

INNOVATION

Tomorrow belongs to those who prepare for it today



Missouri State Employees' Retirement System • A Component Unit of the State of Missouri
Comprehensive Annual Financial Report • Fiscal Year Ended June 30, 2010

INNOVATION



Gary Findlay • Executive Director | Gary Irwin • Chief Finance Officer

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* *Missouri State Employees' Plan*



Our Mission & Core Values

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

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.

INSPIRATION

During these difficult economic times, it is not surprising that we find ourselves thinking about the simpler times of the past as we struggle to make a better future. The concept of planning for retirement is timeless and essential for long-term success. MOSERS plans every day for the future of our members so they may enjoy life's simple pleasures in retirement.

Enjoy life's simple pleasures



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INTRODUCTORY SECTION





PROFESSIONAL AWARDS

Certificate of Achievement for Excellence in Financial Reporting

MOSERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009, 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 21st consecutive year that MOSERS has received 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 2009, 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 21, 2010

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

Dear Board Members:

It is my great pleasure to submit the 2010 Comprehensive Annual Financial Report (CAFR) of the Missouri State Employees' Retirement System (MOSERS). This report includes information regarding the activities of MOSERS during the past fiscal year providing evidence that MOSERS is accomplishing the mission of exceeding customer expectations by providing outstanding benefit services through professional plan administration and sound investment practices. While we have not recovered completely from the abysmal market conditions of FY09, very good progress was made towards recovery, providing evidence of the resiliency of the economy and the related ability of institutional investors to withstand major shocks.

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. Management has prepared the basic financial statements of MOSERS and is responsible for the integrity and fairness of the information presented. Some amounts included in the financial statements and elsewhere may be based on estimates and judgments. These estimates and judgments were products of the best business practices available. The accounting policies followed in preparing the basic financial statements conform with U.S. generally accepted accounting principles. Financial information presented throughout the CAFR is consistent with that which is displayed in the basic financial statements.

Ultimate responsibility for the CAFR and the basic financial statements rests with the board of trustees. The executive director and the rest of MOSERS' staff assist the board members in fulfilling their responsibilities.

Phone: (573) 632-6100 • (800) 827-1063
MO Relay: 7-1-1 (Voice) • (800) 735-2966 (TTY)
Email: mosers@mosers.org • Website: www.mosers.org

Systems of internal controls and supporting procedures are maintained to provide assurances that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls include standards in the hiring and training of employees, the establishment of an organizational structure, and the communication of policies and guidelines throughout the organization. Internal controls are reviewed through internal audit programs and all internal audit reports are submitted to the board of trustees.

The system's external auditor, Williams-Keepers LLC, conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the *Independent Auditor's Report* on page 21 of the *Financial Section*. Management has provided the external auditors with full and unrestricted access to MOSERS' staff to discuss their audit and related findings to facilitate independent validation of the integrity of the plan's financial reporting and the adequacy of internal controls.

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 that was established in 1957 by state law for the purpose of providing retirement benefits to most state employees. MOSERS provides for those retirement benefits through pension trust funds, in keeping with the fiduciary responsibilities of the board members and staff.

Subsequent to its creation, MOSERS was further assigned the task of 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 and long-term disability insurance plans are insured through The Standard Insurance Company.

Effective September 1, 2007, a law change transferred responsibility for the administration of the Missouri State Employees' Deferred Compensation Program from the Missouri Deferred Compensation Commission to the MOSERS Board of Trustees. MOSERS provides investment options to participants who retain responsibility for the investment of their individual accounts. Currently, the Missouri State Employees' Deferred Compensation Program is administered by ING. MOSERS operates the deferred compensation program as an internal service fund.

On July 19, 2010, Governor Jay Nixon signed into law House Bill No. 1 that created a new tier defined benefit plan (MSEP 2011) for future state employees first hired on or after January 1, 2011. The MSEP 2011 defined benefit plan does not impact current members of MOSERS. Highlights of these changes can be found on page 31 in the *Notes to the Financial Statements*, and on page 128 of the *Actuarial Section*.

