# GOOD NEIGHBORS GREAT STATE

*working together for a better Mississippi*

## 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT

*A Component Unit of the State of Mississippi | Fiscal Year Ended June 30*

# 2014 Comprehensive Annual Financial Report

A Component Unit of the State of Mississippi
Fiscal Year Ended June 30

PREPARED BY:

The Office of Administrative Services
Public Employees' Retirement System of Mississippi

PERS Building
429 Mississippi Street
Jackson, Mississippi
39201-1005

You know us well and depend on us every day.

We are the doctors and pharmacists you come to for care and compassion. We are the highway patrol and police officers you depend on for safe roads and cities. We are the teachers and principals you put faith in to educate and guide your children. We are the scientists and researchers you look to for new ideas and industry. And we are the retirees you know and value for the public service we have given—the ones who continue to support Mississippi's communities with our time and resources.

We are the nearly 300,000 members and the more than 96,000 retirees of the Public Employees' Retirement System of Mississippi (PERS). And we are proud to be your friends and your neighbors who work every day to make ours a better state.

Nearly 900 public agencies across Mississippi rely on us as we work in occupations ranging from highly visible to behind the scenes—like state troopers and dispatchers, teachers and researchers, mayors and planners, sanitation workers and archivists. Being able to offer the security of a lifetime retirement benefit through membership in PERS means these vital agencies can better attract qualified workers to jobs and in locations that might otherwise be hard to fill.

PERS is an investment in us, the varied and vast body of individuals who do so many of the essential jobs that make our state work. From marine biologists to meteorologists, from neurosurgeons to nurse practitioners, from firemen to foresters, we are part of the lifeblood of Mississippi—we are who you count on every day to make Mississippi the place we all love.

# Table of Contents

## INTRODUCTION


07 Letter of Transmittal
11 Organizational Chart
12 Board of Trustees
14 Outside Professional Services
16 Certificate of Achievement for Excellence in Financial Reporting
17 Public Pension Coordinating Council – Public Pension Standards Award


## FINANCIAL


19 Independent Auditors' Report
21 Management's Discussion & Analysis [unaudited]

*Basic Financial Statements:*
30 Statement of Fiduciary Net Position
32 Statement of Changes in Fiduciary Net Position
34 Notes to Basic Financial Statements

*Required Supplementary Information:*
59 Schedule of Changes in the Net Pension Liability & Related Ratios
60 Schedules of Employer Contributions – Last 10 Fiscal Years
62 Schedule of Investment Returns – Last 10 Fiscal Years
63 Notes to Required Supplementary Schedules

*Schedules:*
66 Schedule 1 – Administrative Expenses and Depreciation
67 Schedule 2 – Administrative Expenditures/Expenses – Budget and Actual (Non-GAAP Budgetary Basis)
68 Schedule 3 – Managers' Fees, Investment Global Out-of-Pocket and Custodial Fees, and Professional Service Fees
69 Schedule 4 – Cash Receipts and Disbursements – Pension Trust Funds
70 Schedule 5 – Investments Due to MRS from PERS
71 Schedule 6 – Statement of Changes in Assets and Liabilities – Agency Fund


## INVESTMENT


*Defined Benefit Plans:*
73 Report on Investment Activity
80 Asset Allocation, Target Asset Allocation
83 Performance Summary
83 Annualized Rates of Return
84 Non-US Investments by Country
85 Equity Portfolio Summary
85 Equity Investments by Industry Type
85 Ten Largest Equity Holdings
85 Private Equity Portfolio Summary
85 Private Equity Investments by Strategy
86 Bond Portfolio Summary
86 Corporate Bond Investments by Industry Type
86 Ten Largest Corporate Bond Holdings
87 Real Estate Portfolio Summary
87 Portfolio Distribution by Property Type
87 Ten Largest REIT Holdings
87 Portfolio Distribution by Geographic Location
88 Net Investment Income by Source – Last 10 Fiscal Years
88 Ten-Year Total Pension Investment Rates of Return
89 Ten-Year Total Pension Investment Rates of Return
90 Portfolio Detail by Advisor
92 Investment Fees and Commissions
93 Brokerage Commissions Paid
94 Investment Summary
94 Investments by Type

*Defined Contribution Plan:*
95 Investment Summary

## ACTUARIAL


97 Actuary's Certification Letter – PERS
99 Actuary's Certification Letter – MHSPRS
101 Actuary's Certification Letter – MRS
103 Actuary's Certification Letter – SLRP
105 Summary of Actuarial Assumptions & Methods
106 Statement of Actuarial Assumptions & Methods – PERS
109 Statement of Actuarial Assumptions & Methods – MHSPRS
111 Statement of Actuarial Assumptions & Methods – MRS
113 Statement of Actuarial Assumptions & Methods – SLRP
115 Summary of Main System Provisions as Interpreted for Valuation Purposes – PERS
121 Summary of Main System Provisions as Interpreted for Valuation Purposes – MHSPRS
125 Summary of Main System Provisions as Interpreted for Valuation Purposes – MRS
129 Summary of Main System Provisions as Interpreted for Valuation Purposes – SLRP
133 Changes in Plan Provisions
134 Valuation Assets & Funding Progress
136 Schedules of Funding Progress – Last 10 Fiscal Years
138 Solvency Tests
142 Analysis of Financial Experience
143 Employer Contributions – Last 10 Fiscal Years
144 Schedule of Active Member Valuation Data
146 Schedule of Retirants Added to and Removed from Rolls


## STATISTICAL


149 Statistical Report
150 Changes in Net Position – Last 10 Fiscal Years
154 Benefit and Refund Payments by Type – Last 10 Fiscal Years
158 Average Benefit Payments
161 Analysis of Employer and Member Contributions
161 Percent of Total Contributions by Agency Type
162 Retired Members by Type of Benefit
166 Total Active Members by Attained Age and Years of Service – PERS
167 Total Active Members by Attained Age and Years of Service – MHSPRS
167 Total Active Members by Attained Age and Years of Service – MRS
168 Total Active Members by Attained Age and Years of Service – SLRP
169 Benefit Payments by County
170 Ten Largest Participating Employers
171 Public Agencies Covered by State Retirement Annuity

PERS of MISSISSIPPI

Providing Benefits for Life

Board of Trustees
Public Employees' Retirement System
429 Mississippi Street
Jackson, MS 39201-1005

December 16, 2014

Dear Board Members:

This year's Comprehensive Annual Financial Report has been titled "Good Neighbors Great State" to reflect the almost 300,000 members and the more than 96,000 retirees who make up the Public Employees' Retirement System of Mississippi. It is my privilege to present this report, and I am delighted with the success we, as a System, have achieved on behalf of our members. We have continued to deliver the quality customer service our members expect year after year, while prudently managing the System's assets, and maintaining operational integrity. We do this to ensure that the System can offer the security of a lifetime of retirement benefits to police officers, teachers, and all who are a part of the vast body of individuals comprising the System's membership.

## PROFILE OF THE SYSTEM

The System was established to provide benefits for all state and public education employees, officers of the Mississippi Highway Safety Patrol, elected members of the State Legislature, the President of the Senate, and other public employees of participating employers. Plans administered by the System include: the Public Employees' Retirement System of Mississippi (PERS), which was established by legislation in 1952; the Mississippi Highway Safety Patrol Retirement System (MHSPRS), established in 1958; the Mississippi Deferred Compensation Plan & Trust (MDC), established in 1973; the Supplemental Legislative Retirement Plan (SLRP), established in 1989; and the Municipal Retirement Systems (MRS), which came under the System's administration in 1987. As of June 30, 2014, the System's defined benefit plans served a total of 294,711 members and 96,301 retirees and beneficiaries. There are 895 participating employers from across the state. Primary sources of funding for the System include employer contributions, member contributions, and investment income. Retirement benefits paid during the fiscal year totaled $2.2 billion. Employers contributed $1.0 billion during the fiscal year, while members of the System contributed a total of $552 million. As of June 30, 2014, net position restricted for benefits totaled $25.4 billion.

The System is administered by a 10-member Board of Trustees 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. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constituents they represent. The Board of Trustees is responsible for the general administration and proper operation of the System. The executive director is designated by the Board to lead and conduct all business for the System. The Public Employees' Retirement System of Mississippi operates under legislative mandate with respect to administrative budgets, human resources, and purchasing guidelines. The System is considered a component unit of the State of Mississippi for financial reporting purposes and, as such, the financial statements contained in this report are included in the State of Mississippi's Comprehensive Annual Financial Report.

Pat Robertson
*Executive Director*

*Board of Trustees:*

Cecil Hill
*Institutions of Higher Learning Chairman*

Bill Benson
*County Employees Vice Chairman*

Kelly Breland
*State Employees*

Stephen Benson
*Municipal Employees*

Lee Childress
*Public Schools, Community/ Jr. Colleges*

Lynn Fitch
*State Treasurer*

Chris Howard
*State Employees*

Randy D. McCoy
*Retirees*

Richard C. Miller
*Retirees*

Vacant
*Gubernatorial Appointee*

Annual budgets are legally adopted for the administrative expenditure portion of the System's operations and are funded by earnings of the System. Our operating budget request for the upcoming fiscal year is prepared in conjunction with a review of our strategic long-range plan. A budget request is approved by the Board of Trustees and submitted to the State Legislature, which legally enacts the budget in the form of an appropriation bill during the subsequent legislative session. Changes may be made in budget categories, consistent with legislative authority, with approval of the Mississippi Department of Finance and Administration.

## FINANCIAL INFORMATION

Our staff issues a CAFR within six months of the close of each fiscal year. The report contains basic financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards, as well as standards applicable to financial audits contained in government auditing standards. The 2014 independent audit was conducted by KPMG LLP, a firm of licensed certified public accountants. The Independent Auditors' Report is presented in the Financial Section on pages 19 and 20.

This CAFR consists of management's representations concerning the finances of the System. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. A framework of internal controls is maintained to establish reasonable assurance that assets are safeguarded, transactions are accurately executed, and financial statements are fairly presented. The system of internal controls also includes written policies and procedures and an internal audit department that reports to the Board of Trustees. The internal audit department makes recommendations for improvements in controls and operating efficiency. The concept of reasonable assurance recognizes that the cost of a control should not appreciably exceed the benefits likely to be derived and that the analysis of costs and benefits requires estimates and professional judgments by management. Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with this letter.

The System is operating to deliver top-tier pension benefit services while investing to ensure that our performance levels can be sustained in the long term. The Board of Trustees remains focused on a disciplined investing approach that emphasizes the fundamentals of a well-diversified portfolio of securities invested over a long-time horizon. Our asset allocation policy is strategically balanced to provide an expected level of return while incurring minimal risk, which over time will fund the liabilities of the System with the contribution rate at a level percent of payroll. This year the System earned an 18.6 percent rate of return on investments, out-performing the System's benchmark return of 16.7 percent. Our annualized rate of return for the last 30-year period was 9.6 percent, exceeding the long-term 8.0 percent assumed rate of return for the System. Positive investment performance at or above our assumed rate of return over the long term assures that the System maintains a strong, sustainable financial foundation.

Annual actuarial valuations for PERS, MHSPRS, MRS, and SLRP are conducted by the consulting actuarial firm of Cavanaugh Macdonald Consulting, LLC. Actuarial assumptions and contribution rates are based on recommendations made by the actuary. Experience investigations are performed every two years on a rolling four-year basis by the actuary to determine that actuarial assumptions are reasonably related to actual experience. Additional information regarding the actuarial valuation is presented in the Actuarial Section of this report. In addition to actuarial valuations and experience investigations, the System's actuaries prepare annual funding projections for each plan.

The Board of Trustees' actions taken in 2012 to revise the funding policy for PERS, MHSPRS, and SLRP are bringing the System closer toward our funding goals. The revised funding policy is aimed at stabilizing the employer contribution rate and establishing a goal to position the plans at more than 80.0 percent funded by 2042. Now two years under this revised policy, we expect to see our funded status begin to trend upward and surpass 100 percent by 2042 – exceeding our goal. The funding ratio is a measure of the actuarial value of assets to the actuarial accrued liability. Based on the most recent actuarial valuation, PERS is 61.0 percent funded; MHSPRS is 66.2 percent funded; MRS is 46.4 percent funded; and SLRP is 73.6 percent funded. Funding status and progress is presented in the Actuarial Section of this report on pages

136 and 137. This year, each of the plans showed an increase in funding ratio, ranging from a 5.4 percent increase to an 8.5 percent increase. Based on fiscal year-end valuation results, each of the System's plans continue in sound condition, presuming that future contributions will be made at the level necessary to ensure adequate funding and to meet standards as certified in the Actuarial Section of this report.

In 2014, the System implemented Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. This statement establishes standards for financial reporting by most state and local government pension plans and represents a major shift in emphasis from pension funding to pension accounting. As required, the Financial Section of the System's CAFR presents pension accounting information and measurements related to the net pension liability of the employers. Pension funding information for the plans is presented in the Actuarial Section of the CAFR.

## FOR THE FUTURE

Our technology objectives are driven by our commitment to deliver quality customer service to our participants in an economical and efficient manner. We identified the need for a technology solution with broad and deep capabilities for managing the volume and variety of data necessary to successfully support our services to members. To that end, the System launched a major project initiative in September 2010 to implement a new pension and benefits administration software solution using the most economical pathways for technical support. Through the Mississippi Automated Retirement System (MARS) technology project, we have focused on developing a stable, state-of-the-industry solution consisting of the implementation of a fully integrated online software system that will offer online self-service to our employers, members, and retirees and be capable of supporting the System's pension processes and finances and expanding our customer service area. I am pleased to report that the System has fully completed the design, technical aspects, and development phases of MARS, with an anticipated deployment of the technology initiative in early 2015 with online self-service following thereafter. One significant advantage of the MARS project is that some business process times have been reduced by as much as two weeks, saving both time and money in the System's operation.

GASB issued a companion pronouncement to Statement No. 67 for pension plans, GASB Statement No. 68, Accounting and Financial Reporting for Pensions, that applies to most state and local government employers offering pension benefits to their employees. The provisions incorporated within this statement create a sweeping fundamental change from current accounting and financial reporting practice and will require significant effort on the part of the employers who participate in the System to implement. The System has taken a lead role in bringing together key groups, such as staff representing the State Department of Audit, the State Department of Finance and Administration, consulting actuaries, and independent auditors, to define responsibilities and formulate a successful implementation plan. GASB Statement No. 68 is effective for fiscal years beginning after June 15, 2014.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the System for its comprehensive annual financial report for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents that conform to program standards. Such financial reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of only one year. The System has received a Certificate of Achievement for the last 27 consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for evaluation.

The Public Employees' Retirement System of Mississippi's submission of a Popular Annual Financial Report to the GFOA resulted in an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2013. 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 one year. The Public Employees' Retirement System of Mississippi has received a Popular Award certificate for the last 11 consecutive fiscal years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA for consideration this year.

The Public Employees' Retirement System received the Public Pension Coordinating Council's (PPCC) Public Pension Standards 2014 Award in recognition of meeting professional standards for plan design and administration. The PPCC is a national confederation of state retirement associations whose standards are widely recognized benchmarks for public pension systems in the areas of plan design, funding, actuarial, and financial audits, as well as member communications.

## CONCLUSION

This report is a product of the combined efforts of the System's staff and advisors functioning under your leadership and is intended to provide extensive and reliable information as a basis for making management decisions, determining compliance with legal provisions, and determining responsible stewardship for the assets contributed by the System's members and their employers.

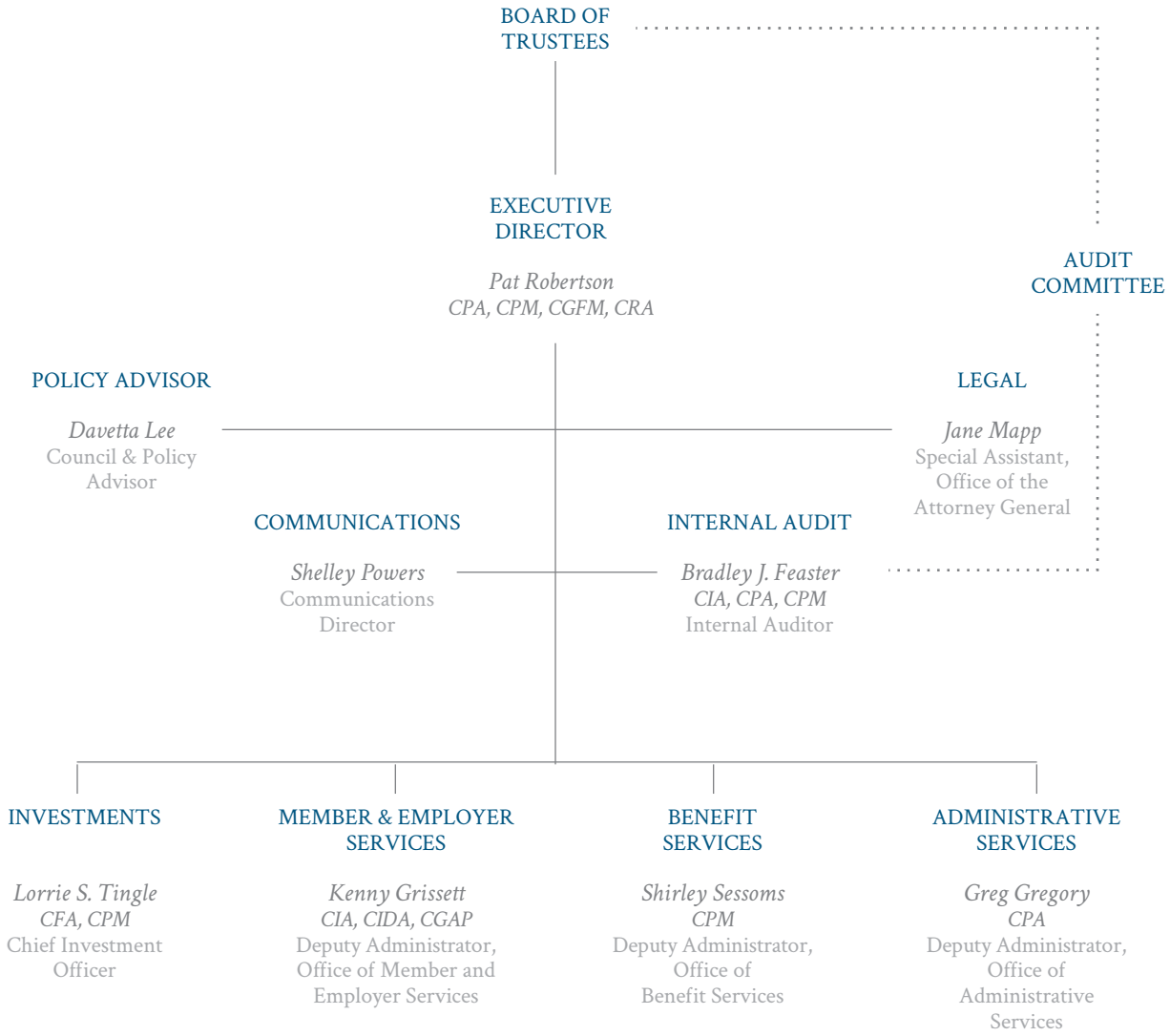
This report is made available to the Governor, State Auditor, and all member agencies. These agencies form the link between the System and its members, whose cooperation contributes significantly to our success. I hope all recipients of this report find it informative and useful. This report also is available to the general public on our website, www.pers.ms.gov.

I would like to express my gratitude to you, the staff, the advisors, and others who have worked so diligently to build on the foundation we have laid. It is your passion, strength, and talent that support and preserve the vision of a secure retirement future for our educators, public servants, and all of the other members and retirees who make a better Mississippi.

Respectfully submitted,

Pat Robertson
*Executive Director*

## Organizational Chart



## 2014 Board of Trustees

The Board of Trustees of the Public Employees' Retirement System of Mississippi (PERS) is responsible for designating the System's executive director and for establishing the policies for administration of the trust. The Board also works to carry out the intent and purposes of the State Legislature by establishing rules and regulations for the administration of PERS and the transaction of its business.

Pictured from left to right:

KELLY BRELAND *Elected by State Employees*
TERM OF SERVICE: JAN. 2013 - DEC. 2018

LYNN FITCH *State Treasurer, Ex Officio*
TERM OF SERVICE: JAN. 2012 - JAN. 2016

JACK WILSON *Appointed by Governor*
TERM OF SERVICE: FEB. 2012 - SEPT. 2014

BILL BENSON *Elected by County Employees*
TERM OF SERVICE: JAN. 2010 - DEC. 2015

CECIL L. HILL, PH.D. *Elected by Institutions of Higher Learning Employees*
TERM OF SERVICE: JAN. 2011 - DEC. 2016

## 2014 Board of Trustees
(Continued)

STEPHEN BENSON *Elected by Municipal Employees*
TERM OF SERVICE: JAN. 2009 - DEC. 2014

CHAIRMAN H.S. "BUTCH" MCMILLAN *Elected by State Employees*
TERM OF SERVICE: AUG. 2009 - JUNE 2014

VICE CHAIRMAN EDWARD LEE CHILDRESS, ED.D.
*Elected by Public School and Community/Junior College Employees*
TERM OF SERVICE: MAY 2010 - APRIL 2016

RANDY MCCOY, ED.D. *Elected by Retirees*
TERM OF SERVICE: JULY 2013 - JUNE 2019

RICHARD C. MILLER, M.D. *Elected by Retirees*
TERM OF SERVICE: MAY 2011 - APRIL 2017

# Outside Professional Services

## ACTUARY
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Telephone: (601) 354-3701

## CUSTODIAN INVESTMENT FUNDS
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New York, New York 10286
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## FUNDS EVALUATION SERVICES & ASSET ALLOCATION/INVESTMENT POLICY STUDY
Callan Associates, Inc.
101 California Street, Suite 3500
San Francisco, California 94111
Telephone: (415) 974-5060

## INVESTMENT MANAGERS

### EQUITY MANAGERS
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Artisan Partners LP
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BlackRock Institutional Trust Company, NA
55 East 52nd Street
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Dimensional Fund Advisors, Inc.
6300 Bee Cave Road, Building One
Austin, Texas 78746
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Eagle Capital Management
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New York, New York 10019-6102
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Houston, Texas 77010
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Philadelphia, Pennsylvania 19103
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State Street Financial Center
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State Street Global Advisors
State Street Financial Center
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Boston, Massachusetts 02111-2999
Telephone: (617) 664-4739

Wellington Management Company, LLP
280 Congress Street
Boston, Massachusetts 02210
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### PRIVATE EQUITY MANAGERS

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### REAL ESTATE MANAGERS

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Cohen & Steers Capital Management
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Deutsche Asset & Wealth Management
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Hancock Timber Resource Group
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Principal Global Investors
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### LEGAL COUNSEL

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Jackson, Mississippi 39205
Telephone: (601) 359-3680

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Public Employees' Retirement System of Mississippi**

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

Public Pension Coordinating Council

# *Public Pension Standards Award For Funding and Administration 2014*

Presented to

## *Public Employees' Retirement System of Mississippi*

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

# PERS IS PUBLIC HEALTH & SAFETY

Serving Mississippians by keeping them safe and healthy is the job of many PERS members across the state. Firefighters and police officers keep watch over our communities and streets, while state troopers and other uniformed workers mind our highways, natural resources, and recreation areas. Physicians, nurses, and other health care workers provide quality care for sick and injured Mississippians, and do so while training many more aspiring doctors, nurses, physical therapists, and other specialists. All are essential to our state and many are first responders in times of emergency.

*Illustrations: Véronique Joffre, colagene.com*

**KPMG LLP**
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

## Independent Auditors' Report

The Board of Trustees
Public Employees' Retirement System of Mississippi:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Public Employees' Retirement System of Mississippi (the System), a component unit of the State of Mississippi, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the System as of June 30, 2014, and the changes in the System's fiduciary net position for the year then ended in accordance with U.S. generally accepted accounting principles.

#### *Emphasis of Matter*

As discussed in note 2 to the basic financial statements, in 2014, the System adopted Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*, an amendment of GASB Statement No. 25. Our opinion is not modified with respect to this matter.

#### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 21-29 and the schedule of changes in the net pension liability and related ratios, the schedules of employer contributions and the schedule of investment returns on pages 59-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

**KPMG LLP**
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The introduction section, investment section, actuarial section, statistical section and supplementary information included in Schedules 1 through 6 on pages 66-71 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information included in Schedules 1 through 6 on pages 66-71 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 1 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introduction section, investment section, actuarial section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
December 11, 2014

# Management's Discussion & Analysis
[unaudited]

This section presents management's discussion and analysis of the Public Employees' Retirement System of Mississippi's (System) financial position and performance for the year ended June 30, 2014. This section is presented as a narrative overview and analysis in conjunction with the Letter of Transmittal–included in the Introductory Section–the financial statements, and other information presented in the Financial Section of this Comprehensive Annual Financial Report.

The System is responsible for administering retirement benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate, and elected members of the State Legislature, as well as the President of the Senate. The System is comprised of seven funds, including four defined benefit pension plans: the Public Employees' Retirement System of Mississippi (PERS), the Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Municipal Retirement Systems (MRS), and the Supplemental Legislative Retirement Plan (SLRP).

The System also is responsible for the administration of two defined contribution plans: the Mississippi Government Employees' Deferred Compensation Plan & Trust (MDC), which is a voluntary supplemental retirement savings plan, and the Optional Retirement Plan (ORP), which is offered as an alternative to PERS to certain employees of the state's institutions of higher learning. As explained in Note 2 to the basic financial statements, ORP is not part of the System's reporting entity. The System's funds, with the exception of ORP, are defined as pension (and other employee benefit) trust funds, which are fiduciary in nature. The remaining fund is the Flexible Benefits Cafeteria Plan (FBCP), which is an agency fund. Throughout this discussion and analysis, units of measure (i.e., billions, millions, and thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the System's financial reporting, which is comprised of the following components:

1. Basic financial statements
2. Notes to the basic financial statements
3. Required supplementary information
4. Other supplementary schedules

Collectively, this information presents the net position restricted for pension benefits for each of the funds administered by the System as of June 30, 2014. This financial information also summarizes changes in net position restricted for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

### 1. BASIC FINANCIAL STATEMENTS

The June 30, 2014, financial statements are presented for the fiduciary funds administered by the System. Fiduciary funds are used to account for resources held for the benefit of parties outside of the System. Fiduciary funds include pension trust funds such as PERS, MHSPRS, MRS, SLRP, and MDC, as well as an agency fund, the FBCP. A Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are presented for the fiduciary funds as of and for the year ended June 30, 2014. These financial statements reflect the resources available to pay benefits to members, including retirees and beneficiaries, as of year end, as well as the changes in those resources during the year.

### 2. NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements. Information in the notes to the basic financial statements is described as follows:

## Financial Highlights

The combined net position of the defined benefit plans administered by the System increased by $3.2 billion, or 14.6 percent. This increase was primarily the result of favorable investment performance for 2014.

The 2014 rate of return on investments for the defined benefit plans was 18.6 percent, compared with fiscal year 2013's rate of return of 13.4 percent. Domestic, international, and global equity portfolios returned 25.1 percent, 22.5 percent, and 22.6 percent, respectively, for the year, while the return on debt securities was 6.6 percent. The rate of return on real estate investments was 12.6 percent, and the return on the private equity portfolio was 20.0 percent.

The PERS, MHSPRS, and SLRP defined benefit plans administered by the System had a Net Pension Liability of $12.1 billion, $119.8 million, and $3.8 million, respectively. The Net Pension Liability as a percentage of covered payroll was 67.2 percent, 73.1 percent, and 81.3 percent.

MDC net position increased $165.1 million during fiscal year 2014. The increase is primarily attributed to favorable market performance. The MDC rates of return for investment options ranged from a high of 28.31 percent to a low of 0.22 percent compared to prior year investment option returns with a high of 32.63 percent and a low of (4.86) percent.

- Note 1 provides a general description of the System, as well as a concise description of each of the funds administered by the System. Information regarding employer and member participation in the pension plans administered by the System also is provided.
- Note 2 provides a summary of significant accounting policies, including the basis of accounting for each fund type, management's use of estimates, and other significant accounting policies.
- Note 3 describes investments, including investing authority and policies, investment risk discussion and additional information about cash, securities lending, and derivatives.
- Note 4 provides a summary of the capital assets of the System including depreciation and net holding amounts.
- Note 5 provides a summary of receivables and payables (due to/due from others).
- Note 6 provides information about the net pension liability of employers in the defined benefit plans administered by the System.
- Note 7 provides information about contributions to the defined benefit plans administered by the System.
- Note 8 provides information about System employees as members of PERS.

### 3. REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information consists of the schedule of changes in the net pension liability and related ratios, schedules of employer contributions, the schedule of investment returns, and related notes concerning accounting and financial reporting information for the defined benefit pension plans administered by the System.

### 4. OTHER SUPPLEMENTARY SCHEDULES

Other schedules include detailed information on administrative expenses incurred by the System, investment and other professional service expenses incurred, as well as the due to balances for individual municipal retirement plans. Also included are summaries of cash receipts and disbursements, a comparison of budget and actual administrative expenses, and a statement of changes for the FBCP.

*Financial Analysis of the Systems: Defined Benefit Plans*

## INVESTMENTS

The investment assets of the defined benefit plans administered by the System are combined in a commingled investment pool as authorized by state statute. Each plan owns an equity position in the pool and receives a proportionate investment allocation of income or loss from the pool in accordance with its respective ownership percentage. Each plan's allocated share of each type of investment in the pool is shown in the Statement of Fiduciary Net Position. Investment gains or losses are reported in the Statement of Changes in Fiduciary Net Position. The rate of return on investments is therefore approximately the same for each of the plans.

## TOTAL SYSTEM INVESTMENTS

At June 30, 2014, the System's total investments, before securities lending activities, approximated $24.6 billion, an increase of $2.7 billion from fiscal year 2013. The combined investment portfolio experienced a return of 18.6 percent compared with a median large public plan, which is Callan Associates Public Funds > $10 billion median, return of 16.7 percent. Investment results over time compared with the System's benchmarks are presented on page 83 in the Investment Section.

## SHORT-TERM SECURITIES

At June 30, 2014, the System held $105.3 million in short-term investments, which is a decrease of $358.8 million from 2013 holdings. Short-term investments returned 0.02 percent for the year.

## DEBT SECURITIES

At June 30, 2014, the System held $4.9 billion in debt securities, which is approximately $312.6 million less than fiscal year 2013 holdings. Debt securities returned 6.6 percent compared with the System's benchmark return of 5.3 percent.

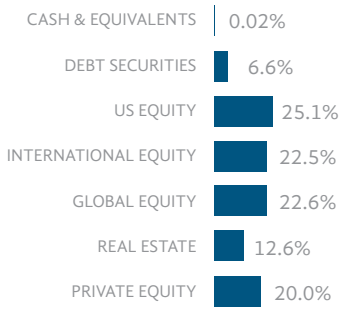
## EQUITY SECURITIES

At June 30, 2014, the System held $16.3 billion in US, international, and global equity securities, an increase of $2.6 billion from fiscal year 2013. US, international, and global equity securities had returns of 25.1 percent, 22.5 percent, and 22.6 percent, respectively. The System's benchmark return for domestic equity securities was 25.0 percent, while the international securities benchmark returned 22.3 percent. The global securities benchmark used by the System posted a return of 23.6 percent.

## PRIVATE EQUITY

The private equity asset class, totaling $973.4 million, posted a return of 20.0 percent. Private equities are investments in operating companies, typically accessed through limited partnerships, which provide a differentiated return stream and diversification. This asset class is generally managed for long-term gains where returns and asset value take time to develop. The System's benchmark return was 27.6 percent. The System began investing in private equities in fiscal year 2008.

DEFINED BENEFIT PLANS INVESTMENT RATES OF RETURN BY INVESTMENT TYPE
- FISCAL YEAR 2014 -




## REAL ESTATE

The real estate portfolio is divided between core commingled and value-added fund investments that directly invest in properties. The System also invests in managed portfolios of Real Estate Investment Trusts (REIT), which are exchange-traded securities that provide indirect exposure to real estate properties and real estate management companies. At June 30, 2014, combined holdings totaled $2.3 billion, an increase of $450.4 million from 2013. The System's real estate portfolio experienced a return of 12.6 percent on the total real estate portfolio. The NCREIF Property Index, the benchmark for the System's core commingled and value-added fund investments, saw a return of 11.2 percent for the year ended June 30, 2014.

## SECURITIES LENDING

The System earns additional investment income by lending investment securities to broker-dealers. This is done on a pooled basis by the System's custodial bank, Bank of New York Mellon (BNYM). The broker-dealers provide collateral to BNYM and generally use the borrowed securities to cover short sales and failed trades for their clients. BNYM invests cash collateral to earn interest. For the 2014 fiscal year, net securities lending income to the System amounted to $16.5 million, an increase of $1.8 million over fiscal year 2013.

*Analysis of Individual Systems*

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM

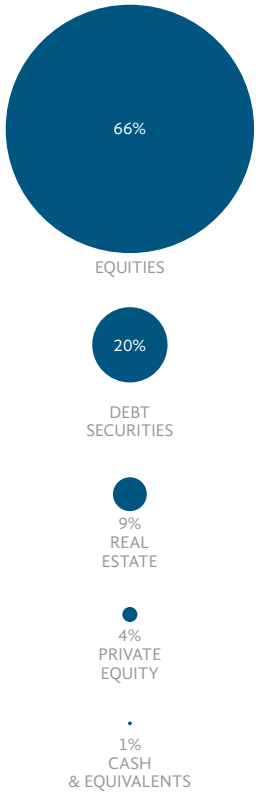
PERS is a defined benefit cost-sharing plan that provides retirement benefits to all eligible State of Mississippi public employees, public education employees, other public employees whose employers have elected to participate, and elected members of the State Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. Net position restricted for benefits at June 30, 2014, amounted to $24.9 billion, an increase of $3.2 billion (14.7 percent) from $21.7 billion at June 30, 2013.

Additions to PERS' net position restricted for benefits include employer and member contributions and investment income. For the 2014 fiscal year, employer and member contributions of $1.5 billion increased $90.0 million (6.3 percent) above 2013. This change is attributed to an increase in the employer contribution rate effective July 1, 2013, from 14.26 percent to 15.75 percent. PERS recognized net investment income of $3.9 billion for the 2014 fiscal year compared with net investment income of $2.6 billion for the 2013 fiscal year. An increase in the employer contribution rate and favorable investment performance were the primary factors resulting in an increase in the net position restricted for benefits.

Deductions from PERS' net position restricted for benefits primarily include retirement and beneficiary benefits, as well as administrative expenses. For the 2014 fiscal year, retirement benefits amounted to $2.1 billion, an increase of $134.2 million (6.8 percent) over the 2013 fiscal year. The increase in benefit payments was due to an increase in the number of benefit recipients. For the 2014 fiscal year, the cost of administering the System amounted to $14.2 million, a decrease of $646 thousand (4.3 percent) from fiscal year 2013.

At June 30, 2014, PERS employers' total pension liability was $37.0 billion. The plan fiduciary net position was $24.9 billion resulting in a net pension liability of $12.1 billion. The plan fiduciary net position as a percentage of the total pension liability was 67.2 percent using Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*, measurements.

DEFINED BENEFIT PLANS ASSET ALLOCATION AT FAIR VALUE
- JUNE 30, 2014 -




## MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

MHSPRS provides retirement benefits to sworn officers of the Mississippi Highway Safety Patrol. Benefits of the plan are funded by member and employer contributions and by earnings on investments. MHSPRS' net position restricted for benefits at June 30, 2014, amounted to $326.0 million, an increase of $38.5 million (13.4 percent) from $287.5 million at June 30, 2013.

Additions to MHSPRS' net position restricted for benefits include employer and member contributions and investment income. For the 2014 fiscal year, employer and member contributions were $12.0 million, an increase of $64 thousand (0.5 percent) from 2013. Motor vehicle fees of $2.6 million and driver's license reinstatement fees of $931 thousand are added to 2014 employer contributions, which resulted in total contributions of $15.5 million. MHSPRS recognized net investment income of $51.6 million for the 2014 fiscal year compared with net investment income of $34.3 million for 2013.

Deductions from MHSPRS' net position restricted for benefits primarily include retirement and beneficiary benefits and administrative fees. For the 2014 fiscal year, benefits amounted to $28.2 million, an increase of $1.1 million (4.3 percent) from the 2013 fiscal year. The increase in benefit payments was primarily due to a growth in the number of retirees. For the 2014 fiscal year, MHSPRS transferred $200 thousand to the System to offset the cost of administration, an increase of $1 thousand (0.5 percent) from 2013.

At June 30, 2014, MHSPRS employers' total pension liability was $445.8 million resulting in a net pension liability of $119.8 million. The plan fiduciary net position as a percentage of the total pension liability was 73.1 percent using GASB Statement No. 67 measurements.

## MUNICIPAL RETIREMENT SYSTEMS

Two municipal retirement plans and 17 fire and police disability and relief plans comprise MRS, all of which are closed to new members. Seventeen of these separate plans provide retirement benefits to municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Membership in the other two plans was extended until July 1, 1987. All active employees have retired from nine of the municipal plans. The financial positions of MRS plans have been aggregated for financial reporting purposes. Individual plan information is included with the specific municipality's annual financial report. Benefits of MRS are funded by employer and member contributions and by earnings on investments. The aggregated plan's net position restricted for benefits at June 30, 2014, amounted to $180.1 million, an increase of $13.5 million (8.1 percent) from $166.6 million at June 30, 2013.

Additions to MRS' net position restricted for benefits consist of employer and member contributions and investment income. For the 2014 fiscal year, employer and member contributions of $20.4 million were $1.4 million (6.4 percent) less than contributions of $21.8 million received in fiscal year 2013. MRS employer contributions are funded through taxes levied on assessed properties. The decrease is due to lower contribution amounts made by some municipalities within the plan. MRS recognized net investment income of $28.5 million for the 2014 fiscal year compared with net investment income of $19.8 million for the 2013 fiscal year.

Deductions from MRS' net position restricted for benefits include retirement and beneficiary benefits and administrative fees. For the 2014 fiscal year, benefits amounted to $35.0 million, a decrease of $213 thousand (0.6 percent) from the 2013 fiscal year. The decrease in benefit payments resulted primarily from a reduction in the number of retirees due to mortality during the fiscal year. For the 2014 fiscal year, MRS transferred $407 thousand to the System to offset the cost of administration, compared to $434 thousand transferred for fiscal year 2013.

Under the provisions of GASB Statement No. 67, agent multiple employer plans such as MRS apply the measurements and recognition of net pension liability at the individual plan level for each municipal and fire and police retirement plan administered. Therefore, aggregate information for MRS related to the net pension liability has not been presented.

## SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

SLRP provides supplemental retirement benefits to all elected members of the State Legislature and President of the Senate. Benefits of the plan are funded by member and employer contributions and by earnings on investments. The plan's net position restricted for benefits at June 30, 2014, amounted to $16.5 million, an increase of $2.1 million (14.5 percent) from $14.4 million at June 30, 2013.

Additions to SLRP's net position restricted for benfits include employer and member contributions and investment income. For the 2014 fiscal year, employer and member contributions were $722 thousand, an increase of $15 thousand (2.1 percent) from those of fiscal year 2013. The increase in contributions is attributed to slightly higher average salaries for the 2014 fiscal year. SLRP recognized net investment income of $2.6 million for the 2014 fiscal year, compared with a net investment income of $1.7 million for the 2013 fiscal year.

Deductions from SLRP's net position restricted for benefits primarily include retirement and beneficiary benefits, as well as administrative fees. For the 2014 fiscal year, benefits amounted to $1.2 million, an increase of $34 thousand compared to fiscal year 2013. The total number of retirees remained approximately the same for 2014 as new retirees were added to payroll and deceased retirees were removed from payroll; however, the overall amount of benefits paid increased to accommodate new retirees who were added to payroll with higher individual benefit allocations. For the 2014 fiscal year, SLRP transferred $10 thousand to PERS to offset the cost of administration, the same amount as for fiscal year 2013.

At June 30, 2014, the SLRP employers' total pension liability was $20.2 million, resulting in a net pension liability of $3.8 million. The plan fiduciary net position as a percentage of the total pension liability was 81.3 percent using GASB Statement No. 67 measurements.

## 457 DEFINED CONTRIBUTION PLAN

MDC was established under Section 457 of the Internal Revenue Code and provides supplemental retirement benefits for plan participants. The plan is primarily funded by participant contributions and by investment earnings. Net position restricted for benefits at June 30, 2014, amounted to $1.6 billion, which was an increase of $165 million (11.6 percent) from net position at June 30, 2013. The number of participants in the plan decreased from 39,476 in 2013 to 37,867 in 2014.

Additions to the MDC net position restricted for benefits include rollovers, contributions, and investment income. For the 2014 fiscal year, contributions were $75.3 million compared to $77.4 million in 2013, or a decrease of $2.1 million (2.7 percent). The decrease from last year is due primarily to retiring participants that contribute larger amounts in contrast to younger participants entering the plan. Net investment income of $188.7 million was recognized for the 2014 fiscal year compared with a net investment income of $140.0 million for 2013.

