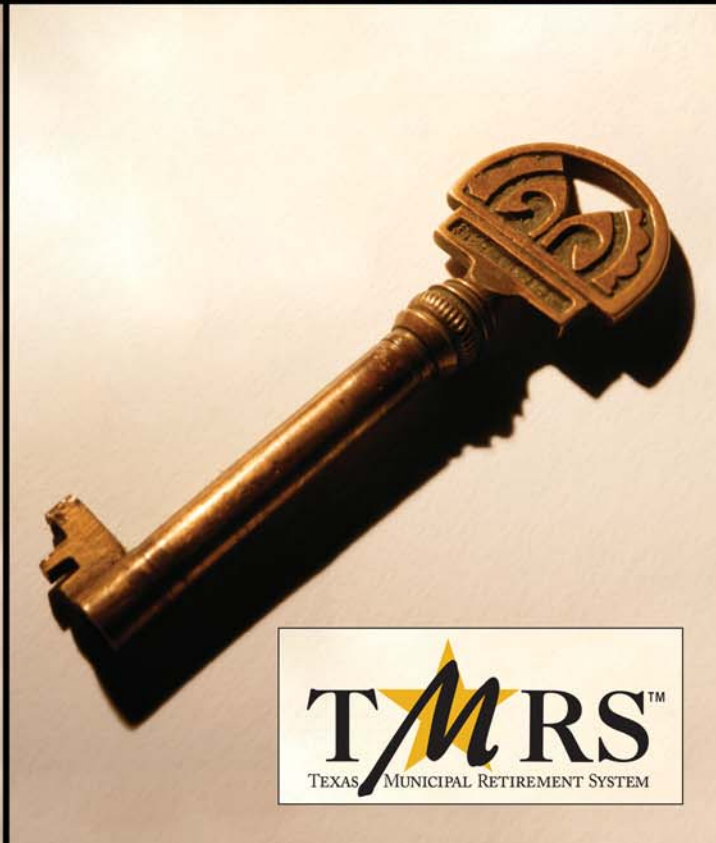


INSIGHT

TEXAS MUNICIPAL RETIREMENT SYSTEM

Providing Retirement Security for Texas Municipal Employees

Fall/Winter 2005



FROM THE EXECUTIVE DIRECTOR



Dear Friends,

At the September meeting of the TMRS Board of Trustees, the interest rate for TMRS accounts was set at 6% for this year and an extra payment equal to 40% of one month's benefit was approved for retirees. This rate is competitive with interest earnings on most investments. We are pleased to be able to enhance members' accounts this year, and to help ensure the future financial security of our members and retirees.

We at TMRS always have your security in mind. Not only do we invest your funds prudently, but we are dedicated to keeping your personal information safe. This issue of *INSIGHT* explains extra steps we take that keep your account secure. In addition, this issue includes articles on how to protect yourself from identity theft, how to access your account safely, and how to prepare for an enjoyable retirement.

Keeping your information confidential and your retirement secure are two of our most important goals at TMRS. If you have questions or comments, please do not hesitate to let us know!

Sincerely,

TEXAS MUNICIPAL RETIREMENT SYSTEM

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Carrollton

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Municipal Court Judge – Plainview

Roy Rodriguez
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This magazine is an informal summary. If any specific questions of fact or law should arise, the statutes will govern. For information about your own individual situation, please contact TMRS at 800.924.8677 or by e-mail: phonecenter@TMRS.com.

Board Approves New Interest Rate

On October 1, the TMRS Board of Trustees approved a 2005 year-end interest rate of 6% for member and city accounts. The Board also approved an extra payment for retirees totaling 40% of one month's regular benefit.

When setting the rates and the amount of the extra payment, the Board looks closely at prevailing market rates and the actual earnings of the TMRS fund. Our policy of investing in high-quality, long-term bonds has allowed the Board to credit interest at above market rates. For example, the current yield for a 10-year Treasury bond is approximately 4.30%, and the yield for the 30-year Treasury bond is approxi-

mately 4.55%.

TMRS benefits are sound and, over a member's career, compounding interest and the city match produce a monthly benefit that is competitive with other public retirement systems. And when it comes to that extra payment, few retirement systems provide any extra benefit to retirees.

