



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2020



*A Letter from
Executive Director
H. Ray Higgins, Jr.
December 17, 2020*

Dear Members and Retirees:

I am pleased to present the 2020 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, investments, and certain note disclosures, which are reported in detail in the PERS Comprehensive Annual Financial Report (CAFR) for 2020. The CAFR is prepared and presented in conformity with generally accepted accounting principles.

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.

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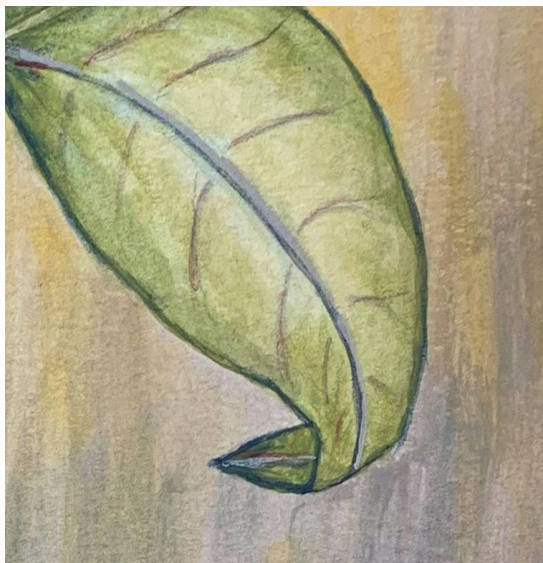
Resiliency

Growing where you're planted

Life promises difficult times; being prepared for those times is key to survival and, even, growth.

We understand the importance of resiliency. Whether facing a national economic downturn or a global pandemic, our responsibility is to grow where we are planted. Decades of knowledge and experience have taught us the significance of being both well-rooted and adaptable so that we can weather any storm that might come our way. We are the provisioner of benefits for hundreds of thousands of Mississippians and their loved ones. Therefore, we know PERS must be sustainable for generations to come. As a defined benefit provider that looks to the future, finding a way to grow and, hopefully, thrive – even in the worst of times – is what we will do.

MEMBERSHIP

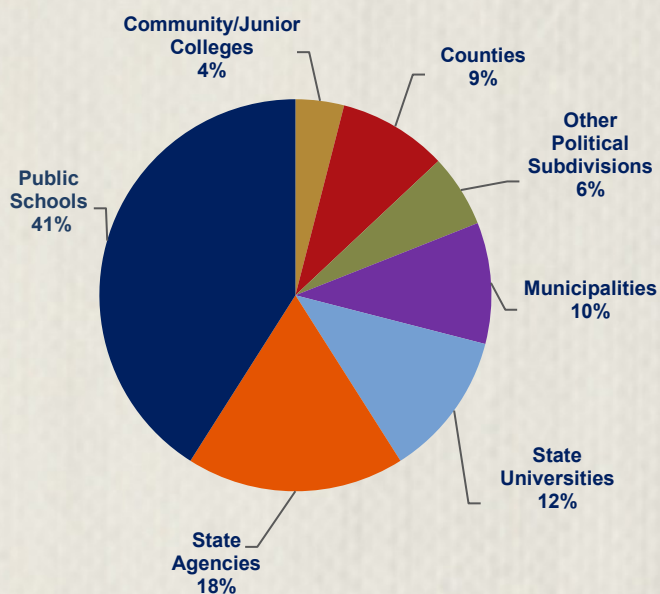


The System administers four defined benefit retirement plans that guarantee, through plan provisions, a specific retirement benefit to qualified employees upon retirement. These plans are the Public Employees' Retirement System of Mississippi (PERS), the Mississippi Highway Safety Patrol Retirement System (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 and as of June 30, 2020 had no remaining active members. 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 over the past 5 years from 154,767 in fiscal year 2016 to a current year count of 150,537 with a total of 872 participating employers. Currently, an estimated 19,081 active members of PERS, MHSPRS, and SLRP are eligible for retirement.

