



Pension Press

The Newsletter of the Houston Municipal Employees Pension System

Volume 15, Fall 2001



Fred Holmes
Chairman



Ray Kennedy
Vice Chairman



Sherry Mose
Elected Trustee



Barbara Chelette
Secretary



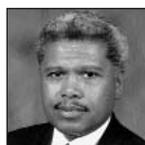
Lee Pipes
Elected Trustee



Roderick J. Newman
Elected Trustee



Lonnie G. Vara
Mayor's Representative



Albertino Mays
Treasurer



Walter D. Davis
Appointed Trustee



Robert Hu
Appointed Trustee



Al Luna
Appointed Trustee



David L. Long
Executive Director

LETTER FROM THE CHAIRMAN

Diversification. It may be one of the safest and smartest words in investing these days, and when talking about investing, it describes a simple concept. Diversification in an investment portfolio means the assets are invested in numerous strategies that complement each other. The intent is to structure the portfolio so that at any point in time, investments that decrease in value are offset by investments that increase in value. Ideally, the investments increasing in value outweigh those decreasing in value. A diversified portfolio may include large company stocks, small company stocks, bonds, international stocks, real estate and cash, and provides two major benefits:

- It reduces volatility, which is the “swings” between the highs and lows
- It can improve our overall returns

Because of these two reasons, and the fact that market returns for major asset classes can change dramatically from one year to the next, HMEPS believes strongly in diversifying our investment portfolio, and in maintaining a long-term view. There are several reasons for this, the foremost of which is the fact that the average active participant in HMEPS has between 15 and 25 years until retirement. Also, there are many participants much younger than 40 years of age who may have more than 25 years until retirement. As a result, we have to act in the best interest of these members and maintain a long-term view.

Ray Kennedy, Vice Chairman, wrote in a previous newsletter, “the level of risk appropriate for a typical investor is directly proportional to their investment horizon.” This means that an investment portfolio appropriate for people with 25 years until retirement is more risky (volatile) than a portfolio appropriate for participants with less than 5 years until retirement. With this fact and the current economic climate in mind, you can imagine the complexity involved in our day-to-day decisions. While the past 18 months have presented fewer opportunities to make investment gains, the HMEPS Board of Trustees has remained disciplined and continues to believe that our portfolio is properly diversified and will provide superior returns over the long-term.

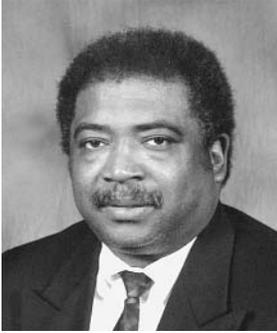
Sincerely,

Fred Holmes
Chairman

In This Issue

Trustees Respond To Participants' Requests . . .	2
Ceremony Marks Signing of HB 1573	2
Proposed Methods for Purchasing Service with Pre-Tax Contributions	3
MDL Capital Management, Inc.	4
Active Employee and Retiree Deaths	5
Service/Deferred Retirements March 2001 to August 2001	5
Uniformed Military Service Q&A	6
Pension Check Schedules	7

Trustees Respond To Participants' Requests



Roderick J. Newman
Elected Trustee

Under the HMEPS pension law, many HMEPS members are eligible to purchase service in HMEPS, including:

- *To convert service from Group B (non-contributory group) to Group A (contributory group)*
- *To purchase service in Group A for which contributions were not otherwise made*
- *To reinstate service for which the member previously received a refund of contributions or a lump sum payment in lieu of a benefit*
- *To purchase military service*

Many of the members who are eligible to purchase service have asked HMEPS Trustees whether it is possible to use pre-tax dollars to pay for the service. Currently, members who are purchasing service by payroll deduction are paying with after-tax dollars (i.e., the contributions to purchase the service are not tax-deferred).