The interest for 2005 will be credited to your account on December 31, 2005, based on your account balance as of January 1, 2005. This credit for 2005 will show

up on members' Annual Statements (mailed in Spring 2006), but you can see this credit to your account earlier (in January 2006) by accessing MyTMRS® on the TMRS Website. ■



Governor Appoints Two to TMRS Board



Patricia Hernandez (left) has been reappointed to the TMRS Board of Trustees for another six-year term. Pat has served TMRS well as a Board Member, and we look forward to her continued guidance. Roel "Roy" Rodriguez, PE (right), the General Manager the City of McAllen Public Utility, is a new appointee to our Board. He will serve as Connie Green's successor. TMRS thanks Connie for his service and congratulates him on his promotion to City Manager of Killeen earlier this year.

NO WITHDRAWALS OR LOANS FROM TMRS

A new federal law that allows penalty-free withdrawals from a 401(k) under certain conditions does not affect your TMRS member account. You may not borrow funds from your TMRS account or pledge your account as collateral for a loan. And you may not withdraw funds until you retire or leave city service.

Help for Hurricane Victims

IT HAS BEEN OVER SIX WEEKS SINCE Hurricane Katrina hit the Gulf Coast and several weeks since Hurricane Rita made landfall. TMRS extends our heartfelt sympathy to the victims of these natural disasters. Public safety and other municipal

employees across Texas have stepped up to provide assistance within Texas and in our neighbor states. We encourage all TMRS members and cities to aid our friends on the Gulf whose lives were forever changed by the storms.

WHAT ARE THE NEEDS NOW?

American Red Cross

Red Cross volunteers have been deployed to the hardest hit areas of the hurricanes' destruction, supplying hundreds of thousands of victims left homeless with critical necessities.

The Red Cross provides shelter, food, counseling, and other assistance to those affected by Hurricanes Katrina and Rita. Call 1.800.HELP.NOW or visit the Website at www.redcross.org to help this organization. ■

The Salvation Army

This charitable organization has been providing services to storm survivors and first responders in the Gulf Coast states. A \$100 donation to the Salvation Army will feed a family of four for two days, plus provide two cases of drinking water and one household clean-up kit, containing brooms, mops, buckets, and cleaning supplies. Call 1.800.SAL.ARMY or visit their Website at www.salvationarmyusa.org. ■



WITH THE U.S. ENGAGED IN conflicts overseas, some TMRS members are asking questions about how military service affects their TMRS benefit.

If you are called to active duty, and then return to work for the city, you are covered by a federal law, the Uniformed Services Employment and Reemployment Rights Act (USERRA). The Spring 2005 issue of *INSIGHT* (available at www.TMRS.com) explained how USERRA protects the rights of service men and women and described the options available for military service purchase.

But members have other questions beyond service credits. Here are some suggestions for those who are deployed and leave their deposits with TMRS:

- ◆ Consider designating a power of attorney in case someone else has to handle your affairs.
- ◆ Be sure ALL your retirement account information is up-to-date, particularly your beneficiary designation.
- ◆ If you are reemployed by the same city within 90 days of your discharge from active duty, or up to one year after release from hospitalization, you can receive credit for up to 60 months of military service under USERRA. You may wish to check with your city about the possibility of returning to employment. ■

IDENTITY THEFT

OCCURS WHEN A CRIMINAL USES your personal information to

take on your identity, usually for financial gain. In other words, someone pretends to be you in order to use your credit and steal your money. To learn more and find out how to protect yourself, visit the U.S. Department of Justice page on identity theft at www.usdoj.gov/criminal/fraud/idtheft.html. If you think you may be a victim of identity theft, contact the Federal Trade Commission (FTC) to report what happened. You can:

- ◆ Call the FTC's ID Theft Hotline at 1.877.IDTHEFT (1.877.438.4338)
- ◆ Use the FTC's online ID Theft Complaint form
- ◆ Send mail to Consumer Response Center, FTC, 600 Pennsylvania Avenue, NW, Washington, DC 20580

Safeguarding Your Identity

ARE YOU CARRYING YOUR SOCIAL Security card in your wallet right now? Be careful — the number on that card can be used to steal your identity! In the past few years, there has been a huge increase in identity theft through electronic access of personal information using Social Security numbers. If a thief gets your number, your bank accounts, credit, and other personal financial information are vulnerable. As a standard records management practice, TMRS shreds all documents containing member information and SSNs.



At TMRS, we are very careful when sending out information regarding a member's account. Instead of a Social Security number, we have recently started using a Member ID number to identify your account. Do not send us your Social Security number or other private information via e-mail.

