



KANSAS CITY PUBLIC
SCHOOL RETIREMENT
SYSTEM

PENSION NEWS

SEPTEMBER 2016

**INSIDE THIS
ISSUE:**

- Election Announcement 2
- Active Member News 3
- Retiree News 3
- Annual Summary Report 4-7
- Membership Info 5
- Financial Statements 6
- Assets and Investment Performance 7
- In the Know—Calendar Items 8

Website Improvements

Work is underway to make our website (kcpsrs.org) more user friendly and accessible from mobile devices. Whether you are new to your career, ready to retire, or already receiving benefits, the website has information for you. You can find general information about the Retirement System or information specific to your account. Check it out and watch for more improvements to come.

Access Your Account On-line

You can view your current contributions or pension amount (if you are retired), your years of service, the contact information we have on record for you, and so much more! Creating an account is simple. Just follow these few steps: (1. Go to kcpsrs.org and click on the red “My Account Login” button at the top-right of the home page. (2. You’ll be redirected to a secure database system. From there, click on the “Create New User ID” button. (3. Answer all the identity and security questions and you’re ready to go!

Like us on Facebook!



In this modern day of fast paced technology and social media outlets, KCPSRS has joined Facebook as one way to communicate and educate our active and retired members of the Kansas City Public School District, Public Library and Public Charter Schools about retirement. Our Facebook page allows us to keep members informed on the latest tips for planning and preparing for retirement, as well as helpful tidbits for financial wellness and managing your pension benefit payments.

We welcome you to like our page by going to Facebook and searching:

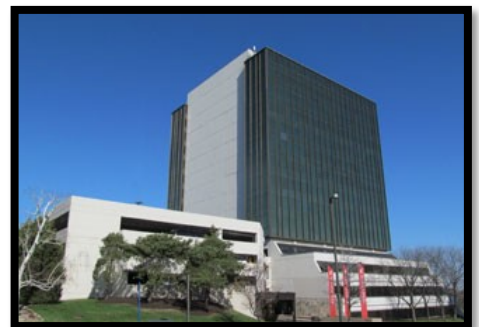
[Kansas City Public School Retirement System](#)



New Location

KCPSRS moved into our new offices at Penn Tower on April 7th. We are proud to serve you from our new location at:

3100 Broadway, Suite 1211
Kansas City, MO 64111



Election Announcement

If you or someone you know is interested in running for a seat on the KCPSRS board, **nominations will be received by the Board of Trustees on Monday, October 3, 2016 at 4:00 p.m. at 3100 Broadway, Suite 1211.** Two trustee positions will be open for nominations - one active member and one retired member. Both positions will be elected this fall and the elected members will begin serving four-year terms in January 2017.

The open active member position is currently held by Roger Offield. Offield was appointed by the Board in December, 2015 to complete a vacant active member position. Offield is the first board member employed by a charter school. Any active member (a current employee of either the KC School District, any KC public charter school, or the KC public library) may nominate a candidate for the active trustee position. To be eligible for the active member position the nominee must be employed by a KCPSRS-covered employer at the time of the election and reside within the boundaries of the KC School District.

The retired member position is currently filled by Beverly Pratt who was appointed by the Board of Trustees in February 2016 to complete the term previously held by the late Carolyn Helmkamp. Any KCPSRS retiree may nominate a candidate for the retired trustee position. To be eligible for the retiree position the nominee must be retired before or on January 1, 2017. The nominee must reside within the boundaries of the Kansas City, Missouri School District.

Self-nominations are acceptable. A summary of responsibilities and duties of the Board can be found at the bottom of this page. It is important that you take active role in the voting process. These candidates will represent you for the next four years!



Beverly Pratt being sworn in by Judge Sandra Midkiff in February 2016. Ms. Pratt was selected and appointed by the Board to fill a vacant retiree position until the end of 2016.

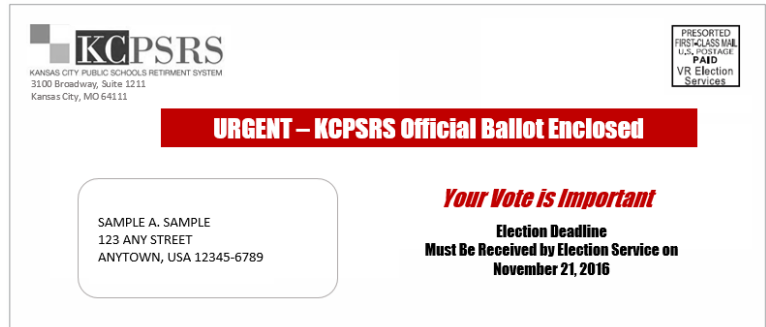
Debbie Siragusa being sworn in by Judge Sandra Midkiff in February, 2016. Ms. Siragusa was appointed by the Library Board. She is the Deputy Director of Administration/CFO for the KC public Library.



