



# PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



## An Update From the Chairman

**Sherry Mose**  
Chairman

Dear Participants,

I would like to thank my Board colleagues for re-electing me on January 24th to a new term as Board Chairman. I promise to continue to work hard to honor the trust they and you have placed in me. The combined experience of my fellow Board members who were re-elected – Roy W. Sanchez as Vice Chairman and Lonnie Vara as Secretary – will serve the pension system well as it faces the opportunities and challenges of 2013.

This year marks the 70th anniversary of the plan’s establishment in 1943. I take great pride in following in the footsteps of previous pension trustees who faithfully served the system and skillfully improved its assets to over \$2 billion. You should also take great satisfaction in knowing you are part of a pension plan with a strong history of experienced trustees and administrators.

As many of you know, the Texas Legislature is in session this year. HMEPS is closely monitoring the legislative session in regard to activities related to pensions. On page 3 you can find important communication resources the staff of HMEPS have made available for staying in contact with HMEPS – I urge you to take advantage of these resources.

One of these resources is the new HMEPS member video. The video highlights the fact that retirement pensions are a vital earned benefit for our participants, and that those benefit payments also provide a

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## Annual Statements and Reports to Participants Have Been Mailed – Did You Get Yours?

Annual Pension Statements (active employees) and DROP Statements (participants with a DROP balance as of 12/31/12) were mailed at the end of January. Each packet mailed also contained the 2012 Report to Participants.

If you did not receive your statement(s) and Report, please call the HMEPS office.



2012 Report to Participants

# An Update From the Chairman

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strong boost to the Houston economy and the city’s economic recovery. The video can be found on our website at [www.hmeeps.org](http://www.hmeeps.org) or at: <http://www.youtube.com/user/HoustonMEPS>.

As we start 2013, I want to thank each of you for your continued support of our commitment to protecting your financial future.

Your Chairman,



Sherry Mose  
Chairman

## HMEPS Investment Update

Market Value by Asset Class

	December 31, 2012	September 30, 2012
US Equity	\$464,230,926	\$476,814,336
Non-US Equity	505,944,675	474,824,303
Fixed Income	438,948,611	440,476,764
Real Estate	188,540,501	185,924,186
Inflation Linked	91,430,351	108,623,181
Private Equity	297,728,754	306,329,077
Absolute Return	105,895,727	89,595,816
Cash	37,955,455	10,755,869
<b>Total Fund</b>	<b>\$2,130,675,000</b>	<b>\$2,093,343,532</b>

## Start the New Year with an Educational Outreach Class at Your Location

If you would like to learn more about your HMEPS benefits you may be interested in having a HMEPS benefits counselor(s) visit your specific City location for a 1 to 2-hour presentation and to answer questions. If you would like to schedule a meeting at your location, please call Terri Murray at the HMEPS office at 713-595-0134 to schedule a meeting.



Cruz R. Hinojosa (left) discusses his pension benefit with Terri Murray, HMEPS Sr. Benefits Counselor, prior to his retirement.

## Do You Have Questions About Health Insurance or Insurance-Related Matters?

All questions related to health insurance should be directed to the City of Houston, Dept. of Human Resources, Benefits Division staff. They are responsible for all decisions regarding health insurance and act as the liaison with the insurance providers for retirees and survivors. The HR staff can answer your insurance-related questions for active and retired employees and survivors, process the open enrollment forms for the Group Medical, Dental and Life Insurance Plans and more.

City of Houston  
Dept. of Human Resources –  
Benefits Division  
611 Walker Street, 4th Floor Annex  
Houston, TX 77002  
Ph: 713-837-9400 or  
888-205-9266



## The 2013 Legislative Session

Lawmakers from around the state have gathered in Austin for the 83rd Texas Legislature, which began in January. HMEPS is closely monitoring the legislative session in regard to activities related to pensions.

The HMEPS Board of Trustees and the staff work hard to stay informed about governmental developments affecting Texas public pension systems at the local, state and federal levels. We also are focused on building and

maintaining strong, positive relationships with Texas' elected officials.

The responsible and professional board members and staff at HMEPS will continue to work to educate and inform legislators and stakeholders on the importance of defined benefit plans and the need to protect your hard-earned pension.

