



# PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



## Update From the Chairman

Sherry Mose  
Chairman

Dear Participants,

I want to first express my gratitude to the HMEPS Board of Trustees for unanimously re-electing me as Chairman. It is an honor to have such strong support from the board, and I consider it a privilege to serve our participants.

I also want to extend my congratulations to fellow Trustees Roy W. Sanchez and Lonnie Vara on their own re-elections as Vice Chairman and Secretary, respectively. We are fortunate to have such an experienced and knowledgeable board dedicated to the System's oversight.

As I look to the opportunities and challenges ahead for HMEPS, the word



HMEPS Manager of Policy and Financial Planning Steve Waas, Executive Director Rhonda Smith, Chairman Sherry Mose, Congressman Gene Green and Secretary Lonnie Vara recently met to discuss pension legislation.

vigilance comes to mind. Vigilance, by definition, is the action or state of keeping careful watch for possible danger or difficulties.

Pensions have become an unfair target for criticism across the country and Texas is no exception. At

HMEPS, we remain vigilant on all fronts as we counter these attacks, tell our positive story and protect and grow the System for the benefit of our participants.

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## Mark Your Calendars for the 2015 Spring F.R.E.E. Summit

Sign up now for the 2015 Spring F.R.E.E. Summit! This new, smaller event was created because of the popularity of our flagship Fall event. The event will be held May 6, 2015 from 12:30 pm to 3:00 pm. Turn to page 6 for more details. Educate and empower yourself to live the life and retirement you deserve!



Stay connected with us by visiting [www.hmeps.org](http://www.hmeps.org) or finding us on social media!



# An Update From the Chairman

*(Continued from Page 1)*

Currently, the HMEPS board and staff are keenly focused on the 84th Texas Legislature, where House and Senate members are considering hundreds of bills on a wide array of issues.

Some of the bills filed concern pension systems, and we oppose them because they would negatively affect the well-established processes that have allowed us to work effectively with the City of Houston on pension issues.

You are well-represented at the Capitol, as the HMEPS' Board of Trustees and staff members are highly engaged in talking to legislators to educate them about HMEPS and how any proposed legislation would impact the System.

We also continue to interact with our elected officials in Washington, D.C., and we are sure to communicate important information about HMEPS to them. And on

the local front, we are constantly engaged with our local elected leaders in regards to pension issues.

Finally, but most importantly, we remain vigilant in our multi-platform efforts to keep you, our participants, informed about pension-related matters. We know how important it is to you to stay abreast of developments regarding your benefits.

Rest assured, we will continue to fight for you to safeguard the System.

Your Chairman,



Sherry Mose

## HMEPS Investment Update

### Market Value by Asset Class

	Dec. 31, 2014	Sept. 30, 2014
Global Equity	\$ 941,195,637	\$ 974,135,148
Fixed Income	408,410,617	383,960,991
Real Estate	272,722,680	249,198,940
Inflation Linked	174,962,128	213,807,017
Private Equity	392,678,155	378,451,220
Absolute Return	214,294,692	214,429,332
Cash	34,166,266	24,946,063
<b>Total</b>	<b>\$ 2,438,430,175</b>	<b>\$ 2,438,928,711</b>

## HMEPS Recommends Direct Deposit of Your Pension Benefit

HMEPS strongly recommends that you sign up for Direct Deposit when you retire, so your checks will be electronically deposited to your account in your financial institution. Direct Deposit enrollment forms are available from the HMEPS office or you can download them directly from the Retirees section of the website ([www.hmeps.org/retirees](http://www.hmeps.org/retirees)). HMEPS must be kept informed in writing of any changes in your home address after you retire, even if you use Direct Deposit, so periodic statements, news updates, and your form 1099-R can be mailed to you.

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## HMEPS' Response to Current Pension Legislation

Over the next several months, Texas House and Senate Members will consider hundreds of bills on many different issues relevant to state government.

You should be aware that there are bills (specifically HB 2608, HB 2955 and SB 1994) that concern us a great deal. These bills have been dubbed by some as “local control” bills. But they are nothing of the sort.

In fact, local control already exists in the Meet & Confer process, which has worked extremely well for HMEPS and the City. These bills work directly against this well-established process.

It is our job to inform and educate legislators about the participants of HMEPS and how any proposed legislation would affect them. In addition, the Meet & Confer agreement between the City and HMEPS requires both of us (as parties to the agreement) to oppose bills like these, which threaten this carefully constructed process. The Meet and Confer provides:

**“...the Parties agree, cooperatively and separately, not to file or submit, and to oppose any legislation that is filed in or submitted to the Texas Legislature, in the form of a bill or an amendment to a bill, that would result in a reduction of benefits or in a change under the Statute, and/or that would affect any of the matters covered by the Agreement, unless such a change is mutually agreed to by the Parties.”**

HMEPS' Board of Trustees and staff are highly engaged on these bills, as well as other pension-related legislation, and will keep you informed as the legislative process in Austin unfolds. We ask that you stand ready to engage with your elected officials should that be needed. As always, we will remain vigilant in protecting the system and our participants.