Important Election Dates:

- 10/3/16—4pm Nominees accepted by the Board of Trustees at 3100 Broadway, Suite 1211
- 11/1/16—Ballots are mailed to members. Vote on-line or return your ballot in pre-paid envelope.
- 11/21/16—Votes must be received by 5:00 p.m.
- 12/5/16—Election results are reported to the Board of Trustees

In November when you receive an envelope that looks like this in your home mail, it is important, OPEN IT and VOTE!



Summary of Board Responsibilities and Duties

- Attend regular monthly Board meetings, normally held at 4 p.m. the first Monday of each month except no meetings in July or August.
- Act as fiduciaries of the Retirement System and complete Board education programs each year.
- Ensure the Retirement System is appropriately governed and managed with the overriding goal of protecting Fund assets.
- Create and maintain an atmosphere encouraging frank and collegial discussions both at the Board and Committee level and with management.
- Strive to achieve a governing style emphasizing: strategic leadership, outward vision, focus on the future, proactivity, respect for diversity in viewpoints, governance by consensus, and ethical conduct of Board business.
- Establish and communicate Board policies and then monitor performance.

Active Members

KCPSRS is working hard to create retirement educational tools to help you prepare for your pre-retirement decision making. Visit our webpage, kcpsrs.org, for upcoming scheduled site visits and seminars.

Membership Advantages:

- * Your retirement contributions are automatically deducted and invested for you.
- * If you were to pass away prior to retirement, your designated beneficiary would receive your account balance or in specific situations a monthly benefit.
- * Upon meeting eligibility criteria, you are eligible for a monthly benefit payment for the rest of your life.
- * Should you leave employment and choose to withdraw your contributions plus annual interest you have this option.

Change to Different Employer?

Did you know that if you change jobs between any of the Kansas City charter schools, the Kansas City school district and the Kansas City public library you will still contribute into the same KCPSRS account?

It's true. As long as you leave your contributions in your account when you transition to your new position, your KCPSRS retirement account will remain intact.

Retirees

Keep Us Informed So We Can Keep You Paid!

If you change your address, change your bank account, change your beneficiary or your survivor deceases, you need to submit the information in writing to ensure your KCPSRS pension payment continues uninterrupted. Go to our website (kcpsrs.org). You will find Retiree forms for:

- Change of address
- Direct Deposit change
- Retiree Beneficiary change

If you choose a survivor payment option and your survivor deceases before you, your pension benefit will "pop up" to the basic amount, but only if KCPSRS receives necessary information from you. Keep us informed – your payment depends on it.

Survivor or Joint Account Notifications

The survivor of a retiree or someone who has a joint account with or is responsible for receiving payment on behalf of a retiree should notify KCPSRS, as soon as possible, of the death of a retiree (benefit recipient). Notification will help prevent benefit overpayments and subsequent legal actions to recover any overpayments. Notification will also facilitate any benefit payments that may be due after the death of a retiree such as any final payment due a beneficiary, survivor payments or refund of contributions.

Emergency Assistance for Retired Teachers

If you or someone you know is a retired Kansas City teacher who is faced with a financial crisis, there may be help for you! The Kansas City Association of School Retirees (KCASR) accepts applications from retired teachers in need of emergency financial assistance. The maximum request is \$500. Funds may be used to assist with specific needs including, but not limited to, family funeral expenses, utilities, housing, emergency food needs, clothing, and prescriptions. You are not required to be a member of the Association to request or receive funds.

Applications are available from the KCASR. Contact James Strong at 816-673-1077 for the application form or more information.



MESSAGE TO THE MEMBERS

It is my pleasure to present to you the Kansas City Public School Retirement System’s (KCPSRS) annual report summary for fiscal year ended December 31, 2015.

