

Retired Members | DECEMBER 2023

PEERS Benefit Check

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

Eligible Benefit Recipients to Receive
2% COLA in January 2024

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PSRS/PEERS Named One of the
“Best Places to Work in Money
Management” by *Pensions &
Investments Magazine*



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

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PEERS Benefit Check is published by the Public School and Education Employee Retirement Systems of Missouri.



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Eligible Benefit Recipients to Receive 2% COLA in January 2024

At the October 30, 2023 meeting of the PSRS/PEERS Board of Trustees, the Board voted to provide a 2% cost-of-living adjustment (COLA) for eligible benefit recipients effective January 1, 2024.

The COLA decision is based in part on the Board’s current COLA policy, which takes into consideration the increase in the Consumer Price Index for Urban Consumers (CPI-U) as determined by the U.S. Bureau of Labor Statistics for the previous fiscal year, as well as the recommendation of the Systems’ actuary, PricewaterhouseCoopers (PwC). The total increase in the CPI-U for the 12 months in fiscal year 2023 (July 1, 2022 to June 30, 2023) was 2.9692%.

According to the COLA policy, when the increase in the CPI-U during the measurement period is between 2% and 5%, a 2% COLA is given.

PSRS/PEERS COLA Policy	
CPI-U	COLA
Less than 0.0%	0.0%
0.0% to 2.0%	0.0% when CPI-U is cumulatively below 2.0%
0.0% to 2.0%	2.0% when CPI-U cumulatively reached 2.0% or more*
2.0% to 5.0%	2.0% when CPI-U is at least 2.0%, but less than 5.0%
5.0% or more	5.0%
*resets cumulative calculation after a COLA is provided	

PwC performs an annual actuarial valuation of the Systems each year and presents it to the Board at the October meeting. It includes a detailed look at factors that impact the funded status of the Systems. This information is studied by the Trustees and used in making financial and funding decisions.

It is the Board’s fiduciary responsibility to the Systems and members to make decisions that are consistent with maintaining the Systems’ ongoing financial health and strong funded status.

“The Board understands the financial pressures exerted upon our members during this time of high inflation. The ability to provide a COLA is in line with our mission to provide a benefit that can provide peace of mind to our membership.”

– Dr. Jason Steliga, PSRS/PEERS Board Chair

PSRS/PEERS benefit recipients who are eligible for a COLA will receive specific information regarding the impact on their benefits as part of their annual **Benefit Statement**, available in January 2024.

Contribution Rates Hold Steady For 2024-2025

At their October meeting, the Board of Trustees also voted to maintain active member and employer contribution rates at their current levels for the upcoming school year. The 2024-2025 school year will run from July 1, 2024 to June 30, 2025.

Based on the recommendation of PricewaterhouseCoopers (PwC), the Systems’ actuary, PEERS contribution rates will remain as follows:

2024-2025 PEERS Contribution Rates		
Member Rate	Employer Rate	Combined Rate
6.86%	6.86%	13.72%

“The Board understands the impact of raising contribution rates on our active members, school districts and participating members. The Board recognizes the efforts of our investment team in consistently maintaining long-term returns above our assumed rate of return that enable us to keep contribution rates steady for another year for our members.”

– Dr. Jason Steliga, PSRS/PEERS Board Chair

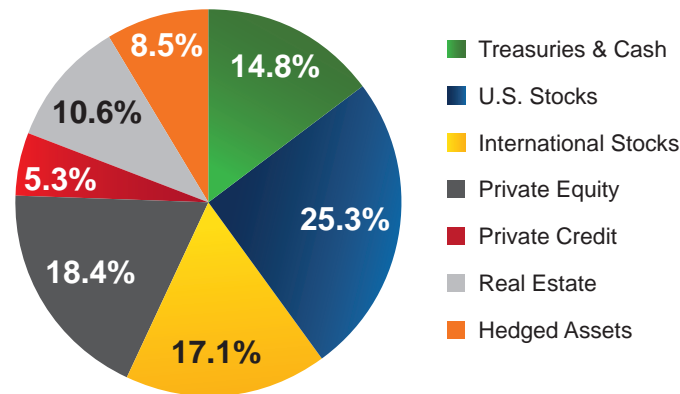
Solid, But Lower, Investment Returns in 2023

