

PEERS

Benefit Check

PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

Like our Members, PSRS/PEERS
is Strong, through the Pandemic
and Beyond

Investment Update: COVID-19,
the Economy, the Markets and
PSRS/PEERS

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



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

- 3 Like our Members, PSRS/PEERS is Strong, through the Pandemic and Beyond
 - 4 Investment Update: COVID-19, the Economy, the Markets and PSRS/PEERS
 - 6 Unusual Missouri Legislative Session Ends with Little Impact on PSRS/PEERS
 - 7 Thank you Aaron and Yvonne: Zalis and Heath Retiring, Leaving PSRS/PEERS Board of Trustees
- PSRS/PEERS Welcomes Melinda Moss and Kyle Collins to Board of Trustees
- 8 Use Web Member Services for Convenient Access to Membership and Benefit Information

Like our Members, PSRS/PEERS is Strong, through the Pandemic and Beyond

Many of the things we take for granted changed when the coronavirus pandemic necessitated social distancing and stay-at-home orders for much of the world. It has been a challenging time for all of us. To meet those challenges, PSRS/PEERS put into place our previously existing and well-thought-out business continuity and disaster planning tools, and used them to successfully continue to provide all services to our members – active and retired alike – with no interruptions or major changes.

In the same way that our public schools and educators continued to provide educational opportunities for students via online and electronic means while at home, PSRS/PEERS management and staff worked from home to seamlessly provide all services via phone, email, chat and the web. Seminars were converted to webinars; in-office meetings to phone or web counseling.

“Over the years we planned and put in place the processes we would need to continue to provide excellent service and maintain our successful investment program, even in times of disaster. We had no idea we would put these plans into practice so soon, but I am pleased that the extensive work we did served us, and our members, well.”

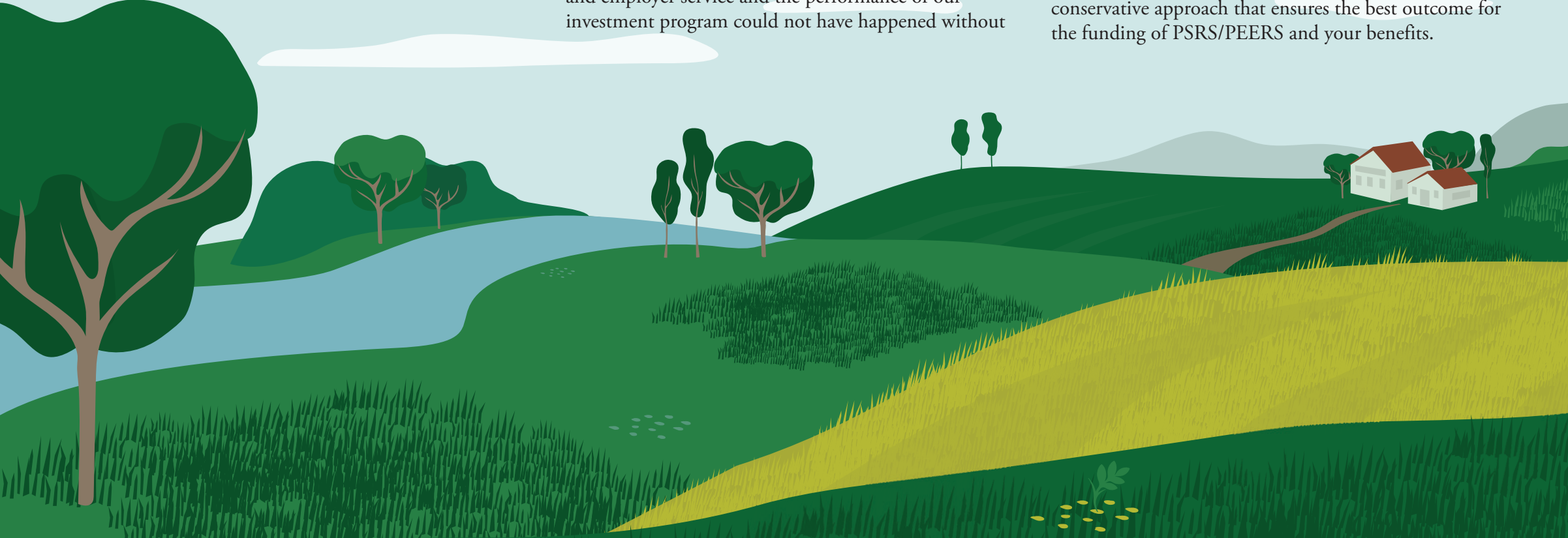
M. Steve Yoakum, PSRS/PEERS Executive Director

