

APERSpective

ACTIVE MEMBERS

Summer 2018

The Director's Corner

Another fiscal year is rapidly coming to a close already! The renewed volatility of the stock market, along with rising interest rates, have provided plenty of challenges for our investment program. Even so, as of this writing the fund could enjoy an approximate 9.0% rate of return – well above the System's 7.15% return assumption. Keep your fingers crossed!

The COMPASS development team continues to make modifications and improvements to the pension administration system. The Members Self Service portal (MSS) provides the flexibility you need and want in communicating with us, filing applications and proof documents, and seeing your credited service record and contributions standing to your account.

A word of caution: when you register for MSS on your computer or laptop, you will be asked to create

a password. Please do NOT share that password with anyone, including family members. We hear regularly about retirement systems in other states where MSS theft has occurred. This usually takes the form of someone illicitly changing the direct deposit account of a member whose password they have stolen.

In accordance with statute, annuitants who have been retired at least twelve months as of July 1, 2018, will receive a 3% cost of living adjustment (COLA) increase.

APERS Board members and staff continue to be vigilant about the health and safety of this pension fund. So far, the rumors about wholesale changes to the fund continue to be just that – rumors. As we move into the coming election season, be sure that the candidates you are considering stand up for protecting the retirement system. Your monthly retirement benefits provide huge support for your local economy as you pay for goods and services during the course of any given year.

(continued on page 2)

Retirement Challenges for Women

By several measurements, American women seem to be doing pretty well right now. According to an article published by CNBC, the number of wealthy women is rising twice as fast as men, and by 2030 women are expected to control the majority of the wealth in the U.S. For all that, women still face some special challenges going into retirement.

Ironically, women's biggest retirement challenge stems from a natural advantage: they live longer. In 2016, the life expectancy for U.S. women was about 81 years compared to about 76 years for men. Of course, the longer they live, the longer women's retirement funds must last. This is less of a problem for APERS retirees — who enjoy lifetime pensions — than for women who rely solely on retirement savings like IRAs and 401(k) plans that can be depleted.



Although APERS retirees enjoy a lifetime annuity with a yearly cost-of-living adjustment, the extended lifespan of women can strain their retirement resources. The longer their retirement, the greater the possibility their expenses will start outpacing their income. Inflation and tax increases can stretch their fixed budgets. Their health care costs will continue accelerating as they get

(continued on page 3)

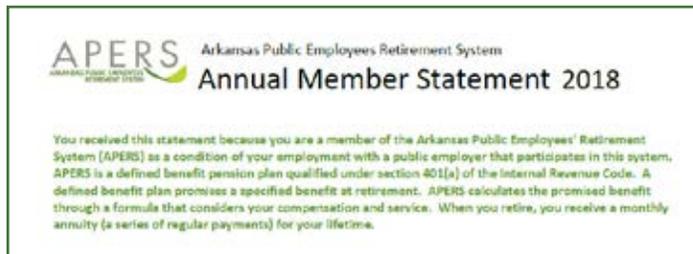
The Director's Corner (continued from page 1)

In fact, APERS pays out over a half billion dollars to retirees that stay in the state after retirement. Your spending is local business's income!

At the annual National Association of State Retirement Administrators in August, I will become president of the association. That means that Arkansas will be represented at the highest echelons of public funds from around the country. I will work hard to make all of you proud.

On a more local note, APERS welcomed a new board member to the fund last month. Mr. Gary Carnahan, engineer for the City of Hot Springs, has replaced long-time board member Ms. Carol Bevis. We are pleased to have Mr. Carnahan working for the nearly 80,000 active and retired members of our system!

Your Annual Member Statement



APERS will be sending out the Annual Member Statements in August. This is an important document that details your status in the system, including the service you've accrued, the compensation you've earned, and the employee contributions credited to your account (for contributory members).

Please take the time to carefully review the information included in your annual statement. These are the figures we will use to calculate your benefits when you retire, so it is essential that you make sure all the information on your statement is accurate and complete.

If you want to know more about what each section means, you can find more information on our website at www.apers.org/statement

If you see an error, something that doesn't look right, or if you don't receive a statement by the end of August, contact us by phone or in the MSS portal.

New Seminar Lineup



We have expanded our popular retirement seminar programs to offer four distinct presentations:

The Road to Retirement Seminar: this general program is designed for vested APERS members who want to learn more about the system and the benefits and options available to them.

The Retirement Readiness Workshop is designed for members within one year of retirement and includes a personalized benefit estimate.

