Fall/Winter 2018

Pensions Plus
Your Source for Retirement, Life Insurance, & Long-Term Disability Benefits

Your Recipe for Retirement

2019 PreRetirement Seminar Schedule

Special Insert

Fiscal Year 2018
Summary Annual Report

What’s Your Recipe for Retirement?

Start with a fresh benefit estimate, then, attend a PreRetirement Seminar. For added flavor, add MO Deferred Comp savings and Social Security benefits. Stir well. Bake for at least 5 years. When you’re ready, Retire Online!

Mosers
We are here for your benefit.
Board Corner

3 Your MOSERS Board
Officers elected & trustees appointed in 2018

3 Keeping You Informed
Board news served directly to your inbox

Noteworthy News

4 Excellence in Benefit Administration
Keeping costs low and service high

5 Meet our Longest Serving Member
Dedicated service for more than 61 years!

5 Legislative Update
Sign up now for updates during the 2019 session

Life Planning

6 Benefit Tips
The “pop-up” might increase your benefit

6 Retirement in America
New study on the importance of pensions

7 Taxes
The public pension exemption could save you money

7 Travel Assistance
Keep this card in your wallet!

8 The Retirement Process
What should you do when you want to retire? Find out here.

Retirement & You

10 Recipe For Retirement
Announcing the 2019 PreRetirement Seminar schedule

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

Special Insert

FY 2018 Summary Annual 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.
Your MOSERS Board
Officers Elected &
Trustees Appointed
in 2018

New Board Officers
• Effective May 16, 2018, Crystal
Wessing assumed the role of
Chairwoman of the MOSERS
Board of Trustees.
• Board members elected Gary Metzger
as the Board Vice Chair during their
June 5, 2018 meeting.

New Board Members
In June, Speaker Todd Richardson
appointed Representative Scott
Fitzpatrick (R – Shell Knob) to the
Board. Representative Fitzpatrick filled
the legislative vacancy created by the
appointment of Representative Justin
Alferman to Governor Mike Parson’s
staff as Legislative Director. Upon his
appointment, Representative Fitzpatrick
said, “I look forward to providing
legislative oversight and guidance to a
retirement system that is indispensably
important to the future security of
vested state employees. As the budget
chairman, it is also my job to make
sure that MOSERS provides a tremendous
value for taxpayers who support the system with hundreds
of millions of dollars each year.”

Jenny Jacobs, CPA, Chief Financial
Officer for State Technical College
of Missouri, also
joined the MOSERS
Board this summer
as a representative
of active state
employees. Ms.
Jacobs will finish the
unexpired term of Shannon Owens,
who resigned from state employment.
State statute (104.450, RSMo)
specifies
that vacancies occurring in the offices
of the elected board members may be
filled by the board of trustees until the
next regularly scheduled election. At
their June 5th meeting, the MOSERS
Board voted to name Ms. Jacobs to the
Board because, other than those elected,
she received the most votes among
active employee candidates in the 2014
MOSERS Board Election.

Keeping You Informed
Board Meeting Updates
In an effort to provide information
more quickly to you about actions
taken by the MOSERS Board of
Trustees, we are emailing board updates
and posting them online. Make sure
MOSERS has your current email
address so you will receive an update
after each board meeting.

July Board Meeting Update
After considerable deliberation, the
MOSERS Board acted to reduce their
assumed rate of return (ARR) on
investments from 7.50% to 7.25% and
intends to further reduce the ARR to
6.95%, for the June 30, 2020 actuarial
valuation. These decisions cause the
employer contribution rate to increase
in the short term but will work to
ensure MOSERS’ sustainability over
the long term. Read the full July Board
Meeting Update in the News Archive
on our website.

September Board Meeting Update
At their September meeting, the
MOSERS Board accepted the
recommendation of its independent
external actuary and certified the
employer contribution rate at 21.77% of
covered payroll for Fiscal Year 2020.
Staff reported that in Fiscal Year 2018,
MOSERS’ investment return was
7.4% and that we reduced investment
management fees by $9 million.

November Board Meeting Update
At the November meeting, staff
presented our Comprehensive Annual
Financial Report (available online). The
Board approved MOSERS’ Fiscal Year
2020 budget, the investment portfolio
transition plan, and established an
audit committee.

