

Main Street

For city officials and staff

TMRS Creates Task Force for Funding Issues

The TMRS Board of Trustees has named nine city officials to an Advisory Committee Task Force, charged with examining the funding and benefits of the retirement system. The Task Force will work with the Board of Trustees, the standing Advisory Committee on Retirement Matters, TMRS' actuarial advisors, and the TMRS staff to determine potential changes to the TMRS program.

The work of the Task Force and Advisory Committee is important because their recommendations will shape possible amendments to the TMRS laws and rules. Since the creation of TMRS in 1947, the system has been distinguished by the choices and flexibility we offer. Cities can choose the benefits that fit the needs of their workforce and assess the cost of any plan provision before it is adopted.

Likewise, TMRS has always embraced new technology to enhance the administration of benefits and the service we provide to members and cities. In TMRS, an actuarial valuation of pension costs is performed every year for each of our 816 cities. Over the years, the process of setting actuarial assumptions and making projections has become more complex but also more accurate as computing technology has improved.

These are challenging times for public employee pensions. As baby boomers begin retiring, and as traditional ideas about retirement and pensions are questioned, there is increasing pressure on employers to find the most economical and

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From the Executive Director



Dear City Correspondents and Officials:

We're sending you this special issue because of late-breaking news at TMRS.

First, the Board and its Advisory Committee on Retirement Matters have established a Task Force to examine the funding options offered to cities. The Task Force will help analyze options so that we may offer cities more flexibility in how they fund their retirement program. The full story starts above.

Second, TMRS members who may have refunded service with the State of Texas need to act quickly if they wish to purchase service before the penalty interest rises dramatically. We are asking city officials and correspondents to help us get the word out to any former state employees this may affect. See the full story in this issue's insert page.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Anderson".

Gary W. Anderson



TMRS Board of Trustees

- Frank Simpson, Chair • City Manager, Missouri City
- Pat Hernandez, Vice Chair • Municipal Court Judge, Plainview
- Carolyn Linér • Director of Human Resources /Civil Service, San Marcos
- Rick Menchaca • City Manager, Midland
- Roel “Roy” Rodriguez, P.E. • General Manager, Public Utility, McAllen
- Kathryn Usrey • Director of Human Resources, Carrollton

TMRS Advisory Committee

The Board of Trustees established the TMRS Advisory Committee on Retirement Matters in December 1994. This nine-member committee provides input to the Board on various issues related to TMRS and also serves as a conduit for communication between TMRS and its members, member cities, and retirees.

- Dr. Susan Beckley-Helt (employee) • Public Information Officer, Plano
- Jim Moore (employee) • Assistant Fire Chief, Mesquite
- Isaac Valencia (employee) • Police Lieutenant, Corpus Christi
- The Hon. John Lewis (elected official) • Councilman, North Richland Hills
- The Hon. Ron Silvia (elected official) • Mayor, College Station
- Vacancy (elected official)
- George Logan (retiree)
- Jim Starr (retiree)
- Stephen McCullough (former Trustee)

Advisory Committee Task Force

- Jerry Dale • Director of Finance, McAllen
- Alison Froehlich-Smith • Director of Human Resources, Baytown
- Charmelle Garrett • Director of Human Resources, Victoria
- Larry Gilley • City Manager, Abilene
- George Kauffman • Director of Finance, Garland
- Thomas Muehlenbeck • City Manager, Plano
- Terry Roberts • City Manager, Brenham
- Robert Scott • Assistant City Manager, Carrollton
- Phyllis Stadler • Director of Human Resources, Richardson

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Texas Municipal Retirement System

TMRSFACTS

A brief overview of your retirement plan

TMRS COMICS FREE

Texas Municipal Retirement System presents

TMRS ADVENTURES

SEE WHAT HAPPENS TO THESE CITY EMPLOYEES...

ACTION! SUSPENSE! DRAMA! COMEDY! (if you laugh)

Retiree Factsheet

This flyer answers some asked questions of the System annualities. If are not covered in the annual TMRS.

Toll free: 800.924.8677
Local: 512.476.7577 • Fax: 512.476.5576
E-mail: phonecenter@tmrs.com • Website: www.tmrs.com
Mailing Address: P.O. Box 149153 • Austin, Texas 78714-9153

Personal Information

How Do I Review or Change My Account?
It is important to keep TMRS updated with your current address, beneficiary choice, and other information. Changes require a form. The chart below explains how to review and make changes.

Address or name change	Beneficiary info	Change withholding	Retiree 1099R info
By phone - include 2nd address	In writing - by letter and 2 account source	Web - use www.mytmrs.com	Form - needs specific forms available from

* Account identifiers are not shown.