KCPSRS is committed to providing a secure, lifetime retirement benefit to qualified members and their beneficiaries based on the member’s length of service and compensation. Members qualify for full retirement benefits at their specified retirement age. Normal retirement is age 60 for any person who became a member prior to January 1, 2014 or when the sum of the members age and years of credited service equals or exceeds 75 (Rule of 75). Normal retirement is age 62 for any person who became a member on or after January 1, 2014 or when the members age and years of credited service equals or exceeds 80 (Rule of 80).

With 83 percent of our 4,049 retirees residing in Greater Kansas City, KCPSRS makes a significant impact in this community. Each year nearly \$64 million in pension benefits go to Greater Kansas City residents. Pension dollars are spent in Kansas City for goods and services, i.e. food, housing, clothing, medicine. This, in turn, creates a ripple effect that supports the local economy, provides jobs, and helps keep Kansas City vital and economically healthy.

The Board of Trustees adheres to the highest standard in making investment decisions for the plan – the Prudent Investor Rule. The Board and its investment advisors invest the Plan’s assets for the sole interest of our members. The total portfolio return for the year ended December 31, 2015 was –1.0%. Our investment fund performance for the year was hampered by the financial markets in equities and fixed income. Globally, the stock markets were modestly negative for 2015, along with all major sectors of the commodities market ending the year in negative territory. The S&P 500 Index returned a mere 1.38% for the year 2015 and the international markets were negative for the year. While domestic fixed income finished at a slight positive rate, international fixed income markets were negative. On the positive side, our private equity and real estate portfolios outperformed their benchmarks generating positive returns for the year. For the year ending December 31, 2015, our real estate portfolio was up over 19% and our private equity was up over 8%.

The funding objective for KCPSRS is to meet long-term benefit promises through contributions and investment earnings. The funded ratio of KCPSRS is calculated by comparing the actuarial value of assets to the amount of benefit promises made to members (liabilities). This comparison shows the pre-funded status, or in other words, the Retirement Plan’s ability to pay projected benefits with today’s dollars. As of December 31, 2015, KCPSRS was 78% pre-funded, a slight decrease from last year, but still a healthy pre-funded level.

KCPSRS is a defined benefit (DB) pension plan designed to provide a stable and secure lifetime retirement benefits for its members. Unlike savings in defined contribution (DC) accounts such as 401(k) or 457 plans, your KCPSRS benefit payment will not decrease or end due to a stock market downturn. For pension plans like KCPSRS, it’s performance over the long haul that counts. KCPSRS is a sustainable and affordable retirement plan that provides members with stable, secure income; supports self-sufficiency in retirement; and contributes to the local economy.

