

Delaware Public Employees' Retirement System NEWSLETTER

Retiree Edition

December 2017

We Need Your Help To Hold Down Rising Health Care Costs

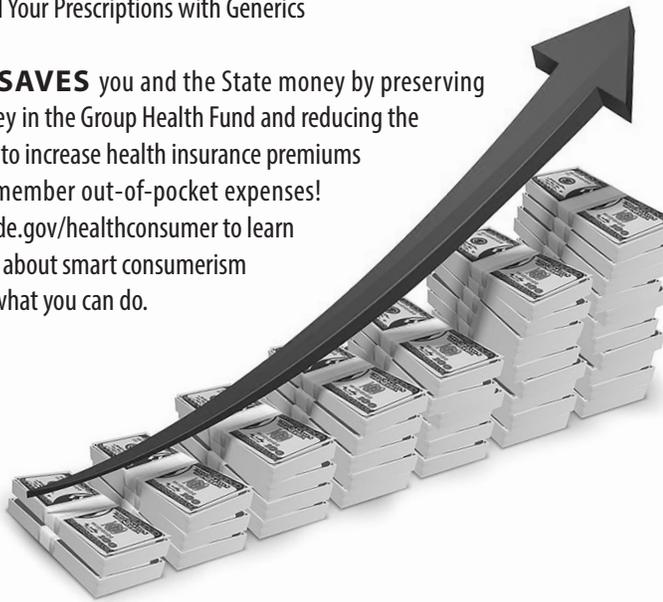
One of the biggest challenges the State of Delaware faces is the increasing cost of health care for employees, pensioners and their family members.

YOU Are Part of the Solution:

- Use Emergency Rooms Only for Emergencies
- Have Your Lab (Blood) Work and Imaging Services Done at Non-Hospital Affiliated Freestanding Facilities
- Know Your Benefit Plan - Coverage, Network and Costs
- Use Your Preventive Care Benefits
- Fill Your Prescriptions with Generics

This **SAVES** you and the State money by preserving money in the Group Health Fund and reducing the need to increase health insurance premiums and member out-of-pocket expenses!

Visit de.gov/healthconsumer to learn more about smart consumerism and what you can do.



The Pension Office will be closed on the following dates:

New Years Day	Monday, January 1
Martin Luther King Jr. Day	Monday, January 15
Good Friday	Friday, March 30
Memorial Day	Monday, May 28
Independence Day	Wednesday, July 4

Retiree Mailings

Retiree tax statements will be mailed by January 31, 2018 to pensioners who received a benefit payment from the State of Delaware Office of Pensions during 2017. The type of form you receive depends upon the pension plan you are enrolled in and the type of payment you received. Some pensioners may receive multiple forms if, for example, they are retired from a State pension plan and also received a payment as the survivor or beneficiary of a deceased member.

Retiree Annual Statements will be mailed in February, 2018 to members receiving a pension benefit as of December 31, 2017. Please check your statements carefully and follow the directions for making any updates to your address or beneficiary designation.

Upcoming Pension Check Dates:

Wednesday, January 31, 2018	Thursday, May 31, 2018
Wednesday, February 28, 2018	Friday, June 29, 2018
Friday, March 30, 2018	Tuesday, July 31, 2018
Monday, April 30, 2018	



