

# Benefit Check

June 2010

A newsletter for retired members of The Public Education Employee Retirement System

## A look at what's inside

- 2 Board Sets Interest Rates
- 2 Legislative Session Ends
- 3 Volatility Returns to the Investment Markets
- 5 Changes to Rules for Termination of Work, Working After Retirement
- 6 Improved Web Site Provides More Information

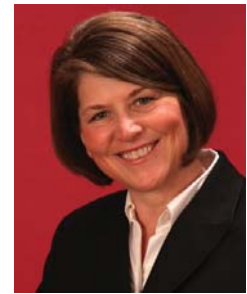
[www.psr-peers.org](http://www.psr-peers.org)

## McClintic and Hoffman Elected to PSRS/PEERS Board of Trustees

Susan McClintic and Jason Hoffman were elected to serve on the PSRS/PEERS Board of Trustees. Both will serve four-year terms beginning July 1, 2010.

McClintic has 23 years of teaching experience and is currently a teacher in the Columbia School District. Susan is currently President of the local MNEA Association and also serves on the Board of Directors of Susan G. Komen for the Cure.

Hoffman is currently the Chief Financial Officer for the Jefferson City School District. He has also served as Business Manager for the Hallsville R-IV and Centralia R-VI School Districts. Jason is also the past President of the Missouri Association of School Business Officials.



Susan McClintic



Jason Hoffman

“I believe that the experience and background of both Susan and Jason will make them valuable trustees,” says Steve Yoakum, PSRS/PEERS Executive Director. “We look forward to working with them to ensure that the retirement systems remain financially sound for future generations of teachers and school support personnel.”

The election was administered by an independent election service. Members had the option to vote by telephone, internet or U.S. Mail. A total of 35,525 votes were cast, with 64% cast by mail, 23% via the internet, and 13% by telephone. Thank you to all who voted.

McClintic and Hoffman will join current Board members Donald Cupps, Yvonne Heath, Scott Hunt, Wayne Wheeler and Aaron Zalis.

# Board Sets Interest Rate on Member Accounts at 1%, Rate Charged on Credit Purchases Remains at 8%

At the April Board meeting, the PSRS/PEERS Board of Trustees voted to set the interest rate credited to active member accounts at 1% for June 30, 2010.

The Board sets the rate of interest paid on active member account balances each April. During the previous fiscal year, this rate was 2%. Interest is credited each year, on June 30, on the total balance in a member's account as of the previous June 30, until a membership terminates.

This interest rate has no impact on a member's monthly benefit at retirement. Interest paid on a member's account is payable to members who request a refund of their account balance before

retiring from PSRS/PEERS, and in lump-sum payments paid to beneficiaries of deceased members.

"Given the current economic climate, our Board felt it responsible and prudent to reduce the interest paid on member account balances to a more conservative rate," said Steve Yoakum, PSRS/PEERS Executive Director.

The Board also voted to keep the rate of interest charged on reinstatements of previous credit and applicable service purchases at 8%. This is the actuarially assumed rate of return on investments and is the rate charged on such purchases of service since 1980.

## PEERS Contribution Rate Changes to 6.63% for 2010-2011 School Year

Based on information and recommendations provided by the annual actuarial valuation of the Systems, the PSRS/PEERS Board of Trustees voted to increase each side of the required employer and active

employee contribution rate from 6.5% to 6.63% for the 2010-2011 school year. This change is effective July 1, 2010.

## Legislative Session Ends: No Retirement-Related Provisions Passed

The 95th Session of the Missouri Legislature officially ended Friday, May 14, at 6:00 p.m. The Systems are pleased to report no legislation was passed that had a negative impact on PSRS/PEERS. This effort was accomplished by the active involvement of hundreds of retired and active members contacting their respective legislators, a fair and proactive House Retirement Committee, an outstanding bill handler, and all of the statewide educational associations, especially the Missouri Retired Teachers Association (MRTA).