Deductions from the MDC net position include payments to participants and beneficiaries and rollovers. For the 2014 fiscal year, distributions amounted to $98.9 million, an increase of $19.4 million (24.5 percent) from the 2013 fiscal year. The increase in distributions is due to a greater number of employees exiting the plan and from new retirees receiving benefits. Benefit obligations of the 457 defined contribution plan are equal to the participants' account balances, which are equal to the net position of the plan.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the System. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Public Employees' Retirement System of Mississippi
Accounting Department
429 Mississippi Street
Jackson, MS 39201-1005

## NET POSITION—IRC 457 PLAN

- JUNE 30 -

[in thousands]

| | IRC 457 PLAN MDC | | |
|---|---|---|---|
| *Assets:* | 2014 | 2013 | TOTAL PERCENT CHANGE |
| CASH & RECEIVABLES | $2,939 | $4,598 | (36.08)% |
| INVESTMENTS AT FAIR VALUE | 1,590,264 | 1,423,348 | 11.73 |
| **TOTAL ASSETS** | **1,593,203** | **1,427,946** | **11.57** |
| *Liabilities:* | | | |
| INVESTMENT ACCOUNTS & OTHER PAYABLES | 301 | 190 | 58.42 |
| **TOTAL LIABILITIES** | **301** | **190** | **58.42** |
| **TOTAL NET POSITION** | **$1,592,902** | **$1,427,756** | **11.57%** |

## CHANGES IN NET POSITION—IRC 457 PLAN

- YEAR ENDED JUNE 30 -

[in thousands]

| | IRC 457 PLAN MDC | | |
|---|---|---|---|
| *Additions:* | 2014 | 2013 | TOTAL PERCENT CHANGE |
| CONTRIBUTIONS | $75,284 | $77,390 | (2.72)% |
| INVESTMENT INCOME | 188,730 | 139,993 | 34.81 |
| **TOTAL ADDITIONS** | **264,014** | **217,383** | **21.45** |
| *Deductions:* | | | |
| PENSION BENEFITS | 98,868 | 79,438 | 24.46 |
| **TOTAL DEDUCTIONS** | **98,868** | **79,438** | **24.46** |
| **INCREASE IN NET POSITION** | **$165,146** | **$137,945** | **19.72%** |

## NET POSITION—DEFINED BENEFIT PLANS

- JUNE 30 -

[in thousands]

| | PERS | | MHSPRS | | MRS | |
|---|---|---|---|---|---|---|
| *Assets:* | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| CASH, CASH EQUIVALENTS, & RECEIVABLES | $1,311,741 | $1,170,329 | $16,133 | $14,505 | $9,126 | $8,663 |
| INVESTMENTS AT FAIR VALUE | 24,092,117 | 21,481,448 | 317,111 | 286,071 | 174,952 | 165,590 |
| INVESTED SECURITIES LENDING COLLATERAL | 3,644,980 | 3,552,300 | 48,131 | 47,477 | 26,554 | 27,482 |
| CAPITAL ASSETS | 30,321 | 27,419 | - | - | - | - |
| **TOTAL ASSETS** | **29,079,159** | **26,231,496** | **381,375** | **348,053** | **210,632** | **201,735** |
| *Liabilities:* | | | | | | |
| INVESTMENT ACCOUNTS & OTHER PAYABLES | 557,995 | 991,950 | 7,224 | 13,115 | 3,993 | 7,603 |
| SECURITIES LENDING LIABILITY | 3,644,045 | 3,552,635 | 48,119 | 47,482 | 26,547 | 27,484 |
| **TOTAL LIABILITIES** | **4,202,040** | **4,544,585** | **55,343** | **60,597** | **30,540** | **35,087** |
| **TOTAL NET POSITION** | **$24,877,119** | **$21,686,911** | **$326,032** | **$287,456** | **$180,092** | **$166,648** |

## CHANGES IN NET POSITION—DEFINED BENEFIT PLANS

- YEAR ENDED JUNE 30 -

[in thousands]

| | PERS | | MHSPRS | | MRS | |
|---|---|---|---|---|---|---|
| *Additions:* | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| CONTRIBUTIONS | $1,519,202 | $1,429,639 | $15,463 | $15,317 | $20,415 | $21,818 |
| INVESTMENT INCOME | 3,905,728 | 2,564,097 | 51,575 | 34,270 | 28,453 | 19,837 |
| OTHER ADDITIONS | 885 | 691 | - | - | - | - |
| **TOTAL ADDITIONS** | **5,425,815** | **3,994,427** | **67,038** | **49,587** | **48,868** | **41,655** |
| *Deductions:* | | | | | | |
| PENSION BENEFITS | 2,099,843 | 1,965,660 | 28,220 | 27,052 | 35,014 | 35,227 |
| REFUNDS | 121,532 | 108,365 | 42 | 112 | 3 | 34 |
| ADMINISTRATIVE & OTHER DEDUCTIONS | 14,232 | 14,878 | 200 | 199 | 407 | 434 |
| **TOTAL DEDUCTIONS** | **2,235,607** | **2,088,903** | **28,462** | **27,363** | **35,424** | **35,695** |
| **INCREASE IN NET POSITION** | **$3,190,208** | **$1,905,524** | **$38,576** | **$22,224** | **$13,444** | **$5,960** |

## NET POSITION—DEFINED BENEFIT PLANS (CONTINUED)

- JUNE 30 -

[in thousands]

| | SLRP | | ELIMINATIONS | | TOTAL DEFINED BENEFIT PENSION PLANS | | TOTAL PERCENT CHANGE |
|---|---|---|---|---|---|---|---|
| *Assets:* | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | |
| CASH, CASH EQUIVALENTS, & RECEIVABLES | $801 | $712 | $(7) | $(8) | $1,337,794 | $1,194,201 | 12.02% |
| INVESTMENTS AT FAIR VALUE | 16,015 | 14,318 | - | - | 24,600,195 | 21,947,427 | 12.09 |
| INVESTED SECURITIES LENDING COLLATERAL | 2,431 | 2,376 | - | - | 3,722,096 | 3,629,635 | 2.55 |
| CAPITAL ASSETS | - | - | - | - | 30,321 | 27,419 | 10.58 |
| **TOTAL ASSETS** | **19,247** | **17,406** | **(7)** | **(8)** | **29,690,406** | **26,798,682** | **10.79** |
| *Liabilities:* | | | | | | | |
| INVESTMENT ACCOUNTS & OTHER PAYABLES | 364 | 656 | (7) | (8) | 569,569 | 1,013,316 | (43.79) |
| SECURITIES LENDING LIABILITY | 2,430 | 2,376 | - | - | 3,721,141 | 3,629,977 | 2.51 |
| **TOTAL LIABILITIES** | **2,794** | **3,032** | **(7)** | **(8)** | **4,290,710** | **4,643,293** | **(7.59)** |
| **TOTAL NET POSITION** | **$16,453** | **$14,374** | **$-** | **$-** | **$25,399,696** | **$22,155,389** | **14.64%** |

## CHANGES IN NET POSITION—DEFINED BENEFIT PLANS (CONTINUED)

- YEAR ENDED JUNE 30 -

[in thousands]

| | SLRP | | ELIMINATIONS | | TOTAL DEFINED BENEFIT PENSION PLANS | | TOTAL PERCENT CHANGE |
|---|---|---|---|---|---|---|---|
| *Additions:* | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | |
| CONTRIBUTIONS | $722 | $707 | $- | $- | $1,555,802 | $1,467,481 | 6.02% |
| INVESTMENT INCOME | 2,605 | 1,715 | - | - | 3,988,361 | 2,619,919 | 52.23 |
| OTHER ADDITIONS | - | - | (617) | (643) | 268 | 48 | 458.33 |
| **TOTAL ADDITIONS** | **3,327** | **2,422** | **(617)** | **(643)** | **5,544,431** | **4,087,448** | **35.65** |
| *Deductions:* | | | | | | | |
| PENSION BENEFITS | 1,216 | 1,182 | - | - | 2,164,293 | 2,029,121 | 6.66 |
| REFUNDS | 22 | 25 | - | - | 121,599 | 108,536 | 12.04 |
| ADMINISTRATIVE & OTHER DEDUCTIONS | 10 | 10 | (617) | (643) | 14,232 | 14,878 | (4.34) |
| **TOTAL DEDUCTIONS** | **1,248** | **1,217** | **(617)** | **(643)** | **2,300,124** | **2,152,535** | **6.86** |
| **INCREASE IN NET POSITION** | **$2,079** | **$1,205** | **$-** | **$-** | **$3,244,307** | **$1,934,913** | **67.67%** |

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
## STATEMENT OF FIDUCIARY NET POSITION
- JUNE 30, 2014 -

[in thousands]

| | PERS | MHSPRS | MRS | SLRP | ELIMINATIONS |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| CASH & CASH EQUIVALENTS (NOTE 3) | $742,814 | $9,742 | $5,374 | $492 | $- |
| *Receivables:* | | | | | |
| EMPLOYER | 66,164 | - | 359 | - | - |
| MEMBER | 37,528 | - | 14 | - | - |
| INVESTMENT PROCEEDS | 385,441 | 5,074 | 2,799 | 256 | - |
| INTEREST & DIVIDENDS | 78,791 | 1,037 | 572 | 53 | - |
| OTHER RECEIVABLES | 996 | 280 | 8 | - | - |
| **TOTAL RECEIVABLES** | **568,920** | **6,391** | **3,752** | **309** | **-** |
| *Investments, at Fair Value (Note 3):* | | | | | |
| SHORT-TERM INVESTMENTS | 103,095 | 1,357 | 749 | 68 | - |
| LONG-TERM DEBT SECURITIES | 4,818,994 | 63,430 | 34,994 | 3,203 | - |
| EQUITY SECURITIES | 15,993,384 | 210,512 | 116,140 | 10,632 | - |
| PRIVATE EQUITY | 953,297 | 12,547 | 6,923 | 634 | - |
| REAL ESTATE INVESTMENTS | 2,223,347 | 29,265 | 16,146 | 1,478 | - |
| ASSET ALLOCATION FUND | - | - | - | - | - |
| FIXED RATE & VARIABLE | - | - | - | - | - |
| LIFE INSURANCE CONTRACTS | - | - | - | - | - |
| **TOTAL INVESTMENTS BEFORE LENDING ACTIVITIES** | **24,092,117** | **317,111** | **174,952** | **16,015** | **-** |
| *Securities Lending:* | | | | | |
| SHORT-TERM INVESTMENTS | 893,443 | 11,798 | 6,509 | 596 | - |
| LONG-TERM DEBT SECURITIES | 2,751,537 | 36,333 | 20,045 | 1,835 | - |
| **TOTAL SECURITIES LENDING** | **3,644,980** | **48,131** | **26,554** | **2,431** | **-** |
| **TOTAL INVESTMENTS** | **27,737,097** | **365,242** | **201,506** | **18,446** | **-** |
| DUE FROM OTHER FUNDS | 7 | - | - | - | (7) |
| CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION (NOTE 4) | 30,321 | - | - | - | - |
| **TOTAL ASSETS** | **29,079,159** | **381,375** | **210,632** | **19,247** | **(7)** |
| **LIABILITIES** | | | | | |
| ACCOUNTS PAYABLE & ACCRUED EXPENSES | 557,988 | 7,224 | 3,986 | 364 | - |
| OBLIGATIONS UNDER SECURITIES LENDING | 3,644,045 | 48,119 | 26,547 | 2,430 | - |
| DUE TO STATE OF MISSISSIPPI (NOTE 5) | 2 | - | - | - | - |
| DUE TO OTHER FUNDS | 5 | - | 7 | - | (7) |
| FUNDS HELD FOR OTHERS | - | - | - | - | - |
| **TOTAL LIABILITIES** | **4,202,040** | **55,343** | **30,540** | **2,794** | **(7)** |
| **NET POSITION RESTRICTED FOR PENSIONS** | **$24,877,119** | **$326,032** | **$180,092** | **$16,453** | **$-** |

*The accompanying notes are an integral part of these basic financial statements.*

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
## STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
- JUNE 30, 2014 -

[in thousands]

| | TOTAL DEFINED BENEFIT PENSION PLANS | IRC 457 PLAN MDC | TOTAL PENSION TRUST FUNDS | AGENCY FUNDS | TOTAL 2014 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| CASH & CASH EQUIVALENTS (NOTE 3) | $758,422 | $933 | $759,355 | $16 | $759,371 |
| *Receivables:* | | | | | |
| EMPLOYER | 66,523 | - | 66,523 | - | 66,523 |
| MEMBER | 37,542 | 1,666 | 39,208 | - | 39,208 |
| INVESTMENT PROCEEDS | 393,570 | - | 393,570 | - | 393,570 |
| INTEREST & DIVIDENDS | 80,453 | 335 | 80,788 | - | 80,788 |
| OTHER RECEIVABLES | 1,284 | - | 1,284 | | 1,284 |
| **TOTAL RECEIVABLES** | **579,372** | **2,001** | **581,373** | **-** | **581,373** |
| *Investments, at Fair Value (Note 3):* | | | | | |
| SHORT-TERM INVESTMENTS | 105,269 | 24,307 | 129,576 | - | 129,576 |
| LONG-TERM DEBT SECURITIES | 4,920,621 | 61,066 | 4,981,687 | - | 4,981,687 |
| EQUITY SECURITIES | 16,330,668 | 852,019 | 17,182,687 | - | 17,182,687 |
| PRIVATE EQUITY | 973,401 | - | 973,401 | - | 973,401 |
| REAL ESTATE INVESTMENTS | 2,270,236 | 2,369 | 2,272,605 | - | 2,272,605 |
| ASSET ALLOCATION FUND | - | 92,154 | 92,154 | - | 92,154 |
| FIXED RATE & VARIABLE | - | 558,010 | 558,010 | - | 558,010 |
| LIFE INSURANCE CONTRACTS | - | 339 | 339 | - | 339 |
| **TOTAL INVESTMENTS BEFORE LENDING ACTIVITIES** | **24,600,195** | **1,590,264** | **26,190,459** | **-** | **26,190,459** |
| *Securities Lending:* | | | | | |
| SHORT-TERM INVESTMENTS | 912,346 | - | 912,346 | - | 912,346 |
| LONG-TERM DEBT SECURITIES | 2,809,750 | - | 2,809,750 | - | 2,809,750 |
| **TOTAL SECURITIES LENDING** | **3,722,096** | **-** | **3,722,096** | **-** | **3,722,096** |
| **TOTAL INVESTMENTS** | **28,322,291** | **1,590,264** | **29,912,555** | **-** | **29,912,555** |
| DUE FROM OTHER FUNDS | - | 5 | 5 | - | 5 |
| CAPITAL ASSETS, AT COST, NET OF ACCUMULATED DEPRECIATION (NOTE 4) | 30,321 | - | 30,321 | - | 30,321 |
| **TOTAL ASSETS** | **29,690,406** | **1,593,203** | **31,283,609** | **16** | **31,283,625** |
| **LIABILITIES** | | | | | |
| ACCOUNTS PAYABLE & ACCRUED EXPENSES | 569,562 | 301 | 569,863 | 15 | 569,878 |
| OBLIGATIONS UNDER SECURITIES LENDING | 3,721,141 | - | 3,721,141 | - | 3,721,141 |
| DUE TO STATE OF MISSISSIPPI (NOTE 5) | 2 | - | 2 | - | 2 |
| DUE TO OTHER FUNDS | 5 | - | 5 | - | 5 |
| FUNDS HELD FOR OTHERS | - | - | - | 1 | 1 |
| **TOTAL LIABILITIES** | **4,290,710** | **301** | **4,291,011** | **16** | **4,291,027** |
| **NET POSITION RESTRICTED FOR PENSIONS** | **$25,399,696** | **$1,592,902** | **$26,992,598** | **$-** | **$26,992,598** |

*The accompanying notes are an integral part of these basic financial statements.*

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
- FOR THE YEAR ENDED JUNE 30, 2014-

[in thousands]

| | PERS | MHSPRS | MRS | SLRP | ELIMINATIONS |
|---|---|---|---|---|---|
| **ADDITIONS** | | | | | |
| *Contributions:* | | | | | |
| EMPLOYER | $969,674 | $13,500 | $20,337 | $514 | $- |
| MEMBER | 549,528 | 1,963 | 78 | 208 | - |
| **TOTAL CONTRIBUTIONS** | **1,519,202** | **15,463** | **20,415** | **722** | - |
| *Net Investment Income:* | | | | | |
| NET APPRECIATION IN FAIR VALUE | 3,405,962 | 44,975 | 24,812 | 2,272 | - |
| INTEREST & DIVIDENDS | 565,374 | 7,466 | 4,119 | 377 | - |
| **TOTAL BEFORE LENDING ACTIVITIES** | **3,971,336** | **52,441** | **28,931** | **2,649** | - |
| *Securities Lending:* | | | | | |
| NET APPRECIATION IN FAIR VALUE | 928 | 12 | 7 | 1 | - |
| INTEREST | 17,809 | 235 | 129 | 12 | - |
| PROGRAM FEES | (2,625) | (34) | (19) | (2) | - |
| NET INCOME FROM SECURITIES LENDING | **16,112** | **213** | **117** | **11** | - |
| MANAGERS' FEES & TRADING COSTS | (81,720) | (1,079) | (595) | (55) | - |
| NET INVESTMENT INCOME | **3,905,728** | **51,575** | **28,453** | **2,605** | - |
| *Other Additions:* | | | | | |
| ADMINISTRATIVE FEES | 617 | - | - | - | (617) |
| OTHER | 268 | - | - | - | - |
| **TOTAL OTHER ADDITIONS** | **885** | | - | - | **(617)** |
| **TOTALS** | **5,425,815** | **67,038** | **48,868** | **3,327** | **(617)** |
| **DEDUCTIONS** | | | | | |
| RETIREMENT ANNUITIES | 2,099,843 | 28,220 | 35,014 | 1,216 | - |
| REFUNDS TO TERMINATED EMPLOYEES | 121,532 | 42 | 3 | 22 | - |
| **TOTALS** | **2,221,375** | **28,262** | **35,017** | **1,238** | - |
| *Administrative Expenses:* | | | | | |
| *PERSONAL SERVICES:* SALARIES, WAGES, & FRINGE BENEFITS | 8,974 | - | - | - | - |
| *PERSONAL SERVICES:* TRAVEL & SUBSISTENCE | 77 | - | - | - | - |
| CONTRACTUAL SERVICES | 4,107 | - | - | - | - |
| COMMODITIES | 296 | - | - | - | - |
| **TOTAL ADMINISTRATIVE EXPENSES** | 13,454 | - | - | - | - |
| DEPRECIATION | 778 | - | - | - | - |
| ADMINISTRATIVE FEES | - | 200 | 407 | 10 | (617) |
| **TOTALS** | **2,235,607** | **28,462** | **35,424** | **1,248** | **(617)** |
| **NET INCREASE** | **3,190,208** | **38,576** | **13,444** | **2,079** | - |
| **NET POSITION RESTRICTED FOR PENSION BENEFITS:** | | | | | |
| **BEGINNING OF YEAR** | **21,686,911** | **287,456** | **166,648** | **14,374** | - |
| **END OF YEAR** | **$24,877,119** | **$326,032** | **$180,092** | **$16,453** | **$-** |

*The accompanying notes are an integral part of these basic financial statements.*

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
- FOR THE YEAR ENDED JUNE 30, 2014-

[in thousands]

| | TOTAL DEFINED BENEFIT PENSION PLANS | IRC 457 PLAN MDC | TOTAL PENSION TRUST FUNDS 2014 |
|---|---|---|---|
| **ADDITIONS** | | | |
| *Contributions:* | | | |
| EMPLOYER | $1,004,025 | $1,194 | $1,005,219 |
| MEMBER | 551,777 | 74,090 | 625,867 |
| **TOTAL CONTRIBUTIONS** | **1,555,802** | **75,284** | **1,631,086** |
| *Net Investment Income:* | | | |
| NET APPRECIATION IN FAIR VALUE | 3,478,021 | 176,121 | 3,654,142 |
| INTEREST & DIVIDENDS | 577,336 | 12,609 | 589,945 |
| **TOTAL BEFORE LENDING ACTIVITIES** | **4,055,357** | **188,730** | **4,244,087** |
| *Securities Lending:* | | | |
| NET APPRECIATION IN FAIR VALUE | 948 | - | 948 |
| INTEREST | 18,185 | - | 18,185 |
| PROGRAM FEES | (2,680) | - | (2,680) |
| **NET INCOME FROM SECURITIES LENDING** | **16,453** | **-** | **16,453** |
| MANAGERS' FEES & TRADING COSTS | (83,449) | - | (83,449) |
| **NET INVESTMENT INCOME** | **3,988,361** | **188,730** | **4,177,091** |
| *Other Additions:* | | | |
| ADMINISTRATIVE FEES | - | - | - |
| OTHER | 268 | - | 268 |
| **TOTAL OTHER ADDITIONS** | **268** | **-** | **268** |
| **TOTALS** | **5,544,431** | **264,014** | **5,808,445** |
| **DEDUCTIONS** | | | |
| RETIREMENT ANNUITIES | 2,164,293 | 98,868 | 2,263,161 |
| REFUNDS TO TERMINATED EMPLOYEES | 121,599 | - | 121,599 |
| **TOTALS** | **2,285,892** | **98,868** | **2,384,760** |
| *Administrative Expenses:* | | | |
| *PERSONAL SERVICES:* SALARIES, WAGES, & FRINGE BENEFITS | 8,974 | - | 8,974 |
| *PERSONAL SERVICES:* TRAVEL & SUBSISTENCE | 77 | - | 77 |
| CONTRACTUAL SERVICES | 4,107 | - | 4,107 |
| COMMODITIES | 296 | - | 296 |
| **TOTAL ADMINISTRATIVE EXPENSES** | 13,454 | - | 13,454 |
| DEPRECIATION | 778 | - | 778 |
| ADMINISTRATIVE FEES | - | - | - |
| **TOTALS** | **2,300,124** | **98,868** | **2,398,992** |
| **NET INCREASE** | **3,244,307** | **165,146** | **3,409,453** |
| **NET POSITION RESTRICTED FOR PENSION BENEFITS:** | | | |
| **BEGINNING OF YEAR** | **22,155,389** | **1,427,756** | **23,583,145** |
| **END OF YEAR** | **$25,399,696** | **$1,592,902** | **$26,992,598** |

*The accompanying notes are an integral part of these basic financial statements.*

## *Note 1: Plan Description*

### GENERAL

The Public Employees' Retirement System of Mississippi (System) is the administrator of six fiduciary funds, of which five are pension trust funds and one an agency fund, as listed below. The System also is the administrator of the Optional Retirement Plan, a defined contribution plan, but as explained in Note 2, that plan is not part of the System's reporting entity.

| PLAN NAME | TYPE OF PLAN |
|---|---|
| PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI (PERS) | Cost-sharing multiple-employer defined benefit pension plan |
| MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM (MHSPRS) | Single-employer defined benefit pension plan |
| MUNICIPAL RETIREMENT SYSTEMS AND FIRE AND POLICE DISABILITY AND RELIEF FUND (MRS)* | Agent multiple-employer defined benefit pension plan |
| SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN (SLRP) | Single-employer defined benefit pension plan |
| MISSISSIPPI GOVERNMENT EMPLOYEES' DEFERRED COMPENSATION PLAN & TRUST (MDC) | IRC 457 defined contribution plan |
| FLEXIBLE BENEFITS CAFETERIA PLAN (FBCP) | Agency |

**Closed to new members*

The System's purpose is to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System is administered by a 10-member Board of Trustees 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. With the exception of the State Treasurer and the gubernatorial appointee, all members are elected to staggered six-year terms by the constitutents they represent.

A summary of participating employers and members follows:

## SUMMARY OF PARTICIPATING EMPLOYERS AND MEMBERS

| | PERS | MHSPRS* | MRS | SLRP** | TOTAL |
|---|---|---|---|---|---|
| *Employers:* | | | | | |
| STATE AGENCIES | 112 | 1 | - | 1 | 114 |
| STATE UNIVERSITIES | 9 | - | - | - | 9 |
| PUBLIC SCHOOLS | 149 | - | - | - | 149 |
| COMMUNITY/JUNIOR COLLEGES | 15 | - | - | - | 15 |
| COUNTIES | 82 | - | - | - | 82 |
| MUNICIPALITIES | 241 | - | 17 | - | 258 |
| OTHER POLITICAL SUBDIVISIONS | 263 | - | - | - | 263 |
| **TOTAL EMPLOYERS** | **871** | **1** | **17** | **1** | **890** |
| *Members:* | | | | | |
| ACTIVE VESTED | 89,256 | 443 | 14 | 104 | 89,817 |
| ACTIVE NONVESTED | 72,104 | 52 | - | 71 | 72,227 |
| **TOTAL ACTIVE MEMBERS** | **161,360** | **495** | **14** | **175** | **162,044** |
| INACTIVE VESTED | 18,064 | 33 | - | 48 | 18,145 |
| INACTIVE NONVESTED | 114,489 | 25 | - | 8 | 114,522 |
| **TOTAL INACTIVE MEMBERS** | **132,553** | **58** | **-** | **56** | **132,667** |
| RETIREES & BENEFICIARIES | 93,504 | 720 | 1,890 | 187 | 96,301 |
| **TOTAL RETIRED/INACTIVE MEMBERS** | **226,057** | **778** | **1,890** | **243** | **228,968** |
| **TOTAL MEMBERS** | **387,417** | **1,273** | **1,904** | **418** | **391,012** |
| *Active Members by Employer:* | | | | | |
| STATE AGENCIES | 32,288 | 495 | - | 175 | 32,958 |
| STATE UNIVERSITIES | 18,309 | - | - | - | 18,309 |
| PUBLIC SCHOOLS | 64,064 | - | - | - | 64,064 |
| COMMUNITY/JUNIOR COLLEGES | 6,222 | - | - | - | 6,222 |
| COUNTIES | 13,894 | - | - | - | 13,894 |
| MUNICIPALITIES | 17,066 | - | 14 | - | 17,080 |
| OTHER POLITICAL SUBDIVISIONS | 9,517 | - | - | - | 9,517 |
| **TOTAL ACTIVE MEMBERS** | **161,360** | **495** | **14** | **175** | **162,044** |

**MHSPRS has two reporting entities.*
***SLRP has five reporting entities.*

## MEMBERSHIP AND BENEFIT PROVISIONS

*(1) Public Employees' Retirement System of Mississippi*

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi (the State), state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State, membership is contingent upon approval of the entity's participation in PERS by the System's Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees. A member who terminates employment from all covered employers and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated member contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2014, the total COLA payments for PERS were $476,401,043.

Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. § 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

*(2) Mississippi Highway Safety Patrol Retirement System*

Membership in MHSPRS is a condition of employment granted upon hiring for all officers of the Mississippi Highway Safety Patrol who have completed a course of instruction in an authorized highway patrol training school on general law enforcement and who serve as sworn officers of the highway patrol in the enforcement of the laws of the State of Mississippi. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Administrative Board of MHSPRS. Participating members who withdraw from service at or after age 55 with at least five years of membership service, or after reaching age 45 with at least 20 years of creditable service, or with 25 years of service at any age, are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5 percent of average compensation during the four highest consecutive years of earnings, reduced 3.0 percent for each year below age 55 or for each year under 25

years of service, whichever is less. MHSPRS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A member who terminates employment from the highway patrol and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated employee contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

A COLA payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60, with 3.0 percent compounded for each fiscal year thereafter. For the year ended June 30, 2014, the total COLA payments for MHSPRS were $8,029,954.

Plan provisions and the Administrative Board's authority to determine contribution rates for MHSPRS are established by Miss. Code Ann. § 25-13-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

*(3) Municipal Retirement Systems*

Membership in the two general municipal employee plans and the 17 fire and police disability and relief systems under MRS was granted to all municipal employees, fire fighters, and police officers who were not already members of PERS and who were hired prior to July 1, 1976. Two fire and police plans elected to extend the eligibility period for membership to July 1, 1987. All MRS plans were closed to new members by July 1, 1987. Eligible employees hired after July 1, 1987, automatically become members of PERS. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Each employer contributes the remaining amounts necessary to finance participation of its own employees in MRS.

Regardless of age, participating employees who retire with at least 20 years of membership service are entitled to an annual retirement allowance payable monthly for life in an amount equal to 50.0 percent of their average monthly compensation and to an additional 1.7 percent for each year of creditable service beyond 20 years, not to exceed 66.67 percent of average monthly compensation, except as may otherwise be provided through local and private legislation. Average monthly compensation for the MRS plans is the monthly average for the last six months of service. Certain participating employers provide a minimum monthly retirement allowance. Benefits vest upon reaching 20 years of membership service. MRS plans also provide certain death and disability benefits. Members who terminate employment from all covered employers and are not eligible to receive monthly retirement benefits may request a full refund of employee contributions. Members covered by MRS do not receive interest on their accumulated contributions. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

The retirees and beneficiaries of MRS plans with provisions for COLAs who are receiving a retirement allowance on July 1 of each fiscal year may be entitled to a COLA. This payment is equal to the annual percentage change of the Consumer Price Index (CPI) but not to exceed 2.5 percent of the annual retirement allowance for each full fiscal year of retirement. Certain MRS plans may adopt a COLA other than one linked to the change in the CPI. These additional payments will be made only when funded by the employers. For the year ended June 30, 2014, the total COLAs for MRS plans were $5,406,759.

Plan provisions are established by Miss. Code Ann. § 21-29-1 et seq., Articles 1, 3, 5, and 7, (1972, as amended), and annual local and private legislation. Statutes may be amended only by the Mississippi Legislature.

*(4) Supplemental Legislative Retirement Plan*

Membership in SLRP is composed of all elected members of the State Legislature and the

President of the Senate. This plan is designed to supplement the provisions of PERS. Those serving when SLRP became effective July 1, 1989, had 30 days to waive membership in SLRP. Those elected after July 1, 1989, automatically become members of SLRP. Members and employers are statutorily required to contribute certain percentages of salaries and wages as specified by the Board of Trustees.

The retirement allowance is 50.0 percent of an amount equal to the retirement allowance payable by PERS, determined by creditable service as an elected senator or representative in the State Legislature or as President of the Senate. Benefits vest upon completion of the requisite number of membership service years in PERS. SLRP also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary. A member who terminates legislative employment and who is not eligible to receive monthly retirement benefits may request a full refund of his or her accumulated employee contributions plus interest. Upon withdrawal of contributions, a member forfeits service credit represented by those contributions.

Retirees and beneficiaries of SLRP may receive COLAs calculated identically to PERS retirees and beneficiaries. For the year ended June 30, 2014, the total COLAs for SLRP were $242,440.

Plan provisions and the Board of Trustees' authority to determine contribution rates for SLRP are established by Miss. Code Ann. § 25-11-301 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature.

*(5) Mississippi Government Employees' Deferred Compensation Plan & Trust*

The MDC Plan is a defined contribution plan created in accordance with Internal Revenue Code § 457 and is established or may be amended under Miss. Code Ann. § 25-14-1 et seq. The term "employee" means any person—whether appointed, elected, or under contract—providing services for the state, state agencies, counties, municipalities, or other political subdivisions, for which compensation is paid. The plan permits employees to defer a portion of their income until future years. The deferred compensation is available to employees at termination, retirement, death, unforeseeable emergency, or can be rolled over to the System for purchase of eligible service credit.

All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries, in compliance with amendments to § 457 of the Internal Revenue Code. The System has no liability for losses under the plan but does have the duty of due care that would be required of a prudent investor. At June 30, 2014, the MDC plan net position totaled $1,592,902,000, with 587 employers and 37,867 participants.

*(6) Flexible Benefits Cafeteria Plan—Agency Fund*

Miss. Code Ann. § 25-17-3 (1972, as amended) authorizes any state agency to adopt a benefit plan that meets the requirements of a cafeteria plan as defined in § 1-25 et seq. of the Internal Revenue Code of 1954, and regulations there under, for the benefit of eligible employees and their dependents. The FBCP was established as an agency fund to account for transactions related to those employees of the System who participate in the cafeteria plan.

## *Note 2: Summary of Significant Accounting Policies*

### FINANCIAL REPORTING ENTITY

The reporting entity for the System consists of five pension trust funds and one agency fund. The pension trust funds are PERS, MHSPRS, MRS, SLRP, and MDC. These financial statements are included in the financial statements of the State of Mississippi. The agency fund is the FBCP. The plans of the System are included in the System's reporting entity due to their financial relationships. Although the plans are legally separate within the System, they are reported as if they were part of the System because the governing boards of each are identical. The System is considered a component unit of the State of Mississippi reporting entity in accordance with Governmental Accounting Standards Board (GASB) 14, *The Financial Reporting Entity*.

Membership of ORP is composed of teachers and administrators of institutions of higher learning appointed or employed on or after July 1, 1990, who elect to participate in ORP and reject membership in PERS. Title 25, Article 11 of the Mississippi Code states that the Board of Trustees of the System will provide for administration of the ORP program. ORP participants direct the investment of their funds among three investment vendors. Benefits payable to plan participants are not obligations of the State of Mississippi. Such benefits and other rights of participants or their beneficiaries are the liability of the vendors and are governed solely by the terms of the annuity contracts issued by them. As such, ORP is not considered part of the System's reporting entity for financial reporting purposes.

### BASIS OF PRESENTATION — FUND ACCOUNTING

Fiduciary funds are used to account for assets held by the System in a trustee capacity or as an agent. Fiduciary funds include PERS, MHSPRS, MRS, SLRP, and MDC pension trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations. FBCP is accounted for as an agency fund.

### BASIS OF ACCOUNTING

PERS, MHSPRS, MRS, SLRP, and MDC use the accrual basis of accounting and the economic resources measurement focus. Member and employer contributions are recognized as revenue when due pursuant to legal requirements; investment income is recognized when earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Other expenses are recognized when incurred.

### INVESTMENTS

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit ratings. Mortgage securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Short-term investments are reported at fair value when published prices are available or at cost plus accrued interest, which approximates fair value. The fair value of commingled real estate funds is based on independent appraisals, while REITs traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For individual investments where no readily ascertainable fair value exists, the System, in consultation with its investment advisors and custodial bank, has determined the fair values. Security transactions are accounted for on a trade-date basis.

### CAPITAL ASSETS

Capital assets used for administering the plans are carried at historical cost (see Note 4). Depreciation is provided using the straight-line method. The System's policy is to capitalize all acquisitions of furniture and equipment with a unit cost of $5,000 or more. The following schedule summarizes estimated useful lives by asset classification:

| ASSET CLASSIFICATION | ESTIMATED USEFUL LIFE |
|---|---|
| BUILDING | 40 years |
| IMPROVEMENTS | 20 years |
| FURNITURE & EQUIPMENT | 5-15 years |
| COMPUTER EQUIPMENT | 3 years |
| VEHICLES | 3-10 years |

## ACCUMULATED PERSONAL LEAVE AND MAJOR MEDICAL LEAVE

Miss. Code Ann. § 25-3-97, (1972, as amended) authorizes a lump sum payment for a maximum of 30 days of accrued personal leave upon termination of employment. No payment is authorized for accrued major medical leave unless the member presents medical evidence that his or her physical condition is such that he or she no longer has the capacity to work in state government. Accumulated personal leave (including fringe benefits) of employees directly related to the administration of the System is paid from the pension trust funds and is accrued in the financial statements when earned, up to a maximum of 30 days per member. The System does not accrue accumulated major medical leave since it is not probable that the compensation will be paid and since the leave vests only upon termination for medical disability.

## USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 2014, and the reported amounts of additions to and deductions from net position during the year then ended. Actual results could differ from those estimates.

## NEW GASB IMPLEMENTATION

In fiscal year 2014, the System implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*, which had no material financial effect on the basic financial statements of the System. However, significant changes have been made in note disclosures to the basic financial statements and required supplementary information. Significant changes include an actuarial calculation of total and net pension liability, as well as broad note disclosures with respect to the pension liability, sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures for the defined benefit pension plans.

*Note 3: Cash, Cash Equivalents, and Investments*

## LEGAL PROVISIONS

The System is authorized by Miss. Code Ann. § 25-11-121, (1972, as amended) to invest in the following:

- Bonds, notes, certificates, and other valid general obligations of the State, or of any county, city, or supervisor's district of any county of the State;
- School district bonds of the State;
- Notes or certificates of indebtedness issued by the Veterans' Home Purchase Board of Mississippi;
- Highway bonds of the State;
- Corporate bonds rated by Standard & Poor's Corporation (S&P) or Moody's Investors Service;
- Short-term obligations of corporations or of wholly-owned subsidiaries of corporations, whose short-term obligations are rated A-3 or better by S&P or rated P-3 or better by Moody's. The Board of Trustees has established a policy that further limits investments of this type to only those corporations whose short-term obligations are rated A-2 or P-2 by S&P or Moody's, respectively;
- Bonds of the Tennessee Valley Authority;
- Bonds, notes, certificates, and other valid obligations of the United States of America, or any federal instrumentality that issues securities under authority of an act of Congress and are exempt from registration with the US Securities and Exchange Commission;
- Bonds, notes, debentures, and other securities issued by any federal instrumentality and fully guaranteed by the United States of America;
- Bonds, stocks, and convertible securities of established foreign companies that are listed on primary national stock exchanges of foreign nations and in foreign government securities. The System is authorized to hedge such transactions through foreign banks and generally deal in foreign exchange through the use of foreign currency, interbank forward contracts, futures contracts, options contracts, swaps, and other related derivative instruments;
- Interest-bearing bonds or notes that are general obligations of any other state in the United States of America or any city or county therein, provided such city or county had a population as shown by the most recent federal census of not less than 25,000 inhabitants, and provided that such state, city, or county has not defaulted for a period longer than 30 days in the payment of principal or interest on any of its general obligation indebtedness over a period of 10 calendar years immediately preceding such investment;
- Shares of common and/or preferred stock of corporations created by or existing under the laws of the United States of America or any state, district, or territory thereof;
- Covered call and put options on securities traded on one or more of the regulated exchanges;
- Pooled or commingled funds managed by a corporate trustee or by a US Securities and Exchange Commission-registered investment advisory firm and shares of investment companies and unit investment trusts registered under the Investment Company Act of 1940. Such pooled or commingled funds or shares are comprised of common or preferred stocks, bonds, money market instruments, or other authorized investments;

» Pooled or commingled real estate funds or real estate securities managed by a corporate trustee or by a US Securities and Exchange Commission-registered investment advisory firm retained as an investment manager by the Board of Trustees of the System; and

» Up to 10.0 percent of the total book value of investments can be types of investments not specifically authorized by this section, if the investments are in the form of a separate account managed by a US Securities and Exchange Commission-registered investment advisory firm retained as an investment manager by the Board; or a limited partnership or commingled fund.

The System also is authorized by its Board of Trustees to operate a securities lending program and has contracted with its custodian to reinvest cash collateral received from the transfer of securities in any investment instrument authorized by Miss. Code Ann. § 25-11-121, (1972, as amended).

Miss. Code Ann. § 25-11-121 (1972, as amended) requires the System's Board of Trustees to determine the degree of collateralization necessary for both foreign and domestic demand deposits in addition to that which is guaranteed by federal insurance programs. These statutes also require that, when possible, the types of collateral securing deposits be limited to securities in which the System itself may invest. The Board of Trustees has established a policy to require collateral equal to at least 100.0 percent of the amount on deposit in excess of that which is guaranteed by federal insurance programs to the credit of the System for domestic demand deposit accounts. No collateral is required for foreign demand deposit accounts, and at June 30, 2014, the System had no deposits in foreign demand deposit accounts.

In accordance with the System's investment policy, the System's investment consultant conducts periodic asset/liability allocation studies that include consideration of projected future liabilities of the System, expected risk, return and correlations for various asset classes, and the System's statutory investment restrictions. Asset allocation studies are performed every five years, or more frequently should significant liability changes occur. A strategic long-term asset allocation is adopted by the Board of Trustees in conjunction with the study. The Investment Committee of the Board of Trustees evaluates the actual investment allocation quarterly and may propose periodic adjustments to the System's strategic long-term asset allocation based on the investment consultant's recommendations, market conditions, and internal investment analysis. The following table shows the Board's adopted asset allocation policy during the 2014 fiscal year, which was changed from the strategic asset allocation policy of fiscal year 2013:

| ASSET CLASS | TARGET ALLOCATION |
|---|---|
| EQUITIES: US BROAD | 34.0% |
| EQUITIES: INTERNATIONAL | 19.0 |
| EQUITIES: EMERGING MARKETS | 8.0 |
| **TOTAL OF ALL EQUITITES** | **61.0%** |
| DEBT SECURITIES | 20.0 |
| REAL ESTATE | 10.0 |
| PRIVATE EQUITY | 8.0 |
| CASH & EQUIVALENTS | 1.0 |

## CASH AND CASH EQUIVALENTS

For cash deposits and cash equivalents, custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. Miss. Code Ann. § 25-11-121, (1972, as amended) provides that the deposits of the System in any US bank shall, where possible, be safeguarded and guaranteed by the posting of bonds, notes, and other securities as security by the depository. The System's Board of Trustees has formally adopted a short-term investment policy that requires that the market value of securities guaranteeing the deposits shall at all times be equal to 100.0 percent of the amount of funds on deposit.

The amount of the System's total cash and cash equivalents at June 30, 2014, was $759,371,000. Cash deposits in bank accounts totaled $1,199,000, which were covered by federal deposit insurance. At June 30, 2014, the System held $754,607,000 in cash equivalents. Cash equivalents are created through daily sweeps of excess cash by the System's custodial bank into a bank-sponsored short-term investment fund. This fund is a custodial bank-sponsored commingled fund that is invested in short-term US government securities and repurchase agreements. The average S&P short-term quality rating of the fund was A-1 at June 30, 2014.

## INVESTMENTS

All of the investment assets are pooled and invested in short-term and long-term debt securities, public equity securities, private equity, absolute return investments, and real estate. These investments are accounted for as part of the PERS pension trust fund and are allocated to MHSPRS, MRS, and SLRP based on their equitable interest in the PERS fund.

All investments are governed by the Board's policy of the prudent person rule. The prudent person rule establishes a standard for all fiduciaries to act as a prudent person would be expected to act, with discretion and intelligence, while investing for income and preservation of principal.

Miss. Code Ann. § 25-11-121 (1972, as amended) allows the System to invest up to 10.0 percent of the total portfolio in real estate only via real estate securities and commingled funds. Direct ownership of real estate assets is prohibited. The portfolio is divided between core commingled and value-added real estate fund investments, which directly invest in properties, and in managed portfolios of Real Estate Investment Trusts (REIT). REITs are exchange-traded securities that provide indirect exposure to real estate properties and real estate management companies. Fair values of commingled fund properties are based on the most recent independent appraisal values. Independent appraisal firms, which are Members of Appraisal Institute (MAI), are required to conduct valuations at least annually.

In previous years, PERS invested in private equity and absolute return investments. In fiscal year 2014, absolute return was removed from the asset allocation policy and private equity was increased to 8.0 percent. Private equity was adopted to provide returns in excess of those provided through publicly traded stocks and bonds.

The annual money-weighted rate of return on the System's investments is 18.3 percent. A money-weighted rate of return expresses investment performance, which is net of investment expense and is adjusted for the changing amounts actually invested. Investment expense is measured on the accrual basis of accounting, with inputs to the internal rate of return calculation determined monthly.

The System had no investments—other than those issued or explicitly guaranteed by the US government—in any one organization that represents 5.0 percent or more of the System's fiduciary net position.

The following table presents the fair value of investments by type at June 30, 2014 (in thousands):

| INVESTMENT TYPE | FAIR VALUE |
|---|---|
| COMMERCIAL PAPER | $739,161 |
| REPURCHASE AGREEMENTS | 178,218 |
| INTERNATIONAL CURRENCY | 18,949 |
| US GOVERNMENT AGENCY OBLIGATIONS | 73,160 |
| US TREASURY OBLIGATIONS | 783,823 |
| COLLATERALIZED MORTGAGE OBLIGATIONS | 579,497 |
| CORPORATE BONDS | 3,663,920 |
| MORTGAGE PASS-THROUGHS | 376,035 |
| STATE & LOCAL OBLIGATIONS | 46,420 |
| ASSET-BACKED SECURITIES | 1,065,350 |
| YANKEE/GLOBAL BONDS | 68,070 |
| SOVEREIGN GOVERNMENTS DEBT | 1,155,383 |
| DOMESTIC EQUITY SECURITIES | 10,113,527 |
| INTERNATIONAL EQUITY SECURITIES | 6,392,812 |
| REAL ESTATE | 2,272,605 |
| PRIVATE EQUITY | 973,401 |
| MONEY MARKET FUND | 24,307 |
| FIXED INCOME FUNDS | 61,066 |
| ASSET ALLOCATION FUNDS | 92,154 |
| FIXED & VARIABLE FUNDS | 558,010 |
| LIFE INSURANCE CONTRACTS | 339 |
| EQUITY FUNDS | 676,348 |
| **TOTAL** | **$29,912,555** |

## CUSTODIAL CREDIT RISK

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension trust fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. Miss. Code Ann. § 25-11-121 (1972, as amended) requires that all investments be clearly marked as to ownership, and to the extent possible, shall be registered in the name of the System.

Of the defined benefit pension funds' $28.3 billion in investments at June 30, 2014, $5.1 billion were exposed to custodial credit risk. These are cash collateral reinvestment securities held in the name of the custodian who acquired them as the lending agent/counterparty, and the securities on loan for securities collateral that is held in the name of the lending agent. This is consistent with the System's securities lending agreement in place with the custodian.

The fair value of cash collateral securities and the underlying securities on non-cash loans as of June 30, 2014, are presented by type below (in thousands):

| CASH COLLATERAL SECURITIES | FAIR VALUE |
|---|---|
| COMMERCIAL PAPER | $739,161 |
| REPURCHASE AGREEMENTS | 173,185 |
| COLLATERALIZED MORTGAGE OBLIGATIONS | 25,705 |
| CORPORATE BONDS | 1,870,065 |
| ASSET-BACKED SECURITIES | 913,980 |
| **SUBTOTAL** | **3,722,096** |
| UNDERLYING SECURITIES ON NON-CASH LOANS | |
| DEBT SECURITIES | 89,684 |
| EQUITIES | 1,204,609 |
| REITS | 113,050 |
| **SUBTOTAL** | **1,407,343** |
| **TOTAL** | **$5,129,439** |

## INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As of June 30, 2014, the System had the following debt security investments and maturities:

| INVESTMENT TYPE | FAIR VALUE (IN THOUSANDS) | INVESTMENT MATURITIES (IN YEARS) | | | |
|---|---|---|---|---|---|
| | | LESS THAN 1 | 1-5 | 6-10 | MORE THAN 10 |
| ASSET-BACKED SECURITIES | $1,065,350 | $996,737 | $32,729 | $20,574 | $15,310 |
| COLLATERALIZED MORTGAGE OBLIGATIONS | 579,497 | 100,670 | 4,882 | 25,343 | 448,602 |
| COMMERCIAL PAPER | 739,161 | 739,161 | - | - | - |
| CORPORATE BONDS | 3,663,920 | 869,293 | 1,650,778 | 765,321 | 378,528 |
| MORTGAGE PASS-THROUGHS | 376,035 | - | 2,239 | 8,342 | 365,454 |
| REPURCHASE AGREEMENTS | 178,218 | 178,218 | - | - | - |
| SOVEREIGN GOVERNMENTS DEBT | 1,155,383 | 47,484 | 276,894 | 519,224 | 311,781 |
| STATE & LOCAL OBLIGATIONS | 46,420 | 357 | 506 | 9,008 | 36,549 |
| US GOVERNMENT AGENCY OBLIGATIONS | 73,160 | 10,397 | 26,904 | 7,895 | 27,964 |
| US TREASURY OBLIGATIONS | 783,823 | 47,191 | 324,454 | 342,064 | 70,114 |
| YANKEE/GLOBAL BONDS | 68,070 | 1,651 | 38,189 | 9,273 | 18,957 |
| **TOTALS** | **$8,729,037** | **$2,991,159** | **$2,357,575** | **$1,707,044** | **$1,673,259** |

The System's investment policy does not limit investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. Market or interest rate risk is the greatest risk faced by an investor in the debt securities market. The price of a debt security typically moves in the opposite direction of the change in interest rates. Derivative securities, variable rate investments with coupon multipliers greater than one, and securities with long terms to maturity are examples of investments whose fair values may be highly sensitive to interest rate changes. These securities are reported at fair value in the Statement of Fiduciary Net Position. Inverse floaters and variable rate investments with coupon multipliers greater than one are prohibited under the System's derivatives policy.

Miss. Code Ann. § 25-11-121 (1972, as amended) provides for the acquisition of derivative instruments by the System. The System adopted a formal derivatives policy in February 1996 with updates adopted in June 2005. During fiscal year 2014, the investments in derivative securities by the System were exclusively in asset/liability-based derivatives such as interest-only (IO) strips, collateralized mortgage obligations, and asset-backed securities. The System reviews fair values of all securities on a monthly basis and prices are obtained from recognized pricing sources. Derivative securities are held, in part, to maximize yields.

Interest-only and principal-only (PO) strips are transactions that involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The System held IOs valued at $25.1 million at fiscal year-end. The System's derivatives policy limits IO and PO strips to 3.0 percent of the investment portfolio.

Collateralized mortgage obligations (CMO) are bonds that are collateralized by whole-loan mortgages, mortgage pass-through securities, or stripped mortgage-backed securities. Income is derived from payments and prepayments of principal and interest generated from collateral mortgages. Cash flows are distributed to different investment classes or tranches in accordance with that CMO's established payment order. Some CMO tranches have more stable cash flows relative to changes in interest rates while others are significantly more sensitive to interest rate fluctuations. In a declining interest rate environment, some CMOs may be subject to a reduction in interest payments as a result of prepayments of mortgages that make up the collateral pool. A reduction in interest payments causes a decline in cash flows and, thus, a decline in the fair value of the CMO security. Rising interest rates may cause an increase in interest payments and, thus, an increase in the fair value of the security. The System held $579.5 million in CMOs at June 30, 2014. Of this amount, $223.2 million were tranches that are highly sensitive to future changes in interest rates. CMO residuals are prohibited under the System's derivatives policy.

Asset-backed securities (ABS) are bonds or notes backed by loan paper or accounts receivable and are originated by banks, credit card companies, or other credit providers. The originator of the loan or accounts receivable paper sells it to a specially created trust, which repackages it as securities. Similar to CMOs, asset-backed securities have been structured as pass-throughs and as structures with multiple bond classes. Of the $1.1 billion in ABS that the System held at June 30, 2014, $46.4 million are highly sensitive to changes in interest rates. ABS, which are leveraged structures or residual interests, are prohibited by the System's derivatives policy.

At June 30, 2014, the System had invested $376.0 million in mortgage pass-through securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. These investments are moderately sensitive to changes in interest rates because they are backed by mortgage loans in which the borrowers have the option of prepaying.

## FOREIGN CURRENCY RISK

The System's exposure to foreign currency risk at June 30, 2014, was as follows (in thousands):

| CURRENCY | CASH & EQUIVALENTS | EQUITIES & REITS | DEBT SECURITIES | TOTAL FAIR VALUE | PERCENT |
|---|---|---|---|---|---|
| AUSTRALIAN DOLLAR | $(24,873) | $246,773 | $25,767 | $247,667 | 4.16% |
| BRAZIL REAL | (7,588) | 186,213 | 33,306 | 211,931 | 3.56 |
| CANADIAN DOLLAR | (41,697) | 215,474 | 45,591 | 219,368 | 3.69 |
| CHILEAN PESO | 1 | 7,266 | - | 7,267 | 0.12 |
| COLOMBIAN PESO | (2,201) | - | 7,402 | 5,201 | 0.09 |
| DANISH KRONE | (1,741) | 57,809 | 1,813 | 57,881 | 0.97 |
| EGYPTIAN POUND | - | 3,512 | - | 3,512 | 0.06 |
| EURO CURRENCY UNIT | (336,565) | 1,537,635 | 375,107 | 1,576,177 | 26.48 |
| HONG KONG DOLLAR | 935 | 317,585 | - | 318,520 | 5.35 |
| HUNGARIAN FORINT | - | 9,838 | - | 9,838 | 0.17 |
| INDIAN RUPEE | 181 | 120,403 | - | 120,584 | 2.03 |
| INDONESIAN RUPIAH | 11 | 60,300 | - | 60,311 | 1.01 |
| ISRAELI SHEKEL | 79 | 19,515 | - | 19,594 | 0.33 |
| JAPANESE YEN | (91,930) | 869,017 | 96,892 | 873,979 | 14.68 |
| KENYAN SHILLING | - | 2,057 | - | 2,057 | 0.03 |
| MALAYSIAN RINGGIT | 5,330 | 17,899 | - | 23,229 | 0.39 |
| MEXICAN NEW PESO | (48,210) | 33,842 | 93,481 | 79,113 | 1.33 |
| NEW TAIWAN DOLLAR | 249 | 118,820 | - | 119,069 | 2.00 |
| NEW TURKISH LIRA | (2,475) | 58,710 | 2,503 | 58,738 | 0.99 |
| NEW ZEALAND DOLLAR | (23,854) | 11,997 | 24,316 | 12,459 | 0.21 |
| NORWEGIAN KRONE | (4,299) | 69,082 | 4,480 | 69,263 | 1.16 |
| PAKISTAN RUPEE | - | 18,076 | - | 18,076 | 0.30 |
| PERUVIAN NUEVO SOL | (1,113) | - | 3,071 | 1,958 | 0.03 |
| PHILIPPINES PESO | 193 | 4,645 | 6,403 | 11,241 | 0.19 |
| POLISH ZLOTY | (4,287) | 2,556 | 6,127 | 4,396 | 0.07 |
| POUND STERLING | (94,450) | 904,642 | 99,288 | 909,480 | 15.28 |
| QATARI RIYAL | - | 2,139 | - | 2,139 | 0.04 |
| RUSSIAN RUBLE (NEW) | (3,093) | 3,948 | 5,150 | 6,005 | 0.10 |
| SOUTH AFRICAN RAND | (10,739) | 128,973 | 17,431 | 135,665 | 2.28 |
| SINGAPORE DOLLAR | (343) | 94,204 | 2,481 | 96,342 | 1.62 |
| SOUTH KOREAN WON | 1 | 230,573 | - | 230,574 | 3.87 |
| SWEDISH KRONA | (7,244) | 96,455 | 7,780 | 96,991 | 1.63 |
| SWISS FRANC | 2,384 | 303,507 | - | 305,891 | 5.15 |
| THAILAND BAHT | - | 37,603 | - | 37,603 | 0.63 |
| **TOTALS** | **$(697,338)** | **$5,791,068** | **$858,389** | **$5,952,119** | **100.00%** |

The System's current investment asset allocation policy was adopted by the Board in April 2013 and became effective in fiscal year 2014. The policy does not limit foreign currency-denominated investments of the System. The Investment Committee of the Board of Trustees evaluates the actual investment asset allocation quarterly, in accordance with the adopted phase-in policy. Based on current market conditions, the Board adjusts the allocation as necessary.

