

**WATERTOWN  
CONTRIBUTORY  
RETIREMENT  
SYSTEM**

Administration Building  
149 Main Street  
Watertown, MA 02472

Phone: 617-972-6456  
Fax: 617-923-3531

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

**2019 Payment Schedule**

- Jan—01/31/19
- Feb—02/28/19
- Mar—03/29/19
- Apr—04/30/19
- May—05/31/19
- Jun—06/28/19
- Jul—07/31/19
- Aug—08/30/19
- Sep—09/30/19
- Oct—10/31/19
- Nov—11/29/19
- Dec—12/31/19

**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**

**REQUEST DIRECT DEPOSIT**

Retiree Name:	
Street Address:	
City/State/Zip	
Signature: (Required)	

Effective \_\_\_\_\_ please make arrangements to have my retirement check deposited directly into my account held at the following:

BANK NAME: \_\_\_\_\_

CHECKING ACCOUNT (Please provide a "VOIDED" personal check)

SAVINGS ACCOUNT (Please provide a Savings Account Deposit Slip)

**Important**

One pay period is required to set up the Direct Deposit Account. Therefore, the first retirement check issued after the effective date will be a **LIVE CHECK** payable to you.

◆ **IN ALL CASES THE RETIREE/BENEFICIARY NAME MUST APPEAR ON THE DOCUMENTS PROVIDED TO VERIFY THAT THEY ARE THE ACCOUNT HOLDER.**

◆ **STARTER CHECKS ARE NOT ACCEPTABLE FORMS OF VERIFICATION.**

**WATERTOWN  
CONTRIBUTORY  
RETIREMENT  
SYSTEM**

**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

**Inside this issue:**

- Understanding Your Benefits: *Planning for Your Retirement* 1
- Investment Update 2
- Board Approves 3% COLA 3
- Health Insurance Rate Changes 3
- Summer Office Hours 3
- Direct Deposit 4

# Watertown Retirement System News

Summer 2019

## Understanding Your Benefits: *Planning for Your Retirement*

◆ **Timeline**

*How far in advance should I file my retirement papers with the Retirement Board?*

You can file your retirement application with the Board no earlier than 4 months before your intended date of retirement. Ideally, a minimum 30 day notice to the Board is recommended, but not required. It is important to note that notice to the Retirement Board does not replace notice to your employer of your plans to retire.

*When can I expect to receive my first retirement check?*

This depends on your retirement date and the date you receive your last payroll check from the Town. Generally, if your retirement date falls prior to the 15th of the month, in most cases you can expect to receive your first check at the end of the month in which you retire. Otherwise, your first check will be issued at the end of the following month and your benefits will be retroactive. Thereafter, retirement checks are due and payable on the last day of each month.

*Am I allowed to withdraw my retirement application after I have submitted it to the Retirement Board?*

Subject to the approval of the Retirement Board, you may withdraw your voluntary retirement application any time prior to receiving a payment.

◆ **Choosing an Option**

Choosing a retirement option is an individual process to the individual filing for retirement. Factors you should consider carefully include:

- Your health and age at retirement.
- Income from other sources, financial obligations, and the need to provide for others that may survive you.
- Once you retire, you cannot change the option you chose.
- After retirement, you can change the beneficiaries listed only under options A or B.
- The option C beneficiary can never be changed once you retire. If your option C beneficiary dies before you do, your pension is automatically adjusted to option A.
- **Your option selection should not be made on the basis of what options are the most popular, or the one chosen by a friend or acquaintance. It should be based on your own personal needs.**

OPTION A	OPTION B	OPTION C
Highest benefit for you.	From 1-5% Less Than Option A.	From 7-15% Less Than Option A.
NO Survivor Benefits.	Preserves unexpended Annuity in the event of early death.	Joint Survivor Allowance.
		2/3 allowance for your Survivor in the event of your death.

### Investment Portfolio Update as of December 2018

The Watertown Retirement System’s investment portfolio returned -5.0% in calendar year 2018, 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 Watertown’s long-term return objectives.

#### Market Commentary:

Following robust performance in 2017, global capital markets waned in 2018 marked by a sharp decline in the 4<sup>th</sup> quarter. A relatively sound macroeconomic backdrop and a solid earnings environment were unable to detach from a host of concerns that worried investors as the year came to a close including the US/China trade dispute, the Federal Reserve interest rate hike campaign, the prolonged government shutdown, and Brexit. Through the first three quarters of the year domestic equity returns were positive across the board fueled by strong economic data and corporate earnings while international equities were marginally negative given concerns about slower economic growth across the Eurozone. The fourth quarter was marked by elevated volatility and double digit losses across almost all equities globally, pushing returns negative for the year domestically, and internationally. Investor sentiment shifted from riskier assets to safe haven fixed income investments driving interest rates lower across the majority of the U.S. Treasury yield curve.

