

Annual Comprehensive Financial Report Summary



For the Fiscal Years Ended: December 31, 2021 & 2020

Begin Here 

Mission Statement



The mission of the Public School Retirement System of the City of St. Louis is to enhance the well-being and financial security of its members, retirees and beneficiaries through benefit programs and services which are soundly financed and prudently administered in an effective and efficient manner.

Mission Statement Principles

The Retirement System adopts the following principles advocated by the National Council on Teacher Retirement, and with respect to such principles hereby pledges as follows:

- 1. Courteous Service.** To give members prompt and courteous service and provide complete and accurate information.
- 2. Member Statements.** To provide each active member with an annual statement that includes the member's accrued service credit, employee contributions, and other related information.
- 3. Information.** To provide new participants in the system a summary plan description that clearly and simply summarizes the benefit provisions of the plan. The System will make available information on changes made in benefits.
- 4. Annual Reports.** Full disclosure of financial, actuarial, and investment information in a detailed annual report that will be available for members, elected officials, and the public.
- 5. Financial Audits.** To prepare or cause to be prepared an annual financial statement in accordance with generally accepted accounting principles and have an annual audit of the System's financial statement in accordance with generally accepted auditing standards.
- 6. Actuarial Studies.** To have an annual or biennial actuarial valuation performed by an enrolled actuary in accordance with actuarial standards and an actuarial experience study at least every five years.
- 7. Adequate Funding.** To work to obtain adequate funding of all promised benefits and to ensure the financial integrity of this System.
- 8. Independence of Retirement Systems.** To work for a retirement system which functions as an independent retirement trust, separate from state and local government. Such independence includes the power of trustees to set actuarial assumptions, appoint professionals such as actuaries and attorneys on whom they must rely to carry out their responsibilities, and to establish a budget for the System which ensures the delivery of high quality, cost-effective service to their members.
- 9. Exclusive Benefit.** To act for the exclusive benefit of the members as fiduciaries entrusted with the management and payment of retirement benefits.
- 10. Prudent Investments.** To adopt comprehensive objectives, methods for evaluation of performance, and policies which ensure both the prudent investment of plan assets and the achievement of the highest possible investment return.
- 11. Ethical Conduct.** To adhere to the highest standards of conduct set out in the terms of the trust, state statute or other law.
- 12. State and Local Government Authority.** To support the continuation of state and local pension plan oversight by the respective state or local government to ensure that decisions are made at the appropriate level of government.



Board of Trustees

An eleven-member Board of Trustees is responsible for general administration of the Retirement System and investing System assets. Active members elect five trustees: one administrator, two teachers and two non-teachers. Retired members elect two trustees: one retired teacher and one retired non-teacher. The St. Louis Public Schools (“SLPS”) Board of Education appoints four trustees. Length of term of office is four years. The following individuals serve on the Public School Retirement System of the City of St. Louis Board of Trustees.

Elected by Active Members	Term Ends	Trustee Representation
Justin Stein	12-31-2022	Active Non-teacher
Yvette Levy	12-31-2023	Active Administrator
Albert Sanders	12-31-2023	Active Teacher
Sheila Goodwin	12-31-2024	Active Teacher
Bobbie Richardson	12-31-2025	Active Non-teacher

Elected by Retired Members	Term Ends	Trustee Representation
Louis Cross	09-30-2023	Retired Teacher
Dorris Walker	09-30-2025	Retired Non-Teacher

SLPS Appointments	Term Ends	Trustee Representation
Christina Bennett	12-31-2022	SLPS Board of Education
Donna Jones	12-31-2023	SLPS Board of Education
Martel Mann	12-31-2023	SLPS Board of Education
Angela Banks	12-31-2024	SLPS Board of Education



**Public School Retirement System
of the City of St. Louis**

3641 Olive Street, Suite 300
St. Louis, MO 63108-3601

**Office of the
Executive Director**

**Phone: (314) 534-7444
Fax: (314) 533-0531**

June 1, 2022

To the Board of Trustees and Members of the Retirement System:

I am pleased to present the Annual Comprehensive Financial Report (Annual Report) for the Public School Retirement System of the City of St. Louis (“PSRSSTL”, “System”, “fund” or “plan”) for the fiscal years ended December 31, 2021 and December 31, 2020. Management of the System is responsible for the content in this report. To the best of my knowledge, I believe the information in this report is accurate, in all material respects, and presented in a manner that fairly portrays the financial position and operations of the plan for fiscal years 2021 and 2020.

Overview of the Retirement System

The Public School Retirement System of the City of St. Louis was established January 1, 1944. Through acts of the Missouri Legislature, the System provides retirement benefits to employees of the St. Louis Public Schools District, the System, a number of Charter Schools located in the St. Louis Public Schools District and certain past employees of Harris-Stowe State College. The System’s members are covered by Social Security and eligible for Social Security benefits in addition to retirement benefits provided by the plan.





