

2008 SUMMARY REPORT TO MEMBERS

for the fiscal year ended June 30, 2008



This picture represents Hazelwood Southeast Middle School, one of four middle schools opened by the Hazelwood School District in the 2007-2008 school year.

Our Mission:

The Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS) work in partnership with the member school districts of this state to provide eligible employees and their beneficiaries with a significant source of income based on the employee's length of service and compensation in order to enhance retirement, disability and death benefits received from other sources.

SNAPSHOT OF PSRS AND PEERS MEMBERS

PSRS Active Member Profile

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------------------|----------|----------|----------|----------|----------|
| Average Age | 42.2 | 42.3 | 42.4 | 42.5 | 42.5 |
| Average Years of Service | 11.1 | 11.1 | 11.2 | 11.4 | 11.4 |
| Average Annual Salary | \$53,667 | \$51,616 | \$49,983 | \$47,944 | \$46,184 |

PEERS Active Member Profile

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--------------------------|----------|----------|----------|----------|----------|
| Average Age | 46.8 | 46.6 | 46.4 | 46.6 | 46.2 |
| Average Years of Service | 7.3 | 7.2 | 7.1 | 7.1 | 7.0 |
| Average Annual Salary | \$27,082 | \$25,876 | \$24,716 | \$22,645 | \$21,466 |

PSRS Total Membership

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------|---------|---------|---------|---------|---------|
| Active | 78,436 | 77,121 | 75,539 | 73,850 | 73,797 |
| Inactive | 11,580 | 11,607 | 11,753 | 11,692 | 11,674 |
| Retired | 38,045 | 36,257 | 34,631 | 33,001 | 31,052 |
| Disabled | 691 | 683 | 671 | 664 | 630 |
| Survivors | 3,002 | 2,888 | 2,808 | 2,656 | 2,548 |
| Total Membership | 131,754 | 128,556 | 125,402 | 121,863 | 119,701 |

PEERS Total Membership

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|------------------|--------|--------|--------|--------|--------|
| Active | 50,865 | 49,281 | 48,188 | 46,598 | 45,880 |
| Inactive | 16,623 | 17,414 | 17,924 | 18,371 | 18,837 |
| Retired | 16,696 | 16,009 | 15,322 | 14,770 | 14,159 |
| Disabled | 514 | 489 | 478 | 448 | 431 |
| Survivors | 1,078 | 1,041 | 960 | 924 | 855 |
| Total Membership | 85,776 | 84,234 | 82,272 | 81,111 | 80,162 |

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SNAPSHOT OF PSRS AND PEERS MEMBERS

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PSRS Members Retiring by Year

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|---------|---------|---------|---------|---------|
| Number of Retirements | 2,590 | 2,376 | 2,433 | 2,360 | 2,451 |
| Average Age | 57.9 | 57.4 | 57.4 | 57.0 | 56.8 |
| Average Years of Service | 24.5 | 25.4 | 25.3 | 25.7 | 26.2 |
| Average Option 1 Monthly Benefit | \$3,214 | \$3,259 | \$3,164 | \$3,108 | \$3,108 |

PEERS Members Retiring by Year

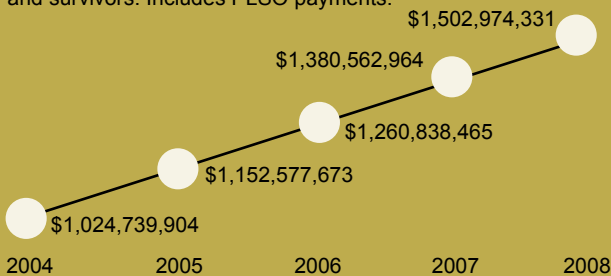
| | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|-------|-------|-------|-------|-------|
| Number of Retirements | 1,245 | 1,220 | 1,069 | 1,092 | 1,075 |
| Average Age | 62.5 | 62.4 | 62.4 | 62.6 | 62.5 |
| Average Years of Service | 16.5 | 16.6 | 16.9 | 16.7 | 16.8 |
| Average Option 1 Monthly Benefit | \$667 | \$638 | \$609 | \$582 | \$572 |



