

August 2017

PENSION NEWS

MY ACCOUNT, MY RETIREMENT AT MY FINGERTIPS

Much of our lives can be accessed through a few simple clicks, so why should our retirement account be any different?

KCPSRS is working to provide platforms to educate, inform, and even excite you about your future— all at your fingertips.

Useful information can be found on our friendly and comprehensive website, www.kcpsrs.org. Your personal account information may be accessed through [My Account](#). Our [Facebook](#) page will keep you updated on all of the latest news and happenings. And, most recently, KCPSRS developed a [YouTube channel](#) as the newest member of our media family.

Now you can watch videos anywhere, anytime on topics like our mission and values, what to do if you're ready to retire, and simple reminders for your account. You can even meet members of the Board of Trustees as they talk on a variety of retirement points and their personal convictions in their videos. Be sure to click subscribe to stay current on all the latest videos.

We are proud to continue to serve you in a wide variety of ways and look forward to helping you achieve the future you've worked so hard to achieve.

KCPSRS Resources

WEB	KCPSRS.com kcpsrs@kcpsrs.org
CALL	816.472.5800 8 a.m. to 4:30 p.m. Monday through Friday
WRITE	KCPSRS 3100 Broadway, Suite 1211 Kansas City, MO 64111
VISIT	KCPSRS 3100 Broadway, Suite 1211 (12th Floor) Kansas City, MO 64111
FAX	816.472.5909

STAY CONNECTED



Have an idea for the newsletter?
Email us at kcpsrs@kcpsrs.org

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2016 ANNUAL SUMMARY REPORT

Look inside for detailed information:

- Investment Performance
- Financial Statements
- Active Member Information
- Retired Member Information



David W. Price, II being sworn in by Judge Sandra Midkiff in February 2017. Mr. Price was selected and appointed by the Board to fill the vacant active position left by Mr. Richard O. Brown.

Mr. Price is a 1st Grade teacher at Troost Elementary. David was born and raised in KC where he attended Grandview public schools, Rockhurst High School, and UMKC for his undergraduate and Masters Degrees.



Brian D. Welch being sworn in by Judge Sandra Midkiff in February 2017. Mr. Welch was appointed by the School Board to fulfill the vacant position left by Mr. Alexander P. Ellison until the end of 2020.

Mr. Welch is a certified public accountant with over 25 years of experience. Mr. Welch is also an accomplished tax advisor and is currently a member of the AICPA, MSCP and National Association of Black Accountants.

TRUSTEE CONTINUING EDUCATION

Success in today's economic and investment markets require analytical minds, deft planning, and, at times, nerves of steel. Thus begins the term of the KCPSRS champions we call Trustees.

Missouri law and the Uniform Trust Code require our Trustees to serve as fiduciaries tasked with making decisions in the sole interest of retirement system members. A fiduciary is held to a higher standard of knowledge and care than an average person and, as such, our Trustees are required by law to complete continuing educational (CE) hours each year.

CE topics include pension plan design, governance process, ethics, actuarial principles, legal liability and a host of investment topics. Thus far in

2017, KCPSRS board members have attended two in-house CE sessions on pension plan funding, asset allocation, and specific investment topics. Some Trustees have also attended training sponsored by the National Securities Professionals, the National Council of Teachers Retirement (NCTR), or the MO Association of Public Employee Retirement Systems.

In the CE sessions, your Trustees hone their skill and knowledge of their fiduciary role, learning from national experts and from interactive discussion with peers from other retirement systems. These opportunities strengthen the Trustees' ability to make retirement plan decisions—all the while asking themselves, "Is it good for our members?"

Continuing education and due diligence is a key to success.

- Horace Coleman, Chairperson

INVESTMENT DUE DILIGENCE

As fiduciaries, Trustees hire various investment firms to manage diversified investment portfolios. The Trustees must monitor the investment firms' operations and investment performance on a regular basis. This monitoring is referred to as due diligence. Due diligence reviews may occur during a board meeting or at the investment manager's place of business. This year, four KCPSRS Trustees conducted due diligence meetings with four investment firms at the firms' offices in New York City. During their two days in New York, the Trustees also visited and learned more about the Stock Exchange.

