From the Executive Director

Dear TMRS Retiree,

It seems like we blink and another year is gone. Here’s hoping you have a healthy and prosperous 2016!

The latter half of 2015 saw TMRS improving many aspects of our retirement system – in customer service, actuarial funding, and in online access. Nationwide, the debate over how to provide a secure retirement for American employees continues at all levels of government. We are pleased that our System continues to be sound and that our cash balance plan design is a model that others are studying. TMRS is proud to provide a secure retirement for you and your fellow retirees.

In this Winter 2015-16 issue of RetirementWise, we welcome in the new year with stories about keeping yourself healthy, both physically and financially. We also present legislative (page 6) and investment summaries (page 5), a description of new MyTMRS® features (page 2), tax information (page 4), and a reminder about your account statement. In this issue we also include a pull-out card showing your direct deposit dates for the new year.

As always, if you have any questions about your TMRS retirement, call us any time during regular business hours, check our website at www.tmrs.com, or check your personal account information on MyTMRS. If you haven’t registered for MyTMRS, now’s the time to do so.

Sincerely,

David Gavia
Executive Director
MyTMRS Expands Features

If you are not currently using MyTMRS to access your retirement account online, you should consider signing up as soon as possible. To use MyTMRS, you must first register for an account. Go to www.tmr.com and click on MyTMRS to register.

TMRS continues to expand the capabilities of our online, self-service application. On MyTMRS, retirees can view their account transactions, review beneficiary designations, check on annuity payments (including year-to-date totals), and review or print 1099-R’s and annual statements. Under the payment summary tab, you can see details about withholding, print an annuity verification letter, see information about the retirement option you chose, and whether your city offers a supplemental death benefit.

Earlier this year, we added the ability to change your contact information — address, phone number, and email address — online. You no longer need to send in a hard copy form to change this information! Remember to always keep your mailing address up-to-date; MyTMRS gives you the quickest way to do that.

Keep Your Email Address Current

When you sign up for MyTMRS, it’s best to use a “persistent” email address (a non-work email address such as a yahoo or gmail account). A persistent email is one you plan to have for a long time. Keeping the same email address means you will not miss out on future communications from TMRS as we expand our electronic communications with members. Also, if you change jobs, we can stay in touch, and you can continue to check your account information on MyTMRS. If you have questions about MyTMRS or problems logging in, call our phone center during normal business hours (800-924-8677) or send a note to MyTMRS-Help@tmrs.com.

Security is Paramount

TMRS is very careful to protect your privacy. Registration on MyTMRS requires account-protection steps and challenge questions. In other TMRS transactions, instead of using your Social Security number, we use a Member ID number to identify your account. Just as you protect your SSN by not carrying your card, you should follow the same security measures by never sending us your SSN or other private information via email. All portions of our website that require you to enter personal information are encrypted, which means no one besides TMRS can see the data you enter.

Texas Municipal Retirement System

2016 Board of Trustees

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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.
2015 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 2015 before January 31, 2016. Also, you may view and print your 1099-R form through MyTMRS.

If you wish to change the amount withheld from your annuity, 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’s Forms page, or from the IRS website, www.irs.gov. 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 in most cases may elect out of withholding if you wish.

NEW! Starting in the first quarter of 2016, you will be able to change your withholding on MyTMRS!

Remember, the W-4P form needs to be sent to TMRS, not the IRS. 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.

If you are a retired public safety officer eligible for HELPS 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 2016 stating your 2015 insurance premium payments. In accordance with IRS instructions, the exclusion from income is not reflected in box 2a of the retiree’s 2015 Form 1099-R. More information about this exclusion and how to report it can be found in the instructions to the 2015 Form 1040, 1040A, or IRS Publication 575 Pension and Annuity Income, which can be viewed or downloaded from the IRS website. (For more information about HELPS, see story below.)

In this issue – Your Direct Deposit Calendar for 2016
Keep this card handy to quickly see the exact dates for your annuity payment deposits.

HELPS Reminder

Created under a federal law, Healthcare Enhancement for Local Public Safety (HELPS) allows retired or permanently disabled public safety officers (PSOs) to designate funds to be deducted from their TMRS benefit payment to pay for health or long-term care insurance premiums. The health insurance or long-term care insurance can include coverage for the retiree, spouse, and dependents. Under HELPS, TMRS sends insurance premium payments directly to an insurance provider as instructed by the retiree.