Read the Board Meeting Updates on
our website or watch our A Moment
with MOSERS video summaries of
board meetings featuring Executive
Director Ronda Stegmann.
To see how we compare to our peers and how we can improve, each year, MOSERS analyzes our costs and service scores relative to our peer retirement systems. Using FY17 data so we have complete peer information, the takeaways are:

- Overall, our administrative costs remain below our peer average.
- Our costs per member are at or below average in all three areas measured.
- Our customer service scores remain above average.

**Cost**

As one of the smaller systems in our peer group, we do not enjoy the economies of scale available to larger systems (that is, the larger systems have proportionate savings gained by serving more members with the same or similar basic resources). Nonetheless, with our FY17 Administrative Cost Per Member of $70, our costs are significantly less than that of our peer average of $86.

Our retiree population is growing each year, causing our member transactions and communications to increase. But this cost comparison information helps us gauge the reasonableness of our expenses and aids us in continuing to develop ways to improve our cost-effectiveness.

**Service**

Excellent customer service is an expectation and a hallmark of MOSERS. In FY17, in all measures, our members give us an “A” grade.

- In comparison to other pension systems and financial service providers, MOSERS ranks high with a rating of 91 out of 100 in the American Customer Satisfaction Index (ACSI).
- In the actual retirement process, our members gave us an overall rating of 9.2 out of 10.
- Among both those who attended a PreRetirement Seminar and those who talked with a benefit counselor on the phone, 97% reported they were somewhat satisfied to very satisfied with the quality of service they received.
- Of those who had a personal appointment with a MOSERS benefit counselor, 98% said they were somewhat satisfied to very satisfied. On average, their wait time to see a counselor was less than one minute, while the duration of their appointments averaged 33 minutes.
- Of the retirees who attended a Coffee Break seminar, 99% reported that they were somewhat satisfied to very satisfied.
- Among HR and payroll personnel who attended our Benefits U Conference, 95% responded that they were somewhat satisfied to very satisfied.

For more information, read the full Annual Benefits Scorecard on our website.

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**New Video for Members of MSEP 2011!**

Attention Members of MSEP 2011 (those first employed in a MOSERS benefit-eligible position on or after January 1, 2011):

We have added a new video to our Member Video Library. It provides a brief overview of the benefits for members of the MSEP 2011. Watch it at your convenience!
Meet the Member

MOSERS’ Longest Serving Member

At our Jefferson City office, we encounter many dedicated state employees who are beginning the retirement process after a long career of service helping the people of Missouri. Recently, we were curious about which member has been working the longest amount of time for the state. And the award goes to…

Ms. Ruby Daniel, who has more than **61 years of service** with the Family Support Division of the Department of Social Services. She started working in 1954 (before MOSERS even existed!), with only a brief hiatus from 1959 to 1961 before returning to state employment. In April, the Family Support Division Director, Patrick Luebbering, presented Ruby with a certificate honoring her many years of service.

You’ll find Ruby working at the reception window in the Ray County Family Support Division in Richmond.

What about retirement? Cara Newham, Social Services Manager explains, “She has no plans to retire even though the local nursing home and senior center would love to have her as a full-time volunteer.”

Ruby, when you are ready to retire, we look forward to hearing from you and would like you to know we appreciate your commitment to helping others! MOSERS’ defined benefit pensions provides a lifetime income stream to those, like Ruby, who have served the public during their working years so that they may enjoy a dignified retirement.

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**What’s coming in 2019?**

**Legislative Update**

As a recap, you can read the 2018 Legislative Summary online on our [Legislative page](http://mosersrc.blogspot.com). The 2019 session begins January 9th. Remember to keep up with our [Rumor Central](http://mosersrc.blogspot.com) blog, where we address any rumors of proposed pension-related legislation. Log in and sign up for the email notifications on your [Member Homepage](http://mosersrc.blogspot.com) so you’ll know when we’ve posted new questions. Please check the blog for previous questions before submitting a new one in case we’ve already addressed your topic.
Retirement Tips

The “Pop-Up” Provision
When you retire, you should know that if you elect the Joint & 50% Survivor Option or the Joint & 100% Survivor Option at retirement and your spouse precedes you in death, your benefit can revert (pop-up) to the Life Income Annuity amount.

A key feature of your MOSERS defined benefit (DB) pension plan is that it can provide financial security for your eligible survivor(s) as well. During the retirement process, you will make elections to determine if MOSERS will pay any potential survivor benefits to anyone after your death or not.

If you are a general state employee, married, vested in MOSERS, and die before you retire with MOSERS, your eligible spouse will receive survivor benefits.

