



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2019



*A Letter from
Executive Director
H. Ray Higgins, Jr.
December 17, 2019*

Dear Members and Retirees:

I am pleased to present the 2019 Popular Annual Financial Report (PAFR) of the Public Employees' Retirement System of Mississippi (PERS or the System).

We take our role to heart as a fiduciary for this System and remain vigilant and

resourceful in honoring the commitment to our membership. I join with the PERS team as we dedicate ourselves to serving our teachers, law enforcement officers, healthcare workers, and all the public servants who make up the membership of our System.

This report is a summary of our services, organization, financial results, and investments, which are reported in detail in the PERS Comprehensive Annual Financial Report (CAFR) for 2019. The CAFR is prepared and presented in conformity with generally accepted accounting principles.

The Flexible Benefit Cafeteria Plan, an agency fund related to the System's employee health benefits, has been omitted from our summary due to its immateriality. The summary report also contains abbreviated note disclosures.

Detailed information about the System can be found in the CAFR located at www.pers.ms.gov. For questions concerning any of the information presented in this report, contact PERS, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or visit us online.

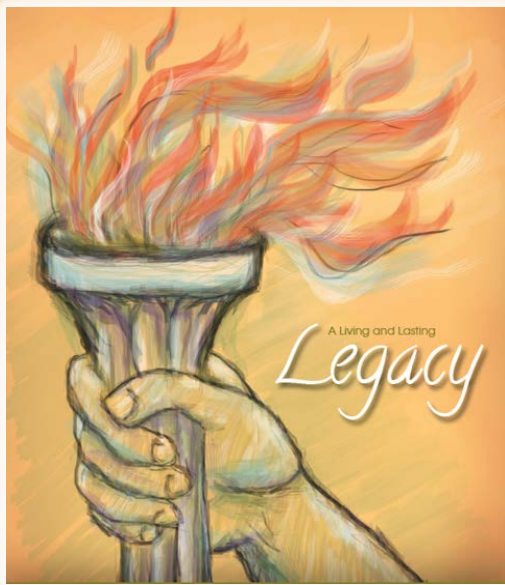
A LIVING & LASTING LEGACY

Passing the Torch

Every day in Mississippi, retiring public workers pass the torch to newer generations to carry on the legacy of dedication to the state's people.

Since established in 1952, PERS has built a history of performance and purpose. We have served and provided benefits for generations of members. We are sustained by unity, sharing risks and funding responsibility among members, retirees, employers, and the state as a whole. This vigilance to keep the fires burning on providing benefits for life to Mississippi's retired public workers means PERS will also continue to serve the state as an economic driver through retiree spending, as a recruitment tool for a quality public workforce, and in helping our retirees maintain financial self-sufficiency as they grow older.

MEMBERSHIP



The System administers four defined benefit retirement plans that guarantee, through plan provisions, a specific retirement benefit to qualified employees upon retirement. These plans are the Public Employees' Retirement System of Mississippi (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS), and the Supplemental Legislative Retirement Plan (SLRP). Membership in the System is a condition of covered public employment in Mississippi.

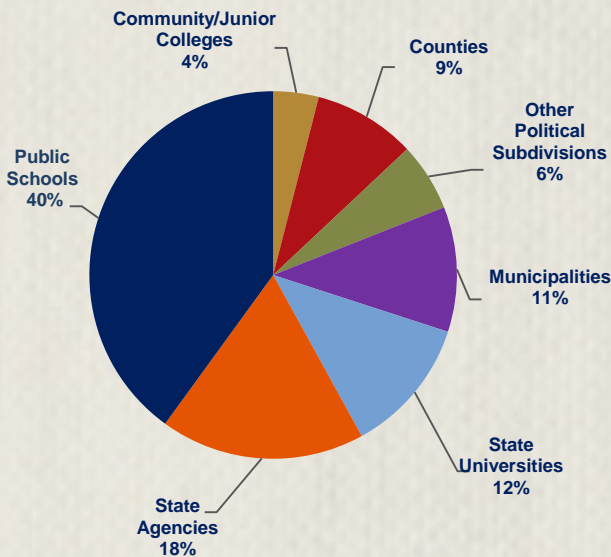
PERS serves members from state and local government, public schools, community and junior colleges, universities, and other governmental units across the state. Sworn officers of the highway patrol are members of the MHSPRS plan. MRS is a combination of two general municipal employee plans and 17 fire and police disability and relief systems. MRS was closed to new members as of July 1, 1976, with the exception of two fire and police plans that elected to extend the eligibility period to July 1, 1987. Eligible employees hired after MRS closing periods automatically become members of PERS. SLRP is a supplemental plan to the provisions of PERS for members of the state Legislature.

