

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

2nd QUARTER MEETING
April 8, 2010
9:00 am

AGENDA

Roll Call

Legislation

Quarterly Plan Reporting

Springfield Police & Fire Retirement Plan
Statutory Provisions / Watch List Criteria

Prosecuting Attorneys' & Circuit Attorneys' Retirement System

MAPERS Conference

News Articles

Other Business



2010 RETIREMENT LEGISLATION - SENATE

SENATE BILLS			SENATE ACTION						HOUSE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
SB 580	CERF	Clarifies that counties adopting a charter government after 1/1/08 will continue to collect delinquent & back tax fee at the same level as prior to charter adoption.	Griesheimer	Eco Devo & Local Government	Hearing Complete 01/27/10	DP w/ SCS 01/27/10	02/10/10	02/18/10 with Emergency Clause	Local Government	Hearing Complete 04/07/10				
SB 643	St. Louis Police	Provides for local control of a St. Louis City police force if passed through ordinance. Requires the associated retirement system to continue to be governed under Chaper 86.	Keaveny	General Laws	Hearing complete 03/02/10	DP w/ SCS 03/30/10								
SB 675	St. Louis Police	Provides for local control of a St. Louis City police force if passed through ordinance. Requires the associated retirement system to continue to be governed under Chaper 86.	Wright-Jones	General Laws	Hearing Cancelled 03/02/10									
SB 707	PSRS / PEERS	Allows PSRS members age 75 & over by 01/01/11 to receive additional \$5 monthly times years of service & PEERS members to receive additional \$3 monthly times years of service.	McKenna	Veteran's Affairs, Pensions & Urban Affairs										
SB 714	PACARS, LAGERS, MOSERS/ MPERS, PSRS	Allows State Auditor to audit public pension plans every 3 years	Crowell	Veteran's Affairs, Pensions & Urban Affairs	Hearing Complete 02/18/10	DP 02/24/10	On Inf. Perfection Calendar							
SB 715	MCHCP	Consolidates all state agencies and colleges or universities into MCHCP	Crowell	Finance, Govt, Elections	Hearing Complete 03/01/10									
SB 736	CERF	Clarifies that counties adopting a charter government after 1/1/08 will continue to collect delinquent & back tax fee at the same level as prior to charter adoption.	McKenna	Eco Devo & Local Government	Hearing Complete 02/3/10	DP Consent 02/11/10	Removed from Consent Calendar							

2010 RETIREMENT LEGISLATION - SENATE

SENATE BILLS			SENATE ACTION						HOUSE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Km	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Km	Committee Action	Passed 3rd Read	Notes	Governor Action
SB 797	PACARS	Provides the prosecuting attorney system in Missouri to be converted to a district attorney system.	Green	Judiciary	Hearing Complete 02/15/10	DP 02/22/10	On Inf. Perfection Calendar							
SB 894	MCHCP	Modifies benefit offering for medicare eligible state retirees	Dempsey	Small Business & Insurance	Hearing Complete 02/23/10	DP 03/16/10	3/23/10	4/6/10						
SB 896	MOSERS / MPERS	Requires all state employees hired on or after January 1, 2011 to participate in a defined contribution retirement plan under MOSERS or MPERS	Shields	Veteran's Affairs, Pensions & Urban Affairs	Hearing Complete 02/18/10	DP 02/24/10	On Inf. Perfection Calendar w/ amend pending							
SB 938	KCPERS	Requires a 50% compensation limit for retirees returning to system covered work and includes IRC conformance provisions	Justus	Veteran's Affairs, Pensions & Urban Affairs										
SB 1048	MOSERS / MPERS/ Judicial Plan	Any state employee hired after 01/01/11 will be required to reach age 67 with at least 10 years of service or utilize Rule of 90 with age 55, to be eligible for normal retirement benefit and will be required to contribute 4% to the system. General Assembly, Elected Official and Judicial provisions are also modified.	Crowell	Veteran's Affairs, Pensions & Urban Affairs										
SB 1049	MOSERS / MPERS/ Judicial Plan	Any state employee, General Assembly member, Elected Official, or Judge who begins employment after 1/1/11, will be required to reach age 62 with service requirements to be eligible for retirement, will be required to contribute 5% to the system, and modifies judicial return to work & survivor provisions	Crowell	Veteran's Affairs, Pensions & Urban Affairs										

2010 RETIREMENT LEGISLATION - SENATE

SENATE BILLS			SENATE ACTION						HOUSE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Km	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Km	Committee Action	Passed 3rd Read	Notes	Governor Action
SB 1050	MOSERS / MPERS	Creates the Missouri Public Trust Company to manage investments for MOSERS & MPERS	Crowell	Veteran's Affairs, Pensions & Urban Affairs										

2010 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HB 1264	MOSERS & MPERS	Allows members, who retire under a joint/survivor option, to elect & receive a normal annuity upon marriage dissolution under certain circumstances	Komo											
HB 1414	MOSERS	Elected or appointed official of this state or any political subdivision found or pleads guilty of a felony forfeits all benefits	McGhee	Ethics	Scheduled Not Heard 01/26/10									
HB 1424	CERF	Clarifies that counties adopting a charter government after 1/1/08 will collect delinquent & back tax fee at same level prior to charter adoption	Franz	Ways & Means	Hearing Complete 02/18/10	DP Consent Rules 03/17/10	03/24/10	03/29/10	Ways & Means	Hearing Complete 04/07/10				
HB 1471	City of Peculiar	Allows the City of Peculiar to submit to voters a retail sales tax of up to .5% for Public Safety Department use.	Scavuzzo											
HB 1533	LAGERS	Reduces the minimum service retirement age for a county road worker from age 60 to age 55	Fischer, L											
HB 1583	MOSERS	Allows active members eligible for normal retirement with an annuity commencing between 1/1/10 and 9/1/10 to retire and receive a health care incentive	Jones, K.											
HB 1597	MOSERS	Establishes a minimum salary for certain employees with the Department of Corrections	Deeken											

