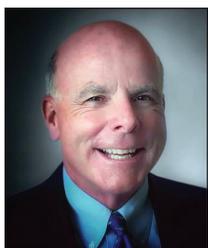


RETIREMENTWISE

TMRS[®] Providing Retirement Security for Texas Municipal Employees

From the Executive Director



Dear TMRS Retirees,

I am honored and excited to be TMRS' new Executive Director. While I am new to the Lone Star State, I am not new to the world of public employee retirement systems. After a private sector career as a lawyer and business executive, I was the

chief executive of three retirement systems in California.

My job at TMRS is considerably easier because of the strong foundation that the TMRS Board of Trustees and my predecessor, David Gavia, have established. TMRS has a great staff, is fiscally sound, and our investment program is designed to ensure the future security of our Members' and Retirees' benefits.

TMRS is well-positioned for the future. My goal is to build on TMRS' past successes and make the organization even better. In light of the limitations that the COVID-19 pandemic has imposed on us, with our headquarters closed to visitors and our travel limited, I hope you will contact me at dwescoe@tmrs.com with any questions or suggestions you may have.

Finally, on behalf of all TMRS employees, Members, and Retirees, I want to thank David Gavia for his outstanding service as Executive Director and, before that, as General Counsel. His TMRS tenure has improved the System's operations, fiscal strength and investment strategies. We are all indebted to him for his contributions to TMRS' success.

In the coming months, please stay safe, and contact us anytime if there is any way we can help you.

Sincerely,

David Wescoe
Executive Director

MyTMRS[®] Update

MyTMRS is a direct online portal to your TMRS information. If you're not using it yet, now's the time to sign up for your account!

Now You can Change Your Direct Deposit Account on MyTMRS!

Great news, Retirees! Updating your financial institution just got easier. To change your bank information online, log in to MyTMRS to indicate your direct deposit preference. It is important to keep your bank information updated to prevent payment delays.

Instant Access 24/7

You can do the following on MyTMRS:

- Download an income verification letter to apply for benefits or loans
- Print a copy of your tax form 1099-R
- Change your tax withholding instructions
- Change your direct deposit account
- Update your contact information (address, email, phone number)
- Depending on the retirement option you chose, you may be able to update your beneficiary designation online
- Change your communication preferences; i.e., choose to receive *RetirementWise* or your Retirement Account Statement by email only
- If you have service in more than one TMRS city, you can manage all of your TMRS accounts in one place

Create your account now at tmrs.com | MyTMRS Login | Create an Account. If you need assistance with MyTMRS or in creating your account, call us at 800-924-8677. ■



TMRS Retirement Analyst Retires

TMRS staff member and Retirement Team Analyst Karin Hicks retired in August after 28 years of service. Karin has functioned as a bedrock member of Member Services for the length of her career.

When asked what she wants to focus on in retirement, Karin said, “We plan on moving to Colorado so I can go hiking in the mountains, have peace, and enjoy my life.” Please join us in congratulating her on joining the ranks of the Retirees she’s done so much to help. Happy retirement, Karin!

TMRS 2019 Summary Annual Financial Report

Know Your Survivor Benefits

Check (and Inform) Your Beneficiary

Your beneficiary is the person or persons who, in the event of your death, will receive your account balance or, if you chose a survivor option, a retirement benefit. You can see your beneficiary choices on MyTMRS® or on your Retiree Account Statement. The current crisis makes it more important than ever to be aware of your beneficiary selection and for your beneficiary to know you have named them.

The TMRS Member Benefits Guide (see We're Here for You!, right) contains detailed information about the options that are available to beneficiaries on pages 27-30. TMRS strongly encourages your surviving beneficiary to contact us as soon as possible by calling the Phone Center at 800-924-8677. Upon receiving a death notification, we will advise the designated beneficiary in writing of the proper forms to submit in order to collect any benefit due. As a TMRS Retiree, your benefit payments will be issued in accordance with the benefit option you selected at retirement. Your retirement option is listed on your Retirement Account Statement, viewable on MyTMRS.

