

**THIS ISSUE: Advisory Committee Meeting,
Updating City Contact Data, Communications Survey, Payroll Corrections**

Advisory Committee Meeting November 20

The TMRS Advisory Committee met on November 20 to hear presentations from TMRS staff and consulting actuaries GRS and to begin discussions of potential legislative recommendations to the TMRS Board of Trustees. The Advisory Committee is a 19-member body composed of the original nine-member advisory committee, representing TMRS members, retirees, and elected officials, and 10 members representing associations and groups with an interest in the TMRS program. A complete list of [Advisory Committee members](#) and the groups they represent can be found on the TMRS website.

During this Legislative interim the Advisory Committee is chaired by TMRS Trustee April Nixon and co-chaired by Trustee Roy Rodriguez. On November 20 the committee heard a presentation on investment portfolio diversification from Nancy Goerdel, TMRS' Acting Chief Investment Officer. Ms. Goerdel's report indicated that TMRS' plans for asset diversification are on track. The committee also heard from GRS, TMRS' consulting actuary, on three topics:

- ***Asset smoothing methodologies.*** Asset smoothing methods average the annual fluctuation in investment performance over a period of years, thereby lowering contribution rate volatility. The TMRS Board is scheduled to adopt an asset smoothing policy at its meeting on December 4.
- ***Guidelines for establishing a reserve fund.*** The main purpose of having a reserve is to acknowledge that there will be years when investment returns underperform expectations. TMRS currently has a reserve fund, but a much larger reserve will be needed in the future to help offset investment returns in years when the return is lower than expected. The TMRS Board will also consider reserve guidelines at the December 4 meeting.
- ***The potential restructuring of TMRS funds.*** Currently TMRS retirement benefits are funded from three funds, the Employees Saving Fund (ESF), which holds employee contributions and interest; the Municipality Accumulation Fund (MAF), which holds city contributions and interest; and the Current Service Annuity Reserve Fund (CSARF). Basic retirements are funded from the CSARF. Under current law, the accumulated contributions in the ESF are transferred to the CSARF when a member retires; in addition, the "city matching funds" are also transferred from the MAF into the CSARF. Under the potential restructuring recommended by GRS, combining the CSARF and MAF funds would create a funding structure similar to that of most other retirement programs, reducing contribution rate volatility that can occur when annual investment returns rise and fall. Fund restructuring would require statutory changes.

Ms. Nixon also led the committee through a discussion of other issues that had been discussed last interim, but that had not been included in the 2009 TMRS legislation.

Two other organizations, the Texas Municipal League (TML) and the Texas Municipal Human Resources Association (TMHRA), have also created committees to study TMRS benefits this interim. Both organizations are represented on the advisory committee, and Ms. Nixon expressed the hope that information would be shared across the groups as the interim work continues.

If you have any questions or comments, contact TMRS' Director of Government Relations, Eddie Solis, at esolis@tmrs.com.

City Contact Data Needs Updating

WE NEED YOUR HELP! We will soon be mailing to all TMRS City Correspondents a request for updating the list of "authorized contacts" that we have on file for your city. It is extremely important to update your information and keep it current going forward. The reasons are threefold:

1. TMRS relies on authorized city contacts to communicate information to their cities from the System. We need to know that important information regarding benefits, legislation, and potential changes to TMRS procedures is going to the appropriate city personnel.
2. For information requests coming from cities to TMRS, we need to protect our members' privacy. Therefore it is important that when cities request data or reports from TMRS, we can verify that the person making the request is an authorized contact.
3. TMRS is creating a new Web feature that will enable cities to view data and run reports about their city's retirement program. As TMRS progresses with this new "City Portal," allowing online access for city contacts, it will be even more important that authorized contacts are accurate and up-to-date. Development of the City Portal will take place throughout 2010 and 2011.

You should be receiving the Contact Update letter by the second week of December. Enclosed in the letter will be a "Contact Sheet" showing the current contact information TMRS has on record for your city. If your city needs to make any changes, additions, or deletions to that information, we request the correspondent update the information and return it to TMRS. Thank you in advance for your cooperation and timeliness in helping us get these important records updated.

Communications Survey

WE NEED YOUR FEEDBACK! To assess how well our communications are working, we are asking all cities who receive the e-bulletin to respond to a short survey. The link to the survey on

SurveyMonkey is at

http://www.surveymonkey.com/s.aspx?sm=3pwdiYPI6CO3akF1Bygu8w_3d_3d.

Please click on the survey and answer the questions about our publications and website. The purpose of this request for feedback is to better serve our cities, so let us know your needs! Of course, any time you have a suggestion for us, you can always e-mail communications@tmrs.com.

After the survey has been posted for several weeks, we will let you know the results in a future e-bulletin. In addition, the information we get from this and future surveys will help us craft our future communications to all our constituents: cities, members, and annuitants.

How to Handle Payroll Corrections

IMPORTANT – If a payroll error has occurred, cities should contact TMRS immediately for instructions on how to handle payroll corrections. Any corrections a city makes to its payroll report should be submitted on a supplemental payroll report along with a detailed explanation. Please do not make adjustments to the regular payroll report.

What exactly is a “Supplemental Payroll Report”? It is an additional TMRS-3 with the word “Supplemental” written across the top. This additional report should be submitted separately as opposed to combining them into one report. This will assist us in properly and efficiently allocating any funds received to correct the error.

Please note that TMRS can only correct errors for a period of four years from the date the error occurred. Therefore, payroll corrections should be reported immediately.

We appreciate your help in this matter. If you have any questions about payroll corrections or supplemental payroll reports, please contact us (800-924-8677) before submitting your corrections.

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