



PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



Update From the Chairman

Sherry Mose
Chairman

Dear Participants,

As we approach the end of 2014, I would like to express to you an “attitude of gratitude.” In looking back over the past year, I realize there are many things I am grateful for, a few of which I want to share with you.

First, I am grateful for HMEPS’ strong investment performance in fiscal year 2014. The System’s investment portfolio closed its 2014 fiscal year at \$2.46 billion, up from \$2.2 billion at the beginning of the year, and the total investment return for the fiscal year was 16.4%.

These impressive results are due to the expertise and guidance of the HMEPS Board of Trustees, who are unwavering in their focus on the long-term growth and health of the fund. I thank them and the HMEPS staff for their hard work, experience, commitment and service to the System and its participants. (See the article on page 2 for more information.)

I also want to express my gratitude for the opportunity I had to discuss retirement financial planning with many of you at the ninth annual Fall Financial Retirement Employees Educational (F.R.E.E.) Summit. At this event, Rep. Sylvester Turner addressed the attendees and discussed different relevant issues. I am grateful for the staff who made it another successful event and I look forward to seeing you all at the Spring and Fall F.R.E.E. Summits in the upcoming year.

Most importantly, I am grateful for the continued support of you, our valuable participants, for whom we provide the benefits you worked hard to earn. I wish all of you a safe and happy holiday season and a glorious new year!

Your Chairman,

Sherry Mose

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Chairman Sherry Mose, State Representative Sylvester Turner and Executive Director Rhonda Smith at the 2014 Fall Financial Retirement Employees Educational (F.R.E.E.) Summit in October 2014.



Attendees at the 2014 Fall F.R.E.E Summit listened intently to the retirement advice presented by the speakers.

Stay connected with us by visiting www.hmeps.org or finding us on social media!



HMEPS Posted a Strong Investment Return of 16.4% For FY 2014



Rhonda Smith
Executive Director

Rhonda Smith, Executive Director

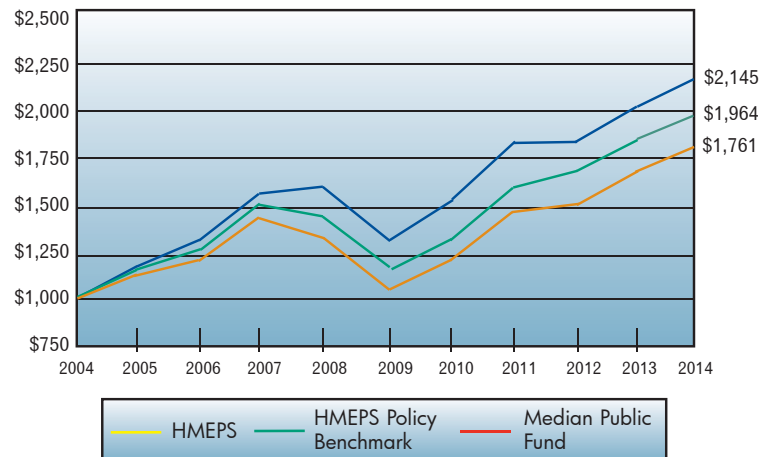
I am delighted to report that fiscal year 2014 was a very successful year for HMEPS. The System's investment portfolio closed out the fiscal year at \$2.46 billion, up from \$2.2 billion at the beginning of the year. The total investment return for the fiscal year was 16.4% (gross of fees), making it another strong, solid year for HMEPS.

HMEPS has an impressive investment portfolio and track record. Ordinarily, over two-thirds of HMEPS' funding comes from returns on the System's investments, which are professionally managed and which returned an impressive 9.3 percent for the ten year period ending June 30, 2014, well over the median return for public funds of 7.3 percent over that same period.

The best performing asset classes for fiscal year 2014 were Inflation Linked, up 22.3%. and Global Equity, up 21.9%. HMEPS outperformed the policy index returns in these two asset classes by 16.2% and 1.0%, respectively. The benefits of a well-diversified asset allocation are shown by HMEPS' ability to perform very competitively over multi-year periods where different asset classes drive overall returns.

The consistent long-term above-benchmark performance is best illustrated by the growth of \$1,000 invested in HMEPS' total fund, the policy portfolio and median public fund during the past 10 years. The ending points indicate that \$1,000 invested in HMEPS' total fund would have grown to \$2,145, while the same \$1,000 would have grown to \$1,964 and \$1,761 respectively in the policy portfolio and the median public fund.