The Great E-Mail Address Roundup

We want to be able to contact you quickly when late-breaking news or important information comes up. TMRS has been compiling a list of e-mail addresses for our City Correspondents so that we can do an “e-mail blast” to get information to you ASAP. Please help us by returning the enclosed postage-paid card.

Spread the Word!

In addition to the TMRS Benefits Guide, which is sent to all new members, these instructional items are available to help your employees learn more about TMRS:

New publication: “TMRS FACTS”

Earlier this year we created a shorter version of the benefits guide that our travel team can take with them for city visits. TMRS FACTS contains all the pertinent introductory information about TMRS in digest form.

Comic Book: “TMRS Adventures”

Sometimes people understand concepts easier when they are presented graphically. The TMRS comic book uses an entertaining story and graphics to teach employees about the features of the TMRS plan. It follows the careers of four fictional TMRS employees, depicting how TMRS functions throughout their working lives.

CD: “Welcome to TMRS”

This is another great tool, particularly for new members. TMRS has offered the videotape for many years, but the same program is also available in disk format that may be played in most DVD players or on a computer. (VHS videotapes are also still available).

Retiree Information

As you are probably aware, our retiree rolls just keep growing and growing. We have begun sending *RetirementWise*, our main publication for retirees, to City Correspondents. We have also created a flyer for retirees that we send with the retirement letter and hand out at retiree functions. If you'd like copies of this letter-size publication, called “Retiree Factsheet,” let us know. ♦

Huge Turnout for Addison Conference

The Member Development Team visited Addison in April and found the crowds larger than ever. Forty cities from the Dallas area registered employees for the event, held April 25 and 26 at the City of Addison Conference and Theatre Centre.

Over 700 TMRS members and their spouses attended the two sessions. The presentations covered TMRS retirement issues and also included guest speakers Raul Garduño from the Social Security Administration and financial planner Gordon Tiffany.


The large attendance reflects the growing numbers of retirees in our System. In 2005, TMRS processed 2,211 retirements (including disability retirements). This increased number of retirements contained a higher percentage of younger retirees—approximately 22% were under 50. Many cities will be seeing a larger number of employees inquiring about retirement options, and some of them will be seeking information earlier in their careers. ♦

Retirement Information for Cities

TMRS schedules Pre-Retirement Conferences in different parts of Texas each year. When you receive notice of a Conference in your area, we rely heavily on you to get the word out to interested employees and to send in your information in time for us to prepare retirement packets for attendees.

Thanks for helping us accommodate the growing need for pre-retirement programming. If you'd like a Pre-Retirement Conference in your area, contact us at phonecenter@tmrs.com, 800.924.8677.

Interest to Double for State Service Buybacks: Let Your Employees Know!

 If any of your city staff are former state employees, and if they refunded their service with the Employees Retirement System (ERS), they may be eligible to repurchase that service through the “proportionate buyback” provision. Employees who are active members of TMRS or of one of the other statewide retirement systems have the option of buying back refunded ERS service, but the interest rate for service purchases will increase from 5% to 10% on September 1.

Even if an employee does not have enough service to vest in ERS (5 years), the purchased ERS service can be used in the Proportionate Retirement Program, which allows people with service in two or more of the statewide systems to combine service credit to count toward their eligibility for a retirement benefit (see story on page 4).

There is a very short timeline for your employees with forfeited state time to buy their refunded ERS service with the lower interest penalty. **TMRS wants City Correspondents to know about this NOW so that you can get the word out quickly.** ERS will not be notifying former state employees directly of the increase in the interest.

Starting September 1, 2006, the withdrawal fee on purchasing this service (reinstating their refunded account) will DOUBLE, from 5% to 10% penalty interest assessed for each fiscal year that has passed since the date of the refund.

Please advise employees who once worked for the State of Texas about this interest rate change as soon as possible. If they wish to purchase their prior state service, they should contact ERS for information. The purchase may be made with a lump sum payment (sent to ERS postmarked by August 31, 2006), or through roll-over of funds from a qualified plan, such as a 457 plan. **Requests for rollovers must be postmarked by August 1, 2006.**

The agency has posted FAQs about purchasing refunded service on its Website at <http://www.ers.state.tx.us/Retirement/RefundedServiceCreditFAQ.htm>.

Benefits of Repurchasing Service

If your employees purchase this service, they may be eligible for a separate future retirement benefit with ERS. In addition, TMRS will also recognize the reestablished service under the Proportionate Retirement Program, which allows the service to count toward their eligibility for a TMRS retirement benefit.

On the next page, we have provided a flyer you can copy and pass out to your employees. ♦

FORMER STATE EMPLOYEES: Did You Know?

