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Summer 2014

Welcome
**Senator Wallingford
Appointed to MOSERS Board**

Special Insert
Your Total Compensation

Social Media/Communications
Survey Results

CEM Ratings
Measuring Our Performance



PensionsPlus

Your Guide to Retirement, Life Insurance, & Long-Term Disability



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MAILING ADDRESS

PO Box 209
Jefferson City, MO 65102-0209

BUILDING LOCATION

907 Wildwood Drive
Jefferson City, MO

OFFICE HOURS

7:30 a.m. - 4:30 p.m. • Monday - Friday

PHONE

(573) 632-6100 • (800) 827-1063

AUTOMATED PHONE OPTIONS

Current State Employees.....1
Retired Members.....2
Investment Department.....3
All Other Callers.....4
Operator.....0

FAX

(573) 632-6103

MISSOURI RELAY

7-1-1 (Voice) • (800) 735-2966 (TTY)

EMAIL

mosers@mosers.org

WEBSITE

www.mosers.org

Graphic Designer - Robyn Seale
Writer/Editor - Jade Elwess



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Special Insert

Total Compensation
Benefits you can count on.

PensionsPlus is published quarterly by the Missouri State Employees' Retirement System. To obtain an alternative format of this publication, please contact MOSERS.

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Senator Wayne Wallingford

Welcome

Senator Wallingford Recently Appointed to MOSERS Board

Senator Tom Dempsey, President Pro Tem of the Senate, appointed Senator Wayne Wallingford to the MOSERS Board of Trustees on May 6, 2014.

Senator Wallingford, a Republican, represents Bollinger, Cape Girardeau, Madison, Perry, Scott, and Wayne Counties (District 27) in the Missouri Senate. He was elected to the House of Representatives in November 2010 and the Missouri Senate in November 2012.

In addition to his legislative duties, Senator Wallingford is the Chief People Officer at McDonald's of Southeast Missouri. He previously spent 11 years with Taco Bell Corporation as a general manager, multi-unit manager, field staffing manager, field training coach, and area coach.

Senator Wallingford is a retired Lt. Colonel with the United States Air Force. He served on active duty for 25 years, including five tours in Vietnam and six tours in Desert Storm. He received the Silver Star, Distinguished Flying Cross, 21 Air Medals, the Air Force Commendation Medal for Heroism, and several other honors.

Senator Wallingford is a 1964 graduate of Geneva Community High School. He received his B.S. in Business Administration from the University of Nebraska, Omaha in 1968 and his M.A. in Management Supervision with a specialization in Health Care Administration from Central Michigan University in 1983.



Katy Lacy

Training & Education

Introducing Katy Lacy

We'd like to introduce our newest educator, Katy Lacy. Katy has worked in program development and training for more than seven years in both public and non-profit organizations. After receiving her bachelor's degree in corporate communication from the University of Central Missouri, Katy worked in communications for the State of Missouri at the Department of Insurance, Financial Institutions and Professional Registration (DIFP), and the Missouri Consolidated Health Care Plan (MCHCP).

At both of these organizations, she focused on creating and presenting educational programs. Katy is a member of the Central Missouri Chapter of the American Society for Training and Development (ASTD) and the National Pension Education Association (NPEA). Katy is excited to bring her passion for education and training to MOSERS and looks forward to serving members across the state. MOSERS' two educators have a combined 41 years of experience in training and education.



Social Media/Communications Survey Results Are In

In April, we conducted our fifth annual MOSERS social media/communication preferences survey. If we have your email address on file, you may have been randomly chosen to take part.

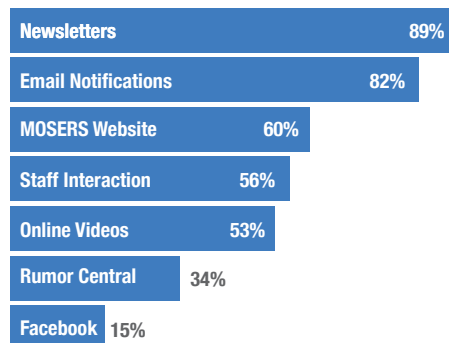
Social media includes various online technology tools that enable people to communicate easily via the Internet to share general information and resources. Tools such as Facebook, Twitter, and blogs, have become increasingly popular.

The MOSERS website remains one of the most popular forms of communication that we use and we are continually striving to improve its look, security features, and functionality. We endeavor to provide you with accurate, timely information. Your feedback will help guide us in our future communications efforts and help us achieve our mission of advancing the financial security of members. Thank you to those who participated.