The total number of active members in the System has declined from 157,918 in fiscal year 2015 to a current count of 151,345 with a total of 873 participating employers. Currently eligible for retirement are an estimated 18,549 PERS, MHSPRS, MRS and SLRP members.

The System seeks innovative ways to serve its members and strives to provide quality assistance to each member and employer. A combination of advances in technology, staff training, and improved vehicles of communication enables the System to assure that its participants are well informed and well served.

We are proud to help provide retirement security for our retirees. Since 2015, the total number of retired members has increased from 99,096 to 110,437, with a current annual retirement benefit payroll of \$2.8 billion. The charts on page 3 illustrate active members, retirees and beneficiaries, and inactive members participating in the plans.

Active Employees by Employer



Summary of Participating Members

Fiscal Years Ending June 30

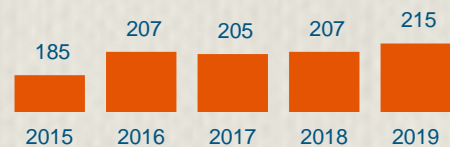
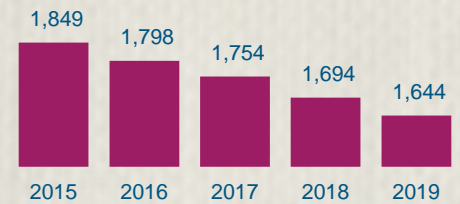
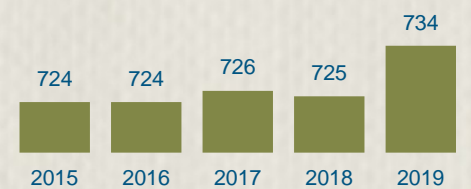
PERS Members	2015	2016	2017	2018	2019
Active vested	83,583	82,370	81,151	78,715	77,505
Active nonvested	73,632	71,734	71,231	71,972	73,146
Total active	157,215	154,104	152,382	150,687	150,651
Retirees/beneficiaries	96,338	99,483	102,260	104,973	107,844
Inactive members	137,026	142,635	66,852	69,341	74,017
Total retirees/inactive	233,364	242,118	169,112	174,314	181,861
Total	390,579	396,222	321,494	325,001	332,512

MHSPRS Members	2015	2016	2017	2018	2019
Active vested	418	393	424	406	374
Active nonvested	100	91	46	105	148
Total active	518	484	470	511	522
Retirees/beneficiaries	724	724	726	725	734
Inactive members	59	80	59	55	61
Total retirees/inactive	783	804	785	780	795
Total	1,301	1,288	1,255	1,291	1,317

MRS Members	2015	2016	2017	2018	2019
Active vested	11	8	6	4	2
Active nonvested	-	-	-	-	-
Total active	11	8	6	4	2
Retirees/beneficiaries	1,849	1,798	1,754	1,694	1,644
Inactive members	-	-	-	-	-
Total retirees/inactive	1,849	1,798	1,754	1,694	1,644
Total	1,860	1,806	1,760	1,698	1,646

SLRP Members	2015	2016	2017	2018	2019
Active vested	103	109	112	113	108
Active nonvested	71	62	62	61	62
Total active	174	171	174	174	170
Retirees/beneficiaries	185	207	205	207	215
Inactive members	51	63	56	55	54
Total retirees/inactive	236	270	261	262	269
Total	410	441	435	436	439

Retiree Growth by Plan - Fiscal Years Ending June 30



Members by Plan

	Active		Retired	
	Count	Percentage	Count	Percentage
PERS	150,651	99.54%	107,844	97.65%
MHSPRS	522	0.34%	734	0.67%
MRS	2	0.01%	1,644	1.49%
SLRP	170	0.11%	215	0.19%
Total	151,345	100.00%	110,437	100.00%



Net position restricted for pension benefits results from the excess of the System's total assets over total liabilities. Net position represents assets accumulated to pay the present and future benefits of members and retirees. Net position of the defined benefit pension plans for 2019 totaled \$28.7 billion, while 2018 net position totaled \$28.3 billion, as restated. Investments make up the largest portion of net position restricted for pension benefits.

