Noteworthy News

3  5-Year Vesting For MSEP 2011 Members
   Shorter vesting requirements enacted by Senate Bill 62.

3  Retirement and Missouri Taxes
   Deductions on your taxes could save you money.

Board Corner

4  New Board Members
   MOSERS welcomes three new board members.

5  Board Election in 2018
   Take part in the board election process.

Life Planning

6  Rumor Central Blog
   Heard a rumor about retirement? This is the place to
   find answers to your questions.

7  Using The Comparison Calculator
   Compare different retirement scenarios with this unique
   calculator available on the MOSERS website.

8  Your Retirement Journey
   Be on your way quickly when you retire online!

Retirement & You

9  Beneficiary Designations
   Who gets your life insurance money if you die?

10 Recipe For Retirement
    PreRetirement Seminars contain all of the ingredients.

12 ARMSE
    Learn about this association for active and
    retired state employees.

Special Insert

2017 Summary Annual Financial Report

You can switch to an electronic version of your newsletter. Electronic subscribers
receive it sooner than paper subscribers. To change your preferences, go to
www.mosers.org and click on Member Login. Under Personal Information,
click on Email Options. While you are logged in, verify or update your
mailing address, email address, and phone number so you will be sure to
receive your important benefit information now and in the future.
The amount of your exemption must be reduced by the amount that your income exceeds the limitation. The limitation is based on your filing status and income (less taxable social security benefits) as listed below.

Public Pension Exemption
What You Need to Know When You Retire

If you are getting ready to retire, you should know that, depending on a variety of factors (including, but not limited to, income, filing status, and age), you may be able to deduct a portion of your public retirement benefit on your Missouri tax return, to the extent the amounts are included in your federal adjusted gross income. The total public pension exemption is limited to the maximum social security benefit of each spouse. In order to be eligible for the full deduction, your Missouri adjusted gross income must fall within certain income limitations. If your income exceeds the limitation, you may qualify for a partial exemption.

The amount of your exemption must be reduced by the amount that your income exceeds the limitation. The limitation is based on your filing status and income (less taxable social security benefits) as listed below.

- **Up to $85,000**
  - Single, Head of Household, or Qualifying Widow(er)

- **Up to $100,000**
  - Married, filing jointly

- **Up to $85,000**
  - Married, filing separately

Stay connected on social media

facebook.com/MOSERSRetirement  twitter.com/MOSERSjc  mosersrc.blogspot.com  youtube.com/MOSERSOnline

Good News for MSEP 2011 Members!

MSEP 2011 members actively employed on or after January 1, 2018 will see a change in their vesting requirement! Senate Bill 62 reduces the vesting period from 10 to 5 years. This means that, like those hired before 2011, newer state employees will have earned a future retirement benefit once they have work for the state for 5 years.

MSEP 2011 members should note that retirement eligibility criteria has not changed. Members still qualify for retirement as follows:

- **Normal retirement (Unreduced retirement benefit):**
  - Age 67 with 5 years of service OR
  - The “Rule of 90” - Under the Rule of 90, the member must be at least age 55 with their age and service equaling 90 or more when they leave state service.

- **Early retirement (Reduced retirement benefit):**
  - Age 62 with 5 years of service when they leave state service. With early retirement, the member’s base benefit will be reduced ½ of 1% (0.005) for each month their age is younger than normal retirement.

Why is vesting important?

- “Vested” means you are eligible for a future retirement benefit, once you meet the age and service requirements for retirement eligibility.
- Your MOSERS defined benefit pension is a valuable part of your future financial security. As long as you continue working for the state, your benefit will continue to grow.
- If you leave state employment, the benefits you have earned to that point will be waiting for you when you reach retirement age.
- If you are a general state employee, married, vested in MOSERS, and die before you retire with MOSERS, your eligible surviving spouse will receive survivor benefits. Otherwise, during the retirement process, you will make elections to determine if any potential survivor benefits will be paid to anyone after your death or not.

For more information, contact the Missouri Department of Revenue or go to:

www.dor.mo.gov/personal/ptc/pension.php
Meet the New Board Members

Joe Keifer, a managing partner and co-founder of Cornerstone Wealth Management LLC, has worked extensively in the field of financial management since 1998.

Graduating from the University of Missouri – St. Louis in 1990, Mr. Kiefer earned a degree in accounting. Early in his career, he spent three years as a practicing CPA then joined the Edward Jones accounting department in 1992.

Strongly believing in the importance of giving back to the community, Mr. Keifer has devoted a significant amount of his time to the Chamber of Commerce and to The Boy Scouts of America. In addition, he served as Ducks Unlimited Mid-County Chapter President and as Board Member for the YMCA of St. Charles County.

Gary Metzger is the Missouri and Kansas Regional Chairman of Simmons Bank. He previously worked as chairman, president, and CEO of Liberty Bank for 20 years. A native of St. Louis, he graduated from Vianney High School. Mr. Metzger received his bachelor’s degree in economics from MacMurray College and his master’s degree from Western Illinois University.

