

The Feedbag

Staying Connected

MoDOT & Patrol Employees' Retirement System

December 2018

Volume #5



Director's Note

'Tis the season to be jolly, or so the song goes. If we are supposed to be jolly, why is it that I see so many agitated shoppers while I'm out for lunch or running errands around town? I don't know about you, but I like the accessibility and convenience of online shopping for certain things. Like anything else you do online, you have to be wise about sharing information and using legitimate, secure vendors. Doing this may ensure your online shopping experience is simple and hassle free.

Historically, most of the interaction between MPERS and its members has occurred via telephone, face to face, or via mail. Much like modern online shopping alternatives, MPERS provides plenty of opportunities for members to conduct their business from the comfort of their homes or offices using a computer, smart phone, or tablet.

For some time, MPERS has averaged 1,000 new registrations a year for individuals wanting access to *myMPERS*, their secure personal accounts. Visits to our website have grown from almost nothing when our site debuted in 2007, to over 125,000 visits last year. That is double the use from just five years ago. An online presence is no longer just a convenience, it is a necessity and an expectation. Similar to the convenience of online shopping, access to MPERS website is available 24/7 and saves you a call, a stamp, or a drive to the office.

For online services to be successful, they must be user friendly and they must be secure. Those two things are often in conflict as increasingly difficult user name and password requirements are not only a challenge to remember, but necessary to keep information secure. MPERS is continually

evaluating security protocol for *myMPERS* and applying new and improved technology to protect member information, however the most important key to keeping your personal information secure is you. Never share your usernames or passwords with anyone. If you use a computer available for public use, be sure to log out of your account properly and close your browser when you are finished. All the security in the world that could be built into our system is simply not enough if users do not protect their usernames and passwords.

As a general rule, once a person retires, he or she does not give much thought to the relationship with MPERS as long as we continue to pay a benefit every month. In reality, retirees may need to change tax withholding, change their direct deposit to a new bank account, update beneficiaries, reprint misplaced 1099-R forms, change an address, affirm deposit amounts, and much more. If you have yet to discover the convenience of MPERS' website, I encourage you to take an online tour or call one of our benefit specialists who can assist you with the details.

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Board of Trustees Meeting Schedule

February 21, 2019

April 25, 2019

June 20, 2019

September 26, 2019

November 21, 2019

2019

MPERS' Funded Status

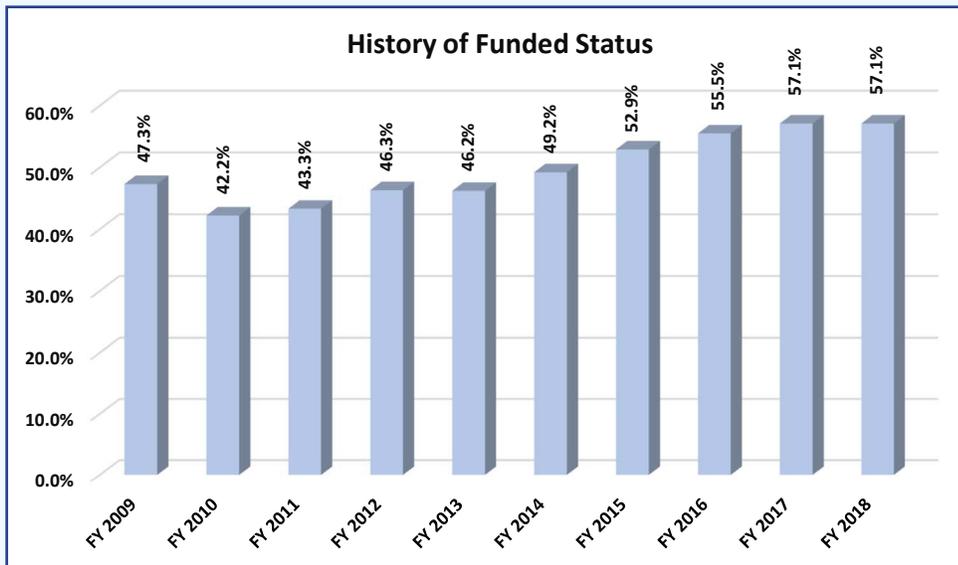
Every fiscal year an actuarial study is conducted to establish the employer contribution rate and to measure the overall financial health of the retirement system.

Our actuary has developed complex calculators that incorporate statistical information pertaining to MPERS' membership and investments, along with a set of predetermined assumptions (which are evaluated every five years) to determine how much money the system needs to provide the benefits earned by all eligible members. These results are then compared with the actual assets currently held by MPERS to determine the funded status. MPERS current funded status is 57.1%.

Decisions made by multiple entities over the years regarding benefit increases, plan assumptions, contributions and investment policy coupled with market declines in the past decade, have resulted in an unfunded liability. Our funded status may seem low, but as you can see from the chart, it has increased significantly in the last few years.

MPERS has an aggressive plan in place to address this unfunded liability and the plan is working; however, it takes time. MPERS did not become underfunded overnight and it cannot become fully funded overnight. It should also be noted that MoDOT and the

you make your regular payment, but you have also decided to use funds earned on your investment returns to make additional payments on the principal amount of your loan. As a safety net, you also put money into a savings account, so that if you fall short on



Highway Patrol (our employers) have contributed 100% of their actuarially required contributions and have never missed a contribution payment.

In an effort to address the System's underfunded status, the Board adopted policies intended to improve MPERS' funded status over time. A permanent policy is in place that ensures we are able to fully fund our benefit obligations over a 30-year period. After the great recession, a temporary funding policy was established to fund these obligations at an even faster pace. As a further step to improve our funding, the Board established a contribution stabilization reserve fund.

