



# *50th Anniversary*

A Strong Foundation Protects Your Future



Missouri State Employees' Retirement System  
*A Component Unit of the State of Missouri*

Comprehensive Annual Financial Report  
*Fiscal Year Ended June 30, 2007*



## *Trees*

*The essence of strength and stability*

*Growth and maturity*

*Lasting for generations*

*Their resources provide protection and security*

*They are dynamic*

*Changing with the seasons*

*Yet rooted in rich substance and history*

These characteristics exemplify MOSERS.

Join us as we celebrate our 50<sup>th</sup> anniversary and revisit our roots while acknowledging the stability, growth, and development of the fund that provides protection and security to generations of state employees.

# *50th Anniversary*

A Strong Foundation Protects Your Future

Gary Findlay  
Executive Director

Gary Irwin  
Chief Finance Officer



Missouri State Employees' Retirement System  
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# Table of Contents

Introductory Section

- 5 Professional Awards
- 6 Letter of Transmittal
- 12 Letter from the Board Chair
- 13 Board of Trustees
- 14 Administrative Organization
- 15 About MOSERS
- 17 Outside Professional Services

Financial Section

- 19 Management’s Responsibility for Financial Reporting
- 20 Independent Auditors’ Report
- 21 Management Discussion and Analysis
- Basic Financial Statements**
- Pension Trust Funds*
- 26 Statements of Plan Net Assets
- 27 Statements of Changes in Plan Net Assets
- Internal Service Fund*
- 28 Balance Sheet
- 29 Statement of Revenues, Expenses, and Changes in Plan Net Assets
- 30 Statement of Cash Flows
- 31 Notes to the Financial Statements
- Required Supplementary Information**
- 45 Schedules of Funding Progress
- 46 Schedules of Employer Contributions
- 47 Notes to the Schedules of Required Supplementary Information
- Additional Financial Information**
- 49 Schedule of Investment Expenses
- 51 Schedule of Internal Investment Activity Expenses
- 52 Schedule of Administrative Expenses - Pension Trust Funds



Financial Section Continued

- 53 Schedule of Administrative Expenses - Internal Service Fund
- 54 Schedule of Professional/Consultant Fees
- 55 Investment Summary - Pension Trust Funds
- 56 Investment Summary - Internal Service Fund

Investment Section

- 57 Chief Investment Officer's Report
- 61 Investment Consultant's Report
- 63 Investment Policy Summary
- 68 Total Fund Review
- 71 Schedule of Investment Results
- 72 Schedule of Investment Portfolios by Asset Class
- 73 Investment Manager Fees
- 74 Public Equity Asset Class Summary
- 83 Public Debt Asset Class Summary
- 90 Alternative Investments Asset Class Summary
- 99 Beta/Alpha Program
- 101 Securities Lending Summary

Actuarial Section

- 103 Actuary's Certification Letter
- 104 Summary of Actuarial Assumptions
- 108 Summary of Member Data Included in Valuations
- 109 MSEP\* Active Members by Attained Age and Years of Service
- 110 Judicial Plan Active Members by Attained Age and Years of Service
- 111 Schedules of Active Member Valuation Data Last Six Years
- 112 MSEP Retirees and Beneficiaries Added and Removed
- 116 Judicial Plan Retirees and Beneficiaries Added and Removed
- 118 Short-Term Solvency Test
- 119 Derivation of Experience Gain (Loss)
- 120 Summary Plan Provisions
- 128 Changes in Plan Provisions
- 133 MSEP Actuarial Present Values
- 134 Judicial Plan Actuarial Present Values

Statistical Section

- 135 Summary
- 136 Change in Net Assets - Last Ten Fiscal Years
- 138 Deductions from Net Assets for Benefits and Refunds by Type - Last Ten Fiscal Years
- 140 Valuation Assets vs. Pension Liabilities - Pension Trust Funds - Last Ten Fiscal Years
- 144 Contribution Rates - Last Ten Fiscal Years
- 145 Membership in Retirement Plans - Last Ten Fiscal Years
- 146 Benefit Recipients by Type of Retirement and Option Selected
- 148 Distribution of Benefit Recipients by Location
- 149 Benefits Payable June 30, 2007 - Tabulated by Option and Type of Benefit
- 150 Average Monthly Benefit Amounts - Last Ten Fiscal Years ended June 30, 2007
- 157 Retirees and Beneficiaries - Tabulated by Fiscal Year of Retirement
- 158 MSEP Total Benefits Payable June 30, 2007 - Tabulated by Attained Ages of Benefit Recipients
- 159 Judicial Plan Total Benefits Payable June 30, 2007 - Tabulated by Attained Ages of Benefit Recipients

\* Missouri State Employees' Plan



## Our Mission

To exceed customer expectations by providing outstanding benefit services through professional plan administration and sound investment practices.