2010 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HB 1601	St. Louis Police	Provides for local control of a St. Louis City police force if passed through ordinance. Requires the associated retirement system to continue to be governed under Chapter 86	Nasheed	Urban Issues	Hearing Complete 03/01/10	DP Rules 03/22/10	Perfection Defeated 03/31/10							
HB 1687	MOSERS & MPERS	Authorizes an annual salary adjustment for state employees equal to cost of living adjustment associated with the CPI	LeVota											
HB 1704	MOSERS & MPERS	Requires the transfer of funds to cover a transferred service election between the two systems	Franz & Schlottach											
HB 1715	MCHCP, MoDOT, Conservation	Removes eligibility for state employees hired after 01/01/12 for sponsored health insurance benefits upon retirement	Parson											
HB 1752	St. Louis PSRS	Modifies the make-up of the board of trustees	Chappelle-Nadal											
HB 1798	MOSERS	Provides auto enrollment in the state employees' deferred compensation program for eligible employees hired on or after 9/1/10	Bruns											
HB 1899	Police Chiefs/ Police Officers Retirement Fund	Establishes the Police Chiefs/Police Officers Retirement Fund which would provide a retirement annuity to municipal police chiefs and officers	Dugger	Public Safety										
HB 1992	Law Enforcement	Creates the Law Enforcement Safety Fund and authorizes a \$7 surcharge in certain criminal cases to fund a contribution system for certain law enforcement employees	Fischer, L.											

2010 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HB 2096	Sheriffs' Retirement System	Modifies when an employee who is a member of the Sheriffs' Retirement System and elected at a special election receives creditable service	Bruns											
HB 2100	CERF	Modifies direct rollover provisions for the County Employees' Retirement System	Franz											
HB 2112	MOSERS	Prohibits members of the General Assembly who have not served at least 3 full biennial assemblies from accruing creditable service under the Year 2000 Plan	Koenig											
HB 2113	Statutory Public Plans	Establishes a defined contribution retirement plan for new hires on or after 1-1-11	Koenig	Retirement										
HB 2122	LAGERS	Allows LAGERS benefit recipients to serve as elected officials for the jurisdiction from which they retired without forfeiting their monthly retirement benefit	Dougherty	Retirement	Hearing Complete 03/16/10									
HB 2134	PSRS/ PEERS	Provides an exclusion in the prohibition of nonprofit organization coverage under systems.	Flook											
HB 2162	KC Police & Civilian Police	Provisions to modify starting date of retirement benefit in event of death of member &/or surviving spouse & modifies criteria associated with prior service purchase	Flook	Retirement										

2010 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HB 2221	KC PSRS	Requires a 50% compensation limit for retirees returning to system covered work and includes IRC conformance provisions	Curls	Retirement	Hearing Complete 03/16/10									
HB 2292	PEERS	Beginning 8/28/10, allows a person employed 17 or less hours per week in a school to be employed in another public school.	Fallert											
HB 2308	MCHCP	Modifies benefit offering for medicare eligible state retirees	Burlison											
HB 2349	University of Missouri	Allows employee of the University of Missouri to be entitled to a leave of absence for military service or election to public office. Such leave shall not result in retirement benefit loss.	Nolte											
HB 2357	Public Retirement Plans	Prohibits Missouri public retirement plans from investing funds with foreign companies located in countries that sponsor terrorism	Smith	Veterans	Hearing Complete 03/30/10	DP Rules w/ HCS 04/06/10	On Perfection Calendar							
HB 2409	PSRS	Increases the retiree return to work limits from 550 hours to 750 hours per school year and compensation limits from 50% to 75% compensation. Requires employee contribution for retiree working over 550 hours but less than 750 hours per year.	Denison											
HB 2417	MOSERS & MPERS	Allows Water Patrol employees transferred to the Highway Patrol to elect retirement benefit coverage under MPERS within 90 days of 1/1/11	Roorda	Public Safety	Hearing Complete 04/07/10									

2010 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HCR 4	Social Security	Urges Congress to support repeal of the GPO and WEP	Nolte											

2010 RETIREMENT LEGISLATION - PENSION EXEMPTION

Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
HB 1576	Age 70 & older	Authorizes a refundable income tax credit for taxpayers 70 years of age or older for 50% of the personal property taxes paid on motor vehicles they own	Hoskins											
HB 1577	Age 65 & older	Authorizes an income tax credit for resident taxpayers who are 65 years of age or older with an adjusted gross income of \$9,570 or less	Hoskins											
HJR 67	Age 65 & Over	Proposes constitutional amendment exempting age 65 & over from property tax.	Pratt											

