

# PSRS/PEERS 2010 SUMMARY REPORT TO MEMBERS

for the fiscal year ended June 30, 2010

## *P*roviding peace of mind

At PSRS/PEERS, our goal is to provide our state's dedicated education professionals and school employees with a stable, long-term source of retirement income, disability and death benefits. Through experience, innovation and continued commitment to our members, we work to ensure that those who have spent their careers helping educate our state's youth have the financial security – and peace of mind they deserve in retirement.

## A SNAPSHOT OF PSRS AND PEERS MEMBERS

### PSRS ACTIVE MEMBER PROFILE

	2010	2009	2008	2007	2006
Average Age	42.3	42.2	42.2	42.3	42.4
Average Years of Service	11.3	11.1	11.1	11.1	11.2
Average Annual Salary	\$56,701	\$55,957	\$53,667	\$51,616	\$49,983

### PSRS TOTAL MEMBERSHIP

	2010	2009	2008	2007	2006
Active	79,256	79,335	78,436	77,121	75,539
Inactive	11,159	11,570	11,580	11,607	11,753
Retired	41,464	39,897	38,045	36,257	34,631
Disabled	721	696	691	683	671
Survivors	3,282	3,153	3,002	2,888	2,808
Total Membership	135,882	134,651	131,754	128,556	125,402

### PEERS ACTIVE MEMBER PROFILE

	2010	2009	2008	2007	2006
Average Age	47.5	47.1	46.8	46.6	46.4
Average Years of Service	8.0	7.7	7.3	7.2	7.1
Average Annual Salary	\$28,467	\$27,667	\$27,082	\$25,876	\$24,716

### PEERS TOTAL MEMBERSHIP

	2010	2009	2008	2007	2006
Active	50,363	50,978	50,865	49,281	48,188
Inactive	15,355	16,538	16,623	17,414	17,924
Retired	18,274	17,461	16,696	16,009	15,322
Disabled	575	540	514	489	478
Survivors	1,222	1,150	1,078	1,041	960
Total Membership	85,789	86,667	85,776	84,234	82,872



Source of retirement security for Missouri public school employees since 1946.

# Retirement Trends

The total number of PSRS/PEERS retirees and amount of benefits paid each year continue to grow. In fiscal year 2010 (July 1, 2009 to June 30, 2010) we helped 3,779 individuals begin their retirement by providing them with PSRS/PEERS benefits.



## PSRS Members Retiring by Year

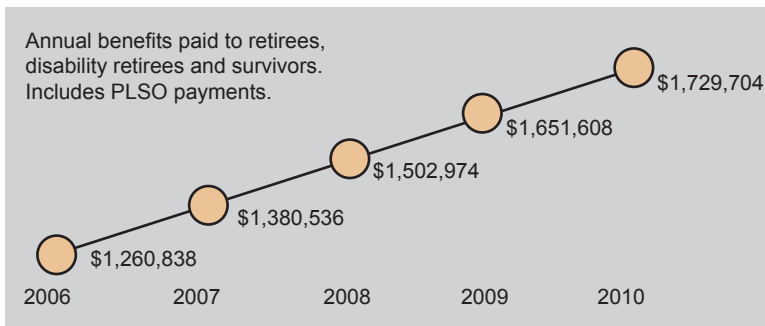
	2010	2009	2008	2007	2006
Number of Retirements	2,379	2,629	2,590	2,376	2,433
Average Age	58.6	58.0	57.9	57.4	57.4
Average Years of Service	23.3	25.1	24.5	25.4	25.3
Average Single Life Monthly Benefit	\$3,197	\$3,424	\$3,214	\$3,259	\$3,164

## PEERS Members Retiring by Year

	2010	2009	2008	2007	2006
Number of Retirements	1,400	1,325	1,245	1,220	1,069
Average Age	62.7	62.9	62.5	62.4	62.4
Average Years of Service	15.2	16.5	16.5	16.6	16.9
Average Single Life Monthly Benefit	\$630	\$694	\$667	\$638	\$609

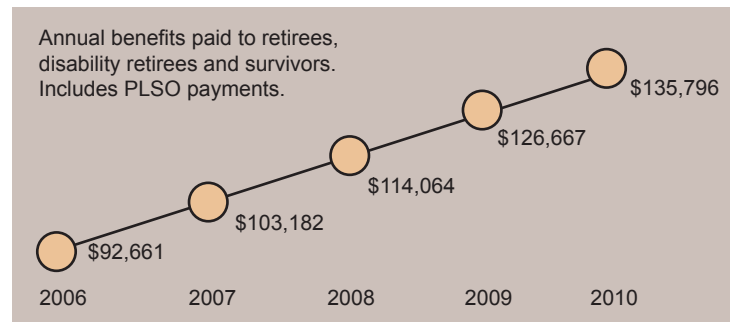
## Total PSRS Benefits Received Over Time

