



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

Comprehensive Annual Financial Report  
*Fiscal Year Ended June 30, 2014*

Gary Findlay  
*Executive Director*

Michele Nix  
*Chief Finance Officer*

**THE BOTTOM LINE**

*We are here for your benefit.*



WE ARE HERE FOR YOUR BENEFIT.

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## MISSION

*MOSERS exists to advance the financial security of its members.*

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## VISION

We endeavor to:

Exceed customer expectations

Educate stakeholders

Ensure sound investment practices

Encourage responsible funding of the plan through a commitment to

*Excellence Always.*

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## VALUES

Quality

Respect

Integrity

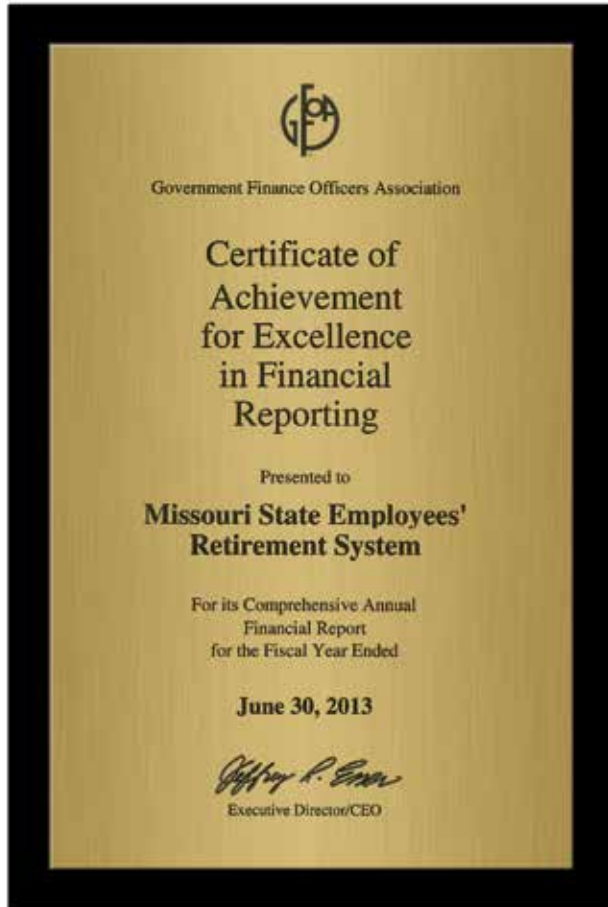
Openness

Accountability

Introductory Section

## THE BOTTOM LINE

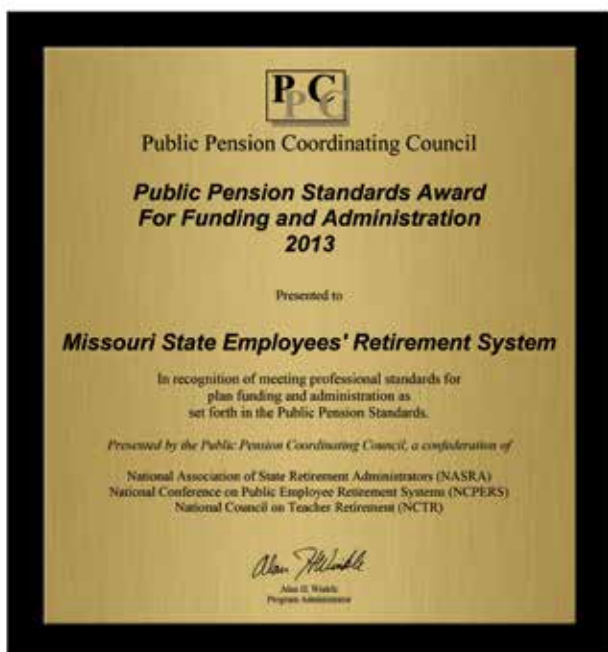
*MOSERS' annual cost per active member and annuitant is \$76.*



## Professional Awards

### Certificate of Achievement for Excellence in Financial Reporting

MOSERS' *Comprehensive Annual Financial Report* for the fiscal year ended June 30, 2013, 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 25<sup>th</sup> 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 comprehensive annual financial report (CAFR). The CAFR must satisfy generally accepted accounting principles, applicable legal requirements and GFOA reporting standards.



