

The Board of Trustees has certain responsibilities set forth in Missouri state law as well as implied authority to take the steps necessary for its prudent oversight of the System. Pursuant to law, the Board must make certain decisions or take certain actions as directed in the Missouri Revised Statutes. In addition, the Board also has the fiduciary responsibility to act with the same care, skill, prudence, and diligence as other careful public retirement boards would in overseeing the System. Therefore, the Board has established policies, which further define its powers.¹

1. Conduct the Business of the Board

By Statute:

- Appoint a full-time Executive Director (Sections 104.170.2 and 104.1006, RSMo)
- Fix the salaries of the Executive Director and other System employees (Sections 104.180.4 and 104.1006, RSMo)
- Determine the procedures for nomination and election of the elective board members (Sections 104.160 and 104.1006, RSMo, and Board Rule 1-5)
- Elect a Board Chair and a Board Vice Chair at the first board meeting each year (Sections 104.170.1 and 104.1006, RSMo)
- Meet upon the written call of the Board Chair or agreement of four board members (Sections 104.180.1 and 104.1006, RSMo)
- Meet at least quarterly within the state of Missouri (Sections 104.180.1 and 104.1006, RSMo)
- Keep a complete record of all proceedings which shall be open to inspection by any member (Sections 104.190 and 104.1006, RSMo)
- Provide education to new board members within 90 days of becoming a new board member (Section 105.666.1, RSMo)

By Board Policy:

- Establish standing and special committees of the Board, as necessary
- Assess its own performance as a board no less than every three years
- Assess the Executive Director's performance annually
- Hire and regularly evaluate as necessary the outside service providers (e.g., actuaries, investment consultants and legal counsel) to support the operation of the System

2. Set Direction and Policy and Prudently Delegate

By Statute:

- Draft and adopt rules to govern its proceedings and the administration of the System (Sections 104.210.2 and 104.1006, RSMo)
- Develop an affirmative action plan for utilizing minority and women money managers, brokers, and investment counselors (Section 104.621, RSMo)

¹ Following a comprehensive review during the fall of 2020 by Funston Advisory Services, LLC (governance consultant), the Board Charter was reorganized by the type of power. Effective February 26, 2021.

- Invest funds as permitted by statute and as appropriate, may delegate duty to System employees (Section 104.1069.2, RSMo)
- Establish rules for participation in life insurance (if applicable) and disability benefit programs (Section 104.1081, RSMo)

By Board Policy:

- Articulate MPERS' mission, vision, core values, and goals consistent with the law
- Ensure effective strategic and annual planning for the organization
- Establish governance policies and practices to enable the Board to operate in the most effective and efficient way
- Adopt policies and procedures to ensure that business is conducted in an ethical manner
- Adopt and maintain an Investment Policy consistent with statutory requirements and current best industry practices, including the broad asset allocation policies and return objectives of the Plan
- Adopt a funding policy with necessary contribution rates to keep the System actuarially sound
- Adopt reasonable actuarial assumptions and methodologies upon the advice of the actuary

3. Approve Key Decisions

By Statute:

- Certify to each department an actuarially determined estimate of the amounts to be contributed by the employers by October 1 of each year (Sections 104.070 and 104.1066.4, RSMo)
- Appoint and employ as special consultants persons terminating employment or retiring or their spouses (Sections 104.090.2, 104.090.6, 104.103.8, 104.254, 104.255, 104.260 and 104.800.3, RSMo)²
- Approve actuarial reductions for Closed Plan survivor options and for Closed Plan early retirement (Sections 104.090.3 and 104.100, RSMo)³
- Specify the date when annual increase in benefits shall be paid (Section 104.103.6, RSMo)⁴
- Determine membership status when in question (Section 104.1009, RSMo)⁵
- Determine how much credited service to be given employees (Section 104.1021, RSMo)⁶
- Provide or contract for disability income benefits (Sections 104.110 and 104.1075, RSMo)⁷
- Establish the manner and form of applying for additional credited service (Section 104.1090, RSMo)⁸

By Board Policy:

- Ensure that the staff has the means and ability to provide necessary information to the actuary and auditor
- Adopt a sufficient administrative budget and monitor compliance

4. Oversee Performance and Report to Stakeholders, as Appropriate

By Statute:

- Maintain a benefit fund account for the Missouri Department of Transportation and Highway Patrol Employees' Retirement System in which income from all sources shall be placed (Sections 104.150, 104.1006 and 104.1069, RSMo)

² Revised June 20, 2019.

³ Revised February 25, 2016.

⁴ Revised June 20, 2019.

⁵ Revised February 25, 2016.

⁶ Revised June 20, 2019.

⁷ Revised February 25, 2016.

⁸ Revised June 20, 2019.

- Generate and distribute annual benefit statements to all active members (Section 105.666.5, RSMo)
- Correct any errors in amounts paid members (Sections 104.200 and 104.1060.1, RSMo)
- Provide or contract for life insurance benefits or alternatively, provide a death benefit (Section 104.1072, RSMo)
- Respond to requests from members of the General Assembly and provide actuarial cost and ongoing operational impact summaries related to proposed legislation (Section 105.665, RSMo)
- Complete a Comprehensive Annual Financial Report every year (Section 105.661.1, RSMo)

By Board Policy:

- Ensure that procedures are in place to protect the security of confidential information
- Monitor and influence, as appropriate, legislation and external factors that impact the System
- Ensure that a disaster recovery plan is in place in order to protect the beneficiaries of the System
- Ensure that the System's statutory requirements are being completed as required

5. Obtain Independent Advice and Verification

By Statute:

- Employ an actuary and have an actuarial valuation performed each year (Sections 104.220 and 104.1006, RSMo)
- Have an actuary analyze mortality, retirement, disability, death, employment turnover, interest, and earnable compensation experience of the System at least every five years (Sections 104.220 and 104.1006, RSMo)⁹
- Have an independent financial audit performed each year by a certified public accountant (Sections 104.190.4 and 104.1006, RSMo)

⁹ Revised February 25, 2016.