

SAILING INTO RETIREMENT

2018

TMRS Annual Seminar



Presentations available at [www.tmrs.com/ats.php](http://www.tmrs.com/ats.php)

**SAILING INTO RETIREMENT**



# Staying Ship Shape

Transparency and Compliance

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# Transparency and Compliance

- Transparency at TMRS
  - Dan Wattles, Director of Governmental Relations, TMRS
- Texas Comptroller's Office - Transparency Stars
  - Bob Scott, CFO, City of Carrollton
- Financial Resources on the TMRS Website
  - Rhonda Covarrubias, Director of Finance, TMRS

Moderator: David Rodriguez, Senior Regional Manager, TMRS



# What Is Transparency?

- Definition:  
**Openness, accountability, and honesty** define government transparency
- Why it is important to our stakeholders
- Organizational transparency
  - Board level
  - Department level: Finance, Investments, Communications, Governmental Relations, Member Services, Legal



# How TMRS Is Transparent

- The Board and its committees hold open meetings; materials are posted on TMRS' website prior to and after each meeting
- TMRS continuously communicates with cities, members, and elected officials through print, electronic, and face-to-face meetings
- TMRS' actuarial and financial documents support transparency and sound management — such as actuarial valuations, experience studies, city rate letters, and the CAFR
- TMRS provides a Resources web page to guide cities in attaining the Comptrollers Transparency Star in the Public Pensions category



# Recognition of TMRS Transparency

- In 2017, TMRS was recognized by the *Center for State and Local Government Excellence* as one of five systems nationwide that have developed effective approaches to pension reporting, communication, and transparency.
- Cited in four areas:
  - **Organizational Culture** – Transparency is a priority of the Board and Staff
  - **Communication with Stakeholders** – TMRS uses a variety of methods
  - **Reporting** – Reporting methods have been recognized
  - **Investments** – Clarity of investment information on web page and in presentations



# Key Transparency Feature — Stakeholder Communication (Advisory Committee on Benefit Design)

- Chair of Committee is David Landis; Vice Chair is Jesús A. Garza
- Committee composed of 10 members representing stakeholder groups, cities, members, elected officials, and retirees
- Committee has met twice in 2018, third meeting scheduled for Nov. 15
- Primary responsibilities:
  - Represent their constituency; communicate concerns to the Board
  - Provide Board with advantages and disadvantages of proposed benefit design changes to the TMRS Act



# Preparing for the 86<sup>th</sup> Legislative Session

- TMRS Staff completed TMRS Act Review Project
- Presented suggestions to the Board; these suggestions included benefit design and operational/administrative items
- At its October meeting, the TMRS Board decided to pursue only operational/administrative improvements in the 86<sup>th</sup> session
- Advisory Committee will review changes at November meeting





# Legislative Outreach

- Regular legislative session starts January 8, 2019; lasts for 140 days
- Governmental Relations / transparency efforts will include:
  - Working with legislative committees and governor's office
  - Board-initiated meetings with the Pension Review Board and other groups to increase awareness
  - Coordinating with other Systems and organizations
  - Educational meetings with key congressional offices
  - Meetings with key stakeholder groups
  - Updates on the Legislative page of the website



# Texas Comptroller's Office “Transparency Stars” Program



# Carrollton, Texas

## Case Study

- Pensions Transparency
- Building trust among citizens and elected officials



# Why Provide Pension Transparency Information?

- We have a good story to tell!
- It helps us to better understand our pension commitments
- It shows citizens and critics that we are open about what is often a sensitive subject
- It communicates that even though TMRS is a state-wide plan, each city stands alone and needs to manage its plan



# Public Pensions

## Requirement #1 - Public Pensions Summary

- Funded Ratio
- Amortization Period
- One, three, and ten year rates of return and assumed rate of return
- Actuarially Determined Contribution (ADC) for normal cost and total rate
- Unfunded Actuarial Accrued Liability



## Requirement #2 - Visualizations

- Five-year trend data: actuarial assets vs. actuarial accrued liability
- Five-year trend data: ADC to total contribution rate



# Public Pensions, cont.

## Requirement #3 - Documents

- Five most recent actuarial valuations
- Five most recent CAFRs, including basic financial statements

## • Requirement #4 - Downloadable data

- Five years of actuarial value of asset vs. actuarial accrued liability
- Datasets including:
  - Total additions to FNP
  - Total deductions from FNP

## • Requirement #5 - Other Information

- Links to Comptroller's website



# TMRS Rate of Return

Historical Investment Returns



1-Year Return: 14.27%  
3-Year Return: 7.19%  
5-Year Return: 7.46%  
10-Year Return: 6.71%