### Public Pension Standards Award

MOSERS received the Public Pension Standards Award from the Public Pension Coordinating Council (PPCC) in 2013, in recognition of meeting 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



WE ARE HERE FOR YOUR BENEFIT.

### Missouri State Employees' Retirement System

Mailing Address: PO Box 209, Jefferson City, MO 65102-0209  
 Phone: (573) 632-6100 • (800) 827-1063 | Fax: (573) 632-6103  
 MO Relay: 7-1-1 (Voice) • (800) 735-2966 (TTY)  
 Website: [www.mosers.org](http://www.mosers.org) | Email: [mosers@mosers.org](mailto:mosers@mosers.org)

Visit us at 907 Wildwood Drive, Jefferson City, MO

October 17, 2014

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

Dear Board Members:

It is my pleasure to submit the 2014 *Comprehensive Annual Financial Report* (CAFR) of the Missouri State Employees' Retirement System (MOSERS). The numerical indications of success within this report are the outgrowth of a simple management philosophy based on Peter Drucker's assertion that "what gets measured gets managed and what gets managed and compensated gets done." Measuring performance and results is part of MOSERS' culture. The primary purpose of this report is to look at a point in time snapshot of the last fiscal year, which provides useful measurements of how we got to where we are. The financial results presented in this report are a result of a dedicated staff focused on the cost effective delivery of services to the tens of thousands of present and former state employees who count on MOSERS for key components of their personal financial security.

In FY14, MOSERS' investments generated a return of 19.2% (net of fees) on behalf of our members and Missouri taxpayers. The total fund return exceeded its policy benchmark by 1.5%. The incremental return (actual return vs. policy benchmark) resulted in an additional \$117 million for the fund this year.

### 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 audited 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 the MOSERS staff assist board members in fulfilling their responsibilities. 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 concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of cost and benefits requires estimates and judgments by management.



A request for proposal (RFP) for independent audit services was issued in December 2013, and the contract was awarded to the incumbent auditor, Williams-Keepers, LLC for one year with the option to renew each year for four additional years, with the stipulation that the audit partner be rotated for the upcoming audit in FY14. 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 Auditors' Report* on page 19 in 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 verify the adequacy of the internal controls in place.

The *Financial Section* also contains the *Management Discussion and Analysis* that serves as an 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 a body corporate and an instrumentality of the state of Missouri that was established in 1957 by state law, under the management of a board of trustees, 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 term 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 a third-party administrator, The Standard insurance company with oversight by MOSERS.

The State of Missouri's Deferred Compensation Plan is accounted for as an internal service fund through the use of ICMA-RC as a third-party record keeper with oversight by MOSERS. Investment options are made available to participants who retain responsibility for the investment of their individual accounts.

## Governmental Accounting Standards Board (GASB) Accounting Changes

MOSERS implemented GASB Statement 67 for the year ending June 30, 2014. Statement 67 replaces the requirements of Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contributions Plans*, and Statement 50, *Pension Disclosures*. These requirements affect the financial reporting primarily through enhanced note disclosures and schedules of required supplemental information. These statements do not affect the funding requirements for the defined benefit plan, which continue to be calculated based on annual actuarial valuations in conformity with generally accepted actuarial principles and practices with the Actuarial Standards of Practice issued by the Actuarial Standards Board and applicable statutes.

## Strategic Planning

During FY14, the second cycle of strategic planning began for FY15-17. As a result of this planning, five key initiatives were established which include Customer Service, Leadership, Staff, Business Processes and Technology. These initiatives direct staff goals and help identify organizational priorities such as increasing stakeholder engagement, fulfilling organizational legal and ethical responsibilities and optimizing business processes for increased sustainability.

## Budgeting

The MOSERS Board of Trustees annually approves the administrative expense budgets for MOSERS' operations and investment departments. 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% and to seek board approval in advance for 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.