Mr. Metzger’s community involvement includes the Boys and Girls Town of Missouri, Inc. and the Springfield Chamber of Commerce. He is currently the president of the Highland Springs Country Club Board of Directors and a prior director of the following organizations: the Missouri Bankers Association, ABA Consumer Lending Committee, BCFO, and the Trust Company of the Ozarks.

Representative Justin Alferman represents parts of Franklin, Gasconade, and Osage Counties (District 61) in the Missouri House of Representatives. He was elected to his first two-year term in November 2014.

Prior to his legislative duties, Representative Alferman worked as an executive assistant to the Assistant Majority Floor Leader, Representative Mike Cierpiot. He has previously worked for former Representatives Ed Robb and Brian Yates.

Representative Alferman earned his associate’s degree in communication from East Central College in 2006 and his bachelor’s degree in political science from the University of Missouri-Columbia in 2008.
Are You Qualified to Run?
Upcoming Board Election

One year from now, you will be electing two members to the MOSERS Board of Trustees. Members of MOSERS staff are already working to ensure a smooth and fair election process.

The Responsibilities

The MOSERS board has the fiduciary responsibility for setting broad policy guidelines for the operations of the system and investment of more than $8 billion in trust fund assets. The board has adopted governance policies to fulfill their obligations, which outline the overall governance processes and the goals that the board expects MOSERS staff to achieve. The day-to-day administration and investment functions are performed by MOSERS staff under the leadership of the system’s executive director.

“Big Picture” Policy Focus

Board members set expectations for and monitor performance of investments and benefits administration including:

- Oversight of the administration of the retirement, life insurance, and long-term disability insurance plans - The board develops rules and policies to implement plan provisions that are set forth by law. Any changes to plan provisions must be made through the legislative process, not by the board.

- Oversight of the investment program, including decisions regarding asset allocation and risk management - Board members are responsible for preserving the long-term corpus of the fund, maximizing total returns within prudent risk parameters, and acting in the exclusive interests of system members.

- Oversight of the MO Deferred Comp Plan - The board develops rules and policies to implement plan provisions that are set forth in federal and state law. Board members are responsible for ensuring the investment options are appropriate for plan members, ensuring the plan is operating in compliance with laws and regulations, and monitoring the overall administration of the plan.

Time and Willingness to Learn

Board members must be willing to commit their time to regular board meetings (five or six per year), and understand that issues facing the board are often complicated. MOSERS staff provides support by preparing educational material prior to each board meeting and assists trustees in finding information needed to make informed decisions. New trustees are required to attend an orientation within 90 days of appointment or election, and trustees serving for one or more years are required by law to attend at least two continuing education programs per year. Attendance at educational conferences and other meetings is strongly encouraged.

Group Decision-Making Skills

The ability to develop a consensus is an important part of the board’s decision-making process. Decisions by the board are made as a whole after a thorough analysis of the issues. Every year, the trustees must determine the state’s contribution rate and approve the system’s budget.

Accepting the Challenge

If you or someone you know may be interested in running for a seat on the MOSERS board as a representative of active state employees, see our website in March 2018 for information on the nomination process. Potential candidates must obtain signatures on the nominating petition of at least 100 actively employed MOSERS members.

Important Board Member Election Dates

<table>
<thead>
<tr>
<th>Event Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARCH 2018</td>
<td>Nomination petitions made available.</td>
</tr>
<tr>
<td>JUNE 30, 2018</td>
<td>Nomination petitions due to MOSERS.</td>
</tr>
<tr>
<td>JULY 2018</td>
<td>Nomination results made available with a short biography of candidates. Please read these bios so you can make an informed election decision. The nomination information will also be posted on the MOSERS website.</td>
</tr>
<tr>
<td>AUGUST 13, 2018</td>
<td>Election ballots distributed by mail to all eligible members of the MSEP, the MSEP 2000, and the MSEP 2011. Eligible members will have at least two weeks to vote online, by phone, or through the mail.</td>
</tr>
<tr>
<td>AUGUST 28, 2018</td>
<td>Last day of board election. Completed paper election ballots must be postmarked by the last day of the election period and be received within six business days of the end of the election period. Internet and telephone ballots will cease at 5 p.m., Central Time.</td>
</tr>
<tr>
<td>SEPTEMBER 2018</td>
<td>Election results certified/released to public. The election administrator will count the votes and the outcome will be announced at the September 20, 2018 meeting of the MOSERS Board of Trustees.</td>
</tr>
<tr>
<td>JANUARY 2019</td>
<td>The new active employee member representatives begin serving their four-year term in January 2019.</td>
</tr>
</tbody>
</table>
In 1956, an ambitious and enterprising group of state employees discussed the possibility of starting a retirement plan and asked their colleagues to contribute 50 cents if they were interested in participating. The proceeds of that fundraising effort were used to hire an actuarial firm to draft the legislation that culminated in the creation of MOSERS. In September 1957, MOSERS was established under an act of the 69th General Assembly (HB 188).