(Dollar amounts in thousands)



## Total PEERS Benefits Received Over Time

(Dollar amounts in thousands)



## *About our retirees*

Most PSRS/PEERS benefit recipients are service retirees. Service retirement benefits are payable to members who have met age and service requirements. Disability benefits are provided for members who are unable to earn a livelihood due to permanent disability and who have met eligibility criteria. The Retirement Systems also provide death benefits to many of the beneficiaries of deceased members.

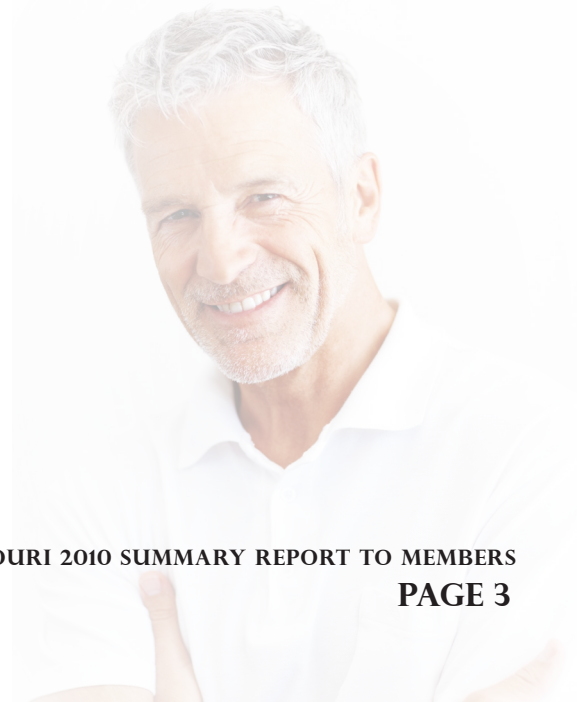
### Profile: PSRS 2009-2010 School Year Retirees

Years of Service Credit at Retirement	Number of Retirees	Average Service Credit	Average Single Life Benefit
5-9.9	271	6.8	\$556
10-14.9	243	12.3	\$1,123
15-19.9	207	17.2	\$1,915
20-24.9	412	22.4	\$2,865
25-30.9	568	27.5	\$3,780
31+	678	32.8	\$5,101

### Profile: PEERS 2009-2010 School Year Retirees

Years of Service Credit at Retirement	Number of Retirees	Average Service Credit	Average Single Life Benefit
5-9.9	503	6.9	\$196
10-14.9	316	12.1	\$384
15-19.9	162	17.3	\$635
20-24.9	180	22.3	\$979
25-29.9	122	27.0	\$1,330
30+	117	32.4	\$1,885

The average 2009-2010 school year Single Life monthly benefit for new PSRS retirees is \$3,197 and for PEERS retirees, \$630. How much will your benefit be? Use our online benefit estimate calculator at [www.psrs-peers.org](http://www.psrs-peers.org) to estimate your own monthly retirement benefit amount.

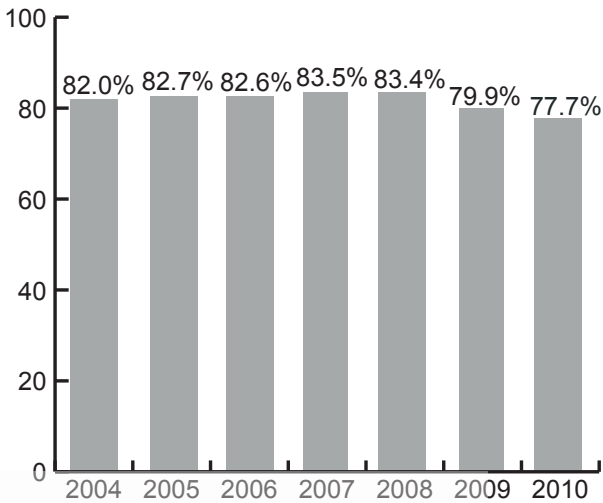


# How PSRS/PEERS is funded

How do we determine how well funded the Systems are? By comparing the value of assets to the amount of benefit promises made to members. This comparison shows the pre-funded status of the Systems, or in other words, the plan's ability to pay projected benefits with today's dollars. As of June 30, 2010, PSRS was 77.7% pre-funded, and PEERS was 79.1% pre-funded - a slight decrease from last year, but still healthy pre-funding levels.

