



Pension Review

SUMMER / FALL 2011

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Changes to APRS Statute

The APRS Board of Trustees was informed that legislation (SB 1285) amending statute 6243n-1, in the 82nd Texas Legislative Session, was passed by both houses and will go into law without being signed by Governor Rick Perry . The key highlights of the amending statute are as follows:

◆ **History**
SB 1285 is the result of an agreement between the Austin Police Retirement System, the police officers, and the City of Austin.

◆ **Bill Purpose**
The bill formalizes an agreement that, in

lieu of providing a salary increase, the City will increase its contribution rate to the System by one

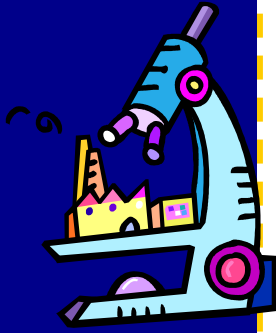


percent of covered payroll in the City's fiscal year 2011-12 and a second one percent, which results in a total of two percent, in all fiscal years thereafter to its statutorily determined contribution rate.

◆ **Affect**
The bill will improve the funded status of the System, providing additional

investment capital to grow the asset base of the System; and lowering the longer term future cost of the retirement program.

◆ **Special Thanks**
Although this bill had unanimous support from the City, the APRS Board of Trustees, the Police Officers' Association and the Retirees' Association, and no opposition was initially expected, the bill did have some opposition. The Board made the decision to hire Texas Strategy Group to provide some governmental consulting services as well as enlisting the System's retirees to directly contact their legislators. APRS would like to thank both Texas Strategy Group and the Retired Police Officer's Association for their assistance in getting this bill passed.



2010 Audit and Actuarial Valuation and 2011 Mid-Year Report

The December 31, 2010 audit shows the System's financial statements presented fairly, in all material respects, the financial status of the City of Austin Police Retirement System and the changes in its financial status for the year then ended in conformity with generally accepted accounting principles. This is the highest standard of measurement that can be issued as an audit opinion.

The 2010 audited Net Assets Held in Trust

Available for Pension Benefits at year-end was \$492,545,219 as recorded by the System's independent auditor Montemayor Hill and Company, PC. This asset value is 14% greater than 2009.

The 2010 actuarial valuation showed the unfunded actuarial accrued liability is 23.2 years as presented by the System's actuary, Rudd & Wisdom. This is in compliance with the Texas Pension Review Board.

The July 31st mid-year report as presented by CSG, Investment

Consultant shows the fund has grown to \$510 million, which is 3% greater than year-end \$492 million and this takes place during 9% plus unemployment and recessionary pressures in the U.S.

The Board, Consultants and Staff believe consistent adherence to its Investment Policy in global diversification across many asset classes, provides the best means to sustain continual growth in assets and thus secure financial stability for its members.

PROP Interest Rate Change

The Austin Police Retirement System's Board of Trustees set the Post Retirement Option Plan interest rate at the Regular Board Meeting on August 18, 2011. The board voted to reduce the interest rate from 4% to 2.5% until August 31, 2012.

Retired members who rolled their DROP monies into the PROP as well as members who have deferred or are deferring their monthly annuities into the PROP will begin earning the 2.5% interest rate effective September 1, 2011.

Retired members who wish to enter into the PROP can do so by electing to defer all or a portion (\$250 or more) of their monthly annuity into the PROP account. For more information on the PROP Monthly Annuity Deferral program, contact Michelle Ruland, Benefit Services Manager at (512) 416-7672.

Upcoming Trustee Election

Elections will be held in December to fill three Police member Trustee positions and one Retiree member Trustee position. Each position holds a four-year term.

The filing period for petition for placement to serve as a member of the Board will be announced in October 2011.

This year, elections will be conducted by electronic balloting. APRS had engaged VR Election Services to conduct the trustee election. Rather

than traditional mailed ballots, members will cast their vote either by phone or by logging on to a secure website .



Please watch your mail carefully for any mail from APRS and VR Election Services so that you do not miss instructions on how to become a candidate in the

election and/or how to cast your vote.

Voting instructions will be mailed to each police member's home address, currently on file with the Police Department. (Retired members' addresses will be obtained from the Pension Office.) In order to ensure receipt, active members with address changes are encouraged to contact the police personnel office at the 7th Street office. Retirees with address changes should contact the Pension Office.

Retiree Insurance Open Enrollment

It will soon be time for your 2012 Open Enrollment, when Retirees have the opportunity to make choices for medical, dental, and vision benefits.

Open Enrollment will be from October 17 through November 18. Your 2012 coverage information packets will be mailed to your home address the week of October 3 if you currently participate in any retiree benefits offered through the City of Austin.

You can attend an Open Enrollment presentation October 27 or November 4, at the Learning Research Center at 2800 Spirit of Texas Drive, Austin, Texas. Presentations will

be held at 8:00 and 10:00 a.m. Employee Benefits staff and vendors will be available from 8:00 a.m. – 12:00 noon for enrollment assistance and answer questions. Free seasonal flu shots will be available at each presentation from 7:30 a.m. – 10:00 a.m.

If you need assistance with your benefits in the mean time, you can contact the Employee Benefits Division of the Human Resources Department at 974-3284 between 7:30 a.m. and 5 p.m., Monday through Friday.



**City of Austin Police
Retirement System**

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**Check us out on the web at:
www.ausprs.org**

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Stephanie Willie, Deputy Director

**Michelle Ruland, Benefit Services
Manager**

Vernon Webb, Financial Manager

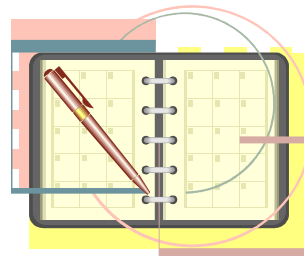
**Shalonda Lee, Administrative
Secretary**

Financial Planning Seminar

APRS will be holding a Financial Planning Seminar geared toward members with 10 or more years of service on October 27, 2011.

Seating is limited and is granted on a first come, first served basis. If you are interested in attending, please contact Shalonda Lee at slee@ausprs.org or (512) 416-7672.

A \$10 reservation fee along with the Registration form must be on file with the Pension Office to hold your reservation at the seminar. The \$10 fee will be refunded upon your attendance at the seminar.



Texans for a Secure Retirement

Recent efforts by a small group of wealthy and influential individuals who want to take away defined benefits for ALL Texas public employees have prompted the creation of Texans for a Secure Retirement (TSR).

TSR is the beginning of a coalition of pension funds, employee groups, retiree groups, unions, teachers and anyone or any group that supports public employees having a defined benefit plan for retirement. The stakeholder group includes approximately 2 million active working and retired individuals that participate in a public defined benefit plan from the 175 public defined benefit plans in Texas with net assets of over \$170 billion. TSR has only one sole purpose and that is to insure that they keep defined benefit plans for public employees in Texas.

The success of TSR depends upon the willing participation of stakeholders. TSR is quickly organizing and beginning the deadly serious effort to protect the financial future of defined benefit plan participants.

APRS members interested in contributing to the Texans for a Secure Retirement PAC and TSR can send donations to: P.O. Box 684601, Austin, Texas 78768.