



SUMMARY ANNUAL REPORT

For the Fiscal Year Ending December 31, 2024



Helping you build a brighter tomorrow.

COUNTY EMPLOYEES' RETIREMENT FUND

CERF Pension Plan Information

CERF Administrative Office
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Jefferson City, MO 65101

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COUNTY EMPLOYEES' RETIREMENT FUND 2024 Board of Directors

Mark Price – *Chair*

Ted Nichols – *Vice Chair*

Rick Watson – *Secretary*

Sid Conklin – *Board Member*

Collin Follis – *Board Member*

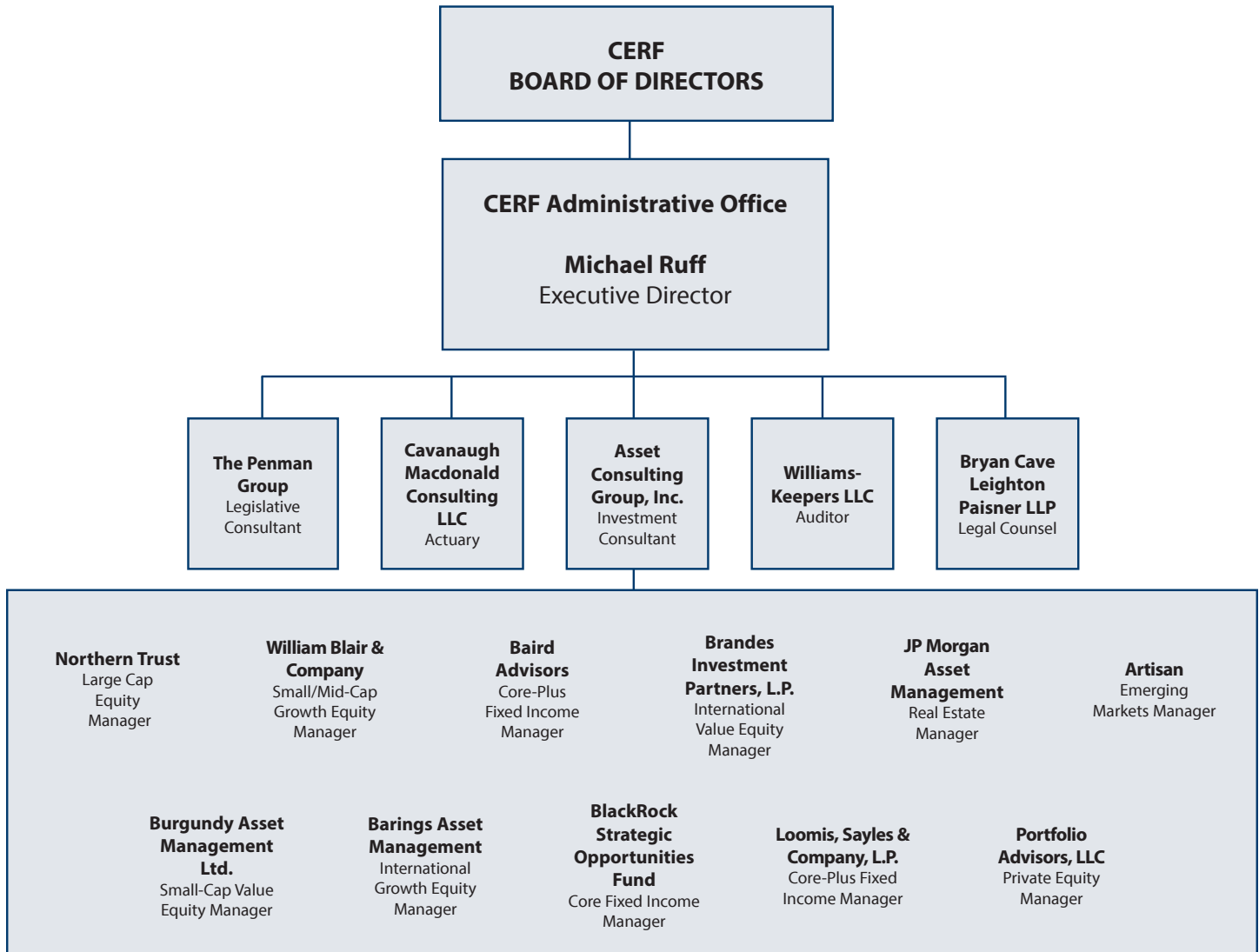
Daniel Franks – *Board Member*

Sandy Jung – *Board Member*

Jim Platt – *Board Member*

Cindy Stein – *Board Member*

ADMINISTRATIVE STRUCTURE



This Annual Report is distributed for informational purposes only. The full annual comprehensive financial report is available on CERF's website. Financial statements and audit materials are available upon request pursuant to Missouri's Open Records Law. To obtain any of these documents, you may send a written request to the plan administrator at:

*CERF Plan Administrator
2121 Schotthill Woods Drive
Jefferson City, MO 65101*

The actual language of the statutes, rules, and regulations creating and implementing the County Employees' Retirement Fund controls and takes precedence over the material contained herein. In the event a member has any questions concerning the County Employees' Retirement Fund, the member should look to the statutes codified at Section 50.1000, RSMo (1994) et. seq. for guidance. Members should not rely on this summary in place of the actual text of the law.

CERF Pension Plan

Eligibility	Full-time employees (scheduled to work at least 1,000 hours a year) , and elected and appointed county officials are eligible to participate in the Pension Plan. Part-time and seasonal employees become eligible on January 1 or July 1 after completion of 1,000 hours of service in a calendar year, or upon transfer to full-time status.
Participation	Participation is mandatory for eligible employees. Full-time employees begin participating in the plan immediately upon their date of hire. Part-time and seasonal employees begin participating once they become eligible.
Contributions	House Bill 1455 (2002) requires all participants hired on or after February 25, 2002, to contribute an additional 4% of gross salary to the plan, effective January 1, 2003. A non-LAGERS participant hired prior to February 25, 2002, contributes 2%; a non-LAGERS participant hired on or after February 25, 2002, contributes 6% to the plan. A LAGERS participant hired prior to February 25, 2002, is not required to make contributions; a LAGERS participant hired on or after February 25, 2002, contributes 4% to the plan. Nearly all of the funding for CERF comes from county receipts in the form of contributions, fees and penalties.