Despite higher interest rates and sticky inflation, economic growth proved resilient and global stock markets rose over the first three quarters of calendar year 2023. U.S. stocks (as measured by the S&P 500 Index) returned 13.1% for the year through September 30, 2023, while non-U.S. developed stocks (as measured by the MSCI EAFE Index) moved 7.1% higher. In contrast, interest rates increased significantly this year (due primarily to Federal Reserve intervention), as the yield on the 10-year Treasury Note moved from 3.8% at the beginning of the year to 4.6% on September 30, 2023. This increase in yield contributed to a low return of 0.3% in 2023 (year-to-date) for investors in bonds (when yields rise, bond returns fall).

As we move into the last month of 2023, the investment markets remain fragile due to the combination of continued high inflation and an aggressive Federal Reserve tasked with bringing down prices. The Federal Reserve finds itself in a difficult position, needing to lift short-term interest rates enough to curb inflation, but not so much as to trigger a recession. We would expect market returns to be volatile going forward as investors are faced with higher interest rates, elevated inflation, potential issues in the banking industry, escalating China-U.S. tensions, the continued Ukraine/Russia war, conflict in the Middle East and AI-related advances.

Our long-term goal is to provide consistent and meaningful investment returns to support the retirement benefits of our members. As a large institutional investor, we believe that we are particularly well suited to navigate upcoming markets given our ability to invest over a 30-year time horizon. The following chart illustrates the PSRS/PEERS asset allocation, which is highly diversified among several different investment classes.

PSRS/PEERS Asset Allocation as of September 30, 2023



The PSRS/PEERS asset allocation is balanced with a significant distribution to return-seeking assets such as stocks and private equity but also a healthy allocation to more defensive investments such as Treasury securities, cash and hedged assets. The allocation to private real estate has been particularly additive in the last several years, offering protection in a highly inflationary environment. Additionally, we are spending more time on complementary asset classes (i.e., Private Credit) as an alternative in an uncertain environment. For example, the PSRS/PEERS Private Credit portfolio returned 6.5% in calendar year 2023 (through September 30). We continue to believe it is prudent to maintain a structured and well-diversified portfolio that has an opportunity to participate if the markets move higher, but also has substantial downside protection in the event of a continued market correction.

The table on the following page indicates the investment returns for the major asset classes in the PSRS/PEERS portfolio over the last 10 years, for the period ended September 30, 2023. The 10-year returns offer a normative view of what we would expect over a long time period. Specifically, strong returns from public and private equity, modest returns (and diversification benefits) from bonds and hedged assets.

Continued on page 5

10-Year PSRS/PEERS Investment Returns (by Asset Class)

Treasuries and Cash	0.5%
U.S. Stocks	10.6%
Hedged Assets	5.4%
Private Equity	16.9%
Real Estate	9.4%
Private Credit	8.4%
International Stocks	6.5%

The Systems' long-term investment objective (actuarial assumption) is 7.3% per year. We will not achieve that return goal every year, but expect to meet or exceed that return over long periods of time. For example, the PSRS/PEERS year-to-date investment return for calendar year 2023 (January 1, 2023 through September 30, 2023) is approximately 4.6%. Most importantly, the total plan return of 7.8% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption) and the total plan policy benchmark return of 6.2%.

10-Year Investment Results Period Ending September 30, 2023

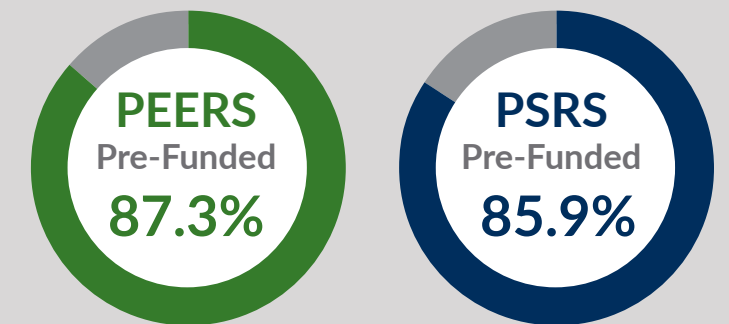
PSRS/PEERS Investment Return	7.8%
PSRS/PEERS Actuarial Assumption	7.3%
Benchmark Return ¹	6.2%

The market value of invested assets for PSRS and PEERS combined was approximately \$53.5 billion on September 30, 2023, making the joint entity larger than all other public retirement plans in Missouri combined, and the 46th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psr-peers.org.