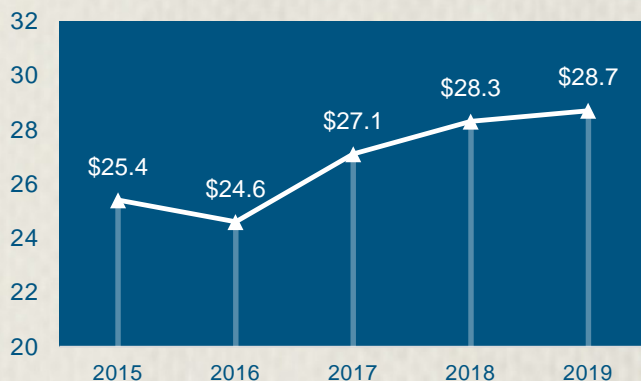
The three primary sources of System funding are employer contributions, member contributions, and net investment income. Employer contributions totaled \$1.1 billion for fiscal year 2019 and were consistent with the prior year. Member contributions totaled \$583.5 million, an increase of \$10.2 million over fiscal year 2018. The System posted net investment income of \$1.7 billion for 2019, compared to \$2.4 billion for 2018, as restated. The decrease in net investment income was primarily due to investment performance with a 6.87 percent rate of return for fiscal year 2019 compared to 9.48 percent for fiscal year 2018.

The System's primary expenses include benefit payments, refunds of contributions to former members, and the cost of administering the System. As shown on page 5, the majority of 2019 expenses were benefit payments, which totaled \$2.8 billion, an increase of \$139.7 million from 2018 due primarily to an increase in benefit recipients. Contribution refunds were \$108.1 million for fiscal year 2019, compared to \$124.4 million for fiscal year 2018. The cost to administer the System for fiscal year 2019 was \$22.2 million, including depreciation expense, an increase of \$489 thousand over fiscal year 2018. The increase in administrative expenses was the result of an entry to record the beginning balance of an other post-employment benefit for the System employees' health insurance benefit. Expenses for administration of the System are funded from the trust.

Governmental accounting standards require presentation of the net pension liability of the employers for benefits provided through the PERS, MHSPRS and SLRP plans. The net pension liability is an accounting measure of the long-term pension liability less the current net position.

Total System Net Position

Fiscal Years Ending June 30
(in billions)

