

TMRS E-Bulletin for Cities

August 7, 2007

NOTE TO RECIPIENTS - We will be sending this e-bulletin once or twice each month to all city contacts for whom we have e-mail addresses. Some issues will contain information of greater interest to particular city officers. This issue is intended primarily for CFOs, controllers, and city managers. Please forward a copy of this e-mail to your city manager and/or finance officer if they are not currently TMRS contacts.

THIS ISSUE: NEWS FOR CITY MANAGERS AND FINANCE OFFICERS

As you are no doubt aware, we have a new Executive Director at TMRS, and the Executive Director and TMRS Board are developing a strategic plan to guide the System in the next few years. Executive Director Eric Henry and the TMRS Board are also seeking to involve cities more in the planning processes; this bulletin is part of that effort to ensure that cities are fully informed.

To continue and enhance the long-term security of benefits and to help cities manage the liability associated with TMRS benefits, TMRS is considering making changes to the way pension contributions and liabilities are determined. Some of these changes may result in an increase in annual city contributions but are anticipated to result in more level contributions in future years.

RATE INFORMATION COMING IN A FEW DAYS

We will soon be mailing a packet of information to each city on the funding of the city's TMRS plan. This information will be sent to your City Correspondent, City Manager, and – where we have the information – to your Finance Officer. The letter will contain historical information showing six years of your city's funding data and a discussion of changes that are under consideration by the TMRS Board of Trustees.

We are working to ensure this letter gets to the right people in your city. If your City Manager and Finance Officer do not routinely receive communications from TMRS, please help us out by seeing that the letter mailed to your City Correspondent is shared with the appropriate parties.

In October, we will send another letter and packet showing projected future changes for your city. The October letter will be of special interest to cities that have adopted annually repeating Updated Service Credit and Cost-of-Living Adjustments.

PLEASE NOTE – the Rate Letter you received in May shows your TMRS contribution rate for 2008, and **that rate will not change**. The additional information we will be providing will be useful in looking at options for your city in future years, but it will not change your 2008 contribution rate.

TMRS FUNDING STATUS

TMRS is funded in compliance with accounting and actuarial standards as well as Texas law. Changes under consideration by the TMRS Board will ensure that funding for the System remains sound into the future, while providing flexibility in city options for funding.

The Board is initially examining pension liabilities but will also be considering changes in TMRS investment policy and assets.

ANNUAL SEMINAR

We will be discussing city funding issues and potential changes at our Annual Training Seminar held in Austin October 14-16. All city managers and CFOs are encouraged to attend to get a clear understanding of their cities' options and how TMRS works. Information about the seminar, "Focus on Funding," is available at http://www.tmr.com/annual_seminar.shtm.

CHANGES AHEAD

Over the next few months, the TMRS Board and its actuary will be examining potential changes to our actuarial method, the length of the amortization period, and other possible scenarios. The letter you receive next week will contain more information about the changes under consideration. **No decisions have been made as yet**, but all areas will be subject to study.

Any changes that are made will be made gradually, over a period of years, and TMRS will keep you closely informed of decisions that affect your city's rate.

We are committed to continuing to provide a reasonable retirement benefit at a reasonable cost to cities.

FEEDBACK

If you have questions or comments, please reply directly to this e-mail. If you received this email through a forward from your City Correspondent and you wish to receive the "TMRS E-Bulletin for Cities" regularly, send an e-mail to bulletin@tmrs.com.