



# **GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

**State Pension Review Board**

**83rd Legislature**

**February 2013**

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# State Pension Review Board



**Richard E. McElreath, Chair**

Position: Securities & Investment  
Term Expiration: January 31, 2013  
Hometown: Amarillo

**Paul A. Braden, Vice Chair**

Position: Pension Law  
Term Expiration: January 31, 2015  
Hometown: Dallas

**Andrew W. Cable**

Position: Active Member  
Term Expiration: January 31, 2013  
Hometown: Wimberley

**Leslie Greco-Pool**

Position: Securities & Investment  
Term Expiration: January 31, 2015  
Hometown: Euless

**J. Robert Massengale**

Position: Retired Member  
Term Expiration: January 31, 2017  
Hometown: Lubbock

**Norman W. Parrish**

Position: Actuarial Science  
Term Expiration: January 31, 2013  
Hometown: The Woodlands

**Wayne R. Roberts**

Position: Governmental Finance  
Term Expiration: January 31, 2015  
Hometown: Austin

**The Honorable Vicki Truitt**

Position: State Representative  
Term Expiration: January 31, 2011  
Hometown: Keller

**The Honorable John H. Whitmire**

Position: State Senator  
Term Expiration: January 31, 2005  
Hometown: Houston

**Christopher D. Hanson**

Executive Director

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February 11, 2013

Members of the Legislature:

The State Pension Review Board (PRB) is pleased to present its *Guide to Public Retirement Systems in Texas, February 2013*. This publication will provide members with background on the statewide and municipal public retirement systems in Texas. The PRB would like to thank the retirement systems listed in this report for their assistance in preparing this report. We look forward to working with all involved parties during the 83<sup>rd</sup> Texas Legislature and hope that this report will serve as a reference point for any possible pension legislation considered during this session.

As detailed in this report, public retirement systems in Texas differ significantly in size and scope. The economic events since 2008 have challenged the financial health and actuarial soundness of the State's public retirement systems. Many systems have enacted changes to address long-term financial concerns and to improve the actuarial condition of their retirement systems. The PRB will continue to monitor the state's public retirement systems to identify issues and provide recommendations before the issues become critical and too difficult to resolve.

The PRB is the main oversight mechanism for Texas public retirement systems. To fulfill our mission requires the combined effort of the trustees, administrators, sponsoring governmental entities and other members of the Texas public retirement system community. The PRB is honored to serve the State of Texas and remains committed to providing necessary information and recommendations to the State to ensure that Texas public retirement systems are properly managed and actuarially sound.

Sincerely,

Christopher D. Hanson

Executive Director

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# **2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

## **STATE PENSION REVIEW BOARD**

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### **EXECUTIVE SUMMARY**

Public retirement systems in the State of Texas provide retirement, disability and survivor benefits to employees at all levels of government. Currently, 352 public retirement systems report to the State Pension Review Board (PRB) with combined total net assets of over \$200 billion. The total membership of Texas public retirement systems exceeds 2.45 million active and retired members.

In recent years, retirement systems throughout the state have faced challenges brought on by the economic downturn of 2008-2009. In response to these challenges, many systems have enacted modifications to their plan benefits and contribution policies. Specifically, many systems have:

- Increased employee and/or employer contribution rates;
- Created tiers for new hires with lower benefit multipliers;
- Included more years in the final average salary calculation and increased retirement eligibility ages.

As markets have rebounded from their low in March 2009, the financial and actuarial condition of the State's public retirement systems has steadily improved. Challenges continue to exist though, as several retirement systems have funding amortization periods exceeding the recommended periods established in the PRB Guidelines for Actuarial Soundness.

This publication provides background and comparative information on the State of Texas's public retirement systems, with specific focus on actuarially funded defined benefit systems that account for almost 99% of the total net assets held by public retirement systems in the State and 95% of their total active and retired members. This publication is divided into three major sections. The first section contains summaries of the major statewide and municipal retirement systems governed by state statute, as well as a list of systems governed under the Texas Local Fire Fighters' Retirement Act (TLFFRA) and other local retirement systems governed under Chapter 810 of the Government Code. The second section provides summary reports and comparison of retirement system financial, actuarial, benefit, and governance information. The third section provides a listing of recent legislative activity for each system, financial and membership information on the other public retirement systems, and a glossary of pension terminology.



# **2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

## **STATE PENSION REVIEW BOARD**

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### **ABOUT THE STATE PENSION REVIEW BOARD (PRB)**

The PRB was established by H.B.1506, 66th Legislature, Regular Session (V.T.C.A., Title 8, Chapter 801, Government Code) effective September 1, 1979. The agency is mandated to oversee all Texas public retirement systems, both state and local, in regard to their actuarial soundness and compliance with state law. The PRB service population consists of the members, administrators, and trustees of 352 individual public retirement plans; state and local government officials; and the general public.

The agency's general duties as stated under §801.202 of the Government Code are (1) conduct a continuing review of public retirement systems, compile and compare information about benefits, creditable service, financing, and the administration of systems; (2) conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems; (3) provide information and technical assistance on pension planning to public retirement systems on request; and (4) recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities.

During each legislative session, the PRB is responsible for preparing actuarial analyses and actuarial impact statements as stated under §802.302 and §802.301 of the Government Code, respectively. The agency analyzes all bills that propose to change the benefits, funding, or participation in benefit provisions for any public retirement system. While measuring the current fiscal impact of new legislation is important, changes to pension systems often create financial commitments that extend far into the future. By addressing the actuarial impact of certain proposed changes, the PRB provides the Legislature with information that assists in managing pension costs.

When a bill with a cost effect on a retirement system is scheduled for committee hearing, the PRB first obtains an actuarial analysis of the legislation. The initial analysis is commonly prepared by an actuary who represents the retirement system targeted by the bill. The analysis is submitted to the PRB and reviewed by the staff actuary, thereby providing a second opinion on any costs associated with the bill. The PRB actuary also reviews the actuarial assumptions on which the initial analysis is based. These two actuarial documents are analyzed and summarized in an Actuarial Impact Statement prepared by staff and reviewed further and finally approved by the PRB actuary before submission to the Legislative Budget Board. The Impact Statement is attached to the bill in committee and stays with the bill throughout the legislative process. If a bill is subsequently amended or substituted so that its actuarial effect is changed, another analysis and review must be obtained and another Impact Statement prepared.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### PRB GUIDELINES FOR ACTUARIAL SOUNDNESS

Actuarial assumptions and methodologies are used to determine the proper funding policy for public pension plans. Actuaries include plan participant demographics, benefit obligations, and economic forecast assumptions to calculate the periodic contributions necessary to ensure the long-term financial viability of pension plans; and to estimate the impact that potential plan changes will have on the financial position of pension plans. To lend transparency to pension plan actuarial processes, the PRB established the *Guidelines for Actuarial Soundness* in 1984. Since the original adoption of the Guidelines, the PRB has reviewed and updated them as necessary. The current PRB Guidelines were adopted on September 28<sup>th</sup>, 2011, and are presented below.