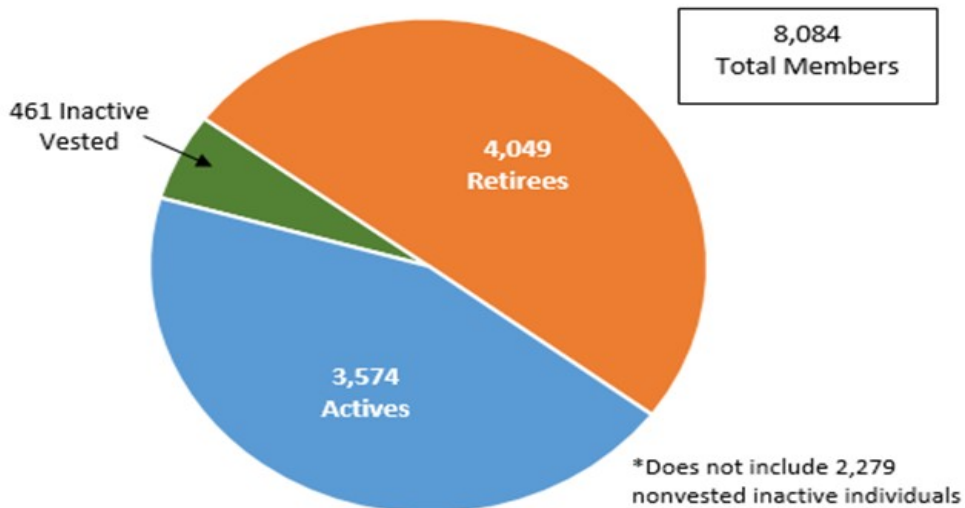


Executive Director

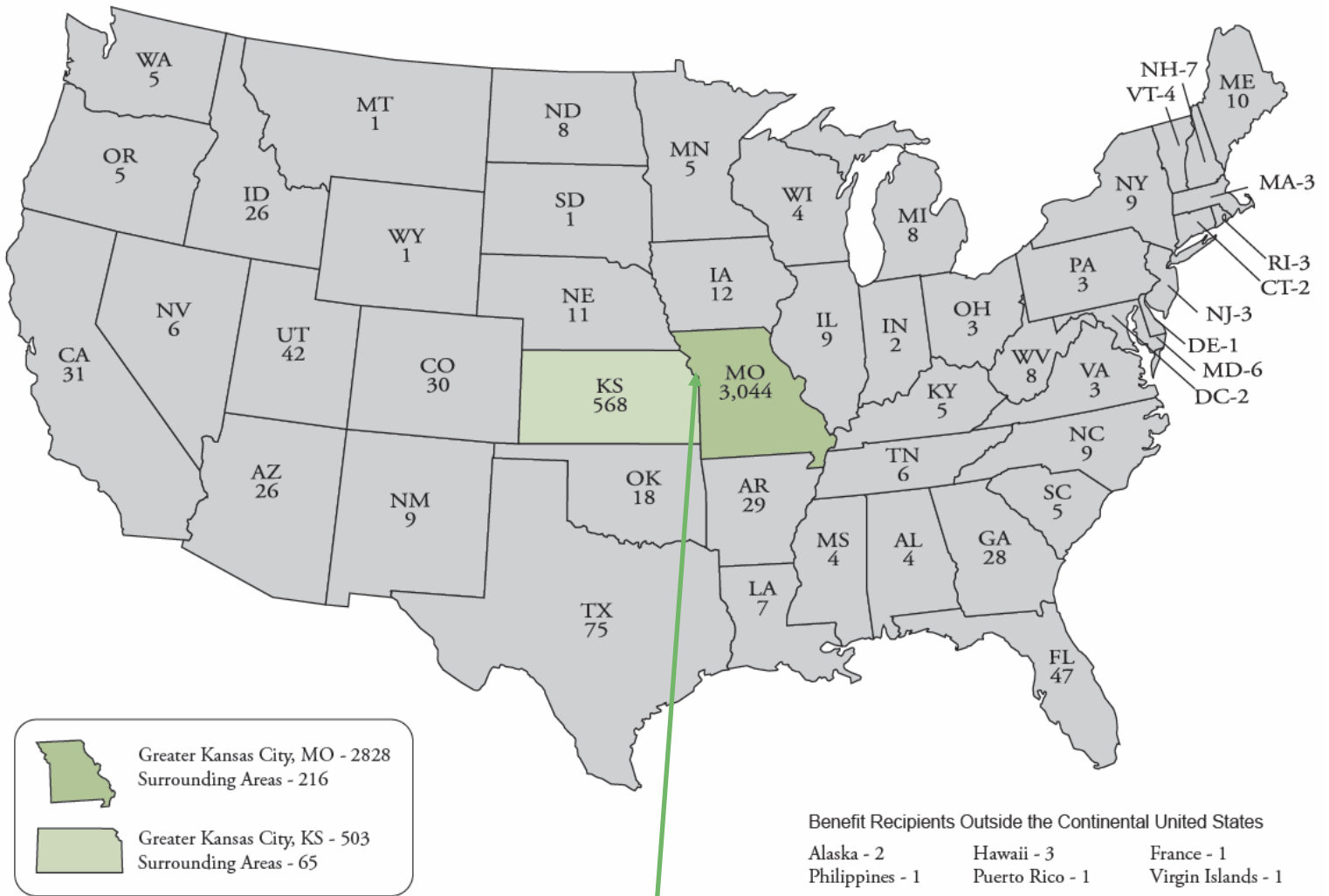
KCPRS MEMBERSHIP

- Membership consists of all employees of the Kansas City School District, the Kansas City Public Charter Schools, and the Kansas City Public Library.
- Of the 8,084 members served by KCPSRS, over 4,000 receive a monthly benefit.
- Members are fully vested after 5 years of covered employment.
- Active members’ average age is 44 and average length of service is 8.1 years.
- Retirees’ average age is 72 years.
- Retirees’ average monthly benefit is \$1,580.

Snapshot of KCPSRS Members*
as of 1/1/2016



Distribution of Benefit Recipients by Location



Approximately 83% of KCPSRS retirees live in Greater Kansas City. The annual benefits paid to these retirees (about \$63 million) provide a steady and significant stimulus to Kansas City's economy.