## CREDIT RISK

The System's exposure to credit risk as of June 30, 2014, was as follows:

### EXPOSURE TO CREDIT RISK

- JUNE 30, 2014 -

[in thousands]

| | QUALITY RATINGS AT FAIR VALUE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| INVESTMENT TYPE | AAA | AA | A | BAA | BA | BBB | BB | B | CA |
| ASSET-BACKED SECURITIES | $951,776 | $30,159 | $35,972 | $10,521 | $- | $12,775 | $5,249 | $6,361 | $3 |
| COLLATERALIZED MORTGAGE OBLIGATIONS | 201,397 | 198,505 | 40,146 | 15,229 | 3,653 | 35,373 | 13,538 | 22,441 | 1,488 |
| COMMERCIAL PAPER | - | - | 514,890 | - | - | - | - | - | - |
| CORPORATE BONDS | 103,260 | 912,095 | 1,287,619 | 698,838 | 207,752 | 227,642 | 66,511 | 150,801 | - |
| MORTGAGE PASS-THROUGHS | - | 299,587 | - | - | - | - | - | - | - |
| REPURCHASE AGREEMENTS | - | 178,218 | - | - | - | - | - | - | - |
| SOVEREIGN GOVERNMENTS DEBT | 113,164 | 127,222 | 228,876 | 394,816 | 46,438 | 81,812 | 78,223 | 50,961 | - |
| STATE & LOCAL OBLIGATIONS | 1,113 | 19,416 | 22,192 | 3,699 | - | - | - | - | - |
| US GOVERNMENT AGENCY OBLIGATIONS | 2,291 | 70,869 | - | - | - | - | - | - | - |
| YANKEE/GLOBAL BONDS | 39,665 | 9,118 | 1,081 | 6,077 | 1,907 | 8,935 | - | - | - |
| **TOTALS** | **$1,412,666** | **$1,845,189** | **$2,130,776** | **$1,129,180** | **$259,750** | **$366,537** | **$163,521** | **$230,564** | **$1,491** |

State law requires a minimum quality rating of A-3 by S&P or P-3 by Moody's for corporate short-term obligations. This law also requires corporate and taxable municipal bonds to be of investment grade as rated by S&P or Moody's. The PERS Board of Trustees has adopted a short-term investment policy that further restricts commercial paper to be of corporations with long-term debt to be rated A or better by S&P or Moody's, and whose short-term obligations are of A-2 or P-2 or better ratings by S&P and Moody's, respectively. This applies to all short-term investments of the System.

## EXPOSURE TO CREDIT RISK (CONTINUED)

- JUNE 30, 2014 -

[in thousands]

| | QUALITY RATINGS AT FAIR VALUE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | CAA | CCC | CC | C | D | F | NR | P | WR |
| ASSET-BACKED SECURITIES | $- | $12,476 | $- | $18 | $- | $- | $- | $- | $40 |
| COLLATERALIZED MORTGAGE OBLIGATIONS | 9,078 | 16,487 | 226 | 419 | 17,486 | - | 3,771 | - | 260 |
| COMMERCIAL PAPER | - | - | - | - | - | 213,170 | - | 11,101 | - |
| CORPORATE BONDS | 3,407 | 2,956 | - | - | - | - | 2,505 | - | 534 |
| MORTGAGE PASS-THROUGHS | - | - | - | - | - | - | - | - | - |
| REPURCHASE AGREEMENTS | - | - | - | - | - | - | - | - | - |
| SOVEREIGN GOVERNMENTS DEBT | 28,494 | 1,145 | 3,319 | - | - | - | - | - | 913 |
| STATE & LOCAL OBLIGATIONS | - | - | - | - | - | - | - | - | - |
| US GOVERNMENT AGENCY OBLIGATIONS | - | - | - | - | - | - | - | - | - |
| YANKEE/GLOBAL BONDS | - | - | - | - | - | - | 1,287 | - | - |
| **TOTALS** | **$40,979** | **$33,064** | **$3,545** | **$437** | **$17,486** | **$213,170** | **$7,563** | **$11,101** | **$1,747** |

In addition to the short-term investment policy, a policy adopted for the internally managed short-term account requires that for any amount above the established core of $30.0 million, no more than 25.0 percent should be invested in any issue having a rating lower than AA or A1/P1.

Credit risk for derivative securities held by the System results from the same considerations as other counterparty risk assumed by the System, which is the risk that a borrower will be unable to meet its obligation. The System's policy requires that the credit quality of the underlying asset must be rated A or better by Moody's or S&P. The System's lending agent is permitted to purchase asset-backed securities for the cash collateral fund that are only AAA rated.

## INVESTMENT DERIVATIVES

The System has adopted Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments.

The following table presents the investment derivative instruments outstanding as of June 30, 2014 (in thousands), as reported in the System's Statement of Fiduciary Net Position:

| | CHANGES IN FAIR VALUE | | FAIR VALUE AT JUNE 30, 2014 | | | |
|---|---|---|---|---|---|---|
| | CLASSIFICATION | AMOUNT | CLASSIFICATION | AMOUNT | NOTIONAL | |
| FOREIGN CURRENCY FORWARDS | Investment Income | $(705) | Investment | $(705) | (28,224) | AUD |
| FOREIGN CURRENCY FORWARDS | Investment Income | (414) | Investment | (414) | (19,161) | BRL |
| FOREIGN CURRENCY FORWARDS | Investment Income | (1,047) | Investment | (1,047) | (44,872) | CAD |
| FOREIGN CURRENCY FORWARDS | Investment Income | (15) | Investment | (15) | (4,159,843) | COP |
| FOREIGN CURRENCY FORWARDS | Investment Income | 24 | Investment | 24 | (55,584) | CZK |
| FOREIGN CURRENCY FORWARDS | Investment Income | 8 | Investment | 8 | (9,875) | DKK |
| FOREIGN CURRENCY FORWARDS | Investment Income | (1,152) | Investment | (1,152) | (236,771) | EUR |
| FOREIGN CURRENCY FORWARDS | Investment Income | (1,042) | Investment | (1,042) | (56,231) | GBP |
| FOREIGN CURRENCY FORWARDS | Investment Income | (436) | Investment | (436) | (9,720,790) | JPY |
| FOREIGN CURRENCY FORWARDS | Investment Income | (499) | Investment | (499) | (949,863) | MXN |
| FOREIGN CURRENCY FORWARDS | Investment Income | 21 | Investment | 21 | (27,670) | NOK |
| FOREIGN CURRENCY FORWARDS | Investment Income | (493) | Investment | (493) | (27,519) | NZD |
| FOREIGN CURRENCY FORWARDS | Investment Income | 1 | Investment | 1 | - | PEN |
| FOREIGN CURRENCY FORWARDS | Investment Income | (13) | Investment | (13) | (13,034) | PLN |
| FOREIGN CURRENCY FORWARDS | Investment Income | (12) | Investment | (12) | (106,726) | RUB |
| FOREIGN CURRENCY FORWARDS | Investment Income | 115 | Investment | 115 | (50,937) | SEK |
| FOREIGN CURRENCY FORWARDS | Investment Income | (21) | Investment | (21) | (942) | SGD |
| FOREIGN CURRENCY FORWARDS | Investment Income | (57) | Investment | (57) | (5,533) | TRY |
| FOREIGN CURRENCY FORWARDS | Investment Income | (10) | Investment | (10) | (126,698) | ZAR |
| TBA SECURITIES | Investment Income | $805 | Debt Securities | $114,296 | $108,169 | |

The System's derivatives policy limits foreign currency forwards to no more than 100.0 percent of the aggregate value of the portfolio securities denominated in the hedged currency.

### INVESTMENT DERIVATIVES CREDIT RISK

At June 30, 2014, the counterparties of the foreign currency forwards had short-term credit ratings of A as rated by the nationally recognized statistical rating organizations. PERS' general policy requires that the counterparty has a long-term credit rating of A or better and a short-term credit rating of A1/P1 at a minimum. More specifically, the System's policy requires that all over-the-counter derivatives be rated AA or better by the nationally recognized statistical rating organizations. The counterparties of the to-be-announced securities (TBA) were primarily rated A by the nationally recognized statistical rating organizations.

### INVESTMENT DERIVATIVES FOREIGN CURRENCY RISK

The foreign currency forwards are also presented in the foreign currency risk table on page 47.

### INVESTMENT DERIVATIVES INTEREST RATE RISK

The TBAs are disclosed on page 45 in the interest risk table by years to maturity.

## COMMITMENTS

As of June 30, 2014, the System had real estate and private equity investments legally structured as limited partnerships. The System was one of the limited partners within each fund, with the investment managers serving as the general partners. As part of the limited partnership agreements, PERS agrees to potentially invest up to the committed amounts during the stated fund investment period.

Within its Alternative Investment Program, the System has investments that, due to their long-term nature, do not provide immediate liquidity. The commingled real estate fund investments allow for quarterly liquidity. As of June 30, 2014, the total fair value of the commingled real estate portfolio was approximately $1.4 billion. The closed-end real estate funds, timber fund, and private equity fund investments are all 10- to 12-year commitments. These funds have limited liquidity due to their long investment time horizon, but will make periodic distributions throughout the term of the investment as assets are sold. As of June 30, 2014, the fair value of these investments totaled $1.3 billion.

As of June 30, 2014, PERS had the following outstanding investment commitments:

| | COMMITTED CAPITAL | CAPITAL CONTRIBUTED NET OF RECALLABLE DISTRIBUTIONS | OUTSTANDING |
|---|---|---|---|
| REAL ESTATE | $525,000,000 | $365,729,226 | $159,270,774 |
| PRIVATE EQUITY | 2,900,000,000 | 898,014,771 | 2,001,985,229 |
| **TOTALS** | **$3,425,000,000** | **$1,263,743,997** | **$2,161,256,003** |

## SECURITIES LENDING TRANSACTIONS

The System accounts for securities lending transactions in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, which established standards of accounting and financial reporting for securities lending transactions.

The Board of Trustees has authorized the System to lend its securities to broker-dealers with a simultaneous agreement to return the collateral for the same securities in the future. The System's custodian, pursuant to a written agreement, is permitted to lend all long-term securities to authorized broker-dealers subject to the receipt of acceptable collateral. The System lends securities for collateral in the form of either cash or other securities. The types of securities on loan at June 30, 2014, are long-term US government and agency obligations, corporate bonds, REITs, and domestic and international equities. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distributions by the securities' issuers while the securities are on loan. There have been no significant violations of the provisions of the agreement during the period of these financial statements.

At the initiation of a cash loan, borrowers are required to provide collateral amounts of 102.0 percent on US securities and international securities denominated in the same currency of the loaned security. For international securities that are denominated in a currency other than the currency of the loaned security, 105.0 percent collateral is required at the initiation of the loan. In the event the collateral fair value on US securities and sovereign debt, falls to less than 100.0 percent of the respective fair value of the securities lent, the borrower is required to provide additional collateral by the end of the next business day to the 102.0 percent level. In the event the collateral fair value falls below 102.0 percent for international same-currency transactions or 105.0 percent for cross-currency transactions, the borrower is required to provide additional collateral.

Effective October 1, 2013, 110.0 percent collateral is required from the borrowers for non-cash loans. The System cannot pledge, lend, or sell securities received as collateral unless the borrower defaults. Authorized securities' collateral includes US and non-US government debt obligations and securities, supranational debt obligations, US and non-US equity securities listed on specified indices, US and non-US corporate bonds, and convertible securities. Equities and debt obligations were held as collateral on the non-cash loans as of June 30, 2014.

The maturities of the investments made with cash collateral generally do not match the maturities of the securities loans. All securities loans can be terminated on demand by either the System or the borrower, although the average term of these loans was four days at June 30, 2014. Cash collateral was invested in repurchase agreements, commercial paper, corporate bonds, asset-backed securities, and collateralized mortgage obligations at June 30, 2014. The weighted average effective duration of all collateral investments at June 30, 2014, was 37 days with a weighted average maturity of 37 days.

Securities lent at year-end for cash and non-cash collateral are presented by type in Note 3 Investments. There were $1,407,343,000 securities lent for securities collateral as of June 30, 2014. The investments purchased with the cash collateral are also presented in Note 3 Investments in the discussion of custodial credit risk, since the custodian, as agent, is the counterparty in acquiring these securities in a separate account for the System. The securities lent for securities collateral are also presented in Note 3 for exposure to custodial credit risk since the related collateral is acquired and held by the agent not in the System's name.

The following table details the net income from securities lending for the year ended June 30, 2014 (in thousands):

| | PERS | MHSPRS | MRS | SLRP | TOTAL |
|---|---|---|---|---|---|
| INTEREST INCOME | $17,809 | $235 | $129 | $12 | $18,185 |
| NET APPRECIATION | 928 | 12 | 7 | 1 | 948 |
| **INCOME FROM SECURITIES LENDING** | **18,737** | **247** | **136** | **13** | **19,133** |
| *Less:* | | | | | |
| PROGRAM FEES | 2,625 | 34 | 19 | 2 | 2,680 |
| **EXPENSES FROM SECURITIES LENDING** | **2,625** | **34** | **19** | **2** | **2,680** |
| **NET INCOME FROM SECURITIES LENDING** | **$16,112** | **$213** | **$117** | **$11** | **$16,453** |

At year end, the System had no credit risk exposure to borrowers because the amount the System owed the borrowers exceeded the amount the borrowers owed the System.

On the Statement of Fiduciary Net Position, securities lending total assets with related accrued interest are $3,723,913,000, and total liabilities with accrued expenses are $3,721,378,000. These two amounts do not equal at June 30, 2014. The difference of $2,535,000 is due to the collateral investment fund's market appreciation, agent lender fees, and earnings receivable until the final distribution takes place the following month.

The following table presents the fair values of the underlying securities and the value of the collateral pledged at June 30, 2014 (in thousands):

| SECURITIES LENT | FAIR VALUE INCLUDING ACCRUED INCOME | COLLATERAL RECEIVED |
|---|---|---|
| *Lent for Cash Collateral:* | | |
| DEBT SECURITIES | $906,615 | $925,388 |
| EQUITIES | 2,594,299 | 2,690,496 |
| REITS | 102,414 | 105,257 |
| **SUBTOTAL** | **$3,603,328** | **$3,721,141** |
| *Lent for Securities Collateral:* | | |
| DEBT SECURITIES | 89,684 | 98,583 |
| EQUITIES | 1,204,609 | 1,339,570 |
| REITS | 113,050 | 126,341 |
| **SUBTOTAL** | **1,407,343** | **1,564,494** |
| **TOTAL SECURITIES LENT** | **$5,010,671** | **$5,285,635** |

### COMMISSION RECAPTURE PROGRAM

The Board of Trustees has authorized the System to enter into a commission recapture program. This program allows the System to recapture a portion of the commissions paid to broker-dealers with which the System has entered into an agreement. Earnings for the fiscal year ended June 30, 2014, were $317,000.

## *Note 4: Capital Assets*

The following table shows amounts for capital assets as of June 30, 2014 (in thousands):

| DESCRIPTION | AMOUNT |
|---|---|
| LAND | $508 |
| BUILDING | 18,523 |
| FURNITURE & EQUIPMENT | 2,195 |
| CONSTRUCTION IN PROGRESS | 16,105 |
| **TOTAL CAPITAL ASSETS** | **37,331** |
| *Less Accumulated Depreciation:* | |
| BUILDING | 5,103 |
| FURNITURE & EQUIPMENT | 1,907 |
| **TOTAL ACCUMULATED DEPRECIATION** | **7,010** |
| **NET CAPITAL ASSETS** | **$30,321** |

The System is implementing a major project to build and deploy a new pension and benefits administration software solution. The design and development aspects of the project have been completed and testing is underway. Completion is scheduled for 2015. The total budgeted amount for the technology project is $27.4 million. At June 30, 2014, the remaining outstanding commitment related to this project approximated $8.4 million.

## *Note 5: Due to Others*

The following is a summary of due to/due from others as of June 30, 2014 (in thousands):

| RECEIVABLE FUND | PAYABLE FUND | AMOUNT |
|---|---|---|
| STATE OF MISSISSIPPI | PERS | $2 |
| MDC | PERS | 5 |
| **TOTAL** | | **$7** |

## *Note 6: Net Pension Liability of Employers*

The following tables present the components of the liability of the employers, or net pension liability, to plan members for benefits provided through the System's cost-sharing and single employer defined benefit pension plans at June 30, 2014 (in thousands).

| | PERS | MHSPRS | SLRP |
|---|---|---|---|
| TOTAL PENSION LIABILITY | $37,015,288 | $445,822 | $20,240 |
| PLAN FIDUCIARY NET POSITION | (24,877,119) | (326,032) | (16,453) |
| PLAN NET PENSION LIABILITY | $12,138,169 | $119,790 | $3,787 |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY | 67.2% | 73.1% | 81.3% |

### SIGNIFICANT ASSUMPTIONS AND OTHER INPUTS

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions applied to all periods included in the measurement:

| | PERS | MHSPRS | SLRP |
|---|---|---|---|
| INVESTMENT RATE OF RETURN* | 8.0% | 8.0% | 8.0% |
| PRICE INFLATION RATES | 3.5% | 3.5% | 3.5% |
| PROJECTED SALARY INCREASES | 4.25-19.5% | 4.75-9.84% | 4.25% |
| WAGE INFLATION RATES | 4.25% | 4.25% | 4.25% |
| MOST RECENT EXPERIENCE STUDY | 6/30/12 | 6/30/12 | 6/30/12 |

**Net of investment expense*

An actuarial survey of the mortality, service, withdrawals, compensation experience of members, and valuation of assets and liabilities is performed annually to determine the actuarial soundness of the System. To validate that the assumptions recommended by the actuary are, in aggregate, reasonably related to actual experience, the System requests the actuary to conduct an experience investigation every other year. The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the four-year period ending June 30, 2012. The experience report is dated June 12, 2013. As a result of this study, the Board of Trustees adopted assumptions for PERS that revised salary increase, withdrawal, pre-retirement mortality, disability, and retirement rates for active members. Changes in salary increase rates for MHSPRS, as well as changes in salary increase and withdrawal rates for SLRP, were adopted. Also adopted by the Board, were changes in the post-retirement mortality tables for PERS, MHSPRS, and SLRP.

For the PERS, MHSPRS, and SLRP plans, the table for post-retirement mortality used in evaluating allowances to be paid was the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA, set forward two years for males. The RP-2000 Disabled Mortality Table, set back three years for males and set forward two years for females, was used for the period

after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

The long-term expected rate of return on the PERS, MHSPRS, and SLRP investments of 8.0 percent was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of the plans' investment expense and the assumed rate of inflation) were developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014, (see the discussion of the System's investment policy on page 43) are summarized in the following table:

| ASSET CLASS | TARGET ALLOCATION | LONG-TERM EXPECTED REAL RATE OF RETURN |
|---|---|---|
| US BROAD | 34.00% | 5.20% |
| INTERNATIONAL EQUITY | 19.00 | 5.00 |
| EMERGING MARKETS EQUITY | 8.00 | 5.45 |
| FIXED INCOME | 20.00 | 0.25 |
| REAL ASSETS | 10.00 | 4.00 |
| PRIVATE EQUITY | 8.00 | 6.15 |
| CASH | 1.00 | (0.50) |
| **TOTAL** | **100.00%** | **N/A** |

## DISCOUNT RATE

The discount rate used to measure the total pension liabilities for PERS, MHSPRS, and SLRP were 8.0 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions for PERS, MHSPRS, and SLRP will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine each plan's total pension liability.

## SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the net pension liability of PERS, MHPRS, and SLRP, based on the June 30, 2014, actuarial valuations, calculated using the discount rate of 8.0 percent, as well as what the plans' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent) or one percentage point higher (9.0 percent) than the current rate (in thousands):

| NET PENSION LIABILITY | 1% DECREASE (7.0%) | CURRENT DISCOUNT RATE (8.0%) | 1% INCREASE (9.0%) |
|---|---|---|---|
| PERS | $16,547,994 | $12,138,169 | $8,459,761 |
| MHSPRS | $172,521 | $119,790 | $75,853 |
| SLRP | $5,893 | $3,787 | $1,983 |

## *Note 7: Contributions Required and Contributions Made*

Policies for PERS, MHSPRS, and SLRP provide for employer and member contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Contribution rates for PERS, MHSPRS, and SLRP are established in accordance with actuarial contribution requirements determined through the most recent June 30 annual valuation and adopted by the Board of Trustees with respect to PERS and SLRP or the MHSPRS Administrative Board. Employer contribution rates consist of an amount for service cost; the amount estimated to finance benefits earned by current members during the year; and an amount for amortization of the unfunded actuarial accrued liability. For determining employer contribution rates, the actuary evaluates the assets of the plans based on a five-year smoothed expected return with 20 percent of a year's excess or shortfall of expected return recognized each year for five years. Contribution rates are determined using the entry age actuarial cost method and include provisions for an annual 3.0 percent cost-of-living increase calculated according to the terms of the respective plan.

Contribution policies for MRS provide for a property tax to be levied within each municipality and deductions from salaries of members at rates sufficient to make the plans actuarially sound. An actuarial valuation is performed annually, as of June 30, to determine the necessary rates. Mississippi statutes limit any increase in the property tax levy for employer pension contributions to one-half mill per year. Given this constraint on employer contribution increases and depending upon future experience, one or more of the closed plans under MRS will possibly be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected plan's cash flow position improved. Members covered by MRS are required to contribute varying amounts of their salary, depending on the actuarial soundness of their respective plans. Any increase to the base employee contribution rate of 7.0 percent is made in increments not to exceed 1.0 percent per year.

### CONTRIBUTION RATES

| | CONTRIBUTION RATES AS A PERCENT OF COVERED PAYROLL | | |
|---|---|---|---|
| | MEMBER | EMPLOYER | OTHER |
| PERS | 9.00% | 15.75% | - |
| MHSPRS | 7.25% | 37.00% | 14.00%* |
| MRS | 7.00-10.00% | 1.44-6.90 *mills* | - |
| SLRP | 3.00% | 7.40% | - |

**Additional fees*

The Board of Trustees adopted a revised funding policy for fiscal year 2014 aimed at stabilizing the employer contribution rates and reducing the unfunded actuarial accrued liability for both PERS and SLRP. The revised policy establishes a goal for the plans to be 80.0 percent funded by 2042 and sets the PERS employer contribution rate at 15.75 percent and the SLRP rate at 7.4 percent. The focus of the revised funding policy is to pursue a declining amortization period and to reduce volatility in the employer contribution rates. A similar funding policy was adopted by the MHSPRS Administrative Board, which set the employer contribution rate at 37.0 percent of active member payroll.

Employer contributions for MHSPRS are augmented by certain additional fees. These amounts vary annually based on the level of activity. The amount collected as of June 30, 2014, was $2,565,178 for motor vehicle fees and $931,281 for driver's license reinstatement fees. An estimated $3,600,000, or 14.0 percent of payroll, was used to calculate the actuarially determined contributions for MHPSRS. House Bill 1015, effective July 1, 2014, provided for an increase in the amount of driver's license reinstatement fees designated for MHSPRS funding.

Administration of the System is financed from investment earnings. In addition, employers of MHSPRS, MRS, and SLRP contribute an administrative fee to the System equal to 2.0 percent of the plan's respective employer contributions. As of June 30, 2014, administrative fees were $200,064 from MHSPRS, $406,731 from MRS, and $10,287 from SLRP. ORP contributes administrative fees of 2.6 percent of covered wages for a total of $9,158,195.

There are no funding requirements for the MDC defined contribution plan other than deposit of employee contributions or contributions for the employee by the employer (see page 38 for additional details regarding the MDC plan).

## REQUIRED CONTRIBUTIONS

[in thousands]

| | CONTRIBUTION REQUIREMENTS | | | | |
|---|---|---|---|---|---|
| | NORMAL COST | | UNFUNDED COST | | |
| SYSTEM | AMOUNT | CONTRIBUTION RATE | AMOUNT | CONTRIBUTION RATE | ACTUARIALLY DETERMINED CONTRIBUTIONS |
| PERS | $688,091 | 11.21% | $831,111 | 13.54% | $1,519,202 |
| MHSPRS | 6,376 | 23.58 | 5,590 | 20.67 | 11,966* |
| SLRP | 398 | 5.73 | 324 | 4.67 | 722 |
| **TOTALS** | **$694,865** | **-** | **$837,025** | **-** | **$1,531,890** |

| | CONTRIBUTIONS MADE | | | | | |
|---|---|---|---|---|---|---|
| | | MEMBER | | EMPLOYER | | |
| SYSTEM | TOTAL ACTUAL CONTRIBUTIONS | AMOUNT | CONTRIBUTION RATE | AMOUNT | CONTRIBUTION RATE | COVERED PAYROLL |
| PERS | $1,519,202 | $549,528 | 9.00% | $969,674 | 15.75% | $5,834,687 |
| MHSPRS | 15,463 | 1,963 | 7.25 | 13,500 * | 37.00 | 25,554 |
| SLRP | 722 | 208 | 3.00 | 514 | 7.40 | 6,918 |
| **TOTALS** | **$1,535,387** | **$551,699** | **-** | **$983,688** | **-** | **$5,867,159** |

**Due to Senate Bill No. 2659 enacted in 2004, an estimated additional contribution of $3,600,000 (14.0 percent of payroll) was used to calculate total required contributions for MHSPRS. The actual amount received in 2014 was $3,497,000.*

## LEGALLY REQUIRED RESERVES

Provisions for reserves, in which all assets of the System are to be credited according to their purpose, are established by Miss. Code Ann. § 25-11-123, Article 3, (1972, as amended) and may be amended only by the State Legislature. The annuity savings account accumulates the contributions made by members and accumulated interest. The annuity reserve represents the actuarial value of all annuities in force. The reserve account that accumulates contributions made by the employers, and where all retirement allowances and other benefits are recorded, is referred to as the employer's accumulation account.

### *Note 8: Retirement Plan of System Employees*

System employees are members of PERS. The payroll for System employees covered by PERS for the year ended June 30, 2014, was $6,723,000; the System's total payroll expense was $8,974,000. System contributions for the years ended June 30, 2014, 2013, and 2012, were $1,055,000, $960,000, and $806,000, respectively. The contributions for 2014, 2013, and 2012 were each 100.0 percent of required contributions. Refer to Note 7 of the basic financial statements for more information regarding contributions made for fiscal year 2014. System contributions represent less than 1.0 percent of total contributions required for all participating employers.

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY & RELATED RATIOS
- YEAR ENDED JUNE 30, 2014 -

[in thousands] [unaudited]

| CHANGES IN THE NET PENSION LIABILITY | PERS | MHSPRS | SLRP |
|---|---|---|---|
| *Total pension liability* | | | |
| SERVICE COST | $681,778 | $6,461 | $404 |
| INTEREST | 2,754,573 | 33,396 | 1,549 |
| BENEFIT CHANGES | - | - | - |
| DIFFERENCE BETWEEN ACTUAL AND EXPECTED EXPERIENCE | 257,464 | 2,652 | (453) |
| ASSUMPTION CHANGES | - | - | - |
| BENEFIT PAYMENTS | (2,099,843) | (28,220) | (1,216) |
| REFUNDS | (121,532) | (42) | (22) |
| **NET CHANGE IN TOTAL PENSION LIABILITY** | **1,472,440** | **14,247** | **262** |
| **TOTAL PENSION LIABILITY - BEGINNING** | **35,542,848** | **431,575** | **19,978** |
| **TOTAL PENSION LIABILITY - ENDING (A)** | **$37,015,288** | **$445,822** | **$20,240** |
| *Plan fiduciary net position* | | | |
| CONTRIBUTIONS - EMPLOYER | 969,674 | 13,500 | 514 |
| CONTRIBUTIONS - MEMBER | 549,528 | 1,963 | 208 |
| NET INVESTMENT INCOME | 3,905,728 | 51,575 | 2,605 |
| BENEFIT PAYMENTS | (2,099,843) | (28,220) | (1,216) |
| REFUNDS | (121,532) | (42) | (22) |
| ADMINISTRATIVE EXPENSE | (12,837) | (200) | (10) |
| OTHER | (510) | - | - |
| **NET CHANGE IN FIDUCIARY NET POSITION** | **3,190,208** | **38,576** | **2,079** |
| **PLAN FIDUCIARY NET POSITION - BEGINNING** | **21,686,911** | **287,456** | **14,374** |
| **PLAN FIDUCIARY NET POSITION - ENDING (B)** | **24,877,119** | **326,032** | **16,453** |
| **NET PENSION LIABILITY - ENDING (A-B)** | **$12,138,169** | **$119,790** | **$3,787** |
| **PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY** | **67.21%** | **73.13%** | **81.29%** |
| **COVERED EMPLOYEE PAYROLL** | **$5,834,687** | **$25,554** | **$6,918** |
| **NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL** | **208.03%** | **468.77%** | **54.74%** |

*Schedule is intended to show information for 10 years.*
*Additional years will be displayed as they become available.*

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULES OF EMPLOYER CONTRIBUTIONS
- LAST 10 FISCAL YEARS -

[in thousands] [unaudited]

| *Public Employees' Retirement System* | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $921,872 | $835,321 | $735,022 | $687,016 | $699,824 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 969,674 | 881,847 | 768,914 | 723,836 | 731,544 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $(47,802) | $(46,526) | $(33,892) | $(36,820) | $(31,720) |
| COVERED EMPLOYEE PAYROLL | $5,834,687 | $5,823,578 | $5,857,789 | $5,684,624 | $5,763,556 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 16.62% | 15.14% | 13.13% | 12.73% | 12.69% |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | |
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $13,595 | $13,098 | $12,257 | $11,385 | $11,096 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 13,500 | 13,366 | 12,044 | 11,494 | 12,598 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $95 | $(268) | $213 | $(109) | $(1,502) |
| COVERED EMPLOYEE PAYROLL | $25,554 | $25,816 | $25,670 | $24,872 | $26,353 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 52.83% | 51.77% | 46.92% | 46.21% | 47.80% |
| *Supplemental Legislative Retirement System* | | | | | |
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $519 | $509 | $504 | $464 | $452 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 514 | 503 | 490 | 457 | 446 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $5 | $6 | $14 | $7 | $6 |
| COVERED EMPLOYEE PAYROLL | $6,918 | $6,695 | $6,872 | $6,810 | $6,605 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 7.43% | 7.51% | 7.13% | 6.71% | 6.75% |

*There are no nonemployer contributing entities in the plan reporting entity.*

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULES OF EMPLOYER CONTRIBUTIONS (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands] [unaudited]

| *Public Employees' Retirement System* | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|---|
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $657,048 | $636,546 | $621,497 | $514,525 | $482,967 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 713,569 | 683,189 | 610,888 | 557,831 | 492,434 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $(56,521) | $(46,643) | $10,609 | $(43,306) | $(9,467) |
| COVERED EMPLOYEE PAYROLL | $5,831,864 | $5,544,705 | $5,196,295 | $4,971,974 | $4,786,280 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 12.24% | 12.32% | 11.76% | 11.22% | 10.29% |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | |
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $11,668 | $10,492 | $10,023 | $8,692 | $9,088 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 12,274 | 12,409 | 10,616 | 9,512 | 8,723 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $(606) | $(1,917) | $(593) | $(820) | $365 |
| COVERED EMPLOYEE PAYROLL | $26,390 | $29,597 | $27,037 | $24,499 | $22,343 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 46.51% | 41.93% | 39.26% | 38.83% | 39.04% |
| *Supplemental Legislative Retirement System* | | | | | |
| ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION | $449 | $436 | $423 | $413 | $367 |
| CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION | 458 | 449 | 432 | 411 | 417 |
| ANNUAL CONTRIBUTION DEFICIENCY (EXCESS) | $(9) | $(13) | $(9) | $2 | $(50) |
| COVERED EMPLOYEE PAYROLL | $6,803 | $6,753 | $6,554 | $6,354 | $6,530 |
| ACTUAL CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL | 6.73% | 6.65% | 6.59% | 6.47% | 6.39% |

*There are no nonemployer contributing entities in the plan reporting entity.*

## REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF INVESTMENT RETURNS
- LAST 10 FISCAL YEARS -

[unaudited]

| | 2014 |
|---|---|
| ANNUAL MONEY-WEIGHTED RATE OF RETURN, NET OF INVESTMENT EXPENSE | 18.33% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# Notes to Required Supplementary Schedules

JUNE 30, 2014

*Note 1: Schedule of Changes in the Employer Net Pension Liability and Related Ratios*

The total pension liabilities presented in these schedules were provided by the System's actuarial consultants, Cavanaugh Macdonald Consulting, LLC. The net pension liability is measured as the total pension liability less the amount of the fiduciary net position for PERS, MHSPRS, and SLRP.

*Note 2: Schedules of Employer Contributions*

The required employer contributions and amount of those contributions actually made are presented in this 10-year schedule.

### PERS

The employer contribution rate was 9.75 percent in fiscal year 2005 with an increase in fiscal year 2006 to 10.75 percent. Beginning in fiscal year 2007, the employer contribution rate increased from 10.75 percent in .55 percent increments until the target rate was met in fiscal year 2008. Use of the phased-in employer contribution rate increase resulted in an annual contribution deficit for fiscal year 2007. The purpose of the phased-in approach was to moderate the impact to the State of Mississippi of a contribution rate increase. A slight increase in the employer contribution rate was implemented in fiscal year 2010, from 11.85 percent to 12.0 percent. In fiscal year 2010, the actuary's recommended employer contribution rate was to increase from 12.0 percent to a projected 13.56 percent for fiscal year 2011. In lieu of the employer contribution rate increase, the member contribution rate was increased to 9.0 percent for fiscal year 2011, which produced a decrease in employer normal cost. The reduction in normal cost, coupled with favorable investment experience, resulted in a revised recommended employer contribution rate from 13.56 percent to 12.93 percent, which became effective January 1, 2012. The employer contribution rate increased in fiscal year 2013 to 14.26 percent and in fiscal year 2014, the Board implemented a revised funding policy aimed at stabilizing the employer contribution rate, which was set at 15.75 percent.

### MHSPRS

The employer contribution rate, previously 28.16 percent, was changed effective July 1, 2006, to 30.30 percent. The employee contribution rate was raised from 6.50 percent to 7.25 percent for fiscal year 2009. On January 1, 2012, the employer contribution rate increased to 35.21 percent and was raised to 37.00 percent effective July 1, 2012. Motor vehicle and driver's license fees augment employer contributions. The amount varies each year depending on activity, with $3.5 million collected for fiscal year 2014. An actuarial contribution deficiency occurred for fiscal year 2012 due to a revision of the employer contribution rate. The change took place January 1, 2012, bringing the contribution rate from 30.30 percent to 35.21 percent causing a deficiency of $213 thousand in actual contributions compared with the actuarially determined employer contribution. In 2014, a deficiency occurred due to actual contributions of additional fees being lower than anticipated. Actual fees amounted to $2.6 million while estimated contributions were $3.6 million.

### SLRP

The employer contribution rate, which was 6.33 percent, changed to 6.65 percent effective July 1, 2006. The contribution rate remained constant until January 1, 2012, when it was increased to 7.40. The employee contribution rate has remained at 3.00 percent. Small annual contribution deficiencies occurred in 2006 and yearly from 2010 to 2014. SLRP is a small plan with a relatively fixed number of members. As members retire, they are replaced by new members with lower salaries and thus, lower employer contributions.

*Note 3: Schedule of Investment Returns*

The annual money-weighted rate of return on investments is calculated as the internal rate of return on plan investments, net of plan investment expense. A money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested. The investment assets of the defined benefit plans administered by the System are combined in a comingled investment pool. Each plan owns an equity position in the pool in accordance with its ownership percentage. The annual money-weighted rate of return is, therefore, approximately the same for PERS, MHSPRS, MRS, and SLRP.

*Note 4: Actuarial Assumptions*

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rates. The assumptions and methods used for this actuarial valuation were recommended by the actuary and adopted by the Board. Additional information, as of the latest actuarial valuation, is as follows.

### EFFECTS OF CURRENT YEAR CHANGES IN PLAN REQUIREMENTS

Plan requirements may be affected by changes in actuarial assumptions, benefit provisions, plan provisions, actuarial funding methods, or other significant factors.

The following amendments were incorporated into the actuarial valuations:

- PERS
  - The valuation results are developed based upon the employer contribution rate of 15.75 percent of payroll.
  - There were no changes in actuarial assumptions or methods since last valuation.
  - There are no changes in plan provisions since the last valuation.
- MHSPRS
  - The valuation results are developed based upon the employer contribution rate of 37.0 percent of payroll.
  - There were no changes in actuarial assumptions or methods since last valuation.
  - There are no changes to benefit provisions since last valuation.
  - Due to Senate Bill No. 2659 enacted in 2004, and House Bill No. 1015, enacted on April 25, 2013, additional contributions are being made to the System and are expected to continue in the future. In the June 30, 2014 valuation report, the actuary reduced the expected contributions from these sources from $4,600,000 to $3,400,000 based on actual monies received for the fiscal year ending June 30, 2014.
- SLRP
  - The valuation results are developed based upon the employer contribution rate of 7.40 percent of payroll.
  - There were no changes in actuarial assumptions or methods since last valuation.
  - There are no changes to benefit provisions since last valuation.

The actuarially determined contribution rates in the Schedules of Employer Contributions are calculated as of June 30 2012, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

| | PERS | MHSPRS | SLRP |
|---|---|---|---|
| ACTUARIAL COST METHOD | Entry age | Entry age | Entry age |
| AMORTIZATION METHOD | Level percentage of payroll, open | Level percentage of payroll, open | Level percentage of payroll, open |
| REMAINING AMORTIZATION PERIOD | 30 years | 30.0 years | 30 years |
| ASSET VALUATION METHOD | 5-year Smoothed Market | 5-year Smoothed Market | 5-year Smoothed Market |
| *Actuarial Assumptions:* | | | |
| INVESTMENT RATE OF RETURN* | 8.0% | 8.0% | 8.0% |
| PROJECTED SALARY INCREASES | 4.50-20.0% | 5.0-10.52% | 4.50% |
| PRICE INFLATION RATES | 3.50% | 3.50% | 3.50% |

**Net of pension plan investment expense, including inflation.*

## SCHEDULE 1
### SCHEDULE OF ADMINISTRATIVE EXPENSES AND DEPRECIATION
- FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| ADMINISTRATIVE EXPENSE | AMOUNT |
|---|---|
| *Personal Services:* | |
| SALARIES & WAGES | $6,752 |
| EMPLOYEE BENEFITS | 2,222 |
| TRAVEL & SUBSISTENCE | 77 |
| **TOTAL PERSONAL SERVICES** | **9,051** |
| *Contractual Services:* | |
| PROFESSIONAL SERVICES (SEE SCHEDULE 3) | 1,694 |
| DATA PROCESSING, COMMUNICATIONS, TRAINING, & LICENSING | 710 |
| NEW INFORMATION SYSTEM DEVELOPMENT | 540 |
| UTILITIES | 334 |
| RENT OF BUILDING SPACE & OFFICE EQUIPMENT | 174 |
| REPAIR & MAINTENANCE OF BUILDING & EQUIPMENT | 172 |
| BANK CHARGES | 161 |
| OTHER CONTRACTUAL SERVICES | 113 |
| JANITORIAL | 87 |
| SECURITY | 81 |
| INSURANCE | 41 |
| **TOTAL CONTRACTUAL SERVICES** | **4,107** |
| *Commodities:* | |
| PRINTING, BINDING, & PADDING | 111 |
| OFFICE SUPPLIES & EXPENDABLE REPAIR PARTS | 86 |
| OFFICE EQUIPMENT (NOT CAPITALIZED) | 54 |
| NEW INFORMATION SYSTEM EQUIPMENT (NOT CAPITALIZED) | 29 |
| BUSINESS MEETING SUPPLIES | 11 |
| FUEL | 5 |
| **TOTAL COMMODITIES** | **296** |
| **TOTAL ADMINISTRATIVE EXPENSES** | **13,454** |
| *Depreciation:* | |
| FURNITURE & EQUIPMENT | 369 |
| BUILDING | 409 |
| **TOTAL DEPRECIATION** | **778** |
| **TOTAL ADMINISTRATIVE EXPENSES & DEPRECIATION** | **$14,232** |

*See accompanying independent auditors' report.*

## SCHEDULE 2

### SCHEDULE OF ADMINISTRATIVE EXPENDITURES/EXPENSES— BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

- FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| BUDGET COMPARISONS | 2014 BUDGET | 2014 ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|---|---|---|
| *Administrative Expenditures:* | | | |
| *Personal Services:* | | | |
| SALARIES, WAGES, & FRINGE BENEFITS | $9,462 | $8,973 | $489 |
| TRAVEL & SUBSISTENCE | 80 | 76 | 4 |
| CONTRACTUAL SERVICES* | 7,372 | 6,800 | 572 |
| COMMODITIES | 326 | 225 | 101 |
| CAPITAL OUTLAYS** | 247 | 193 | 54 |
| **TOTALS** | **$17,487** | **$16,267** | **$1,220** |

**Contractual services budget includes $3,400,000 for intermediate phases of the pension administration computer system replacement.*
***Capital outlays budget includes $80,000 for intermediate phases of the pension administration computer system replacement.*

The budget and actual (non-GAAP budget basis) schedule presents a comparison of the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis sometimes differ significantly from those used to present financial statements in conformity with generally accepted accounting principles. Therefore, a reconciliation of the resulting differences is presented below for the year ended June 30, 2014.