The Supplemental Death Benefit (SDB)

If the last city from which you retired provides the Supplemental Death Benefit (SDB) for Retirees, your SDB beneficiary will receive a one-time payment of \$7,500. To find out if your city offers the SDB, check My City Plan on the TMRS website (see Website Resources, right). **The city may choose to add or remove this benefit at any time.** NOTE: You may choose a different beneficiary for the SDB on MyTMRS than the beneficiary you chose for your retirement benefit. If you do not choose a different beneficiary, the SDB payment will go to the designated beneficiary on your TMRS retirement account. ■

We're Here for You!

To speak to a Member Services representative, call our **Phone Center** during business hours (Monday – Friday, 8 a.m. – 5 p.m.) at 800-924-8677.

The **TMRS Member Benefits Guide** explains all your benefits. A searchable PDF is at tmrs.com | Retirees | Resources | Benefits.

The **Retirement Account Statement** mailed to you in February contains information about your retirement annuity, withholding, COLA (if any), and beneficiary (view or print it from MyTMRS).

Website Resources

- MyTMRS gives you real-time access to your TMRS account (see details on page 1).
- The **TMRS & COVID-19 web page** (tmrs.com/COVID.php) shows the current status of TMRS' building, staff, and travel.
- **How Do I? for Retirees** (tmrs.com/how_do_I_retirees.php), covers topics such as changing beneficiaries, changing withholding, and reporting a death.
- **TMRS Town Square** (tmrs.com/town_square.php) provides online training and explains how to contact a member of the Travel Team.
- **My City Plan** (tmrs.com/my_city_plan.php) shows you the TMRS benefits the city you retired from offers.
- **Need Help?** page (tmrs.com/contact.php) allows you to email a question directly to Member Services. ■

TMRS® 2019 Summary Annual Financial Report

For the Year Ended December 31, 2019



The Texas Municipal Retirement System (TMRS, or, the System) prepares this report annually to provide you with an overview of how the System has performed financially in the past year. This report also describes the accomplishments TMRS made in 2019 to serve members, cities, and retirees.

Contact Us: 800.924.8677
Need Help? www.tmr.com/contact.php
www.tmr.com

TMRS in 2019

- By law, member accounts were credited 5% as of December 31, 2019. The overall one-year gross rate of return on the TMRS investment portfolio was 14.96%, and the Board of Trustees allocated approximately 15.42% to member municipalities based on their January 1, 2019 Benefit Accumulation Fund balances. After smoothing, the actuarial return is approximately 6.94%.
- As of December 31, 2019, TMRS as a whole was 88.0% funded, which represents an increase to the funded ratio from 87.1% at December 31, 2018.
- TMRS continued to evolve MyTMRS® and the City Portal to expand straight-through processing for members and cities. Most retirement estimates are now created by members utilizing these online self-service options. In addition, the Board approved the timeline and funding for the Pension Administration System Modernization Program (PASMod), which will upgrade online processing over the next few years.
- An actuarial experience study was completed and approved by the Board of Trustees for the four-year period ending December 31, 2018. As a result, a new set of actuarial assumptions was adopted as well as a new funding policy

that reduced the maximum amortization period from 25 years to 20 years for all new losses occurring after January 1, 2020 and benefit increases effective on or after January 1, 2021.

- SB 1337, authored by Senator Joan Huffman and sponsored by Representative Dan Flynn, passed on May 21, 2019. The legislation included nine administrative and operational changes to the TMRS Act, as recommended by the TMRS Board of Trustees. The statutory changes do not significantly affect benefits but will improve the administration and operations of TMRS.
- TMRS staff answered more than 95,000 member requests for assistance and processed 3,866 new retirements in 2019.
- At year-end 2019, TMRS administered plans for 888 member cities that included:

	2019	2018	2017
Active Member Accounts	114,384	111,851	110,208
Inactive Member Accounts	65,560	62,465	57,369
Retired Member Accounts	69,625	66,051	62,776

TMRS Board of Trustees (as of December 31, 2019)

The Governor appoints the six members of TMRS' Board of Trustees with the advice and consent of the Senate. Board members serve six-year terms and have fiduciary oversight of the System. The Board adopts investment and other policies; appoints the Executive Director; and selects financial, medical, legal, and other experts to perform important services for TMRS.

