

# Main Street

For city officials and staff

## Texas Legislature Approves TMRS Fund Restructuring

### SB 350

The 82nd Texas Legislature enacted SB 350 by Senator Tommy Williams (House sponsor Representative Vicki Truitt), containing the recommendations for TMRS internal fund restructuring recommended by the TMRS Board of Trustees and the TMRS Advisory Committee on Retirement Matters. Governor Perry signed the bill on June 17, 2011. It is effective immediately.

Under the provisions of SB 350, the three internal TMRS funds — the Municipality Accumulation Fund (MAF), the Employee Savings Fund (ESF), and the Current Service Annuity Reserve Fund (CSARF) — are combined into a new Benefit Accumulation Fund in a manner typical of the vast majority of public retirement systems. The structure provides greater efficiency and, for many cities, reduces annual contribution rates. For more on the effect of fund restructuring on 2012 contribution rates, see the article on page 4, “A Guide to the 2012 TMRS Contribution Rate Letters.” Detailed information on the background and mechanics of fund restructuring is available in the booklet “TMRS Fund Restructuring Questions and Answers,” on the TMRS website or by e-mail request to [communications@tmrs.com](mailto:communications@tmrs.com).

*continued on page 2*



### From the Executive Director

Dear City Correspondents and Officials,

The enactment of SB 350 (see story above), the TMRS fund restructuring bill, is the successful culmination of a process that began in 2007 when we decided to change our actuarial cost method to Projected Unit Credit and to pre-fund repeating Cost of Living Adjustments and Updated Service Credits. These needed changes were reflected in our 2007 actuarial valuation and resulted in our system-wide funded ratio declining from 82.1% to 73.1%.

This change also caused many TMRS cities to experience significant rate increases. The next step of the process was the enactment of HB 360 in the 2009 Legislative Session that, among other things, allowed us to continue our investment diversification that began in 2008. The final step of this process is the enactment of SB 350, which eliminated inefficiencies in our internal accounts, improved our system-wide funded ratio to 82.9%, reduced contribution rates for many TMRS cities, and significantly reduced our unfunded liabilities. Our funded ratio is now slightly higher than our funded ratio was immediately before we made the 2007 actuarial changes. This is a significant accomplishment and is the result of a lot of hard work by our Board, staff, consultants, Advisory Committee, and importantly, Senator Tommy Williams and Representative Vicki Truitt, the Senate and House sponsors of SB 350.

On a different note, I hope to have the opportunity to meet many of you at this summer's Annual Training Seminar (see the registration form on the last page of this issue) and at conferences and workshops throughout the rest of the year. We will be busy communicating and implementing the effects of the bill's passage, and we can't do it without your support.

Thank you, and never hesitate to let us know what we can do for you.

Sincerely,

David Gavia  
Executive Director



*Legislature Approves Fund Restructuring, continued from page 1*

TMRS' consulting actuary, Gabriel, Roeder, Smith & Company (GRS), recommended in 2009 that TMRS consider fund restructuring. The Board and its advisors spent much of the interim between legislative sessions analyzing the proposal. TMRS wishes to extend deep gratitude to our bill sponsors, Senator Tommy Williams and Representative Vicki Truitt; the members of the Advisory Committee; and all of the other individuals who contributed to this important legislation.

Restructuring does not affect the benefits of any TMRS member, active or retired.

## Other Legislation

Three other bills potentially affecting all TMRS cities were approved by both houses of the Legislature, were signed into law by the Governor on June 17, and are effective immediately.

**HB 159 by Raymond** and **SB 812 by Zaffirini** (identical bills) provide that a retiree who, after a break in service of at least eight years, resumes employment with the city from which he or she retired, will be eligible upon re-retirement from the city for a lump sum payment of any benefit payments suspended during the period of re-employment. This legislation affects only a small number of current members of the System, but cities should be aware of this provision when re-employing a member who has previously retired.

**HB 2460 by Truitt** clarifies that the Texas Public Information Act applies to the governing bodies of Texas' public retirement systems. The Act stipulates that records that are in the custody of a retirement system or a specified party (which includes an administering firm, a carrier, or another governmental body) are confidential and not subject to public disclosure.

