Direct Deposit Decal Inside!

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

Save Money!

Direct Deposit Is Your Friend
Estate Planning
Money-saving Tips
Seminars Planned For Retirees
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.

We Want to Serve You Better!

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.
Dear Friend,

We at TMRS® always want to do our best to keep you informed about your TMRS benefits. This issue of RetirementWise reflects a new direction and format. We hope you enjoy it.

TMRS is committed to our retirees. In addition to improving the content and appearance of our publications, we are also planning our first Retiree Seminars in 2006. A story on page 15 explains our goals and asks for your feedback — please let us know what you would like to see in a local program. We hope you will be able to attend one of these events.

As always, the Board of Trustees and staff remain dedicated to TMRS’ overall mission — to provide retirement security to municipal employees across the State of Texas.

The holidays are fast approaching. We here at TMRS wish you, your families, and your friends a healthy and peaceful holiday season and a happy, prosperous New Year.

Sincerely,

Gary W. Anderson
Executive Director

How to Contact TMRS

Location • 1200 North Interstate 35 • Austin, TX 78701
Mailing Address • P.O. Box 149153 • Austin, TX 78714-9153
Toll-free • 800.924.8677
Local (in Austin) • 512.476.7577
Website • www.TMRS.com
E-mail • phonecenter@TMRS.com
When you use the Web as a research tool, you can gather a great deal of data and sort it in a few keystrokes. Performing a Web search on any term that interests you (such as typing “money-saving tips” in the search line of a lookup program such as www.google.com, www.altavista.com, or www.askjeeves.com) will yield a collection of places to browse.

Everyone grapples with finances at times, and many of us are looking for ways to stretch a dollar farther. Here is a list of some Websites that may help you pinch pennies.

www.valueyourmoney.org — The Texas Society of Certified Public Accountants posts a wide variety of personal financial advice. The site features Tax Talk, Senior Spotlight, News You Can Use, and Small Business Central. To avoid overspending during the holidays, the society suggests: prepare an overall holiday budget, avoid using credit cards, and set realistic spending limits.

www.stretcher.com — site for the Dollar Stretcher, on living well for less. The Dollar Stretcher features a Web-zine offering an index, searches, and e-newsletters.

www.simpleliving.net — practical tools for managing personal finances.

www.ssa.gov — Social Security online; contains special sections, tools, and FAQs to help you manage your money.

www.aarp.org — American Association of Retired Persons site; offers discounts for members (www.aarp.org/aarp_benefits/) including reduced prices at companies, cheaper vacations, and prescription drug plans.

www.seniordiscount.com — This site claims to be the largest senior discount database, with over 125,000 listings. Its search engine allows you to look by city and type of discount.

www.angelfire.com/biz/seniordiscount — The Website for Silvia Spade-Kershaw’s book, Discounts & Good Deals for Seniors in Texas (see sidebar, next page). This site lists several Texas discount links. ◆

Disclaimer: Any listing of a Website by TMRS does not constitute an endorsement or recommendation of services or content provided by the site.
Discounts & Good Deals for Seniors in Texas, by Sylvia Spade-Kershaw (Gulf Publishing, 1997), offers a collection of money-saving ideas in one place. Even though this book was published several years ago, the information in it is still useful.

Savings categories include airlines, car rental, auto maintenance, home and garden, banks, insurance companies, camping and recreation, cruises, bus and rail tours, groceries, hotels, legal and tax services, medical and dental services, movies and performances, restaurants, department stores, and sports tickets. The listings are prepared by subject, but there is also a handy index in the back showing the discounts by city name.

The book is out of print but is still available through the Web retailer www.amazon.com (on Amazon’s search line, type in Spade-Kershaw) and may be available through other booksellers. On Amazon, after the book description comes up, click on “Used and New” for a list of options.

For more information about this book, see the author’s Website at www.angelfire.com/biz/seniordiscount. Copies of the columns the author wrote for the Houston Chronicle about Texas senior discounts may be found at www.angelfire.com/tx/50plus.
What happens to the material goods I leave behind? How can I be sure my financial and medical needs are taken care of if I become incapacitated?... These are the essential questions behind the estate planning process.

There are many areas to cover in estate planning, but getting started may be the most important one. Here are just a few areas to consider:

- Powers of Attorney
- Living wills and other advance medical directives
- Wills and the probate process
- Trusts
- Taxes

In this article, we will discuss the Power of Attorney instrument. Next issue, we will take a look at living wills.

Why Is a Power of Attorney Important?
A Power of Attorney (POA) is a document in which you (the principal) designate a trusted person (the agent) to act in your place. If you become physically or mentally incapacitated, a properly prepared general POA agreement and other documents may help you avoid the complexities of a guardianship proceeding. You may specify the scope of the powers you wish your agent to have, and you may cancel the POA at any time. The state in which you reside will have specific legal requirements that must be met to create a valid POA. Your attorney will be able to help you understand how you can tailor the POA to fit your wishes and needs.

