

Fall/Winter 2016

RetireeNews

Keeping You Informed of MOSERS' Retirement Issues



Retirement & You
**2017 Coffee Breaks
Announced**

Noteworthy News
1099-Rs

Board of Trustees

Antwaun Smith - Board Chair
Rep. Mike Leara - Vice Chair
Joe Carmichael
Rep. Caleb Jones
Don Martin
Commissioner Doug Nelson
Shannon Owens
Senator Wayne Wallingford
Crystal Wessing
Treasurer Clint Zweifel

Executive Director

John Watson

Mailing Address

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

Office Hours

Monday - Friday
7:30 a.m. - 4:30 p.m.

Phone & Automated Options

(573) 632-6100
(800) 827-1063
PreRetirement Seminars 1
Schedule an appointment 2
Website help/password
assistance 3
Retired members 4
Active members 5
Investments 7
Operator 0

Fax Number

(573) 632-6103

Relay Missouri

711 (Voice)
(800) 735-2966 (TTY)

Email

mosers@mosers.org

RetireeNews is published biannually by the Missouri State Employees' Retirement System. To obtain an alternative format of this publication, please contact MOSERS.

This publication is designed using stock photography. The photographs chosen are for illustrative purposes only; they do not imply any particular attitudes, behaviors, or actions on the part of any person who appears in the photographs.

Writer/Editor - Jade Elwiss

Graphic Designer - Mike Azar

Communications Manager - Candy Smith

RetireeNews

Keeping You Informed of MOSERS' Retirement Issues

Fall / Winter 2016

Board Corner

- 3 **MOSERS Board Certifies Contribution Rate for FY18**
19.45% of covered payroll
- 3 **Taxes & Retirement**
You may be able to deduct a portion of your public retirement benefit on your Missouri tax return.

Noteworthy News

- 4 **Measuring Excellence**
CEM: Outstanding service at low cost
- 5 **2017 Coffee Breaks Announced**
Get out and interact with MOSERS staff and fellow retirees.
- 6 **1099-Rs**
It's that time again! Be on the lookout for your tax statements.

Retirement & You

- 7 **Pensionomics 2016**
What impact do public pensions have in Missouri and the U.S.?
- 7 **Determining the 2017 COLA Rate**
Find out the COLA in January.
- 8 **ARMSE**
Learn more about this statewide association for active & retired state employees.

Special Insert

2016 Summary Annual Financial Report



Stay connected on social media



[facebook.com/MOSERSRetirement](https://www.facebook.com/MOSERSRetirement)



twitter.com/MOSERSjc



mosersrc.blogspot.com



[youtube.com/MOSERSONline](https://www.youtube.com/MOSERSONline)

If you receive a paper copy of your newsletter, you can switch to an electronic version. Electronic subscribers receive it sooner than paper subscribers. To change your preferences, go to www.mosers.org and click on Member Login. Under **Personal Information**, click on **Email Options**. While you are logged in, verify or update your mailing address, email address, and phone number so you will be sure to receive your important benefit information now and in the future.



*Pension Funding***MOSERS Board Certifies Contribution Rate for Fiscal Year 2018**

The contribution rate for retirement benefits provided by the MSEP has been determined to be 19.45% of covered payroll for the fiscal year beginning July 1, 2017.

The state of Missouri has consistently paid the employer contributions on time and in full as certified by the MOSERS Board of Trustees. For more information regarding funding of MOSERS, see **Key Facts** on our website under **Press Room**.

Pensions Support Our State and Local Economy

The money the state contributes to the retirement system also supports the state and local economies. Nearly 90% of MOSERS retirees and their dependents remain in Missouri, spending retirement dollars on housing and goods and services here. The average MOSERS pension benefit for new retirees is \$15,187 per year. Each \$1 paid in benefits has \$1.41 in economic impact and traditional pensions are the most economical way to provide reliable financial security, according to a 2016 report by the National Institute on Retirement Security.

Visit us online: *www.mosers.org*

Public Pension Exemption

What You Need to Know For Your Taxes

Depending on a variety of factors (including, but not limited to, income, filing status, and age), you may be able to deduct a portion of your public retirement benefit on your Missouri tax return, to the extent the amounts are included in your federal adjusted gross income. The total public pension exemption is limited to the maximum social security benefit of each spouse. In order to be eligible for the full deduction, your Missouri adjusted gross income must fall within certain income limitations. If your income exceeds the limitation, you may qualify for a partial exemption. The amount of your exemption must be reduced by the amount that your income exceeds the limitation.

The limitation is based on your filing status and income (less taxable social security benefits) as listed below.