Active Members by Employer



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 2016, the total number of retired members has increased from 102,212 to 112,448, with a current annual retirement benefit payroll of \$2.9 billion. The charts on page 3 illustrate active members, retirees and beneficiaries, and inactive members participating in the plans.

Summary of Participating Members

Fiscal Years Ending June 30

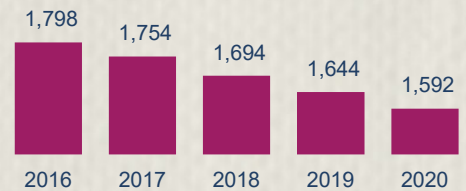
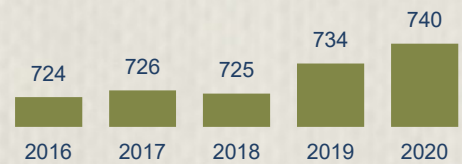
PERS Members	2016	2017	2018	2019	2020
Active Vested	82,370	81,151	78,715	77,505	77,163
Active Non-vested	71,734	71,231	71,972	73,146	72,692
Total Active	154,104	152,382	150,687	150,651	149,855
Retirees/Beneficiaries	99,483	102,260	104,973	107,844	109,881
Inactive Members	142,635	66,852	69,341	74,017	78,647
Total Retirees/Inactive	242,118	169,112	174,314	181,861	188,528
Total	396,222	321,494	325,001	332,512	338,383

MHSPRS Members	2016	2017	2018	2019	2020
Active Vested	393	424	406	374	382
Active Non-vested	91	46	105	148	129
Total Active	484	470	511	522	511
Retirees/Beneficiaries	724	726	725	734	740
Inactive Members	80	59	55	61	72
Total Retirees/Inactive	804	785	780	795	812
Total	1,288	1,255	1,291	1,317	1,323

MRS Members	2016	2017	2018	2019	2020
Active Vested	8	6	4	2	-
Active Non-vested	-	-	-	-	-
Total Active	8	6	4	2	-
Retirees/Beneficiaries	1,798	1,754	1,694	1,644	1,592
Inactive Members	-	-	-	-	-
Total Retirees/Inactive	1,798	1,754	1,694	1,644	1,592
Total	1,806	1,760	1,698	1,646	1,592

SLRP Members	2016	2017	2018	2019	2020
Active Vested	109	112	113	108	111
Active Non-vested	62	62	61	62	60
Total Active	171	174	174	170	171
Retirees/Beneficiaries	207	205	207	215	235
Inactive Members	63	56	55	54	62
Total Retirees/Inactive	270	261	262	269	297
Total	441	435	436	439	468

Retiree Growth by Plan - Fiscal Years Ending June 30



Members by Plan

	Active		Retired	
PERS	149,855	99.55%	109,881	97.72%
MHSPRS	511	0.34%	740	0.66%
MRS	-	-%	1,592	1.41%
SLRP	171	0.11%	235	0.21%
Total	150,537	100.00%	112,448	100.00%

FINANCIAL



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 2020 totaled \$28.3 billion, while 2019 net position totaled \$28.7 billion. Investments, at 98 percent of total assets, make up the largest portion of net position restricted for pension benefits.

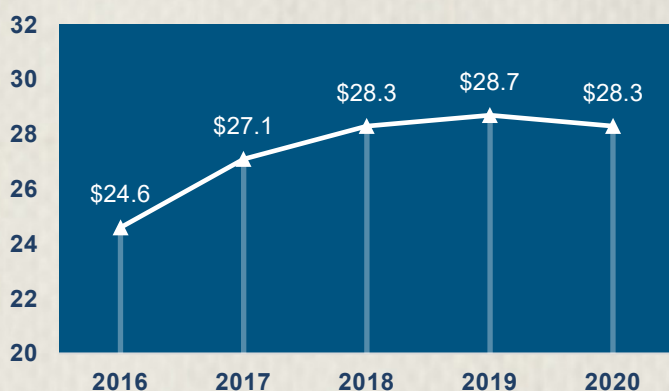
The primary sources of System funding are employer contributions, member contributions, and net investment income. Employer contributions totaled \$1.2 billion for fiscal year 2020, an increase of \$134.0 million over the prior year. Member contributions totaled \$597.4 million, an increase of \$13.8 million. Increases in contributions can be attributed to the increase in covered payroll and the increase in the PERS employer contribution rate. The System posted net investment income of \$872.9 million for 2020, compared to \$1.7 billion for 2019. The decrease in the investment rate of return from 6.87 percent in 2019 to 3.35 percent for fiscal year 2020 and the related decrease in investment income, was a result of the economic conditions surrounding the COVID-19 pandemic.