## Core Values

### Quality

Strive to exceed the expectations of internal and external customers through innovation, competence, and teamwork. Seek to “do it right” the first time.

### Respect

Be sensitive to the needs of others, both within and outside the organization. Be courteous, considerate, responsive, and professional.

### Integrity

In all endeavors, act in an ethical, honest, and professional manner.

### Openness

Be willing to listen to, and share information with, others. Be receptive to new ideas. Be trusting of others.

### Accountability

Take ownership of and responsibility for actions and their results. Learn from mistakes. Control system risks and act to protect the security of member information and system assets.



## *The Family Tree*

The retirement system has been guided and nurtured by many talented and dedicated individuals since MOSERS was first established in 1957. As we celebrate our 50<sup>th</sup> anniversary, we commemorate their numerous and significant contributions toward the success of the plan.

*Newton Atterbury, Executive Secretary, 1957-1958*

*John Schwada, Executive Secretary, 1958-1959*

*Ben Meyer, Executive Secretary, 1959-1961*

*William Hemphill, Executive Secretary, 1961-1965*

*Edwin Bode, Executive Secretary, 1965-1979*

*Al Holmes, Executive Secretary, 1980-1981*

*Mary-Jean Hackwood, Executive Director, 1981-1987*

*M. Steve Yoakum, Executive Director, 1987-1994*

*Gary Findlay, Executive Director, 1994 to present*

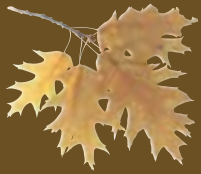
*Rick Dahl, Chief Investment Officer and Deputy Executive Director, 1995 to present*

*Karen Stohlgren, Chief Operations Officer and Deputy Executive Director, 1996 to present*

We would be remiss if we did not specifically honor the many contributions of Rosemary Eppenauer, MOSERS' former Assistant Executive Director. Rosie opened the doors on MOSERS' first day of business in 1957 and dedicated nearly 40 years of her life to serving our membership until her retirement in 1996.

To all of MOSERS' former and present trustees, thank you for a job well done. Your dedication and commitment to your fiduciary responsibilities contributed greatly to the stability and growth of the system.

Lastly, to all of MOSERS' former and current employees, we express our gratitude for your individual contributions to the system. It is through your hard work, enthusiasm, and commitment to excellence that MOSERS has been able to accomplish its mission of exceeding customer expectations by providing outstanding benefit services through professional plan administration and sound investment practices.



## Introductory Section

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## Professional Awards

### Certificate of Achievement for Excellence in Financial Reporting

MOSERS' *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2006, was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). This was the eighteenth consecutive year that MOSERS has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

### Public Pension Standards Award

MOSERS also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award in 2006, in recognition of meeting the professional standards for plan design and administration as set forth in the Public Pension Standards. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).



## Letter of Transmittal



### *Missouri State Employees' Retirement System*

**Mailing Address**

PO Box 209 • Jefferson City, MO 65102-0209

**Building Location**

907 Wildwood Drive • Jefferson City, MO

October 16, 2007

The Board of Trustees  
Missouri State Employees' Retirement System  
907 Wildwood Drive  
Jefferson City, MO 65109

Dear Board Members:

It is with special pleasure that I submit to you this *Comprehensive Annual Financial Report* (CAFR) of the Missouri State Employees' Retirement System (MOSERS). As we go to print this year, we celebrate MOSERS' 50th anniversary. We have chosen the oak tree at the entrance to our building as the theme for this year's report to symbolize that, 50 years ago, a group of state employees planted the initial seed capital and then nourished the system to ensure that its roots provided a firm foundation for future growth. Like the mighty oak tree, MOSERS has weathered a number of storms and is all the stronger for having done so. The fund has matured over time and today has net assets totaling \$8.1 billion dollars, which provides economic shelter for thousands of participants who have come to rely on the system as a key component of their financial security.

### Report Contents and Structure

This CAFR is designed to satisfy the reporting requirements of state law as stipulated in Sections 104.480, 104.1006, and 105.661 of the Revised Statutes of Missouri (RSMo), as amended. The financial information presented in the report is the responsibility of the management of MOSERS, and sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules, and statistical tables. An independent auditing firm, Williams-Keepers LLC, has audited the financial statements included in this report and their opinion letter is presented in the *Financial Section* of this CAFR. The *Financial Section* also contains *Management's Discussion and Analysis* that serves as a narrative introduction to and overview of the financial statements. MOSERS is considered a component unit of the state of Missouri for financial reporting purposes and, as such, the financial statements in this report are also included in the *State of Missouri's Comprehensive Annual Financial Report*.