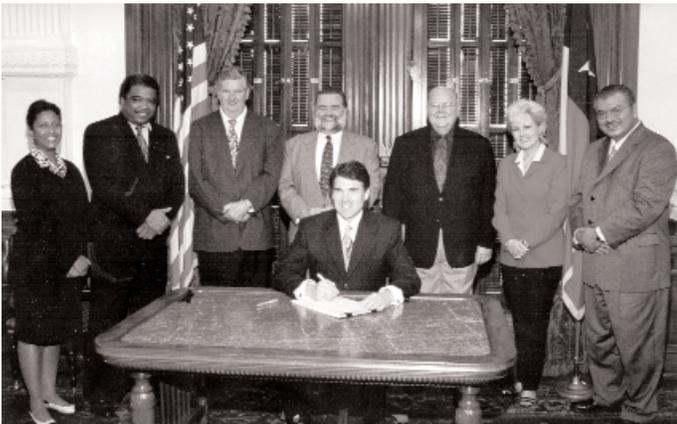
In response to members' requests, the HMEPS Board is exploring two methods for allowing members to purchase service with pre-tax contributions: 1) through a pick-up arrangement; and 2) through a trustee-to-trustee transfer from the member's deferred compensation account (457 plan) to HMEPS. A brief explanation of the two proposed methods is provided on the opposite page.

Your Trustees are always looking for ways to provide better benefits and services for HMEPS members. With your input and constructive ideas, the HMEPS Board can continue to develop programs to meet that goal.

– Roderick J. Newman

Ceremony Marks Signing of HB 1573

Elected members of HMEPS Board of Trustees, Executive Director, and Texas Senator Mario Gallegos, Jr. paid a visit to Governor Perry on August 11, 2001 to ceremoniously sign into law HB 1573 of the 77th Legislature. The following pictures were taken at the ceremony.



Top: Barbara Chelette shakes the hand of Gov. Perry after the ceremonial signing of HB 1573 into law in Austin, Texas.

Left: Gov. Rick Perry (seated), Sherry Mose, Roderick J. Newman, Ray Kennedy, David L. Long, Fred Holmes, Barbara Chelette, Senator Mario Gallegos, Jr.

Proposed Methods for Purchasing Service with Pre-Tax Contributions

HMEPS and the City of Houston are looking into allowing HMEPS members to purchase eligible service in HMEPS on a pre-tax basis using the following two methods: 1) through a pick-up arrangement under Internal Revenue Code Section 414(h)(2); and 2) through a trustee-to-trustee transfer from the member's deferred compensation account (457 plan) under the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law No. 107-16. The following is a brief description of each method:

1. Pick-Up Program

Contributions, including service purchase contributions, normally are not tax-deferred. Member contributions to a tax qualified pension plan are taxed to the member in the year the contributions are made, while employer contributions are not taxed until the member receives them. Generally, if a tax qualified plan requires that members make contributions to the plan, those contributions will be treated as member contributions and taxed in the year made.

However, Section 414(h)(2) of the Internal Revenue Code provides an exception to the general rule for plans established by governmental units. Even though the contributions are designated as employee contributions, they will be treated as made by the employer if they are "picked up" by the governmental unit. In order for a government unit to "pick up" the employee contributions, the employer must pass a resolution, or take other valid action, to say the contributions will be paid by the governmental unit instead of by the member and the member must not have a choice whether to get the money directly or any individual election whether the contributions will be "picked up." (HMEPS members presently pay their regular required contributions on current salary through a pick-up program. Also, HMEPS members who entered into buy-back agreements between May 1, 1996 and July 1, 1996 had their contributions picked up under a pick-up program.)

The "pick up" does not change the treatment of the contributions in any way except for Federal income tax purposes (however, the contributions will be subject to Social Security and Medicare taxes). But, the member will usually pay somewhat more taxes on his or her pension after retirement than if there has been no pick up. This is because the member has a right to recover after-tax contributions tax-free over the period the pension is paid, while pensions for which employer contributions have been paid, including "picked up" contributions, are taxable when paid.

Under a pick-up arrangement, the City would "pick up" all authorized service purchase contributions within the meaning of Code Section 414(h)(2) and pay them to HMEPS from the same source of funds that is used in paying salaries to the members, and such pick up of contributions would be in lieu of contributions from the members. The City's pick up of such contributions would be made by a deduction from each member's salary equal to the amount of the member's contribution picked up by the employer. Members would not have the option of receiving the contributed amounts directly instead of having them paid by the employer to HMEPS. Contributions picked up would be

treated as employer contributions in determining tax treatment of the amounts under the Code.

