

TMRS 2017 Annual Training Seminar
Gaylord Texan Resort and Convention Center
October 25-27, 2017 • Grapevine, Texas

Welcoming Remarks

Jim Parrish, Chair, TMRS Board of
Trustees

David Gavia, TMRS Executive Director

TMRS – Strong By Design

Anthony Mills, Senior Regional
Manager

Pension Issues in 2017

- Unprecedented negative attention to local pension plans in Texas – not TMRS
- Funding, administration, plan design, and governance issues are drawing the attention of elected officials, the press, and the public
- Transparency is absolutely essential
- Members and other “customers” expect a higher level of service and communication

Pensions in the News

- Pension problems may include:
 - Benefits that are not sustainable
 - Required contributions that are not being made
 - Unrealistic assumptions may understate pension costs and lead to long-term problems
 - Controversy over state vs. local governance
- All these issues affecting specific plans were examined in the 85th Regular Legislative Session

Benefits that are not sustainable...

- Cities choose their plan of benefits; if chosen benefits become unsustainable, the city may reduce them prospectively.
- TMRS' cash balance design bases benefits on accumulated deposits and interest, not on a formula.
- The average “original” TMRS annual benefit received by retired TMRS members at retirement was \$17,411 — an average of all the initial retirement annuities of retiring TMRS members from 1997 through 2015.

Required contributions that are not being made...

- State law requires funding discipline: each city must pay the actuarially determined employer contribution (ADEC) to advance fund all benefits over each employee's active working career.
- No “pension holidays” or delayed contributions are allowed.

Unrealistic assumptions that may understate pension costs and lead to long-term problems...

- TMRS assumes an annual investment return of 6.75%, one of the most conservative assumptions among all plans, but this assumption is realistic based on TMRS' asset allocation and capital market expectations
- All actuarial assumptions are examined and adjusted regularly as needed
- TMRS has modernized its life expectancy tables to address longevity of retirees

Controversy over State vs. Local Governance

- TMRS is centrally governed by a 6-member Board of Trustees, appointed by the Governor, but benefit decisions are made by city officials
- TMRS is subject to oversight by the State Pension Review Board and state legislative committees

Recognition of TMRS Practices

- Named “Public Plan Sponsor of the Year” for 2009 by *PlanSponsor Magazine*
- In a 2012 study by the Texas State Comptroller’s Office, TMRS was one of only three Texas plans to meet all benchmarks for financial stability
- Meets all of the funding guidelines currently under consideration by the Texas State Pension Review Board
- Identified in 2017 by the Center for State and Local Government Excellence as one of five systems nationwide that have developed effective approaches to pension reporting and communication