Financial Information

An independent certified accounting firm performs a financial audit each year. The financial statements of the System are prepared in conformity with accounting principles generally accepted in the U.S.A. (GAAP) within guidelines established by the Governmental Accounting Standards Board (GASB). Management uses internal controls to help protect the System's assets from loss due to unauthorized use or erroneous disposition. These internal controls are constrained to keep costs from outweighing the benefits derived from them so there are natural limits to preventing all errors or instances of fraud. Management is confident that within reason, not absolute assurance, the financial statements meet the important objective of providing information free of material misstatements. Please refer to the Management Discussion and Analysis ("MD&A") in the Financial Section for an overview of the System's financial highlights that includes a review of the additions and deductions from the plan during 2021 and 2020.

Investment Activities

The overall investment return for the plan during 2021 was 12.4%, which was above the actuarial assumed rate of return of 7.0% adopted by the Board of Trustees in 2021. Thus, the investment managers added additional value to the fund for the year. In comparison to other public plans in the Investor Force Universe (IFU), the System's investment return for 2021 ranked in the top 61% of the IFU while maintaining similar risk as the peer group.

The Board of Trustees governs investments of the fund through the adoption of investment policies and guidelines, amended as needed, that define the plan's objectives, monitoring procedures and performance measures. The Investment Policies and Operating Guidelines lay out specific parameters for performance expectations, eligible investments and portfolio characteristics. Key to the success of this governance is the determination of an Asset Allocation Policy. The policy is reviewed by the Board of Trustees at least annually and modified as needed to maximize returns while minimizing risk within the accepted investment guidelines of the System. Through advice from the Investment Consultant, management and staff are primarily responsible for implementing and monitoring the Asset Allocation Policy adopted by the Board of Trustees. Detailed investment information can be found in the Investment Section.

Funding Status and Valuation Results

The System is a defined benefit plan, which means that certain benefit provisions are used in a formula to determine each member's retirement benefit. The formula to calculate retirement benefits for members hired on or before December 31, 2017, is credited service (years of service) multiplied by average compensation (final average salary for three consecutive years) multiplied by 2% (pension multiplier). For members hired for the first time on or after January 1, 2018, the pension multiplier is 1.75%, which changes the retirement benefits formula for these members.



Each year, the System has an actuarial valuation conducted by an independent Actuary. The purpose of the actuarial valuation is to measure the relative financial health of the System.

To determine the relative financial health of the System, the Actuary calculates the plan's actuarial accrued liability using the System's benefit provisions and actuarial assumptions in effect at the time of the calculation. The actuarial accrued liability is then compared to the actuarial value of assets to arrive at a percentage or Funded Ratio. The Funded Ratio measures the ability of the System to pay retirement benefits over the course of time, usually the next 30 years. For plan year 2021, the Funded Ratio was 78.7%, which is the fifth year in a row that the Funded Ratio for the System remained below 80%. The main reason for the low measurements is due to the downgrade of the retirement system's assumed rate of return (discount rate) from 8.0% to 7.5%, in plan year 2017 and then down to 7.0% in 2021.

The Actuary calculates an ARC that is adequate to fund the normal costs of the plan that includes the unfunded actuarial accrued liability amortized over a 30-year period. The Actuary presents the annual Actuarial Valuation Report to the Board of Trustees for consideration. Once the Board of Trustees accepts the actuarial valuation for the year, the employers are notified of the ARC as governed by state statute.

