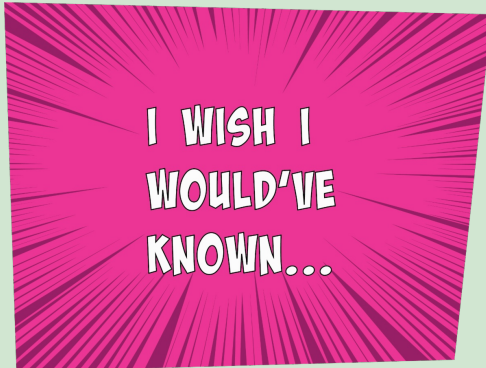




The Pensioner: In the Moment

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.

We Still Need Your Advice!

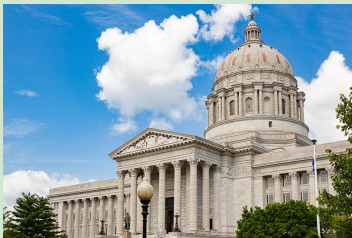


We are still seeking advice FROM current retirees FOR future retirees!

As the saying goes, hindsight is always 20/20. Is there something you would like for active employees to know that you wish you would've known sooner regarding retirement?

Send a quick [email to Communications Specialist Julie West, Julie.West@mpers.org](mailto:Julie.West@mpers.org) with your advice and it may be featured in future editions of the active newsletter, *The Pensioner: Looking Forward!*

Legislative Update



There were several bills introduced this session that would have impacted MPERS directly.

House Bill 701 is the MOSERS' and MPERS' cleanup bill. This bill, if enacted, would correct errors and references, as well as clarify confusing statutory language.

Senate Bill 238 (as well as companion bills HB 1418 and SB 618), if enacted, would change MPERS' board makeup. The proposed bill reduced the number of highway commissioners on the board from three to one and would have added a Governor-appointed trustee with institutional investment experience.

Neither of the bills passed.

Investment Update



The investment portfolio continues to perform well as the distribution of COVID-19 vaccines becomes more widespread.

The portfolio is up 25% in Fiscal Year 2021 (July 1st – May 13th). The equity portfolio, which underperformed policy benchmarks during the COVID-19 pandemic and most of calendar year 2020, is now up 42% for the fiscal year versus the index which is up roughly 33%.

The fund value broke through the \$2.9 billion mark as of April 30th and the investment staff is eagerly awaiting the \$3.0 billion milestone for the System. The biggest concern that staff is monitoring is the emergence of inflation, as both labor

and raw material prices are surging, which is a headwind for future earnings growth. The inflation risk is likely more of an intermediate-term risk, so with only six weeks remaining in Fiscal Year 2021, it continues to look like a very good year for the investment portfolio.

MPERS' Matters

Investments

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

$$C + I = B + E$$

C = Contributions

I = Investments

B = Benefits

E = Expenses

In the May edition of *The Pensioner: In the Moment*, we looked at the second part of the contribution component of the oversight formula. Over the next few months, we will be exploring the "I" component of the formula: Investments.

In combination with employer contributions and 2011 Tier employee contributions, investment returns fund the System and the promised member benefits. Contributions and investments are highly dependent upon each other. If investment income increases, employer contributions may decrease. Likewise, if investment income decreases, employer contributions may increase.

The MPERS' Board of Trustees has very broad authority to invest under state statutes. As you might expect, the law requires the Board to fulfill its duty to invest System assets as a prudent person would invest. In other words, the Board makes investments for the purpose of providing benefits to System beneficiaries and expects to pay reasonable expenses of investing, will diversity the assets, and must maintain sufficient liquidity to pay benefits.

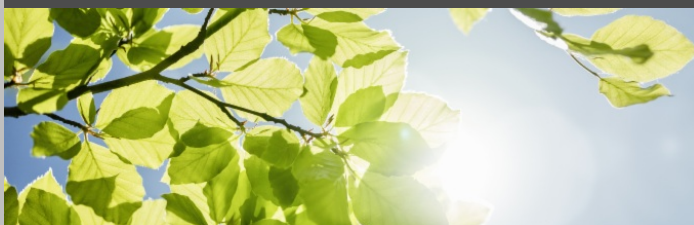
The MPERS' Board is a lay board, which means that the 11 members are not experts in the pension industry, nor are they experts in the investment field. The trustees are required to complete a certain amount of education each year, but as responsible fiduciaries, they must rely on professionals when it comes to making important investment decisions. MPERS has a staff of four investment professionals as well as contracts with independent consultants that help advise the Board regarding investment decisions. This guidance has become increasingly important as the investment portfolio has become more sophisticated and complex. Today, MPERS' asset allocation and those portfolios of other larger public pension plans are a combination of stocks, bonds, real estate, commodities, and other alternative assets that are rarely utilized by individuals.

In the upcoming editions of *The Pensioner: In the Moment*, we will be looking at various aspects of the Investment component.

Discover more about MPERS' Investments!

Catch up on previous MPERS' Matters articles!

Join us next month for Investments Part Two: Asset Allocation!



June

Upcoming Events

- 15 - Deadline to submit direct deposit and/or tax withholding changes. [Complete changes here.](#)
- 17 - Board meeting

- 30 - Payday for benefit recipients



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.