



## 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.

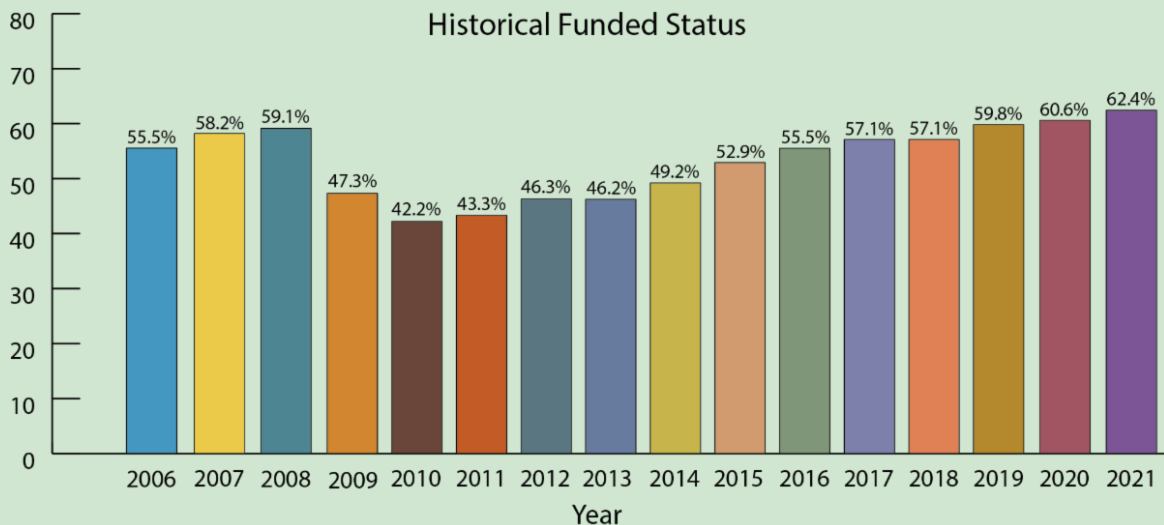


### MPERS' Funded Status Increases Again!

During Fiscal Year 2021, MPERS' funded status increased from 60.6% to 62.4%!

This is an incredible feat considering just 11 short years ago, the funded status was 42.2%. During this time, not only were pension plans across the nation suffering, but the economy was in a period of deflation known as the [Great Recession](#).

What is a funded status? The funded status represents the level of assets available to pay the benefits promised. While MPERS is still below the goal of being 100% funded, we are slowly making progress in the right direction. This is due to the Board's aggressive funding policies as well as a dedicated staff of investment professionals whose number one priority is MPERS' members and stakeholders.



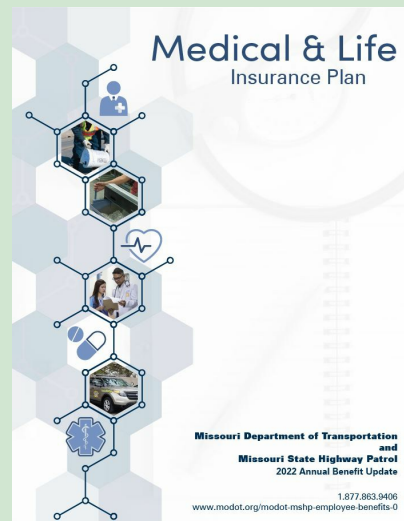
Want to know more? [Click here to view the complete FY 21 Actuarial Valuation.](#)



### Open Enrollment Information from MoDOT Employee Health and Wellness!

If you are a retiree who continued your medical insurance coverage through MoDOT or the Patrol, take a look at the following information provided by MoDOT Employee Health and Wellness regarding the 2022 plan year.

- There is no increase in 2022 monthly premiums for the medical plan.
- There are no benefit plan changes for 2022.
- Your deductible and out-of-pocket maximum start over on January 1, 2022.
- You will NOT receive new medical or prescription ID cards for 2022. Please use the cards you currently have.
- Open enrollment for retirees is your opportunity to switch between the PPO plan and the HDHP with HSA plan.
- If you switch plans, premium changes will be reflected in your December 31, 2021 benefit payment.
- If you switch to the HDHP plan, please complete a new HSA contribution form.
- Changes made between October 1-31, 2021 will be effective January 1, 2022.