Choosing Your Agent
You can give a Power of Attorney to anyone you choose. Since a POA can grant sweeping authority to your agent, you should pick someone you trust, such as a sibling, a spouse, or one of your adult children. Sometimes people worry that their agent will “take over” or that they won’t be able to make their own decisions. According to the AARP, a POA is similar to giving someone a second set of keys. You will still have your own keys, but your agent will have keys too. You can take the agent’s keys back any time you want by revoking the POA.

Types of Powers of Attorney
The type of instrument you choose will depend on how much authority you want your agent to have, when you want your agent to start acting on your behalf, and when you want your agent’s authority to end.

- **Limited Power of Attorney.** Authorizes another person to do specific things for you for a limited period of time, or in certain circumstances. The limited POA ends if you become incapacitated or die, or at a time specified in the document.

- **General Power of Attorney.** Gives another person the authority to do whatever you can do. This document ends when you become incapacitated or die. If you stipulate this POA to be a **Durable Power of Attorney**, your agent continues to act for you after you become incapacitated. If you wish it to be a **Springing Power of Attorney**, it goes into effect if you become incapacitated. The instrument should define exactly how to determine that the “springing event” has occurred.
Financial and Medical Powers of Attorney

Separate Powers of Attorney for finances and health care are typically prepared. Within each legal document, you specify the terms your chosen agent must follow in carrying out your wishes.

A durable financial Power of Attorney allows your agent to carry out financial tasks for you when you cannot do so. This might include paying your bills, managing your property, and handling other money matters.

A durable medical Power of Attorney lets your agent make medical decisions for you when you can't make these decisions.

Books and articles are a good way to get general information, but you will need to follow state-specific guidelines. An estate planning book should not be used as a substitute for an attorney's advice. If you need assistance finding a lawyer, visit the State Bar of Texas' Web page (www.texasbar.com) or contact your county bar association for a list of attorneys who can help you with your Power of Attorney documents.

Estate Planning Resources

The American Bar Association Guide to Wills and Estates, Second Edition: Everything You Need to Know About Wills, Estates, Trusts, and Taxes
The American Bar Association
(Random House, 2004)

AARP Crash Course in Estate Planning: The Essential Guide to Wills, Trusts, and Your Personal Legacy
Michael Palermo
(AARP Books and Sterling Publishing, 2005)

Estate Planning for Dummies
Jordan Simon, Brian Caverly
Most people realize the clear advantages of direct deposit. You receive your payment a little earlier than a check, and there is less hassle involved — you don’t have to go to the bank because the money is electronically deposited to your account. A hidden benefit to not having a check mailed is it helps prevent mail theft, which can lead to identity theft. Natural disasters like Hurricanes Katrina and Rita underscore the importance of having direct deposit. Electronic direct deposit of your payment helps with your overall disaster preparedness. If the mail is interrupted due to natural forces, your money will still go into your bank account. Even if your bank’s building is damaged, in many cases the flow of electronic data operates normally.

Keep the decal provided with this story as a reminder for when your funds will be sent to your financial institution each month.

What if I Miss a Payment?
If your annuity payment does not post to your financial institution on the last business day of the month, please contact our office for further instructions.

If you are receiving your monthly payment by check, you should know that the checks are mailed on the next to the last business day of each month. If you have not received your check within 10 business days after the mailing date, you can submit a signed request to TMRS for replacement of the lost or undelivered payment.

Use this form only if you want to start direct deposit or change your account information.

On the next page is our new Direct Deposit form. Its design reflects the changes in how electronic payments are handled. Remember, a bank cannot simply switch your direct deposit account (from savings to checking, for example). This request has to come from you.
PERSONAL DATA

Name (First, Middle, Last)

Mailing Address (Street or PO Box)

City

State

ZIP

Daytime Phone Number

E-Mail Address

FINANCIAL INSTITUTION DATA

Name of Financial Institution

Phone Number

To ensure accuracy, please tape a voided check or savings deposit slip here.

JOHN DOE
123 ANYPLACE TRL.
SOMEBETWEEN, TX

Pay to the order of

Date

$123

Dollars

Bank of Somewhere

For

Routing Number (first nine digits)  Payee Account Number

Type of Account:  □ Checking  □ Savings

PAYEE’S AUTHORIZATION

I authorize the Texas Municipal Retirement System (TMRS) to deposit my monthly retirement benefit electronically to the financial institution and the account indicated above. I also authorize TMRS to correct any credit entries made in error.

Payee’s Signature

Date

Important Information About Direct Deposit

• ACCOUNT CHANGES If you change your account or account number, you must file another direct deposit authorization.