Vesting	A participant is vested after eight years of continuous creditable service during which pay is earned and received for at least 1,000 hours in each of those eight years.
Prior Service	Employees who were employed on June 10, 1999, and remained employed through January 1, 2000, do not have to purchase prior service. (Specific rules apply in certain rehire circumstances.) Members who terminated vested or retired prior to January 1, 2000, must purchase any service accrued prior to August 28, 1994, in order to include that service in their retirement benefit.
Early Retirement	Members have the option of retiring as early as age 55 (with eight years of continuous creditable service) and receiving an actuarially-reduced benefit. To be eligible for early retirement, a participant must terminate employment on or after January 1, 2000, and meet other eligibility requirements.
Cost-of-Living Adjustment	The Board may authorize a Cost-of-Living Adjustment (COLA) each year equal to 100% of the Consumer Price Index, up to 1%, for all members who have been receiving benefits for at least one year on the date the COLA becomes effective. COLAs will become effective on July 1 of each year.
Survivor Benefits	<p>ACTIVE EMPLOYEES: If a participant dies while actively employed, his or her named beneficiary will receive a lump-sum death benefit of \$10,000.</p> <p>NON-VESTED MEMBERS: Senate Bill 625, effective August 28, 2012, allows a refund of contributions to the beneficiary(ies) of active members who die after December 31, 2002, and before becoming vested.</p> <p>MARRIED, VESTED MEMBERS: If a vested participant dies before his or her pension begins, his or her surviving spouse can apply for a 50% spousal pension benefit.</p> <p>SINGLE, VESTED MEMBERS: House Bill 795, effective August 28, 2004, allows a refund of contributions to the beneficiary(ies) of a single, vested member who dies on or after August 28, 2004.</p> <p>RETIRED MEMBERS: Depending on which option the member chooses, the designated survivor will receive the appropriate amount of benefits under the survivor option selected on his or her benefit calculation. Members who terminated employment or retired on or after January 1, 2000, have the option to designate someone other than a spouse as the beneficiary of their retirement annuity.</p>