1. The funding of a pension plan should reflect all plan obligations and assets.
2. The allocation of the normal cost portion of the contributions should be level or declining as a percent of payroll over all generation of taxpayers, and should be calculated under applicable actuarial standards.
3. Funding of the unfunded actuarial accrued liability should be level or declining as a percent of payroll over the amortization period.
4. Funding should be adequate to amortize the unfunded actuarial accrued liability over a period not to exceed 40 years, with 15 - 25 years being a more preferable target. Benefit increases should not be adopted if all plan changes being considered cause a material increase in the amortization period and if the resulting amortization period exceeds 25 years.
5. The choice of assumptions should be reasonable, and should comply with applicable actuarial standards.

# **2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

**STATE PENSION REVIEW BOARD**

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## **SUMMARY OF STATUTORILY GOVERNED PUBLIC RETIREMENT SYSTEMS IN TEXAS**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### EMPLOYEES RETIREMENT SYSTEM OF TEXAS (ERS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

In November 1946, voters approved an amendment to the Texas Constitution to create a retirement fund for state employees. ERS was officially established by the Legislature in 1947. ERS is responsible for overseeing retirement benefits for elected state officials and state employees. Other programs administered by ERS include the Texas Employees Group Benefits Program (GBP), TexFlex and TexaSaver. In addition, ERS acts as the administrative and investment body for the Law Enforcement and Custodial Officers Supplemental Retirement Fund and the Judicial Retirement Systems Plans I and II.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
8/31/2012	\$29,977,156,791	\$24,272,514,483	\$5,704,642,308	81.0%	Infinite	132,669	87,799	6.5%	6.5%

Governing Statute	Acting Executive Director	Employees Retirement System of Texas Board of Trustees		
Texas Constitution Article XVI, Section 67 Government Code Title 8, Subtitle B Chapters 811-815	Paula A. Jones PO Box 13207 Austin, Texas 78711 (512) 867-7711 <a href="http://www.ers.state.tx.us">www.ers.state.tx.us</a>	Name	Position	Term Expires
		Yolanda “Yoly” Griego, Chair	Elected Member	8/31/2015
		Craig Hester, Vice Chair	Appointed By Chief Justice	8/31/2016
		Cydney C. Donnell	Appointed by the Governor	8/31/2018
		Cheryl MacBride	Elected Member	8/31/2013
		Brian D. Ragland	Elected Member	8/31/2017
		Frederick E. Rowe, Jr.	Appointed by Speaker	8/31/2014

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### JUDICIAL RETIREMENT SYSTEM OF TEXAS PLAN ONE (JRS I)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

JRS I is a closed, pay-as-you-go retirement plan for state judges and justices who held office before September, 1985. The administration of this plan was transferred to ERS in 1954. No trust fund exists for JRS I, and all benefits are paid by direct appropriation as they become due. To reduce the long-term liabilities associated with a pay-as-you-go retirement system, this plan was replaced by the actuarially-funded Judicial Retirement System Plan II in 1985. Revisions in funding, benefits, service credit, and eligibility under JRS I require legislative action. (Government Code, Title 8, Subtitle B, Chapters 831-835)

### JUDICIAL RETIREMENT SYSTEM OF TEXAS PLAN TWO (JRS II)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

JRS II is a retirement plan for state judges and justices who took office after August 31, 1985. This plan is also administered by ERS. All revisions in funding, benefits, membership eligibility, and creditable service under JRS II require legislative approval.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
8/31/2012	\$315,199,152	\$300,433,111	\$14,766,041	95.3%	Infinite	541	215	6%	6.5%

#### Governing Statute

Government Code  
Title 8, Subtitle B  
Chapters 836-840

#### Acting Executive Director

Paula A. Jones  
PO Box 13207  
Austin, Texas 78711  
(512) 867-7711  
  
www.ers.state.tx.us

#### Employees Retirement System of Texas Board of Trustees

##### Name

##### Position

##### Term Expires

Yolanda “Yoly” Griego, Chair

Elected Member

8/31/2015

Craig Hester, Vice Chair

Appointed By Chief Justice

8/31/2016

Cydney C. Donnell

Appointed by the Governor

8/31/2018

Cheryl MacBride

Elected Member

8/31/2013

Brian D. Ragland

Elected Member

8/31/2017

Frederick E. Rowe, Jr.

Appointed by Speaker

8/31/2014

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### LAW ENFORCEMENT AND CUSTODIAL OFFICER SUPPLEMENTAL RETIREMENT FUND (LECOSRF)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

LECOSRF was created by the Texas Legislature in 1979. It is a supplemental plan to ERS, and is administered by ERS. Membership is limited to law enforcement officers who have been commissioned by the Department of Public Safety, Texas Alcoholic Beverage Commission, Parks and Wildlife Department, and those members whose commissions are recognized by the Commission on Law Enforcement Officers Standards and Education. Membership is also provided to custodial officers employed by the Texas Department of Corrections and Parole Officers, and certified by the department as having direct contact with inmates. The supplemental benefits are available to any employee who completes 20 years of service in an eligible position.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer*
8/31/2012	\$1,044,255,456	\$832,451,079	\$211,804,377	79.7%	Infinite	37,404	8,477	0.5%	0.5%

\*Actual State contribution for FY 2012 was \$0.

Governing Statute	Acting Executive Director	Employees Retirement System of Texas Board of Trustees		
Government Code Title 8, Subtitle B Chapters 811-815	Paula A. Jones PO Box 13207 Austin, Texas 78711 (512) 867-7711  www.ers.state.tx.us	Name	Position	Term Expires
		Yolanda “Yoly” Griego, Chair	Elected Member	8/31/2015
		Craig Hester, Vice Chair	Appointed By Chief Justice	8/31/2016
		Cydney C. Donnell	Appointed by the Governor	8/31/2018
		Cheryl MacBride	Elected Member	8/31/2013
		Brian D. Ragland	Elected Member	8/31/2017
		Frederick E. Rowe, Jr.	Appointed by Speaker	8/31/2014

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### TEACHER RETIREMENT SYSTEM OF TEXAS (TRS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

In November 1936, voters approved an amendment to the Texas Constitution to create a statewide teacher retirement system. TRS was officially established by the Legislature in 1937. TRS is the largest public retirement system in Texas, in both membership and assets. The system provides benefits to public school teachers, other public school employees, and higher education personnel who are not eligible for the Optional Retirement Program (ORP), or who choose not to belong to ORP. Revisions regarding benefits, contributions, and post-retirement adjustments would require legislative action.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
8/31/2012	\$144,427,255,940	\$118,326,041,892	\$26,101,184,048	81.9%	Infinite	815,155	331,747	6.4%	6.4%

Governing Statutes	Executive Director	Teacher Retirement System of Texas Board of Trustees		
Texas Constitution	Brian K. Guthrie	<b>Name</b>	<b>Position</b>	<b>Term Expires</b>
Article XVI, Section 67	1000 Red River Street	R. David Kelley, Chair	Appointed by the Governor	8/31/2017
Government Code	Austin, Texas 78701	Charlotte Clifton, Vice Chair	Active Public Education Position	8/31/2013
Title 8, Subtitle C	(512) 542-6400	Todd Barth	Appointed by the Governor	8/31/2015
Chapters 821-825	www.trs.state.tx.us	Karen Charleston	Higher Education Position	8/31/2017
		Joe Colonna	Appointed by the Governor	8/31/2013
		Eric C. McDonald	Nominated by the State Board of Education	8/31/2013
		Christopher Moss	Nominated by the State Board of Education	8/31/2015
		Anita Palmer	Retiree	8/31/2017
		Nanette Sissney	Active Public Education Position	8/31/2015

