

# insight

The Newsletter for TMRS® Members

## A Session for Legislative Communication

The TMRS Board of Trustees has decided not to recommend any legislation to amend the laws that govern TMRS in the 83rd Regular Session of the Texas Legislature when it begins on January 8, 2013. In the past two legislative sessions, bills were passed to improve the TMRS System by ensuring the future soundness of benefits and establishing a more efficient funding structure. Even though the TMRS Board of Trustees recommended no legislative changes, other parties may seek to introduce legislation affecting TMRS. Current information about pension-related legislation will be promptly posted to our website throughout the legislative session.

A few groups around the state have made an issue of public retirement programs and may propose converting all public defined benefit plans into defined contribution programs or making other sweeping changes to public employee benefits without regard to the condition or merits of individual plans. A public debate of these issues is a good thing, but there have also been many generalizations and incomplete information that portrays all public retirement systems as the same, and in crisis.

There will be many new faces in the 83rd Legislature. Therefore, it is especially important for TMRS to explain the value and merits of our System, how we differ from other retirement plans, how TMRS provides advantages over a defined contribution (or 401(k)-type) plan, and how TMRS and Texas plans in general are better off than some of the other plans around the country. Our message is clear: **Texas plans in general are soundly funded and well-run, and TMRS is one of the strongest Texas plans.** ■

## From the Executive Director



Dear TMRS Members,

As the year 2012 comes to a close, it's hard to believe that another Texas legislative session is almost here. For the next session, we have unfortunately lost a great supporter of TMRS, Representative Vicki Truitt, the outgoing Chair of the Pensions, Investments, and Financial Services Committee (PIFS). Appointed as Chair of PIFS in 2007, Representative Truitt served both the taxpayers and the members and retirees of Texas' retirement systems. She was instrumental in helping TMRS make the changes that we have undertaken in the last five years and was the House sponsor of

SB 350 last session. TMRS is deeply grateful for all her assistance.

In this issue of *INSIGHT*, you will find a report on TMRS' plans for the upcoming legislative session (see story, this page), a summary of what makes TMRS strong, an investment overview, and several reminders about your retirement with TMRS.

There have been several studies and many newspaper articles questioning the soundness and sustainability of all public retirement systems. I especially want to assure you, our members, that TMRS is not experiencing the issues a few other systems are facing. If you have any questions about TMRS, just give us a call or send an e-mail.

Sincerely,

David Gavia  
Executive Director

# Some Quick Facts About TMRS

## TMRS has been the system of choice for Texas cities since 1948:

- 849 cities have chosen to participate in TMRS
- TMRS has over 101,000 contributing members and 39,000 annuitants
- Offering participation in TMRS can provide your city a competitive edge in hiring
- If you move from one TMRS city to another, your member account stays intact

## TMRS plan features are good for both you and your employer:

- TMRS is a “hybrid” cash-balance defined benefit retirement plan
- Your retirement benefit is based on your account balance at retirement. Your retirement benefit is funded through your deposits, city contributions, and investment income
- Investment income provides the majority of the retirement benefit of the average employee