### RECONCILIATION OF BUDGETARY BASIS ADMINISTRATIVE EXPENDITURES TO GAAP BASIS ADMINISTRATIVE EXPENSES

[in thousands]

| | AMOUNT |
|---|---|
| ADMINISTRATIVE EXPENDITURES (BUDGETARY BASIS) | $16,267 |
| *Adjustments:* | |
| COMPENSATED LEAVE ACCRUAL | 16 |
| BANK SERVICE CHARGES | 161 |
| CAPITAL ASSET PURCHASES RECORDED AS EXPENDITURES FOR BUDGETARY PURPOSES | (3,280) |
| FISCAL YEAR 2014 BUDGET EXPENDITURES PAID DURING LAPSE PERIOD; EXPENSES RECORDED IN FISCAL YEAR 2015 | (597) |
| FISCAL YEAR 2013 BUDGET EXPENDITURES PAID DURING LAPSE PERIOD; EXPENSES RECORDED IN FISCAL YEAR 2014 | 1,704 |
| FISCAL YEAR 2014 ACCRUALS TO GAAP BASIS | (817) |
| **ADMINISTRATIVE EXPENSES (GAAP BASIS)** | **$13,454** |

*See accompanying independent auditors' report.*

## SCHEDULE 3

### SCHEDULE OF MANAGERS' FEES, INVESTMENT GLOBAL OUT-OF-POCKET AND CUSTODIAL FEES, AND PROFESSIONAL SERVICE FEES

- FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| *Investment Managers' Fees:* | AMOUNT |
|---|---|
| EAGLE CAPITAL MANAGEMENT | $4,997 |
| UBS REALTY INVESTORS, LLC - CORE REAL ESTATE | 4,398 |
| THE BOSTON COMPANY–MID CAP EQUITY | 3,139 |
| PRINCIPAL GLOBAL INVESTORS | 2,996 |
| LAZARD ASSET MANAGEMENT | 2,869 |
| ARTISAN PARTNERS LP–EMERGING MARKETS EQUITY | 2,780 |
| ARTISAN PARTNERS LP - MID CAP EQUITY | 2,734 |
| WELLINGTON MANAGEMENT COMPANY–MID CAP EQUITY | 2,713 |
| WELLINGTON MANAGEMENT COMPANY–SMALL CAP EQUITY | 2,561 |
| NS PARTNERS LTD | 2,408 |
| DIMENSIONAL FUND ADVISORS–EAFE | 2,351 |
| EPOCH INVESTMENT PARTNERS, INC. | 2,265 |
| WELLINGTON MANAGEMENT COMPANY–EMERGING MARKETS DEBT INVESTMENTS | 2,179 |
| ACADIAN ASSET MANAGEMENT | 1,990 |
| RIVERBRIDGE PARTNERS, LLC | 1,961 |
| J.P. MORGAN INVESTMENT MANAGEMENT | 1,864 |
| DIMENSIONAL FUND ADVISORS–SMALL CAP EQUITY | 1,859 |
| HARDING LOEVNER LP | 1,787 |
| ARROWSTREET CAPITAL, LP | 1,751 |
| MONDRIAN INVESTMENT PARTNERS | 1,742 |
| PYRAMIS GLOBAL ADVISORS | 1,681 |
| INTECH | 1,601 |
| FAYEZ SAROFIM & COMPANY | 1,520 |
| LOOMIS SAYLES & COMPANY | 1,512 |
| JARISLOWSKY FRASER LTD | 1,309 |
| HANCOCK TIMBER RESOURCE GROUP | 1,249 |
| UBS REALTY INVESTORS, LLC–VALUE ADDED REAL ESTATE | 1,059 |
| DEUTSCHE ASSET & WEALTH MANAGEMENT | 1,028 |
| PRUDENTIAL FIXED INCOME | 993 |
| PACIFIC INVESTMENT MANAGEMENT COMPANY–GLOBAL | 978 |
| ALLIANCEBERNSTEIN | 955 |
| ABERDEEN ASSET MANAGEMENT | 952 |
| COHEN & STEERS CAPITAL MANAGEMENT | 944 |
| PACIFIC INVESTMENT MANAGEMENT COMPANY | 913 |
| THE BOSTON COMPANY–SMALL CAP EQUITY | 819 |

| *Investment Managers' Fees (Continued):* | AMOUNT |
|---|---|
| ELL CAPITAL MANAGEMENT, INC. | $733 |
| AEW CAPITAL MANAGEMENT, LP–FUND VI | 609 |
| ANGELO GORDON & COMPANY–FUND III | 449 |
| AEW CAPITAL MANAGEMENT, LP–FUND VII | 400 |
| T.A. ASSOCIATES REALTY | 383 |
| BLACKROCK INSTITUTIONAL TRUST COMPANY–EAFE | 305 |
| NORTHERN TRUST GLOBAL INVESTMENT | 256 |
| ANGELO GORDON & COMPANY–FUND II | 238 |
| AEW CAPITAL MANAGEMENT, LP – FUND V | 201 |
| HEITMAN–FUND II | 177 |
| BLACKROCK INSTITUTIONAL TRUST COMPANY - DEBT INVESTMENTS | 157 |
| STATE STREET GLOBAL ADVISORS–EQUITY | 106 |
| MELLON CAPITAL MANAGEMENT CORPORATION | 102 |
| HEITMAN–FUND III | 89 |
| STATE STREET GLOBAL ADVISORS - DEBT INVESTMENTS | 86 |
| PRIVATE EQUITY MANAGERS: GCM GROSVENOR & PATHWAY CAPITAL MANAGEMENT | 9,683 |
| **TOTAL MANAGERS' FEES** | **$82,831** |
| *Custodial & Global Out-Of-Pocket Fees:* | |
| BANK OF NEW YORK MELLON | 618 |
| **TOTAL MANAGERS' FEES, CUSTODIAL & OUT-OF-POCKETS FEES** | **$83,449** |
| *Securities Lending Fees:* | |
| **BANK OF NEW YORK MELLON** | **$2,680** |
| *Professional Service Fees:* | |
| INVESTMENT MANAGEMENT CONSULTANT–CALLAN ASSOCIATES, INC. | $560 |
| MEDICAL FEES–CLINICS, LABS | 301 |
| ACTUARY–CAVANAUGH MACDONALD CONSULTING, LLC | 231 |
| LEGAL–STATE OF MISSISSIPPI, OFFICE OF THE ATTORNEY GENERAL; OTHER | 188 |
| AUDIT–DEPARTMENT OF AUDIT; KPMG, LLP | 156 |
| VOTING SERVICES–VR ELECTION SERVICES | 125 |
| LEGAL-OUTSIDE–CHAPMAN & CUTLER, LLP; ICE MILLER, LLP | 80 |
| GRAPHIC DESIGN–COMMUNICATION ARTS | 30 |
| MAILING SERVICES–POSTAGE SAVERS, INC.; SOURCELINK MADISON, LLC | 23 |
| **TOTAL PROFESSIONAL SERVICE FEES** | **$1,694** |

*See accompanying independent auditors' report.*

## SCHEDULE 4
### SUMMARY SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS—PENSION TRUST FUNDS
- FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| | AMOUNT |
|---|---|
| **CASH BALANCE AT BEGINNING OF YEAR** | $589,669 |
| **RECEIPTS** | |
| *Contributions:* | |
| EMPLOYEE | 608,654 |
| EMPLOYER | 999,764 |
| **TOTAL CONTRIBUTIONS** | **1,608,418** |
| *Investments:* | |
| SECURITIES LENDING & REVERSE REPURCHASE AGREEMENTS | 28,795,305 |
| INVESTMENTS MATURED & SOLD | 25,373,798 |
| INVESTMENT INCOME | 1,842,242 |
| **TOTAL INVESTMENTS** | **56,011,345** |
| ADMINISTRATIVE RECEIPTS | 654 |
| OTHER RECEIPTS | 6,477 |
| **TOTAL CASH RECEIPTS** | **57,626,894** |
| **DISBURSEMENTS** | |
| *Annuities & Refunds:* | |
| RETIREMENT ANNUITIES | 2,259,859 |
| REFUNDS TO TERMINATED EMPLOYEES | 120,834 |
| **TOTAL ANNUITIES & REFUNDS** | **2,380,693** |
| *Investments:* | |
| SECURITIES LENDING & REVERSE REPURCHASE AGREEMENTS | 28,795,108 |
| INVESTMENTS PURCHASED | 26,179,698 |
| INVESTMENT EXPENSES | 83,525 |
| **TOTAL INVESTMENTS** | **55,058,331** |
| ADMINISTRATIVE EXPENSES | 18,021 |
| OTHER DISBURSEMENTS | 163 |
| **TOTAL CASH DISBURSEMENTS** | **57,457,208** |
| **CASH BALANCE AT END OF YEAR** | **$759,355** |

*See accompanying independent auditors' report.*

## SCHEDULE 5
### SCHEDULE OF INVESTMENTS DUE TO MRS FROM PERS
- JUNE 30, 2014 -

[in thousands]

| *Due To MRS:* | AMOUNT |
|---|---|
| BILOXI MUNICIPAL | $4,395 |
| BILOXI FIRE & POLICE | 6,217 |
| CLARKSDALE FIRE & POLICE | 1,630 |
| CLINTON FIRE & POLICE | 9,201 |
| COLUMBUS FIRE & POLICE | 1,679 |
| GREENVILLE FIRE & POLICE | 3,905 |
| GREENWOOD FIRE & POLICE | 3,393 |
| GULFPORT FIRE & POLICE | 10,910 |
| HATTIESBURG FIRE & POLICE | 23,693 |
| JACKSON FIRE & POLICE | 67,999 |
| LAUREL FIRE & POLICE | 4,233 |
| MCCOMB FIRE & POLICE | 1,048 |
| MERIDIAN MUNICIPAL | 2,912 |
| MERIDIAN FIRE & POLICE | 8,112 |
| NATCHEZ FIRE & POLICE | 2,674 |
| PASCAGOULA FIRE & POLICE | 8,376 |
| TUPELO FIRE & POLICE | 6,476 |
| VICKSBURG FIRE & POLICE | 12,427 |
| YAZOO CITY FIRE & POLICE | 438 |
| **TOTAL INVESTMENTS DUE TO MRS** | **$179,718** |

*See accompanying independent auditors' report.*

## SCHEDULE 6
### PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
### STATEMENT OF CHANGES IN ASSETS AND LIABILITIES—AGENCY FUND
- FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| FLEXIBLE BENEFITS CAFETERIA PLAN | BALANCE JUNE 30, 2013 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2014 |
|---|---|---|---|---|
| *Assets:* | | | | |
| CASH | $18 | $50 | $52 | $16 |
| **TOTAL ASSETS** | **$18** | **$50** | **$52** | **$16** |
| *Liabilities:* | | | | |
| ACCOUNTS PAYABLE | 15 | - | - | 15 |
| FUNDS HELD FOR OTHERS | 3 | 50 | 52 | 1 |
| **TOTAL LIABILITIES** | **$18** | **$50** | **$52** | **$16** |

*See accompanying independent auditors' report.*

# PERS IS PUBLIC EDUCATION & RESEARCH

Mississippi educators make up the largest percentage (38 percent) of active PERS members. Roughly 60,000 PERS-covered teachers and administrators instruct the state's children from kindergarten to high school. Professors and instructors—who make up a large part of the nearly 25,000 active PERS members working in our nine public universities and 15 public community and junior colleges—equip Mississippi's students with the skills needed to compete successfully in today's modern workforce. PERS members are also researchers and scientists—like zoologists, horticulturalists, and chemists—who collect data and make new discoveries that positively affect our community and world.

*Illustrations: Véronique Joffre, colagene.com*

# Defined Benefit Plans—Report on Investment Activity

PREPARED BY LORRIE TINGLE, CFA
CHIEF INVESTMENT OFFICER

The Board of Trustees serves as the ultimate decision-making body for the Public Employees' Retirement System of Mississippi. As fiduciaries, the trustees rely on the following principles to guide them in making investment-related decisions.

- ensure adequate liquidity is available when needed;
- preserve the long-term corpus of the fund;
- maximize total return within prudent levels of risk; and
- to always act in the exclusive interest of the members of the System.

Facing each year's unique investment challenges and opportunities, the PERS Board and investment staff remain clearly focused on the fundamental truth that investing for the future of our membership is a long-term commitment, and the prudent management of the System's assets demands constant attention and specialized expertise. The PERS Board is committed to maintaining a well-diversified portfolio designed to minimize risks and maximize returns over the long term. The goal of the investment program is to ensure adequate funding is available to meet all current and future pension obligations.

## *Risk Controls*

The greatest risk faced by the System is that the plan assets will not support its liabilities over the long term. To help mitigate this and other investment-related risks, the PERS Board takes the following actions:

- conducts annual actuarial valuations to evaluate the funding objectives and funded status of the System. Additionally, at least every six years, an independent external audit of the actuary is conducted to ensure the assumptions and calculation methods used are appropriate for properly computing the liabilities of the System;
- asset/liability studies are conducted at least every five years to ensure the investment portfolio is structured in a way designed to ensure the highest probability of meeting the System's liability needs; and
- regularly evaluates the effectiveness of each investment strategy used to implement the investment policy.

## *Fiscal Year 2014 Plan Overview*

As of June 30, 2014, the market value of the System's portfolio was approximately $25.0 billion. This represented growth of approximately $3 billion over the fiscal year 2013 valuation. As is common in mature pension plans, the System's annual distributions surpassed the annual contributions made by employees and employers. For fiscal year 2014, the amount paid out to participants exceeded incoming contributions by approximately $730 million.

The asset allocation at year end, excluding investments purchased with securities lending cash collateral, was 65.7 percent public equities; 19.9 percent debt securities; 9.4 percent public and private real estate investments; 3.9 percent private equity, and 1.1 percent cash equivalents.

Callan Associates, Inc. is employed by the Board of Trustees as the System's investment consultant. Their services include calculating investment returns both for the total fund and for each of the investment managers retained to invest the System's assets. Callan also provides investment research and advice; assists the Board in the manager selection process; and conducts periodic asset/liability studies.

The System's securities lending program is managed by its custodial bank, BNY Mellon. This program generates ancillary income by lending securities from the System's portfolio to securities dealers in return for a premium payment on loans collateralized by securities and earnings generated by the investment of cash collateral. All cash loans are secured by the receipt of collateral valued at 102 or 105 percent of the value of the loaned security, while non-cash loans are collateralized at 110 percent. In fiscal year 2014, the securities lending program generated $15.4 million* in additional revenue for the investment program.

In addition to the cash equivalent portfolio managed in-house, 39 firms managed 52 different investment funds or portfolios for the System at year end. The chart on pages 90 and 91 identifies the investment firms and the percentage of the total portfolio each manages. Portfolio performance is monitored quarterly by the Board of Trustees with the assistance of Callan Associates.

**$15.4 million were the earnings distributed for the fiscal year; $16.5 million was the reported net income as required by Governmental Accounting Standards Board Statement No. 28.*

## *Fiscal Year 2014 Market Environment*

Notwithstanding the lack of widespread signs of global economic recovery, a change in leadership at the US Federal Reserve, and increased geopolitical tensions in Syria and the Ukraine, investors experienced strong returns from most asset classes during fiscal year 2014.

### EQUITY MARKETS

Continuing on a theme from last year, US and European Central Bankers maintained their focus on stimulating economic growth and keeping interest rates suppressed. As a result, investor appetite for higher risk opportunities drove returns throughout most of the year.

Global equity markets, represented by the MSCI All Country World IM Index (ACWI), started the year strong returning 8.3 percent for the quarter ending September 30. This was helped primarily by non-US developed markets, represented by the MSCI EAFE Index, which returned an amazing 11.6 percent. Emerging market returns came in at 5.9 percent for the quarter.

In the US, returns were boosted as a result of improvements in home sales, the number of unemployment claims, and an unexpected decision by the Federal Reserve to continue its asset purchasing program. Investors in US equities benefitted from exposure to the S&P 500 Index, which returned 5.2 percent, and the smaller cap Russell 2000 Index, which saw strong gains of 10.2 percent for the period.

During the second quarter of the fiscal year, investor sentiment was affected when political stalemate over approval of the US budget resulted in a sixteen day government shutdown. Additionally, reports of continued slowing economic growth in China and increasing geopolitical tensions in the Middle East and Africa raised investor concerns throughout the period. These worries were somewhat offset by indications of economic improvement in Europe. At the same time, data in the US continued to show strengthening with GDP growth for the quarter coming in at 3.2 percent and the unemployment rate dropping to 6.7 percent. The US economy had more good news as improved fracking technology facilitated the expansion of oil shale exploration and production. Estimates of US oil reserves continued to grow. With new oil field production expanding across the country, all indications now seem to point to complete energy independence for the United States in the near future.

As US and European monetary policies began to diverge, investors perceived better growth prospects in the US. This resulted in non-US developed markets returning 5.8 percent for the quarter, while the S&P 500 and Russell 2000 Indices returned 10.5 and 8.7 percent, respectively. The MSCI ACWI IM Index, representing global equity markets, posted a 7.25 percent gain for the period. The MSCI Emerging Markets Index lagged other equity indices by returning only 3.25 percent for the quarter, largely due to concerns over slowing demand from China.

For equity investors, the third quarter of the fiscal year was a disappointment after the strong returns posted during the previous two periods. Results were affected by a number of events, including the US GDP measures for the prior quarter that indicated a significant slowdown of economic growth had occurred. Though difficult to prove, some have speculated that, rather than an actual decrease in growth, this decline was the result of an unusually harsh winter, which impacted large parts of the country. The severe weather periodically forced the closing of schools and businesses for days at a time, resulting in significant declines in consumer spending, auto sales, and construction during the period.

The quarter began with the Federal Reserve unveiling a plan to gradually eliminate Quantitative Easing (QE) and its periodic liquidity injections into the US economy. The plan called for a steady decrease in monthly bond purchases beginning in January and continuing until October when the purchase program would be completely phased out. In February, Janet Yellen took over as head of the Federal Reserve, reassuring investors that interest rates would most likely be held lower for longer.

As markets appeared uncertain about the effect of the Fed's tapering program and unable to look beyond the disappointing economic reports, investors in US equity markets saw returns diminish with the S&P 500 posting 1.8 percent and the Russell 2000 Index reporting a modest 1.1 percent gain for the quarter.

During the third quarter, markets were also affected by new geopolitical concerns as Russia invaded and took control of the Crimean peninsula of Ukraine. This aggressive military move sparked concerns across all of Europe. The impact of this uncertainty was reflected in the negative 0.4 percent return from emerging markets and the MSCI EAFE Index return of 0.8 percent.

The final quarter of the fiscal year was relatively calm for equity markets. In the US, the Federal Reserve continued its gradual reduction in the bond purchasing program; both housing starts and home sales showed signs of improving; and reported unemployment levels continued to decline. These were all strong indicators of an economy likely to continue on the path of steady recovery.

The situation in Japan remained sluggish as Prime Minister Abe continued efforts to bring about improvements to the country's persistent deflationary economy. Meanwhile, economic reports from other global regions told a different story. The data from Europe reflected a number of economies that appeared to be stabilized but not yet showing measurable signs of growth.

Perhaps the biggest surprise of the quarter came from the emerging markets. Because prices had declined throughout the previous quarter, investors took advantage of bargain buying opportunities and moved back into those markets. This shift resulted in the MSCI Emerging Markets Index returning 6.7 percent, outperforming both the MSCI EAFE developed markets index gain of 4.3 percent and the S&P 500 return of 5.2 for the quarter.

Driven primarily by strong returns during its first two quarters, fiscal year 2014 was a surprisingly good year for public equity investors globally. US investors, benefitting from improving economic conditions and the Federal Reserve's continued low interest rate policy, saw their investments grow as the benchmark S&P 500 Index returned 24.6 percent and the broader based Russell 3000 Index gained 25.2 percent for the year.

Though lagging the US in terms of economic recovery, other developed markets also provided investors with significant returns as reflected by the MSCI EAFE Index one-year return of 24.1 percent. Even emerging markets, which were out of favor at times, reported double-digit gains of 14.7 percent for the fiscal year.

## DEBT MARKETS

Fiscal year 2014 began with the debt investors focused on interest rates and the timing of the Federal Reserve's end to QE. With rates remaining low, yield-seeking investors pushed up returns in the credit and high-yield sectors of the fixed income markets. As a result, spreads widened slightly during the quarter, with the yield on the 30-year Treasury increasing by 19 basis points. As of September 30, the Barclay's Aggregate Index returned 0.6 percent, realizing its first positive quarter since 2012, while emerging market investors saw returns retreat slightly to 1.2 percent on news of China's continued economic slowdown.

During the second quarter of the fiscal year, the Federal Reserve announced its plan to begin the QE tapering program in early 2014. The initial response was a rally in US fixed income markets. However, later in the quarter, concerns over potential rising interest rates prompted a sell-off in the treasury and mortgage-backed sectors. By December 31, investors saw the yield on the 10-year treasury reach 3.0 percent, a level not seen since 2011.

For the quarter ending December 31, the benchmark Barclay's Aggregate Index returned negative 0.1 percent. Once again, non-US and, particularly, emerging market debt investors realized better returns in dollar terms, as the Barclay's Global Aggregate and the Emerging Markets Global Diversified Indices returned 0.2 and 1.5 percent, respectively.

Early in the third quarter, as investors were adjusting to the Federal Reserve's leadership change and continued tapering of the bond purchase program, tensions erupted in the Crimean region of Ukraine. In an effort to insure port access, Russia sent troops into Crimea and began efforts to annex the region away from Ukraine. This unstable situation resulted in investors shifting from equities to the safety of fixed income opportunities. As of March 31, the Barclay's Aggregate returned 1.8 percent, while the Barclay's Global Aggregate posted 2.0 percent and Emerging Markets debt investors saw returns of 3.7 percent.

In the fourth quarter of fiscal year 2014, the Federal Reserve intimated interest rates would be kept low until both employment and inflation reached levels that could support US economic growth going forward. This provided investors the confidence to again seek higher yields in riskier assets and pushed yields on the 10-year Treasury down to 2.5 percent.

High yield investments gained for the quarter, as did investments in emerging market debt. The fiscal year closed with both the Barclay's Aggregate and Barclay's Global Aggregate posting similar gains of 2.0 percent and the Emerging Market Global Diversified Index returning a healthy 4.8 percent.

Throughout the fiscal year, the continued low-interest rate environment encouraged investors to accept higher risks in return for higher yields on their fixed income investments. For the one-year period ended June 30, this resulted in the Barclay's Aggregate and Barclay's Global Aggregate Indices returning 4.4 and 5.2 percent, respectively, while the Emerging Markets Global Diversified Index gained an impressive 11.6 percent.

## REAL ESTATE MARKETS

Investor concerns over rising bond yields caused US REITS to underperform the broader equity market for the first quarter of fiscal year 2014. The US-based FTSE NAREIT Index posted a disappointing return of negative 3.1 percent for the quarter ended September 30. Outside the US, public real estate securities investors benefitted from signs of improving growth from both Europe and Asia. This resulted in the FTSE EPRA/NAREIT Developed REIT Index gaining 2.4 percent for the quarter.

Private real estate investors experienced a positive first quarter with returns from the NCREIF Total Return Index coming in at 2.6 percent. Strong showings from the industrial and retail sectors helped bolster returns. Core real estate funds continued to garner strong investor interest even though most providers in that space continued to have investment queues of 12-18 months. The NFI-ODCE Index, representing core private real estate funds, posted returns of 3.2 percent for the quarter.

The second quarter of the year saw public REITs in both the US and non-US markets disappoint investors. Concern over the potential of rising interest rates and slowing economies spooked investors, resulting in the FTSE NAREIT Index losing 0.7 percent. Additionally, Asian markets added to the worries as Hong Kong and Australian REITs pulled down the region's returns, resulting in a 2.8 percent loss for the quarter. Europe was the only bright spot, reporting a strong 5.9 percent gain. As might be expected from the returns of its various component markets segments, the global FTSE EPRA/NAREIT Developed Index returned negative 0.5 percent for the second quarter of fiscal year 2014.

As of December 31, private real estate returns again outpaced those of public REITs with returns from property investments in both the southern and western US exceeding those of other regions of the market. The NCREIF Index returned 2.5 percent and the NFI-ODCE Index advanced 2.9 percent for the period.

The core real estate environment continued to improve throughout fiscal year 2014, as declining vacancy rates put upward pressure on rents. In addition, the lack of supply due to limited new construction during the previous five years, provided investors opportunities to profit from strong demand for existing assets. For the quarter ended March 31, the NCREIF property Index gained 2.7 percent, comprised of 1.3 percent from income and 1.4 percent from asset appreciation.

On the public real estate front, US REITs posted stellar gains of just under 10.0 percent for the quarter. Outside the US, UK REITs performed well, but Japanese issues did poorly. This affected the global FTSE EPRA/NAREIT Developed Index, which returned just 4.0 percent for the period.

For the quarter ended June 30, private real estate investors saw the NCREIF Index chalk up gains of 2.9 percent. The Index return benefitted from a 1.6 percent contribution coming from appreciation of the underlying properties and from income gains of 1.3 percent. The public real estate markets experienced even stronger returns with US investors reaping gains of almost 7.0 percent, while global REIT investors saw returns of 7.9 percent for the final quarter of the fiscal year.

For fiscal year 2014, both public and private real estate investors experienced double-digit returns. Global REITs, represented by the FTSE EPRA/NAREIT Developed Index, led the way, returning 14.4 percent for the year. The US-only FTSE NAREIT Index followed closely behind with gains of 13.2 percent, while the NCREIF Property Index and NFI-ODCE reported gains of 11.2 and 11.4 percent, respectively. Overall, investors with broadly diversified exposure to both public and private real estate ended the year with strong absolute returns.

## PRIVATE EQUITY MARKETS

The pace of private equity fundraising during the first quarter of the fiscal year was somewhat slower than that experienced at the end of fiscal year 2013, but still represented an improvement over the same period a year earlier. As investors sought out additional opportunities to participate in the US economic recovery, they focused their capital commitments primarily on buyout and growth equity funds.

During the quarter ended December 31, private equity funds continued to garner investor interest. Worldwide private equity firms saw commitments totaling almost $85 billion, representing the largest quarterly fundraising seen since September 2008. The strong demand for private equity continued into the third quarter with 70.0 percent of all new commitments going into North America-focused funds. Throughout the period, buyout and growth equity opportunities continued to find favor with investors.

The fourth quarter of fiscal year 2014 saw the pattern continue as investors increased the flow of funds into private equity opportunities. Commitments to private equity topped $78 million for the quarter, representing an 8.0 percent year-over-year increase in total commitments.

The one-year return for the period ended June 30, 2014 for the All Private Equity Index posted by Thompson Reuters/Cambridge was 20.9 percent, underperforming public equity market investments. Given the 10-year lifecycle of a typical private equity fund, and the illiquid nature of these investments, the returns over longer time frames are arguably better measures of the success or failure of private equity investments. Based on that premise, a review of the All Private Equity Index for 10- and 30-year periods reflected premiums of more than 6.0 and 5.0 percent, indicating strong returns for the asset class relative to public markets. It is worth noting the fiscal year 2014 return of 20.9 percent from private equity was very attractive when compared to other alternative investment opportunities.

*Fiscal Year 2014 Performance Overview*

In terms of investment returns, fiscal year 2014 will be remembered as one of the best fiscal years on record. The PERS portfolio returned 18.6 percent, matching the returns of its customized Target Policy benchmark and exceeding 92.0 percent of the funds in the peer universe of Public Funds >$10 billion that is maintained by Callan Associates. The System's three-year total return of 10.6 percent exceeded the peer universe median return of 9.9 percent, while the five-year return of 14.1 percent outpaced the returns of 91 percent of the peer universe. For the 10 years ended June 30, 2014, the portfolio returned 7.5 percent, outperforming the Target Policy benchmark return of 7.3 percent, and slightly underperforming the peer universe median return of 7.6 percent.

It is important to note the System's portfolio structure is designed to achieve success over the long term. While challenging events in the global financial markets often impact the portfolio's shorter term returns, over longer periods the System has been successful in achieving its assumed target return of 8.0 percent. This is evidenced by the 20-, 25-, and 30-year returns of 8.3, 8.5, and 9.6 percent, respectively.

## SHORT-TERM PORTFOLIO

Cash flows generated by employee and employer contributions to the System, and from ancillary income-generating activities are invested by the System's investment staff. These assets are used to fund monthly benefits, refunds, and annual Cost-of-Living-Adjustment payments. As interest rates at the short end of the yield curve remained near zero throughout the fiscal year, the return on the short-term investment program was a modest 0.02 percent. The cash portion of the accounts managed by external investment managers is invested in interest earning cash equivalents. All short-term investments are made in accordance with state law and policies set by the Board of Trustees.

## PUBLIC EQUITY PORTFOLIO

The domestic equity portfolio experienced consistently strong returns throughout the fiscal year. Though not as strong as the US equity returns, the non-US-developed markets portfolio also reported gains in all four quarters of the year. The only component of the public equity portfolio to experience even one quarter of negative returns during fiscal year 2014 was the emerging markets program. That portfolio saw strong returns throughout the first half of the fiscal year; however, the investor flight to quality in the third quarter resulted in slightly negative returns for the period. The emerging market investments recovered and saw returns rally sharply in the fourth quarter to end the year on a strong positive note.

The System's domestic equity portfolio returned 25.1 percent for the fiscal year, basically matching the 25.2 percent return of the benchmark Russell 3000 Index and ranking above median in the Callan Public Plan domestic equity universe. The international equity portfolio comprised of both developed and emerging market investments saw returns of 22.5 percent, which slightly beat its custom benchmark return of 22.3 percent.

The total public equity portfolio return of nearly 24.0 percent for the fiscal year beat the MSCI All Country World Index (ACWI) total equity benchmark return of 23.4 percent. The total public equity portfolio returns for the three-year period ended June 30, were 12.9 percent, with five-year returns of 17.3 percent. These gains also exceeded the benchmark MSCI ACWI Index returns of 10.4 percent for the three-year and 14.8 percent for the five-year periods. For the 10 years ended June 30, the public equity portfolio's return of 8.2 percent exceeded the benchmark index return of 7.8.

As of June 30, the System had allocated 36.6 percent of the total portfolio to domestic equities; 16.1 percent to international developed markets; 5.7 percent to emerging markets; 5.8 percent to global equities; and 1.5 percent to the all country ex-US category. Within the domestic equity portfolio 68.0 percent were invested in large; 19.0 percent in mid-, and 13.0 percent in small-capitalization securities.

## DEBT PORTFOLIO

In an effort to better position the debt portfolio to weather the effect of future interest rate increases, the System sought better diversification by increasing its allocations to non-US and high yield debt. At the close of the year, the debt portfolio was made up of both active and passive core US portfolios; core-plus strategies which incorporate allocations to both high yield and non-US debt; global bond portfolios; and a portfolio dedicated to emerging market debt.

This more-broadly diversified portfolio provided better returns than would have been realized from the System's previous US-investment-grade-only bond portfolio structure. The total debt portfolio's 6.6 percent return for the year outpaced the benchmark Barclays Aggregate Index performance by 2.2 percent. For the three- and five-year periods ended June 30, debt portfolio returns were 5.4 and 6.9 percent, again topping the Index's 3.7 and 4.9 percent returns for the same periods. The 10-year performance for the portfolio was 5.7 percent, with the Index returning 4.9 percent. The System ended the year with 19.9 percent of the total portfolio invested in debt securities. The allocations consisted of 30.3 percent core US mandates, 34.8 percent core-plus, and 24.7 percent global strategies. The remaining 10.2 percent was invested in emerging market debt.

## REAL ESTATE PORTFOLIO

The PERS real estate investment program consisted of investments in core and value-added real estate funds, timber, and public REITs. The System's real estate investments returned 12.6 percent for the fiscal year, which compared favorably to the custom benchmark's 11.2 percent return. The longer term three- and five-year returns of 10.9 and 11.6, respectively, exceeded the benchmark returns of 10.8 and 10.9 percent for the same periods. For the 10-year period ended June 30, the real estate portfolio returned 7.3 percent, which matched the benchmark return.

The core real estate portfolio returned 11.6 percent for the year, slightly outperforming the benchmark NFI-ODCE Index return of 11.4 percent. Core real estate also posted a three-year return of 11.5 percent, while the Index returned 11.2 percent for the same period. For the five years ended June 2014, the core real estate portfolio's return of 9.3 percent exceeded the 8.5 percent return of the Index.

The System's value-added real estate portfolio, consisting of seven limited partnership investments, posted a strong 13.1 percent return for the year to beat the benchmark NCREIF Property Index returns of 11.2 percent. The System's timber portfolio—comprised of both US and non-US timber investments—reported returns of 16.5 percent for the fiscal year. The NCREIF Timberland Index returns for the same period were 9.9 percent.

The public REIT portfolio—made up of both US and non-US REIT investments—returned 14.1 percent for the year and 10.2 percent for three-year period. The custom REIT portfolio benchmark returned 13.9 and 10.9 percent for the same periods. The five-year return of 21.0 percent compared favorably to the 20.7 percent benchmark gain; however, the portfolio's 10-year return of 8.9 percent lagged the benchmark return only slightly. At the end of the fiscal year, the combined public and private real estate portfolios comprised 9.4 percent of the System's total investments.

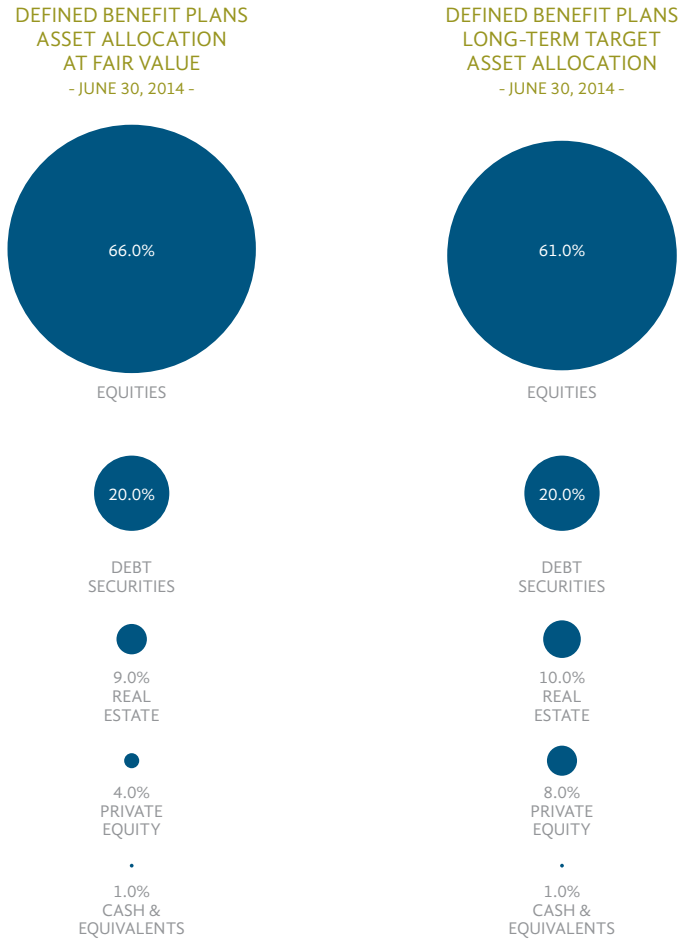
## PRIVATE EQUITY PORTFOLIO

The System's private equity program, consisting of two separate fund-of-funds, was launched in late 2008. As of June 30, 2014, private equity capital commitments totaled approximately $2.9 billion, with approximately $985 million of capital invested. The private equity portfolio was comprised of 100 partnership commitments, including buyouts, venture capital/growth, distressed opportunity, and special situation partnerships. For fiscal year 2014 the System's private equity investments returned almost 20.0 percent and represented approximately 3.9 percent of the System's total portfolio.

## *Asset Allocation*

One of the most important decisions made by the Board of Trustees is that of determining the long-term asset allocation policy for the investment portfolio. The System's investment consultant conducts periodic asset/liability allocation studies that include consideration of projected future liabilities, expected risk, return and correlations for various asset classes, and the System's statutory investment restrictions. In April 2013, the Board conducted an asset/liability study that resulted in the adoption of strategic asset allocations targets of 61.0 percent for public equities, which included 30.0 percent US equities, 16.0 percent non-US-developed, 6.0 percent emerging markets equities, and 9.0 percent global equities. The study also resulted in the adoption of a 20.0 percent target allocation for debt investments and a 1.0 percent allocation to cash equivalents. The real estate investment target remained at 10.0 percent and the target allocation for private equity was increased from 5.0 to 8.0 percent.

It is important to note that the asset allocation decision for a public pension is unique to the individual plan, and is based on that plan's specific liability requirements, as well as any statutory investment restrictions under which the investment program must operate. As a result, the System's allocation could be somewhat different than that of other public pension plans. From time to time, these differences can result in significant differences in investment returns.



## *Investment Policies*

All investment policies adopted by the Board of Trustees of the Public Employees' Retirement System of Mississippi are within the guidelines established by the Mississippi Code of 1972, Section 25-11-121.

TYPES OF INVESTMENTS: The specific types of investments in which the System is authorized to invest are enumerated in Section 25-11-121 of the Mississippi Code of 1972.

ASSET ALLOCATION: The current long-term asset allocation was adopted by the Board of Trustees in April 2013, effective beginning in July 2013. Asset allocation studies are conducted by the System at least every five years, or more frequently should significant liability changes occur.

PERFORMANCE: The performance of each investment manager is measured against an appropriate, industry-recognized index, which is used as the minimum investment return benchmark. The risk associated with each investment manager's portfolio is not expected to exceed that of the designated benchmark without a corresponding increase in returns relative to the benchmark.

Each investment manager is expected to perform above the return of the median manager in their peer universe over a rolling three-year period. The peer universe is maintained by the System's investment consultant.

The investment consultant produces quarterly performance evaluation reports for each investment manager. These reports also include performance over 1-, 3-, 5-, and 10-year periods, if applicable. The quarterly review includes performance comparisons against the established benchmarks and peer universes. In addition to individual manager performance, each quarterly report also includes composite and total portfolio performance data. The quarterly performance review is presented to the Board by the investment consultant.

With the exception of those firms managing private real estate, timber, and private equity funds, each active investment manager is required to make a formal presentation to the Board of Trustees in Jackson once every two years. If deemed necessary, representatives of the System also may elect to visit the investment managers at their place of business.

*Summary*

Fiscal year 2014 saw exceptionally strong investment returns from the System's portfolio. The continued steady economic recovery in the US and signs of at least modest recoveries beginning in other countries helped bolster portfolio returns during the year.

Whether facing the disappointing markets seen in previous fiscal years or experiencing strong returns as in fiscal year 2014, the System never wavers in its focus on the long-term investment horizon. Acknowledging the uncertainty of future economic scenarios and the potential effect on investment returns, one might ask, "What is being done to ensure the financial soundness of the System?" The answer is, that by design, a pension plan investment program must focus on the long-term investment horizon.

The System is essentially a "perpetual" investor, and as such, its portfolio should be structured to provide the best returns possible over the long term within the Board of Trustees' accepted risk parameters. Acknowledging that investors will always face challenges, the System takes prudent steps to attempt to ensure that its portfolio is well positioned to meet all future financial obligations. By maintaining its focus on a long-term investment horizon, the System has managed to successfully weather many financial storms since its inception.

The uncertain nature of financial markets almost guarantees there will frequently be obstacles to face, but the Board of Trustees and staff of the System are committed to working steadfastly, by utilizing sound investment principles to overcome any and all investment challenges to provide secure benefits for our membership.

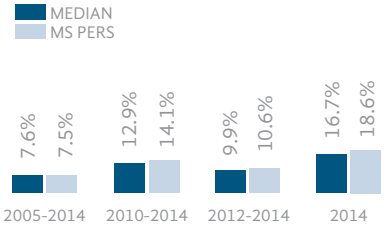
## *Defined Benefit Plans:* PERFORMANCE SUMMARY

- FOR FISCAL YEAR ENDED JUNE 30, 2014 -

| | CURRENT YEAR | ANNUALIZED 3-YEAR | ANNUALIZED 5-YEAR |
|---|---|---|---|
| *Total Plans:* | | | |
| MS PERS COMBINED RETURN* | 18.6% | 10.6% | 14.1% |
| MS PERS POLICY TARGET RETURN | 18.6 | 10.1 | 12.9 |
| PUBLIC FUNDS >$10 BILLION MEDIAN | 16.7 | 9.9 | 12.9 |
| *Debt Securities:* | | | |
| DEBT SECURITIES MANAGERS COMPOSITE* | 6.6 | 5.4 | 6.9 |
| BARCLAYS AGGREGATE INDEX | 4.4 | 3.7 | 4.9 |
| CUSTOM BENCHMARK: 55% BARCLAYS AGGREGATE/ 25% BARCLAYS GLOBAL AGGREGRATE HEDGED/ 10% BARCLAYS US TIPS/10% EMBI GLOBAL DIVERSIFIED | 5.3 | 4.3 | 5.4 |
| *Domestic Equity:* | | | |
| DOMESTIC EQUITY MANAGERS COMPOSITE* | 25.1 | 16.6 | 20.1 |
| RUSSELL 3000 INDEX | 25.2 | 16.5 | 19.3 |
| CUSTOM BENCHMARK: 65% S&P INDEX/ 35% RUSSELL 2500 INDEX | 25.0 | 16.3 | 19.9 |
| *International Equity:* | | | |
| INTERNATIONAL EQUITY MANAGERS COMPOSITE* | 22.5** | 6.9 | 12.3 |
| MSCI ALL COUNTRY WORLD EX-US INDEX THROUGH 6/30/13; MSCI ACWI EX-US IMI INDEX (NET) THEREAFTER | 22.3 | 6.2 | 11.6 |
| *Global Equity:* | | | |
| GLOBAL EQUITY MANAGERS COMPOSITE* | 22.6 | 11.4 | 14.9 |
| MSCI WORLD INDEX THROUGH 6/30/12; MSCI ALL COUNTRY WORLD INDEX THEREAFTER | 23.6 | 11.2 | 14.6 |
| *Real Estate:* | | | |
| COMMINGLED FUNDS AND REITS COMPOSITE* | 12.6 | 10.9 | 11.7 |
| MULTIPLE CUSTOM BENCHMARKS THROUGH 6/30/13; NCREIF PROPERTY INDEX THEREAFTER | 11.2 | 10.8 | 10.9 |
| *Private Equity:* | | | |
| PRIVATE EQUITY COMPOSITE* | 20.0 | 11.1 | 6.5 |
| S&P 500 INDEX + 5% THROUGH 3/31/13; S&P 500 INDEX + 3% THEREAFTER | 27.6 | 21.0 | 23.6 |

**Calculations for the System are prepared using a time-weighted rate-of-return methodology based upon market values.*
***Includes both developed and emerging market investments.*

### LARGE PUBLIC PLANS*
### TOTAL PLANS: ANNUALIZED RATES OF RETURN




**Public funds >$10 billion median*

## *Defined Benefit Plans:* NON-US INVESTMENTS BY COUNTRY

- FAIR VALUE AT JUNE 30, 2014 -

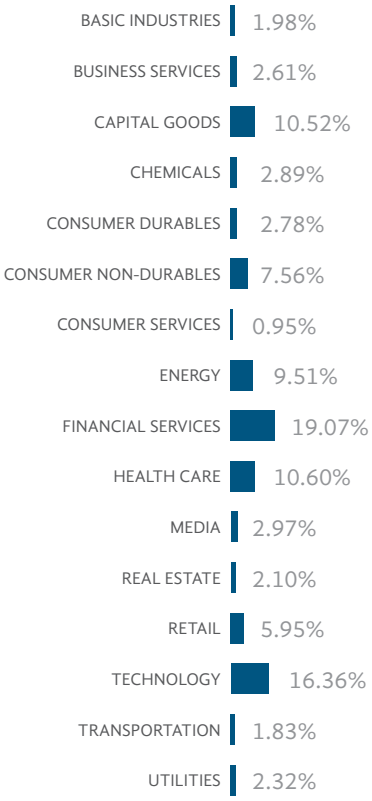
| | |
|---|---|
| ARGENTINA | 0.40% |
| AUSTRALIA | 5.56% |
| AUSTRIA | 0.17% |
| AZERBAIJAN | 0.06% |
| BELGIUM | 0.87% |
| BERMUDA | 0.95% |
| BRAZIL | 2.90% |
| BRITISH VIRGIN ISLANDS | 0.38% |
| CANADA | 7.25% |
| CAYMAN ISLANDS | 1.12% |
| CHILE | 0.43% |
| CHINA | 1.26% |
| COLOMBIA | 0.68% |
| COSTA RICA | 0.01% |
| COTE D'IVOIRE | 0.05% |
| CROATIA | 0.08% |
| CURACAO | 0.43% |
| CYPRUS | 0.08% |
| CZECH REPUBLIC | 0.08% |
| DENMARK | 0.67% |
| DOMINICAN REPUBLIC | 0.09% |
| EGYPT | 0.12% |
| EL SALVADOR | 0.04% |
| FINLAND | 0.38% |
| FRANCE | 6.17% |
| GERMANY | 4.72% |
| GREECE | 0.13% |
| GUERNSEY CI | 0.07% |
| HONG KONG | 1.87% |
| HUNGARY | 0.24% |
| ICELAND | 0.04% |
| INDIA | 1.38% |
| INDONESIA | 1.35% |
| IRELAND | 2.30% |
| ISLE OF MAN | 0.02% |
| ISRAEL | 0.58% |
| ITALY | 2.23% |
| JAPAN | 9.71% |
| JERSEY CI | 0.14% |
| KAZAKHSTAN | 0.19% |
| KENYA | 0.04% |
| LATVIA | 0.15% |
| LIBERIA | 0.01% |
| LITHUANIA | 0.21% |
| LUXEMBOURG | 0.53% |
| MACAU | 0.25% |
| MALAYSIA | 0.21% |
| MEXICO | 2.24% |
| MOROCCO | 0.13% |
| NETHERLANDS | 4.06% |
| NEW ZEALAND | 0.37% |
| NIGERIA | 0.02% |
| NORWAY | 1.11% |
| PAKISTAN | 0.21% |
| PANAMA | 0.16% |
| PERU | 0.32% |
| PHILIPPINES | 0.57% |
| POLAND | 0.17% |
| PORTUGAL | 0.26% |
| PUERTO RICO | 0.02% |
| QATAR | 0.04% |
| ROMANIA | 0.23% |
| RUSSIA | 1.94% |
| SENEGAL | 0.02% |
| SERBIA | 0.09% |
| SINGAPORE | 1.13% |
| SLOVAKIA | 0.03% |
| SLOVENIA | 0.22% |
| SOUTH AFRICA | 1.52% |
| SOUTH KOREA | 2.65% |
| SPAIN | 2.44% |
| SRI LANKA | 0.13% |
| SUPRANATIONAL GEOGRAPHIC | 0.50% |
| SWEDEN | 2.86% |
| SWITZERLAND | 4.15% |
| TAIWAN | 1.40% |
| THAILAND | 0.45% |
| TURKEY | 0.93% |
| UKRAINE | 0.11% |
| UNITED ARAB EMIRATES | 0.15% |
| UNITED KINGDOM | 12.47% |
| URUGUAY | 0.14% |
| VENEZUELA | 0.16% |

## *Defined Benefit Plans: Equity Portfolio*

### EQUITY PORTFOLIO SUMMARY

| Total Equity Securities: | Total Number of Shares of Equity Securities Held: | Total Number of Issues of Equity Securities Held: |
|---|---|---|
| $16,330,668,352 | 1,073,495,061 | 3,851 |

### EQUITY INVESTMENTS BY INDUSTRY TYPE
- FAIR VALUE AT JUNE 30, 2014 -




### TEN LARGEST EQUITY HOLDINGS

| | SHARES | FAIR VALUE |
|---|---|---|
| EXXON MOBIL CORPORATION | 1,744,297 | $175,615,822 |
| APPLE, INC. | 1,863,125 | 173,140,206 |
| MICROSOFT CORPORATION | 3,459,093 | 144,244,178 |
| BERKSHIRE HATHAWAY, INC. | 1,021,560 | 129,288,634 |
| JOHNSON & JOHNSON | 1,084,766 | 113,488,219 |
| ROYAL DUTCH SHELL PLC | 2,309,627 | 111,117,535 |
| CHEVRON CORPORATION | 790,963 | 103,260,220 |
| GOOGLE, INC. | 177,895 | 103,249,449 |
| ORACLE CORPORATION | 2,493,705 | 101,069,864 |
| THE COCA-COLA COMPANY | 2,247,179 | 95,190,502 |
| **TOTALS** | **17,192,210** | **$1,249,664,629** |

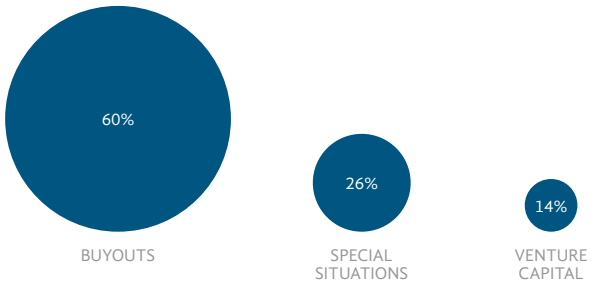
*A complete list of portfolio holdings is available upon written request.*

## *Defined Benefit Plans: Private Equity Portfolio*

### PRIVATE EQUITY PORTFOLIO SUMMARY

Total Private Equity Investments:
$973,400,760

### PRIVATE EQUITY INVESTMENTS BY STRATEGY
- JUNE 30, 2014 -



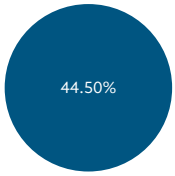
## *Defined Benefit Plans: Bond Portfolio*

### BOND PORTFOLIO SUMMARY*

| Total Bond Investments: | Total Par of Bond Investments Held: | Total Number of Bond Issues Held: |
|---|---|---|
| $7,730,372,425 | $29,621,000,617 | 3,681 |

### CORPORATE BOND INVESTMENTS BY INDUSTRY TYPE*

- FAIR VALUE AT JUNE 30, 2014 -




### TEN LARGEST LONG-TERM CORPORATE BOND HOLDINGS*

| | PAR | FAIR VALUE |
|---|---|---|
| THE WALT DISNEY COMPANY | $81,330,000 | $81,345,127 |
| THE TORONTO-DOMINION BANK | 78,775,000 | 78,882,606 |
| NATIONAL AUSTRALIA BANK | 69,670,000 | 69,787,883 |
| ROYAL DUTCH SHELL PLC | 67,700,000 | 67,737,032 |
| ROYAL BANK OF CANADA | 58,700,000 | 58,797,911 |
| BANK OF MONTREAL | 55,200,000 | 55,276,286 |
| CISCO SYSTEMS INC | 53,200,000 | 53,224,419 |
| WELLS FARGO BANK NA | 52,326,000 | 52,457,338 |
| JOHN DEERE CAPITAL CORPORATION | 51,000,000 | 50,981,589 |
| INTERNATIONAL BUSINESS MACHINES CORPORATION | 49,800,000 | 49,807,669 |
| **TOTALS** | **$617,701,000** | **$618,297,860** |

*A complete list of portfolio holdings is available upon written request.*

**Includes investments purchased with cash collateral received in the securities lending program.*

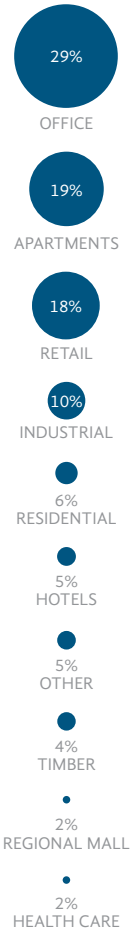
*Defined Benefit Plans:*
*Real Estate Investment Portfolio*

## REAL ESTATE INVESTMENT PORTFOLIO SUMMARY

| Total Real Estate Investments: | Total Number of Shares* of Real Estate Investments Held: | Total Number of Issues of REITs Held: |
|---|---|---|
| $2,270,235,649 | 329,318,005 | 137 |

