

**Legislative Update, May Board Meeting, CAFR Delivery,
City Correspondent Notes**

Status of Bills Potentially Affecting TMRS

[SB 350](#) by Williams (House sponsor Truitt), the TMRS Fund Restructuring bill, achieved final passage on the House floor on Monday, May 23. The bill will be sent to the Governor for his approval. The bill would enact the fund restructuring proposal recommended by the TMRS Board of Trustees and the TMRS Advisory Committee on Retirement Matters.

HB 159 by Raymond (Senate sponsor Zafferini) has been passed by both houses and will be sent to the Governor as well. The bill provides that a retiree who returns to work for the city from which he or she retired, after a separation of at least eight years, will, on re-retirement, receive a lump sum payment equal to the amount of the annuity that was suspended during the return-to-work period. (SB 812 by Zaffirini, which was amended in the House and is now identical to HB 159, has also passed both houses but must return to the Senate for concurrence.)

None of the other bills potentially affecting TMRS have passed both houses as of May 24, 2011. A list of all bills that would amend the TMRS Act or otherwise affect TMRS may be found [here](#) with links to Texas Legislature Online for status. When the legislative session ends, TMRS will publish an e-bulletin detailing the effect of any legislation that achieves final passage.

May Board Meeting Report

The TMRS Board of Trustees and the TMRS Advisory Committee on Retirement Matters met on May 20. The following presentations and actions occurred:

- The TMRS Governmental Relations Director presented a summary of legislation potentially affecting TMRS.
- Keith Brainard, TMRS Advisory Committee member and Research Director for National Association of Retirement Administrators (NASRA), made a presentation on National Trends for Public Pension Plans. A copy of the presentation is available [here](#).
- TMRS consulting actuary GRS presented recommendations for new assumptions to be used in the actuarial valuation as of December 31, 2010, contingent upon passage of SB 350. GRS recommended several new assumptions, including:
 - Introducing flexible retirements and refund probabilities, based on plan provisions
 - Decreasing the employee termination probabilities
 - Decreasing the corridor used for 10-year asset smoothing from 25% to 15% of Market Value

- Significantly reducing the holding of reserves to reflect the decreased volatility resulting from the fund restructuring proposed by SB 350

Contingent on the proposal for fund restructuring contained in SB 350 becoming law, the Board acted to:

- Adopt the recommended changes in actuarial assumptions
- Distribute the assets currently held in the Current Service Annuity Reserve Fund (CSARF) to city trust accounts held in the new Benefit Accumulation Fund (BAF) created by SB 350
- Reduce reserves from \$1.22 billion to \$100 million by distributing reserves to city trust accounts in the BAF

The Board will hear the final results of the December 31, 2010, Actuarial Valuation at their meeting on June 16-17. Please see the article below on actuarial valuation results and city rate letters containing contribution rates for 2012.

- TMRS' Chief Investment Officer and investment consultant R.V. Kuhns made a brief presentation on investment diversification progress.
- The Board approved the appointments of three new members of the Advisory Committee on Retirement Matters:
 - Nikki Ramos, in the Group Class, representing the City of San Antonio, replacing Suzanne Levan
 - Michael Dane, Director of Finance, City of San Angelo, in the Individual Class, replacing Jim Moore.
 - Victor Hernandez, City Council member, City of Lubbock, in the Individual Class, replacing John Lewis.

The next meeting of the Board will take place on June 16-17, 2011.

City Contribution Rate Letters to be Sent in June this Year

The December 31, 2010 Actuarial Valuation and mailing to cities containing the rates for 2012 will be a month later than in previous years. Results of the 2010 Actuarial Valuation will be presented to the TMRS Board of Trustees at their June 16-17 meeting, and rate letters will be mailed the following week. Legislation enacting the TMRS Board's fund restructuring recommendation has a direct positive effect on the actuarial valuation; therefore the valuation has been slightly delayed. Restructuring will reduce the required 2012 Full Retirement contribution rate for most TMRS cities.

CAFR to be Delivered Online

The *TMRS 2010 Comprehensive Annual Financial Report (CAFR)* will be issued approximately a month later than in past years, due to the inclusion of information about pending legislation. Upon acceptance by the Board, we anticipate issuing the CAFR after the Board's July 21-22

meeting. TMRS will publish the CAFR on the website as in previous years, but we will not be issuing it on a CD to member cities. When the CAFR is on the web for your city to download, we will post a notice on the front page of the website and issue cities an e-bulletin with the link included.

CITY CORRESPONDENT NOTES

Online Training for City Portal Available Now

You can now receive training as a City Portal Administrator by sending an e-mail to TMRS' City Portal contact, LaShelle Ruiz (lruiz@tmrs.com) and requesting the link to the training. After LaShelle receives and logs your request, you'll get full information by e-mail.

The City Portal is a great way to run reports for your city, submit payrolls electronically, run retirement estimates for members, and other tasks. Member data is confidential, so each city has one Administrator who is responsible for securing the proper signatures for the City Portal agreement and choosing who at the city will be Authorized Users of the portal. City Portal Administrators are also responsible for training the Authorized Users and assigning them levels of access to the available data. Sign up now!

Reminder to Use Current TMRS Forms

The following forms were recently revised, and TMRS no longer accepts the old versions of these forms:

- **Refund Application ([TMRS-0005](#))**. The rollover form included with the refund application was revised in 2010; the newest version of this form must be used.
- **Selection of Partial Lump Sum Distribution ([TMRS-PLSD](#))**. The PLSD selection form included as part of the retirement packet was also revised in 2010 due to changes in rollover rules.
- **Direct Deposit Authorization ([TMRS-80E](#))**. This form was revised in 2010; therefore any TMRS-80E issued before that date will no longer be accepted.

NOTE: Everyone – cities and members – needs to use the new forms. If old forms are submitted, TMRS will return them and request resubmission of the new forms.

Please help get this information out to your members and also replace your old forms with new ones. The revision date of forms, found at the bottom left corner of each form, looks like this:

TMRS - 0005 • Revised 4-2010

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