

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

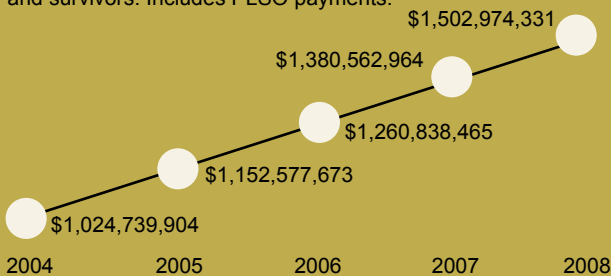
	2008	2007	2006	2005	2004
Number of Retirements	1,245	1,220	1,069	1,092	1,075
Average Age	62.5	62.4	62.4	62.6	62.5
Average Years of Service	16.5	16.6	16.9	16.7	16.8
Average Option 1 Monthly Benefit	\$667	\$638	\$609	\$582	\$572



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.

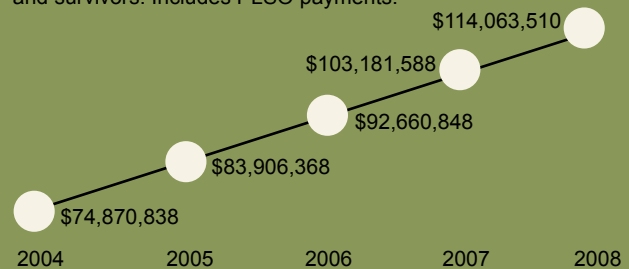
Total PSRS Benefits Paid Over Time

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.

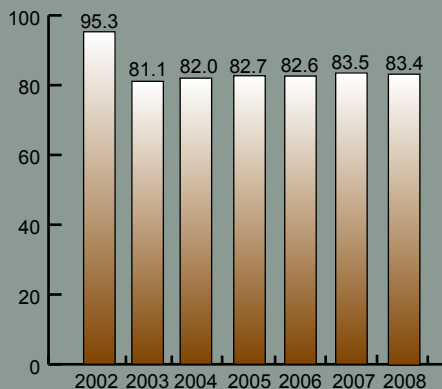


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FUNDING STATUS

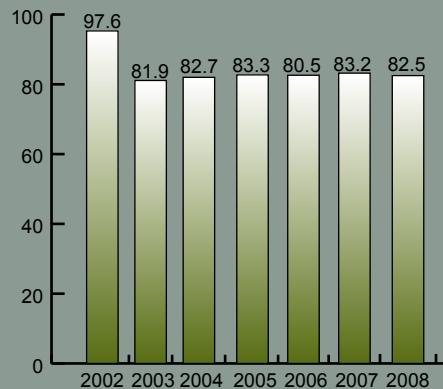
PSRS Funding Ratio

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



PEERS Funding Ratio

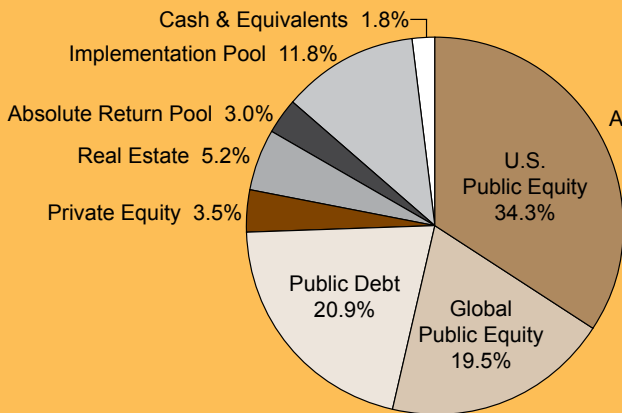
(Actuarial Value of Assets as a Percentage of Actuarial Accrued Liabilities)



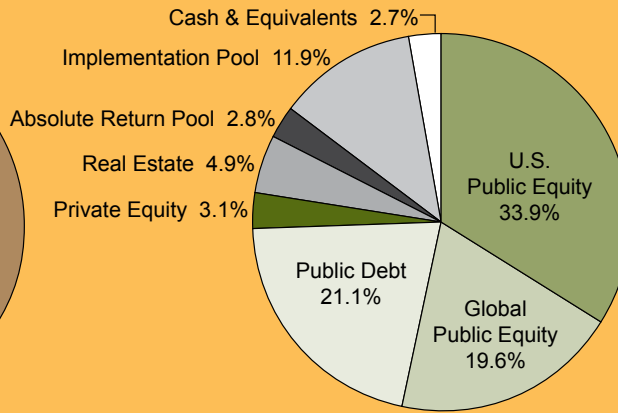
Comparing the actuarial value of assets to the actuarial accrued liability determines the funded percentage of the Systems. The funded percentage shows the plan's ability to pay projected benefits with today's dollars. PSRS is 83.4% pre-funded on an actuarial basis, and PEERS is 82.5% pre-funded.