That being said, the seamless continuation of member and employer service and the performance of our investment program could not have happened without

the understanding and flexibility of our members and partner employers during this less-than-perfect situation. “We are grateful for your understanding and willingness to work with us in potentially new ways to ensure that we could provide for all your needs timely and accurately,” Yoakum added.

We sincerely appreciate our members’ dedication to the students of the state during this most unusual of school years. We want you to know that even during times when we can’t meet with you in person, things at PSRS/PEERS will be business as usual, and you can contact us with any questions or needs you may have. You need not worry about the security of your retirement funds or future benefits.

You can find more information on pages 4 and 5 about the impact of the coronavirus pandemic on the investment markets, and how our dedicated team of investment professionals are weathering the economic impacts of the coronavirus pandemic using a conservative approach that ensures the best outcome for the funding of PSRS/PEERS and your benefits.



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



Sign up today to receive your PEERS Benefit Check publication via email. It’s an easy way to help us save natural resources and money while staying informed about your retirement system. Simply visit www.psr-peers.org and log in to Web Member Services to change your delivery preference.

20MSN0130

Investment Update: COVID-19, the Economy, the Markets and PSRS/PEERS

PSRS and PEERS have weathered many challenging investment environments in the last 75 years, including the stock market crash of 1987, the bursting of the dot-com bubble in the early 2000s, the 9/11 attacks in 2001 and the Global Financial Crisis (GFC) in 2007 and 2008. However, as we move further into the coronavirus pandemic, it is evident that this event is different. This is a health crisis causing an economic crisis which may lead to a financial crisis. As the pandemic continues to unfold, the PSRS/PEERS investment staff is actively managing the investment portfolio and is in communication with market participants to evaluate potential developments.

COVID-19

The priority of the U.S. federal government and most local authorities has been to address the health crisis (COVID-19) before attempting to repair the economic damage. The result has been positive movement in the fight against the coronavirus. While a great deal remains unknown about the nature and duration of the pandemic, it is evident that social distancing is working. We should soon pass the peak caseload of infections which will mean fewer hospitalizations and fewer deaths than originally projected. Alternatively, the procedures that have

been utilized to slow the pandemic have stopped the economy. As such, the shift in the discussion at both the federal and local levels is how to re-open the economy without furthering the spread of the virus.

Economy

By most measures, the global economy is in the worst shape since World War II. Both supply and demand have experienced dramatic contractions as many Americans were quarantined at home and were not spending (outside of groceries and video streaming services). The most direct result of the economic crisis is that over 40 million people have now filed for unemployment benefits since the coronavirus started shutting down large portions of everyday life at the beginning of March. The unemployment rate reached 14.7% in the month of April, the highest since the Great Depression of the 1930s.

The United States is entering a recession. Bankruptcies have occurred and will continue to happen. Growth in the economy has slowed dramatically and unemployment will continue to be an issue. The length and depth of the recession will almost certainly rest on how soon the economy is re-opened. That dilemma is being discussed throughout the United States. The back-to-work plans have begun

Continued from page 4

in many states in the absence of an effective anti-viral or the promise of a vaccine. As such, government officials are trying to strike a balance between public safety and economic necessities. For example, a new normal has ensued, much as it did post 9/11 with enhanced security procedures. The post-pandemic, new normal includes better procedures for cleaning, routine temperature taking, wearing masks in public and social distancing in offices. This most likely will result in an elongated economic recovery rather than a quicker (“V-shaped”) one.

