

PSRS

Active Members | NOVEMBER 2020

for your Benefit
PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

Contribution Rates Unchanged for New School Year

PSRS/PEERS
Executive Director
M. Steve Yoakum
to Retire December 1

Dearld Snider Named
Executive Director of
PSRS/PEERS

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PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

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Contribution Rates Unchanged for New School Year

At the October 26, 2020 PSRS/PEERS Board of Trustees meeting, the Board voted to maintain the current active member and employer contribution rates at their current levels for the upcoming school year. The 2021-2022 school year runs from July 1, 2021 to June 30, 2022.

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

2021-2022 PSRS Contribution Rates		
Member Rate	Employer Rate	Combined Rate
14.5%	14.5%	29%

Contribution rates have held steady since 2011.

"It has been a goal to keep the contribution rates steady for our working members for as long as possible. It is a testament to the diligence and expertise of our Board and staff that we remain well-funded enough to do so again this year."

Steve Yoakum, PSRS/PEERS Executive Director

Board Approves 2% Cost-of-Living Adjustment

At the October 26, 2020 PSRS/PEERS Board of Trustees meeting, the Board voted to grant a 2% cost-of-living adjustment (COLA) for eligible benefit recipients effective January 1, 2021.

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 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 the Systems and members 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 in accordance with both statutory limitations and the COLA policy, PwC recommended a 2% COLA. The Board voted in agreement with PwC's recommendation.

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 reaches 2.0% or more*
2.0% to 5.0%	2.0% when the CPI-U is at least 2.0%, but less than 5.0%
5.0% or more	5.0%

*Resets cumulative COLA calculation after a COLA is provided.

Since a COLA was not granted in January 2020, the 1.65% change in the CPI-U from the previous fiscal year carried over and was added to this fiscal year's cumulative calculation. Therefore, the change in the CPI-U during fiscal year 2020 needed to be 0.35% or more in order for eligible retirees to receive a 2% COLA in January 2021 under this policy. The actual increase was .65%. The calculation is as follows:

Period	Change in CPI-U	Final Results
Fiscal Year 2018-2019	1.65%	No COLA Granted
Fiscal Year 2019-2020	.65%	
Cumulative CPI-U as of June 30, 2020	1.65% + .65%	Basis for January 1, 2021 COLA

PSRS/PEERS Executive Director M. Steve Yoakum to Retire December 1

After 43 years in the pension industry and 22 years serving as the executive director PSRS/PEERS, M. Steve Yoakum will retire effective December 1, 2020.

“Serving as the executive director of PSRS/PEERS has been the highlight of my career, but after much personal and professional consideration, I have decided it is time to step down. I wish PSRS/PEERS nothing but continued success in the future carrying out the important mission of helping our public school districts, educational associations and community colleges attract and retain the highest quality educators, staff and administrators for Missouri’s schools, while simultaneously providing retirement security for tens of thousands of dedicated retired Missouri educators and education employees.”

M. Steve Yoakum, PSRS/PEERS Executive Director

During his tenure, PSRS/PEERS has grown from \$8 billion in invested assets to \$45.6 billion as of June 30, 2020, and has a prefunded status of 84%/86.3%, respectively. The number of retirees was just over 31,000 and has grown to more than 97,000, with staff growing from 39 to 139. His passion for the pension industry and the education community has cultivated a culture of excellence and a commitment to the highest standard of service.



M. Steve Yoakum

Prior to joining PSRS/PEERS, Yoakum was the managing director of Rockwood Capital Advisors of St. Louis, the executive director of the Missouri State Employees’ Retirement System (MOSERS) and the assistant director of the Missouri Local Government Employee’s Retirement System (LAGERS). Yoakum was also the first full-time executive director of Missouri’s pension review board, the Joint Committee on Public Employee Retirement (JCPER).

M. Steve Yoakum
1994



M. Steve Yoakum
2018

Continued from page 4

“Steve is a well-respected name in the pension industry, and it has been a privilege to work with him and call him our own executive director. His leadership and knowledge of the industry will be missed, but on behalf of the Board, I wish him all the best.”

– PSRS/PEERS Board Chair Jason Hoffman

Yoakum will join his wife Cathy, a former teacher, as a retiree of the Systems. He has two sons; Jeff and Michael; a daughter, Julie, who is currently a teacher at Lindbergh High School; and a granddaughter.

Dearld Snider Named Executive Director of PSRS/PEERS

Dearld Snider has been named executive director of the Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS) effective December 1, 2020.



Dearld Snider

Snider, who currently serves as PSRS/PEERS’ assistant executive director, operations, replaces M. Steve Yoakum, who will retire December 1 after 22 years in the position. Upon Yoakum’s announcement to retire, the PSRS/PEERS Board of Trustees retained EFL Associates to assist in the national search for a new executive director.

