



POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2021



A Letter from
Executive Director
H. Ray Higgins, Jr.
December 21, 2021

Dear Members and Retirees:

I am pleased to present the 2021 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 Annual Comprehensive Financial Report (ACFR) for 2021. The ACFR is prepared and presented in conformity with generally accepted accounting principles.

Detailed information about the System can be found in the ACFR located at www.pers.ms.gov/financial-reports.

For questions concerning any of the information presented in this report, contact PERS, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or visit us online.

<p>Fiscal Year 2021 Highlights</p> <p>Investments as of June 30 \$35.3 billion</p> <p>Investment Rate of Return 32.71 percent</p> <p>Total System Membership 346,025</p> <p>Members receiving benefits 114,662</p> <p>Annual Retirement Benefit Payroll \$3.1 billion</p>
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MEMBERSHIP

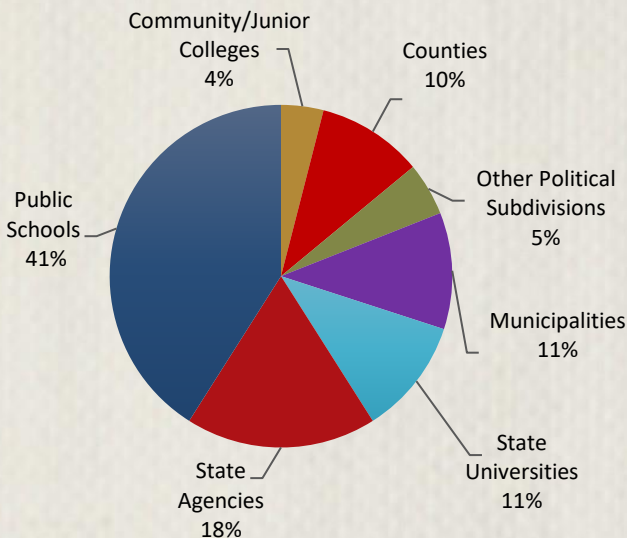


The System is administered by a ten-member Board of Trustees (Board) that includes the state Treasurer; one gubernatorial appointee who is a member of PERS; two state employees; two PERS retirees; and one representative each from public schools and community colleges, state universities, municipalities, and counties. Except for the state Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent.

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 Supplemental Legislative Retirement Plan (SLRP), and the Municipal Retirement Systems (MRS). 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. SLRP is a supplemental plan to the provisions of PERS for members of the state Legislature. MRS is a combination of two general municipal employee plans and 17 fire and police disability and relief systems. The MRS plan is closed and has no remaining active members.

Active Members by Employer



The total number of active members in the System has declined over the past 5 years from 153,032 in fiscal year 2017 to a current year count of 146,324 with a total of 874 participating employers. Currently, an estimated 18,228 active members of PERS, MHSPRS, and SLRP are eligible for retirement.

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 2017, the total number of retired members has increased from 104,945 to 114,662, with a current annual retirement benefit payroll of \$3.1 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	2017	2018	2019	2020	2021
Active Members	152,382	150,687	150,651	149,855	145,673
Retirees/Beneficiaries	102,260	104,973	107,844	109,881	112,158
Inactive Members	66,852	69,341	74,017	78,647	84,913
Total	321,494	325,001	332,512	338,383	342,744

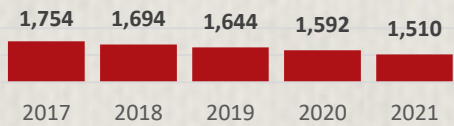
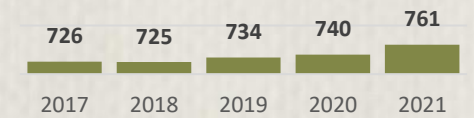
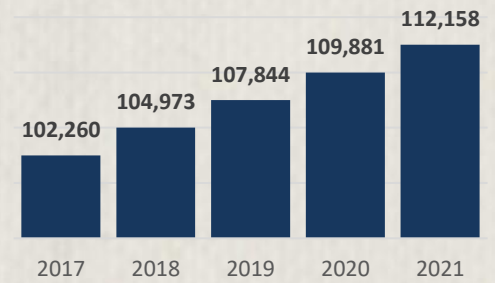
MHSPRS Members	2017	2018	2019	2020	2021
Active Members	470	511	522	511	478
Retirees/Beneficiaries	726	725	734	740	761
Inactive Members	59	55	61	72	64
Total	1,255	1,291	1,317	1,323	1,303