**Includes units of commingled funds and shares of REITs.*

### PORTFOLIO DISTRIBUTION BY PROPERTY TYPE
- FAIR VALUE AT JUNE 30, 2014 -

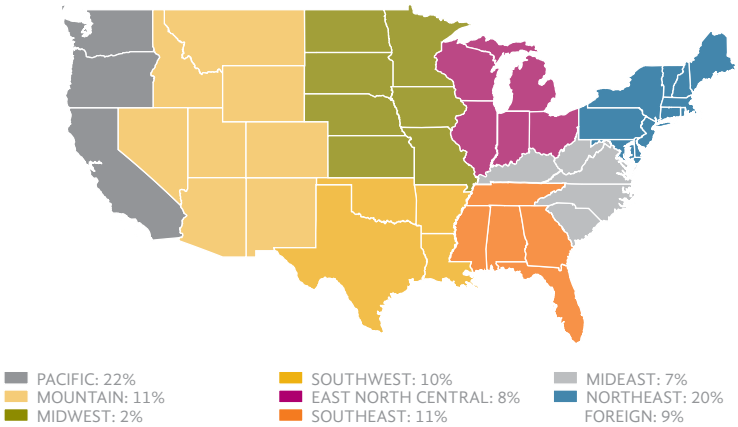



### TEN LARGEST REIT HOLDINGS

| | SHARES | FAIR VALUE |
|---|---|---|
| SIMON PROPERTY GROUP, INC. | 294,322 | $48,939,862 |
| EQUITY RESIDENTIAL | 374,208 | 23,575,104 |
| BOSTON PROPERTIES, INC. | 163,541 | 19,327,275 |
| VORNADO REALTY TRUST | 173,574 | 18,525,553 |
| PROLOGIS, INC. | 417,135 | 17,140,077 |
| HEALTH CARE REIT, INC. | 248,769 | 15,590,353 |
| GENERAL GROWTH PROPERTIES, INC. | 589,847 | 13,896,795 |
| PUBLIC STORAGE | 79,654 | 13,648,713 |
| ESSEX PROPERTY TRUST, INC. | 73,385 | 13,569,620 |
| AVALONBAY COMMUNITIES, INC. | 95,210 | 13,537,910 |
| **TOTALS** | **2,509,645** | **$197,751,262** |

*A complete list of portfolio holdings is available upon written request.*

### PORTFOLIO DISTRIBUTION BY GEOGRAPHIC LOCATION
- FAIR VALUE AT JUNE 30, 2014 -



*Defined Benefit Plans:*

## NET INVESTMENT INCOME BY SOURCE
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | BOND INTEREST INCOME | DIVIDEND INCOME | SHORT-TERM INCOME | REALIZED GAIN (LOSS) ON INVESTMENTS | APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS |
|---|---|---|---|---|---|
| 2005 | $213,809 | $259,360 | $16,848 | $848,980 | $230,871 |
| 2006 | 217,912 | 270,713 | 23,597 | 1,382,874 | (46,746) |
| 2007 | 229,244 | 331,397 | 36,578 | 1,014,839 | 1,904,107 |
| 2008 | 246,360 | 363,343 | 26,374 | 824,992 | (3,192,348) |
| 2009 | 224,605 | 296,492 | 14,528 | (1,710,303) | (2,639,433) |
| 2010 | 184,923 | 273,687 | 12,169 | 542,100 | 1,180,636 |
| 2011 | 185,818 | 326,174 | 14,001 | 1,200,877 | 2,560,115 |
| 2012 | 186,038 | 323,610 | 9,460 | 585,346 | (1,016,522) |
| 2013 | 184,775 | 339,386 | 12,390 | 920,422 | 1,198,511 |
| 2014 | 176,286 | 392,423 | 8,627 | 1,264,402 | 2,213,619 |

## TEN-YEAR TOTAL PENSION INVESTMENT RATES OF RETURN

[fair value in millions]

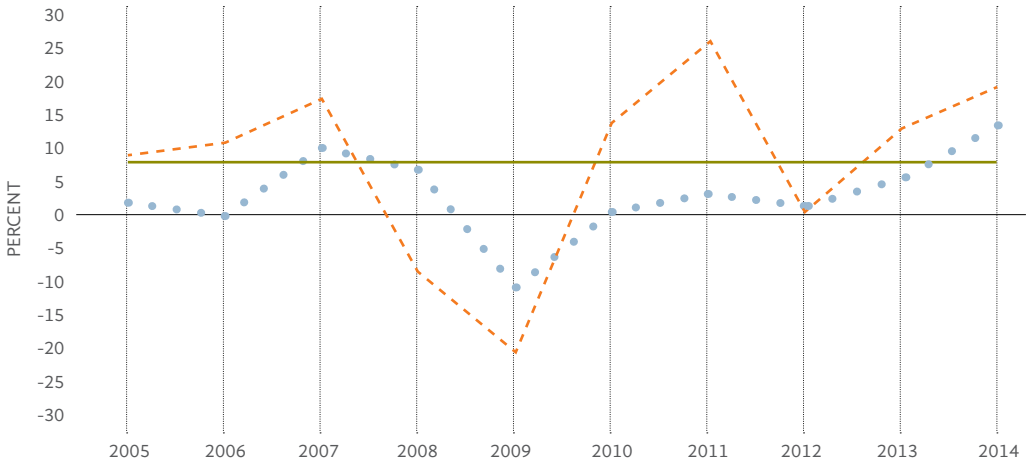
| FISCAL YEAR | TOTAL INVESTMENT PORTFOLIO FAIR VALUE | SMOOTHED RATE OF RETURN | FAIR VALUE RATE OF RETURN | ACTUARIAL ASSUMED RATE OF RETURN |
|---|---|---|---|---|
| 2005 | $17,250 | 2.5% | 9.8% | 8.0 % |
| 2006 | 18,742 | - | 10.7 | 8.0 |
| 2007 | 21,766 | 10.2 | 18.9 | 8.0 |
| 2008 | 19,439 | 7.2 | (8.2) | 8.0 |
| 2009 | 15,512 | (11.0) | (19.4) | 8.0 |
| 2010 | 16,767 | 0.2 | 14.1 | 8.0 |
| 2011 | 20,314 | 4.0 | 25.4 | 8.0 |
| 2012 | 19,578 | 1.9 | 0.6 | 8.0 |
| 2013 | 21,947 | 6.1 | 13.4 | 8.0 |
| 2014 | 24,600 | 14.2 | 18.6 | 8.0 |

*Defined Benefit Plans:* NET INVESTMENT INCOME BY SOURCE (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | NET INCOME (LOSS) FROM SECURITIES LENDING | TOTAL INCOME (LOSS) | MANAGER, TRADING, AND CUSTODIAN FEES | NET INCOME (LOSS) FROM INVESTMENTS |
|---|---|---|---|---|
| 2005 | $6,160 | $1,576,028 | $(26,783) | $1,549,245 |
| 2006 | 10,446 | 1,858,796 | (32,309) | 1,826,487 |
| 2007 | 12,647 | 3,528,812 | (36,668) | 3,492,144 |
| 2008 | (1,576) | (1,732,855) | (36,631) | (1,769,486) |
| 2009 | 32,433 | (3,781,678) | (26,574) | (3,808,252) |
| 2010 | 39,881 | 2,233,396 | (33,904) | 2,199,492 |
| 2011 | 18,107 | 4,305,092 | (42,765) | 4,262,327 |
| 2012 | 17,293 | 105,225 | (44,299) | 60,926 |
| 2013 | 14,645 | 2,670,129 | (50,210) | 2,619,919 |
| 2014 | 16,453 | 4,071,810 | (83,449) | 3,988,361 |

TEN-YEAR TOTAL PENSION INVESTMENT RATES OF RETURN




***Smoothed Rate of Return*** *consists of investment income in a surplus or deficit of the assumed 8.0 percent on fair value smoothed over a five-year period with 20.0 percent of a year's surplus or deficit being recognized each year beginning with the current year. PERS, MHSPRS, and SLRP smoothed rates have been averaged. In fiscal year 2006, PERS, MHSPRS, and SLRP actuarial assets were set equal to market value of assets. Therefore, there was no smoothed difference between actuarial and investment asset amounts. In fiscal year 2007, smoothing resumed with the additional contraint that actuarial value of assets cannot be less than 80.0 percent nor more than 120.0 percent of market value. In fiscal year 2009, the 80/120 percent corridor was eliminated for the purpose of determining actuarial value of assets. MRS is excluded as an agent multi-employer plan.*

***Fair Value Rate of Return*** *consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees).*

***Actuarial Assumed Rate*** *is the assumed rate of return on the fair value of assets and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.*

## *Defined Benefit Plans:* PORTFOLIO DETAIL BY ADVISOR

| ADVISOR | TYPE | DATE INITIATED | FAIR VALUE PERCENT OF TOTAL PORTFOLIO* |
|---|---|---|---|
| *Equities:* | | | |
| NORTHERN TRUST GLOBAL INVESTMENT | Passive (index) | July 1985 | 13.83% |
| LAZARD ASSET MANAGEMENT, LLC | Emerging markets | April 1998 | 4.34 |
| BLACKROCK INSTITUTIONAL TRUST COMPANY, NA | EAFE index | March 2004 | 4.25 |
| JARISLOWSKY FRASER LIMITED | EAFE | June 2004 | 3.60 |
| STATE STREET GLOBAL ADVISORS | Passive - large cap value | September 2004 | 3.53 |
| NS PARTNERS LTD | EAFE | July 2004 | 3.33 |
| EAGLE CAPITAL MANAGEMENT | Active - all cap | January 2005 | 3.17 |
| DIMENSIONAL FUND ADVISORS, INC. | EAFE | August 2007 | 3.09 |
| FAYEZ SAROFIM & COMPANY | Active - large cap growth | August 1980 | 2.99 |
| WELLINGTON MANAGEMENT COMPANY, LLP | Active - mid cap value | October 2001 | 2.47 |
| THE BOSTON COMPANY ASSET MANAGEMENT, LLC | Active - mid cap value | October 2001 | 2.41 |
| ARTISAN PARTNERS, LP | Active - mid cap growth | September 2002 | 2.31 |
| ACADIAN ASSET MANAGEMENT, LLC | Global equity | July 2005 | 2.25 |
| EPOCH INVESTMENT PARTNERS, INC. | Global equity | February 2012 | 2.05 |
| INTECH, LLC | Active - large cap growth | January 2005 | 1.72 |
| WELLINGTON MANAGEMENT COMPANY, LLP | Active-small cap core | July 2002 | 1.67 |
| HARDING LOEVNER, LP | Global equity | February 2012 | 1.61 |
| DIMENSIONAL FUND ADVISORS, INC. | Active-small cap value | July 2002 | 1.57 |
| ARROWSTREET CAPITAL, LP | MSCI ACWI ex-US | June 2013 | 1.53 |
| ARTISAN PARTNERS, LP | Emerging markets | February 2011 | 1.41 |
| RIVERBRIDGE PARTNERS, LLC | Active-small cap growth | November 2013 | 1.40 |
| MONDRIAN INVESTMENT PARTNERS, INC. | Small cap | May 2011 | 1.03 |
| PYRAMIS GLOBAL ADVISORS | Small cap | April 2011 | 0.95 |
| **SUBTOTAL** | | | **66.51** |
| *Debt Securities:* | | | |
| LOOMIS SAYLES & COMPANY, LP | Core plus | August 2009 | 3.50 |
| PRUDENTIAL FIXED INCOME | Core plus | January 2012 | 3.46 |
| PACIFIC INVESTMENT MANAGEMENT COMPANY - GLOBAL | Global fixed income | February 2013 | 2.50 |
| ALLIANCEBERNSTEIN | Global fixed income | February 2013 | 2.45 |
| BLACKROCK INSTITUTIONAL TRUST COMPANY, NA | Passive (index) | September 1986 | 2.10 |
| WELLINGTON MANAGEMENT COMPANY, LLP | Emerging market debt | May 2010 | 2.02 |
| ABERDEEDN ASSET MANAGEMENT | Active - core | August 1991 | 2.01 |
| PACIFIC INVESTMENT MANAGEMENT COMPANY | Active - core | August 1983 | 1.99 |
| STATE STREET GLOBAL ADVISORS | Active - core | February 2009 | 0.01 |
| **SUBTOTAL** | | | **20.04** |

**Includes cash and cash equivalents.*

## *Defined Benefit Plans:* PORTFOLIO DETAIL BY ADVISOR (CONTINUED)

| ADVISOR | TYPE | DATE INITIATED | FAIR VALUE PERCENT OF TOTAL PORTFOLIO* |
|---|---|---|---|
| *Real Estate:* | | | |
| UBS REALTY INVESTORS, LLC | Commingled fund - core | June 2003 | 2.04 |
| PRINCIPAL GLOBAL INVESTORS | Commingled fund - core | June 2003 | 1.90 |
| DEUTSCHE ASSET & WEALTH MANAGEMENT | REITs | June 2003 | 1.19 |
| J.P. MORGAN INVESTMENT MANAGEMENT,INC. | Core | July 2012 | 1.18 |
| COHEN & STEERS CAPITAL MANAGEMENT | Global REITs | October 2010 | 0.62 |
| EII CAPITAL MANAGEMENT, INC. | Global REITs | October 2010 | 0.55 |
| UBS REALTY INVESTORS, LLC | Value added | January 2011 | 0.48 |
| HANCOCK TIMBER RESOURCE GROUP | Timber | March 2008 | 0.41 |
| HEITMAN | Fund II - value added | November 2007 | 0.24 |
| AEW CAPITAL MANAGEMENT, LP | Fund VI - value added | April 2010 | 0.21 |
| ANGELO GORDON & COMPANY | Fund III value added | January 2012 | 0.17 |
| ANGELO GORDON & COMPANY | Fund II value added | August 2007 | 0.16 |
| T.A. ASSOCIATES REALTY | Value added | January 2013 | 0.14 |
| AEW CAPITAL MANAGEMENT, LP | Fund V - value added | October 2005 | 0.09 |
| AEW CAPITAL MANAGEMENT, LP | Fund VII - value added | June 2013 | 0.08 |
| HEITMAN | Fund III - value added | November 2013 | 0.04 |
| **SUBTOTAL** | | | **9.50** |
| *Private Equity:* | | | |
| PATHWAY CAPITAL MANAGEMENT, LLC 2009 | Diversified | December 2008 | 1.94 |
| GCM GROSVENOR 2009 | Diversified | June 2009 | 1.90 |
| PATHWAY CAPITAL MANAGEMENT, LLC 2012 | Diversified | April 2013 | 0.07 |
| GCM GROSVENOR 2014 | Diversified | February 2014 | 0.04 |
| **SUBTOTAL** | | | **3.95** |
| **TOTAL** | | | **100.00%** |

**Includes cash and cash equivalents.*

## *Defined Benefit Plans:* INVESTMENT FEES AND COMMISSIONS

- FOR THE YEAR ENDED JUNE 30, 2014 -

| | ASSETS UNDER MANAGEMENT | FEES |
|---|---|---|
| *Investment Managers:* | | |
| EQUITIES | $16,576,593,583 | $44,722,706 |
| DEBT SECURITIES | 4,991,333,080 | 11,607,987 |
| REAL ESTATE | 2,368,243,311 | 16,817,278 |
| PRIVATE EQUITY | 984,892,199 | 9,683,493 |
| **TOTALS** | **$24,921,062,173** | **$82,831,464** |

| | |
|---|---|
| *Other Investment Service Fees:* | |
| SECURITIES LENDING AGENT/ CASH MANAGEMENT FEES | $2,680,397 |
| CUSTODIAN FEES FOR ANCILLARY SERVICES | 40,500 |
| INVESTMENT CONSULTANT FEES | 559,943 |
| GLOBAL OUT-OF-POCKET EXPENSES | 577,015 |
| **TOTAL INVESTMENT SERVICE FEES** | **$3,857,855** |

## *Defined Benefit Plans:* BROKERAGE COMMISSIONS PAID*

| *Brokerage Firm, Including Subsidiaries:* | NUMBER OF SHARES TRADED | COMMISSIONS | COMMISSIONS PER SHARE |
|---|---|---|---|
| MERRILL LYNCH & COMPANY | 68,212,401 | $589,411 | $0.009 |
| JP MORGAN SECURITIES | 135,105,511 | 488,115 | 0.004 |
| MORGAN STANLEY AND COMPANY | 60,392,727 | 444,406 | 0.007 |
| ROBERT W. BAIRD & COMPANY | 19,391,308 | 417,897 | 0.022 |
| INSTINET | 65,960,253 | 391,274 | 0.006 |
| DEUTSCHE BANK | 33,302,656 | 379,440 | 0.011 |
| CREDIT SUISSE | 35,214,694 | 355,016 | 0.010 |
| SANFORD C. BERNSTEIN CO., LLC | 33,688,320 | 350,350 | 0.010 |
| UBS AG | 24,212,777 | 341,838 | 0.014 |
| CITIGROUP, INC. | 43,582,475 | 333,635 | 0.008 |
| GOLDMAN SACHS & COMPANY | 24,100,318 | 301,795 | 0.013 |
| JEFFERIES & COMPANY, INC. | 12,522,022 | 191,485 | 0.015 |
| CONVERGEX GROUP | 6,238,414 | 181,982 | 0.029 |
| BARCLAYS CAPITAL | 17,509,393 | 173,563 | 0.010 |
| INVESTMENT TECHNOLOGY GROUP | 28,548,085 | 173,133 | 0.006 |
| HSBC SECURITIES, INC. | 46,707,802 | 151,615 | 0.003 |
| ROSENBLATT SECURITIES, INC. | 4,717,198 | 146,404 | 0.031 |
| FRANK RUSSELL SECURITIES, INC. | 3,242,825 | 121,792 | 0.038 |
| CAPITAL INSTITUTIONAL SERVICES, INC. | 3,941,311 | 120,837 | 0.031 |
| RBC CAPITAL MARKETS | 3,755,835 | 116,269 | 0.031 |
| CREDIT LYONNAIS SA | 23,722,973 | 103,378 | 0.004 |
| EXANE BNP PARIBAS SA | 5,200,357 | 101,608 | 0.020 |
| WEEDEN & CO., LP | 4,141,945 | 100,572 | 0.024 |
| SOCIETE GENERALE SA | 23,608,847 | 100,038 | 0.004 |
| STIFEL NICOLAUS & COMPANY | 2,705,625 | 98,240 | 0.036 |
| MACQUARIE SECURITIES | 22,428,775 | 91,231 | 0.004 |
| REDBURN PARTNERS LLP | 4,531,329 | 88,779 | 0.020 |
| RAYMOND JAMES FINANCIAL, INC. | 2,325,791 | 78,915 | 0.034 |
| DAIWA SECURITIES GROUP, INC. | 13,177,061 | 74,973 | 0.006 |
| WELLS FARGO SECURITIES | 1,962,965 | 67,123 | 0.034 |
| COWEN & COMPANY | 1,918,776 | 66,294 | 0.035 |
| OTHERS (LESS THAN $60,000) | 70,663,775 | 1,256,152 | 0.018 |
| COMMISSION RECAPTURE INCOME | - | (317,000) | - |
| **TOTALS** | **846,734,544** | **$7,680,560** | **$0.009** |

**Approximate figures provided by Bank of New York Mellon.*

## *Defined Benefit Plans:*

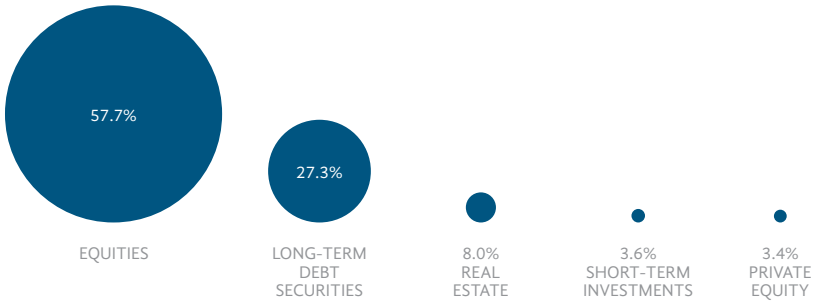
### INVESTMENT SUMMARY
- FOR THE YEAR ENDED JUNE 30, 2014-
[in thousands]

| | JULY 1, 2013 BEGINNING FAIR VALUE* | PURCHASES | SALES AND MATURITIES | INCREASE (DECREASE) IN FAIR VALUE | JUNE 30, 2014 ENDING FAIR VALUE** | PERCENT OF TOTAL FAIR VALUE |
|---|---|---|---|---|---|---|
| EQUITIES | $13,749,371 | $5,413,192 | $4,667,884 | $1,835,989 | $16,330,668 | 57.7% |
| LONG-TERM DEBT SECURITIES | 7,474,254 | 9,471,742 | 9,326,172 | 110,547 | 7,730,371 | 27.3 |
| PRIVATE EQUITY | 680,902 | 234,298 | 20,527 | 78,728 | 973,401 | 3.4 |
| REAL ESTATE | 1,819,845 | 656,709 | 407,306 | 200,988 | 2,270,236 | 8.0 |
| SHORT-TERM INVESTMENTS | 1,852,690 | 19,734,527 | 20,558,464 | (11,138) | 1,017,615 | 3.6 |
| **TOTALS** | **$25,577,062** | **$35,510,468** | **$34,980,353** | **$2,215,114** | **$28,322,291** | **100.0%** |

**Includes investment securities on loan to broker-dealers with a fair value of $3,518,161. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $3,629,635. 14.0% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $22.0 billion, the fair value total must be adjusted by ($3.6 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

***Includes investment securities on loan to broker-dealers with a fair value of $5,010,671. It also includes the securities purchased with the cash collateral received in the lending program with a fair value of $3,722,096. 18.0% of the total fair value of investments were on loan to broker-dealers. To arrive at the net asset value of investments of $25.3 billion, the fair value total must be adjusted by ($3.0 billion), which represents the fair value of the cash collateral investments, cash in sweep accounts, accrued interest and dividends, and net payable cash for investments purchased.*

### INVESTMENTS BY TYPE
- FAIR VALUE AT JUNE 30, 2014 -



## *Defined Contribution Plans:* INVESTMENT SUMMARY

- FOR THE YEAR ENDED JUNE 30, 2014 -

| FUND NAME OF ASSETS | FAIR VALUE OF ASSETS | ANNUAL RATE OF RETURN |
|---|---|---|
| AMERICAN FUNDS NEW PERSPECTIVE FUND | $40,391,113 | 21.90% |
| BNY MELLON EB US REAL ESTATE SECURITIES FUND | 2,368,937 | 15.92 |
| BLACKROCK EQUITY INDEX FUND | 200,183,709 | 24.60 |
| BLACKROCK EAFE EQUITY INDEX | 2,392,695 | 23.80 |
| BLACKROCK US DEBT INDEX FUND - CLASS T | 21,382,161 | 4.43 |
| BOSTON COMPANY MIDCAP OPPORTUNISTIC VALUE POOLED FUND | 265,502,077 | 28.31 |
| CONSECO LIFE INSURANCE COMPANY | 339,713 | N/A |
| FAYEZ SAROFIM | 175,670,952 | 19.98 |
| MDC STABLE VALUE FUND | 558,009,939 | 1.63 |
| MONEY MARKET FUND FOR EBT | 24,306,810 | 0.22 |
| PIMCO TOTAL RETURN FUND II - INSTITUTIONAL CLASS | 30,560,903 | 4.34 |
| RBC SMALL CAP CORE FUND - CLASS I | 37,485,329 | 19.81 |
| SSGA US INFLATION PROTECTED BOND INDEX FUND - CLASS C | 9,122,946 | 4.34 |
| T. ROWE PRICE INTERNATIONAL STOCK FUND | 71,645,369 | 21.27 |
| VANGUARD TARGET RETIREMENT 2010 | 33,701,748 | 11.75 |
| VANGUARD TARGET RETIREMENT 2015 | 14,171,354 | 14.51 |
| VANGUARD TARGET RETIREMENT 2020 | 12,219,838 | 16.43 |
| VANGUARD TARGET RETIREMENT 2025 | 9,515,606 | 18.01 |
| VANGUARD TARGET RETIREMENT 2030 | 6,683,774 | 19.49 |
| VANGUARD TARGET RETIREMENT 2035 | 5,421,264 | 21.12 |
| VANGUARD TARGET RETIREMENT 2040 | 2,276,262 | 22.16 |
| VANGUARD TARGET RETIREMENT 2045 | 1,532,559 | 22.13 |
| VANGUARD TARGET RETIREMENT 2050 | 1,163,434 | 22.14 |
| VANGUARD TARGET RETIREMENT 2055 | 637,725 | 22.18 |
| VANGUARD TARGET RETIREMENT INCOME | 4,830,418 | 9.73 |
| VANGUARD WINDSOR FUND | 58,747,289 | 26.35 |
| **TOTAL** | **$1,590,263,924** | |

# PERS IS PUBLIC POLICY & ADMINISTRATION

PERS members serve in the legislative, executive, judicial, and local branches of the state's governmental bodies. From clerks to tax assessors and city planners to legislative draftsmen, these PERS members are essential in helping to put Mississippi's best face forward to our nation and the world. Fair and competitive salaries plus PERS benefits help attract prime individuals to work in public service as judges, lawyers, mayors, city council members, legislators, and administrators.

*Illustrations: Véronique Joffre, colagene.com*

Cavanaugh Macdonald
CONSULTING, LLC
*The experience and dedication you deserve*

October 30, 2014

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Public Employees' Retirement System of Mississippi (PERS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of PERS.

In addition, PERS maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

In order to measure progress toward this fundamental objective and funding policy, PERS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2014. This valuation indicates that the current contribution rates of 15.75% of payroll for employers and 9.00% of payroll for active members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. There are 161,360 active members as of June 30, 2014.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among PERS members and their beneficiaries. The data are reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of PERS during the years 2008 to 2012. Assets are valued according to a market

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related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section. There were no changes in the benefit structure since the last valuation.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

**Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Public Employees' Retirement System of Mississippi continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.**

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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Cavanaugh Macdonald
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October 30, 2014

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Highway Safety Patrol Retirement System (HSPRS) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of HSPRS.

In addition, HSPRS maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

In order to measure progress toward this fundamental objective, HSPRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2014. This valuation indicates that contribution rates of 37.00% of payroll for employers and 7.25% of payroll for active members, along with anticipated contributions as provided by Senate Bill No. 2659 (effective July 1, 2004) and House Bill No. 1015 (effective July 1, 2013), for benefits then in effect, meet the basic financial objective. There are 495 active members as of June 30, 2014.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among HSPRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HSPRS during the years 2008 to 2012. Assets are valued according to a market

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related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedule of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

**Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Highway Safety Patrol Retirement System continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.**

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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Cavanaugh Macdonald
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October 30, 2014

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Municipal Retirement System of Mississippi (MRS) is to establish and receive contributions (expressed as a tax on assessed property valuations) which:

(1) Will be in amounts sufficient, but not more than necessary, to maintain the actuarially soundness of the Funds for all future years (the tax may be increased but not by more than one-half mill per year), and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of MRS.

In addition, MRS maintains a funding policy that was revised in 2011. In this new funding policy, contributions are extended past 2020 and an employer contribution rate, expressed as a millage rate tax applied to assessed property values, is established beginning in the 2011-2012 fiscal year that will generate an ultimate reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year's projected benefit payment. At that point, employer contributions will be set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level.

In order to measure progress toward this fundamental objective, MRS has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the amortization of unfunded total actuarial liabilities over a closed period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2014. These valuations indicate that the current contribution rates, for benefits then in effect, meet the basic financial objective. The employee contribution rates vary by participating City and are 7% - 10% of payroll for active members. There were 14 active members as of June 30, 2014.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, death and disability among MRS members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of MRS during the years 2008 to 2012. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

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The current benefit structure is outlined in the Actuarial Section. There have been no changes in benefit structure since the last valuation.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

Based upon the valuation results it is our opinion that the Municipal Retirement Systems of Mississippi continue in sound condition in accordance with the actuarial principles and requirements of State law. However, given the constraint on employer contribution increases, there is a possibility, depending upon future experience, that one or more of the Funds under MRS will be exhausted at some point in the future. Such an event would lead to at least a temporary reduction in benefits paid until the affected Fund's cash flow position improved.

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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Cavanaugh Macdonald
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October 30, 2014

Board of Trustees
Public Employees' Retirement System
of Mississippi
429 Mississippi Street
Jackson, MS 39201-1005

Dear Board Members:

The basic financial objective of the Mississippi Supplemental Legislative Retirement Plan (SLRP) is to establish and receive contributions which:

(1) When expressed in terms of the percents of active member payroll will remain approximately level from generation to generation of Mississippi citizens, and which

(2) When combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of SLRP.

In addition, SLRP maintains a funding policy that was revised in 2012. In order to meet the objectives listed above, the System will strive to meet the following funding goals:

(1) To maintain an increasing ratio of system assets to accrued liabilities and reach an 80 percent minimum funded ratio in 2042;

(2) To maintain adequate asset levels to finance the benefits promised to members;

(3) To develop a pattern of stable contribution rates when expressed as a percentage of member payroll as measured by valuations prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board, with a minimum employer contribution equal to the normal cost determined under the Entry Age Normal funding method.

In order to measure progress toward this fundamental objective and funding policy, SLRP has an annual actuarial valuation performed. The valuation (i) measures present financial position, and (ii) establishes contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liability over a reasonable period. The latest completed actuarial valuation was based upon data and assumptions as of June 30, 2014. This valuation indicates that contribution rates of 7.40% of payroll for employers and 3.00% of payroll for active members, for benefits then in effect, meet the basic financial objective and the goals of the funding policy as listed above. There are 175 active members as of June 30, 2014.

The actuarial valuation is based upon financial and participant data which is prepared by the retirement system staff, assumptions regarding future rates of investment return and inflation, and rates of retirement, turnover, death and disability among SLRP members and their beneficiaries. The data is reviewed by us for internal and year to year consistency as well as general reasonableness prior to its use in the actuarial valuation. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of SLRP during the years 2008 to 2012. Assets are valued according to a market related method that recognizes 20% of the previously unrecognized and unanticipated gains and losses.

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The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by the Actuarial Standards of Practice.

The current benefit structure is outlined in the Actuarial Section.

We provided most of the information used in the supporting schedules in the Actuarial and Statistical Sections, as well as the Schedules of Funding Progress and the employer contributions shown in the Schedules of Employer Contributions in the Financial Section.

**Based upon the valuation results and the presumption that future contributions will be made at the necessary level to ensure adequate funding and to meet accounting standards, it is our opinion that the Mississippi Supplemental Legislative Retirement Plan continues in sound condition in accordance with the actuarial principles of level percent of payroll financing.**

Respectfully submitted,

Thomas J. Cavanaugh, FSA, EA, FCA, MAAA
Chief Executive Officer

TJC:kc

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## *Summary of Actuarial Assumptions & Methods*

An actuarial experience study of the mortality, service, withdrawals, compensation experience of members, and valuation of assets and liabilities is performed annually to determine the actuarial soundness of the plans within the System. To validate that the assumptions recommended by the actuary are, in aggregate, reasonably related to experience, the System requests the actuary to conduct an experience investigation every other year on a rolling four-year period. The actuarial assumptions used in the June 30, 2014, valuations were based on the results of an actuarial experience study for the fiscal period 2009-2012.

Significant actuarial assumptions used to compute contribution requirements for PERS, MHSPRS, SLRP, and MRS are the same as those used to compute the standardized measure of the actuarial accrued liability. The significant assumptions include:

| | PERS | MHSPRS | MRS | SLRP |
|---|---|---|---|---|
| VALUATION DATE | June 30, 2014 | June 30, 2014 | June 30, 2014 | June 30, 2014 |
| ACTUARIAL COST METHOD | Entry age | Entry age | Entry age | Entry age |
| AMORTIZATION METHOD | Level percent open | Level percent open | Level dollar closed | Level percent open |
| REMAINING AMORTIZATION PERIOD | 29.20 years | 30.00 years | 20.00 years | 25.00 years |
| ASSET VALUATION METHOD | 5-year Smoothed Market | 5-year Smoothed Market | 5-year Smoothed Market | 5-year Smoothed Market |
| *Actuarial Assumptions:* | | | | |
| INVESTMENT RATE OF RETURN | 8.00% | 8.00% | 8.00% | 8.00% |
| PROJECTED SALARY INCREASES | 4.50-20.00% | 5.00-10.52% | 4.50-6.00% | 4.50% |
| WAGE INFLATION RATES | 4.25% | 4.25% | 4.25% | 4.25% |
| INCREASE IN BENEFITS AFTER RETIREMENT | 3.00%* | 3.00%** | 2.00-3.75%*** | 3.00%* |

**Calculated 3.0 percent simple interest to age 55, compounded each year thereafter.*
***Calculated 3.0 percent simple interest to age 60, compounded each year thereafter.*
****Varies depending on municipality.*

## Public Employees' Retirement System of Mississippi: Statement of Actuarial Assumptions & Methods

All assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted on June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| | ANNUAL RATES OF | | | | | |
|---|---|---|---|---|---|---|
| | WITHDRAWAL & VESTING* | | DEATH** | | DISABILITY** | |
| AGE | MALE | FEMALE | MALE | FEMALE | MALE | FEMALE |
| 20 | 22.00% | 25.00% | 0.01% | 0.01% | 0.01% | 0.01% |
| 25 | 15.00 | 15.00 | 0.01 | 0.01 | 0.02 | 0.01 |
| 30 | 10.00 | 10.50 | 0.02 | 0.01 | 0.02 | 0.02 |
| 35 | 7.50 | 8.00 | 0.03 | 0.02 | 0.04 | 0.02 |
| 40 | 6.00 | 6.00 | 0.04 | 0.02 | 0.12 | 0.09 |
| 45 | 5.50 | 5.00 | 0.07 | 0.04 | 0.22 | 0.15 |
| 50 | 5.50 | 5.00 | 0.14 | 0.05 | 0.32 | 0.23 |
| 55 | 5.50 | 5.00 | 0.19 | 0.05 | 0.52 | 0.40 |
| 60 | 5.50 | 5.00 | 0.22 | 0.08 | 0.38 | 0.32 |
| 65 | 5.50 | 5.00 | 0.40 | 0.10 | - | - |
| 70 | 5.50 | 5.00 | 0.40 | 0.10 | - | - |
| 74 | 5.50 | 5.00 | 0.40 | 0.10 | - | - |

**For all ages, rates of 32.0 percent for first year of employment and 22.0 percent for second year.*
***94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related.*

| | ANNUAL RATES OF SERVICE RETIREMENTS | | | |
|---|---|---|---|---|
| | MALE | | FEMALE | |
| AGE | UNDER 25 YEARS OF SERVICE*** | 25 YEARS OF SERVICE & OVER*** | UNDER 25 YEARS OF SERVICE*** | 25 YEARS OF SERVICE & OVER*** |
| 45 | -% | 18.00% | -% | 14.00% |
| 50 | - | 13.00 | - | 11.00 |
| 55 | - | 17.00 | - | 18.00 |
| 60 | 10.00 | 20.00 | 12.50 | 22.00 |
| 62 | 19.00 | 33.00 | 18.00 | 36.00 |
| 65 | 22.00 | 30.00 | 27.00 | 42.00 |
| 70 | 19.00 | 25.00 | 21.00 | 22.00 |
| 75 | 100.00 | 100.00 | 100.00 | 100.00 |

****For Tier 4 member, 30 years of service.*

SALARY INCREASES: Representative values of the assumed annual rates of salary increase are as follows:

| | ANNUAL RATES OF SALARY INCREASES | | |
|---|---|---|---|
| SERVICE | MERIT & SENIORITY | BASE (ECONOMY) | INCREASE NEXT YEAR |
| 0 | 15.25% | 4.25% | 19.50% |
| 1 | 5.25 | 4.25 | 9.50 |
| 2 | 2.75 | 4.25 | 7.00 |
| 3 | 1.75 | 4.25 | 6.00 |
| 4 | 1.25 | 4.25 | 5.50 |
| 5 | 0.75 | 4.25 | 5.00 |
| 10 | 0.25 | 4.25 | 4.50 |
| 15 | 0.25 | 4.25 | 4.50 |
| 20 | 0.25 | 4.25 | 4.50 |
| 25 | 0.25 | 4.25 | 4.50 |
| 30 | - | 4.25 | 4.25 |
| 35 | - | 4.25 | 4.25 |

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

ADMINISTRATIVE EXPENSES: 0.23 percent of payroll.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of year.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected with Scale AA to 2025 (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than wife.

UNUSED SICK LEAVE: 0.5 years at retirement.

MILITARY SERVICE: 0.25 years at retirement.

DEFERRED VESTED: 30.0 percent of vested participants will forfeit their accrued benefit and receive their employee contributions with interest.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected

future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of PERS are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from PERS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

## Mississippi Highway Safety Patrol Retirement System: Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the MHSPRS Advisory Board when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted June 19, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

| | ANNUAL RATES OF | | | | | |
|---|---|---|---|---|---|---|
| | | | DISABILITY | | | |
| AGE | WITHDRAWAL & VESTING | DEATH | NON-DUTY | DUTY | SERVICE | SERVICE RETIREMENT* |
| 25 | 4.00% | 0.03% | 0.09% | 0.01% | 5 | 5.00% |
| 30 | 3.50 | 0.04 | 0.12 | 0.02 | 10 | 5.00 |
| 35 | 2.50 | 0.05 | 0.16 | 0.04 | 15 | 5.00 |
| 40 | 1.00 | 0.07 | 0.20 | 0.07 | 20 | 10.00 |
| 45 | 1.00 | 0.11 | 0.30 | 0.06 | 25 | 15.00 |
| 50 | 0.50 | 0.16 | 0.50 | 0.05 | 30 | 25.00 |
| 55 | - | 0.21 | 0.91 | 0.02 | 35 | 25.00 |

**The annual rate of service retirement is 100.0 percent at age 60.*

*It is assumed that a member will be granted one and three-quarter years of service credit for unused leave at termination of employment. In addition, it is assumed that, on average, one quarter year of service credit for peace-time military service will be granted to each member.*

SALARY INCREASES: Representative values of the assumed annual rates of salary increase are as follows:

| | ANNUAL RATES OF | | |
|---|---|---|---|
| AGE | MERIT & SENIORITY | BASE (ECONOMY) | INCREASE NEXT YEAR |
| 20 | 5.59% | 4.25% | 9.84% |
| 25 | 2.32 | 4.25 | 6.57 |
| 30 | 1.50 | 4.25 | 5.75 |
| 35 | 1.50 | 4.25 | 5.75 |
| 40 | 1.50 | 4.25 | 5.75 |
| 45 | 1.00 | 4.25 | 5.25 |
| 50 | 0.50 | 4.25 | 4.75 |
| 55 | 0.50 | 4.25 | 4.75 |

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

TIMING OF DECREMENT AND PAY INCREASES: Middle of year.

ADMINISTRATIVE EXPENSES: 0.23 percent of payroll.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under selected table.

MARRIAGE ASSUMPTION: 100.0 percent married with the husband three years older than wife.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of MHSPRS are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from the MHSPRS. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value—five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

## Municipal Retirement Systems: Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted on June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net after investment expenses) for prior funding policy rate determination and GASB disclosure.

6.5 percent per annum, compounded annually (net after investment expenses) for current funding policy rate determination.

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed annual rates of separation from active service are as follows:

| | ANNUAL RATES OF | | | | |
|---|---|---|---|---|---|
| | | DEATH | | DISABILITY | |
| AGE | WITHDRAWAL | NON-DUTY | DUTY | NON-DUTY | DUTY |
| 20 | 10.65% | 0.04% | 0.02% | 0.08% | 0.06% |
| 25 | 8.64 | 0.05 | 0.03 | 0.12 | 0.12 |
| 30 | 6.87 | 0.08 | 0.04 | 0.18 | 0.26 |
| 35 | 4.86 | 0.11 | 0.05 | 0.24 | 0.52 |
| 40 | 2.97 | 0.15 | 0.07 | 0.36 | 0.60 |
| 45 | 1.44 | 0.22 | 0.09 | 0.64 | 0.54 |
| 50 | 0.24 | 0.34 | 0.14 | 1.10 | 0.88 |
| 55 | - | 0.44 | 0.20 | 1.58 | 1.18 |
| 60 | - | 0.51 | 0.32 | 2.20 | 1.30 |
| 64 | - | 0.57 | 0.42 | 2.86 | 1.38 |

| YEARS OF SERVICE | SERVICE RETIREMENT |
|---|---|
| 20 | 45.00% |
| 21-28 | 17.50 |
| 29-33 | 35.00 |
| 34 & OVER | 20.00 |
| AGE 65 | 100.00 |

SALARY INCREASES: 4.25 percent for wage inflation, plus the following chart:

| AGES | MERIT & SENIORITY SALARY INCREASE |
|---|---|
| UNDER 43 | 1.75% |
| 43-47 | 1.25 |
| 48-52 | 0.75 |
| 53 & OVER | 0.25 |

PRICE INFLATION: 3.5 percent per annum, compounded annually.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected with Scale AA to 2025 (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than wife.

VALUATION METHOD: Unfunded employer liabilities are amortized over a closed 30-year period from September 30, 1990, as a level percent of each municipality's assessed property valuation.

ASSESSED PROPERTY VALUE RATE OF INCREASE: 2.0 percent per annum, compounded annually (used in determining the millage rate under the prior funding policy).

EXPENSE LOAD: 2.0 percent of employer contributions.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value. Actuarial assets were allocated to individual cities in the same proportion that their market value of assets was to the total market value of assets for all cities.

## Supplemental Legislative Retirement Plan: Statement of Actuarial Assumptions & Methods

All the assumptions used in the actuarial valuation were adopted by the PERS Board of Trustees when the Experience Investigation for the Four-Year Period Ending June 30, 2012, was adopted June 18, 2013. Following are the assumptions adopted by the PERS Board for this program.

INTEREST RATE: 8.0 percent per annum, compounded annually (net of investment expenses only).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| | ANNUAL RATES OF | | |
|---|---|---|---|
| | DEATH | | |
| AGE | MALE | FEMALE | DISABILITY* |
| 20 | 0.02% | 0.01% | 0.04% |
| 25 | 0.03 | 0.02 | 0.05 |
| 30 | 0.04 | 0.02 | 0.07 |
| 35 | 0.05 | 0.03 | 0.11 |
| 40 | 0.08 | 0.04 | 0.17 |
| 45 | 0.13 | 0.06 | 0.23 |
| 50 | 0.24 | 0.10 | 0.30 |
| 55 | 0.39 | 0.15 | 0.35 |
| 60 | 0.60 | 0.25 | 0.40 |
| 65 | 0.96 | 0.43 | - |
| 70 | 1.61 | 0.72 | - |

**94.0 percent are presumed to be non-duty related, and 6.0 percent are assumed to be duty related.*

WITHDRAWAL AND VESTING: 20.0 percent in an election year, none in a non-election year.

SERVICE RETIREMENT: 25.0 percent in an election year, none in a non-election year. All members are assumed to retire no later than age 75. It is assumed that a member will be granted two and a half years of service credit for unused leave at termination of employment.

PRICE INFLATION: 3.5 percent per annum, compounded annually.

ADMINISTRATIVE EXPENSES: 0.23 percent of payroll.

PAYROLL GROWTH: 4.25 percent per annum, compounded annually.

TIMING OF DECREMENTS AND PAY INCREASES: Middle of year.

SALARY INCREASES: 4.25 percent per annum, for all ages.

DEATH AFTER RETIREMENT: The table for post-retirement mortality used in evaluating allowances to be paid is the RP-2000 Combined Mortality Table Projected to 2025 by Scale AA (set forward two years for males). The RP-2000 Disabled Mortality Table (set back three years for males and set forward two years for females) was used for the period after disability retirement. This assumption is used to measure the probabilities of each benefit payment being made after retirement. Mortality improvement is anticipated under this assumption as recent mortality experience shows actual deaths 7.0 percent greater than expected under the selected table.

MARRIAGE ASSUMPTION: 85.0 percent married with the husband three years older than wife.

VALUATION METHOD: The valuation is prepared on the projected benefit basis, which is used to determine the present value of each member's expected benefit payable at retirement, disability, or death. The calculations are based on the member's age, years of service, sex, compensation, expected future salary increases, and an assumed future interest earnings rate (currently 8.0 percent). The calculations consider the probability of a member's death or termination of employment prior to becoming eligible for a benefit and the probability of the member terminating with a service, disability, or survivor's benefit. The present value of the expected benefits payable to active members is added to the present value of the expected future payments to current benefit recipients to obtain the present value of all expected benefits payable to the present group of members and survivors.

The employer contributions required to support the benefits of SLRP are determined following a level funding approach and consist of a normal contribution and an accrued liability contribution.

The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made for pension benefits to determine the uniform and constant percentage rate of employer contribution that, if applied to the compensation of the average new member during the entire period of his or her anticipated covered service, would be required in addition to the contributions of the member to meet the cost of all benefits payable on his or her behalf.

The unfunded accrued liability is determined by subtracting the current assets and the present value of prospective employer normal contributions and member contributions from the present value of expected benefits to be paid from SLRP. The accrued liability contribution amortizes the balance of the unfunded accrued liability over a period of years from the valuation date.

ASSET VALUATION METHOD: Market value–five-year smoothing is the method used for asset valuation. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 20.0 percent of the difference between market value and expected market value.

Public Employees' Retirement System of Mississippi:

# Summary of Main System Provisions as Interpreted for Valuation Purposes

## SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2014, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing July 1 and ending June 30. "Credited service" means service while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to February 1, 1953, active-duty military service, out-of-state service, professional leave, and non-covered and retroactive service.

The maximum covered earnings for employers and employees over the years are as follows:

| DATE FROM | DATE TO | EMPLOYER RATE | MAXIMUM COVERED EARNINGS | EMPLOYEE RATE | MAXIMUM COVERED EARNINGS |
|---|---|---|---|---|---|
| 2/1/53 | 6/30/58 | 2.50% | $6,000 | 4.00% | $4,800* |
| 7/1/58 | 6/30/60 | 2.50 | 9,000 | 4.00 | 7,800* |
| 7/1/60 | 6/30/66 | 2.50 | 15,000 | 4.00 | 13,800* |
| 7/1/66 | 6/30/68 | 3.00 | 15,000 | 4.50 | 13,800* |
| 7/1/68 | 3/31/71 | 4.50 | 15,000 | 4.50 | 15,000 |
| 4/1/71 | 6/30/73 | 4.50 | 35,000 | 4.50 | 35,000 |
| 7/1/73 | 6/30/76 | 5.85 | 35,000 | 5.00 | 35,000 |
| 7/1/76 | 6/30/77 | 7.00 | 35,000 | 5.00 | 35,000 |
| 7/1/77 | 6/30/78 | 7.50 | 35,000 | 5.50 | 35,000 |
| 7/1/78 | 6/30/80 | 8.00 | 35,000 | 5.50 | 35,000 |
| 7/1/80 | 6/30/81 | 8.00 | 53,000 | 5.50 | 53,000 |
| 7/1/81 | 12/31/83 | 8.75 | 53,000 | 6.00 | 53,000 |
| 1/1/84 | 6/30/88 | 8.75 | 63,000 | 6.00 | 63,000 |
| 7/1/88 | 6/30/89 | 8.75 | 75,600 | 6.00 | 75,600 |
| 7/1/89 | 12/31/89 | 8.75 | 75,600 | 6.50 | 75,600 |
| 1/1/90 | 6/30/91 | 9.75 | 75,600 | 6.50 | 75,600 |
| 7/1/91 | 6/30/92 | 9.75 | 75,600 | 7.25 | 75,600 |
| 7/1/92 | 6/30/02 | 9.75 | 125,000 | 7.25 | 125,000 |
| 7/1/02 | 6/30/05 | 9.75 | 150,000 | 7.25 | 150,000 |
| 7/1/05 | 6/30/06 | 10.75 | 150,000 | 7.25 | 150,000 |
| 7/1/06 | 6/30/07 | 11.30 | 150,000 | 7.25 | 150,000 |
| 7/1/07 | 6/30/08 | 11.85 | 150,000 | 7.25 | 150,000 |
| 7/1/08 | 6/30/09 | 11.85 | 230,000 | 7.25 | 230,000 |
| 7/1/09 | 6/30/10 | 12.00 | 245,000 | 7.25 | 245,000 |
| 7/1/10 | 6/30/11 | 12.00 | 245,000 | 9.00 | 245,000 |
| 7/1/11 | 12/31/11 | 12.00 | 245,000 | 9.00 | 245,000 |
| 1/1/12 | 6/30/12 | 12.93 | 245,000 | 9.00 | 245,000 |
| 7/1/12 | 6/30/13 | 14.26 | 250,000 | 9.00 | 250,000 |
| 7/1/13 | 6/30/14 | 15.75 | 255,000 | 9.00 | 255,000 |
| 7/1/14 | 6/30/15 | 15.75 | 260,000 | 9.00 | 260,000 |

**From February 1, 1953, through June 30, 1968, the first $100 in monthly earnings or $1,200 in annual earnings were not covered earnings for the employee.*

## SUPERANNUATION RETIREMENT

### *Condition for Retirement*

a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service. A retirement allowance may also be paid upon the completion of 25 years of creditable service for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 60.