To clarify the previous paragraph, think of this in terms of a home loan that you have agreed to pay off within 30 years. Every month

cash, you can pull from this money to help cover your loan payment without using funds already allocated for other necessities.

We have presented some complicated information to you to deliver a relatively simple message. Your benefits and financial security are our top priority. Although we cannot change decisions made in the past, what we can do is continue to work diligently to implement policies to improve our funded status until we reach our goal of becoming 100% funded.

To learn more about our funding policies, actuarial assumptions, or the overall financial health of our system, please visit our website, www.mpers.org.

During FY 2018, MPERS conducted our required five-year study and adjusted our actuarial assumptions to incorporate changes in mortality and to reflect a more realistic expected rate of return on our investment. Normally, when assumptions are adjusted, the funded status tends to decrease slightly. However, during FY 2018, MPERS experienced an investment return of 9.42% (which is above our assumed return of 7%). This caused our funded status to remain stable at 57.1%. Had we not adjusted our assumptions, our funded status would have increased to 59.2% for the fiscal year.

MPERS' Focus on Disaster Preparation

On November 30, 2018, Anchorage, Alaska was struck with a magnitude 7.0 earthquake that created significant damage to infrastructure and increased the possibility of landslides and tsunamis. In 2011, an EF-5 tornado ripped through the heart of Joplin, MO, destroying everything in its path. Nothing could have prepared the citizens of Anchorage or Joplin for what was about to occur.

What happens to your pension benefit when disaster strikes MPERS or LRS, the pension management system? Will you still receive your monthly benefit? Will it be delayed?

In the event that MPERS is impacted by a disaster and is unable to perform payroll duties, our disaster event recovery procedure will be carried out. If a disaster impacted MPERS, LRS would assume payroll duties ensuring retirees continue to receive their monthly benefit payments. In the event that LRS is struck by disaster, there is a backup location that can perform its portion of payroll duties.

On November 27th, MPERS payroll staff, in conjunction with LRS, participated in a mock disaster exercise to test the procedure and it was a success. Having this procedure in place ensures uninterrupted continuation of your monthly benefit payments in times of peril.

Register here for *myMPERS*
Secure Member Access



Stress Less This Holiday Season

Don't let the holidays stress you out. According to the Mayo Clinic, there are actions you can take to prevent holiday stress.

Acknowledge your feelings. If you have lost a loved one or cannot be with your loved ones this holiday season, it is okay to feel sad. You don't have to force yourself to be happy.

Stick to a budget. Avoid financial hardship by creating a realistic budget for the holidays and sticking to it. Some of the best gifts come from the heart, not the wallet.

Take a breather. Spend 15 minutes alone doing something that reduces your stress. Take a walk, listen to music, read a book, meditate.

Learn to say no. Don't say yes when you mean no. It could lead to unnecessary stress and resentment.

Be realistic. Let go of holiday expectations; appreciate moments and build memories.

Seek professional help if you need it. If you find yourself anxious, unable to sleep, irritable or sad, reach out for help. Check with your medical insurance plan for available mental health services.

AVAILABLE NOW

The Fiscal Year 2018 Comprehensive Annual Financial Report and Popular Annual Financial Report are now available on MPERS website.



MPERS' New Staff Member

MPERS welcomes new Communications Specialist, Julie West.

Julie has over eight years experience in employee benefits as well as a BA in Communication from Hannibal-LaGrange



University and an MA in Communication from the University of Central Missouri.

She will be overseeing MPERS' communication efforts as well as assisting the benefit specialists.

We look forward to the enhancements she will offer to our member communications.

Welcome Julie!

Connect with us!





Annual Reminders

December 2018

MoDOT/MSHP Medical & MCHCP Dental/Vision Premiums

The new 2019 medical, dental, and vision insurance premiums begin with your **December** benefit payment.

Reason it changes in December: The premium you pay in the current month is for the following month's insurance coverage. For example, the premium deducted in December is for your January coverage.

If you have medical coverage through Employee Benefits and have questions regarding the premium or coverage, please call Employee Benefits at (877) 863-9406.

If you have dental/vision coverage through MCHCP and have questions regarding the premiums or coverage, please call MCHCP at (800) 487-0771.

January 2019

1099-R Information

1099-R forms will be mailed to you by January 31, 2019, but will be available via your *myMPERS* Secure Member Access as soon as the information is finalized (around mid-to-late January). You will receive a separate 1099-R for each type of benefit payment you received from MPERS in 2018 (e.g., monthly benefit payment, BackDROP distribution, survivor benefit, etc.).

For your convenience, the 1099-R contains the total medical, dental, and vision premiums that were deducted from your 2018 monthly benefit payments from MPERS. The amounts do not include any refunds or manual premium payments.

Federal Tax Withholding

The IRS generally changes the federal tax withholding tables every **January**.



The new tables are used to calculate your deduction if your withholding election is based on marital status and number of allowances (e.g., single with one allowance, married with two allowances, etc.).

If you have questions regarding your federal or Missouri state tax withholding, please contact a tax professional.

2019 COLA Rate



The 2019 cost-of-living adjustment (COLA) will be calculated and announced in **late January**, which is when the U.S. Department of Labor generally releases the December Consumer Price Index for All Urban Consumers (CPI-U) numbers needed for the calculation.

Once the 2019 COLA rate is determined, MPERS will post it online at www.mpers.org.

Contact Information

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"The Feedbag" was conceived to get attention for a specific purpose - feedback. It worked! So we decided to keep the theme and return the favor by delivering important information to our members via these newsletters. Input on the content of these newsletters, or anything related to MPERS for that matter, is always welcome. Keep the exchange going and share your **feedbag feedback with us at mpers@mpers.org.**