Joint Committee on Public Employee Retirement

Quarterly Reports

2009 Fourth Quarter

<u>Plan Name</u>	<u>Beg. Market Value</u>	<u>End. Market Value</u>	<u>ROR 12 mos.</u>	<u>ROR 36 mos.</u>	<u>ROR 60 mos.</u>
Arnold Police Pension Plan	\$6,516,960	\$6,815,889	18.1% (Net)	-2.0% (Net)	1.9% (Net)
Black Jack FPD Retirement Plan	\$5,862,615	\$6,412,521	18% (Net)	2% (Net)	1% (Net)
Bothwell Regional Health Center Retirement Plan	\$31,339,152	\$32,329,355	20.5% (Net)	0.2% (Net)	3.6% (Net)
Bridgeton Employees Retirement Plan	\$18,052,130	\$18,735,249	18.15% (Gross)	-4.41% (Gross)	0.48% (Gross)
Carthage Policemen's & Firemen's Pension Plan	\$5,262,951	\$5,324,160	11.43% (Net)	.39% (Net)	3.08% (Net)
Clayton Non-uniformed Employee Pension Plan	\$8,479,000	\$8,659,049	16.4% (Gross)	-1.3% (Gross)	3.2% (Gross)
Clayton Uniformed Employees Pension Plan	\$24,260,779	\$24,970,746	16.4% (Gross)	0.0% (Gross)	3.7% (Gross)
County Employees Retirement Fund	\$251,236,000	\$260,346,000	23.9% (Gross)	.7% (Gross)	4.1% (Gross)
Creve Coeur Employees Retirement Plan	\$13,466,120	\$14,053,176	20.5% (Net)	-4.5% (Net)	4.5% (Net)
Creve Coeur FPD Retirement Plan	\$6,144,548	\$7,171,904	N/A% (Net)	N/A% (Net)	N/A% (Net)
Eureka FPD Retirement Plan	\$5,575,678	\$5,776,280	21.59% (Net)	-3.87% (Net)	1.19% (Net)
Fenton FPD Retirement Plan	\$18,220,071	\$18,613,071	15.03% (Gross)	-1.72% (Gross)	1.47% (Gross)
Florissant Employees Pension Plan	\$8,641,634	\$9,833,388	23.85% (Net)	-5.07% (Net)	0.49% (Net)
Florissant Valley FPD Retirement Plan	\$12,909,039	\$13,284,284	n/a% (Net)	n/a% (Net)	n/a% (Net)
Glendale Pension Plan	\$4,041,937	\$4,133,580	21.50% (Net)	na% (Net)	na% (Net)
Jackson County Employees Pension Plan	\$144,343,920	\$151,269,552	24.73% (Gross)	.99% (Gross)	.87% (Gross)
Joplin Police & Fire Pension Plan	\$22,959,092	\$23,636,182	26.8% (Net)	1.1% (Net)	5.4% (Net)
Kansas City Civilian Police Employees' Retirement System	\$84,344,000	\$87,301,000	21.2% (Gross)	-1.3% (Gross)	3.5% (Gross)
Kansas City Employees' Retirement System	\$757,638,809	\$764,432,000	22.7% (Net)	-2.4% (Net)	3.1% (Net)
Kansas City Firefighter's Pension System	\$345,882,755	\$355,603,899	25.2% (Net)	-4.1% (Net)	1.6% (Net)
Kansas City Police Retirement System	\$615,447,000	\$632,532,000	20.9% (Gross)	-0.8% (Gross)	3.9% (Gross)
Kansas City Public School Retirement System	\$658,693,043	\$677,360,868	15.9% (Gross)	-1.9% (Gross)	3.0% (Gross)
KC Area Transportation Authority Salaried Employees Pension Plan	\$8,699,209	\$10,709,509	20.73% (Gross)	-1.28% (Gross)	2.90% (Gross)

Please be aware information provided in this report may contain unaudited data.

4/7/2010

<u>Plan Name</u>	<u>Beg. Market Value</u>	<u>End. Market Value</u>	<u>ROR 12 mos.</u>	<u>ROR 36 mos.</u>	<u>ROR 60 mos.</u>
KC Trans. Auth. Union Employees Pension Plan	\$26,279,458	\$33,078,497	28.66% (Net)	-1.46% (Net)	3.12% (Net)
Ladue Non-uniformed Employees Retirement Plan	\$2,454,031	\$2,745,132	23.45% (Net)	-1.05% (Net)	2.66% (Net)
Ladue Police & Fire Pension Plan	\$18,011,192	\$19,514,791	23.89% (Net)	-1.10% (Net)	2.63% (Net)
Little River Drainage Dist Retirement Plan	\$372,264	\$390,193	2.41% (Net)	2.63% (Net)	2.63% (Net)
Mehlville FPD Retirement Plan	\$26,706,108	\$26,139,821	1% (Gross)	1% (Gross)	1% (Gross)
Metro St. Louis Sewer Dist Employees Pension Plan	\$172,850,778	\$179,384,938	20.8% (Net)	2.5% (Net)	5.1% (Net)
Mid-County FPD Retirement Plan	\$1,298,856	\$1,323,603	16% (Gross)	3.3% (Gross)	4% (Gross)
Missouri Higher Education Loan Authority Pension Plan	\$22,411,181	\$22,803,106	22.05% (Gross)	-.03% (Gross)	2.3% (Gross)
Missouri State Employees Retirement System	\$6,787,105,416	\$6,898,255,041	18.4687% (Net)	0.6540% (Net)	4.9217% (Net)
North Kansas City Hospital Retirement Plan	\$160,774,699	\$167,001,179	22.3% (Net)	-.3% (Net)	3.2% (Net)
North Kansas City Policemen's & Firemen's Retirement Fund	\$33,382,163	\$34,151,353	25.82% (Gross)	-0.11% (Gross)	2.87% (Gross)
Pattonville-Bridgeton FPD Retirement Plan	\$17,739,182	\$18,315,170	42.992% (Gross)	-0.732% (Gross)	2.69% (Gross)
Prosecuting Attorneys' Retirement System	\$22,747,710	\$23,510,861	19.0% (Net)	0.8% (Net)	3.9% (Net)
Public Education Employees' Retirement System	\$2,317,297,000	\$2,412,005,000	15.81% (Gross)	-2.04% (Gross)	2.70% (Gross)
Public School Retirement System	\$23,450,308,000	\$24,187,796,000	15.51% (Gross)	-2.16% (Gross)	2.59% (Gross)
Raytown Policemen's Retirement Fund	\$7,961,849	\$8,198,016	21.95 % (Gross)	2.71% (Gross)	-0-% (Gross)
Richmond Heights Police & Fire Retirement Plan	\$27,637,247	\$28,577,294	22.10% (Net)	1.08% (Net)	4.62% (Net)
Rock Community FPD Retirement Plan	\$6,854,639	\$7,072,059	20.06% (Net)	-0.59% (Net)	2.5% (Net)
Sheriff's Retirement System	\$27,165,318	\$27,165,318	19.190% (Gross)	3.732% (Gross)	5.770% (Gross)
Springfield Police & Fire Retirement Fund	\$118,505,150	\$129,432,208	17.90% (Net)	-2.72% (Net)	0% (Net)
St. Joseph Policemen's Pension Fund	\$22,606,903	\$23,696,654	16.9% (Gross)	2.6% (Gross)	24.3% (Gross)
St. Louis County Employees Retirement Plan	\$388,896,783	\$401,222,409	23.27% (Gross)	-2.86% (Gross)	2.17% (Gross)
St. Louis County Library Dist Empl Pension Plan	\$31,099,829	\$31,544,196	22.7% (Net)	2.6% (Net)	5.8% (Net)
St. Louis Employees Retirement System	\$556,872,793	\$565,925,577	13.96% (Gross)	-1.41% (Gross)	4.02% (Gross)
St. Louis Firemen's Retirement System	\$367,349,786	\$378,722,857	19.09% (Net)	-3.14% (Net)	1.90% (Net)
St. Louis Public School Retirement System	\$844,865,000	\$870,099,000	20.9% (Gross)	0% (Gross)	3.8% (Gross)