**Four years for those who entered the System before July 1, 2007.*

### *Amount of Allowance*

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity that is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement, plus

2. For a member hired prior to July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her average compensation for each of the first 25 years of creditable service plus 2.5 percent for each year of creditable service over 25 years.

3. For a member hired on or after July 1, 2011, an employer's annuity that, together with the member's annuity, is equal to 2.0 percent of his or her average compensation for each of the first 30 years of creditable service plus 2.5 percent for each year of creditable service over 30 years. An actuarial reduction will be made for each year of creditable service below 30 or for each year of age below 65, whichever is less.

For members hired prior to July 1, 2011, the minimum allowance is $120 for each year of creditable service.

## DISABILITY RETIREMENT

### *Condition for Retirement*

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees, and who has accumulated eight or more years* of membership service.

**Four years for those who entered the System before July 1, 2007.*

### *Amount of Allowance*

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60; otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus

2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 40.0 percent of average compensation plus 10.0 percent for each dependent child up to a maximum of two, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

| AGE AT DISABILITY | DURATION |
|---|---|
| 60 & earlier | to age 65 |
| 61 | to age 66 |
| 62 | to age 66 |
| 63 | to age 67 |
| 64 | to age 67 |
| 65 | to age 68 |
| 66 | to age 68 |
| 67 | to age 69 |
| 68 | to age 70 |
| 69 & later | one year |

   For members hired prior to July 1, 2011, the minimum allowance is $120 per year of creditable service.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 40.0 percent of average compensation, or (b) the member's accrued allowance.

   For members hired prior to July 1, 2011, the minimum allowance is $120 per year of creditable service.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

## ACCIDENTAL DISABILITY RETIREMENT

*Condition for Retirement*

A retirement allowance is paid to a member who is totally and permanently disabled in the line of performance of duty.

*Amount of Allowance*

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 50.0 percent of average compensation. There is no minimum benefit.

## ACCIDENTAL DEATH BENEFIT

*Condition for Benefit*

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the line of performance of duty.

*Amount of Allowance*

The annual retirement allowance is equal to 50.0 percent of average compensation payable to the spouse and 25.0 percent of average compensation payable to one dependent child or 50.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

## ORDINARY DEATH BENEFIT

*Condition for Benefit*

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable (in lieu of a refund of the member's accumulated contributions) to his or her spouse, if said spouse has been married to the member for not less than one year.

**Four years for those who entered the System before July 1, 2007.*

*Amount of Allowance*

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of:

1. The allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced retirement benefits, or

2. A lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $50 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 10.0 percent of average compensation or $50 per month for each dependent child up to three.

## RETURN OF CONTRIBUTIONS

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, plus the full accumulated regular interest thereon are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Interest is currently credited to the member's account at 3.5 percent per annum.

## NORMAL FORM OF BENEFIT

The normal form of benefit (modified cash refund) is an allowance payable during the life of the member with the provision that upon his or her death the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

## OPTIONAL BENEFITS

A member upon retirement may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he or she receives the value of his or her annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that he or she shall receive, so far as possible, the same total amount annually (considering both PERS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member hired prior to July 1, 2011, and who has at least 28 years of creditable service* or a member hired on or after July 1, 2011, who has at least 33 years of creditable service may select the Partial-Lump-Sum Option (PLSO) at retirement. Under this option, the retiree has the option of taking a partial-lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the PLSO may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security-leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

**Or at least age 63 with four years of membership service for those who entered the System before July 1, 2007.*

## POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of retired members are adjusted annually by an amount equal to:

a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55*, plus

b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55*.

**Age 60 for members hired on or after July 1, 2011.*

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

## CONTRIBUTIONS

Members contribute 9.0 percent of compensation. The Board of Trustees sets employer contribution rates for PERS, as per Mississippi statute. The adequacy of these rates is checked annually by actuarial valuation. Refer to Note 7 of the basic financial statements for additional information.

Mississippi Highway Safety Patrol Retirement System:

# Summary of Main System Provisions as Interpreted for Valuation Purposes

## SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the System in effect June 30, 2014, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest consecutive years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing on July 1 and ending June 30. "Credited service" means service while a contributing member plus additional service as described below. "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1958, active-duty military service, and retroactive service.

The maximum covered earnings for employers and members over the years are as follows:

| DATE FROM | DATE TO | EMPLOYER RATE | MAXIMUM COVERED EARNINGS* | MEMBER RATE | MAXIMUM COVERED EARNINGS* |
|---|---|---|---|---|---|
| 7/1/1958 | 6/30/1968 | 13.33% | $- | 5.00% | $- |
| 7/1/1968 | 6/30/1971 | 15.33 | - | 5.00 | - |
| 7/1/1971 | 6/30/1973 | 18.59 | - | 5.00 | - |
| 7/1/1973 | 6/30/1975 | 20.77 | - | 5.00 | - |
| 7/1/1975 | 6/30/1978 | 24.65 | - | 5.00 | - |
| 7/1/1978 | 6/30/1980 | 26.16 | - | 6.00 | - |
| 7/1/1980 | 6/30/1989 | 26.16 | - | 6.50 | - |
| 7/1/1989 | 6/30/1990 | 27.97 | - | 6.50 | - |
| 7/1/1990 | 6/30/2003 | 26.16 | - | 6.50 | - |
| 7/1/2003 | 6/30/2006 | 28.16 | - | 6.50 | - |
| 7/1/2006 | 6/30/2008 | 30.30 | - | 6.50 | - |
| 7/1/2008 | 12/31/2011 | 30.30 | - | 7.25 | - |
| 1/1/2012 | 6/30/2012 | 35.21 | - | 7.25 | - |
| 7/1/2012 | 6/30/2015 | 37.00 | - | 7.25 | - |

**Maximum covered earnings equal wages paid, not to exceed wages paid to the Commissioner of the Department of Public Safety (currently $146,850).*

Effective July 1, 2014, additional contributions from Senate Bill No. 2659 and House Bill No. 1015 are estimated to be $3,400,000.

*Benefits*

## SUPERANNUATION RETIREMENT

*Condition for Retirement*

a) A retirement allowance is payable to any member who retires and has attained age 55 and completed at least five years of membership service, or has attained age 45 and completed at least 20 years of creditable service, or has completed 25 years of creditable service regardless of age.

Any member who has attained age 63 shall be retired forthwith. Effective July 1, 2011, the Commissioner of Public Safety is authorized to allow a member who has attained age 63 to continue in active service. Such continued service may be authorized annually until the member attains age 65.

b) Any member who withdraws from service prior to his or her attainment of age 55 but after having completed five or more years of creditable service is entitled to receive, in lieu of a refund of his or her accumulated contributions, a retirement allowance commencing at age 55.

*Amount of Allowance*

The annual retirement allowance payable to a retired member is equal to:

1. A member's annuity that is the actuarial equivalent of the member's accumulated contributions at the time of his or her retirement; plus

2. An employer's annuity that, together with the member's annuity, is equal to 2.5 percent of his or her average compensation for each year of membership service; plus

3. A prior service annuity equal to 2.5 percent of average compensation for each year of prior service.

The aggregate amounts of (2) and (3) above shall not exceed 100.0 percent of average compensation, regardless of service, for retirements on or after January 1, 2000; 85.0 percent for retirements prior to January 1, 2000.

The minimum allowance for both service and disability retirement is based on the following table for each year of creditable service, reduced if necessary as indicated below.

| YEARS OF SERVICE | MONTHLY BENEFIT |
|---|---|
| LESS THAN 10 | $250 |
| 10-15 | 300 |
| 15 OR MORE | 500 |

The annual retirement allowance payable to a member who retires under condition (a) above prior to age 55 is computed in accordance with the above formula except that the employer's annuity and prior service annuity are reduced 3.0 percent for each year of age below age 55, or 3.0 percent for each year of service below 25 years of creditable service, whichever is less.

## DISABILITY RETIREMENT

*Condition for Retirement*

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not in the performance of duty, the member must have completed at least five years of membership service to be eligible for retirement.

*Amount of Allowance*

The annual disability retirement allowance payable is equal to the greater of 50.0 percent of his or her average salary for the two years immediately preceding retirement, or a retirement allowance as calculated under the provisions for superannuation retirement.

## DEATH PRIOR TO RETIREMENT

Upon the death of a highway patrol officer who is eligible for service retirement, family benefits are payable equal to those that would have been payable had he or she been retired on his or her date of death.

Upon the death of a highway patrol officer either in the line of duty or as a result of an accident occurring in the line of duty, the following benefits are payable:

a) Benefit to the spouse equal to one-half of the member's average compensation.

b) Benefit to a dependent child payable to age 19 (23 if a full-time student) equal to one-fourth of the member's average compensation for one child or one-half for two or more children.

## DEATH AFTER RETIREMENT

Upon the death of a highway patrol officer who has retired for service or disability and who has not elected any other optional form of benefit, his widow or her widower is eligible for a benefit equal to 50.0 percent of his or her retirement allowance and each child (but not more than two) who has not attained age 19 (23 if a full-time student) is eligible for a benefit equal to 25.0 percent of his or her retirement allowance. The benefit to the widow or widower is payable for life and to children until they attain age 19 (23 if a full-time student) or for life if they are totally and permanently disabled.

## REFUND OF CONTRIBUTIONS

Upon a member's termination of employment for any reason before retirement, his or her accumulated contributions, together with regular interest thereon, are refunded. Upon the death of a member who is not eligible for any other death benefit, his or her accumulated contributions, together with regular interest thereon, are paid to his or her beneficiary.

Interest is currently credited to the member's account at 3.5 percent per annum.

## NORMAL FORM OF BENEFIT

The normal form of benefit is an allowance payable during the life of the member. Upon death the benefits described above are payable.

## OPTIONAL BENEFITS

A member upon retirement may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that, if the pensioner dies before he or she receives the value of his or her annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that he or she shall receive, so far as possible, the same total amount annually (considering both MHSPRS and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the retired member divorces the designated beneficiary. A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married after retirement.

A member who qualifies for an unreduced retirement allowance may select the PLSO at retirement. Under this option, the retiree has the option of taking a partial-lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting this option may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security-leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

## POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of retired members are adjusted annually by an amount equal to:

a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 60*, plus

b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 60*.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

Those members who retired on or before July 1, 1999, received an ad hoc benefit increase in the amount of $3.50 per month for each full fiscal year of retirement through June 30, 1999, plus $1 per month for each year of credited service. The benefits were increased July 1, 1999.

**This age will be reduced in five phases to age 55 if the actuary certifies that reducing the age will not result in the amortization period of the unfunded accrued liability exceeding 20 years.*

## CONTRIBUTIONS

Members contribute 7.25 percent of compensation and the employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

*Benefits*

## SUMMARY OF BENEFIT PROVISIONS EVALUATED

The following summary presents the main provisions of the Systems in effect June 30, 2014, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average compensation of a member during the six-month period prior to receipt of an allowance.

## SERVICE RETIREMENT

*Condition for Retirement*

A retirement allowance is payable to any member who retires and has completed at least 20 years of creditable service, regardless of age.

Any general employee member who has attained age 70 and any firefighter or police officer who has attained age 65 shall be retired forthwith.

*Amount of Allowance*

The annual retirement allowance payable to a retired member is equal to:

1. 50.0 percent of average compensation, plus
2. 1.7 percent of average compensation for each year of credited service over 20.

The aggregate amount of (1) and (2) above shall not exceed 66.67 percent (87.0 percent for the city of Clinton) of average compensation, regardless of service.

## DISABILITY RETIREMENT

*Condition for Retirement*

A retirement allowance is payable to any member who is not eligible for a service retirement benefit but who becomes totally and permanently disabled, either physically or mentally, regardless of creditable service, if the disability is due to causes in the performance of duty. If the disability is not due to causes in the performance of duty, the member must have completed at least five years of creditable service to be eligible for retirement.

*Amount of Allowance*

The annual disability retirement allowance payable is equal to 50.0 percent of his or her salary at the time of retirement, if the disability is due to causes in the performance of duty.

If the disability is not due to causes in the performance of duty, the allowance is equal to 2.5 percent times credited service, not in excess of 20, times his or her salary at the time of retirement for firefighters and police officers, and average compensation for general employees.

## DEATH BENEFIT

*Condition for Benefits*

A benefit is payable upon the death of a member under the following conditions:

a) The member has retired;

b) The member is eligible to retire;

c) The death is in the line of duty; or

d) The death is not in the line of duty but occurs after the member has five years of credited service.

The benefit is payable to the surviving spouse until remarriage and to children under age 18, to dependent children through age 23 when full-time students, and to dependent children of any age if handicapped. For the cities of Clarksdale, Columbus, Gulfport, Hattiesburg, Jackson, McComb, Meridian, Vicksburg, and Yazoo City, benefits payable to spouses do not cease upon remarriage.

*Amount of Benefits*

The annual benefit payable, under all conditions in the case of firefighters and police officers and under other than condition (c) in the case of general employees is equal to 2.5 percent of average compensation for each year of credited service up to 20 and 1.7 percent of average compensation for each year over 20, with a maximum benefit of 66.67 percent (87.0 percent for the city of Clinton) of average compensation.

For general employee members under condition (c), the annual benefit payable is equal to 50.0 percent of salary at the time of death.

## REFUND OF CONTRIBUTIONS

Upon a member's termination of employment for any reason before retirement, his or her accumulated contributions are refunded. Upon the death of a member who is not eligible for any other death benefit, his or her accumulated contributions are paid to his or her beneficiary.

## MINIMUM ALLOWANCES

The minimum monthly allowances paid to members from the following municipalities, for all retirement and death benefits, are:

| | |
|---|---|
| BILOXI | $600 |
| COLUMBUS | 500 |
| GULFPORT | 500 |
| HATTIESBURG | 750 |
| JACKSON | 500 |
| MERIDIAN | 600 |
| TUPELO | 300 |
| VICKSBURG | 1,415 |

## POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of certain retired members are adjusted annually by a Cost-of-Living Adjustment (COLA) on the basis of the annual percentage change in each fiscal year of the Consumer Price Index.

Those cities adjustments are limited as follows:

Biloxi: 3.0 percent per year (not to exceed 64.4 percent) for each full fiscal year of retirement after June 30, 2000, for all retirees and beneficiaries with the COLA being compounded beginning with the state fiscal year in which the retired member turns age 55. This is in addition to the previously granted maximum of 3.0 percent per year (not to exceed 9.0 percent) for all members who retired on or before December 31, 1995.

Clarksdale: Maximum of 2.5 percent per year for all retirees and beneficiaries.

Clinton: Maximum of 2.5 percent per year (not to exceed 10.0 percent) for service retirements only.

Columbus: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Greenville: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Gulfport: Maximum of 3.0 percent per year (not to exceed 27.0 percent) for each fiscal year of retirement after June 30, 2002, for all retirees and beneficiaries. This is in addition to the previously granted COLA of 2.0 percent per year (not to exceed 6.0 percent) for those retiring before July 1, 2001.

Hattiesburg: 2.5 percent per year for all retirees and beneficiaries (not to exceed 30.0 percent).

Jackson: Maximum aggregate increase of 19.5 percent for service and disability retirements only.

Laurel: 2.0 percent per year, compounded annually (maximum of three years) for each fiscal year of retirement after June 30, 2002, for all retirees and beneficiaries. COLA increases begin at the later of age 60 or after one full fiscal year of retirement.

McComb: Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 10.0 percent).

Pascagoula: Maximum of 2.5 percent per year for all retirees and beneficiaries (not to exceed 15.0 percent).

Vicksburg: 3.0 percent per year for all retirees and beneficiaries.

Yazoo City: Maximum of 2.5 percent per year (not to exceed 25.0 percent) for all retirees and beneficiaries.

Post-retirement adjustments are included in System liabilities for future increases for the cities of Biloxi, Clinton, Columbus, Greenville, Gulfport, Hattiesburg, Jackson, Laurel, McComb, Pascagoula, Vicksburg, and Yazoo City.

All Meridian retirees and beneficiaries who were receiving a retirement allowance as of June 30, 1999, were granted a 3.9 percent ad-hoc benefit increase.

All Tupelo retirees and beneficiaries received an increase of 5.0 percent in allowances effective December 1, 1991. Additional 3.0 percent ad hoc benefit increases were granted to members retired at least one full fiscal year as of September 30, 1995, as of September 30, 1997, as of September 30, 1998, and as of September 30, 2000. Furthermore, a 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 1999, and a 2.34 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2001. Furthermore, a 2.0 percent ad hoc benefit increase was granted to members retired at least one full fiscal year as of September 30, 2010.

All Gulfport retirees and beneficiaries who were receiving a retirement allowance as of June 30, 2002, were granted a monthly ad-hoc benefit increase of $2 per month for each year of service plus $2 per month for each full fiscal year retired.

## CONTRIBUTIONS

Funding policies established by Mississippi statutes provide the rates of employer contributions for MRS. The adequacy of these rates are checked annually by actuarial valuation. The following table provides a comparison of employer required contributions to actual contributions received for MRS (dollars in thousands):

| FISCAL YEAR 10/1 - 9/30 | VALUATION DATE 9/30 | ANNUAL REQUIRED CONTRIBUTION (A) | ACTUAL CONTRIBUTION (B) | DIFFERENCE (A-B) | PERCENTAGE CONTRIBUTED |
|---|---|---|---|---|---|
| 1996-97 | 1996 | $20,674 | $71,350 | $50,676 | 345.10% |
| 1997-98 | 1997 | 14,727 | 14,200 | (527) | 96.40 |
| 1998-99 | 1998 | 13,803 | 13,770 | (33) | 99.80 |
| 1999-00 | 1999 | 12,364 | 14,162 | 1,798 | 114.50 |
| 2000-01 | 2000 | 11,276 | 14,201 | 2,925 | 125.90 |
| 2001-02 | 2001 | 10,823 | 14,338 | 3,515 | 132.50 |
| 2002-03 | 2002 | 11,989 | 13,979 | 1,990 | 116.60 |
| 2003-04 | 2003 | 13,286 | 13,890 | 604 | 104.50 |
| 2004-05 | 2004 | 14,091 | 14,173 | 82 | 100.60 |
| 2005-06 | 2005 | 15,397 | 15,635 | 238 | 101.50 |
| 2006-07 | 2006 | 15,426 | 14,976 | (450) | 97.10 |
| 2007-08 | 2007 | 15,219 | 16,132 | 913 | 106.00 |
| 2008-09 | 2008 | 14,765 | 16,892 | 2,127 | 114.40 |
| 2009-10 | 2009 | 17,739 | 21,426 | 3,687 | 120.80 |
| 2010-11 | 2010 | 18,576 | 22,791 | 4,215 | 122.70 |
| 2011-12 | 2011 | 18,751 | 23,823 | 5,072 | 127.00 |
| 2012-13 | 2012 | 19,512 | 20,017 | 505 | 102.60 |

Supplemental Legislative Retirement Plan:

# Summary of Main System Provisions as Interpreted for Valuation Purposes

## SUMMARY OF MAIN BENEFIT AND CONTRIBUTION PROVISIONS

The following summary presents the main benefit and contribution provisions of the Plan in effect June 30, 2014, as interpreted in preparing the actuarial valuation. As used in the summary, "average compensation" means the average annual covered earnings of an employee during the four highest years of service. "Covered earnings" means gross salary not in excess of the maximum amount on which contributions were required. "Fiscal year" means a year commencing July 1 and ending June 30. "Eligibility service" means service while a contributing member of PERS plus additional service as described below. (Old: "Eligibility service" is all service in PERS, including that credited for SLRP service.) "Credited Service" means service while a contributing member of SLRP plus additional service as described below. (Old: "Creditable service" includes only SLRP service.) "Unused sick and vacation leave" means service credit is provided at no charge to members for unused sick and vacation time that has accrued at the time of retirement. "Additional service" means additional service credit may be granted for service prior to July 1, 1989, including active-duty military service.

The maximum covered earnings for employers and employees over the years are as follows:

| DATE FROM | DATE TO | EMPLOYER RATE | MAXIMUM COVERED EARNINGS | MEMBER RATE | MAXIMUM COVERED EARNINGS |
|---|---|---|---|---|---|
| 7/1/1989 | 6/30/1992 | 6.33% | $75,600 | 3.00% | $75,600 |
| 7/1/1992 | 6/30/2002 | 6.33 | 125,000 | 3.00 | 125,000 |
| 7/1/2002 | 6/30/2006 | 6.33 | 150,000 | 3.00 | 150,000 |
| 7/1/2006 | 6/30/2008 | 6.65 | 150,000 | 3.00 | 150,000 |
| 7/1/2008 | 6/30/2009 | 6.65 | 230,000 | 3.00 | 230,000 |
| 7/1/2009 | 12/31/2011 | 6.65 | 245,000 | 3.00 | 245,000 |
| 1/1/2012 | 6/30/2012 | 7.40 | 245,000 | 3.00 | 245,000 |
| 7/1/2012 | 6/30/2013 | 7.40 | 250,000 | 3.00 | 250,000 |
| 7/1/2013 | 6/30/2014 | 7.40 | 255,000 | 3.00 | 255,000 |
| 7/1/2014 | 6/30/2015 | 7.40 | 260,000 | 3.00 | 260,000 |

*Benefits*

## SUPERANNUATION RETIREMENT

### *Condition for Retirement*

a) A retirement allowance is paid upon the request of any member who retires and has attained age 60 and completed at least eight years* of membership service under PERS. A retirement allowance may also be paid upon the completion of at least 25 years of creditable service under PERS for members hired prior to July 1, 2011, or upon the completion of 30 years of creditable service for members hired on or after July 1, 2011.

b) Any member who withdraws from service prior to his or her attainment of age 60 and who has completed at least eight years* of membership service under PERS is entitled to receive (in lieu of a refund of his or her accumulated contributions) a retirement allowance commencing at age 60.

**Four years for those who entered PERS before July 1, 2007.*

### *Amount of Allowance*

The annual retirement allowance payable to a member who retires under condition (a) above is equal to:

1. A member's annuity that is the actuarial equivalent of his or her accumulated contributions at the time of his or her retirement, plus

2. An employer's annuity that, together with the member's annuity, is equal to 1.0 percent of his or her average compensation for each of the first 25 years of creditable service plus 1.25 percent for each year of creditable service over 25 years.

The minimum allowance is $60 per year of creditable service.

## DISABILITY RETIREMENT

### *Condition for Retirement*

A retirement allowance is paid to a member who is totally and permanently disabled, as determined by the Board of Trustees and has accumulated eight or more years* of membership service under PERS.

**Four years for those who entered PERS before July 1, 2007.*

### *Amount of Allowance*

For those who were active members prior to July 1, 1992, and did not elect the benefit structure outlined below, the annual disability retirement allowance payable is equal to a superannuation retirement allowance if the member has attained age 60, otherwise it is equal to a superannuation retirement allowance calculated as follows:

1. A member's annuity equal to the actuarial equivalent of his or her accumulated contributions at the time of retirement, plus

2. An employer's annuity equal to the amount that would have been payable had the member continued in service to age 60.

For those who become active members after June 30, 1992, and for those who were active members prior to July 1, 1992, who so elected, the following benefits are payable:

1. A temporary allowance equal to the greater of (a) 20.0 percent of average compensation plus 5.0 percent for each dependent child up to a maximum of two, or (b) the member's accrued allowance. This temporary allowance is paid for a period of time based on the member's age at disability, as follows:

| AGE AT DISABILITY | DURATION |
|---|---|
| 60 & earlier | to age 65 |
| 61 | to age 66 |
| 62 | to age 66 |
| 63 | to age 67 |
| 64 | to age 67 |
| 65 | to age 68 |
| 66 | to age 68 |
| 67 | to age 69 |
| 68 | to age 70 |
| 69 & later | one year |

The minimum allowance is $60 per year of service credit.

2. A deferred allowance commencing when the temporary allowance ceases equal to the greater of (a) the allowance the member would have received based on service to the termination age of the temporary allowance, but not more than 20.0 percent of average compensation, or (b) the member's accrued allowance.

The minimum allowance is $60 per year of service credit.

Effective July 1, 2004, a temporary benefit can be paid out of a member's accumulated contribution balance while the member is awaiting a determination for eligibility for disability benefits. Future disability payments, if any, would be offset by advanced payments made from the member's accumulated contributions.

## ACCIDENTAL DISABILITY RETIREMENT

*Condition for Retirement*

A retirement allowance is paid to a member who is totally and permanently disabled in the performance of duty.

*Amount of Allowance*

The annual accidental disability retirement allowance is equal to the allowance payable on disability retirement but not less than 25.0 percent of average compensation. There is no minimum benefit.

## ACCIDENTAL DEATH BENEFIT

*Condition for Benefit*

A retirement allowance is paid to a spouse and/or dependent children upon the death of an active member in the performance of duty.

*Amount of Allowance*

The annual retirement allowance is equal to 25.0 percent of average compensation payable to the spouse and 12.5 percent of average compensation payable to one dependent child or 25.0 percent to two or more children until age 19 (23 if a full-time student). There is no minimum benefit.

## ORDINARY DEATH BENEFIT

*Condition for Benefit*

Upon the death of a member who has completed at least eight years* of membership service, a benefit is payable (in lieu of a refund of the member's accumulated contributions) to his or her spouse, if said spouse has been married to the member for not less than one year.

**Four years for those who entered the System before July 1, 2007.*

*Amount of Allowance*

The annual retirement allowance payable to the lawful spouse of a vested member who dies is equal to the greater of:

1. The allowance that would have been payable had the member retired and elected Option 2, reduced by an actuarially determined factor based on the number of years the member lacked in qualifying for unreduced benefits, or

2. A lifetime benefit equal to 20.0 percent of the deceased member's average compensation, but not less than $25 per month.

In addition, a benefit is payable to dependent children until age 19 (23 if a full-time student). The benefit is equal to the greater of 5.0 percent of average compensation or $25 per month for each dependent child up to three.

## RETURN OF CONTRIBUTIONS

Upon the withdrawal of a member without a retirement benefit, his or her contributions are returned to him or her, together with accumulated regular interest thereon.

Upon the death of a member before retirement, his or her contributions, together with the full accumulated regular interest thereon, are paid to his or her designated beneficiary, if any, otherwise, to his or her estate provided no other survivor benefits are payable.

Interest is currently credited to the member's account at 3.5 percent per annum.

## NORMAL FORM OF BENEFIT

The normal form of benefit is an allowance payable during the life of the member with the provision that, upon his or her death, the excess of his or her total contributions at the time of retirement over the total retirement annuity paid to him or her will be paid to his or her designated beneficiary.

## OPTIONAL BENEFIT

A member upon retirement may elect to receive his or her allowance in one of the following forms, which are computed to be actuarially equivalent to the applicable retirement allowance.

Option 1. Reduced allowance with the provision that if the pensioner dies before he or she receives the value of the member's annuity as it was at the time of retirement, the balance shall be paid to his or her beneficiary.

Option 2. Upon his or her death, his or her reduced retirement allowance shall be continued throughout the life of, and paid to, his or her beneficiary.

Option 3. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary and the other 50.0 percent of his or her reduced retirement allowance to some other designated beneficiary.

Option 4. Upon his or her death, 75.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4A. Upon his or her death, 50.0 percent of his or her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

Option 4B. A reduced retirement allowance shall be continued throughout the life of the pensioner, but with the further guarantee of payment to the pensioner, or his or her beneficiary for a specified number of years certain.

Option 4C. A member may elect any option with the added provision that the member shall receive, so far as possible, the same total amount annually (considering both SLRP and Social Security benefits) before and after the earliest age at which the member becomes eligible for a Social Security benefit. This option was only available to those who retired prior to July 1, 2004.

A member who elects Option 2, Option 4, or Option 4A at retirement may revert to the normal form of benefit if the designated beneficiary predeceases the retired member or if the member divorces the designated beneficiary.

A member who elects the normal form of benefit or Option 1 at retirement may select Option 2, Option 4, or Option 4A to provide beneficiary protection to a new spouse if married at retirement.

A member who has at least 28 years of creditable service* under PERS may select a PLSO at retirement. Under this option, the retiree has the option of taking a partial-lump-sum distribution equal to 12, 24, or 36 times the base maximum monthly benefit. With each lump-sum amount, the base maximum monthly benefit will be actuarially reduced. A member selecting the PLSO may also select any of the regular options except Option 1, the prorated single-life annuity, and Option 4C, the Social Security-leveling provision. The benefit is then calculated using the new reduced maximum benefit as a starting point in applying the appropriate option factors for the reduction.

**Or at least age 63 with four years of membership service for those who entered PERS before July 1, 2007.*

### POST-RETIREMENT ADJUSTMENTS IN ALLOWANCES

The allowances of retired members are adjusted annually by an amount equal to:

a) 3.0 percent of the annual retirement allowance for each full fiscal year of retirement prior to the year in which the member reaches age 55, plus

b) 3.0 percent compounded for each year thereafter beginning with the fiscal year in which the member turns age 55.

A prorated portion of the annual adjustment will be paid to the member, beneficiary, or estate of any member or beneficiary who is receiving the annual adjustment in a lump sum, but whose benefits are terminated between July 1 and December 1.

### CONTRIBUTIONS

Members currently contribute 3.0 percent of covered earnings. The employer contributes that additional amount necessary to fund the benefits outlined above on a full actuarial reserve funding basis.

## Changes in Plan Provisions

The Mississippi Legislature ended its 2014 legislative session with various changes to the Mississippi Code of 1972 plan provisions of the Public Employees' Retirement System of Mississippi. Legislation is effective July 1, 2014.

### PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI (PERS)

House Bill 67 – Regular Session

» Reemployment after Retirement—amends Miss. Code Ann. § 9-1-105 to revise the maximum compensation allowed for special (retired) judges from 25 to 50 percent of the current salary in effect for a chancery or circuit court judge.

## VALUATION ASSETS & FUNDING PROGRESS

Funding of the actuarial accrued liability is intended to help users assess each plan's funding status on a going-concern basis and assess progress being made in accumulating sufficient assets to pay benefits when due. Actuarial values of assets for PERS, MHSPRS, MRS, and SLRP are based on a smoothed fair value basis that recognizes 20.0 percent of the unrecognized and unanticipated gains and losses. The actuarial valuation of assets recognizes assumed investment income fully each year. Differences between actual and assumed investment income are recognized in equal increments over a five-year period beginning with the current year.

The following table presents the actuarial change in asset valuation for the year ended June 30, 2014 (in thousands):

| | PERS | MHSPRS | MRS | SLRP | TOTAL |
|---|---|---|---|---|---|
| VALUATION ASSETS JUNE 2013 | **$20,490,555** | **$271,097** | **$153,241** | **$13,554** | **$20,928,447** |
| CONTRIBUTIONS & OTHER REVENUE | 1,519,202 | 15,463 | 20,465 | 722 | 1,555,852 |
| BENEFIT PAYMENTS | (2,221,375) | (28,262) | (35,084) | (1,238) | (2,285,959) |
| ADMINISTRATIVE EXPENSES | (12,837) | (200) | (408) | (10) | (13,455) |
| INVESTMENT EXPENSES* | (81,720) | (1,079) | - | (55) | (82,854) |
| **NET NEW MONEY** | **(796,730)** | **(14,078)** | **(15,027)** | **(581)** | **(826,416)** |
| EXPECTED TOTAL INVESTMENT RETURN FOR 2014 (8%) | 1,788,072 | 23,556 | 9,522 | 1,184 | 1,822,334 |
| ADJUSTMENT TOWARD MARKET (20%) | 1,088,043 | 14,723 | 10,234 | 742 | 1,113,742 |
| **VALUATION ASSETS JUNE 2014** | **$22,569,940** | **$295,298** | **$157,970** | **$14,899** | **$23,038,107** |

**This amount is based on a proportionate share of the total investment expense of the commingled assets. The ratio of this number to the total investment expense is equal to the ratio of a fiscal year average market value of assets for this fund to a fiscal year average market value of the total commingled assets.*

Under the funding policy for PERS, MHSPRS, and SLRP, contribution rates will no longer be determined based on a rolling 30-year amortization period. Rather, the focus is on declining amortization periods and a reduction in volatility of the contribution rates. Changes in assumptions and actuarial experience had the following effect on the computed unfunded accrued liability amortization periods. The plans that comprise MRS are closed and have a funding policy that provides for property tax to be sufficiently levied within limits established by Mississippi statutes to provide for a fixed declining amortization period for each municipality.

| | PERS | MHSPRS | SLRP |
|---|---|---|---|
| PREVIOUSLY REPORTED PERIOD | 32.2 years | 33.0 years | 39.6 years |
| *Change Due to:* | | | |
| NORMAL AMORTIZATION | (1.0) | (1.0) | (1.0) |
| ACTUARIAL EXPERIENCE | (3.1) | (12.4) | (14.0) |
| ASSUMPTION CHANGES | - | - | - |
| PLAN AMENDMENTS | - | - | - |
| METHOD CHANGE | - | - | - |
| HOUSE BILL NO. 1015 AND SENATE BILL NO. 2659 | N/A | 13.4 | N/A |
| PAYROLL GROWTH EXPERIENCE | 1.1 | 3.5 | 0.4 |
| COMPUTED PERIOD | 29.2 years | 36.5 years | 25.0 years |

The funded status of each of the plans is shown in the Schedules of Funding Progress on pages 136 and 137. This table shows funding ratios for the last 10 fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial benefit liabilities. An actuarial valuation of the plan's assets and benefit obligations is performed annually.

At the date of the most recent actuarial valuation, June 30, 2014, the funded status of PERS increased to 61.0 percent from 57.7 percent at June 30, 2013. The amount by which PERS' actuarial assets were less than actuarial benefit liabilities was $14.4 billion at June 30, 2014, a decrease in unfunded actuarial accrued liabilities of $607 million from June 30, 2013. The increase in funded status is due primarily to reaching the end of the smoothing period for large asset losses from fiscal year 2009 and the use of a fixed employer contribution rate of 15.75 percent of payroll. Also, an investment rate of return on assets of 18.6 percent relative to the investment return assumption of 8.0 percent contributed to the decrease in unfunded actuarial accrued liabilities.

At the date of the most recent actuarial valuation, June 30, 2014, the funded status of the MHSPRS increased to 66.2 percent from 62.8 percent at June 30, 2013. The amount by which the MHSPRS' actuarial assets were less than actuarial benefit liabilities was $150.5 million, compared with $160.5 million at June 30, 2013. The increase in funded status is due primarily to reaching the end of the smoothing period for large asset losses from fiscal year 2009, coupled with an investment rate of return on assets of 18.6 percent relative to the investment return assumption of 8.0 percent.

As of the June 30, 2014, actuarial valuation of MRS, the funded status increased to 46.4 percent from 43.8 percent at June 30, 2013. The amount by which the MRS actuarial assets were less than actuarial benefit liabilities was $182.4 million at June 30, 2014, compared with $196.3 million at June 30, 2013.

At the date of the most recent actuarial valuation, June 30, 2014, the funded status of SLRP increased to 73.6 percent from 67.8 percent at June 30, 2013. The amount by which the SLRP actuarial assets were less than actuarial benefit liabilities was $5.3 million, compared with $6.4 million at June 30, 2013. The increase in funded status is due primarily to reaching the end of the smoothing period for large asset losses from fiscal year 2009, coupled with an investment rate of return on assets of 18.6 percent relative to the investment return assumption of 8.0 percent.

## SCHEDULES OF FUNDING PROGRESS

- LAST 10 FISCAL YEARS -

[in thousands]

| ACTUARIAL VALUATION DATE | ACTUARIAL VALUE OF ASSETS (A) | ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (B) | UNFUNDED AAL (UAAL) (B-A) | PERCENT FUNDED (A/B) | ANNUAL COVERED PAYROLL (C) | UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C) |
|---|---|---|---|---|---|---|
| *Public Employees' Retirement System of Mississippi* | | | | | | |
| 6/30/05 | $17,180,705 | $23,727,098 | $6,546,393 | 72.40% | $4,786,280 | 136.80% |
| 6/30/06 | 18,321,063 | 24,928,464 | 6,607,401 | 73.50 | 4,971,974 | 132.90 |
| 6/30/07 | 19,791,564 | 26,862,636 | 7,071,072 | 73.70 | 5,196,295 | 136.10 |
| 6/30/08 | 20,814,720 | 28,534,694 | 7,719,974 | 72.90 | 5,544,705 | 139.20 |
| 6/30/09 | 20,597,581 | 30,594,546 | 9,996,965 | 67.30 | 5,831,864 | 171.40 |
| 6/30/10 | 20,143,426 | 31,399,988 | 11,256,562 | 64.20 | 5,763,556 | 195.30 |
| 6/30/11 | 20,315,165 | 32,654,465 | 12,339,300 | 62.20 | 5,684,624 | 217.10 |
| 6/30/12 | 19,992,797 | 34,492,873 | 14,500,076 | 58.00 | 5,857,789 | 247.50 |
| 6/30/13 | 20,490,555 | 35,542,848 | 15,052,293 | 57.70 | 5,823,578 | 258.50 |
| 6/30/14 | 22,569,940 | 37,015,288 | 14,445,348 | 61.00 | 5,834,687 | 247.60 |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | | |
| 6/30/05 | $253,477 | $335,117 | $81,640 | 75.60% | $22,343 | 365.40% |
| 6/30/06 | 265,637 | 350,638 | 85,001 | 75.80 | 24,499 | 347.00 |
| 6/30/07 | 284,626 | 371,233 | 86,607 | 76.70 | 27,037 | 320.30 |
| 6/30/08 | 298,630 | 381,578 | 82,948 | 78.30 | 29,597 | 280.30 |
| 6/30/09 | 292,322 | 394,630 | 102,308 | 74.10 | 26,390 | 387.70 |
| 6/30/10 | 281,088 | 411,277 | 130,189 | 68.30 | 26,353 | 494.00 |
| 6/30/11 | 278,265 | 414,432 | 136,167 | 67.10 | 24,872 | 547.50 |
| 6/30/12 | 268,424 | 421,415 | 152,991 | 63.70 | 25,670 | 596.00 |
| 6/30/13 | 271,097 | 431,575 | 160,478 | 62.80 | 25,816 | 621.60 |
| 6/30/14 | 295,298 | 445,822 | 150,524 | 66.20 | 25,554 | 589.00 |

## SCHEDULES OF FUNDING PROGRESS (CONTINUED)

- LAST 10 FISCAL YEARS -

[in thousands]

| ACTUARIAL VALUATION DATE | ACTUARIAL VALUE OF ASSETS (A) | ACTUARIAL ACCRUED LIABILITY (AAL) ENTRY AGE (B) | UNFUNDED AAL (UAAL) (B-A) | PERCENT FUNDED (A/B) | ANNUAL COVERED PAYROLL (C) | UAAL AS A PERCENTAGE OF COVERED PAYROLL ((B-A)/C) |
|---|---|---|---|---|---|---|
| *Municipal Retirement Systems** | | | | | | |
| 09/30/05 | $217,140 | $387,386 | $170,246 | 56.10% | $2,909 | 5,852.40% |
| 09/30/06 | 213,553 | 383,355 | 169,802 | 55.70 | 2,223 | 7,638.40 |
| 09/30/07 | 213,432 | 379,584 | 166,152 | 56.20 | 1,953 | 8,507.50 |
| 09/30/08 | 208,479 | 368,131 | 159,652 | 56.60 | 1,713 | 9,320.00 |
| 09/30/09 | 191,179 | 381,036 | 189,857 | 50.20 | 1,608 | 11,807.00 |
| 09/30/10 | 175,988 | 372,897 | 196,909 | 47.20 | 1,425 | 13,818.20 |
| 09/30/11 | 167,604 | 363,604 | 196,000 | 46.10 | 1,357 | 14,443.60 |
| 09/30/12 | 155,484 | 356,571 | 201,087 | 43.60 | 1,131 | 17,779.60 |
| 06/30/13 | 153,241 | 349,588 | 196,347 | 43.80 | 794 | 24,728.80 |
| 6/30/14 | 157,970 | 340,385 | 182,415 | 46.40 | 727 | 25,091.50 |
| *Supplemental Legislative Retirement Plan* | | | | | | |
| 06/30/05 | $10,634 | $13,402 | $2,768 | 79.30% | $6,530 | 42.40% |
| 06/30/06 | 11,620 | 14,064 | 2,444 | 82.60 | 6,354 | 38.50 |
| 06/30/07 | 12,722 | 15,054 | 2,332 | 84.50 | 6,554 | 35.60 |
| 06/30/08 | 13,412 | 15,615 | 2,203 | 85.90 | 6,753 | 32.60 |
| 06/30/09 | 13,386 | 16,535 | 3,149 | 81.00 | 6,803 | 46.30 |
| 06/30/10 | 13,241 | 17,081 | 3,840 | 77.50 | 6,605 | 58.10 |
| 06/30/11 | 13,606 | 18,605 | 4,999 | 73.10 | 6,810 | 73.40 |
| 06/30/12 | 13,268 | 19,537 | 6,269 | 67.90 | 6,872 | 91.20 |
| 06/30/13 | 13,554 | 19,978 | 6,424 | 67.80 | 6,695 | 95.90 |
| 6/30/14 | 14,899 | 20,240 | 5,341 | 73.60 | 6,918 | 77.20 |

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

## SOLVENCY TESTS

[in thousands]

| VALUATION DATE | ACTUARIAL ACCRUED LIABILITIES FOR: (1) ACCUMULATED EMPLOYEE CONTRIBUTIONS INCLUDING ALLOCATED INVESTMENT EARNINGS | (2) RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS | (3) ACTIVE AND INACTIVE MEMBERS EMPLOYER-FINANCED PORTION | NET ASSETS AVAILABLE FOR BENEFITS |
|---|---|---|---|---|
| *Public Employees' Retirement System of Mississippi* | | | | |
| 6/30/05 | $3,819,498 | $11,260,642 | $8,646,958 | $17,180,705 |
| 6/30/06 | 3,955,066 | 12,228,330 | 8,745,068 | 18,321,063 |
| 6/30/07 | 3,788,781 | 13,342,531 | 9,731,324 | 19,791,564 |
| 6/30/08 | 3,991,804 | 14,306,528 | 10,236,362 | 20,814,720 |
| 6/30/09 | 4,235,466 | 15,665,712 | 10,693,368 | 20,597,581 |
| 6/30/10 | 4,266,621 | 16,763,455 | 10,369,912 | 20,143,426 |
| 6/30/11 | 4,356,556 | 18,001,718 | 10,296,191 | 20,315,165 |
| 6/30/12 | 4,463,252 | 19,547,367 | 10,482,254 | 19,992,797 |
| 6/30/13 | 5,053,888 | 20,789,551 | 9,699,409 | 20,490,555 |
| 6/30/14 | 5,277,944 | 22,033,588 | 9,703,756 | 22,569,940 |
| *Mississippi Highway Safety Patrol Retirement System* | | | | |
| 6/30/05 | $18,972 | $214,844 | $101,301 | $253,477 |
| 6/30/06 | 19,906 | 222,281 | 108,451 | 265,637 |
| 6/30/07 | 20,870 | 231,771 | 118,592 | 284,626 |
| 6/30/08 | 21,371 | 242,265 | 117,942 | 298,630 |
| 6/30/09 | 20,136 | 273,774 | 100,720 | 292,322 |
| 6/30/10 | 20,658 | 284,106 | 106,513 | 281,088 |
| 6/30/11 | 20,621 | 292,234 | 101,577 | 278,265 |
| 6/30/12 | 20,760 | 300,753 | 99,902 | 268,424 |
| 6/30/13 | 23,706 | 306,273 | 101,596 | 271,097 |
| 6/30/14 | 24,411 | 317,825 | 103,586 | 295,298 |

## SOLVENCY TESTS (CONTINUED)

[in thousands]

| VALUATION DATE | PORTIONS OF ACCRUED LIABILITIES COVERED BY ASSETS (1) | (2) | (3) |
|---|---|---|---|
| *Public Employees' Retirement System of Mississippi* | | | |
| 6/30/05 | 100.00% | 100.00% | 24.30% |
| 6/30/06 | 100.00 | 100.00 | 24.40 |
| 6/30/07 | 100.00 | 100.00 | 27.30 |
| 6/30/08 | 100.00 | 100.00 | 24.60 |
| 6/30/09 | 100.00 | 100.00 | 6.50 |
| 6/30/10 | 100.00 | 94.70 | - |
| 6/30/11 | 100.00 | 88.70 | - |
| 6/30/12 | 100.00 | 79.40 | - |
| 6/30/13 | 100.00 | 74.30 | - |
| 6/30/14 | 100.00 | 78.50 | - |
| *Mississippi Highway Safety Patrol Retirement System* | | | |
| 6/30/05 | 100.00% | 100.00% | 19.40% |
| 6/30/06 | 100.00 | 100.00 | 21.60 |
| 6/30/07 | 100.00 | 100.00 | 27.00 |
| 6/30/08 | 100.00 | 100.00 | 29.70 |
| 6/30/09 | 100.00 | 99.40 | - |
| 6/30/10 | 100.00 | 91.70 | - |
| 6/30/11 | 100.00 | 88.20 | - |
| 6/30/12 | 100.00 | 82.30 | - |
| 6/30/13 | 100.00 | 80.80 | - |
| 6/30/14 | 100.00 | 85.20 | - |

## SOLVENCY TESTS (CONTINUED)

[in thousands]

| VALUATION DATE | ACTUARIAL ACCRUED LIABILITIES FOR: (1) ACCUMULATED EMPLOYEE CONTRIBUTIONS INCLUDING ALLOCATED INVESTMENT EARNINGS | (2) RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS | (3) ACTIVE AND INACTIVE MEMBERS EMPLOYER-FINANCED PORTION | NET ASSETS AVAILABLE FOR BENEFITS |
|---|---|---|---|---|
| *Municipal Retirement Systems* | | | | |
| 9/30/05 | $4,138 | $367,345 | $15,903 | $217,140 |
| 9/30/06 | 3,353 | 368,128 | 11,874 | 213,553 |
| 9/30/07 | 3,015 | 366,139 | 10,430 | 213,432 |
| 9/30/08 | 2,688 | 356,413 | 9,030 | 208,479 |
| 9/30/09 | 2,522 | 369,470 | 9,044 | 191,179 |
| 9/30/10 | 2,295 | 362,444 | 8,158 | 175,988 |
| 9/30/11 | 2,256 | 353,609 | 7,739 | 167,604 |
| 9/30/12 | 1,957 | 348,121 | 6,493 | 155,484 |
| 6/30/13* | 1,483 | 343,770 | 4,335 | 153,241 |
| 6/30/14 | 1,342 | 334,937 | 4,106 | 157,970 |
| *Supplemental Legislative Retirement Plan* | | | | |
| 6/30/05 | $2,076 | $6,813 | $4,513 | $10,634 |
| 6/30/06 | 2,061 | 7,230 | 4,773 | 11,620 |
| 6/30/07 | 2,301 | 7,378 | 5,375 | 12,722 |
| 6/30/08 | 2,102 | 8,295 | 5,218 | 13,412 |
| 6/30/09 | 2,327 | 8,756 | 5,452 | 13,386 |
| 6/30/10 | 2,509 | 8,777 | 5,795 | 13,241 |
| 6/30/11 | 2,642 | 8,734 | 7,229 | 13,606 |
| 6/30/12 | 2,105 | 11,428 | 6,004 | 13,268 |
| 6/30/13 | 2,416 | 11,909 | 5,652 | 13,554 |
| 6/30/14 | 2,638 | 11,920 | 5,682 | 14,899 |