From a return perspective, U.S. equities, as measured by the S&P 500 Index, fell 13.5% for the quarter and 5.2% for the year while negative returns were more pronounced in the small capitalization space as the Russell 2000 Index shed 20.2% for the quarter and 11.0% for the year. International developed markets, as measured by the MSCI EAFE Index declined 12.5% for the quarter and 13.8% for the year while the MSCI Emerging Markets Index declined 7.5% for the quarter and 14.6% for the year.

U.S. fixed income markets, as measured by the Barclays Aggregate Bond Index rose 1.6% for the quarter as investors sought safety in fixed income investments such as U.S. Treasuries. Other segments of the bond market posted mixed results for the quarter while year-to-date returns were mixed as interest rates trended higher during the first nine months of the year putting pressure on bond prices.

Non-traditional asset classes, including REITs and commodities, were not immune from negative results in 2018. Returns for REITs ended in the negative mid-single digits range while commodities fared worse with double digit losses on the year. The HFRI Fund-of-Funds Index, a broad representation of hedge fund performance, also posted a negative return for the year of -3.5%. The NCREIF Property Index, a representation of private real estate performance, was one of the very few indices that ended the year with positive performance. The NCREIF Property Index returned 6.7% in 2018.

Late cycle investing often coincides with bouts of elevated capital market volatility, and return outcomes will periodically dislocate from otherwise solid fundamentals. An acknowledgement of these conditions, paired with the decline of many asset class valuations, informs our preference to embrace selective and thoughtful risk-taking in 2019.

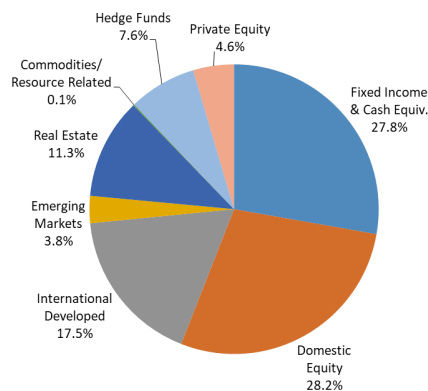
#### Year End Market Value

\$183.1 Million

#### Investment Performance

	WRS Net of Fees
2018	-5.0%

Asset Allocation by Asset Class



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

At its monthly meeting, held on March 19, 2019, 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, 2019 and will be included in the pension checks dated July 31, 2019. The maximum monthly increase is \$32.50 and is payable to all retirees with effective retirement dates on or before June 30, 2018.

### Health Insurance Rates As Of July 01, 2019

	FROM	TO		FROM	TO
Fallon Direct—Individual	\$113.26	\$120.14	**Always Health Partners—Indiv.	\$116.09	\$129.39
Fallon Direct—Family	\$284.60	\$302.85	**Always Health Partners—Fam.	\$299.22	\$335.54
HP Independence—Individual	\$165.34	\$177.93	UniCare/Basic w/ CIC—Indiv.	\$423.36	\$434.44
HP Independence—Family	\$434.30	\$401.88	UniCare/Basic w/ CIC—Family	\$937.38	\$962.64
HP Primary Choice—Individual	\$120.65	\$129.16	HP Medicare Enhance	\$153.04	\$156.45
HP Primary Choice—Family	\$305.82	\$329.30	Tufts Medicare Complement	\$144.69	\$148.60
Tufts Navigator—Individual	\$148.69	\$149.55	Tufts Medicare Preferred	\$64.39	\$64.49
Tufts Navigator—Family	\$362.37	\$364.42	UniCare Medicare Extension w/ CIC	\$151.87	\$154.77

\*\*Name Changed From “NHP Care—Individual”

\*\*Name Changed From “NHP Care—Family”

### Town Hall Summer Hours

From Memorial Day through Labor Day, the hours of the Town Hall, including the office of the Watertown Retirement Board, have been changes.

#### The New Summer Hours Are:

Monday:	8:30AM—5:00PM
Tuesday:	8:30AM—7:00PM
Wednesday:	8:30AM—5:00PM
Thursday:	8:30AM—5:00PM
Friday:	8:30AM—2:00PM

The Credit Union will also close at 2:00PM on Friday’s during this period of time.