SLRP Members	2017	2018	2019	2020	2021
Active	174	174	170	171	173
Retirees/Beneficiaries	205	207	215	235	233
Inactive Members	56	55	54	62	62
Total	435	436	439	468	468

MRS Members	2017	2018	2019	2020	2021
Active Members	6	4	2	-	-
Retirees/Beneficiaries	1,754	1,694	1,644	1,592	1,510
Inactive Members	-	-	-	-	-
Total	1,760	1,698	1,646	1,592	1,510

Retiree Growth by Plan

Fiscal Years Ending June 30



Members by Plan

	Active		Retired	
	Count	Percentage	Count	Percentage
PERS	145,673	99.55%	112,158	97.82%
MHSPRS	478	0.33%	761	0.66%
SLRP	173	0.12%	233	0.20%
MRS	-	-%	1,510	1.32%
Total	146,324	100.00%	114,662	100.00%

FINANCIAL



The primary sources of additions to net position are employer contributions, member contributions, and net investment income. Employer contributions totaled \$1.2 billion for fiscal year 2021, a decrease of \$4.3 million from the prior year. Member contributions totaled \$597.5 million. Contributions are a direct result of contribution rates and covered payroll of active members. The System posted net investment income of \$8.9 billion for 2021, compared to \$ 872.9 million for 2020. The increase in the investment rate of return from 3.35 percent in 2020 to 32.71 percent for fiscal year 2021 and the related increase in investment income, was a result of the continued rebound of equity markets and the reopening of worldwide economies from the pandemic.

The System's expenses, or deductions from net position, include benefit payments, refunds of contributions to former members, and the cost of administering the System. As shown on page 5, the majority of 2021 expenses were benefit payments, which totaled \$3.1 billion, an increase of \$118.1 million from 2020 due primarily to an increase in benefit recipients. Contribution refunds are available to members who terminate employment from all covered employers and who are not eligible to receive monthly benefits. The amount of contribution refunds were \$101.1 million for fiscal year 2021, compared to \$104.9 million for fiscal year 2020. The cost to administer the System for fiscal year 2021 was \$16.3 million, a decrease of \$4.1 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)



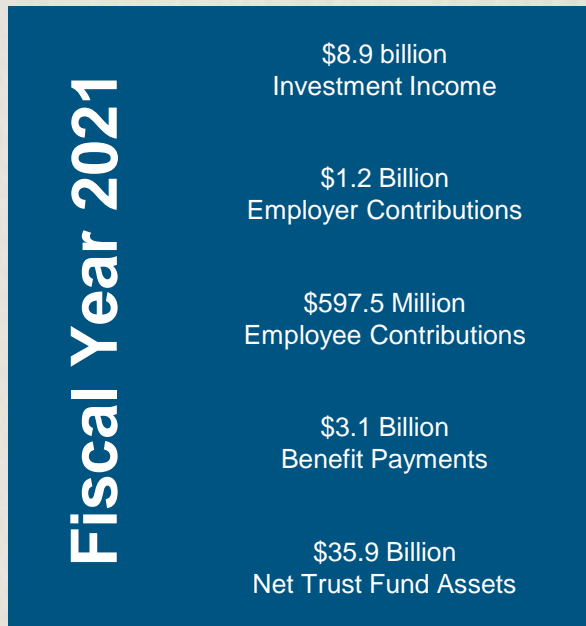
Net position restricted for pension benefits results from the excess of the System's total assets over total liabilities. Net position represents assets accumulated to pay the present and future benefits of members and retirees. Net position of the defined benefit pension plans for 2021 totaled \$35.9 billion, while 2020 net position totaled \$28.3 billion. Investments, at 96 percent of total assets, make up the largest portion of net position restricted for pension benefits.