¹ The plan policy benchmark is a standard to measure investment performance and indicates the return of the PSRS/PEERS asset allocation if passive market rates of return were achieved.

Your Retirement Plan is Strong: PEERS and PSRS Remain Well-Funded

As of June 30, 2023, PEERS was 87.3% pre-funded and PSRS was 85.9% prefunded. That means, as of the end of our last fiscal year, PSRS/PEERS had enough assets on hand to pay more than 80% of all present and projected future benefits with today's dollars. In the pension industry, this level of pre-funding qualifies PEERS and PSRS as "healthy" funds.



PSRS/PEERS' funding comes from three sources, member contributions, employer contributions and investment earnings. Investment earnings are the primary source of funding for PSRS/PEERS benefits, providing over 60% of total funding.

25-Year-Average



Note: The 19¢ includes member contributions and service purchases.

2024 *Benefit Statements* Coming in January

In January, you will receive your annual PEERS *Benefit Statement*. This document provides a comprehensive summary of your membership and your monthly benefit as of January 1, 2024.

This important document is a record of your:

- Benefit amount
- Tax Information and withholding amounts
- Benefit plan and benefit history
- Cost-of-living adjustments (COLAs)
- Beneficiary designation

We recommend that you review your statement to ensure all information is correct. If not, update your address, phone number or email address in Web Member Services by clicking the *Update My Contact Information* button on the home page. You can also make updates using the *Member Information Change* form found on the *Forms* page of our website.

Unless you elected a Joint-and-Survivor benefit plan at retirement, you can also update your beneficiary designation using Web Member Services. Joint-and-Survivor plan benefit recipients should contact us about beneficiary updates.



Do You Prefer Email over Paper?

You can view, download and print your *Benefit Statement* by logging in to Web Member Services at www.psr-peers.org. If you prefer not to get a copy by mail, you can elect to receive an email notification each year when your *Benefit Statement* is ready. To do so, visit Web Member Services and select *My Profile* at the top of the home page. Then go to *Change my Communications Preferences*.

Important Income Tax Information

IRS Form 1099-R

Your 2023 IRS Form 1099-R will mail in January. This tax document shows the total funds you received from PSRS in calendar year 2023, the taxes withheld, and the dollar amounts considered taxable income. You will need this form when filing your 2023 income tax returns. If you have a professional tax advisor, we suggest that you make this information available for their review.



Missouri Public Pension Exemption

For tax year 2023, married couples with Missouri adjusted gross income less than \$100,000 and single individuals with Missouri adjusted gross income less than \$85,000 may deduct up to 100% of their public retirement benefits (such as PEERS service retirement benefits), to the extent the amounts are included in their federal adjusted gross income.

Married couples with Missouri adjusted gross income greater than \$100,000 and single individuals with Missouri adjusted gross income greater than \$85,000, may qualify for a partial exemption.

There is no age requirement for eligibility.

Visit www.dor.mo.gov for more information regarding eligibility or contact the Missouri Department of Revenue at (573) 751-3505, email income@dor.mo.gov or consult a tax professional for more information.

Substitute Teaching Work Limit Waiver Still in Effect



Limits on part-time or temporary work as a substitute teacher remain waived through June 30, 2025.

