

Missouri State Employees' Retirement System
SUMMARY ANNUAL REPORT TO MEMBERS
Fiscal Year Ended June 30, 2022



MAKING A STATEMENT





WE ARE HERE FOR YOUR BENEFIT.

Message from the Executive Director



Ronda Stegmann
Executive Director

It is my pleasure to present MOSERS' *Summary Annual Report to Members*, which provides a brief overview of our financial condition as of June 30, 2022. During fiscal year 2022, the Board and staff worked extensively and collaboratively on solutions to ensure the fiscal sustainability of MOSERS for current and future members. I would like to thank our trustees for their dedication and commitment.

The MOSERS investment portfolio generated a time-weighted return of (9.0)% net of fees, for fiscal year 2022. Despite it being a difficult year for the markets, the total fund returned 1.0% more than would have been expected through passive investing in the benchmarks.

To allow for more predictable and stable contribution rates, MOSERS' funding is based upon the actuarial value of assets, which smooths asset gains and losses over a five-year period. As of June 30, 2022, the MSEP was 57.7% prefunded and the Judicial Plan was 32.4% pre-funded on an actuarial basis. The MSEP experienced a decrease from the June 30, 2021 funded status of 59.0%. The Judicial Plan reflected an increase from the June 30, 2021 funded status of 31.1%.

The General Assembly authorized the Office of Administration's appropriation of \$610 million to MOSERS for fiscal year 2023. This appropriation funds the Board-certified employer contribution rates. This amount was generated from the employer contribution rates calculated in the annual actuarial valuations performed by MOSERS' retained actuarial professionals and certified by the MOSERS Board of Trustees at its September 2021 Board meeting. The bill also included a one-time extraordinary payment of \$500 million to MOSERS in fiscal year 2023.

This year's summary annual report theme, "Making a Statement," represents the many actions we perform and communications we convey as an organization. Through the embodiment of our mission statement "MOSERS exists to advance the financial security of its members" and receiving input and feedback from our stakeholders through their statements, our daily endeavors strive to be accountable and responsive to our members and each other. We understand that MOSERS is entrusted with meaningful resources on behalf of our members and know these same members rely on their benefits now and far into the future. The MOSERS staff will continue to "roll up our sleeves" and work hard for our members, the Board, and all our stakeholders into the future. It is our honor to work for this great state and its citizens.

Respectfully submitted,

Ronda Stegmann
Executive Director

This *Summary Annual Report to Members* is derived from the information contained in MOSERS' *Annual Comprehensive Financial Report* (ACFR) but does not include all funds administered by MOSERS or certain other information required for conformity with Generally Accepted Accounting Principles (GAAP). MOSERS' financial statements are produced in conformity with GAAP. View the full annual report on our website at www.mosers.org. To request an alternative format, please contact MOSERS at (573) 632-6100 or (800) 827-1063. MOSERS is an equal opportunity employer.

Message From the Board Chairwoman

Dear Members:

On behalf of the MOSERS Board of Trustees, I am pleased to present the MOSERS *Summary Annual Report to Members* for the fiscal year ended June 30, 2022. This report is one of MOSERS' finest examples of collaboration and an organization-wide team effort.

During the year ended June 30, 2022, the Board of Trustees continued its work on behalf of the MOSERS membership.

As the organization transitioned back to a more normalized workplace setting for our staff, we continued to work on key initiatives over the last fiscal year, some of which included:

- formation and adoption of MOSERS' 3-year strategic plan beginning July 1, 2022;
- performance of the governance required actuarial audit; and
- securing an extraordinary payment of \$500 million from the state of Missouri to assist in moving the System to a better funding position.

MOSERS was very fortunate to have Board continuity, with no turnover, during fiscal year 2022. During my tenure as Board chairwoman, I have witnessed the substantial amount of time and service our trustees have dedicated to MOSERS. I am proud to lead this fine group of fiduciaries in acting in the best interest of our members. As a state employee elected to the MOSERS Board by our active membership, I understand the value of a future MOSERS pension benefit and the role this benefit has in the employers' recruitment and retention efforts. Total compensation is more than just the dollars received in a paycheck. The ongoing monthly contributions from the MOSERS-covered employers represent a significant financial commitment to our members, their families, their communities, and ultimately the citizens we serve. As we look to fiscal year 2023, the Board in conjunction with staff, will continue to further our core mission of advancing the financial security of our members.