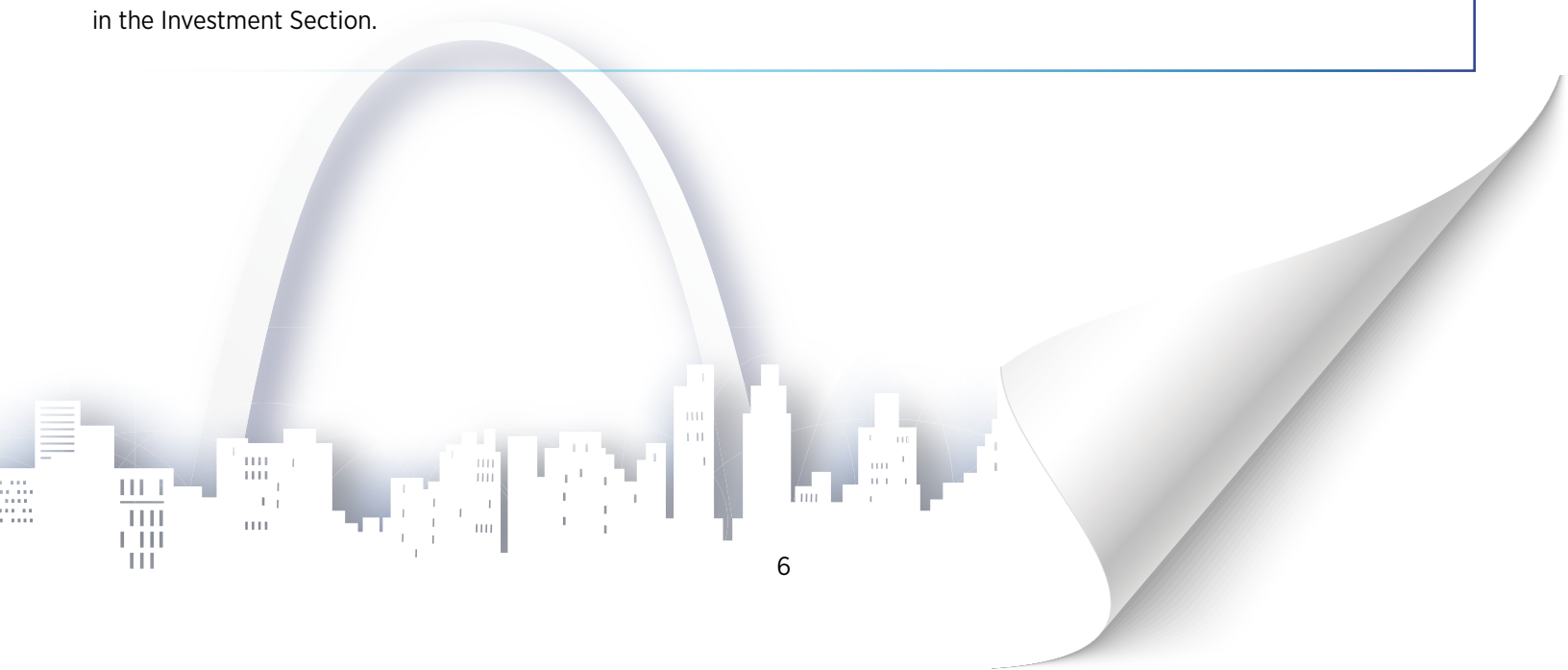
Legislative Information

There were no major legislative changes in 2021 that directly affected the System. The last major change to the System's plan provisions occurred in 2017. For more details on the 2017 changes, please refer to the legislative history of the plan summarized on the last page of the Statistical Section.

Professional Services

Certain professional services are provided to the System by retained consultants. The required opinion letters from the Actuary, Buck Global, LLC, and Independent Certified Public Accountants, Anders Minkler Huber & Helm LLP, are contained in the appropriate sections of this report.

The retained consultants that provide professional services to the System appear at the end of this section. Investment professionals that provide brokerage and investment management services to the System can be found on pages 71 - 73 in the Investment Section.





Certificate of Achievement

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Public School Retirement System of the City of St. Louis for its comprehensive annual financial report for the fiscal year ended December 31, 2020. This was the tenth consecutive year the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the System must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The System believes our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and the System is submitting it to GFOA to determine its eligibility for another certificate.

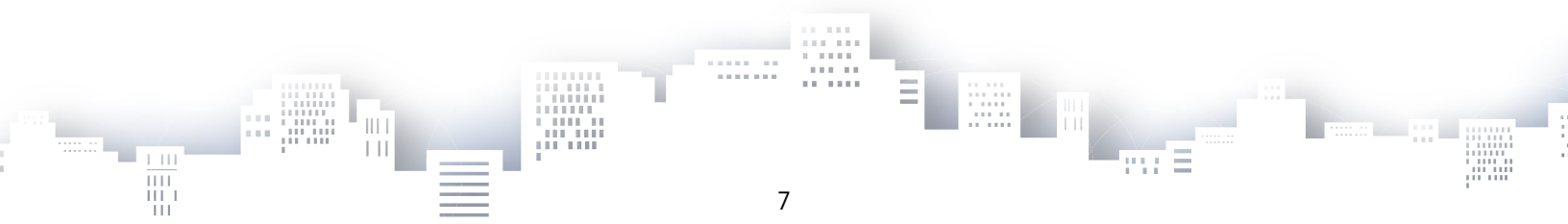
Acknowledgments

I would like to thank the Board of Trustees, staff and consultants for their assistance in preparing this report. The dedication of these groups contributes to the System's continued stability.

