



EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

A MESSAGE FROM GENERAL TREASURER SETH MAGAZINER

As your state treasurer, I am committed to strengthening the pension fund because you and your loved ones deserve a retirement system that you can count on after you have spent your career serving others.

I am pleased to report that our Back to Basics investment strategy has earned more than \$1.5 billion since we implemented it two years ago. We accomplished this through traditional, proven investments like low-fee index funds.

We are also improving member services and increasing transparency at all levels. Not only were we one of the first states in the nation to adopt wide-ranging transparency requirements for all our investments, you will see on page 5, that we recently received a national award for transparency in our financial reporting.

In this issue, you will also read about ways we are holding companies in which we invest accountable to shareholders like you, opposing excessive executive pay and risky business practices. We also highlight Rhode Island's ABLE program, which is helping Rhode Islanders who are growing up with disabilities achieve financial security.


It is an honor and a privilege to serve the state and municipal employees, teachers, and first responders that make Rhode Island great.

Thank you for your service,

Seth Magaziner

 **Retirement System Update**
(Page 2)

 **Member Advocacy: Shareholder Engagement**
(Page 3)

 **Member Spotlight: Carol Peck**
(Page 4)

 **Saving for a Loved One with Disabilities**
(Page 5)

RETIREMENT SYSTEM UPDATE

Rhode Island Pension Fund Continues to Deliver Strong Returns in August

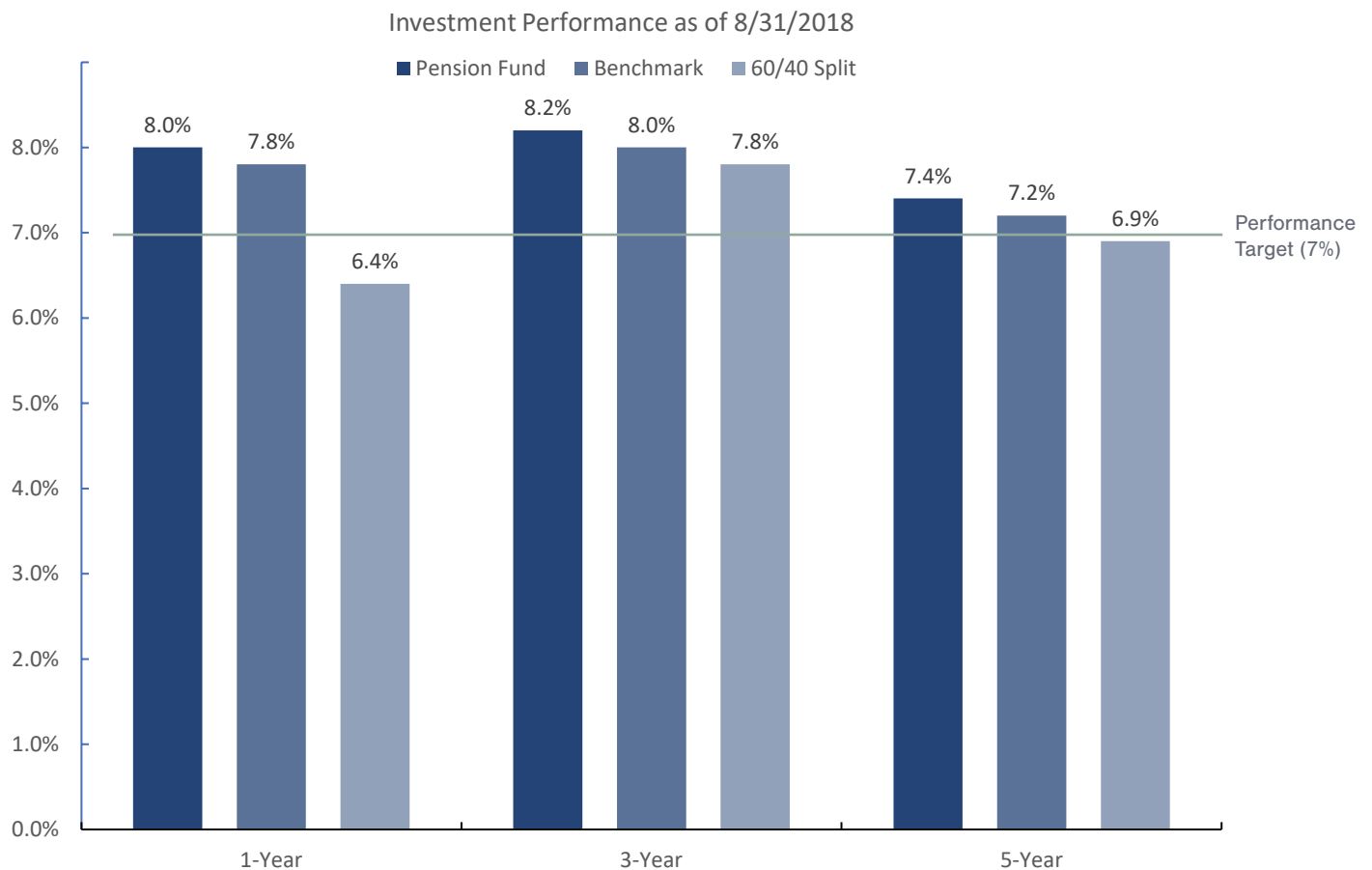
The pension fund earned \$79 million during the month of August, bringing the total investment earnings of the pension fund under our Back to Basics investment plan to more than \$1.5 billion. This is an important milestone in our ongoing efforts to return the pension fund to healthy status so that all members will have a secure and predictable retirement.