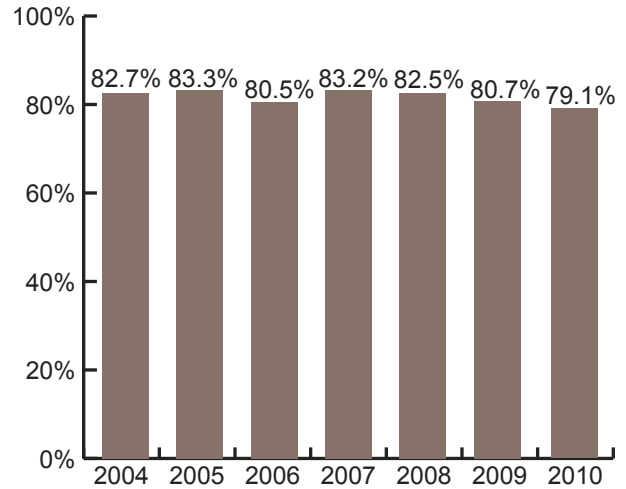
## PSRS Pre-Funded Status

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



## PEERS Pre-Funded Status

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



## Funding Sources

More than half of your future retirement benefit will come from investment earnings.

(Average 1995-2010)



# The Importance of Diversification

There is wisdom in the old saying, “Don’t put all your eggs in one basket.” By investing in a variety of types of investment asset classes, the PSRS/PEERS investment portfolio can better withstand downward market fluctuations in some investment areas. This means the Systems are better able to minimize investment risk and still reach investment return goals.

PSRS/PEERS uses an investment asset allocation structured to withstand short-term shocks to the markets but also provide positive long-term returns to benefit our members.

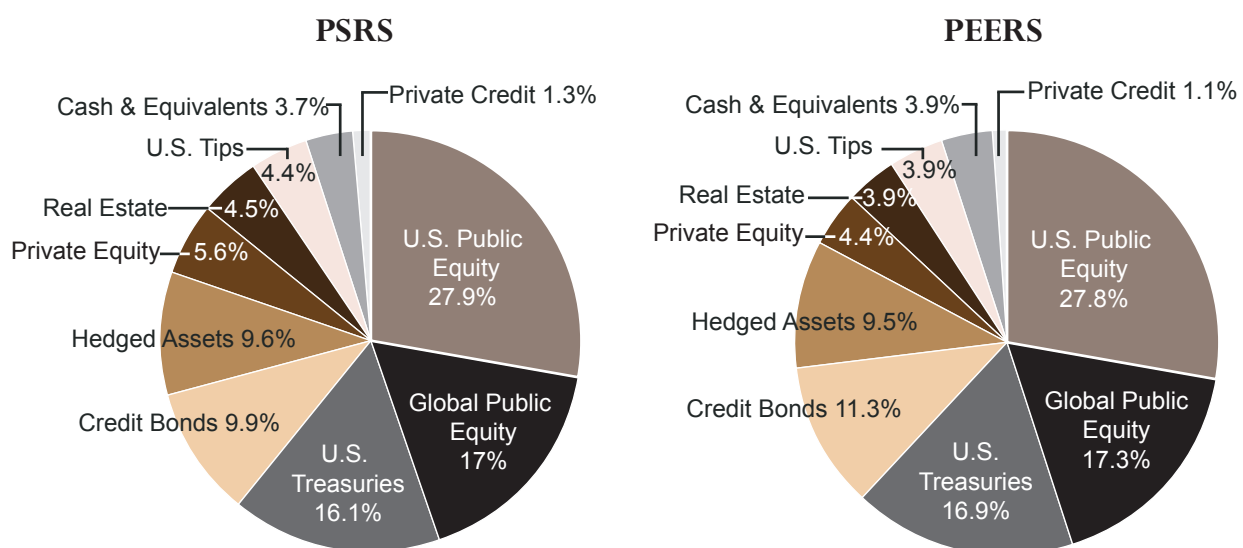
Twenty percent of the System’s investments are targeted for safe assets, such as U.S. Treasury securities. Regardless of the economic environment, PSRS/PEERS has access to the funds needed to meet all benefit payments for an extended period of time.

Private assets, including real estate, credit and private equity, are targeted for another 20% of the PSRS/PEERS portfolio. The private assets have a higher expected long-term return but are not readily accessible in the short-term.

