Board Votes on 2020-2021 School Year Contribution Rates and 2020 Cost-of-Living Adjustment
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Based on the recommendation of the Systems’ actuary, Pricewaterhouse Coopers (PwC), PEERS contribution rates will remain as follows:

<table>
<thead>
<tr>
<th>PSRS/PEERS COLA Policy</th>
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</thead>
<tbody>
<tr>
<td>CPI-U</td>
</tr>
<tr>
<td>Less than 0.0%</td>
</tr>
<tr>
<td>0.0% to 2.0%</td>
</tr>
<tr>
<td>0.0% to 2.0%</td>
</tr>
<tr>
<td>2.0% to 5.0%</td>
</tr>
<tr>
<td>5.0% or more</td>
</tr>
</tbody>
</table>

*Resets cumulative calculation after a COLA is provided.

Since a COLA will not be granted in January 2020, the 1.65% change in the CPI-U will carry over and be added to the next fiscal year’s cumulative calculation. Therefore, the change in the CPI-U during fiscal year 2020 would need to be 0.35% or more in order for eligible retirees to receive a 2% COLA in January 2021 under this policy. The calculation is as follows:

<table>
<thead>
<tr>
<th>Period</th>
<th>Change in CPI-U</th>
<th>Final Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 2018-2019</td>
<td>1.65%</td>
<td>No COLA Granted</td>
</tr>
<tr>
<td>Fiscal Year 2019-2020</td>
<td>X.XX%</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Cumulative CPI-U as of June 30, 2020</td>
<td>1.65%+X.XX%</td>
<td>Basis for January 1, 2021 COLA</td>
</tr>
</tbody>
</table>

COLAs have been granted to eligible benefit recipients for the past two years:

“Decisions regarding the contribution rates and COLA are extremely important ones that impact all of our members,” said Board Chairman Aaron Zalis. “The overall health and solvency of the plans for both current and future members must always be our focus, and our actions should serve that end.”

Cost-of-Living Adjustment

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, PwC.

Each year, PwC performs an actuarial valuation of the Systems 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 year, an actuarial audit was also performed by Cavanaugh Macdonald (CM), which confirmed PwC’s results. This information is studied by the Trustees and used in making financial and funding decisions for the Systems.

It is the Board’s fiduciary responsibility to make decisions that are consistent with maintaining the Systems’ ongoing financial health and strong funded status. Based on this year’s actuarial valuation, and according to the COLA policy, PwC did not recommend a 2020 COLA.

The Board voted in agreement with PwC’s recommendation. The increase in the CPI-U for PSRS/PEERS’ fiscal year 2019 was 1.65%. According to the COLA policy adopted by the Board in 2017, this is not high enough to grant a COLA effective January 1, 2020.
Our internal investment staff is committed to managing the Systems’ assets in a prudent manner and has consistently, over the last five years, produced investment returns that rank in the top 50% of similar plans in the United States with assets in excess of $1 billion, while maintaining a risk level that is much lower than the national average.1

The total plan return of 9.9% over the last 10 years exceeded both the historical long-term investment objective (actuarial assumption)2 and the total plan policy benchmark return of 9.1%3.

As we begin fiscal year 2020, we are mindful of the fact that it will become increasingly more difficult to achieve the actuarial assumed investment objective of 7.5% in the near term due in part to historically low interest rates, increasing geopolitical conflicts, a potential trade war and because we are in the very late stages of an economic cycle (the longest expansion in history). However, 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 indicates the investment return for each major asset class in the PSRS/PEERS portfolio over the last 10 years, for the period ended June 30, 2019.

Our long-term goal is to provide consistent and meaningful investment returns to support the retirement benefits of our members,” says Steve Yoakum, PSRS/PEERS executive director. “We earned 7.0% in a very challenging investment environment in fiscal year 2019, but more importantly, we are pleased to achieve our return objectives over longer time horizons.

The 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. As the stock market continues to reach new highs, we believe it is prudent to maintain a structured portfolio that has an opportunity to participate if the markets continue to move higher, but also has substantial downside protection in the event of a market correction. In each year, every specific asset class within the PSRS/PEERS investment portfolio performs a valuable function. The following chart indicates the investment return for each major asset class in the PSRS/PEERS portfolio over the last 10 years, for the period ended June 30, 2019.

