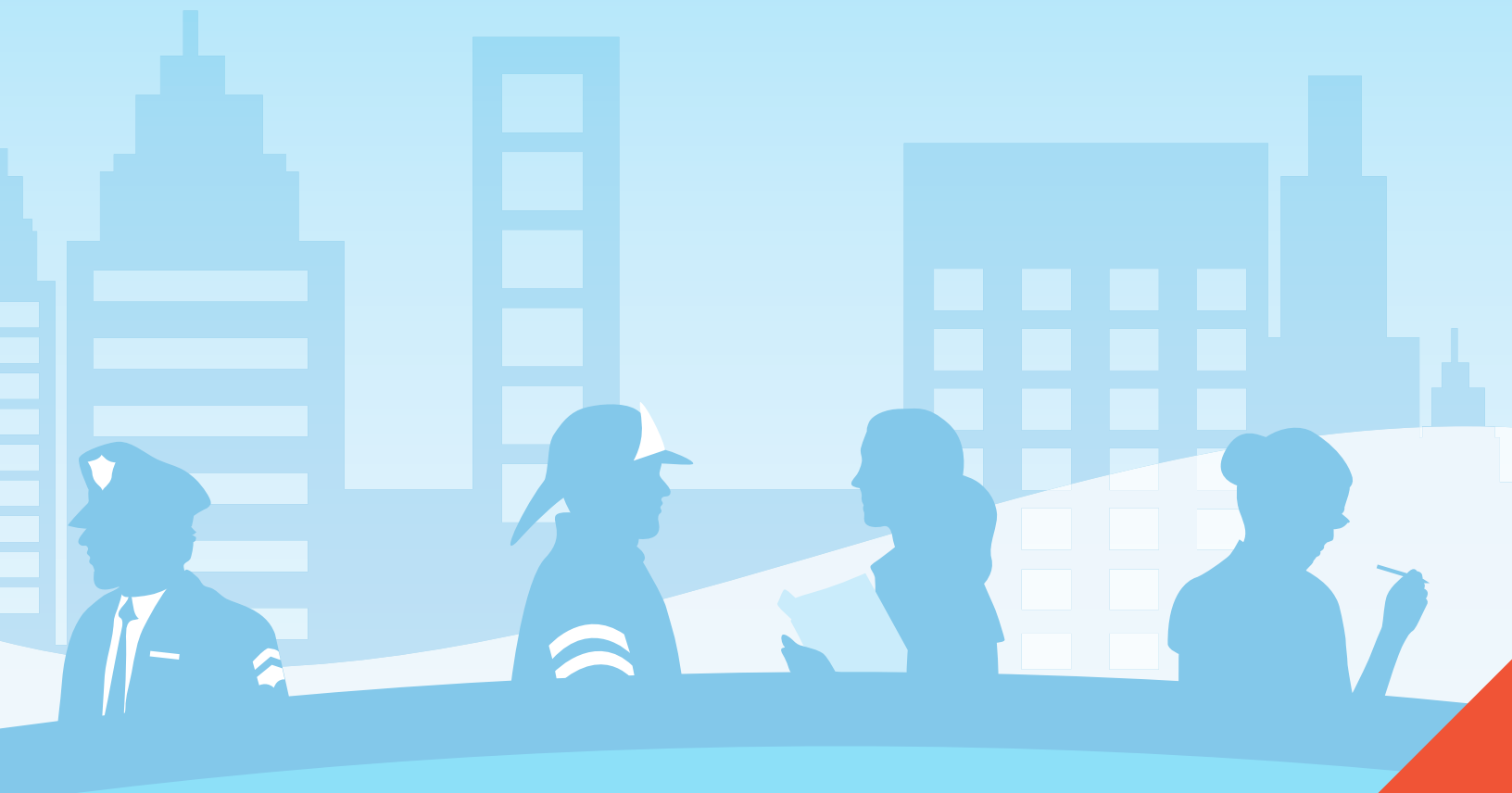


Winter 2014-15

RetirementWise

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



Retirement Security

- Healthy Investments
- Tax Reminders for 2014
- Eating Well in the New Year

New and Improved MyTMRS
Direct Deposit Calendar Inside



From the Executive Director

Dear TMRS Retiree,

I hope you had an enjoyable holiday season with your families and are looking forward to 2015! I also hope you are enjoying your retirement and the TMRS® benefit that you earned during your public service.