I wish to express my appreciation to you, our members, for your commitment and service to this great state and its citizens. I am honored to serve as one of your representatives on the MOSERS Board.

If you ever have any questions, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102, call us at (800) 827-1063, or visit our website at www.mosers.org.

Sincerely,

Crystal Wessing, Chairwoman
Board of Trustees



Crystal Wessing
Board Chairwoman

As we look to fiscal year 2023, the Board in conjunction with staff, will continue to further our core mission of advancing the financial security of our members.

MISSION

MOSERS exists to advance the financial security of its members.

VISION

We endeavor to:

- Exceed customer expectations
- Educate stakeholders
- Ensure sound investment practices
- Encourage responsible funding of the plan through a commitment to *Excellence. Always.*

VALUES

Quality • Respect • Integrity
Openness • Accountability

Financial Highlights

Fiscal Year 2022

\$510 Million
Employer Contributions

\$41 Million
Employee Contributions

\$992 Million
Benefit Payments

\$1,197
Average Monthly
Benefit Amount for
FY22 MSEP Retirees

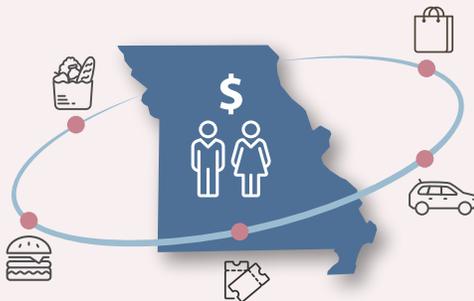
54,244
Retirees & Beneficiaries

\$8.4 Billion
Net Trust Fund Assets

Economic Impact

- MOSERS provides a modest benefit to those who served the public during their working years to help meet their basic needs.
- Our neighbors, friends, and family spend their pension benefits in our communities. Nearly 90% of retirees and their dependents remain in Missouri, spending retirement dollars on housing, goods, and services. Each \$1 paid in benefits has \$1.50 in economic impact.*

* National Institute on Retirement Security, Pensionomics 2021



Net Position

The *Summary Comparative Statements of Fiduciary Net Position* reports the pension plan's financial position as of the end of the fiscal year.

Summary Comparative Statements of Fiduciary Net Position (Fiscal Year Ended June 30, 2022)

	Year Ended June 30, 2022	Year Ended June 30, 2021
Assets		
Administrative operating cash and equivalents	\$ 14,957,215	\$ 7,386,658
Receivables	977,028,152	750,600,068
Investments	12,239,716,310	12,850,390,046
Capital assets, net of accumulated depreciation	14,237,807	11,070,763
Total assets	13,245,939,484	13,619,447,535
Deferred outflow of resources	770,232	917,071
Liabilities		
Administrative and other payables	15,864,368	6,903,186
Investment related payables and obligations	4,780,687,176	3,869,974,406
MOSERS investment portfolio liability (MIP)	3,539,587	3,953,169
Net OPEB liability	6,413,236	7,682,560
Total liabilities	4,806,504,367	3,888,513,321
Deferred inflow of resources	1,216,203	718,655
Net positions restricted for pensions	\$ 8,438,989,146	\$ 9,731,132,630

The *Summary Comparative Statements of Changes in Fiduciary Net Position* reports MOSERS' contributions, benefit expenses, investment income and expenses.

