

RetirementWise

Texas Municipal Retirement System • Providing Retirement Security for Texas Municipal Employees

A Tour of Texas —

New Look for the TMRS Website

Plus, Legislative
and Investment Updates



Can you identify these TMRS city views? See page 3.

Direct Deposit Calendar Inside

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The TMRS Act provides that the administration of TMRS® is entrusted to a six-member Board of Trustees, appointed by the Governor with the advice and consent of the Senate. If you wish to contact the Board, forward comments to ExecOffice@TMRS.com.

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This magazine 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. For information about your own individual situation, please contact TMRS at 800.924.8677.

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RetirementWise is dedicated to the needs of our retirees. If you have questions, suggestions, or ideas for stories, please write the Communications Department at TMRS, or send a fax to the editor at 512.225.3781 or an e-mail to communications@TMRS.com.

Calendar

January

- 21 Holiday (Martin Luther King Jr. Day)
- 30 Annuity checks mailed
- 31 Direct deposit of annuity payments

February

- 18 Holiday (President's Day)
- 21-22 TMRS Board of Trustees Meeting – Austin
- 27 Annuity checks mailed
- 28 Direct deposit of annuity payments

March

- 21-22 TMRS Board of Trustees Meeting – Austin
- 28 Annuity checks mailed
- 29 Direct deposit of annuity payments
- 29 Holiday (Good Friday)

April

- 29 Annuity checks mailed
- 30 Direct deposit of annuity payments

May

- 9-10 Joint TMRS Board of Trustees and Advisory Committee Meeting – Austin
- 27 Holiday (Memorial Day)
- 30 Annuity checks mailed
- 31 Direct deposit of annuity payments

June

- 19-20 TMRS Board of Trustees Meeting – Austin
- 27 Annuity checks mailed
- 28 Direct deposit of annuity payments

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How to Contact TMRS

Toll-free • 800.924.8677

Local (in Austin) • 512.476.7577

Website • www.TMRS.com

E-mail • phonecenter@TMRS.com

Fax • 512.476.5576



From the Executive Director

Dear TMRS Retiree,

A new Texas legislative session begins this month. For the 83rd Regular Session, the TMRS Board has decided not to pursue any legislation to change the way TMRS operates (see story, page 5). In 2012, the Advisory Committee studied a number of issues and recommended no legislative changes.

For the 2013 session, TMRS will miss a great supporter of our System, Representative Vicki Truitt, the former Chair of the Pensions, Investments, and Financial Services Committee (PIFS). Appointed as Chair of PIFS in 2007, Representative Truitt 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.

In this issue of *RetirementWise*, you will find a story about TMRS' new website, which includes a "Tour of Texas" cities and also gives you information about your retirement with TMRS. Also in this issue are stories about TMRS' investments, new features in MyTMRS, your upcoming Retiree Account Statement, and 2012 tax year reminders.

You may be aware of recent newspaper articles and studies, including a report released by the Texas Comptroller's Office, analyzing the soundness of Texas' public retirement systems. I want to assure you that TMRS is not experiencing the issues a few other systems are facing. In fact, the report cited TMRS as one of only three large Texas public pension plans to meet certain financial stability benchmarks (see "TMRS Facts," page 5).

I hope you and your loved ones have a wonderful 2013. If you have any questions about your retirement, just call us. We are here for you.

Sincerely,

David Gavia
Executive Director

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All photos courtesy of the Texas Department of Transportation (TxDOT).

Direct Deposit Calendar IN THIS ISSUE!

The perforated card at right is your removable copy of the direct deposit dates for calendar year 2013. Please keep this card for your reference. We also post a PDF version of this card on our website at https://www.tmr.org/benefit_payment_dates.php.



Tour of Texas

New Website Design Lets You Take it With You

You no longer have to log on to your desktop computer to use the TMRS website. Our website redesign is now mobile. You can easily view the TMRS information you need on a variety of devices, including PCs, laptops, smart phones, tablets, and iPads. In addition to portability, the site has a crisp look and feel. A new feature, *TMRS City Views*, gives you a virtual tour.

The sections for retirees are grouped a little differently than on the old website, but all the information is still available on the new site. The retiree information is included under the orange “Member Services” tab. Here you will find FAQs, benefit payment dates, a link to MyTMRS, and “How Do I” tutorials. When you click on the “How Do I” link, you’ll see the information for retirees grouped in its own section (see image on back cover).