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

## SOLVENCY TESTS (CONTINUED)

[in thousands]

| | PORTIONS OF ACCRUED LIABILITIES COVERED BY ASSETS | | |
|---|---|---|---|
| VALUATION DATE | (1) | (2) | (3) |
| *Municipal Retirement Systems* | | | |
| 9/30/05 | 100.00% | 58.00% | -% |
| 9/30/06 | 100.00 | 57.10 | - |
| 9/30/07 | 100.00 | 57.50 | - |
| 9/30/08 | 100.00 | 57.70 | - |
| 9/30/09 | 100.00 | 51.10 | - |
| 9/30/10 | 100.00 | 47.90 | - |
| 9/30/11 | 100.00 | 46.80 | - |
| 9/30/12 | 100.00 | 44.10 | - |
| 6/30/13* | 100.00 | 44.10 | - |
| 6/30/14 | 100.00 | 46.80 | - |
| *Supplemental Legislative Retirement Plan* | | | |
| 6/30/05 | 100.00% | 100.00% | 38.70% |
| 6/30/06 | 100.00 | 100.00 | 48.80 |
| 6/30/07 | 100.00 | 100.00 | 56.60 |
| 6/30/08 | 100.00 | 100.00 | 57.80 |
| 6/30/09 | 100.00 | 100.00 | 42.20 |
| 6/30/10 | 100.00 | 100.00 | 33.70 |
| 6/30/11 | 100.00 | 100.00 | 30.80 |
| 6/30/12 | 100.00 | 97.70 | - |
| 6/30/13 | 100.00 | 93.50 | - |
| 6/30/14 | 100.00 | 100.00 | 6.00 |

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

## ANALYSIS OF FINANCIAL EXPERIENCE
## GAINS AND LOSSES IN ACCRUED LIABILITIES RESULTING FROM DIFFERENCES BETWEEN ASSUMED EXPERIENCE AND ACTUAL EXPERIENCE
### - FOR THE YEAR ENDED JUNE 30, 2014 -

[in thousands]

| | GAIN (LOSS) FOR YEAR | | | |
|---|---|---|---|---|
| TYPE OF ACTIVITY | PERS | MHSPRS | MRS | SLRP |
| **AGE & SERVICE RETIREMENTS:** IF MEMBERS RETIRE AT OLDER AGES, THERE IS A GAIN. IF YOUNGER AGES, A LOSS. | $(98,500.00) | $(537.90) | $116.30 | $16.60 |
| **DISABILITY RETIREMENTS:** IF DISABILITY CLAIMS ARE LESS THAN ASSUMED, THERE IS A GAIN. IF MORE CLAIMS, A LOSS. | (24,500.00) | 139.60 | - | 11.20 |
| **DEATH-IN-SERVICE BENEFITS:** IF SURVIVOR CLAIMS ARE LESS THAN ASSUMED, THERE IS A GAIN. IF MORE CLAIMS, A LOSS. | (5,700.00) | (277.60) | 2.10 | 8.70 |
| **WITHDRAWAL FROM EMPLOYMENT:** IF MORE LIABILITIES ARE RELEASED BY WITHDRAWALS THAN ASSUMED, THERE IS A GAIN. IF SMALLER RELEASES, A LOSS. | (99,300.00) | 468.80 | - | 5.10 |
| **PAY INCREASES:** IF THERE ARE SMALLER PAY INCREASES THAN ASSUMED, THERE IS A GAIN. IF GREATER INCREASES, A LOSS. | 251,800.00 | (630.00) | 14.00 | 116.90 |
| **NEW MEMBERS:** ADDITIONAL UNFUNDED ACCRUED LIABILITY WILL PRODUCE A LOSS. | (31,000.00) | - | - | - |
| **INVESTMENT INCOME:** IF THERE IS GREATER INVESTMENT INCOME THAN ASSUMED, THERE IS A GAIN. IF LESS INCOME, A LOSS. | 1,183,800.00 | 15,824.20 | 8,098.40 | 808.00 |
| **DEATH AFTER RETIREMENT:** IF RETIRANTS LIVE LONGER THAN ASSUMED, THERE IS A LOSS. IF NOT AS LONG, A GAIN. | (35,800.00) | 393.30 | 851.80 | 133.20 |
| **OTHER:** MISCELLANEOUS GAINS AND LOSSES RESULTING FROM CHANGES IN VALUATION SOFTWARE, DATA ADJUSTMENTS, TIMING OF FINANCIAL TRANSACTIONS, ETC. | (227,800.00) | (2,209.70) | (188.30) | 150.30 |
| **GAIN (OR LOSS) DURING YEAR FROM FINANCIAL EXPERIENCE** | $913,000.00 | $13,170.70 | $8,894.30 | $1,250.00 |
| **NON-RECURRING ITEMS:** ADJUSTMENTS FOR PLAN AMENDMENTS, ASSUMPTION CHANGES, OR METHOD CHANGES. | - | - | - | - |
| **COMPOSITE GAIN (OR LOSS) DURING YEAR** | $913,000.00 | $13,170.70 | $8,894.30 | $1,250.00 |

## EMPLOYER CONTRIBUTIONS
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR ENDED JUNE 30 *Public Employees' Retirement System of Mississippi* | ANNUAL REQUIRED CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|---|---|---|
| 2005 | $482,967 | 100.00% |
| 2006 | 514,525 | 100.00 |
| 2007 | 621,497 | 90.00 |
| 2008 | 636,546 | 97.00 |
| 2009 | 657,048 | 100.00 |
| 2010 | 699,824 | 100.00 |
| 2011 | 687,016 | 100.00 |
| 2012 | 735,022 | 100.00 |
| 2013 | 835,321 | 100.00 |
| 2014 | 921,872 | 100.00 |

| FISCAL YEAR ENDED JUNE 30 *Mississippi Highway Safety Patrol Retirement System* | ANNUAL REQUIRED CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|---|---|---|
| 2005 | $9,088 | 100.00% |
| 2006 | 8,692 | 100.00 |
| 2007 | 10,023 | 100.00 |
| 2008 | 10,492 | 100.00 |
| 2009 | 11,668 | 100.00 |
| 2010 | 11,096 | 100.00 |
| 2011 | 11,385 | 100.00 |
| 2012 | 12,257 | 100.00 |
| 2013 | 13,098 | 100.00 |
| 2014 | 13,595 | 100.00 |

| FISCAL YEAR ENDED JUNE 30 *Municipal Retirement Systems* | ANNUAL REQUIRED CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|---|---|---|
| 2005** | $14,091 | 100.60% |
| 2006** | 15,397 | 101.50 |
| 2007** | 15,426 | 97.10 |
| 2008** | 15,219 | 106.00 |
| 2009** | 14,765 | 114.40 |
| 2010** | 17,739 | 120.80 |
| 2011** | 18,576 | 122.70 |
| 2012** | 18,751 | 127.00 |
| 2013*** | 19,512 | 102.60 |
| 2014*** | 19,344 | 105.40 |

| FISCAL YEAR ENDED JUNE 30 *Supplemental Legislative Retirement Plan* | ANNUAL REQUIRED CONTRIBUTION | PERCENTAGE CONTRIBUTED |
|---|---|---|
| 2005 | $367 | 100.00% |
| 2006 | 413 | 100.00 |
| 2007 | 423 | 100.00 |
| 2008 | 436 | 100.00 |
| 2009 | 449 | 100.00 |
| 2010 | 452 | 100.00 |
| 2011 | 464 | 100.00 |
| 2012 | 504 | 100.00 |
| 2013 | 509 | 100.00 |
| 2014 | 519 | 100.00 |

***Valuation information furnished for MRS is as of September 30.*
****Valuation information furnished for MRS is as of June 30, due to plan year change.*

## SCHEDULE OF ACTIVE MEMBER VALUATION DATA

| VALUATION DATE | NUMBER OF EMPLOYERS | ACTIVE MEMBERS | | | |
|---|---|---|---|---|---|
| | | NUMBER OF EMPLOYEES | ANNUAL PAYROLL | ANNUAL AVERAGE PAY | INCREASE IN AVERAGE PAY |
| *Public Employees' Retirement System of Mississippi* | | | | | |
| 6/30/05 | 861 | 157,101 | $4,786,280,398 | $30,466 | 3.20% |
| 6/30/06 | 861 | 158,091 | 4,971,973,661 | 31,450 | 3.20 |
| 6/30/07 | 861 | 162,804 | 5,196,294,899 | 31,917 | 1.50 |
| 6/30/08 | 863 | 165,733 | 5,544,704,937 | 33,456 | 4.80 |
| 6/30/09 | 866 | 167,122 | 5,831,863,534 | 34,896 | 4.30 |
| 6/30/10 | 868 | 164,896 | 5,763,556,195 | 34,953 | 0.20 |
| 6/30/11 | 872 | 161,676 | 5,684,624,214 | 35,161 | 0.60 |
| 6/30/12 | 870 | 162,311 | 5,857,789,376 | 36,090 | 2.60 |
| 6/30/13 | 873 | 161,744 | 5,823,577,978 | 36,005 | (0.20) |
| 6/30/14 | 871 | 161,360 | 5,834,686,655 | 36,159 | 0.40 |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | |
| 6/30/05 | 1 | 540 | $22,342,918 | $41,376 | 2.00% |
| 6/30/06 | 1 | 564 | 24,499,296 | 43,438 | 5.00 |
| 6/30/07 | 1 | 591 | 27,037,063 | 45,748 | 5.30 |
| 6/30/08 | 1 | 626 | 29,597,374 | 47,280 | 3.30 |
| 6/30/09 | 1 | 570 | 26,389,909 | 46,298 | (2.10) |
| 6/30/10 | 1 | 542 | 26,353,400 | 48,623 | 5.00 |
| 6/30/11 | 1 | 515 | 24,872,085 | 48,295 | (0.70) |
| 6/30/12 | 1 | 547 | 25,670,030 | 46,929 | (2.80) |
| 6/30/13 | 1 | 520 | 25,815,787 | 49,646 | 5.80 |
| 6/30/14 | 1 | 495 | 25,553,765 | 51,624 | 4.00 |

## SCHEDULE OF ACTIVE MEMBER VALUATION DATA (CONTINUED)

| | | ACTIVE MEMBERS | | | |
|---|---|---|---|---|---|
| VALUATION DATE | NUMBER OF EMPLOYERS | NUMBER OF EMPLOYEES | ANNUAL PAYROLL | ANNUAL AVERAGE PAY | INCREASE IN AVERAGE PAY |
| *Municipal Retirement Systems* | | | | | |
| 9/30/05 | 17 | 65 | $2,909,190 | $44,757 | 2.30% |
| 9/30/06 | 17 | 49 | 2,223,090 | 45,369 | 1.40 |
| 9/30/07 | 17 | 42 | 1,952,642 | 46,491 | 2.50 |
| 9/30/08 | 17 | 35 | 1,712,743 | 48,936 | 5.30 |
| 9/30/09 | 17 | 31 | 1,608,396 | 51,884 | 6.00 |
| 9/30/10 | 17 | 27 | 1,424,636 | 52,764 | 1.70 |
| 9/30/11 | 17 | 25 | 1,356,858 | 54,274 | 2.90 |
| 9/30/12 | 17 | 21 | 1,131,252 | 53,869 | (0.70) |
| 6/30/13* | 17 | 16 | 793,841 | 49,615 | (7.90) |
| 6/30/14 | 17 | 14 | 727,347 | 51,953 | 4.70 |
| *Supplemental Legislative Retirement Plan* | | | | | |
| 6/30/05 | 5 | 175 | $6,530,045 | $37,315 | 12.70% |
| 6/30/06 | 5 | 173 | 6,353,542 | 36,726 | (1.60) |
| 6/30/07 | 5 | 175 | 6,554,229 | 37,453 | 2.00 |
| 6/30/08 | 5 | 175 | 6,752,960 | 38,588 | 3.00 |
| 6/30/09 | 5 | 174 | 6,803,339 | 39,100 | 1.30 |
| 6/30/10 | 5 | 175 | 6,605,037 | 37,743 | (3.60) |
| 6/30/11 | 5 | 174 | 6,809,770 | 39,137 | 3.70 |
| 6/30/12 | 5 | 175 | 6,871,757 | 39,267 | 0.30 |
| 6/30/13 | 5 | 175 | 6,695,359 | 38,259 | (2.60) |
| 6/30/14 | 5 | 175 | 6,917,939 | 39,531 | 3.30 |

**Municipal Retirement Systems' plan year changed from September 30 to June 30, beginning in fiscal year 2013.*

## SCHEDULE OF RETIRANTS ADDED TO AND REMOVED FROM ROLLS
- LAST SIX FISCAL YEARS -

| | | ADDED | | REMOVED | | |
|---|---|---|---|---|---|---|
| FISCAL YEAR ENDED* | PLAN | NUMBER | ANNUAL ALLOWANCES | NUMBER | ANNUAL ALLOWANCES | INCREASE DUE TO ANNUAL COLA |
| JUNE 30, 2009 | PERS | 4,965 | $87,403,913 | (2,362) | $(33,633,667) | $36,261,313 |
| | MHSPRS | 62 | 2,263,514 | (21) | (556,046) | 487,986 |
| | MRS | 39 | 538,293 | (83) | (894,867) | 257,171 |
| | SLRP | 7 | 33,316 | (4) | (26,188) | 19,288 |
| JUNE 30, 2010 | PERS | 5,747 | 103,950,841 | (2,722) | (40,358,965) | 39,131,221 |
| | MHSPRS | 22 | 806,092 | (18) | (450,658) | 550,146 |
| | MRS | 37 | 549,390 | (70) | (873,282) | 324,773 |
| | SLRP | 6 | 36,400 | (5) | (46,742) | 21,781 |
| JUNE 30, 2011 | PERS | 6,566 | 127,035,815 | (2,619) | (39,518,227) | 41,632,866 |
| | MHSPRS | 32 | 1,089,231 | (24) | (609,133) | 595,921 |
| | MRS | 44 | 676,051 | (78) | (1,000,144) | 285,981 |
| | SLRP | 7 | 30,133 | (2) | (22,703) | 23,836 |
| JUNE 30, 2012 | PERS | 6,569 | 125,378,708 | (2,855) | (45,787,704) | 45,202,325 |
| | MHSPRS | 31 | 1,157,796 | (22) | (574,614) | 609,050 |
| | MRS | 46 | 792,381 | (86) | (1,233,853) | 187,499 |
| | SLRP | 33 | 230,576 | (7) | (31,217) | 23,377 |
| JUNE 30, 2013 | PERS | 6,276 | 120,592,399 | (2,891) | (47,237,330) | 48,758,557 |
| | MHSPRS | 23 | 642,344 | (23) | (596,871) | 622,206 |
| | MRS | 79 | 1,586,257 | (154) | (2,026,041) | 381,076 |
| | SLRP | 20 | 77,003 | (5) | (26,497) | 24,226 |
| JUNE 30, 2014 | PERS | 6,159 | 120,190,296 | (2,869) | (48,955,768) | 52,368,041 |
| | MHSPRS | 28 | 1,113,236 | (21) | (661,028) | 678,533 |
| | MRS | 29 | 485,121 | (80) | (1,041,083) | 173,544 |
| | SLRP | 6 | 32,688 | (7) | (44,780) | 30,165 |

**Information for MRS is as of September 30 for fiscal years 2009 through 2012.*
*For fiscal year 2013, information is for the 21-month period ending June 30.*

## SCHEDULE OF RETIRANTS ADDED TO AND REMOVED FROM ROLLS (CONTINUED)
- LAST SIX FISCAL YEARS -

| | | | ROLLS AT END OF YEAR | | | |
|---|---|---|---|---|---|---|
| FISCAL YEAR ENDED* | PLAN | INCREASE DUE TO PLAN AMENDMENTS | NUMBER | ANNUAL ALLOWANCES | INCREASE IN ANNUAL ALLOWANCES | AVERAGE ANNUAL ALLOWANCES |
| JUNE 30, 2009 | PERS | - | 76,143 | $1,395,939,879 | 6.89% | $18,333 |
| | MHSPRS | - | 692 | 21,994,109 | 11.09 | 31,783 |
| | MRS | - | 2,123 | 35,455,803 | (0.28) | 16,701 |
| | SLRP | - | 141 | 781,231 | 3.50 | 5,541 |
| JUNE 30, 2010 | PERS | - | 79,168 | 1,498,662,976 | 7.36 | 18,930 |
| | MHSPRS | - | 696 | 22,899,689 | 4.12 | 32,902 |
| | MRS | - | 2,090 | 35,456,684 | 0.00 | 16,965 |
| | SLRP | - | 142 | 792,670 | 1.46 | 5,582 |
| JUNE 30, 2011 | PERS | - | 83,115 | 1,627,813,430 | 8.62 | 19,585 |
| | MHSPRS | - | 704 | 23,975,708 | 4.70 | 34,056 |
| | MRS | - | 2,056 | 35,418,572 | (0.11) | 17,227 |
| | SLRP | - | 147 | 823,936 | 3.94 | 5,605 |
| JUNE 30, 2012 | PERS | - | 86,829 | 1,752,606,759 | 7.67 | 20,185 |
| | MHSPRS | - | 713 | 25,167,940 | 4.97 | 35,299 |
| | MRS | - | 2,016 | 35,164,599 | (0.72) | 17,443 |
| | SLRP | - | 173 | 1,046,672 | 27.03 | 6,050 |
| JUNE 30, 2013 | PERS | - | 90,214 | 1,874,720,385 | 6.97 | 20,781 |
| | MHSPRS | - | 713 | 25,835,619 | 2.65 | 36,235 |
| | MRS | - | 1,941 | 35,105,891 | (0.17) | 18,086 |
| | SLRP | - | 188 | 1,121,404 | 7.14 | 5,965 |
| JUNE 30, 2014 | PERS | - | 93,504 | 1,998,322,954 | 6.59 | 21,372 |
| | MHSPRS | - | 720 | 26,966,360 | 4.38 | 37,453 |
| | MRS | - | 1,890 | 34,723,473 | (1.09) | 18,372 |
| | SLRP | - | 187 | 1,139,477 | 1.61 | 6,093 |

**Information for MRS is as of September 30 for fiscal years 2009 through 2012. For fiscal year 2013, information is for the 21-month period ending June 30.*

# PERS IS PUBLIC WORKS & SERVICE

Mississippians in the fields of public works, communications, administration, and professional specialties are a vital part of the state's public workforce. These essential individuals include sanitation workers, civil engineers, architects, mechanics, and road workers, who build and maintain our state's infrastructure. These individuals also include specialists, like museum archivists and curators, historians, librarians, and foresters, who preserve Mississippi's treasures and past. And they are the accountants and auditors, the writers and marketers, the health inspectors and videographers, who do the behind-the-scenes work that keeps our communities running.

*Illustrations: Véronique Joffre, colagene.com*

# Statistical Report

The objectives of the statistical section are to provide additional historical perspective, context, and details to assist readers in using the information in the financial statements, notes to financial statements, and required supplementary information.

## *Financial Trends*

The schedule of Changes in Net Position presented on pages 150 through 153 contains historical information related to the System's revenues, expenses, changes in net position, and net position restricted for benefits, as well as history of employer and member contribution rates over a 10-year period. The significant net change in position reflected on this schedule is primarily the result of favorable investment performance as evidenced by an 18.6 percent rate of return on investments compared to a 13.4 percent return for fiscal year 2013. To help address the funded status of PERS, the Board of Trustees approved an increase in employer contribution rate to 15.75 percent, which was effective for fiscal year 2014. The MHSPRS and SLRP employer contribution rates remained at 37.0 and 7.4 percent, respectively. Of note, the PERS member contribution rate was increased by the Mississippi Legislature from 7.25 percent to 9.0 percent effective July 1, 2010. The MHSPRS contribution member rate has remained constant at 7.25 percent since 2008, and the SLRP member contribution rate has continued at 3.0 percent since inception of the plan in 1989. Effective for fiscal year 2014, Mississippi House Bill No. 1015 increased the contribution of certain fees toward employer contributions of the MHSPRS.

The Board adopted a revised funding policy for PERS and SLRP aimed at stabilizing the employer contribution rates and establishing a goal to position the plans at more than 80.0 percent funded by 2042. Under the revised funding policy, contribution rates would no longer be determined based on a rolling 30-year amortization. Rather, the focus would be on a declining amortization period and a reduction in volatility of the contribution rate. A similar funding policy was adopted by the MHSPRS Administrative Board. These actions represent the System's continuing commitment to further strengthen sustainability and advance the funding status of the plans. A discussion of changes in employer contribution rates and funding can be found on page 63, Note 2 to the Required Supplementary Information.

Changes were enacted in the PERS retirement benefit structure for those hired on or after July 1, 2011, to better position the System for long-term sustainability. Modifications include retirement eligibility from 25 years of service at any age to 30 years of service at any age, as well as Partial-Lump-Sum Option eligibility from 28 years of service at any age to 33 years of service at any age. Additional changes were adopted for new hires affecting the retirement formula, Cost-of-Living Adjustment calculation, and spouse survivor retirement benefits. A detailed description of plan benefits can be found in Note 1 on pages 34 through 38 and in the Summary of Main System Provisions for each plan beginning on page 115.

## *Demographic and Economic Information*

The schedule of Total Active Members by Attained Age and Years of Service, shown on pages 166 through 168, provides relevant details about the composition of the System's membership, including concentration of members within various age groups and selected group averages for each pension plan. Page 170 contains comparative information regarding the 10 largest participating employers of the multiple-employer plans, which are the Public Employees' Retirement System and Municipal Retirement Systems. The schedule of Benefit Payments by County on page 169 offers information on the amount of economic contribution attributed to benefit payments by county within the State of Mississippi.

## *Operating Information*

Pages 154 through 157 illustrate the number of participants and total benefit payments by type for each retirement plan administered by the System. Additional details regarding monthly benefit distribution by option can be found on pages 162 through 165. The schedule of Average Benefit Payments presents average monthly benefits, average final salary, and the number of active retirees by years of credited service by plan on pages 158 through 160. Comparative supplemental information on employer and member groups covered by the Public Employees' Retirement System cost-sharing plan is offered on page 161, with details of participating employers covered by separate agreements on pages 171 through 173.

Statistical data is provided from the System's internal resources. The System had no outstanding debt as of June 30, 2014.

## CHANGES IN NET POSITION
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | BEGINNING NET POSITION | MEMBER CONTRIBUTIONS AMOUNT | MEMBER CONTRIBUTIONS PERCENT* | EMPLOYER CONTRIBUTIONS AMOUNT** | EMPLOYER CONTRIBUTIONS PERCENT* | NET INVESTMENT INCOME (LOSS) | OTHER REVENUES & TRANSFERS** |
|---|---|---|---|---|---|---|---|
| *Public Employees' Retirement System of Mississippi* | | | | | | | |
| 2005 | $15,723,660 | $365,355 | 7.25% | $492,434 | 9.75% | $1,507,079 | $530 |
| 2006 | 16,890,535 | 375,612 | 7.25 | 557,831 | 10.75 | 1,777,853 | 580 |
| 2007 | 18,321,063 | 392,268 | 7.25 | 610,888 | 11.30 | 3,402,562 | 604 |
| 2008 | 21,353,016 | 417,119 | 7.25 | 683,189 | 11.85 | (1,725,434) | 637 |
| 2009 | 19,251,069 | 434,081 | 7.25 | 713,569 | 11.85 | (3,717,016) | 657 |
| 2010 | 15,134,487 | 439,397 | 7.25 | 731,544 | 12.00 | 2,148,749 | 610 |
| 2011 | 16,788,214 | 533,369 | 9.00 | 723,836 | 12.00 | 4,167,042 | 639 |
| 2012 | 20,377,236 | 545,587 | 9.00 | 768,914 | 12.93 | 59,595 | 664 |
| 2013 | 19,781,387 | 547,792 | 9.00 | 881,847 | 14.26 | 2,564,097 | 691 |
| 2014 | 21,686,911 | 549,528 | 9.00 | 969,674 | 15.75 | 3,905,728 | 885 |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | | | |
| 2005 | $234,345 | $1,462 | 6.50% | $6,335 | 28.16% | $21,897 | $2,388 |
| 2006 | 248,209 | 1,589 | 6.50 | 6,884 | 28.16 | 25,934 | 2,628 |
| 2007 | 265,637 | 1,778 | 6.50 | 8,275 | 30.30 | 49,104 | 2,341 |
| 2008 | 307,152 | 1,985 | 6.50 | 9,253 | 30.30 | (24,886) | 3,156 |
| 2009 | 276,154 | 2,166 | 7.25 | 9,066 | 30.30 | (52,869) | 3,208 |
| 2010 | 214,374 | 2,043 | 7.25 | 8,613 | 30.30 | 29,942 | 3,985 |
| 2011 | 232,873 | 1,948 | 7.25 | 8,067 | 30.30 | 57,090 | 3,427 |
| 2012 | 277,563 | 1,946 | 7.25 | 8,798 | 35.21 | 805 | 3,246 |
| 2013 | 265,232 | 1,951 | 7.25 | 9,952 | 37.00 | 34,270 | 3,414 |
| 2014 | 287,456 | 1,963 | 7.25 | 13,500 | 37.00 | 51,575 | - |

**Percentage of annual covered payroll. The rates shown for 2012 for PERS, MHSPRS, and SLRP were effective as of January 1, 2012. For 2012, the rates prior to January 1, 2012, were 12.0 percent, 30.30 percent, and 6.65 percent, respectively.*

*** Additional contributions for MHSPRS, from House Bill No. 1015, were previously shown in Other Revenues and Transfers. Beginning with fiscal year 2014, these fees are reported in Employer Contributions.*

## CHANGES IN NET POSITION (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | TOTAL ADDITIONS (DELETIONS) | RETIREMENT ANNUITIES | REFUNDS | EXPENSES & DEPRECIATION | TRANSFERS | TOTAL DEDUCTIONS | NET CHANGE IN POSITION | ENDING NET POSITION |
|---|---|---|---|---|---|---|---|---|
| *Public Employees' Retirement System of Mississippi* | | | | | | | | |
| 2005 | $2,365,398 | $1,116,405 | $71,064 | $11,054 | - | $1,198,523 | $1,166,875 | $16,890,535 |
| 2006 | 2,711,876 | 1,198,230 | 73,344 | 9,774 | - | 1,281,348 | 1,430,528 | 18,321,063 |
| 2007 | 4,406,322 | 1,291,456 | 72,572 | 10,341 | - | 1,374,369 | 3,031,953 | 21,353,016 |
| 2008 | (624,489) | 1,393,175 | 72,750 | 11,533 | - | 1,477,458 | (2,101,947) | 19,251,069 |
| 2009 | (2,568,709) | 1,465,500 | 70,050 | 12,323 | - | 1,547,873 | (4,116,582) | 15,134,487 |
| 2010 | 3,320,300 | 1,580,808 | 73,580 | 12,185 | - | 1,666,573 | 1,653,727 | 16,788,214 |
| 2011 | 5,424,886 | 1,734,475 | 88,343 | 13,046 | - | 1,835,864 | 3,589,022 | 20,377,236 |
| 2012 | 1,374,760 | 1,862,826 | 93,379 | 14,404 | - | 1,970,609 | (595,849) | 19,781,387 |
| 2013 | 3,994,427 | 1,965,660 | 108,365 | 14,878 | - | 2,088,903 | 1,905,524 | 21,686,911 |
| 2014 | 5,425,815 | 2,099,843 | 121,532 | 14,232 | - | 2,235,607 | 3,190,208 | 24,877,119 |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | | | | |
| 2005 | $32,082 | $18,005 | $86 | - | $127 | $18,218 | $13,864 | $248,209 |
| 2006 | 37,035 | 19,359 | 110 | - | 138 | 19,607 | 17,428 | 265,637 |
| 2007 | 61,498 | 19,774 | 44 | - | 165 | 19,983 | 41,515 | 307,152 |
| 2008 | (10,492) | 20,295 | 26 | - | 185 | 20,506 | (30,998) | 276,154 |
| 2009 | (38,429) | 23,098 | 72 | - | 181 | 23,351 | (61,780) | 214,374 |
| 2010 | 44,583 | 25,847 | 65 | - | 172 | 26,084 | 18,499 | 232,873 |
| 2011 | 70,532 | 25,620 | 60 | - | 162 | 25,842 | 44,690 | 277,563 |
| 2012 | 14,795 | 26,926 | 24 | - | 176 | 27,126 | (12,331) | 265,232 |
| 2013 | 49,587 | 27,052 | 112 | - | 199 | 27,363 | 22,224 | 287,456 |
| 2014 | 67,038 | 28,220 | 42 | - | 200 | 28,462 | 38,576 | 326,032 |

## CHANGES IN NET POSITION (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | BEGINNING NET POSITION | MEMBER CONTRIBUTIONS AMOUNT | MEMBER CONTRIBUTIONS PERCENT* | EMPLOYER CONTRIBUTIONS AMOUNT | EMPLOYER CONTRIBUTIONS PERCENT* | NET INVESTMENT INCOME (LOSS) | OTHER REVENUES & TRANSFERS |
|---|---|---|---|---|---|---|---|
| *Municipal Retirement Systems* | | | | | | | |
| 2005 | $219,650 | $378 | ** | $14,371 | ** | $19,337 | - |
| 2006 | 219,034 | 263 | ** | 15,613 | ** | 21,563 | - |
| 2007 | 220,877 | 203 | ** | 15,050 | ** | 38,269 | - |
| 2008 | 238,434 | 176 | ** | 15,900 | ** | (18,046) | - |
| 2009 | 200,155 | 154 | ** | 17,415 | ** | (35,930) | - |
| 2010 | 145,467 | 145 | ** | 21,420 | ** | 19,369 | - |
| 2011 | 150,203 | 126 | ** | 22,860 | ** | 35,363 | - |
| 2012 | 172,451 | 121 | ** | 23,449 | ** | 487 | - |
| 2013 | 160,688 | 100 | ** | 21,718 | ** | 19,837 | - |
| 2014 | 166,648 | 78 | ** | 20,337 | ** | 28,453 | - |
| *Supplemental Legislative Retirement Plan* | | | | | | | |
| 2005 | $9,581 | $197 | 3.00% | $417 | 6.33% | $932 | - |
| 2006 | 10,518 | 195 | 3.00 | 411 | 6.33 | 1,137 | - |
| 2007 | 11,620 | 195 | 3.00 | 432 | 6.65 | 2,209 | - |
| 2008 | 13,748 | 203 | 3.00 | 449 | 6.65 | (1,120) | - |
| 2009 | 12,412 | 207 | 3.00 | 458 | 6.65 | (2,437) | - |
| 2010 | 9,832 | 202 | 3.00 | 446 | 6.65 | 1,432 | - |
| 2011 | 11,079 | 206 | 3.00 | 457 | 6.65 | 2,832 | - |
| 2012 | 13,737 | 206 | 3.00 | 490 | 7.40 | 39 | - |
| 2013 | 13,169 | 204 | 3.00 | 503 | 7.40 | 1,715 | - |
| 2014 | 14,374 | 208 | 3.00 | 514 | 7.40 | 2,605 | - |

**Percentage of annual covered payroll. The rates shown for 2012 for PERS, MHSPRS, and SLRP were effective as of January 1, 2012. For 2012, the rates prior to January 1, 2012, were 12.0 percent, 30.30 percent, and 6.65 percent, respectively.*
***Employee and employer rates vary among the 19 systems that comprise the Municipal Retirement Systems.*

## CHANGES IN NET POSITION (CONTINUED)
- LAST 10 FISCAL YEARS -

[in thousands]

| FISCAL YEAR | TOTAL ADDITIONS (DELETIONS) | RETIREMENT ANNUITIES | REFUNDS | EXPENSES & DEPRECIATION | TRANSFERS | TOTAL DEDUCTIONS | NET CHANGE IN POSITION | ENDING NET POSITION |
|---|---|---|---|---|---|---|---|---|
| *Municipal Retirement Systems* | | | | | | | | |
| 2005 | $34,086 | $34,296 | $11 | - | $395 | $34,702 | $(616) | $219,034 |
| 2006 | 37,439 | 35,165 | 1 | - | 430 | 35,596 | 1,843 | 220,877 |
| 2007 | 53,522 | 35,544 | 1 | - | 420 | 35,965 | 17,557 | 238,434 |
| 2008 | (1,970) | 35,870 | - | - | 439 | 36,309 | (38,279) | 200,155 |
| 2009 | (18,361) | 35,848 | 12 | - | 467 | 36,327 | (54,688) | 145,467 |
| 2010 | 40,934 | 35,766 | 3 | - | 429 | 36,198 | 4,736 | 150,203 |
| 2011 | 58,349 | 35,609 | 35 | - | 457 | 36,101 | 22,248 | 172,451 |
| 2012 | 24,057 | 35,348 | 3 | - | 469 | 35,820 | (11,763) | 160,688 |
| 2013 | 41,655 | 35,227 | 34 | - | 434 | 35,695 | 5,960 | 166,648 |
| 2014 | 48,868 | 35,014 | 3 | - | 407 | 35,424 | 13,444 | 180,092 |
| *Supplemental Legislative Retirement Plan* | | | | | | | | |
| 2005 | $1,546 | $599 | $2 | - | $8 | $609 | $937 | $10,518 |
| 2006 | 1,743 | 632 | 1 | - | 8 | 641 | 1,102 | 11,620 |
| 2007 | 2,836 | 699 | - | - | 9 | 708 | 2,128 | 13,748 |
| 2008 | (468) | 845 | 14 | - | 9 | 868 | (1,336) | 12,412 |
| 2009 | (1,772) | 790 | 9 | - | 9 | 808 | (2,580) | 9,832 |
| 2010 | 2,080 | 804 | 20 | - | 9 | 833 | 1,247 | 11,079 |
| 2011 | 3,495 | 828 | - | - | 9 | 837 | 2,658 | 13,737 |
| 2012 | 735 | 1,268 | 25 | - | 10 | 1,303 | (568) | 13,169 |
| 2013 | 2,422 | 1,182 | 25 | - | 10 | 1,217 | 1,205 | 14,374 |
| 2014 | 3,327 | 1,216 | 22 | - | 10 | 1,248 | 2,079 | 16,453 |

## BENEFIT AND REFUND PAYMENTS BY TYPE:
## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
- LAST 10 FISCAL YEARS -

| FISCAL YEAR | SERVICE | DISABILITY | SURVIVOR | TOTAL | REFUNDS |
|---|---|---|---|---|---|
| *Number of Participants by Type of Benefit* | | | | | |
| 2005 | 52,370 | 4,468 | 7,101 | 63,939 | 22,102 |
| 2006 | 54,736 | 4,659 | 7,362 | 66,757 | 19,202 |
| 2007 | 57,019 | 4,903 | 8,834 | 70,756 | 18,207 |
| 2008 | 59,406 | 5,075 | 9,059 | 73,540 | 16,105 |
| 2009 | 61,466 | 5,257 | 9,420 | 76,143 | 15,654 |
| 2010 | 64,049 | 5,399 | 9,720 | 79,168 | 14,433 |
| 2011 | 67,486 | 5,676 | 9,953 | 83,115 | 16,595 |
| 2012 | 70,843 | 5,845 | 10,141 | 86,829 | 18,053 |
| 2013 | 73,830 | 6,030 | 10,354 | 90,214 | 19,920 |
| 2014 | 76,665 | 6,229 | 10,610 | 93,504 | 20,700 |
| *Total Payments by Type of Benefit* *[in thousands]* | | | | | |
| 2005 | $1,019,133 | $70,076 | $27,196 | $1,116,405 | $71,064 |
| 2006 | 1,093,235 | 76,167 | 28,828 | 1,198,230 | 73,344 |
| 2007 | 1,178,654 | 82,168 | 30,634 | 1,291,456 | 72,572 |
| 2008 | 1,272,211 | 88,937 | 32,027 | 1,393,175 | 72,750 |
| 2009 | 1,339,209 | 92,925 | 33,366 | 1,465,500 | 70,050 |
| 2010 | 1,444,987 | 99,920 | 35,901 | 1,580,808 | 73,580 |
| 2011 | 1,588,369 | 107,657 | 38,449 | 1,734,475 | 88,343 |
| 2012 | 1,707,922 | 115,042 | 39,862 | 1,862,826 | 93,379 |
| 2013 | 1,804,812 | 120,342 | 40,506 | 1,965,660 | 108,365 |
| 2014 | 1,930,284 | 127,537 | 42,022 | 2,099,843 | 121,532 |

## BENEFIT AND REFUND PAYMENTS BY TYPE:
## MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM
- LAST 10 FISCAL YEARS -

| FISCAL YEAR | SERVICE | DISABILITY | SURVIVOR | TOTAL | REFUNDS |
|---|---|---|---|---|---|
| *Number of Participants by Type of Benefit* | | | | | |
| 2005 | 421 | 21 | 179 | 621 | 11 |
| 2006 | 425 | 20 | 180 | 625 | 11 |
| 2007 | 435 | 19 | 184 | 638 | 5 |
| 2008 | 443 | 18 | 190 | 651 | 4 |
| 2009 | 480 | 16 | 196 | 692 | 14 |
| 2010 | 489 | 18 | 189 | 696 | 5 |
| 2011 | 500 | 18 | 186 | 704 | 14 |
| 2012 | 510 | 19 | 184 | 713 | 7 |
| 2013 | 510 | 19 | 184 | 713 | 9 |
| 2014 | 516 | 17 | 187 | 720 | 9 |
| *Total Payments by Type of Benefit* *[in thousands]* | | | | | |
| 2005 | $16,064 | $455 | $1,486 | $18,005 | $86 |
| 2006 | 17,380 | 477 | 1,502 | 19,359 | 110 |
| 2007 | 17,870 | 471 | 1,433 | 19,774 | 44 |
| 2008 | 18,453 | 448 | 1,394 | 20,295 | 26 |
| 2009 | 21,194 | 478 | 1,426 | 23,098 | 72 |
| 2010 | 24,029 | 472 | 1,346 | 25,847 | 65 |
| 2011 | 23,953 | 507 | 1,160 | 25,620 | 60 |
| 2012 | 25,337 | 516 | 1,073 | 26,926 | 24 |
| 2013 | 25,476 | 522 | 1,054 | 27,052 | 112 |
| 2014 | 26,595 | 526 | 1,099 | 28,220 | 42 |

## BENEFIT AND REFUND PAYMENTS BY TYPE: MUNICIPAL RETIREMENT SYSTEMS*

- LAST 10 FISCAL YEARS -

| FISCAL YEAR | SERVICE | DISABILITY | SURVIVOR | TOTAL | REFUNDS |
|---|---|---|---|---|---|
| *Number of Participants by Type of Benefit* | | | | | |
| 2005* | 1,548 | 112 | 565 | 2,225 | 1 |
| 2006* | 1,532 | 109 | 559 | 2,200 | 1 |
| 2007* | 1,507 | 104 | 556 | 2,167 | 1 |
| 2008* | 1,470 | 96 | 557 | 2,123 | 12 |
| 2009* | 1,431 | 93 | 566 | 2,090 | 3 |
| 2010* | 1,388 | 84 | 584 | 2,056 | 9 |
| 2011* | 1,334 | 80 | 602 | 2,016 | 7 |
| 2012* | 1,302 | 75 | 601 | 1,978 | - |
| 2013** | 1,260 | 71 | 610 | 1,941 | 4 |
| 2014** | 1,216 | 70 | 604 | 1,890 | 7 |
| *Total Payments by Type of Benefit**** *[in thousands]* | | | | | |
| 2005* | $25,971 | $985 | $5,598 | $32,554 | $1 |
| 2006* | 26,353 | 969 | 5,757 | 33,079 | 1 |
| 2007* | 27,872 | 1,072 | 6,611 | 35,555 | 1 |
| 2008* | 27,720 | 1,011 | 6,725 | 35,456 | 12 |
| 2009* | 27,409 | 1,003 | 7,045 | 35,457 | 3 |
| 2010* | 27,062 | 927 | 7,430 | 35,419 | 35 |
| 2011* | 26,315 | 894 | 7,956 | 35,165 | 3 |
| 2012* | 26,056 | 850 | 8,190 | 35,096 | - |
| 2013** | 25,787 | 817 | 8,623 | 35,227 | 34 |
| 2014** | 25,382 | 816 | 8,816 | 35,014 | 3 |

**Valuation information furnished for MRS is as of September 30.*
*** Valuation information furnished for MRS is as of June 30, due to plan year change.*
****Individual MRS COLA increases are paid if funding is available.*

## BENEFIT AND REFUND PAYMENTS BY TYPE: SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

- LAST 10 FISCAL YEARS -

| FISCAL YEAR | SERVICE | DISABILITY | SURVIVOR | TOTAL | REFUNDS |
|---|---|---|---|---|---|
| *Number of Participants by Type of Benefit* | | | | | |
| 2005 | 94 | 2 | 18 | 114 | 2 |
| 2006 | 99 | 2 | 21 | 122 | 1 |
| 2007 | 97 | 2 | 27 | 126 | - |
| 2008 | 110 | 2 | 26 | 138 | 3 |
| 2009 | 113 | 2 | 26 | 141 | 1 |
| 2010 | 117 | 2 | 23 | 142 | 3 |
| 2011 | 118 | 2 | 27 | 147 | - |
| 2012 | 143 | 2 | 28 | 173 | 8 |
| 2013 | 150 | 2 | 36 | 188 | 4 |
| 2014 | 149 | 2 | 36 | 187 | 5 |
| *Total Payments by Type of Benefit* *[in thousands]* | | | | | |
| 2005 | $550 | $12 | $37 | $599 | $2 |
| 2006 | 585 | 12 | 35 | 632 | 1 |
| 2007 | 639 | 12 | 48 | 699 | - |
| 2008 | 773 | 14 | 58 | 845 | 14 |
| 2009 | 739 | 12 | 39 | 790 | 9 |
| 2010 | 758 | 12 | 34 | 804 | 20 |
| 2011 | 781 | 12 | 35 | 828 | - |
| 2012 | 1,184 | 16 | 68 | 1,268 | 25 |
| 2013 | 1,104 | 13 | 65 | 1,182 | 25 |
| 2014 | 1,123 | 13 | 80 | 1,216 | 22 |

## AVERAGE BENEFIT PAYMENTS:
## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

| RETIREMENT EFFECTIVE DATES: JULY 1, 2010, TO JUNE 30, 2014 | YEARS CREDITED SERVICE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25 | 26-29 | 30 | 31+ |
| *2014* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $583 | $449 | $712 | $999 | $1,384 | $1,871 | $1,993 | $2,283 | $2,954 |
| AVERAGE FINAL SALARY | $31,286 | $31,009 | $35,356 | $37,962 | $40,947 | $47,490 | $48,732 | $51,456 | $57,022 |
| NUMBER OF ACTIVE RETIRANTS | 94 | 657 | 945 | 815 | 663 | 505 | 1,146 | 232 | 1,102 |
| *2013* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $430 | $444 | $695 | $964 | $1,422 | $1,925 | $2,017 | $2,188 | $2,931 |
| AVERAGE FINAL SALARY | $28,954 | $30,707 | $34,404 | $36,876 | $41,550 | $47,768 | $48,862 | $49,470 | $56,341 |
| NUMBER OF ACTIVE RETIRANTS | 115 | 800 | 901 | 740 | 758 | 496 | 1,121 | 224 | 1,121 |
| *2012* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $503 | $426 | $656 | $984 | $1,325 | $1,823 | $1,957 | $2,283 | $2,938 |
| AVERAGE FINAL SALARY | $27,325 | $29,424 | $32,872 | $37,561 | $40,246 | $46,050 | $47,965 | $51,720 | $56,263 |
| NUMBER OF ACTIVE RETIRANTS | 146 | 861 | 867 | 779 | 736 | 501 | 1,135 | 260 | 1,281 |
| *2011* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $490 | $445 | $637 | $975 | $1,347 | $1,792 | $1,996 | $2,176 | $2,911 |
| AVERAGE FINAL SALARY | $26,297 | $29,798 | $31,063 | $36,095 | $39,613 | $45,296 | $48,620 | $49,084 | $55,608 |
| NUMBER OF ACTIVE RETIRANTS | 247 | 837 | 808 | 741 | 743 | 456 | 1,050 | 245 | 1,439 |
| *2010* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $320 | $386 | $620 | $905 | $1,240 | $1,718 | $1,898 | $2,175 | $2,833 |
| AVERAGE FINAL SALARY | $23,675 | $27,192 | $30,890 | $33,781 | $37,426 | $43,924 | $46,537 | $49,426 | $54,049 |
| NUMBER OF ACTIVE RETIRANTS | 220 | 765 | 773 | 641 | 627 | 428 | 867 | 237 | 1,189 |

## AVERAGE BENEFIT PAYMENTS:
## MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

| RETIREMENT EFFECTIVE DATES: JULY 1, 2010, TO JUNE 30, 2014 | YEARS CREDITED SERVICE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5-9 | 10-15 | 16-20 | 31-24 | 25 | 26-29 | 30 | 31+ |
| *2014* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $- | $- | $402 | $2,013 | $- | $2,756 | $3,899 | $4,528 |
| AVERAGE FINAL SALARY | $- | $- | $- | $15,019 | $54,344 | $- | $51,233 | $69,760 | $68,011 |
| NUMBER OF ACTIVE RETIRANTS | - | - | - | 1 | 5 | - | 8 | 5 | 9 |
| *2013* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $662 | $710 | $- | $1,173 | $1,696 | $2,860 | $- | $3,270 |
| AVERAGE FINAL SALARY | $- | $21,844 | $36,998 | $- | $31,852 | $28,673 | $54,158 | $- | $54,646 |
| NUMBER OF ACTIVE RETIRANTS | - | 1 | 2 | - | 3 | 2 | 11 | - | 4 |
| *2012* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $1,649 | $- | $2,341 | $982 | $1,569 | $2,268 | $4,335 | $3,799 |
| AVERAGE FINAL SALARY | $- | $39,568 | $- | $58,021 | $39,971 | $28,717 | $48,824 | $71,048 | $62,979 |
| NUMBER OF ACTIVE RETIRANTS | - | 1 | - | 1 | 1 | 1 | 10 | 5 | 12 |
| *2011* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $- | $716 | $1,021 | $2,434 | $1,897 | $2,409 | $3,792 | $3,297 |
| AVERAGE FINAL SALARY | $- | $- | $28,058 | $26,202 | $60,343 | $43,144 | $50,020 | $52,042 | $51,856 |
| NUMBER OF ACTIVE RETIRANTS | - | - | 1 | 2 | 3 | 2 | 11 | 4 | 9 |
| *2010* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $- | $- | $1,405 | $- | $3,155 | $3,025 | $3,461 | $2,974 |
| AVERAGE FINAL SALARY | $- | $- | $- | $37,963 | $- | $59,219 | $47,431 | $30,160 | $41,004 |
| NUMBER OF ACTIVE RETIRANTS | - | - | - | 4 | - | 2 | 5 | 2 | 9 |