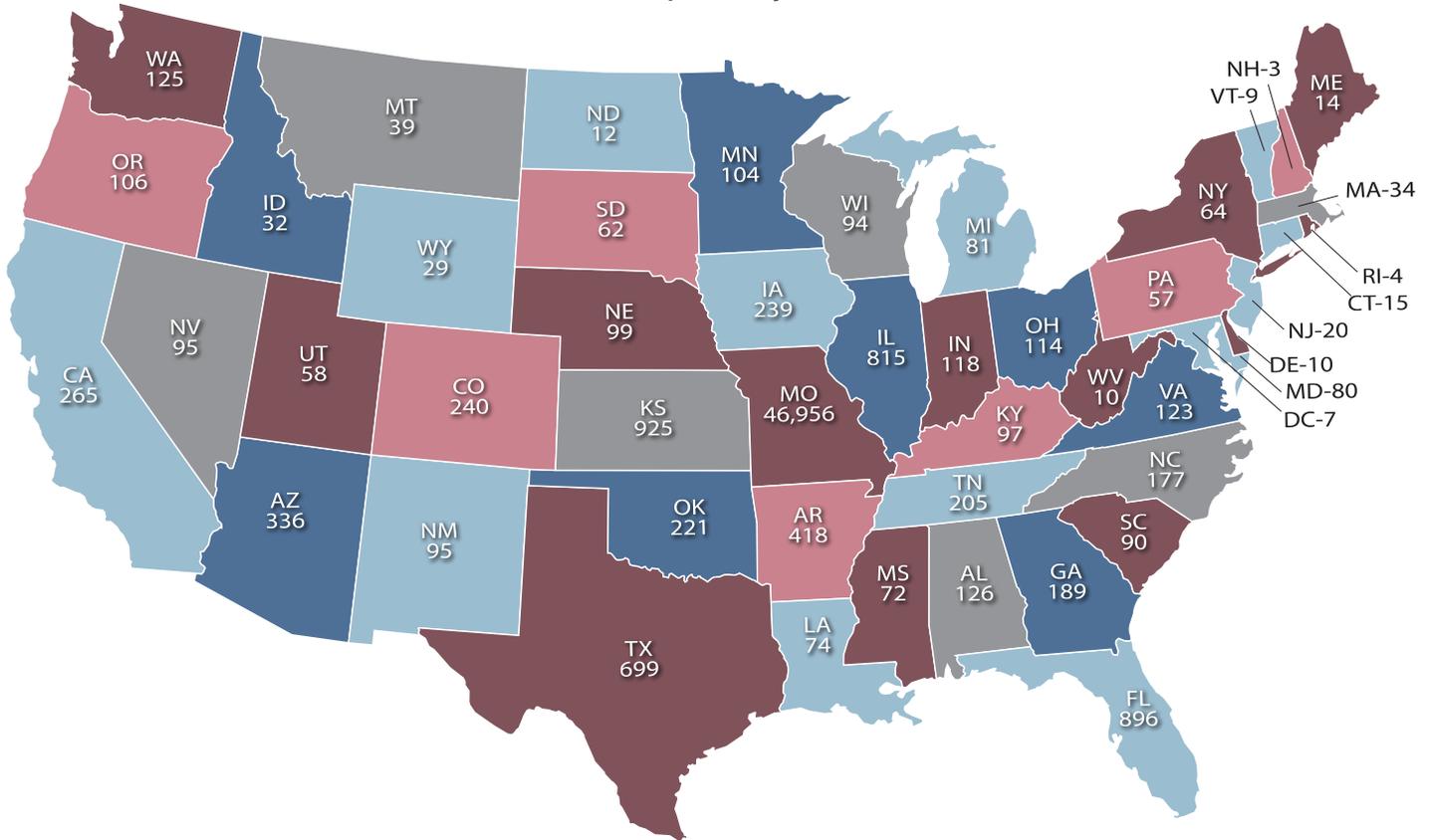
Summary Comparative Statements of Changes in Fiduciary Net Position (Fiscal Year Ended June 30, 2022)

	Year Ended June 30, 2022	Year Ended June 30, 2021
Additions		
Contributions and premiums*	\$ 587,430,121	\$ 577,738,031
Net investment income	(835,205,231)	2,077,042,662
Miscellaneous income	485,972	560,195
Total additions	(247,289,138)	2,655,340,888
Deductions		
Benefit payments	992,014,868	953,049,815
Premium disbursements	29,896,004	31,597,820
Service transfers and refunds	13,134,944	8,425,724
Administrative expenses	9,808,530	9,372,885
Total deductions	1,044,854,346	1,002,446,244
Net increase (decrease)	(1,292,143,484)	1,652,894,644
Net position beginning of year	9,731,132,630	8,078,237,986
Net positions restricted for pensions	\$ 8,438,989,146	\$ 9,731,132,630

* Includes employee and employer contributions, purchases of service credit, and service transfers.

