

**TMRS E-Bulletin for Cities – Vol. 7  
January 17, 2008**

**THIS ISSUE: January Letters, and other TMRS News**

**Annual Rate Letter**

This week, TMRS will be sending the annual rate letter, as we do each year, showing your contribution rate for 2008. For most cities, this will be the same rate you received in your rate letter in May 2007.

**Projected Rate Letter Coming Soon**

Before the end of January, we are planning to send you another letter showing your city's projected contribution rate **for 2009** under several plan design scenarios. That letter should provide an estimate of your rate under the new actuarial cost method, 25-year closed amortization period, and new actuarial assumptions that were adopted by the TMRS Board in December 2007. Note that although this projection will be close to the actual rate (which you will receive in late April or early May), it will be based on the actuarial valuation data as of 12/31/06. The actuarial valuation for the year ending 12/31/07 is underway now and will be used to provide your city's final rate in late April or early May.

The letter in late January will also provide more information about TMRS plans for 2008, the phase-in period for cities with significant contribution rate increases, 30-year amortization options, and other issues. We will be sending another e-bulletin immediately before that letter is mailed.

**TMRS Hires New Staff Actuary**

In mid-December, TMRS hired its first Staff Actuary, Leslee Hardy. Ms. Hardy has 27 years of experience as a consulting actuary to both governmental and corporate retirement plans. As Decision Support Actuary – Director, her responsibilities will include serving as a liaison between TMRS' actuary and member cities, serving as subject matter expert in the legislative and technical areas, and communicating actuarial scenarios to assist cities with their decision-making. She is available to consult with cities as needed, and may be reached by calling 800.924.8677.

**First Investment Diversification Allocation Made**

On January 4, 2008, TMRS made its first 1% move into equity investing. The investments were made using two passive strategies (mirroring index funds) — half domestic and half international. We will be averaging into the market throughout the year, and expect to have a total of 12% invested in equities by the end of 2008.

**HELPS Q&A**

TMRS' Member Services staff has been fielding lots of questions about the HELPS provision of the Pension Protection Act (PPA) and other related changes in member benefits. Here are some of the most frequently asked questions and answers:

**Q. Do “civilians” (e.g., clerks that work at the police/fire department) qualify?**

A. No, they are not included in the legal definition of Public Safety Officers.

**Q. Who has the final determination of Public Safety Officer (PSO) status?**

A. It is the responsibility of each individual to substantiate his or her PSO eligibility. The individual’s responsibility also applies in the event of an IRS audit. PSO determinations will ultimately be made by the IRS.

**Q. Are insurance payments that cover my spouse included under HELPS?**

A. Yes; coverage may be for the eligible retired public safety officer, his spouse, and dependents, through either an accident or health insurance plan or a qualified long-term care insurance contract. The premiums don’t have to be for a plan sponsored by the employer.

**Q. Can dental insurance premiums be paid using this provision?**

A: Yes.

**Q. If my insurance premiums for the year exceed \$3,000, will TMRS continue to deduct payments from my annuity payments?**

A. Yes. We will continue to deduct payments until you send us a cancellation notice in writing. But remember, you can only exclude a maximum of \$3,000 when you file your income tax, even though you may have transmitted more than that in premium payments.

**Q. If the retiree pays for health insurance coverage on a quarterly or bi-annual basis, can TMRS do the same?**

A. No, we can only issue payments on a monthly schedule. Please note that a retiree may want to contact the insurance provider to see if monthly payments are an option. If monthly payments are not an option, the retiree may contact TMRS for information on a process that requires filling out a new form for each quarter.

**Q. Are the checks mailed for each individual, or as one big check to include everyone participating?**

A. Checks are mailed individually, not in bundles.

**Q. Can we send a premium payment for a retiree that will cover multiple plans within the city/insurance provider?**

A. Only one check can be generated for each retiree for insurance premium coverage. If the city is willing to receive one payment and allocate that payment to cover multiple plans for a retiree, that is the city’s decision. The retiree and his/her plan provider need to make sure that the payment and address information are accurate on the HELPS application because that determines to whom the check is payable. If the retiree lists a specific person within the city to receive the payment (e.g., “Attn: Trent Doldrums, City of Anywhere”), we will incorporate that information into the check address section.

If you have additional questions about HELPS administration, contact TMRS.

## **UPDATE on Additional Contributions**

Cities now have the option of making additional contributions to TMRS to reduce their unfunded actuarial accrued liability. The [Remittance of Additional City Contributions](#) form used for this purpose has been posted on the Website (under the Forms for City Correspondents section). Payments made in 2008 will not reduce your monthly contributions in 2008 but will be added to your city's municipal accumulation fund and be reflected in the 12/31/08 actuarial valuation, which generates the 2010 contribution rate. If you have additional questions, call 800-924-8677 and ask for Deputy Executive Director Eric Davis or Finance Director Rhonda Covarrubias.

## **HELPS and PSE Certification Forms**

For those employees who receive a lump-sum payment (refund or PLSD at retirement) and who qualify to waive the tax penalty for Public Safety Employees (PSEs), TMRS will contact the city and request a certification of the member's PSE status at the time they separated from service. To do this, use the [Public Safety Employee Certification \(TMRS-PSE\)](#) form, under the City Correspondent forms.

Retired or retiring public safety officers (PSOs) who wish to deduct up to \$3,000 per year from their TMRS benefit payment to pay for health care or long-term care insurance premiums will need to file the [Application for Insurance Premium Deductions for Retired Public Safety Officers \(TMRS HLPS\)](#) form. This new form is available under the Service Retirement and Forms for Retirees sections.

Members are rushing to take advantage of these provisions. By mid-January, TMRS had received approximately 300 TMRS-HLPS forms for premium elections and 75 TMRS-PSE forms for the 10% excise tax exemption.

## **New *Benefits Guides* Available Soon**

When employees join TMRS, they receive a copy of the *TMRS Member Benefits Guide*. This booklet has been redesigned and will be mailed to new employees beginning in January. Cities may request additional copies as needed, and the new guide will be posted in PDF format on the TMRS Website.

## ***TMRS FACTS for City Officials***

This new publication has been sent to all TMRS cities. If you didn't receive a copy, let us know. The booklet PDF has also been posted on the TMRS Website.

## **What's Next?**

- A schedule of TMRS **Pre-Retirement Conferences** for 2008 will be posted to the Website soon. Note that these events are for members who are approaching retirement and do not cover the issues that will be the subject of our Funding Workshops.
- TMRS will begin conducting **Regional Funding Workshops** in February. These events will be aimed at City Managers and Finance Officers. We will begin finalizing the schedule for these programs later this month.

- As discussed above, we will be mailing a letter in late January containing detailed rate projection information for 2009 and beyond. Annual Contribution Rate letters will be sent to all cities in late April or early May.

We will continue to keep you apprised of changes via the TMRS Website and e-bulletins.

*NOTE - Previously issued e-bulletins and correspondence are posted in the “Breaking News for Cities” section on the TMRS Website.*