To enroll, amend, or cancel insurance deductions, retirees must submit the TMRS-HLPS form, available on the TMRS website. For the first time you apply for HELPS, you will need to have the city from which you retired certify on the bottom of the form that you are eligible to participate in the HELPS program. If you need to make future amendments to the amount of the deduction, or if you wish to cancel, you will need to submit a new TMRS-HLPS form, but these changes do NOT require recertification by the city. All forms must be received by TMRS the month before the change is to be effective.

In the Winter 2014-15 issue of RetirementWise, we included a detailed Q&A on how to take advantage of the HELPS deduction if you qualify. We have created a flyer from that story, and it is available on the TMRS website under the FAQs for Retirees page. If you have any other questions, please contact TMRS at 800.924.8677.
2015 Investment Overview

The guiding principles of the Investment Policy Statement adopted by the TMRS Board of Trustees ensure that we make prudent and safe investments while trying to realize the best returns. Our strategy is designed to provide members, retirees, and beneficiaries the benefits they have been promised by their employers at a reasonable and predictable cost to the employing cities. Assets are invested with a total return posture, given appropriate consideration for portfolio volatility (risk) and liquidity. Total return includes dividends, interest, and realized and unrealized capital appreciation.

Diversification Progress

TMRS began its asset diversification in 2007 and has continued to make adjustments to the target asset allocation. In the past two years, under the guidance of the TMRS Board, the TMRS Investment department has implemented new asset classes. In addition to Fixed Income, U.S. and non-U.S. Equities, Real Estate, and Real Return, TMRS added the Absolute Return asset class in 2014 and the Private Equity asset class in 2015.

Long-Term View

When you read or hear about investment market fluctuations, keep in mind that TMRS is a long-term investor. Even when markets are down, member account balances cannot be reduced and the annuity you receive as a retiree is guaranteed for life.

Investment return summaries and updates to TMRS’ Investment Policy are posted online after TMRS Board meetings.

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**TMRS Changes Its Long-term Investment Return Assumption**

The primary financial objective of TMRS is to pre-fund the long-term costs of promised benefits to plan members and beneficiaries at an approximate level percent of payroll from year to year. The Actuarial Funding Policy, on the TMRS website, describes in detail the funding mechanism for this objective.

For many years, TMRS’ long-term rate of return assumption was 7.00% (a 3.00% inflation rate, plus 4.00% real return). In light of continuing low inflation and the investment outlook for the new target asset allocation adopted in July 2015, TMRS’ consulting actuary recommended the 7% assumption be lowered to 6.75% (2.5% annual inflation plus 4.25% annual real rate of return). In July, the TMRS Board of Trustees approved the annual investment return assumption of 6.75%. This change does not affect your benefit or the annual credit to member accounts.

**Note about COLAS**

Depending on the plan options in the city from which you retired, you may not see a COLA for 2015. Inflation has been low enough in 2014-2015 that COLA amounts, if any, will be low. If you receive a COLA, it will be noted on your Retirement Account Statement, which you will receive in early February.
Financial Abuse is a Real Problem

The New York Times recently published a story about growing criminal theft schemes perpetrated on older Americans (“Financial Abuse of the Elderly: Sometimes Unnoticed, Always Predatory,” November 27, 2015, by Elizabeth Olson). The story describes how well-meaning seniors are being scammed or bilked out of their savings by predatory people they think of as friends, trusted family members, lawyers, and financial advisers. Sometimes the elderly fall victim to internet schemes, telephone scams, and identity theft. Here’s a common scenario: a stranger befriends the victim, whether on the web or in person, gains the victim’s trust, then invents a “crisis” for which they request financial assistance. Often, benevolent or naïve victims of the scam drain their savings to help the scammer.

Growing numbers of retirees are susceptible to this kind of exploitation – according to the Times’ story, as many as 1 in 20 older adults say they have been “financially mistreated in the recent past.” Sometimes these situations are swept under the rug because they occur between family members, but increasingly, seniors are reporting the problem and seeking legal recourse.

Warning signs that someone has become a victim of financial abuse include not being able to cover normal expenses; paying for excessive, unexpected gifts to others; and signing over power of attorney or transferring property to unrelated individuals.

For More Information

For details about protecting the savings of the elderly and helping them avoid being exploited financially, these three booklets are worth reading:


Legislative Update

The 84th Legislative Session ended on June 1, 2015. During the session, no TMRS-related legislation passed, and therefore no changes were made to the law that governs TMRS. The 85th Legislative Session will convene the first Tuesday in January 2017.

In the legislative interim during 2016, the TMRS Board will be working with its advisors to discuss any potential legislative changes that might affect the System.

