



CEO UPDATE September 2022

As September brings the changing seasons, PMRS is also in a season of change. We are no longer in a state of crisis as we were two years ago. We spend less time focusing on short-term fixes and are increasingly focused on implementing long-term operational improvements that will positively impact PMRS well into the future.

One example is the financial reporting backlog. The 2020 reporting cycle is nearly complete: only a handful of plans are waiting to receive their 2020 GASBs; the 2020 Annual Comprehensive Financial Report received a clean audit review and is posted to the website; and Act 205 reports will be available in October.

Meanwhile, we are reconciling 2021 financial data and expect to distribute 2021 member statements later this month. In October, employers will receive their 2021 financial reports and then we will begin working to distribute 2021 GASBs.

The bottom line is we expect to complete the 2021 financial reporting cycle and eliminate the backlog by the early weeks of 2023. While getting back on schedule has been the short-term priority, we have also been identifying and implementing efficiencies that will significantly improve reporting for the 2022 reporting cycle and beyond.

Another example of long-term improvements is how PMRS manages assets. Over the past year, we aligned our investment managers with our new investment policy which de-risks our portfolio. This required reallocating approximately 40 percent of our portfolio and the long-term impact is already clear.

Although PMRS has not escaped the impact of the markets' poor performance, we have minimized our losses and better protected members' retirement with our new strategy. Similarly, while inflation has spiked dramatically, because of our strong financial position and long-term approach to investing, we can maintain our current interest rate assumptions and the crediting interest rate that our members' assets receive.

We also continue to make foundational changes to improve the service levels for our members and employers. Our client relations and processing teams have nearly doubled. We have automated many of our communications, and combined with more staff, we have greater capacity to process and communicate changes to members and plans. Additionally, we are organizing our client relations team to improve response time, strengthen plan relationships, and enhance knowledge sharing.

Our culture is the mortar that binds PMRS. We have eliminated staff shortages and are now building a culture that attracts and retains the best talent to further elevate service for our members and employers. We are implementing a standardized performance measurement program, launching a new educational policy that invests in our employees, and improving the onboarding experience so employees hit the ground running. These initiatives will have a profound impact on our current and future employees.

This season of change has been difficult – but the resulting improvements will positively impact all our stakeholders for years to come. Without the support of our employees, members, and the PMRS board none of it would be possible.

Sincerely,

A handwritten signature in black ink that reads 'Timothy Reese'.

Timothy Reese
CEO, PMRS