CERF Savings Plan

Eligibility	A member must participate in the CERF Pension Plan in order to be eligible to participate in the CERF Savings Plan.
Automatic Contributions	Effective January 1, 2000, a member who is not in LAGERS is required to contribute 0.7% to the CERF Savings Plan. This pre-tax deduction is deposited automatically in the member's 401(a) account.
Voluntary Contributions	In 2023, participants may contribute up to the lesser of \$22,500, or 100% of their includible compensation to the 457 component of the plan. This limit includes contributions to other 457 plans as well.
Matching Contributions	Each year, the Board of Directors will determine the amount available for a matching contribution to the Savings Plan (up to plan limits). This matching amount will be added to member accounts for those who contributed to the 457 Plan, earn and receive pay for at least 1,000 hours during the year, retire at age 62, or die while employed by the county. The match will be deposited into the 401(a) component of member accounts as soon as administratively feasible after the plan year has ended.
Vesting	Members are always 100% vested in their automatic (0.7%) and voluntary (457 plan) contributions. Members become 100% vested in the matching contributions once they have five years of continuous creditable service (from date of hire), or if they die during the plan year.
Investment Options	Empower has a broad range of investment options available to the participants. They include an option to pick individual funds, target date funds, or have your account managed by Empower.
Making Changes	Participants may change the amount of their contributions on a quarterly basis and can stop 457 plan deferrals completely at any time. Changes to investment options can be made on a same-day basis through the website, www.empower.com , or by calling KeyTalk, 800-701-8255. You will need to use your user ID and personal identification number (PIN) provided to you by Empower.
Payment Options	Payments from the 457 or 401(a) portion of the plan may be made through annuity payments, lump sum, or periodic distributions if the account balance is \$5,000 or more.
Rollovers and Plan Transfers	Members who have other qualified 457, 401(a) or 401(k) plans may transfer or roll over money from those plans to the appropriate component of the CERF Savings Plan. Likewise, if a member leaves employment, he or she may transfer or roll over his or her CERF Savings Plan balance to another qualified plan or IRA.
Need More Information	For more information on the CERF Savings Plan, please call the CERF Administrative Office.

Investments

CERF Investment Program Background and Portfolio Asset Allocation

The purpose of CERF's investment program is to provide long-term benefits to the plan's participants, by investing the pension fund assets in a manner that maximizes expected long-term results while reducing exposure to undue risk. CERF's Board of Directors maintains an Investment Policy which sets guideposts around the investment program, articulating the fund's goals, objectives, and prudent risk parameters. The CERF Board of Directors works closely with their investment consultant to oversee all aspects of the investment program, including investment policy design and review, asset allocation, and ongoing investment manager due diligence. The Board and their consultant meet each calendar quarter to review the investment portfolio in detail and to discuss and address specific issues, with interim meetings held as needed. Further, CERF's individual investment managers provide regular updates on their portfolios to the consultant and CERF's staff, including a formal update to the Board on a periodic basis.

Asset allocation is employed as the primary tool for managing the long-term risk and return objectives for CERF's investment portfolio. CERF's portfolio is well-diversified, with exposure to several different investment strategies (asset classes), sub-strategies and investment managers. Investments are continually monitored by the investment consultant and Board of Directors for appropriateness and alignment with stated investment objectives and guidelines. Assets are periodically rebalanced to keep the exposures to various investments within the stated ranges defined in the investment policy.

Equity Portfolio Target: 60%

Equities provide for growth opportunities within the investment program. The equity allocation benefits from a diverse line-up of strategies including both domestic and foreign exposures ranging in capitalization from small to large, and in style orientation from value to growth. Additional diversification benefits are achieved through the inclusion of private equity investments.