### 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 DROP 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 effec-

**STAY CONNECTED!**  
HMEPS NEEDS YOUR E-MAIL  
ADDRESS TO KEEP YOU UPDATED  
ON PENSION MATTERS

**CLICK HERE**

tively. Visit the website, click on the "Stay Connected!" box on the home

page and follow the simple instructions. (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

HMEPS has launched its new Facebook and Twitter accounts. You can find us under "Houston Municipal Employees Pension System" for Facebook and "@HouMEPS" for Twitter.

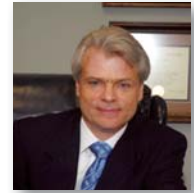


#### Member Video on YouTube

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>.







Steve Waas, CFP®, EA  
 Manager of Policy and  
 Financial Planning

## Understanding Investment Returns

Starsky and Hutch each pick a stock that they think will do well over the next several years. They each buy their favorite stock on the exact same day. A few years later they are talking at a coffee shop and Starsky says, “hey, remember that day a while back when we each bought a stock at \$100 per share? How has your investment done over the last three years?”

“Well,” says Hutch, “not too bad. Three years ago the return was about plus 14%, two years ago plus 2%, and last year it was up 12%.”

“Pretty good,” says Starsky. “Let’s see. My returns over the last three years have been up 12%, up 22% and then last year my return was about 0%.”

Here’s the interesting part: they bought exactly the same stock. Can you solve the riddle?

The answer is this: Starsky and Hutch each define the word “year” differently. In everyday life this doesn’t happen very often. A year is January 1 through December 31, right? That’s what the calendar says, and this is why this is called a “calendar year.” Hutch is thinking of calendar years when he is calculating his returns.

Starsky, on the other hand, uses the concept of “fiscal year.” Like many corporations, governments, and other

organizations, he prefers to account for his financial affairs using a different beginning and end point for the year. He defines the start of each year to be July 1, and the last day of the year as the next June 30.

See the chart of the stock Starsky and Hutch bought, and

how they each view their returns.

The problem is that it can lead to some confusion as it does in the above conversation. Starsky says “last year my stock was flat,” and Hutch says, “last year my stock was up 12%.” But they owned exactly the same stock! Unless they specify what they mean by “year,” comparing the two numbers is meaningless.

Like many pension funds, HMEPS issues its annual reports and actuarial valuations based on a fiscal year beginning July 1 and ending June 30. In fact, the chart above actually

represents the approximate gross returns on HMEPS’ investment portfolio from 7/1/2009 through 12/31/2012. The returns published in annual reports and actuarial valuations are generally fiscal year returns (like Starsky). But in news reports you will often see reports of financial data based on the calendar year. For example, it was widely reported that the stock market was up strongly

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## Understanding Investment Returns

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“last year.” Some participants have compared this to the reported HMEPS gross fiscal year 2012 return of close to 0% and wondered why there is such a big difference. But as you can see from the chart, the main source of the difference is simply the definition of the word “year.” On an apples to apples basis one would need to use the calendar year gross HMEPS return. As you can see from the chart that was about +12% (unaudited).

*Steve Waas is a Certified Financial Planner and is available for individual meetings with participants. Steve also discusses financial topics in our newsletters to help participants better understand these important issues.*

The information contained herein is general in nature and is not intended as legal, tax, or investment advice, and should not be used in any actual transaction without the advice and guidance of a professional tax advisor who is familiar with all the relevant facts. HMEPS assumes no obligation to inform any person of any changes in the tax law or other factors that could affect the information contained herein.

## Check Out the New HMEPS Member Video

HMEPS is proud to present our Member Video, which highlights the fact that retirement pensions are vital earned benefits for our participants, and that those benefit payments also provide a strong boost to the Houston economy and the City’s economic recovery. Check it out and subscribe to view more upcoming videos on the HMEPS channel named “HoustonMEPS” or at:  
<http://www.youtube.com/user/HoustonMEPS>.



## Planning and Proactivity Are Key Elements for a More Enjoyable Retirement

Attendees at the 2012 Financial Retirement Employees Educational (FREE) Summit, held last October, were advised by conference speakers to start their retirement planning early and to be proactive about implementing those plans if they want to have a more enjoyable retirement. Advice such as this, and other topics related to retirement and financial planning, made the 7th Annual FREE Summit a success.