Board members from l-r: Carl Evans, (Investment Firm Representative—Non-Board member), Curtis Rogers, Beverly Pratt, and Bakari Ukuu



Due Diligence Definition: 1. The investigation of an asset or investment to ensure that everything is as it seems. The process of investigating all facts, conditions, regulations, financial considerations, or any other such matters as would affect ones' decision to purchase an asset or investment.

ACTIVE MEMBERS

Are you or someone you know interested in running for a seat on the KCPSRS board? **Nominations will be received by the Board of Trustees on Monday, October 2, 2017 at 4:00 p.m. at 3100 Broadway, Suite 1211.** One active member trustee position will be open for nominations. This position will be elected this fall and the elected member will begin serving a four-year term in January 2018.

Any active member (a current employee of the KC School District, any KC 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. **It is important that you get involved in the election process and cast your vote.** Remember to return your ballot in time for your vote to count!

- 10/2/17 4pm Nominees accepted by the Board of Trustees at 3100 Broadway, Suite 1211
- 11/3/17 Ballots are mailed to members
- **11/20/17 YOUR vote must be received by the independent election service firm by 5 pm**
- 12/4/17 Election results are reported to the Board of Trustees

RETIRED MEMBERS

One of the top concerns retirees have is healthcare insurance. And for good reason. Getting sick isn't something a person wants to happen, but unexpected medical events do occur. Having a health insurance plan helps pay for some of those costs and provides financial protection against ongoing large medical bills.

KCPSRS does not offer a healthcare insurance plan, however we partner

with SelectQuote Benefit Solutions to provide free comparison shopping for your insurance needs.

Visit:
www.KCPSRS.selectquotebenefits.com
or call 855-650-5014 to speak to a licensed agent. Whether you are 65 or older (eligible for Medicare) or under the age of 65, healthcare options are available.

EMERGENCY ASSISTANCE FOR RETIRED TEACHERS

If you or someone you know is a retired Kansas City teacher faced with a crisis, help may be available! 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 to download from www.kcpsrs.org on the Retirees menu. Or, you may contact Loxie Stock at 1640 Cypress, Kansas City, MO 64127 or loxiek@yahoo.com for the application form and more information.

MISSION

The Kansas City Public School Retirement System works to fulfill the expectation of a secure retirement for employees of Kansas City's School District, charter schools and Public Library.

CORE VALUES

In pursuit of our mission, our work is guided and informed by four core values.

- **Fiduciary Stewardship:** We are legally and ethically responsible to our members to safeguard the assets that provide for their future financial security.
- **Accountability:** Our principle obligation and concern is the security of member assets through efficient operations and prudent investment decisions.
- **Transparency:** We ensure openness in all aspects of governance and operations for our members and community.
- **Member Focused:** We strive to make all decisions in the best interest of our members. All of our work begins with the question, "Is it good for our members?"

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ADDITIONAL INFORMATIONAL RESOURCES

View the following in-depth reports by accessing our website

www.kcpsrs.org/about-us/

[Actuarial Report](#)

[Audit Report](#)

View the complete annual report at www.kcpsrs.org/publications/

[Comprehensive Annual Financial Report \(CAFR\)](#)

MESSAGE TO THE MEMBERS

It's that time of year again for KCPSRS to share with you a summary annual report with our financial results for the fiscal year ended December 2016.

We are pleased to report our investment portfolio earned 7.9% for the year. KCPSRS continues to maximize investment returns and minimize risk over the long run by creating an efficient and diversified portfolio.

The chart at the bottom of this page shows our 2016 revenues by sources—the majority from investment earnings. As of December 31, 2016, the total assets of KCPSRS were \$618 million.