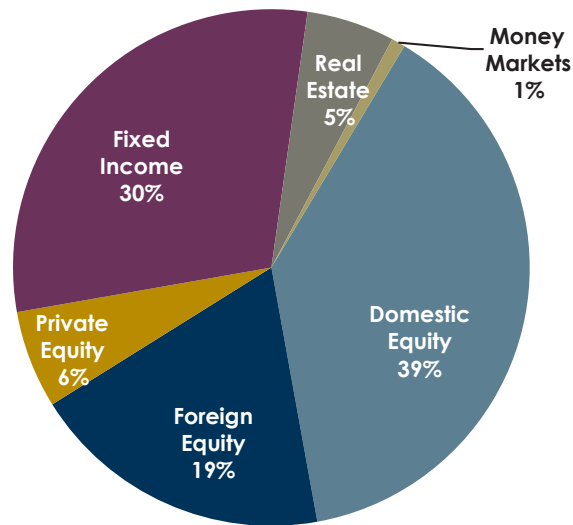
Fixed Income Portfolio Target: 30%

Fixed Income strategies are included in the investment program to further enhance diversification, as over time, bonds are generally less volatile than stocks. Much like the equity allocations, the complementary fixed income strategies are designed to provide broad exposure to the global fixed income markets, including diversification by quality, sector, geography and security type.

Real Asset Portfolio Target: 10%

Real assets typically behave differently than stocks and bonds, and their low correlation to these other asset classes provides even further diversification to the investment portfolio. CERF's portfolio includes an allocation to real estate through diversified real estate funds. The real estate portfolio is invested in different geographic locations and different property types, while maintaining strict quality requirements for each property, including leverage and occupancy rates.

Pension Fund Allocation as of 12/31/24



Total Pension Fund Assets: \$817,703,000



2024 Market Environment

2024 brought continued momentum for the U.S. economy, where resilience was driven by a tight labor market, robust consumer spending, advances in technology and productivity growth, ultimately resulting in fewer Fed rate cuts than the market had initially forecast.

Global equity markets were higher across the board, but seven U.S. mega-cap companies led the way as they benefitted from increasing demand for Artificial Intelligence and related products and services. Fixed income returns were mixed, but generally positive for the year. Lower quality (high yield) bonds outperformed as spreads narrowed. Real estate continued to languish, particularly in the office sector, but stabilizing occupancies, higher capitalization rates and a decline in fund redemptions suggest we may be nearing an inflection point.

U.S. GDP rose an estimated 2.8% for the calendar year 2024, leaving some economists ready to declare that the U.S. had achieved the sought after 'soft landing.' Unemployment continues to be low at 4.1%, yet inflation remains stubbornly above the Fed's 2% goal, causing the Fed to pare back easing expectations for 2025.

2024 Portfolio Performance

CERF's investment portfolio for the fiscal year ended December 31, 2024 had a gross return of 9.18% as calculated using a time-weighted rate of return methodology based upon fair values. All of the plan's underlying asset class pools had positive returns, with the exception of Real Assets. The returns across the three major asset classes were dispersed, illustrating the impact of asset allocation to help reduce the volatility of annual returns while focusing on long-term performance objectives.

Investments

U.S. Large Cap stocks outperformed all other major asset classes in 2024, largely due to the S&P 500's 'Magnificent 7' – seven outperforming stocks which make up the top holdings of the index. These stocks represent roughly 35% of the index and accounted for over 50% of S&P 500 returns in 2024. CERF's U.S. Large Cap portfolio is passively invested in the S&P 500 Index and achieved returns of 25.06%.

The U.S. Small/Mid Cap Equity portfolio returned 16.17%. While the small cap growth index outperformed the small cap value index (13.90% vs. 8.05%), exceptional relative performance (19.93% return) from the value allocation of the portfolio boosted overall relative returns within the asset class.

Non-U.S. Equity returned 3.03% compared to the benchmark returns of 3.82%. Robust U.S. growth and central bank policy resulted in a strong U.S. dollar weighing on non-U.S. equity returns for U.S. investors in 2024, subtracting roughly 7% of returns from the EAFE USD relative to the EAFE local currency index. Contrary to the U.S., value outperformed growth in developed international markets. In late 2024, a dedicated allocation to Emerging Markets (3% target) was added to the CERF investment portfolio.

In late 2023, the Board voted to eliminate exposure to equity long/short. These assets were redeployed in early 2024 across existing equity and fixed income allocations, bringing the overall fixed income target up to 30% from 25%.

