

FY2017



Measuring MPERS Performance





MoDOT and Patrol Employees' Retirement System

To Our Members:

An often repeated business axiom is "what gets measured gets managed." There is quite a bit of truth to that old saying.

This new report is designed to provide our members and stakeholders with information on how we (MPERS staff) have performed during Fiscal Year 2017. We intend to issue this report each year.

Inside you will find information on our investment performance (which lends itself very well to measurement) and operations performance which is generally measured by member responses to our satisfaction surveys. We have several other measures to help us manage the system, but we have included the ones that we believe are the most relevant to the readers of this report. With that said, we continue to seek new ways to measure performance and those yet to be identified measures could appear in future versions of this report.

We hope you find the information contained in this report useful. Should you see anything in this report that raises a question, please do not hesitate to contact us at mpers@mpers.org.

Sincerely,

A handwritten signature in black ink that reads "Scott Simon".

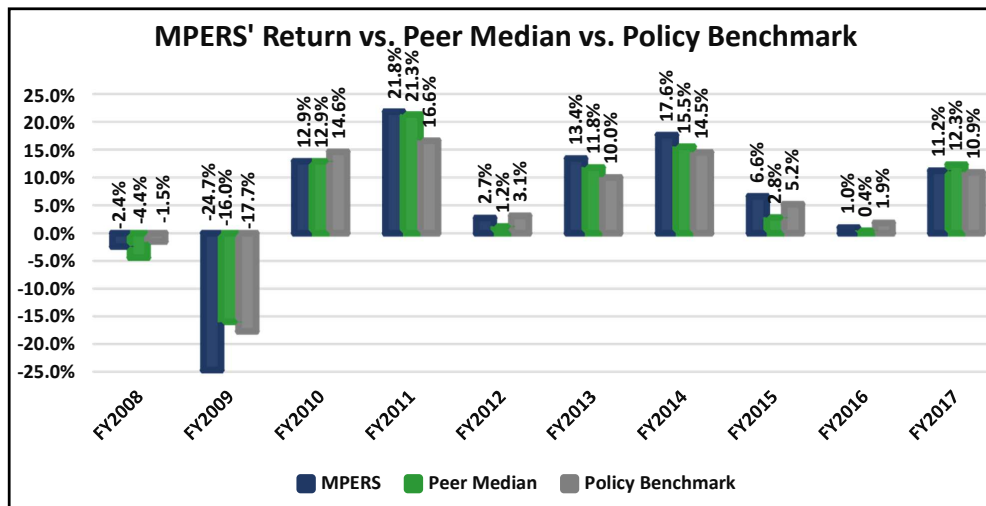
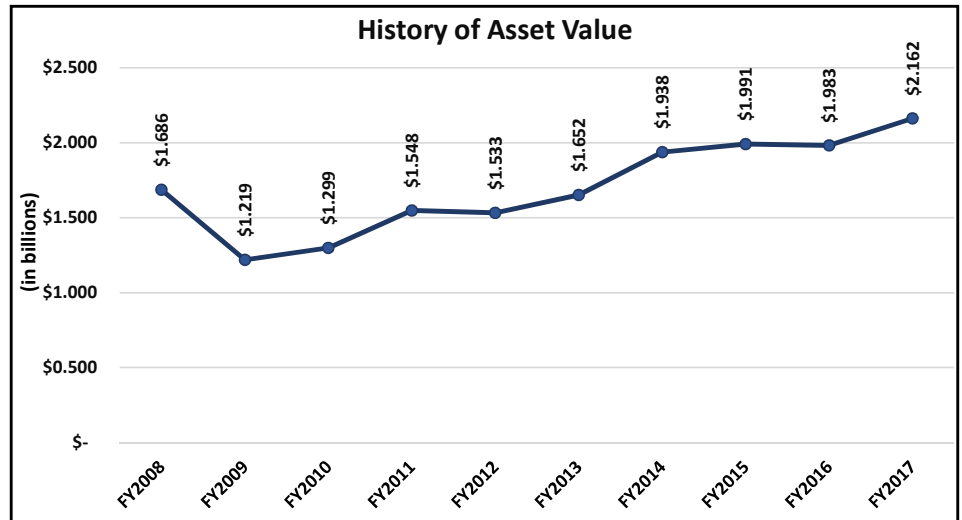
Scott Simon
Executive Director