MOSERS will pay monthly survivor benefits with annual COLAs for the remainder of your spouse’s lifetime.

However, do you know what happens:

- if you are married,
- elected a joint & survivor option at retirement resulting in a reduction on your monthly benefit,
- and your spouse precedes you in death?

Answer: Your benefit will no longer be reduced. You may be eligible for the “pop-up” provision. The pop-up increases your monthly retirement benefit to the normal life income annuity benefit amount.

The pop-up is not automatic. You must notify MOSERS and send a copy of your spouse’s death certificate before we can adjust your benefit.

In general, you cannot change your retirement benefit payment option once MOSERS issues the first payment.

MOSERS pays survivor benefits according to the benefit payment option you elected at retirement. The pop-up is one exception.

If you later remarry, you have one year from the date of remarriage to reelect a joint & survivor option and name your new spouse as beneficiary. This is referred to as a “pop-down.”

Also, whether you are retired or not, it is important to periodically review and update your life insurance beneficiaries. After life events like marriage, divorce, or death of a family member, check to ensure your beneficiary designations are current.

Please note: This information applies primarily to general state employees. If you are a judge, administrative law judge, statewide elected official, or a legislator, please refer to your MOSERS handbook or contact a MOSERS benefit counselor for specific information.

New Report

Retirement in America

According to the September 2018 National Institute on Retirement Security report, Retirement in America: Out of Reach for Working Americans?:

- The typical working age American has no ($0) retirement savings - nearly 60% of workers have no retirement account assets (no 401(k) or IRA; nor do they have a defined benefit pension).

- Three-fourths (77 percent) of Americans fall short of conservative retirement savings targets for their age and income.

- Some 68% of individuals age 55 to 64 (those near retirement) have retirement savings equal to less than one times their annual income, which is far below what they will need to maintain their standard of living over their expected years in retirement.
It is my pleasure to present MOSERS’ Summary Annual Report to Members, which provides a brief overview of our financial condition as of June 30, 2018. During fiscal year 2018 (FY18), the board and staff worked extensively and collaboratively on solutions to ensure the fiscal sustainability of MOSERS for current and future members. I would like to thank our trustees for their dedication and commitment. I am honored to have been chosen as your executive director this year and look forward to serving our members in the same tradition of excellence that is the hallmark of MOSERS.

During FY18, the board authorized an economic assumption and actuarial methods review to be performed by its external actuaries, Cavanaugh Macdonald Consulting, LLC. After considerable deliberation, the board adopted multiple changes based upon the results and recommendations of this study. The assumption change with the most substantial financial impact to the plans was the approval of the reduction of the assumed rate of return on investments from 7.5% to 7.25%, effective June 30, 2018. The board expressed the intention of further reducing the rate to 7.10%, effective June 30, 2019, and to 6.95%, effective June 30, 2020.

To allow for more predictable and stable contribution rates, MOSERS’ funding is based upon the actuarial value of assets which smooths asset gains and losses over a five-year period. As of June 30, 2018, the MSEP was 64.9% pre-funded and the Judicial Plan was 27.3% pre-funded on an actuarial basis.

The General Assembly authorized and the Governor approved the appropriation of $413 million to MOSERS for FY19, which will fully fund the board certified employer contribution rate.

In reflecting on the year that was FY18 and all its activities here at MOSERS, we continue to be reminded that it is the long-term security of the benefits we administer that is most important. Those things that are of the highest quality and of the most value require a commitment of time, skill, hard work, sacrifice, and dedication to produce. Built well and properly maintained, they endure for generations. We know our members rely on their benefits now and far into the future. The decisions and initiatives completed by the board and our staff this year all work together to foster the long-term sustainability of the system. As we move into FY19, we, the staff of MOSERS, will continue to “roll up our sleeves” and work hard for our members, the board, and all our stakeholders. It is our honor to work for this great state and its citizens.

Respectfully submitted,

Ronda Stegmann
Executive Director

This Summary Annual Report is derived from the information contained in MOSERS’ Comprehensive Annual Financial Report (CAFR) but does not include all funds administered by MOSERS or certain other information required for conformity with Generally Accepted Accounting Principles (GAAP). MOSERS’ financial statements are produced in conformity with GAAP. Contact MOSERS to request a copy of the CAFR, or explore it on our website at www.mosers.org. To request an alternative format, please contact MOSERS at (573) 632-6100 or (800) 827-1063. MOSERS is an equal opportunity employer.
Message From the Board Chairwoman

On behalf of the board of trustees, I am pleased to present the MOSERS’ Summary Annual Report to members for the fiscal year ended June 30, 2018. Much like the stately tree illustrated on this year’s report cover, MOSERS has grown over the past 61 years in its commitment to provide greater financial security to you for your service to the state of Missouri and its citizens.