The Texas Legislature considered, but did not pass, a number of other bills that would have affected TMRS. For a complete list of the bills and links to their final status in the session, see [http://www.tmr.com/legislative\\_tracking.php#bills](http://www.tmr.com/legislative_tracking.php#bills). ▲

# Annual Training Seminar August 14–16

The TMRS 2011 Annual Training Seminar, "All Together Now," will take place in mid-August. This year's seminar reintegrates the two Finance and Administrative seminars back into one seminar. Two well-known economists, A. Gary Shilling and Dean Baker, will be our keynote speakers.

A seminar schedule and registration form are included on the last two pages of this issue of *Main Street*. You still have time to sign up! The deadline to register for the two-day training seminar at the Hyatt Regency Austin hotel is July 25. ▲

# 2010

## Financial Publications

### CAFR Online – PAFR in the Mail

#### CAFR Provided Online Only

At the end of July, the *TMRS 2010 Comprehensive Annual Financial Report* (CAFR) will be posted on the TMRS website as a PDF. In the past we sent city finance officers and TMRS City Correspondents the CAFR on a CD, but this year we will deliver it on the TMRS website only. To access the latest CAFR or previous CAFRs going back to 2004, go to [www.tmr.com](http://www.tmr.com) and click on Publications.

#### PAFR to be Mailed

#### to Members and Retirees in *INSIGHT* and *Retirementwise*

The 2010 Summary Annual Financial Report, also called the Popular Annual Financial Report (PAFR), will be delivered inside the member newsletter *INSIGHT* and the retiree magazine *RetirementWise* at the end of July and early August. The PAFR (along with previous years' PAFRs) will also be available on the web under the Publications page. ▲

# Board and Advisory Committee UPDATE

Two TMRS Board of Trustees members ended their terms in 2010: Carolyn Linér of San Marcos (retirement) and Patricia Hernandez of Plainview (end of term). The Board and staff of TMRS wish to thank Ms. Linér and Ms. Hernandez for their many years of dedicated service.

In August 2010, Governor Rick Perry appointed Lakeway Finance Director Julie Oakley to the TMRS Board to complete the term of Carolyn Linér. In early 2011, Governor Perry appointed McKinney Deputy City Manager Jim Parrish to the Board to replace Pat Hernandez. In addition, the Governor appointed Roel “Roy” Rodriguez, PE, of McAllen to another term. All three Board appointments were confirmed by the Texas Senate on February 18, 2011.

## 2011 Advisory Committee

### Individual Class Members

**Allen Bogard**, Sugar Land City Manager  
**Ronald E. Cox**, TMRS Retiree  
**Dean Frigo**, Amarillo Assistant City Manager  
**Michelle R. Leftwich**, Mercedes Assistant City Manager  
**Victor Hernandez**, Lubbock City Councilmember  
**Randle Meadows**, Arlington Police Association President  
**Michael Dane**, San Angelo Finance Director  
**Steven Segal**, City Councilmember, West University Place  
**Charles Windwehen**, TMRS Retiree

### Group Class Representatives

**David Crow**, Arlington Professional Fire Fighters  
**Kevin Lawrence**, Texas Municipal Police Association  
**Scott Kerr**, Texas State Association of Fire Fighters  
**Nikki Ramos**, City of San Antonio  
**Jerry Gonzalez**, Service Employees International Union, San Antonio  
**Don Byrne**, 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 ▲

## 2011 Board of Trustees

**April Nixon, Chair**  
Chief Financial Officer, Arlington

**H. Frank Simpson, Vice Chair**  
City Manager, College Station

**Ben Gorzell**  
Chief Financial Officer, San Antonio

**Julie Oakley**  
Director of Finance, Lakeway

**Jim Parrish**  
Deputy City Manager, McKinney

**Roel “Roy” Rodriguez, PE**  
Assistant City Manager/MPU General Manager, McAllen

## TMRS City Portal Training Now Online

City Portal Administrators can now receive training by sending an e-mail to TMRS’ City Portal contact, LaShelle Ruiz (lruiz@tmrs.com) and requesting online training. After LaShelle receives and logs your request, she will send you a link to the training page via e-mail.