Please be aware information provided in this report may contain unaudited data.

4/7/2010

<u>Plan Name</u>	<u>Beg. Market Value</u>	<u>End. Market Value</u>	<u>ROR 12 mos.</u>	<u>ROR 36 mos.</u>	<u>ROR 60 mos.</u>
University of Mo Retirement, Disability & Death Benefit Plan	\$2,369,662,000	\$2,431,571,000	21.0% (Net)	-1.5% (Net)	3.9% (Net)
Valley Park FPD Retirement Plan	\$2,709,908	\$2,798,566	15.57% (Net)	n/a% (Net)	n/a% (Net)
	<u>\$40,889,941,685</u>	<u>\$42,071,743,501</u>			

ASSET ALLOCATION AS OF December 31, 2009										
TOTAL Assets in Millions	MOSERS		MPERS		PSRS		LAGERS		CERF	
	\$ 6,898.25		\$ 1,338.50		\$ 26,600.60		\$ 3,722.40		\$260	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Domestic Equity			22.5%	20.9%	27.0%	32.1%	27.3%	32.1%	35.0%	38.7%
International Equity			22.5%	23.5%			10.0%	12.5%	15.0%	16.4%
Global Equity	45.0%	44.5%			15.0%	20.5%	14.3%	9.3%	0.0%	0.0%
Emerging Market Equity							2.0%	3.0%	0.0%	0.0%
Private/Venture Equity	7.5%	5.2%	10.0%	10.3%	10.5%	4.8%	5.0%	2.1%	5.0%	0.7%
TOTAL EQUITY	52.5%	49.7%	55.0%	54.7%	52.5%	57.4%	58.5%	59.0%	55.0%	55.8%
Domestic Fixed Income (Investment Grade)	10.0%	8.1%			28.0%	23.5%	17.0%	20.2%	30.0%	30.7%
International Fixed Income (Investment Grade)							0.0%	0.0%	0.0%	0.0%
Global Fixed Income (Investment Grade)			16.0%	14.3%			5.0%	3.9%	0.0%	0.0%
Real Return Bonds (TIPS)	10.0%	10.2%			4.0%	6.2%	2.0%	2.6%	0.0%	0.0%
High Yield/Bank Loans/Opportunistic RMBS-CMBS	5.0%	9.4%		3.2%			0.0%	3.0%	0.0%	0.0%
Private Debt (Distressed, Opportunistic)	2.5%	4.0%			2.0%	1.0%	0.0%	0.0%	0.0%	0.0%
TOTAL DEBT	27.5%	31.7%	16.0%	17.5%	34.0%	30.7%	24.0%	29.7%	30.0%	30.7%
Commodities	3.0%	1.8%					2.5%	1.7%	0.0%	0.0%
Real Estate	6.0%	2.5%	13.0%	11.2%	7.5%	3.7%	5.0%	1.0%	5.0%	3.4%
Infrastructure						0.3%	0.0%	1.0%	0.0%	0.0%
Oil & Gas Partnerships /MLPs		3.3%				0.8%	0.0%	0.6%	0.0%	0.0%
Timberland & Ag Land	6.0%	4.8%					5.0%	5.2%	0.0%	0.0%
TOTAL REAL ASSETS	15.0%	12.4%	13.0%	11.2%	7.5%	4.8%	12.5%	9.5%	5.0%	3.4%
Hedge Funds (as an asset class)	5.0%	6.0%	16.0%	12.3%	6.0%	7.1%	5.0%	1.9%	10.0%	9.1%
Hedge Funds (portable alpha)		16.8%		4.2%		2.9%	7.5%	7.8%	0.0%	0.0%
Short Term (Cash)		0.2%		4.3%			0.0%	0.0%	0.0%	1.0%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