During FY18, the MOSERS Board of Trustees continued its ongoing commitment to security and stability by establishing three committees, comprised of three to five board members, to delve into MOSERS-specific topics. Committee members gained a stronger understanding of the important areas of:

- investments;
- strategic planning and governance; and
- procurement of the new pension administration system.

Committee members dedicated additional time and expertise, which resulted in robust analysis benefiting the board as a whole and our stakeholders.

During FY18, board and staff members implemented several initiatives including:

- developing a new asset allocation for the $8 billion MOSERS trust fund;
- embarking on re-writing the board’s governance policies in FY19;
- engaging in a comprehensive environmental scan and analysis of our strengths, weaknesses, opportunities, and threats in preparation for a renewed strategic planning effort; and
- modifying the system’s funding policy, after considerable deliberation, to lower MOSERS’ investment return assumption. The new assumptions more accurately reflect capital market expectations. While this decision will result in higher annual employer contribution requirements in the short-term, we believe this prudent action will strengthen the financial position of the system and enhance the retirement security of our members over the long-term.

On behalf of the board and staff, I would like to recognize Mr. Joe Carmichael, Ms. Shannon Owens, Mr. Antwaun Smith, Representative Justin Alferman, and Representative Mike Bernskoetter for their hard work and dedication while serving as trustees. Four new trustees were named to the board during FY18 including Ms. Jenny Jacobs, Mr. Joe Keifer, Mr. Gary Metzger, and Representative Scott Fitzpatrick. Trustees devote many hours in fulfilling their fiduciary duties. Our newer trustees have already made substantial contributions of time and service to board discussion and decisions.

As we look forward to another fiscal year and the opportunities it will provide, I wish to thank the MOSERS staff for their dedication and professionalism. I also wish to express my appreciation to you, our members, for your commitment and service to this great state and its citizens. As a fellow state employee, I know many of the challenges you face and I am honored to serve as one of your representatives on the MOSERS board. If you ever have any questions, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102, call us at (800) 827-1063, or visit our website at www.mosers.org.

Sincerely,

Crystal Wessing, Chairwoman
Board of Trustees

“Much like the stately tree illustrated on this year’s report cover, MOSERS has grown over the past 61 years in its commitment to provide greater financial security to you for your service to the state of Missouri and its citizens.”

MISSION
MOSERS exists to advance the financial security of its members.
VISION
We endeavor to:
Exceed customer expectations
Educate stakeholders
Ensure sound investment practices
Encourage responsible funding of the plan
through a commitment to
Excellence. Always.
VALUES
Quality • Respect • Integrity
Openness • Accountability
### Financial Highlights

**Fiscal Year 2018**

- **$589.6 Million**
  - Investment Income
- **$416.5 Million**
  - Employer Contributions
- **$29.2 Million**
  - Employee Contributions
- **$853.8 Million**
  - Pension Benefits Paid
- **$1,148**
  - Average Monthly Benefit Amount for FY18 MSEP Retirees
- **48,776**
  - Retirees & Beneficiaries
- **$8.2 Billion**
  - Net Trust Fund Assets

### Voluntary Buyout Program

The voluntary Buyout Program, authorized by state law, was offered by the MOSERS Board of Trustees to eligible vested former state employees of the system in an effort to reduce MOSERS pension liability. Members who chose to accept this offer, received a lump-sum payment equal to 60% of the present value of their future retirement benefit — closing their eligibility for future retirement payments.

After initially offering the program with an application window from October 1 through November 30, 2017, the board also offered the “Second Chance Buyout Program” with an application window during May 2018.

- **17,005**
  - Eligible Vested Former State Employees
- **4,371 (25.7%)**
  - Eligible Members Elected Buyout
- **$41 Million**
  - Net Liability Eliminated

### Net Position

The *Summary Statement of Fiduciary Net Position* reports the pension plan’s financial position as of the end of the fiscal year. As of June 30, 2018, MOSERS has accumulated $8.2 billion in net assets for the payment of promised retirement benefits.