In this Winter 2014-15 issue of *RetirementWise*, we include Legislative and Investment summaries (pages 4 and 7, respectively), a detailed look at the new MyTMRS® (page 5), and an in-depth Q&A feature about the HELPS provision for retired public safety officers (page 6).

Also in this issue are reminders about your account from the Member Services team, 2014 tax year information, a removable card calendar showing direct deposit dates, and a note about the Retirement Account Statements, which should arrive in your mailbox in early February. We round out the issue with a story about lowering your blood pressure with healthy eating (page 7).

If you have any questions about your TMRS retirement, don't hesitate to contact us. We're here for you! You can always call our analysts during regular business hours, or check our website at www.tmr.com. For personal account information, be sure to register for the expanded online access in MyTMRS, if you haven't already.

We send you this magazine twice a year to keep you up-to-date on events at TMRS as well as on issues that may affect retirees. If there is a way TMRS can communicate with you better, or if there are topics you'd like to see covered, please send an email to communications@tmr.com.

Sincerely,

David Gavia

Executive Director

Texas Municipal Retirement System

2015 Board of Trustees



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McAllen

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@tmr.com.

Calendar

January

- 19 Holiday (Martin Luther King, Jr. Day)
- 29 Annuity checks mailed
- 30 Direct deposit of annuity payment

February

- 16 Holiday (Presidents Day)
- 26-27 TMRS Board of Trustees Meeting – Austin
- 26 Annuity checks mailed
- 27 Direct deposit of annuity payment

March

- 26-27 TMRS Board of Trustees Meeting – Austin
- 30 Annuity checks mailed
- 31 Direct deposit of annuity payment

April

- 3 Holiday (Good Friday)
- 21-22 TMRS Board of Trustees Meeting – Austin
- 29 Annuity checks mailed
- 30 Direct deposit of annuity payment

May

- 21-22 TMRS Board of Trustees Meeting – Austin
- 25 Holiday (Memorial Day)
- 28 Annuity checks mailed
- 29 Direct deposit of annuity payment

June

- 18-19 TMRS Board of Trustees Meeting – Austin
- 29 Annuity checks mailed
- 30 Direct deposit of annuity payment

In This Issue

SPECIAL INSERT:
2015 Direct Deposit Calendar *(after page 4)*

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ISSN 1559-9833

This magazine is an informal presentation of information about TMRS and related issues. If any specific questions of fact or law should arise, the statutes will govern. For information about your own individual situation, please contact TMRS at 800.924.8677. TMRS, MyTMRS, and the TMRS logo are registered trademarks of the Texas Municipal Retirement System.

RetirementWise is dedicated to 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.



“Like” Us on Facebook!

Look up “Texas Municipal Retirement System” on Facebook and “Like” our page so you can be kept up-to-date on TMRS news. ■

2014 Tax Information

Your TMRS monthly benefit is subject to federal income tax. Information about your annuity is reported to the IRS on the 1099-R form, which you will need to file your income taxes. TMRS will mail 1099-R forms for 2014 before January 31, 2015. Also, you may view and print your 1099-R form through MyTMRS.

If you wish to change the amount withheld from your annuity, you may change your withholding (which will change the net amount of your annuity payment) by filling out a new W-4P form (Withholding Certificate for Pension or Annuity Payments). This IRS form may be downloaded from our website's Forms page, or you can get it from the IRS website, www.irs.gov. Mail the completed form to TMRS at P.O. Box 149153, Austin TX 78714-9153 or fax it to 512.476.5576. You may change your withholding at any time of the year and may elect out of withholding if you wish.

The W-4P form needs to be sent to TMRS, not the IRS. 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 or may not cover your tax liability, so be sure you file a W-4P with us. **NOTE: If you want to change your withholding effective with the January 31 payment, we need to have the W-4P no later than January 15.**

If you are an eligible retired or disabled public safety officer and you have filed the "Application for Insurance Premium Deductions" (TMRS-HLPS) form to have TMRS deduct and pay accident, health, or long-term care insurance premiums from your TMRS annuity, you will receive a letter from TMRS in January 2015 stating your 2014 insurance premium payments. In accordance with IRS instructions, the exclusion from income is not reflected in box 2a of the retiree's 2014 Form 1099-R. More information about this exclusion and how to report it can be found in the instructions to the 2014 Form 1040, 1040A, or IRS Publication 575 Pension and Annuity Income, which can be viewed or downloaded from the IRS website. (For more information about HELPS, see story on page 6.) ■

In this issue –

Your Direct Deposit Calendar for 2015

Keep this card handy to quickly see the exact dates for your annuity payment deposits.