The MOSERS Board of Trustees annually approves the administrative expense budgets for MOSERS' operations 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 before the beginning of the fiscal year. There were no budget exceptions to report for the year.

Succession Planning

Succession planning strategies were developed for FY10 with an emphasis on employee development and retention as well as ways in which institutional knowledge could be transferred. The operations succession planning program was initially implemented in July 2009. This program includes a selection process for high potential employees who are interested in preparing for higher level positions at MOSERS. Thirty-two percent of MOSERS' workforce is currently eligible to retire or will be eligible to retire in the next five years. The program is intended to capitalize on the experience our current staff already possesses and prepare them to move into higher level positions. The first group of succession planning participants has successfully completed the program. Based upon feedback, some changes were made to the curriculum to provide more planning and assignment review.

Staff Compensation and Benefits

Achievement of the MOSERS Performance Objectives is a critical part of the performance management process for the operations section. Staff is provided with quarterly updates that chart progress towards achieving these goals. This process includes departmental meetings during which employees can discuss progress and offer alternatives for improvements. It also serves as a reminder to staff of their individual responsibility in bringing our goals to fruition.

The board retained CBIZ to conduct a comprehensive compensation study to recommend how to transition staff from a pay plan that included incentive compensation to a pay plan that included base pay only and to ensure staff was paid appropriately compared to the market. The board's final decision for the operations staff was to add 90% of the average percentage earned incentive over the last three years to their base salary effective July 1, with no future opportunity for incentive compensation. The board's final decision for investment staff was to add 50% of the average percentage earned incentive over the last three years to their base salary also effective July 1, with a revised incentive compensation plan. Final incentive payments under the previous pay plan were issued to investment and operations employees on June 29, 2010.

With respect to investments, the board established an incentive compensation plan that mirrored the previous plan with the addition of a new hurdle regarding absolute performance. In order for incentives to be earned, the absolute return for the performance year must be at least zero. If the absolute return is greater than or equal to zero and is less than or equal to 8.5% for any year, the board will make a final decision regarding whether the incentive is fully earned for that year. If the absolute return is above 8.5%, any incentive earned using the relative performance hurdle is automatically determined to be earned without board approval. The board re-established the COLA that was previously in place for all staff.

In FY10, we participated in the NASRA/McLagen salary survey and the Human Resources Management Association of Greater Kansas City salary survey. We were able to incorporate the McLagan data into the CBIZ results. We will continue to participate in these surveys to monitor the adequacy of staff's pay.

Risk Management Enhancements

Risk management is a critical component of our investment management program. A report from Charlesworth & Associates, MOSERS' risk management consultant, shows that our insurance coverage "has been designed around the risks to which the system is exposed and the philosophy regarding funding of potential loss." Our risk management consultant helps us ensure that our coverage is consistent with industry standards and that we are receiving the best rates available. There were no asset protection exceptions to report for the year.

The Information Technology (IT) department designed and implemented a Visitor Management System, which automates the routine task of visitor sign-in and prints an ID badge that clearly identifies visitors and their reason for visiting. Beyond that, the system is integrated with our existing queue-management system which allows for easier management of member contacts and provides detailed, customizable reporting.

In January 2010, investment staff changed risk service providers by hiring Measurisk to replace DSTi. The primary purpose for this change was to gain greater transparency into hedge fund investments. The change has been successful with 100% of our hedge fund managers providing either position level or exposure level detail on a monthly basis.

Deferred Compensation Plan Improvements

MOSERS is also responsible for oversight of the State of Missouri Deferred Compensation Plan which includes but is not limited to contracting with the record keeper and communications service provider and the investment managers as well as ensuring that the plan is in compliance with federal and state law. Plan participation is voluntary. As of June 30, 2010, there were 57,241 participants (39,898 active and 17,343 terminated/retired). Of those employees eligible, nearly 54.3% (includes college and university employees) participate in the plan. Plan assets total \$1,358,201,254. ING is the plan record keeper. The plan consists of 13 custom-designed target date investment options, a stable income fund, a brokerage window option, and 30 closed legacy mutual fund options (consisting of a variety of domestic equity, international equity, fixed income, and lifestyle/balanced mutual funds).