Over the past year, the portfolio also outperformed its benchmarks, returning 8.0 percent, while the plan’s investment benchmark earned 7.8 percent. A traditional investment portfolio with 60 percent stock and 40 percent bonds (60/40 split) would have earned 6.4 percent during the same period.

Treasurer Magaziner’s Back to Basics investment strategy was adopted in September 2016 and included moving more than half a billion dollars from high-fee hedge funds in favor of more traditional strategies.

Investment information, including performance, fees and expenses, cash-flows, and funded status are available online at the Treasurer’s Transparency Portal at: investments.treasury.ri.gov

All performance is net of fees and expenses. ✦



MEMBER ADVOCACY

Treasurer Magaziner is working to strengthen corporate accountability

Every Rhode Islander deserves to retire with dignity and financial security, especially those who spend their careers in public service. In the Treasurer's office, we expect companies in which we invest to engage in responsible business practices that protect members of the pension fund from financial risk.

Each year, publicly-traded companies seek votes from shareholders on items including electing board members, executive pay packages, as well as proposals from shareholders on environmental, social and governance issues. As a multi-billion-dollar investor in the U.S. and Global stock markets, Rhode Island's pension fund holds shares in thousands of companies.



Available Now :
2018 Shareholder Report

Treasurer Magaziner's 2018 Shareholder Engagement Review, along with information on proxy voting can be found online at:
treasury.ri.gov/shareholderengagement

Shareholder engagement allows us to advocate for our members and hold corporations accountable. In 2018, the State took actions to strengthen corporate accountability at hundreds of publicly traded companies in which the pension fund invests, including:

- Filing a shareholder proposal at Navient Corp, the nation's largest student loan servicer, pushing for stronger measures to address the student loan crisis, and winning the support of nearly half of Navient shareholders.
- Opposing executive compensation proposals at dozens of companies including IBM, Aflac and American Express where the pay packages for top-executives were not justified by the performance delivered to shareholders.
- Leading and participating in successful shareholder engagements that secured agreements from energy companies ExxonMobil, ConocoPhillips, and Devon Energy to publicly disclose information on the use of shareholder money to fund lobbying and climate denial activities.
- Opposing the election of board directors at more than 200 companies that failed to ensure adequate racial or gender diversity on their corporate boards. A growing body of research shows that, in aggregate, companies with strong diversity at the top deliver stronger returns for shareholders.
- Joining a large coalition of investors seeking stronger disclosures about a data breach at credit reporting company Equifax, which allowed 145 million American's confidential information to be breached in 2017. ✦

MEMBER SPOTLIGHT

Meet: Carol Peck, Administrative Assistant at Rhode Island College

"I have been blessed to be a member of the Rhode Island College community for nearly 20 years," said Carol Peck, who recently transitioned from her position in the School of Nursing to the Athletics Department. "The focus on life-long learning keeps me engaged."

Carol began her career at Rhode Island College (RIC) as a "float", filling in for staff who were out of the office for extended periods. "In the first six months, I had the opportunity to work in both human resources and admissions and I learned so much, so quickly," Carol added.