A special thanks to the following elected officials who were extremely supportive and responsive to the Systems' concerns:

- Representative Jason Smith
- Representative James Viebrock
- Representative Mike Lair
- Representative Mike Leara



- Representative Patricia Yaeger
- Representative Ray Salva
- Representative Gina Walsh
- Representative Sue Schoemehl
- Senator Kurt Schaefer
- Senator Gary Nodler
- Senator Wes Shoemyer
- Senator Joan Bray
- Senator Frank Barnitz
- Senator Rita Heard Days
- Senator Robin Wright-Jones
- Senator Jolie Justus

A detailed report of the Legislation of the 95th Session was presented at the June PSRS/PEERS Board Meeting.

# Volatility Returns to the Investment Markets

**Volatility:** *In financial markets, the term is used to describe the size and frequency of the fluctuations in the price of a stock or bond. Volatility is often viewed as negative because it is equated with uncertainty and risk.*

The bull market that began in March 2009, and lifted global stocks more than 60%, seemed to move at a steady upward pace each day throughout the last year. However, this investment nirvana has been recently interrupted. In the last couple of weeks the investment markets have experienced periods of severe volatility where stocks move up and down daily by wide margins. More specifically, the market suffered its worst setback since March 2009 by falling almost 1,000 points during the day on May 6 only to come roaring back several days later with a 405 point gain. Volatility has indeed returned to the markets with a vengeance.

Investors may be dealing with increased volatility because there is conflicting data to consider: positive economic news has become more prevalent yet major international issues are lurking overhead. In the last 12 months, the world has experienced a strong cyclical bounce due in part to massive budgetary and monetary stimulus. In the United States, the economic data, including corporate profits and unemployment, has strengthened. However, in looking at the longer term investment horizon, there are ample reasons for caution. Specifically, there is concern that Greece's financial trouble could spread to Spain, Portugal and Italy, and potentially undermine the entire European monetary union.

We must recognize that, as investors, we are living through a remarkable time of change for the global economy and the markets. The debt explosion in both the U.S. and other developed countries, and the shift of growth to emerging countries, has impacted



the investment landscape. Additionally, the chaos occurring in Europe is a direct illustration of the changing global landscape. With global change, an increase in volatility is inevitable.

How is PSRS/PEERS reacting to increased volatility in the investment markets? We continue to maintain a diversified asset allocation yet we are also taking selective chips off the table. In other words, we have rebalanced a portion of the investment gains from the stock market in the last year back to less risky and less volatile assets such as U.S. Treasury securities. As we have discussed in previous newsletters, we believe that a diversified asset allocation will ultimately provide the Systems with the best opportunity to achieve consistent and meaningful investment returns over the long-term. However, as volatility has increased in the markets, we have taken gains in an effort to maximize long-term returns and manage the members' assets with care and prudence.

The total assets of both PSRS and PEERS were approximately \$26.3 billion on May 31, 2010, making the combined entity larger than all other public retirement plans in the state combined, and the 44th largest defined benefit plan in the United States. The one year investment return for both Systems as of May 31, 2010 was 13.5%. For the most recent PSRS/PEERS investment news, visit us on the web at [www.psr-peers.org](http://www.psr-peers.org).

# PSRS/PEERS Nominated for Large Public Plan of the Year Award

The Public School and Public Education Employee Retirement Systems of Missouri (PSRS/PEERS) is one of four systems nominated as the Large Public Plan of the Year by *Institutional Investor* magazine. According to the magazine, the 8th Annual Hedge Fund Industry Awards recognize institutional investors “whose innovation, savvy, achievements and contributions make them stand out among their peers.”

“We are pleased that our investment staff has been recognized among the best in the nation,” says Steve Yoakum, PSRS/PEERS Executive Director. “Our goal is to provide security and solid retirement benefits to our members. The PSRS/PEERS investment staff continues to skillfully navigate

volatile markets and produce competitive returns at a lower level of risk than most large public pension plans throughout the country.”

PSRS/PEERS returned 13.5% on its investments for the year ended May 31. PSRS/PEERS has total assets of approximately \$26.3 billion and is larger than all of the other public retirement plans in the state combined. The Systems provide retirement security for 220,000 active and retired Missouri teachers and school employees and pays approximately \$150 million per month in retirement benefits to plan members.