Assumed Rate of Return: 6.75%

Report Date: 12/31/17



# Additions and Deductions

Financials

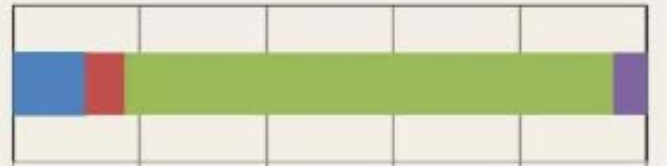
As of 12/31/17 Valuation

Total Actuarial Liabilities  
(Both Valuations):  
\$414,941,180

Actuarial Assets  
Per Funding Valuation:  
\$393,485,849

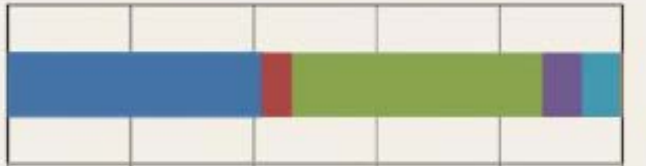
Total Fiduciary Net Position  
Per GASB 68:  
\$410,286,206

Total Additions: \$61,526,894



Employer Contributions	\$7,063,344	11.48%
Employee Contributions	\$3,820,924	6.21%
Investment Income	\$47,431,304	77.09%
Other Investment Income	\$3,211,322	5.22%

Total Deductions: \$16,647,192



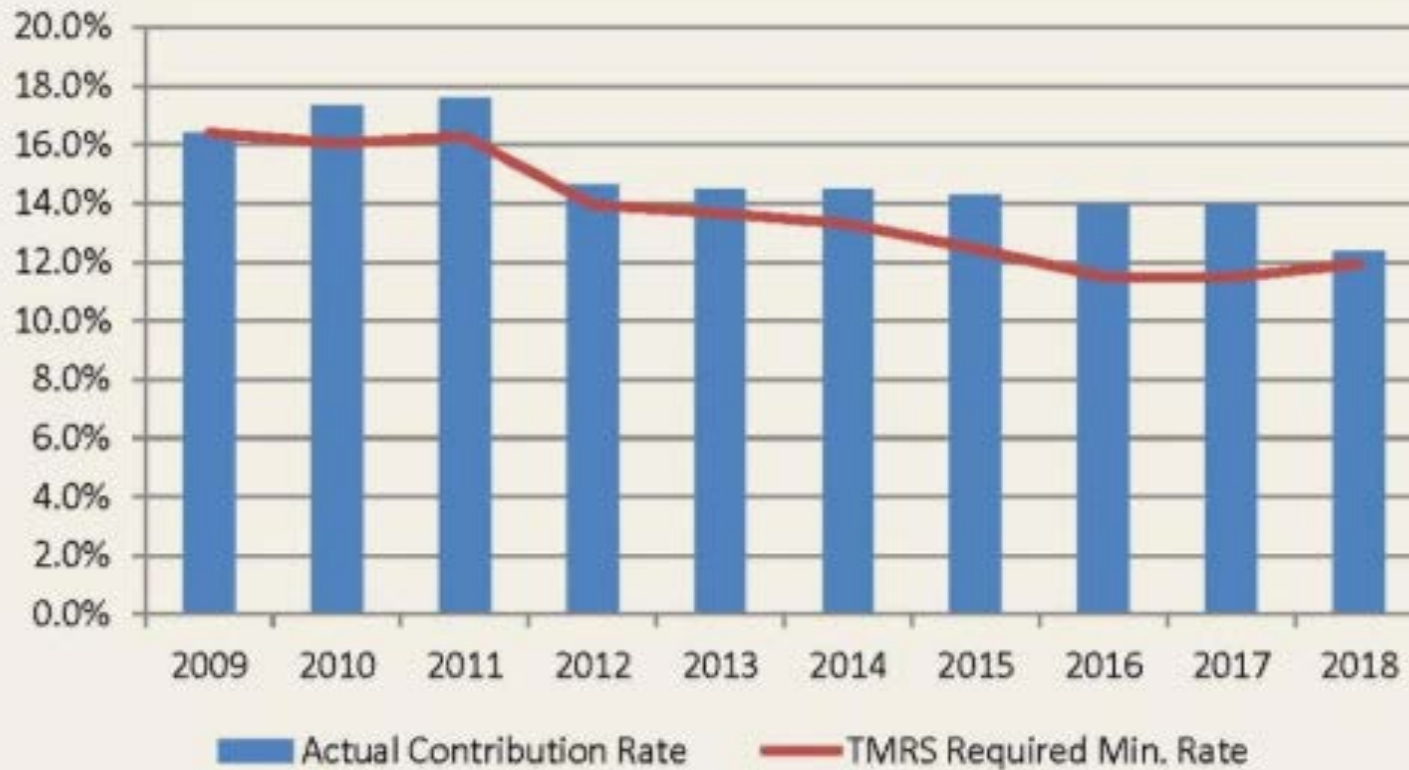
Service Retirement Benefits	\$14,208,266	85.35%
Disability Retirement Benefits	\$203,174	1.22%
Partial Lump Sum Distributions	\$1,693,811	10.17%
Refunds of Contributions	\$266,181	1.60%
Administrative Expenses	\$262,459	1.58%
Other Activity	\$13,301	0.08%





