

# The Feedbag

## Getting Connected



MoDOT & Patrol Employees' Retirement System

January 2017

Volume #2



### Director's Note

I struggle with things I don't understand. If something presents itself and it doesn't make sense, I try to find a rational explanation for it or try to figure it out. For example, how can it rain when my thermometer says it is 30 degrees outside? My wife says that is a man thing and to let it go. Slowly I have succumbed to her direction on many things, but there are those things I simply cannot let go. Pension envy is one such item. What's that, you ask? It is what you read in the paper or see on the news, almost daily, in the form of attacks on pension plans like MPERS. The common complaints are that the plans are too costly, the benefits are too rich, they are unaffordable and unsustainable or in need of a federal bailout, and the list goes on and on. No doubt there are plans that fit those descriptions, but the truth is they are the exception not the rule.

If the naysayers got their wish and stopped public pension plans, how prepared are you for retirement absent the benefit you have earned or may earn from MPERS? The sad truth is most of us are not preparing well. Let me share a few highlights I found in a recent retirement related article. (Source, Pensionrights.org)

- The average monthly Social Security benefit paid to retired workers in 2016 is \$1,350 or \$16,207 a year.
- The average monthly Social Security benefit paid to widows & widowers is \$1,294 or \$15,528 per year.
- Social Security replaces 41%, slightly more than two-fifths, of the amount that someone retiring at normal retirement age in 2016 (age 66) was earning before retirement.
- In 2015, half of Americans age 65 and over who had income from financial assets received less than \$1,683 a year in income from those assets and a third of Americans age 65 and over received nothing.
- Of the Americans age 65 and over who receive income from financial assets, 74% receive less than \$2,500 a year in income from those assets.
- In 2015, half of all Americans age 65 and older received less than \$22,887 in income from all sources. **Article Continued on Page 3**

### In this Issue:

Director's Notes

FY2016 CAFR

Are You Ready for Retirement?

2011 Tier Beneficiaries

Member Feedback

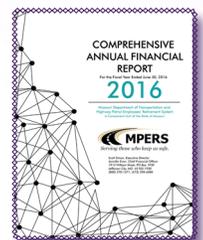
Meet Your MPERS Benefit Specialist - Jamie Mullen

Workplace Possibilities

Reminder

**Watch for your Annual Benefit Statement coming in April 2017**

### Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR)



We are pleased to announce that our FY2016 CAFR is complete and may be found on our website under "Publications" and then under "Annual Reports." The CAFR contains our audited financial statements as well as investment, actuarial, and statistical information that may be of interest to our members. It is our premier publication and we spend many hours getting it ready for publication. New this year is a budget to actual statement (page 78) that illustrates what the board budgets for administrative expenses and how the staff expended the limited resources. We also want to point out that fewer than five public pension funds in the nation publish a budget to actual statement in their CAFR. We pride ourselves on being as frugal and transparent as possible. We hope you agree.

### Did you know?

The average life span of a horse is around 25-30 years.

As of FY2016, the average MPERS member retired at age 57 and is expected to live an additional 25-30 years after retirement!

That means that, unlike our horse friends, our members are expected to enjoy a long life after retirement...are you prepared? Having a defined benefit provides you with the security of having guaranteed income each month, but will your benefit be enough to keep you at the standard of living to which you are accustomed? Don't wait! Start saving today!

# Board of Trustees Meeting Schedule

February 23, 2017

April 27, 2017

June 22, 2017

September 28, 2017

November 16, 2017

## Top 10 Ways to Prepare for Retirement\*

1. Start saving, keep saving, and stick to your goals
2. Know your retirement needs
3. Contribute to your employer's retirement savings plan
4. Learn about your employer's pension plan
5. Consider basic investment principles
6. Don't touch your retirement savings
7. Ask your employer to start a plan (*MPERS was established September 1955*)
8. Put money into an individual retirement account
9. Find out about Social Security benefits
10. Ask Questions

(Source: Top 10 Ways to Prepare for Retirement - Employee Benefits Security Administration - US Department of Labor)\*

## Vesting Requirements

Closed Plan	Year 2000 Plan	2011 Tier
5 Years	5 Years	10 Years

*Financial Security in retirement doesn't just happen. It takes planning and commitment and, yes, money.\**

Page 2

## Are You Ready for Retirement?

As a public employee, there are three main components that make up your future retirement income:

1. Your defined benefit from MPERS
2. Social Security benefits
3. Personal savings (including deferred compensation)



### Defined Benefit from MPERS

As an employee of MoDOT or MSHP, once vested, you are eligible for a future retirement benefit from MPERS. This benefit is calculated based on your years of service, final average pay (FAP), and a multiplier set by statute (1.6% for Closed Plan & 1.7% for Year 2000 Plan & 2011 Tier). Obviously the longer you work and the higher your salary, the higher your monthly benefit will be.

MPERS provides several tools to help you plan for your retirement. This includes benefit estimates through your *myMPERS* Secure Member Access, annual Benefit Statements, and our Tools & Calculators page on our website. Coming soon is a new comparison tool which will be available through your *myMPERS* Secure Member Access. This tool will allow those eligible to compare their benefits in the Closed Plan versus the Year 2000 Plan to help determine which plan offers the best return for them.