### Stay Connected to HMEPS

Here are just some of the ways you can stay connected to what's happening at HMEPS:

#### HMEPS Website

Access the HMEPS website at [www.hmeps.org](http://www.hmeps.org) for the latest news, announcements, forms, current and past publications and more. Also, retirees can access the MyPenPay retiree portal and all participants can access the *AccessHMEPS* portal from the home page.

#### Email Blasts

Provide HMEPS with your email address so we can keep you informed on pension matters quickly and effectively. Visit the website, click on the Facebook icon on the top right of your screen and then click on the “Click here to sign up for emails” button on the top right. (HMEPS will use your email address for general communication and not for providing any personal or

individualized information. We do not share personal email addresses with third parties.)

#### Social Media Platforms

Visit the HMEPS Facebook and Twitter social media accounts pages. You can find us under “Houston Municipal Employees Pension System” for Facebook and “@HouMEPS” for Twitter.



#### Member Video on YouTube

As a tribute to our participants and to highlight the importance of pensions, HMEPS has created a short video which can be found on YouTube. Check it out and subscribe to view more upcoming videos on the HMEPS channel named “HoustonMEPS” or at: <http://www.youtube.com/user/HoustonMEPS>.



# Getting the Facts Straight On Pensions

As the legislative season unfolds, it is likely that much misinformation regarding pensions will find its way into the press, so it is a good time to review some important points.

First, the portion of the City of Houston’s (CoH) General Fund expenditures that goes into HMEPS is only 2.6%.

This percentage is likely to increase slightly in the next few years, based on mutual agreement. This is to make up for past underpayments. By 2019, the portion from the CoH General Fund will likely be about 2.8%. However, because of reforms already in place, within about 30 years this portion will decline to well below 1%.

By any standard, these numbers are modest.

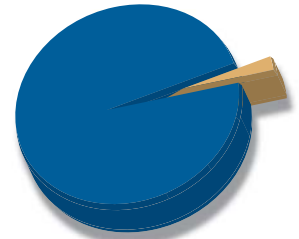
Furthermore, they are prudent. In 2014, the Texas Pension Review Board conducted an extensive study of pension systems in the state. A principal conclusion of this report was that

“consistent and adequate contributions” into a pension system are the single most important factor in “its ability to meet its long term obligations.”

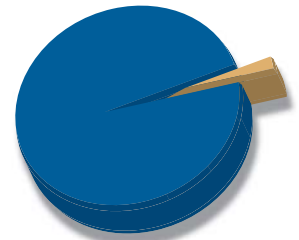
The lack of such adequate funding has created problems for HMEPS in the past. But in recent years, through the Meet & Confer process, HMEPS and the CoH have negotiated agreements which have rectified this problem. Contributions from the CoH into HMEPS contractually increase in a systematic fashion toward the “actuarially required” level – the level which will lead to a fully funded system within approximately 30 years.

By the CoH adhering to its proper funding obligations, there should never be a problem with inadequate contributions again.

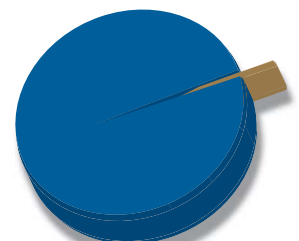
HMEPS is proud of the extensive reforms it has made over the last decade. These are reforms that have put the system on a long term sustainable path, and we are working hard to make sure it stays on that path.



HMEPS Contribution is 2.6% of Estimated 2015 CoH General Fund



HMEPS Contribution is 2.8% of Estimated 2019 CoH General Fund



HMEPS Contribution is 0.7% of Projected CoH General Fund in Approximately 30 Years