Investment Performance Measures

Asset Value

The mission of MPERS is “to provide a basic level of financial security to plan participants by delivering quality benefits and exceptional customer service through professional plan administration and prudent management of System assets.” Simply stated, MPERS must have sufficient assets to pay monthly benefits.

Purpose of Measure: To gauge the financial growth of the System and its ability to pay promised benefits.



MPERS' Return vs. Peer Median vs. Policy Benchmark

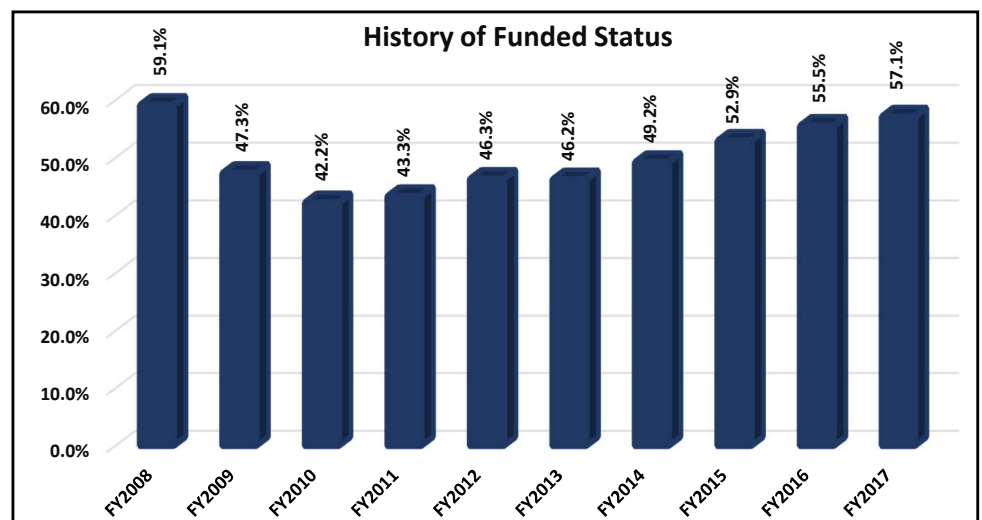
Assets are invested in accordance with a structured allocation approved by the Board of Trustees. The best measure of the investment return is the policy benchmark, which is based on the asset allocation.

Purpose of Measure: To track and compare MPERS' annual investment returns with the peer median and policy benchmark.

Funded Status

A fully funded pension plan is one in which the market value of the plan's assets is enough to cover 100% of current benefits earned by its members. Since 2006, the Board has adopted a number of funding policies intended to improve the system's funded status.

Purpose of Measure: To determine the financial soundness of the System including any trends in the funding status.