“Dearld has a proven track record of results for PSRS/PEERS,” said Yoakum. “He has a solid understanding of the Systems based on practical experience. I am confident he will lead the Systems with the same dedication and energy he has shown in his current and past roles here.”

Snider has been with PSRS/PEERS since January 2006, serving as director of member services prior to being named assistant executive director, operations. As assistant executive director, Snider’s primary responsibilities include day-to-day system operations and acting in an advisory capacity to the PSRS/PEERS executive director and Board of Trustees.

“It is very exciting and humbling to have the opportunity to continue serving PSRS/PEERS as executive director,” Snider said. “Steve (Yoakum) has provided outstanding service for our members, employers, Board of Trustees, and staff for more than 20 years. I look forward to working to ensure we continue to provide the highest level of service for all our stakeholders, and retirement security for our members.”

His career began at Missouri Consolidated Health Care Plan, where he served for over three years. In 1999, he joined the Missouri State Employees’ Retirement System (MOSERS) and became an active member in the National Pension Education Association (NPEA) serving on their board of directors for six years.

Snider graduated with a Bachelor of Arts degree in political science from the University of Missouri-Columbia in 1995. He later received his Master of Business Administration from William Woods University in 1998. In January 2009, he was appointed to the Firefighter’s Retirement Board in the City of Columbia where he served a four-year term.

He resides in Columbia, Missouri, with his wife, Amber. They have two daughters, one attending Columbia Public Schools and one attending the University of Missouri-Columbia.

Volatile Investment Markets In 2020

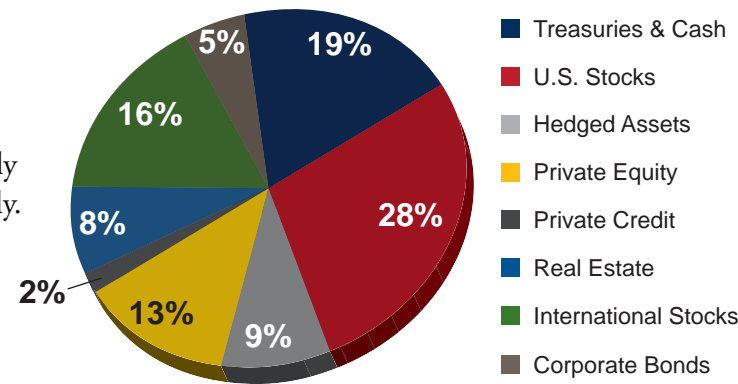
It seems like 2020 has been a very long year. If you think back to January and February, the U.S. stock market was hitting all-time highs and the economy was strong. However, the world as we knew it would quickly change with the advent of the coronavirus pandemic. In a blink of an eye, world stock markets declined in record fashion. The pandemic, social distancing and wearing a mask became part of our daily lives. But, global stock markets reversed course abruptly. The U.S. stock market recovered all the losses suffered during COVID-19 by the beginning of August.

The 35% drop for the S&P 500 U.S. stock market index in the six weeks earlier this year was the fastest move ever into a bear market (defined as a decline of 20% or more) as the economy shut down and the virus spread throughout the country. The bounce back was also a record as the S&P 500 recovered all its losses in just 126 trading days. The significant volatility in the markets this year (especially the sudden rebound) is even more surprising amidst a U.S. recession, high unemployment levels, a pandemic and uncertainty over a presidential election.

In some respects, the market instability is not a surprise, as 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.

Extreme market volatility is one of the many reasons the Systems maintain a diversified investment portfolio. Our long-term goal is to provide **consistent** and meaningful investment returns to support the retirement benefits of our members. As such, we cannot be overly reliant on one specific asset class, such as publicly traded stocks or bonds, because it could result in a significant time-specific drawdown (loss of assets). Instead, we utilize a diversified asset allocation (see chart) which provides PSRS/PEERS with the best opportunity to meet our long-term objectives.

PSRS Asset Allocation as of September 30, 2020



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. Historically low interest rates and market volatility/uncertainty may be part of the investment landscape for several years. As such, 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. Additionally, we are spending more time on complementary asset classes (i.e. Private Credit) as an alternative in a low-yielding world. 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 September 30, 2020.