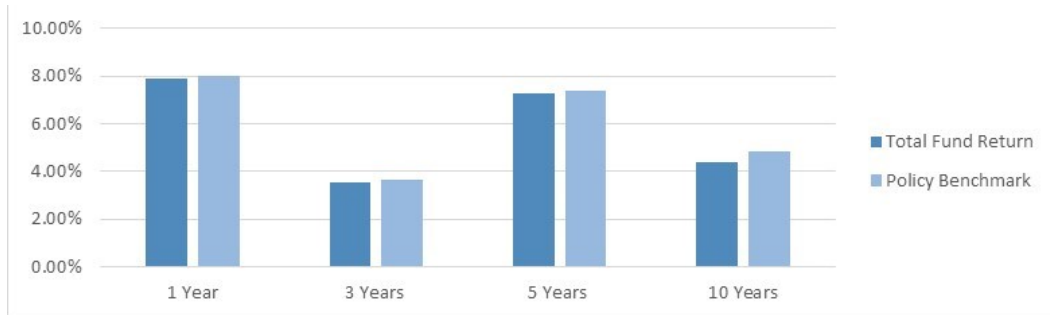
ACTUARIAL ASSET VALUE VS. LIABILITIES
FUNDING RATIO % BY YEAR
(AS OF JANUARY 1)



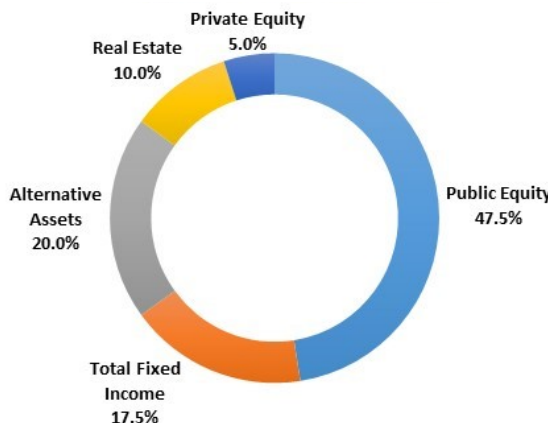
INVESTMENT FUND PERFORMANCE

As of December 31, 2016, the KCPSRS investment portfolio had a fair market value of \$618 million. KCPSRS investments generated a time-weighted return of 7.92% (gross) for the fiscal year 2016. The KCPSRS actual fund returns versus the policy benchmarks are displayed in the chart below. Benchmarks are standards used to measure investment performance.