All portions of our Website that require you to enter personal information are *secure*, which means that no one besides TMRS can see the data you enter. To use MyTMRS, the area of the Website that shows your account information, you must have a password. This password is mailed to you instead of e-mailed because e-mail is not a secure way to send private information. If you are not currently registered for this service, go to www.tmr.com and click on MyTMRS to register, obtain a password, and establish a username.

Beware of Spam Scams

In the past year, retirement systems in several other states have been notified that their members have received fraudulent e-mails. Sometimes the e-mails state that a person's retirement plan benefits have changed, or promise a "complimentary" estimate in exchange for personal information. If you get one of these types of e-mails, treat it with suspicion. This may be an attempt by criminals to obtain your Social Security number, and therefore gain access to your personal information.




















TMRS does not solicit personal information by e-mail. We encourage members to use the MyTMRS portion of the Website or call 800.924.8677 for the latest information about your account or retirement plan. ■

PROPORTIONATE RETIREMENT: ALL SYSTEMS GO!





How to Access Your Account Information

TO PROTECT YOUR PRIVACY, ACCESS TO INFORMATION IN your account is restricted. There are different procedures for obtaining or changing specific information, depending on its degree of confidentiality. The chart below shows which method is acceptable for each type of information. “Account identifiers” are personal details known to the member only.

How Do I Review or Change My Account?

Address or name change	(see page 7)	
Account balance	  	
Beneficiary info	 	
Change beneficiary		
Credited service	  	
Annuity amount	  	
Retirement 1099R info	 	
Retirement direct deposit (new or change)		
Request for statement	 	
Request for statement to different address		

LEGEND

-  **Request by phone** – include 2 account identifiers
-  **Request in writing** – by letter or fax; include signature and 2 account identifiers
-  **Web request** – use www.MyTMRS.com with password
-  **Request with form** – needs specific form with signature; forms available from www.TMRS.com

HAVE YOU ever been a teacher, worked for the county, or for the State of Texas? If so, you may have retirement credit that can be combined with your TMRS service.

“Proportionate Retirement” is a statewide program that allows people with service in two or more participating systems to combine service credit to meet retirement eligibility requirements. Proportionate Retirement goes by several other names, including “combined service credit” and “fractional retirement.” If you qualify, your service stays in each system, but TMRS calculates retirement eligibility based on the

PARTICIPATING SYSTEMS

- ◆ Texas Municipal Retirement System
- ◆ Texas County & District Retirement System
- ◆ Employees Retirement System of Texas
- ◆ Teacher Retirement System of Texas
- ◆ City of Austin Employees Retirement System
- ◆ Judicial Retirement System of Texas (Plan I or Plan II)

time you have in all systems. You’ll draw separate pensions from each system in which you have credit.

If you currently have service credit in TMRS and any of the participating retirement systems, you may be eligible to use Proportionate Retirement. Each system has its own rules for Proportionate Retirement, so you should consult each system in which you have credit before making retirement plans.

PROPORTIONATE BUYBACK

If you were once a member of one of the other participating retirement systems but received a refund from that system, you may be eligible for a Proportionate Buyback. This program allows you, as a TMRS member, to “buy back” credit you have refunded with other participating systems. The purchase is not through TMRS but through the other system, so contact the system where you have refunded credit to find the cost and procedure for the buyback.

Even if you have refunded your service in another system and do not buy it back, and even if your previous public service took place in a different state, you may be able to use Restricted Prior Service Credit to establish time credit for non-TMRS service, if your city has adopted the Restricted Prior Service Credit provision.

Get all the credit you deserve! Call TMRS if you have questions about these options. ■

NOTE: If you wish to purchase Employees Retirement System time, you may want to do so quickly. The 79th Texas Legislature raised the penalty interest cost of buying previously refunded ERS service credit from 5% to 10%, effective September 1, 2006.

RETIREMENT PLANNING

WHETHER YOU ARE CLOSE TO RETIREMENT OR MANY years away, there are important questions to ask yourself to prepare for the day when you begin drawing your TMRS annuity checks.

As a city employee, your TMRS retirement benefit is assured, but there are additional actions you can take to ensure your retirement will go as smoothly as possible.

We will examine one of the items on these two checklists in every issue of *INSIGHT*. The topics covered this month are in **bold**.



Long-Term Planning Checklist

- Am I eligible for Proportionate Retirement with another system?** (see story on page 5).
- Have I prepared a will?
- Do I have adequate life insurance?
- Is my TMRS beneficiary designation clear?
- Have I kept my TMRS personal information up-to-date?
- How much will I need to live comfortably in retirement?
- Should I consider supplementing my TMRS retirement with other savings or investment options?