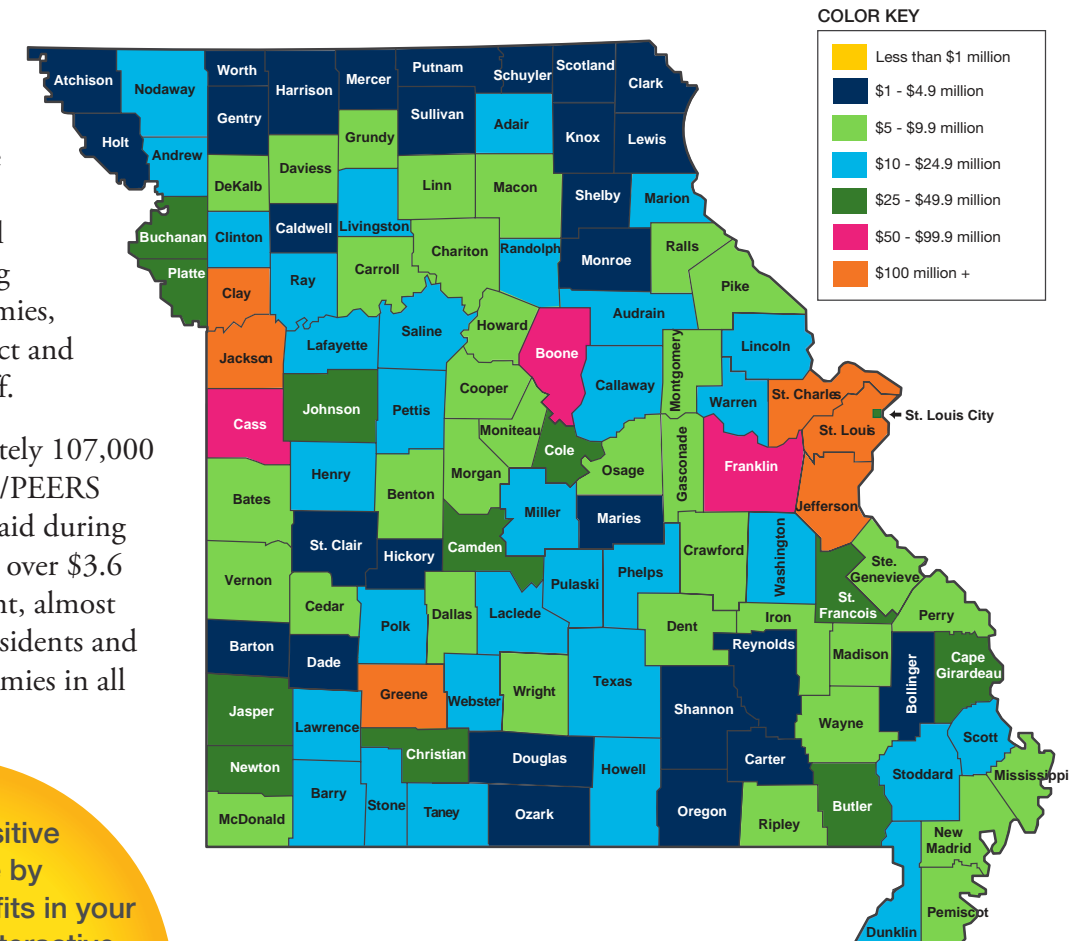
Work performed in other positions not covered by the waiver, including but not limited to work as a bus driver, coach, administrator, nurse or office worker, continues to be subject to the applicable work limits and should be tracked to avoid the loss of benefits.

If you are unsure whether your work falls under this waiver, please contact us at (800) 392-6848.

PSRS/PEERS Benefits are Good for Missouri

PSRS/PEERS benefits help our retirees enjoy financial security in retirement. What's more, the steady, reliable retirement income our benefits provide makes a sizable financial contribution to our state, fueling Missouri's local and state economies, and helping public schools attract and retain quality educators and staff.

As of June 30, 2023, approximately 107,000 individuals were receiving PSRS/PEERS benefits. Total annual benefits paid during the 2022-2023 school year were over \$3.6 billion, with 88% of that amount, almost \$3.2 billion, paid to Missouri residents and positively impacting local economies in all 114 Missouri counties.



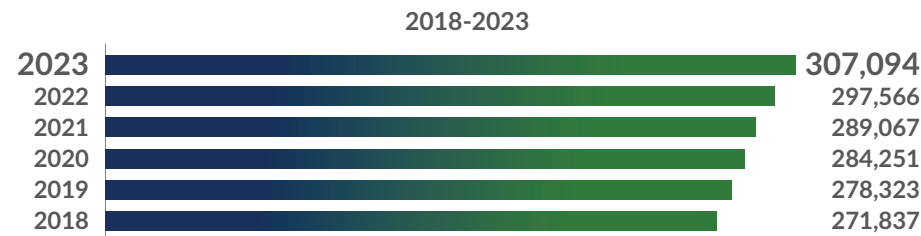
To see the positive impact made by PSRS/PEERS benefits in your county, visit the interactive Benefits by County map found on our website, www.psr-peers.org. Find the map in the About Us menu under Statistics.