We hope you enjoy the upgrade! If you have any questions or suggestions about our new website, please call 800.924.8677 or send a note to communications@tmrs.com. ■

Available on MyTMRS

Under the “MyTMRS Home” tab, you’ll find details under “MyTMRS•Payee” about your:

- City (last employing city)
- Address
- Monthly payment method
- Year-to-Date payment information (taxable payments and withholding)
- Monthly payment information (gross and taxable amounts)
- Beneficiaries

Under the “Documents” tab, you’ll see:

- Statements
- Tax Documents (1099-Rs)

Communication Is Key

this Legislative Session

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 this session, other legislation could be filed that affects 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 program funding 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 about these issues has value, but there have also been many generalizations made and incomplete information given that portray all public retirement systems as the same, and in crisis. TMRS does not fall under this generalization.

Because there will be many new members in the 83rd Legislature, 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.** ■

TMRS Facts

In a report issued in December by the Texas Comptroller's Office, TMRS was one of three public pension plans that met all three of the Comptroller's "financial stability benchmarks."

These benchmarks were:

- A funded ratio above 80 percent
- An amortization period of 30 years or less, the current standard of the Governmental Accounting Standards Board (GASB)
- An employer and employee contribution of at least 100 percent of the annual required contribution (ARC), the current GASB standard

Here are a few more facts about your retirement system:

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

TMRS plan features are good for both you and the city from which you retired:

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

The System's investment performance and funded ratio are healthy:

- TMRS' funded status was 85.1% as of 12/31/11
- TMRS administers \$18.5 billion in assets, as of 12/31/11
- The gross 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%

In early February, you will receive your Retirement Account Statement reflecting your annuity amount for the coming year. This statement will give you an overview of your retirement account as of the month of January 2013. If you do not receive your statement by the middle of February, let TMRS know by calling our toll-free number at 800.924.8677.

Your Retirement Account Statement shows your total gross monthly payment, the amount of your COLA (if any), your federal income tax withholding, and your total net monthly payment in effect for calendar year 2013. **Your 1099-R form will continue to be mailed separately, and it will be mailed to you before the end of January.** You may also view and print your statement and 1099-R form on MyTMRS.

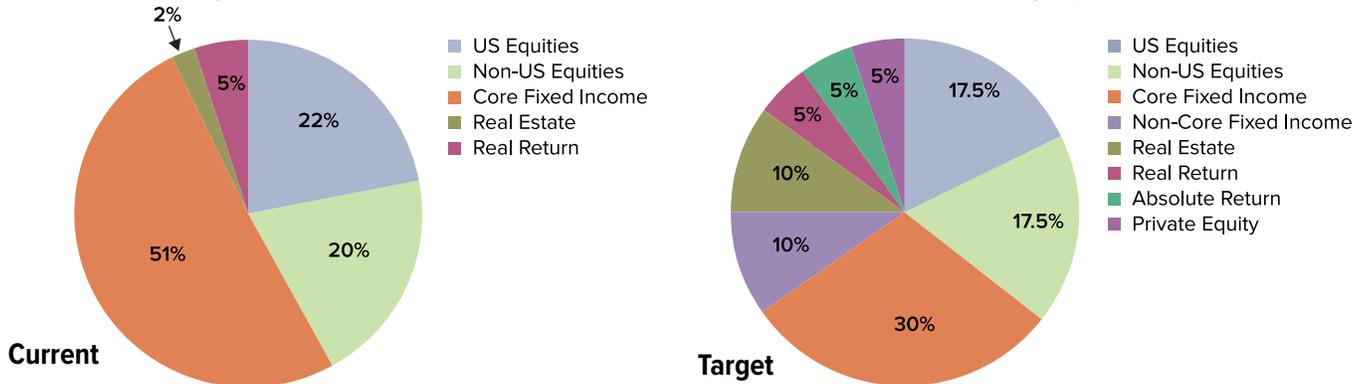
COLA Information Included

Each TMRS city decides whether to offer cost-of-living adjustments (COLAs), also called Annuity Increases, to retirees. In past years, if your city provided a COLA, TMRS sent a letter notifying you of the amount of your COLA if it was more than \$10. Now you can find this information on your Retirement Account Statement instead of a separate notification letter. ■

Investment Diversification Continues...

In 2011 and 2012, TMRS continued its portfolio diversification with allocations to the 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, continues to be TMRS' goal.