2. Trustee-to-Trustee Transfer to Purchase Service

Currently, eligible members cannot use the money in their deferred compensation plan ("457 plan") to purchase credited service in HMEPS. However, the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law No. 107-16, allows participants of a qualified plan to use pre-tax contributions to a 403(b) or 457 plan to make trustee-to-trustee transfers for the purpose of (1) purchasing permissible service credit under the plan, or (2) repaying contributions and earnings with respect to an amount previously refunded under a forfeiture of service credit under the plan. The effective date of the transfer provision is after December 31, 2001, and the plan must be amended to allow the plan to accept the transfer.

HMEPS is in the process of determining how and when the transfer provision can be implemented, and the circumstances under which HMEPS can accept transfers for purposes of allowing members to purchase credited service in HMEPS.

Both proposed methods require HMEPS and the City to obtain a ruling or formal guidance from the Internal Revenue Service allowing the use of pre-tax dollars to purchase service. The process of obtaining an IRS letter ruling can take several months, and the ruling itself may require additional changes to be made. Please visit the HMEPS web site at www.hmeps.org for updates and more information on the proposals as they become available.

This summary is not a legal opinion or tax advice and should not be construed as a legal opinion or tax advice. Employees should consult their own legal counsel or tax adviser for specific information related to tax legislation.

NOTICE:

HMEPS and the City of Houston intend to request a ruling from the IRS for an employer pick up program, in accordance with §414(h)(2) of the Internal Revenue Code, to have all service purchase contributions picked up by HMEPS or the City, as employer, on and after a date designated by HMEPS ("Election Date"). **If a member enters into a service purchase obligation on or after December 1, 2001, and the service purchase obligation is in effect on the Election Date, and if the remaining unpaid service purchase contributions under the obligation are subject to the pick up program, then the obligation shall constitute a binding irrevocable payroll reduction authorization ("Payroll Agreement") by the member authorizing the member's employer (the City or HMEPS) to pick up and contribute a portion of the member's salary to HMEPS in lieu of service purchase contributions by the member, and the member will have no option of receiving such picked up amounts directly instead of having such amounts contributed to HMEPS for the service purchase.**

MDL Capital Management, Inc.

by Mimi Forbes, Assistant Vice President, MDL Capital Management, Inc.

Company Profile

MDL Capital Management, Inc. provides fixed income, equity and balanced portfolio management services to public funds, hospitals, Taft-Hartley, ERISA qualified plans, foundations and endowments.

Founded in 1992 as an independent employee owned investment advisor, the firm employs an active, disciplined investment approach that has consistently produced superior investment results.



Mark D. Lay, Chairman & Chief Investment Strategist

Mission

MDL's mission is to provide our clients with excellent, comprehensive money management services, while providing opportunities for minorities and women in the field of investment management. Our entire organization is committed to providing our clients with the best quality of service.

This commitment extends to our employees, as well. We encourage development both professionally and personally at all levels of employment within the firm. We support our personnel through continuing education seminars and programs. Also, the firm encourages participation in charitable organizations and community activities.

MDL upholds the most stringent ethical standards, believing that commitment combined with honest hard work can lead to long-term success and profitability.

Investment Philosophy

Our investment policy is determined by the Investment Policy Committee, which is comprised of professionals with over 50 years of combined experience.



Ed Adatepe, Chief Investment Officer

MDL's co-managers on the fixed income products are Mark D. Lay, Chairman & Chief Investment Strategist, and Ed Adatepe, Chief Investment Officer. Steven Sanders, President, is a member of the Investment Policy Committee.

MDL views fixed income securities as a comparatively conservative asset class. This view is derived from historical statistics, which demonstrate that over sufficiently long periods of time, fixed income securities outperform cash and inflation, but exhibit only half the risk of common stocks.

These unique characteristics make fixed income securities a very conservative way to achieve dependable, positive real rates of return over time. However, there are periods when bonds produce extraordinary absolute and relative returns. MDL attempts to capitalize fully on the upside during these extraordinary periods, but seeks to have a risk profile similar to the appropriate investment benchmark over a full investment cycle.



Steven Sanders, President

Our basic objectives are to:

- Produce consistent, positive returns over a full market cycle
- Add value to an unmanaged universe of securities

During volatile markets we continue to focus on long-term factors that add value. We are confident our performance and professional judgment will add value to our clients' portfolios, as they have in the past.