PSRS/PEERS – Growing Strong!

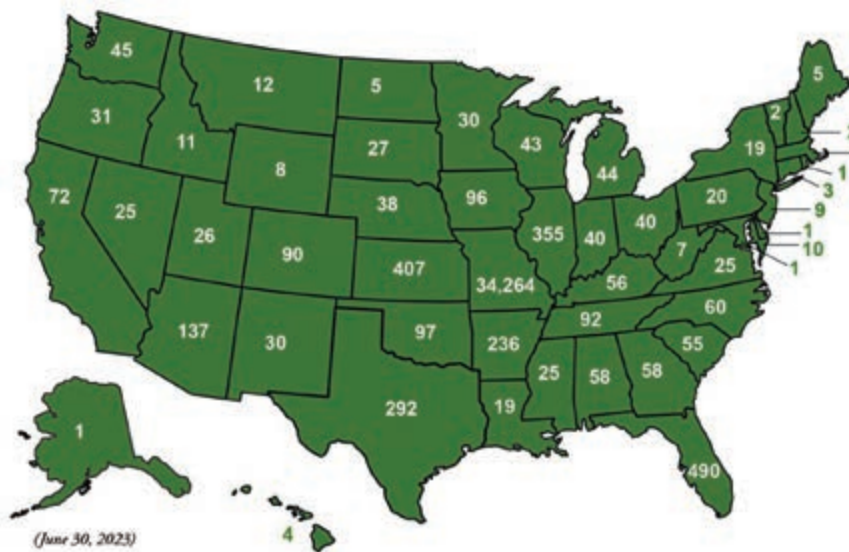
Over the last five years, our total membership has increased by more than 35,000 to a total of 307,094 as of June 30, 2023. And approximately 107,000 of those members currently receive PSRS/PEERS benefits.

For 77 years, we have worked in partnership with Missouri public schools to provide retirement security and peace of mind for our members. We are proud to continue to provide the highest quality service for all our members, from first-year teachers to seasoned retirees.

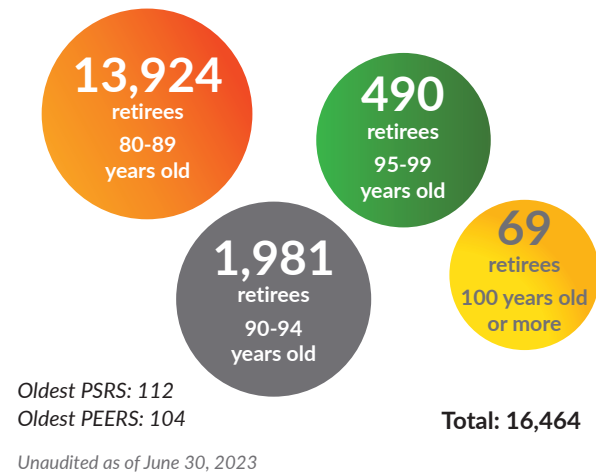
Growth of PSRS/PEERS Total Membership



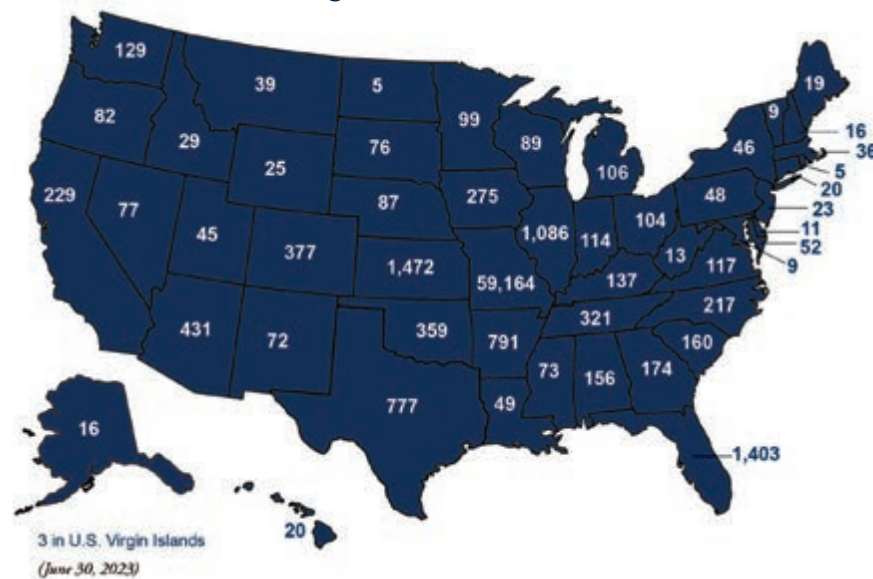
PEERS Retirees Living in the U.S.