It is my pleasure to present MOSERS’ Summary Annual Financial Report which provides a brief overview of our financial results during fiscal year 2017, and additionally serves to provide useful measurements for the evaluation of our programs. This year’s report recognizes MOSERS 60th Anniversary and features highlights instrumental in the growth and sustainability of the pension system over the last six decades.

MOSERS’ staff facilitates the varying components of the retirement process for more than 116,000 active, terminated-vested, and retired members and beneficiaries. The process often spans several decades from the member’s initial employment to benefit payments throughout retirement. Our day-to-day interaction with the MOSERS membership is one of the most rewarding aspects of this industry.

As the spotlight continues to shine on public pensions, it is important to remember the genesis of the MOSERS retirement benefit as a component of the employer’s total compensation package to recruit and retain quality employees. With the average MOSERS retirement benefit being $15,700 annually, an employee, after a career of state service, receives this element of deferred compensation, which contributes to the societal benefit of a dignified retirement.

It is our honor to be a part of this process and work for this great state and Missouri’s public employees.

John Watson
Executive Director

MOSERS’ first Handbook of Information, dated July 1, 1958 states “A member in the state service may retire at his option with the consent of his employer if he has attained the age of 60 years and having had at least 20 years of creditable service.” The maximum annual salary on which a member’s benefits were calculated was initially $7,500. In October 1967, the maximum annual salary increased to $15,000.

During Fiscal Year 1967, MOSERS paid $1.47 million in benefits to such members.
Dear Members:

On behalf of the board of trustees, I am pleased to present the MOSERS Summary Annual Financial Report for the fiscal year ended June 30, 2017. With 2017 being the 60th anniversary of MOSERS, it is more evident than ever that the data and message contained in this report echoes all that is MOSERS as an organization: transparent, informative, educational, and enduring.

During FY17, the MOSERS Board of Trustees confirmed its commitment to sound financial practices by adopting more conservative investment return assumptions to reflect capital market expectations. While this movement in assumptions will result in higher annual employer contribution requirements in the short-term, it is the board’s expectation that these changes will strengthen MOSERS’ financial position and will ultimately enhance the retirement security of our members.

Public pension plans continue to experience heightened attention and MOSERS is no exception. As news articles continue to highlight important, and sometimes difficult, decisions being made by members of the General Assembly, the Governor, and the members of the MOSERS Board of Trustees, it is important to emphasize that state employee pensions are secure and MOSERS is well positioned to continue in its mission to “advance the financial security of its members.”

In Missouri, the Governor and the legislature have demonstrated a commitment to contributing the full amount needed each year to pay promised benefits to retirees. The commitment from the state has been consistent since MOSERS’ inception – and was evident this year as the board-certified contribution rate was fully funded for FY18.

As is often the case after an election cycle, the board experienced significant turnover this year. On behalf of the board and staff, I would like to recognize and thank State Treasurer Clint Zweifel, Senator Joe Keaveny, Representative Caleb Jones, Representative Mike Leara, and Commissioner Doug Nelson for their hard work and dedication while serving as trustees to the system. Five new trustees were added to the board during FY17 with those being State Treasurer Eric Schmitt, Senator Gina Walsh, Representative Mike Bernskoetter, Representative John Wiemann, and Commissioner Sarah Steelman. Trustees devote many hours in fulfilling their fiduciary duties and our new trustees have been active contributors to board discussion and decisions.

I wish to thank the board for their contributions this year as well as the staff for maintaining a high level of expertise and professionalism. I also wish to express my appreciation to you, our members, for your public service to this great state and your dedication and commitment to the citizens of Missouri. If you ever have any questions, please contact us at MOSERS, P.O. Box 209, Jefferson City, Missouri 65102, call us at (800) 827-1063, or visit our website at www.mosers.org.

Sincerely,

Shannon Owens, Chairwoman – Board of Trustees
Summary Comparative Financial Statements

The following schedules present Summary Comparative Financial Statements of the pension trust funds for FY17 and FY16. The Summary Comparative Statements of Fiduciary Net Position are summaries of what MOSERS owns and owes as of the end of the fiscal year. The Summary Comparative Statements of Changes in Fiduciary Net Position show financial activity occurring during the fiscal year and summarize the flow of money in and out of the fund during the year. The primary uses of MOSERS’ assets include the payment of promised benefits to members and their beneficiaries, the refund of contributions to terminated employees, and the cost of administering the system.

