

REGULAR MEETING
BOARD OF TRUSTEES
OF
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

December 12, 2011

MEMBERS PRESENT

Aaron, Zalis, Chair
Wayne Wheeler, Vice Chair
Jason Hoffman
Yvonne Heath
Scott Hunt
Susan McClintic
Donald Cupps

MEMBERS ABSENT

OTHERS PRESENT

M. Steve Yoakum, Executive Director
Dearld Snider, Asst. Exec. Dir., Oper.
Craig Husting, Asst. Exec. Dir., Invest.
Alan Thompson, General Counsel
Lori Woratzeck, Chief Finan. Officer
Jeff Hyman, Internal Auditor
Tom Smith, Dir. of Info. Technology
Maria Walden, Legislative Director
Ronda Peterson, Dir. Member Serv.
Paul Shadwick, Project Manager
Jeff Russler, Dir. of Emp. Services
Mary Hiatte, Sr. Executive Advisor

**Meeting
Convened**

The meeting of the Board of Trustees convened at 8:30 a.m. at the Retirement System office in Jefferson City, Missouri. In attendance were Aaron Zalis, Wayne Wheeler, Don Cupps, Yvonne Heath, Jason Hoffman, Scott Hunt, and Susan McClintic, Board Members. Staff members present were M. Steve Yoakum, Executive Director; Craig Husting, Assistant Executive Director, Investments; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Lori Woratzeck, Chief Financial Officer; Ronda Peterson, Director of Member Services; Tom Smith, Director of Information Technology; Jeff Hyman, Internal Auditor; Maria Walden, Legislative Director; Jeff Russler, Director of Employer Services; Paul Shadwick, Project Manager; various other PSRS/PEERS staff members; and Mary Hiatte, Senior Executive Advisor.

**Approval of
Minutes**

Mr. Wheeler moved that the minutes from the October 23-24, 2011 meetings be approved. Ms. McClintic seconded the motion. Mr. Cupps pointed out a needed correction in the minutes to show that Mr. Michael Hall was from Towers Watson. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4359
PEERS2598

**Order of
Business**

The order of business was approved with no changes.

Investments

Performance Report Mr. Craig Husting reviewed the investment performance for the last quarter as well as the current asset allocation. He discussed recent investment strategy in the volatile markets and reviewed the calendar for upcoming meetings. Mr. Michael Hall of Towers Watson commented briefly on the situation in Europe and the possible effects on the U.S. economy.

Securities Litigation Mr. Al Thompson and Mr. Craig Husting gave a brief overview on how securities litigation works and also reviewed the current Board policy on such procedures. Following discussion, the staff reviewed two options for the Board. They were (1) to make no changes in the current policy, or (2) authorize the staff to issue an RFI and bring back to the Board for further consideration. Mr. Wheeler moved that the staff be authorized to issue an RFI. Mrs. Heath seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4360
PEERS2599

Management Report

Amendment to Regs. Mr. Thompson presented several amendments to the regulations. He indicated that the amendments were generally cleanup in nature to more clearly reflect current procedures and that the changes would allow for fewer beneficiary forms to be used. Mr. Hunt moved that the following amendments be adopted:

16 CSR 10-5.030 Beneficiary

PURPOSE: This rule sets forth the procedure for naming beneficiaries and their eligibility as provided by sections 169.070 and 169.075, RSMo.

(2) A member may change a beneficiary(ies) **at any time prior to retirement** by filing a request for change with the board of trustees on a form furnished by the board for this purpose.

(4) (A) The designated beneficiary of a deceased Member *[or of a deceased retiree who elected Option 1 at retirement]* **prior to retirement** shall be entitled to receive payment of the accumulated contributions of the deceased member [, *or any balance of the deceased retiree’s accumulated contributions in excess of the total retirement allowances paid,*] if an alternate benefit is not elected by the beneficiary. **If the member fails to designate a beneficiary on the form provided, if the beneficiary designation form on file is deemed invalid by operation of Section 169.076.2, or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.076, RSMo.**

(B) **The designated beneficiary of a deceased retiree who retired before January 1, 2012 and elected Option 1 at retirement, shall be entitled to receive any balance of the deceased retiree’s accumulated contributions in excess of the total**

retirement allowances paid. If the retiree fails to designate a beneficiary on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.070.4, RSMo.