Membership

Benefit Recipients by Location



- | | | | |
|--------------------|------------------|----------------------------|------------------|
| 22 Alaska | 1 Costa Rica | 1 Israel | 1 Philippines |
| 15 Hawaii | 1 Czech Republic | 3 Italy | 1 Spain |
| 2 Army Post Office | 2 Guam | 1 Latvia | 2 Sweden |
| 1 Argentina | 1 Germany | 1 Mexico | 2 Thailand |
| 2 Australia | 1 Hong Kong | 1 Marshall Islands | 5 United Kingdom |
| 1 Belgium | 1 India | 1 Northern Mariana Islands | 5 Virgin Islands |
| 12 Canada | 2 Ireland | 3 Puerto Rico | |

Member Data

June 30, 2022	MSEP*	Judicial Plan**
Active Members		
Average age	45.8	55.7
Average years of service	10.9	11.0
Average annual salary	\$47,431	\$152,573
Retired Members & Beneficiaries		
Average age	71.3	76.9
Average annual benefit	\$16,474	\$71,991

* Includes MSEP, MSEP 2000, and MSEP 2011 members.
 ** Includes Judicial Plan and Judicial Plan 2011 members.

MSEP Members Retired During Fiscal Year 2022

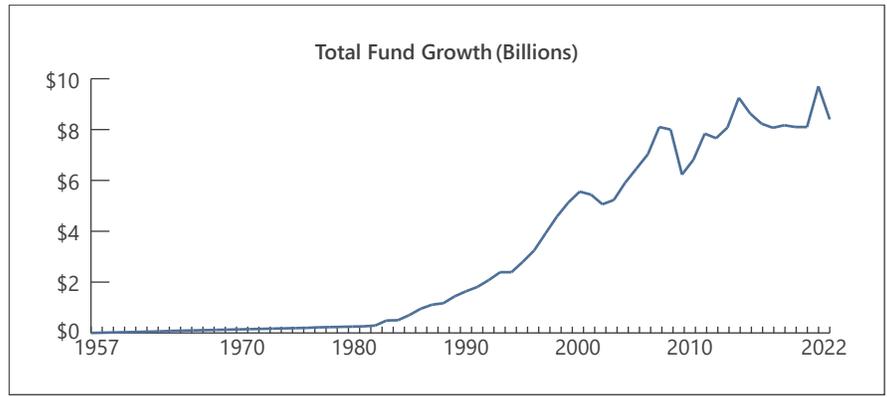
Years Credited Service	Average Monthly Benefit	Average Final Average Salary	Number of Retirees
<5	\$ 330	\$ 5,506	7
5-10	332	2,822	576
11-15	630	3,123	414
16-20	987	3,448	398
21-25	1,418	3,772	579
26-30	1,934	4,201	532
31+	2,556	4,634	222
All Members*	1,197	3,584	2,728

* Includes MSEP, MSEP 2000, and MSEP 2011 members, but does not include Judicial Plan and Judicial Plan 2011 members.