Since its rollout in September 2010, the City Portal has seen steadily increasing usage. As of June 13, 2011, 86 cities (10.2% of TMRS member cities) and 154 city contacts had signed up. The cities that have registered represent 31.7% of our active membership. If your city has not already signed up, we urge you to do so.

The Portal is an excellent way to stay on top of your city employees’ data. It allows authorized users to run reports, submit payrolls electronically, run retirement estimates for members, and other tasks. Remember: Member data is confidential, and each city must assign one Administrator who is responsible for securing the proper signatures for the City Portal agreement and training those who will be Authorized Users of the portal. ▲

### Other Online Training Options

In addition to the City Portal training, other online videos have been added to the TMRS website, grouped under “Videos” on the Training page:

- “TMRS Retirement Options”  
— for members considering retirement
- “Welcome to TMRS”  
— orientation video for new employees

# A Guide to the 2012 TMRS Contribution Rate Letters

If you have not already received your TMRS 2012 Rate Letter, you will receive it very soon. The Rate Letter, mailed in late June, contains detailed information about your city's 2012 contribution rate for TMRS benefits. Here are a few important points about this year's Rate Letter:

- Your 2012 Full Contribution Rate (and a Phase-in Rate, if applicable) is shown on the front page. The additional detail in the letter is provided to help you understand the computation of the rate and to give you needed information for your financial disclosures.
- Some cities currently have a Phase-in option regarding their contribution rate. For those cities, the Total Phase-in Rate shown in the letter is the minimum contribution rate for 2012. **Note that a city that pays a Phase-in Rate will incur a Net Pension Obligation (NPO) for 2012 (see next page).**
- TMRS strongly encourages every city to pay the Full Rate, or as close to the Full Rate as possible.
- In most years, the change in your contribution rate is caused by any modifications you might have made to your plan during the year as well as your city's experience. This year, the change in your rate reflects not only those two factors but also the fund (internal account) restructuring enabled by passage of SB 350, the distribution of reserves following restructuring, and the results of an actuarial experience study performed by TMRS' consulting actuary GRS for the four-year period ending December 31, 2009 (see next page).
- The net effect of the above factors will be a reduction in the required Full Retirement contribution rate for most cities. Cities with a reduced rate will have the option to begin paying the 2012 retirement rate beginning with their payroll (remitted in November) for October 2011. **Note that any city that exercises this option will incur a Net Pension Obligation (NPO) for their 2012 fiscal year. Please also note that your 2011 Supplemental Death Benefit Rate will not change for the remainder of the year.**
- As in past years, the Rate Letter also contains the information your city needs for its pension disclosures (in compliance with GASB standards).
- Rate Letters are available on the TMRS website.

# Net Pension Obligation (NPO)

As noted above, a city that pays a Phase-in Rate or a city that chooses to exercise the option to pay the 2012 rate beginning in October 2011 will incur an NPO for its 2011-2012 fiscal year. An NPO is the difference between the Actuarially Required Contribution (ARC) and the amount your city actually pays. The NPO must be disclosed in your city’s financial statements as a liability that will be amortized over your city’s actuarial funding period (25 or 30 years).

## Actuarial Experience Study

An actuarial experience study is a systematic examination by an actuary of the actuarial assumptions used to project a pension plan’s assets and liabilities. Ordinarily an experience study is performed every four or five years to ensure that the assumptions match actual experience over a reasonable period of time. If an assumption proves to be inaccurate, the actuary will recommend that the assumption be adjusted for future annual actuarial valuations. GRS recommended that an experience study be performed in conjunction with the restructuring under SB 350 and made a number of recommendations that were included in the December 21, 2010 valuation; these revised assumptions will also be reflected in future actuarial valuations.