Net Pension Liability for Employers

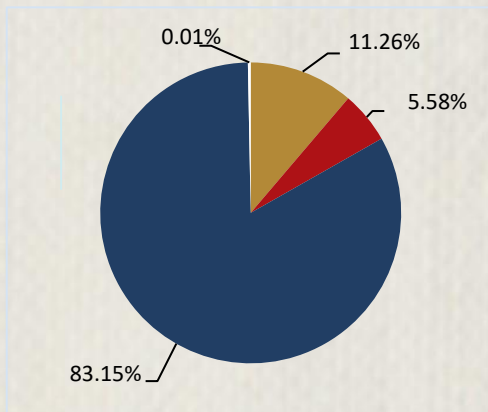
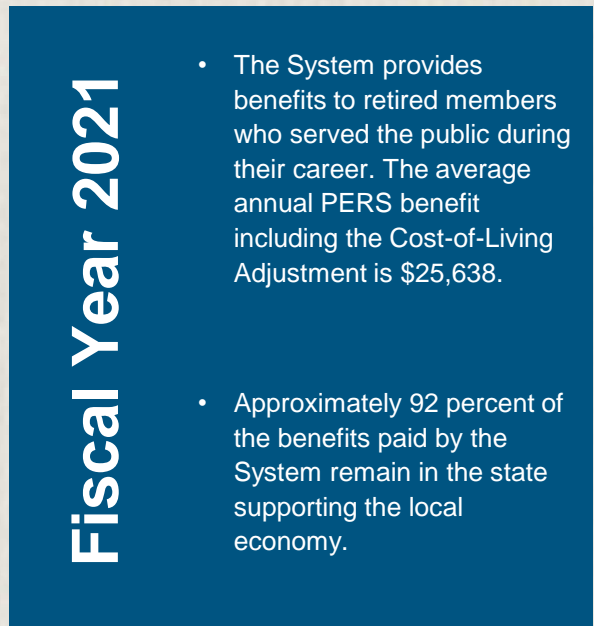
(in thousands)

	PERS	MHSPRS	SLRP
Total Pension Liability	\$49,997,034	\$576,150	\$23,273
Less: Net Position	35,216,597	463,984	22,951
Net Pension Liability	\$14,780,437	\$112,166	\$322

System Financial Highlights

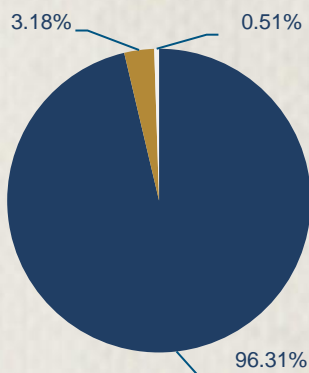


Economic Impact



Revenues - Fiscal Years Ending June 30
(in thousands)

	2021	2020	2019
Employer Contributions	\$1,204,753	\$1,209,075	\$1,075,122
Member Contributions	597,499	597,354	583,510
Investment Income	8,897,644	872,882	1,734,049
Other	6	22	38
Total	\$10,699,902	\$2,679,333	\$3,392,719



Expenses - Fiscal Years Ending June 30
(in thousands)

	2021	2020	2019
Benefits	\$3,065,632	\$2,947,555	\$2,816,445
Refunds	101,116	104,919	108,058
Administrative	16,322	20,426	22,222
Total	\$3,183,070	\$3,072,900	\$2,946,725

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, 2020 and rolled forward to the June 30, 2021 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 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 difference between the actuarial accrued liability and the actuarial value of assets is referred to as the unfunded actuarial accrued liability.

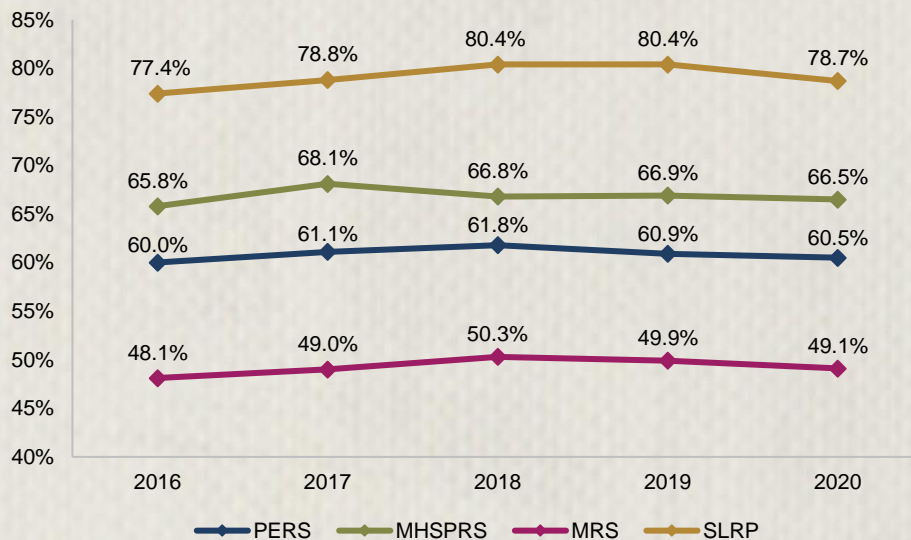
The unfunded actuarial accrued liability amortization period is the number of years it would take to fully fund the System's projected benefit obligation based on current contribution rates and assumptions. Current amortization periods are 37.1 years for PERS, 21.7 years for MHSPRS, 27.7 years for SLRP, and 14.0 years for MRS. 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.