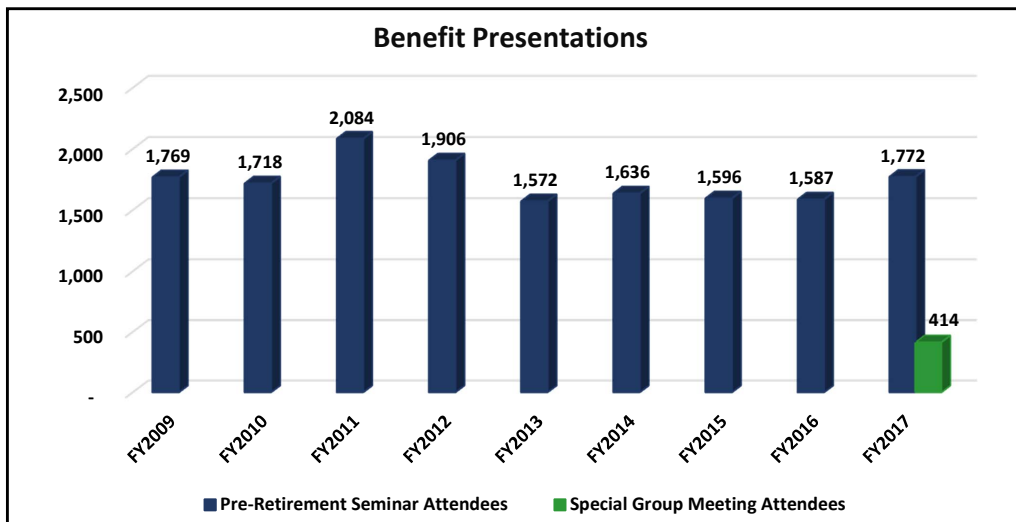


Operations Performance Measures

Benefit Presentations

MPERS' staff conducts an average of 25 half-day Pre-Retirement Seminars annually, throughout the state, for MoDOT and MSHP employees. Employees who are eligible to retire or within five years of retirement are invited to the seminars, with empty seats then being offered to anyone wishing to attend two weeks prior to the seminar. We strongly encourage members to bring a spouse/guest. We also conduct other special group meetings upon request to educate membership on the benefits we provide.

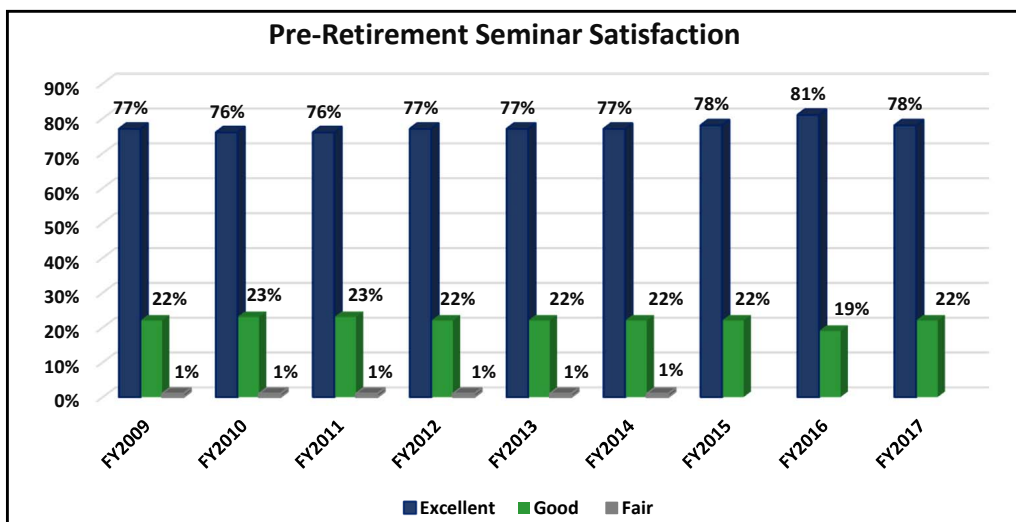
Purpose of Measure: By gauging attendance, MPERS staff can determine if the number of seminars should be adjusted.



Pre-Retirement Seminar Satisfaction

Attendees are asked to complete an evaluation form at the conclusion of each Pre-Retirement Seminar. The goal of the seminars is to provide information on several topics such as retirement benefits, medical insurance, and deferred compensation. The seminar presenters are rated on the presentation, material, value of information, and if it met the participants expectations. For purposes of this performance measure, we have focused on answers to the statement "how would you rate this seminar overall?"

Purpose of Measure: To determine the effectiveness of MPERS' staff in explaining the retirement benefits to attendees of the Pre-Retirement Seminars.