ACTIVE VS. PASSIVE PERCENTAGES OF TOTAL PORTFOLIO AS OF December 31, 2009										
	MOSERS		MPERS		PSRS		LAGERS		CERF	
	Active	Passive	Active	Passive	Active	Passive	Active	Passive	Active	Passive
	Domestic Equity			20.9%		20.3%	11.8%	32.1%	0.0%	38.7%
International Equity			23.5%				12.5%	0.0%	16.4%	0.0%
Global Equity	44.5%				18.7%	1.8%	9.3%	0.0%	0.0%	0.0%
Emerging Market Equity							3.0%	0.0%	0.0%	0.0%
Private/Venture Equity	5.2%		10.3%		4.8%		2.1%	0.0%	0.7%	0.0%
TOTAL EQUITY	49.7%	0.0%	54.7%	0.0%	43.8%	13.6%	59.0%	0.0%	55.8%	0.0%
Domestic Fixed Income (Investment Grade)	6.9%	1.2%			13.5%	10.0%	20.2%	0.0%	30.7%	0.0%
International Fixed Income (Investment Grade)			12.5%	1.8%			0.0%	0.0%	0.0%	0.0%
Global Fixed Income (Investment Grade)							3.9%	0.0%	0.0%	0.0%
Real Return Bonds (TIPS)		10.2%	3.2%			6.2%	2.6%	0.0%	0.0%	0.0%
High Yield/Bank Loans/Opportunistic RMBS-CMBS	9.4%						3.0%	0.0%	0.0%	0.0%
Private Debt (Distressed, Opportunistic)	4.0%				1.0%		0.0%	0.0%	0.0%	0.0%
TOTAL DEBT	20.3%	11.4%	15.7%	1.8%	14.5%	16.2%	29.7%	0.0%	30.7%	0.0%
Commodities	1.8%						1.7%	0.0%	0.0%	0.0%
Real Estate	2.5%		11.2%		3.7%		1.0%	0.0%	3.4%	0.0%
Infrastructure					0.3%	0.0%	1.0%	0.0%	0.0%	0.0%
Oil & Gas Partnerships /MLPs	1.0%	2.3%			0.8%		0.6%	0.0%	0.0%	0.0%
Timberland & Ag Land	4.8%						5.2%	0.0%	0.0%	0.0%
TOTAL REAL ASSETS	10.1%	2.3%	11.2%	0.0%	4.8%	0.0%	9.5%	0.0%	3.4%	0.0%
Hedge Funds (as an asset class)	6.0%		12.3%		7.1%		1.9%	0.0%	9.1%	0.0%
Hedge Funds (portable alpha)							7.8%	0.0%	0.0%	0.0%
Short Term (Cash)	0.2%		4.3%				0.0%	0.0%	1.0%	0.0%
TOTAL	86.3%	13.7%	98.2%	1.8%	70.2%	29.8%	100.0%	0.0%	100.0%	0.0%

	ANNUALIZED TOTAL RETURN NET OF FEES FOR PERIODS ENDED December 31, 2009					ANNUALIZED DOMESTIC EQUITY NET OF FEES FOR PERIODS ENDED December 31, 2009				
	MOSERS	MPERS	PSRS	LAGERS	CERF	MOSERS	MPERS	PSRS	LAGERS	CERF
	1 Year	18.47%	14.20%	15.51%	19.74%	23.53%	30.10%	32.60%	28.35%	26.06%
3 Years	0.65%	(3.60%)	(2.16%)	(0.42%)	0.35%	(3.75%)	(6.60%)	(5.37%)	(4.45%)	(3.07%)
5 Years	4.92%	2.80%	2.59%	3.92%	3.79%	1.40%	(0.40%)	0.75%	1.37%	1.91%
10 Years	4.99%	3.10%	3.45%	3.80%	4.88%	1.61%	(0.70%)	0.59%	1.38%	3.13%

	ANNUALIZED INTERNATIONAL EQUITY NET OF FEES FOR PERIODS ENDED December 31, 2009					ANNUALIZED FIXED INCOME NET OF FEES FOR PERIODS ENDED December 31, 2009				
	MOSERS	MPERS	PSRS	LAGERS	CERF	MOSERS	MPERS	PSRS	LAGERS	CERF
	1 Year	31.72%	29.80%	37.39%	48.22%	28.34%	16.67%	25.00%	3.03%	5.40%
3 Years	2.13%	(5.60%)	(4.84%)	(1.72%)	(4.87%)	4.28%	2.70%	5.60%	7.15%	7.03%
5 Years	9.83%	5.60%	5.26%	7.05%	4.46%	4.45%	3.50%	4.80%	5.95%	5.63%
10 Years	6.82%	4.50%	2.12%	4.91%	5.90%	7.54%	4.50%	6.37%	7.34%	6.13%

News-Leader.com

On cost-of-living adjustments, all routes carry legal risk for city of Springfield

Break constitution or face lawsuits? Not much certainty in tricky call.

Amos Bridges • News-Leader • March 22, 2010

Finding itself "between a rock and a hard place," the city of Springfield plans to ask a judge whether it legally can grant cost-of-living adjustments to retired police and firefighters in July.

The dilemma, involving a tangle of apparently conflicting state and local laws, appears to hinge on whether the city's pension fund is "actuarially sound" --a term never explicitly defined in state law.

The stakes are high:

Granting the cost-of-living adjustments (COLAs) risks violating the state Constitution.

Withholding them would save the pension plan \$400,000 to \$500,000 in the next fiscal year but almost certainly would trigger a lawsuit by retirees, who, by the terms of the plan, are promised an annual 3 percent increase.

Requests for clarification from the Missouri Attorney General's Office and a state committee that oversees pension programs have only muddied the waters, so the city plans to file a request for declaratory judgment, which would allow a judge to sort out the legal mess.

"When you get conflicting opinions from the state, you have to get it resolved to make sure you're doing the right thing," City Manager Greg Burris said. "That's why we're seeking an outside decision."

"Actuarial soundness"

City Attorney Dan Wichmer said the COLA question has been percolating since May, when Dan Tobben, an attorney retained by the police and fire associations, told members of the pension fund citizen task force the city was obligated to fund the pension system to "actuarial soundness."

Tobben said he didn't think the 28 percent funding level at the time was sufficient.

"If he's making the allegation that we're actuarially unsound ... we said one of those issues ... that we don't know how to deal with is the COLA," Wichmer said.

