



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.

2022 Financial Status Update

In case you missed it, MPERS had a great 2022 fiscal year. Despite periods of near-record inflation and an uncertain stock market, MPERS' investment staff strategic decisions benefited the System not only in FY 2022 but also for years to come. Take a look as Executive Director Scott Simon shares the 2022 Financial Status Update below.



What Is The MPERS' COLA and How Is It Determined?

MPERS' benefit recipients are eligible for an annual cost-of-living adjustment, commonly referred to as the COLA. The COLA can vary from zero to five percent annually and is equal to 80% of the percentage increase in the [Consumer Price Index for all Urban Consumers for the United States \(CPI-U\)](#).

The Consumer Price Index used to calculate the COLA for MPERS benefit recipients is different than the Consumer Price Index used to calculate the social security COLA. The Social Security Administration uses the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is why the social security COLA amount is different from the MPERS COLA amount.

According to the U.S. [Bureau of Labor Statistics](#), the CPI-U is a more general index and seeks to track retail prices as they affect all urban consumers. It encompasses about 87% of the United States population.

The CPI-W is a more specialized index and seeks to track retail prices as they affect urban hourly wage earners and clerical workers. It encompasses about 32% of the United States population and is a subset

of the CPI-U group.

The CPI-W places a slightly higher weight on food, apparel, transportation, and other goods and services. It places a slightly lower weight on housing, medical care, and recreation.

Why does it matter? MPERS calculates annual COLAs according to the statutory guidelines set out in state law. In accordance with Sections [104.103.5](#) & [104.1045.2](#), the annual COLA increase is determined each January based on the percentage change in the average Consumer Price Index from the **previous** year.

Consumer Price Index for All Urban Consumers (CPI-U)

<u>Month</u>	<u>2020</u>	<u>2021</u>
January	257.671	261.582
February	258.678	263.014
March	258.115	264.877
April	256.389	267.054
May	256.394	269.195
June	257.797	271.696
July	259.101	273.003
August	259.918	273.567
September	260.280	274.310
October	260.388	276.589
November	260.229	277.948
December	<u>260.474</u>	<u>278.802</u>
Annual Average	258.811	270.970

An example of how the COLA is calculated can be found in the illustration below. The following computations were used for the 2022 COLA and were based on information received from the U.S. Department of Labor.

$$(270.970 - 258.811) / 258.811 = 4.698\% \times 80\% = 3.758\%$$

2021	2020	2020	Percent of	Percent	Total
Average	Average	Average	change	set in	2022
			between	statute	COLA
			2020 and		
			2021		

In this example, the 2020 average is 258.811 and the 2021 average is 270.970.

The difference between the two averages, divided by the 2020 average is 4.698%, which is the percent of change between the two averages.

Since the COLA is calculated using 80% of percent of change in the CPI-U, 4.698% is multiplied by 80% and the result is the 2022 COLA percentage of 3.758%.

For the 2023 COLA, we will be using the 2021 and 2022 averages, however, the 2022 numbers will not be complete until mid-January.

If you would like to learn more about how Social Security calculates their COLA or more about how MPERS' COLA may affect you, please select the links below.

[MPERS COLA Information](#)

[Social Security COLA Information](#)

Tax Forms Update...Yes, It IS As Exciting As It Sounds

The IRS has updated the W-4P form and requires taxpayers to use it effective January 1, 2023.

This applies to active employees retiring effective January 1, 2023, and benefit recipients (retirees, survivors, etc.) who want to update their tax withholdings after January 1, 2023.

MPERS Missouri & Nevada Employees Retirement System
 P.O. Box 200, Jefferson City, MO 64501-0200
 Phone: (572) 624-4111 • Fax: (572) 624-4112 • Email: mpers@mpers.org
 Website: www.mper.org

W-4P Substitute
 1. Complete in order of this form.
 2. Submit to the payer of your pension or annuity.
 3. Retain a copy for your records.