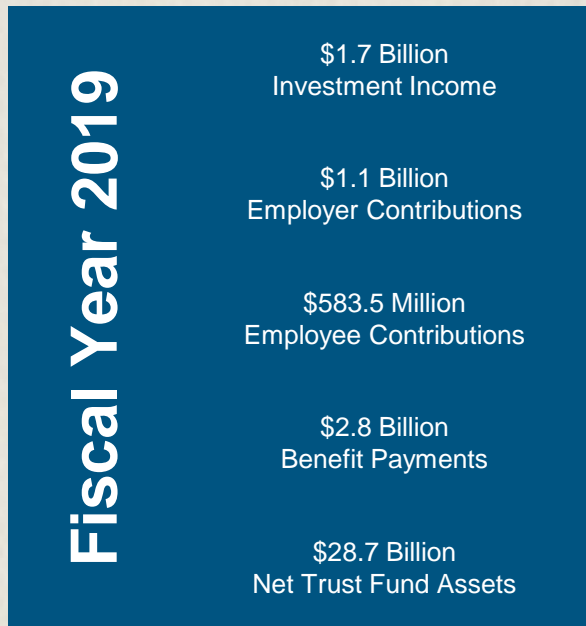


Net Pension Liability for Employers

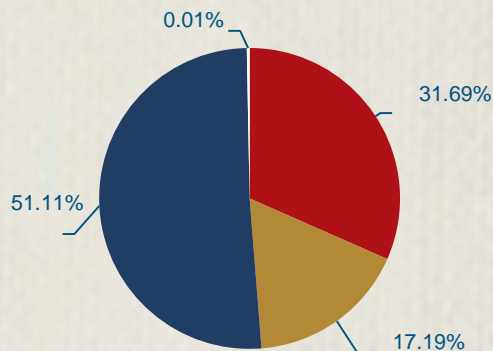
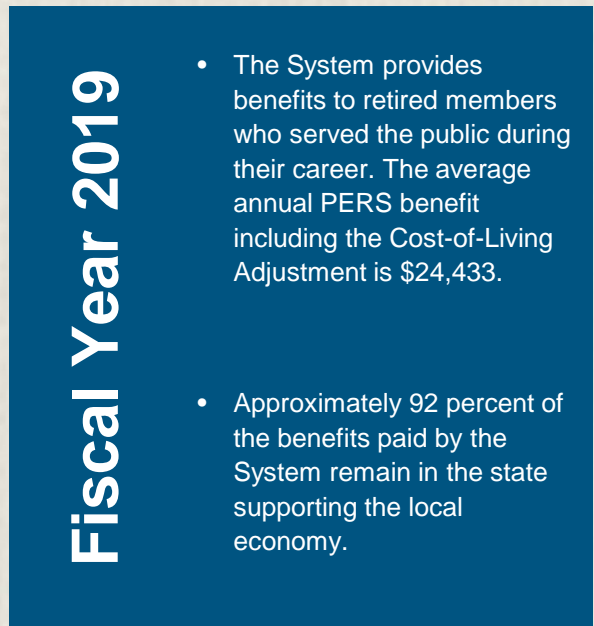
(in millions)

	PERS	MHSPRS	SLRP
Total Pension Liability	\$45,799	\$542	\$22
Less: Net Position	28,207	366	19
Net Pension Liability	\$17,592	\$176	\$3

System Financial Highlights



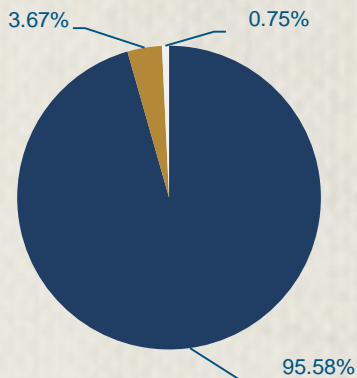
Economic Impact



Revenues - Fiscal Years Ending June 30
(in thousands)

	2019	2018*	2017
Employers	\$1,075,122	\$1,051,414	\$1,052,147
Members	583,510	573,310	572,456
Investment income	1,734,049	2,431,246	3,503,512
Other	38	51	36
Total	\$3,392,719	\$4,056,021	\$5,128,151

- The June 30, 2018, investment income was restated for MHSPRS and MRS due to the understatement of net investment income identified during fiscal year 2019.



Expenses - Fiscal Years Ending June 30
(in thousands)

	2019	2018	2017
Benefits	\$2,816,445	\$2,676,744	\$2,544,382
Refunds	108,058	124,427	113,868
Administrative	22,222	21,733	26,196
Total	\$2,946,725	\$2,822,904	\$2,684,446

FUNDING



Actuarial valuations are performed annually to determine the actuarial accrued liability, the actuarial value of assets, and funding progress. Valuations for all defined benefit plans administered by the System are based on information as of June 30, 2018, adjusted for the actuarial assumptions from the 2018 experience study.

Future benefit payments owed to current and future retirees and beneficiaries are actuarially determined and referred to as the actuarial accrued liability. The actuarial value of assets represents funds accumulated by the System to meet these future benefit payments. The difference between the actuarial accrued liability and the actuarial value of assets is referred to as the unfunded actuarial accrued liability. The funded ratio represents the amount of the System's actuarial accrued liability that is covered by the actuarial value of assets, expressed as a percentage.