### Social Security

On average, Social Security pays benefits that are equal to approximately 40 percent of what you earned before retirement. To learn more about your Social Security benefits, search their website at [www.socialsecurity.gov](http://www.socialsecurity.gov).\*

### Personal Savings

Personal savings make up the remaining portion of your retirement. Take the time to talk with a financial planner to set your goals and stick with them. Don't forget your MO Deferred Compensation Plan is a great way to help save for retirement.



Many people use their work email address for their *myMPERS* Secure Member Access account. At retirement, don't forget to update your information to a personal email account so that you don't miss out on notifications or correspondence sent via email.

# 2017 Pre-Retirement Seminar Schedule

Seminar dates and locations will become available on our website February 2017

## 2011 Tier Beneficiaries

All 2011 Tier members have the option to designate a beneficiary to receive the balance of their employee contributions, should they pass away prior to retirement. To nominate a beneficiary, you will need to complete a *Designation of Beneficiary for Employee Contributions* form.

Your beneficiaries can be changed at any time. Furthermore, anyone can be named as a beneficiary. To designate a beneficiary you will need to list your beneficiaries' information shown below:

All of the items listed are used to either locate or issue the payment to your beneficiary, if the need arises. It is very important that you review your beneficiaries and keep their information up to date. Your current beneficiary information is included inside of your Annual Benefit Statement, which is issued every spring. You may also view your beneficiary information at any time by logging into your *myMPERS* Secure Member Access account at [www.mpers.org](http://www.mpers.org).



*Forms for updating your beneficiaries are available on our website or you may also contact our office to have a form sent to you.*

## Director's Note...continued

These points tell us that many Americans do not have much, if any, financial resources to rely upon at retirement, leaving them to live on a meager Social Security benefit. To make this even more worrisome, is that Social Security benefits are projected to be paid at 75% of their normal value by the 2030s unless some corrective action is taken. For fiscal year 2016, new MPERS retirees (including only those members that retired directly from active employment) averaged a monthly benefit of \$2,392. That translates to \$28,704 annually, or just shy of \$600,000 (total estimated benefits paid) for a retiree living 20 years into retirement. I'll ask again, how prepared are you for retirement absent the benefit from MPERS?

So why is pension envy so prevalent? My best estimate is that it is a case of the "haves" and the "have nots" and the "have nots" have seen their 401(k) balances languish in recent years. My New Year's challenge to you is to become familiar with your MPERS pension. Understand the role it serves and what it means to your financial future. We have to turn the public sentiment from asking "why should public employees have a pension when I do not have one?" to "why are all workers public and private not covered by a pension system?" If we are not successful in changing this mentality, it will be a race to the bottom for retirement security.



## Meet Your MPERS Benefit Specialist - Jamie Mullen

I joined MPERS in January of 2014. I am a graduate of the University of Missouri and I am a Certified Retirement Counselor®. I have over 10 years of work experience in public pension plans. Prior to joining MPERS, I was employed by the Missouri State Employees' Retirement System (MOSERS).

Along with Social Security and personal savings, MPERS will potentially play a large role in your overall retirement security, particularly if you have a long career in state government. As a benefit specialist, it is my job to assist you in understanding exactly how MPERS will fit into your particular situation. There are a number of ways that we engage with our membership, including group presentations, individual meetings, phone calls, emails, and webcasts. If you are at all uncertain about your situation, I would highly encourage you to reach out to us, no matter what stage you are in your career. That is exactly why we are here, to serve you.

I would like to thank our membership for the important work that they do for all Missourians. I very much look forward to visiting with you!

Is a health condition keeping you from doing your absolute best on the job? Of course, if you become disabled and are no longer able to work, as an active employee you have employer sponsored disability insurance as part of your benefits package. But what if there was something that could be done to your work environment that could potentially alleviate your symptoms and help you become more productive at work? Through our disability insurer, Standard Insurance Company, you have access to a unique, proactive program called Workplace Possibilities. Through this program a dedicated consultant such as a nurse, mental health professional, or vocational expert will work with you and your employer to find solutions tailored to your particular condition, job duties, and work environment in order to optimize your productivity. To qualify for eligibility, you must be currently under the care of a physician (MD or DO) for your condition and you must not yet be eligible for normal retirement. Please visit our website or contact us if you have questions or are interested in learning more about the program.



## Member Feedback

Early last summer, a survey was sent to members asking for their feedback about MPERS and the quality of the services we provide. To show that we take this feedback seriously, we have been posting information (articles) on our website to address questions or concerns the members brought to our attention. These articles initially appear as a slider on the homepage, and are then saved under the "News Archives" section of our website. We encourage you to give this a look periodically to see that we are paying attention to member feedback. Every few weeks new material is posted that many will find of interest. Also please note that our request for feedback was not a "one time" thing. Members can submit their thoughts to us at any time via our website under "How Are We Doing" or contact us directly via email at [mpers@mpers.org](mailto:mpers@mpers.org).

## Contact Information

### Office Location:

1913 William Street  
Jefferson City, MO 65109

### Mailing Address:

PO Box 1930  
Jefferson City, MO 65102-1930



Phone  
(800) 270-1271

Email  
[mpers@mpers.org](mailto:mpers@mpers.org)

Website  
[www.mpers.org](http://www.mpers.org)