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### OPTIONAL RETIREMENT PROGRAM (ORP)

ORP is a 403(b) defined contribution plan that was created in 1967 as an alternative to TRS for higher education faculty, librarians, and certain professionals and administrators. Because their careers normally involve interstate mobility, it was determined that a more portable retirement option would substantially improve higher education's ability to compete for quality employees at the national level. Certain employees of the Texas Higher Education Coordinating Board and the Commissioner of Education are eligible to elect ORP in lieu of the Employees Retirement System. Eligible employees have up to 90 days to make a one-time irrevocable election of ORP. Each institution administers the plan for its employees, including authorization of companies to offer ORP accounts. Participants select a company and direct the allocation of their investments. Benefits are a result of the amounts contributed and any net return on the investments selected by each participant. Contribution rates are set by the Legislature biennially. Institutions may supplement the State base rate up to a total employer contribution rate of 8.5%.

#### **Governing Statute**

Government Code  
Title 8, Subtitle C  
Chapter 830

#### **Statewide Coordinator**

Toni Alexander  
Texas Higher Education  
Coordinating Board  
PO Box 12788  
Austin, TX 78711  
(512) 427-6101

[www.theccb.state.tx.us/orp](http://www.theccb.state.tx.us/orp)

#### **Texas Higher Education Coordinating Board**

##### **Name**

##### **Term Expires**

Fred W. Heldenfels IV, Chair

9/31/2013

Harold W. Hahn, Vice Chair

9/31/2013

Dennis D. Golden, Secretary

9/31/2015

Durga D. Agrawal

9/31/2015

Robert "Bobby" Jenkins, Jr.

9/31/2017

Munir Abdul Lalani

9/31/2015

James H. Lee

9/31/2013

Janelle Shepard

9/31/2017

David D. Teuscher, M.D.

9/31/2017



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (TCDRS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

TCDRS was established in 1967 and provides retirement, disability and survivor benefits to more than 620 Texas counties and districts, including water, hospital, appraisal and emergency service districts. Although created by the Texas Legislature, TCDRS does not receive funding from the State of Texas. Each plan is funded independently by the county or district, its employees and investment earnings. Plan sponsors are required to pay 100% of their contribution every year. TCDRS is a savings-based plan where the benefit is based on how much a member has saved over the course of their career and employer matching at retirement.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period** (years)	Membership		Contribution*	
						Active	Annuitant	Member	Employer
12/31/2011	\$21,409,500,000	\$19,016,400,000	\$2,393,100,000	88.8%	15.3	121,919	43,635	6.68%	10.89%

*\*Members contribute 4%, 5%, 6% or 7% of pay as selected by their employer, with a weighted average of 6.68%. Employers contribute at a minimum the actuarially required amount needed to fund their plan over a closed 20-year amortization period, but may elect to contribute at a higher rate. The weighted average minimum required employer contribution rate determined in the valuation is 10.89%.*

*\*\*As calculated by the PRB.*

#### Governing Statute

Government Code  
Title 8, Subtitle F  
Chapters 841-845

#### Executive Director

Gene Glass  
PO Box 2034  
Austin, Texas 78768  
(512) 328-8889  
[www.tcdrs.org](http://www.tcdrs.org)

#### Texas County & District Retirement System Board of Trustees

Name	County	Term Expires
Robert A. Eckels, Chair	Harris	12/31/2013
H.C. "Chuck" Cazalas, Vice Chair	Nueces	12/31/2017
Jerry Bigham	Randall	12/31/2015
Daniel R. Haggerty	El Paso	12/31/2015
Jan Kennady	Comal	12/31/2015
Bridget McDowell	Taylor	12/31/2013
Kristeen Roe	Brazos	12/31/2017
Bob Willis	Polk	12/31/2013

*\*One Seat Currently Vacant*

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## STATE PENSION REVIEW BOARD

### TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Texas Emergency Services Retirement System was initially created in 1977 by the 65<sup>th</sup> Legislature as the Statewide Volunteer Fire Fighter's Retirement Act. In 2005, the System was renamed the Texas Emergency Services Retirement System (TESRS). TESRS is administered by the Office of the Fire Fighters' Pension Commissioner and covers volunteer fire fighters and emergency services personnel in 214 municipalities which have chosen to participate in the fund. The fund was created as a funded alternative to numerous insolvent local volunteer funds operated under the Texas Local Fire Fighters' Retirement Act (TLFFRA). The State pays the administrative costs of this fund and has a statutory obligation to fund benefits when the department contributions are inadequate to fund the obligation.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer*
8/31/2010	\$81,264,230	\$64,113,803	\$17,150,427	78.9%	Infinite	4,219	2,277	0%	Varies

\*Minimum contribution \$36 per member, per month. Varies by plan.

#### Governing Statute

Government Code  
Title 8, Subtitle H  
Chapters 861-865

#### Commissioner

Sherri Walker  
PO Box 12577  
Austin, TX 78711  
(512) 936-3372  
[www.ffpc.state.tx.us](http://www.ffpc.state.tx.us)

#### Texas Emergency Services Retirement System Board of Trustees

Name	City	Term Expires
Frank Torres, Chair	Raymondville	9/1/2017
Gracie G. Flores, Vice Chair	Corpus Christi	9/1/2015
Maxie L. Patterson, Secretary	Houston	9/1/2013
Stephen Williams	Carthage	9/1/2017
Ronald Larson	Horizon City	9/1/2013
Dan Key	Friendswood	9/1/2013
Don R. Shipman	Colleyville	9/1/2017
Virginia "Jenny" Moore	Lake Jackson	9/1/2015
Dennis Rice	Canyon	9/1/2015

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Texas Municipal Retirement System was established in 1948 and is an agent multiple employer retirement system for employees of 849 municipalities in the State. Cities that participate in TMRS have their own retirement plans within the general framework of the TMRS Act. Plan provisions may vary from city to city depending upon the options selected by each individual municipality. Revisions to available options require legislative action. TMRS does not receive funds from the state and administrative costs are paid from the investment earnings of the fund.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period* (years)	Membership		Contribution**	
						Active	Annuitant	Member	Employer
12/31/2011	\$21,562,526,936	\$18,346,214,159	\$3,216,312,777	85.1%	25/30	101,151	44,067	Varies	12.94%

*\*Participating cities with phase-in are on a 30-year closed amortization period, all other cities are on a 25-year closed amortization period.*

*\*\*The member's contribution rate is set by plan sponsor at either 5, 6, or 7%, with a weighted average of 6.57% as calculated by the PRB. Employer contribution of 12.94% reflects weighted average. Employer matches member's contribution at either 1:1, 1.5:1, or 2:1 ratio, as decided by plan sponsor. Participating cities with phase-in are on a 30-year closed amortization period, all other cities are on a 25-year closed amortization period.*