Due to declining revenues, the state's incentive (match) was suspended beginning with the March 31, 2010 payroll and was not appropriated for FY11. Since the announcement was first made in February, 1,129 current participants stopped contributing to the deferred compensation plan and 675 participants decreased their contributions. New plan enrollments since the match suspension announcement in March are down 65% with some of that likely attributable to 22% fewer new hires by the state, colleges, and universities compared to the same period last year. The current plan participation rate (currently 54.3%), is down 1% since June 30, 2009. Total participants have decreased by 404 since this time last year. There were 1,270 participants that slightly increased their contribution during this period.

The board also has responsibility for oversight of a 401(a) defined contribution plan for education employees hired after June 30, 2002, by the regional colleges and universities that participate in MOSERS. The employer contribution rate is 1% of payroll less than the normal cost of the defined benefit plan for general state employees. TIAA-CREF is responsible for administration and for providing investment products. Current plan assets total \$21,548,919 with 1,592 participants.

In November 2009, a new Missouri Deferred Compensation Plan website (www.modeferrredcomp.org) was launched. This is a gateway website for current and prospective plan participants that organizes and presents deferred compensation information in a timely and concise fashion, while also displaying user-friendly navigation features for enrolling in the plan, accessing personal account information, and fund performance. The website also offers an updated look and access to important plan news and updates. It provides current plan information, performance data, calculators and educational resource tools.

A new target date fund microsite was also developed which provides a comprehensive explanation of the custom target date funds managed by Alliance Bernstein. This site is accessible through the fund information section at www.modeferrredcomp.org or directly at www.alliancebernstein.com/mosers.

Web Enhancements

A year after launching the new MOSERS website, the website design and development team focused on enhancing the online user experience by launching features including a new register and forgot password program, online chat, and a redesigned home page carousel. IT improved security for the member website in connection with adding self-service features that allow members to enroll and manage future password changes and/or resets without any interaction from MOSERS' staff. Security questions were added to help us verify identity, and the login process will also prompt members to verify email addresses every six months. This allows us to keep our records up-to-date and ensures that we are communicating via a current email address.

Technology Updates

We have implemented a new employment applicant tracking system this year which includes an online application. This system has saved significant staff time in terms of recording, tracking, and notifying applicants.

Members can now have payments for their life insurance and long-term disability insurance (LTD) automatically deducted from their bank accounts through MOSERS direct pay program, saving the costs associated with handling paper check deposits. Staff also transitioned our LTD claims to an electronic process (from the retirement system to the insurance company) that allows for overnight submission resulting in faster claim service, reduced mailing costs, and reduced staff time.

IT installed a Storage Area Network (SAN). This is conceptually similar to the virtual server environment. It consolidates the actual disk space that is utilized by the network servers which improves efficiency and flexibility by pooling this key resource. It allows us to dynamically add and/or allocate space to specific servers on an as-needed basis.

Cost Effectiveness Measurement

Cost Effectiveness Measurement Benchmarking, Inc. (CEM) measures the cost of service on an annual per participant basis (including active members and benefit recipients). We have 87,000 participants while the median number within our peer group is fairly close at 90,000. Our cost of \$70 per active member and annuitant was well below the median of \$75 within our peer group. Our overall complexity score remains below the peer average. In addition, MOSERS' service ranked number one again in both our peer group and in CEM's entire universe. We received a score of 90 relative to median scores of 77 and 76 for our peer group and CEM's total universe, respectively.

In an effort to keep costs down and enhance our processing time, we implemented changes that simplify processes, eliminate programs, and/or provide enhanced security. These changes include improving our members' online experience through an online document repository which serves as a secure document exchange that will significantly reduce printing and mailing costs when fully operational. Since inception, our participation rate for active employees is over 80% and for retirees is nearly 36%. For both groups, our participation rate is realizing modest increases each quarter. Savings attributable to this initiative so far are in excess of \$200,000 and expected to grow materially as we incorporate other mailings including individual responses to member inquiries. Staff also created an electronic report to add to the secure portion of the employer website that allows employers to see if any of their employees do not have an email address on file with MOSERS. This report has allowed us to capture many additional member email addresses.

