



## The Pensioner: In the Moment

Welcome to the digital MPERS newsletter! *The Pensioner: In the Moment* contains news, updates, and important information for retirees of the Missouri Department of Transportation, the Missouri State Highway Patrol, and MPERS.

## Happy New Year!



**We look forward to serving you in the new year!**

### What's Going On?



Have you been on an awesome (or not-so-awesome) trip? Taken up a new hobby? Joined a circus? Have a crazy story?

Share with us what you have been up to in retirement. We want to know all the things!

Send your photos, stories, videos, etc. directly to Julie.West@mpers.org by using our [secure document upload on our website!](#) Don't forget to include your name, year of retirement, and details about your submission. (For purposes of privacy, we will not publish your name to the public.)

They may be included in upcoming retiree and active employee newsletters!

We look forward to hearing from you!

[Share my story!](#)

# MPERS' Matters

## Expenses

In the March edition of *The Pensioner: In the Moment*, the oversight formula was introduced:

$$C + I = B + E$$

In the oversight formula, contributions plus investments equals benefits plus expenses. In the December edition of *The Pensioner: In the Moment* we explored the cost of benefits that MPERS administers. This month we will be looking at the E or the Expenses of the System.

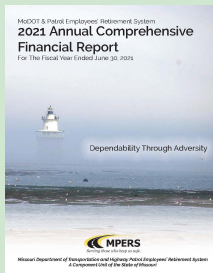
The expenses of the System can be broken down into three categories: benefit payments, investment fees/costs, and the operating budget.

Benefit payments represent by far the single largest cost to the organization – over \$266 million last fiscal year. That is likely no surprise as the ultimate responsibility for MPERS is to distribute the benefits earned by covered members. The second largest cost to the System – just under \$75 million for last fiscal year – comes in the form of investment fees and costs associated with the investment of funds and performance costs of the \$3.0 billion trust. Finally, the operating budget covers those items pertinent to the day-to-day activities of administering the organization – \$5.8 million for last fiscal year. Things like salaries, professional services, utilities, printing, building expenses and maintenance, etc., are all part of the operating budget. Each of these larger costs is managed in different ways.

As described last month, the cost of benefits is a critical function and is reliant on the effective funding of the plan. The annual actuarial valuation serves as the budget for the funding, and ultimately for the payment of benefits. The annual valuation report determines the contribution rate necessary to cover the benefit payments that have been and will be earned. For information about the valuation process, take another look back at the December newsletter. It is important to remember that earned benefits are defined by state statute. If you earn the benefit, it will be paid.

**C = Contributions**  
**I = Investments**  
**B = Benefits**  
**E = Expenses**

Investment fees and costs are a function of MPERS' board-approved asset allocation. The current asset allocation for MPERS has a high cost – that is, the fees for accessing a higher-return asset class are expensive (but with a payoff). The predominant factor for the high cost is the large allocation to what are called “alternative assets.” Alternative assets include such things as real estate, real assets, private equity, and commodities. Lower cost asset allocations are an option but come with considerably lower return expectations, which in turn increases the cost to MoDOT and the Patrol. Just as the cost of benefits is evaluated through the annual valuation process, the asset allocation is reviewed informally through updated capital market projections each year and more formally every three to five years through an extensive process called an asset/liability study. When the official asset allocation is set by the Board, the corresponding cost/fee load is also established.