Operations Performance Measures

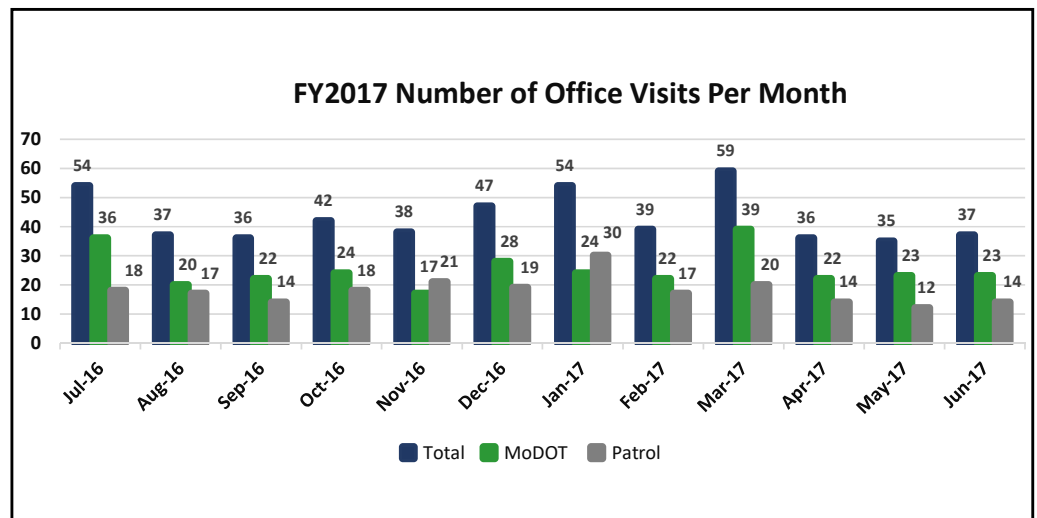
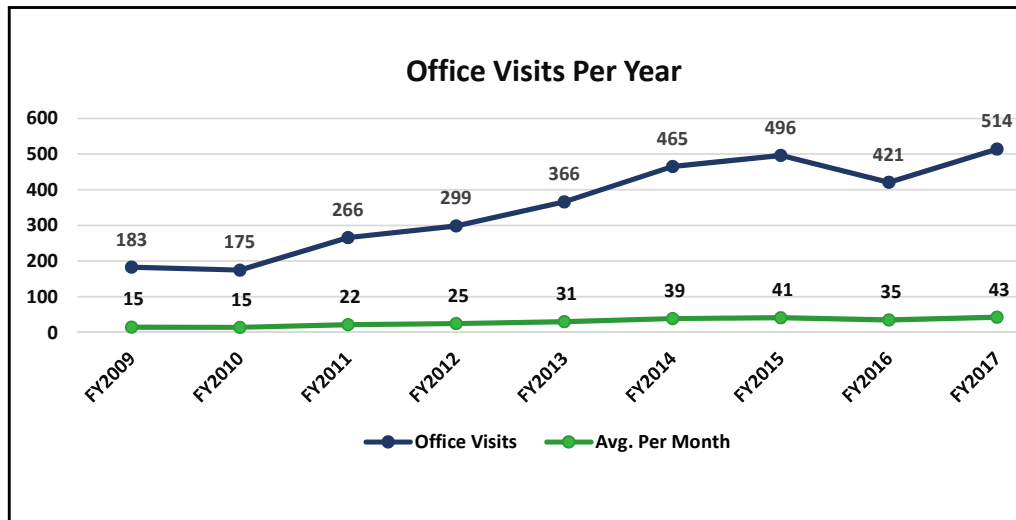
Office Visits

We define “customers” to be all-encompassing (employees, retirees, survivors, etc.). The critical decisions made during the retirement process are irrevocable and will affect the member for the rest of their life. One-on-one counseling is the most effective means of explaining the benefit provisions. Members can receive individual counseling at the MPERS office or by phone. If there is enough interest to justify the trip, staff will travel to the employer’s office for one-on-one counseling with members.

Purpose of Measure: To determine if those visiting our office were satisfied with the service they received. Staff is evaluated on knowledge, professionalism, and service.