### Profile of MOSERS

MOSERS is an instrumentality of the state of Missouri established in 1957 by state statutes for the purpose of providing retirement benefits to state employees not covered by another retirement system. MOSERS provides for those retirement benefits through pension trust funds.

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Email: mosers@mosers.org • Website: www.mosers.org



Subsequent to its creation, MOSERS was given the task of also providing most members of the retirement system with life and long-term disability insurance. MOSERS operates an internal service fund for the state of Missouri and contracts with insurance companies to provide those benefits through insured defined benefit plans. MOSERS maintains membership information on those eligible for the insurance coverage and collects and remits the premiums to the insurance company. Currently, the life insurance and long-term disability plans are insured through The Standard Insurance Company.

The MOSERS Board of Trustees annually approves the administrative expense budgets of MOSERS' operation and investment divisions. MOSERS' governance policy requires an exception report to the board of trustees by the executive director if expenses are expected to exceed budgeted amounts by 10% or if there are any unscheduled salary increases or staff expansions not included in the budget approved by the board.

### Long-Term Communication Plan

This year we finalized and implemented our long-term communications plan. The plan identifies our target audiences, key messages we want to get to those audiences and strategies for delivering those key messages. This new plan will assure consistency in the messages we send and will facilitate achieving multi-year communications.

### Web Enhancements

The MOSERS website continues to be our most dynamic communications vehicle. Significant advancements were made this year in terms of online forms, reports, and processes.

Probably the most far-reaching project was the creation of online eStubs for employees whose payroll is processed through the state accounting system. A pilot project was implemented in April 2006, using the Office of Administration and MOSERS' employees. This project provided the foundation for paperless pay stubs, which will reduce costs and distribution time statewide as agencies implement this option. This is a major step for the state. By initiating this change, staff time will be reduced since pay stub information will no longer need to be printed, put into envelopes, and distributed, and employees will receive their pay information more quickly. Beyond that, it will dramatically increase the number of active members who request passwords for access to the "member only" secure areas of our website, thus increasing the potential for other aspects of customer self-service. In conjunction with the eStubs project and, at the recommendation of the Retiree Connection group, we stopped issuing paper stubs to members on direct deposit in August 2006. Instead, we offered retirees the option of getting email notification when their payments are deposited each month.

Rumor Central continues to be one of our most popular website features. Members, nonmembers, and the general public visit this site for factual information related to legislation, benefits, and rumors in the workplace. Since this is a time-consuming process for MOSERS' staff, we did ask that our members only post questions that are MOSERS-related. This forum has increased member satisfaction and enhanced the system's stature as a reputable source of reliable information.

Advances continue to be made in the online forms project. Online forms have been extremely popular with agency human resource staff and, over the past year, we received over 36% of forms electronically. This greatly facilitates forms submissions and substantially reduces the potential for errors associated with manual data entry. Phase II of the project began February 2006 and was completed ahead of schedule on September 8, 2006. Phase II completed the automation process by downloading information directly into our member database. Approximately 56% of electronically received forms are now processed without human intervention. This saves processing time, improves accuracy, and reduces costs to MOSERS. Several new online reports were made available to employers this year. Providing these reports electronically reduced distribution costs (printing, mailing, etc.) and improved response time on the receipt of information requests from employers.



## Reduction in Optional Life Insurance Costs

The cost of optional life insurance for members was reduced this year. We were able to negotiate optional life rate decreases of approximately 6%, targeting mainly the older age bands. In addition, we obtained a three-year rate guarantee for basic life and long-term disability insurance.

## Technology Updates

Several important achievements relating to the implementation of our disaster recovery plan were completed this year. In order to maintain the flow of business functions and to serve our customers in the event of a disaster, a diesel backup generator was installed for our primary location. A warm-site facility was also established along with a mobile recovery contract to supply mobile recovery units, computer hardware, and supplies in order to sustain essential operations in the event of major disaster. We are now more prepared and capable of sustaining mission critical operations in the event of a disaster. The current network domain controller and the email server were also replaced with up-to-date technology. With this upgrade, we were able to consolidate two email servers into one, which is faster and more reliable. In November, we purchased and installed a local firewall between MOSERS and the Office of Administration's private network. This provides improved security for our systems because access from the state's private network is now "locked-down" to allow only necessary connections. This is a better solution and is easier to maintain. The firewall appliance that was purchased will be reallocated to the business continuity plan warm-site.