In January 2020, Governor Greg Abbott appointed Anali Alanis, Assistant City Manager of Pharr, Texas, to the Board of Trustees for a term ending February 1, 2021. She replaced Jim Jeffers, who retired from his position as City Manager of Nacogdoches. Governor Abbott also appointed Juan Diego "Johnny" Huizar, City Manager of Pleasanton, Texas, to the Board for a term ending February 1, 2023. Mr. Huizar replaced Jim Parrish, who retired as Deputy City Manager of Plano in 2019. TMRS extends deepest gratitude to Mr. Jeffers and Mr. Parrish for their service on the Board.

- Bill Philibert, 2019 Chair**
Director of Human Resources and Risk Management, Deer Park
- David Landis, 2019 Vice Chair**
City Manager, Perryton
- Jesús A. Garza**
City Manager, Victoria
- Jim Jeffers**
City Manager, Nacogdoches (retired)
- Julie Oakley, CPA**
City Manager, Lakeway
- Jim Parrish**
Deputy City Manager, Plano (retired)

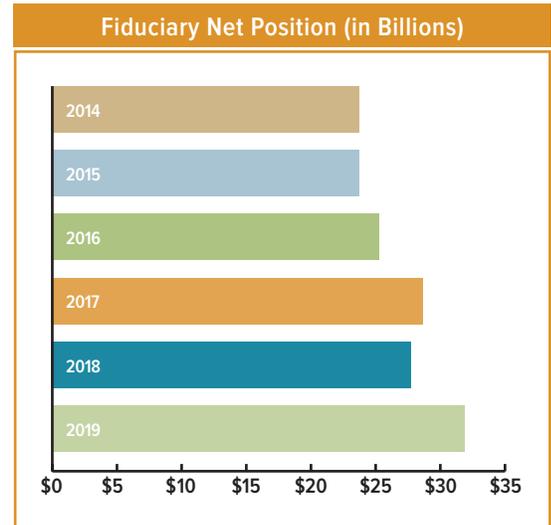
This Summary Annual Financial Report is dedicated to Executive Director David Gavia, who announced his pending retirement in 2020. The Board of Trustees extends its thanks and best wishes to Mr. Gavia. His dedication and leadership during his tenure from 2010 to 2020 have provided exemplary service to the cities and municipal employees of Texas.

Financial Information

The first summary statement (below) is a snapshot of what we hold (assets), what we owe (liabilities), and the resulting difference (net position) at years ended 2019, 2018, and 2017. Net position represents funds accumulated for the payment of future benefits.

Investments, stated at fair value, make up the largest portion of the net position restricted for pensions. The increase in investments from 2018 to 2019 is due to the market gains experienced in 2019, resulting in a 14.96% gross return for the year (gross return in 2018 was -2.11%).

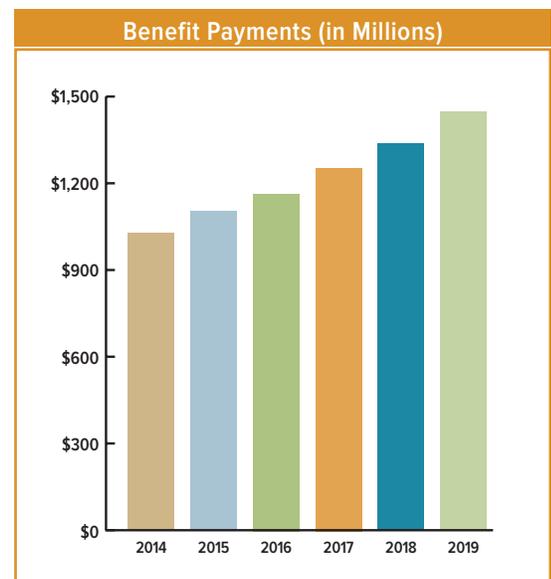
Summary Comparative Statements of Fiduciary Net Position			
As of December 31, 2019, 2018, and 2017			
	2019	2018	2017
ASSETS			
Investments, at fair value	\$ 31,871,201,335	\$ 27,973,620,811	\$ 28,921,028,586
Cash, receivables, and other	479,566,470	778,641,233	1,054,363,313
Capital assets, net	8,482,497	9,141,099	9,732,194
TOTAL ASSETS	32,359,250,302	28,761,403,143	29,985,124,093
LIABILITIES			
Payables and accrued liabilities	532,077,282	1,061,134,027	1,317,499,340
Funds held for Supplemental Death Benefits Fund	13,361,745	16,639,677	18,250,136
TOTAL LIABILITIES	545,439,027	1,077,773,704	1,335,749,476
NET POSITION RESTRICTED FOR PENSIONS	\$ 31,813,811,275	\$ 27,683,629,439	\$ 28,649,374,617