#### Governing Statute

Government Code  
Title 8, Subtitle G  
Chapters 851-855

#### Executive Director

David Gavia  
PO Box 149153  
Austin, Texas 78714  
(512) 476-7577  
  
www.tmrs.org

#### Texas Municipal Retirement System Board of Trustees

Name	City	Term Expires
H. Frank Simpson, Chair	College Station	2/1/2015
Julie Oakley, Vice Chair	Lakeway	2/1/2013
Ben Gorzell	San Antonio	2/1/2013
Jim Parrish	Plano	2/1/2017
April Nixon	Arlington	2/1/2015
Roel "Roy" Rodriguez	McAllen	2/1/2017

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### CITY OF AUSTIN EMPLOYEES' RETIREMENT SYSTEM (COAERS)

Link To: [Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The City of Austin Employees' Retirement System was initially established in 1941 by City Ordinance. In 1991, the 72<sup>nd</sup> Legislature enacted Article 6243n, Vernon's Texas Civil Statutes, establishing the System in statute. The System is a single employer contributory defined benefit pension plan providing retirement, disability, and death benefit programs for regular full-time employees of the City of Austin working 30 or more hours per week and their beneficiaries. The System does not provide benefits for the mayor, members of the City Council and commissioned civil service police officers and firefighters.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
12/31/2011	\$2,723,844,815	\$1,790,902,641	\$932,942,173	65.7%	27.1	8,348	4,542	8%	16%

**Governing Statute**  
Vernon's Texas Civil Statutes  
Article 6243n

**Executive Director**  
Stephen C. Edmonds  
418 E Highland Mall Blvd  
Austin, TX 78752  
(512) 458-2551  
  
www.coaers.org

#### City of Austin Employees' Retirement System Board of Trustees

Name	Position	Term Expires
Francine Gertz, Chair	Active Elected Member	12/2015
Sam R. Jones, Vice Chair	Retiree Elected Member	12/2016
Ed Golden	Council Appointed Citizen	12/2013
Reagan David	Board Appointed Citizen	12/2013
Elizabeth S. Gonzales	Council Appointed Citizen	12/2016
Jim Williams	Active Elected Member	12/2013
Peter Rieck	Retiree Elected Member	12/2014
William Spelman	City Council Member	N/A
Ed Van Eenoo	City Manager Designee	N/A
Julia Robbins	Active Elected Member	12/2015
Chris Noak	Active Elected Member	12/2013

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### AUSTIN FIRE FIGHTERS RELIEF & RETIREMENT FUND

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Austin Fire Fighters Relief and Retirement Fund was initially created in 1937 by an Act of the 45<sup>th</sup> Legislature under the Texas Local Fire Fighters Retirement Act (Article 6243e, Vernon's Texas Civil Statutes). In 1975, the 64<sup>th</sup> Legislature enacted Article 6243e-1, establishing the Fund independently in statute. The Fund is a single employer contributory defined benefit pension plan that provides retirement, disability, death and survivor benefits to firefighters employed by the City of Austin and their beneficiaries.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership*		Contribution	
						Active	Annuitant	Member	Employer*
12/31/2009	\$664,185,240	\$589,261,001	\$74,924,239	88.7%	20.5	963	585	15.7%	20.05%

*\*Membership as of 12/31/2011. Employer Contribution rate per the 12/31/2011 audited financial report.*

**Governing Statute**  
Vernon's Texas Civil Statutes  
Article 6243e.1

**Administrator**  
William E. Stefka  
4101 Parkstone Heights Dr  
Suite 270  
Austin, TX 78746  
(512) 454-9567  
  
www.afrs.org

#### Austin Fire Fighters Relief & Retirement Fund Board of Trustees

Name	Position	Term Expires
Lee Leffingwell, Chair	Mayor	N/A
Keith Johnson, Vice Chair	Fund Member	12/31/2014
Art Alfaro, Treasurer	City Treasurer	N/A
Jeremy Burke	Fund Member	12/31/2013
James R. Fedro	Fund Member	12/31/2015

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### AUSTIN POLICE RETIREMENT SYSTEM

Link To: Financial | Actuarial | Benefits | Governance | Bill Summaries

The Austin Police Retirement System was initially created in 1979 under City Ordinance. In 1991, the 72<sup>nd</sup> Legislature enacted Article 6243n-1, Vernon's Texas Civil Statutes, establishing the System in statute. The System is a single employer contributory defined benefit pension plan providing retirement, death, disability and withdrawal benefits to plan members and their beneficiaries. Members include all cadets upon enrollment in the Austin Police Academy, and commissioned law enforcement officers employed by the City of Austin Police Department, as well as full time employees of the City of Austin Police Retirement System.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
12/31/2011	\$815,258,776	\$553,701,976	\$261,556,800	67.9%	25.2	1,679	596	13%	21.63%

**Governing Statute**  
Vernon's Texas Civil Statutes  
6243n-1

**Chief Executive Officer**  
Sampson "Sam" Jordan  
2520 South IH 35, Suite 100  
Austin, TX 78704  
(512) 416-7672  
  
www.ausprs.org

#### Austin Police Retirement System Board of Trustees

Name	Position	Term Expires
Peter Morin, Chair	Police Retiree	1/1/2014
Fred Fletcher, Vice Chair	Police Member	1/1/2016
Catherine Haggerty	Police Member	1/1/2016
Michael Jung	Police Member	1/1/2014
Tim Atkinson	Police Member	1/1/2014
Kendall Thomas	Police Retiree	1/1/2014
Christopher Perkins	Police Member	1/1/2016
Chesley Wood	Citizen Member	1/1/2016
Art Alfaro	City Member	N/A
Elaine Hart	City Member	N/A
Kathie Tovo	City Member	N/A

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### DALLAS POLICE & FIRE PENSION SYSTEM

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Dallas Police & Fire Pension System was initially created in 1916 under City Ordinance. In 1933, the 43rd Legislature enacted 6243a, Vernon's Texas Civil Statutes, establishing the System in statute. The System was restated and continued in 1989 by an Act of the 71<sup>st</sup> Legislature under Article 6243a-1. The System is a single employer contributory defined benefit plan providing retirement, survivor, and disability benefits to the uniformed public safety employees of the City of Dallas and their beneficiaries.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
1/1/2012	\$4,568,850,587	\$3,378,481,222	\$1,190,369,365	73.9%	30	5,376	3,669	8.5%	27.5%

#### Governing Statute

Vernon's Texas Civil Statutes  
Article 6243a-1

#### Administrator

Richard L. Tettamant  
4100 Harry Hines Blvd  
Suite 100  
Dallas, TX 75219  
(214) 638-3863  
[www.dpfp.org](http://www.dpfp.org)

#### Dallas Police & Fire Pension System Board of Trustees

Name	Position	Term Expires
George J. Tomasovic, Chair	Active Fire-Rescue	5/31/2015
Steven Umlor, Vice Chair	Active Police	5/31/2013
Rick Salinas, Deputy Vice Chair	Active Fire-Rescue	5/31/2015
Jerry R. Allen	City Council	5/31/2015
Scott Griggs	City Council	5/31/2015
John M. Mays	Retired Police	5/31/2013
Dan Wojcik	Active Police	5/31/2015
Delia Jasso	City Council	N/A
Thomas White	Active Police	5/31/2015
Richard H. Wachsman	Retired Fire-Rescue	5/31/2013
Samuel L. Friar	Active Fire-Rescue	5/31/2013
Sheffie Kadane	City Council	N/A

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### EL PASO FIREMEN & POLICEMEN'S PENSION FUND

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The El Paso Firemen & Policemen's Pension Fund was initially created in 1920. In 1933, the 43<sup>rd</sup> Legislature enacted Article 6243b, Vernon's Texas Civil Statutes, establishing the Fund in statute. The Fund is a single employer contributory defined benefit plan, providing retirement, disability and death benefits to uniformed public safety employees of the City of El Paso and their beneficiaries. The Fund is comprised of two divisions, a Policemen's Fund and a Firemen's Fund, both managed by a common Board of Trustees and administrative staff.

