MISSISSIPPI PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

Three Reasons to Strengthen PERS Now

As PERS assets enjoy a boost from historic investment returns, system managers and lawmakers are in a prime position to protect current retiree benefits while addressing future eployees' needs.

2021 Investment Returns Will Have Limited Impact On Long-Term Pension Funding

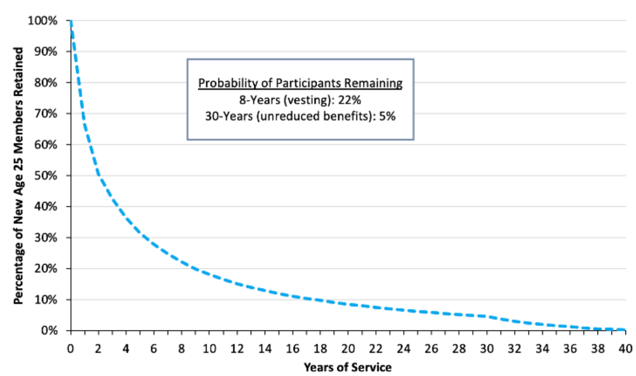
- Since PERS actuaries smooth out the impact from any single year of returns to stabilize annual pension contributions, neither one very good year nor a very bad one will likely have a major immediate effect on actuarial funding figures.
- A long streak of sub-par investment yields, much like what PERS experienced between 2008 and 2019, can deplete pension assets to the point where plans cannot get back the assets they lost through investments alone, requiring increases in taxpayer contributions.

Long-Term Returns Are Expected To Remain Low

- Based on recent capital market forecasts it appears likely that investment returns will face significant headwinds over the next decade and underperform relative to pension plan assumed rates of return.
- A recent update from Horizon Actuarial Services, which surveys multiple investment advisors, notes that "over the last five years, expected returns have declined for all but a few asset classes."

Fewer PERS Members Receive a Full Benefit Than Ever Before

- 78% of new workers starting at age 25 are expected to leave before vesting with 8 years of service. Employees who leave the plan before then must forfeit contributions their school or state made on their behalf.
- 92% of the same group leave before 20 years of service. Only 5% of them remain in the system from start to finish to receive full benefits after 30 years of service.



Bottom-Line: *The latest historic investment returns boost the value of PERS assets but does little to prepare the plan for the next storm. PERS managers must continue to de-risk their actuarial assumptions while lawmakers weigh how to better serve all of Mississippi's public employees, regardless of tenure.*

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