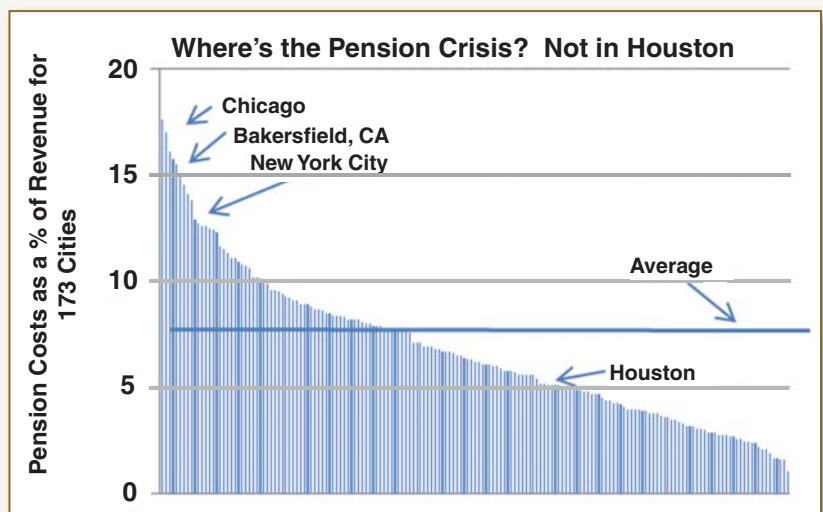
Long before public employee pensions were a hot button issue, HMEPS and the City of Houston implemented major reforms to HMEPS – via the Meet & Confer process created by the Legislature – that included over \$850 million in future benefit reductions to participants. Here are some straight facts about HMEPS:

## The pension fund’s investment performance has been excellent.

- Over the last five years HMEPS investment returns have averaged over 12% per year – well exceeding expected levels.

## The cost of retirement benefits are far below those of other major cities and below the nationwide average.

- According to the Center for Retirement Research at Boston College, which has been called “the nation’s leading center on retirement studies” by the New York Times, pension costs borne by Houston taxpayers are far below average.



Data from: <http://crr.bc.edu/wp-content/uploads/2013/11/SLP35.pdf>



## Re-elected Board Officers Bring Experience, Knowledge to Their Positions

In each odd-numbered year, the HMEPS Board of Trustees elects Board officers to the positions of Chairman, Vice Chairman and Secretary. At the January 22 meeting, the HMEPS Board re-elected Sherry Mose as Chairman, Roy W. Sanchez as Vice-Chairman and Lonnie Vara as Secretary. Each Trustee brings substantial experience and leadership, and the officers look forward to working with the Board to continue to strengthen HMEPS and provide excellent service to our participants. The following are highlights of their experience:

**Sherry Mose** is the Plan Administrator of the City of Houston Deferred Compensation Plan. In addition to Sherry’s extensive Board and City service, she serves as First Vice President for the Texas Association of Public Employee Retirement Systems (TEXPERS).



Sherry Mose  
Chairman and  
Elected Trustee

**Roy W. Sanchez** has served as the Board Vice-Chairman since 2013. He was elected to the Board in 2010 and has served the City of Houston for over 21 years in the Code Enforcement Division of the Public Works & Engineering Department. Roy currently is the Treasurer for the Houston Organization of Public Employees (HOPE), and has been actively involved with employee issues as a HOPE officer and member.



Roy W. Sanchez  
Vice Chairman and  
Elected Trustee

**Lonnie Vara** brings a wealth of experience to his role as Board Trustee and Secretary. Lonnie began working in the City’s Civil Services Department in 1974 and retired as the Human Resources Director in 2006 after 32 years. Lonnie was a long-time Board member prior to his retirement, and was elected to the Board in the 2008 Trustee election as a retiree Trustee.



Lonnie Vara  
Secretary and Elected  
Retiree Trustee

## HMEPS Honors Staff Member Amy Rowley

In February, HMEPS said goodbye to Naomi “Amy” Rowley as she began her retirement after 29 years of distinguished service to the City, the System and the people of Houston.

Rowley officially joined the City of Houston in 1985 as an accounting clerk, working for David L. Long in the City’s Finance and Administration department.

She started working for HMEPS in May 1993, two months before



HMEPS Chairman Sherry Mose with Amy Rowley, who recently retired with 29 years of service to the City and HMEPS.

Long was named the System’s first executive director. Rowley became Long’s executive assistant. She continued in that role after Long retired and Rhonda Smith assumed the role of Executive Director.

We thank Rowley for her years of hard work and dedication to the City and HMEPS. She will be greatly missed, and we here at HMEPS wish her the very best in the next phase of her life.

Sherry Mose, HMEPS Chairman, and Summit sponsors HMEPS and City of Houston Deferred Compensation Plan continue to educate you on your retirement at the

# 2015 SPRING F.R.E.E. SUMMIT

FINANCIAL RETIREMENT EMPLOYEES EDUCATIONAL SUMMIT

You, your pension and deferred compensation program will be the topics of discussion at this session. Spring Into Action on Your Retirement Planning!