Investments

Investment Growth

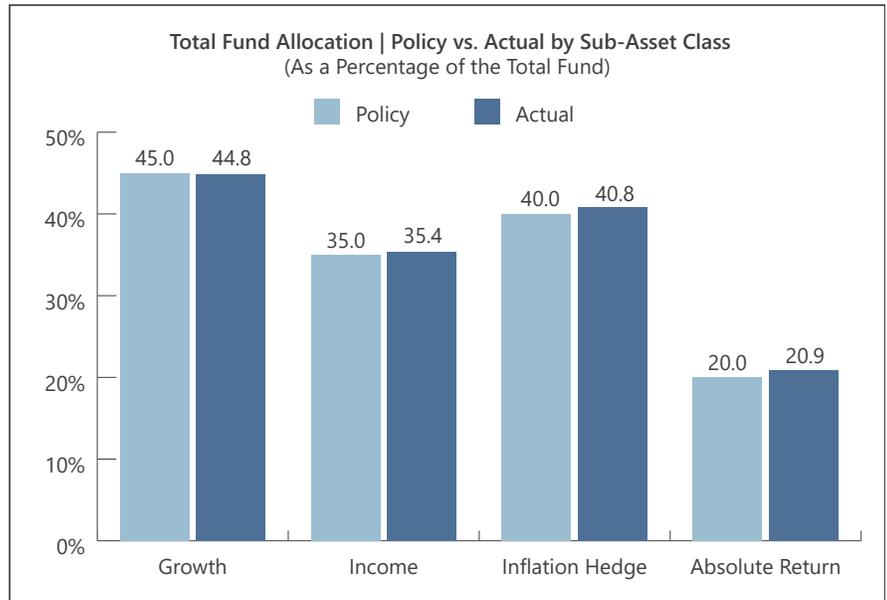
It takes a long time to grow defined benefit pension assets. MOSERS' first investment transaction occurred in 1957, when a single outside advisor placed \$100,000 in a 90-day Treasury Bill on behalf of participants. It took nearly 30 years for the System's investments to reach the \$1 billion mark. As reflected in the graph (top right), the investment portfolio, as of June 30, 2022, was \$8.4 billion.



Fund Allocation & Risk

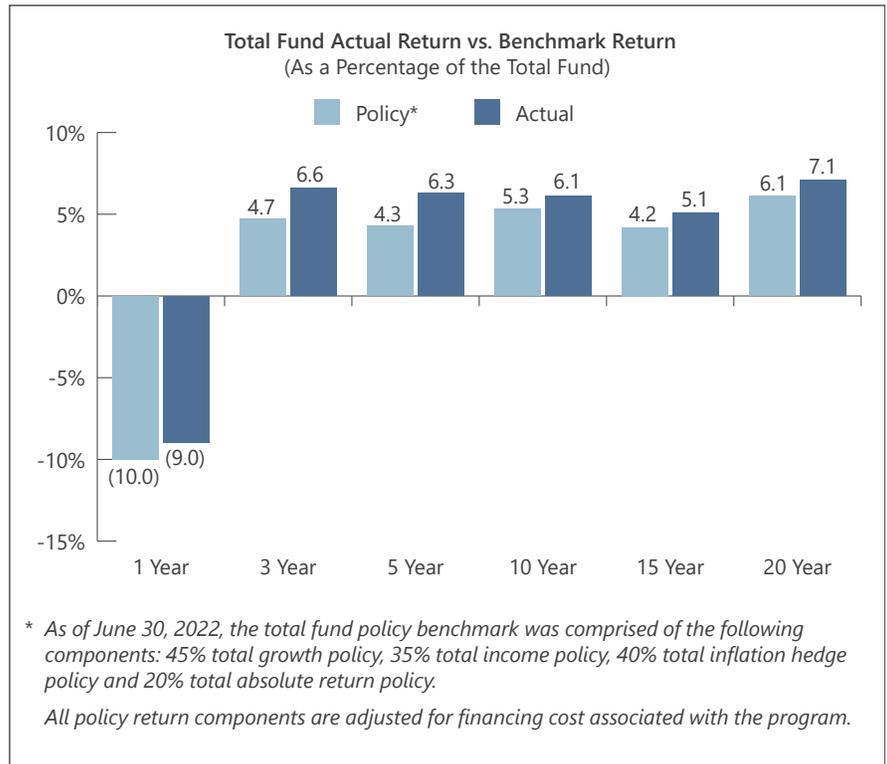
Market volatility is what investors traditionally consider to be the risk of investing. To protect against this risk, our investment portfolio is diversified across numerous asset classes and investment strategies.

The percentage of the total investment portfolio by specific asset class as of June 30, 2022, is reflected in the graphs (middle right). The asset allocation is built on the belief that diversification is critical in achieving consistent, long-term risk-adjusted investment returns.