Sincerely,

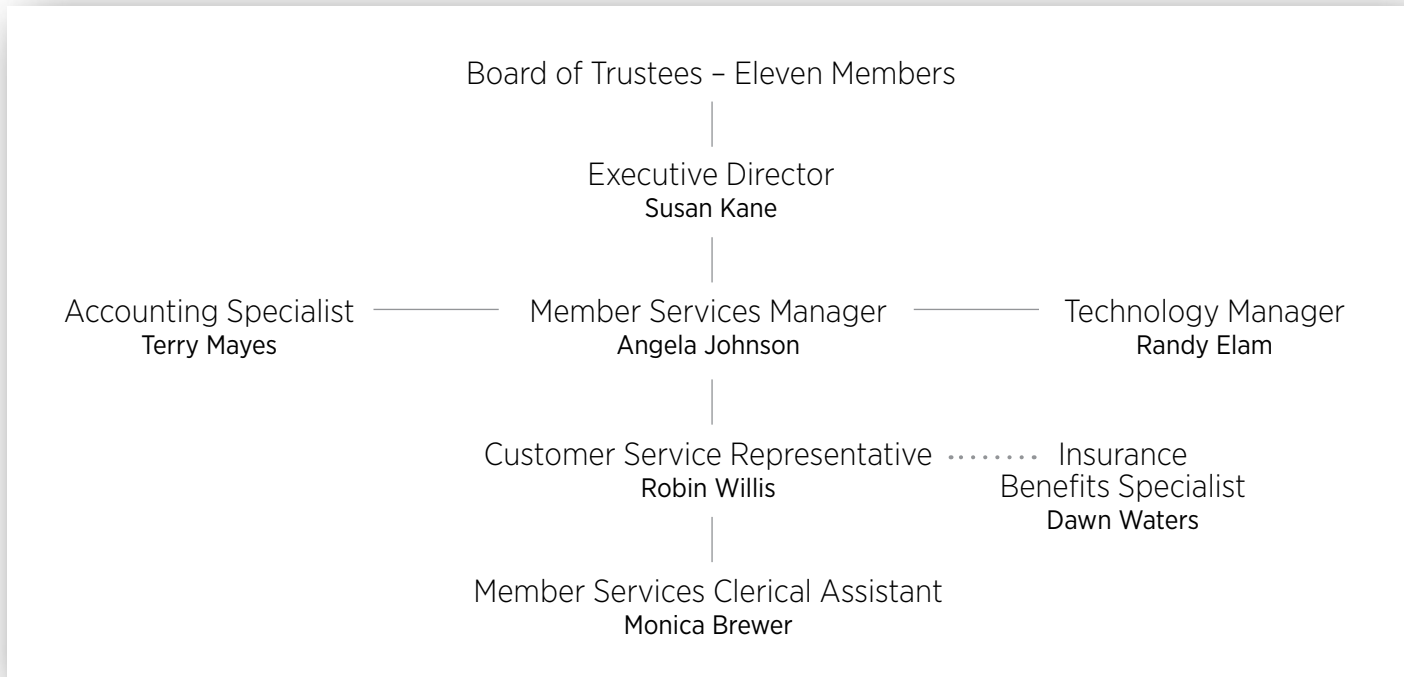
Susan Kane

Susan Kane
CEBS, Executive Director





Organizational Chart



Denotes some work-flow supervision

Providers of Professional Services

Actuarial Services

Buck Global, LLC
Michael Ribble,
St. Louis, MO

Auditor

Anders Minkler Huber & Helm LLP
Jeanne M. Dee, CPA/CGMA
St. Louis, MO

Insurance Consultant

Gallagher Benefit Services, Inc.
(A division of Arthur J. Gallagher & Co.)
Mark Von Vogt
Boston, MA

Investment Consultant

AndCo Consulting
Gwelda Swilley, Jeff Kuchta
Winter Park, FL

Legal Counsel

Hartnett Reyes-Jones, L.L.C.
Jamie Reyes-Jones
St. Louis, MO

Property Management

CB Richard Ellis
St. Louis, MO

Computer Programming Consultant

Jupiter Consulting Services, LLC
St. Louis, MO

Computer Networking Consultant

Blade Technologies, Inc.
St. Louis, MO



Statements of Fiduciary Net Position December 31, 2021 and 2020

Assets

	2021	2020
Cash	\$ 9,538,225	\$ 9,863,612
Receivables		
Accrued Interest and Dividends	567,667	582,304
Other Receivables	<u>242,297</u>	<u>240,694</u>
Total Receivables	809,964	822,998
Investments, at Fair Value		
Cash equivalents	40,980,094	45,645,690
Bonds		
U.S. Government and Agency Issues	28,800,098	30,541,590
Corporate	32,828,877	28,625,293
Foreign Investments (Bonds and Stocks)	94,236,786	91,225,646
Common and Preferred Stocks	230,724,806	209,538,964
Mutual and Co-Mingled Funds	402,073,191	389,396,506
Real Estate Partnerships	54,001,917	46,928,887
Limited Partnerships	<u>79,213,149</u>	<u>62,928,944</u>
Total Investments	962,858,918	904,831,520
Property and Building, net	1,520,115	1,571,742
Total Assets	974,727,222	917,089,872
Deferred Outflows of Resources		
Deferred Outflows of Resources Related to Pensions	214,501	480,318
Liabilities		
Accounts Payable and Accrued Expenses	818,796	867,927
Net Pension Liability	<u>688,612</u>	<u>1,051,687</u>
Total Liabilities	1,507,408	1,919,614
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Pensions	606,659	873,622
Net Position		
Net Position Restricted for Pensions	\$ 972,827,656	\$ 914,776,954