HMEPS Investments

As of 6/30/01:

Domestic Equity	\$ 437,575,370
International Equity	\$ 223,806,840
Fixed Income	\$ 277,463,771
Real Assets	\$ 240,814,161
Alternative Investments	\$ 201,945,802
Cash Equivalents	\$ 26,424,187

Market Value – June 30, 2001 \$1,408,030,131

The fund decreased 4.08%, falling \$76 million in assets in Fiscal Year 2001 which ended June 30, 2001.

The fund decreased 1.29%, falling \$29 million, in the first six months of calendar year 2001.

SERVICE /DEFERRED* RETIREMENTS MARCH 2001 TO AUGUST 2001

<p>Aviation Andrews, Donald* Barajas, Jesus Barnett, William Bhagwandin, Subhas* Bland, Jean* Brooks, Percy Castillo, Juan Dittfurth, Frank Flowers, Hilda* Fuentes, Jesus Garrett, Sandra Hicks, James Hubert, Joe Jackson, Andrew* Jones, Willie Joseph, William Lindlof, Joan Lott, Delnor Mayes, William Mcclour, Billy McGrew, Squire Page, Robert Pavia, Minerva* Philip, Kochumman* Randle, Cora* Robertson, Charles Seng, Saman Simmons, Martha* Sorrells, Billy Thompson, Curtis* Wilkins, John*</p> <p>Building Services Feldman, Miriam Sciba, Dale Sherman, Reuben West, Pamela</p> <p>City Council Barr, Patricia* Wong, Martha*</p> <p>City Secretary Allison, Lynn Cormier-Banks, Myra</p>	<p>Controllers Roberts, Dorothy Skains, Ruth</p> <p>Convention & Entertainment Fagle, Rick Reece, James Reyna, Mary</p> <p>Finance & Administration Abaya, Candido Antash, Michael* Bramlett, John Croy, Jacqueline* Doan, Thanh* Duran, Lupe* Estolonia, Alfred Flanary, Sammy Grant, George* Holbrook, Robert Huckabay, Deweyne Lofin, Michael Mosley, Katherine* O'Hare, James Reeves, Wanda Terrell, Juanita Thomas, Veronica</p> <p>Fire Branch, Robert Chelette, Barbara Davis, Albert McDaniel, Robert* Nguyen, Tu Northrup, David* Russo, Janice</p> <p>Health & Human Services Adkins, Geraldine Alderete, Maria Chelena, Thomas* Davis, Cora Deleon, Maria Earthly, Brenda</p>	<p>Gonzalez, Elizabeth* Gould, Elliot Gutierrez, Benito Hadnott, Harriet Hoang, Lan Jackson, Vera Johnson, Diane Macklin, Elizabeth* Mcfarland, Donna* Owens, Elizabeth Patton, Linda* Pleasant-Caldwell, Deborah Reid, Eladio* Reyna, Don Samuels, Michael* Shindel, Boris Smith, Bettie Smith, Everett Thomas, Ellen Wakefield, Keith Winn, Danny</p> <p>Human Resources Sanchez, Ismael*</p> <p>Legal Arriazola, Jesse* Lignoul, Timothy* Nguyen, Lan*</p> <p>Library Eyth, Mary Harvath, John Jimenez, Willie McDaniels, Norma Penny, Susan* Sandoval, Frances Sheehan, Patricia Shults, John Strom, Steven* Tufts, Margaret*</p> <p>Mayor's Par, Donna*</p>	<p>Municipal Courts Fletcher, Kenneth Flores, Virginia* Hassler, Barbara* Imhoff, Mary Le, Qui Sims, Sammie*</p> <p>Parks & Recreation Anderson, Richard Carter, Nancy Castillo, Efen Chapa, Eustorgio Colley, Ellison Green, Sol Harland, Garland Henley, Anneliese Mack, Ted* Marchena, Mario Perkins, Hoyt Riley, Jennifer* Rivers, Carl Stepherson, James Varela, Maria* White, Sam</p> <p>Planning & Development Axton, Carroll Blythe, Marjorie Butcher, William Chang, David Ellyson, Guy Elrod, Billy Guzzetta, Sam Heinsohn, Joyce Richard, Mark* Zapata, Carlos</p> <p>Police Abram, Ida* Armijo, Maximiliano Athens, Pete Brown, Pauline Burke, Sylvia Cuellar, Mary</p>	<p>Dodson, Willie Hadnot, Raymond Harness, Olga King, Alfred* Lewis, Janet Martinez, Dianne Moore, Bridgett* Odum, William Parson, Bennie Peirce, Kitty Price, James* Sauer, Gayl Sherman, Georgia Smith, David Thomas, Darlton Toland, George Tweedy, John* Wong, Victor*</p> <p>Public Works & Engineering Allen, Maxie Allen, Richard Atteberry, Harry Backstrom, Delores Bernard, Melvin Bolding, Henry Brooks, Richard Caliva, Joseph* Cervantes, Ramiro* Charles, Helen Childers, Gary* Clemmons, Charles* Cleveland, Billy* Collins, Rita Cooper, Todd Corgey, Iise Crawford, Hosea Sheehan, Patricia Duncan, Billy Duong, Ly Elzie, Floyd Finister, Jessie Floyd, James Foster, Alton</p>	<p>Gaitan, Armando Green, Lessie Groce, Vivian* Halet, Beverly Hardy, Kathryn Harrell, Elliot Harris, Adolph Harris, Eddie* Hisle, Joseph Hobbs, Layton Holmes, Willie Johnson, Godfrey Jones, Barbara Jones, Bobbie Jones, John Jones, Robert* King, Gretchen Lawrence, Rosetta Ledet, Annie Leifeste, Douglas Lightfoot, Kenneth Lott, Sandra Magness, Warner Mantell, Andrew* Marsh, Nelson Monroe, Lawrence Muery, Bryan* Munoz, Cesar Nichols, Lones Nickleberry, Glenn* Orebeaux, Reginald* Orta, Ruben Palma, Rogelio Patrick, Marcus* Patterson, Ernestine Patterson, Van Paz, Jorge Peirce, Grady Dinkins, Joyce Pickney, Alton Piper, Patricia Rea, Judy Reza, Anita Roberts, Willard* Rodriguez, Cuauhtemoczin</p>	<p>Rodriguez, Yolanda* Rogers, Jacqueline Root, Marilyn* Sanchez, Joseph* Scott, Tommy Simonsen, Wendell Smith, James Stein, Robert Thomas, Tommy Thompson, James* Thurman, Rose West, Wayne White, Robert Wiafe-Abobio, David Williams, Lorenza Wilson, Mathies Woodard, Larry* Wootton, Percy Wyche, Clinton Zarate, Rodrigo</p> <p>Solid Waste Barnes, Clarence Berronez, Robert* Castello, Beatrice Dang, Le Galentine, Donald Gatlin, Terry* Knutson, William Pecot, Curtis Petty, William Solomon, Aaron Vera, Elizabeth* Williams, Snell</p>
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ACTIVE EMPLOYEE AND RETIREE DEATHS