Summary of Current Plan Data									
Firemen									
Date of Val- uation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership:		Contribution:	
						Active	Annuitant	Member	Employer
1/1/2012	\$539,792,477	\$431,209,946	\$108,582,531	79.9%	76	794	610	15.28%	18.5%
Policemen									
1/1/2012	\$800,860,178	\$626,346,104	\$174,514,074	78.2%	Infinite	1,044	812	13.89%	18.5%

**Governing Statute**  
Vernon's Texas Civil Statutes  
Article 6243b

**Executive Director**  
Robert J. Stanton  
Chase Tower - 201 E Main  
Suite 1616  
El Paso, TX 79901  
(915) 771-8111  
  
[www.elpasofireandpolice.org](http://www.elpasofireandpolice.org)

El Paso Firemen & Policemen's Pension Fund Board of Trustees		
Name	Position	Term Expires
Tyler Grossman, Chair	Active Police	7/2013
Michael Calderazzo, Vice Chair	Active Fire	7/2013
Rick Carson	Active Fire	7/2015
Mark Austin	Active Police	7/2014
Jerry Villanueva	Active Fire	7/2013
Jeffrey Cotham	Active Police	7/2015
Robert D. Tollen, Ph.D.	Mayoral Appointee	7/2015
William F. Studer, Jr.	City Manager Appointee	9/2013
Carmen Arrieta-Candelaria	Mayoral Appointee	7/2013
Terri Garcia	City Manager Appointee	9/2011
Presi Ortega	Mayoral Appointee	9/2013



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FORT WORTH EMPLOYEES' RETIREMENT FUND

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Fort Worth Employees' Retirement Fund was initially created in 1945 by City Ordinance. In 1963, the 58<sup>th</sup> Legislature adopted Article 6243e-2, Vernon's Texas Civil Statutes, abolishing the Fort Worth Firemen's Relief and Retirement Fund and authorizing the transfer of assets to the Fort Worth Employees' Retirement Fund. In 2007, the 80<sup>th</sup> Legislature enacted Article 6243i, establishing the Fund independently in statute. The Fort Worth Employees' Retirement Fund is a multi-employer cost sharing defined benefit pension plan covering all regular employees, police officers and firefighters employed full time by the City of Fort Worth ("City Plan"), plus all employees of the Fort Worth Employees' Retirement Plan ("Staff Plan"). The two plans are commingled for investment purposes and are both administered by the Retirement Fund's Board of Directors; each plan has its own separate actuarial valuation completed each year, and its own funded status.

Summary of Most Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution*	
						Active	Annuitant	Member	Employer
1/1/2012	\$2,617,862,133	\$1,869,656,263	\$748,205,870	71.4%	28.4	6,281	3,636	8.41%	19.98%

*\*Member contribution rate for Municipal Employees and Fire Fighters is 8.25%. Police Officers' contribution rate is 8.73%.*

*Employer contribution rate for Municipal Employees' and Fire Fighters' Plan is 19.74%. Employer rate for Police Officers' Plan is 20.46%.*

**Governing Statute**  
Vernon's Texas Civil Statutes  
Article 6243i

**Executive Director/Chief Investment Officer**  
Ruth Ryerson  
3801 Hulen St, Suite 101  
Fort Worth, TX 76107  
(817) 632-8900  
  
www.fwretirement.org

#### Fort Worth Employees Retirement Fund Board of Trustees

Name	Position	Term Expires
Billy Samuel, Chair	Retired Police	9/30/2014
Sue Winter, Vice Chair	Retired General Employee	9/30/2013
Matt Anderson	Active Police	9/30/2013
Todd Cox	Active Fire	9/30/2014
Laura Voltmann	Active General Employee	9/30/2013
Glenn Balog	Active General Employee	9/30/2014
Lance usrey	Retired Fire	9/30/2013
Jesús Payán	Council Appointee	9/30/2014
Jarad D. Cox	Council Appointee	9/30/2013
Bill Gordon	Council Appointee	9/30/2014
Bill Crawford	Council Appointee	9/30/2013
Mikey Bickley	Council Appointee	9/30/2014
Lena Ellis	Finance Director	N/A

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Galveston Employees' Retirement Plan for Police was initially created in 1980 by City Ordinance. In 1997, the 75<sup>th</sup> Legislature enacted Article 6243p, Vernon's Texas Civil Statutes, establishing the Plan independently in statute. City Code provisions pertaining to the Plan were replaced with the language from Article 6243p in 1998. The Plan is a single-employer contributory defined benefit pension plan covering police officers employed full time by the City of Galveston that provides retirement, disability and death benefits to eligible members and their beneficiaries. Participation is mandatory for eligible employees hired on or after December 1, 1980; eligible employees hired prior to this date were given a onetime option of electing to participate as of December 1, 1980.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
1/1/2012	\$48,389,593	\$22,695,097	\$25,694,496	46.9%	53.5	127	126	12%	12%

#### Governing Statute

Vernon's Texas Civil  
Statutes  
Article 6243p

#### Administrator

Jacque Vasquez  
4415 Avenue S  
Galveston, TX 77571  
(409) 765-5274

#### Galveston Employees Retirement Plan for Police Board of Trustees

Name	Position	Term
Matthew Whiting	Police Officer	12/31/2013
Andre Mitchell	Police Officer	12/31/2014
Judy Murphy	Finance Director	N/A
Vandy Anderson	Mayor Appointment	12/31/2013
John Kelso	Council Appointment	12/31/2013
Robert Sanderson	Police Officer, GMPA Union President	N/A
Hassan Mustafa	Police Officer	12/31/2012

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### HOUSTON FIREFIGHTERS' RELIEF & RETIREMENT FUND

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Houston Firefighters' Relief and Retirement Fund was initially created in 1937 under the authority of the Texas Local Fire Fighters' Retirement Act. In 1975, the 64<sup>th</sup> Legislature enacted Article 6243e.2, Vernon's Texas Civil Statutes, establishing the Fund independently in statute. The Fund was re-codified by the 75<sup>th</sup> Legislature in 1997 under Article 6243e.2(1), Vernon's Texas Civil Statutes. The Fund is a single-employer contributory defined benefit pension plan covering firefighters employed by the City of Houston that provides retirement, disability and death benefits to eligible members and their beneficiaries. Prior to 1988, the City of Houston provided the staff and financing for the daily administration of the Fund; effective July 1, 1988, the Board of Trustees assumed full responsibility for Fund administration.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
7/1/2011	\$3,558,210,000	\$3,222,288,000	\$335,922,000	90.6%	30	2,933	3,654	9%	26.9%