Results

When we asked how familiar members were with our various communications tools, 83% were aware of our newsletters, and 89% of the website. Within the 56-65 age group, 10% were aware of our Facebook page. Overall, respondents prefer to receive information from MOSERS via individual email first. The website and newsletters rounded out the top three.

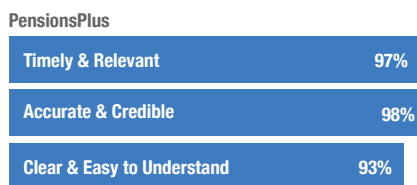
Communication Tools
(Rated Useful or Somewhat Useful)



Newsletters -

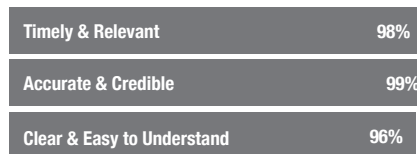
Excluding those who were not familiar with them, here's how members rated our newsletters.

Newsletters
(Rated Agree/Strongly Agree)



TIP: If you are not receiving your newsletter in the way that you prefer, you may change your preference on

RetireeNews



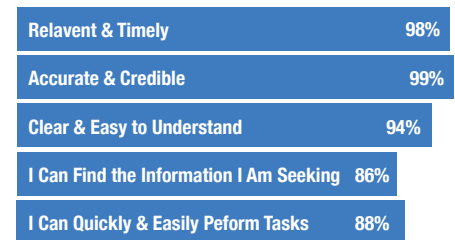
our website. Log in to the secure **Member Homepage** and look under **Personal Information** in the top menu. Click on **Email Options**. Make sure the box is checked to receive email communications from MOSERS. Uncheck the box to receive paper newsletters and notices. If you are signed up for email notifications but aren't receiving newsletters from MOSERS,

check your spam folder and make sure our emails aren't ending up there by accident. If you need to change your email address, go to **Update Personal Information** in the same menu.

Website

(www.mosers.org)
Excluding those who were not familiar with it, here's how members rated our website.

MOSERS' Website
(Rated Agree/Strongly Agree)



Your Social Media Status

Join our community of more than 610 Facebook friends and 300 Twitter followers, and follow our *Rumor Central* blog to help you stay in the know! The social network that all respondents use the most is Facebook (52%). YouTube was second overall (19%) and among the 36-45 age group (23%). Pinterest rated second among the 26-35 age group.

- 37% of 26-35 year olds and 29% of 36-45 year olds access social media on their smartphones/tablets several times a day, and 18% of all respondents use it daily.
- 40% use social media to keep in touch or socialize with family and friends.
- 30% of active state employees aren't allowed to participate in social media at work and 10% can with restrictions.

Facebook - facebook.com/MOSERSRetirement

This year, we asked if respondents were familiar with our Facebook comment policy, and most weren't. Many members are concerned about security and privacy of their information when social media is used. We will not answer personal benefit related questions on this page. If you have a question

Survey Results Continued on Page 5

related to your specific situation, we encourage you to contact a benefit counselor between the hours of 7:30 a.m. and 4:30 p.m. at (573) 632-6100 or (800) 827-1063 or use the chat function at www.mosers.org.

We take the security of our members' information very seriously and wouldn't communicate any individual information in an unsecured manner. Our Facebook page is:

"... an opportunity for sharing information about MOSERS' programs and activities. Here you will find the most recent news stories, features, photos and videos, as well as important benefit related information distributed by the MOSERS communications team."

You can read the rest by going to our MOSERS Facebook page and clicking on the **Notes** section.

Rumor Central - mosersrc.blogspot.com

Overall, 33% found the *Rumor Central* blog somewhat or very useful. Among retirees, 38% believe it is very or somewhat useful. If you don't know where to find it, the address is <http://mosersrc.blogspot.com/>, but it can also be accessed via MOSERS' website with the other social media links at the top of any MOSERS web page. You can also sign up for email notifications that will let you know when new *Rumor Central* questions have been posted. As a retiree, you may still subscribe to *Rumor Central*—just make sure MOSERS has your current email address.

Overall, 62% said that MOSERS does a good job of communicating with members. 34% said we do a good job, but that there is room for improvement.

Thank you for your input! We read your comments and appreciate the feedback we receive through this survey. As always, **we are here for your benefit.**



Board Election

Make Your Vote Count!

MOSERS brings you continued coverage on the 2014 board election. Soon it will be time to vote. We have provided information about the qualifications and the nomination process in previous newsletters. Two active members will be elected this August to serve four-year terms on MOSERS' board. As a member of MOSERS, you have the right and responsibility to help select the active member representatives for the board through your vote.