INVESTMENT PERFORMANCE

Diversification of Portfolio as of June 30, 2008



PSRS



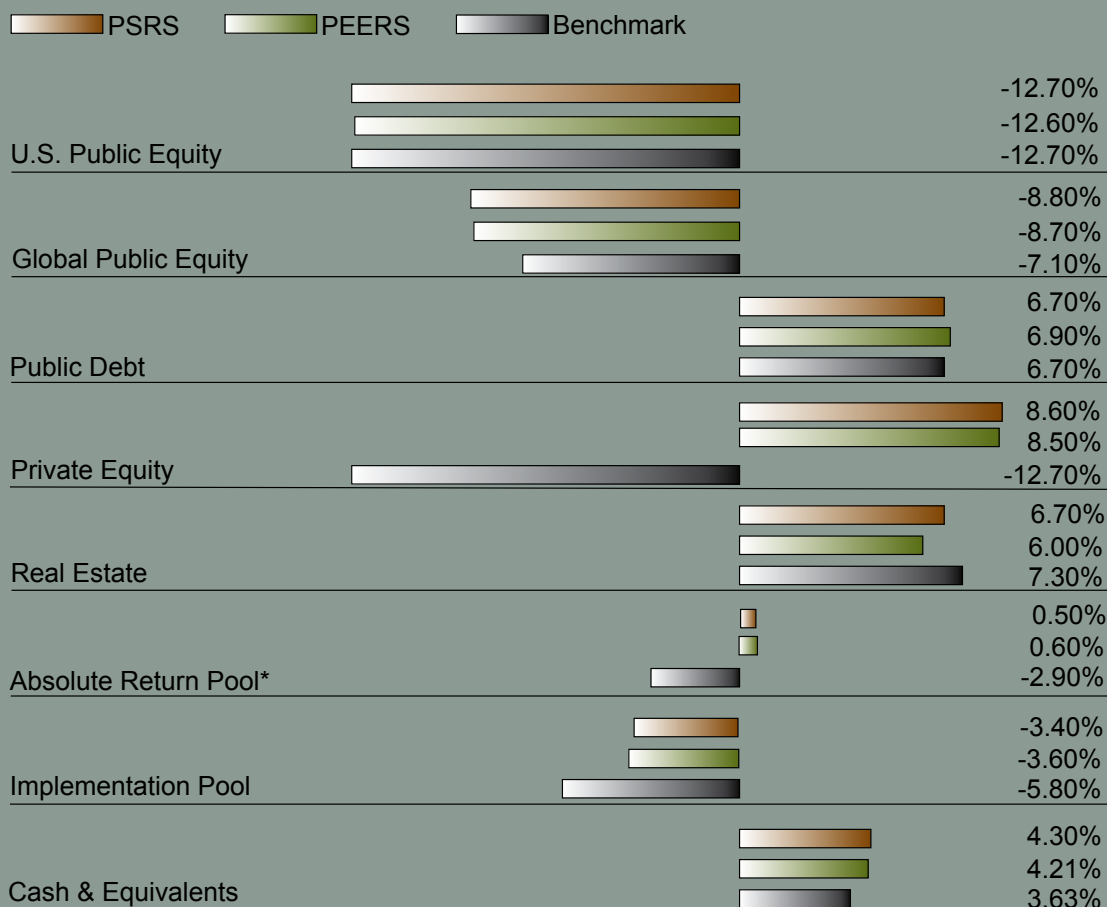
PEERS

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.



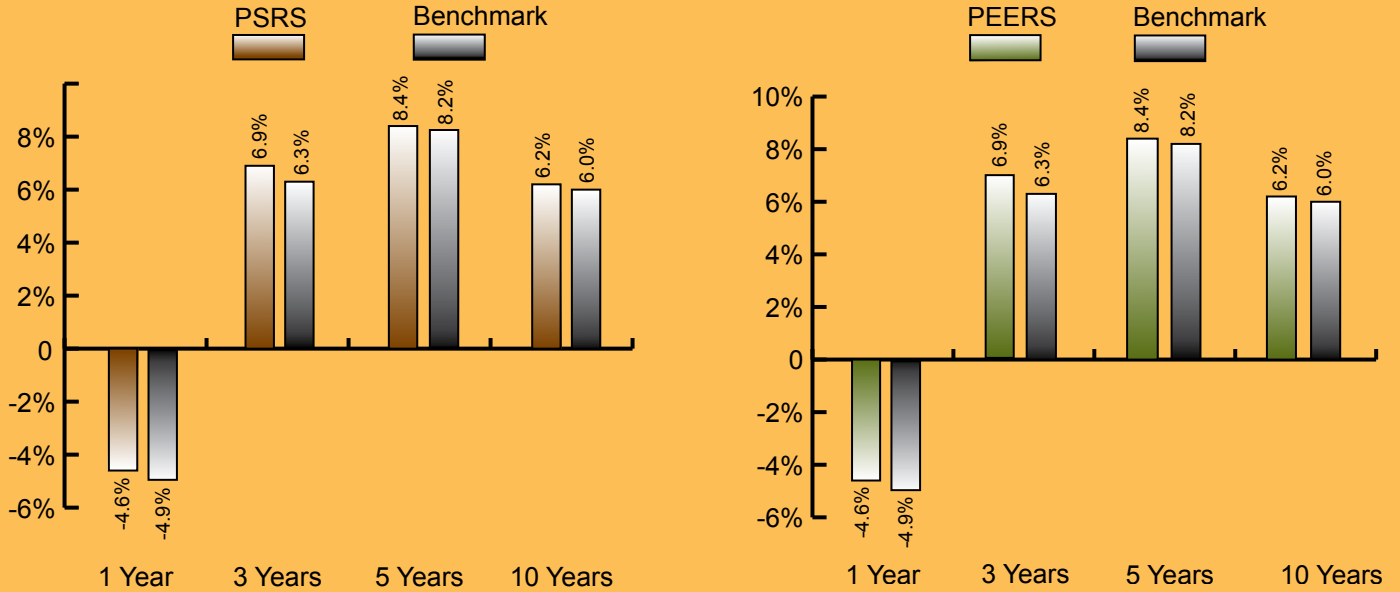
Investment Performance: One-Year Returns

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-peers.org.



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For more information contact:

The Public School and Public Education Employee Retirement Systems of Missouri

PO Box 268
Jefferson City, MO 65102

Toll Free: (800) 392-6848

Fax: (573) 634-5375

Email: member_services@psrsmo.org or member_services@peersmo.org

Web site: www.psr-peers.org