Investment Performance vs. Benchmark Return

The policy benchmark provides a point of comparison when assessing the investment performance of the total fund. By comparing the policy benchmark return to the total fund return, we can determine how the MOSERS staff performed on a comparative basis over a given time period. Value is added when the total fund return exceeds the policy benchmark return. The policy benchmark also provides guidance for staff as well as other stakeholders of the fund through establishment of concrete investment goals. Additionally, the policy benchmark establishes the Board's long-term view regarding investments, which puts into perspective any reaction, or over-reaction, to short-term market conditions. Returns for the total fund verses these benchmarks are displayed in the corresponding graph (lower right).



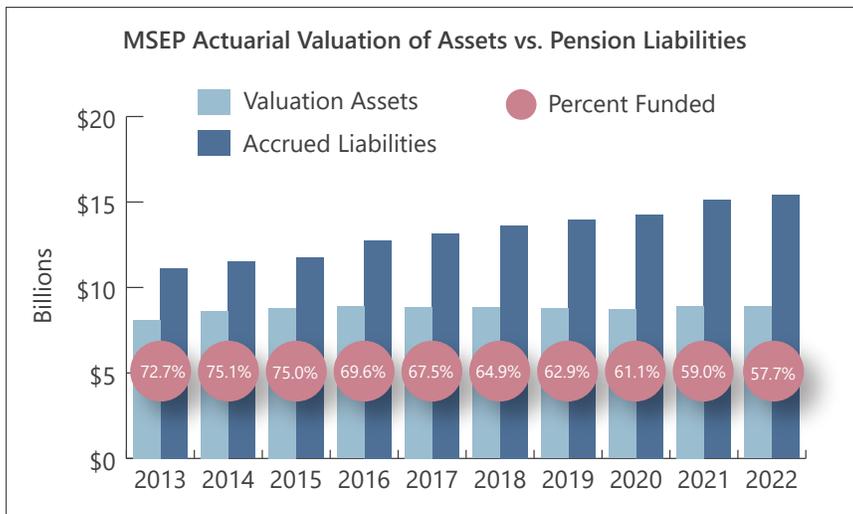
MSEP Retirement Funding

Funded Status

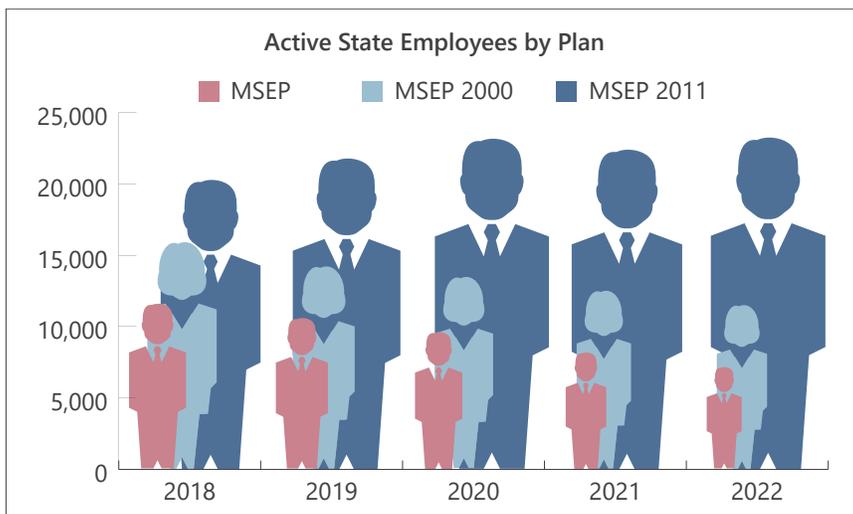
In order to help ensure your benefits are properly funded, MOSERS contracts with an outside actuarial firm to perform an annual actuarial valuation, which determines the funded status of the plans at year end and the contribution rates needed to adequately fund the System in the future. The percentages shown in the bar chart indicate the extent to which the System was funded as of a given year end.