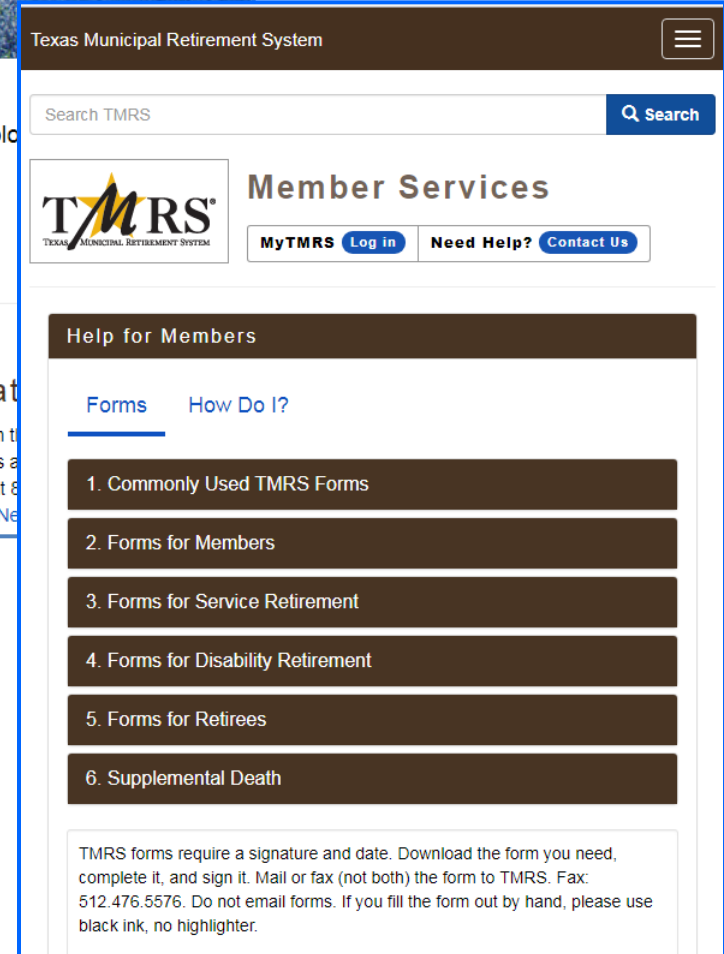
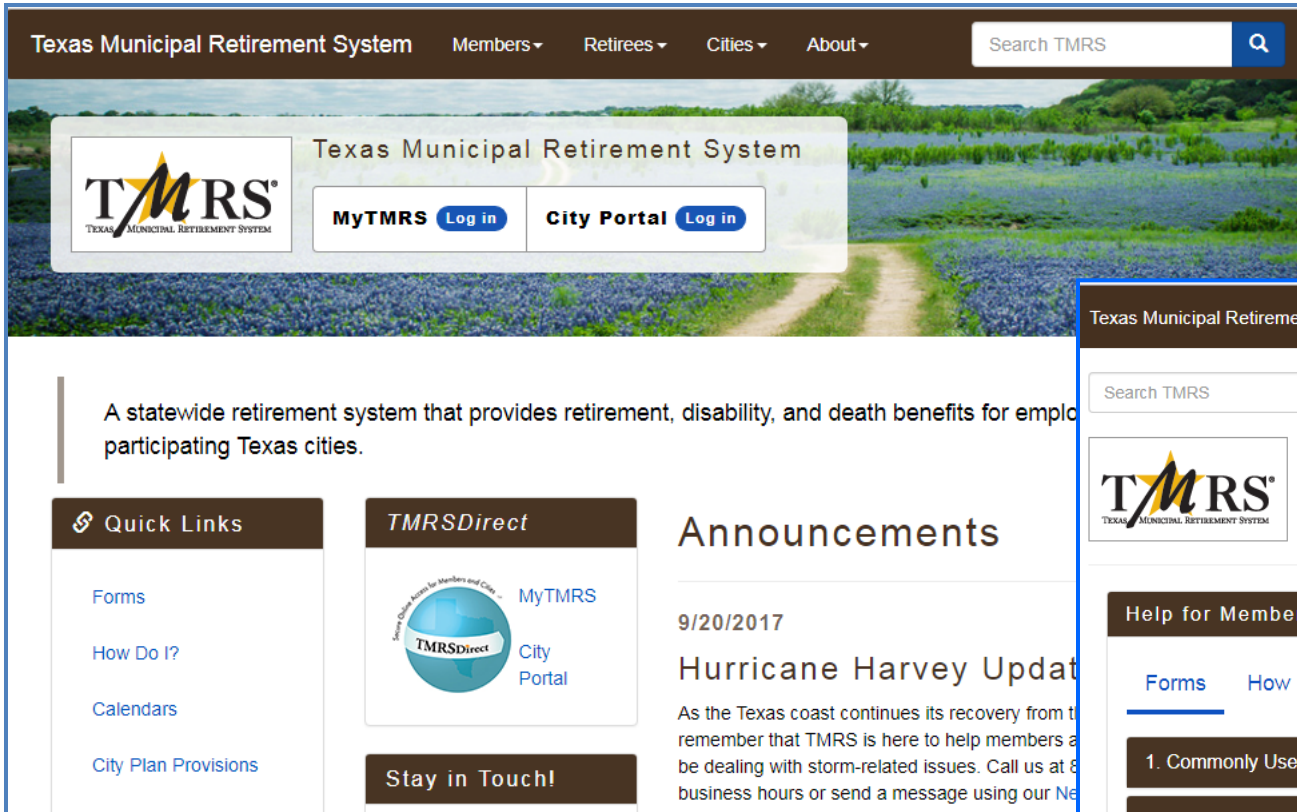
Communications Initiatives

- New website at www.tMrs.com
 - Updated ADA-compliant design
 - Responsive to different screen sizes and devices
 - Multiple pathways to content, grouped by audience (Retirees, Members, Cities, Public)
- Mobile app for seminar!
- Download from app store or email



Redesigned Website

iPad or
tablet
width



Cell
phone
width



QUESTIONS

