Agenda

- 2019 Financials
- 2020 Review
- 2021 Look Ahead
2019 Comprehensive Annual Financial Report

» HOW ARE PERA’S INVESTMENTS DOING?
• At the end of 2019, PERA’s investment return was 20.3% net-of-fees.

» WHAT IS PERA’S FUNDED STATUS?
• PERA’s funded status increased to 61.9%.
Investing for the Long Term

RATE OF RETURN OVER 10 YEARS (NET-OF-FEES)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>14.0%</td>
</tr>
<tr>
<td>2011</td>
<td>1.9%</td>
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<tr>
<td>2012</td>
<td>12.9%</td>
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<tr>
<td>2013</td>
<td>15.6%</td>
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<tr>
<td>2014</td>
<td>5.7%</td>
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<tr>
<td>2015</td>
<td>1.5%</td>
</tr>
<tr>
<td>2016</td>
<td>7.3%</td>
</tr>
<tr>
<td>2017</td>
<td>18.1%</td>
</tr>
<tr>
<td>2018</td>
<td>-3.5%</td>
</tr>
<tr>
<td>2019</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

10-YEAR (ANNUALIZED) 9.1%
2020 Year in Review

COVID-19
• PERA remains committed to our steady approach while modernizing our service delivery.

Investment Performance
• We continue to have a long-term focus and diversified investment portfolio.

Dynamic Environment
• The PERA Board regularly reviews our assumptions and plans for the future.
“Critical Shortage” Report

» House Bill 17-1176 modified working after retirement provisions for certain retirees hired by a rural school district under certain conditions and required a report to include the following findings:

• 277 teachers, school bus drivers, and school food services cooks have filled over 600 positions.
• We surveyed all rural school districts to measure the extent to which these provisions have helped employers address critical shortages; they have been especially helpful for teachers, followed by bus drivers and then food service workers.
• The provisions in this bill are expected to cost PERA about $23.65 million in added liability.
The General Assembly passed Senate Bill 10-001, which made structural changes to PERA and required a report every five years to include:

- The economic impact of the 2010 legislative changes to the annual increase provisions for retirees and benefit recipients relative to the actual rate of inflation
- The progress made toward eliminating the unfunded liabilities of each division of the Association
Experience Study: Periodic and Comprehensive Review

» Overview
  • Purpose
  • How assumptions are set
  • Actuarial Assumptions: Economic and Demographic

» Recent Board Action
  • Adopted new assumptions
    ✓ Mortality tables
    ✓ Salary scale
    ✓ Headcount growth
Potential Legislative Issues in 2021

» State Budget – Impact on Direct Distribution

» Divestment
What to Expect in 2021

» 3rd and final year of member (employee) contribution increase phase-in from Senate Bill 18-200
  • 10.5% member contribution rate effective July 1, 2021

» Financial Results for 2020 will be calculated as of December 31, 2020
  • Automatic Adjustment determination made in June 2021 for July 2022
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Retirement News
www.peraontheissues.com