## Assistance with City Contribution Rate Issues

In addition to the information provided in the Rate Letter, TMRS has resources to help you understand your city’s contribution rate and communicate it to elected officials and others. The TMRS Deputy Executive Director and Staff Actuary are available to provide assistance, and the TMRS Travel Team can work with you one-on-one or visit your city. Call TMRS at 800.924.8677 or go to [http://www.tmr.com/city\\_service\\_regions.php#travel](http://www.tmr.com/city_service_regions.php#travel) for more information. In addition, TMRS is offering two-hour “Post-Restructuring” Regional Funding Workshops (see box below) and an Annual Training Seminar (see the last two pages of this issue) where cities can meet with staff. ▲

## Regional Funding Workshops

The post-restructuring funding workshops will provide additional opportunities for cities to work with TMRS staff on rate projections, plan modeling, and other issues. Designed primarily for city managers and finance department personnel, each workshop will feature a 30-45 minute presentation, followed by questions, and sufficient time to meet with a TMRS Travel Team member or the System’s Decision Support Actuary. Six workshops have been scheduled so far, and additional dates will be added if needed.

Please contact TMRS at [communications@tmr.com](mailto:communications@tmr.com) to let us know if you intend to attend a specific workshop. A Travel Team member will get in touch with you to talk about any plan change modeling or other issues you may wish to discuss. Advance notice of particular requests helps the Team prepare the modeling tools.

City	Date and Time (all workshops run from 10 – noon)	Location
Addison	Tuesday, July 12	Addison Conference & Theatre Centre, 15650 Addison Road
Schertz	Thursday, July 14	Schertz Civic Center (Bldg. 5), 1400 Schertz Parkway
Amarillo	Wednesday, July 20	Globe-New Center, 401 S. Buchanan
Sugar Land	Tuesday, July 26	City Council Chambers, 2700 Town Center Blvd. N.
McAllen	Tuesday, August 2	McAllen Convention Center, 700 Convention Center Blvd.
Tyler	Thursday, August 4	Rose Garden Center (Rose Room), 420 Rose Park Drive

# CORRESPONDENT'S CHECKLIST

## Forms

As a reminder, the following changes have taken place in handling forms in the past year:

☑ Addition of a revised rollover form to give TMRS members the option of rolling over all or a portion of the money to an IRA or employer plan. The revised form is used with the **Refund Application (TMRS-0005)** and the **Selection of Partial Lump Sum Distribution (TMRS-PLSD)**. The **TMRS-ROLL** form must be submitted in combination with either the refund form (TMRS-0005) or the retirement packet PLSD selection form (TMRS-PLSD).

☑ Several key forms were revised due to IRS changes in 2010, and TMRS no longer accepts the old versions. If we receive old versions (prior to 2010) of these forms, we will return them for the new versions to be used: **Refund Application (TMRS-0005)**, **Selection of Partial Lump Sum Distribution (TMRS-PLSD)**, and **Direct Deposit Authorization (TMRS-80E)**. ▲

## How to Contact TMRS

Headquarters Building  
1200 North Interstate 35  
Austin, TX 78701

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

Toll-free • 800.924.8677

Fax • 512.476.5576

Local (in Austin) • 512.476.7577

Website • [www.tmr.com](http://www.tmr.com)

E-mail • [phonecenter@tmr.com](mailto:phonecenter@tmr.com)

# Calendar

## July

- 12 Funding Workshop • Addison
- 14 Funding Workshop • Schertz
- 20 Funding Workshop • Amarillo
- 26 Funding Workshop • Sugar Land
- 19 Regional Pre-Retirement Seminar  
Wichita Falls
- 21-22 Joint Meeting of the TMRS Board  
and Advisory Committee • Austin
- 25 *TMRS Comprehensive Annual Financial  
Report* released on website

## August

- 2 Funding Workshop • McAllen
- 4 Funding Workshop • Tyler
- 14-16 Annual Training Seminar —  
“All Together Now” • Austin

## September

- 5 Holiday (Labor Day)
- 21-22 TMRS Board of Trustees Meeting  
Austin

## October

- 12 TMRS Board of Trustees Meeting  
Houston (*in conjunction with TML*)

## November

- 1-2 Correspondent Certification Course  
Austin
- 11 Holiday (Veterans Day)
- 24-25 Holiday (Thanksgiving)

## December

- 1-2 TMRS Board of Trustees Meeting  
Austin
- 23 & 26 Holidays (Christmas)

*Main Street* is sent directly to TMRS city contacts and correspondents. 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@tmr.com](mailto:communications@tmr.com).