This past November, the Lieutenant Governor and the Speaker of the House of Representatives presented their interim charges to the Senate and House standing committees. In both the Senate and the House, there are no charges specific to TMRS. However, the Senate State Affairs Committee will be reviewing the legislative changes made to the Employees Retirement System and Teacher Retirement System of Texas the past two sessions and will also review state debt and state pension liabilities. The House Pensions Committee will study pension issues that relate to investment goals, rates of return, actuarial soundness, one-time funding methods, and the impact of accounting standards under GASB 67 and 68 on the state’s pension systems.

If you have any questions, contact Dan Wattles, Director of Governmental Relations, at dwattles@tmrs.com.
To Your Health
Show your Kidneys some Love

Kidneys are vital to keeping your entire system operating efficiently. Their main job is to clean your blood, ensuring that waste products exit your body via urine. Since people can function somewhat normally with only 20% of kidney function, most people take them for granted until they have problems.

Here are 10 tips to keep your kidneys happy:

1. **If you need to go to the restroom, don't put it off.** The habit of holding back urine could damage your bladder and kidneys.
2. **Drink plenty of water.** When you are dehydrated, your blood will be concentrated and the blood flow to the kidneys is not adequate; therefore the function of eliminating toxins is impaired.
3. **Cut back on salt.** Most of the sodium you consume is metabolized by the kidneys. Exceeding the salt intake makes the kidneys work harder and can lead to decreased kidney function.
4. **Treat infections quickly.** Common infections, such as the common cold can trigger or aggravate kidney damage. After you have an infection, if you experience symptoms like blood in the urine, swelling, headache, nausea, vomiting, fatigue, or poor appetite, consult your doctor immediately to assess your kidney functions.
5. **Cut back on red meat.** Eating too much meat and protein can increase the metabolic load of the kidney.
6. **Eat well, and eat enough.** Not eating enough is as dangerous as eating too much, both can damage your digestive organs.
7. **Police your painkillers.** The long-term use of analgesics and NSAIDs (naproxen and ibuprofen) may reduce the flow of blood and greatly affect kidney function.
8. **If you have hypertension or diabetes, take your drugs.** These diseases can accelerate kidney damage, so if you are diagnosed as having them, using your medication will help control your condition while also preserving your kidneys.
9. **Watch alcohol intake.** Drinking too much alcohol may cause deposits of uric acid, increasing the risk of kidney failure.
10. **Get plenty of rest.** A good balance between work and rest helps relieve stress and hypertension. Insomnia contributes to high blood pressure, which harms the kidneys.

Sometimes kidney problems can go undetected. Be sure to have a kidney function test from time to time to assess how healthy your kidneys are. If you start to have a sore waistline or lower back, swelling of the feet, changes in urine color or volume, increase in night urination, pallor, or high blood pressure, see your doctor immediately. ▲

Same-sex Spouses and TMRS Benefits — Update

As noted in the Summer 2015 RetirementWise, on June 26, 2015 in the Obergefell case, the U.S. Supreme Court gave same-sex couples the same marriage rights afforded to opposite-sex couples. Following the Court’s decision, TMRS updated our internal processes to recognize the spousal relationship of TMRS members in same-sex marriages. Generally, under the TMRS Act, a retiree who marries after retirement and who had selected a “retiree life only” or a “guaranteed term” annuity at retirement may be able to replace the annuity with a joint and survivor annuity option that names the new spouse as beneficiary, if the retiree files appropriate reselection forms with TMRS before the first anniversary of the date of such marriage. Since Texas law did not recognize same-sex marriages prior to the Court’s decision, for purposes of this TMRS Act provision, TMRS will treat June 26, 2015 as the “date of marriage” for a retiree who entered into a same-sex marriage after retirement but before June 26, 2015; the filing deadline for such retirees who otherwise are eligible to make a reselection will be June 25, 2016. For further information, contact TMRS at 800.924.8677. ▲
Retirement Account Statements

Early in 2016, TMRS will mail a Retirement Account Statement to all annuitants. Your statement should arrive in early February. If you move or need to update your address before then, you can change your address on file with TMRS by using MyTMRS or by calling 800-924-8677. Your Retirement Account Statement will also be available to view or print on MyTMRS. Note: If your city provides a COLA for retirees, the COLA amount will be noted on your Retirement Account Statement.

Calendar

January
18   Holiday (Martin Luther King, Jr. Day)

February
15   Holiday (Presidents Day)
18-19  TMRS Board of Trustees Meeting – Austin

March
23-24  TMRS Board of Trustees Meeting – Austin
25   Holiday (Good Friday)

May
19-20  TMRS Board of Trustees Meeting – Austin
30   Holiday (Memorial Day)

June
23-24  TMRS Board of Trustees Meeting – Austin