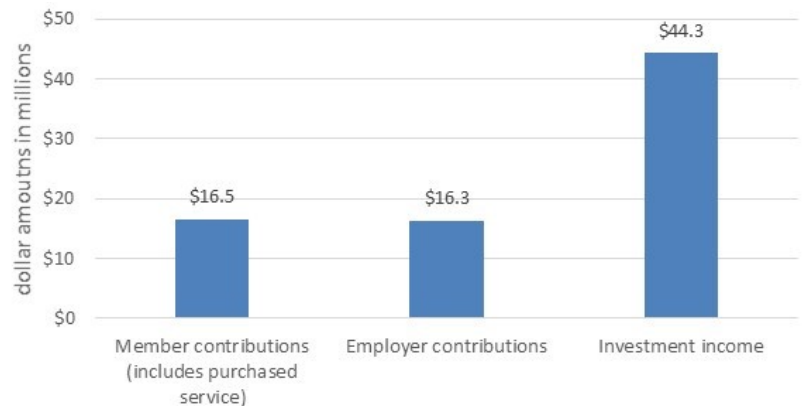
Total Fund Return vs. Policy Benchmark



Target Asset Allocation



2016 Revenues by Source



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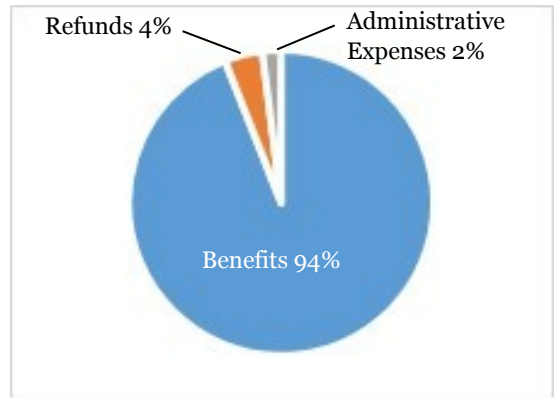
As shown in the pie chart below, 94 cents of every dollar paid out by KCPSRS went towards benefit payments in fiscal year 2016. KCPSRS paid \$77 million in benefits during the year. That money goes directly to our retirees allowing them to purchase goods and services thereby caring for themselves and promoting the economy. KCPSRS members teach our children in the classroom and work in the schools and public library, preparing and inspiring Kansas City's future workforce.

The most recent actuarial valuation reported that KCPSRS' actuarial funded ratio is 70%.

With every decision the KCPSRS staff and Board of Trustees make, we ask—"is it good for our members?" We work every day to preserve your retirement fund for your benefit today and well into the future. Careful stewardship of the fund is part of the reason KCPSRS has been around for nearly 75 years!

Christine Gierex
Executive Director

2016 Expenses by Type



FINANCIAL STATEMENTS

Fiduciary Net Position		Changes in Fiduciary Net Position	
December 31, 2016		Year Ended December 31, 2016	
Assets		Additions	
Cash	\$ 2,401,367	Contributions	\$ 32,808,515
Receivables	\$ 12,069,103	Net investment income	\$ 44,337,774
Investments at fair value	\$ 618,133,183	Total additions	\$ 77,146,289
Other assets	\$ 100,103		
Total assets	\$ 632,703,756		
Liabilities		Deductions	
Accounts payable	\$ 590,186	Benefits payments	\$ 76,898,255
Investment payables	\$ 538,494	Member refunds	\$ 3,270,723
Accrued expenses	\$ 132,463	Administrative expenses	\$ 1,552,025
Total liabilities	\$ 1,261,143	Other expenses	\$ 92,179
		Total liabilities	\$ 81,813,182
Net positions restricted for pensions	\$ 631,442,613	Net (decrease) increase	\$ (4,666,893)
		Beginning of year	\$ 636,109,506
		Net positions restricted for pensions-end of year	\$ 631,442,613

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MEMBER INFORMATION

Total KCPSRS Membership

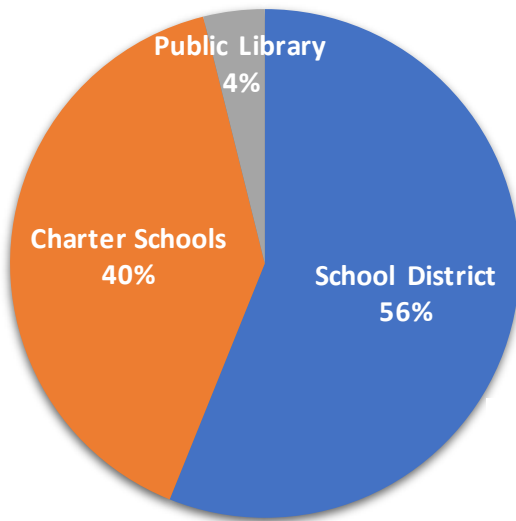
<i>As of January 1</i>	2017	2016
Active Members (still employed)	3,701	3,574
Inactive Vested Members	490	461
Retirees and Survivors	4,032	4,049
Total	8,223	8,084