OFFICE OF PENSIONS

State of Delaware Office of Pensions
McArdle Building, Ste #1

860 Silver Lake Boulevard, Dover, DE 19904-2402

Toll Free Long Distance

Telephone: (800) 722-7300

E-mail Address: pensionoffice@state.de.us

Web Address: www.delawarepensions.com

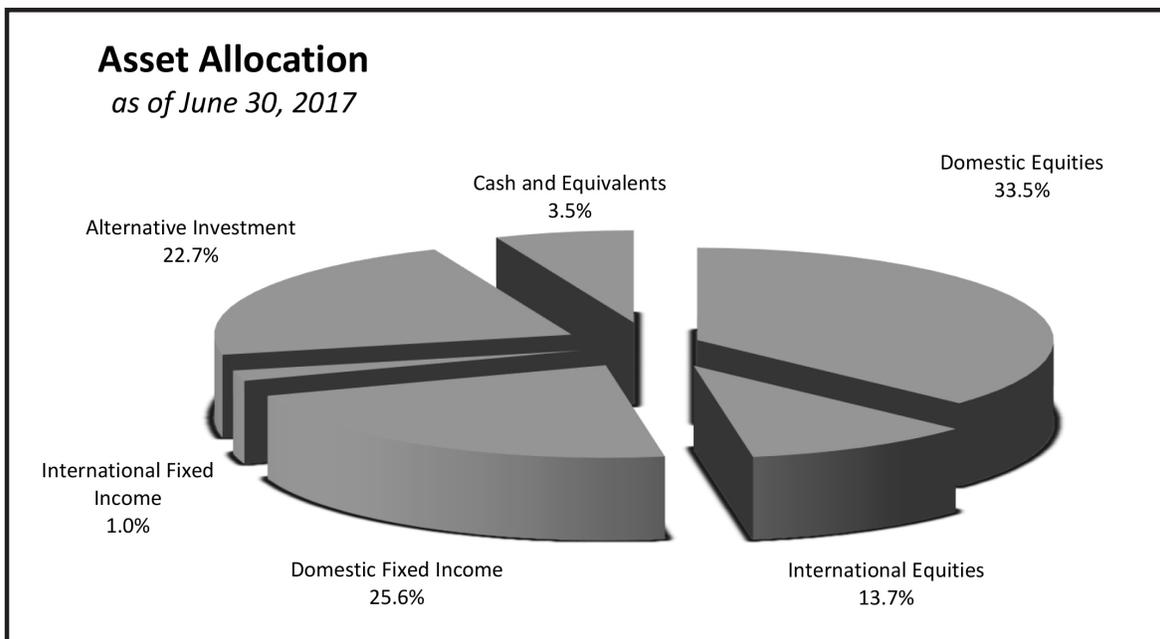
Telephone: **(302) 739-4208** Fax Number: **(302) 739-6129**

Annual Financial Reporting

The System's investments had an 11.3% time-weighted rate of return in Fiscal Year 2017. The annualized total returns for the past five, ten, and fifteen years are 8.3%, 6.1%, and 7.8%, respectively. The System's performance, compared to other large pension funds, is in the top 25 percent for the ten-year period ending June 30, 2017.

In the beginning of Fiscal Year 2017, market conditions appeared to present a challenging environment to earn returns. Following the surprise outcome of the United Kingdom's "Brexit" referendum in June 2016, coupled with fragile global economic conditions, major central banks around the world quickly acted to calm markets by presenting additional monetary stimulus or indicating a continuation of accommodative monetary policy. Government bond yields reached record lows and entered negative territory in parts of Europe and Japan. Return outlook appeared limited given that these yields served as the base from which other asset class expected returns are derived. The landscape eventually changed as signs of a synchronous pick-up in economic growth across developed and emerging regions helped corporate earnings growth, leading to solid equity market gains for the year.

Political developments in the U.S. and abroad over the period also played a role in markets. There was a sharp decline after the surprise election of Donald Trump as the 45th president. Markets however quickly reversed course as investors focused on the pro-growth aspects of the new administration's agenda. The success of a pro-Europe candidate in the French presidential election also eased fears about the long term viability of the European Union and allowed investors to focus on the region's improving economic picture.



At the start of the new fiscal year, traditional valuations for equity markets were near the high-end of their historical range, though pick-up in earnings growth could help ease valuation concerns. In addition, credit bond yield spreads were below their historical averages, although balance sheets are improving and the credit outlook appears to be positive. Meanwhile, global central banks have begun shifting towards less accommodative policies, and with the possibility that markets may have over-discounted policy gains from the new Administration, monetary and political developments will continue to be in focus. Given all of the above, expected returns continue to be challenged. In the face of these uncertainties, the System's Board of Trustees and Investment Committee will continue to rely on the investment principles and risk management guidelines that have served the Pension System well in the past and to do their best to execute a sound investment strategy for the benefit of the System's stakeholders.

As a member of a DPERS pension plan, you participate in a defined benefit plan and your retirement benefits are paid out to you regardless of market events. When you retired, DPERS calculated your monthly pension benefit based on various factors such as years of service and salary, not investment results. DPERS takes responsibility for the management and investment of the trust fund and understands that markets will fluctuate.

More detailed information is provided in the DPERS 46th Comprehensive Annual Report available on our website at <https://open.omb.delaware.gov/FinancialReports/AnnualFinancialReports.shtml>