• FUND AVAILABILITY Generally, your money will be deposited to your account and available by the last business day of the month.
Important Tax Information

Your TMRS monthly benefit is subject to federal income tax.

Here are some key things to know:

• To make a withholding election, mail or fax TMRS a completed IRS Form W-4P. This form is available from the IRS or TMRS.

• You may change your withholding at any time. Withholding elections are not limited to certain times of the year.

• 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 not be sufficient to cover your tax liability.)

The 1099 forms are sent out by January 31 of each year. Your Extra Payment will be included on the same 1099 as your monthly benefits. Be sure we have your correct address so you don't miss this important form, which you’ll need to file your taxes. If your address has changed because of 911 (emergency system) changes in your county, please verify that we have received your correct 911 address.

Spring Survey Results

Thank you for responding to our request for feedback by returning the card enclosed in the last issue of RetirementWise. Here is a summary of your responses:

Topics readers want to see in future issues:

• Stories about fellow retirees
• Saving and spending money wisely
• Medical, health care, wellness articles
• TMRS financial news
• Second career opportunities

Favorite Stories:

1. Retiree Profile: Community Cultivation
2. By the Numbers (retirement statistics)
3. About Your Account items
4. On the Web: Volunteer Opportunities

Did you enjoy the last issue?

96% of respondees were positive.
How to Make Changes to Your TMRS Account

Whenever you change your account information, whether you have a new address, a change in your direct deposit information, or a change in withholding, you will need to file a form. Forms may be obtained from the TMRS Website (www.TMRS.com) or by calling 800.924.8677.

To Change Your Address
Send or fax us the TMRS Address or Name Change form.

To Change Your Direct Deposit Information
Whether the change is in your account number or your financial institution, you will need to complete a new Direct Deposit Authorization form. Your financial institution is no longer required to complete a portion of this form. It comes straight from you with a voided check or deposit slip attached for verification. USE THE FORM IN THIS ISSUE (page 9) if you wish to enroll in direct deposit or make changes to your current account information.

To Change Your Withholding Election
You will need to complete IRS Form W4-P if you wish to change the amount of taxes withheld from your retirement benefit. You can request this form from TMRS or obtain it from the IRS (www.irs.gov/pub/irs-pdf/fw4p.pdf). You may change your withholding election at any time during the year and as often as you like. Any change to your withholding will usually go into effect with the first monthly payment made after the change.

NOTE: All of the forms may be faxed to TMRS at 512.476.5576 to expedite processing; or you may mail them to TMRS, P.O. Box 149153, Austin, TX 78714-9153.
How Are We Doing?

Last year, TMRS received recognition for its investment practices in a year when many retirement systems made the news for investment losses or funding issues. Our net assets have grown steadily over the past few years, from $10.2 billion in 2002 to almost $12 billion at year-end 2004.

Each year, the TMRS Board of Trustees examines the performance of our assets, determines the amount of interest to be allocated to accounts, and decides whether an Extra Payment can be made to retirees. Based on performance in 2005, we will send an Extra Payment to our annuitants equal to 40% of one regular annuity check.

The following chart, reprinted from the TMRS Comprehensive Annual Financial Report for the Year Ending December 31, 2004, shows TMRS’ rates of return in comparison with some common standards of investment performance measurement. This graph shows that TMRS policy, with its emphasis on long-term income return, is good for the long term.

Definitions

**TMRS Income Return** – TMRS income rate of return, the key measure for TMRS investment objectives. The annual rate of return on an investment is expressed as a percentage of the total value of the amount invested.

**Median Total Fund** – short name for Median Income Return of Total Funds in the Universe. A composite “universe” is created using standards that allow pension administrators to make valid, relevant performance comparisons, and to ensure consistent comparisons over time.

**Lehman G/C Long** – short name for Lehman Brothers Government/Credit Long Bond Index, a nationally recognized bond index. This index, used for comparative purposes only, represents securities that are U.S. domestic, taxable, and dollar-denominated. The index covers the U.S. investment-grade fixed-rate bond market.
All About Extra Payments

The Board of Directors of TMRS decided this year, based on investment income, to send out an Extra Payment equal to 40% of your regular annuity payment. In past years, TMRS retirees have grown accustomed to additional income at the end of the year in the form of the Extra Payment (also known as distributive benefit, thirteenth check, and bonus annuity). We do not know of any other retirement system in the country currently making any extra payments.

The Extra Payment is given at the discretion of the Board, and it is completely different from your annuity or a COLA.

The fact that the Extra Payment has grown smaller over the past few years is a reflection of the economy. It has nothing to do with the safety of your retirement or how TMRS is doing. Your retirement annuity is guaranteed, but there is no guarantee you will receive an Extra Payment every year, or what the size of that payment will be.

