

WATERTOWN
CONTRIBUTORY
RETIREMENT
SYSTEM

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We're on the Web!
www.watertownretirement.com

2018 Payment Schedule

Jan—Wed—01/31/18
Feb—Wed—02/28/18
Mar—Fri—03/30/18
Apr—Mon—04/30/18
May—Thu—05/31/18
Jun—Fri—06/29/18
Jul—Tue—07/31/18
Aug—Fri—08/31/18
Sep—Fri—09/28/18
Oct—Wed—10/31/18
Nov—Fri—11/30/18
Dec—Fri—12/28/18

www.watertownretirement.com

The Watertown Retirement System has recently updated the System's website. For Active and Retired Member Information, links to related websites, access to downloadable forms, copies of up to date Meeting Agenda's and helpful publications, including Group Percentage Charts, please visit us at

www.watertownretirement.com

If it's Important, Please Call Ahead!

We welcome all members and beneficiaries to visit the retirement office. If you have a question or problem that needs special information or serious consideration, we want to be fully prepared to give you the help and time you need. That's why it's important whenever possible that we know in advance that you are coming.

Also, there are times when both staff members may be attending the same meeting and the office may be closed. Calling ahead may save a wasted trip.

Although it is not always necessary to make an appointment, the more advance notice we have that you are coming, especially for benefit counseling, the more information we will have prepared in advance. This saves time and ensures you receive accurate information in your area of concern.

Please call (617) 972-6456 or email:
bsheehan@watertownretirement.com
ksheehan@watertownretirement.com

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BOARD MEMBERS:

THOMAS V. THIBAUT, JR.
Chairman & Elected Member

THOMAS J. TRACY
Ex-Officio & Vice Chairman

DOMENIC "DUKE" ARONE
Elected Member

JOHN T. LOUGHRAN
Appointed Member

KATHLEEN KIELY-BECCHETTI
Fifth Member

STAFF:

BARBARA A. SHEEHAN
Director
bsheehan@watertownretirement.com

KAYLA J. SHEEHAN
Administrative Assistant
ksheehan@watertownretirement.com

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Watertown Retirement System News

Summer 2018

Understanding Your Beneficiary Selection

When you are first hired by the Town of Watertown, several forms are thrown your way that must be filled out in a timely manner. This can be overwhelming if you are not sure what you are filling out. Some of the most important forms, and often most misunderstood, are the "Beneficiary Selection" forms for the Watertown Retirement System.

The "Beneficiary Selection" forms are the last two pages in the New Member Enrollment packet that you receive when you join the Watertown Retirement System. These forms allow you to select a beneficiary or beneficiaries to receive survivor benefits in the event that you die before retirement. There are two different types of benefits available, but **only one** will be paid out.

The first option for your Beneficiary Selection, is **Lump Sum Beneficiary**. Each pay period, a percentage of your check is withheld and placed in what is called your "Annuity Savings Account". Your Annuity Savings Account is updated and kept track of at the Watertown Retirement Office. In the event of your death, the beneficiary that you select for this option will receive a lump sum payment of the total accumulated deductions in your annuity savings account. If you chose more than one beneficiary, than the payment will be distributed in the proportions you designate.

There are no restrictions as to how many, or who you designate for this beneficiary option; it could be any person or entity. Please note that your beneficiary nomination in this section may be superseded by your choice of an Option D beneficiary, which will be explained next.

The second option is to nominate a single person to be your "**Option D**" Benefi-

ciary. Many confuse this option with a Retirement option for the member, however it is in fact a lifetime benefit for the member's beneficiary. In the event of your death, your Option D beneficiary will receive a monthly benefit equal to the Option C retirement allowance which otherwise would have been payable to you if you had retired on the date of your death. If you were under the minimum age requirement for retirement at the time of your death, then the age factor in which the benefit is calculated at will be bumped up to the minimum age factor.

Unlike the Lump Sum Benefit, you must only designate **one** beneficiary for this option, and they must be an "eligible beneficiary". An "eligible beneficiary" consists of your spouse, a former spouse who has *not remarried*, child, parent or sibling. Please be aware that if you are married and you **do not** designate your spouse as your Option D beneficiary and instead put them as your Lump Sum, then they will have the choice of receiving either the Lump Sum benefit or the Option D, as well as trump any other Option D beneficiary that you selected at the time. Because of this, many members will select their spouse as the Lump Sum beneficiary, and either a child or another eligible beneficiary as their Option D beneficiary. This is so if you and your spouse die in the same accident, your pension is still protected.

You may change your beneficiary selection at any time, and as many times as you like. The most recent form filed with this office will be what we will go off of.

Although these are options we hope we never have to activate, it is important to understand exactly what it is you are filling out, and we hope that this helps with any questions you may have had.

Investment Portfolio Update as of December 2017

The Watertown Retirement System’s investment portfolio returned 15.6% in calendar year 2017, net of investment management fees. The portfolio is well diversified by asset class and investment mandates within each asset class. The portfolio is positioned with a total return orientation to best meet the System’s long-term return objectives.