PSRS/PEERS Retired Members Over 80



PSRS Retirees Living in the U.S.



Board of Trustees Election Coming in April

An election will be held in April to fill two seats on the PSRS/PEERS Board of Trustees. One seat is vacant as the result of the departure of Dr. Kyle Collins, who left the Board July 1, 2023 when he retired from PSRS. The other seat is currently held by Katie Webb, whose term ends June 30, 2024.

Candidates for both seats must be active PSRS members. Those who are interested in running are asked to obtain petition forms from PSRS/PEERS, which will be available January 12, 2024. Petition forms must be returned with a postmark no later than February 26, 2024. Petitions must include 200 or more member signatures from each of any four Missouri Congressional districts, plus sufficient additional signatures to total at least 1,000 signatures. All active and retired members of PSRS and PEERS are eligible to sign petitions and vote for candidates.

An auditing committee comprised of representatives from various Missouri educational associations will examine the petitions and certify to the Board that the

candidates are qualified to run. In the event that only two candidates are certified, no election will be required, and those individuals will assume the vacant seats.

In the case of an election, ballots will be mailed by our election services company to all PSRS/PEERS members on April 18, 2024. Written statements from all candidates will be included with your ballot.

Votes placed by paper ballot must be postmarked by May 4. Internet and telephone voting will also be available via our election services company. Instructions will be included on the ballot. Internet and telephone voting will also close on May 4.

The election results will be official and certified on May 17. The winning candidates will serve four-year terms running from July 1, 2024 through June 30, 2028.



Portfolio Manager Jessica Wilbers Recognized by Institutional Investor Magazine



Jessica Wilbers

PSRS/PEERS Portfolio Manager Jessica Wilbers has been named by *Institutional Investor* magazine as one of its 2023 Rising Stars.

Institutional Investor's editorial team chose the Rising Stars from a vast and competitive pool of talented allocators nominated by their peers, bosses and industry experts. The 14 Rising Stars were honored during Institutional Investor's sixth annual Allocators' Choice Awards on September 12, 2023 at the Mandarin Oriental hotel in New York City.

These allocators, who work across the United States in both public and private institutions, are positioned to one day become talented leaders within the institutional investment industry.

Jessica, a public markets portfolio manager, is being recognized for her important contributions to

PSRS/PEERS' non-U.S. equity composite allocation, resulting in additional investment revenue of more than \$1.2 billion to the fund over the past five years. Thanks to Jessica's work, the composite has experienced performance in the top 10% of such funds during that time.

"Jessica displays outstanding manager selection, skillful portfolio construction and the ability to introduce new concepts to our portfolio. She is a dedicated, talented and motivated member of our investment team and she is very deserving of this recognition."

– PSRS/PEERS Chief Investment Officer Craig Husting

Jessica began working at PSRS/PEERS as an investment intern in May 2008. She started full-time in March 2010 and was promoted to portfolio manager – public markets in July 2021. She joins an esteemed group of PSRS/PEERS investment alumni that have previously received this honor including Travis Allen, Dan Case, Ben Frede, Chad Myhre and Chhayhea Sam.

PSRS/PEERS Named One of the “Best Places to Work in Money Management”



PSRS/PEERS has been recognized by *Pensions & Investments* (P&I) magazine as one of the “Best Places to Work in Money Management” for 2023. Winners were recognized in the December 11 issue of *Pensions & Investments* and at an awards ceremony December 12, in New York City.

have built a great culture and a great place to work. This also sets PSRS/PEERS apart as one of the few public pension plans that have been recognized as one of the best places to work by the premier pension industry source.”