When she joined the Alumni Affairs office Carol learned that for many students, the friends that they made at RIC were friends for life. She fondly recalls how close the members of the Class of 1940 remained, over a half-century later. "It was a smaller class, obviously, but these alumnae got together each month, and sent each other birthday cards and Christmas cards," said Carol. "They were close when they were students and they were proud of their shared connection and experience at RIC."

After seven years, Carol made the transition to the School of Nursing at RIC, which was then just a "department". The size of the nursing program, which has earned a reputation for educating highly-qualified graduates, grew tremendously in the dozen years that Carol was there.

"Once we became a 'School' of nursing and offered a Masters program, I was the administrative assistant to the Dean," Carol said. "I am grateful to have played a

role in the tremendous growth; our faculty, students and graduates should all be proud of the positive impact that this program has had in our communities."



This is a time of transition and positive movement forward for Carol and her family.

Having raised three "wonderful" children, she is excited about her new impending role as grandmother. In the next six months, two of her children will be having children of their own. Carol is currently taking a "grandparent" class at Women and Infants Hospital and is now interacting with nurses who graduated from RIC's nursing school.

"There are always opportunities to learn. I'm taking these classes and getting re-certified in basic

first aid and CPR. I want to be the best 'me' I can be."

Carol also recently joined the Athletics Department at RIC. In her first three months as an administrative assistant, she has been impressed with the focus on student achievement, both as athletes and as students. This is important to Carol, as she not only works at RIC, she is a student at the college, as well.

Having been recognized with awards from both the RIC Alumni Association, and her peers at the college, she has no plans to change her approach to life.

"I love to learn. Anything I can bring into my life, whether to be a better parent, grandparent, employee, or student, I want to do," Carol concluded. ✦

MEMBER NEWS

Saving for a Loved One with a Disability

Young people with disabilities and their families in the Ocean State can now access low-cost banking and investment products that will allow them to save money without triggering a freeze in federal benefits when those savings are used to pay for disability related expenses.

In 2015, Treasurer Magaziner worked with the General Assembly to pass legislation establishing the Rhode Island ABLE program, which allows young people with disabilities and their families to save up to \$15,000 in a tax-advantaged account for disability-related expenses each year and offers everyday banking options like debit cards and checkbooks to help Rhode Islanders with disabilities develop their financial independence.

Previously, to qualify for federal assistance programs, people living with disabilities could have a maximum of \$2,000 in assets – which had the effect of keeping this vulnerable population poor.

Importantly, up to \$100,000 can be saved in an ABLE without impacting an individual's ability to access federal disability benefits, such as supplemental security income or Medicaid.

The money saved in an ABLE account can be used to pay for education; health and wellness, housing, transportation, and assistive technology. ✦

Pension System receives national recognition for financial reporting

The Government Finance Officers Association (GFOA) has awarded Rhode Island's pension system with a "Certificate of Achievement for Excellence in Financial Reporting", its highest form of recognition in governmental accounting and financial reporting, for its 2017 Comprehensive Annual Financial Report.

Rhode Island's 2017 Comprehensive Annual Financial Report (CAFR), which was published in December 2017, was judged by an impartial panel which found that the report demonstrated a "spirit of full disclosure" to clearly communicate financial information, as well as an overall status report on the operations of the retirement system.

In the letter informing Treasurer Magaziner of the award, GFOA wrote "We hope that your example will encourage other government officials in their efforts to achieve and maintain an appropriate standard of excellence in financial reporting".

The pension system's 2017 Report can be downloaded at www.treasury.ri.gov/CAFR ✦

RI's ABLE

Member of The National ABLE Alliance

RI.SaveWithAble.com

The Treasurer's Office is looking to partner with caregivers, teachers, and any other members of the pension system who work with disabled Rhode Islanders to spread the work about this program. Individuals living with a disability and their family or guardians can learn more online by visiting: ri.savewithable.com

COMPASS

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

IN THE FALL 2018 COMPASS NEWSLETTER

➤ **Member Profile:**
Carol Peck

➤ **Member Advocacy: Holding Corporations Accountable**

➤ **Pension Fund Continues to Deliver Strong Returns in August**

➤ **ABLE: Saving for a Loved One Living with a Disability**

WWW.ERSRI.ORG | (401) 462-7600

Presorted First Class
U.S. Postage
PAID
Permit No. 1286
Providence, RI

EMPLOYEES' RETIREMENT SYSTEM OF RHODE ISLAND

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



Seth Magaziner, General Treasurer
Chairman, ERSRI Board