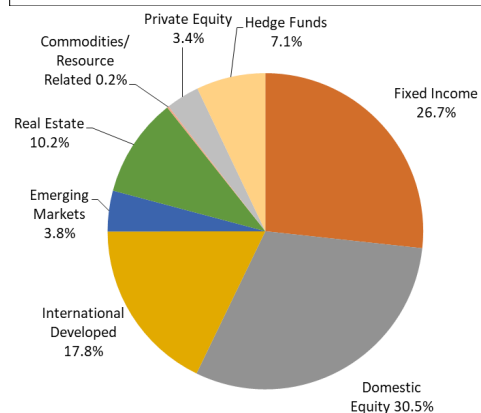
Market Commentary:

Across the globe investment markets performance was very strong in 2017, as synchronized global economic growth invigorated corporate financial health, thereby encouraging (and rewarding) essentially any measure of risk taking during the year. The transparent guidance of the world’s major central banks also inspired such investing postures. Investable markets advanced in basically a step-wise manner across 2017, as recognized major market segments (excluding commodities) generated uniformly positive returns in each quarter. Despite the current U.S. economy pointing to somewhat later stage economic growth (e.g. full employment, modest wage growth), economic expansion overseas is generally less mature, enabling, perhaps, additional and more impactful contributions to future global economic growth. While a baseline expectation for the global economy in 2018 is centered on a notion of enduring strength, it is important to be mindful that the continued elevation of valuations both diminish the margin of safety for taking risk and moderate return expectations.

U.S. equities gained 21.1% for the year, with meaningful incremental returns sourced from both larger capitalization names (which has historically been the case deeper into an economic recovery) and growth as a style. That being said, all market capitalizations observed strong double digit returns for the year. Interest rates remained reasonably well-behaved, and, as a result, global fixed income markets delivered positive returns. Intermediate maturity, investment-grade markets in the U.S. delivered 3.5% return, with higher returns still from segments of the bond market considered more volatile (e.g. long duration and high yield). International equity returns lead the way for global markets in 2017. While developed international markets returned 25.0%, a very strong result that hinged in large part on strengthening economic data across Europe and in Japan, emerging markets returns were even more robust. Emerging markets equities cast aside worries of looming U.S. dollar strength, drew strength from a strong global trade backdrop, and lead performance with a 37.3% gain for the year.

Non-traditional asset classes including real estate and commodities also observed positive if spectacular results in 2017. Returns for real estate and commodities ended in the mid to low single digits. The HFRI Fund of Funds Composite Index, a broad representation of hedge fund performance, also posted a positive gain for the year of 7.7%. Returns in the asset class were largely dependent on investment focus. Strategies with inherently more risk performed better. In sync with the broader equity and fixed income markets, investors were well compensated for taking on additional risk.

Asset Allocation by Asset Class



Year End Market Value

\$184.9 Million

Investment Performance

	WRS Net of Fees
2017	15.6%

Board Approved 3% COLA—Maximum Amount Allowed by State Law

At its monthly meeting, held on March 20, 2018, the Watertown Retirement Board unanimously voted to grant a 3% Cost of living Adjustment (COLA) to eligible retirees and beneficiaries of the retirement system. The 3% increase, applied to the first \$13,000.00 of the retirement allowance, is the maximum increase allowed by Massachusetts State Law. The COLA increase is effective July 1, 2018 and will be included in the pension checks dated July 31, 2018. The maximum monthly increase is \$32.50 and is payable to all retirees with effective retirement dates on or before June 30, 2017.

Health Insurance Rates As Of July 01, 2018

	FROM	TO		FROM	TO
Fallon Direct—Individual	\$110.93	\$113.26	Tufts Spirit—Individual	\$110.65	\$112.85
Fallon Direct—Family	\$266.24	\$284.60	UniCare/Plus Plan—Individual	\$138.64	\$139.22
HP—Independence—Individual	\$164.85	\$165.34	UniCare/Basic w/CIC—Individual	\$415.52	\$423.36
HP—Independence—Family	\$402.22	\$401.88	UniCare/Plus Plan—Family	\$331.23	\$330.91
HP Primary Choice—Individual	\$124.14	\$120.65	HP Medicare Enhance	\$169.22	\$153.04
HP Primary Choice—Family	\$302.91	\$305.82	Tufts Medicare Complement	\$76.45	\$144.69
Tufts Navigator—Individual	\$145.77	\$148.69	Tufts Medicare Preferred	\$63.22	\$66.40
Tufts Navigator—Family	\$355.68	\$362.37	UniCare Medicare Extension	\$152.26	\$151.87

Fallon Senior Plan—No Longer Offered by the GIC as of 07/01/2018

Board Members & Staff to Attend Annual Retirement Conference

The Massachusetts Association of Contributory Retirement Systems (MACRS) will once again be holding their annual meeting and spring conference in Hyannis, MA from June 3-6, 2018.

Due to the importance of the education provided at the conference, retirement office staff, Director, Barbara Sheehan and Administrative Assistant, Kayla Sheehan will be attending the conference along with several Board Members. Therefore, in order to allow for their attendance:

THE RETIREMENT OFFICE WILL BE CLOSED FROM MONDAY, JUNE 4 - WEDNESDAY, JUNE 6, 2018
The office will reopen on Thursday, June 7, 2018