	Office Visits (a)	Responses Received (b)
FY2009	183	63
FY2010	175	67
FY2011	266	95
FY2012	299	90
FY2013	366	102
FY2014	465	159
FY2015	496	161
FY2016	421	131
FY2017	514	109

(a) includes scheduled and unscheduled visits
 (b) responses received from members that visited MPERS



Operations Performance Measures

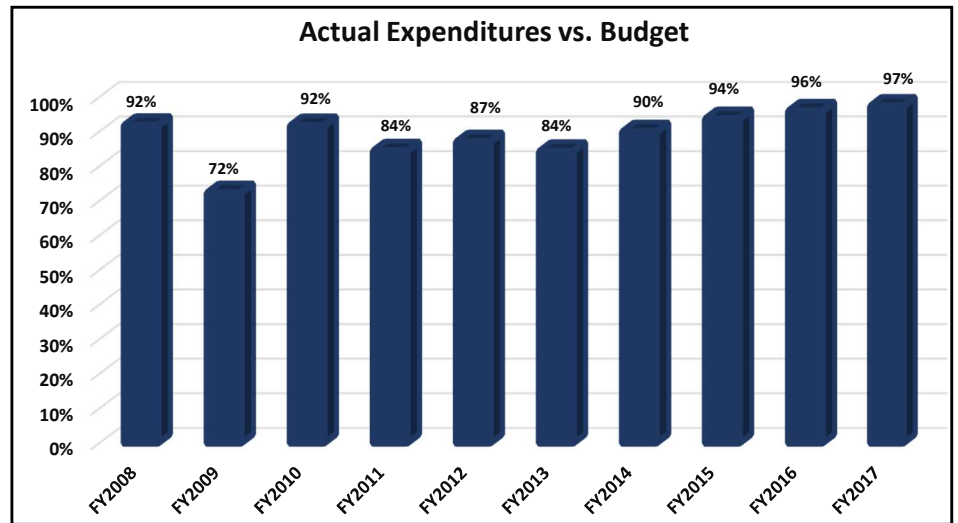
Actual Expenditures vs. Budget

Preparing an annual budget can be a daunting task. It requires precise planning of current budgetary items and consideration for the potential for unplanned expenses.

Purpose of Measure: This measurement provides an indicator of the degree to which budgeted expenditures are controlled.

FY2017 Budget

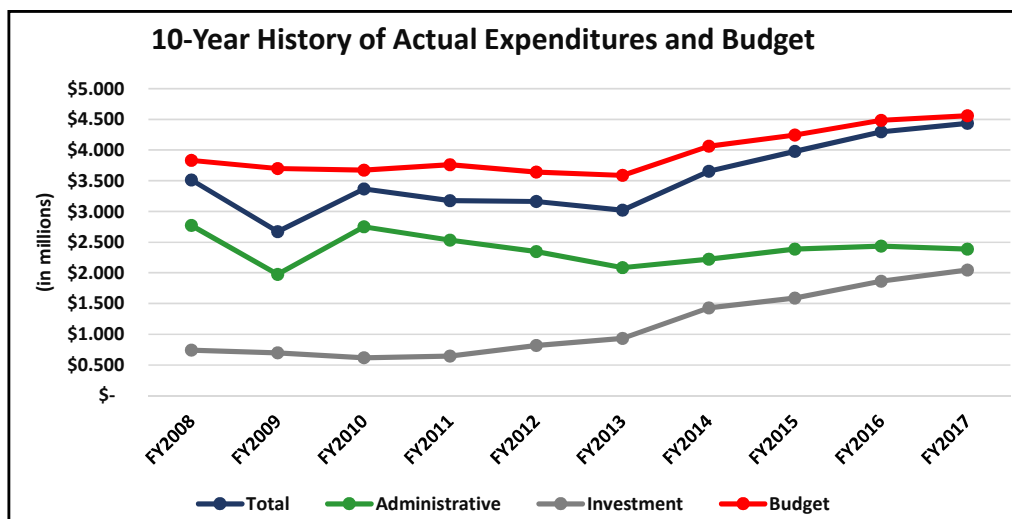
	Budget	Actual
Administrative	\$2,544,377	\$2,388,927
Investments	\$2,015,792	\$2,047,801
Total	\$4,560,169	\$4,436,728