Statements of Changes in Fiduciary Net Position December 31, 2021 and 2020

	2021	2020
Additions		
Employer contributions		
St. Louis Public Schools	\$ 29,106,335	\$ 29,884,664
Sick Leave Conversion	109,983	117,129
Charter Schools	11,930,457	11,746,232
Retirement System	80,206	74,309
Plan Member Contributions		
Sick Leave Conversion	14,326,129	11,795,498
Charter Schools	6,512,595	5,775,829
Retirement System	<u>41,465</u>	<u>35,952</u>
	62,107,170	59,429,613
Investment Income (loss)		
Cash Equivalents	44,013	232,644
Bonds		
U.S. Government and Agency Issues	(200,968)	1,928,940
Corporate	1,245,389	585,817
Foreign Investments (Bonds and Stocks)	15,955,237	4,865,413
Common and Preferred Stocks	50,553,750	26,452,859
Mutual and Co-Mingled Funds	27,208,873	36,832,371
Limited Partnerships	18,182,960	3,590,829
Real Estate Partnerships	<u>7,481,063</u>	<u>(1,083,252)</u>
	120,470,317	73,405,621
Less Investment Expenses	<u>4,415,481</u>	<u>3,939,393</u>
Net Investment Income	116,054,836	69,466,228
Rental Income	170,397	164,877
Other Miscellaneous Income (loss)	<u>(5,071,188)</u>	<u>7,264,633</u>
Net Additions	173,261,215	136,325,351
Deductions		
Benefits Paid		
Retirement Benefits	99,362,102	99,692,129
Survivor Benefits	2,987,195	3,007,912
Disability Benefits	3,347,554	3,412,356
Health Care Subsidies	<u>2,093,653</u>	<u>2,129,938</u>
	107,790,504	108,242,335
Operating Expenses	1,523,071	1,906,813
Contribution Refunds Due to Death or Resignation	<u>5,896,938</u>	<u>4,438,938</u>
Total Deductions	115,210,513	114,588,086
Net Increase in Net Position	58,050,702	21,737,265
Net Position Restricted for Pensions, Beginning of Year	<u>914,776,954</u>	<u>893,039,689</u>
Net Position Restricted for Pensions, End of Year	\$ 972,827,656	\$ 914,776,954



For the fiscal year ended December 31, 2021, the System's portfolio posted a gain of 12.36%, ranking 61st within the InvestMetrics Universe of Public Funds. For the three-year and five-year periods ending December 31, 2021, the System's portfolio ranked 79th and 76th, returning 13.59% and 10.15%, respectively.

Investment returns for the System's total portfolio and asset class components for one-year, three-year and five-year periods ending December 31, 2021 are set forth below:

Annualized Returns for Periods Ended¹ <i>December 31, 2021, gross of fees</i>			
Investment Category	One Year	Three Years	Five Years
PSRS Total Portfolio	12.36%	13.59%	10.15%
Allocation Index ²	11.03%	13.67%	10.27%
PSRS Domestic Equity	25.72%	23.51%	16.76%
Russell 3000	25.66%	25.79%	17.97%
PSRS International Equity	10.45%	14.87%	9.98%
MSCI EAFE	11.26%	13.54%	9.55%
PSRS Emerging Market Equity	-0.15%	11.36%	10.64%
MSCI Emerging Markets	-2.54%	10.94%	9.87%
PSRS Global Equity	17.35%	19.21%	13.84%
MSCI All Country World	21.82%	21.70%	15.03%
PSRS Global Asset Allocation	10.70%	11.70%	8.39%
60% MSCI World 40% FTSE WGBI	9.56%	14.16%	10.35%
PSRS Fixed Income	1.49%	6.07%	4.86%
Barclays US Aggregate	-1.55%	4.79%	3.57%
PSRS Hedge Funds	10.69%	9.20%	6.00%
HFRI FOFs Composite	6.03%	8.41%	5.68%
PSRS Real Estate	14.99%	5.72%	6.46%
NCREIF	12.15%	6.72%	6.84%

¹The investment returns in the schedule are annualized by calculating the time weighted rates of return for the time periods.

²The Allocation Index is comprised of various equity, fixed income, hedge fund, real estate and Treasury bill indices in proportion to the asset weights within the System.