## Cost Effective Measurement

Customer service is a critical element in MOSERS' performance objectives and is the driving force behind many of our service improvements. One of the ways we measure our overall performance is through the Cost Effectiveness Measurement (CEM) Benefit Administration Benchmarking Analysis. CEM evaluated 55 leading pension systems, including systems in the United States, Canada, Australia, and the Netherlands. Of the U.S. public pension plans, 12 were identified as our most relevant peer group based on membership size and system assets. The CEM survey rated MOSERS' service as the highest in our peer group with a total service score of 89 while the peer average was 77. This ranked us number one in service among our peer group and number two overall in the CEM universe. This was accomplished with a cost per active and retired member of \$70 that was equal to the peer group median cost and below the CEM universe median cost of \$85 – in other words, a high service level at below median cost, which is our ultimate goal.

## Legislation

### House Joint Resolution (HJR) 55

Last year we reported that HJR 55 required submission to Missouri voters a constitutional amendment to existing language that would allow for automatic approval of the schedule of compensation developed by the Missouri Citizen's Commission on Compensation of Elected Officials. Recommendations of the Commission impact pay for all elected state officials, members of the General Assembly, and judges unless disapproved by a concurrent resolution adopted by the General Assembly. Missouri voters approved the constitutional amendment.

### Senate Bill 406

The legislature passed an omnibus retirement bill this year that affects the retirement plans administered by MOSERS. The bill contains general, long-awaited "cleanup" provisions plus substantive changes involving the oversight of the state's Deferred Compensation Program and the establishment of a medical benefit trust fund (for actuarially funding retiree health care benefits).

This legislation transferred responsibility for the administration of the Missouri State Employees' Deferred Compensation Program from the Missouri State Public Employees' Deferred Compensation Commission to the MOSERS Board of Trustees effective September 1, 2007. In order to assist in the transition, two deferred compensation commissioners (the chair of the commission and the House Speaker's designee) will serve as ex-officio members on the MOSERS board for issues related to the deferred compensation program. The Commission chair will serve through December 2008; the House member will serve through December 2009. This change was initiated by a legislative member of the Deferred



Compensation Commission based on the belief that plan participants would benefit from MOSERS' investment and administrative expertise in monitoring the program. We anticipate this change will be transparent to plan participants. The third party administration of individual accounts and the investment products available will continue to be handled by outside service providers paid from charges to the participants as is the current practice.

The legislation also allows the MOSERS board to provide investment services in connection with medical benefit funds established for state employees, retirees, and their dependents who participate in a state medical plan administered by the Missouri Consolidated Health Care Plan (MCHCP) or other medical benefit plans established or maintained by the state. The MCHCP and the Commissioner of Administration asked the MOSERS board to assume this responsibility to take advantage of the investment expertise already in place at MOSERS. From MOSERS' perspective, investment of any assets will be contingent upon receipt of a private letter ruling from the IRS stating that health care funds can be commingled with retirement funds for purposes of investing. An application for such a ruling was filed several months ago and we are awaiting the IRS's decision. Subject to a favorable ruling, MOSERS will be able to invest funds that will be set aside by medical benefit plans to begin actuarially funding a portion of the retiree health care expenses.

As it affects public employee retirement plans in general, the legislation also includes pension reform measures that will require all public employee pension plans in the state to adhere to certain standards in the areas of funding, receipt of required contributions, ethics, and trustee education. As it relates to funded status, specific provisions will prohibit a retirement plan from providing benefit enhancements if the funded position of the plan falls below 80%. These provisions will (1) allow a plan with a funding ratio greater than 80% to implement a benefit increase or enhancement provided the funded ratio does not fall below 75% after implementation; (2) provide that increases in the unfunded actuarial accrued liability be amortized over a period not to exceed 30 years for purposes of calculating the contributions necessary to fund the benefit; and (3) require a plan with a funded ratio below 60% to have an actuary prepare an accelerated contribution schedule. These provisions exclude the Judicial Plan administered by MOSERS. For more detail on specific provisions of the bill, please refer to *Changes in Plan Provisions* on page 128.

### Summary of Financial Information

The following schedule is a comparative summary of the pension trust funds' additions and deductions for the years ended June 30, 2007, and June 30, 2006.

	<b>Pension Trust Funds</b>	
	<b>Year Ended June 30, 2007</b>	<b>Year Ended June 30, 2006</b>
Additions	\$1,562,344,891	\$ 987,834,791
Deductions	(474,637,152)	(425,935,784)
Net change	<u>\$1,087,707,739</u>	<u>\$ 561,899,007</u>

The following schedule is a comparative summary of the revenues and expenses of the Internal Service Fund (insurance activity) for the years ended June 30, 2007, and June 30, 2006.