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, 2010, and June 30, 2009.

	Pension Trust Funds	
	Year Ended June 30, 2010	Year Ended June 30, 2009
Additions	\$ 1,152,297,853	\$ (1,240,503,569)
Deductions	(575,126,868)	(541,861,599)
Net change	\$ 577,170,985	\$ (1,782,365,168)

The following schedule is a comparative summary of the revenues and expenses of the Internal Service Funds (insurance and deferred compensation activity) for the years ended June 30, 2010, and June 30, 2009.

	Internal Service Funds	
	Year Ended June 30, 2010	Year Ended June 30, 2009
Operating revenues	\$ 99,281,435	\$ 105,678,484
Operating expenses	(99,039,086)	(105,492,856)
Nonoperating revenue	9,816	20,755
Net change	\$ 252,165	\$ 206,383

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

MOSERS' investments generated a return of 14.3% (net of fees) for FY10. The total fund return exceeded its policy benchmark of 13.4%. For the tenth straight year, MOSERS' investments have generated returns in excess of our benchmark and have done so with less volatility. The incremental return (actual return vs. policy benchmark) resulted in an additional \$49 million for the fund this year.

Performance across asset classes varied during the year with emerging market equities generating some of the highest returns within the portfolio overall. The public equity portfolio returns were 14.3%, the public debt portfolio returns were 14.8%, and the alternatives portfolio produced results of 11.8%. Additional information regarding the financial condition of the pension trust funds 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 47-52. During the year ended June 30, 2010, the funded ratio of the Missouri State Employees' Plan, which covers 104,128 participants, decreased from 83% to 80.4%, primarily as the result of the previous years' unfavorable investment experience. Funding of the Judicial Plan, which covers 909 participants, began on July 1, 1998. During the year ended June 30, 2010, the funded ratio of the Judicial Plan increased from 22% to 23.3%, primarily as the result of the smaller accumulation of assets exposed to last year's market losses and the expectation that the funded ratio will increase 2-3% per year under normal circumstances. Additional information regarding the financial condition of the pension trust funds can be found in the *Actuarial Section* of this report.

Awards

MOSERS 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 21st consecutive year that MOSERS has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR 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.

MOSERS received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award, 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).

Institutional Investor magazine named MOSERS' chief investment officer, Rick Dahl, Small Public Fund Manager of the Year in the Institutional Investor Award category. This award recognizes U.S. institutional investors whose innovative strategies and fiduciary savvy resulted in impressive returns over the past year, as well as U.S. money managers in 20 asset classes and strategies who stood out in the eyes of the investment community for their exceptional performance, risk management, and service.

Also this fiscal year, the MOSERS website design and development team received an Award of Excellence from the National Association of Government Communicators (NAGC) for the complete redesign of the website. The MOSERS website was one of five finalists considered for an award in the Website II category at NAGC's annual Blue Pencil & Gold Screen Awards competition, which salutes superior communications efforts of government agencies and recognizes the people that create them. In addition, the communication and investment teams also received a second place award from NAGC for the rebranding of the Missouri Deferred Compensation Plan's communication materials.

These awards are gratifying to MOSERS' staff and increase MOSERS' stature as a leader among our peers.

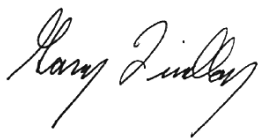
Conclusion

This report is a product of the combined efforts of 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 system funds. As in the past, MOSERS received an unqualified opinion from our independent auditor on the financial statements included in this report. The opinion of the independent auditor can be found on page 21.

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 21, 2010

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, 2010. This report provides information on the financial status of your retirement system while also highlighting changes that occurred during the year. The accounting portion of this report is prepared following all appropriate accounting principles and is appropriately attested to by the system's certified public accountants.

The board is pleased to report that MOSERS investments generated a return of 14.3% (net of fees) this fiscal year. This excellent return exceeded the policy established benchmark of 13.4% by 0.9% and the actuarial investment return assumption of 8.5% by 5.8%. This higher return added value to your retirement fund.

