

## A message from **GENERAL TREASURER JAMES A. DIOSSA**



Dear ERSRI Member,

As we close out the first quarter of 2024, I am proud to share that the Employees' Retirement System of Rhode Island (ERSRI) continues to outperform its peer group. The defined benefit plan's

10-year performance ranks in the top 22 percentile of a universe of public funds with more than \$1 billion in assets.

The portfolio's emphasis on diversification, especially during challenging market environments,

has contributed to ERSRI's strong relative long-term performance. These returns are key indicators that our investment strategy is on the right track. As taxpayers get the best possible return on their investment, we ensure that our ERSRI members can enjoy a secure and dignified retirement.

As we continue into 2024, I am committed to collaborating with the State Investment Commission so that we keep getting the best and strongest returns on our pension system investments.

James A Diossa  
Rhode Island General Treasurer

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## PLANNING FOR RETIREMENT?

As you make your retirement decisions, we encourage you to review the Group Retirement Presentation for your member type, which cover what retirement benefits may be available to you and your beneficiaries, how benefits are calculated and what payment options are available. You'll also learn how and when to apply for retirement.

To find the presentation for your member group, visit <https://ersri.org/members/retirement-planning/retirement-presentations> or scan the QR code to the right.



## Member information

# UNDERSTAND YOUR ERSRI RETIREMENT BENEFIT

As a member of the Employees' Retirement System, you'll likely have a hybrid benefit plan made up of a Defined Benefit plan and a Defined Contribution plan. (Note: Correctional Officers, State Police, and certain public safety employers only provide the Defined Benefit plan and do not participate in the Defined Contribution Plan pursuant to Rhode Island General Law.)

**A Defined Benefit Plan** is commonly known as a "pension." This plan pays you a specific benefit amount each month when you retire, for your lifetime. These plans have formulas to determine how much you will receive each month, based on criteria such as how long you worked and your salary.

**The Defined Contribution** plan allows you to save money for your retirement in a tax-deferred account that is similar to a 401(k) plan. Both you and your employer are required to contribute a percentage of your salary to your Defined Contribution plan. TIAA invests these funds on your behalf and as you instruct and when you retire, you are able to begin withdrawing these funds. To learn more, visit the TIAA webpage.

## WANT TO LEARN MORE?

View the current member contribution rates. →



Learn more about TIAA. →



### THE ERSRI SYSTEM IS COMPRISED OF...



#### DEFINED BENEFIT PLAN

**Monthly benefit is paid for your lifetime based on plan formula.**



#### DEFINED CONTRIBUTION PLAN

**Benefits are based on amounts contributed by you and your employer, plus any investment earnings**

# TIPS FOR PREDICTING THE COST OF YOUR RETIREMENT

**It's best not to bank on a meaningful drop in spending in the latter decades of retirement.**

If forecasting your retirement expenses feels so daunting that you haven't even tried, you're in good company. Having your finances squared away before retirement can give you confidence now and improve your quality of life when you get there. But trying to do so can be more difficult than it's ever been before, for a few reasons. For example, thanks to gains in modern medicine, people are still living longer—meaning more time spent in retirement than previous generations. If you retire at age 65, that time could add up to three decades or more.

Predicting your cost of retirement, especially with so many unknowns ahead, may leave you wishing for a crystal ball. But below are some common considerations.

## **1. You don't have to do it alone.**

Part of the inertia you may feel attempting to estimate your retirement expenses is not knowing where to start. The good news? You don't have to do it yourself. You can meet with a Financial Consultant at no additional cost.

## **2. Create a retirement "vision"—and potential budget.**

A more precise approach to estimating for then is to start with what you spend now. Make a list of your monthly expenses: rent or mortgage (including property taxes), utilities, groceries, health insurance, and entertainment. Don't forget miscellaneous expenses like your gym membership, haircuts, and vet bills.

## **3. Know how much you spend in retirement probably won't change, but what you spend on will.**

If you've been a careful spender, you'll likely continue to be so. Know that new expenses like household help, in-home care, or transportation may eventually come into the picture. Healthcare costs for retirees are typically higher, too, and you may find out-of-pocket medical bills gradually increase. So, it's best not to bank on a meaningful drop in spending in the latter decades of retirement.

## **THE PERFECT RETIREMENT BEGINS WITH A PLAN**

Everyone's vision for retirement is unique. Whether you see yourself traveling the world, pursuing your dreams in a second career, or settling into a cozy home with grandchildren nearby, one thing is certain: planning can help you figure out how to pay for it. The sooner you get a sense of your retirement expenses—and have a strategy for meeting them comfortably—the more likely you are to look forward to the future with confidence.



## Management's Discussion and Analysis

# YOUR PENSION SYSTEM'S FINANCIAL

The System provides retirement and disability benefits from the defined benefit plans to State employees, public school teachers, participating municipal general and public safety employees, state police officers and judges. These benefits are funded through member and actuarially-determined employer contributions and investment income. The fiduciary net position is available to satisfy the financial obligations to members, retirees, and beneficiaries. The System also provides retirement benefits through a defined contribution plan which is intended to supplement retirement benefits available through the defined benefit plans for certain members as part of the System's "hybrid" benefit structure.