MoDOT Employee Health and Wellness recently mailed the 2022 Annual Benefit Update to your home address. Once it is available online, you can access it [here!](#) If you didn't receive it, please make sure MPERS has your current address on file.

If you have additional questions regarding your medical insurance, please contact MoDOT Employee Health and Wellness at 877-863-9406 or visit the [MoDOT/MSHP Employee Benefits website](#).



Questions regarding your dental and vision benefits can be directed to Missouri Consolidated Health Care Plan at 800-487-0771 or visit [www.mchcp.org](http://www.mchcp.org).

# MPERS' Matters

## Investments PART 5

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

$$C + I = B + E$$

As we wrap up our discussion of the investment component of the oversight formula  $C+I = B+E$ , we move now to the last part of the series: risk.

In the July edition of *MPERS' Matters-Investments Part Two*, we acknowledged that in order to have meaningful, positive investment returns, an investor must take some amount of risk.

With that in mind, it is important to note that we manage risk, we do not eliminate it. Eliminating risk would forgo returns the markets have provided over the long term and increase the cost of the plan to covered employers in a way that would be unaffordable. As a result, the Board utilizes professional investment staff and investment consultants to manage these risks.

MPERS' primary goal with regard to risk management is to maintain a financially sound retirement system. This goal is complicated because most risks are not measurable or quantifiable. For example, market risk, inflation risk, and interest

rate risks are all important factors to recognize and observe but they are not measurable.

Market volatility (as measured by the standard deviation of returns) is the rare quantifiable risk. Since volatility is a risk that is measurable, it is routinely reported with MPERS' investment performance. Higher volatility puts added pressure on covered employers with regard to contributions. This is because when returns see wide swings in results, this can put unnecessary variability on the contribution rates for employers. Lower volatility minimizes that risk, which is important to the longevity of the plan. MPERS' historical performance reflects the successful management of this risk. In fact, MPERS routinely leads the public pension peer universe with lower risk and higher returns over periods out to 15 years.

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



Another risk with some measurability is liquidity. Liquidity is liquid assets, or cash, readily accessible to the plan. This variable receives constant attention from staff and is stress tested annually to maintain confidence in MPERS' ability to make benefit payments and meet other financial commitments.

Although most other risks are not measurable, that does not mean they are not managed. Here again, professional investment staff are essential to recognizing, assessing, and managing these risks. Risk plays a very important role with regard to the allocation of assets for MPERS. There is an infinite number of asset allocations a plan like MPERS could use. MPERS' current allocation is expected to provide the greatest amount of return within risk parameters that are considered reasonable.

Alternative assets are often viewed as riskier than public assets. According to current projections, forgoing the benefit of alternative asset returns would limit or diminish the returns of the plan if the System only utilized publicly traded assets. For example, over the next 10 years, a 60/40 allocation of publicly traded US/International equities and fixed income is projected to provide a return of approximately 4.6%. Meanwhile, a policy mix like the one MPERS uses with a combination of publicly traded and alternative assets, is estimated to return approximately 5.8%. The difference between these two allocations for a \$3 billion portfolio equates to \$36 million over a one-year period. A similar review of a multiple-year period compounds the importance of choosing the best possible asset allocation and managing the associated risk.

This reinforces the premise and importance of being risk managers, not risk eliminators.

## **myMPERS Secure Member Access Multi-Factor Authentication**

The safety and security of member and stakeholder personal information is something we take seriously at MPERS. In the coming months we will be implementing an additional security measure called multi-factor authentication (MFA) to the myMPERS login process.

Upon logging in to your *myMPERS* account, you will be prompted to choose your preference(s) for MFA.

Please remember, it has not taken effect just yet, so proceed as normal. Once it has been fully implemented, we will be available to assist with the transition.

**MPERS benefit specialists will NEVER reach out to you to arrange personal counseling sessions unless you have requested for them to do so.**

**If you would like to request an appointment, you may do so by calling 800-270-1271, sending a message to [mpers@mpers.org](mailto:mpers@mpers.org),**



or completing the online appointment request form [found here](#).

If you receive an email requesting an appointment but you did not contact MPERS first, please let MPERS know.



## Upcoming Events

- 11 - Columbus Day - office open
- 12 - Office closed for technology upgrades (sorry for the inconvenience)
- 15 - Deadline to submit direct deposit and/or tax withholding changes. [Complete changes here](#).
- 29 - 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](mailto:Julie.West@mpers.org).