



City of Austin Police Retirement System

December 19, 2008

Dear Retired Member or Surviving Spouse:

At the Regular Board Meeting on December 19, 2008, the System's actuary informed Trustees that he could not recommended a Cost of Living Adjustment (COLA) be paid this year. State law requires actuarial approval of any increases. The Actuary's decision was based on the fact that the national and global economies have worsened, and the domestic and international equity markets have dropped significantly. This was particularly true for the latter part (September-December) of 2008, as you may be aware. During this period the Austin Police Retirement System fund assets dropped by approximately -23%. Although there are uncertainties about how and when the national and global economies will recover, know this that your current pension benefits are protected by the state constitution and cannot be reduced.

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.

Holiday greetings go out to everyone from the Board and Staff for a safe and happy Holiday Season with a prosperous New Year.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Morin".

Peter Morin
Chairman, Board of Trustees