Provisions of the Tier I police and fire pension plan guarantee automatic 3 percent COLAs each year to all age and service retirees who are at least 56 years old, as well as all disability retirees.

But Wichmer said the city was unsure whether the COLA provision -- on the books since 1983 -- ran afoul of a 2007 state law that prohibits benefit increases "beyond current plan provisions" when the law was adopted, if the plan is at less than 80 percent funding.

Article 6, Section 25 of the Missouri Constitution adds another wrinkle. It grants cities the ability to grant periodic COLAs "provided such pension and retirement systems will remain actuarially sound."

Advertisement



IF YOU'RE NOT PRINTING ON A KODAK ESP ALL-IN-ONE PRINTER, CHANCES ARE
YOU'RE PAYING TOO MUCH FOR INK.

FIND OUT HOW MUCH YOU'RE OVERPAYING FOR INK AT PRINTANDPROSPER.COM

Print Powered By  FormatDynamics™

News-Leader.com

"Actuarial soundness" is never legally defined, however, Wichmer said. "We didn't know how to answer it."

As of June, Springfield's pension fund was 46.5 percent funded using the actuarial value method.

Voters approved a 3/4-cent sales tax that will begin pumping millions of dollars into the fund in June, but it's not clear whether that revenue would count toward the question of actuarial soundness.

Opinions sought

The city in July sought opinions from the state **Joint Committee on Public Employee Retirement** and the Missouri attorney general, Wichmer said.

JCPER has declined to offer direct advice, suggesting the city seek a legal opinion on the matter. The committee did, however, note in a Feb. 9 letter that most state and local government retirees won't receive a COLA in 2010.

But COLAs for those retirees are tied to changes in the Consumer Price Index (which declined), rather than the automatic increase granted to Tier I Springfield police and firefighters.

The attorney general provided a more detailed response to the city's request, which was funneled through Sen. Norma Champion's office.

Although not legally binding, the Jan. 25 opinion concluded that -- despite an apparent conflict within the Missouri Constitution -- the city legally may pay the COLA only if the fund remains actuarially sound.

"It seems like the attorney general's saying it is a benefit increase ... but none of them have responded whether or not we're actuarially sound," Wichmer said. "If we are, it seems to say we can grant the benefit. But if we're not, it seems like we can't."

"Catch-22"

Wichmer said he plans to file the request for declaratory judgment in Greene County court by midweek.

The COLA question then will be considered by a judge, who will make a decision based on any expert witness testimony and applicable laws.

"You're going to have to have an expert witness in the form of an actuary" to attempt to define actuarial soundness, Wichmer said.

Other interested parties -- retirees, the police and fire employee associations, even taxpayers -- potentially could join the lawsuit and present their own witnesses or arguments.

"We have in fact spoken to a few retirees because we think they need to be in it," Wichmer said. "I think the associations have spoken about it with their attorneys ... and taxpayers always have standing to challenge expenditure of city funds."

He doesn't think the case is adversarial, however, adding that the city won't dispute that retirees would be harmed if the COLAs were suspended.

"We're getting direction from state entities that says we can't pay it, and the ordinance says we have to pay it," Wichmer said. "We're trying to get some guidance."

Shawn Martin, president of the International Association of Fire Fighters Local 152, said he has discussed the issue with Tobben, the association's attorney. If the city attempts to suspend the COLAs,

Advertisement

USA TODAY
AutoPilot 
 The new travel app for iPhone® and iPod touch®
 Presented by: 
SEE HOW IT WORKS >>

Print Powered By  FormatDynamics™

News-Leader.com

"it will definitely trigger a lawsuit from our retirees."

"Our opinion on this is if a pension system offers a COLA, then the pension system must remain actuarially sound," Martin said. "If our pension system is declaring itself not actuarially sound, then I believe the pension board has a fiduciary responsibility to have the city make the fund sound."

Echoing Wichmer, he said the problem is "there is no definition of actuarial soundness in the state of Missouri. It's completely subjective."

But Martin thinks the 2007 state law "implicitly defined" the term by allowing the state to withhold tax revenues from cities whose plans fall below 60 percent funding if the city also fails to make the actuary's required annual contributions.

Although Springfield's plan is below the 60 percent threshold, the city has been making the required payments "and is actually exceeding that with the sales tax," he said. "We're on an accelerated payment plan, so-to-speak."

Martin said he doesn't agree with all of the conclusions in the attorney general's opinion but acknowledged "the city is in a Catch-22 right now."

The decision to seek a judge's opinion is understandable, he said, but he's "comfortable" that decision will clear the way for the COLAs. "I'm not overly concerned about it at this point."

Waiting on ruling

Ken Homan, chairman of the pension board, said trustees hope a judge's ruling will help clarify the situation.

"The board does think that (according to plan provisions) we have no other option but to make the COLA adjustment," he said. "But we don't want to be thrown in court with that one, so we are in support of the city going for a declaratory judgment before July 1."

Wichmer said the city "hopefully" can get a decision before July, "but I would be more apt to say early autumn."

The case might not end in Greene County. If any of the interested parties dispute the judge's decision, it could be appealed -- potentially as high as the state Supreme Court.

Burris said the City Council has been kept abreast of the issue in closed session meetings because it involves the potential for litigation.

He said he's not sure what the city will do if a decision is delayed beyond July. "It's too early to decide that."

Advertisement



Mom Dilemma #36:
Your daughter insists on wearing her princess costume to the grocery store. Allow it or not?

YES, at least she's dressed!

NO, I have some rules!

momlike.me.com
where Local moms meet

Print Powered By  FormatDynamics™

Statutory Provisions Associated with Public Pension Plan Funded Ratio

Section 105.683

Requires withholding of political subdivision funds associated with:

- ✓ *Plans having a funded ratio below 60%,*
- ✓ *The political subdivision has failed to make 100% of the ARC for 5 successive plan years, and*
- ✓ *The plan has experienced a descending funded ratio for 5 successive years.*

Plan deemed delinquent, when, effect of.