Investment Markets

The U.S. stock market (S&P 500) was down almost 34% this calendar year through March 23, 2020, with non-U.S. stocks down even more. The investment markets improved significantly, beginning in the last week of March, after the Federal Reserve announced plans to inject \$2 trillion into the markets and Congress passed an additional \$2 trillion economic rescue package. The announcements, along with some initial positive news on COVID-19, induced a market rally in April and May that helped the S&P 500 reclaim almost two-thirds of its previous losses.

Most recently, stocks have settled into a trading range with both up and down movement on a daily basis. It appears that the Federal Reserve and Congress will continue to inject funds into the economy as the Senate passed an additional coronavirus-related economic stabilization bill totaling \$484 billion on April 21, 2020. We expect the market volatility to continue as we move forward in a time of great uncertainty. Many aspects of the virus are still unknown (its progression, testing, vaccines, etc.). Likewise, the ultimate success of the dramatic monetary and fiscal stimulus policy responses is still unclear. However, one thing that is certain is the coming avalanche of negative economic news. Markets have yet to fully digest the near certainty of lower corporate earnings, higher debt, more bankruptcies and an incomplete re-opening of the U.S. economy.

PSRS/PEERS is a Long-Term Investor

The Systems’ focus on investing in a diversified manner while maintaining sufficient liquidity has been rewarded in the current volatile market environment. The current unaudited fiscal year-to-date (July 1, 2019 through May 31, 2020) investment return for PSRS/PEERS is positive (approximately +1.8%). Most importantly, the total plan return of 8.6% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption) and the total plan policy benchmark return of 8.1%. Our primary mission remains investing the Systems’ assets in a manner to earn the 7.5% actuarial assumed rate of return over a long-time horizon. To that end, we will continue to deploy assets in attractive investment opportunities.

10-Year Investment Results Period Ending 5/31/20

PSRS/PEERS Investment Return.....	8.6%
PSRS/PEERS Actuarial Assumption.....	7.5%
Benchmark Return ¹	8.1%

We want to emphasize to our members that your PSRS/PEERS benefit is secure. PSRS/PEERS is a long-term investor and can withstand market volatility. The Board and professional staff are committed to managing the Systems’ assets in a prudent manner that will ensure the viability of your pension.

The market value of invested assets for PSRS and PEERS combined were approximately \$44.7 billion on May 31, 2020, making the joint entity larger than all other public retirement plans in Missouri combined, and the 45th 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.

¹The 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.

Unusual Missouri Legislative Session Ends with Little Impact on PSRS/PEERS

The General Assembly wrapped up the coronavirus-shortened 2020 legislative session on May 15. It was a busy session for PSRS/PEERS, as the Systems tracked over 290 bills, almost double the usual number, with 2,247 total bills introduced and 51 bills passed by both chambers and awaiting action from the governor.

Due to COVID-19, lawmakers were on recess for a few weeks mid-session as the state implemented social distancing. Upon their April 24 return, the focus was on passing a balanced budget amid economic changes regarding COVID-19. The General Assembly completed their constitutional duty of writing and passing a balanced budget to fund the core function of government. The budget was completed by the deadline of May 8. Missouri grants the governor the power of line item veto on appropriation bills only. The governor has the ability to reject individual line items without vetoing the entire bill.

After the budget was complete, the General Assembly focused on other legislative issues that were still pending from earlier in the year. Due to a shortened session, the General Assembly began legislating by omnibus bill. Omnibus bills are legislation that might have one similar topic, such as political subdivisions, but contain many different and diverse provisions including retirement issues. These normally start out as very simple bills and end up covering multiple topics and containing more than 100 pages.

