

Delaware Public Employees' Retirement System NEWSLETTER

Retiree Edition

December 2018

FRAUD

Report Suspected Fraud, Abuse or Misconduct

The Office of Pensions has engaged Lighthouse Services to provide an anonymous fraud reporting hotline for all pension related matters. Reports may cover, but are not limited to, abuse of working after retirement requirements.

Individuals may submit an anonymous report in the following ways:

- **Complete the online form at www.lighthouse-services.com/dpers**
- **Call our hotline at 1-833-590-0005**
- **Email: reports@lighthouse-services.com**
(must include "DPERS" in email message) or
- **Fax 215-689-3885**
(must include "DPERS" in faxed document)

Upcoming Pension Check Dates:

Thursday, January 31, 2019	Friday, May 31, 2019
Thursday, February 28, 2019	Friday, June 28, 2019
Friday, March 29, 2019	Wednesday, July 31, 2019
Tuesday, April 30, 2019	

Retiree Mailings

Retiree tax statements will be mailed by January 31, 2019 to pensioners who received a benefit payment from the state of Delaware Office of Pensions during 2018. 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 received a payment as the survivor or beneficiary of a deceased member.

Retiree Annual Statements will be mailed in February 2019 to members receiving a pension benefit as of December 31, 2018. Please check your statements carefully and follow the directions for making any updates to your address or beneficiary designation.

The Pension Office will be closed on the following dates:

New Years Day	Tuesday, January 1, 2019
Martin Luther King Jr. Day	Monday, January 21, 2019
Good Friday	Friday, April 19, 2019
Memorial Day	Monday, May 27, 2019
Independence Day	Thursday, July 4, 2019



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 a 10.6% time-weighted rate of return in Fiscal Year 2018. The annualized total returns for the past five, ten, and fifteen years are 8.2%, 7.3%, and 8.3%, 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, 2018. At the end of fiscal Year 2018 assets in the System totaled \$10.1 billion.

The beginning of Fiscal Year 2018 appeared to present a favorable backdrop for equity markets with signs such as synchronized global economic growth, accelerated corporate earnings as well as accommodative global monetary policies. Market action did provide investors with generous returns, but long-dormant volatility re-emerged as the period progressed. Although equity markets reacted favorably to the passage of the Tax Reform and Jobs Act in late 2017, worries began to emerge in January that faster economic growth may lead to higher inflation and forced the Federal Reserve to pursue a more aggressive pace of monetary tightening. Given a strengthened economy, unemployment rate fell to its lowest levels since 2000 and earnings growth jumped in early 2018.

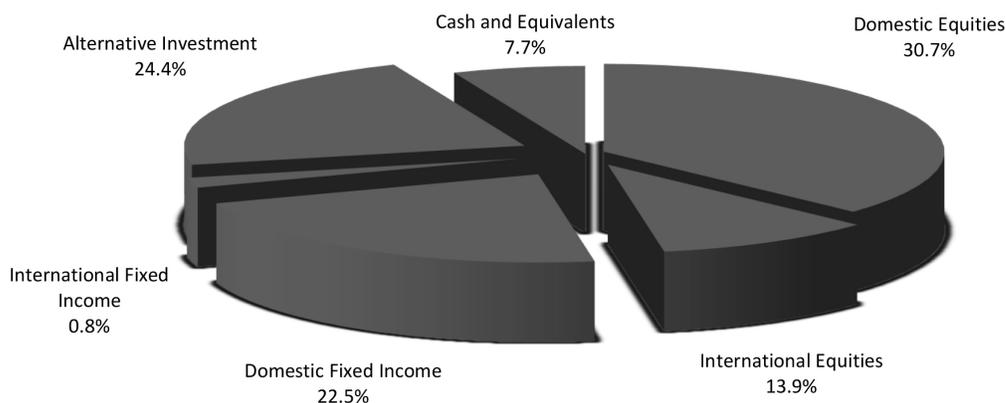
Returns for fixed income however were challenged by interest rates that moved higher than anticipated over the fiscal year; shorter-term yields moved up more than longer-term yields. As a result, the yield curve flattened and the difference between the 2-year and 10-year Treasury yields reached the tightest spread since 2007.

Given the conditions above, the System's investments were positioned to benefit from market gains, with an over-weighted exposure to public and private equities, while the System was under-weighted in fixed income where holdings were more focused on credit and investments more sensitive to inflation and higher rates.

The outlook for Fiscal Year 2019 is that the global economy is healthy but will face more challenges. The economic expansion that began in mid-2009 is now nine years old and there are signs that the US economy is transitioning to later stages of the economic cycle. The Federal Reserve is moving towards tighter economic monetary policy, interest rates are moving higher and addition of fiscal stimulus to an economy near full capacity may push inflation higher. Global economies on the other hand are likely in earlier economic cycles; their central banks have signaled the use of less accommodative monetary policies. The escalating trade conflict between the US and its trading partners is a threat to global growth, while political developments in Washington and abroad are likely to be a source of uncertainty.

Asset Allocation

as of June 30, 2018



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 information that is detailed is in the DPERS 47th Comprehensive Annual Report available on our website at <https://open.omb.delaware.gov/FinancialReports/AnnualFinancialReports.shtml>