	<b>Internal Service Fund</b>	
	<b>Year Ended June 30, 2007</b>	<b>Year Ended June 30, 2006</b>
Operating revenues	\$ 27,538,433	\$ 26,851,737
Operating expenses	(27,628,971)	(26,902,935)
Nonoperating revenues	117,729	85,124
Net change	<u>\$ 27,191</u>	<u>\$ 33,926</u>

Additional financial information can be found in the *Management Discussion and Analysis Report*, the financial statements, and schedules included in the *Financial Section* of this report.



### Investments

Strong returns in the emerging markets and developed international equity portfolios were key contributors to the fund’s total FY07 return of 18.7% (net of fees and expenses). This return outpaced our policy benchmark return of 15.6% by 3.1%. This excess resulted in an extra \$215 million that was generated for the fund. MOSERS continues to rank in the top quartile when compared to our peer universe of other state-wide public pension funds across the country.

MOSERS’ governance policies ensure that the investment portfolio is safeguarded. It has been five years since the MOSERS board made the difficult decision to move away from a more traditional approach to portfolio management toward a more dynamic process. That shift was prompted by a great deal of research and debate that concluded with the view that financial assets like stocks and bonds that had become the dominant force in our portfolio and most other pension fund portfolios over the last 20 years, were not likely to deliver the returns necessary to achieve our long-term investment objectives. As a result, in order to better position the fund to achieve its objectives, the following points were recognized: (i) there was a way to build a more economically diversified policy portfolio that was less dependent on U.S. stocks and bonds, which should lead to lower overall volatility without sacrificing returns, thus providing for more stability in the contribution rates; (ii) a higher level of active management should be emphasized in the portfolio in areas deemed the most inefficient, as a way to add incremental value to the fund; and (iii) staff should be given greater flexibility to maneuver the portfolio away from the broad policy targets when valuation discrepancies suggested that such a move would lead to better returns, less risk, or a combination of the two.

The following table illustrates several relevant statistics for the old policy benchmark, the new policy benchmark, and our actual results for the five-year period ended June 30, 2007.

Statistics	Old Policy Benchmark Prior to June 30, 2002	New Policy Benchmark Effective After June 30, 2002	MOSERS Actual 5-Year Results
Annualized return	12.6%	12.1%	13.3%
Annualized standard deviation	8.7%	7.1%	7.3%
Sharpe ratio	1.13	1.32	1.45
Percentage of positive months	72%	77%	77%
Percentage of negative months	28%	23%	23%

There are several important things that are evident from the data in this table. The first is that the new policy benchmark has generated higher risk adjusted returns as witnessed by an improvement in the sharpe ratio from 1.13 to 1.32. Secondly, the actual portfolio, through a combination of staff initiated shifts and active manager performance has generated excess returns of 1.2% per annum at only a slight increase in risk relative to the new policy benchmark. The end result is an improvement in the sharpe ratio to 1.45. Finally, not only has the fund achieved its goal of adding value over its policy benchmark, it has continued to exceed the actuarially assumed return rate of 8.5%. In FY07 alone, our return of 18.7% resulted in over \$717 million in gains when compared to our actuarial rate.

I believe a significant portion of our success can be attributed to an excellent investment staff operating under governance policies that allow and encourage them to pursue excellence in investment policy implementation. These results support my belief that good governance policies produce good results. Additional detailed information regarding MOSERS’ investments can be found in the *Investment Section* of this report.

### Plan’s Financial Condition

The funding objective of MOSERS’ pension trust funds is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll over decades of time. Historical information relating to progress in meeting this objective is presented on pages 45-48. During the year ended June 30, 2007, the funded ratio of



the Missouri State Employees' Plan, which covers 99,573 participants, increased from 85.3% to 86.8%, primarily as the result of experience that was more favorable than assumed. Funding of the Judicial Plan, which covers 897 participants, began on July 1, 1998. During the year ended June 30, 2007, the funded ratio of the Judicial Plan increased from 16.7% to 19.0%, primarily as the result of favorable plan experience during the year. Additional information regarding the financial condition of the pension trust funds can be found in the *Actuarial Section* of this report.

## Awards

### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to MOSERS for its CAFR for the fiscal year ended June 30, 2006. This was the eighteenth consecutive year that MOSERS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Public Pension Coordinating Council Public Pension Standards Award

MOSERS also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award in 2006 in recognition of meeting the professional standards for plan design and administration as set forth in the Public Pension Standards. This award is presented by the PPCC, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement.

## Conclusion

This report is a product of the combined efforts of the MOSERS staff and advisors functioning under your leadership. It is intended to provide complete and reliable information that will facilitate the management decision making process, serve as a means for determining compliance with legal requirements, and allow for the evaluation of responsible stewardship of the funds of the system. As in the past, MOSERS received an unqualified opinion from our independent auditors on the financial statements included in this report. The opinion of the independent auditor can be found on page 20.