The Public School Retirement System covers certificated employees of most Missouri public school districts. The Public Education Employee Retirement System covers most non-certificated employees of most Missouri public school districts. In addition, the Systems also cover employees of several statewide educational organizations. The schools pictured above represent a just a few of the many schools in the Systems. From left to right they are Camdenton High School, Graden Elementary School in Park Hill, Clever High School, Neosho High School, Kirbyville Elementary School, Stony Point Elementary School in Grain Valley, and Hallsville Primary School. These are just a few of the schools growing throughout Missouri.

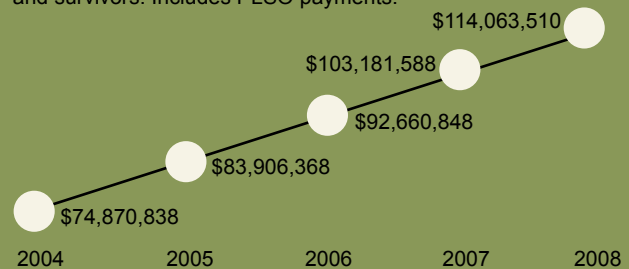
Total PSRS Benefits Paid Over Time

Benefits paid to retirees, disability retirees and survivors. Includes PLSO payments.



Total PEERS Benefits Paid Over Time

Benefits paid to retirees, disability retirees and survivors. Includes PLSO payments.



Profile: PSRS 2007-2008 School Year Retirees

| Years of Service Credit at Retirement | Number of Retirements | Average Service Credit | Average Option 1 Benefit |
|---------------------------------------|-----------------------|------------------------|--------------------------|
| 5-9.99 | 226 | 6.9 | \$612 |
| 10-14.9 | 197 | 12.1 | \$1,079 |
| 15-19.9 | 200 | 17.2 | \$1,876 |
| 20-24.9 | 406 | 22.5 | \$2,765 |
| 25-30.9 | 759 | 27.5 | \$3,532 |
| 31 and over | 802 | 32.5 | \$4,726 |

Profile: PEERS 2007-2008 School Year Retirees

| Years of Service Credit at Retirement | Number of Retirements | Average Service Credit | Average Option 1 Benefit |
|---------------------------------------|-----------------------|------------------------|--------------------------|
| 5-9.99 | 363 | 6.9 | \$187 |
| 10-14.9 | 262 | 12.0 | \$382 |
| 15-19.9 | 142 | 17.5 | \$655 |
| 20-24.9 | 229 | 22.1 | \$966 |
| 25-30.9 | 181 | 27.6 | \$1,305 |
| 31 and over | 68 | 34.6 | \$1,650 |

The largest percentage of the Systems' benefit recipients are service retirees. Service retirement benefits are payable to members who have met age and service requirements. Disability benefits are paid to members who are unable to earn a livelihood due to permanent disability and who have met eligibility criteria. Beneficiary payments are also available to survivors if the retiree elects this option at retirement.

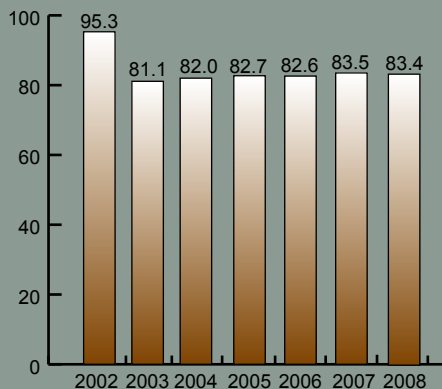


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FUNDING STATUS

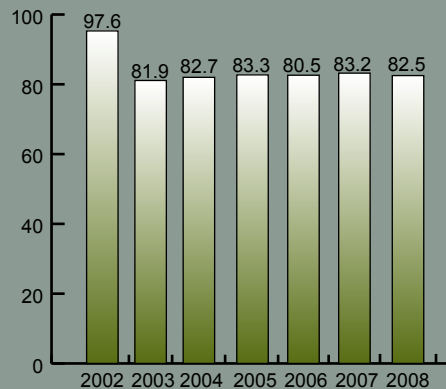
PSRS Funding Ratio

(Actuarial Value of Assets as a Percentage of Actuarial Accrued Liabilities)