The Private Equity allocation returned 0.72% in 2024 compared to the S&P returns of 25.02% and MSCI ACWI returns of 17.49%. Underperformance was anticipated as these assets are valued on a lag relative to public equities. CERF's longer-term Private Equity returns over the trailing 5 and 10 years are in-line with the strong public market equity returns over these periods.

CERF's Fixed Income portfolio returned 3.70% compared to the Bloomberg U.S. Aggregate Index returns of 1.25%. Exposure to non-core fixed income instruments contributed to relative outperformance throughout the year.

CERF's Real Assets portfolio is comprised of allocations to core and opportunistic real estate. The Core Real Estate portfolio declined 1.73% while the Opportunistic Real Estate portfolio fell 9.69% during the year; both underperforming the NFI ODCE index decline of 1.44% for 2024. The office sector was the primary detractor for both allocations, with the Opportunistic manager's underperformance also driven by leverage and positioning in industrial markets. Due to concerns around recent changes to the investment teams managing both Real Estate portfolios, CERF submitted redemption requests from both managers. While the redemption process can be lengthy within this asset class, it is anticipated that additional commitments to two new real estate strategies will be made in 2025 and funded as existing exposures unwind.

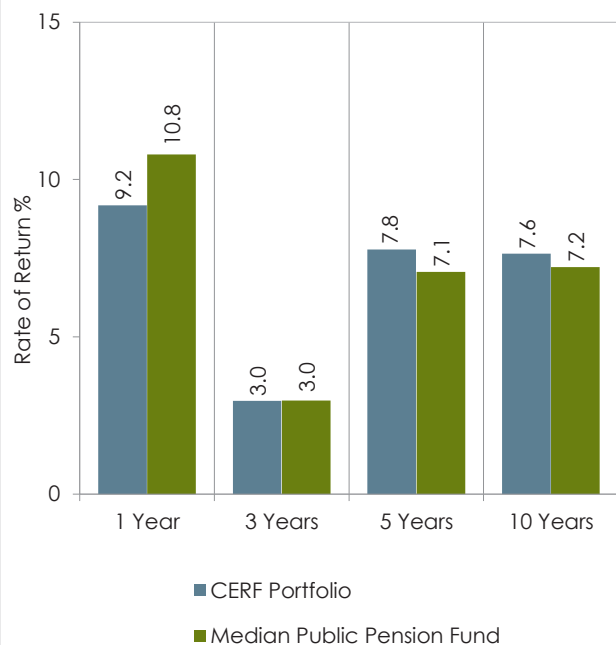
These returns were calculated by CERF's investment consultant, Asset Consulting Group. The success of CERF's investment program is defined by its adherence to the Investment Policy guidelines, and its performance compared to the stated return objectives and risk parameters as we navigate different market environments. The charts below illustrate the plan's annualized performance and risk alongside the expectations laid out in the Policy. Notably, the CERF portfolio meets all stated relative long-term objectives and has outperformed the median public pension fund peer group over longer time frames.

Total Pension Fund Performance vs. Objectives

(December 31, 1994 – December 31, 2024)

	Benchmark	CERF
Return Objectives		
At a minimum, it is the objective of CERF to exceed its actuarial interest rate assumption on an ongoing basis.	7.25%	8.66%
The pension fund's annualized total return should equal or exceed the annualized rate of inflation as indicated by the Consumer Price Index by 5%.	7.63%	8.66%
The pension fund's total return should exceed the total return of an index composed as follows:		
60% MSCI ACWI Index	8.30%	8.66%
30% Bloomberg US Agg Index		
10% NFI ODCE Index		
Risk Objective		
The pension fund's level of risk, as measured by Standard Deviation, should be consistent with the risk of the index noted above.	9.99%	9.60%

Pension Fund Performance as of 12/31/24



Actuarial

PLAN MEMBERSHIP

AS OF JANUARY 1, 2025

Covered Payroll	\$647,441,280
Average Salary per Active Member	\$51,799

ACTUARIALLY DETERMINED CONTRIBUTION (ADC)

Unfunded Actuarial Accrued Liability (UAAL)	\$236,032,993
Amortization of UAAL, with interest to mid-year*	\$31,199,626
Normal Cost, with interest to mid-year	\$44,491,877
Reduction in Normal Cost for Member Contributions	\$25,216,266
Actuarially Determined Contribution, County Portion as a percent of payroll for 2024	\$50,475,238 8.14%

