

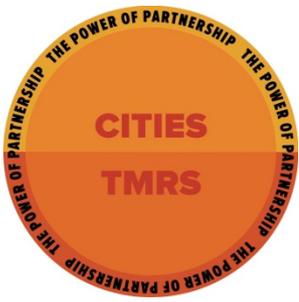
Texas Municipal Retirement System



Debbie Munoz
Director of Member Services

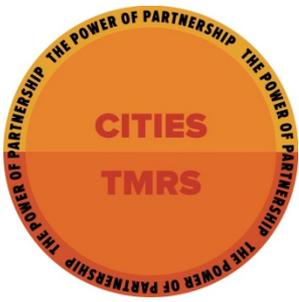
Anthony Mills
Senior Regional Manager

TMRS Makes Sense



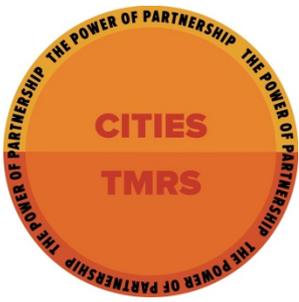
TMRS Makes Sense

- How TMRS helps members
- How TMRS helps cities
- Member Services managers
- How TMRS as a System makes sense
 - For cities
 - For the public
 - For members



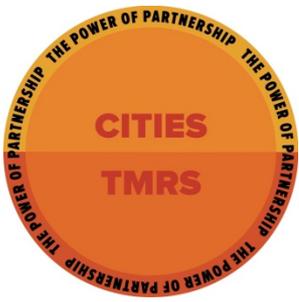
How TMRS Helps Members

- Call from member – what happens?
- Call Center statistics
- Increasingly, members call for technical help – MyTMRS, etc.
- Email questions to **phonecenter@tmrs.com** are handled by the TMRS Travel Team



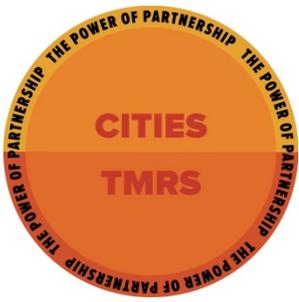
How TMRS Helps Cities

- Call from cities – what happens?
- Travel Team provides education services to members in city visits (examples Wed. evening)
- Member Services helps city personnel with monthly payroll, the City Portal, other issues and questions (examples in panel this morning, City Information Suite)
- Travel Team and City Services / Actuarial Services department help cities understand their plans and associated costs (examples Wed. evening, City Information Suite)



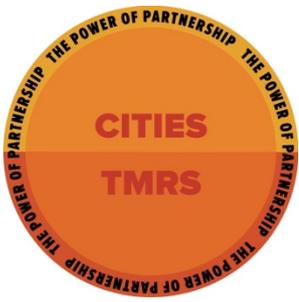
Member Services Managers

- Debbie Munoz, Director
- Vikki Vasquez, Retirement and Support Services Manager
- Chad Nichols, Call Center Manager
- Jennifer Andrews, Membership Manager
- Peter Jeske, Business Process Analyst



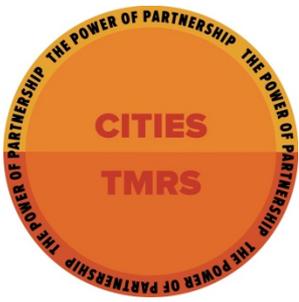
How TMRS as a System Makes “\$ense”

- **To Cities**
- **To the Public**
- **To Members**



TMRS Makes “Dollars & Sense” – for Cities

- Plan of choice for Texas cities; **voluntary** statewide retirement plan
- Benefits are funded by mandatory employee deposits, city contributions, and investment income
- Operates by local control: Each participating city controls employer costs by choosing its own options



System Soundness = City Choices

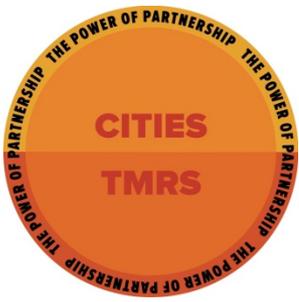
SYSTEM

- **All** TMRS benefits are ***fully advance-funded*** over each employee's active working career
- TMRS' System funded ratio is 85.8% and System-wide UAAL is \$4.03 billion (as of 12/31/15)

CITY

- Contribution rates* vary depending on benefits (e.g., 2.31% for cities with 5% / 1:1 match with no USC/COLA, vs. 15.76% for cities with a 7% / 2:1 match and repeating USC/COLAs)
- Average contribution rate for all cities for 2017 is 13.24%

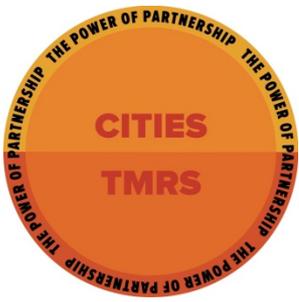
*Average rates weighted by payroll



Sound Local Funding

Each city's plan is actuarially funded as a separate entity:

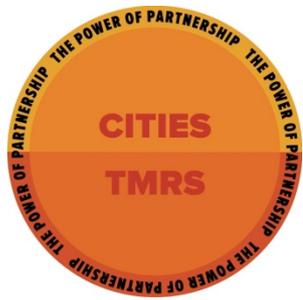
- Each city has its own assets, liabilities, and funded ratio
- TMRS determines each city's Actuarially Determined Employer Contribution (ADEC; formerly the ARC) based on the benefit plan chosen by city
- Cities must pay the ADEC every year, or reduce benefits if the ADEC is not sustainable
- All plans are funded over a closed period of no more than 25 or 30 years
- No pension contribution "holidays"



