

TMRS E-bulletin

FOR CITIES

February Board of Trustees Meeting Member Statements • TMRS Forms Update Notes for City Correspondents • TMRSDirect™ Updates 2016 Training Options

February Board of Trustees Meeting

The TMRS Board of Trustees met in Austin on February 18 and 19, 2016. The Board:

- Heard an annual review of the [Private Equity Asset Class](#).
- Heard a [Private Equity manager search](#) recommendation presentation. The Board approved the recommendation to allocate \$75 million to GSO Capital Opportunities Fund III, LP, pending due diligence completion.
- Examined the TMRS [securities lending program](#) and directed staff to wind down the program and re-examine it at a future time.
- Adopted amendments to the [Actuarial Funding Policy](#).
- Discussed a [Strategic Plan goal](#) related to the Advisory Committee on Retirement Matters.
- Heard an educational presentation from investment consultant RVK on [Asset/Liability Studies](#).
- Heard an [investment performance report](#) for the quarter ending 12/31/2015 from RVK.
- Discussed the dedication of the new TMRS Board Room in honor of former trustee Frank Simpson.

The next meeting of the Board will be held in Austin on March 23 and 24.

Member Annual Statements for Employees Available in mid-March

TMRS Member Annual Statements, which provide a summary of each member's account for the 2015 calendar year, will be mailed in March and will be available on MyTMRS® at the time they mail. TMRS will mail the statements in four groups (by ZIP codes) beginning in mid-March. We will post a mail schedule on the website soon.

TMRS FORMS UPDATE

– From the TMRS Member Services and Legal Departments

TMRS forms are routinely updated to comply with any changes made to applicable state and federal laws and/or regulations that affect TMRS benefits. We recognize that several TMRS cities assist their employees with the completion of various TMRS benefit applications, and we appreciate your assistance in that regard. However, because our forms do change from time to time, it is a good practice to print TMRS forms directly from the TMRS website on an as-needed basis to ensure that you are using the most current form.

The most recent change was made to [TMRS' Special Tax Notice](#), which is attached to the most commonly used benefit applications, such as the Refund Application (TMRS-5), the Selection of Partial Lump Sum Distribution form (TMRS-PLSD), and the Service Retirement Packet (TMRS-SRP). This notice contains important IRS information about the taxation of TMRS benefits and rollover options available for certain distributions. The IRS requires that the notice be provided when distributions are requested, and penalties can apply if a notice is not provided. It is imperative that your employees receive the most current information when applying for TMRS benefit payments. The most current version of this notice will have the phrase "Revised 2015" prominently displayed on the lower right-hand corner of the form. If your city has preprinted any of

these TMRS forms for use with your employees, we ask you to please examine your offices to ensure that any preprinted TMRS forms contain the special tax notice that was revised in 2015 and that any older version of the forms and special tax notice be destroyed. If you are printing the forms from the website for your employees, please be sure to print the entire form packet, including the Special Tax Notice, and provide it to them. Thank you for your help in this!

Notes for City Correspondents and Administrators

Severance Pay

Some cities have asked whether the funds granted to an employee as part of a severance payment from city employment are TMRS-eligible. The timing of severance pay for a terminating employee may affect its inclusion in TMRS-eligible compensation, especially if the payment schedule is anticipated to extend beyond the employee's termination date. TMRS encourages cities to contact us if you have questions about a specific severance pay arrangement.

Reminder about Bona Fide Separation

If a retiree returns to work for the same city from which he/she retired, to a position that is eligible for TMRS under the 1,000-hour rule, the retirement annuity will be suspended. In addition to the TMRS laws governing re-employment by a city, note that there are federal laws and regulations that may affect an employee who returns to work. The IRS requires a separation from service to be "bona fide" in order for an employee to begin receiving any TMRS distributions, including annuity, PLSD, or refunds payments. Federal rules stipulate there can be no "prearrangement" for an employee to return to work after termination or retirement. Cities should be aware of this rule and how it might affect any employee returning to city employment, even in a contractual relationship or a position that is not TMRS-eligible.