105.683. Any plan, other than a plan created under sections 169.010 to 169.141, RSMo, or sections 169.600 to 169.715, RSMo, whose actuary determines that the plan has a funded ratio below sixty percent and the political subdivision has failed to make one hundred percent of the actuarially required contribution payment for five successive plan years with a descending funded ratio for five successive plan years after August 28, 2007, shall be deemed delinquent in the contribution payment and such delinquency in the contribution payment shall constitute a first lien on the funds of the political subdivision, and the board as defined under section 105.660 is authorized to compel payment by application for a writ of mandamus; and in addition, such delinquency in the contribution payment shall be certified by the board to the state treasurer and director of the department of revenue. Until such delinquency in the contribution payment, together with regular interest, is satisfied, the state treasurer and director of the department of revenue shall withhold twenty-five percent of the certified contribution deficiency from the total moneys due the political subdivision from the state. (L. 2007 S.B. 406)

Section 105.684

- ✓ *Prohibits benefit enhancements beyond plan provisions in effect prior to 08/28/07 for plan with a funded ratio lower than 80%. Such enhancement cannot result in a funded ratio less than 75% after adoption.*
- ✓ *Any plan with a funded ratio less than 60% shall have the actuary prepare an accelerated contribution schedule.*

Benefit increases prohibited, when—amortization of unfunded actuarial accrued liabilities—accelerated contribution schedule required, when.

105.684. 1. Notwithstanding any law to the contrary, no plan shall adopt or implement any additional benefit increase, supplement, enhancement, lump sum benefit payments to participants, or cost-of-living adjustment beyond current plan provisions in effect prior to August 28, 2007, unless the plan's actuary determines that the funded ratio prior to such adoption or implementation is at least eighty percent and will not be less than seventy-five percent after such adoption or implementation.

2. The unfunded actuarial accrued liabilities associated with benefit changes described in this section shall be amortized over a period not to exceed twenty years for purposes of determining the contributions associated with the adoption or implementation of any such benefit increase, supplement, or enhancement.

3. Any plan with a funded ratio below sixty percent shall have the actuary prepare an accelerated contribution schedule based on a descending amortization period for inclusion in the actuarial valuation.

4. Nothing in this section shall apply to any plan established under chapter 70, RSMo, or chapter 476, RSMo. (L. 2007 S.B. 406)



Joint Committee on Public Employee Retirement (JCPER) Annual Watch List

The JCPER has historically presented to its members a Watch List which contained information on Missouri's public pension plans whose funded ratio fell below 70% on an actuarial basis. This report is presented on an annual basis. In 2003, after the first market downturn of this decade, it was determined by JCPER staff that a more appropriate measure be used for the Watch List utilizing a funded ratio on a market value basis. This change in criteria was precipitated by the following:

- ✓ Plan's Market Value of Assets represents the actual assets in the fund.
- ✓ Market Value Funded Ratio provides a more level basis when determining plans for the Watch List. The Market Value of Assets is not subject to actuarial methods, assumptions and limitations utilized when determining the Actuarial Value of Assets. These actuarial components may vary among each individual pension plan.
- ✓ It is important to note that this Watch List criteria is for internal procedure purposes only. The JCPER continues to recognize utilization of actuarial components to assist in reducing volatility associated with funding levels and contribution levels.



Summary of SC89896, *Missouri Prosecuting Attorneys and Circuit Attorneys Retirement System an agency of the State of Missouri v. Barton County, Gerry Miller, John Stockdale, and Dennis Wilson*

Appeal from the Barton County circuit court, Judge Kevin L. Selby

Argued and submitted Sept. 2, 2009; after further briefing, resubmitted on briefs Dec. 7, 2009; opinion issued March 23, 2010

Attorneys: PACARS was represented by J. Kent Lowry, Jeffery T. McPherson and Kim S. Burton of Armstrong Teasdale LLP in Jefferson City, (573) 636-8394, and the county was represented by Marc Ellinger and Thomas Rynard of Blitz, Bardgett & Deutsch LC in Jefferson City, (573) 634-2500.

This summary is not part of the opinion of the Court. It has been prepared by the communications counsel for the convenience of the reader. It neither has been reviewed nor approved by the Supreme Court and should not be quoted or cited.

Overview: The Missouri Prosecuting Attorneys and Circuit Attorneys Retirement System (PACARS) appeals the trial court’s judgment holding that the portion of the statutory section requiring Missouri counties to make pension contributions for prosecuting and circuit attorneys is an unconstitutional mandate under the Hancock Amendment to the Missouri Constitution. In an 4-3 decision written by Judge Laura Denvir Stith, the Supreme Court of Missouri reverses the trial court’s decision and remands (sends back) the case for further action. While the Hancock Amendment generally bars the state from mandating that counties pay for a new activity or service or for an increased level of activity or service without a state appropriation to pay for that new or increased mandate, the Missouri Constitution also provides that increases in the “compensation of county officers” does not constitute a new or increased level of a service or activity. The Court finds that the pension contributions in question are a form of “compensation of county officers” and so fall within the exception to the Hancock Amendment.

In a concurring opinion, Judge Michael A. Wolff argues the state should not continue to rely on counties to pay prosecutors, who represent the state of Missouri and are part of the state’s criminal justice system, which is a state necessity. In a dissenting opinion, Judge Richard B. Teitelman would hold that the context and language of the Missouri Constitution show that the phrase “compensation of county officers” as used in article VI, section 11 of the constitution does not include the PACARS pension contributions required by section 56.807, RSMo, which, therefore, violates the Hancock Amendment.