#### Summary Statement of Fiduciary Net Position

**(Fiscal Year Ended June 30, 2018)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>$3,532,158,169</td>
</tr>
<tr>
<td>Receivables</td>
<td>152,195,889</td>
</tr>
<tr>
<td>Investments</td>
<td>8,535,881,439</td>
</tr>
<tr>
<td>Net capital assets</td>
<td>3,237,785</td>
</tr>
<tr>
<td>Other assets</td>
<td>44,847</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>12,223,578,129</strong></td>
</tr>
</tbody>
</table>

**Deferred outflow of resources**

- **301,182**

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expense payables</td>
<td>2,320,559</td>
</tr>
<tr>
<td>Investment purchase payables</td>
<td>162,762,193</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>8,700,871</td>
</tr>
<tr>
<td>Obligations under repurchase agreements</td>
<td>3,853,968,794</td>
</tr>
<tr>
<td>MOSERS investment portfolio liability (MIP)</td>
<td>4,014,950</td>
</tr>
<tr>
<td>Net OPEB liability</td>
<td>7,272,038</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>4,039,039,405</strong></td>
</tr>
</tbody>
</table>

**Deferred inflow of resources**

- **71,907**

**Net positions restricted for pensions**

- **$8,184,707,999**

The *Summary Statement of Changes in Fiduciary Net Position* reports the system’s additions (income), deductions (expenses), and net increase of net position. Simply put, MOSERS increased the amount of money in the fund by $108.5 million during FY18.

#### Summary Statement of Changes in Fiduciary Net Position

**(Fiscal Year Ended June 30, 2018)**

<table>
<thead>
<tr>
<th>Additions</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions (employer and employee)</td>
<td>$450,974,449</td>
</tr>
<tr>
<td>Investment income (investing activities)</td>
<td>589,611,104</td>
</tr>
<tr>
<td>Miscellaneous income</td>
<td>548,581</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td><strong>1,041,134,134</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deductions</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>853,758,969</td>
</tr>
<tr>
<td>Service transfers and refunds</td>
<td>68,609,753</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>10,209,941</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td><strong>932,578,663</strong></td>
</tr>
</tbody>
</table>

**Net increase**

- **108,555,471**

**Net position beginning of year**

- **8,076,152,528**

**Net positions restricted for pensions**

- **$8,184,707,999**
Our neighbors, friends, and family spend their pension benefits in our communities. Nearly 90% of retirees and their dependents remain in Missouri, spending retirement dollars on housing, goods, and services.

### Membership

#### Benefit Recipients by Location

<table>
<thead>
<tr>
<th>State</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>16</td>
</tr>
<tr>
<td>Hawaii</td>
<td>7</td>
</tr>
<tr>
<td>Army Post Office</td>
<td>1</td>
</tr>
<tr>
<td>Argentina</td>
<td>1</td>
</tr>
<tr>
<td>Brazil</td>
<td>12</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1</td>
</tr>
<tr>
<td>Croatia</td>
<td>1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
</tr>
<tr>
<td>Ecuador</td>
<td>1</td>
</tr>
<tr>
<td>Germany</td>
<td>1</td>
</tr>
<tr>
<td>Guam</td>
<td>1</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1</td>
</tr>
<tr>
<td>India</td>
<td>1</td>
</tr>
<tr>
<td>Ireland</td>
<td>1</td>
</tr>
<tr>
<td>Israel</td>
<td>2</td>
</tr>
<tr>
<td>Italy</td>
<td>1</td>
</tr>
<tr>
<td>Latvia</td>
<td>1</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>1</td>
</tr>
<tr>
<td>P. R. China</td>
<td>2</td>
</tr>
<tr>
<td>Philippines</td>
<td>1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1</td>
</tr>
<tr>
<td>Sweden</td>
<td>1</td>
</tr>
<tr>
<td>Thailand</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>2</td>
</tr>
</tbody>
</table>

### Member Data

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Active</th>
<th>Retired/Beneficiaries</th>
<th>Total Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td>47,806</td>
<td>48,207</td>
<td>96,013</td>
</tr>
<tr>
<td>MSEP</td>
<td>45.4</td>
<td>70.3</td>
<td>54.4</td>
</tr>
<tr>
<td>Judicial Plan</td>
<td>56.4</td>
<td>76.5</td>
<td>56.4</td>
</tr>
<tr>
<td>Average age</td>
<td>10.9</td>
<td>11.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Average years of service</td>
<td>10.9</td>
<td>11.5</td>
<td>10.9</td>
</tr>
<tr>
<td>Average annual salary</td>
<td>$40,061</td>
<td>$143,498</td>
<td>$143,498</td>
</tr>
<tr>
<td>Average annual benefit</td>
<td>$15,452</td>
<td>$63,862</td>
<td>$63,862</td>
</tr>
</tbody>
</table>