Up to \$85,000
Single, Head of Household, or
Qualifying Widow(er)

Up to \$100,000
Married, filing jointly

Up to \$85,000
Married, filing separately

Please be aware that your MOSERS retirement benefits are subject to federal income tax and possibly Missouri state income tax if you reside in Missouri. You should assess your tax situation each year. Life events, such as marriage, divorce, or a change in dependents, may impact the amount you wish to have withheld. It's easy to change your withholding election. You may change it at any time during the year by submitting a *Substitute W-4P* form (available online) to MOSERS. The amount of withholdings you elect does not change your tax liability.

The information included in this article is MOSERS' summary assessment of various income tax laws. In the event of a conflict, the pertinent law prevails.

For more information, go to
www.dor.mo.gov/personal/ptc/pension.php

CEM: MOSERS Provides Outstanding Service at a Low Cost

Each year, we receive a “report card” from a public pension plan benchmarking service, CEM Benchmarking, Inc., which establishes performance measurements and rates us on a number of core pension administration functions. The core functions are then assigned to one of seven categories including total cost; activity costs; staff costs and productivity; transaction volumes; service levels; plan complexity; and IT and major projects. CEM ranks our scores in each category compared to 72 other pension plans in the U.S., Canada, and around the world. We report our scores to our members so you can see how we are performing in relation to our peer group of 8 other systems comparable in total membership size.

Outstanding Service*

MOSERS’ total service score was 90 out of 100 – Which is above the peer median of 79. Our service score has remained this high since 2012. Factored into these high scores are enhancements to member statements, our website, member presentations, and one-on-one counseling. Once again, we ranked highest in our peer group and one of the highest in the entire CEM universe.

Low Cost

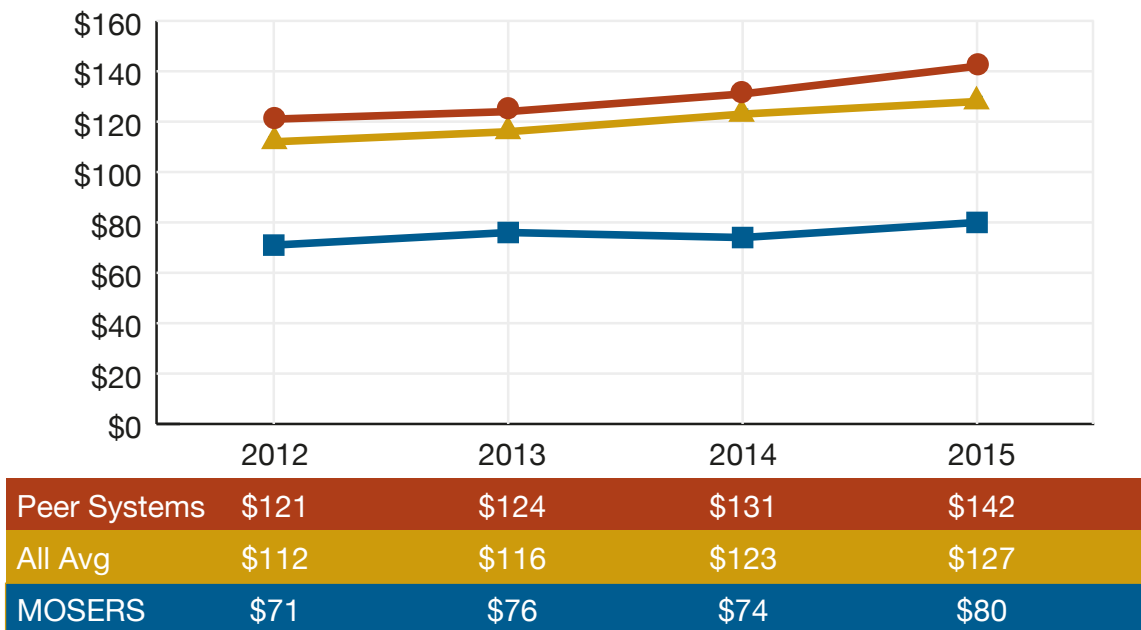
Pension Administration Cost (PAC) helps us analyze our costs related to economies of scale; transaction volume; productivity per full-time employee; salaries; information technology; third party and front office cost; and back office cost.

MOSERS’ total PAC was \$80 per active member and annuitant. This is \$47 below the peer average of \$127 and below the peer median. Additionally, MOSERS does not enjoy the economies of scale available to larger systems in the CEM study.

Information from CEM aids us in developing ways we can continue to improve our cost-effectiveness. Our retiree population is growing each year, causing our member transactions and communications to increase.