Asset Allocation and Investment Managers As of December 31, 2021

Asset Class	Management Style	Relative to Total Portfolio						Asset Class	
		Fair Value		Target Value		Variance		Fair Value	
Money Managers		Value	%	Value	%	Value	%	Value	%
Large Cap Growth Domestic Equities		73,963	7.7%	53,020	5.5%	20,943	2.2%		
Intech	Large Cap Growth							33,361	45.1%
TCW Asset Management	Large Cap Growth							40,602	54.9%
Large Cap Core Domestic Equities		6,960	0.7%	19,280	2.0%	(12,320)	-1.3%		
Mellon Stock Index Fund	Large Cap Core							6,960	100.0%
Large Cap Value Domestic Equities		73,472	7.6%	53,020	5.5%	20,452	2.1%		
The Edgar Lomax Company	Large Cap Value							73,472	100.0%
Mid/Small/Micro Cap Domestic Equities		93,675	9.7%	86,760	9.0%	6,915	0.7%		
Westfield Capital Management	Small Cap Growth							32,404	34.6%
Systematic Financial Management	Small Cap Value							34,262	36.6%
Dimensional Fund Advisors (DFA)	Micro Cap							27,009	28.8%
Global Tactical Asset Allocation		46,773	4.9%	48,200	5.0%	(1,427)	-1.0%		
GMO	Balanced Fund							22,703	48.5%
Mellon Global Alpha	Balanced Fund							0	0.0%
PIMCO	Balanced Fund							24,070	51.5%
Global Equities		61,383	6.4%	48,200	5.0%	13,183	1.4%		
ARGA	Global Equities							10,288	16.8%
Applied Resarch Investments (ARI)	Global Equities							14,668	23.9%
Foresight Global Investors (FGI)	Global Equities							18,489	30.1%
Martin Investment Management (MIM)	Global Equities							17,938	29.2%
International Equities		166,169	17.2%	212,079	22.0%	(45,910)	-4.8%		
Dimensional Fund Advisors (DFA)	Emerging Markets							20,186	12.1%
Invesco Trust Company	Emerging Markets							33,618	20.2%
Open	Emerging Markets Small Cap							0	0.0%
Fidelity Institutional Asset Management	International Equities							60,669	36.5%
Causeway	International Equities							51,696	31.1%
Core Domestic Bonds		66,964	6.9%	77,120	8.0%	(10,156)	-1.1%		
EARNEST Partners	Core Domestic Bonds							12,169	18.2%
Manulife Investment Management	Core Domestic Bonds							40,440	60.4%
Xponance, Inc. (formerly Piedmont Investment Advisors)	Core Domestic Bonds							14,355	21.4%
Absolute Return Domestic Bonds		47,905	5.0%	48,200	5.0%	(295)	0.0%		
Loomis Sayles	Unconstrained Fixed Income							47,905	100.0%
Treasury Inflation-Protected Securities		29,608	3.1%	28,920	3.0%	688	0.1%		
Mellon TIPS Index Fund	TIPS							29,608	100.0%
Emerging Markets Debt		30,044	3.1%	28,920	3.0%	1,124	0.1%		
Lazard Asset Management	Emerging Markets							30,044	0.0%
Global Multi-Sector Bonds		40,880	4.2%	48,200	5.0%	(7,320)	-0.8%		
Neuberger Berman Trust Co.	Global Opportunistic Bonds							40,880	100.0%
Hedged Strategies		59,998	6.2%	48,200	5.0%	11,798	1.2%		
EnTrustPermal ²	Fund of Funds							1,566	2.6%
Grosvenor Capital Management	Fund of Funds							35,660	59.4%
Whitebox Advisors	Multi-Strategy Direct							22,772	38.0%
Real Estate		54,002	5.6%	67,480	7.0%	(13,478)	-1.4%		
UBS Trumbull Property & Income Funds	Commercial Real Estate							54,002	100.0%
Private Markets		78,233	8.1%	96,400	10.0%	(18,167)	-1.9%		
Equity, Debt, Real Estate	Limited Partnerships							78,233	100.0%
Cash		33,968	3.5%	0	0.0%	33,968	3.5%		
U.S. Bank (checking & operating accounts)	Cash Accounts							33,968	
Total (000's Omitted)		\$963,997	100.0%	\$963,997	100.0%	\$963,997			



Member Census Information

As of January 1	2020	2021
Active Members		
Number	5,108	4,984
Average Age	43.57	43.49
Average Service	7.47	8.15
Average Annual Base Pay	\$53,440	\$53,105
Vested Terminated Members		
Number	647	703
Average Account Balance	\$32,914	\$34,896
Non-vested Terminated Members		
Number	2,627	2,857
Average Account Balance	\$4,182	\$4,535
Benefit Recipients		
Number	4,477	4,386
Average Age	74.74	74.95
Average Monthly Benefit	\$1,978	\$2,005

Schedule of Active Member Valuation Data (Last Ten Years)

Plan Year	Number of Active Members	Annual Payroll	Average Annual Pay	% Increase in Average Pay
2012	4,784	234,703,040	49,060	-2.56%
2013	4,786	225,894,414	47,199	-3.79%
2014	4,880	243,277,760	49,852	5.62%
2015	5,011	245,699,352	49,032	-1.64%
2016	5,034	252,127,288	50,085	2.15%
2017	5,101	260,223,066	51,014	1.85%
2018	5,138	265,773,659	51,727	1.40%
2019	5,050	263,772,380	52,232	0.98%
2020	5,108	272,973,377	53,440	2.3%
2021	4,984	264,676,845	53,105	-.6%



Retired Members and Beneficiaries by Payment Option & Type on January 1, 2021

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	3,289	178	268	3,735
1	131	15	-	146
2	78	5	-	83
3	184	15	-	199
4	173	6	-	179
5	22	1	-	23
6	13	5	-	18
7	3	-	-	3
Total	3,893	225	268	4,386

Amount of Annual Benefits by Payment Option & Type on January 1, 2021

Option	Service Benefit	Disability Benefit	Survivor Benefit	Total
0	\$84,998,462	\$ 2,717,228	\$3,355,674	\$ 91,071,364
1	2,323,179	191,613	-	2,514,792
2	1,911,138	117,333	-	2,028,471
3	3,946,435	227,238	-	4,173,673
4	4,639,911	136,665	-	4,776,576
5	543,686	9,911	-	553,597
6	262,947	48,317	-	311,264
7	72,357	-	-	72,357
Total	\$98,698,115	\$3,448,305	\$3,355,674	\$105,502,094

Option 1: Same retirement allowance continued after death to the beneficiary.

Option 2: One-half of the retirement allowance continued after death to the beneficiary.

Option 3: Same retirement allowance continued after death to the beneficiary. If the beneficiary predeceases the participant, the retirement allowance is adjusted back to the unreduced allowance.

Option 4: One-half of retirement allowance continued after death to the beneficiary. If the beneficiary predeceases the participant, the retirement allowance is adjusted back to the unreduced allowance.

Option 5: Increased retirement allowance is provided up to age 62, such that benefit provided prior to age 62 is approximately equal to the sum of the reduced retirement allowance paid after age 62 and Social Security.