## Reorganization

During the past year, operations implemented a long-term workforce plan to prepare the organization to face potentially significant changes in the pension industry as well as the sizable number of MOSERS' employees becoming eligible for retirement in the next five years, including turnover in leadership. This plan resulted in the reorganization of the operations' department structure. The previous structure included six functional units: accounting, benefits, communications, executive services, information technology, and records management which was reduced to include three functional units: financial and facilities oversight, information technology and systems development, and benefit administration and education to enhance collaboration and standardization. Other activities were combined into a performance excellence and public relations unit to coordinate quality assurance, strategic planning and communications. This structure was designed to redeploy more resources to key areas and to increase efficiency and data accuracy.

During FY14, the structure of the investment team changed slightly due to the departure of the managing director-alpha strategies and the retirement of the manager of policy and communications. The CIO decided to leave the managing director-alpha strategies position temporarily vacant. As a result, the managers of illiquid alpha strategies and liquid alpha strategies report directly to the CIO. In addition, the manager of policy and communications position was revised and restructured as the investment legal and compliance counsel. This position has the responsibility for ensuring compliance with policy, investment related legal matters, administrative tasks, and other duties as assigned by the CIO.

## Risk Management Enhancements

Risk management is a critical component of the investment management program. Charlesworth & Associates, MOSERS' insurance risk management consultant, has reported that insurance coverage has been designed around the risks to which the system is exposed and the philosophy regarding funding of potential loss. The insurance risk management consultant helps us ensure that coverage is consistent with industry standards and that the best rates available are in place. Additionally, it is the consultant's opinion that MOSERS continues to excel in risk management and there have been no asset protection exceptions during the year.

## Business Continuity Plan Implementation

MOSERS' business continuity plans are the first line of defense in the aftermath of a business interruption. This year, the Business Continuity Steering Committee (BCSC) upgraded a key restoration maintenance contract as well as software and hardware to increase capabilities that will enable near real time replication of data from MOSERS' servers to the servers housed at the warm-site and reviewed and updated the organization's business continuity plans to include what to do in the event of a pandemic outbreak. During FY14, the BCSC signed a contract with the National Catastrophe Restoration Incorporated (NCRI). NCRI is a total disaster restoration company serving residential, commercial, and government clients nationally and internationally. This added capability reduced the number of individual maintenance contracts and associated administration and is expected to reduce the anticipated time required to recover from a potential business interruption.

## Deferred Compensation and College and University Retirement Plans

The MOSERS Board of Trustees is responsible for oversight of the State of Missouri Deferred Compensation Plan (the plan) and the College and University Retirement Plan (CURP), which includes, but is not limited to, contracting with record keepers, plan administrators and investment managers, providing communications and ensuring that the plans are in compliance with federal and state law. Deferred compensation plan participation is voluntary, for eligible members, including college and university employees.

As of June 30, 2014, there were 58,782 participants (37,089 active and 21,693 terminated/retired) in the State of Missouri Deferred Compensation Plan. Of those employees eligible, 59% (includes college and university employees) participate in the plan. Active employee plan participation was up 5.6% from FY13. Total participants (both active and terminated) increased by 3,131 during the fiscal year. Plan assets total \$1,809,643,192. ICMA-RC is the plan record keeper.

The plan consists of 13 custom-designed target date investment options, a stable income fund, a MOSERS Investment Portfolio (MIP), a brokerage window, and 26 closed legacy mutual fund options (consisting of a variety of domestic equity, international equity, fixed income, and lifestyle/balanced mutual funds). Assets in the MIP as of June 30, 2014, total \$3,457,824 held by 139 investors.

The board also has responsibility for oversight of CURP, 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 third-party administration and for providing investment products and education to members in the plan. Current plan assets total \$56,682,998 with 2,196 participants.

### Technology Updates

MOSERS relies on technology to enhance the member experience, increase the efficiency of operations and mitigate risk. In FY14, staff developed an enhanced Online Retirement Application Process (ORAP) available on our secure member site which provides one-stop service for members to obtain information about their benefits and complete the required retirement forms (such as direct deposit, tax withholding, designation of beneficiaries, optional life insurance, authorization to release information and designation of agent).