Withholding Certificate for Pension Benefit Payments

PERSONAL INFORMATION

Name (Last, First, Middle Initial) _____ Social Security Number _____
 Type of Benefit Payment (check one):
 Retirement Disability Ex-Spouse Survivor/Beneficiary
 Mailing Address _____ Month/Year _____
 City _____ State _____ Zip Code _____ (Optional) Phone _____

FEDERAL TAX WITHHOLDING (CHECK ONLY ONE FEDERAL OPTION)

Option 1 **Federal Tax Withholding** - I elect not to have income tax withheld from my pension benefit. This option does not reduce the tax on any tax liability.
 Option 2 **Federal Withholding Based on Marital Status and Number of Allowances** - I elect to have federal income tax withheld from my pension benefit based on my marital status and the number of allowances specified below.
 Marital Status: Single Married, but without a joint rate
 Number of Allowances: _____ (I elect to have allowances for myself and _____ other person(s). Under Option 2, you may elect an additional flat amount to be withheld each month, in addition to the amount based on the allowances specified above.
 I want an extra \$ _____ withheld from each pension benefit payment.
 Option 3 **No Change to Current Federal Withholding Election.**
 If you are not subject to federal tax withholding, or do not choose a federal tax withholding option, a notice is required to have a withholding election or to opt for a default federal withholding election.

MISSOURI STATE TAX WITHHOLDING (CHECK ONLY ONE OPTION)

Option 1 **Missouri State Tax Withholding** - I elect to have Missouri state tax withheld from my pension benefit. This option does not reduce the amount of any tax liability.
 Option 2 **Flat Amount (Minimum \$10) - I want \$ _____ withheld from each pension benefit payment. This must be in the amount (in cents).**
 Option 3 **No Change to Current Missouri State Withholding Election.**

Missouri Signature: _____ Date: _____

If you are a current benefit recipient and need to make changes to your 2022 federal or state taxes, you can use the [W-4P Substitute](#).

W-4P Withholding Certificate for Periodic Pension or Annuity Payments
 Form 2022

OMB No. 1545-0047

Step 1 Personal Information
 Name (Last, First, Middle Initial) _____ Social Security Number _____
 Address _____
 City _____ State _____ Zip Code _____
 Telephone Number _____
 Employer Identification Number (if you are a beneficiary of a pension or annuity) _____

Step 2 Federal Tax Withholding
 1 I elect not to have income tax withheld from my pension or annuity.
 2 I elect to have federal income tax withheld from my pension or annuity based on my marital status and the number of allowances specified below.
 Marital Status: Single Married, but without a joint rate
 Number of Allowances: _____
 3 I want an extra \$ _____ withheld from each pension or annuity payment.
 3 No Change to Current Federal Withholding Election.

Step 3 Missouri State Tax Withholding
 1 I elect to have Missouri state tax withheld from my pension or annuity.
 2 I elect to have Missouri state tax withheld from my pension or annuity based on my marital status and the number of allowances specified below.
 3 I want an extra \$ _____ withheld from each pension or annuity payment.
 3 No Change to Current Missouri State Withholding Election.

Signature: _____ Date: _____

If you are an active employee who will be retiring on or after January 1, 2023, or if you are a benefit recipient who would like to make federal tax changes to be effective January 1, 2023, or later, you must complete the IRS W-4P form.

The IRS W-4P form can be located on the [Internal Revenue Service's website](#).

Missouri Department of Revenue
MO W-4P Withholding Certificate for Pension or Annuity Payments
 Form 2022

OMB No. 1545-0047

This form is to be provided to the administrator of your retirement plan. Do not send to the Department of Revenue. This certificate is for voluntary withholding of Missouri State Income Tax from pension or annuity payments only.

Step 1 Personal Information
 Name (Last, First, Middle Initial) _____ Social Security Number _____
 Address _____
 City _____ State _____ Zip Code _____
 Telephone Number _____
 Employer Identification Number (if you are a beneficiary of a pension or annuity) _____

Step 2 Federal Tax Withholding
 1 I elect not to have income tax withheld from my pension or annuity. (If you check this box, do not complete Line 2.)
 2 I elect to have federal income tax withheld from my pension or annuity based on my marital status and the number of allowances specified below.
 Marital Status: Single Married, but without a joint rate
 Number of Allowances: _____
 3 I want an extra \$ _____ withheld from each pension or annuity payment.
 3 No Change to Current Federal Withholding Election.