Legislative Session Starts Soon

The Capitol building in Austin will be buzzing with a group of new legislators when the 84th Legislative Session convenes January 13, 2015. TMRS will continue its primary mission of educating legislators and their staffs about the strengths of our System and how it benefits Texas municipal employees, retirees, and their communities. In October, the TMRS Board of Trustees approved a resolution (posted on the website on the Legislative page) stating the Board's position on any legislative proposals that might affect TMRS. The Board recommended that TMRS make no changes to the plan, and the resolution provides a framework for the Board to evaluate the impact of TMRS-related legislation that might emerge during the legislative session.

Serving at the request of the Board, the Advisory Committee on Retirement Matters studied several potential proposals during the legislative interim, but the majority of the committee ultimately decided not to propose any legislative changes to the Board. The charter of the Advisory Committee and a list of current Advisory Committee members are available on the TMRS website.

As the session progresses, we will post on the Legislative page a list of all bills that, if passed, could potentially have an impact on TMRS. If you have any comments or suggestions, you may direct them to Dan Wattles, TMRS Governmental Relations Director, at dwattles@tmrs.com. ■

New and Improved MyTMRS!

In September, TMRS upgraded its online-access program for members and retirees, MyTMRS®. The new version provides more detailed information about individual TMRS accounts. For all users, the new interface has intuitive navigation, advanced features, plus an additional level of security.

If you haven't signed up for MyTMRS, now's the time to do it! If you are already a MyTMRS user, you can sign in with your same user name and password.

What Can You Do in MyTMRS?

- Review your personal information (name, date of birth, last employing city, current address, phone number).
- Under **"My Profile"** — see (and change if necessary) your user name, email address, password, and challenge questions.
- Under **Membership Summary** — view your service credit at retirement and date of retirement.
- Under **Payment Summary** — see your monthly annuity, payment method, year-to-date payments (taxable payments and withholding).
- Under **Documents** — view, download, or print your Retirement Account Statement(s) and tax documents (1099-R's), HELPS Statement, and other forms on file with TMRS.
- Under **Beneficiaries** — verify your beneficiary(ies) name, date of birth, and relationship to you. Also on this page, see your Supplemental Death Benefit beneficiary designations (if this option for retirees was chosen by your city).
- Under **Transactions** — see your payment dates and amounts, with information about withholding.

For assistance with MyTMRS, call TMRS or send an email to MyTMRS-Help@tmrs.com. ■

To register:

1. Go to www.tmrs.com
2. Click the **MyTMRS** button on the home page
3. Click the **Create an Account** link
4. Complete the registration process to set up your account

Congratulations! You can now use MyTMRS anytime, day or night, to access the details of your retirement account with TMRS.

Use a "Persistent" Email Address

When you sign up for MyTMRS, you are asked for a valid e-mail address. We recommend you use a "persistent" email address — one you plan on using for a long time. Keeping the same address means you will not miss out on future emails from TMRS as we expand our electronic communications. If you have registered with MyTMRS and need to change your email address, simply login to your MyTMRS account to make the change.

Did You Know?

- If your city provides a COLA (Cost of Living Adjustment), that information is included in your Retirement Account Statement and on MyTMRS.
- If you need to change your bank account, be sure to refile a direct deposit authorization with TMRS indicating the new financial institution. To update your new direct deposit information with TMRS, please complete a new Direct Deposit Authorization Form (TMRS-80E). The form can be downloaded from our website at www.tmrs.com or you may contact TMRS directly at 800.924.8677 to request a form. ■

Q&A about HELPS

Q. What Is HELPS?

Created under federal law, the Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act allows retired or permanently disabled public safety officers (PSOs) to designate funds to be deducted from their TMRS benefit payment to pay for qualified health insurance premiums. These deductions effectively reduce the retiree's taxable income. The insurance payments can include coverage for the retiree, spouse, and dependents. Under HELPS, TMRS sends insurance premium payments directly to an insurance provider, as instructed by the retiree.