## Defined Benefit Plans Like PEERS are More Cost Effective

According to a research study conducted by the National Institute on Retirement Security, defined benefit or DB pension plans like PEERS can deliver the same level of retirement income to a group of employees at nearly half the cost – 46% lower – than a defined contribution

plan, such as a 401(k). This is largely because DB plans invest and plan for the long-term, and are experienced, professional investors who can achieve higher investment returns with lower contributions from participants. For more information, visit [www.nirsonline.org](http://www.nirsonline.org).

## Direct Deposit Dates

Payment for:	Will be deposited:
June	June 30
July	July 30
August	August 31
September	September 30
October	October 29
November	November 30
December	December 31

If you need to change the account to which your funds are deposited, call us toll free at **(800) 392-6848** to make the change. You may also fax us the information at **(573) 634-7934**, or write us. Please include your signature on your written request for a change.

You may also request a change by completing a new *Direct Deposit Authorization* form, available on our Web site, [www.psr-peers.org](http://www.psr-peers.org), or by calling us.

# Changes to Definition of Termination of Work; Rules for Working After Retirement Effective July 1, 2010

## New Rules for Terminating Employment

To be eligible for retirement, you must terminate all employment with PEERS-covered employers prior to your effective retirement date. For those retiring on or after July 1, 2010, termination of employment means that you must:

1. End all employment with PEERS-covered employers,
2. Not be under contract for employment with a PEERS-covered employer, and
3. Not return to work for a PEERS-covered employer until at least **one month** has lapsed since your effective retirement date (includes volunteering).

When working at a PEERS-covered employer part-time or as a temporary-substitute, you can work up to 550 hours each full school year (July 1 - June 30).

If you retire July 1, you can begin working August 1 in a part-time or temporary-substitute position up to the 550-hour limit, and continue to receive monthly retirement benefits. You cannot volunteer, work under the critical shortage provision, or in any other capacity during the month of July in the year you retire. You may not sign a contract for employment in any capacity until after you receive your July PEERS benefit payment.

## Pro-Rated Limit on Hours Worked

For those retiring July 1, 2010 and after, the limit on hours worked part-time or as a temporary-substitute is different during the year you retire.

If you retire in any month other than July, the 550-hour limit is applied on a pro-rata basis for the rest of that school year, based on your effective retirement date. For example, if your retirement date is January 1, your PEERS-covered employment may begin on February 1, but is limited to 275 hours through June 30. When the new school year begins July 1, your limit increases to the full, 550 hours. A chart showing the pro-rated limits can be found on our Web site.

## New Record-Keeping Requirements

Effective July 1, 2010, all retirees and their employer(s) are required to maintain written records of the dates and hours worked, wages earned and information on the employing school district(s). Record-keeping forms will be sent to you and your employer each school year when you first return to work after retirement. PEERS may request access to these record-keeping forms for review at any time. These forms are also available online at [www.psr-speers.org](http://www.psr-speers.org).

Please see the *Member Handbook* for more information on working after retirement. If you have questions, call (800) 392-6848 or email [psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org).

# Improved Secure Web Site Provides More Information About Your PEERS Account

PEERS Member Services is pleased to announce that we have improved the secure portion of our Web site, where retired members like you login and view information about your retirement account. You will see a new, easy to navigate page containing even more information about your account than before. This new format is designed to mirror your annual PEERS *Benefit Statement*, and includes:

- History of your benefit payments
- The most current information about your account
- Direct access to forms used to change your beneficiary designation and tax withholding
- Archive of past *Benefit Statements*

If you have any questions about the site, or your account, email our Information Center at [psrspeers@psrspeers.org](mailto:psrspeers@psrspeers.org).

**Keep Your Beneficiary Designation Current**  
You may need to make changes to your beneficiary listing as life changes occur. To change your designation, see the Beneficiary Designation section for a change form.