### Pension Trust Funds | Summary Comparative Statements of Fiduciary Net Position

<table>
<thead>
<tr>
<th></th>
<th>As of June 30, 2017</th>
<th>As of June 30, 2016</th>
<th>Amount of Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$2,417,955,050</td>
<td>$2,454,419,406</td>
<td>$(36,464,356)</td>
<td>(1.49)%</td>
</tr>
<tr>
<td>Receivables</td>
<td>43,498,874</td>
<td>89,911,461</td>
<td>(46,412,587)</td>
<td>(51.62%</td>
</tr>
<tr>
<td>Investments</td>
<td>9,018,590,792</td>
<td>9,349,306,746</td>
<td>(330,715,954)</td>
<td>(3.54)</td>
</tr>
<tr>
<td>Invested securities lending collateral</td>
<td>0</td>
<td>14,258,587</td>
<td>(14,258,587)</td>
<td>(100.00)</td>
</tr>
<tr>
<td>Net capital assets</td>
<td>3,316,060</td>
<td>3,541,901</td>
<td>(225,841)</td>
<td>(6.38)</td>
</tr>
<tr>
<td>Other assets</td>
<td>105,911</td>
<td>68,128</td>
<td>37,783</td>
<td>55.46</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>11,483,466,687</td>
<td>11,911,506,229</td>
<td>(428,039,542)</td>
<td>(3.59)</td>
</tr>
<tr>
<td>Administrative expense payables</td>
<td>2,434,501</td>
<td>2,419,569</td>
<td>14,932</td>
<td>0.62</td>
</tr>
<tr>
<td>Investment purchase payables</td>
<td>10,165,707</td>
<td>36,690,153</td>
<td>(26,524,446)</td>
<td>(72.29)</td>
</tr>
<tr>
<td>Securities lending collateral</td>
<td>0</td>
<td>14,940,141</td>
<td>(14,940,141)</td>
<td>(100.00)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>9,470,802</td>
<td>10,083,285</td>
<td>(612,483)</td>
<td>(6.07)</td>
</tr>
<tr>
<td>Obligations under repurchase agreements</td>
<td>3,373,773,555</td>
<td>3,601,461,597</td>
<td>(227,688,042)</td>
<td>(6.32)</td>
</tr>
<tr>
<td>MOSERS investment portfolio liability (MIP)</td>
<td>4,628,883</td>
<td>4,693,919</td>
<td>(65,036)</td>
<td>(1.39)</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3,400,473,448</td>
<td>3,670,288,664</td>
<td>(269,815,216)</td>
<td>(7.35)</td>
</tr>
<tr>
<td><strong>Net positions restricted for pensions</strong></td>
<td>$8,082,993,239</td>
<td>$8,241,217,565</td>
<td>$(158,224,326)</td>
<td>(1.92)</td>
</tr>
</tbody>
</table>

### Pension Trust Funds | Summary Comparative Statements of Changes in Fiduciary Net Position

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30, 2017</th>
<th>Year Ended June 30, 2016</th>
<th>Amount of Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$401,359,185</td>
<td>$390,869,615</td>
<td>$10,489,570</td>
<td>2.68%</td>
</tr>
<tr>
<td>Investment income – investing activities</td>
<td>276,722,915</td>
<td>1,213,744</td>
<td>275,509,171</td>
<td>22,699.12</td>
</tr>
<tr>
<td>Investment income (loss) – securities lending activities</td>
<td>21,896</td>
<td>(49)</td>
<td>21,945</td>
<td>44,785.71</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>530,988</td>
<td>554,655</td>
<td>(23,667)</td>
<td>(4.27)</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td>678,634,984</td>
<td>392,637,965</td>
<td>285,997,019</td>
<td>72.84</td>
</tr>
<tr>
<td>Benefits</td>
<td>821,280,165</td>
<td>783,420,118</td>
<td>37,860,047</td>
<td>4.83</td>
</tr>
<tr>
<td>Service transfers and refunds</td>
<td>6,669,417</td>
<td>6,880,099</td>
<td>(210,682)</td>
<td>(3.06)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>8,909,728</td>
<td>8,626,358</td>
<td>283,370</td>
<td>3.28</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td>836,859,310</td>
<td>798,926,575</td>
<td>37,932,735</td>
<td>4.75</td>
</tr>
<tr>
<td><strong>Net (decrease)</strong></td>
<td>(158,224,326)</td>
<td>(406,288,610)</td>
<td>248,064,284</td>
<td>61.06</td>
</tr>
<tr>
<td>Net positions beginning of year</td>
<td>8,241,217,565</td>
<td>8,647,506,175</td>
<td>(406,288,610)</td>
<td>(4.70)</td>
</tr>
<tr>
<td><strong>Net positions restricted for pensions</strong></td>
<td>$8,082,993,239</td>
<td>$8,241,217,565</td>
<td>$(158,224,326)</td>
<td>(1.92)</td>
</tr>
</tbody>
</table>

In 1975, the multiplier used for calculating benefits was increased to 1.25% (originally, it was 5/6 of 1% in 1957). By 1977, the average monthly benefit payment was $108 ($1,294 per year). MOSERS paid a total of $8.23 million to 6,361 retired workers in 1977.
**Investment Return**

As of June 30, 2017, the MOSERS investment fund had total net assets of $8.1 billion. MOSERS’ investments generated a time-weighted return of 3.5%, net of fees, for FY17. The total fund return exceeded the 1-year policy benchmark of 1.6%. This additional 1.9% investment return produced $152 million over what would have been earned if the fund had been invested passively in the policy benchmark.