Finally, 60% of the System’s assets, are invested in public risk securities such as stocks, corporate bonds and hedged assets. These securities carry a standard level of day-to-day market risk but are primarily liquid investments with an expected return above our 8% investment return objective.

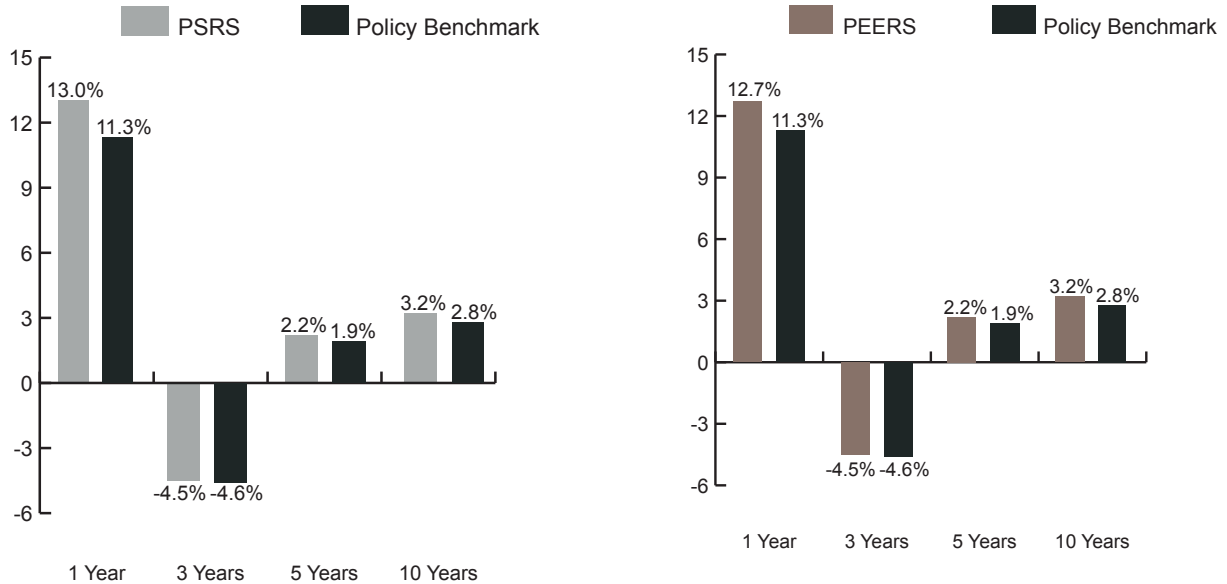
You can think of the asset allocation as a balanced approach. On one end of the spectrum, PSRS/PEERS has very safe and liquid investments and, on the other end, less liquid assets which provide higher returns.

## Diversification of Portfolio as of June 30, 2010



# Investment Performance

## Total Portfolio Returns Compared to Policy Benchmark\* as of June 30, 2010



\*See page 61 in the Comprehensive Annual Financial Report for Benchmark Information.

Our investment program has provided long-term investment results that have exceeded our overall 8% return objective, while also providing the safety and liquidity to withstand significant short-term events in the investment markets.

The total assets of both PSRS and PEERS were approximately \$29.6 billion on January 31, 2011, making the combined entity larger than all other public retirement plans in the state combined, and the 42nd largest defined benefit plan in the United States.

## Growth in Assets

Both Systems Combined\*

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
2009	\$23,606,404,555
2010	\$26,031,875,067

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

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# *Top 10 Stock Holdings and Their Market Values*

## **PSRS Top 10 Stock Holdings**

As of June 30, 2010

<b>Number</b>	<b>Company</b>	<b>Market Value</b>
1	APPLE INC	\$ 90,727,877
2	JP MORGAN CHASE AND CO	\$ 73,266,861
3	GOOGLE INC	\$ 72,191,358
4	WELLS FARGO AND CO	\$ 59,017,344
5	CHEVRON CORP	\$ 51,931,019
6	NESTLE SA	\$ 49,791,447
7	AT&T INC	\$ 43,113,471
8	JOHNSON AND JOHNSON	\$ 43,078,541
9	MICROSOFT CORP	\$ 38,348,926
10	COGNIZANT TECH SOLUTIONS	\$ 36,789,094

## **PEERS Top 10 Stock Holdings**

As of June 30, 2010

<b>Number</b>	<b>Company</b>	<b>Market Value</b>
1	APPLE INC	\$ 9,292,776
2	GOOGLE INC	\$ 7,391,509
3	JP MORGAN CHASE AND CO	\$ 7,311,566
4	WELLS FARGO AND CO	\$ 5,568,640
5	NESTLE SA	\$ 4,901,383
6	CHEVRON CORP	\$ 4,710,773
7	AT&T INC	\$ 3,895,582
8	JOHNSON AND JOHNSON	\$ 3,768,914
9	ROCHE HOLDINGS AG	\$ 3,715,782
10	COGNIZANT TECH SOLUTIONS	\$ 3,539,242

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.

