2018-2019 School Year
Contribution Rates Unchanged;
January 1, 2018 COLA Set at 1.63%

A PEERS Pre-Retirement Seminar Will Help You Get Ready for Retirement

Contact Us
PO Box 268
3210 W. Truman Blvd.
Jefferson City, MO
65102-0268
Call Toll Free (800) 392-6848
or (573) 634-5290

Email
psrspeers@psrspeers.org

Web
www.psrs-peers.org
At the November 2-3, 2017 meeting of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) Board of Trustees, the Board made several important decisions to ensure the ongoing financial health of the Systems. The meeting included detailed analysis and discussion by the Board, the Systems’ actuary, PricewaterhouseCoopers, management and educational associations, which culminated in decisions designed to provide an ongoing funding policy that provides continued financial stability for the Retirement Systems.

“The Board has a fiduciary responsibility to operate the Systems in a prudent manner that best serves all members equally, no matter what their life or career stage. We had good discussions and considered a lot of meaningful data and research. As a result, I feel we made sound decisions and set policies that will help keep the Systems financially healthy for the long-term.”

Aaron Zalis, Board Chairman

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To meet the Systems’ ongoing goals, the Board took action on the Systems’ 2018-2019 contribution rates, assumed rate of investment return, and COLA policy.

Assumed Rate of Investment Return Decreased

The Board voted to reduce the assumed rate of return on investments from 7.75% to 7.6% due to the continued low interest rate and capital market environments.

Contribution Rates Unchanged for 2018-2019 School Year

On the recommendation of the Systems’ actuary, the Board voted to maintain active member and employer contribution rates for PEERS at 13.72% (6.86% each for the member and employer) and PSRS at 29% (14.5% each for the member and employer). These contribution rates, along with the assumed investment return rate, continue to provide the Systems with the level of funding necessary to maintain the Systems’ healthy financial status.

<table>
<thead>
<tr>
<th>2018-2019 PEERS Contribution Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Rate</td>
</tr>
<tr>
<td>6.86%</td>
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Continued on page 4
After the analysis and discussion, the Board set a new COLA policy that will become effective with the January 2019 COLA. The policy contains a cumulative CPI calculation when the CPI-U falls between 0% and 2%.

<table>
<thead>
<tr>
<th>CPI-U</th>
<th>COLA</th>
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<tbody>
<tr>
<td>Less than 0%</td>
<td>0%</td>
</tr>
<tr>
<td>0% to 2%</td>
<td>0% if cumulative CPI-U is below 2%</td>
</tr>
<tr>
<td>0% to 2%</td>
<td>2% if cumulative CPI-U is 2% or more</td>
</tr>
<tr>
<td>2% - 5%</td>
<td>2%</td>
</tr>
<tr>
<td>More than 5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

The cumulative COLA calculation only applies when the CPI-U is between 0% and 2%. The new cumulative COLA calculation period resets to zero after a 2% COLA is provided and begins again.

The Board voted to grant eligible PSRS and PEERS benefit recipients a 1.63% cost-of-living adjustment (COLA) effective January 1, 2018.

The COLA decision is based in part on the Consumer Price Index for Urban Consumers (CPI-U) as determined by the U.S. Bureau of Labor Statistics for the previous fiscal year. The increase in the CPI-U for PSRS/PEERS’ fiscal year 2017 is 1.63%.

Other factors in the decision included the analysis and recommendation of the Systems’ actuary, and requirements set in Missouri law regarding the setting of the COLA by the Board of Trustees.

New COLA Policy Adopted Effective with January 1, 2019 COLA

In addition to setting the COLA for the upcoming year, the Board reviewed seven different scenarios with data provided by the Systems’ actuary, PricewaterhouseCoopers (PwC) to determine a longer-term COLA policy that best fits with the Systems’ funding goals.

A PEERS Pre-Retirement Seminar Will Help You Get Ready for Retirement

If you are considering retirement, we recommend attending a PEERS Pre-Retirement Planning Seminar. Seminars are held around the state throughout the year, providing valuable information you need to know as you prepare for retirement. A retirement counselor delivers an overview of benefits, payment plans and how to apply for retirement. You will also receive a personalized benefit estimate.