Comparison of the total return to the policy benchmark reflects the total value added or detracted by the CIO through strategic and manager implementation decisions. Value is added when the total fund return exceeds the policy benchmark return. The total fund 1-, 10-, 15-, and 20-year actual performance over performed its policy benchmark by 1.9%, 0.3%, 0.5% and 0.9% with the actual 3- and 5-year returns trailing the policy benchmarks by 2.0% and 0.5%, respectively, as reflected in the Total Fund Actual Return vs. Benchmark Returns chart above.

**Investment Risk**

Market volatility is what investors traditionally consider to be the risk of investing. To protect against this risk, the MOSERS investment portfolio is diversified across a myriad of asset classes and investment strategies to mitigate the potential impact of negative economic circumstances. The Total Fund Allocation chart below reflects the actual percentage of the total investment portfolio by specific asset class at June 30, 2017. This asset allocation is built on the belief that diversification is critical in achieving consistent, long-term, risk-adjusted investment returns.

---

**Total Fund Actual Return vs. Benchmark Return**

* As of June 30, 2017, the total fund policy benchmark was comprised of the following components: 38% MSCI ACWI Net +.75%, 44% Barclays Long Treasuries, 20% S&P GSCI/BCOM, 39% Barclays U.S. TIPS 1-10 YR, and 31% AQR Delta. All policy return components are adjusted for financing cost associated with the beta-balanced program. This program did not begin until September 2012.

** As of June 30, 2017, the strategy benchmark was comprised of the following components: 39.3% total opportunistic global equities strategy, 38.5% total nominal bonds strategy, 16.2% total commodities strategy, 37.6% total inflation-linked bonds strategy, and 29.2% total alternative beta strategy. All strategy return components are adjusted for financing cost associated with the beta-balanced program. This program did not begin until September 2012.

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**Total Fund Allocation | Policy vs. Actual (As a Percentage of the Total Fund)**

- **Global Opportunistic Equities**
  - Policy: 38.0%
  - Actual: 32.2%

- **Nominal Bonds**
  - Policy: 44.0%
  - Actual: 35.2%

- **Commodities**
  - Policy: 20.0%
  - Actual: 14.2%

- **Inflation-Linked Bonds**
  - Policy: 39.0%
  - Actual: 33.1%

- **Alternative Beta**
  - Policy: 31.0%
  - Actual: 25.5%

- **External Beta-Balanced**
  - Policy: 11.7%

MOSERS’ first investment transaction occurred in 1957 when a single outside advisor placed $100,000 in a 90-day U.S. Treasury Bill on behalf of plan participants. By 1987, MOSERS’ total investments exceeded $1 billion. This is a notable accomplishment as it took nearly 30 years to break this mark.
Retirement Funding
Your retirement benefits are funded by contributions from the state of Missouri and by investment income (and by your contributions, if you are a member of the MSEP 2011 or the Judicial Plan 2011). In order to ensure your benefits are available to you, MOSERS contracts with an outside actuarial firm to perform an annual valuation which determines the funded status of the plans at year-end and the contribution rates needed to adequately fund the system in the future. The percentages in the bar chart indicate the extent to which the system was funded as of a given year.

The state contributes the actuarially determined contribution that, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of the retirement system.

Through a history of reasonable benefit levels, mandatory participation, actuarially determined employer contributions, and professionally managed investments, MOSERS benefits continue to be secure.

Summary of Member Data

<table>
<thead>
<tr>
<th>June 30, 2017</th>
<th>MSEP*</th>
<th>Judicial Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average age</td>
<td>45.4</td>
<td>56.6</td>
</tr>
<tr>
<td>Average years of service</td>
<td>11.0</td>
<td>11.8</td>
</tr>
<tr>
<td>Average annual salary</td>
<td>$39,705</td>
<td>$141,832</td>
</tr>
<tr>
<td><strong>Retired Members/Beneficiaries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average age</td>
<td>70.1</td>
<td>75.8</td>
</tr>
<tr>
<td>Average annual benefit</td>
<td>$15,253</td>
<td>$61,945</td>
</tr>
<tr>
<td><strong>Total Membership</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>48,910</td>
<td>410</td>
</tr>
<tr>
<td>Terminated-vested</td>
<td>19,578</td>
<td>25</td>
</tr>
<tr>
<td>Retired/Beneficiaries</td>
<td>46,560</td>
<td>559</td>
</tr>
</tbody>
</table>

* Includes members in both the MSEP and the MSEP 2000.