Step 3 Missouri State Tax Withholding
 1 I elect to have Missouri state tax withheld from my pension or annuity.
 2 I elect to have Missouri state tax withheld from my pension or annuity based on my marital status and the number of allowances specified below.
 3 I want an extra \$ _____ withheld from each pension or annuity payment.
 3 No Change to Current Missouri State Withholding Election.

Signature: _____ Date: _____

Currently, MPERS provides a W-4P substitute that combines the federal and state withholdings on one form. After January 1, 2023, federal and Missouri state tax W-4P forms must be submitted separately.

The MO W-4P can be located [on the Missouri Department of Revenue's website](#).

Please remember, MPERS cannot give tax advice. Please consult a tax professional regarding completion of the [IRS W-4P](#) and the [MO W-4P](#) should you need assistance.

2022 State of The System
Wednesday, December 7, 2022
3:00 p.m. - 4:00 p.m.

SAVE THE DATE

We are excited to announce that the first annual **virtual** State of The System will be held on December 7, 2022, from 3:00 p.m.-4:00 p.m!

Join MPERS' Executive Director, Scott Simon, Assistant Executive Director and General Counsel, Greta Bassett-Seymour, Chief Financial Officer, Jennifer Even, and Chief Investment Officer, Larry Krumpfen,

as they update our stakeholders on the status of MPERS and address questions they may have.

Further details including registration information will be coming soon!

MPERS Receives Award from the Public Pension Coordinating Council

MPERS has received an award in recognition of meeting professional plan design and administration standards.

The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

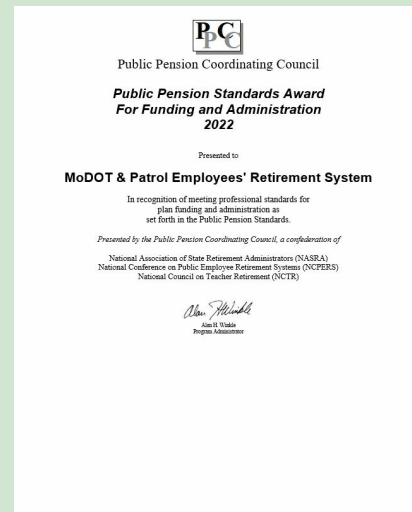
According to NASRA.org, to receive the Recognition Award for Administration, the retirement system must certify that it meets the requirements in five areas of assessment:

- 1. Comprehensive Benefit Program.** The system must provide a comprehensive benefit program including service retirement benefits, in-service death benefits, disability benefits, vesting, and provisions for granting a cost-of-living adjustment.
- 2. Actuarial.** An Actuarial Valuation must be completed at least every two years using generally-recognized and accepted actuarial principles and practices.
- 3. Audit.** The system must obtain an unqualified opinion from an independent audit conducted following government auditing standards generally accepted in the United States.
- 4. Investments.** The system must follow written investment policies and written fiduciary standards and the system must obtain an annual investment performance evaluation from an outside investment review entity.
- 5. Communications.** Members must be provided a handbook or summary plan description, regular updates to the documents, and an annual benefit statement. Meetings of the governing board of the system are conducted at least quarterly with adequate public notice.

To receive the recognition Award for Funding, the retirement system must certify that it meets the requirements for funding adequacy, as defined as meeting one or more of the following criteria:

- A.** A funded ratio of 100%;
- B.** Contribution rates equal to or greater than 100 percent of the Annual Required Contribution; or
- C.** A plan has been approved by the governing body to achieve or one or both of these criteria within five years.

MPERS has been awarded the Public Pension Standards Award for Funding and Administration annually since 2004.



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Upcoming Events

- 11 - Veterans Day, office closed
- 15 - Deadline to submit direct deposit and/or tax withholding changes [Complete changes here.](#)
- 17 - Board meeting
- 24 - Thanksgiving Day, office closed
- 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.