COLAs and the CPI

The Extra Payment is NOT connected to any kind of Annuity Increase (cost of living adjustment, or COLA) you might be expecting to receive. The two payments are two entirely separate things. To be eligible for an Annuity Increase, your city has to have adopted this provision AND you must have been retired for a full year.

The Consumer Price Index (CPI) is a weighted average of prices of goods and services. By tracking prices, it provides a measure of inflation and acts as a cost-of-living index. If your city has adopted an Annuity Increase, and you have been retired for a full year, your retirement benefit will be increased by up to 70% of the CPI increase. This cost-of-living change is measured from December to December.

If you have questions, call TMRS or check with your city to find out if they have adopted an Annuity Increase, and what percentage they adopted.◆

Did You Know?

If you receive Social Security benefits, they will not affect your TMRS benefit. However, there are facts about Social Security that you may need to know:

Government Pension Offset • If you receive a Social Security benefit based on your spouse’s employment, and you also receive a pension from a government employer who was not part of the Social Security program (this varies depending on your employing city), your Social Security benefit may be offset by your governmental pension. For more information about this offset, see www.ssa.gov/pubs/10007.html on the Internet, or contact your nearest Social Security office.

Windfall Elimination Provision • If you receive a Social Security benefit but the majority of your career was spent working for a government employer who was not part of the Social Security program (again, depends on the city), your Social Security benefit may be calculated using a formula that reduces that benefit. For more information about this provision, see www.ssa.gov/pubs/10045.html.◆
Flu Shot Facts

The ability of the flu vaccine to protect a person depends on the age and health status of the person getting the vaccine, and the similarity or “match” between the virus strains in the vaccine and those in circulation. According to the Centers for Disease Control (CDC), medical testing has proven that the flu shot is effective at preventing the flu.

When to Get Vaccinated

October and November are the best months to get vaccinated, but you can still get a shot in December and later. Flu season can begin as early as October and last as late as May.

Who Should Get Vaccinated?

Any person who wants to reduce his or her chances of getting the flu can be vaccinated. But certain people should be vaccinated each year, particularly those at a high risk of having serious flu complications. People age 65 and older, those who live in nursing homes, and those (of any age) with chronic heart or lung conditions are among the groups who should get the vaccination, according to the CDC. In addition, the vaccination is recommended for all persons from 50 to 64 years old. For complete background information about the flu, see www.cdc.gov/flu/protect/keyfacts.htm.

Where Can You Get a Shot?

Check your local clinics or pharmacies, or ask your doctor for recommendations. In larger cities, chain pharmacies give regular shots, following national guidelines. The American Lung Association offers a shot locator service at www.flucliniclocator.org that allows you to enter your ZIP code and a range of dates to pull up a list of clinics in your area.◆

Do You Know Someone Who Is a Star?

At TMRS, our members and retirees are our stars! Many of our friends and neighbors are doing exciting things in retirement. Do you know an interesting person or couple who could be profiled in RetirementWise? Let us know! It can be someone with an intriguing hobby, a new business venture, a volunteer story, or anything else our readers would like to hear about! Send your nomination to: Communications Department / Retiree Profile, TMRS, P.O. Box 149153, Austin, TX 78714-9153, or send an e-mail to communications@TMRS.com.

Include the nominee’s name, address, phone number, and e-mail address. Also send your name, address, phone number, and e-mail address so that we may contact you if we have questions.
Coming soon to a city near you — an educational conference designed just for retirees! The Member Development Team will host conferences in two different regions of Texas next year. These seminars will provide you with helpful information and give you a chance to meet other municipal retirees in your area.

Here is a tentative agenda that the seminars might cover. If you are interested in attending a retiree seminar, please take a moment and indicate which topics are of interest to you (check boxes and return this form to TMRS).

Presentations by TMRS Staff:

- How TMRS keeps in touch with you (*RetirementWise*, www.TMRS.com)
- When to contact TMRS, and how (Phone Center, address changes, beneficiary changes, direct deposit updates)
- Networking with other retirees
- Useful services (resources available from the Social Security Administration, Internal Revenue Service, Texas Department of Aging and Disability Services, Texas Department of Insurance, Texas State Securities Board)
- Benefits in Retirement (Death Benefits, Pop-up, Remarriage, COLAs)
- TMRS plan design and investments

Presentations from other sources:

- American Association of Retired Persons (AARP)
- Social Security Administration
- Estate Planning
- Health and Medical Concerns

I would attend a seminar in my region.

- Yes  
- No

I live in (city) _____________________________________________

I would be able to travel to a neighboring city.

- Yes  
- No

Return this form to the Communications Department, TMRS, P.O. Box 149153, Austin, TX 78714-9153, or send your suggestions via e-mail to communications@TMRS.com.