### Members Retired During FY18

<table>
<thead>
<tr>
<th>Years</th>
<th>Average Credited Service</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>5</td>
<td>$402</td>
<td>$5,977</td>
<td>7</td>
</tr>
<tr>
<td>5-10</td>
<td>10</td>
<td>338</td>
<td>2,815</td>
<td>523</td>
</tr>
<tr>
<td>11-15</td>
<td>15</td>
<td>584</td>
<td>2,899</td>
<td>475</td>
</tr>
<tr>
<td>16-20</td>
<td>20</td>
<td>922</td>
<td>3,323</td>
<td>486</td>
</tr>
<tr>
<td>21-25</td>
<td>25</td>
<td>1,420</td>
<td>3,802</td>
<td>520</td>
</tr>
<tr>
<td>26-30</td>
<td>30</td>
<td>1,887</td>
<td>4,096</td>
<td>515</td>
</tr>
<tr>
<td>31+</td>
<td></td>
<td>2,511</td>
<td>4,538</td>
<td>208</td>
</tr>
<tr>
<td>All Members*</td>
<td></td>
<td>1,148</td>
<td>3,488</td>
<td>2,734</td>
</tr>
</tbody>
</table>

* Includes MSEP, MSEP 2011, and MSEP 2000 members.
** Includes Judicial Plan and Judicial Plan 2011 members.
For the past two years, we have focused on achieving excess returns and reducing management fees. In FY18 we continued to achieve those goals.

The MOSERS portfolio generated a time-weighted rate of return, based on market value, of 7.4% for FY18. This was 2.6% better than the policy expectation of 4.8%. Additionally, we reduced our management fees by $9 million.

So, FY18 was a good year. We earned more money than the asset allocation suggested possible at lower fees than the year before. In total, those efforts created about $260 million more than would have been expected by the asset allocation alone.

The negative for the year was simple – equity markets continued to perform well, which means diversification did not work in our favor this year. This year, more equities meant more return. However, the key to successful long-term portfolios is to diversify. Diversification simply is putting eggs into several baskets. While this year’s results would have been better if we had put all of our eggs in the equity basket, that won’t be the outcome in every year. We continue to remain confident that diversification will win in the long term.

As we plan for the future, our focus is on:

- Building a portfolio that better serves the needs of all of our stakeholders
- Continuing to reduce investment management fees
- Continuing to lead the industry in fee transparency

As always, we are here for the benefit of our members and, in all ways, our efforts will continue to focus on strengthening MOSERS’ already strong financial foundation.

Sincerely,

Seth Kelly
Chief Investment Officer
The policy benchmark provides a point of comparison when assessing the investment performance of the total fund. By comparing the policy benchmark return to the fund total return we can determine how the MOSERS investment team performed on a comparative basis over a given time period. Value is added when the total fund return exceeds the policy benchmark. The policy benchmark also provides guidance for staff as well as other stakeholders of the fund through establishment of concrete investment goals. Additionally, the policy benchmark also establishes the board’s long-term view regarding investments, which puts into perspective any reaction, or over-reaction, to short-term market conditions.

* As of June 30, 2018, 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.

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**Retirement Funding**

**Plan Revenue**
MOSERS is an advance-funded retirement system. Unlike “pay-as-you-go” plans, employers and employee contributions plus investment earnings are accumulated and professionally managed during employees’ careers and paid out over their retirement years. Over the long-term, the major source of revenue is from investment earnings, which accounts for 61% of the assets in the MOSERS Trust Fund.

**Funded Status**
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 shown 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 assumed 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.

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**Valuation of Assets vs. Pension Liabilities**

Reform in 2010, known as MSEP 2011, stabilizes plan funding, retains the defined benefit (DB) culture, and provides sustainability for future generations. As of June 30, 2018, 43% of active employees are in the MSEP 2011.
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, 2017. 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.

MOSERS also received two awards from the National Association of Government Communicators (NAGC) including a first place award for our Benefits U Human Resources Conference materials and an Award of Excellence for our Member Login Video Tutorial.