However, long-term performance is the best indicator of success. For the tenth straight year, MOSERS' investments have generated returns in excess of the established policy benchmark and have done so with less volatility than the benchmark. The incremental reward from these results over ten years has been \$1.6 billion in investment earnings for your retirement fund. In addition, for the 15-year period ended June 30, 2010, MOSERS' total fund return outperformed 95% of the public pension funds in the Rogerscasey universe of public pension plans with assets in excess of \$1 billion.

Your retirement system continues to achieve high marks in the delivery of customer service to our members. One of the ways operational performance is measured is through CEM Benchmarking Inc.'s Pension Administration Benchmarking Analysis. This year CEM evaluated 73 leading pension systems, including systems in the U.S., Canada, Australia, the Netherlands and Denmark, and identified 13 U.S. public pension plans as the most relevant peer group based upon membership size and system assets. The CEM survey rated MOSERS' service delivery as the highest in our peer group with lower than median cost – the fifth time the system has received such a rating during an eleven-year period. In addition, for the third consecutive year, MOSERS received the highest overall service delivery rating in the entire CEM universe. The system is continually working on improvements in service delivery.

In closing, I wish to thank all of the other ten MOSERS board members for their hard work and contributions to the system this year. All trustees serve many hours with great personal sacrifice for no remuneration. My personal belief is that the wide diversity and exceptional knowledge that this board brings to each board meeting is the reason for our system's continued success.

Additionally, the board of trustees thanks the MOSERS staff who strives continually to provide the expertise and professionalism required for excellence in our retirement system. This staff continues to maintain a high level of commitment to serving our membership. Both the board and staff 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 call 1-800-827-1063. You may also visit our website at www.mosers.org.

Sincerely,

Donald Martin, Chair
Board of Trustees

Phone: (573) 632-6100 • (800) 827-1063
MO Relay: 7-1-1 (Voice) • (800) 735-2966 (TTY)
Email: mosers@mosers.org • Website: www.mosers.org

BOARD OF TRUSTEES



Donald Martin - Chair
Elected Retired Member



Bob Patterson - Vice Chair
Elected Active Member



Wayne Bill
Elected Active Member



Senator Jason Crowell
Senate Appointed Member



Representative Bill Deeken
House Appointed Member



Representative Ward Franz
House Appointed Member



Senator Timothy Green
Senate Appointed Member



Travis Morrison
Governor Appointed Member



**Commissioner of Administration
Kelvin Simmons**
Ex-Officio Member



David Steelman
Governor Appointed Member



**State Treasurer
Clint Zweifel**
Ex-Officio Member

ADMINISTRATIVE ORGANIZATION



Gary Findlay - *Executive Director*

Greg Beck - *Chief Auditor*

Judy Delaney - *Legislative & Policy Coordinator*

Jake McMahon - *Chief Counsel*

Lisa Verslues - *Human Resources Coordinator*



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

Stacy Gillmore - *Manager of Information Technology*

Gary Irwin - *Chief Finance Officer*

Lori Leeper - *Operations Project Coordinator/Board Secretary*

JoAnn Looten - *Manager of Records & Facility*

Krista Myer - *Manager of Communications*

Scott Simon - *Manager of Benefit Services*



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

Shannon Davidson - *Manager of Investment Risk & Performance*

Seth Kelly - *Manager of Investment Research & Strategy*

Jim Mullen - *Manager of Public Debt*

Pat Neylon - *Manager of Public Equity*

Scott Peppard - *Manager of Alternative Investments*

Christine Rackers - *Manager of Investment Policy & Communications*

Cindy Rehmeier - *Manager of Deferred Compensation*

Tricia Scrivner - *Manager of Hedge Fund Investments*

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 and deferred compensation plan management to its members.

MOSERS administers retirement benefits for most state employees, including members of the Missouri General Assembly, elected state officials, 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 system members: 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 manage 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

Accounting 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 contact with the members regarding the benefit programs directly 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 conducting educational seminars to inform members about benefit programs administered by MOSERS. Communications and the information technology section are jointly responsible for MOSERS' website.