This year, there were only two bills that passed that directly impact the internal operations of the Systems and about five bills that passed that have a tangential impact to the Systems. None of the bills that have been truly agreed to and finally passed impact PSRS/PEERS benefits or memberships.

Governor Parson has until July 14, 2020 to sign or veto bills, or the bills become law without signature. Unless otherwise indicated in the bill text, the effective date of most legislation is August 28, 2020.



Thank you Aaron and Yvonne: Zalis and Heath Retiring, Leaving PSRS/PEERS Board of Trustees

Dr. Aaron Zalis and Yvonne Heath, two long-standing elected members of the PSRS/PEERS Board of Trustees, will retire and step down from the Board effective July 1, 2020.

Zalis, superintendent of Rolla Public Schools, has been a trustee since 2008 and has served as chair for the majority of his time on the Board.

Heath, a special educator at Republic R-II Schools, has served three terms on the Board of Trustees, and was also first elected to the Board in 2008.

Both have made many valuable contributions to the Systems and membership during their Board tenure through their dedication of time, expertise, understanding and effort.

“Aaron and Yvonne have been dedicated trustees, contributing immensely of their time, knowledge and



Dr. Aaron Zalis

Yvonne Heath

compassion to the successful operation of the Retirement Systems,” said PSRS/PEERS Executive Director M. Steve Yoakum. “We are grateful to have had the pleasure of working with them and wish them only the best in their retirement.”

PSRS/PEERS Welcomes Melinda Moss and Kyle Collins to Board of Trustees

PSRS/PEERS congratulates Dr. Melinda Moss and Dr. Kyle Collins on their recent election to the Board of Trustees. Both are active PSRS members who will serve four-year terms as Trustees effective July 1, 2020 through June 30, 2024.

These seats are currently held by Dr. Aaron Zalis and Yvonne Heath, whose terms end June 30, 2020. Both Zalis and Heath will retire and leave the Board.

Dr. Melinda Moss has 27 years of educational experience. She is currently the superintendent of the Joplin School District. Dr. Moss graduated from the University of Arkansas with a degree in finance and banking. She received her special education coursework and master’s in guidance and counseling from Missouri State University. Her doctorate is in educational leadership from Saint Louis University.

Dr. Kyle Collins has over 22 years of educational experience. He is currently the superintendent of the Brookfield R-III School District. Dr. Collins holds a Bachelor of Science degree in government and a master’s in secondary administration from Northwest

Missouri State University, as well as a doctorate in educational leadership and policy analysis from the University of Missouri-Columbia.



Dr. Melinda Moss

Dr. Kyle Collins

“Our thanks to all of the members who participated in this election, as well as to all those who ran as candidates,” said PSRS/PEERS Executive Director Steve Yoakum. “We are fortunate that our membership remains so interested in the effective operation of our Board and leadership our trustees provide for the Retirement Systems.” He added, “We are pleased to welcome Dr. Moss and Dr. Collins and appreciate their willingness to dedicate their time and knowledge to the administration of the Systems. We look forward to working with them.”



PUBLIC EDUCATION EMPLOYEE
RETIREMENT SYSTEM OF MISSOURI

PO BOX 268 JEFFERSON CITY MO 65102-0268

PRSR STD
U.S. Postage
PAID
Jefferson City, MO
PERMIT NO. 317



Use Web Member Services for Convenient Access to Membership and Benefit Information

It is easy to get information about your membership, beneficiary designations and benefits, using PEERS Web Member Services at www.psr-peers.org. Register for access using the Member Log In link at the top right corner of the screen.

- Set up your communications preferences to let us know what information you would prefer to receive electronically rather than on paper.
- View information on your benefits and cost-of-living adjustments (COLAs) you have received.
- Update your direct deposit or income tax withholding.
- Check 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.
- Access your current and archived **Benefit Statements**.