PEERS Funding Ratio

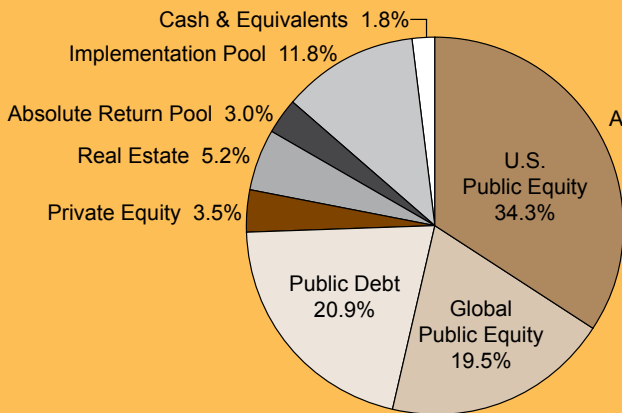
(Actuarial Value of Assets as a Percentage of Actuarial Accrued Liabilities)



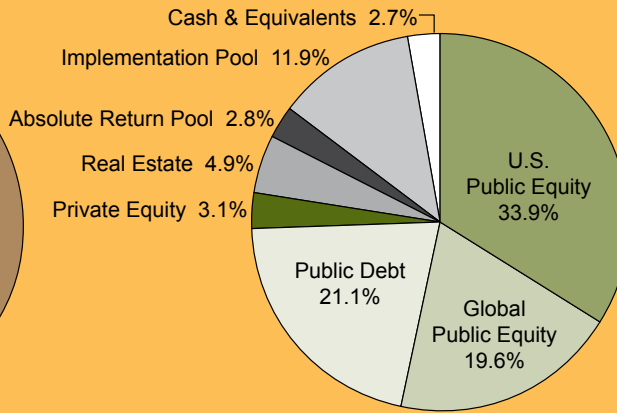
Comparing the actuarial value of assets to the actuarial accrued liability determines the funded percentage of the Systems. The funded percentage shows the plan's ability to pay projected benefits with today's dollars. PSRS is 83.4% pre-funded on an actuarial basis, and PEERS is 82.5% pre-funded.