The second summary statement (below) reports activity for the year (changes in net position). Additions include member and employer contributions, and income earned from our investment portfolio. Investment income, which is presented net of investment expenses (i.e., after investment expenses have been deducted), is composed of interest, realized gains from the sale of securities, and net unrealized appreciation (depreciation) in the fair value of investment securities (or mark-to-market changes).

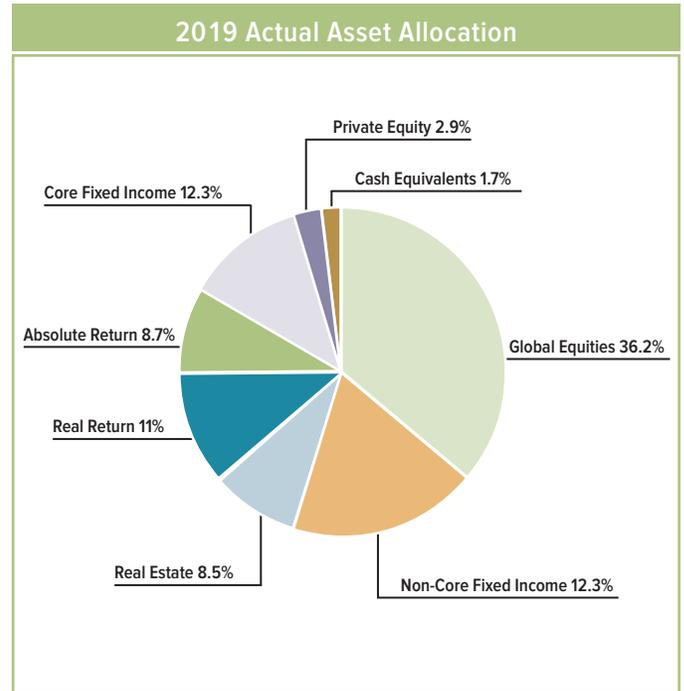
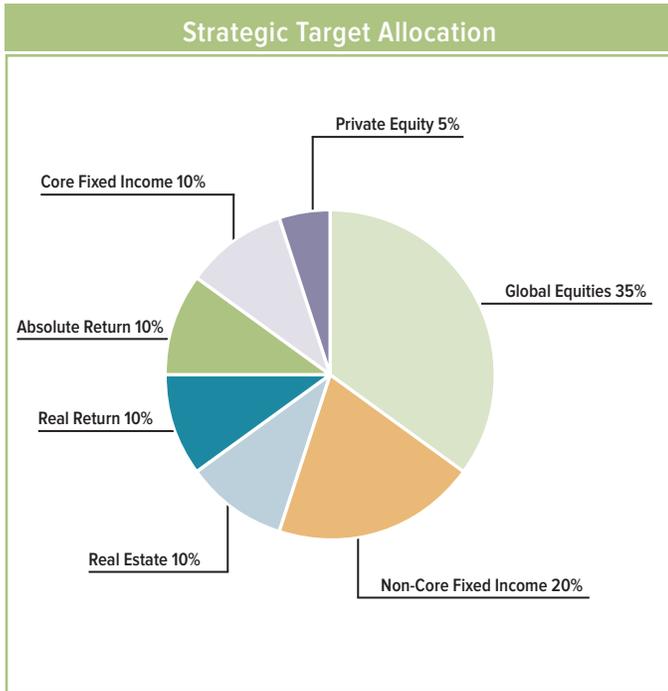
Net investment income over these three years was most significantly affected by the unrealized gains recognized in the global equities asset class. The total gross return on TMRS' investment portfolio was 14.96%, -2.11%, and 14.27% in 2019, 2018, and 2017, respectively. Deductions include payments to retirees, refunds of contributions to withdrawing members, and administrative expenses. The increase in benefit payments reflects a steady rise in the number of retirement accounts (from 62,776 in 2017 to 66,051 in 2018, and to 69,625 in 2019). Administrative expenses include the change in pension liability for TMRS as an employer participating in the System. Amounts recorded to expense total \$3,866,613, (\$2,217,760), and \$2,091,964 during 2019, 2018, and 2017, respectively.