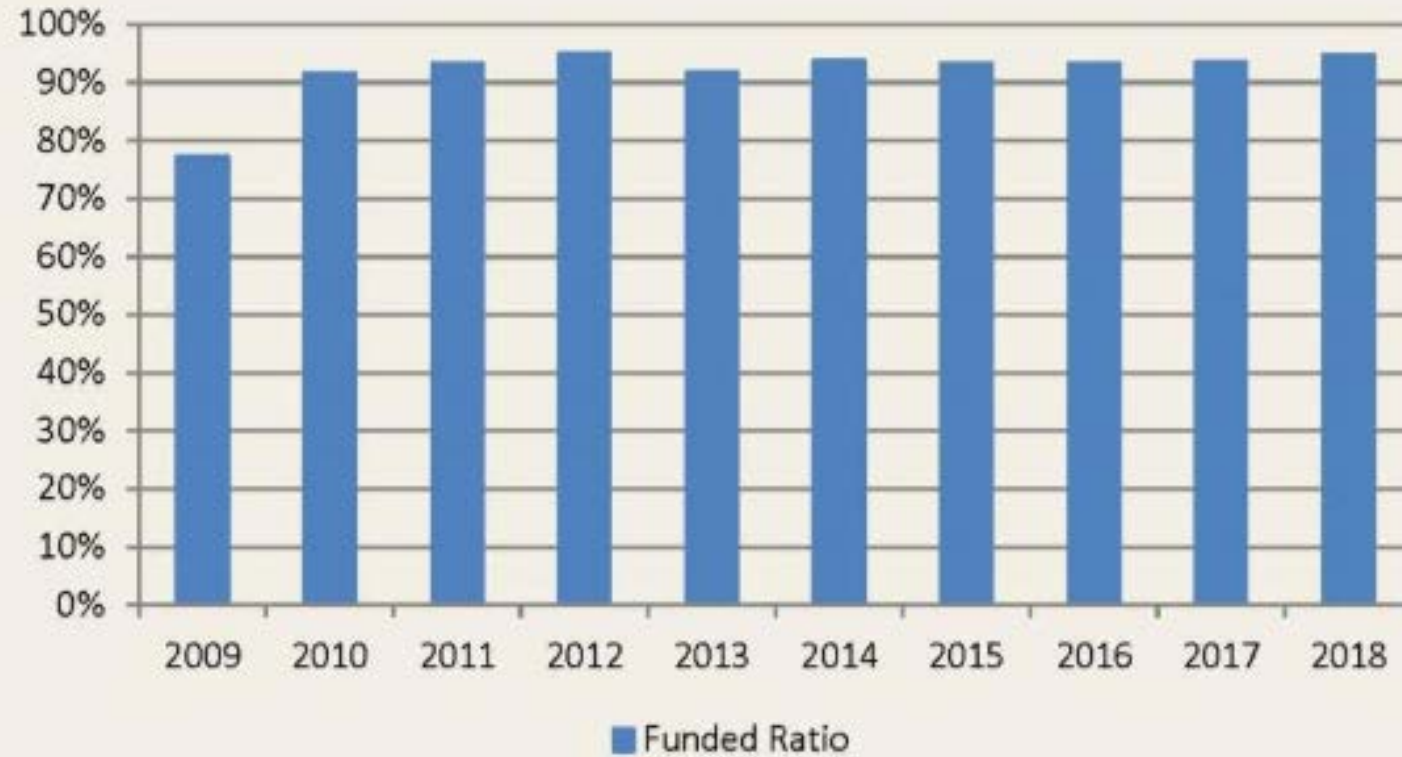
# Contributions

Employer Contributions Made as a Percent of Payroll  
vs TMRS Minimum Required Contribution (Fiscal Year 2018)