Membership Profile as of January 1

	2016	2015	2014	2013	2012
Active Members	3,574	3,493	3,501	3,396	3,284
Average Age	44.0	44.4	44.5	44.9	45.14
Average Years of Service	8.1	8.3	8.5	9.0	9.17
Inactive Vested	461	476	560	526	529
Average Age	50.5	50.2	51.6	51.1	NA
Average Account Balance	\$32,324	\$32,315	\$37,105	\$33,027	\$32,031
Retirees, Disables and Survivors	4,049	4,011	3,885	3,859	3,829
Average Age	72.0	71.7	71.7	71.5	71.2
Average Monthly Benefit	\$1,580	\$1,574	\$1,569	\$1,562	\$1,564

SUMMARY FOR YEAR ENDED DECEMBER 31, 2015

PAGE 6

Summary Comparative Statements of Fiduciary Net Position

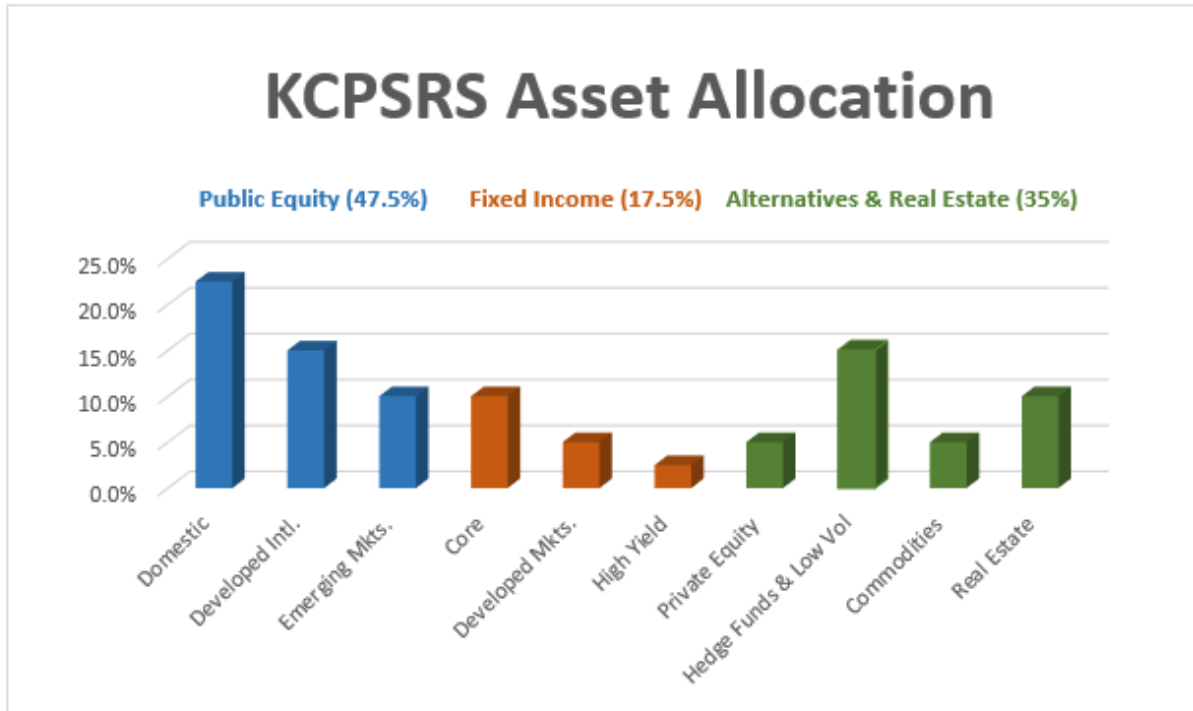
	Years Ended December 31	
	2015	2014
Cash and short-term investments	\$16,735,902	\$16,502,033
Receivables	\$12,175,210	\$16,614,074
Investments at fair value	\$607,787,932	\$671,411,431
Other assets	\$140,232	\$1,092,919
Total Assets	\$636,839,276	\$705,620,458
Administrative expense payables	\$583,179	\$851,538
Investment purchase payables	\$30,751	\$6,110,089
Other liabilities	\$115,841	\$135,351
Total liabilities	\$729,771	\$7,096,978
Net positions restricted for pensions	\$636,109,506	\$698,523,480