Summary Comparative Statements of Changes in Fiduciary Net Position			
For the Years Ended December 31, 2019, 2018, and 2017			
	2019	2018	2017
ADDITIONS			
Contributions and other	\$ 1,383,877,209	\$ 1,309,358,274	\$ 1,248,937,991
Net investment income/(loss)	4,279,485,297	(858,122,961)	3,497,133,077
TOTAL ADDITIONS	5,663,362,506	451,235,313	4,746,071,068
DEDUCTIONS			
Benefit payments	1,445,552,376	1,335,253,721	1,251,406,534
Refunds of contributions	62,685,490	64,255,860	59,405,912
Administrative expenses	24,183,038	16,585,866	18,124,164
Allocation to Supplemental Death Benefits Fund	759,316	885,044	965,614
TOTAL DEDUCTIONS	1,533,180,670	1,416,980,491	1,329,902,224
CHANGE IN NET POSITION	4,130,181,836	(965,745,178)	3,416,168,844
NET POSITION			
BEGINNING OF YEAR	27,638,629,439	28,649,374,617	25,233,205,773
END OF YEAR	\$ 31,813,811,275	\$ 27,683,629,439	\$ 28,649,374,617



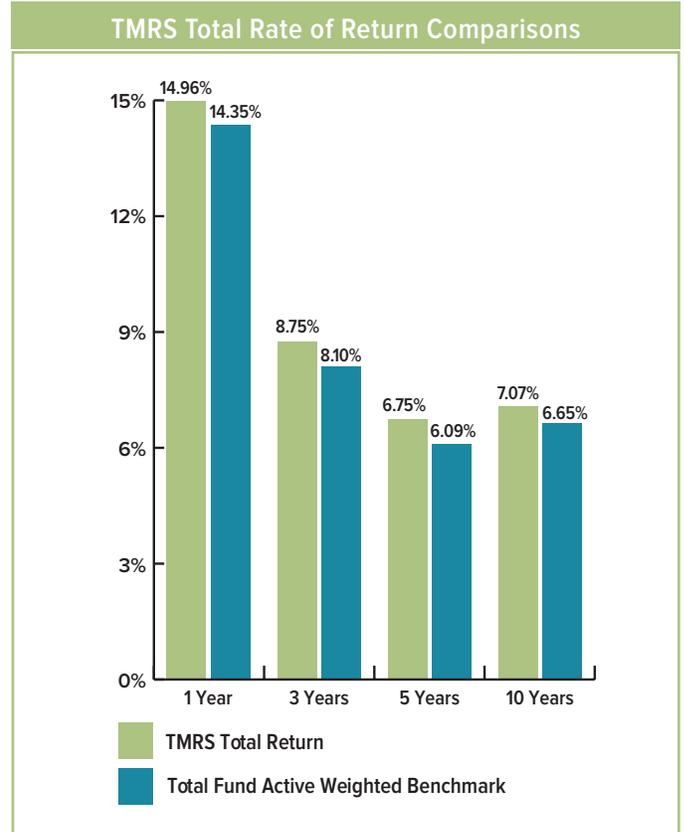
Investments

The Board of Trustees establishes investment policies and provides oversight to ensure that those policies are implemented. Twenty-four professionals on TMRS' staff oversee the System's investment portfolio and its management. The Board approves the Investment Policy Statement (IPS), which governs the investment and management of assets for TMRS and, as presented below, establishes target asset allocations with implementation over a multi-year period. At the end of 2019, all asset classes were within their target ranges. The IPS is available on the TMRS website.



The total gross return on TMRS' investment portfolio was 14.96% in 2019. The table at right compares TMRS' actual returns to the Total Fund Active Weighted Benchmark, which comprises all policy benchmarks associated with each asset class.

The Total Fund Active Weighted Benchmark is weighted by the average balance of all funds and comprises asset class composite benchmarks associated with each fund.