(C) All members retiring on or after January 1, 2012, who elect Option 1 must designate a beneficiary at or after the time of their retirement and any beneficiary designation made prior to the member's retirement shall be deemed void at the time of their retirement. Any beneficiary designated at or after retirement by a retiree electing Option 1 shall, upon the retiree's death, be entitled to receive any balance of the deceased retiree's accumulated contributions in excess of the total retirement allowances paid. If the retiree fails to designate a beneficiary at or after retirement on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.070.4, RSMo.

(D) [In a like manner,] If both a retiree who elected Option 2, 3 or 4 and the designated joint survivor under the option are deceased, any existing balance of the deceased retiree's accumulated contributions in excess of the total retirement allowances paid to the retiree and to the joint survivor shall be paid to the beneficiary designated for that purpose. If the retiree fails to designate a beneficiary on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.070.4, RSMo.

(E) [However,n] No payment of accumulated contributions shall be made to an estate except through the personal representative who has been legally qualified and who shall file a certified copy of the appointment; except, that in cases where the court does not appoint a personal representative, payment shall be made upon order of the court to the person(s) designated by the court, or in the absence of court order, the system may make payment to a surviving heir if all known surviving heirs sign an Indemnity Agreement and file this agreement with the board of trustees prior to the payment where such agreement would adequately protect the system; or payment may be made in accordance with the provisions of section 473.097, RSMo, relating to small estates.

(5) Payments due a beneficiary of a deceased service retiree under Option 2, 3, 4, 5, or 6 shall commence with the month following the month in which the retiree dies. Payments due a beneficiary under Option 2, 3, or 4 shall cease with the payment at the end of the month in which the death of the beneficiary occurs. Under Options 5 and 6, if the retiree dies prior to receiving one hundred twenty (120) or sixty (60) monthly payments, respectively, the remainder of such monthly payments shall be paid to the retiree's primary beneficiary. If the primary beneficiary dies prior to receiving the remainder of the one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the remainder of such monthly payments shall be paid to the retiree's first contingent beneficiary. If the first contingent beneficiary dies prior to receiving the remainder of one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the remainder of such monthly payments shall be paid to the retiree's second contingent beneficiary. If there is no primary or contingent beneficiary who survives the retiree for the remainder of the one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the reserve of the

remainder of such payments shall be paid *[to the estate of the last person to receive a monthly payment]* **in accordance with section 169.070.3(1), RSMo.**

(13) The five thousand dollar (\$5,000) death benefit payable pursuant to section 169.070.20, RSMo, shall be payable to the beneficiary designated by the member to receive such benefit. If the member fails to designate a beneficiary on the form provided or if no beneficiary designated on the form provided survives the member, the death benefit shall be paid in accordance with section 169.070.~~[20]~~**21**, RSMo.

16 CSR 10-6.090 Beneficiary

PURPOSE: This rule sets forth the procedure for establishing beneficiaries and their eligibility for benefits as authorized in sections 169.663 and 169.670, RSMo.

(2) A member may change beneficiary(ies) **at any time prior to retirement** by filing a request for change with the board of trustees on a form furnished by the board for this purpose.

(4) **(A)** The designated beneficiary of a deceased member~~[, or of a deceased retiree who elected Option 1 at retirement,]~~ **prior to retirement** shall be entitled to receive payment of the accumulated contributions of the deceased member~~[, or any balance of the deceased retiree's accumulated contributions in excess of the total retirement allowances paid,]~~ if an alternate benefit is not elected by the beneficiary. **If the member fails to designate a beneficiary on the form provided, if the beneficiary designation form on file is deemed invalid by operation of Section 169.676.2, or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.676, RSMo.**

(B) The designated beneficiary of a deceased retiree who retired before January 1, 2012 and elected Option 1 at retirement, shall be entitled to receive any balance of the deceased retiree's accumulated contributions in excess of the total retirement allowances paid. If the retiree fails to designate a beneficiary on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.670.5, RSMo.