Summary Comparative Statements of Changes in Fiduciary Net Position

	Years Ended December 31	
	2015	2014
Contributions	\$29,145,161	\$26,646,322
Net investment income (loss)	(\$10,025,519)	\$27,285,540
Total Additions	\$19,119,643	\$53,931,862
Benefits	\$79,634,189	\$78,535,383
Depreciation expense	\$250,979	\$528,860
Administrative expenses	\$1,648,449	\$1,548,319
Impairment loss	-	\$1,349,121
Total Deductions	\$81,533,617	\$81,961,683
Net (decrease) increase	(\$62,413,975)	(\$28,029,821)
Net position beginning of year	\$698,523,480	\$726,553,301
Net positions held in trust for pension benefits	\$636,109,506	\$698,523,480

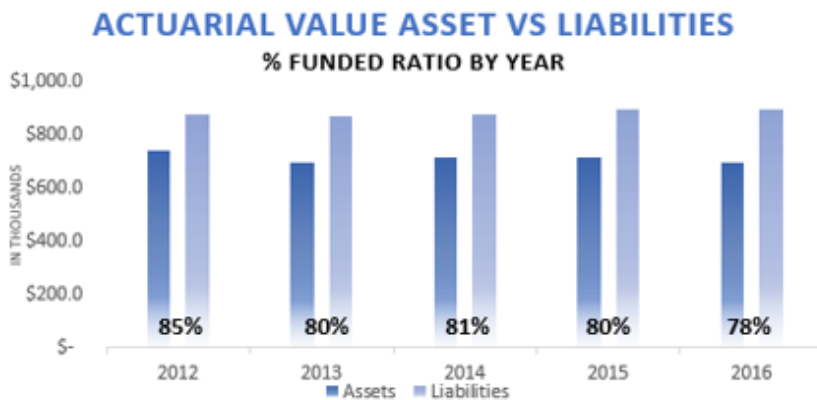
KCPRS ASSETS

The total invested assets were approximately \$623 million on December 31, 2015, (2015 fiscal year end). As of 1/1/16, the actuarial funded ratio is 78%. KCPSRS has a strong financial position and in recent years has adjusted its investment asset allocation to better protect against down markets by adding diversified investments. Academic research has painstakingly explained that asset allocation is the most important decision with regards to the long term success of an investment program. Diversification spreads the risk and mitigates any losses from different asset classes. KCPSRS asset allocation policy targets 47.5% public equity, 17.5% fixed income, and 35% alternatives and real estate investments.



INVESTMENT PERFORMANCE HISTORY

The investment objective of the System is to produce a risk adjusted investment return that meets or outperforms the 8% actuarially assumed investment rate of return.



Period	KCPSRS Annualized Returns (as of December 31, 2015)
1 Year	-1.0%
3 Year	5.1%
5 Year	5.8%
7 Year	8.3%
10 Year	4.9%
Since inception*	7.9%

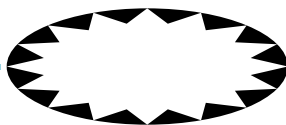
*data available since 07/01/1989 (revised final)

Contact Us

For more information you may reach us at:

KCPSRS
3100 Broadway, Ste. 1211
Kansas City, MO 64111
(816) 472-5800

Visit us on the web at:
www.kcpsrs.org



IN THE KNOW—CALENDAR ITEMS

September

- 5 KCPSRS Office Closed—Labor Day
- 15 Deadline to submit direct deposit changes for September pensions
- 29 Pension checks mailed
- 30 Pension direct deposits posted

October

- 3 Board member nominations received
- 14 Deadline to submit direct deposit changes for October pensions
- 28 Pension checks mailed
- 31 Pension direct deposits posted

November

- 1 Election ballots mailed to members home addresses
- 15 Deadline to submit direct deposit changes for November pensions
- 21 Ballots must be received by the election service by 5 pm
- 24-25 KCPSRS Office Closed—Thanksgiving
- 29 Pension checks mailed
- 30 Pension direct deposits posted

December

- 15 Deadline to submit direct deposit changes for December pensions
- 26-30 KCPSRS Office Closed—Christmas
- 29 Pension checks mailed
- 30 Pension direct deposits posted

January

- Retirement Education Seminars—dates TBD
- 2 KCPSRS Offices Closed—New Years Day
- 13 Deadline to submit direct deposit changes for January pensions
- 16 KCPSRS Office Closed—Martin Luther King Day
- 30 Pension checks mailed
- 31 Pension direct deposits posted

February

- 15 Deadline to submit direct deposit changes for February pensions
- 20 KCPSRS Offices Closed—President's Day
- 27 Pension checks mailed
- 28 Pension direct deposits posted