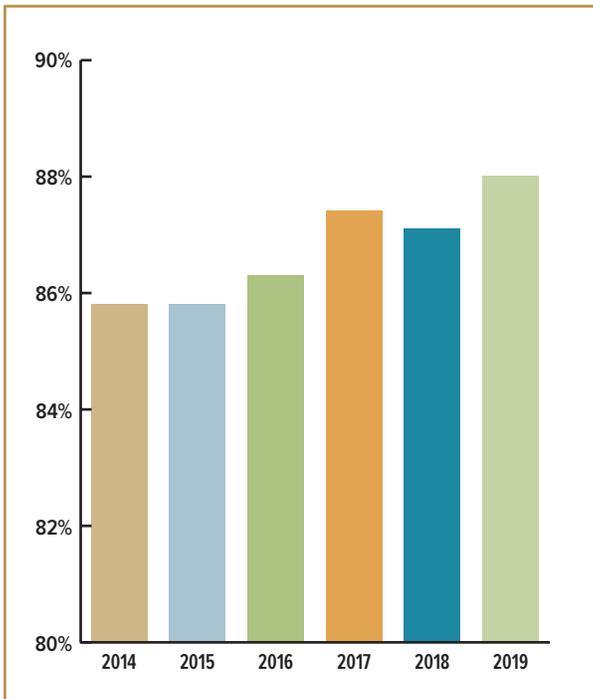


Reporting Standards

This Summary Annual Financial Report is derived from the *TMRS Comprehensive Annual Financial Report for the Year Ended December 31, 2019* (CAFR) but does not include all information necessary to be presented in conformity with generally accepted accounting principles (GAAP). The CAFR is prepared in accordance with GAAP and is subject to external audit. In contrast, this summary report provides information only for the TMRS Pension Trust Fund and is presented at a more condensed level. If you would like to download a PDF file of the CAFR, go to [www.tmr.com / Cities / Financial Reports](http://www.tmr.com/Cities/FinancialReports).

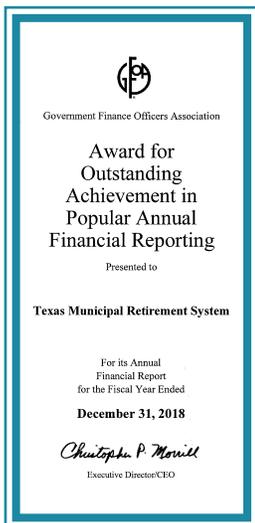
TMRS' Funded Status

Funded Ratio for the Past Six Years



- The most important factor that affects the soundness of a retirement program is the employer funding policy. Under TMRS law, all cities pay the actuarially determined employer contribution needed to fully fund benefits. The complete TMRS Funding Policy can be found on the TMRS website.
- One common measure of the soundness of a retirement plan is the plan's funded ratio, which is the ratio of actuarial assets to liabilities. Ratios above 80% are generally considered to be positive. As certified by the System's actuary, GRS Retirement Consulting, as of December 31, 2019, TMRS as a whole was 88.0% funded, an increase from 87.1% as of December 31, 2018.
- A key assumption that affects the long-term stability of a retirement plan is the future long-term annual rate of investment earnings. TMRS uses a 6.75% assumption. To reduce volatility that might arise from investment returns in any single year, actuaries use "smoothing techniques." A complete description of the asset smoothing method can be found in the TMRS Funding Policy. The System's smoothing policy and partial recognition of excess investment return resulted in an actuarial return of 6.94% for the year ended December 31, 2019.

Awards



The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to TMRS for its Summary Annual Financial Report for the fiscal year ended December 31, 2018.

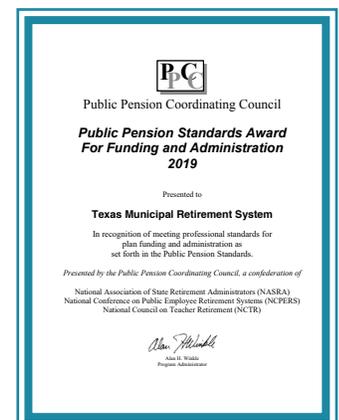
The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

TMRS also received the 2019 Public Pension Standards Award for Funding and Administration from the Public Pension Coordinating Council (PPCC)

in recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.