Employer contribution rates for the past five years are shown in the chart to the left. 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	2017	2018	2019	2020	2021
PERS	15.75	15.75	15.75	17.40	17.40
MHSPRS	37.00	37.00	49.08	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.

Total Investments: Past 10 Fiscal Years *(in thousands)*



As of June 30, 2021, investments were \$35.3 billion, an increase of \$7.3 billion from fiscal year end 2020. Net investment income was \$8.9 billion, compared to \$872.9 million for fiscal year 2020.

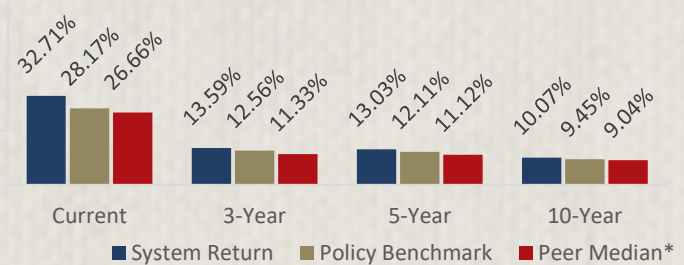
One of the most critical decisions made by the System is that of the long-term asset allocation policy for the investment portfolio. The System's asset allocation decisions consider a number of factors, including a projection of future liabilities, expected market risk and return for various asset classes, and the System's statutory investment restrictions as set forth in Miss. Code Ann 25.11.121 (1972, as amended).

	Actual Asset Allocation	Target Asset Allocation
Equity Securities	61.3%	61.0%
Debt Securities	18.6%	20.0%
Real Estate	8.8%	10.0%
Private Equity	10.1%	8.0%
Cash & Equivalents	1.2%	1.0%

At year end, 34 investment firms were managing 62 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.

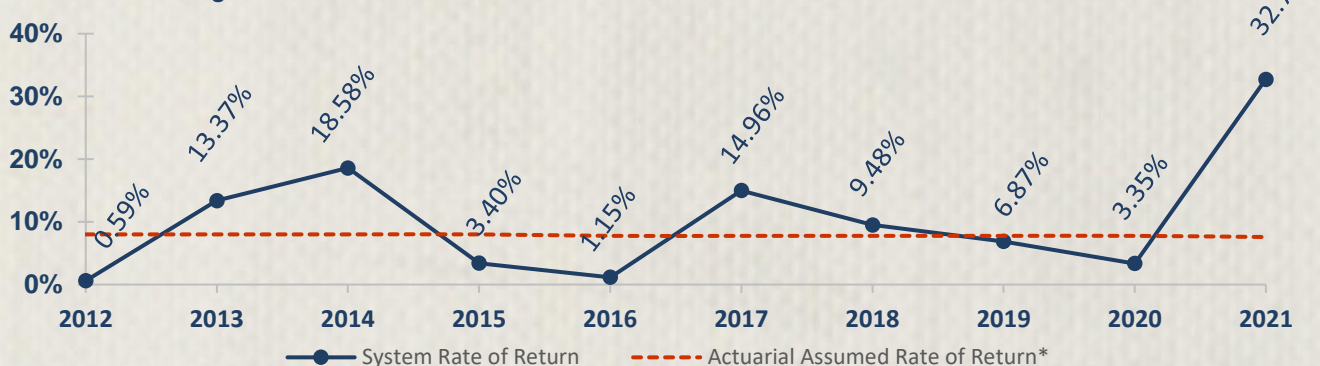
The System experienced a 32.71 percent gross investment return this year. The System operates on a long-term investment strategy and over the last three-, five-, and ten-year periods our portfolio continues to outperform the benchmark and our peers, culminating in a thirty-year gross investment return of 8.74 percent.

System Rates of Return Compared to the Policy Benchmark and Peers



* Public funds >\$10 billion

Total System Rates of Return *Fiscal Years Ending June 30*



*The actuarial assumed rate of return was reduced from 8.00% to 7.75% in 2016 and to 7.55% in 2021.

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.

Educational Opportunities

PERS offers both virtual and in-person educational 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 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, 2020. 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 18 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.