2016 Maximum Compensation Limit

Every tax year, the IRS sets a compensation limit, which specifies the maximum amount of compensation that may be used in calculating the amount that may be contributed to a retirement plan. Employees who began participating with TMRS on or after January 1, 1996, are subject to this compensation limit. For 2016, the annual cap on compensation for which contributions can be made is \$265,000. For example, in a city with a 7% deposit rate, the maximum amount of a single employee's deposit contribution for 2016 would be \$18,550 (7% × \$265,000).

Employee deposits submitted by cities in excess of the cap will be returned to the city and may affect the amount of the employee's wages subject to federal income tax. TMRS attempts to identify members who may be subject to the limit and makes every effort to advise both the members and their employing cities.

If you have any employees who may exceed the limit, you may wish to consider implementing maximum compensation limits on the contributions submitted to TMRS. Contact TMRS at 800.924.8677 if you have questions.

TMRS Direct Updates

1. By the end of March, TMRS retirees/annuitants will be able to use MyTMRS to change their income tax withholding instructions for their retirement benefit. We will post details and instructions at the time of the program upgrade and notify retirees who are registered on MyTMRS.
 2. Since mid-2015, Authorized Users of the City Portal have been able to enroll members online using the **City Portal**. TMRS thanks City Portal users for contributing to the success of this direct data initiative. The beneficiary portion of the enrollment is not online yet, so please remember to give the new employee the appropriate beneficiary form (TMRS-0007 or TMRS-007V).
 3. REMEMBER – the City Portal is a secure program and you should always keep member information confidential. Only Authorized Users and City Portal Administrators are allowed access to the portal. Keep your City Portal password secure, and never share it with anyone!
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2016 Training Options

Executive Workshops are new events that provide an educational opportunity for city decision-makers and elected officials. If you're interested in attending an Executive Workshop, please send an email to communications@tmrs.com; indicate which one you wish to attend.

General Agenda (breakfast and lunch provided):

9 a.m.	Introductions
9:15	Executive Overview of the System
9:45	Actuarial Funding
10:15	Break
10:30	Investment Overview
11:00	TMRS Makes Sense

11:15 Resources for Cities
11:30 Conclusion, Questions

LOCATIONS

March 30 • McAllen
McAllen Public Library, 4001 N. 23rd Street

April 13 • Plano
Plano Municipal Center, Technology Services Training Room, 1117 E. 15th Street

May 24 • Deer Park
Deer Park Community Center, Room 6, 610 E. San Augustine

July 13 • Nacogdoches
Nacogdoches County Exposition and Civic Center,
2nd Floor Conference Room, 3805 NW Stallings Drive

City Correspondent Certification Courses are comprehensive training courses for city staff who administer the TMRS program. These one-and-a-half day courses cover TMRS enrollment, service credit, retirement processing, and much more. The fee to attend is \$50. Breakfast (both days) and lunch is provided.

LOCATIONS

March 16-17 • Tomball • Contact [Shannon Lucero](#)

June 28-29 • Austin • Contact [Sean Thompson](#)

November 15-16 • Austin • Contact [Colin Davidson](#)

Regional Pre-Retirement Conferences are free half-day events for members who are close to retirement; the program features an overview of TMRS and Social Security benefits, and individual counseling is available. Spouses are invited; breakfast is provided.

TMRS is asking cities to help us get the word out about online registration (link <http://www.tmrs.com/calendar.php#regionals>) for these conferences; cities in the region of each event will receive emails with invitations to send to their employees.

REMAINING REGIONALS

March 10	San Angelo
March 31	Mercedes
April 5	Irving
April 21	Denton
May 11	Beaumont
May 17	Hurst
May 21	Marble Falls
June 1	Alpine
June 22	Schertz
July 12	Nacogdoches
August 23	Pasadena
November 2	Lubbock
November 17	Plano

TMRS Annual Training Seminar

Mark your calendars for September 7-9 for the Annual Training Seminar at the Sheraton Austin Hotel at the Capitol. Registration for the seminar is \$125. More details on the programming, hotel block, and registration forms will be provided in the coming months in e-bulletins and on the website.



NOTE • Previously issued e-bulletins are posted in the [E-Bulletin section](#) under the City Services tab on the TMRS website.