During the year, a RFP for an imaging system was issued and docSTAR Eclipse was selected to replace the current system. This is expected to reduce annual costs by approximately 50% and increase process efficiency.

### Cost Effectiveness Measurement (CEM)

Customer service is a critical element in MOSERS' performance objectives. One of the ways MOSERS measures overall performance is through the Cost Effectiveness Measurement, Inc. (CEM) pension administration benchmarking analysis. CEM evaluated 56 leading pension systems, including systems in the United States, Canada, Scandinavia, United Arab Emirates, and the Netherlands. MOSERS' peer group included 11 U.S. public pension plans that are identified as the most relevant peer group based on membership size and system assets. This year, the CEM results indicated that MOSERS' service ranked number one again in the peer group and the second highest in CEM's global universe. MOSERS' service score was 90, well above the peer median and an average of 78 and the all CEM median of 76. In an effort to keep costs down and enhance our processing time, we continue to implement changes that simplify processes, eliminate programs, and/or provide enhanced security.

CEM measures the cost of service on an annual per participant basis (including active members and benefit recipients). We have 91,000 such participants while the median number within our peer group is 104,000 and the peer average is 116,000. Our cost of \$76 per active member and annuitant was equal to the peer median and well below the peer average of \$125. In addition, our overall complexity score remains below the peer median (with simplicity being viewed as a positive).

### 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, 2014, and June 30, 2013.

#### *Pension Trust Funds*

	Year Ended June 30, 2014	Year Ended June 30, 2013
Additions	\$1,881,671,722	\$1,108,047,038
Deductions	(717,285,347)	(684,725,496)
Net change	<u>\$1,164,386,375</u>	<u>\$ 423,321,542</u>

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, 2014, and June 30, 2013.

#### *Internal Service Funds*

	Year Ended June 30, 2014	Year Ended June 30, 2013
Operating revenues	\$ 31,043,174	\$ 29,441,757
Operating expenses	(30,318,997)	(29,767,094)
Nonoperating revenue	11,886	12,075
Net change	<u>\$ 736,063</u>	<u>\$ (313,262)</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

MOSERS' investments generated a return of 19.2% (net of fees) for FY14. Additional information regarding the investments of the pension trust funds can be found in the *Investment Section* of this report.

In FY14, the transition to an investment portfolio structure that shifts from a return-driven process towards a risk-driven process was completed. The risk-based allocation approach focuses on fundamental economic factors like growth and inflation as well as other factors with expected return values such as credit, carry, and illiquidity which allows a diversified portfolio that performs well in a variety of economic conditions while minimizing overall volatility.

## Plan Financial Condition/Funded Ratio

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 in the *Employers Schedule of Funding Progress* on page 98. During the year ended June 30, 2014, the funded ratio of the Missouri State Employees' Plan, which covers 111,750 participants, increased from 72.7% to 75.1%, primarily the result of the favorable investment market experience in previous years and the strengthening of demographic assumptions. Funding of the Judicial Plan, which covers 941 participants, began on July 1, 1998. During the year ended June 30, 2014, the funded ratio of the Judicial Plan increased from 25.5% to 26.9%. 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) for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the 25th consecutive year that MOSERS has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy 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 comprehensive annual financial report 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.

In addition, 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).

GFOA also presented MOSERS with an Award for Outstanding Achievement in Popular Annual Financial Reporting for our summary annual report. This was the 18th year that MOSERS received this award.

These prestigious awards recognize MOSERS for financial and professional standards of excellence. These notable awards can be viewed on page 5.

During FY14, MOSERS received a first place award from the National Association of Government Communicators (NAGC) for design and enhancements to our annual benefit statements provided to active members. It was presented during the 2014 NAGC Blue Pencil and Gold Screen awards dinner on June 12th at the National Press Club in Washington, D.C. The NAGC is a national not-for-profit professional network of federal, state and local government employees who disseminate information within and outside government. NAGC awards underscore the association's high standards of professionalism in public service. The awards competition salutes superior communications efforts of government agencies and recognizes the people who create them.

These awards are gratifying to MOSERS' staff and increase MOSERS' stature as an industry leader.

