

Pension Review

SPRING 2010 ISSUE

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Letter from the Chairman

Happy New Year! As we enter 2010, I wanted to take some time to educate our retired membership about the PROP program. Retirees can participate in the PROP Monthly Annuity Deferral program by deferring \$500 or more of your retirement check into an account here at the System called the PROP. Monies are deferred pre-tax and accrue interest at the rate set annually by the Board (currently 4%). This interest rate is looked at annually by the Board of Trustees and is determined based upon the System's investment performance.

Participation in the PROP reduces your current year tax liability while allowing you to accumulate a lump sum balance for later disbursement and taxation or for estate building. If you are a retired member under the age of 69, you can sign up to participate in this program at any time. The amount you are deferring can be changed twice per calendar year.

At age 70 1/2 (or any time prior to that), you must stop deferring and begin taking distributions from that account. Once deferrals have ceased, you may begin taking distributions from that account up to twice per year. Lump sum distributions are subject to a mandatory tax of 20%. Members exceeding age 70 1/2 will be required to take distributions from their PROP accounts under IRS minimum distribution rules (MDR).

If you are interested in participating in the PROP Monthly Annuity Deferral program, please contact Michelle Ruland at the Pension Office at (512) 416-7672. Further details on this program can be found at www.ausprs.org/prop. As always, any financial decisions should be discussed with your professional tax advisor.

Have a happy and healthy 2010!

Peter Morin, Chairman

2010 Retiree Tax Withholding Changes

In 2009, the Internal Revenue Service released new withholding tables that resulted in more take-home pay this spring for millions of American workers and retirees. The new tables incorporate the new *Making Work Pay* credit, one of the key tax provisions included in the *American Recovery and Reinvestment Act of 2009* that became law earlier. Eligible workers and retirees have seen this change in take home pay without any action on their part since March 2009.

However, APRS has been informed by the IRS that the *Making Work Pay* credit is not available for pensions and annuities such as the benefits you get from the **Austin Police Retirement System**. Nevertheless, the IRS ordered that retirees' withholding amounts must be changed, even if they don't qualify for the credit.

If you, or your tax advisor, believe that the increased take home benefit payments will result in under withholding and make you owe more taxes at year-end 2010, please submit a revised Form W-4P (found at www.ausprs.org/forms) to ensure that enough tax is withheld to cover the tax you may owe. Reminder, these forms must be received by the Pension Office staff prior to the 15th of the month in which you would like the change made. Any forms received after the 15th will be processed for the following month. **APRS staff cannot provide tax advice.**

Additional information about the change in withholding tables is available at www.irs.gov or by calling 1-800-829-1040. Local walk-in assistance is available at the IRS, 825 E. Rundberg Lane, Austin, TX 78753 Mon-Fri 8:30am-4:30pm. Publication 919, from the Internal Revenue Service (www.irs.gov), provides additional guidance on income tax withholding.

APRS Encouraging eCommunication



APRS is going green! As a part of this program, we will be encouraging the use of electronic communication between the Pension Office and our members. The advantage of this type of communication is that your Pension Office communication will be fast and effective.

This program encourages members to visit the Systems website www.ausprs.org for the latest news, newsletters, frequently used forms and to learn more about your benefits. The website also includes financial reports, minutes, agendas and a contact page which allows you to send questions and requests to the Pension Office staff.

The use of eCommunication will help to reduce our costs of printing and mailing and help save the environment.

As a result of this program all future newsletters will be available only online www.ausprs.org or upon request by e-mail.

Keep Us Updated!

The system's Attorney requests that all members update their addresses, record release forms, health insurance forms, beneficiary statements and wills as often as necessary to reflect lifestyle changes such as a death or change in marital status and to help us stay current with your records.

It is very important that the Pension Office have updated forms on file every time there is any type of change in order to serve you better.

Retired members can go to www.ausprs.org to obtain these forms. All forms can be mailed to the Pension Office at P.O. Box 41089, Austin, TX, 78704 . Active members should update their information with HR.

When updating your information, please include your name, phone number, date, social security number and signature for verification purposes.

Retiree COLA and Interest on Contributions

At the Regular Board Meeting on December 17, 2009, the System's actuary informed Trustees that he could not recommended a Cost of Living Adjustment (COLA) be paid this year. State law requires that "...The cost-of-living increase presented for approval by the board must be approved by the System's actuary."

The actuary was not willing to approve a January 1, 2010

COLA because: (1) the actual amortization period of 35 years as of the most recently completed actuarial valuation date (December 31, 2008) is above the 30 year preferable range, (2) the projected amortization period for the December 31, 2009 valuation is estimated to be above the 30 year preferable range if a January 1, 2010 COLA were approved, and (3) the projected annual valuations for the next four years beginning December 31,

2009 reveal an increasing trend above the 30 year preferable range in the future amortization periods.

While our Board and Staff regret to inform you of this, they ask you to keep in mind the financial stability of your System is of the utmost importance to them and future increases will be evaluated.

The board and staff are looking forward to a prosperous 2010.

RETIREES:

Mark Your Calendar To
Attend The

Retiree Luncheon

April 21, 2010

Watch Your Mail For
Further Details

Service Purchases for Active Members

The Police Retirement System sold \$322,871 of service credit to 32 eligible police officers in 2009 for Cadet, Forfeited and Pre-Membership Military Service using the deferred compensation 457 program at Great-West Benefits Corp. IRS rules allow the use of these direct fund rollovers from your tax deferred accounts to

purchase service credit in your retirement program for eligible service credit.