TMRS Makes “Dollars & Sense” — for **the Public**

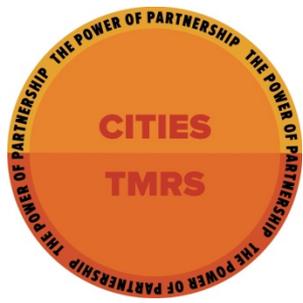
- The majority of a TMRS retiree’s benefit is ***funded by investment earnings*** on member and city contributions over the member’s career
- TMRS’ administrative costs are low — approximately **0.2%*** of assets in 2015 (including investment management fees) — compared to an average of 1.00% for 401(k)s*
- TMRS’ actuarial investment return assumption (net of expenses) is **6.75%** —one of the lowest in the country for large public sector plans

* Source: Center for American Progress, 2014 study.



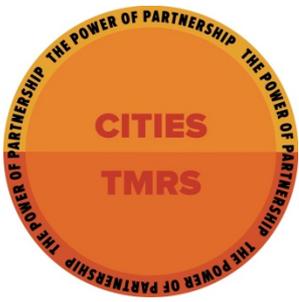
TMRS Makes “Dollars & Sense” – for **the Public** (cont.)

- TMRS is a “hybrid” cash balance defined benefit retirement plan that receives no state funding
- Decisions that affect costs are made locally
- TMRS invests **\$23.6 billion** in the capital markets (12/31/15)
 - Investments are made through a well-diversified portfolio over a long investment horizon.
- TMRS benefits provide a stable income for retirees and may reduce their need for other public services



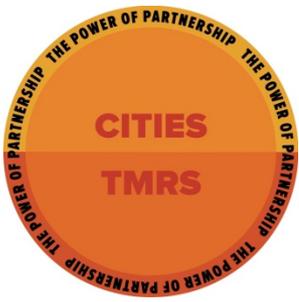
TMRS Makes “Dollars & Sense” — for **the Public** (cont.)

- TMRS benefits are economically important to Texas communities.
- Most TMRS retirees live in the communities where they worked.
- TMRS paid \$1.1 billion in benefits and refunds in 2014, up from \$1 billion in 2013.
- A past study by economist Ray Perryman used a 2.379 multiplier to estimate the “ripple” effect of each benefit dollar, resulting in a statewide economic benefit of \$2.617 billion.



TMRS Makes Sense — for Members

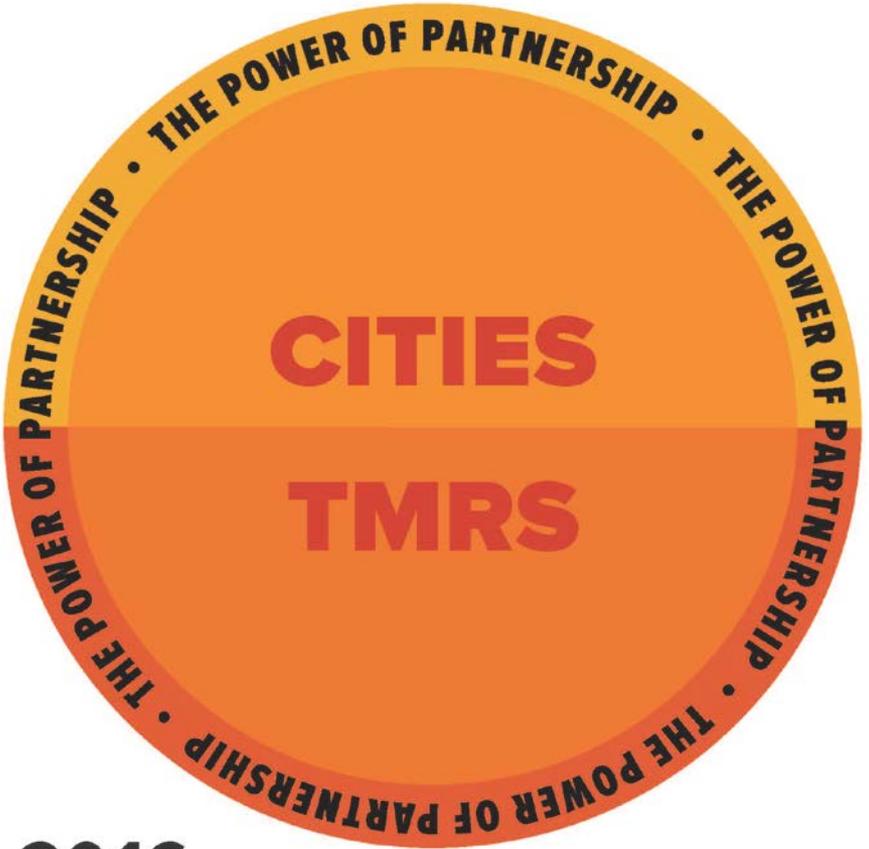
- Retirement is traditionally described as a “three-legged stool,” comprising:
 - Retirement Program
 - Social Security
 - Personal Savings
- 401(k)s and similar DC plans were never intended to be the primary retirement vehicle
- Lifetime benefits for retirees and survivors provide long-term protection



Makes Sense for Members, cont.

- As members, city employees are rewarded by the prudent, diversified investment policies of the System (as opposed to relying on making personal investment decisions)
- A pension plan provides greater stability and less vulnerability to market fluctuations
- Retirement savings of TMRS members were not affected by the severe market downturn of 2008; whereas 401(k) asset values declined more than 25% on average

Texas Municipal Retirement System



2016
Annual Training Seminar
September 7-9, 2016 • Sheraton Austin at the Capitol