Information Technology

Information technology is responsible for establishing and maintaining the automated systems that support MOSERS' daily operations. MOSERS takes full advantage of technology to automate and integrate almost every aspect of the business. Key technologies include a document imaging system, a custom-built benefits management system and a computer-based telephone system.

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 the overall asset allocation, rebalancing the 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 and Facility Management

Records and facility 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 retirement database. This section is also responsible for mail services and general building maintenance.

Executive Support Staff

Executive support staff provides clerical support services.

OUTSIDE PROFESSIONAL SERVICES

Actuary

- Gabriel, Roeder, Smith & Co.

Auditor

- Williams-Keepers, LLC

Governmental Consultants

- Gamble & Schlemeier, LTD
- West Consulting, Inc.

Legal Counsel

- Steptoe & Johnson, LLP
- Thompson Coburn, LLP

Master Custodian

- Bank of New York Mellon

Investment Management Consultants

- Blackstone Alternative Asset Management, LP
Hedge Fund Asset Consultant
- Summit Strategies Group
General Asset Consultant
- TimberLink, LLC
Timberland Consultant

Risk Management Consultant

- Charlesworth & Associates, LC

Third-Party Administrators

- ING
Deferred Compensation Plan
- The Standard Insurance Company
Disability and Life Insurance
- TIAA-CREF
College & University Retirement Plan

Securities Lending Advisors

- Deutsche Bank AG,
New York Branch
- Credit Suisse AG, New York Branch

Investment Advisors

- Actis Capital, LLP
- Alinda Capital Partners, LLC
- Alliance Bernstein Defined Contribution Investments
- AQR Capital Management, LLC
- Axiom Asia Private Capital
- Barclays Global Investors, NA
- Baillie Gifford International, LLC
- Bayview Asset Management, LLC
- BlackRock Financial Management, Inc.
- Blackstone Alternative Asset Management, LP
- Blackstone Distressed Securities Advisors, LP
- Blackstone Real Estate Advisors
- Blakeney Management
- Brevan Howard Capital Management Limited
- Bridgepoint Capital Limited
- Bridgewater Associates, LP
- CarVal Investors, LLC
- Catterton Partners

- Claren Road Asset Management, LLC
- Davidson Kempner Capital Management, LLC
- DDJ Capital Management, LLC
- Development Partners International
- DG Capital Management
- Diamondback Capital Management, LLC
- DRI Capital, Inc.
- Elliott International Capital Advisors, Inc.
- Eminence Capital
- Eton Park Capital Management, LP
- Farallon Capital Management, LLC
- Fortress Investment Group, LLC
- GFI Energy Ventures, LLC
- Global Forest Partners, LP
- Grantham, Mayo, Van Otterloo & Co., LLC
- Harvest Fund Advisors, LLC
- HBK Investments, LP
- Highside Capital Management, LP
- JLL Partners
- King Street Capital Management, LP
- Legg Mason Capital Management, Inc.

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OUTSIDE PROFESSIONAL SERVICES

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- Leuthold Weeden Capital Management
- Linden Capital Partners, LLC
- Mastholm Asset Management, LLC
- Merit Energy Company
- MHR Fund Management, LLC
- Millennium Technology Ventures, LP
- Moon Capital Management, LP
- Morant Wright Management Limited
- New Mountain Capital, LLC
- Nippon Value Investors
- NISA Investment Advisors, LLC
- Oaktree Capital Management, LP (OCM)
- Pacific Alternative Asset Management Company, LLC (PAAMCO)
- Parish Capital Advisors, LLP
- Perry Corp.
- Resource Management Service, LLC
- Silchester International Investors
- Silver Creek Capital Management, LLC
- Silver Lake Partners
- Silver Point Capital, LP
- The Campbell Group, LLC
- TPG-Axon Capital Management, LP
- Trust Company of the West (TCW)
- Veritas Capital Fund Management, LLC
- Viking Global Investors, LP
- Wellington Management Company, LLP