PLAN ASSETS

Actuarial Value	\$849,368,857
Market Value	\$832,401,115

FUNDED STATUS

Entry Age Normal Actuarial Accrued Liability	\$1,085,401,850
Funded Ratios	
Funded Percentage on Actuarial Value of Assets	78%
Funded Percentage on Market Value of Assets	77%

* Until July 1, 2011, the UAAL was being amortized as a level percentage of payroll over a 30-year period beginning January 1, 1995. As of July 1, 2011, the UAAL amortization was started fresh over a 20-year period. New components of the UAAL will be amortized over new 20-year periods as such components arise.

Financial Statements

STATEMENT OF FIDUCIARY NET POSITION DECEMBER 31, 2024

ASSETS

Cash	\$ 13,657,677
Receivables:	
Member contributions	340,835
Member prior service contributions	51,085
Employer contributions	5,744,878
Receivable for pending investment sales	44,540
Accrued interest and dividends	66,910
Total receivables	6,248,248
Investments, at fair value:	
Common stocks	117,266,045
Fixed income mutual funds	245,370,120
Domestic equity fund	190,723,114
International equities funds	155,148,704
Real estate fund	41,304,123
Private equity	50,906,292
Cash equivalents	14,338,250
Total investments	815,056,648
Capital assets, net of accumulated depreciation of \$3,589,929	3,982,523
Total assets	838,945,096
Deferred outflows of resources - pension	8,230

LIABILITIES AND DEFERRED INFLOWS

Accounts payable	934,570
Accrued defined contribution plan funding	4,008,020
Other accrued expenses	331,335
Unearned revenue	333,000
Payable for pending investment purchases	175,626
Net pension liability	740,532
Total liabilities	6,523,083
Deferred inflows of resources - pension	29,128
Net position - restricted for pension benefits	\$ 832,401,115

The complete Annual Comprehensive Financial Report, including the notes to financial statements, is available on CERF's website or by contacting the CERF Administrative Office.

Financial Statements

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2024

ADDITIONS:

Contributions:

County receipts	\$ 42,612,574
By members	20,472,669
For members, paid by counties	4,594,824
Members, purchase of prior service	<u>16,291</u>
Total contributions	<u>67,696,358</u>

Investment income:

Investing activities:

Net appreciation in fair value of investments	55,592,057
Fixed income securities	9,063,136
Equity securities	6,636,815
Other miscellaneous loss	<u>(258,839)</u>
Total investment income	<u>71,033,169</u>

Investment expenses	<u>(3,366,451)</u>
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Total net investment income	<u>67,666,718</u>
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Other income	<u>6,667</u>
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Total additions	<u>135,369,743</u>
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DEDUCTIONS:

Benefits	50,721,007
Refunds of member contributions	4,849,843
Defined contribution plan matching contribution	4,008,020
Pension expense	122,425
Administrative expense	<u>3,789,620</u>
Total deductions	<u>63,490,915</u>

Net increase	71,878,828
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Net position - restricted for pension benefits

Beginning of year	<u>760,522,287</u>
End of year	<u><u>\$ 832,401,115</u></u>

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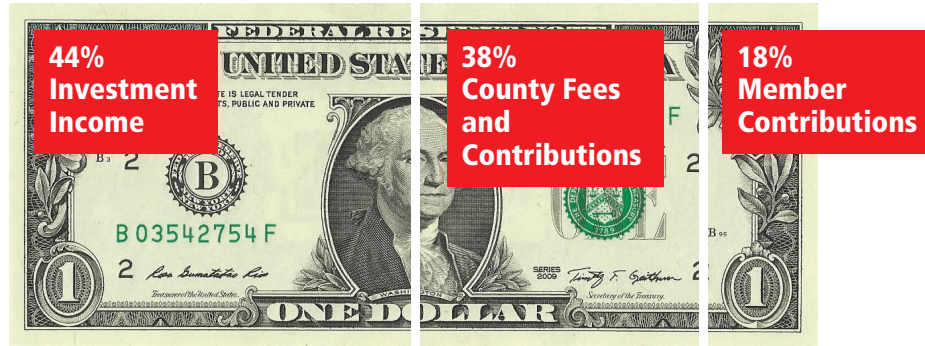
CERF Quick Facts