Copies of this report are provided to the Governor, State Auditor, the Joint Committee on Public Employee Retirement of the General Assembly, and all state agencies that form the link between MOSERS and its members. Their cooperation contributes significantly to the success of MOSERS. We hope all recipients of this report find it informative and useful.

I would like to take this opportunity to express my gratitude to you, the staff, the advisors, and other people who have worked so diligently to assure the continued successful operation of the system.

Respectfully submitted,

Gary Findlay  
Executive Director



# Letter From the Board Chair



## *Missouri State Employees' Retirement System*

**Mailing Address**

PO Box 209 • Jefferson City, MO 65102-0209

**Building Location**

907 Wildwood Drive • Jefferson City, MO

October 16, 2007

Dear Members:

On behalf of the board of trustees, I am pleased to present the *MOSERS' Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2007. This report provides information on the financial status of your retirement system while also highlighting changes that occurred during the year.

First and foremost, I am pleased to report that your retirement system remains well funded and your promised benefits are secure. The MOSERS fund generated a return of 18.7% (net of expenses) for the year placing MOSERS' investment return in the top 15% of all public pension funds with assets in excess of \$1 billion as reported by the Independent Consultant Cooperative. This resulted in over \$717 million in excess of the return that would have been generated by the 8.5% return rate assumed for funding purposes. This type of performance makes your fund more secure while also reducing future costs to the taxpayers.

In keeping with this year's annual report theme, "A Strong Foundation Protects Your Future," I'm pleased to report that for the seventh straight year MOSERS' investments have generated returns in excess of our benchmark and have done so with less volatility. The incremental reward from these results over seven years has been an additional \$1.5 billion in MOSERS' coffers.

This year also marks the 50th anniversary of the fund since it was first established in 1957. Much of MOSERS' history has been highlighted in the pages that separate each section of this report. I encourage you to take a moment to learn about the very humble beginning of our investment program which was initiated when a single outside adviser placed \$100,000 in a 90-day U.S. Treasury Bill on behalf of participants. Today, 50 years later, I'm pleased to report your fund has assets totaling over \$8 billion.

On behalf of the board, I wish to thank Marsha Buckner for her many contributions to the system while serving as a both a trustee and former chair of the board. Bob Patterson joined the board this year as the newly elected active member representative. We look forward to working with him.

In closing, you can be assured that MOSERS' staff strives to provide the expertise and professionalism required for excellence in our retirement system. I would like to thank them for continuing to maintain a high level of commitment to serving our membership, and we look forward to meeting your future needs. If you have any questions regarding this report or any other aspect of MOSERS, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102, or by calling 1-800-827-1063.

Sincerely,

Todd Smith, Chair  
Board of Trustees

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# Board of Trustees



Todd Smith - Chair  
*Governor Appointed Member*



Wayne Bill - Vice-Chair  
*Elected Active Member*



Senator Jason Crowell  
*Senate Appointed Member*



Representative  
Bill Deeken  
*House Appointed Member*



Representative  
Tom Dempsey  
*House Appointed Member*



Senator Timothy Green  
*Senate Appointed Member*



Commissioner  
Mike Keathley  
*Ex-Officio Member*



Don Martin  
*Elected Retired Member*



Bob Patterson  
*Elected Active Member*



John T. Russell  
*Governor Appointed Member*



State Treasurer  
Sarah Steelman  
*Ex-Officio Member*



## Administrative Organization



Gary Findlay  
*Executive Director*



Karen Stohlgren  
*Deputy Executive Director  
Chief Operations Officer (COO)*



Rick Dahl  
*Deputy Executive Director  
Chief Investment Officer (CIO)*

Greg Beck  
*Chief Auditor*

Gary Irwin  
*Chief Finance Officer*

Tricia Scrivner  
*Manager of Alternatives*

Jake McMahon  
*Chief Counsel*

Diana Mosier  
*Manager of  
Administrative Services*

Shannon Davidson  
*Manager of Investment Operations*

Lisa Verslues  
*Human Resources Coordinator*

Scott Simon  
*Manager of Benefit Services*

Christine Rackers  
*Manager of Investment Policy  
and Communications*

Judy Delaney  
*Legislative Coordinator*

Sandra Lynn  
*Manager of Communications*

Pat Neylon  
*Manager of Public Equity*

Stacy Gillmore  
*Manager of  
Information Technology*

Jim Mullen  
*Manager of Public Debt*

JoAnn Looten  
*Manager of Records*





## About MOSERS

### Purpose

MOSERS was established September 1, 1957, and is governed by laws of the state of Missouri.