We take pride in the quality of our stock holdings. PSRS/PEERS does not and will not hold investments in any companies identified by the federal government as involved in the support of terrorism.

# *F*inancial Statements

The Statements of Plan Net Assets provide a quick look at what PSRS/PEERS owns and owes at the end of the fiscal year. The net assets of the Systems reflect the resources available to pay benefits to members when due.

## Statements of Plan Net Assets

As of June 30, 2010 with comparative totals for June 30, 2009

	PSRS	PEERS	Combined Totals	
			June 30, 2010	June 30, 2009
<b>ASSETS</b>				
Cash	\$ 66,485,830	\$ 12,840,334	\$ 79,326,164	\$ 38,224,633
Receivables	2,575,364,337	267,504,382	2,842,868,719	2,893,894,219
Investments, at fair value	23,542,430,165	2,384,688,962	25,927,119,127	23,419,232,247
Invested securities lending collateral	1,409,582,003	156,597,922	1,566,179,925	1,338,163,681
Prepaid expenses	1,678,511	120,658	1,799,169	138,328
Capital assets, net of accumulated depreciation	11,675,147	-	11,675,147	12,303,602
<b>TOTAL ASSETS</b>	<b>27,607,215,993</b>	<b>2,821,752,258</b>	<b>30,428,968,251</b>	<b>27,701,956,710</b>
<b>LIABILITIES</b>	<b>3,851,474,523</b>	<b>417,327,628</b>	<b>4,268,802,151</b>	<b>3,999,105,676</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 23,755,741,470</b>	<b>\$ 2,404,424,630</b>	<b>\$ 26,160,166,100</b>	<b>\$ 23,702,851,034</b>





The Statements of Changes in Plan Net Assets show the incoming revenue (additions) and outgoing expenses (deductions) of the systems throughout the fiscal year.

## Statements of Changes in Plan Net Assets

For the year ended June 30, 2010 with comparative totals for the year ended June 30, 2009

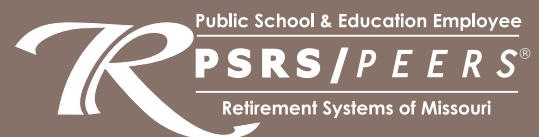
	PSRS	PEERS	Combined Totals	
			June 30, 2010	June 30, 2009
<b>ADDITIONS</b>				
Employer contributions	\$ 594,326,122	\$ 91,478,725	\$ 685,804,847	\$ 649,370,049
Member contributions	636,632,688	95,924,251	732,556,939	689,009,535
Net investment income (loss)	2,723,031,940	261,135,442	2,984,167,382	(5,790,926,529)
Other income	867,024	284	867,308	628,041
<b>Total additions (deductions)</b>	<b>3,954,857,774</b>	<b>448,538,702</b>	<b>4,403,396,476</b>	<b>(4,451,918,904)</b>
<b>DEDUCTIONS</b>				
Monthly benefits	\$ 1,729,704,028	\$ 135,796,464	\$ 1,865,500,492	\$ 1,778,274,393
Refunds of contributions	48,159,590	16,710,950	64,870,540	62,081,357
Administrative expenses	10,026,129	5,280,239	15,306,368	15,553,163
Other expenses	403,960	50	404,010	22,204
<b>Total deductions</b>	<b>1,788,293,707</b>	<b>157,787,703</b>	<b>1,946,081,410</b>	<b>1,855,931,117</b>
<b>NET INCREASE (DECREASE)</b>	<b>2,166,564,067</b>	<b>290,750,999</b>	<b>2,457,315,066</b>	<b>(6,307,850,021)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>				
Beginning of year	21,589,177,403	2,113,673,631	23,702,851,034	30,010,701,055
End of year	<u>\$ 23,755,741,470</u>	<u>\$ 2,404,424,630</u>	<u>\$ 26,160,166,100</u>	<u>\$ 23,702,851,034</u>



# 2010 SUMMARY REPORT TO MEMBERS

for the fiscal year ended June 30, 2010

PSRS/PEERS is pleased to present the *2010 Summary Report to Members* for the fiscal year ended June 30, 2010. 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](http://www.psr-peers.org).



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