**CEM defines service as “anything a member would like, before considering costs,” so a high level of customer service tends to increase a system’s costs. Our goal is to maintain and increase our service ratings without significantly increasing our total cost.*

Total Pension Administration Cost per Active Member and Annuitant





Mark Your Calendars 2017 Coffee Breaks Announced

In 2017, MOSERS, along with our Retiree Connection group, will mark its 9th year of hosting post-retirement Coffee Break seminars. These Coffee Break seminars allow us to reach out to our retirees, give you a chance to have face-to-face communication with MOSERS staff, and provide you with the opportunity to interact with other state retirees in your area. At the Coffee Break seminars, MOSERS hosts an educational program that is of interest to our retirees. MOSERS staff also provides a brief presentation on pension-related topics. Registration for the 2017 Coffee Breaks will be available online in **January 2017**.

The program for 2017 will be:

- **Plan While You Can**, an overview on some of the legal issues affecting retirees, *presented by Heather McCreery with Turnbull & Stark, P.C.*
- **MOSERS Update**, *presented by MOSERS staff*

Seating is limited, so reservations are necessary. Log in (see below) or call MOSERS to RSVP.

Dates	City	Location	Address
4/4/17 9:30 a.m.	Jefferson City	MOSERS Office	907 Wildwood Dr.
4/18/17 9:30 a.m.	Jefferson City	MOSERS Office	907 Wildwood Dr.
4/27/17 9:30 a.m.	Columbia	Columbia Police Dept. Regional Training Center	5001 East Meyer Industrial Dr.
5/16/17 1:00 p.m.	Independence	Metropolitan Community College	20301 East 78 Highway
5/17/17 9:30 a.m.	Saint Joseph	MO Conservation Dept.	701 James McCarthy Dr.
6/7/17 1:00 p.m.	Springfield	Mercy Hospital Cancer Center Auditorium	2055 S. Fremont
6/8/17 9:30 a.m.	Joplin	Wildcat Glades Audubon Center	201 W. Riviera Dr.
8/16/17 9:30 a.m.	Farmington	Farmington Public Library	101 North A St.
8/31/17 1:00 p.m.	Kirkville	MO Conservation Department	3500 S. Baltimore
9/26/17 at 9:30 a.m.	Richmond Heights	THE HEIGHTS - Community Center	8001 Dale Ave.

Have You Created an Online ID Yet?

As of September 3, 2016, all MOSERS members wishing to log in to their MOSERS Member Homepage must create an Online ID. Your Online ID will replace the use of your social security number/Member ID for logging in and is a more secure practice. Click on the blue **Member Login** button at the top of our website main page and we will guide you through the process. You will only need to create an Online ID once, then, any time you log in again, you will simply use your Online ID and MOSERS password. This is a unique ID you will create especially for your MOSERS login, so if you have created one for MCHCP or MO Deferred Comp, you will still need to set one up for the MOSERS website.

Guidelines for creating an Online ID:

- Must be between 5-50 characters
- Must have at least 1 alpha character
- Must NOT be the same as an existing Online ID, contain a space, be a social security number, Member ID, or MOSERS password.

To log in:

Online ID + Password

To create your Online ID, you must have a valid email address on file with MOSERS. If you don't have one or need to change it, please call MOSERS **first**. If you already have a password that meets the minimum requirements, you may continue to use it with your new Online ID.

We are constantly striving to improve the security and functionality of our website. Please see our Site Help Desk, if you have any questions, and watch our new Member Login video.

Retirement & You

Check Your Mailbox in Late January or Early February

1099-Rs

By January 31, MOSERS will mail your 1099-R form. This form lists your 2016 retirement benefit income from MOSERS. You will need this form to file your income tax return.

The 1099-R provides the following information for the 2016 calendar year:

<p><i>Total gross distribution</i> <i>(the gross amount you received from MOSERS in 2016)</i></p>	<p><i>Total taxable amount</i></p> 	<p><i>Taxes withheld</i></p> 
---	--	--

In addition to the above required information, MOSERS will list any medical, vision, and dental insurance premium deductions withheld from your retirement benefit. Contact your insurance provider for more detailed information on the deductions from your MOSERS benefits.

Want it Online?

If you prefer an electronic copy of your 1099-R or if you find you need a replacement copy of it, simply log in to your **Member Homepage** and you will find it listed under **Personal Information**. Your 1099-R form will be available for you to view or print *after they have been mailed*. Watch our website for updated information.

MOSERS encourages you to create an Online ID **NOW** (see page 5) so that it will be even faster to log in and view your 1099-R when you need it. If you haven't created an Online ID or haven't registered for a password, click the blue **Member Login** button at www.mosers.org and follow the instructions that will lead you through the process.