**Governing Statute**  
Vernon's Texas Civil  
Statutes  
Article 6243e.2(1)

**Executive Director/  
Chief Investment  
Officer**  
Christopher E. Gonzales  
4225 Interwood N Pkwy  
Houston, TX 77032  
(281) 372-5100  
  
www.hfrrf.org

#### Houston Firefighter's Relief & Retirement Fund Board of Trustees

Name	Position	Term Expires
Todd E. Clark, Chair	Firefighter	12/31/2015
Gary M. Vincent, Vice Chair	Firefighter	12/31/2013
Francis "Frank" Maher, Secretary	Retired Firefighter	12/31/2015
Fred S. Robertson	Mayor's Representative	N/A
Craig T. Mason	City Treasurer's Designee	N/A
Kevin Brolan	Firefighter	12/31/2014
Harold W. McDonald	Firefighter	12/31/2013
Stephen Ray Whitehead	Firefighter	12/31/2013
The Honorable Carroll G. Robinson	Citizen Member	12/31/2013
Albertino "Al" Mays	Citizen Member	12/31/2014

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM (HMEPS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Houston Municipal Employees Pension System was created in 1943 by an act of the 48th Legislature, and codified under Article 6243g, Vernon's Texas Civil Statutes. The System was re-codified by the 77th Texas Legislature in 2001 under Article 6243h, Vernon's Texas Civil Statutes. The System is a multiple-employer defined benefit pension plan and includes a contributory group (Group A) and two noncontributory groups (Group B and D). The System provides service retirement, disability retirement and death benefits for all full-time municipal employees, except police officers and fire fighters (other than certain police officers in the System as authorized by the Statute), elected City officials, the full-time employees of the System, and eligible beneficiaries.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period* (years)	Membership		Contribution*	
						Active	Annuitant	Member	Employer
7/1/2011	\$3,790,328,000	\$2,328,804,000	\$1,461,524,000	61.4%	30	12,345	8,717	3.37%	18.08%

*\*Group A contributes 5%, Group B and D are non-contributory. City contribution rates are set by agreement determined in meet and confer process. According to the 7/1/2011 Actuarial Valuation, the city contribution was \$98.5 million. Based on the current contribution rate, the amortization period would be infinite.*

**Governing Statute**  
Vernon's Texas Civil Statutes  
Article 6243h

**Executive Director**  
Rhonda Smith  
1111 Bagby St, Suite 2450  
Houston, TX 77002  
(713) 595-0100  
[www.hmeps.org](http://www.hmeps.org)

#### Houston Municipal Employees Pension System Board of Trustees

Name	Position	Term Expires
Sherry Mose, Chair	Employee Trustee	8/2014
Roy W. Sanchez, Vice Chair	Employee Trustee	8/2014
Lonnie Vara, Secretary	Retiree Trustee	8/2016
David L. Long	Retiree Trustee	8/2014
Lenard Polk	Employee Trustee	8/2016
Asha Patnaik	Employee Trustee	8/2016
Barbara Chelette	Board Appointed Trustee	8/2014
Richard Badger	City Council Appointee	N/A
Ramon Manning	Controller Appointee	8/2014
Justo P. Gonzalez	City Council Appointee	N/A
Craig T. Mason	Mayoral Appointee	8/2014

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### HOUSTON POLICE OFFICERS' PENSION SYSTEM (HPOPS)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Houston Police Officers' Pension System was created in 1947 by an act of the 50th Legislature, and is governed by Article 6243g-4, Vernon's Texas Civil Statutes. The System is a single employer contributory defined benefit pension plan covering police officers employed full time by the City of Houston that provides for service, disability and death benefits for eligible members and their beneficiaries. The system is governed by a board comprised of seven members and the board is responsible for the general administration, management, and operation of the pension system, including the direction of investments and oversight of the fund's assets.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period* (years)	Membership		Contribution*	
						Active	Annuitant	Member	Employer
7/1/2011	\$4,488,142,000	\$3,718,052,000	\$770,090,000	82.8%	30	5,312	3,088	9.26%	20.86%

*\*Members hired before 10/9/2004 pay 9%. Members hired after 10/9/2004 pay 10.25%. City contribution rates are set by agreement determined in meet and confer process. According to the 7/1/2011 Actuarial Valuation, city contribution was \$78.3 million. Based on the current contribution rate, the amortization period would be infinite.*

#### Governing Statute

Vernon's Texas  
Civil Statutes  
Article 6243g-4

#### Executive Director

John Lawson  
602 Sawyer St, Suite 300  
Houston, TX 77007  
(713) 869-8734  
[www.hpops.org](http://www.hpops.org)

#### Houston Police Officers' Pension System Board of Trustees

Name	Position	Term Expires
Ralph Marshall, Chair	Police Member	12/31/2014
Terry A. Bratton, Vice Chair	Police Member	12/31/2013
J. Larry Doss, Secretary	Retired Member	12/31/2015
George Guerrero	Police Member	12/31/2015
Joe Glezman	Retired Member	12/31/2014
Craig T. Mason	City Treasurer	N/A
Fletcher Thorne-Thomsen, Jr.	Mayor's Representative	N/A

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### SAN ANTONIO FIRE & POLICE PENSION FUND

Link To: [Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The San Antonio Fire and Police Pension Fund was created in 1941 by an act of the 47<sup>th</sup> Legislature, and is governed by Article 6243o, Vernon's Texas Civil Statutes. The Fund is a single employer contributory defined benefit retirement plan that provides comprehensive retirement, death and disability benefits for the City of San Antonio's police officers, fire fighters, retirees and their beneficiaries.

Summary of Current Plan Data									
Date of Valuation	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Amortization Period (years)	Membership		Contribution	
						Active	Annuitant	Member	Employer
10/1/2012	\$2,662,264,359	\$2,447,587,725	\$214,676,634	91.9%	7.12	3,925	2,255	12.32%	24.64%

**Governing Statute**  
Vernon's Texas Civil  
Statutes  
Article 6243o

**Executive Director**  
Warren J. Schott  
11603 W. Coker Loop  
San Antonio, TX 78216  
(210) 534-3262  
  
www.safppf.org

#### San Antonio Fire & Police Pension Fund Board of Trustees

Name	Position	Term Expires
Shawn Ury, Chair	Active Police Trustee	2013
J.T. Trevino, Secretary	Active Fire Trustee	2015
Larry Reed	Retired Fire Trustee	2013
Harry Griffith	Retired Police Trustee	2015
Jim Smith	Active Police Trustee	2015
Dean R. Pearson	Active Fire Trustee	2013
Ray Lopez	Councilman	N/A
Cris Medina	Councilman	N/A

*\*Mayoral appointee position currently vacant*

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### TEXAS LOCAL FIRE FIGHTERS RETIREMENT ACT (TLFFRA)