10-Year PSRS/PEERS Investment Returns (by Asset Class)	
Treasuries and Cash	3.1%
U.S. Stocks	13.2%
Hedged Assets	5.6%
Private Equity	15.4%
Real Estate	10.6%
International Stocks	6.4%
Corporate Bonds	4.2%

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The Systems' long-term investment objective (actuarial assumption¹) is 7.5% per year. We will not achieve that return every year, but expect to meet or exceed that return over long periods of time. For example, the PSRS/PEERS investment return for calendar year 2020 (January 1, 2020 through September 30, 2020) is approximately 3.8%. Most importantly, the total plan return of 8.7% over the last 10 years exceeds both the historical long-term investment objective (actuarial assumption¹) and the total plan policy benchmark² return of 8.1%.

10-Year Investment Results Period Ending 9/30/20	
PSRS/PEERS Investment Return	8.7%
PSRS/PEERS Actuarial Assumption ¹	7.5%
Benchmark Return ²	8.1%

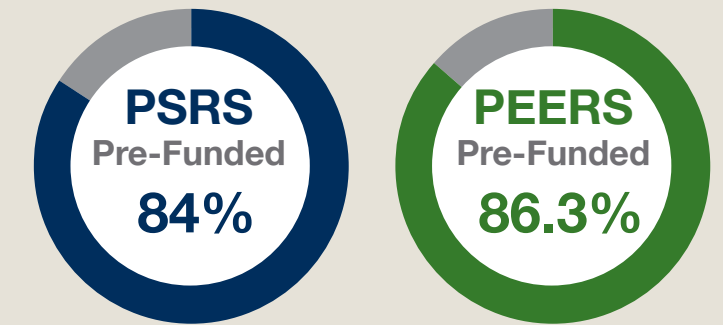
The market value of invested assets for PSRS and PEERS combined were approximately \$47.4 billion on September 30, 2020, making the joint entity larger than all other public retirement plans in Missouri combined, and the 45th largest defined benefit plan in the United States. For the most recent PSRS/PEERS investment news, visit us on the web at www.psr-peers.org.

¹ The Board of Trustees long-term investment return objective was reduced to 7.5% effective July 1, 2018.

² 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 System Remains Well-Funded

As of June 30, 2020, PSRS was 84% pre-funded and PEERS was 86.3% pre-funded. This means, that 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.



RetireSmart! PSRS Offers Retirement Education Opportunities for All Members

PSRS is committed to providing educational services to assist you with your retirement planning. We offer various options for getting free, easy to understand, membership information that is right for you, no matter what your career stage. We want to help you get the most from your Retirement System, and be prepared when your big day arrives.

Virtual Retirement Ready Seminars

Virtual Retirement Ready Seminars are designed to be of most benefit to members who are within five years of retirement, but all members are welcome to join. Held online for your convenience, these virtual seminars provide an in-depth review of information to know when preparing to retire.

Topics covered include:

- Retirement eligibility
- Calculating benefits
- Review of the *Benefit Estimate*
- Reinstating and purchasing service
- Benefit plans
- How and when to apply for retirement
- Working after retirement
- Social Security

Personalized retirement information including *Benefit Estimates* will be prepared and available in Web Member Services for all virtual seminar attendees. Registration for virtual seminars is required, log in to Web Member Services at www.psrs-peers.org or call (800) 392-6848 to register.

Upcoming Virtual Retirement Ready Seminars		
Date	Start Time	Closing Date to Register
December 29, 2020	2 p.m.	December 14, 2020
January 6, 2021	5 p.m.	December 21, 2020
January 12, 2021	5 p.m.	December 29, 2020
January 21, 2021	5 p.m.	January 7, 2021
January 27, 2021	5 p.m.	January 13, 2021
February 4, 2021	5 p.m.	January 20, 2021
February 10, 2021	6 p.m.	January 26, 2021
February 18, 2021	5 p.m.	February 3, 2021
February 23, 2021	5 p.m.	February 8, 2021

Other Online Education



Featured Topic Webinars

Members at all career stages can benefit from attending our Featured Topic Webinars. Topics include purchasing service, filing for retirement and understanding your PSRS benefit estimate. Visit our website for upcoming topics and to register.



RealTalk Webinars

For members who are short on time, RealTalk Webinars are a great option. RealTalk Webinars are mini-webinars focusing on different “hot” topics often asked about by our members, in 15- to 20-minute sessions, including an opportunity to ask questions. Visit our website for upcoming topics and to register.

RetireSmart Education Essentials



Professional Development Day Presentations

We are happy to provide free retirement presentations for in-service or professional development days at your school. These programs are done by request, and can be tailored to meet the needs of early, mid-career or pre-retirement-stage members.

School officials and organizational leaders who want to request professional development day presentations can call us at (800) 382-6848 or email Member_Education@psrsmo.org.



Did You Review Your 2020 Member Statement?

Member Statements are provided each fall for our active members, providing a wealth of information about your PSRS membership. You can see your **Member Statement** online by logging in to Web Member Services. If you did not request an electronic notification about your statement, you were also mailed a paper copy.