INVESTMENT PERFORMANCE

Diversification of Portfolio as of June 30, 2008



PSRS



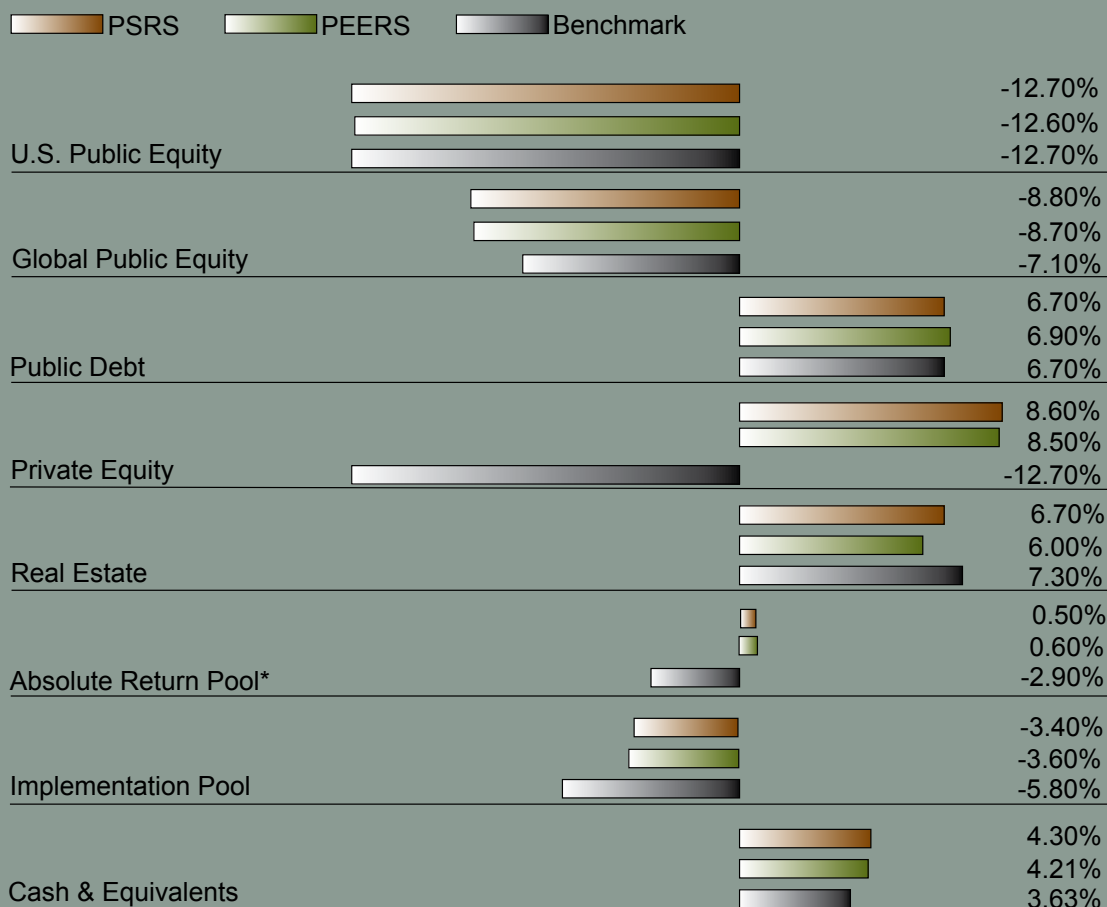
PEERS

Diversification among investments that display unique risk and return characteristics provides the framework for the selection of an asset allocation that is expected, in the aggregate, to give the Systems the highest long-term return within a prudent risk level.



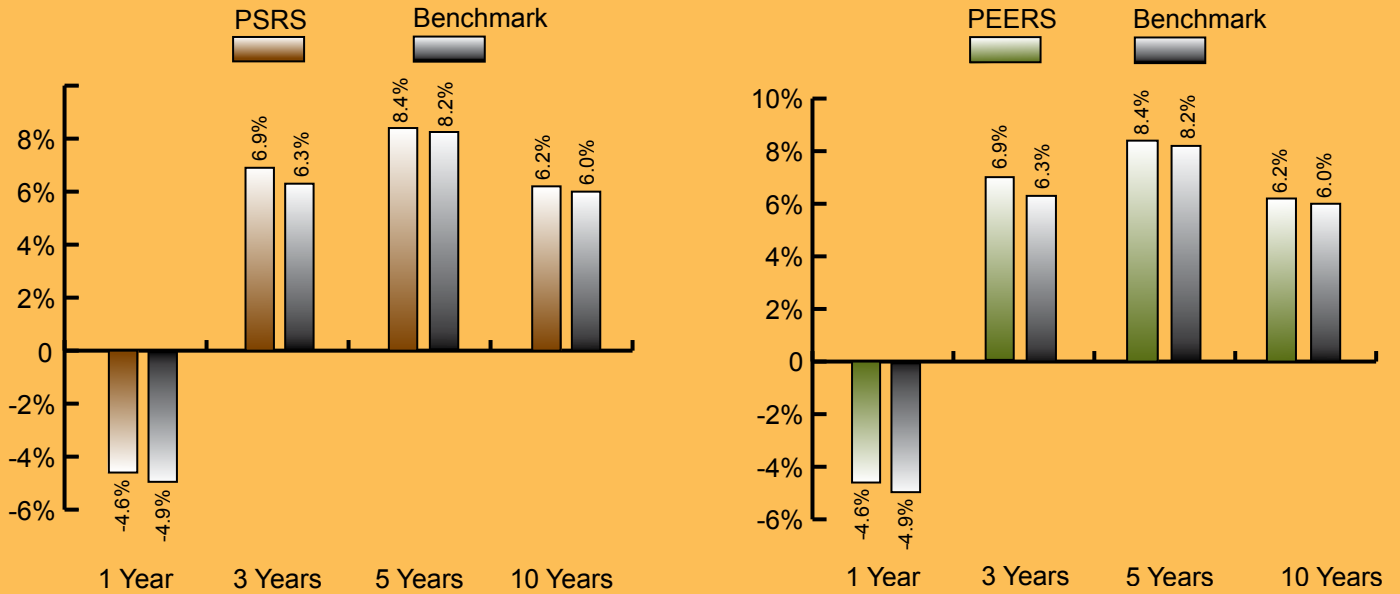
Investment Performance: One-Year Returns