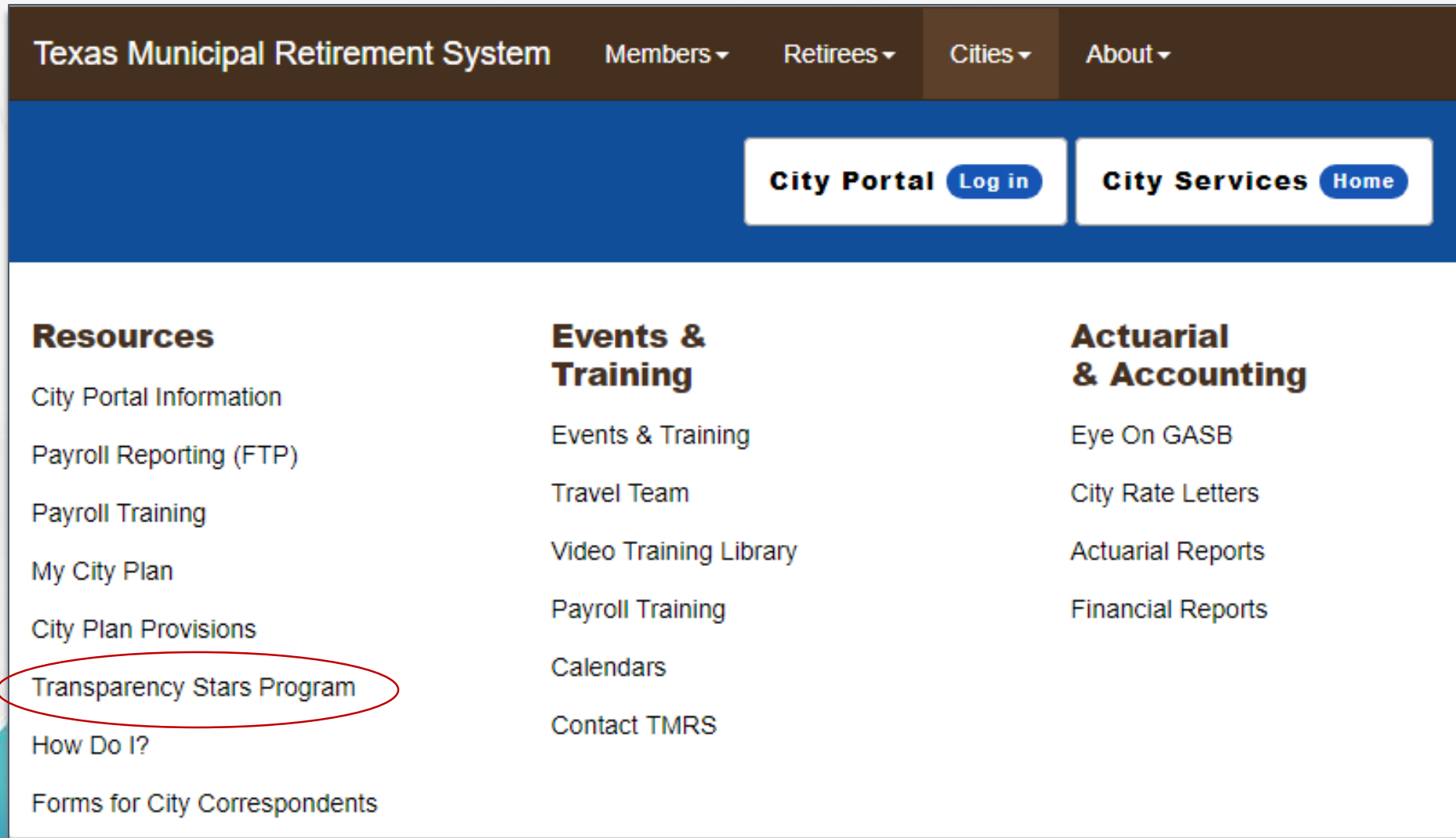
# Funding Levels

Funded Percentage Over Time - Funding Valuation (Fiscal Year 2018)



# Guide for Transparency Stars Program

- Found under the Cities section of the TMRS website



The screenshot shows the TMRS website navigation menu. The main navigation bar includes "Texas Municipal Retirement System", "Members", "Retirees", "Cities", and "About". Below this, there are two buttons: "City Portal Log in" and "City Services Home". The main content area is divided into three columns: "Resources", "Events & Training", and "Actuarial & Accounting". The "Transparency Stars Program" link is circled in red in the Resources column.