The System's 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 2020 expenses were benefit payments, which totaled \$2.9 billion, an increase of \$131.1 million from 2019 due primarily to an increase in benefit recipients. Contribution refunds were \$104.9 million for fiscal year 2020, compared to \$108.1 million for fiscal year 2019. The cost to administer the System for fiscal year 2020 was \$20.4 million, a decrease of \$1.8 million. 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 actuarially determined long-term pension liability less the System's current net position.

Total System Net Position

Fiscal Years Ending June 30
(in billions)

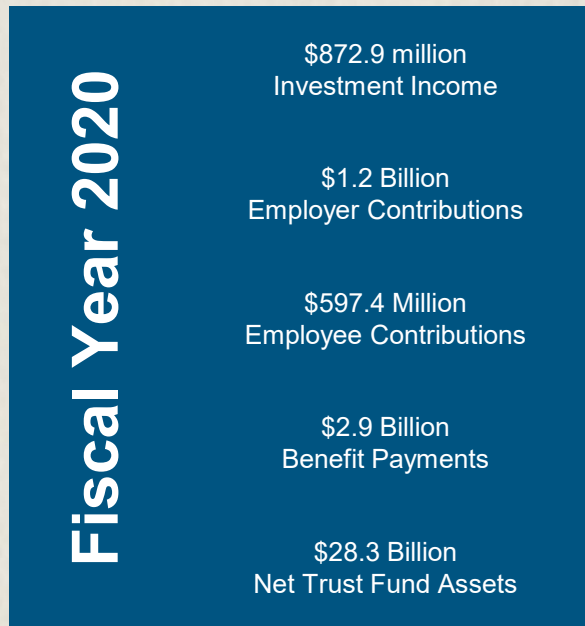


Net Pension Liability for Employers

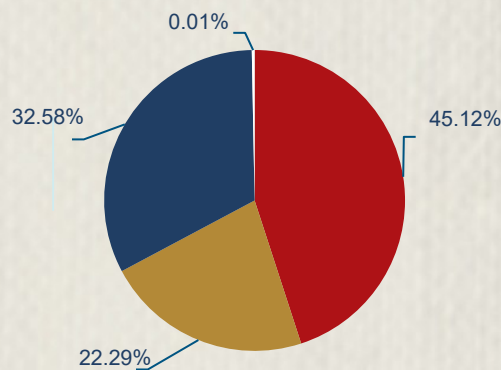
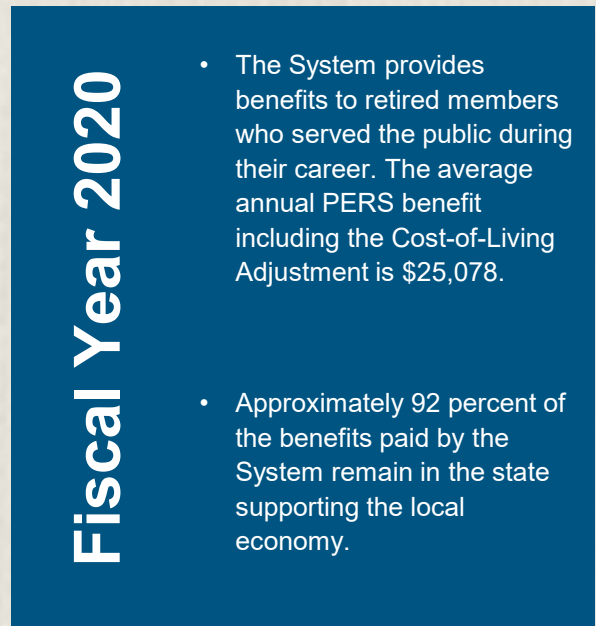
(in millions)