Data as of December 31, 2024

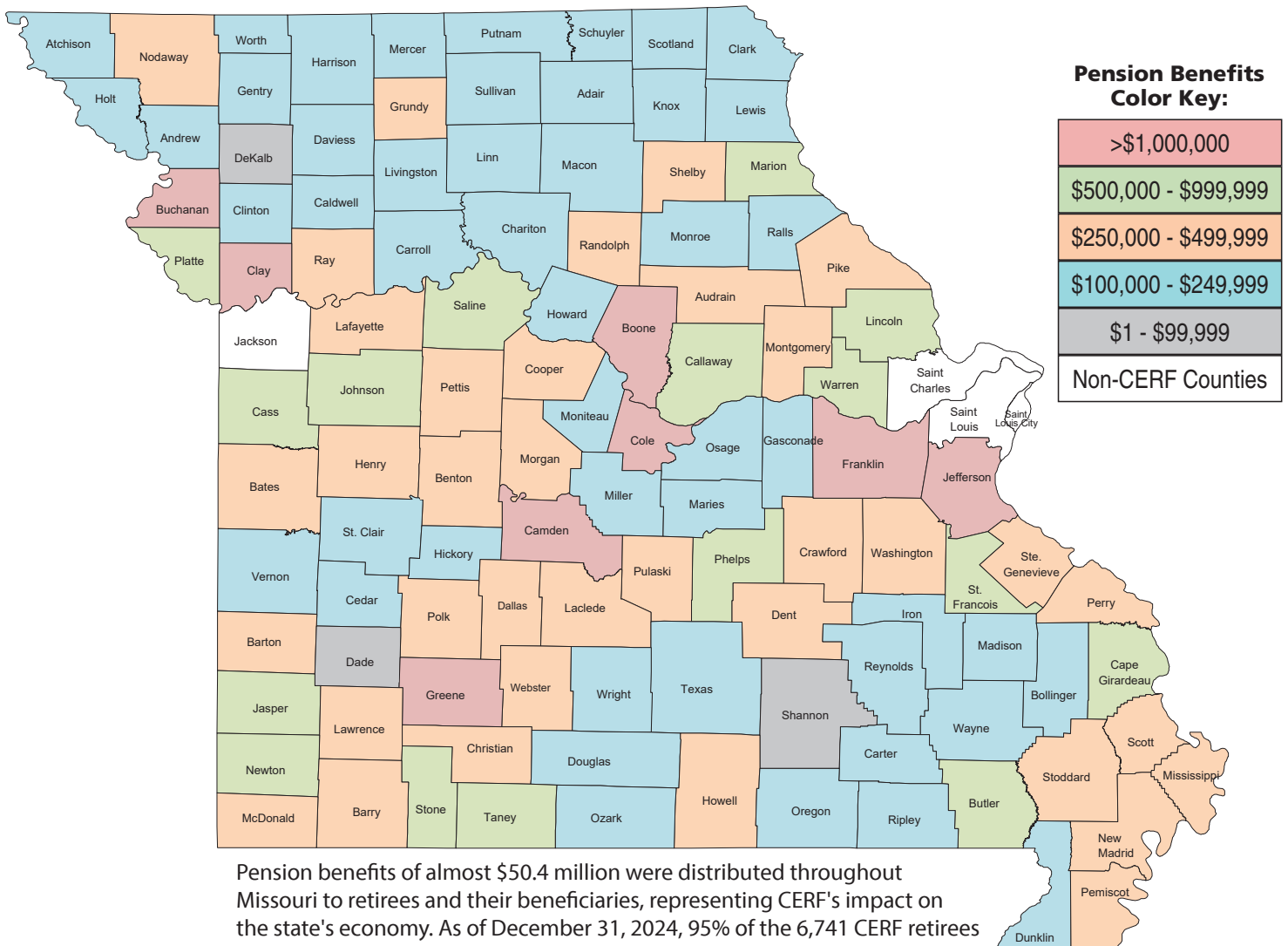
How Benefits Are Funded

Historically, approximately half of retirement benefits have been funded by investment returns with the remainder coming from a combination of county fees and contributions.