Active Members

<i>As of January 1</i>	2017	2016
Average Age	43.5	44.0
Average Service	8.1	8.1



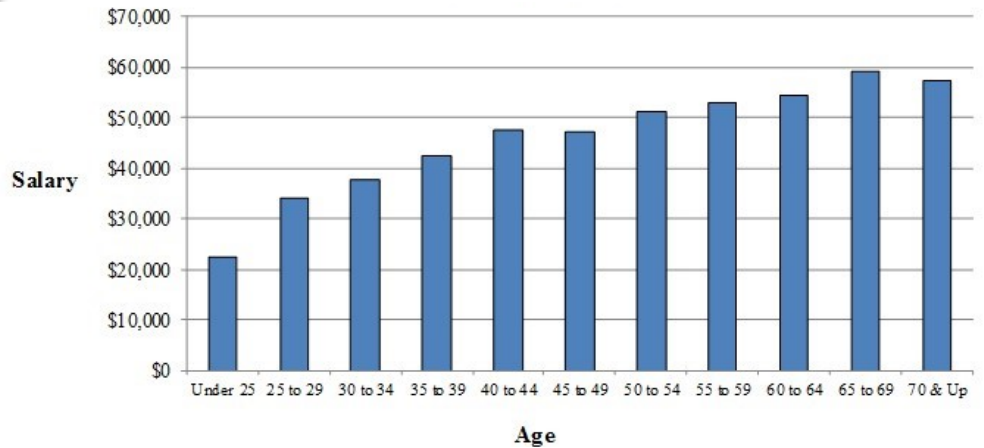
Active Members by Employer



As of January 1, 2017

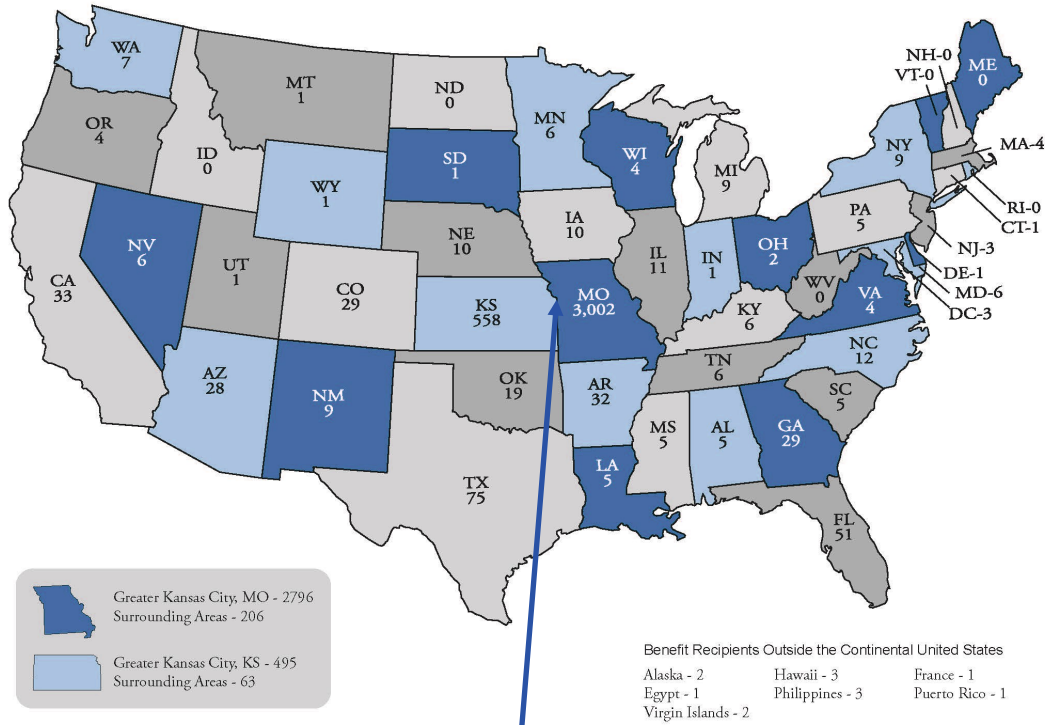
School District 2,076
Charter Schools 1,481
Public Library 144