Mission Statement • Providing secure, reliable retirement benefits
Vision Statement • To be the model for empowering retirement
Core Values • Accountability, Excellence, Integrity, Respect, Teamwork

Summer 2020 Board Appointments

On July 16, Governor Greg Abbott made two appointments to the TMRS Board of Trustees. He reappointed Bill Philibert, the Board's current Chair, and appointed Robert "Bob" Scott to replace outgoing Trustee Julie Oakley. Both Mr. Philibert and Mr. Scott were appointed for terms set to expire February 1, 2025.

Mr. Philibert is the Director of Human Resources and Risk Management for the City of Deer Park. He has been a member of the TMRS Board of Trustees since 2013 and is the current Chair. Mr. Scott is Assistant City Manager and Chief Financial Officer for the City of Carrollton and served on the Board's Advisory Committee on Benefit Design. For more information on their appointments, see the TMRS press release at tmrs.com/TMRS_highlights_tmrs_news.php. ■



TMRS Thanks Julie Oakley

TMRS is grateful to Julie Oakley, City Manager of Lakeway, for her 10 years of dedicated service on the Board of Trustees. She served during a time of important System changes, including diversification of TMRS' investments, implementation of a generational mortality table, and establishment of a new strategic planning process. She offered valuable insight and guidance on financial matters, including pension reporting changes under the Governmental Accounting Standards Board (GASB), and served as Chair of the Board's Budget and Compensation Committees. She was Board Chair in 2013 and 2015 and Vice Chair in 2012 and 2014. Thank you, Julie, for all your contributions to TMRS. We will miss you! ■

Board of Trustees

The Board of Trustees is composed of six Governor-appointed members serving staggered six-year terms. Trustees are all TMRS members, serving their cities as well as volunteering their time and expertise to guide the System. See tmrs.com | About | Board of Trustees for the list of Trustees, meetings, agendas, minutes, and presentations to the Board. ■

If you marry and want to change your retirement option, call TMRS

Choosing a different retirement payment option for your annuity (option reselection) is available only in certain circumstances related to changes in your marital status or spouse. This change can only be made once, and the proper paperwork must be filed with TMRS before the first anniversary of the date of your post-retirement marriage. Option reselection cannot be made in MyTMRS. See more details in the Spring 2019 issue of *RetirementWise* (page 10), at tmrs.com | Retirees | Resources | Newsletter Archive. ■

2020 Tax Information

1099-R Forms • You'll need IRS Form 1099-R when you file your income taxes. TMRS mails 1099-R forms each year before January 31. You may also view and print your Form 1099-R through MyTMRS®.

Withholding • You may change your tax withholding instructions at any time, and any election you make remains effective until you revoke it. You may change or revoke your tax withholding elections online through your account on MyTMRS or by filing a new IRS Form W-4P (available on the TMRS website) with TMRS. **If you file a Form W-4P, it must be submitted to TMRS, not the IRS.** If you do not provide TMRS with specific tax withholding instructions, the IRS requires us to withhold income tax as if you were a married taxpayer claiming three exemptions.

HELPS Insurance Premium Deductions • If you are an eligible retired public safety officer and you have filed the "Application for Insurance Premium Deductions" (TMRS-HLPS) form to have TMRS deduct and pay health or long-term care insurance premiums from your TMRS annuity, you will receive a letter from TMRS in January 2021 stating the amount TMRS paid in 2020 toward your insurance premium payments. ■

RETIREMENTWISE

Texas Municipal Retirement System

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Fax
512-476-5576

Website
www.tmr.com

Need Help?
www.tmr.com/contact.php

Follow us on Social Media



RETIREE REMINDERS

Keep your contact information updated

If you need to change your address, update your contact information on MyTMRS. Be sure your email address is correct as well. You can also call 800-924-8677 and make your changes over the phone or complete a TMRS-CHNG (Address or Name Change) form and fax or mail it to TMRS.

If you return to work for your city, your benefit may be suspended!

The TMRS Act has specific restrictions on returning to work for the last TMRS city you worked for when you retired your account. For details and FAQs, see *RetirementWise* Fall 2018 issue (page 11) at tmr.com | Retirees | Resources | Newsletter Archive. Also view the Returning to Work After Retirement video at tmr.com | Video Training Library. ■

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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, the TMRS logo, TMRS Direct, and the TMRS Direct logo are trademarks of the Texas Municipal Retirement System.