Members Retired During Fiscal Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Years Credited Service by Category</th>
<th>Average Monthly Benefit</th>
<th>Average Final Average Salary</th>
<th>Number of Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5</td>
<td>$309</td>
<td>$4,658</td>
<td>9</td>
</tr>
<tr>
<td>5-10</td>
<td>339</td>
<td>2,731</td>
<td>518</td>
</tr>
<tr>
<td>10-15</td>
<td>562</td>
<td>2,849</td>
<td>508</td>
</tr>
<tr>
<td>15-20</td>
<td>946</td>
<td>3,426</td>
<td>459</td>
</tr>
<tr>
<td>20-25</td>
<td>1,365</td>
<td>3,641</td>
<td>440</td>
</tr>
<tr>
<td>25-30</td>
<td>1,860</td>
<td>4,030</td>
<td>477</td>
</tr>
<tr>
<td>30+</td>
<td>2,391</td>
<td>4,291</td>
<td>239</td>
</tr>
<tr>
<td><strong>All Members</strong>*</td>
<td>1,116</td>
<td>3,406</td>
<td>2,650</td>
</tr>
</tbody>
</table>

* Includes members in both the MSEP and the MSEP 2000, but does not include members in the Judicial Plan.

Plan Revenue Over 20-Year Period Ending June 30, 2017

MOSERS is an advance-funded retirement system. Unlike “pay-as-you-go” plans, employer/employee contributions and investment earnings are accumulated and professionally managed during employees’ careers and paid out over their retirement years. The major source of revenue is investment earnings. Over the long term, investment earnings account for 61% of MOSERS’ revenues. The state’s contribution to MOSERS amounts to less than 1.5% of the total state budget.
Initially, 17,513 employees became members of MOSERS upon the system's inception in 1957. By 2007, MOSERS was serving 100,470 members (54,763 actively employed; 29,129 retired/beneficiaries; 16,578 terminated-vested).

Additionally, MOSERS benefit recipients were located in all 50 states and Puerto Rico as well as in at least 14 other countries.
Professional Award
The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to MOSERS for its summary annual report for the fiscal year ended June 30, 2016.

This prestigious national award recognizes popular reports for creativity, presentation, understandability, and reader appeal and is valid for a period of one year. We believe the current summary annual report continues to meet these program standards and we are submitting it to the GFOA for evaluation.

With 60 years of experience, MOSERS has matured in its primary role of providing financial security to its members. MOSERS' net assets now total $8.1 billion and the system's membership has increased to more than 116,000. In FY17, MOSERS paid benefits to 46,560 retirees and beneficiaries whose average monthly benefit was $1,271 ($15,253 per year).* Nearly 90% of the $734 million MOSERS paid in benefits was to Missouri residents.**

* The average benefit per year includes retirement, disability, and survivor payments.
** Excludes BackDROP and lump-sum benefits.
Answers to Your Questions

Are you hearing rumors about retirement benefits changing? When can you increase your life insurance coverage? Or, will there be a medical retirement incentive this year? These questions and many others seem to come up each year and become particularly prominent during the legislative session.

Here are a few points to remember:

- The benefit provisions of all MOSERS plans are based on state law. That means for a change to occur, the legislature must introduce a bill and pass it. The Governor has until mid-July to either sign or veto a bill passed by the legislature. Bills signed by the Governor go into effect on August 28. If the Governor does not sign or veto the bill, the bill automatically goes into effect on August 28, however, an emergency clause could cause the bill to go into effect on an earlier date. The regular legislative session runs from January 3 to May 18 in 2018.

- Questions will usually be addressed on our website through Rumor Central. Sign up online through your Member Homepage and you will automatically receive updates by weekly email when we publish new information. Remember, you can also search for a particular topic in our archive to see if your question has already been addressed.

- If you are hearing rumors about benefits other than retirement, life insurance, or long-term disability insurance, please contact that provider directly for information.

- If you hear something, validating it or disputing it by following the points above may relieve the anxiety that is often associated with the rumor mill.

To Track Specific Bills:

Copies of bills, as well as tracking information, may be found on the Missouri General Assembly’s website (www.moga.mo.gov). To find a bill, click on Joint Bill Tracking, then type the Senate or House bill number in the search field.

During the legislative session, you may also track all retirement legislation for public employee retirement plans at the Joint Committee on Public Employee Retirement website’s Retirement Legislation Status Report. (www.jcper.org)
Tools To Help You

Using the Comparison Calculator

The Comparison Calculator is an interactive tool used in conjunction with MOSERS benefit estimates to help you evaluate the value of benefit payment options over time. While one choice may be better in the short term, another may be better in the long term. Ultimately, you must make a decision based on your own individual circumstances and expectations about the future. You may have seen this tool in action if you have recently attended a PreRetirement Planning Seminar.

- Compare MSEP to MSEP 2000 *(If eligible – At retirement you may choose between MSEP & MSEP 2000 if you were hired before July 1, 2000 and vested in MSEP.)*
- View the long-term impact of taking BackDROP *(If eligible).*
- Compare early and normal retirement or other differences in retirement dates.
- Compare different benefit payment options.

How to Get Started:

1. Print out the instructions on our website and read through them first.
2. You will need a recent benefit estimate, which you may have gotten from a benefit counselor, from attending a PreRetirement Seminar, or you can get one online by logging in to your Member Homepage.
3. Decide what options you would like to compare and input your information.
4. Hit enter and compare your results. Print the worksheet by hitting File then Print and/or save the worksheet as an Excel file or an Adobe PDF.
5. You may want to discuss your comparison with a benefit counselor or family member.

