Noteworthy News

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Who gets your life insurance proceeds if you die?

Board Corner

4 New Board Members
MOSERS welcomes three new board members.

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

Retirement & You

6 1099-R’s are Coming Soon
Tax season is almost here; be on the lookout for your 1099-R.

6 Retirement and Missouri Taxes
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7 Coffee Breaks Turn Ten!
Join us for a seminar in 2018.

7 2018 COLA Rate Facts
Coming in mid-January – see how the COLA rate affects you.

8 ARMSE
Learn more about this statewide association for active & retired state employees.

Special Insert

2017 Summary Annual Financial Report

Stay connected on social media

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

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.
Life Insurance After Retirement

Life Insurance Beneficiaries

Your 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. This statement will be available on the anniversary of your retirement date (or BackDROP date). 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 by following these steps:

- Log in to your Member Homepage.
- Click on Forms then Life Insurance Beneficiaries.
- Follow the instructions to complete and submit the online form.

Your designation becomes effective upon receipt by MOSERS during your lifetime.

Can I name a minor as 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. Please take into consideration, this could cause legal expenses for the beneficiary and delay the payment. 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. 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 and can be completed or updated online at anytime.

* 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. If you retire within 60 days of leaving state employment, as long as you had basic life insurance coverage as an active employee and did not terminate coverage at retirement, you may be eligible to continue a portion of your basic and optional life insurance coverage at retirement; however you may not increase your optional life insurance coverage amount after retirement.
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.

Funding the Plan
MOSERS Board Certifies Contribution Rate for Fiscal Year 2019

During their September 14, 2017 meeting, the MOSERS Board of Trustees determined the employer contribution rate to be 20.21% of covered payroll for retirement benefits provided through the Missouri State Employees’ Plans for the fiscal year beginning July 1, 2018.
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.

John Watson
Executive Director
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>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>Net (decrease)</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>Net positions restricted for pensions</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 Return 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.

* 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.

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.
Are You Qualified to Run?
Upcoming Board Election

One year from now, you will be electing one member 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 retired 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 25 retired MOSERS members.

Important Board Member Election Dates

Nomination petitions made available.
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.
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.
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 balloting will cease at 5 p.m. Central Time.
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.
The new retired member representative begins serving his/her four-year term in January 2019.
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.
Coffee Break seminars allow us to reach out to our retirees, give you a chance to have face-to-face communication with MOSERS staff, and provide you with the opportunity to interact with other state retirees in your area. At the Coffee Break seminars, MOSERS hosts an educational program that is of interest to our retirees. Registration for the 2018 Coffee Breaks will be available online in **January 2018**.

**The program for 2018 will be:**

- **MOSERS and the Evolution of Public Pensions**, presented by Ronda Stegmann, Legislative & Policy Coordinator at MOSERS.

*Please note: In the print version of *RetireeNews Fall/Winter 2017*, the time was listed incorrectly. The correct time has been updated.

### The Value of Your Money

**2018 COLA Rate**

Your annual cost-of-living adjustment, or COLA, is based on the Consumer Price Index (CPI).* You will find the 2018 COLA on our website in mid-January.

The rate calculation is based on 80% of the percentage increase in the average CPI from one year to the next with a maximum increase of 5% (*minimum 0%).* The information necessary to make that calculation will be available in January 2018 and based on a comparison of changes from 2016 to 2017.

In the meantime, here is a reminder of how it is determined each year:

The CPI is calculated monthly by the Federal Bureau of Labor Statistics. The CPI is used to measure the rate of inflation and to show larger economic trends on a yearly basis. MOSERS must use the Consumer Price Index for All Urban Consumers (CPI-U) for our calculations as required by state law. The CPI-U is the most comprehensive measure of inflation in consumer goods and services, including food, housing and transportation. CPI calculations are based on information from average households across the country. The impact of inflation on you personally may be more or less than the national average.

Each January, MOSERS compares the average CPI for the calendar year just completed (2017) to the average CPI from the prior year (2016) to determine the percentage change between the two years. You will not receive a COLA less than zero. *(In other words, MOSERS does not decrease benefit amounts based on the CPI calculation.)*

To learn more, visit the Bureau of Labor Statistics list of Frequently Asked Questions and watch the video on the MOSERS website.

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*If you retired under the MSEP, and were hired before August 28, 1997, your COLA will be determined based on the annual COLA calculation except that you will receive a minimum 4% COLA (maximum 5%) until accumulated COLAs reach 65% of your initial (or original) benefit. This is called your COLA cap. After your benefit has increased to the COLA cap amount, your COLA will be between 0-5% each year.*
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