If you once worked with the State of Texas and refunded your service with ERS (the State retirement system), you may be eligible to repurchase this service credit and receive a pension from ERS as well as TMRS when you retire.

AN IMPORTANT DATE IS APPROACHING!

On **September 1, 2006**, the penalty interest on repurchasing service credit from ERS **doubles**, increasing from 5% to 10%. So, if you wish to buy back your State service, the best time to make the purchase is **NOW**.

If you are interested in repurchasing this service credit, contact ERS right away. ERS will tell you the amount of credit you may reestablish and how much it will cost. Check out ERS' FAQs about purchasing refunded service on their Website at <http://www.ers.state.tx.us/Retirement/RefundedServiceCreditFAQ.htm>.

There are two ways to find out the cost of your purchase:

- Save time and paper – Submit an online Service Purchase Request; OR
- Call ERS toll-free at **877/275-4377** or in Austin at **512/867-7711** and ask for the cost of purchasing refunded service.

ERS says they will send you a response by mail within three weeks unless additional research is required. Your purchase can be made with a lump sum payment (sent to ERS postmarked by August 31, 2006), or by rolling over the funds from a qualified plan, such as a 457 plan. **Requests for rollovers must be sent to ERS postmarked by August 1, 2006.**

What is Proportionate Buyback?

The retirement systems participating in the Proportionate Retirement Program are:

- Texas Municipal Retirement System
- Texas County & District Retirement System
- Employees Retirement System of Texas
- Teacher Retirement System of Texas
- City of Austin Employees Retirement System
- Judicial Retirement System of Texas (Plan I or Plan II)

If you were once a member of one of these participating retirement systems but received a refund from that system, you may be eligible for Proportionate Buyback. This program allows you, as a TMRS member, to “buy back” credit you have refunded with another participating system. The purchase is **NOT** through TMRS but through the other system, so contact the system where you have refunded credit to find the cost and procedure for the buyback. Each system has its own rules for Proportionate Buyback, so you should consult each system in which you have credit for procedures to follow.

Task Force for Funding Issues

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efficient way to pay for benefits. While TMRS will not experience the funding problems that many traditional defined benefit plans are struggling with, we are committed to helping our cities balance their budgetary needs against their retirement costs.

These are also challenging times for many Texas cities. With 816 different cities in TMRS, a wide disparity exists in demographics and economic conditions across the state. Some cities have growing workforces, while others are seeing the demand for services shrink. Many communities will be seeing unprecedented turnover in the next 10 years as long-time employees retire to be replaced by younger workers with different expectations about retirement.

Finally, the actual demographics of the American workforce are changing. Increased life spans are causing mortality tables and annuity factors to be re-viewed. Work patterns are changing over employees' careers. Retirement timing and post-retirement needs are evolving in response to people staying healthier as they age.

The Task Force is charged with looking at all of these factors and helping the TMRS Board improve the retirement program by finding flexible funding solutions for pension liabilities. At the first joint meeting of the three groups in late April, TMRS' consulting actuaries from the Segal Company presented this year's actuarial valuation, examined the factors that are affecting pension plans all over the world, and discussed some of the potential changes that may make sense for TMRS.

The survey that many of you participated in back in early February will help guide future deliberations. Your insight and the economic outlook for your cities is important data for the Task Force, the Advisory Committee, and the Board to consider as they go forward. At this first meeting, there was a consensus that we can find ways to improve funding flexibility for cities while maintaining a sound and prudent retirement program for city employees.

The next meeting of the Task Force and Advisory Committee will be in June. Work will continue throughout the year, culminating in recommendations and possible legislation to be filed when the Texas Legislature convenes in January 2007. Main Street will cover the Task Force's work and keep you informed. If you have any ideas or suggestions for this project, please send them to TaskForce@TMRS.com ♦

TMRS Calendar of Events

MAY 23-24
Regional Pre-Retirement
Conference • San Angelo

MAY 29
Holiday (Memorial Day)

JUNE 9
Joint Meeting
Advisory Committee
and Task Force • Austin

JUNE 23-24
TMRS Board Meeting • Austin

JUNE 28
Retiree Luncheon • Amarillo

JULY 4
Holiday (Independence Day)

AUGUST 15-16
Regional Pre-Retirement
Conference • Live Oak

AUGUST 18
Joint Meeting
Advisory Committee
and Task Force • Austin

SEPTEMBER 4
Holiday (Labor Day)

SEPTEMBER 15-16
TMRS Board Retreat and
Meeting • San Antonio

OCTOBER 1-3
TMRS Annual Seminar • Austin

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How to Contact TMRS

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