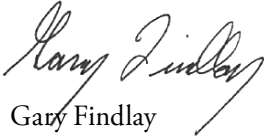
## Conclusion

This report is a product of the combined efforts of MOSERS' staff and advisors functioning under the board's leadership. It is intended to provide complete and reliable information that facilitates the management decision making process, serves as a means for determining compliance with legal requirements, and allows for the evaluation of responsible guardianship of 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 is on page 19.

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.

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. Thank you for assisting the system in our mission of advancing the financial security of our members. Inspiring the confidence of the membership is critical to our success, and with your leadership, we are able to deliver the highest service possible at a reasonable cost to our stakeholders. At the end of the day, we can confidently say that all efforts contribute to the bottom line and "We are here for your benefit."

Respectfully submitted,



Gary Findlay

Executive Director

## Letter from the Board Chair



WE ARE HERE FOR YOUR BENEFIT.

### Missouri State Employees' Retirement System

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

Phone: (573) 632-6100 • (800) 827-1063 | Fax: (573) 632-6103

MO Relay: 7-1-1 (Voice) • (800) 735-2966 (TTY)

Website: [www.mosers.org](http://www.mosers.org) | Email: [mosers@mosers.org](mailto:mosers@mosers.org)

Visit us at 907 Wildwood Drive, Jefferson City, MO

October 17, 2014

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, 2014. While the focus of this report is on information related to the financial status of your retirement system, it also highlights other changes that occurred during the year. The *Financial Section* of this report is prepared in accordance with generally accepted accounting principles and includes financial statements that are appropriately attested to by the system's independent auditors.

MOSERS' investments generated a return of 19.2% for FY14, exceeding the total fund policy benchmark by 1.5%. This return, net of all fees and investment expenses, added approximately \$117 million in value to the fund during the year relative to the results of the policy return.

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 the Cost Effectiveness Measurement, Inc. (CEM) pension administration benchmarking analysis. CEM evaluated 56 leading pension systems, including systems in the United States, Canada, Scandinavia, United Arab Emirates, and the Netherlands. MOSERS' peer group included 11 U.S. public pension plans that are identified as our most relevant peer group based on membership size and system assets. This year, the CEM results indicated that MOSERS' service ranked number one again in our peer group and was ranked the second highest in CEM's global universe of 56 plans. Our cost of \$76 per active member and annuitant was equal to the peer median and well below the peer average of \$125 per member.

I am also pleased to report that the Investment Intelligence Network, an affiliate of *Institutional Investor*, presented the Executive Director of MOSERS with a lifetime achievement award. The presentation announcement, dated April 24, 2014, read, in part, "In the 20 years since Gary Findlay became director, MOSERS' assets have compounded at an annualized rate of 9% net of fees, outperforming the fund's benchmark by 1.2% annually. When compared to other public funds across the country, this performance places MOSERS among the very best." Information regarding this prestigious award can be accessed on MOSERS' website.

During the past year, the board's membership changed with the departure of Senator John Lamping and the addition of Senator Wayne Wallingford. On behalf of the board and staff, I would like to thank Senator Lamping for his hard work and contributions while serving as a trustee to the system. Trustees devote many hours in fulfilling their fiduciary duties and serve with no remuneration.

I wish to thank the entire board for their contributions this year as well as the staff for maintaining the high level of expertise and professionalism required in the pursuit of excellence in all of the activities in which we are involved. Lastly, I wish to express my gratitude to you, our members, for continuing in public service. Your dedication and commitment to providing services to Missouri citizens is greatly appreciated.

In closing, the board of trustees and staff look forward to serving 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, Missouri 65102 or call (800) 827-1063. Our website can also be visited at [www.mosers.org](http://www.mosers.org).