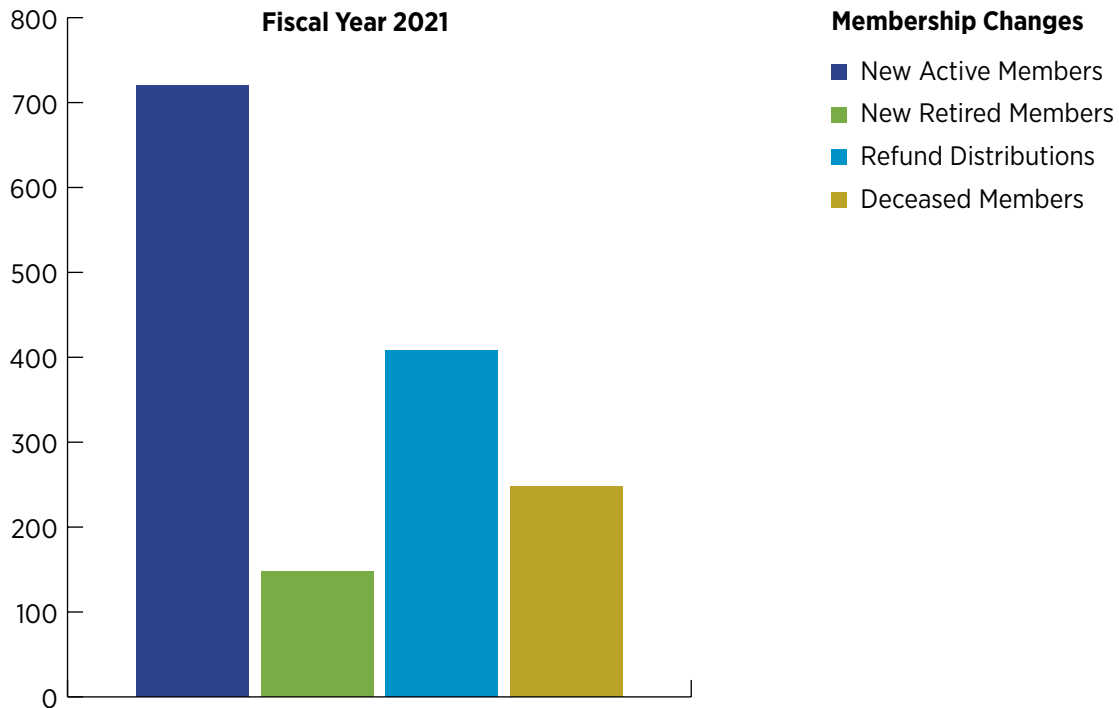
Option 6: Options 1 and 5 combined.

Option 7: Options 2 and 5 combined.



Summary of Membership Changes

During the fiscal year ended December 31, 2021, PSRSSTL added 720 new active members and 148 new retired members to payroll. The retirement system processed 408 refund distributions for members who left the System and bid farewell to 248 members due to death.

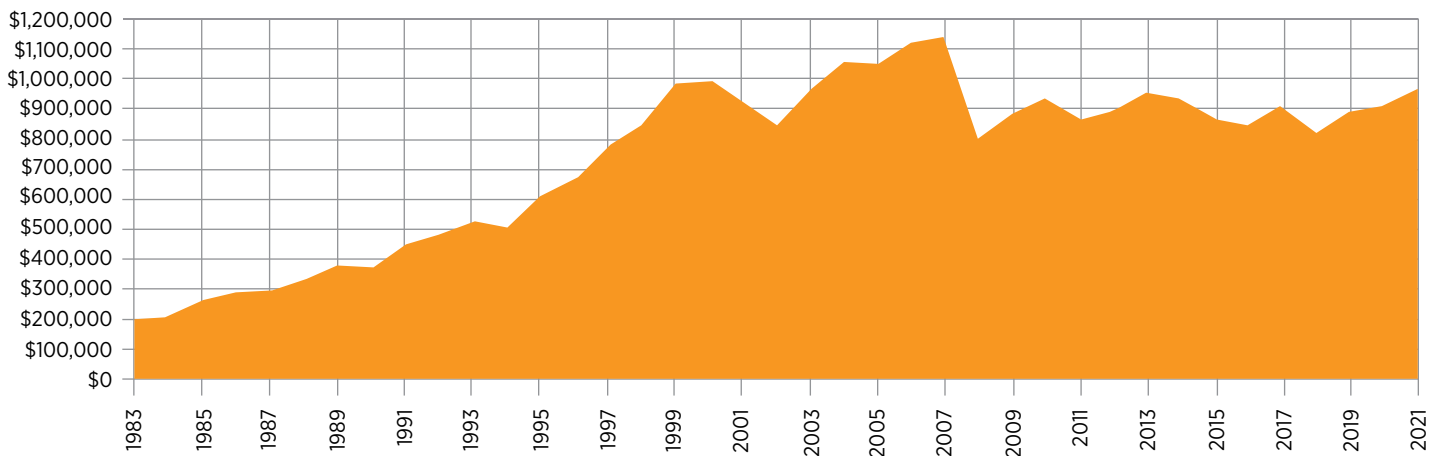




These charts and graphs show changes in market value of assets, contributions, and investment earnings for fiscal years ended December 31, 1984 through December 31, 2021.