Q. Who qualifies for HELPS?

This provision applies only to retirees who were "eligible public safety officers" (PSOs) at the time of their retirement. This definition is included on the HELPS application form. An authorized city correspondent must certify in writing your public safety officer position at the time of separation. The retiree must submit a form to TMRS — the Application for Insurance Premium Deductions for Retired Public Safety Officers (TMRS-HLPS), available on the TMRS website.

Q. How does it affect my taxes?

Your retirement annuity is considered taxable income. HELPS allows you to reduce the amount of your taxable income in the amount of the premiums paid — up to \$3,000 per year. It is the responsibility of each individual to substantiate his or her PSO eligibility in the event of an IRS audit.

Q. How are payments reported to the IRS?

As directed by the IRS, TMRS does not report the amount of these excluded funds on the IRS form 1099-R. To receive the tax benefit, the eligible retired PSO must report the excluded funds on IRS Form 1040 when filling out his or her income tax return. TMRS sends an annual letter in January indicating the amount of the HELPS payments. (You can always see Year to Date information under MyTMRS, as well as any garnishments currently deducted from your annuity.)

Q. How does it work?

Only the retiree, as the primary insurance subscriber, can participate in the HELPS program. Coverage (under an accident or health insurance plan, or qualified long-term care plan) can be for you or your spouse and dependents.

The premiums do not have to be for a plan sponsored by an employer.

Only one insurance premium check can be generated for each retiree. If you have multiple plans with the same insurance provider, the provider, at its discretion, may be willing to receive one payment and allocate the funds to cover multiple plans. TMRS sends premium payments only; we do *not* send payment coupons.

Q. When will my HELPS application be in effect?

Properly completed applications for TMRS to send insurance payments need to be received the month before the effective date.

Q. When does TMRS make the payments to my insurer?

TMRS issues insurance payments once a month on the last business day of each month. TMRS is not responsible for any lapsed insurance coverage. Therefore, the retiree must make arrangements for premium payments that become due before changes take effect.

Q. What should I do if I want to change the amount OR the insurer?

If the amount you want TMRS to pay to the insurer changes, you will need to file a new form. If you want to change either the amount deducted or your insurance provider, you must complete a new form. Since this is an amendment to your original form, the city will *not* have to certify your amended form. Changes take effect the month *after* TMRS receives this properly completed new form.

Q. How do I cancel?

To cancel premium deductions, you must submit a HELPS form — at least one month ahead of time — indicating a \$0 deduction and the effective month. Without instructions from you, TMRS will continue to deduct payments, even if premiums exceed the \$3,000 IRS limit or your insurance coverage terminates due to age, until we receive a cancellation request on a new HELPS form. In the event of your death, however, premium payments will be terminated.

See additional details about HELPS in the TMRS flyer on the TMRS website. If you have any other questions, please contact TMRS at 1.800.924.8677. ■

Investment Update

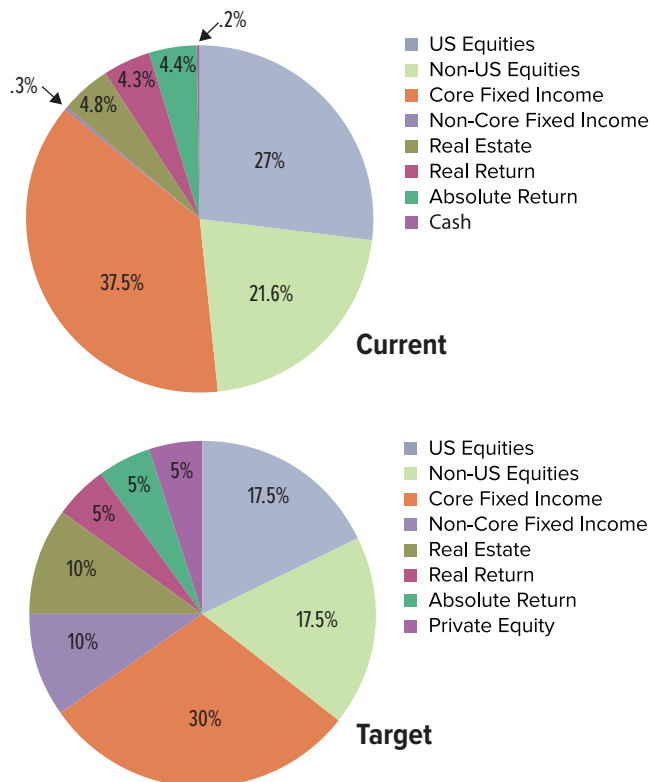
TMRS' investment portfolio continues to be diversified according to the plan approved by the Board of Trustees. Our asset allocations (as of 9/30/14) are Core Fixed Income 37.5%, Non-Core Fixed Income 0.3%, U.S. Equities 27.0%, Non-U.S. Equities 21.6%, Absolute Return 4.8%, Real Return 4.3%, Real Estate 4.4%, and Cash 0.2%*. The total market value of the portfolio as of 9/30/14 was \$23.3 billion.