Sincerely,

Antwaun Smith, Chair

Board of Trustees

# Board of Trustees



**Antwaun Smith - Chairman**  
*Governor Appointed Member*

**Lori Neidel - Vice Chairman**  
*Governor Appointed Member*

**Senator Joe Keaveny**  
*Senate Appointed Member*

**Representative Mike Leara**  
*House Appointed Member*

**Representative Caleb Jones**  
*House Appointed Member*



**Laura Davis**  
*Elected Active Member*

**Don Martin**  
*Elected Retired Member*

**Commissioner Doug Nelson**  
*Office of Administration*  
*Ex-Officio Member*

**Senator Wayne Wallingford**  
*Senate Appointed Member*

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

**Vacant**  
*Elected Active 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*

**Judy Delaney**  
*Legislative & Policy Coordinator*

**Jake McMahon**  
*Chief Counsel*

**Lisa Verslues**  
*Human Resources Coordinator*

**Stacy Gillmore**  
*Chief Technology Officer*

**Lori Leeper**  
*Board & Operations  
Projects Coordinator*

**Krista Myer**  
*Budget &  
Quality Assurance Coordinator*

**Michele Nix**  
*Chief Finance Officer*

**Pam Palmquist**  
*Chief Benefits Officer*

**Candy Smith**  
*Communications &  
Strategic Planning Coordinator*

**Shannon Davidson**  
*Managing Director  
Investment Risk & Operations*

**Omar Davis**  
*Investment Legal &  
Compliance Counsel*

**Seth Kelly**  
*Managing Director  
Beta-Balanced Strategies*

**Pat Neylon**  
*Manager  
Liquid Alpha Strategies*

**Scott Peppard**  
*Manager  
Illiquid Alpha Strategies*

**Cindy Rehmeier**  
*Manager  
Defined Contribution Plans*



## 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.

### Senior Leaders

The senior leaders provide administrative support by assisting the executive director and chief operations officer in the major legal, operational, and oversight functions of the retirement, benefit, communication programs, and clerical support. Human resources is also represented in this section.

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

### Benefit Administration and Education

Staff in the benefit administration and education section are responsible for all member data, benefit verifications and inceptions, as well as contact with the membership regarding the benefit programs administered by MOSERS (retirement, life insurance, and long-term disability). They also conduct educational seminars in 16-plus cities around the state each year and host webinars online to inform members about their MOSERS' benefits.

### Financial and Facilities Oversight

Responsibility for all financial records of the programs administered by MOSERS, including the preparation of financial and statistical reports and purchasing functions for MOSERS lies within the financial and facilities oversight section. They interface with the investment consultant, internal investment managers, Office of Administration accounting, State of Missouri employers, life insurance companies, actuaries, banks, and the IRS. They are also responsible for all billing, payment processing and balancing of member and employer contributions. This section provides payroll, mail services, imaging, records management and general building maintenance.

### Information Technology and Systems Development

The information technology and systems development section provides computer and technical design support for MOSERS' data processing activities. This team is responsible for developing and maintaining the automated systems that are used to administer the plan. They are also responsible for the document imaging system, network, unified communication system and personal computers. Information technology and the performance excellence and public relations are jointly responsible for MOSERS' website.

### Investments

The investments staff provides investment management and consulting services to the system. Primary functions include managing assets internally, selecting external managers for portions of the portfolio, researching and implementing portfolio allocation shifts and rebalancing, providing technical advice, serving as a liaison to the investment community, and informing and advising the board and executive director on financial, economic, and political developments which may affect the system. The investments staff works closely with external investment consultants, legal counsel and the executive director.

### Performance Excellence and Public Relations

- **Budget and Quality Assurance** - The responsibilities of this area include annual budget preparation (shared with financial oversight); monitoring of the appropriations process during the annual legislative session; benchmarking; business continuity preparation and planning; and business process mapping and analysis to identify process efficiencies and mitigate risk. They strive to deliver quality products to both internal and external stakeholders, and to provide a systematic examination and improvement of MOSERS' budget and business processes to add value and improve the effectiveness, efficiencies, and adaptability of MOSERS' operations.
- **Communications and Strategic Planning** - Communications and strategic planning staff are responsible for presenting information in clear and concise ways to facilitate effective, well-informed decision-making, planning, and action. They produce materials for members regarding the benefits administered by MOSERS including publications such as newsletters, handbooks, forms, brochures, and the annual report. Additionally, this team works in conjunction with information technology and systems development on electronic materials and tools such as the public, board, secure member, and internal websites. This section coordinates activities and processes for the organization that facilitate strategic thinking, planning, and implementation.