Select Account Home Log Out

**Public Education Employee**  
**PEERS**  
Retirement System of Missouri

**Your Member Information as of May 28, 2010**  
Expand All Print

Birth Date: 8/15/1950  
Phone: (123) 456-7890  
Email: jdoe@email.com  
eNewsletter Subscriber: Yes

N123456  
Jane Doe  
123 Main Street  
Anytown, MO 98765

Update Update Update

- Benefit Summary
- Tax Information
- Benefit Plan
- Beneficiary Designation
- Cost of Living Adjustments

Your cumulative benefit increases from COLAs through January 2010: 5.00%

Date	Description	Percentage	Amount	New Benefit Amount
3/1/2005	ORIG - Original Benefit	0.00	0.00	\$1,665.37
1/31/2009	COLA - Cost of living adjustment	5.00	83.27	\$1,748.64
1/31/2010	COLA - Cost of living adjustment	0.00	0.00	\$1,748.64

Document Archives

## Check Your Federal Tax Withholding for 2010

Per direction from the IRS and effective with your January 2010 payment, PEERS implemented new federal income tax withholding tables. For 2010, the IRS has provided an adjustment procedure to increase the withholding on most pension payments by approximately \$400 per year for those claiming single status and \$600 per year for those claiming married status. This additional withholding amount will properly offset the Making Work Pay credit which is not available for pension income.

**If you submitted a *Tax Withholding Authorization* form in 2009 to offset this credit by increasing your withholding, you may wish to file a new *Tax Withholding Authorization* form for 2010 to remove the additional withholding.** Your 2010 *Benefit Statement* shows your 2009 and 2010 tax withholding amounts based upon your most current withholding election. You can find the *Tax Withholding Authorization* form online at [www.psrs-peers.org](http://www.psrs-peers.org) or you can call (800) 392-6848 to have one mailed to you.

## What's the Buzz about PEERS?

Rumors and hearsay are everywhere, making it harder for you to get the facts about your retirement system.

Whether you have heard something at work, read it in the press or on the Internet, we are here to help you separate fact from fiction, address your concerns and answer your questions.

If you need information about benefits, the financial health of the system, COLAs, or anything PEERS-related, you can always contact us for the straight story.

Our Information Center is here to help from 7:30 a.m. to 5:00 p.m. weekdays. Call us at **(800) 392-6848** or email **psrspeers@psrspeers.org**.



## Find us on Facebook

Visit **PSRS/PEERS on Facebook**

Now it is even easier to stay up-to-date on the latest news from your retirement system.

Just visit us on Facebook for the latest retirement system news and information.

Of course, you can still visit us on the web at **www.psrs-peers.org**.

Facebook is a registered trademark of Facebook, Inc.

FOLLOW US ON 

## New Member Services Email Address!

**psrspeers@psrspeers.org**

Add us to your email contacts  
list today!

## Benefit Check

**Benefit Check** is published and mailed twice annually, with special editions as needed, to retired members of the Public Education Employee Retirement System of Missouri.

### Board of Trustees

Tina Zubeck, Chair  
Wayne Wheeler, Vice Chair  
Donald Cupps  
Yvonne Heath  
Scott Hunt  
Aaron Zalis

### Executive Director

M. Steve Yoakum

**Mailing Address:** P.O. Box 268  
Jefferson City, MO 65102-0268

**Office Location:** 3210 W. Truman Blvd.  
Jefferson City, MO 65109

**Telephone:** (573) 634-5290 • (800) 392-6848

**Email:** psrspeers@psrspeers.org

**Web site:** www.psrs-peers.org

**Business Hours:** Monday through Friday  
7:30 a.m. - 5:00 p.m.



P O BOX 268  
JEFFERSON CITY MO 65102-0268

PRSR STD  
U.S. Postage  
PAID  
Jefferson City, MO  
PERMIT NO. 317

# Benefit Check

## A look at what's inside

- 2 Board Sets Interest Rates
- 2 Legislative Session Ends
- 3 Volatility Returns to the Investment Markets
- 5 Changes to Rules for Termination of Work, Working After Retirement
- 6 Improved Web Site Provides More Information

**Less paper,  
less ink,  
less money  
spent on postage**



**Sign up today to receive your PEERS newsletters via email.**

It's an easy way to help us save natural resources and money while staying informed about your retirement system.

Simply visit [www.psr-peers.org](http://www.psr-peers.org) and login to your personal account information to subscribe.

Please help us keep your newsletters coming, and login to advise us of any changes in your email address. As always, you can also find current and past PEERS newsletters on our Web site.