Your statement includes:

- Estimated future service 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

If you would prefer to skip the paper statement next year and receive an email notification when your statement is ready to view online, please visit Web Member Services at www.psr-peers.org and update your communication preferences by selecting “My Profile” at the top of the page, and then “Change Communication Preferences.”

When reviewing your **Member 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** 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.

Is Your Beneficiary Designation Up-to-Date?



Take Advantage of the Financial Protection PSRS 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, PSRS offers valuable financial protection for your family if you die before retirement.

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

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

Questions About PSRS Retirement? We are Here to Help!

Many PSRS 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.



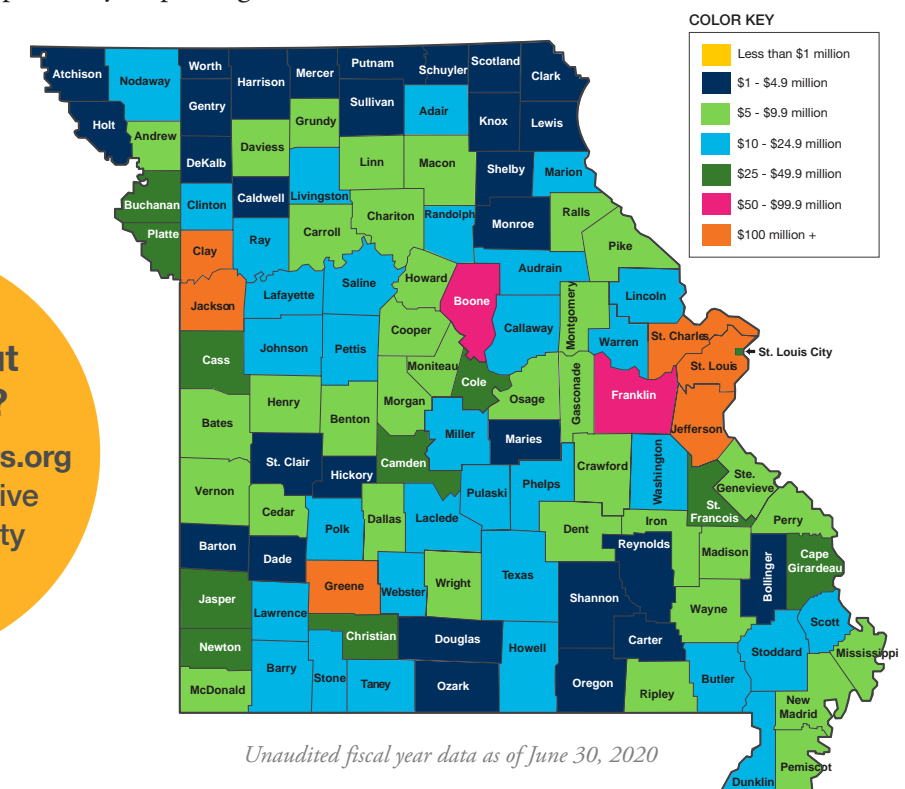
If you are contacted by someone offering assistance with your PSRS retirement **for a cost**, beware. While the services of a qualified financial planner can be very helpful, it is the unfortunate truth that others may not be looking out for your best financial interest.

Even when working with a financial planner, it is important to remain engaged in your retirement planning. Make it your goal to work with both your financial planner and PSRS to make decisions that are right for you.

“PSRS counselors are here to help you with any questions about your PSRS membership, retirement or your retirement paperwork,” said Amanda Bryant, PSRS benefits supervisor. “There is no cost to you, and we are always happy to get you registered for a meeting or counseling appointment. If you just have a quick question, our expert staff is available to you by phone, email and web chat. We will get you the information you need.”

PSRS/PEERS Benefits are Good for Missouri

As of June 30, 2020 over 97,000 individuals received benefits from PSRS/PEERS. Total annual benefits paid were nearly \$3.1 billion. Of this amount, more than \$2.7 billion, or 89%, was distributed among Missouri’s 114 counties, positively impacting both state and local economies.



Curious about your county? Visit www.psr-peers.org to use our interactive Benefits by County map.

Unaudited fiscal year data as of June 30, 2020



PUBLIC SCHOOL RETIREMENT
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Sign up for E-Newsletters

You can receive important information about your Retirement System by email, rather than on paper. It's an easy way to help us save natural resources and money while you stay informed.

Sign up today and join almost 52,000 other PSRS members who receive their newsletters via email.

Simply log in to Web Member Services at www.psr-peers.org and select "My Profile" at the top of the screen. From there, select "Change Communications Preferences" and indicate that you would like to receive future newsletters by email.