MOSERS provides retirement, survivor, and disability benefits, as well as life insurance to its members.

MOSERS administers retirement benefits for most state employees, including members of the Missouri General Assembly, elected state officials, administrative law judges and legal advisors, and judges. MOSERS is responsible for administering the law in accordance with the expressed intent of the Missouri General Assembly and bears a fiduciary obligation to the state employees who are its members and beneficiaries.

### Administration

State law provides that responsibility for the administration of MOSERS is vested in an 11-member board of trustees. The board is comprised of:

- Two members of the Senate appointed by the President Pro Tem of the Senate.
- Two members of the House of Representatives appointed by the Speaker of the House.
- Two members appointed by the Governor.
- The State Treasurer.
- The Commissioner of Administration.
- Three other members of the system: two active members elected by the active and terminated-vested members, and one retiree elected by the retired members.

The day-to-day management of MOSERS is delegated to the executive director who is appointed by the board and serves at its pleasure. The executive director acts as advisor to the board on all matters pertaining to the system, contracts for professional services, and employs the remaining staff needed to operate the system.

### Organization

The executive director, COO, and CIO are responsible for planning, organizing, and administering the operations of the system under the broad policy guidance and direction of the board.

MOSERS' office is divided into eight administrative sections that perform specific functions for the system.

### Executive Services

The executive services team provides administrative support by assisting the executive director, COO, and CIO in the major legal, operational, and oversight functions of the retirement, benefit, and communication programs.

### Accounting

This section is responsible for all financial records of the programs administered by MOSERS, including the preparation of financial and statistical reports. Accounting performs the purchasing functions for MOSERS and interfaces with the investment custodian, Office of Administration accounting, various payroll and personnel departments, life insurance companies, actuaries, banks, and the IRS on all accounting-related issues.



## Benefit Services

Benefit services is responsible for all contact with the membership regarding the benefit programs administered by MOSERS, which include retirement, life insurance, and long-term disability.

## Communications

Communications is responsible for providing clearly written and attractively designed publications, and conducts educational seminars needed to inform all members about benefit programs administered by MOSERS. Communications and the information technology section are jointly responsible for MOSERS' website.

## Information Technology

Utilizing an IBM AS400 minicomputer and high-end work stations, information technology provides all computer and technical design support for MOSERS' data processing activities. This group is responsible for establishing and updating computer programs to implement plan changes and also maintains members' folder information on FileNet - a magnetic disk image system that allows information to be stored and processed using computer displayed images of original documents. Information technology is also responsible for administration of the personal computer network and the telephone system. Information technology and the communications section are jointly responsible for MOSERS' website.

## Investments

The primary function of the investment department is to provide internal investment management and consulting services to the board and the executive director. Other functions include hiring and terminating external investment managers, making strategic allocation decisions, analyzing and rebalancing the overall asset allocation and portfolio, and informing and advising the board and executive director on financial and economic developments which may affect the system. The investment staff also works with the asset consultant and the executive director in selecting and monitoring external money managers. Information regarding the investment professional service providers can be found in the *Investment Section*.

## Records Management

Records management is responsible for establishing and maintaining all membership records including maintenance of the data on the electronic imaging system, balancing payroll deductions for insurance, and entering the payroll, service, and leave data into the system's computerized database.

## Administrative Services

Administrative services provides clerical support, mail services, and general building maintenance for MOSERS' personnel.



## Outside Professional Services

### Actuary

**Gabriel, Roeder, Smith & Co.**  
Actuaries and Consultants  
Norman L. Jones, Brad Armstrong  
Southfield, Michigan

### Auditors

**Williams-Keepers, LLC**  
Certified Public Accountants  
& Consultants  
Heidi Chick, Anita Brand  
Columbia/Jefferson City, Missouri