Resources	Events & Training	Actuarial & Accounting
City Portal Information	Events & Training	Eye On GASB
Payroll Reporting (FTP)	Travel Team	City Rate Letters
Payroll Training	Video Training Library	Actuarial Reports
My City Plan	Payroll Training	Financial Reports
City Plan Provisions	Calendars	
<b>Transparency Stars Program</b>	Contact TMRS	
How Do I?		
Forms for City Correspondents		



# Participation from TMRS Cities

- Carrollton took the lead in completing the process for earning the Public Pensions star
- Since its initial rollout, 20 TMRS cities have received their Transparency Star for Public Pensions (page from Comptrollers site shown)

## TRANSPARENCY STARS

The following local entities have achieved excellence in the indicated area(s) of transparency. Use this tool to search by entity name and learn more about awardees' efforts to increase fiscal accountability at the local level.

To apply for a Transparency Star, [review the criteria](#) and [submit an application](#).

Download and further analyze data using the [Texas Open Data Center](#).

**Public Pensions**



Entity Name	Entity Type	Traditional Finances	Contracts & Procurement	Economic Development	Public Pensions	Debt Obligations
<a href="#">City of Carrollton</a>	City	<a href="#">★ View site</a>		<a href="#">★ View site</a>	<a href="#">★ View site</a>	<a href="#">★ View site</a>
<a href="#">City of Andrews</a>	City	<a href="#">★ View site</a>			<a href="#">★ View site</a>	<a href="#">★ View site</a>
<a href="#">Troup ISD</a>	ISD	<a href="#">★ View site</a>			N/A - TRS member*	
<a href="#">Hull-Daisetta ISD</a>	ISD	<a href="#">★ View site</a>			N/A - TRS member*	



# Compliance Resources on the TMRS Website

- Financial Documents
- Eye on GASB



# TMRS Documents

Several documents are used by your city to obtain information, all within the City Services section of the website or from direct links from the Transparency Resource page:

- City Rate Letters
- Actuarial Reports
- GASB Reporting Packages
- CAFR
- Schedule of Changes in Fiduciary Net Position



# TMRS Documents

- GASB Reporting Packages (Eye on GASB, for both 68 and 75)
- CAFR and Schedule of Changes in Fiduciary Net Position

The screenshot shows the top navigation bar of the TMRS website. The menu items are: Texas Municipal Retirement System, Members, Retirees, Cities (highlighted with a red circle), and About. Below the navigation bar, there is a logo for TMRS and a brief description of the system. There are also buttons for 'MyTMRS Log in' and 'City Portal Log in'.

This screenshot shows a dropdown menu titled 'Actuarial & Accounting'. The menu items are: Eye On GASB, City Rate Letters, Actuarial Reports, and Financial Reports. A red arrow points from the 'Cities' menu item in the previous screenshot to this menu.

This screenshot shows the 'Eye on GASB' page. It features a magnifying glass icon with the text 'EYE on GASB'. Below the icon, the text reads 'What You Need for GASB Compliance'. There is a link for 'E-mail for GASB questions: Pension Accounting at TMRS'. At the bottom, there are two buttons: 'GASB 68 Reporting Packages (by year)' and 'GASB 75 Reporting Package'. A red arrow points from the 'Eye On GASB' link in the 'Actuarial & Accounting' menu to this page.

This screenshot shows the 'Financial Reports' page. It features a section for 'Comprehensive Annual Financial Report • 2017' with a brief description and a list of sections: Introductory section, Financial Section, Investment Section, Actuarial Section, and Statistical Section. Below this is a section for 'Schedule of Changes in Fiduciary Net Position • 2017' with a link to the 'Schedule of Changes in Fiduciary Net Position (by Participating Municipality)'. A red arrow points from the 'Financial Reports' link in the 'Actuarial & Accounting' menu to this page.

# GASB 68 and GASB 75

- GASB 68 – disclosure packages for **pensions**
  - 4 years of data now available
- GASB 75 – disclosure package for **OPEB** (*Supplemental Death*)
  - 1<sup>st</sup>/initial year available for fiscal years ending in 2018 (12/31/17 measurement date)
- Employer Reporting Guides (PDFs) also available on website, to walk you through each disclosure package.



What You Need for GASB Compliance

E-mail for GASB questions: [Pension Accounting at TMRS](#)

GASB Packages

Select GASB Reporting Package by GASB number and year:

**GASB 68 Reporting Packages (by year)** **GASB 75 Reporting Package**





# If Cities Have Specific Questions

GASB compliance, pension disclosure questions –  
[pensionaccounting@tmrs.com](mailto:pensionaccounting@tmrs.com)

Financial reporting questions –  
Call 800-924-8677 and ask for the Finance Department



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# Questions

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