Watch the helpful Comparison Calculator videos on our YouTube page for additional information.

This is simply a tool for you to use in comparing various options. Once you believe you have made a decision, be sure to verify your assumptions with information that has been provided by MOSERS prior to making your final election(s).

www.mosers.org/calculators/comparison-calculator
Retirement isn’t just a destination—it’s a journey! More than half of our members retire online after attending a PreRetirement Seminar (or two), making an appointment to speak with a benefit counselor to discuss retirement options, and, finally, making those important financial decisions with their spouse or a significant other.

These are a few of their comments about the final step in the process:

“I was very satisfied with the online retirement process.”

“I thought it was very easy to complete the retirement process online. Did not have any problems navigating the system. Responses were very quick.”

“The MOSERS online retirement process was very smooth and efficient.”

“I was very satisfied with the online retirement process.”

Thinking about retiring online? Now it’s even easier to complete both steps of the two-step process online! For most general state employees*, the retirement election forms (Step 2) can now be completed online, right after completing the retirement application forms (Step 1) with no waiting. You are not required to complete both steps all at once; you can return when you are ready and easily see what forms remain for you to complete the process.

After logging in and selecting Retire Online from the menu, you’ll see a Retirement Progress bar on the left side of the screen showing how close you are to completing the process. You’ll also see a list of Step 1 Forms and Step 2 Forms, with a green checkmark by the forms already completed. Instructions for each form will guide you through what you need to do. When you apply online, there’s no waiting for MOSERS to process a paper retirement application and then mail the other forms to you.

We know your time is valuable. Log in to our website 24/7 and retire online, at your convenience.

*Exceptions:
- If you are married and elect a benefit payment option other than a joint and survivor option, your spouse must consent to your election by signing a form MOSERS will send to you.
- If you elect BackDROP, with a rollover distribution going anywhere other than to the MO Deferred Comp plan, MOSERS will send a form to you which you must have signed by an authorized representative of the qualified retirement plan agreeing to accept the rollover. Once signed, the form must be returned to MOSERS.
Your MOSERS life insurance coverage amounts* are payable to your named beneficiary(ies) if you die while insured. You may name one or more beneficiaries (primary and contingent) to receive the proceeds from your life insurance.

- **Primary Beneficiary** - The person(s) or organization(s) who will be recognized first by The Standard Insurance Company to receive your life insurance proceeds.

- **Contingent Beneficiary** - The alternative beneficiary(ies) who will receive your life insurance proceeds in the event your primary beneficiary(ies) does not survive you.

You are automatically the beneficiary of any optional life insurance you purchase to cover your spouse and/or child(ren).

**How do I update my beneficiaries?**

You will find your primary life insurance beneficiary designation in your Annual Benefit Statement. If you or your beneficiaries have had a life change affecting this information, such as a marriage, divorce, or death, we encourage you to update your beneficiary designations as soon as possible. You may quickly and easily update your beneficiary designations online on your Member Homepage.

**Can a minor be my beneficiary?**

Naming a minor (a person under the age of 18, except an emancipated minor) or estate as your beneficiary may require that a conservator or other legal representative be appointed by a court before any payment can be issued. This could cause legal expenses for the beneficiary and delay the payment.

Please take this into consideration when naming your beneficiary. As an alternative, you may wish to set up a trust to receive your assets upon your death. A trust is a legal arrangement through which a trustee manages the assets for your beneficiaries. If you would like to set up a trust, please contact an attorney.

**What is the difference between an agent and a beneficiary?**

An agent is authorized to make benefit decisions on your behalf if you become incapacitated. A beneficiary is a person (or organization) that you have designated to receive your final benefit payment or life insurance proceeds upon your death. The Designation of Agent form allows you to choose who will be responsible for managing your MOSERS benefits if you become incapacitated during your lifetime. MOSERS recommends that you complete and submit this form, but it is optional. Complete the form only if you elect to designate an agent to apply for or receive benefits on your behalf.

The Designation of Agent form does not give your agent broad powers like those usually found in a durable power of attorney. It relates to MOSERS benefits only. It can be completed online, either as part of the retirement process, or at any time.

- MOSERS life insurance is not available to employees of the Department of Conservation or state regional colleges/universities (except for Lincoln University and State Technical College of Missouri) since those employers provide such benefits.

**What is a contribution beneficiary?**

When you were hired with the state of Missouri and you enrolled with MOSERS through SEBES, you had the opportunity to designate a beneficiary to receive a refund of your contributions should you die prior to retirement. Be sure to keep this information updated in your MOSERS files and remember to make the necessary changes should you get married, divorced, or your spouse dies.

If married, your spouse will automatically become, upon your death, the beneficiary of any contributions, plus any interest, paid by you to MOSERS, unless your spouse is eligible for a survivor benefit. If you wish to designate someone other than your spouse as the beneficiary, complete a Contribution Beneficiary(ies) form.