## AVERAGE BENEFIT PAYMENTS:
## SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

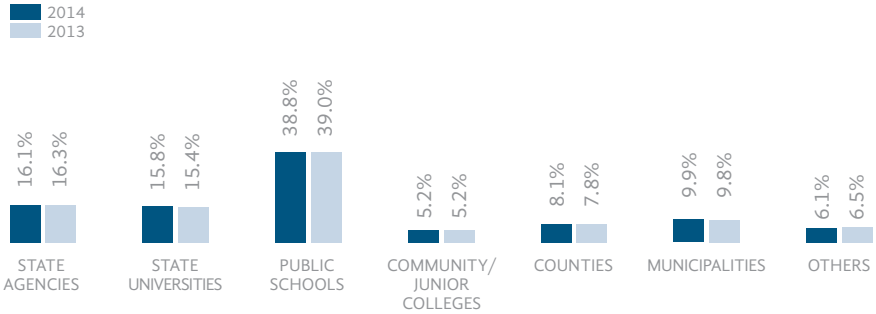
| RETIREMENT EFFECTIVE DATES: JULY 1, 2010, TO JUNE 30, 2014 | YEARS CREDITED SERVICE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 0-4 | 5-9 | 10-15 | 16-20 | 21-24 | 25 | 26-29 | 30 | 31+ |
| *2014* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $- | $345 | $491 | $473 | $- | $580 | $- | $- |
| AVERAGE FINAL SALARY | $- | $- | $34,404 | $34,871 | $39,301 | $- | $43,165 | $- | $- |
| NUMBER OF ACTIVE RETIRANTS | - | - | 2 | 2 | 1 | - | 1 | - | - |
| *2013* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $168 | $183 | $463 | $550 | $- | $731 | $- | $- |
| AVERAGE FINAL SALARY | $- | $27,925 | $29,576 | $36,140 | $39,581 | $- | $38,727 | $- | $- |
| NUMBER OF ACTIVE RETIRANTS | - | 6 | 7 | 1 | 4 | - | 2 | - | - |
| *2012* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $194 | $405 | $430 | $676 | $- | $731 | $- | $1,237 |
| AVERAGE FINAL SALARY | $- | $33,827 | $43,765 | $36,045 | $38,901 | $- | $38,645 | $- | $57,275 |
| NUMBER OF ACTIVE RETIRANTS | - | 10 | 6 | 3 | 4 | - | 3 | - | 7 |
| *2011* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $104 | $261 | $109 | $- | $305 | $- | $- | $- | $369 |
| AVERAGE FINAL SALARY | $33,200 | $34,762 | $19,188 | $- | $36,782 | $- | $- | $- | $27,287 |
| NUMBER OF ACTIVE RETIRANTS | 1 | 1 | 1 | - | 2 | - | - | - | 2 |
| *2010* | | | | | | | | | |
| AVERAGE MONTHLY BENEFIT | $- | $130 | $517 | $- | $759 | $- | $- | $- | $1,295 |
| AVERAGE FINAL SALARY | $- | $29,883 | $48,827 | $- | $45,504 | $- | $- | $- | $36,181 |
| NUMBER OF ACTIVE RETIRANTS | - | 3 | 1 | - | 1 | - | - | - | 1 |

## ANALYSIS OF EMPLOYER AND MEMBER CONTRIBUTIONS
## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI
- FOR FISCAL YEARS ENDED JUNE 30, 2014 AND 2013 -

[contributions in thousands]

| | EMPLOYER | | MEMBER | | | |
|---|---|---|---|---|---|---|
| EMPLOYER GROUP | UNITS | CONTRIBUTIONS | NUMBER | CONTRIBUTIONS | TOTAL CONTRIBUTIONS | PERCENT |
| *2014* | | | | | | |
| STATE AGENCIES | 112 | $156,118 | 32,288 | $88,474 | $244,592 | 16.1% |
| STATE UNIVERSITIES | 9 | 153,208 | 18,309 | 86,825 | 240,034 | 15.8 |
| PUBLIC SCHOOLS | 149 | 376,233 | 64,064 | 213,217 | 589,450 | 38.8 |
| COMMUNITY/JUNIOR COLLEGES | 15 | 50,423 | 6,222 | 28,576 | 78,999 | 5.2 |
| COUNTIES | 82 | 78,544 | 13,894 | 44,512 | 123,055 | 8.1 |
| MUNICIPALITIES | 241 | 95,998 | 17,066 | 54,403 | 150,401 | 9.9 |
| OTHERS | 263 | 59,150 | 9,517 | 33,521 | 92,671 | 6.1 |
| **TOTALS** | **871** | **$969,674** | **161,360** | **$549,528** | **$1,519,202** | **100.0%** |
| *2013* | | | | | | |
| STATE AGENCIES | 112 | $143,915 | 32,921 | $89,415 | $233,330 | 16.3% |
| STATE UNIVERSITIES | 9 | 135,816 | 17,636 | 84,364 | 220,180 | 15.4 |
| PUBLIC SCHOOLS | 149 | 343,667 | 64,045 | 213,474 | 557,141 | 39.0 |
| COMMUNITY/JUNIOR COLLEGES | 15 | 45,958 | 6,272 | 28,547 | 74,505 | 5.2 |
| COUNTIES | 82 | 68,615 | 13,904 | 42,621 | 111,236 | 7.8 |
| MUNICIPALITIES | 241 | 86,622 | 17,108 | 53,807 | 140,429 | 9.8 |
| OTHERS | 265 | 57,254 | 9,858 | 35,564 | 92,818 | 6.5 |
| **TOTALS** | **873** | **$881,847** | **161,744** | **$547,792** | **$1,429,639** | **100.0%** |

### PERCENT OF TOTAL CONTRIBUTIONS BY AGENCY TYPE




*Note: Above tables exclude MHSPRS, MRS, and SLRP contributions.*

## RETIRED MEMBERS BY TYPE OF BENEFIT
- JUNE 30, 2014 -

| AMOUNT OF MONTHLY BENEFIT* | OPTION SELECTED** | | | | | |
|---|---|---|---|---|---|---|
| | LIFE | OPT. 1 | OPT. 2 | OPT. 3 | OPT. 4 | OPT. 4A |
| *Public Employees' Retirement System of Mississippi* | | | | | | |
| $1 - 100 | 1,712 | 72 | 305 | 11 | - | 33 |
| 101 - 200 | 3,958 | 199 | 666 | 30 | 13 | 85 |
| 201 - 300 | 4,189 | 200 | 613 | 23 | 20 | 102 |
| 301 - 400 | 3,765 | 213 | 612 | 24 | 11 | 123 |
| 401 - 500 | 3,511 | 177 | 619 | 19 | 27 | 155 |
| 501 - 600 | 3,023 | 136 | 552 | 22 | 17 | 120 |
| 601 - 700 | 2,785 | 142 | 481 | 20 | 12 | 141 |
| 701 - 800 | 2,580 | 155 | 478 | 18 | 15 | 181 |
| 801 - 900 | 2,426 | 159 | 503 | 14 | 26 | 207 |
| 901 - 1,000 | 2,381 | 126 | 497 | 21 | 31 | 183 |
| OVER 1,000 | 31,188 | 1,709 | 8,713 | 318 | 482 | 4,519 |
| **TOTALS** | **61,518** | **3,288** | **14,039** | **520** | **654** | **5,849** |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | | |
| $1 - 100 | 1 | - | - | - | - | - |
| 101 - 200 | 4 | - | - | - | - | - |
| 201 - 300 | 5 | - | - | - | - | - |
| 301 - 400 | 21 | - | 1 | - | - | - |
| 401 - 500 | 10 | - | - | - | - | 3 |
| 501 - 600 | 16 | - | - | - | - | 3 |
| 601 - 700 | 13 | - | - | - | - | 2 |
| 701 - 800 | 18 | - | - | - | - | 3 |
| 801 - 900 | 23 | - | - | 1 | - | 2 |
| 901 - 1,000 | 21 | - | - | - | - | 2 |
| OVER 1,000 | 61 | 2 | 45 | 3 | - | 445 |
| **TOTALS** | **193** | **2** | **46** | **4** | **-** | **460** |

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life; Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.*

## RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)
- JUNE 30, 2014 -

| AMOUNT OF MONTHLY BENEFIT* | OPTION SELECTED** (CONTINUED) | | | PLSO 1 YR.*** | PLSO 2 YR.*** | PLSO 3 YR.*** |
|---|---|---|---|---|---|---|
| | OPT. 4B | OPT. 4C*** | OPT. 5 | | | |
| *Public Employees' Retirement System of Mississippi* | | | | | | |
| $1 - 100 | 186 | 5 | 5 | 54 | 43 | 409 |
| 101 - 200 | 405 | 23 | 35 | 108 | 87 | 517 |
| 201 - 300 | 377 | 38 | 37 | 118 | 91 | 455 |
| 301 - 400 | 386 | 55 | 24 | 107 | 105 | 391 |
| 401 - 500 | 313 | 71 | 19 | 123 | 98 | 335 |
| 501 - 600 | 333 | 94 | 23 | 128 | 90 | 336 |
| 601 - 700 | 255 | 145 | 18 | 113 | 89 | 260 |
| 701 - 800 | 231 | 169 | 41 | 110 | 92 | 266 |
| 801 - 900 | 266 | 200 | 27 | 126 | 79 | 328 |
| 901 - 1,000 | 234 | 225 | 48 | 119 | 65 | 319 |
| OVER 1,000 | 4,100 | 1,818 | 273 | 2,549 | 2,230 | 9,427 |
| **TOTALS** | **7,086** | **2,843** | **550** | **3,655** | **3,069** | **13,043** |
| *Mississippi Highway Safety Patrol Retirement System* | | | | | | |
| $1 - 100 | - | - | - | - | - | - |
| 101 - 200 | - | - | - | - | - | - |
| 201 - 300 | - | - | - | - | - | - |
| 301 - 400 | - | - | - | - | - | - |
| 401 - 500 | - | - | - | - | - | - |
| 501 - 600 | - | - | - | - | - | - |
| 601 - 700 | - | - | - | - | - | - |
| 701 - 800 | - | - | - | - | - | - |
| 801 - 900 | - | 1 | - | - | 1 | - |
| 901 - 1,000 | - | - | - | - | - | - |
| OVER 1,000 | 15 | 10 | - | 37 | 20 | 107 |
| **TOTALS** | **15** | **11** | **-** | **37** | **21** | **107** |

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life; Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.*
****Included in other options.*

## RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)

- JUNE 30, 2014 -

| AMOUNT OF MONTHLY BENEFIT* | OPTION SELECTED** | | | | | |
|---|---|---|---|---|---|---|
| | LIFE | OPT. 1 | OPT. 2 | OPT. 3 | OPT. 4 | OPT. 4A |
| *Supplemental Legislative Retirement Plan* | | | | | | |
| $1 - 100 | 5 | - | 3 | - | - | - |
| 101 - 200 | 13 | 1 | 15 | - | - | - |
| 201 - 300 | 18 | - | 11 | 2 | - | 2 |
| 301 - 400 | 18 | 1 | 12 | - | - | 2 |
| 401 - 500 | 7 | 1 | 6 | - | - | 1 |
| 501 - 600 | 3 | - | 1 | 1 | - | - |
| 601 - 700 | 4 | - | 7 | - | - | 1 |
| 701 - 800 | 4 | - | 2 | - | - | - |
| 801 - 900 | 5 | - | 1 | - | - | 1 |
| 901 - 1,000 | - | - | - | - | - | - |
| OVER 1,000 | 3 | - | 3 | 1 | - | - |
| **TOTALS** | **80** | **3** | **61** | **4** | **-** | **7** |

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life; Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.*

## RETIRED MEMBERS BY TYPE OF BENEFIT (CONTINUED)
- JUNE 30, 2014 -

| AMOUNT OF MONTHLY BENEFIT* *Supplemental Legislative Retirement Plan* | OPTION SELECTED** (CONTINUED) | | | PLSO 1 YR.*** | PLSO 2 YR.*** | PLSO 3 YR.*** |
|---|---|---|---|---|---|---|
| | OPT. 4B | OPT. 4C*** | OPT. 5 | | | |
| $1 - 100 | 3 | 1 | - | - | - | 1 |
| 101 - 200 | 3 | - | 1 | - | - | 4 |
| 201 - 300 | 3 | - | 1 | - | - | 2 |
| 301 - 400 | 7 | - | 1 | 1 | - | 6 |
| 401 - 500 | 3 | - | - | - | 2 | 4 |
| 501 - 600 | 2 | - | 1 | 1 | - | 1 |
| 601 - 700 | 2 | - | - | - | - | 1 |
| 701 - 800 | - | - | 1 | - | - | 2 |
| 801 - 900 | 2 | - | - | - | - | 1 |
| 901 - 1,000 | 1 | - | - | - | 1 | - |
| OVER 1,000 | 1 | - | - | - | - | 3 |
| **TOTALS** | **27** | **1** | **5** | **2** | **3** | **25** |

**Excluding Cost-of-Living Adjustment.*
***Option Selected: Life - return of contributions; Opt.1 - return of member's annuity; Opt. 2 - 100.0 percent survivorship; Opt. 3 - 50.0 percent / 50.0 percent dual survivorship; Opt 4 - 75.0 percent survivorship; Opt. 4A - 50.0 percent survivorship; Opt. 4B - years certain and life; Opt. 4C - Social Security leveling; Opt. 5 - pop up; PLSO - Partial-Lump-Sum Option.*
****Included in other options.*

## TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

- JUNE 30, 2014 -

| | ACTIVE MEMBER YEARS OF SERVICE | | | | | | | TOTALS | |
|---|---|---|---|---|---|---|---|---|---|
| ATTAINED AGE | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | NUMBER | VALUATION PAYROLL |
| UNDER 20 | 277 | 6 | - | - | - | - | - | 283 | $3,882,155 |
| 20-24 | 6,940 | 75 | - | - | - | - | - | 7,015 | 158,071,249 |
| 25-29 | 12,558 | 3,303 | 67 | - | - | - | - | 15,928 | 472,833,194 |
| 30-34 | 8,376 | 8,030 | 2,533 | 53 | - | - | - | 18,992 | 647,579,650 |
| 35-39 | 6,556 | 5,349 | 5,683 | 1,814 | 33 | - | - | 19,435 | 718,768,012 |
| 40-44 | 5,782 | 5,074 | 4,425 | 4,421 | 1,837 | 63 | - | 21,602 | 828,119,380 |
| 45-49 | 4,877 | 4,182 | 3,619 | 3,328 | 3,540 | 1,267 | 29 | 20,842 | 796,532,626 |
| 50-54 | 4,327 | 3,950 | 3,605 | 3,300 | 2,890 | 2,484 | 842 | 21,398 | 810,592,698 |
| 55-59 | 3,273 | 3,391 | 3,153 | 2,911 | 2,824 | 2,033 | 1,508 | 19,093 | 737,087,235 |
| 60 | 516 | 563 | 512 | 451 | 427 | 325 | 306 | 3,100 | 123,012,305 |
| 61 | 464 | 482 | 475 | 396 | 402 | 310 | 279 | 2,808 | 111,023,568 |
| 62 | 342 | 443 | 392 | 324 | 302 | 230 | 204 | 2,237 | 89,109,618 |
| 63 | 281 | 384 | 311 | 263 | 240 | 175 | 168 | 1,822 | 73,023,425 |
| 64 | 221 | 329 | 261 | 208 | 188 | 138 | 155 | 1,500 | 59,617,626 |
| 65 | 164 | 228 | 181 | 161 | 131 | 84 | 105 | 1,054 | 43,115,380 |
| 66 | 133 | 203 | 149 | 126 | 102 | 85 | 91 | 889 | 36,709,625 |
| 67 | 131 | 163 | 146 | 123 | 69 | 64 | 87 | 783 | 32,137,873 |
| 68 | 80 | 97 | 85 | 64 | 51 | 30 | 56 | 463 | 17,129,693 |
| 69 | 71 | 94 | 88 | 45 | 49 | 28 | 43 | 418 | 17,229,629 |
| 70 & OVER | 268 | 339 | 340 | 249 | 154 | 133 | 215 | 1,698 | 59,111,714 |
| **TOTALS** | **55,637** | **36,685** | **26,025** | **18,237** | **13,239** | **7,449** | **4,088** | **161,360** | **$5,834,686,655** |

*While not used in the financial computations, the following group averages are computed and shown because of their general interest:*

*Age: 44.4 years*
*Service: 10.2 years*
*Annual Pay: $36,159*

## TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: MISSISSIPPI HIGHWAY SAFETY PATROL RETIREMENT SYSTEM

- JUNE 30, 2014 -

| | ACTIVE MEMBER YEARS OF SERVICE | | | | | | | TOTALS | |
|---|---|---|---|---|---|---|---|---|---|
| ATTAINED AGE | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | NUMBER | VALUATION PAYROLL |
| UNDER 20 | - | - | - | - | - | - | - | - | $- |
| 20-24 | 2 | - | - | - | - | - | - | 2 | 75,058 |
| 25-29 | 20 | 13 | - | - | - | - | - | 33 | 1,319,058 |
| 30-34 | 22 | 55 | 4 | - | - | - | - | 81 | 3,513,580 |
| 35-39 | 3 | 41 | 36 | 7 | - | - | - | 87 | 4,164,702 |
| 40-44 | 3 | 26 | 36 | 42 | 12 | - | - | 119 | 6,180,926 |
| 45-49 | 1 | 5 | 15 | 21 | 28 | 4 | - | 74 | 4,127,440 |
| 50-54 | 1 | 1 | 4 | 12 | 11 | 23 | 6 | 58 | 3,487,384 |
| 55-59 | - | - | 1 | 3 | 1 | 15 | 15 | 35 | 2,289,034 |
| 60 & OVER | - | 1 | - | - | - | 3 | 2 | 6 | 396,583 |
| **TOTALS** | **52** | **142** | **96** | **85** | **52** | **45** | **23** | **495** | **$25,553,765** |

*While not used in the financial computations, the following group averages are computed and shown because of their general interest:*

*Age: 42.3 years*
*Service: 14.0 years*
*Annual Pay: $51,624*

## TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: MUNICIPAL RETIREMENT SYSTEMS

- JUNE 30, 2014 -

| | ACTIVE MEMBER YEARS OF SERVICE | | | | | | | TOTALS | |
|---|---|---|---|---|---|---|---|---|---|
| ATTAINED AGE | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | NUMBER | VALUATION PAYROLL |
| UNDER 20 | - | - | - | - | - | - | - | - | $- |
| 20-24 | - | - | - | - | - | - | - | - | - |
| 25-29 | - | - | - | - | - | - | - | - | - |
| 30-34 | - | - | - | - | - | - | - | - | - |
| 35-39 | - | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | - | - |
| 50-54 | - | - | - | - | - | 4 | 1 | 5 | 277,021 |
| 55-59 | - | - | - | - | - | - | - | - | - |
| 60 & OVER | - | - | - | - | - | - | 9 | 9 | 450,326 |
| **TOTALS** | **-** | **-** | **-** | **-** | **-** | **4** | **10** | **14** | **$727,347** |

*While not used in the financial computations, the following group averages are computed and shown because of their general interest:*

*Age: 61.0 years*
*Service: 36.8 years*
*Annual Pay: $51,953*

## TOTAL ACTIVE MEMBERS BY ATTAINED AGE AND YEARS OF SERVICE: SUPPLEMENTAL LEGISLATIVE RETIREMENT PLAN

- JUNE 30, 2014 -

| | ACTIVE MEMBER YEARS OF SERVICE | | | | | | | TOTALS | |
|---|---|---|---|---|---|---|---|---|---|
| ATTAINED AGE | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30+ | NUMBER | VALUATION PAYROLL |
| UNDER 20 | - | - | - | - | - | - | - | - | $- |
| 20-24 | 1 | - | - | - | - | - | - | 1 | 43,624 |
| 25-29 | - | - | - | - | - | - | - | - | - |
| 30-34 | 5 | 1 | - | - | - | - | - | 6 | 217,317 |
| 35-39 | 6 | 3 | 2 | - | - | - | - | 11 | 426,100 |
| 40-44 | 14 | 4 | 3 | - | - | - | - | 21 | 826,931 |
| 45-49 | 10 | 4 | 2 | 2 | - | - | - | 18 | 697,306 |
| 50-54 | 11 | 4 | 3 | 1 | 2 | - | - | 21 | 861,131 |
| 55-59 | 3 | 2 | 6 | 2 | 6 | - | 3 | 22 | 883,980 |
| 60 | 3 | - | 1 | - | 1 | - | - | 5 | 214,634 |
| 61 | 2 | - | 1 | - | 2 | - | 1 | 6 | 238,865 |
| 62 | - | 2 | 1 | 1 | - | - | 1 | 5 | 203,605 |
| 63 | 1 | 2 | 2 | - | 1 | - | 2 | 8 | 306,574 |
| 64 | - | 1 | 2 | - | 1 | - | 1 | 5 | 194,621 |
| 65 | 4 | 1 | 1 | - | - | - | - | 6 | 234,899 |
| 66 | 1 | 1 | 1 | - | - | - | 1 | 4 | 163,257 |
| 67 | 1 | 1 | 1 | - | 3 | - | 1 | 7 | 283,869 |
| 68 | - | - | 1 | 3 | - | - | - | 4 | 156,836 |
| 69 | - | 1 | - | - | 2 | - | - | 3 | 117,572 |
| 70 & OVER | - | 2 | 5 | 3 | 7 | 2 | 3 | 22 | 846,818 |
| **TOTALS** | **62** | **29** | **32** | **12** | **25** | **2** | **13** | **175** | **$6,917,939** |

*While not used in the financial computations, the following group averages are computed and shown because of their general interest:*

*Age: 56.2 years*
*Benefit Service: 11.4 years*
*Eligibility Service: 16.3*
*Annual Pay: $39,531*

## TOTAL DEFINED BENEFIT PLANS—BENEFIT PAYMENTS BY COUNTY

- JUNE 30, 2014 -

| COUNTY | NUMBER OF PAYMENTS* | AMOUNT PAID** |
|---|---|---|
| ADAMS | 1,184 | $24,463,685 |
| ALCORN | 1,108 | 23,586,402 |
| AMITE | 335 | 6,147,581 |
| ATTALA | 782 | 15,576,362 |
| BENTON | 268 | 5,022,902 |
| BOLIVAR | 1,353 | 31,344,250 |
| CALHOUN | 434 | 8,840,587 |
| CARROLL | 423 | 8,825,617 |
| CHICKASAW | 535 | 11,008,502 |
| CHOCTAW | 339 | 6,674,289 |
| CLAIBORNE | 328 | 7,241,156 |
| CLARKE | 586 | 10,401,384 |
| CLAY | 584 | 13,864,234 |
| COAHOMA | 983 | 23,230,186 |
| COPIAH | 937 | 20,022,770 |
| COVINGTON | 686 | 14,469,987 |
| DESOTO | 1,331 | 26,891,340 |
| FORREST | 1,875 | 40,805,936 |
| FRANKLIN | 301 | 5,963,358 |
| GEORGE | 606 | 11,370,700 |
| GREENE | 300 | 5,350,616 |
| GRENADA | 715 | 15,674,005 |
| HANCOCK | 806 | 16,137,644 |
| HARRISON | 4,168 | 98,068,908 |
| HINDS | 9,298 | 234,639,588 |
| HOLMES | 651 | 13,205,754 |
| HUMPHREYS | 273 | 6,097,970 |
| ISSAQUENA | 18 | 345,621 |
| ITAWAMBA | 608 | 12,931,281 |
| JACKSON | 3,284 | 72,525,888 |
| JASPER | 518 | 9,531,402 |
| JEFFERSON | 375 | 8,633,974 |
| JEFFERSON DAVIS | 385 | 7,209,579 |
| JONES | 2,374 | 48,863,810 |
| KEMPER | 331 | 7,012,652 |
| LAFAYETTE | 1,955 | 56,080,004 |
| LAMAR | 2,091 | 56,467,430 |
| LAUDERDALE | 2,540 | 56,366,101 |
| LAWRENCE | 515 | 9,439,302 |
| LEAKE | 642 | 12,765,492 |
| LEE | 2,120 | 51,312,425 |
| LEFLORE | 1,089 | 25,885,313 |
| LINCOLN | 915 | 20,303,290 |
| LOWNDES | 1,652 | $36,395,182 |
| MADISON | 3,126 | 88,607,919 |
| MARION | 751 | 16,059,989 |
| MARSHALL | 636 | 12,462,653 |
| MONROE | 935 | 20,859,721 |
| MONTGOMERY | 542 | 11,351,226 |
| NESHOBA | 611 | 12,023,696 |
| NEWTON | 991 | 20,939,276 |
| NOXUBEE | 292 | 6,018,758 |
| OKTIBBEHA | 2,416 | 74,017,672 |
| PANOLA | 1,057 | 21,026,994 |
| PEARL RIVER | 1,348 | 24,737,793 |
| PERRY | 408 | 6,984,697 |
| PIKE | 1,203 | 27,256,450 |
| PONTOTOC | 682 | 15,982,550 |
| PRENTISS | 978 | 21,339,176 |
| QUITMAN | 279 | 5,175,946 |
| RANKIN | 5,292 | 132,994,244 |
| SCOTT | 813 | 15,928,620 |
| SHARKEY | 201 | 4,282,154 |
| SIMPSON | 1,062 | 20,935,429 |
| SMITH | 459 | 7,868,029 |
| STONE | 650 | 14,586,025 |
| SUNFLOWER | 835 | 18,365,328 |
| TALLAHATCHIE | 409 | 8,257,876 |
| TATE | 766 | 17,064,772 |
| TIPPAH | 732 | 15,237,418 |
| TISHOMINGO | 545 | 10,173,203 |
| TUNICA | 170 | 3,573,823 |
| UNION | 793 | 16,656,548 |
| WALTHALL | 378 | 7,555,959 |
| WARREN | 1,291 | 31,565,260 |
| WASHINGTON | 1,529 | 33,546,374 |
| WAYNE | 478 | 9,659,795 |
| WEBSTER | 429 | 8,893,378 |
| WILKINSON | 273 | 5,194,751 |
| WINSTON | 651 | 14,881,295 |
| YALOBUSHA | 590 | 12,011,992 |
| YAZOO | 744 | 16,254,313 |
| **MISSISSIPPI** | **87,946** | **2,007,325,560** |
| **OUT-OF-STATE** | 8,005 | 156,508,167 |
| **OUT-OF-COUNTRY** | 25 | 459,635 |
| **TOTAL** | **95,976** | **$2,164,293,363** |

**The number of payments made in June 2014, annualized.*
***These figures were computed by using the percent paid out to each county during the month of June 2014 and applying that percent to the total benefits paid during the year.*

## TEN LARGEST PARTICIPATING EMPLOYERS

| PARTICIPATING EMPLOYER | 2014 COVERED EMPLOYEES | 2014 RANK | 2014 PERCENTAGE OF TOTAL SYSTEM | 2005 COVERED EMPLOYEES | 2005 RANK | 2005 PERCENTAGE OF TOTAL SYSTEM |
|---|---|---|---|---|---|---|
| *Public Employees' Retirement System* | | | | | | |
| UNIVERSITY MEDICAL CENTER | 7,718 | 1 | 4.61% | 6,161 | 1 | 3.80% |
| JACKSON MUNICIPAL SEPARATE SCHOOLS | 4,277 | 2 | 2.55 | 4,679 | 2 | 2.89 |
| DESOTO COUNTY BOARD OF EDUCATION | 3,945 | 3 | 2.36 | 2,779 | 7 | 1.71 |
| MISSISSIPPI STATE UNIVERSITY | 3,875 | 4 | 2.31 | 3,698 | 3 | 2.28 |
| MISSISSIPPI DEPARTMENT OF HUMAN SERVICES | 3,448 | 5 | 2.06 | 3,059 | 6 | 1.88 |
| MISSISSIPPI DEPARTMENT OF TRANSPORTATION | 3,357 | 6 | 2.01 | 3,372 | 4 | 2.08 |
| CORRECTIONS DEPARTMENT | 2,918 | 7 | 1.74 | 3,157 | 5 | 1.95 |
| MISSISSIPPI DEPARTMENT OF HEALTH | 2,371 | 8 | 1.42 | 2,288 | 9 | 1.41 |
| RANKIN COUNTY BOARD OF EDUCATION | 2,328 | 9 | 1.39 | 2,024 | 12 | 1.25 |
| UNIVERSITY OF MISSISSIPPI | 2,104 | 10 | 1.26 | 1,811 | 13 | 1.12 |
| ALL OTHER* | 125,019 | - | 78.29 | 129,142 | - | 79.63 |
| **TOTALS (871 EMPLOYERS)** | **167,400** | **-** | **100.00%** | **162,170** | **-** | **100.00%** |
| *Municipal Retirement Systems* | | | | | | |
| CITY OF CLINTON | 5 | 1 | 35.71% | 12 | 3 | 16.44% |
| CITY OF HATTIESBURG | 2 | 2 | 14.29 | 18 | 1 | 24.66 |
| CITY OF GREENWOOD | 2 | 3 | 14.29 | 5 | 4 | 6.85 |
| ALL OTHER* | 5 | - | 35.71 | 38 | - | 52.05 |
| **TOTALS (17 EMPLOYERS)** | **14** | **-** | **100.00%** | **73** | **-** | **100.00%** |

**In 2014, "All Other" consisted of:*

| TYPE | NUMBER | EMPLOYEES |
|---|---|---|
| *Public Employees' Retirement System* | | |
| STATE AGENCIES | 108 | 20,194 |
| STATE UNIVERSITIES | 6 | 4,612 |
| PUBLIC SCHOOLS | 146 | 53,514 |
| COMMUNITY/ JUNIOR COLLEGES | 15 | 6,222 |
| COUNTIES | 82 | 13,894 |
| MUNICIPALITIES | 241 | 17,066 |
| OTHER POLITICAL SUBDIVISIONS | 263 | 9,517 |
| **TOTALS** | **861** | **125,019** |

| TYPE | NUMBER | EMPLOYEES |
|---|---|---|
| *Municipal Retirement Systems* | | |
| STATE AGENCIES | - | - |
| STATE UNIVERSITIES | - | - |
| PUBLIC SCHOOLS | - | - |
| COMMUNITY/ JUNIOR COLLEGES | - | - |
| COUNTIES | - | - |
| MUNICIPALITIES | 5 | 5 |
| OTHER POLITICAL SUBDIVISIONS | - | - |
| **TOTALS** | **5** | **5** |

## PUBLIC AGENCIES COVERED BY STATE RETIREMENT ANNUITY

*Participating Employers Covered by Law*

STATE AGENCIES
STATE UNIVERSITIES
COMMUNITY/JUNIOR COLLEGES
PUBLIC SCHOOL DISTRICTS

*Participating Employers Covered by Separate Agreement*

COUNTIES

*Local Governmental Entities Covered by Separate Agreement*

*Municipalities*

ABERDEEN
ACKERMAN
ALGOMA
AMORY
ANGUILLA
ARCOLA
ARTESIA
ASHLAND
BALDWYN
BASSFIELD
BATESVILLE
BAY SPRINGS
BAY ST. LOUIS
BEAUMONT
BELMONT
BELZONI
BENOIT
BENTONIA
BILOXI
BLUE MOUNTAIN
BOONEVILLE
BOYLE
BRANDON
BROOKHAVEN
BROOKSVILLE
BRUCE
BUDE
BURNSVILLE
BYHALIA
BYRAM
CALEDONIA
CALHOUN CITY
CANTON
CARTHAGE
CARY
CENTREVILLE
CHARLESTON
CHUNKY
CLARKSDALE
CLEVELAND
CLINTON
COFFEEVILLE
COLDWATER
COLLINS
COLUMBIA
COLUMBUS
COMO
CORINTH
CRAWFORD
CRENSHAW
CROSBY
CRYSTAL SPRINGS
DECATUR
DE KALB
D'LO
DERMA
D'IBERVILLE
DREW
DUCK HILL
DURANT
ECRU
EDWARDS
ELLISVILLE
ENTERPRISE
ETHEL
EUPORA
FALKNER
FARMINGTON
FLORA
FLORENCE
FLOWOOD
FOREST
FRENCH CAMP
FULTON
GAUTIER
GLOSTER
GOLDEN
GOODMAN
GREENVILLE
GREENWOOD
GRENADA
GULFPORT
GUNTOWN
HATLEY
HATTIESBURG
HAZLEHURST
HEIDELBERG
HERNANDO
HICKORY
HICKORY FLAT
HOLLANDALE
HOLLY SPRINGS
HORN LAKE
HOULKA
HOUSTON
INDIANOLA
INVERNESS
ITTA BENA
IUKA
JACKSON
JONESTOWN
JUMPERTOWN
KILMICHAEL
KOSCIUSKO
LAKE
LAMBERT
LAUREL
LEAKESVILLE
LELAND
LENA
LEXINGTON
LIBERTY
LONG BEACH
LOUIN
LOUISE
LOUISVILLE
LUCEDALE
LULA
LUMBERTON
LYON
MABEN
MACON
MADISON
MAGEE
MAGNOLIA
MANTACHIE
MARIETTA
MARION
MARKS
MATHISTON
MAYERSVILLE
MCCOMB
MCLAIN
MEADVILLE
MENDENHALL
MERIDIAN
MERIGOLD
METCALFE
MIZE
MONTICELLO
MOORHEAD
MORTON
MOSS POINT
MOUNT OLIVE
MYRTLE
NATCHEZ
NETTLETON
NEW ALBANY
NEW AUGUSTA
NEW HEBRON
NEWTON
NORTH CARROLLTON
NOXAPATER
OCEAN SPRINGS
OKOLONA
OLIVE BRANCH
OSYKA
OXFORD
PASCAGOULA
PASS CHRISTIAN
PEARL
PELAHATCHIE
PETAL
PHILADELPHIA
PICAYUNE
PLANTERSVILLE
POLKVILLE
PONTOTOC
POPLARVILLE
PORT GIBSON
POTTS CAMP
PRENTISS
PUCKETT
PURVIS
QUITMAN
RALEIGH
RAYMOND
RENOVA
RICHLAND
RICHTON
RIDGELAND
RIENZI
RIPLEY
ROLLING FORK
ROSEDALE
ROXIE
RULEVILLE
SALTILLO
SALLIS
SANDERSVILLE
SARDIS
SEBASTOPOL
SEMINARY
SENATOBIA
SHANNON
SHAW
SHELBY
SHERMAN
SHUBUTA
SHUQUALAK
SILVER CITY
SLEDGE
SMITHVILLE
SOSO
SOUTHAVEN
STARKVILLE
STATE LINE
STONEWALL
STURGIS
SUMMIT
SUMNER
SUMRALL
SUNFLOWER
TAYLORSVILLE
TCHULA
TISHOMINGO
TREMONT
TUNICA
TUPELO
TUTWILER
TYLERTOWN
UNION
VAIDEN
VARDAMAN
VERONA
VICKSBURG
WALNUT
WALNUT GROVE
WALTHALL
WATER VALLEY
WAVELAND
WAYNESBORO
WEIR
WESSON
WEST
WEST POINT
WIGGINS
WINONA
WOODLAND
WOODVILLE
YAZOO CITY

## PUBLIC AGENCIES COVERED BY STATE RETIREMENT ANNUITY (CONTINUED)

*Juristic Entities*

ADAMS COUNTY SOIL & WATER CONSERVATION DISTRICT
ADAMS COUNTY AIRPORT COMMISSION
BOGUE PHALIA DRAINAGE DISTRICT
BOLIVAR COUNTY SOIL & WATER CONSERVATION DISTRICT
CALEDONIA NATURAL GAS DISTRICT
CALHOUN COUNTY SOIL & WATER CONSERVATION DISTRICT
CANTON CONVENTION & VISITORS BUREAU
CANTON REDEVELOPMENT AUTHORITY
CHICKASAWHAY NATURAL GAS DISTRICT
CLAIBORNE COUNTY HUMAN RESOURCE AGENCY
CLEARY WATER, SEWER & FIRE DISTRICT
COAHOMA COUNTY SOIL & WATER CONSERVATION DISTRICT
COLUMBUS LOWNDES COUNTY RECREATION COMMISSION
COPIAH COUNTY HUMAN RESOURCE AGENCY
CORINTH-ALCORN AIRPORT BOARD
CORINTH-ALCORN CONVENTION & AGRICULTURE EXPOSITION CENTER
COVINGTON COUNTY SOIL & WATER CONSERVATION DISTRICT
CULKIN WATER DISTRICT
DELTA BLUES MUSEUM
DESOTO COUNTY CONVENTION & VISITORS BUREAU
DESOTO COUNTY REGIONAL UTILITY AUTHORITY
DESOTO COUNTY SOIL & WATER CONSERVATION DISTRICT
DIAMONDHEAD FIRE PROTECTION DISTRICT
EAST LEFLORE COUNTY WATER & SEWER DISTRICT
EMERGENCY MANAGEMENT DISTRICT
FORREST COUNTY SOIL & WATER CONSERVATION DISTRICT
GEORGE COUNTY SOIL & WATER CONSERVATION DISTRICT
GLENDALE UTILITY DISTRICT
GOLDEN TRIANGLE COOPERATIVE SERVICE DISTRICT
GOLDEN TRIANGLE REGIONAL AIRPORT
GOLDEN TRIANGLE REGIONAL SOLID WASTE MANAGEMENT AUTHORITY
GREENVILLE PORT COMMISSION
GREENWOOD TOURISM COMMISSION
GRENADA COUNTY CIVIL DEFENSE
GRENADA COUNTY SOIL & WATER CONSERVATION DISTRICT
GULF REGIONAL PLANNING COMMISSION
GULFPORT-BILOXI REGIONAL AIRPORT AUTHORITY
HANCOCK COUNTY HUMAN RESOURCE AGENCY
HANCOCK COUNTY PLANNING COMMISSION
HANCOCK COUNTY PORT & HARBOR COMMISSION
HANCOCK COUNTY SOIL CONSERVATION DISTRICT
HANCOCK COUNTY UTILITY AUTHORITY
HANCOCK COUNTY WATER & SEWER DISTRICT
HARRISON COUNTY DEVELOPMENT COMMISSION
HARRISON COUNTY SOIL & WATER CONSERVATION DISTRICT
HARRISON COUNTY UTILITY AUTHORITY
HATTIESBURG TOURISM COMMISSION
HINDS COUNTY SOIL & WATER CONSERVATION DISTRICT
HOLMES COUNTY SOIL & WATER CONSERVATION DISTRICT
ITAWAMBA COUNTY SOIL & WATER CONSERVATION DISTRICT
JACKSON COUNTY EMERGENCY/COMMUNICATIONS DISTRICT
JACKSON COUNTY PORT AUTHORITY
JACKSON COUNTY UTILITY AUTHORITY
JACKSON MUNICIPAL AIRPORT AUTHORITY
JONES COUNTY ECONOMIC DEVELOPMENT AUTHORITY
KILN WATER & FIRE PROTECTION DISTRICT-HANCOCK COUNTY
LAFAYETTE COUNTY SOIL & WATER CONSERVATION DISTRICT
LAMAR COUNTY SOIL & WATER CONSERVATION DISTRICT
LAUDERDALE COUNTY EMERGENCY MEDICAL SERVICE DISTRICT
LAUDERDALE COUNTY SOIL & WATER CONSERVATION DISTRICT
LAUREL AIRPORT AUTHORITY
LEE COUNTY SOIL & WATER CONSERVATION DISTRICT
MADISON COUNTY ECONOMIC DEVELOPMENT AUTHORITY
MADISON COUNTY SOIL & WATER CONSERVATION DISTRICT
MARION COUNTY SOIL & WATER CONSERVATION DISTRICT
MENTAL HEALTH & RETARDATION, REGION III (NE MS MHR)
MENTAL HEALTH & RETARDATION, REGION IV (CORINTH)
MENTAL HEALTH & RETARDATION, REGION VI (GREENWOOD)
MENTAL HEALTH & RETARDATION, REGION VIII (BRANDON)
MENTAL HEALTH & RETARDATION, REGION X (WEEMS MH)
MENTAL HEALTH & RETARDATION, REGION XI (SW MS MH/MR)
MENTAL HEALTH & RETARDATION, REGION XIV (SINGING RIVER)
MERIDIAN AIRPORT AUTHORITY
MID-MISSISSIPPI DEVELOPMENT DISTRICT
MISSISSIPPI COAST COLISEUM & CONVENTION CENTER
MISSISSIPPI LEVEE COMMISSIONERS
MUNICIPAL ENERGY AGENCY OF MISSISSIPPI
NATCHEZ-ADAMS COUNTY PORT COMMISSION
NATCHEZ WATERWORKS
NESHOBA COUNTY SOIL CONSERVATION DISTRICT
NEWTON COUNTY SOIL CONSERVATION DISTRICT
NORTHEAST MISSISSIPPI REGIONAL WATER SUPPLY DISTRICT
NORTHEAST MISSISSIPPI NATURAL GAS DISTRICT
NOXUBEE COUNTY SOIL & WATER CONSERVATION DISTRICT
NROUTE TRANSIT COMMISSION
OTTER BAYOU DRAINAGE DISTRICT
OXFORD TOURISM COUNCIL
PANOLA COUNTY SOIL & WATER CONSERVATION DISTRICT
PHILADELPHIA-NESHOBA COUNTY PARK COMMISSION
PIKE COUNTY SOIL CONSERVATION DISTRICT
PINE BELT REGION SOLID WASTE MANAGEMENT AUTHORITY
PONTOTOC COUNTY SOIL & WATER CONSERVATION DISTRICT
PRENTISS COUNTY SOIL & WATER CONSERVATION DISTRICT
RANKIN COUNTY HUMAN RESOURCE AGENCY
RANKIN-HINDS PEARL RIVER FLOOD
RESERVOIR FIRE PROTECTION DISTRICT
RIDGELAND TOURISM COMMISSION
ROSEDALE-BOLIVAR COUNTY PORT COMMISSION
RUNNELSTOWN UTILITY DISTRICT
SEBASTOPOL NATURAL GAS DISTRICT
SIMPSON COUNTY PARKS & RECREATION
SOUTH MISSISSIPPI FAIR COMMISSION
STARKVILLE PARK COMMISSION
STONE COUNTY SOIL & WATER CONSERVATION DISTRICT
STONE COUNTY UTILITY AUTHORITY
SUNFLOWER COUNTY SOIL & WATER CONSERVATION DISTRICT
TALLAHATCHIE COUNTY SOIL & WATER CONSERVATION DISTRICT
TENNESSEE-TOMBIGBEE WATERWAY DEVELOPMENT AUTHORITY
TUNICA COUNTY AIRPORT COMMISSION
TUNICA COUNTY TOURISM COMMISSION
TUPELO AIRPORT AUTHORITY
UNION COUNTY SOIL & WATER CONSERVATION DISTRICT
VICKSBURG CONVENTION & VISITORS BUREAU
WARREN COUNTY PARK COMMISSION
WARREN COUNTY SOIL & WATER CONSERVATION DISTRICT
WALTHALL COUNTY SOIL & WATER CONSERVATION DISTRICT

## PUBLIC AGENCIES COVERED BY STATE RETIREMENT ANNUITY (CONTINUED)

*Juristic Entities (continued)*

WAYNE COUNTY ECONOMIC DEVELOPMENT DISTRICT
WAYNE COUNTY SOIL & WATER CONSERVATION DISTRICT
WEST JACKSON COUNTY UTILITY DISTRICT
WEST RANKIN UTILITY AUTHORITY
WILKINSON COUNTY SOIL & WATER CONSERVATION DISTRICT
WINSTON COUNTY ECONOMIC DEVELOPMENT
WINSTON COUNTY SOIL & WATER CONSERVATION DISTRICT
YALOBUSHA WATER & SEWER DISTRICT
YAZOO COUNTY CONVENTION & VISITORS BUREAU
YAZOO COUNTY SOIL & WATER CONSERVATION DISTRICT
YAZOO-MISSISSIPPI DELTA JOINT WATER MANAGEMENT DISTRICT
YAZOO-MISSISSIPPI DELTA LEVEE COMMISSION
YAZOO RECREATION COMMISSION

*Housing Authorities*

ATTALA
BALDWYN
BAY WAVELAND
BILOXI
BOONEVILLE
CANTON
CLARKSDALE
COLUMBUS
CORINTH
FOREST
GREENWOOD
HATTIESBURG
HAZLEHURST
HOLLY SPRINGS
ITTA BENA
IUKA
JACKSON
LAUREL
LOUISVILLE
MCCOMB
MERIDIAN
MS REG. IV-COLUMBUS
MS REG. V-NEWTON
MS REG. VI-JACKSON
MS REG. VIII-GULFPORT
MOUND BAYOU
NATCHEZ
OXFORD
PICAYUNE
PONTOTOC
SARDIS
SENATOBIA
SHELBY
SOUTH DELTA REGION
STARKVILLE
SUMMIT
TUPELO
VICKSBURG
WATER VALLEY
WAYNESBORO
WEST POINT
WINONA
YAZOO CITY

*Local Hospitals*

FIELD MEMORIAL COMMUNITY
FRANKLIN COUNTY MEMORIAL
HANCOCK MEDICAL CENTER
JEFFERSON COUNTY
MADISON COUNTY NURSING HOME
MAGNOLIA REGIONAL HEALTH CENTER
MONTFORT JONES MEMORIAL
NATCHEZ REGIONAL MEDICAL CENTER
NORTH SUNFLOWER MEDICAL CENTER
SOUTH SUNFLOWER COUNTY
TIPPAH COUNTY

*Local Libraries*

AMORY MUNICIPAL
BENTON COUNTY
BOLIVAR COUNTY
CARNEGIE PUBLIC
CARROLL COUNTY
CENTRAL MISSISSIPPI REGIONAL
COLUMBUS-LOWNDES PUBLIC
COPIAH-JEFFERSON REGIONAL
COVINGTON COUNTY
DIXIE REGIONAL
EAST MISSISSIPPI REGIONAL
ELIZABETH JONES
EVANS MEMORIAL
FIRST REGIONAL
GREENWOOD-LEFLORE PUBLIC
HANCOCK COUNTY
HARRIETTE PERSON MEMORIAL
HARRISON COUNTY
HATTIESBURG-PETAL-FORREST COUNTY
HUMPHREYS COUNTY
JACKSON-GEORGE REGIONAL
JACKSON-HINDS
JENNIE STEPHENS SMITH
JUDGE GEORGE W ARMSTRONG
KEMPER-NEWTON COUNTY REGIONAL
LAMAR COUNTY
LAUREL-JONES COUNTY
LEE-ITAWAMBA COUNTY
LINCOLN-LAWRENCE-FRANKLIN
MADISON COUNTY-CANTON PUBLIC
MARKS-QUITMAN COUNTY
MARSHALL COUNTY
MERIDIAN-LAUDERDALE COUNTY
MID-MISSISSIPPI REGIONAL
NESHOBA COUNTY PUBLIC
NORTHEAST REGIONAL
NOXUBEE COUNTY
OKTIBBEHA COUNTY
PEARL RIVER COUNTY
PIKE-AMITE-WALTHALL COUNTY
PINE FOREST REGIONAL
SHARKEY-ISSAQUENA COUNTY
SOUTH MISSISSIPPI REGIONAL
SUNFLOWER COUNTY
TALLAHATCHIE COUNTY
TOMBIGBEE REGIONAL
WASHINGTON COUNTY
WAYNESBORO-WAYNE COUNTY
WILKINSON COUNTY
YALOBUSHA COUNTY
YAZOO LIBRARY ASSOCIATION

PERS
of MISSISSIPPI

## PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI

*429 Mississippi Street • Jackson, Mississippi • 39201-1005*

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