History of Expenditures

There are a multitude of story lines and explanations connected to the historical cost of doing MPERS business. Those stories and explanations are much too detailed to include here. What may be surprising is the cost for our administrative unit today is lower relative to a decade ago. On the investment side, the increase reflects the fact that we have gone from a one-person shop to four employees, with more responsibility for internal management (including real savings on management fees) than would have been the case a decade or more ago.

Purpose of Measure: This information is intended to illustrate any trends that may be associated with the costs associated with operating the retirement system.



Operations Performance Measures

Cost Per Member Analysis

We can perform our own very basic assessment of our overall costs relative to systems similar in size. Our cost analysis takes the gross operating costs and divides it by the member population (active employees, retirees, and vested former members) to arrive at a “cost per member.” MPERS ranks 3rd in this peer group at \$270. The average for the peer group is \$351 indicating that MPERS is a lower cost operation. There is an economies of scale factor that is worth noting in this analysis. That is, the more members a plan has (the denominator in the equation), the better the potential for being low cost. Montana, for example, has the lowest cost per member but they also have the largest population in this analysis of almost 60,000 members. MPERS is the fourth smallest plan in this analysis, meaning that most of the plans cover a considerably larger population, which solidifies the assertion that we are operating efficiently.

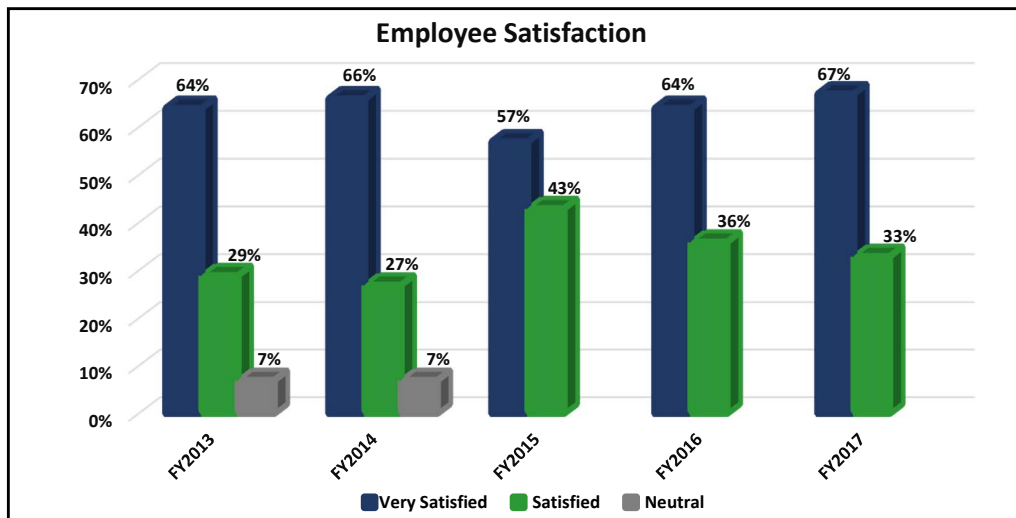
Purpose of Measure: The purpose of this measure is to provide some context for how our costs compare to other pension plans similar in size to MPERS.



Employee Satisfaction

Employees spend a large portion of their day at work. Our employees are a vital asset to MPERS. It is commonly known that performance can be linked to job satisfaction; therefore, it is imperative that employees enjoy coming to work, find satisfaction in their contribution to the system, and are offered a pleasant work environment.

Purpose of Measure: The purpose of this measure is to gauge the job satisfaction of MPERS’ employees.



With the transition of executive directors, no employee survey was conducted in FY2012.



Contact Information

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