If you are not married and you do not have a Contribution Beneficiary(ies) form on file at MOSERS, the assets in your account will be distributed, upon your death, in the following order of priority to your:

- Surviving children, divided equally (includes legally adopted children)
- Surviving parents, divided equally
- Surviving brothers and sisters, divided equally
- Estate

To designate a beneficiary (a person, trust, organization, or estate), complete a Contribution Beneficiary(ies) form (available online). Your designation becomes effective upon receipt by MOSERS during your lifetime.

**Please Note** - If you make contributions to the system, you or a survivor or beneficiary, will receive, at minimum, a benefit or refund in an amount equal to what you contributed, and any interest credited thereon, less any benefits received.
What’s in Your Recipe for Retirement?

Key ingredients include knowing what your MOSERS defined-benefit pension amount will be; thinking about your healthcare costs, inflation, how long you may live; and planning for other people in your life, your expenses during retirement, and all your sources of income.

Attend a PreRetirement Seminar

MOSERS has been offering PreRetirement Seminars to its members since 1984. These seminars focus on your MOSERS benefits and most sessions include information provided by MO Deferred Comp, Missouri Consolidated Health Care Plan (MCHCP), and Social Security. There is no cost to attend these sessions and members are welcome to bring a guest. HR representatives are also encouraged to attend.

MSEP 2011* PreRetirement Webinars and Seminars

- Designed for MSEP 2011 members who are within five years of retirement eligibility
- Online webinars are held from 9:30 a.m. until 11:00 a.m. and are followed by a Q & A session until 11:15 a.m.
- In-person sessions in Jefferson City include lunch and are held from 8:30 a.m. until 2:30 p.m.

*first employed in a MOSERS benefit-eligible position on or after January 1, 2011

Webinar Schedule (9:30 a.m. – 11:15 a.m.)

- March 15
- June 19
- September 5
- December 13

In-Person Schedule (8:30 a.m. – 2:30 p.m.)

- April 10
- July 17
- August 21
- November 20

Please note: Registration for MSEP 2011 webinars and in-person seminars will open in late January. We will post more information on our website and on social media, and will send an email to MSEP 2011 members within 5 years of retirement eligibility when registration is available.
MSEP & MSEP 2000 PreRetirement Seminars

• Designed for members of MSEP or MSEP 2000 who are within five years of retirement eligibility

• In-person seminars in Jefferson City and various other locations throughout the state

• Daytime sessions include lunch and are held from 8:30 a.m. until 4:00 p.m.

• Evening sessions include a box dinner, are held from 6:00 p.m. until 9:30 p.m., and cover your MOSERS benefits only. Questions about other benefits will not be addressed during evening seminars.

Register Online!

You must register to attend. Log in with your MOSERS Online ID to view the PreRetirement Seminar schedule and to register for a session. Registration closes one week prior to the scheduled session. Once you have registered, a confirmation will be sent to your MOSERS Document Express online mailbox (log in to view and print). If you do not receive a confirmation within one week, call (800) 827-1063, option 1, to verify your registration. Reminders will be sent the week prior to the session. Please review your letter for details about your session and helpful hints as you prepare to attend.

Your spouse or guest is welcome to attend with you (even if they are not a state employee) and must be included in your registration. If your spouse or guest is also a state employee within 5 years of retirement eligibility, they should register separately (as a member) to receive their own personalized benefit estimate.

Can’t attend?

Sessions are free and tend to fill rapidly. Contact MOSERS at (800) 827-1063, option 1, if, after registering, you or your guest need to cancel and reschedule or if you have seminar questions. This will allow us to provide an accurate headcount to the caterer, venue, etc., and contact members who may be on a waiting list to attend.

Special Accommodations

Contact MOSERS at (800) 827-1063, option 1, to make arrangements for special accommodations.

Weather/Cancellation Policy

Cancellations will be posted on our homepage, www.mosers.org, and local radio and television stations will be notified. For more information, review our Weather/Cancellation Policy at www.mosers.org/preretirement.

Visit the MOSERS PreRetirement webpage at www.mosers.org/preretirement for the most current information.
Retirement & You

ARMSE

The Active and Retired Missouri State Employees group (ARMSE) needs your help in the Missouri state legislature. ARMSE monitors your retirement and medical insurance benefits.

• ARMSE is an independent, non-profit association formed more than 40 years ago to help care for the retirement and medical benefits offered by MOSERS, MPERS, MCHCP and the MoDOT and Patrol Medical Plan.
• ARMSE is a group of ordinary people – both active employees and retired employees.
• ARMSE members come from a variety of political persuasions and different corners of the state – the commonality is that members are state employees and retirees who have earned retirement and medical benefits.
• ARMSE was first created to help secure many of the benefits you enjoy today. In the early days, the focus was on enhancing the benefit package to ensure the benefits offered were sufficient to provide a secure retirement for members. Today the focus is on your retirement and medical benefits.

Each person is very important to what can be accomplished. For a membership brochure and application, send your name and address to:

ARMSE
Post Office Box 11
Jefferson City, Missouri 65102

Or email us at: office@armse.org

www.armse.org