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$	OMB No. 1545-0119 2016 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the Internal Revenue Service.
		2a Taxable amount \$	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S federal identification number	RECIPIENT'S identification number	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$		This information is being furnished to the Internal Revenue Service.
RECIPIENT'S name Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		5 Employee contributions /Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$		
		7 Distribution code(s) <input type="checkbox"/> IRA/SEP/SIMPLE	8 Other \$ %		
		9a Your percentage of total distribution %	9b Total employee contributions \$		
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib. <input type="checkbox"/>	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$	
Account number (see instructions)		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

Form **1099-R** www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

Pensionomics

National Institute on Retirement Security Releases New Report

Pensions provide a reliable, lifetime stream of income for retirees and have economic benefits for the local communities where retirees live, pay taxes, and shop. Here are some highlights from the new report:

In 2014,

- Nearly **\$519.7 billion** in pension benefits were paid to **24.3 million** retired Americans.
- Each dollar paid out in pension benefits supported **\$2.21** in total economic output nationally.
- In Missouri, each \$1 in state and local pension benefits paid to residents ultimately supported **\$1.41** in total output in the state. This illustrates the “multiplier” effect of retiree spending, as it ripples through the state economy.

Pension Benefit Multiplier



\$1.00

pension benefits paid to retirees in Missouri



\$1.41

total output

What You Need to Know Determining the 2017 COLA Rate

Your annual cost-of-living adjustment, or COLA, is based on the Consumer Price Index (CPI),* and you will find the COLA for 2017 on the MOSERS website in mid-January.

The rate calculation is based on 80% of the percentage increase in the average CPI from one year to the next with a maximum increase of 5% (minimum 0%). The information necessary to make that calculation will be available in January 2017 and be based on a comparison of changes from 2015 to 2016.

In the meantime, here is a reminder of how it is determined each year:

The CPI is calculated monthly by the Federal Bureau of Labor Statistics. The CPI is used to measure the rate of inflation and to show larger economic trends on a yearly basis. MOSERS must use the Consumer Price Index for All Urban Consumers (CPI-U) for our calculations as required by state law. The CPI-U is the most comprehensive measure of inflation in consumer goods and services, including food, housing and transportation. CPI calculations are based on information from average households across the country. The impact of inflation on you personally may be more or less than the national average.

Each January, MOSERS compares the average CPI for the calendar year just completed (2016) to the average CPI from the prior year (2015) to determine

the percentage change between the two years. You will not receive a COLA less than zero. (In other words, MOSERS will never decrease your benefit amount based on the CPI calculation.)

To learn more about the CPI, visit the Bureau of Labor Statistics list of Frequently Asked Questions (FAQs) on their website. MOSERS also has a COLA page on our website with links and a helpful video.

**If you retired under the MSEP, and were hired before August 28, 1997, your COLA will be determined based on the annual COLA calculation except that you will receive a minimum 4% COLA (maximum 5%) until accumulated COLAs reach 65% of your initial (or original) benefit. This is called your COLA cap. Then, your COLA will be calculated like other retirees and will be between 0-5% each year.*

**PO Box 209
Jefferson City MO 65102-0209**

RetireeNews Newsletter

Is Your Address Current?

Please review your mailing address to make sure your information is current, even if you receive your benefit payment and other correspondence from MOSERS electronically. If your address is out of date or invalid, you won't receive important information from MOSERS, such as the 1099-R tax form we mail at the end of January. You can log in and change our address under the **Personal Information** menu option.



ARMSE

The Active and Retired Missouri State Employees group (ARMSE) needs your help in the Missouri state legislature. ARMSE monitors your retirement and medical insurance benefits.

- ARMSE is an independent, non-profit association formed more than 40 years ago to help care for the retirement and medical benefits offered by MOSERS, MPERS, MCHCP and the MoDOT and Patrol Medical Plan.
- ARMSE is a group of ordinary people – both active employees and retired employees.
- ARMSE members come from a variety of political persuasions and different corners of the state – the commonality is that members are state employees and retirees who have earned retirement and medical benefits.
- ARMSE was first created to help secure many of the benefits you enjoy today. In the early days, the focus was on enhancing the benefit package to ensure the benefits offered were sufficient to provide a secure retirement for members. Today the focus is on your retirement and medical benefits.

Each person is very important to what can be accomplished. For a membership brochure and application, send your name and address to:

ARMSE
Post Office Box 11
Jefferson City, Missouri 65102
Or email us at: office@armse.org