Investment returns were prepared using a time-weighted rate of return based on market values.



* Represents the Absolute Return Strategic Benchmark.

Total Portfolio Returns Compared to Benchmark as of June 30, 2008



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Growth In Assets

Both Systems Combined*

| | |
|------|------------------|
| 1994 | \$9,808,959,844 |
| 1995 | \$11,579,589,709 |
| 1996 | \$13,162,667,991 |
| 1997 | \$15,851,885,580 |
| 1998 | \$18,742,901,380 |
| 1999 | \$20,704,928,457 |
| 2000 | \$22,233,023,577 |
| 2001 | \$21,659,200,634 |
| 2002 | \$20,850,936,094 |
| 2003 | \$21,585,656,371 |
| 2004 | \$23,897,002,979 |
| 2005 | \$25,650,878,213 |
| 2006 | \$27,732,865,778 |
| 2007 | \$31,782,820,580 |
| 2008 | \$29,827,180,438 |

* Market value of investments as of June 30th of each year

STOCK HOLDINGS

Top Ten Stock Holdings and Their Market Values

As of June 30, 2008

PSRS Top Ten Stock Holdings

| Number | Company | Market Value |
|--------|------------------|----------------|
| 1 | GOOGLE INC | \$ 106,760,608 |
| 2 | APPLE INC | \$ 100,824,666 |
| 3 | EXXON MOBIL CORP | \$ 93,748,993 |
| 4 | CHEVRON CORP | \$ 91,460,312 |
| 5 | CONOCO PHILLIPS | \$ 74,478,901 |
| 6 | NESTLE SA | \$ 73,271,409 |
| 7 | E ON AG | \$ 61,143,819 |
| 8 | GENETECH INC | \$ 58,176,895 |
| 9 | VODAPHONE GROUP | \$ 57,922,522 |
| 10 | TOTAL SA | \$ 57,340,480 |



PEERS Top Ten Stock Holdings

| Number | Company | Market Value |
|--------|------------------|---------------|
| 1 | GOOGLE INC | \$ 10,116,740 |
| 2 | APPLE INC | \$ 9,638,684 |
| 3 | CHEVRON CORP | \$ 8,606,467 |
| 4 | EXXON MOBIL CORP | \$ 8,338,332 |
| 5 | NESTLE SA | \$ 7,166,446 |
| 6 | CONOCO PHILLIPS | \$ 6,693,478 |
| 7 | E ON AG | \$ 5,863,061 |
| 8 | VODAPHONE GROUP | \$ 5,733,510 |
| 9 | GENETECH INC | \$ 5,199,909 |
| 10 | TOTAL SA | \$ 5,196,445 |

PSRS/PEERS' has constructed a well-diversified asset mix for the Systems. Because of that diversification, even our largest holding of any one stock represents only a small percentage of the total portfolio. For example, as of June 30, 2008, Google Inc stock represented only 0.7% of our total U.S. and Global Public Equity allocation.