<p>Alejandro, Jose Angello, Aaron Bailey, James Banks, Oscar Lee Jr. Basey, Johnny Bass, Gerrel Blasdel, Margie Boyd, Willie** Carmical, Lois Chandler, Leo Clark, Ralph Clinton, Viress Cloud, Mary Cole, Robert Coleman, Theo Collura, Minnie** Colson, Horace Colunga, Aniceta**</p>	<p>Cortes, Carmen Courtney, JoAnne Cozzi, Mickey Crumpler, Gurtrue** DeRousselle, Noah Diano, Romulo Duschen, Julia** Edwards, Mallory* Fairweather, Robert Fitzgerald, Nellie** Gaines, Coralee** Gilliam, Elsie Giordano, Frank Grayer, Ellecia Green, Velma** Grice, John Griffith, Olga** Grimes, Robert*</p>	<p>Harper, James Harris, Arlie Harris, Caesar Hayes, Delamon Hayes, Edward Hayward, Tommie Jaimes, Vera Johnson, Bernard Jolivet, Seberina** Kinnard, Donald* Korenk, Josephine Krolczyk, Victoria** Langham, Max Lewis, Walter Little, Francis Lott, Jessie Love, Frank Malbrough, Mildred</p>	<p>Manikas, Johnny Martinez, Jesus Massey, Raymond McClain, Grover Mickan, Sammie** Mills, George Mitchell, Elijah Moore, Calvin* Moore, Earl Moore, Freddie Moss, Michael* Mouton, Lena** Murski, Mike Navarro, Petra** Nieta, Jose Nolan, Travis Nowak, Wilma** Pickett, Victor</p>	<p>Pool, Eilah** Portis, Octavis Pouncy, Franklin Powell, Albert Preston, Emma** Price, Kimberly* Prince, Edgar Reinecker, Catherine Reyes, Jesus Rising, Clemmie* Robbins, Velma** Roberson, Harvard Robinson, Vernon Rodkin, Martin Rogers, William Rogers, William Jr. Rose, Walter Ross, Frank</p>	<p>Saavedera, Augustina** Schmitz, Vergie Scott, Louise** Sims, Louis Sims, Willie Sparkman, Faye Stepanek, Rose Taylor, L.D. Terral, Bessie Thomason, Frederick Thompson, Robert* Tucker, Edna Vaja, Albert Valdez, Angelita** Walker, Robert Walker, Walter Wells, Talton Westerberg, Gus</p>	<p>White, Willie** William, Evelyn Williams, Edgar Williams, Herbert Williams, Jessie Wisofsky, Verna Withers, Jack</p> <p>Active Death* Widow(er)**</p>
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Uniformed Military Service Q&A