The DROP Entry Workshop is designed for members with at least 27 years of service. It explains DROP eligibility, annuity options, beneficiaries, and more. Attendees also receive a DROP and PAW estimate.

DROP Exit Workshop is designed for members currently in the DROP and provides information about exiting, distribution, and more.

For more information, a complete schedule, and online registration, visit our website:

www.apers.org

2018 WOMEN'S SEMINAR

In October, APERS will host The Women's Seminar, a workshop addressing issues specific to women. Aside from retirement related issues, guest speakers will address health, legal, and life issues facing women. More information and links to registration will be made available on our website and Facebook page starting in August.

RETIREMENT AND DROP FILING DEADLINES

Retirement Date	Earliest Filing Date	Latest Filing Date
Aug. 1	05/03/18	07/02/18
Sept. 1	06/04/18	08/02/18
Oct. 1	07/03/18	09/04/18
Nov. 1	08/03/18	10/02/18
Dec. 1	09/04/18	11/01/18
Jan. 1, 2019	10/03/18	12/03/18

Take a Closer Look at the "B" Options

If you are married when you apply for retirement, we urge you to consider our "B" series benefit options before making your final choice. Options B-75 and B-50 are the only options that can provide **lifetime income to your surviving spouse** in the event of your death.

This spousal coverage is perhaps more important for wives of retiring members than for husbands. As noted in our feature article, since women tend to live longer but earn less than their husbands, they often have to support their own retirement with fewer resources for a longer period of time, so every little bit helps.

Although choosing a "B" option means slightly reduced benefits, it ensures a monthly payment to your surviving spouse for life. This issue is so important that our regulations require a spouse's written agreement for a married member to retire under the "Straight Life" option with unreduced benefits and no beneficiaries.

You can find full explanations of all our benefit options on our website. You can also call us or meet with one of our retirement counselors at your convenience.

Online Self Service • Try It Today!

We encourage all our members to explore our new online Members Self-Service portal at our website, www.apers.org. You'll be amazed at what you can do — review your service credit and work history, check your member contributions (contributory members), verify reciprocal service, upload documents, view your member statements, apply for retirement, and much more. You can also request a benefit estimate from us or generate your own estimates, as many as you'd like. Call us to get your APERS ID so you can create your account and get started today.

DROP CHANGES FOR 2018

The past year has brought three significant changes to our Deferred Retirement Option Plan (DROP). Most importantly, ACT 552 of 2018 lifted special restrictions for some DROP participants on returning to work.

Like other APERS retirees, all DROP participants may now return to work for a public employer once they have fulfilled the termination requirements. After exiting the DROP, regular employees must observe a 180 day waiting period and elected officials a one

Retirement Challenges for Women

(continued from page 1)

older and need increasing care. Every day that passes raises the probability of some unforeseen emergency sapping their cash reserves.

Another challenge women face in retirement stems from a well-publicized disadvantage — that women earn less than men, about 21% less over their lifetimes according to multiple sources. Earnings history is a major component of the APERS' benefit formula, and less pay means a lower retirement income. So women face a double-edged sword because they have to stretch a smaller sum over a longer term while healthcare and other costs continue to rise.

A third major challenge women face in retirement is that, on average, women devote much more time to parenting, caretaking, and similar unpaid tasks than men do. According to a report by Prudential Financial, women average 28 hours a week of unpaid work, 65% more than men. Moreover, women are twice as likely to be responsible for the care of an aged or disabled family member or friend. By devoting more time to caretaking, women earn less money, but their own extended lifespans make their needs even greater.

The bottom line is that it is often harder for women to ensure a comfortable retirement. Because they are more likely to live longer but earn less, they may have to support themselves with fewer resources for a longer period of time. Even worse, they are more likely to face the most difficult stages of their retirement alone, as their spouses are likely to pre-decease them by an average of five years.

year period before they return to work for a public employer.

The Board has also raised the interest rate on DROP accounts from 2.5% to 2.75%, effective July 1, 2018.

Finally, members exiting the DROP have the option to take distribution of their DROP funds in a lump-sum (all or part of which can be rolled over to another approved plan or IRA), or as a monthly annuity, or any combination of the two. However, DROP annuities are now limited to a 25-year period.



In This Issue

The Director's Corner | Retirement Challenges for Women
New Seminar Lineup | The "B" Options | Filing Dates
Your Annual Member Statement | Survey Says

www.apers.org

Survey Says!

In our last issue, we asked you to participate in an online survey about your APERS membership. Below is a sample of how you answered. For complete results, go to our website at www.apers.org/results.



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