 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
A statewide retirement system that provides retirement, disability, and death benefits for employees participating Texas cities.

Announcements

9/20/2017

Hurricane Harvey Update

As the Texas coast continues its recovery from Hurricane Harvey, remember that TMRS is here to help members who are still dealing with storm-related issues. Call us at 512-475-5576 during business hours or send a message using our online form.

Help for Members

1. Commonly Used TMRS Forms
2. Forms for Members
3. Forms for Service Retirement
4. Forms for Disability Retirement
5. Forms for Retirees
6. Supplemental Death

TMRS forms require a signature and date. Download the form you need, complete it, and sign it. Mail or fax (not both) the form to TMRS. Fax: 512-475-5576. Do not email forms. If you fill the form out by hand, please use black ink, no highlighter.
QUESTIONS