Funding for Benefit Payments by Source

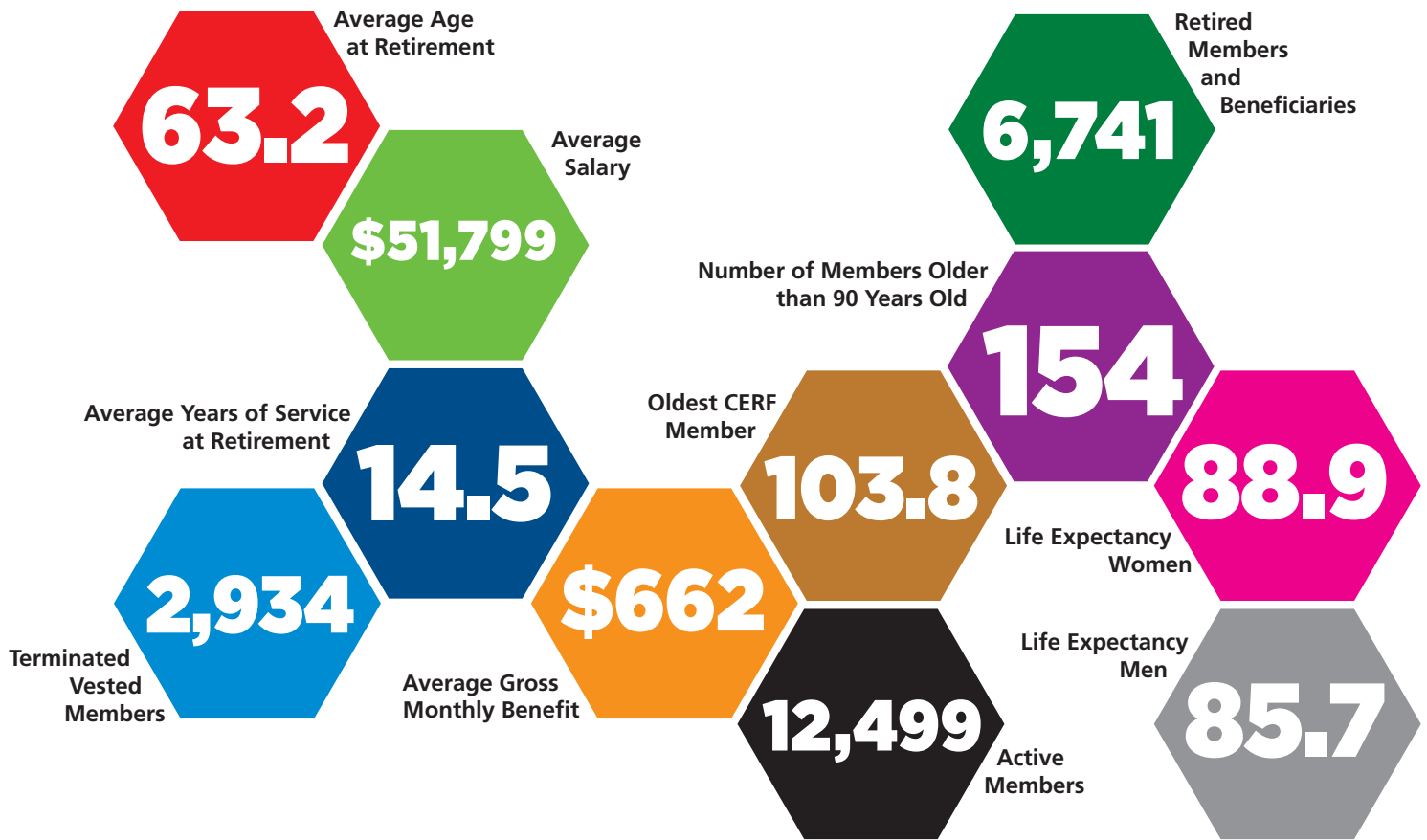


2024 Retiree and Beneficiary Benefit Payments by County



CERF Quick Facts

Data as of December 31, 2024



Summary of County Receipts for 2024

