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May Board of Trustees Meeting

The TMRS Board of Trustees met on May 28. The meeting was conducted via telephone conference, with the Board Chair in attendance at TMRS headquarters and other participants at remote locations. The Board:

- Approved proposed amendments to Chapter 123 of the TMRS Rules for later submission for publication in the Texas Register
- Approved a new Budget and Compensation Committee Charter and amendments to the Board’s Bylaws, as part of the Board’s Governance Manual project
- Discussed a potential [legislative agenda for 2021](#) and directed staff to begin drafting proposed bill language for future consideration
- Heard a [presentation](#) from the System’s consulting actuary, GRS, on the [12/31/2019 Actuarial Valuation](#) Report and approved the valuation (see article below)
- Heard a [presentation](#) on national public pension trends by Keith Brainard, Research Director for the National Association of State Retirement Systems
- Heard a [presentation](#) on the national economic outlook by Dr. A. Gary Shilling
- Heard a [presentation](#) on the TMRS Investment Practices Report by investment consultant RVK, a new report required by SB 322 enacted during the 2019 legislative session, and authorized submission of the report to the Texas Pension Review Board
- Conducted a discussion of Board [investment beliefs](#)
- Received the 1st quarter 2020 [investment report](#) from RVK
- Heard reports from the Chief Investment Officer and the Executive Director

The next meeting of the TMRS Board of Trustees is planned for June 25-26 in Austin.

TMRS and the Pandemic

The TMRS office is still closed to visitors, and our staff is not traveling, but we are as close as the telephone and the internet. We have added the [TMRS Town Square](#) to our website so you can request a meeting with a Regional Manager on the TMRS Travel Team. Videos on that page also provide basic information for members and cities.

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City Rate Letters Available Online

[2021 Rate Letters](#) are now available on the TMRS website. Choose your city’s name from the drop-down menu to view or download your rate letter. The letter contains detailed information on your city’s contribution rate for the year beginning January 1, 2021. Call 800-924-8677 if you have questions.

Please note that the information your city will need for its financial disclosures (your GASB reporting packages) will be available as two separate downloads (for GASB 68 and GASB 75, if applicable) on the TMRS website by July 31

Actuarial Valuation Results for the Year Ending 12/31/2019

The [GRS presentation](#) on the Actuarial Valuation contains detailed information on the results of the valuation, along with summary information on TMRS cities. The Actuarial Valuation, containing 2021 contribution rates for each city, is posted [here](#). Besides the 2019 plan year experience, the valuation also includes the effects of the actuarial changes resulting from the 2019 [Actuarial Experience Study](#) and the changes to the [Actuarial Funding Policy](#) made in 2019.

System-wide results of the valuation and changes from 12/31/2018 to 12/31/2019 include:

- The Actuarial Accrued Liability increased from \$33.731 billion to \$35.585 billion
- The Actuarial Value of Assets increased from \$29.385 billion to \$31.314 billion
- The Unfunded Actuarial Accrued Liability decreased from \$4.346 billion to \$4.271 billion
- The funded ratio increased from 87.1% to 88%
- The average amortization period decreased from 18.2 years to 17.2 years
- The Actuarially Determined Employer Contribution (ADEC) increased from 13.58% to 13.65%

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Is Your City Considering Plan Changes?

In the current environment, with cities examining budgets closely, TMRS is here to help you make decisions about your TMRS retirement program. One of the strengths of TMRS is the flexibility cities have with respect to the plan features they offer to employees. In mid- to late June when the TMRS GRID (the tool for calculating the impact of plan changes) becomes available, TMRS will be able to provide cities with the impact of plan changes on contribution rates and liabilities.

[This chart](#) shows all of the plan changes possible in TMRS, the steps needed to make the change, the timing of the change, and the effects.

Making a plan change involves these steps:

1. Contact TMRS to discuss a change. The TMRS Travel Team is a good first point of contact and can answer most questions about the timing and implications of a change. You can also contact the TMRS Director of Actuarial Services directly, but she will not be able to provide projections until after production of the GRID.
2. Once the GRID is available, TMRS can give you data on any plan changes you are considering. TMRS can also calculate the effect of plan changes on the individual retirement benefits for your employees.
3. TMRS staff can visit with you one-on-one or attend budget workshops or council meetings if necessary. TMRS is currently restricting travel, but staff can assist you by telephone or video conference.
4. Once your city decides on a plan change, the city must pass an ordinance adopting the change. TMRS can provide model ordinances.
5. The ordinance must be received by TMRS [before](#) its effective date (January 1 in most cases), although we encourage filing as early as possible. Ordinances to rescind the Supplemental Death Benefit must be received [before](#) November 1.
6. The contribution rate resulting from any plan change will be reflected in the Rate Reminder letter provided to cities in January 2021.

Reducing the employee deposit rate also requires an affirmative vote of at least 2/3 of the city’s contributing members.

Information on all TMRS benefits can be found in the [TMRS Benefit Guide](#). Besides contacting the Travel Team, the TMRS Phone Center is available during business hours and can answer most questions.

Watch for an announcement in the next few weeks about the availability of the GRID to assist with plan change studies.

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Furloughs, Layoffs, Retirement Incentives, and Service Credit

The [April 15, 2020 E-Bulletin](#) contains important information for cities about furloughs and other reductions in force during the COVID-19 pandemic. If you have questions about the options available to employees being furloughed or laid off, please contact TMRS.

TMRS has also learned that some cities will be offering retirement incentives to employees, which might include lump-sum payouts by the city to employees. If your city is considering a retirement incentive, we encourage you to contact your city’s Regional Manager on the Travel Team to discuss how TMRS benefits may be affected by lump-sum payouts to employees.

A terminated employee’s decisions about whether to refund their account, leave it with TMRS, or retire will depend on whether the employee is vested or has met the requirements for retirement. For example, if an employee is eligible for Restricted Prior Service Credit (an option offered by many cities) but has not claimed that credit, the employee may be able to establish time-only credit and become vested or even eligible to retire. Please encourage any employee who needs help with his or her account to contact TMRS.

Be Wary of “Helpful” Advice

We are continuing to hear from cities whose members are being approached by “financial advisers” eager to help them plan their retirement. TMRS does not endorse or recommend any external adviser or counselor. Self-styled “experts” unfamiliar with TMRS may give harmful advice in order to sell their own investment product. If you or your employees receive a solicitation from any company implying or stating they represent TMRS, please let us know and, if possible, send us a copy of the solicitation.

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