The total net position restricted for pensions at June 30, 2023 increased to \$12.4 billion when compared to \$11.6 billion at June 30, 2022.

The following tables illustrate the condensed Net Position and condensed Changes in Net Position or ERSRI for the fiscal years ended June 30, 2023 and June 30, 2022.

### Summary of Changes in Fiduciary Net Position – All Plans (IN MILLIONS)

	YEAR ENDED JUNE 30, 2023	YEAR ENDED JUNE 30, 2022
<b>Additions:</b>		
Contributions	\$ 900.7	\$ 962.1
Net investment gain (loss)*	1,018.3	(515.8)
Service Credit Transfers	16.8	16.0
Total Additions	1,935.8	462.3
<b>Deductions:</b>		
Benefits and distributions	1,069.0	1,047.9
Refunds of contributions	6.7	6.8
Administrative expenses	10.6	11.9
Service Credit Transfers	16.8	16.0
Total Deductions	1,103.1	1,082.6
<b>Increase (Decrease) in Net Position:</b>	<b>832.7</b>	<b>(620.3)</b>
<b>Fiduciary Net Position:</b>		
Beginning of year	11,550.4	12,170.7
End of year	\$ 12,383.1	\$ 11,550.4

\* Adjusted to include private asset valuations received after the 2023 Fiscal Year's custodial close

## Plan Funding status as of June 30, 2023

The ERSRI Retirement Board performs an actuarial valuation for all plans every fiscal year as of June 30. The most recent available valuation approved by the Board is for the fiscal year that ended June 30, 2023.

The funding objective of the ERSRI is to attempt to develop

stable contribution rates and to achieve a funded status of 100%. As of the actuarial valuation dated June 30, 2023, the funded ratio for State employees increased from 58.8% in the prior year to 60.4%, as well as an increase for teachers from 61.5% to 64.5%.

The Municipal Employees' Retirement System (MERS) prepares separate valuations for each participating unit. For reference purposes only, the overall funded ratio for MERS general employees was 88.7%, and for MERS public safety employees, it was 86.5%. For information about the funding

# POSITION REMAINS STRONG

Total assets increased by \$835.2 million, or 7.2%, for the fiscal year ending June 30, 2023, when compared to fiscal year ending June 30, 2022. The increase can be attributed almost entirely to the investment gains experienced by the System's Investment Portfolio for the fiscal year ended June 30, 2023.

Cash and cash equivalents at June 30, 2023 increased \$3.3 million when compared to fiscal year ending June 30, 2022. Contributions receivable decreased from the prior year because the June 30, 2022 balance included the \$61.7 million in supplemental contributions due for the State for the 1991 and 1992 deferral amounts which were received during fiscal year 2023.

Total liabilities increased \$2.5 million, or 31.3%, for the fiscal year ending June 30, 2023 due to the timing of what was owed to vendors.

status of each individual employer group, see the latest MERS actuarial valuation at [https://www.ersri.org/sites/default/files/2023-12/MERS\\_ValReport\\_2023.pdf](https://www.ersri.org/sites/default/files/2023-12/MERS_ValReport_2023.pdf)

The funded ratio for the Rhode Island Judicial Fund Trust

increased from 7.4% to 8.2%. After multiple years of advanced funding, the funded ratio for the State Police Retirement Fund Trust increased from 14.9% to 17.7%.

The funded ratio for the Judicial Retirement Benefits Trust (JRBT) decreased slightly from 104.0%

in the prior year to 102.3%. The State Police Retirement Benefits Trust (SPRBT) also experienced a decrease in their funding status from 90.0% to 85.5% in the most recent actuarial valuation.

## Assets, Liabilities and Fiduciary Net Position – All Plans

(IN MILLIONS)

	JUNE 30, 2023	JUNE 30, 2022
<b>Assets:</b>		
Cash and cash equivalents	\$ 11.0	\$ 7.7
Investments	12,334.5	11,439.4
Receivables and other assets	48.1	111.3
<b>Total assets</b>	<b>12,393.6</b>	<b>11,558.4</b>
<b>Liabilities:</b>		
Accounts payable and other liabilities	10.5	8.0
<b>Total liabilities</b>	<b>10.5</b>	<b>8.0</b>
<b>Fiduciary Net Position:</b>	<b>\$12,383.1</b>	<b>\$11,550.4</b>

**For the State and Teacher Plans, Aggregate UAAL decreased for the fifth year in a row - for FY2023 it decreased from \$4.77b to \$4.50b. For MERS, the unfunded actuarial accrued liability (UAAL) is \$286 million, compared to \$298 million from last year.**

MAY 2024



# COMPASS EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

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**ERSRI** | Employees' Retirement System  
of Rhode Island

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al español de este número:  
[ersri.org/publications/compass](https://ersri.org/publications/compass)**

**Office of the General Treasurer**  
James A Diossa, General Treasurer  
Chairman, ERSRI Board

50 Service Avenue, 2nd Floor,  
Warwick, RI 02886

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