TMRS Executive Director Retires

On October 3, Gary W. Anderson, Executive Director of TMRS, announced his retirement, effective October 31, 2006. Eric Davis, Deputy Executive Director, became Interim Executive Director of TMRS® November 1. The staff, Board, and friends of TMRS wished Mr. Anderson a warm farewell at a retirement reception at the TMRS building in Austin on October 27.

Mr. Anderson began his career in the city of Baytown as an Administrative Assistant in 1975 and joined TMRS in the daily administrative operations of the system in 1979. He

2006 Interest Rate and Extra Payment Set

It's official! At its meeting on September 16, the TMRS Board of Trustees approved an interest rate for 2006 of 5.75% for member and city accounts. The interest will be applied to each member's account on December 31, 2006 and is based on the January 1, 2006 account balance. Interest will be shown in MyTMRS® on the TMRS Website starting the first week of January 2007 and will be included in the Annual Statements members receive in the spring.

In December, retirees will receive an Extra Payment, or Distributive Benefit, equal to 30% of one month's retirement payment. In late October, TMRS mailed each retiree a letter showing the amount of the Extra Payment.

These rates reflect the 2006 investment performance of the TMRS trust fund. Investments continue to perform in a low-interest and low-inflation environment, but sound strategies allow the Board to credit interest above prevailing rates. Likewise, the Board is pleased to be able to continue to make an Extra Payment to our retirees this year. However, unless interest income increases significantly, there may not be any Extra Payment at the end of 2007. ★

Parting Thoughts from Gary Anderson

October 18, 2006

Dear City Correspondents and Officials:

This will be the final time I will be writing to you because I am retiring from TMRS at the end of October. My public service career has spanned almost 30 years, the last 26 at TMRS, and it has been both an honor and a privilege to work for you, the members and cities of this outstanding retirement system.

TMRS was created by the Texas Legislature in 1947 for one purpose – to provide retirement security for Texas municipal employees of cities who choose to join TMRS. Over the years, more than 800 cities have elected to participate in TMRS, and cities continue to join TMRS each year. TMRS has been well served both by dedicated members of the Board of Trustees over the years, and a professional staff that manages the system on a daily basis. As a result, TMRS today is an actuarially sound, well-managed retirement system that is well positioned to meet any challenges into the future.

As I transition to retirement, like many of you, I look forward to what lies “down the road” in terms of opportunities to be of service. Thank you again for the honor of working for you as Executive Director of your retirement system, and thank you for your friendship and support over the years.

Sincerely,

Gary W. Anderson

Continued on page 2
Task Force Recommendations Included in 2007 Legislative Package

In the last issue of Main Street, we reported about a Task Force that was appointed to study city funding options. This Task Force, working with the Board of Trustees, the standing Advisory Committee on Retirement Matters, TMRS’ actuarial advisors, and staff, accomplished its job of helping shape potential changes to the TMRS laws and rules.

With 822 different cities currently in TMRS, many challenges exist. Some cities have growing workforces, while others are seeing the demand for services shrink. Many communities will witness unprecedented turnover in the next 10 years as long-time employees retire and are replaced by younger workers.

**Summary of Legislative Changes**

The TMRS Board of Trustees approved the following items to be included in a package for the upcoming Regular Session of the Texas Legislature when it convenes in January 2007. If passed, these items will give cities more flexibility in their funding of TMRS benefits.

- Allow a TMRS retiree to return to work for the same city from which he or she retired – after a separation from service that lasts at least one calendar month – without the retirement benefit being suspended.
- Add two new matching ratio options that cities may choose (in addition to the current options):
  - 1.25 to 1
  - 1.75 to 1
- Allow cities to make additional contributions to TMRS above the calculated contribution rate, on a voluntary basis.
- Modify the statutory Maximum Contribution rate for cities so that additional contributions can be made.
- Permit the TMRS Board to set amortization periods for funding TMRS pension liabilities, but by no means shall the period be longer than 25 years. This keeps current limits and provides added funding flexibility.

As the legislative session approaches, we will provide further details on these items on the TMRS Website and in our publications.
The Capitol City is known for its quirkiness, live music, famous bat colony, and Town Lake Trail. All these elements were evident during the Annual Training Seminar in early October, held at the Hyatt Regency Hotel on Austin’s Town Lake. Two-hundred fifty-eight city employees, representing 174 cities, attended the conference.

A reception Sunday evening – during which participants took in the stunning view of downtown Austin and Town Lake – launched the seminar. Training sessions in practical issues began Monday morning and continued through Tuesday noon. This year, the Seminar featured two programming tracks – one focused on training City Correspondents and one for city “decision-makers” that emphasized funding issues, federal legislation, and taxation. Attendees greatly enjoyed the live band, boat rides, caricature artist, and fortuneteller after the Monday evening fajita dinner. The bats made a stunning appearance, thousands of them pouring from the Congress Avenue Bridge at dusk.

On Tuesday, concluding remarks by the keynote speaker, Dr. Thomas Mackell, Chairman of the Federal Reserve Bank of Richmond, got the crowd fired up about the future of retiring in the U.S. Mackell’s main emphasis was the coming battle between the private and public sector over retirement and healthcare dollars. He urged workers to adopt “practical idealism” in their approach to handling future retirements, both their own and those of fellow Americans.

A roundup of the presentations and handouts is posted on our Website at www.tmrs.com. Click on the Annual Seminar link on the front page to pull up a table. Next year’s seminar is planned for October 14-16, 2007, at the new Hilton Austin, 500 East 4th Street.

How Do I

...Get Information on My City’s TMRS Plan?

To view the options your city has chosen:

2. Click on City Plan Provisions.
3. Choose your city’s name from the pull-down menu, and click “Go.”
4. Details of your city’s plan appear onscreen.

The City Plan Provisions page also allows you to compare your city’s options to comparable cities. You can search by region, population range, or number of contributing members.

What should you do if you want to change the provisions of your plan? Send an e-mail to phonecenter@tmrs.com, or contact Eric Davis at edavis@tmrs.com. Our staff can run a plan improvement study for you. Any changes will need to be voted on by your city council.
Correspondent’s Checklist

Here are some tips from our friendly staff in Member Services. If you have questions about any of these reminders, call us at 1.800.924.8677!

Reminders

We Need Birth Dates and Gender Info!
Some cities may have received letters because we are missing personal data (date of birth and/or gender) on certain employees. If you received this letter from Vikki Vasquez, Manager of Member Services, please provide the missing information to us right away so that our member information will be complete and accurate. Remember, this information is critical to the annual valuation process that determines your city’s rate. If you’ve already returned the fax form, thank you!

Use Your City Name and Number
We are encouraging people to ALWAYS include their city name and number on all forms. This is especially important on the New Member forms. If this information is missing, it can take extra time to process forms, due to the research required.

Don’t Sit on Forms
As a general rule, send in forms as soon as you get them. Don’t let them accumulate. Forms for address changes, beneficiary designation changes, and service credit applications need to be received in our office by December 31 in order to appear on the 2006 member annual statements. If you fax in a form, do not mail a separate copy.

Mid-January Deadline for Payrolls
The December 2006 monthly payroll report must be submitted to TMRS no later than January 15, 2007. If this report is not on time, then the city will be assessed a late penalty and the late date of the report will affect estimates in the annual statements and delay processing of December 2006 retirements!

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MAIN STREET is sent directly to TMRS city contacts and correspondents twice a year. 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.

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