	PERS	MHSPRS	SLRP
Total Pension Liability	\$47,186	\$555	\$22
Less: Net Position	27,827	364	18
Net Pension Liability	\$19,359	\$191	\$4

System Financial Highlights

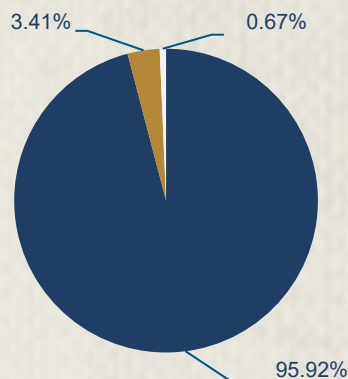


Economic Impact



Revenues - Fiscal Years Ending June 30
(in thousands)

	2020	2019	2018
Employer Contributions	\$1,209,075	\$1,075,122	\$1,051,414
Member Contributions	597,354	583,510	573,310
Investment Income	872,882	1,734,049	2,431,246
Other	22	38	51
Total	\$2,679,333	\$3,392,719	\$4,056,021



Expenses - Fiscal Years Ending June 30
(in thousands)

	2020	2019	2018
Benefits	\$2,947,555	\$2,816,445	\$2,676,744
Refunds	104,919	108,058	124,427
Administrative	20,426	22,222	21,733
Total	\$3,072,900	\$2,946,725	\$2,822,904

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, 2019 and rolled forward to the June 30, 2020 measurement date using certain actuarial techniques.

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.

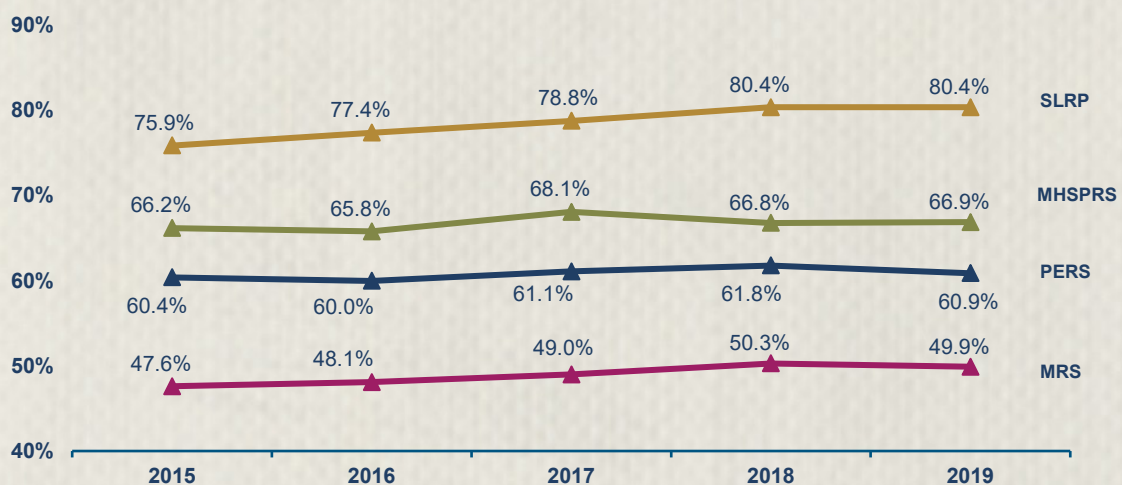
The unfunded actuarial accrued liability amortization period is the number of years it would take to fully fund the System's projected benefit obligation based on current contribution rates and assumptions. Current amortization periods are 36.2 years for PERS, 17.7 years for MHSPRS, 15.0 years for MRS and 22.9 years 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. Contribution rates for the 19 plans in MRS are established at the individual plan level based on actuarial analysis of plan retirement obligations, funding levels, and other data.