## Outside Professional Services

### Actuary

- Gabriel, Roeder, Smith & Co.

### Auditor

- Williams-Keepers, LLC

### Legal Counsel

- Thompson Coburn, LLP
- CT Corporation
- Steptoe & Johnson, LLP

### Master Custodian

- Bank of New York Mellon

### Investment Management Consultants

- Blackstone Alternative Asset Management, LP  
*Hedge Fund Asset Consultant*
- Purrington Moody Weil, LLP  
*Trading Consultant*
- Summit Strategies Group  
*General Asset Consultant*
- TimberLink Consulting, LLC  
*Timberland Consultant*

### Risk Management Consultant

- Charlesworth & Associates, LC

### Third-Party Administrators

- ICMA-RC  
*Deferred Compensation Plan*
- The Standard  
*Disability and Life Insurance*
- TIAA-CREF  
*College & University Retirement Plan*

### Securities Lending Advisor

- Deutsche Bank AG, New York Branch

### Information Technology Consulting

- Avtex Solutions, Inc.
- Huber & Associates, Inc.
- HyperGen, Inc.
- Qflow Systems, LLC

### Human Resources Consulting

- CBIZ Benefits & Insurance Service, Inc.
- Rose International

### Investment Risk Management

- MSCI BarraOne

### Investment Advisors

- Actis Capital, LLP
- Aeolus Capital
- Alinda Capital Partners, LLC
- Alliance Bernstein Defined Contribution Investments
- American Industrial Partners
- AQR Capital Management, LLC
- Ashmore Investment Management, Ltd.
- Axiom Asia Private Capital
- Axxon Management, Ltda.
- Bayview Asset Management, LLC
- BlackRock Financial Management, Inc.
- Blackstone Alternative Asset Management, LP
- Blackstone Real Estate Advisors
- Blakeney Management, Ltd.
- Brevan Howard Capital Management, Ltd.
- Bridgepoint Capital, Ltd.
- Bridgewater Associates, LP
- Campbell Group, LLC -  
*(Formerly The Campbell Group, LLC)*
- CarVal Investors, LLC
- Castlake - *(Formerly TPG)*
- Catalyst Capital Group, Inc.
- Catterton Partners
- Claren Road Asset Management, LLC
- COMAC Capital, LLP
- Cornwall Capital Management, LP
- CQS, Cayman, LP
- Davidson Kempner Capital Management, LLC

*Outside Professional Services continued from page 17*

- DDJ Capital Management, LLC
- Development Partners International
- Diamondback Capital Management, LLC
- DRI Capital, Inc.
- EIG Global Energy Partners, LLC
- Elliott International Capital Advisors, Inc.
- Eminence Capital
- Empyrean Capital Partners, LP
- Eton Park Capital Management, LP
- Farallon Capital Management, LLC
- Fortress Investment Group, LLC
- Glenview Capital Management, LLC
- Global Forest Partners, LP
- Grantham, Mayo, Van Otterloo & Co., LLC
- Harvest Fund Advisors, LLC
- HBK Investments, LP
- ING Investment Management
- JLL Partners
- King Street Capital Management, LP
- Linden Capital Partners, LLC
- MAST Capital Management, LLC
- Merit Energy Company
- MHR Fund Management, LLC
- Millennium Technology Ventures, LP
- Moon Capital Management, LP
- Nephila Capital, Ltd.
- New Mountain Capital, LLC
- NISA Investment Advisors, LLC
- Oaktree Capital Management, LP
- Pacific Alternative Asset Management Company, LLC
- Perry Capital, LLC
- Pershing Square Capital Management, LP
- Pharo Global Advisors, Ltd.
- Resource Management Service, LLC
- Silchester International Investors
- Silver Creek Capital Management, LLC
- Silver Lake Partners
- Silver Point Capital, LP
- SIRIS Capital Group, LLC
- State Street Global Advisors
- Stepstone Group
- Stone Harbor Investment Partners, LP
- TPG Credit Management, LP
- Veritas Capital Fund Management, LLC
- Viking Global Investors, LP
- Visium Asset Management, LP
- Wellington Management Company, LLP