Facts: In 1989, the legislature enacted the PACARS statutes authorizing the creation of a retirement fund for prosecutors and circuit attorneys. The 1989 statute provided that the state would reimburse counties for the cost of contributions to the fund. In 1995, the legislature amended the statute to remove the necessity for the state to reimburse counties. Barton County nonetheless continued to receive incentive payments until January 2002, when the state discontinued making incentive payments. As a result, the Barton County commission voted to discontinue participation in the retirement fund. In November 2006, PACARS filed a petition for writ of mandamus against Barton County and its commissioners, requesting that the court compel Barton County to make the pension contributions. The trial court found that section

56.807, RSMo, violates the Hancock Amendment. It rejected PACARS' argument that the pension contributions fell within an exception to the Hancock Amendment set out in article VI, section 11 of the Missouri Constitution for "increases in the compensation of county officers." PACARS appeals.

REVERSED AND REMANDED.

Court en banc holds: The trial court erred in concluding that section 56.807 violates the Hancock Amendment and in refusing to require Barton County to make the pension contributions mandated by that section. While in 1982 this Court held that the Hancock Amendment generally prohibits the state from increasing a county's financial obligations to county employees without state reimbursement, *Boone County v. State*, 631 S.W.2d 321, 326 (Mo. banc 1982), article VI, section 11 was amended in 1986 to provide that "compensation of county officers" does not constitute a new or increased level of a service or activity under the Hancock Amendment. The question is whether pension contributions, and not just salary and incidentals, are included within the meaning of the term "compensation of county officers." The meaning of the word "compensation" varies depending on its context. This Court previously has recognized that, when used in its broad or generic sense, "compensation" can include all remuneration for services rendered. Further, Missouri's dissolution cases recognize pension benefits as a form of deferred compensation that are earned as a person works rather than a bonus earned only at the time of payment. Looking at the intent of the legislature as reflected in these statutes, the Court concludes that the word "compensation of county officers" as used in article VI, section 11 of Missouri's constitution includes pension contributions.

Concurring opinion by Judge Wolff: The author concurs that the Court's decision is what the law allows but notes that it allows the state to continue to rely on a patchwork of locally funded county-by-county prosecution offices for the administration of justice. He further notes the burden of paying the prosecutors who represent the "state of Missouri" on the counties, many of which struggle financially to meet their other obligations. He argues that spending money for criminal justice is a necessity, not an optional luxury or obligation that can be funded by some other government.

Dissenting opinion by Judge Teitelman: The author would hold that the phrase "compensation of county officers" as used in article VI, section 11 of the Missouri Constitution does not include the PACARS contributions required by section 56.807, RSMo, and, therefore, that constitutional provision does not exempt PACARS contributions from the Hancock Amendment. It is the constitution itself – not the statutes governing classification and distribution of marital property in a dissolution action or generic definitions and synonyms – that provides the context for understanding the meaning of this phrase. This context demonstrates that the phrase "compensation of county officers" does not refer to pension contributions or benefits. To the extent that article VI, section 11 was intended to overrule *Boone County v. State*, 631 S.W.2d 321, 326 (Mo. banc 1982) (holding that a salary increase violated the Hancock Amendment), the contextual interpretation of "compensation of county officers" supports nothing more than the conclusion that it refers to salary. The history and current structure of the Missouri Constitution establish that, at no point past or present, has the constitution equated pensions and compensation. If public employee pensions were just another form of compensation, there would

have been no need for the specific authorization of pensions in article VI, section 25 of the Missouri Constitution. This section is not a redundancy; rather, it was required because the term “compensation” as used in the constitution does not include public employee pensions. Further, the plain, unequivocal language of article VI, section 13 of the Missouri Constitution establishes that the compensation of prosecutors does not include pension contributions made on their behalf. The author also notes he concurs in the spirit of Judge Wolff’s concurring opinion.



ChFC® or CFP® Certification?
The leading educator just did your homework.


Talk to a Counselor Today!
888-292-8775



StudyFinancialPlanning.com


INSURANCE NEWS

NIRS: Public Plans Outperformed Private Plans In 2009



Serving The Modern Consumer

Educational 10-part video series with



astonish.com

By [NU ONLINE NEWS SERVICE](#)

Published 3/16/2010

[Subscribe to Life & Health](#)[Return To Article](#)

In 2009, state and local pension plans performed better than their private sector plans, according to a study of data from the Federal Reserve.

The National Institute on Retirement Security, Washington, D.C., is making that point in an analysis of trends revealed in the Fed's Flow of Funds data.

For the year, public pension plans posted gains of 16%, as compared with 13% gains for defined benefit plans in the private sector, according to the NIRS analysts.

Such a large performance gap between public and private DB plans is new, they say.

They attribute the shift to fairly dramatic changes that corporate plans have made to their portfolios in recent years.

In much of the earlier part of the decade, the analysts point out, plans in both sectors each held about 60% of their assets in stocks. But by year-end 2009, corporate pension plans, as a group, had cut back investing in stocks to just 38% of their portfolio, while public plans trimmed only slightly, to about 57% equity exposure, they say.

The NIRS analysts term that change "striking."

Their explanation is that public plans "took a long-term, balanced approach to investing even in the face of drastic changes in the market" but that private plan sponsors were facing significant pressure that led to the equities pullback.

This pressure stemmed from changes in federal pension law and threatened changes to private sector accounting standards, the analysts say. Another factor: accounting regulations that would require valuation of pension assets and liabilities as though the plan were terminating immediately.

Both factors made sponsoring a pension a far less attractive proposition for employers, and so the private plans tried to limit the damage in ways that resulted in a "policy shift away from equities," the analysts conclude.



ChFC® or CFP® Certification?
The leading educator just did your homework.

Talk to a Counselor Today!
888-292-8775



StudyFinancialPlanning.com