Board of Trustees
- Crystal Wessing – Chairwoman
- Gary Metzger – Vice Chair
- Representative Scott Fitzpatrick
- Jenny Jacobs
- Joe Keifer
- Don Martin
- Treasurer Eric Schmitt
- Commissioner Sarah Steelman
- Senator Wayne Wallingford
- Senator Gina Walsh
- Representative John Wiemann

Board Election Results
In August 2018, active and vested former state employees re-elected to the board of trustees, Crystal Wessing and Jenny Jacobs. Retired members elected Gary Findlay. Newly elected board members will serve a four-year term beginning January 1, 2019, and ending December 31, 2022.

Want to Know More?

Benefit counselors are a valuable source for information regarding your benefits. Call to speak with a benefit counselor by phone or make an appointment to visit our office.

Office Hours
Monday - Friday
8:00 a.m. - 12:00 p.m.
1:00 p.m. - 4:30 p.m.

Phone
(573) 632-6100 • (800) 827-1063

MO Relay
711 (voice) • (800) 735-2966 (TTY)

Mailing Address
PO Box 209
Jefferson City, MO 65102-0209

Visit us at 907 Wildwood Drive
Your Taxes
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

Please be aware that your MOSERS retirement benefits are subject to federal income tax and possibly Missouri state income tax if you reside in Missouri. You should assess your tax situation each year. Life events, such as marriage, divorce, or a change in dependents, may impact the amount you wish to have withheld. It’s easy to change your withholding election. You may change it at any time during the year by submitting a Substitute W-4P form (available online) to MOSERS. The amount of withholdings you elect does not change your tax liability.

The information included in this article is MOSERS’ summary assessment of various income tax laws. In the event of a conflict, the pertinent law prevails.

For more information, contact the Missouri Department of Revenue or go to: www.dor.mo.gov/personal/ptc/pension.php

Traveling soon?
Remember This Important Card

As a reminder, if you have life insurance through MOSERS, you are eligible for Travel Assistance when you travel more than 100 miles from home. Your spouse and children (through age 25) are also covered.

Travel assistance includes:
• 24-hour phone support with registered nurses
• Emergency ticket, passport and credit card replacement
• Emergency medical evacuation, plus return travel for companions or return of dependent children during prolonged hospitalization
• Connection to interpreters, consular office, local attorney
• Pre-trip services, such as passport and visa assistance

Before you travel, cut out the card from below or from the Travel Assistance brochure on our website and keep it in your wallet, and add the numbers (United States and international) to your cell phone.

Please note: Travel assistance is not the same as travel health insurance. Please contact your health insurance provider regarding health care coverage when travelling.

Keep this card with you when you travel!

Getting Started

If you’re getting ready to retire, MOSERS has many resources to help you prepare, whether you are retiring online or completing the paper forms. Much of this information is located on our Ready to Retire? web page.

What you should know:

- If you have eligible, prior service you are able to purchase or transfer, you must do so before applying for retirement.

- Check with your agency’s human resources office and find out about their termination process, which is separate from the retirement process with MOSERS.

- MOSERS issues benefit payments on the last working day of each month. We have the current year’s payment schedule on our website.

- You will have choices related to your MOSERS pension and life insurance benefits, so we recommend attending a MOSERS PreRetirement Planning Seminar when you are within five years of retirement eligibility. For members of MSEP 2011, we offer both in-person seminars and online webinars.

How to retire:

- Before you begin, look over the Smart Start Checklist in the Retirement Guide to make sure you have what you need to make the process even smoother.

- Submit the Retirement Application and Retirement Election form by the specific due dates to avoid any delay in payment.

- If you are retiring online, simply log in to your Member Homepage using your MOSERS Online ID and password, then select Retire Online from the menu. If you choose not to retire online, contact a MOSERS benefit counselor to request a personalized Retirement Application.

- The Retirement Guide has tips to help you complete each form in the retirement process. Keep it handy or view it online.

- If you have any questions, contact a benefit counselor or make an appointment to speak to us in person in our Jefferson City office.
Who else do I contact?

Completing the MOSERS retirement process may not be the only thing you need to do, depending on other state benefits you may have. Our Destination Retirement brochure has a convenient checklist of forms and a map to other benefit providers’ offices in Jefferson City.