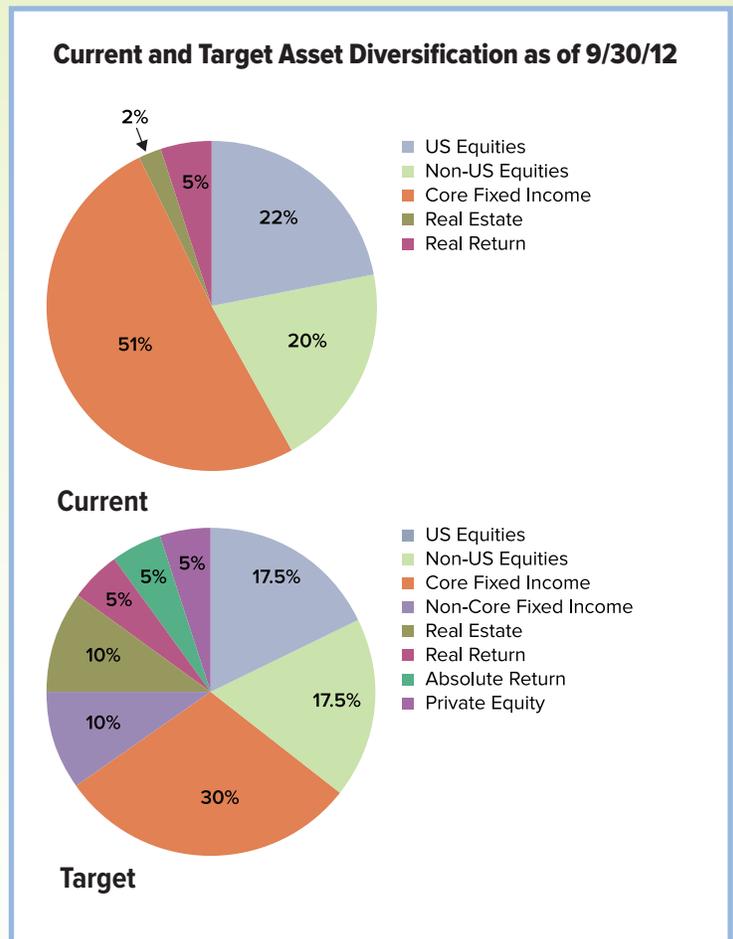
## The System’s investment performance and funded status are healthy:

- TMRS’ funded status was 85.1% as of 12/31/11 (Above 80% is a common standard for a healthy plan)
- TMRS administers \$18.5 billion in assets, as of 12/31/2011
- The annual returns on TMRS’ investments were -1.3% in 2008, 10.2% in 2009, 9.0% in 2010, and 2.4% in 2011 (TMRS’ Investment Return Assumption is 7%)
- Yearly averages for the period ending 12/31/11 were:

3 year average	5 year average	10 year average
7.2%	5.5%	7.0%

# Investment Overview

In 2011 and 2012, TMRS continued its portfolio diversification (see charts below) with allocations to Real Return and Real Estate classes as well as additional diversification within the Fixed Income and Equity allocations. A slow and methodical pace into new asset classes and strategies via ongoing research and due diligence efforts, coupled with dollar cost averaging into new investments over multiple time periods, continues to be TMRS’ goal.



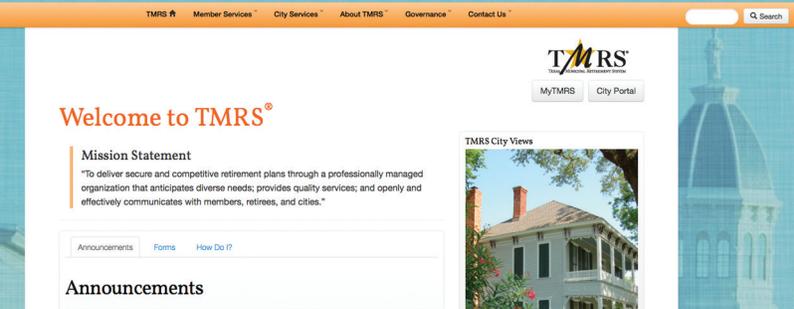
For detailed summaries of diversification progress and performance within individual funds, consult the quarterly summaries posted on the TMRS website under Investments. ■

# Signatures on Forms Need to Be “Real”

TMRS has been receiving faxes and PDFs bearing digital “signatures” in a cursive font. However, these do not constitute acceptable signatures, and TMRS cannot accept e-signatures of any type at this time. Forms bearing digital signatures will be returned for hand-written signatures. After you have signed the form, you may fax or mail it to TMRS. ■

# Check out TMRS' New Website!

Texas Municipal Retirement System



Now you can easily view the TMRS website on your smart phone or i-pad. The redesigned website gives you all the information you need on any phone, tablet, or PC you use. Take a look at our new site at [www.tmr.com](http://www.tmr.com). ■

## Keep Your Personal Information Up-to-Date!

It is extremely important that you keep your address and other personal information current with TMRS, not just with your city's HR records. Often, members don't realize that changing their address with the city doesn't automatically change their address with TMRS.