Average Salary by Age



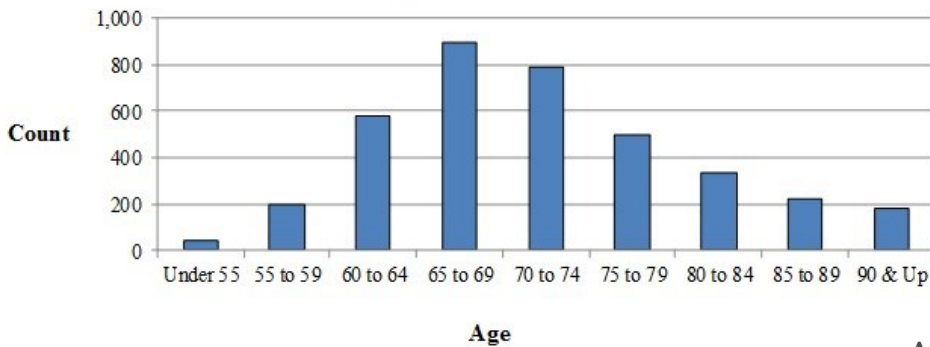
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Distribution of Benefit Recipients by Location



Approximately 82% of KCPSRS retirees live in Greater Kansas City. The annual benefits paid to these retirees (about \$64 million) provide a steady and significant stimulus to Kansas City's economy.

Age Distribution



72.2 Years

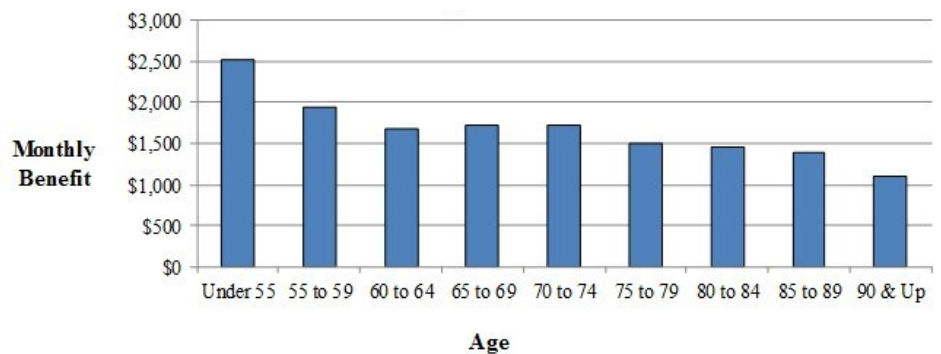
Average age of retired members

75% of retirees are female

\$1,589

Average monthly benefit of retired members

Average Benefit by Age



IN THE KNOW—CALENDAR ITEMS

SEPTEMBER

- 4 KCPSRS Office Closed—Labor Day
- 11 Board of Trustees meeting
- 15 Deadline to submit direct deposit changes for September pensions
- 28 Pension checks mailed
- 29 Pension direct deposits posted

OCTOBER

- 2 Board member nominations received at Board of Trustees meeting
- 16 Deadline to submit direct deposit changes for October pensions
- 30 Pension checks mailed
- 31 Pension direct deposits posted

NOVEMBER

- 3 Election ballots mailed to members home addresses
- 6 Board of Trustees meeting
- 15 Deadline to submit direct deposit changes for November pensions
- 20 Ballots must be received by the election service by 5 pm
- 23-24 KCPSRS Office Closed—Thanksgiving
- 29 Pension checks mailed
- 30 Pension direct deposits posted

DECEMBER

- 4 Board of Trustees meeting
- 15 Deadline to submit direct deposit changes for December pensions
- 25-29 KCPSRS Office Closed—Christmas
- 28 Pension checks mailed
- 29 Pension direct deposits posted

JANUARY

- Retirement Education Seminars—dates TBD
- 1 KCPSRS Offices Closed—New Years Day
- 8 Board of Trustees meeting
- 15 KCPSRS Office Closed—Martin Luther King Day
- 16 Deadline to submit direct deposit changes for January pensions
- 30 Pension checks mailed
- 31 Pension direct deposits posted

FEBRUARY

- 5 Board of Trustees meeting
- 15 Deadline to submit direct deposit changes for February pensions
- 19 KCPSRS Offices Closed—President's Day
- 27 Pension checks mailed
- 28 Pension direct deposits posted

KCPSRS

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Kansas City, MO 64111

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