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

The Texas Local Fire Fighters Retirement Act was originally created in 1937 by the 45<sup>th</sup> Legislature and named the Firemen's Relief and Retirement Fund. In 1989, the Act was restated under Article 6243e and renamed as the Texas Local Fire Fighter Retirement Act (TLFFRA). The Act allows for paid and part-paid fire departments and volunteer fire departments in participating cities to administer their own local retirement systems. The Act provides general guidelines for fund management, including some investment restrictions, but leaves administration, plan design, contributions, and specific investments to each system's local board. Systems operating under the Texas Local Fire Fighters Retirement Act are entirely locally funded. The following list includes paid and part-paid TLFFRA retirement systems:

Abilene Firemen's Relief & Retirement Fund	Irving Firemen's Relief & Retirement Fund	San Benito Firemen's Pension Fund
Amarillo Firemen's Relief & Retirement Fund	Killeen Firemen's Relief & Retirement Fund	Sweetwater Firemen's Relief & Retirement Fund
Atlanta Firemen's Relief & Retirement Fund	Laredo Firefighter's Retirement System	Temple Firemen's Relief & Retirement Fund
Beaumont Firemen's Relief & Retirement Fund	Longview Firemen's Relief & Retirement Fund	Texarkana Firemen's Relief & Retirement Fund
Big Spring Firemen's Relief & Retirement Fund	Lubbock Fire Pension Fund	Texas City Firemen's Relief & Retirement Fund
Brownwood Firemen's Relief & Retirement Fund	Lufkin Firemen's Relief & Retirement Fund	Travis County ESD #6 Firefighter's Relief & Retirement Fund
Cleburne Firemen's Relief & Retirement Fund	Marshall Firemen's Relief & Retirement Fund	Tyler Firemen's Relief & Retirement Fund
Conroe Firemen's Relief & Retirement Fund	McAllen Firemen's Relief & Retirement Fund	University Park Firemen's Relief & Retirement Fund
Corpus Christi Fire Fighter's Retirement Fund	Midland Firemen's Relief & Retirement Fund	Waxahachie Firemen's Relief & Retirement Fund
Corsicana Firemen's Relief & Retirement Fund	Odessa Firemen's Relief & Retirement Fund	Weslaco Firemen's Relief & Retirement Fund
Denison Firemen's Relief & Retirement Fund	Orange Firemen's Relief & Retirement Fund	Wichita Falls Firemen's Relief & Retirement Fund
Denton Firemen's Relief & Retirement Fund	Paris Firefighter's Relief & Retirement Fund	
Galveston Firefighter's Relief & Retirement Fund	Plainview Firemen's Relief & Retirement Fund	
Greenville Firemen's Relief & Retirement Fund	Port Arthur Firemen's Relief & Retirement Fund	
Harlingen Firemen's Relief & Retirement Fund	San Angelo Firemen's Relief & Retirement Fund	

#### **Governing Statute**

Vernon's Texas Civil Statutes  
Article 6243e

#### **Commissioner**

Sherri Walker  
PO Box 12577  
Austin, TX 78711  
(512) 936-3372

[www.ffpc.state.tx.us](http://www.ffpc.state.tx.us)

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### CHAPTER 810 PLANS

[Link To: Financial](#) | [Actuarial](#) | [Benefits](#) | [Governance](#) | [Bill Summaries](#)

Chapter 810 of the Government Code was enacted in 1991 by the 72<sup>nd</sup> Legislature in response to two attorney general opinions (JM-1068 and JM-1142) determining that several local retirement systems were established lacking appropriate legislative authority and were thus invalid under the Texas Constitution. Chapter 810 authorizes all those systems that had been established prior to the attorney general opinions, and provides authority for subsequent local retirement systems to be established by local jurisdictions. Retirement systems established under Chapter 810 of the Government Code have the authority to determine plan provisions locally. The following list includes actuarially funded retirement systems enabled by Chapter 810:

Brazos River Authority Retirement Plan	Dallas/Fort Worth Airport Board Retirement Plan	Nacogdoches County Hospital District Retirement Plan
Capital MTA Retirement Plan for Administrative Employees	DART Employees' Defined Benefit Retirement Plan & Trust	Physicians Referral Service Retirement Benefit Plan
Capital MTA Retirement Plan for Bargaining Unit Employees		Plano Retirement Security Plan
City Public Service of San Antonio Pension Plan	Galveston Wharves Pension Plan	Port of Houston Authority Retirement Plan
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	Guadalupe-Blanco River Authority	Refugio County Memorial Hospital District Retirement Plan
	Harris County Hospital District Pension Plan	
Corpus Christi Regional Transportation Authority	Houston MTA Non-Union Pension Plan	San Antonio Metropolitan Transit Retirement Plan
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	Houston MTA Workers Union Pension Plan	University Health System Pension Plan
Dallas County Hospital District Retirement Plan	Irving Supplemental Benefit Plan	
Dallas/Fort Worth Airport Board DPS Retirement Plan	Lower Colorado River Authority Retirement Plan	



# **2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

**STATE PENSION REVIEW BOARD**

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## **FINANCIAL SECTION**

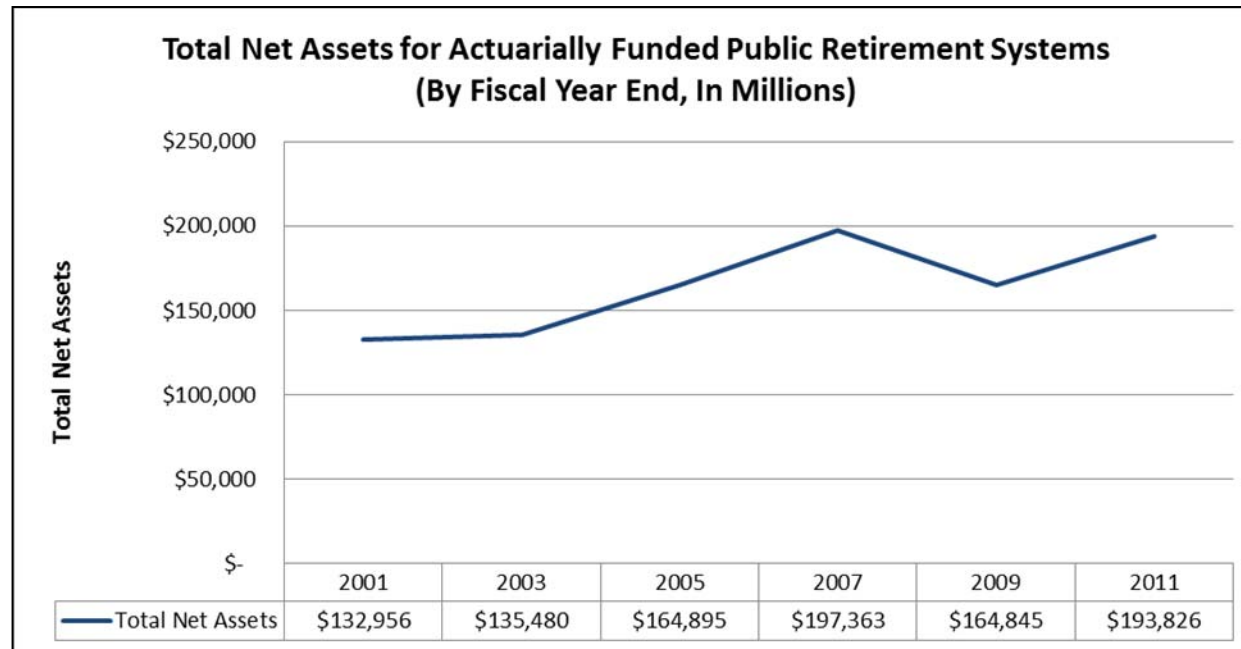
# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY

Public retirement systems have three main sources of funding: earnings on investments, employer contributions, and member contributions. It is the ratio of these funding sources relative to the benefits paid to plan participants and plan expenses that determines the long-term financial viability of a retirement system. Contributions to pension plans and benefit payments from plans are determined by plan policymakers through review of available resources, and evaluation of budgetary priorities. Earnings on investments are generated through the management of assets held in trust by pension plans.

