60. If the member is over age 55 (or 60 for newer members, the calculation is based on the member's actual age at death.

Only one Option D beneficiary may be named, and only a spouse, child, former spouse who has not remarried, mother, father, brother or sister is eligible for designation. Unless superseded by a spousal election, discussed below, a nominated Option D beneficiary must receive the allowance.

A member may always file an Option D form to nominate a beneficiary, however under certain circumstances, a member's spouse may be eligible to elect to receive an Option D benefit. To qualify for an election, the member must be in active service (still

employed), must have at least two years of service, and the member and the spouse must have been married for not less than one year. The member's spouse can also elect if the member dies within thirty days following the date his or her retirement becomes effective as long as the member did not have an Option C beneficiary. That said, the member's spouse can only elect as long as the spouse and the deceased member were living together at the time of the member's death, or that the Board finds that they had been living apart for justifiable cause other than desertion or moral turpitude on the spouse's part. Most importantly, the spouse must file his or her election with the Board within 90 days following the date that such notice regarding the right of election is mailed to them. The rights of an eligible surviving spouse will always supersede any other person nominated as the Option D beneficiary.

However, the spouse does not have to satisfy these requirements if the member designates him or her as their beneficiary by filing this form. (Unless the beneficiary is the member's spouse who elected, the distribution of benefits following a member's death may also be impacted by a member's prior marriage and any related court orders.)

A member who wishes to nominate an eligible beneficiary should complete an Option D form and file it with the Board. The form must be on file with the Board prior to the Member's date of death.

If you have eligible beneficiaries on file with the Board that are not your current spouse but have not filed an Option D form, they will not be eligible for the survivor allowance.

Also, only one person can be named as an Option D beneficiary. Multiple beneficiaries are only eligible for a lump sum distribution of your annuity provided there is no Option D beneficiary on file.

The Option D beneficiary can be changed or canceled at any time by sending a request in writing to the Board. Once a member retires, the Option D form on file with the Board becomes void and the retirement option chosen by the member goes into effect – either Option A, B, or C – because in this case D came before A, B, and C.

For more information about Option D, visit

<https://www.mass.gov/orgs/public-employee-retirement-administration-commission>

Note, whenever your personal circumstances change you should review, and update if needed, your beneficiary(ies) on file with the Retirement Department.



Current Employees: Please be advised:

If you are out of the office on medical leave or workman comp, you may not be earning creditable service towards your retirement.

Retiree Spotlight: Peter Milewski

Duxbury, MA— July 19, 2019 — Mortgage industry consultant turned writer, Peter Milewski, has authored a book that implores financial institutions to “do the right thing.” The motivation for the book was the author’s concern that financial institutions are forgetting the lessons learned during the financial crises of the past decade. Milewski is quoted, “I am worried that businesses and individuals have failed to learn, or quickly and conveniently forgotten what caused the most recent collapse of the real estate and mortgage lending industries.”

Milewski has written a book that cautions against transaction centric business plans and proposes that a business culture focused on corporate social responsibility can be the foundation for business success as well as personal happiness.

Industry Examples

Milewski tells a story of both good and bad companies that have succeeded or failed based on their leadership focus. His real life examples are from his fifty-year career in banking, mortgage lending, and public finance. He includes accounts of very success CEOs and companies as well as individuals who have thrived and found fulfillment in the way they conduct business and live their lives. His book also includes examples of corporate failures and reasons behind such epic fails as Countrywide Funding, Lehman Brothers, and Enron. The book makes a compelling argument that both corporate success and personal happiness are linked to a commitment to have a positive impact on the lives of customers, employees, business partners, and community they serve.

Product Availability

“Feel Good and Do Well by Doing Good” since its release in June has been the #1 New Release in Business Ethics on Amazon, where it is available in paperback, Kindle and audiobook.

Peter Milewski is a consultant and motivational speaker whose career covers five decades in the banking and mortgage lending industries; with national mortgage insurers MGIC and RMIC, Mellon (Bank) Mortgage Company, and Embrace Home Loan. He was a past president of the Massachusetts Mortgage Bankers Association, and the recipient of their Lifetime Achievement Award. From 1999 to 2017 he was the Director of Home Ownership Lending at the Massachusetts Housing Finance Agency and Director of the Massachusetts Mortgage Insurance Fund.

For additional information contact

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REMINDER:

Know Your Retiree Health Insurance Options

Retiree health insurance is provided by the employer and not the retirement board. MassHousing Retirement deducts retiree health insurance contributions from your monthly retirement allowance. Employers may provide different coverages and charge a higher insurance contribution rate for retirees than for active employees. MassHousing Retirement encourages you to speak to Human Resources and learn the health insurance options available to you at retirement and to your spouse upon your death.

Annual Statement

Our members should have received their annual statement as of 12/31/2020. If you have not, please contact Joe Petty or Michelle Shinnick.

Please review your statement and let us know if you have any changes. Please take note of your beneficiary and make sure it is correct.

Also, we have been asked to explain why interest received for the year 2020 is so low. Interest is calculated according to G.L. c. 32, § 22(6)(b) which defines it as “regular interest” for regular and additional deductions made after January 1, 1984, shall be a rate established by the Public Employee Retirement Administration Commission in consultation with the Commissioner of Banks, and shall be obtained from the average rates paid on individual savings accounts by a representative sample of no less than 10 financial institutions. The average rate paid has been determined to be 0.1% for the calendar year 2021.

The average rate of 0.1% is to be applied on the accumulated total deductions and accrued interest.

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Recent Retirements 2019

Josette Alexandre

Barbara Amato

Gina Dailey

Marilyn Katler

David Keene

Roberta Kelley-McCarrick

Kathy Lynch

John McCormack

Craig Merry

Kathy Moore

Charlotte O'Hern

Helen Polvere

Zannati Rahman

Karen Robertson

Leo Saidnawey

Elaine Simpson

Patricia Weems

Tom Wolf

Congrats and thank you for your service!