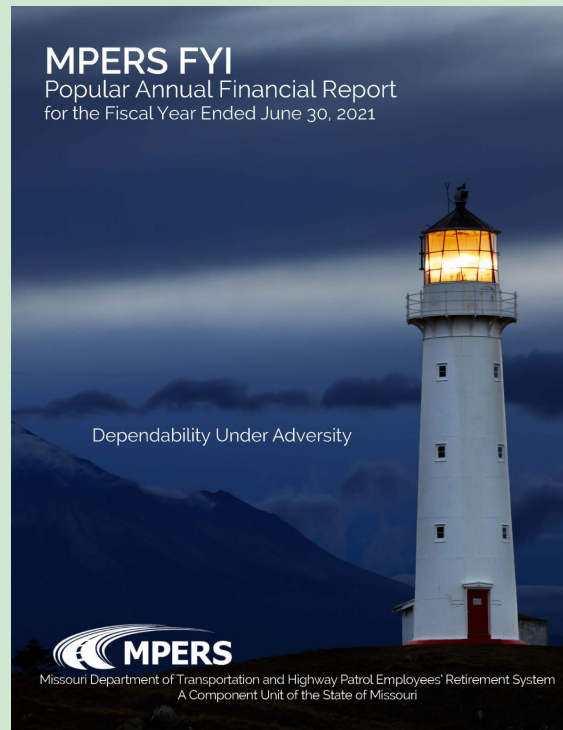


Lastly, there is the operating budget to consider. This is a common business practice and entails an analysis of the costs necessary for the organization to function, much like creating a household budget. Relative to total costs, the operating budget represents a very small piece of the overall cost to the organization usually 2-3% in total. The operating budget is developed each year and approved by the Board before the next fiscal year begins.

Transparency is essential to public pension plans and associated costs for these plans are no exception. Each year, you can review MPERS' costs in the [Annual Comprehensive Financial Report](#).

## MPERS FYI is Now Available!

Don't have the time or the "want to" to read all 110 pages of the [Annual Comprehensive Financial Report](#), but are still curious? The [MPERS FYI](#) is a summary report that covers important information, in a quick and easy-to-read format. Plus, it is only 10 pages! Select the cover below to view [MPERS FYI](#) for the 2021 fiscal year.



## MPERS' Board Elections are Coming!



The MPERS Board of Trustees is made up of 11 members, four of which are elected by active employees and retirees of MoDOT and the Highway Patrol. The four elected members are:

- One active employee of the Highway Patrol
- One retired member of the Highway Patrol
- One active employee of MoDOT
- One retired member of MoDOT

The next election cycle is approaching quickly and will occur during the Spring of 2022. If you wish to make your voice heard by casting a vote, please make sure you have an active [myMPERS Secure Member Access Account](#).

If you aren't sure about the status of your myMPERS account, please contact MPERS at 800-270-1271 or [mpers@mpers.org](mailto:mpers@mpers.org).

## How Is a Beneficiary Determined?

As a retiree:

- Beneficiaries are determined by the payment option chosen at retirement.
- The joint and survivor payment option beneficiary is the spouse named at the time of retirement.
- The guaranteed payment option beneficiary can be any person(s) or charity and can be changed at any time.
- The \$5000 death benefit beneficiary is named at retirement and can be changed at any time.
- The final payment beneficiary is named at retirement for those who chose the life income annuity or guaranteed payment options.

If a joint and survivor payment option was chosen at retirement and the named spouse passes away prior to the retiree, the retiree's benefit will pop up to the life income annuity amount. At that time, a change may need to be made to the \$5000 death benefit and final payment beneficiaries.

If you have questions about your beneficiaries, please email [benefits@mpers.org](mailto:benefits@mpers.org) or call 800-270-1271.



- If you continued medical, dental, and/or vision insurance through Employee Benefits as a retiree, any premium changes were reflected on your December 30, 2021 benefit payment.
- If you retired in 2021, you will receive a W-2 from your former employer and a 1099R from MPERS for tax reporting purposes. If you also opted to take BackDROP, you will get an additional 1099R for each distribution of this lump sum.
- 1099Rs will be mailed **no later than** January 31, 2022. They will also be available in mid-January via *my*MPERS.
- 2022 cost-of-living adjustment (COLA) rates will be released no earlier than January 20, 2022.

## 2022 Board Meeting Schedule



Friday, February 25  
Friday, April 29 (tentative)  
Thursday, June 16  
Thursday, September 22  
Thursday, November 17

january

## Upcoming Events

- 15 - Deadline to submit direct deposit and/or tax withholding changes. [Complete changes here.](#)
- 17 - Martin Luther King, Jr. Birthday - office closed
- 20 - 2022 COLA rate available for release
- 31 - Payday for benefit recipients
- 31 - Deadline for MPERS to mail 1099Rs



We value your feedback!  
What would you like to see in ***The Pensioner: In the Moment?***  
Send comments and suggestions to [Julie.West@mpers.org](mailto:Julie.West@mpers.org).