Pre-Retirement Checklist

- Is a Partial Lump Sum Distribution (PLSD) a good idea for me?** (See story, this page.)
- What will I do after retirement? What are the possibilities?
- What is a TMRS Regional Retirement Conference, and when should I attend one?
- Do I understand my Social Security benefits?
- What are my post-retirement health care and insurance options?
- Which TMRS retirement option will work best for my needs?
- Have I set up my checking or savings account for direct deposit of my retirement payments?

The Partial Lump Sum Distribution

MEMBERS OFTEN WONDER IF THEY CAN ACCESS A PORTION of their account during their working years, but TMRS law does not allow you to withdraw money until retirement. There is an option of drawing part of your money in one check at the time you retire. This option is called the Partial Lump Sum Distribution (PLSD).

The lump sum may not be more than 75% of your total deposits and interest. The amount of a PLSD is calculated by taking the amount of your annuity under the Retiree Life Only option and multiplying it by 12, 24, or 36. The lump-sum payment is taken out of your member account, which will reduce your annuity. However, the PLSD amount is subtracted from your deposits and interest only — your city's matching funds are not reduced.

Income taxes will be due in the year the retiree receives the PLSD unless the payment is rolled over to an IRA or other tax-deferred plan.

If you have questions about this option, contact us. We will be happy to prepare retirement estimates for you, so you can see how a PLSD affects your benefit. ■

Have You Moved or Gotten Married?

WHenever key information changes, such as your name or address, you should inform TMRS as soon as possible. To make this change, you will need to complete the Address or

Name Change Form, available on the next page.

You may fax your completed form to TMRS at 512.476.5576 to expedite processing; or you may mail it to TMRS, PO Box 149153, Austin, TX 78714-9153. ■





TMRS Address or Name Change Form

Please use only black ink and do not highlight. Any corrections or whiteouts must be initialed.

TMRS members and retirees (or other persons receiving a TMRS monthly benefit) may use this form to make Address or Name changes to their TMRS account. After you have completed and signed this form, **please fax to (512) 476-5576 or mail to P.O. Box 149153, Austin TX 78714-9153**. If you fax the form, please retain the original for your records. If you have any questions regarding this form or any other matter, please call (800) 924-8677.

Please complete this section:

Full Name (first, middle, last)

Social Security Number

MM/DD/YYYY

Date of Birth

Current or Last Employing City

Daytime Phone Number

Complete this section only if you are changing your mailing address.

My New Mailing Address is:

New Mailing Address (number and street)

City

State

Zip Code

Daytime Phone Number

Evening Phone Number

E-mail Address

Complete this section only if you are changing your name.

This section should only be completed if your name has changed and does not match the name currently on record with TMRS.

Old Full Name (first, middle, last)

New Full Name (first, middle, last)

Reason for Change: marriage divorce court order

NOTE: If you are completing this section, a photocopy of one of the following documents is required with this form: *Marriage Certificate, Divorce Decree (Name Change Section), or Court Order*

REQUIRED

Please sign and date this section:

I hereby affirm that the information on this form is true and correct and authorize the Texas Municipal Retirement System to update my TMRS account with this information.

X
Your Signature

MM/DD/YYYY
Date signed



INSIGHT

Texas Municipal Retirement System

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TMRS TERMS

compensation

“Compensation” includes virtually any payments to you from your employer for the performance of services.

Generally, any payment made to an employee is compensation unless it is a direct expense reimbursement.

Compensation also includes amounts deducted from your paycheck that reduce your taxable wages, such as amounts paid to cafeteria plans (IRC Section 125) or deferred compensation plans (IRC Section 457).

Your total compensation is your gross wages paid by the city PLUS any other money you receive for such things as overtime pay, car allowances, uniform allowances, sick leave, and vacation pay (these are just a few examples of additional compensation beyond your normal salary).

CALENDAR OF EVENTS

NOVEMBER

11 Veterans’ Day — office closed

24-25 Thanksgiving holiday — office closed

DECEMBER

2-3 TMRS Board of Trustees meeting

23, 26 Winter holidays — office closed

31 Interest credited on accounts

JANUARY

2 New Year’s Day holiday — office closed

16 Martin Luther King, Jr. holiday — office closed

FEBRUARY

20 Presidents’ Day — office closed

MARCH

24-25 TMRS Board of Trustees meeting

WE WANT TO SERVE YOU BETTER!

INSIGHT is dedicated to the needs of our members. 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.