GROWTH of \$1,000



HMEPS Investment Update

Market Value by Asset Class

	Sept. 30, 2014	June 30, 2014
Global Equity	\$ 974,135,148	\$ 1,012,108,722
Fixed Income	383,960,991	410,060,131
Real Estate	249,198,940	241,702,148
Inflation Linked	213,807,017	218,877,391
Private Equity	378,451,220	357,366,429
Absolute Return	214,429,332	214,085,0128
Cash	24,946,063	15,386,604
Total	\$ 2,438,928,711	\$ 2,469,586,454

2015 DROP Interest Rate is 7.5%

Visit www.hmeps.org for details.

HMEPS RECOGNIZED FOR FIDUCIARY EXCELLENCE

HMEPS' fiduciary excellence was officially recognized this year. The Centre for Fiduciary Excellence (CEFEX) recently announced that it has certified the investment fiduciary practices of HMEPS' public market portfolio as adhering to a global standard of excellence for Investment Stewards. HMEPS is among the first organizations to successfully complete the independent CEFEX certification process.



Certification is based on 22 fiduciary practices that seek to increase long-term investment performance by diversifying the portfolio across multiple asset classes and peer groups, evaluating investment management fees and expenses, and selecting or terminating investment managers.



HMEPS CELEBRATES EMPLOYEE MARILYN ARTZNER UPON HER RETIREMENT

HMEPS recently honored Records Coordinator Marilyn Artzner, who has served the System for over 8 years and will be retiring at the end of December. The entire staff said their goodbyes to Marilyn and wishes her and her family the best in her new role.

HMEPS' Records Coordinators Marilyn Artzner (left) and Kimberly Carter hold the City of Houston proclamation commemorating Artzner's retirement.

STATE STREETS' TAX WITHHOLDING TABLES TO REFLECT NEW 2015 TAX RATES

Effective January 1, 2015, the federal and state income tax withholding tables have been changed to reflect the new 2015 tax rates. If you currently have federal and/or state income tax withheld from your payment, you may notice a change in tax withholding. Your 2014 tax form will be mailed Monday, February 2, 2015.

PENSION PAYMENT SCHEDULE, JANUARY – APRIL 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.

January 2015							February 2015							March 2015							April 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	1	2	3	4	5	6	7	1	2	3	4	5	6	7					1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	8	9	10	11	12	13	14	5	6	7	8	9	10	11	
11	12	13	14	15	16	17	15	16	17	18	19	20	21	15	16	17	18	19	20	21	12	13	14	15	16	17	18	
18	19	20	21	22	23	24	22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25	
25	26	27	28	29	30	31								29	30	31					26	27	28	29	30			

RETIREMENTS – 3RD QUARTER 2014

Administration & Regulatory

Belt Rhea, Rhonda
Davis, Danny

Aviation

Cisneroz, Joel
Clark, Frank

Convention & Entertainment

Fajardo, Victor
Kimsey, Scott
Martinez, Aurora
Starrett, Maria
Williams, Michael

Neighborhoods

Thornton, Linda

Finance

Reynolds, Howard

Fleet

Flowers, Robert
Stevens, Ralph

General Services

Goodman, Alan

Health & Human Services

Dawson, Larry
Hardy, Nawita
Hill, Ruth
Johnson, Manda
Williams, John

Houston Emergency Center (HEC)

Padilla, Elizabeth
Tennyson, Deanna

Human Resources

Glover, Shirley
Haller, Arthur

Information Technology

Amini, Farshid

Legal

Cheatham, Robert

Library

Guerrero, Rafael

Hall, Cary
Jackson, Alice
Martinez, Maria
Wheeler, Eva

Mayor

Appel, Madeleine

Municipal Courts

Foreman, Vera
Yates, Cora

Parks & Recreation

Chan, Vann

Police

Balderas, Yolanda



Public Works & Engineering

Amos, Peter
Andrews, Harold
Balchus, Rita
Baines, John

Solid Waste

Abraham, John
Boutte, Arnold

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.

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Lonnie Vara, *Secretary*
David L. Long
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Lenard Polk
Barbara Chelette, *Appointed*

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

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Rhonda Smith,
Executive Director
Peter Koops,
Communications Specialist
Nicole Riney,
Administrative Assistant

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



HMEPS

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.

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