- Do you have a MO Deferred Comp account? You can keep your money in your account while you are retired. If eligible for BackDROP, roll your lump-sum payment and/or contribute your accrued annual leave payment to the plan by completing their forms.
- Do you have medical coverage through MCHCP? Find out what form to complete to continue medical, dental, and vision coverage for you and your dependents (if eligible).
- Remember to notify the cafeteria plan if you participate in it.
- Apply for Social Security retirement and Medicare benefits when you are eligible.

There’s a lot to think about at retirement, so start early and contact each benefit provider about their individual forms, choices, and deadlines. Destination Retirement will help guide your journey.

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SMART START CHECKLIST
Get a smart start on Step 1 of the retirement process by having the following information readily available before you begin:
- MOSERS Online ID and password for applying online.
- Anticipated date you plan to retire (always the 1st day of the month).
- Personal email address you will use after your retirement email.
- Spouse’s Social Security number, date of birth, and date of death (if applicable).
- Account number, American Banker’s Association (ABA) routing number, and contact information of your financial institution for direct deposit of your monthly retirement benefit.
- Withholding amounts from your benefit for federal, state, and local taxes.
- Life insurance beneficiary(ies) information including relationship, address, date of birth, and Social Security number.
- Designated agent(s) information including name, address, phone number, and mailing address (form is optional).
- Information including name, relationship, phone number, address of person(s) or organization(s) to whom to send information about your benefits (form is optional).

Watch the Retire Online Video

You’ve done your homework, asked questions, and now you’re ready to make decisions about your retirement date, benefit payment options, tax deductions, and other elections that may be available to you.

To see how simple and fast it is to retire online, watch our Retire Online video tutorial before you begin. It will walk you through the online process. In just five minutes, you’ll see how to navigate from one form to the next and even upload some documents online!
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. Learn more about each of these topics and more by participating in a PreRetirement Seminar.

**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, the 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. We also encourage HR representatives 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 five years of retirement eligibility, they should register separately (as a member via their MOSERS Online ID) 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 arrange for special accommodations.

**Weather/Cancellation Policy**

MOSERS will post seminar cancellations on our homepage, www.mosers.org, and we will notify local television and radio stations. 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.
MSEP 2011 PreRetirement
Webinars and Seminars in 2019

- Designed for members of MSEP 2011 (those first employed in a MOSERS benefit-eligible position on or after January 1, 2011) 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 seminars include lunch and are held in Jefferson City from 8:30 a.m. until 2:30 p.m.

MSEP/MSEP 2000
PreRetirement
Seminars in 2019

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

- In-person seminars are held 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 5:30 p.m. until 8:30 p.m., and cover your MOSERS benefits only. Questions about other benefits will not be covered.

For more information about your other benefits in retirement, contact:

MO Deferred Comp
(800) 392-0925
www.modederredcomp.org

MCHCP
(800) 487-0771
www.mchcp.org

Social Security
(800) 772-1213
www.socialsecurity.gov.

Cape Girardeau
February 27
June 19
September 18

Carthage
September 25

Chillicothe
June 12

Columbia
July 18

Farmington
March 20
June 27
August 8
November 6

Hannibal
May 22

Jefferson City
February 5*
February 26
March 7*
March 12
March 26
May 14
May 21
June 18
June 25
July 9
July 23
August 6
August 20
September 17
September 26*
November 5
November 19

Joplin
July 10

Kansas City Area
March 14
May 16
July 24*
July 25
August 29
November 14

Kirksville
November 13

Macon
June 13

Pопlar Bluff
June 26
August 7

Rolla
March 7
August 14

Sedalia
June 6

Springfield
March 6
June 5
July 11
August 15
September 26

St. Joseph
March 13
May 15
August 28

St. Louis Area
February 28
March 21
May 23
June 20
July 17
August 21*
August 22
September 19
November 7

*Evening Session

MSEP 2011
Seminar Schedule in 2019
8:30 a.m. – 2:30 p.m.
Jefferson City
April 16
October 22

Webinar Schedule
9:30 a.m. – 11:15 a.m.
Online
March 28
September 11
**PensionsPlus Newsletter**

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**Retirement & You**

**ARMSE**

The Active and Retired Missouri State Employees group (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

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**Want to save time? RetireOnline**

See exactly how easy it is! Watch the Retire Online tutorial video in our video library that walks you through the process. Viewing this video, along with reading the *Retirement Guide*, will help you get an overview of the two-step process, forms, and deadlines.