As part of our nation's response to the recent terrorist acts, many current HMEPS members who also serve in the National Guard or Reserved Forces of the United States likely will be called to active duty. We would like to take this opportunity to provide information regarding the Uniformed Services Employment and Reemployment Rights Act (USERRA) as the Act relates to pension benefits for HMEPS members who are called to active military duty.

We have provided the following general answers to basic questions regarding the impact of military service on pension benefits. However, your specific situation may not be addressed or may involve circumstances requiring a different response. All benefit decisions are subject to applicable laws and regulations. If you have further questions regarding military service, contact HMEPS directly at (713) 759-9275.

If I am called to active military duty ...

1. What military service is covered?

If your separation from active military service is honorable, any service with the following groups is covered:

- U.S. Army, Air Force, Navy, Marine Corps, or Coast Guard, including the reserve units
- Army National Guard and Air National Guard
- The commissioned corps of the Public Health Service
- Any other category of persons designated by the President in time of war or national emergency

2. How long can I stay in the military and still receive pension service from HMEPS under USERRA?

Generally, your creditable military service in HMEPS is limited to a maximum of five years.

3. What if I become disabled while in the military?

- If you were on leave during your military service and you cannot return to work because of your disability, your pension benefits will be handled as if you separated from service (terminated employment and were removed from the employment rolls of the City) on your last day of credited service (last day that you were an active City employee receiving a regular salary, provided applicable contributions were made).
- If you separated from service to enter active military duty, you are not eligible for disability benefits.
- If you rejoin employment with the City and a disability develops from something that happened while you were in the military, you will be eligible for the same benefits that would be payable to any other employee who became disabled from an off-duty cause.

4. What if I am killed in the military?

- Your covered survivor(s) will be eligible to receive a non-service-related survivor benefit provided you

had at least five (5) years of credited service. Survivor benefit(s) will be based on the HMEPS pension provisions in effect on your last day of credited service.

5. How do I obtain service credit for the time I served in the military?

- **Immediately upon return to employment**, you should apply in writing to HMEPS for a calculation of the amount, if any, required to establish service credit for your covered military service. The HMEPS address is:
Houston Municipal Employees Pension System
Attn: Military Service
1111 Bagby, Suite 2450
Houston, Texas 77002
- If you are a Group A member, you can obtain service credit for the period from the time you started military duty until you return to City employment through payment of required contributions (currently 4%) on your presumed salary during that period (the salary you would have received if you had remained working in your City position), less any contributions that may have been paid during that period.
- If you are a Group B member, you can obtain service credit for the period from the time you started military duty until you return to City employment without payment; however, you must immediately notify HMEPS of your return so that the time can be properly credited.
- Your release from active duty status must have been under honorable conditions.
- You must return to City employment within the following time limits:
 - * Employees who served less than 31 days must report back to work at the beginning of the next scheduled workday following their release from service and the expiration of 8 hours after a time for safe transportation back to the employee's residence.
 - * Employees who served more than 30 days, but less than 181 days, must apply for reemployment within 14 days of release by the military.
 - * Employees who served more than 180 days have 90 days to apply for reemployment.
- If you are required to pay contributions, you can purchase the service interest-free by making payment to HMEPS in a lump sum or equal installments, but only if you do so within (a) five years of the date of your return from military service or (b) three times the length of your military duty, whichever is shorter.
- If you enter the Deferred Retirement Option Plan ("DROP") after you return to City employment, your payments for military service credit must be made within (a) five years of the date of your return from military service or (b) three times the length of your

military duty, whichever is shorter. However, no DROP distribution will be made until full payment is received by HMEPS.