The Nomination Process

Nominating petitions and other required material received will be reviewed for eligibility and submitted to the third-party election administrator. The administrator will create and mail the election ballots, and then count and certify the results.

At the time of this writing, we do not know how many nominations will be received by the June 30 deadline. In the event that only two candidates complete the nomination process, it will not be necessary to hold a formal election as those candidates would automatically be the winners under the board's election procedures. Please keep an eye on our website for updated information.

Candidate Biographies

The election ballot contains a brief biography of each candidate. Please read these bios so you can make an informed decision. MOSERS will also post the nomination information on our website.

Watch for Your Ballot

Election ballots will be mailed to all eligible members (who are not receiving retirement benefits) of the Missouri State Employees' Plan (MSEP) and the Missouri State Employees' Plan 2000 (MSEP 2000, which includes members of MSEP 2011) by August 14. Eligible members will have two weeks to vote through the mail. The election period ends on August 29.

Determining the Outcome

The election administrator will count the votes and the outcome will be announced at MOSERS' board meeting on September 18, 2014.

After the Election

The new active member representatives begin serving their four-year terms in January 2015.

Board Members...

- Make decisions affecting YOUR retirement, life insurance, and long-term disability benefits.
- Represent approximately 100,000 members and have oversight responsibility for more than \$9 billion in assets.
- Oversee administration of benefit plans.
- Make decisions about the appropriate asset allocation and risk management models to be employed.
- Preserve the long-term corpus of the fund, maximize total return within prudent risk parameters, and act in the exclusive interest of the members.
- Understand and accept the fiduciary obligations that are outlined in state law.
- Demonstrate strategic leadership.
- Work collegially as part of a group with a common purpose.

CEM Ratings

Measuring Our Performance

Each year, we receive a "report card" from a public pension plan benchmarking service, Cost Effectiveness Measurement Benchmarking, Inc. (CEM), which establishes performance measurements and rates us on seven core pension administration functions. They then rank our scores compared to 56 other pension plans in the U.S., Canada, and around the world. The seven functions are total cost; activity costs; staff costs and productivity; transaction volumes; service levels; plan complexity; and IT and major projects. We report our scores to our members so you can see how we are performing in relation to our peer group of 10 other systems comparable in total membership size.

Service*

MOSERS' total service score was 90 out of 100 — above the peer median of 78. Our service score has been 90 for the past four years. Factored into these high scores are enhancements to member statements, our website, and member presentations. Once again, we ranked highest in our peer group and one of the highest in the entire CEM universe.

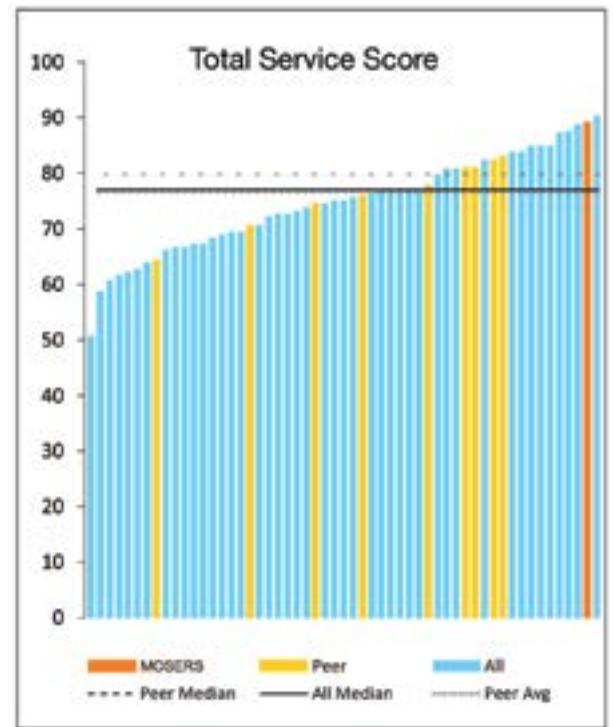
Service includes:

- Paying pensions accurately and on time (Score: 100 – 5 years in a row)
- Member communications:
 - **Newsletters** (Score: 100 – 5 years in a row) – Active, retired, and terminated-vested members receive separate newsletters with members deciding whether they receive it in paper or electronic form.
 - **Website** (Score: 91) – This includes:
 - » Retirement calculator tied to individual member data on secure site
 - » Document Express to view correspondence in a secure mailbox
 - » User friendly password registration generates or resets passwords immediately
 - » Online transactions and electronic forms
 - **Retirement Estimates** (Score: 100 – 4 years in a row) Turnaround for written estimates is less than one day (Peer average: 20 days).