Employer Contribution Percentage Rates

Fiscal Year	2016	2017	2018	2019	2020
PERS	15.75	15.75	15.75	15.75	17.40
MHSPRS	37.00	37.00	37.00	49.08	49.08
SLRP	7.40	7.40	7.40	7.40	7.40

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



INVESTMENTS



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.

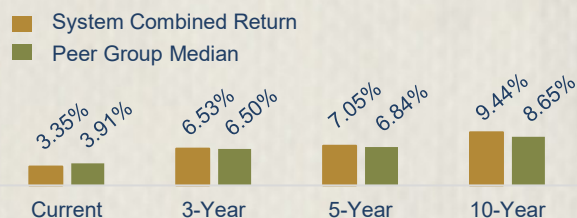
Investments before securities lending activities for 2020 were \$28.0 billion, a decrease of \$269.9 million from fiscal year 2019. Net investment income was \$872.9 million, compared to \$1.7 billion at fiscal year end 2019.

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 2020, 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 consider a number of factors, including a projection of future liabilities, expected market risk and return for various asset classes, and the System's statutory investment restrictions as set forth in Miss. Code Ann 25.11.121 (1972, as amended). At year end, 35 investment firms were managing 57 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, the System's Chief Investment Officer, and staff.

The System experienced a 3.35 percent gross investment return this year. The System operates on a long-term investment strategy and over the last five-, seven-, ten- and fifteen-year periods our portfolio continues to outperform the benchmark and our peers, culminating in a thirty-year gross investment return of 8.05 percent.

	Asset Allocation at Fair Value	Long-Term Target Asset Allocation
Equity Securities	62.1%	61.0%
Debt Securities	18.6%	20.0%
Real Estate	9.5%	10.0%
Private Equity	8.8%	8.0%
Cash & Equivalents	1.0%	1.0%

System Rates of Return Compared to Peer Group* Median

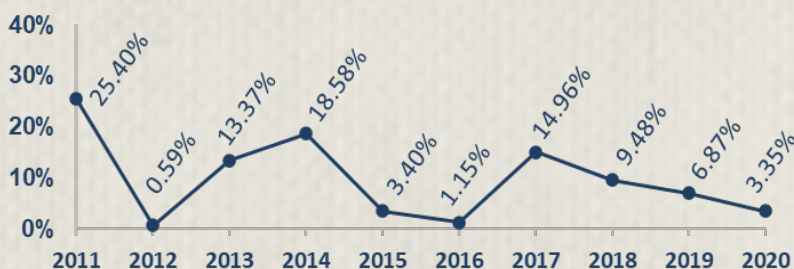


* Public funds >\$10 billion

Performance Benchmark

Total Investments	System Combined Return	3.35%
	Total Policy Benchmark	4.27%
Equity Securities	Total Equity Managers Composite	1.68%
	Total Equity Custom Benchmark	1.32%
Domestic Equity	Domestic Equity Managers Composite	4.52%
	Domestic Equity Custom Benchmark	3.85%
International Equity	International Equity Managers Composite	(2.64%)
	International Equity Custom Benchmark	(3.34%)
Global Equity	Global Equity Managers Composite	3.02%
	Global Equity Benchmark	1.17%
Debt Securities	Debt Securities Managers Composite	7.38%
	Fixed Income Custom Benchmark	7.39%
Real Estate	Commingled Funds and REITs Composite	1.17%
	Real Estate Benchmark	2.69%
Private Equity	Private Equity Composite	3.35%
	Private Equity Benchmark	11.11%

Total System Rates of Return Fiscal Years Ending June 30



Total Investments: Past 10 Fiscal Years (in thousands)

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
2015.....	\$27,493,738	2020.....	\$30,874,595

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

As a result of the COVID-19 pandemic, PERS has adapted its educational opportunities to a virtual format.

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 are brief, timely e-mailed news alerts that include information about legislative, regulatory, 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, 2019. 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 17 consecutive fiscal years. We believe the current report continues to conform to the Popular Annual Financial Reporting requirements and we are submitting it to GFOA.