FINANCIAL STATEMENTS

Statements of Plan Net Assets

As of June 30, 2008 with comparative totals for June 30, 2007

| | PSRS | PEERS | Combined Totals | |
|--|--------------------------|-------------------------|--------------------------|--------------------------|
| | | | June 30, 2008 | June 30, 2007 |
| ASSETS | | | | |
| Cash | \$ 47,822,523 | \$ 13,656,824 | \$ 61,479,347 | \$ 117,161,436 |
| Receivables | 3,306,861,191 | 287,819,448 | 3,594,680,639 | 5,344,828,843 |
| Investments, at fair value | 27,268,663,326 | 2,564,645,329 | 29,833,308,655 | 32,037,607,127 |
| Invested securities lending collateral | 6,693,492,465 | 743,187,762 | 7,436,680,227 | 4,475,868,863 |
| Prepaid expenses | 586,502 | - | 586,502 | 128,640 |
| Capital assets, Net of accumulated depreciation | 13,706,076 | - | 13,706,076 | 12,764,715 |
| TOTAL ASSETS | 37,331,132,083 | 3,609,309,363 | 40,940,441,446 | 41,988,359,624 |
| LIABILITIES | 9,896,093,461 | 1,033,646,930 | 10,929,740,391 | 10,023,516,507 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| | \$ 27,435,038,622 | \$ 2,575,662,433 | \$ 30,010,701,055 | \$ 31,964,843,117 |



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Statements of Changes in Plan Net Assets

For the year ended June 30, 2008 with comparative totals for the year ended June 30, 2007

| | PSRS | PEERS | Combined Totals | |
|--|--------------------------|-------------------------|--------------------------|--------------------------|
| | | | June 30, 2008 | June 30, 2007 |
| ADDITIONS | | | | |
| Member contributions | \$ 572,810,350 | \$ 81,370,202 | \$ 654,180,552 | \$ 587,233,945 |
| Employer contributions | 521,241,501 | 77,988,839 | 599,230,340 | 541,451,790 |
| Net investment (loss) income | (1,385,701,076) | (130,618,914) | (1,516,319,990) | 4,498,361,527 |
| Other income | 370,053 | 396 | 370,449 | 280,587 |
| Total (deductions) additions | (291,279,172) | 28,740,523 | (262,538,649) | 5,627,327,849 |
| DEDUCTIONS | | | | |
| Monthly benefits | \$ 1,502,974,331 | \$ 114,063,510 | \$ 1,617,037,841 | \$ 1,483,744,552 |
| Refunds of contributions | 46,300,943 | 15,509,484 | 61,810,427 | 57,709,050 |
| Administrative expenses | 8,041,951 | 4,680,634 | 12,722,585 | 11,537,748 |
| Other expenses | 31,802 | 758 | 32,560 | 1,871 |
| Total deductions | 1,557,349,027 | 134,254,386 | 1,691,603,413 | 1,552,993,221 |
| NET (DECREASE) INCREASE | (1,848,628,199) | (105,513,863) | (1,954,142,062) | 4,074,334,628 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of year | 29,283,666,821 | 2,681,176,296 | 31,964,843,117 | 27,890,508,489 |
| End of year | \$ 27,435,038,622 | \$ 2,575,662,433 | \$ 30,010,701,055 | \$ 31,964,843,117 |

2008 Summary Report to Members

for the fiscal year ended June 30, 2008

PSRS/PEERS is pleased to present the **2008 Summary Report to Members** for the fiscal year ended June 30, 2008. This report highlights information from our most recent **Comprehensive Annual Financial Report**. Printed copies of the comprehensive report are available upon request, or may be viewed online at www.psr-s-peers.org.



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