Current and Target Asset Diversification as of 9/30/12 (rounded to whole percentages)



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

2012 Tax Information

Your TMRS monthly benefit is subject to federal income tax. Information about your annuity is reported to the IRS on the 1099-R form, which you will need to file your income taxes. TMRS will mail 1099-R forms for 2012 before January 31, 2013. 1099-R forms are now available for viewing and printing through MyTMRS.

Changing Your Withholding Election

Please review your current tax withholding election to ensure it meets your tax planning goals. If you do not have enough withheld from your annuity, you may owe additional taxes and be subject to penalties. Your current withholding election and withholding amount are available through MyTMRS, or you may contact TMRS at 800.924.8677 to get that information.

You may change your withholding (which will change the net amount of your annuity payment) by filling out a new W-4P form (Withholding Certificate for Pension or Annuity Payments). This IRS form may be downloaded from our website Forms page, or you can get it from www.irs.gov/pub/irs-pdf/fw4p.pdf. Mail the completed form to TMRS at P.O. Box 149153, Austin TX 78714-9153 or fax it to 512.476.5576. You may change your withholding at any time of the year and may elect out of withholding if you so choose.

IMPORTANT: If you do not provide TMRS with specific withholding instructions, the IRS requires us to withhold as if you were married and claiming three exemptions. This may or may not cover your tax liability, so be sure you file a W-4P with us.

HELPS Reminder

If you are an eligible retired or disabled public safety officer, you may file the "Application for Insurance Premium Deductions" (TMRS-HLPS) form to have TMRS deduct and pay accident, health, or long-term care insurance premiums from your TMRS annuity. Eligible officers may exclude up to \$3,000 from their taxable income for premium payments made from TMRS to pay these insurance providers.

If you were enrolled in this program during 2012, you will receive a letter from TMRS in January 2013 that confirms your 2012 insurance premium payments. In accordance with IRS instructions, the exclusion from income is **not** reflected in box 2a of the retiree's 2012 Form 1099-R. More information about this exclusion and how to report it may be found in the instructions to the 2012 Form 1040, 1040A, or IRS Publication 575 Pension and Annuity Income, which can be viewed or downloaded from the IRS website, www.irs.gov. ■

To Your Health — Nutrition Notes

Eating well is a lifetime goal. Choosing wholesome options helps you prevent health problems, stay vigorous, and maintain a positive outlook. Here are some tips to help you get the nutrients you need:

Fruits and Vegetables – Try to consume a rich variety of different colors of fruits and vegetables daily (shoot for 2 servings each). Fresh is best, but if you go for dried or canned, watch for added sugar and sodium. Nature's bounty gives you fiber, antioxidants, and vitamins.

Calcium – To keep bones strong, older adults need 1,200 mg of calcium a day through dairy (milk, yogurt, cheese) or non-dairy (tofu, broccoli, almonds) sources.

Grains – Carbs (6-7 ounces daily) are important, but choose whole grains over processed white flour for less gluten, more nutrients, and more fiber.

Protein – You need a half a gram of protein daily for each pound you weigh (e.g., a 160-pound woman will need around 80 grams of protein a day). Opt for lean meats, chicken, eggs, and fish (tuna is easy); vegetarian options include beans, lentils, seeds, nuts, and soybean products.

Healthy Eating Resources

Nutrition.gov (a service of the U.S. National Library of Medicine, National Institutes of Health)
<http://www.nutrition.gov/life-stages/seniors>

Helppguide.org (nonprofit resource in collaboration with the Harvard Medical School)
http://www.helppguide.org/life/senior_nutrition.htm

National Nutrition Center on Nutrition, Physical Activity, and Aging (nonprofit resource in collaboration with Florida International University)
<http://nutritionandaging.fiu.edu>

Check out the new TMRS website at
www.tmr.com!
("How Do I?" page shown below)

How Do I?

For Members

1. Check my account information?
2. Change my name?
3. Change my address?
4. Change my beneficiary?
5. Get credit for previous public service?
6. Get credit for military service?
7. Get credit for military service under USERRA?
8. Get a refund?
9. Request a retirement estimate?
10. Apply for service retirement?
11. Apply for disability retirement?
12. Get help if I am divorcing?

For Retirees

1. Check my account information?
2. Change my name?
3. Change my address?
4. Set up direct deposit?
5. Change my direct deposit account?
6. Change my beneficiary?
7. Change my withholding information?
8. Report a death?
9. Set up insurance payee under HELPS?
10. Claim HELPS tax deduction?

For Cities

1. Enroll a new member?
2. Process the city payroll?
3. Prepare W2 forms?
4. Assist members with a beneficiary change?