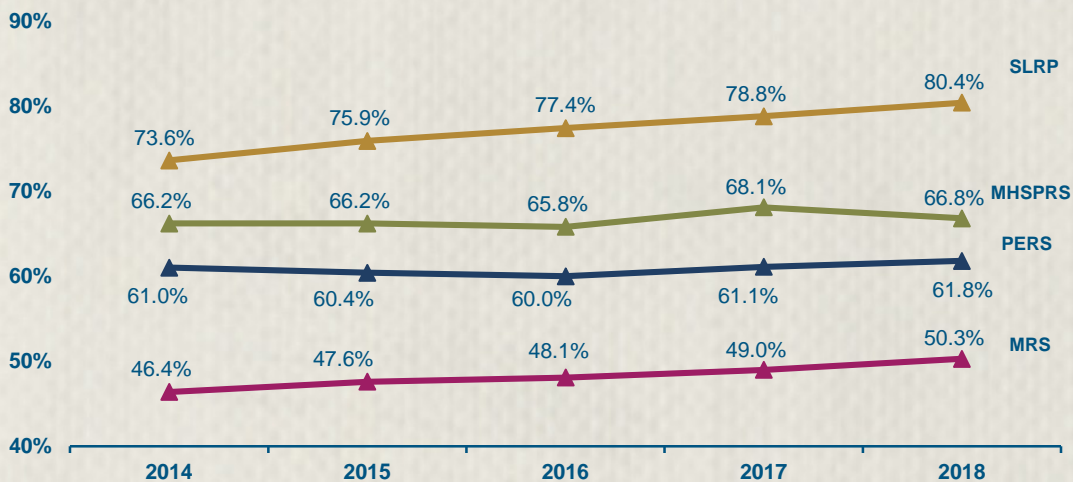
The unfunded actuarial accrued liability amortization period is the number of years it would take to fully fund the System's projected benefit obligation based on current contribution rates and assumptions. Current amortization periods are 30.9 years for PERS, 18.3 for MHSPRS, 16.0 for MRS and 20.1 for SLRP. Variations from year to year are primarily due to changes in the individual plan's actuarial assumptions and differences in assumed and actual results. System investments are diversified to help mitigate the effects of a volatile financial market, and investment returns are smoothed over a five-year period.

Beginning July 1, 2019, the employer contribution rate for PERS increased to 17.40 percent. Employee contributions remain constant at 9.0 percent for PERS, 7.25 percent for MHSPRS, and 3.0 percent for SLRP. MRS is composed of 19 individual plans whose member and employer contribution rates, as well as other information, vary among the individual municipalities.

Employer Contribution Percentage Rates

Fiscal Year	2014	2015	2016	2017	2018	2019
PERS	15.75	15.75	15.75	15.75	15.75	15.75
MHSPRS	37.00	37.00	37.00	37.00	37.00	49.08
SLRP	7.40	7.40	7.40	7.40	7.40	7.40

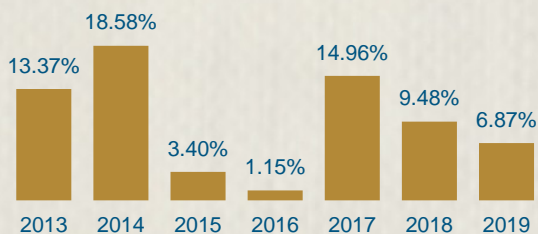
Percentage of actuarial accrued liability covered by actuarial value of assets (funded ratio)



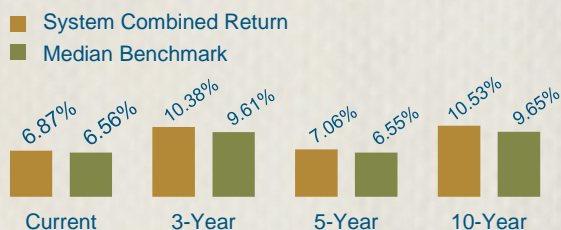
INVESTMENTS

Total System Rates of Return

Fiscal Years Ending June 30



System Rates of Return Compared to Large Public Funds Benchmark*



* Public funds >\$10 billion median

Performance Benchmark

Total Investments	System Combined Return	6.87%
	Public Funds >\$10 Billion Median	6.56%
Equity Securities	Total Equity Manager's Composite	5.12%
	Total Equity Custom Benchmark	4.95%
Domestic Equity	Domestic Equity Managers Composite	8.49%
	Domestic Equity Custom Benchmark	7.80%
International Equity	International Equity Managers Composite	0.64%
	International Equity Custom Benchmark	1.43%
Global Equity	Global Equity Managers Composite	5.67%
	Global Equity Benchmark	4.56%
Debt Securities	Debt Securities Managers Composite	8.65%
	Fixed Income Custom Benchmark	8.31%
Real Estate	Commingled Funds and REITs Composite	7.22%
	Real Estate Benchmark	6.51%
Private Equity	Private Equity Composite	16.13%
	Private Equity Benchmark	13.70%