There are five service purchase credit options:

***Uniform Leave of Absence (Military)**

***Pre-membership Military Service**

***Forfeited Service**

***Permissive Service**

***Cadet Service**

If you think you may be eligible to purchase any of these options, please contact Michelle Ruland at the Pension Office at (512) 416-7672 for a quote and verification of eligibility.

Meet the APRS Board of Trustees

The APRS Board of Trustees will have some familiar faces for 2010. In December 2010, the City of Austin Police Retirement System's Election Committee declared that Kendall Thomas was running unopposed for the one retiree position and Tim Atkinson and Mike Jung were running unopposed for the two active member positions on the Board of Trustees and therefore no election was necessary.

All newly elected members were sworn in on January 20, 2010 and will serve a four year term that ends on December 31, 2013.

The Board sends its congratulations to the winners and wishes to extend its utmost gratitude to Sean Mannix for his service on the board.

The Board would also like to acknowledge the following trustees who have completed or

are in the process of obtaining the TEXPERS Certified Trustees Training: John Ross, Chesley Wood, Peter Morin and Tim Atkinson. This program consists of three seven-hour class modules taught over a three day period. To be certified, each person must complete and pass all three modules.

Board Chairman: Peter Morin **Board Vice Chair:** Fred Fletcher

2010 Investment Committee Members:

Kendall Thomas (Chairman), Michael Jung (Vice-Chair), Peter Morin, John Ross, Chesley Wood
Alternates: Fred Fletcher, Catherine Haggerty

2010 Disability Committee Members:

John Ross (Chairman), Catherine Haggerty (Vice-Chair), Fred Fletcher, Michael Jung, Tim Atkinson
Alternates: Peter Morin, Kendall Thomas

2010 Goals and Objectives Committee Members:

Catherine Haggerty (Chair), Tim Atkinson (Vice-Chair), Fred Fletcher, Michael Jung, Peter Morin
Alternates: John Ross, Kendall Thomas

2009 Auditor and Actuary

The Board of Trustees has once again engaged Arturo Montemayor & Associates to conduct the 2009 year-end audit of the APRS Financial Statements and commissioned Rudd & Wisdom, Inc. to perform the 2009 year-end actuarial valuation. These audits will begin in April and end on June 30, 2010.

2010 Schedule of Regular Board Meetings:

Wednesday,
January 20, 2010

Wednesday,
February 17, 2010

Wednesday,
March 17, 2010

Wednesday,
April 21, 2010

Wednesday,
May 19, 2010

Wednesday,
June 16, 2010

Wednesday,
July 21, 2010

Wednesday,
August 18, 2010

Wednesday,
September 15, 2010

Wednesday,
October 20, 2010

Wednesday,
November 17, 2010

Wednesday,
December 15, 2010

*Meeting time: 11:30 a.m.
unless otherwise noted*

**City of Austin Police
Retirement System**

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www.ausprs.org

Staff:

Sampson Jordan, CEO

**Stephanie Willie, Asst. Pension
Administrator**

Michelle Ruland, Benefits Specialist

Vernon Webb, Financial Manager

Shalonda Lee, Secretary

Congratulations to our 3rd and 4th Quarter Retirees!!

Name	Retirement Date	Years of Service
Lori Hardage	7/31/2009	24
Jeffery Hampton	7/31/2009	28
Kerry D. Butler	7/31/2009	23
Gaylon Dunkin	8/31/2009	25
Roman Lopez	8/31/2009	25
Max R. Westbrook	8/31/2009	24
Jeffry Seaholm	9/30/2009	31
Michael L. Pollard	9/30/2009	24
Robert Averitt	10/31/2009	29
Calvin Smith	10/31/2009	35
Larry Richardson	10/31/2009	23
Ronald Gamble	10/31/2009	28
Christian S. Harkin	11/30/2009	25
Samuel Holt	11/30/2009	32
John T. Townsend	11/30/2009	26
Tim Smith	12/31/2009	31
Randall Milstead	12/31/2009	25
Karen S. Duncan	12/31/2009	28
Randall Pasley	12/31/2009	30

FINANCIAL PLANNING SEMINAR:

**IF YOU ARE INTERESTED IN
ATTENDING THE NEXT
FINANCIAL PLANNING SEMINAR,
PLEASE CONTACT SHALONDA
LEE AT THE PENSION OFFICE AT
(512) 416-7672.**

Annual Statements Mailed

The Austin Police Retirement System (APRS) year-end 2009 membership Annual Statements have been mailed. The statements were prepared to show active police officer members the number of years of creditable service on file and, the dollar amount of contributions and interest on deposit.

Recent Deaths

The Austin Police Retirement System would like to extend our most heartfelt sympathy to the friends and family of our retiree who recently passed away: Travis Koehler (7/1/09), Jack Leo (7/16/09), Roger Behr (8/23/09), Donald Kidd (9/30/09), Albert Hersom (10/3/09), Earl White (10/5/09), Howard Brownlow (11/28/09), Bryan Stevens (12/4/09) and Limuel Hunter (1/24/10). May the friends and families of these men be comforted in their memories.