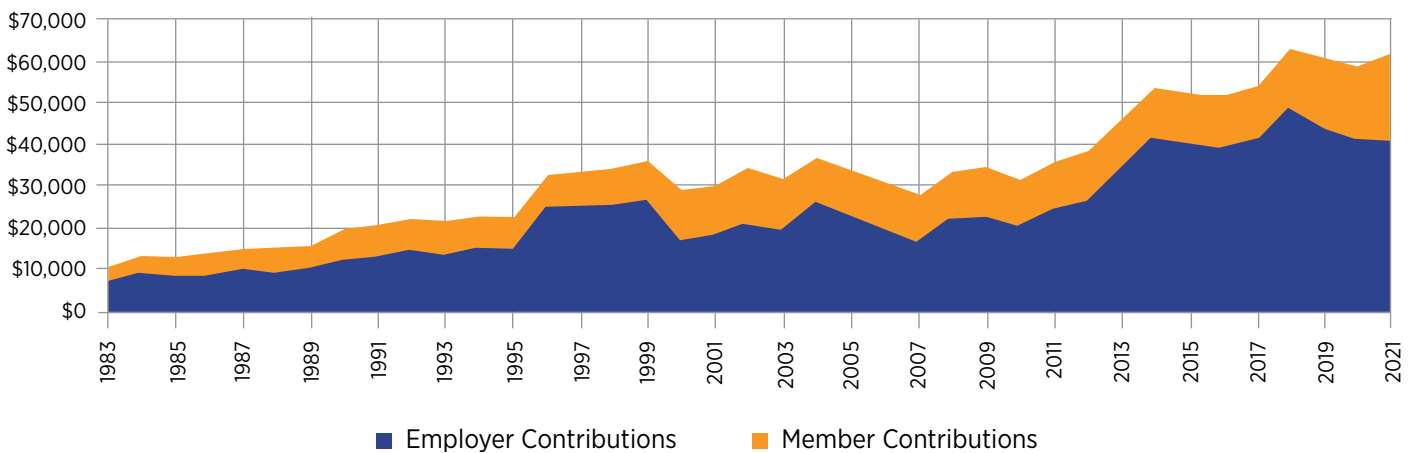
Market Value of Assets

(add 000's)



Employer & Employee Contributions

(add 000's)

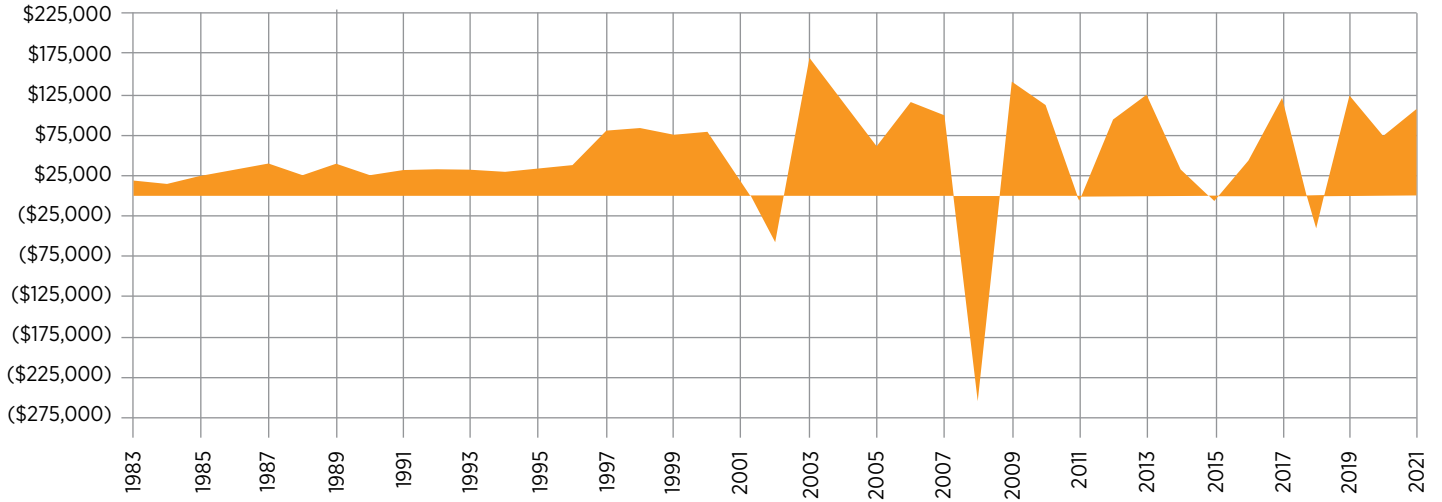


■ Employer Contributions ■ Member Contributions



Investment Income (Loss)

(add 000's)



Public School Retirement System of the City of St. Louis

A Pension Trust Fund for Public School Employees

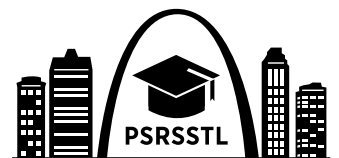
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Public School Retirement System
of the City of St. Louis