

**March Board Meeting, Legislative Update,
Online Video, Annual Statements Mailed, Actuarial Terms Defined**

March Board Meeting Report

The TMRS Board of Trustees met on March 24-25, 2011. The Board:

- Heard an update on legislation (see summary below).
- Adopted a resolution expressing strong support for the continuation of the current TMRS hybrid plan design, operational standards, local control for cities, and commitment to quality that have characterized TMRS since its inception.
- Reappointed Randle Meadows, president of the Arlington Police Association, to the TMRS Advisory Committee on Retirement Matters; and approved the appointments of Kevin Lawrence, representing the Texas Municipal Police Association, and Don Byrne, representing the Texas Municipal Human Resources Association. Chair April Nixon appointed a subcommittee to recommend appointments to the two positions on the Advisory Committee currently filled by members who are term-limited.
- Received a report (as required by auditing standards) from its external auditor, KPMG LLP, which included a review of the 2010 fiscal year-end external audit plan.
- Selected the System's first two real estate investment managers, Harrison Street Real Estate Capital LLC and Stockbridge Capital Group, LLC, to pursue core real estate open-end commingled fund strategies. Each manager will receive a commitment of \$100 million, contingent on final contract negotiation and approval.
- Authorized the System's real estate investment consultant, ORG Portfolio Management LLC (ORG) and TMRS staff to conduct a search for additional managers to complete the 2011 allocation to real estate—an additional \$300 million.
- Heard an investment report from R.V. Kuhns as of February 28, 2011 (a summary of the performance report may be found [here](#)).
- Adopted revisions to the Investment Policy Statement (link to come).
- Adopted a resolution honoring former Board of Trustees member Pat Hernandez.

The next meeting of the Board will take place on May 19-20, 2011.

TMRS Legislative Summary

HB 997 by Truitt / SB 350 by Williams. Relating to the restructuring of fund obligations and accounts of the Texas Municipal Retirement System and related actuarial and accounting procedures. These bills contain the recommendation of the TMRS Board, made in consultation with the Advisory Committee on Retirement Matters and consulting actuary GRS, to consolidate the current TMRS internal trust fund accounts into a new account to be called the Benefit Accumulation Fund. This “restructuring” will provide more efficient funding, reduce city contribution rate volatility, and result in lower contribution rates for most cities without reducing member or retiree benefits. As of 3/28/11, SB 350 was passed by the Senate and sent to the House, and HB 997 was heard and left pending in committee.

Information on other TMRS-related bills is posted under the Legislative section of the TMRS website [[link to new page](#)].

If you have any questions about legislation, contact TMRS’ Governmental Relations Director Dan Wattles at dwattles@tmrs.com.

Available NOW! Retirement Options Online Video

Employees approaching retirement frequently have questions about the options they may choose for their retirement annuities. To help answer questions about available options, we have created an online tutorial explaining the differences between the Retiree Life Only, Survivor Lifetime, and Guaranteed Term options.

Geared toward members who are thinking seriously about their retirement options, the video is currently posted [[here](#)]. After more videos are created, we will also post them in their specific content areas (Member, Cities, or Retirees) and in the “video” area under Training.

We highly encourage you to bookmark this video so you can inform your employees about this informational tool.

Annual Statements Mailed in March

The statements showing details about member accounts, including balances, credit in other systems, beneficiaries, and retirement estimates, mailed to members from March 11 through 25. If any member did not receive his or her statement, please contact TMRS.

Annual Training Seminar in August

The TMRS Annual Training Seminar for 2011 will be held August 14-16 at the Hyatt Regency Austin (208 Barton Springs). Look for more information and registration materials in April. Be sure to reserve the dates in your calendar! This year’s seminar will feature two tracks of programming, including a track designed to provide hands-on training for city correspondents.

As in past years, TMRS staff will be available for consultations in the City Services Suite, where you can discuss your city's plan or benefit issues.

Actuarial Terms – “Underfunded” and “Unfunded”

Public pension plans around the country are in the news these days. Some plans in other states are being examined for funding problems and long-term soundness. Sometimes the news stories don't clearly explain terms.

TMRS is not an “underfunded” plan. Throughout the history of the System, benefits have been funded by a combination of employee deposits, investment earnings, and employer contributions. City contributions to TMRS are set at the actuarially determined rate that will fully fund benefits over a specific period of time — 25 or 30 years for most cities. All cities pay the actuarially required rate to fund their benefit plans, so neither TMRS nor its cities are in an “underfunded” situation.

Sometimes “unfunded” and “underfunded” are used interchangeably, though they don't mean the same thing. Nearly all pension plans have an “unfunded actuarial accrued liability” (UAAL). In simple terms, the UAAL is that portion of the plan's liabilities that is not covered by current assets. The UAAL is amortized, in a manner similar to a mortgage, over the “funding period.” In a properly funded system, the amortization payments will “pay off” the liability in a reasonable period of time, commonly 20 to 30 years. The size of a plan's UAAL can be an important measure of the plan's funding soundness, but more important is the amortization plan for the UAAL and maintaining the level of contributions at the proper level.

TMRS staff members are always available to assist you in making presentations to your city council to help them understand how TMRS is funded and why the system is different from some of the systems in the news.

Direct Deposit Solicitation Mailing

Member Services is soliciting for direct deposit and has been sending approximately 100 letters per day to those retirees who are not currently using direct deposit. The mailings are being spread out over a span of two weeks. If retirees contact you with questions, please encourage them to complete the direct deposit form and return it to TMRS. As always, if they need to speak to someone at TMRS, they are encouraged to call our toll-free number: 800-924-8677.

NOTE - Previously issued e-bulletins are posted in the E-Bulletin section under the [Publications](#) page on the TMRS Website.