Without a valid address on file, you will not receive your annual statements, this newsletter, and other mailings. Please remember that if you need to update your address, you must complete a TMRS-CHNG (Address or Name Change) form and fax it to 512-476-5576 or mail it to P.O. Box 149153, Austin, TX 78714-9153. ■

## TMRS TERMS

### Bona Fide Separation

To be entitled to retire or refund, you must have a "bona fide" separation of employment from all TMRS cities. In a bona fide separation from employment, the relationship between the employee and employer is completely severed. If there is any type of pre-arrangement with your employer (written or verbal) to return to work for the same city from which you retire or refund, then this is not a bona fide termination of employment.

Internal Revenue Code rules applicable to TMRS require a bona fide termination of employment, and if cities and employees do not comply, this noncompliance could jeopardize TMRS' tax-qualified plan status. ■

## 2012 Board of Trustees

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### April Nixon

Chief Financial Officer, Arlington

### Jim Parrish

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### Roel "Roy" Rodriguez, PE

Assistant City Manager/MPU General Manager, McAllen

## 2012 Advisory Committee\*

\*as of December 10, 2012

### Individual Class Members

**Allen Bogard**, City Manager, Sugar Land

**Ronald E. Cox**, TMRS Retiree

**Michael Dane**, Assistant City Manager / Chief Financial Officer, San Angelo

**Dean Frigo**, Assistant City Manager for Financial Services, Amarillo

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**Victor Hernandez**, City Councilmember, Lubbock

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**Charles Windwehen**, TMRS Retiree

### Group Class Representatives

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**Kevin Lawrence**, Texas Municipal Police Association

**Scott Kerr**, Texas State Association of Fire Fighters

**Joe Angelo**, City of San Antonio

**Jerry Gonzalez**, Service Employees International Union, San Antonio

**Debbie Maynor**, Texas Municipal Human Resources Association

**Mike Perez**, Texas City Management Association

**Bob Scott**, Government Finance Officers Association of Texas

**Mike Staff**, Combined Law Enforcement Associations of Texas

**Monty Wynn**, Texas Municipal League



**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
PO Box 149153 • Austin, Texas 78714-9153

PRESORTED STANDARD  
**US POSTAGE PAID**  
AUSTIN, TEXAS  
PERMIT NO 2644

## Calendar

### 2012

**December 24-25**      Holiday (Christmas)

### 2013

**January 1**              Holiday (New Year's Day)  
**January 21**             Holiday (Martin Luther King Jr. Day)  
**February 18**            Holiday (President's Day)  
**February 21-22**        TMRS Board of Trustees Meeting • Austin  
**March 21-22**            TMRS Board of Trustees Meeting • Austin  
**March 29**              Holiday (Good Friday)  
**May 9-10**              Joint TMRS Board of Trustees and Advisory Committee  
**May 27**                Holiday (Memorial Day)

## How to Contact TMRS

### Location

1200 North Interstate 35, Austin, TX 78701

### Mailing

P.O. Box 149153, Austin, TX 78714-9153

### Toll-free

800.924.8677

### Local (in Austin)

512.476.7577

### Fax

512.476.5576

### Website

[www.TMRS.com](http://www.TMRS.com)

### E-mail

[phonecenter@TMRS.com](mailto:phonecenter@TMRS.com)

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If you have questions, suggestions, or ideas for stories, send a fax or an e-mail to the editor at 512.225.3781 or [communications@TMRS.com](mailto:communications@TMRS.com).