Register early – seating is limited and we cannot accept late registrations. Log in to Web Member Services at www.psrs-peers.org to register or call us toll free at (800) 392-6848. You need an idea of your retirement date and your beneficiary’s name and birth date. If you are unsure of your retirement date or eligibility, you can get information by running your own benefit estimate in Web Member Services found on our website, or you can call us and we will be happy to help.

We look forward to seeing you at a seminar!
PSRS/PEERS Investments Return 12.5% for Fiscal Year 2017; Off to a Solid Start for Fiscal Year 2018

PSRS and PEERS earned an investment return of 12.5% for the fiscal year ended June 30, 2017. The total plan return exceeded both the policy benchmark of 11% and the long-term objective (actuarial assumption) of 7.75%.

Over long periods of time, the Systems continue to produce investment returns that meet or exceed the System’s objective. The annualized investment return for PSRS and PEERS over the last five years is 9.5%, and 8.4% over the last 30 years.

PSRS and PEERS maintain a diversified asset allocation of stocks, bonds, real estate, hedged assets and private equity. In the last year, the best performing asset classes for the Systems were non-U.S. equity with a return of 20.4% and private equity, which produced a return of 20.1%.

As we move through the first four months of fiscal year 2018, stock markets throughout the world continue to reach new highs. The Systems have benefited from the strong markets and the estimated investment return for PSRS and PEERS for the first four months of fiscal year 2018 (July 1, 2017 through October 31, 2017) is approximately 4.5%.

However, we remain mindful of the fact that most asset classes (specifically global stock markets) are fully valued, and that volatility in all investment markets is beginning to increase. As a result, we will continue to manage the PSRS and PEERS assets with a focus on return, but also with a keen awareness of the embedded risks.

The market value of invested assets for PSRS and PEERS combined were approximately $42.8 billion on October 31, 2017, making the joint entity larger than all other public retirement plans in Missouri combined, and the 43rd largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psrs-peers.org.

2017 Member Statements Available Online; Paper Statements Mailed in November

No matter what your age or career stage, your annual Member Statement is a quick, easy way to get a comprehensive look at your PEERS membership.

Your statement is available online by logging in to PEERS Web Member Services at www.psrs-peers.org, and a paper copy was mailed to you in November.

Your statement includes:
• Estimated future service retirement benefits
• Your salaries and contributions
• A list of your employment and employers
• Details of the service you have earned
• Your current beneficiary designation
• Information on possible disability and survivor benefits
• A look at any service purchases you may have

When you are reading, take particular note of the following:

• Are your salaries, service and employers listed correctly? If not, contact your employer so corrections can be made.

• Is your contact information on record with PEERS current? If not, you can update your address, phone and email by logging in to Web Member Services at www.psrs-peers.org, or contact us for a Member Information Change form (also available on our website to download and print).

• Is your beneficiary designation current? If you have had a life change such as a birth, death or divorce since you filed your designation, it is void and you need to send us an updated Pre-Retirement Beneficiary Designation form, also found on our website.
Use Web Member Services to Stay Informed About Your Membership and Benefits

Even though it may seem like retirement is a world away, it is important to be familiar with your retirement benefits and the basics of your PEERS membership, even while you are working.

Now it is easier than ever to get quick information about your membership, beneficiary designations and future benefits, using PEERS Web Member Services at www.psrsp-peers.org. Register for access using the Member Log-in link at the top right corner of the screen.

Access to your membership information online requires that you establish a user name and password. When setting up your online access, you will be required to enter a temporary PIN we will provide you by mail. This process is designed to help ensure your membership information is not accessed fraudulently by someone other than you.

You can use Web Member Services to view and update your mailing address, email address and phone number on file with PEERS.

You will also find:

- A benefit estimator to estimate your future service retirement benefits and show the dates you will be eligible for early and normal (full) benefits
- A summary of your service on record with PEERS
- A year-by-year history of your service and salaries with each covered employer
- Your current beneficiary designation with PEERS. Please be sure to make any necessary updates to your beneficiary designation to ensure benefits are paid according to your wishes.
- Information about any open service purchases, and any amounts due
- Your current and archived Member Statements

It’s quick and easy to stay up-to-date with PEERS Web Member Services. Visit today!