Cost

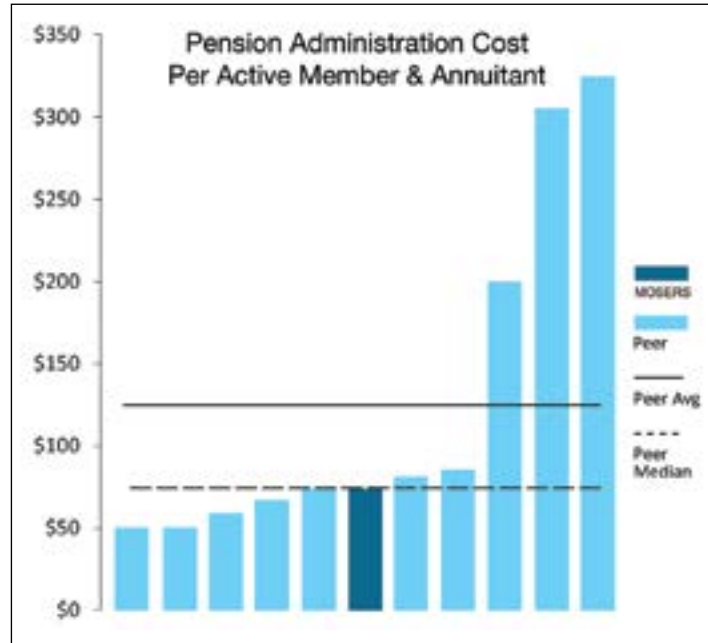
Pension Administration Cost (PAC) helps us analyze our costs related to economies of scale; transaction volume; productivity per full-time employee; salaries; information technology; third party and front office cost; and back office cost.

MOSERS' total pension administration cost was \$76 per active member and annuitant. This is \$50 below the peer average of \$125 and equal to the peer median. While this is a modest increase over last year's PAC of \$71, it is important to note that MOSERS' costs trends have remained fairly consistent between 2010 and 2014. Additionally, MOSERS does not enjoy the economies of scale available to larger systems in the CEM study.



* CEM defines service as "anything a member would like, before considering costs," so a high level of customer service tends to increase a system's costs. Our goal is to maintain and increase our service ratings without significantly increasing our total cost.

This year's cost-per-member increase is due to two primary reasons: 1) we saw an increase in expenditures on utilities, equipment maintenance, and our technology infrastructure; and 2) the MOSERS Board of Trustees approved the hire of a new staff person. Generally speaking, over the past five years, MOSERS has experienced a nearly 30% increase in the volume of benefit recipients. In acknowledgement of this increase in workload, and with the anticipation of this trend continuing as Baby Boomers retire, the board has approved two more new staff for the 2015 fiscal year.



Information aids us in developing ways we can continue to improve our cost-effectiveness each year. Our retiree population is growing each year, causing our member transactions and communications to increase.

Why We Participate

CEM gathers the data for their report through an extensive survey process. Why do we do it?

- **To improve our understanding of our business:** Knowing how and why we are different from our peers helps us better understand our business.
- **To establish service standards:** The CEM measures have helped us develop new service standards to maintain and improve our service to members.
- **To demonstrate our performance in the absence of competition:** Good benchmarking allows us to compare our costs and performance to that of our peers.
- **To communicate performance:** The results of the CEM analysis are presented to our staff and board members.
- **What gets measured gets managed:** Without measures, it is difficult to assess where improvements or cost-effective strategies can be applied.
- **To identify best practices:** By observing how other systems conduct business, we are able to identify best practices or other alternatives to enhance the operation of our organization.



PO Box 209
Jefferson City MO 65102-0209

PensionsPlus Newsletter

■ Retirement & You

Economic Impact

Have you ever wondered about the impact of active and retired state employees on your our local community? Nearly 90% of our retirement and survivor benefits remain in Missouri. Our **Legislative Maps** are located online in the **About MOSERS** section of our website. Click on **Congressional**, **House** or **Senate** maps and click on your district to view the number of active and retired members and the economic impact our members have in your area.

For example, in **Senate District #6 (which includes Jefferson City)**:



Active Members	Retirees & Survivors
Count: 8,975	Count: 6,237
Payroll*: \$361,337,095.00	Benefits*: \$120,965,202.36

Totals
Count: 15,212
Payroll + Benefits*: \$482,302,297.36

Information based on Calendar Year 2013 data.

**Annualized amount*