- Payments may not be made after you retire, or more than 60 calendar days after the date of your separation from service or death.

6. If I am a DROP member when I join the military, what happens to my DROP account during the time I am in military service?

- If you are a Group A DROP member and you timely return to City employment from covered military service and pay the required contributions (currently 4%) on your presumed salary during the period of active military duty, you will receive the DROP credits that would have been credited to your DROP account as if you had remained working in your City position, except that contributions will not be credited until actually received by HMEPS. Payments for military service credit must be made within (a) five years of the date of your return from military service or (b) three times the length of your military duty, whichever is shorter. However, payments may not be made after you retire, or more than 60 calendar days after the date of your separation from service or death, and no DROP distribution will be made until full payment is received by HMEPS. If required contributions are not paid, you will not receive any

DROP credits for the period of military duty for which contributions were not made.

- If you are a Group B DROP member and you timely return to City employment from covered military service, you will receive the DROP credits that would have been credited to your DROP account if you had remained working in your City position.
- Because credited service ceases to accrue upon entry into the DROP, you will not receive credited service for the period of your covered military service.

7. What if I entered into a service purchase obligation prior to my military service?

- If you were in a service purchase obligation (including a Buy-back Agreement or Pay-back Agreement) prior to entering active military duty, your obligation will be frozen while you are on unpaid leave or receiving less than your regular salary from the City. Upon your timely return to City employment from covered military service, your obligation will be activated and your deductions resumed. When the obligation is activated, remaining payments will be the same as when the obligation was frozen.

8. What if I do not timely return to a position covered by HMEPS?

Your benefits would be the same as if you separated from service for any other reason on your last day of credited service.

PENSION CHECK SCHEDULES 2001-2002

The following are the dates pension benefit checks will be mailed for the remainder of this year and into 2002. HMEPS will strictly adhere to the schedule. Keep this schedule handy so you will know when your benefit check will be mailed.

2001

Wednesday, November 28, 2001

Friday, December 28, 2001

2002

January 29, 2002

February 26, 2002

March 27, 2002

Direct deposits (ACH) will be deposited on the last business day of each month, as follows:

2001

Friday, November 30, 2001

Monday, December 31, 2001

2002

January 31, 2002

February 28, 2002

March 29, 2002

Don't Forget ... We Moved!

HMEPS moved into new offices this past summer. Our new address is:

Houston Municipal Employees Pension System
1111 Bagby Street, Suite 2450
Houston, Texas 77002-2555

Our phone numbers (unchanged):

Phone: (713) 759-9275

Toll Free: (800) 858-1450

Fax: (713) 650-1961

Pension Press

Houston Municipal Employees Pension System
1111 Bagby, Suite 2450
Houston, Texas 77002-2555
(713) 759-9275
1-800-858-1450
www.hmeps.org

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BOARD OF TRUSTEES

ELECTED TRUSTEES

Fred Holmes, *Chairman*
Ray Kennedy, *Vice Chairman*
Barbara Chelette, *Secretary*
Sherry Mose, *Trustee*
Roderick J. Newman, *Trustee*
Lee Pipes, *Trustee*

TRUSTEES BY DESIGNATION OR APPOINTMENT

Albertino Mays, *Treasurer*
Lonnie G. Vara, *Mayor's Representative*
Walter D. Davis, *Trustee*
Robert Hu, *Trustee*
Al Luna, *Trustee*

PENSION PRESS

Peter Koops, Director of Communications
Naomi "Amy" Rowley, Administrative Assistant

Thanks to the HMEPS Staff for their contributions
to the ongoing success of the Pension Press

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.

Please send any comments or recommendations for future issues of the newsletter to: Peter Koops, Director of Communications, HMEPS.

JOIN THE LUNCH BUNCH!

MONTHLY (RETIREE) LUNCHEON

Come be a part of the fun! If you are a HMEPS retiree and would like to spend some time with other HMEPS retirees, join the Lunch Bunch!

Place: Luby's Cafeteria (River Oaks)

Address: 1414 Waugh

Time: 11:30 a.m.

Date: The 1st Saturday of each month

For more information about the Lunch Bunch call Nancy Bertrand at (281) 353-7915.