“The recognition by P&I is a tremendous distinction. Leadership, past and present, has cultivated an organization that heavily honors the ability to serve the more than 300,000 members of our Systems. Each employee understands the gravity of the work and the people they affect each day; making the workplace one of meaning, value and dedication to the defined benefit promised to our members.”

– Dr. Jason Steliga, PSRS/PEERS Board Chair

P&I is a global news source for the money management industry, written for executives at defined benefit and defined contribution retirement plans, endowments, foundations and sovereign wealth funds, as well as investment management and other investment-related firms. P&I provides timely coverage of events affecting the money management and retirement businesses.

Winners of the annual award are selected based on the results of employee surveys conducted by P&I and Best Companies Group, a research firm specializing in identifying great places to work. P&I’s annual survey and recognition program are dedicated to honoring the best employers in the money management industry.

“We are proud to receive this honor,” said PSRS/PEERS Executive Director Dearld Snider. “We believe PSRS/PEERS is one of the best places to work in the public pension plan space. This award serves as recognition to the organization and the Board that we

Formal Bill Signing Held at Governor’s Office

On September 6, 2023, Governor Parson held a formal bill signing ceremony for legislation passed during the 2023 Missouri legislative session that positively impacted PSRS/PEERS members. Changes include restoring the 2.55% PSRS benefit factor for new retirees and increasing retiree work limits for both Critical Shortage Employment and PSRS retirees working in non-certificated positions.

From left to right: House Pensions Committee Chairman Barry Hovis, PSRS/PEERS Chief Counsel Mike Moorefield, PSRS/PEERS Executive Director Dearld Snider, a constituent of Senator Rusty Black and Senator Rusty Black.



Fall Regional Employer Conferences Provide Information, Fellowship and Fun

During September and October, PSRS/PEERS Employer Services traveled the state to meet with our partner employers and catch up face-to-face on all the latest in the world of retirement reporting. Those in attendance were provided reporting updates and other helpful information, as well as time to network with colleagues from other schools.

PSRS/PEERS-participating employers play an extremely important role, as they are tasked with sending us monthly payroll information and contributions for all of our active members. This information allows us to accurately calculate and post service to our members’ accounts. Employers also report information for any retirees who return to work for their school district.

This year’s conference theme was, *Together Everyone Achieves More*. Conferences were held in Springfield, Branson, Rolla, O’Fallon, Lee’s Summit, St. Joseph, Jefferson City and Kirksville.

“We always enjoy seeing our employer contacts and having in-person education like this,” said Director of Employer Services Stacie Verslues. “Fall conferences are a great opportunity to gather with fellow payroll personnel and discuss all areas of retirement reporting. We hope everyone was able to gain something valuable from the experience.”



Together Everyone Achieves More

PSRS/PEERS Staff Supports Annual United Way Campaign

Each year, the staff at PSRS/PEERS participates in the annual United Way of Central Missouri’s charitable campaign. This year, PSRS/PEERS staff donated a total of \$8,100.00. Funds are raised by donations and through various staff events hosted by the PSRS/PEERS Employee Fund.

“I am immensely proud of our dedicated team, whose generous contributions to the community embody the true spirit of compassion and social responsibility,” said PSRS/PEERS Executive Director Dearld Snider. “Their selfless acts exemplify the heart and soul of our organization.”

In 2022, PSRS/PEERS staff donated a total of \$7,500 and received the William W. Quigg award for an outstanding United Way campaign (small firm).



Left to right: PSRS/PEERS staff members Tracy Weber, Samantha Kelly, Sophie Pardalos, Amber Ewing, Ashley Raithel and Erin Fouch with United Way representatives, Lee Knemschild and Amber Brondel.

Web Member Services Makes Getting Your Membership Information Easy

The quickest way to get the latest information about your membership is to view it online using Web Member Services, the PEERS online, self-service membership information portal.

You can register for secure access to view and update your personal information anytime on our website, www.psr-peers.org. Just use the *Member Log In* link at the top right corner of the screen.

In Web Member Services you can:

- Update your contact information and set your communications preferences
- Update your direct deposit and income tax withholding
- View, and in some cases, update your beneficiary designations
- View a benefit summary

- Get cost-of-living adjustment information
- Upload documents
- View an archive of your annual *Benefit Statements* and IRS 1099-R tax forms

Enjoy the benefits of having membership information at your fingertips. Register for Web Member Services access today!