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The market value of invested assets for PSRS and PEERS combined were approximately $45.2 billion on September 30, 2019, making the joint entity larger than all other public retirement plans in Missouri combined, and the 44th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psrsppeers.org.
Attend a PEERS Pre-Retirement Planning Seminar and Get Ready for Retirement

W e recommend that members considering retirement attend a PEERS Pre-Retirement Planning Seminar. Seminars are held around the state throughout the year, providing valuable information you need to know as you plan and prepare for your retirement. At seminars, a retirement counselor delivers an overview of benefits, payment plans and how to apply for retirement. You will also receive a personalized benefit estimate.

Register early – seating is limited and we cannot accept late registrations. Log in to Web Member Services at www.psrs-peers.org to register or call us toll free at (800) 392-6848. You need an idea of your retirement date and your beneficiary’s name and birth date. If you are unsure of your retirement date or eligibility, you can get information by running your own benefit estimate in Web Member Services found on our website, or you can call us and we will be happy to help. We look forward to seeing you at a seminar!

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2019 Member Statements Available

N o matter what your age or career stage, your annual Member Statement is a quick, easy way to get a comprehensive look at your PEERS membership. Your statement is now available online by logging in to Web Member Services at www.psrs-peers.org. If you did not request to receive an electronic notification about your statement, a paper copy was mailed to you.

Your statement includes:
- Estimated future retirement benefits
- Your salaries and contributions
- A list of your years of employment and employers
- Details of the service you have earned
- Your current beneficiary designation
- Information on possible disability or survivor benefits
- A look at any service purchases you may have

When reviewing your statement, please take particular note of the following:
- Are your salaries, service and employers listed correctly? If not, contact your employer so corrections can be made.
- Is your contact information current? If not, update your address, phone number and email by logging in to Web Member Services or use a Member Information Change form also available on our website.
- Is your beneficiary designation current? If you have had a life change such as a birth, death or divorce since you filed your designation, it is void and you need to send us an updated Pre-Retirement Beneficiary Designation form, also found on our website.

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Ask Us When You Need Information About Your PEERS Retirement

W hen you need PEERS-specific information or assistance, it is best to come directly to us. Our information center representatives and benefits counselors are happy to assist you by phone, email or chat when you have questions about anything PEERS-related. They can also set up an appointment for you to visit our office if that best meets your needs.

“Helping with questions and retirement paperwork is an important part of our service to members,” said Amanda Bryant, PEERS benefits supervisor. “We will make sure they have all the information they need, when they need it. There is never a cost for this service.”

Many PEERS members choose to enlist the help of a financial planner when preparing for retirement. A qualified, trusted financial planner can provide you valuable advice through an evaluation of your overall financial situation.

But if you are contacted by someone offering assistance with your PEERS retirement for a cost, beware. While the services of a qualified financial planner can be very helpful, it is the unfortunate truth that others may not be looking out for your best financial interest.

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Staying Informed

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Planning for Retirement

Reasons to Consider a Service Purchase

Purchasing Service Can Help You Achieve a Higher Monthly Benefit

All members are eligible to purchase some type of service with PEERS before retirement. This is an important consideration, because the amount of service you have with PEERS is one of the factors used to determine your benefit amount and retirement eligibility.

How Purchasing Service Can Increase Your Benefit

<table>
<thead>
<tr>
<th>Benefit Factor</th>
<th>Final Average Salary (Per Month)</th>
<th>Years of Service with PSRS</th>
<th>Lifetime Single Life Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.61%</td>
<td>$2,000</td>
<td>x</td>
<td>$515</td>
</tr>
<tr>
<td>1.61%</td>
<td>$2,000</td>
<td>x (with one year purchase)</td>
<td>$547</td>
</tr>
</tbody>
</table>

In this example, the purchase of one year of service increases the lifetime monthly benefit amount by $32 per month, or $384 per year.

Types of Service Members Can Purchase

Members can purchase service for various other types of work, leave time from work, or military service. If any of the following describe you, you may be eligible for a service purchase.

- You were previously a PEERS or PSRS member and took a refund of your contributions and interest when your past membership ended.
- You took unpaid maternity or paternity leave.
- You were on unpaid sick leave during the past two school years.
- You previously worked at a school that was not covered by PEERS.
- You worked in another job that was covered by Social Security.
- You have previously served in active military duty.

Timing Can Impact Your Cost

For many purchases, the cost is based in part on your highest annual salary on record. The higher your highest annual salary on record with PEERS, the more your purchase will cost. For that reason, it may make sense to purchase service earlier in your career, before your salary increases.

A service purchase can be quite expensive. We recommend that you view it as an investment in your retirement. You should weigh the purchase cost against all potential benefits the additional service can provide.

Did You Know?

