

**THIS ISSUE: September Board Meeting Summary,  
Mortality Table Rumors, Reminders for Cities**

**September Board Meeting Report**

The TMRS Board of Trustees met Friday, September 25, in Austin at the TMRS Building. At the meeting, the Board:

- Approved two managers for a core plus fixed income mandate to invest approximately 10% of the TMRS portfolio. Pacific Investment Management Company LLC (PIMCO) and TCW Asset Management Company will perform non-discretionary management services to further diversify TMRS' fixed income investments.
- Authorized TMRS staff to begin a search for a real estate consultant. Under the investment policy adopted in June, 10% of the TMRS portfolio will eventually be invested in real estate (Real Estate Investment Trusts (REITs), debt – high quality direct loans, and equity ownership through funds), with up to 3% by the end of 2010. The search will take place between now and early 2010.
- Received a report from R.V. Kuhns on the credit rating policy guidelines for municipal securities.
- Received an investment performance report as of August 31, 2009. A [summary](#) of the report is posted on the website.
- Adopted a Board Communications Policy amendment.
- Heard a report on the TMRS Strategic Plan. When completed, the revised plan will be posted on the TMRS website.
- Conducted an education session with consulting actuaries GRS on asset smoothing. The [PowerPoint presentation](#) is available on the website.

**Reminders for Cities**

***Plan Change Deadlines***

- If a city wants to make a plan change in 2009 affecting Updated Service Credit or COLAs, an ordinance has to be adopted by the City Council, and transmitted to TMRS, prior to January 1, 2010.

- The decision to terminate Supplemental Death Benefits has to be adopted by ordinance and transmitted to TMRS prior to November 1, 2009 for the change to be effective January 1.
- This year, some cities have reached statutory maximum contribution rate limits and will need to make changes to their city plans by December 31, 2009, or USC and COLAs may be turned off. TMRS has provided all cities that have exceeded the Stat Max with a sample ordinance to remove the limitation.

### ***Small COLAs in January***

If your city provides Annuity Increases (Cost of Living Adjustments, or COLAs) to your retirees, please note that most retirees will receive very small increases with their January payment. The COLAs that will be received in January are based on the change in the Consumer Price Index (CPI) in 2008. Since the 2008 CPI change was only 0.1%, even retirees who receive a COLA based on 70% of the change will see a very small increase. Because of the small amounts retirees are receiving, TMRS will not notify retirees regarding COLAs this year.

In our summer 2009 issue of *RetirementWise*, we included a detailed story about how COLAs work called “COLAs in Today’s Economy” and will provide Part II of that story in the winter issue.

### ***Interest Rate for Members and Cities and “Extra Payments”***

In past years, the Board of Trustees determined an annual interest credit rate for members and cities at its September meeting. With the passage of HB 360 in the last session of the Texas Legislature, members will receive an annual interest credit of 5% on December 31, 2009. The city interest allocation will be determined by the Board of Trustees in February 2010 based on the 2009 year-end Total Return on the System’s investments.

Those retirees who have been receiving annuities for some time will remember the “extra payment” the Board previously granted in September. For the foreseeable future, there will be no extra payments made to retirees.

### ***Come Visit with TMRS Representatives at TML Conference***

The Texas Municipal League’s 97th Annual Conference and Exhibition will be held October 20-23 at the Fort Worth Convention Center. TMRS will have a large double booth in the TML exhibition area, so please stop by our booth and visit with members of our City Support and Travel Teams. TMRS staff can run retirement estimates, provide counseling services, and help with plan cost projections for cities considering benefit changes.

### **Mortality Table Rumors Persist**

We’re asking all correspondents and other city officials to help us squelch the continuing rumors about TMRS changing its mortality table by the end of the year. Please help us to get the message to our members that **TMRS has no immediate plans to change the mortality table** (also called the “life expectancy” table for calculating retirement annuities).

If, at the advice of its actuary, the TMRS Board determines at a future date that we need to make such changes, we will notify cities and members well in advance. Any change would be very gradual. If a change in the life expectancy table is needed, it is not likely to be made until after the next actuarial experience study. The end of the next study period will be 12/31/2010, with results of the study presented to the Board in late 2011. Any change in the life expectancy table will probably be “phased in” to minimize any change in retirement patterns. At the present time, though, please help us spread the word to the members that mortality tables are not changing in the immediate future.

### **Certification Courses Still Have Openings**

There is still time to sign up for a fall or a winter City Correspondent Certification Class. Those correspondents who wish to learn all aspects of helping members throughout their careers may still sign up for either the October 19-20 course or the December 1-2 course. Both courses will be held in Austin at the TMRS Headquarters, and the cost for each course is \$75, which includes materials, continental breakfast, and catered lunch both days. See the website for [registration](#) information. TMRS has a group rate at the Doubletree – University Area, and TMRS will offer shuttle service to and from the hotel and the TMRS building.

Correspondent training focuses on day-to-day situations and helping members at all stages of their careers, from enrollment through retirement. There are still a few spots (approximately 5) left for the October course and plenty of seats (15-20) available in the December course.

Please e-mail Melanie Thomas – [mthomas@tmrs.com](mailto:mthomas@tmrs.com) – in the Communications Department if you have any questions about either of the courses.

*NOTE - Previously issued e-bulletins and correspondence are posted in the “E-Bulletin Archive” section under the Publications page on the TMRS Website.*