Over 400 City of Houston employees and retirees attended the two-day Summit. Keynote speakers included Diane Oakley, Executive Director of the National Institute of Retirement Security (NIRS), and Bob Love,

former NBA star and current Director of Community Affairs for the Chicago Bulls.



HMEPS Chairman Sherry Mose and FREE Summit keynote speaker Bob Love.

The key themes discussed by the speakers included how to create lifetime retirement plans, how to protect the investments and savings made over a lifetime, and advice on how pensions and deferred compensation can work together to make retirement plans possible.

If you were unable to attend the Summit, mark your calendars for this year’s 8th Annual FREE Summit to be held the third or fourth week of October.

HMEPS will open registration for the event in September.

# 2013 Pension Payment Schedule

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. If you receive your pension benefit by mail it is typically mailed 3-4 days before the last business day of the month. If you would like to enroll in direct deposit, please visit the MyPenPay link from the HMEPS website at [www.hmeps.org](http://www.hmeps.org), or call the HMEPS office at 713-595-0100.

## January 2013

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

## February 2013

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

## March 2013

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

## April 2013

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

## May 2013

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

## June 2013

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

## July 2013

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

## August 2013

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

## September 2013

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

## October 2013

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

## November 2013

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

## December 2013

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

## 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.hmeps.org](http://www.hmeps.org)

# Retirees – Make Plans Now to Attend the 2013 ARHME Social



Lonnie Vara  
Secretary

The Association of Retired Houston Municipal Employees (ARHME) has made plans for its second annual “ARHME social.” Below are details for the event:

**Saturday, June 1, 11:30 a.m.**  
**Bayland Community Center**  
**6400 Bissonnet St.**  
**Houston, TX 77074**

All municipal retirees from the City of Houston and their guests are invited to attend. Enjoy delicious food and mix and mingle with old and new friends. Please visit the ARHME website at [www.arhme.net](http://www.arhme.net) or call 713-644-6729 for more information about the event and membership.



Alan and Cheryl Pump received a \$50 gift card for traveling the longest distance to ARHME’s first social last year. The Pumps drove 115 miles from Centerville.

## Retirements 3rd and 4th Quarter 2012



### Administration & Regulatory Affairs

Metelski, Rebecca

### Houston Airport System

Bolton, Eddie  
 Bonfil, Eva  
 Doyne, Robert  
 Fezza, Gerard  
 Garcia, Inocencio  
 Godiwalla, Adil  
 Haggerty, Michael  
 Potts, Eric  
 Rodriguez, Antonio

### Finance

Kissner, Ronald

### Fleet Management

Castillo, Francisco  
 Vaughn, Jessie

### General Services

Carper, Lola  
 Fonseca, Libertad  
 Garcia, Delfina  
 Jozwiak, Michael  
 Merchant, Abdul

### Health & Human Services

Lowrey, Mary  
 Ughanze, Hyacinth  
 Vasquez, Gloria

### Houston Emergency Center

Padilla, Elizabeth

### Information Technology

Anderson, Rodney  
 Holbrook, Orvileda

### Housely, Michael Trotter, Charles

### Library

Laman, Michael  
 Peterson, Susan  
 Williams, Deborah

### Municipal Courts

Bailey, Nancy

### Parks & Recreation

Bellinger, Richard  
 Buehler, Frederick

### Police

Elmore, George  
 Mullens, Randy  
 Tyler, Alice  
 Vaughan, Anna

### Public Works & Engineering

Acosta, Joe  
 Battles, Carol  
 Cole, Deborah  
 Fitzpatrick, Mckinley  
 Hooper, Kenneth  
 Jaganath, Doodnauth  
 Jones, Jimmy  
 Kelly, Ernest  
 Leal, Angel  
 Massey, Karen  
 Pham, Long  
 Rodriguez, Trinidad  
 Turner, Kenneth  
 Valdez, Jose  
 Winfrey, Marvin

### Solid Waste Management

Edwards, Roy  
 Powell, Audrey  
 Wyatt, Lloyd

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

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Ramon Manning  
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## PENSION PRESS

Rhonda Smith,  
*Executive Director*  
Peter Koops,  
*Communications Specialist*  
Anna Whitson,  
*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.

## HMEPS CONTACT INFORMATION

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Houston, Texas 77002-5608

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