**Wednesday, May 6, 2015**

**12:30 am to 3:00 pm, 611 Walker,  
Garden Level Auditorium**

FREE for all City of Houston employees, and their spouses, partners or one family member

Register at: [www.2015springfreesummit.eventbrite.com](http://www.2015springfreesummit.eventbrite.com)

Sponsored by: Houston Municipal Employees Pension System and City of Houston Deferred Compensation Plan



For more information call Peter Koops, HMEPS, at 713-595-0123

## **HMEPS Recommends Direct Deposit of Your Pension Benefit**

*(Continued from Page 2)*

### **Advice on Closing Your Checking Account (and What You Should Do About Your Direct Deposit)**

HMEPS would like to remind those retirees who are signed up for direct deposit to be sure and notify HMEPS before they close their current bank accounts. Why? If you fail to notify HMEPS before you close or change an account and HMEPS sends your pension payment to the old account, it will get returned – causing a delay in receipt of your funds.



The proper procedure for closing or changing a direct deposit account is:

1. First notify the bank that you would like to close the account. They can work with you and keep the account open until you have opened another account.
2. Notify HMEPS that you are closing the account and what your plans are for opening another. HMEPS can then make arrangements to send your payment in the mail until you have had time to open another account.

# Retirees – Make Plans Now to Attend the 2015 ARHME Social



Lonnie Vara  
Secretary and Elected  
Retiree Trustee

The Association of Retired Houston Municipal Employees (ARHME) has made plans for its fourth annual “ARHME Social.” Below are details for the circus-themed event:

**Saturday, April 18, 11:30 a.m. to 3 p.m.**  
**Metropolitan Multi-Service Center**  
**1475 West Gray**  
**Houston, TX 77019**



David L. Long  
Elected Retiree  
Trustee

All municipal retirees from the City of Houston and their guests are invited to attend. Enjoy delicious food, mix and mingle with old and new friends, play bingo and win prizes. Lunch will be served at 12:00 noon. Please visit the ARHME website at [www.arhme.org](http://www.arhme.org) to purchase tickets (\$25 per couple/\$15 per person) or call Marian Burton (713-201-2680) for more information about the event.

## Pension Payment Schedule, April – July 2015

The schedule below indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month (dates are circled below). If you receive a pension check by mail, it is typically mailed 3-4 days before the last business day of the month.

April 2015							May 2015							June 2015							July 2015						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4	31					1	2	1	2	3	4	5	6				1	2	3	4	
5	6	7	8	9	10	11	3	4	5	6	7	8	9	7	8	9	10	11	12	13	5	6	7	8	9	10	11
12	13	14	15	16	17	18	10	11	12	13	14	15	16	14	15	16	17	18	19	20	12	13	14	15	16	17	18
19	20	21	22	23	24	25	17	18	19	20	21	22	23	21	22	23	24	25	26	27	19	20	21	22	23	24	25
26	27	28	29	<b>30</b>			24	25	26	27	28	<b>29</b>	30	28	29	<b>30</b>				26	27	28	29	30	<b>31</b>		

## Retirements

### 4th Quarter 2014

#### Administration & Regulatory

Coleman, Bobbie

#### Aviation

Hill, Lura  
Smith, Horace

#### General Services

Girardi, Steven  
Savitsky, Dennis

#### Health & Human Services

Stine, Robert

#### Library

Henderson, Michael  
Page, Cynthia

#### Parks & Recreation

Gonzalez, Ana

#### Public Works & Engineering

Martinez, Ramiro  
Noble, Eddie  
Nunez, Mary  
Tellez, Janice  
Villarreal, Martin

#### Solid Waste

White, Willie



The Retirement section lists names and departments of those retiring participants who have indicated on their retirement applications that they wished to have an announcement of their retirement included.

# PENSION PRESS

Houston Municipal Employees Pension System



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## BOARD OF TRUSTEES

### ELECTED AND APPOINTED TRUSTEES

Sherry Mose, *Chairman*  
Roy W. Sanchez, *Vice Chairman*  
Lonnie Vara, *Secretary*  
David L. Long  
Asha Patnaik  
Lenard Polk  
Barbara Chelette, *Appointed*

### CITY APPOINTED TRUSTEES

Richard Badger  
Edward J. Hamb II  
Craig T. Mason  
Adrian Patterson

## PENSION PRESS

Rhonda Smith,  
*Executive Director*  
Peter Koops,  
*Communications Specialist*  
Nicole Riney,  
*Benefits Counselor*

Thanks to the HMEPS staff for their  
contributions to the ongoing success  
of the *Pension Press*.



# HMEEPS

HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

## NEWSLETTER CONTENT

The material contained in this newsletter is intended to provide you with important information about your pension participation. The content cannot be taken as the basis of any contractual rights between HMEPS and its participants. If there is a question of interpretation, retirement laws are the final authority.

## HMEPS CONTACT INFORMATION

HMEPS Address:  
1201 Louisiana, Suite 900  
Houston, Texas 77002-5608

HMEPS Phone Numbers:  
Phone: 713-595-0100  
Toll Free: 800-858-1450  
Fax: 713-650-1961

HMEPS Website:  
[www.hmeeps.org](http://www.hmeeps.org)