(C) All members retiring on or after January 1, 2012, who elect Option 1 must designate a beneficiary at or after the time of their retirement and any beneficiary designation made prior to the member's retirement shall be deemed void at the time of their retirement. Any beneficiary designated at or after retirement by a retiree electing Option 1 shall, upon the retiree's death, be entitled to receive any balance of the deceased retiree's accumulated contributions in excess of the total retirement allowances paid. If the retiree fails to designate a beneficiary at or after retirement on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.670.5, RSMo.

(D) [In a like manner, i] If both a retiree who elected Option 2, 3 or 4 and the designated joint survivor under the option are deceased, any existing balance of the deceased retiree’s accumulated contributions in excess of the total retirement allowances paid to the retiree and to the joint survivor shall be paid to the beneficiary designated for that purpose. **If the retiree fails to designate a beneficiary on the form provided or if no beneficiary designated on the form provided survives the member, the benefit shall be paid in accordance with section 169.670.5, RSMo.**

(E) [However, n] No payment of accumulated contributions shall be made to an estate except through the personal representative who has been legally qualified and who shall file a certified copy of the appointment; except that in cases where the court does not appoint a personal representative, payment shall be made upon order of the court to the person(s) designated by the court or in the absence of court order the system may make payment to a surviving heir if all known surviving heirs sign an Indemnity Agreement and file this agreement with the board of trustees prior to the payment where such agreement would adequately protect the system; or payment may be made in accordance with the provisions of section 473.097, RSMo, relating to small estates.

(5) Payments due a beneficiary of a deceased service retiree under Option 2, 3, 4, 5, 6, or 7 shall commence with the month following the month in which the retiree dies. Payments due a beneficiary under Option 2, 3, 4, or 7 shall cease with the payment at the end of the month in which the death of the beneficiary occurs. Under Options 5 and 6, if the retiree dies prior to receiving one hundred twenty (120) or sixty (60) monthly payments, respectively, the remainder of such monthly payments shall be paid to the retiree’s primary beneficiary. If the primary beneficiary dies prior to receiving the remainder of the one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the remainder of such monthly payments shall be paid to the retiree’s first contingent beneficiary. If the first contingent beneficiary dies prior to receiving the remainder of one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the remainder of such monthly payments shall be paid to the retiree’s second contingent beneficiary. If there is no primary or contingent beneficiary who survives the retiree for the remainder of the one hundred twenty (120) or sixty (60) monthly payments under Option 5 or 6, respectively, the reserve of the remainder of such payments shall be paid *[to the estate of the last person to receive a monthly payment]* **in accordance with section 169.670.4(1), RSMo.**

PSRS4361
PEERS2600

Mr. Hoffman seconded the motion. Voting “Aye”—Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Pension
Project**

Mr. Dearld Snider updated the Board on the progress of the pension project. Mr. Snider reported that, overall, the project is a couple of weeks behind. He indicated that they have been testing Phase 2 and working on the schedule for training of school district employees. He also stated that the decision had been made to delay development of a member home page and the web member portal until after the go live date of April 2013 in order to increase the probability of meeting that date.

**Legislative
Update**

Mr. Jim Moody updated the Board on state revenue and briefly discussed a revenue reporting error from the previous fiscal year which had recently been in the news. He indicated that the current budget contains federal stimulus money that will not be available next year. Ms. Maria Walden reported that, to date, no bills had been introduced that would affect PSRS. Several bills have been introduced relating to retirement for general assembly members and one bill affecting LAGERS.

**Public
Comment**

There were no public comments.

**Closed
Session**
PSRS4362
PEERS2601

Mr. Cupps moved that the meeting continue in closed session to hear the legal report and to review personnel matters in accordance with section 610.021 (1), (3) and (13), RSMo. Mr. Hoffman seconded the motion. Voting “Aye” —Zalis, Wheeler, Cupps, Heath, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

Motion No. PSRS4363 and PSRS4364 were made in closed session.
Motion No. PEERS2602 and PEERS2603 were made in closed session.

Adjournment

The meeting adjourned following closed session.