* Note: The sum of allocations may not add up to 100% due to rounding.

In addition to Fixed Income, Public Equities, Real Estate, and Real Return, TMRS added the Absolute Return asset class in 2014. An Absolute Return manager, Blackstone, was approved in February 2014 and funded in August. In October, the Board approved the selection of Albourne America as TMRS' Absolute Return and Real Return consultant. Also in 2014, the Board began receiving educational sessions on Private Equity with targeted initial investment by the first quarter of 2016.

TMRS' Investment Policy, investment diversification progress, performance summaries by quarter, and investment consultants and managers are posted on the TMRS website on the Investments page. ■

Current and Target Asset Diversification
as of 9/30/14 (rounded to tenths)



To Your Health

Eat Healthy to Lower Blood Pressure

The New Year is a good time for resolutions about health and diet. Many people have a short-term goal of losing weight after the holidays. However, a long-term goal of healthy eating can help you celebrate many more New Years in the future. Your daily food choices — crucial to maintaining your health, your looks, and your well-being — can also add years to your life.

Eating a well-planned, balanced mix of foods every day may help you control high blood pressure, which reduces the risk of heart attack and stroke.

DASH — A Diet to Help Lower Blood Pressure

Dietary Approaches to Stop Hypertension (DASH) is a flexible and balanced eating plan that is based on research studies sponsored by the National Heart, Lung, and Blood Institute (NHLBI). These studies showed that DASH lowers high blood pressure and improves levels of blood lipids (fats in the bloodstream), which in turn reduces the risk of developing cardiovascular disease.

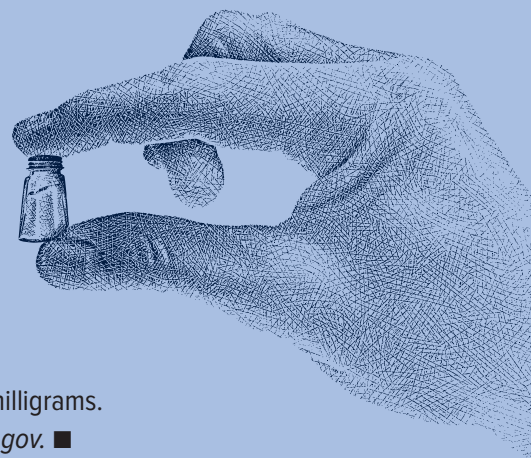
This eating plan:

- Emphasizes vegetables, fruits, and fat-free or low-fat dairy products
- Includes whole grains, fish, poultry, beans, seeds, nuts, and vegetable oils
- Limits sodium, sweets, sugary beverages, and red meats

In terms of nutrition content, DASH is:

- Low in saturated and trans fats
- Rich in potassium, calcium, magnesium, fiber, and protein

The DASH eating plan is lower in sodium (mostly from salt) than the typical American diet. Research has shown that lowering your daily sodium intake reduces your blood pressure. Dietary guidelines recommend those over 51 should limit their daily sodium intake to 1,500 milligrams. For more information about the DASH diet and sample recipes, go to healthyeating.nhlbi.nih.gov. ■



RetirementWise
Texas Municipal Retirement System
P.O. Box 149153 • Austin, Texas 78714-9153

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2015 Retirement Account Statement

Retirement Account Statements

Early in 2015, TMRS will mail a Retirement Account Statement to all annuitants. Your statement should arrive in early February. If you move or need to update your address before then, complete a TMRS-CHNG (Address or Name Change) form and fax or mail it to TMRS. All TMRS forms are available on the website, and you can check your data on file with TMRS by using MyTMRS or calling 800-924-8677.

NOTE – If your city provides a COLA for retirees, the COLA amount will be noted on your Retirement Account Statement.

How to Contact TMRS

Toll-free • 800.924.8677

Local (in Austin) • 512.476.7577

Website • www.tmr.com

E-mail • phonecenter@tmr.com

Fax • 512.476.5576