The System manages investments with prudent care, constant attention, specialized expertise, and a concern for the financial security of its membership. By maintaining a broadly diversified portfolio designed to minimize risk and maximize return over the long term, the System's investment program is designed to help provide funding for current and future pension obligations.

Investments before securities lending activities for 2019 were \$28.2 billion, a decrease of \$53.9 million from fiscal year 2018. Net investment income was \$1.7 billion, compared to \$2.4 billion at fiscal year end 2018.

One of the most critical decisions made by the System is that of the long-term asset allocation policy for the investment portfolio. In fiscal year 2019, the target asset allocation was 61.0 percent equities, 20.0 percent debt securities, 10.0 percent real estate investments, 8.0 percent private equity and 1.0 percent cash and equivalents. The System's asset allocation decisions are based on liability requirements and guidelines established by the Mississippi Code of 1972. At year end, 38 investment firms were managing 55 portfolios for defined benefit pension plans. Portfolio performance is carefully monitored by the Board of Trustees with the assistance of an investment management consulting firm and the System's Chief Investment Officer.

The System experienced a 6.87 percent investment return this year, which was more than the plan's benchmark return of 6.56 percent. The System operates on a long-term investment strategy resulting in a five-year rate of return of 7.06 percent, 10-year rate of 10.53 percent, and a 30-year rate of 8.29 percent.

Long-Term Target Asset Allocation

Equities	61.0%
Debt securities	20.0%
Real estate	10.0%
Private equity	8.0%
Cash and Equivalents	1.0%

Asset Allocation at Fair Value

Equities	60.3%
Debt Securities	19.9%
Real Estate	10.2%
Private Equity	8.5%
Cash and Equivalents	1.1%

Total Investments: Past 10 Fiscal Years (in thousands)

2010	\$20,845,217	2015	\$27,493,738
2011	\$23,537,833	2016	\$27,258,526
2012	\$23,176,162	2017	\$29,551,754
2013	\$25,577,062	2018	\$31,808,283
2014	\$28,322,291	2019	\$31,643,603

RESOURCES



Website and Call Center

Our website, www.pers.ms.gov, provides an array of information and services to members, retirees, and the public.

PERS' Customer Service Center analysts assist callers with questions and concerns in a prompt, courteous manner. The center, 800-444-7377 or 601-359-3589, is open from 8 a.m. to 5 p.m. every weekday with the exception of state holidays.

Education Opportunities

Pre-Retirement Full Day Seminars are held throughout the state to assist members with retirement planning. Topics include Social Security, Mississippi Deferred Compensation (MDC), and PERS. Schedules and registration are available online.

Small group **Focus Sessions** assist members with retirement planning by providing each individual with an estimate of benefits and detailed information on retirement options. Schedules and registration are available online.

Hosted by employers, **PERS on the Move** presentations are held during or after office hours to provide members with information regarding PERS and MDC. Visit us online to request a seminar.

Annual **agency training seminars** provide information to personnel responsible for benefits administration and reporting. Schedules, topics, and registration are posted online.

Printed Materials

Active and inactive members are mailed annual statements with account balances, years of service and designated beneficiaries. Unaudited estimates of benefits are included if the member is within four years of retirement eligibility.

Member handbooks and guides include information about PERS, its administered programs, retirement benefits, retirement options, and important contact information. Handbooks and guides are available by request or from www.pers.ms.gov.

PERS eUpdates

PERS eUpdates are brief, timely e-mailed news alerts that include information about legislative, regulatory, and retirement plan changes; leadership updates; and more. Anyone interested may sign up online to receive news tailored just for them and delivered directly to their e-mail inbox.

Award-Winning Report

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 PERS for its Popular Annual Financial Report for the fiscal year that ended June 30, 2018. 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 with contents that 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 only one year. PERS has received a Popular Award for the last 16 consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