Employers contribute the actuarially determined contribution that, when combined with current assets and expected future investment returns, will be sufficient to meet the current and future assumed financial obligations of the System.

Through a history of reasonable benefit levels, mandatory participation, actuarially determined employer contributions, and professionally managed investments, MOSERS benefits continue to be secure.

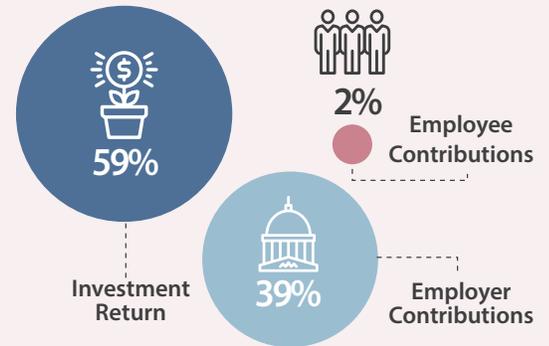


Pension reform in 2010, known as MSEP 2011, works to stabilize plan funding, retains the defined benefit (DB) structure, and provides sustainability for future generations. As of June 30, 2022, a total of 58.78% of active employees are in MSEP 2011.



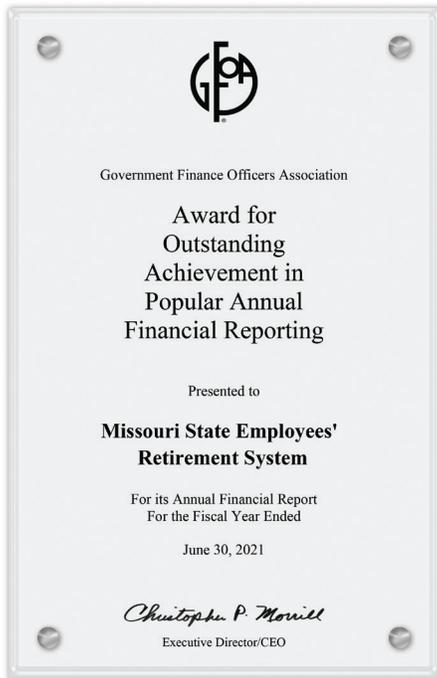
Plan Revenue

MOSERS is an advance-funded retirement system. Unlike "pay-as-you-go" plans, employer and employee contributions plus investment earnings are accumulated and professionally managed during employees' careers, and paid out over their retirement years. Over the long-term, the largest contributor to accumulated plan assets is investment earnings, which accounts for 59% of the assets in the MOSERS Trust Fund.



A few key components used to calculate the employer contribution rate and the plan's funded ratio are the assumed rate of return on investments and demographic assumptions about MOSERS' membership base. These inputs are set using realistic expectations in order to appropriately fund the plan over time.

Awards



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to MOSERS for its Popular Annual Financial Report for fiscal year ended June 30, 2021. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. MOSERS has received this award for 27 consecutive years (fiscal years ended 1995 through 2021). We believe our current report continues to conform to the Popular Financial Reporting requirements, and we are submitting it to the GFOA to determine its eligibility for another Award.

Want to Know More?



Visit us online at www.mosers.org
or email us at mosers@mosers.org



In an effort to provide information more quickly about actions taken by the MOSERS Board of Trustees, look for "A Moment with MOSERS" video updates in your email or online.



Benefit counselors are a valuable source for information regarding your benefits. Call to speak with a benefit counselor or to make an appointment.

Office Hours

Monday - Friday
8:00 a.m. - 12:00 p.m.
1:00 p.m. - 4:30 p.m.

Phone

(573) 632-6100
(800) 827-1063

Mailing Address

PO Box 209
Jefferson City, MO 65102-0209
Visit us at 907 Wildwood Drive

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as of June 30, 2022

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- Gary Findlay
- Treasurer Scott Fitzpatrick
- Jenny Jacobs
- Joe Keifer
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Executive Director
- Abby Spieler
Deputy Executive Director – Operations & General Counsel
TJ Carlson
Deputy Executive Director – Investments
Chief Investment Officer