If you file an application to purchase service, there are no set payments or monthly amount due. You pay what you want, when you want toward your purchase. You must pay before retirement if you want the service used to determine your retirement eligibility and benefit amount.

1. If you haven’t already, register for access to your membership information online via Web Member Services. You can view and update your membership information, create benefit estimates, and even file for retirement online using Web Member Services at www.psr-peers.org.

2. Make sure your current (pre-retirement) beneficiaries are up-to-date. Although your mind may be on retirement, your pre-retirement beneficiary designation is also important and ensures that any benefits payable are made according to your wishes, should you die before retirement.

3. Attend a Pre-Retirement Planning Seminar or explore other counseling options. We offer a variety of ways for you to get information to help you make the best retirement decisions, be it a seminar or personal counseling at our office, or web counseling.

4. Consider a service purchase. Most members are eligible to purchase some kind of service with PEERS before retirement. A service purchase can help you retire sooner or with a larger monthly benefit amount.

5. Decide on your retirement date. Although July 1 is a popular retirement date, you can retire on the first of any month after your covered employment has ended.

6. Request or run your own benefit estimates. Contact us or log in to Web Member Services to estimate your future retirement benefits under different scenarios. This will help you decide on the retirement date and benefit plan best for you.

7. Work with your employer to determine your employment termination date. Your termination date is your last day of work (not the last day you receive pay) and must be before your retirement date.

8. Carefully consider and select a benefit plan for payment of your benefits. We offer a choice of six benefit plans, offering different levels of financial protection for your beneficiaries. It is important to choose wisely, as your benefit plan cannot be changed once you retire.

9. File your retirement application and other required forms. You can file as early as one year prior to your retirement date. You can apply online using Web Member Services or using paper forms available on our website or from our office.

10. Make sure you file all required supporting documents. We will need copies of documentation such as your birth certificate and in some cases, a marriage license/certificate and the birth certificate of your beneficiary. We will let you know what we need once you apply for retirement. These can be provided to us online using the secure document upload feature in Web Member Services or on paper via mail or an office visit.
Working After Retirement Pitfalls – How Retirees Unintentionally Jeopardize their Benefits

Work performed by PEERS retirees for covered employers is limited by law. If a working retiree exceeds the limit on hours, his or her benefits stop, beginning the month the limit is exceeded and until the month after the employment ends, or when a new school year begins on July 1. The minimum amount forfeited is one full monthly benefit.

Because this loss of benefits can be substantial, it is important to understand the working after retirement limit and how it works. To help you avoid the unexpected loss of retirement income, we have compiled a list of some ways retirees can unknowingly cause themselves to lose benefits.

Avoid these pitfalls!

• Not knowing your work limit. To know the maximum hours you can work for the school year, just read your mail! When you are reported by your employer as working after retirement, we send you information including your personal hours limit for the school year. Throughout the year, you will also receive notification by letter when you are approaching the limit based on payroll information reported to us by your employer.

• Not tracking your work. All PEERS retirees subject to the working after retirement limit are required to maintain a Working After Retirement Record tracking their work each month. We send you the form when you begin your post-retirement employment to discuss how to track your work. To help ease this burden, PEERS offers valuable financial protection for your family if you die before retirement or while receiving PEERS disability retirement benefits.

• Not contacting PEERS for clarification on questions. Working after retirement limits and rules can be confusing. If you have any questions or concerns about your work and how it might impact your benefits, please contact us sooner rather than later. We want to help you avoid losing benefits!

Is Your Beneficiary Designation Up-to-Date?

Take Advantage of the Financial Protection PEERS Provides for Your Loved Ones

In addition to the emotional stress caused by the loss of a loved one, it can also put significant stress on a family’s finances, particularly when this occurs during the working years. To help ease this burden, PEERS offers valuable financial protection for your family if you die before retirement or while receiving PEERS disability retirement benefits.

The benefits payable depend on your beneficiary designation, your employment status and years of service with PEERS.

Always keep your beneficiary designations with PEERS up-to-date to ensure benefits payable to your survivors are distributed according to your wishes. As an active PEERS member, you can update your beneficiary designation at any time using the PEERS Pre-Retirement Beneficiary Designation Form found at www.psrs-peers.org or available by contacting our office.

LiveChat Now Available at www.psrs-peers.org

Have a quick question about PEERS? Let’s chat about that! LiveChat is now available on our website, www.psrs-peers.org, Monday through Friday from 7:30 a.m. to 5 p.m. It’s an easy way to get general information about your Retirement System. If you have questions that require discussion of your personal information, for security reasons we ask that you please call us instead at (800) 392-6848.