Copyright 2011 Texas Municipal Retirement System.  
ISSN 1559-9760

*This newsletter is an informal presentation of information about TMRS and related issues. If any specific questions of fact or law should arise, the statutes will govern. TMRS, MyTMRS, and the TMRS logo are registered trademarks of the Texas Municipal Retirement System.*

# All Together Now

	General	TMRS Training	Financial*
<b>Sunday</b>			
3 — 5 pm	Early Registration		
6 — 7:30 pm	Reception (food and cash bar) • Foothills Ballroom, 17th Floor		
<b>Monday</b>			
7 — 8:30	Continental Breakfast • Texas Foyer West		
7:30 — 8:30 am	Registration		
8:30 — 9	Welcome April Nixon, TMRS Board Chair David Gavia, TMRS Executive Director		
9 — 10	Silver Linings in the Clouds Economist A. Gary Shilling	Throughout the seminar (9:10 am – 4:00 pm), The City Information Suite (Padre Island) will be open for estimates, plan change questions, etc.	
10 — 10:15	Break		
10:15 — 11:10	TMRS in 2011 (System / Legislative Update) David Gavia & Dan Wattles, TMRS		
11:10 — 12 pm	Membership TMRS Staff		
12 — 1	Lunch		
1 — 2	Beyond the Basics, Special Issues TMRS Staff		
2 — 2:15	Break		
2:15 — 3:15	Death, Divorce, and Taxes TMRS Staff		
3:15 — 3:30	Continuing Diversification Nancy Goerdel, TMRS, & Marcia Beard, RVK		
3:30 — 4:30	Break		
6 — 8:30	Dinner/Entertainment at the Bob Bullock Museum		
<b>Tuesday</b>			
7 — 9 am	Breakfast • Texas Foyer West		
8 — 8:30	Remarks by Rep. Vicki Truitt		
9 — 10	Retirement • TMRS Staff		
10 — 10:15	Break		
10:15 — 11:15	Common Sense About Public Pensions Economist Dean Baker, CEPR		

\* Topics in the Financial Track could change depending on the outcome of the 2011 Legislative Session.

# All Together Now

2011 Annual Training Seminar

August 14 –16

Hyatt Regency Austin • 208 Barton Springs Road • Austin, Texas

Call 512.477.1234 by **July 25** for room reservations or go to <https://resweb.passkey.com/go/htrs>

**PLEASE TYPE OR PRINT ALL INFORMATION • ONLY ONE REGISTRANT PER FORM • INFORMATION WILL BE USED ON YOUR NAME BADGE**

Name \_\_\_\_\_ Title \_\_\_\_\_

(Your Employer) City of \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_

Fax \_\_\_\_\_ E-mail \_\_\_\_\_

**Enclosed is my check or money order payable to TMRS for:**

**\$125** Please send in registration form with fee by 7/25/2011.  
Space is limited to the first 300 registrants.

Please check events you will attend — your registration fee includes one guest for the Sunday and Monday evening events.

- |   |                                      |                  |
|---|--------------------------------------|------------------|
| <input type="checkbox"/> Sunday evening reception                     | <input type="checkbox"/> Guest _____ | Guest Name _____ |
| <input type="checkbox"/> Monday breakfast and lunch (registrant only) |                                      |                  |
| <input type="checkbox"/> Monday dinner                                | <input type="checkbox"/> Guest _____ | Guest Name _____ |
| <input type="checkbox"/> Tuesday breakfast (registrant only)          |                                      |                  |

**Your registration fee must accompany this form.**

Make check or money order payable to TMRS. Sorry, we cannot accept credit cards.

**Sign Up Soon!**

Mail this form  
and payment to:

TMRS  
Annual Training Seminar  
ATTN: Finance Department  
P.O. Box 149153  
Austin TX 78714-9153

Please call Angela Deats  
at 800.924.8677 (ext. 1715)  
if you have any questions.

We look forward  
to seeing you in Austin!