### Legal Counsel

**Thompson Coburn**  
Attorneys at Law  
General Counsel  
Allen Allred, Tom Litz  
St. Louis, Missouri

**Perkins Coie, LLP**  
Attorneys at Law  
Timberland Counsel  
Bob Maynard  
Boise, Idaho

### Master Custodian

**Mellon Financial Corporation**  
Primary Custodian  
Mark Sullivan, Eleanor Amidon  
Boston, Massachusetts

### Investment Management Consultants

**Summit Strategies Group**  
General Asset Consultant  
Steve Holmes, Tom Pollihan  
St. Louis, Missouri

**TimberLink, LLC**  
Timberland Consultant  
Kate Robie, Gary Myers  
Atlanta, Georgia

### Risk Management Consultants

**Charlesworth & Associates, LC**  
Art Charlesworth, Bob Charlesworth  
Overland Park, Kansas

### Third-Party Administrators

**The Standard Insurance Company**  
Disability and Life Insurance  
Tom Trussell  
Overland Park, Kansas

**TIAA-CREF**  
College & University Retirement Plan  
Bernard Slack, Thomas McGlynn  
Chicago, Illinois

### Securities Lending Advisors

**Credit Suisse**  
Dwight Skerritt  
New York, New York

### Investment Advisors

**Aetos Capital, LLC**  
Anne Casscells, Michael Klein  
Menlo Park, California  
New York, New York

**Alinda Capital Partners**  
Chris Beale, John Laxmi  
New York, New York

**AmeriCap Advisers, LLC**  
Michael Gayed, Nadia Albert,  
Steve Shobin  
New York, New York

**AQR Capital Management**  
Clifford Asness, David Kabiller  
Greenwich, Connecticut

**Barclays Global Investors**  
Russ Koesterich, Trey Heiskell  
San Francisco, California

### BlackRock Financial Management, Inc.

Rob Capaldi, Andy Phillips,  
Jim Keenan, Kevin Booth,  
Mark Williams  
New York, New York

### Blackstone Group

John McCormick, Tom Hill,  
Hal Lindquist, Gary Sumers,  
Ken Whitney, John Dionne  
New York, New York

### Blakeney Management

James Graham-Maw, Miles Morland  
London, England

### Blum Capital Partners, LP

N. Colin Lind, Nadine Terman  
San Francisco, California

### Bridgepoint Capital Limited

William Jackson, John Barber  
London, England

### Bridgewater Associates, Inc.

Ray Dalio, Tom Bachner  
Westport, Connecticut

### Bush O'Donnell

Jim O'Donnell, Mark Reed  
St. Louis, Missouri

### The Campbell Group

John Gilleland, Julie Lawrence  
Portland, Oregon

### CarVal Investors

Kerry Fauver, Tim Clark  
Minnetonka, Minnesota

### Catterton Partners

J. Michael Chu, Scott Danke,  
John Scerbo  
Greenwich, Connecticut



## Investment Advisors Continued

### **DDJ Capital Management, LLC**

Mike Yeomans, David Breazzano  
Waltham, Massachusetts

### **DG Capital Management**

C. Garrett Williams, Manu Daftary  
Boston, Massachusetts

### **Freeman Associates Investment Management, LLC**

John Freeman, Michael Bishopp  
San Diego, California

### **GFI Energy Ventures, LLC**

Larry Gilson  
Los Angeles, California

### **Global Forest Partners**

Peter Mertz, Tom Goodrich  
West Lebanon, New Hampshire

### **Grantham, Mayo, Van Otterloo & Co, LLC**

Tom Smith, Arjun Divecha  
Boston, Massachusetts

### **JLL Partners**

Paul Levy, Brian Wade  
New York, New York

### **Legg Mason Capital Management, Inc.**

Kyle Prechtl Legg, Tim McGurkin  
Baltimore, Maryland

### **Leuthold Weeden**

**Capital Management**  
John Mueller, Eric Bjorgen  
Minneapolis, Minnesota

### **Mastholm Asset Management, LLC**

Thomas Garr, Theodore Tyson  
Bellevue, Washington

### **Merit Energy**

Bill Gayden, Meghan Cuddihy  
Dallas, Texas

### **MHR Fund Management, LLC**

Mark Rachesky, Hal Goldstein  
New York, New York

### **NISA Investment Advisors, LLC**

Bill Marshall, Robert Krebs  
St. Louis, Missouri

### **Oaktree Capital Management, LLC**

Howard Marks, Bruce Karsh,  
John Brady, Greg Brandner,  
Nazar Sharif  
Los Angeles, California  
London, England

### **Pacific Alternative Asset Management Company**

Jane Buchan, Kevin Williams  
Irvine, California

### **Parish Capital Advisors, LLC**

James Mason, Gabriele Bowers  
Chapel Hill, North Carolina

### **Relational Investors, LLC**

Ralph Whitworth, Sandi Christian  
San Diego, California

### **Resource Management Services, LLC**

Phillip Woods, Craig Blair  
Birmingham, Alabama

### **Silchester International Investors**

Christopher Cowie, Stephen Butt  
London, England

### **Silver Creek Capital**

Eric Dillon, Byran Weeks  
Seattle, Washington

### **Silver Lake Partners**

Alan Austin, David Roux  
Menlo Park, California

### **Trust Company of the West**

Blair Thomas, Judy Hirsch  
Los Angeles, California

### **Veritas Capital**

Bob McKeon, Ramzi Musallam  
New York, New York