Annual contributions plus investment earnings minus benefit payments and expenses equals the yearly change in total net assets of a plan. The following chart shows a time series of total net assets for Texas public retirement systems from 2001 to 2011. As shown, the severe market downturn of 2008 resulted in significant investment earnings losses. Net assets reported for 2011 remain slightly below 2007 highs.



As recent economic volatility has affected the funded status of public retirement systems, interest in the system's investment rates of return has also increased. Through a retirement system research partnership with the Texas Comptroller of Public Accounts, the State Pension Review Board (PRB ) obtained 1, 3, 5, and 10-year average rates of return for Texas public retirement systems.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY

Average rates of return for Statewide, Municipal, and TLFRRRA plans are presented in the following table. These figures were calculated by the PRB using an equal-weighted geometric average of plan returns, reported as of September 30, 2012. The investment return rates were voluntarily reported as a response to an inquiry by the Texas Comptroller of Public Accounts. The complete list of systems reporting investment return performance is located at - <http://www.trackingtx.org/index.php/pension/search>. Additionally, the average return calculations presented in the table do not separate return data as gross or net of fees, as this information was not requested from the plans in the original inquiry.

Average Rates of Return as Reported by Texas Public Retirement Systems Reported as of September 30, 2012				
Plan Classification	1-Year Return	3-Year Return	5-Year Return	10-Year Return
Statewide Plans	14.80%	8.43%	3.05%	7.44%
Municipal Plans	15.41%	8.58%	2.18%	8.47%
TLFFRA Plans	15.29%	8.78%	2.75%	7.28%

Analysis of the data shows that Texas public retirement systems have generated strong investment returns in recent years. As the table shows, average investment returns for Texas public retirement systems has exceeded eight percent annually for the three year period ending September 30, 2012. This investment return performance has helped retirement plans recover losses incurred during the 2008 market decline.

Comparison of short-term return rates between plans may result in inaccurate conclusions due to the differences in plan fiscal year ending dates, and methodologies used to calculate the annual returns. Additionally, current market volatility may result in plan investment returns that are greater or less than their long-term averages. To ensure a more complete analysis, plan investment performance should be reviewed over longer time horizons. Long-term investment return analysis is consistent with pension funding policy, which is determined through forecasting of benefit liabilities over time periods incorporating the lives of plan participants.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY

To determine whether actual investment return rates met assumed return rates over periods longer than ten years, the PRB surveyed Texas retirement systems to attain the plan's reported rates of return for 20 and 30 year periods. The following table summarizes responses received. Over the long-term (20 years or greater), the survey respondents generated returns greater than their assumed return rates.

Long-Term Rate of Return Survey Respondents					
Plan Name	Rate of Return End Date	Assumed Rate of Return	Actual Rate of Return, 10-Year	Actual Rate of Return, 20-Year	Actual Rate of Return, 30-Year
Austin Employees' Retirement System	9/30/2012	7.75%	8.67%	8.15%	10.12%
Austin Police Retirement System*	12/31/2012	8.00%	8.77%	10.98%	13.81%
Houston Firefighter's Relief and Retirement Fund	9/30/2012	8.50%	10.66%	9.79%	10.57%
Houston Police Officers Pension System*	6/30/2012	8.50%	8.20%	9.10%	10.50%
San Antonio Fire & Police Pension Fund*	9/30/2012	7.75%	7.60%	8.30%	10.10%
Teacher Retirement System of Texas	9/30/2012	8.00%	8.27%	8.12%	10.47%
Texas County & District Retirement System	12/31/2011	8.00%	6.70%	8.20%	10.10%
Texas Municipal Retirement System	12/31/2011	7.00%	6.12%	8.09%	Not Available

*\*Reported returns net of fees*

In addition to investment performance, retirement system financial health is dependent on sound contribution and benefit policy. The Financial Summary and Asset Allocation sections and tables will highlight retirement system funding sources and asset management, and provide plan-specific financial data for actuarially funded retirement systems in Texas.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### DESCRIPTION OF FINANCIAL TERMS

#### **A. Total Net Assets**

Total gross fair value of assets held in trust by a pension plan, net of plan financial liabilities, including accounts payable, but not net of the total present value of benefits due to plan participants.

#### **B. Employer Contributions**

Contributions made to a pension plan from the plan's sponsoring entity.

#### **C. Employee Contributions**

Contributions made to a pension plan from the participants (employees) in the plan.

#### **D. Total Expenses**

Expenses, including administrative and investment related, incurred in the operation of a pension plan.

#### **E. Total Benefit Payments and Withdrawals**

Total benefit payments includes all payments from the pension plan to plan participants for retirement or other benefits earned. Withdrawals include money withdrawn from the pension plan by a plan participant due to departure from the plan.

#### **F. Total Income**

This figure includes primarily income earned from investment of assets held by a pension plan. It also includes minor income, classified as *other income*, received by a pension plan.

#### **G. Rate of Return**

Income and capital gains generated from the investment of pension plan assets.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

This table highlights financial information for actuarially funded plans. It shows Total Net Assets, calculated as gross plan assets net of plan financial liabilities. The table also includes sources and uses of plan funds, including current employer and employee contributions to the plan; total income, including income from investments and any other income earned by the plan; benefit payments and withdrawals; and total expenses, including administrative and investment expenses.

#### Statewide Plans

Retirement System	Effective Date	Total Net Assets	Contributions		Total Income	Benefit Payments & Withdrawals	Total Expenses
			Employer	Employee			
Employees Retirement System	8/31/2012	\$21,825,643,968	\$347,121,275	\$411,065,743	\$1,670,570,034	\$1,804,535,370	\$73,654,679
Judicial Retirement System I*	8/31/2012	\$0	\$26,464,422	\$0	\$0	\$26,464,422	\$0
Judicial Retirement System II	8/31/2012	\$295,912,873	\$4,150,342	\$4,170,485	\$41,886,719	\$12,981,930	\$936,346
Law Enforcement and Custodial Officer Supplemental Retirement Fund	8/31/2012	\$747,403,100	\$0	\$7,287,462	\$53,732,458	\$48,093,860	\$2,666,439
Teacher Retirement System	8/31/2012	\$111,449,887,034	\$1,390,610,141	\$2,188,020,423	\$8,037,888,010	\$8,178,322,850	\$221,796,071
Texas County & District Retirement System	12/31/2011	\$17,626,066,007	\$347,995,322	\$570,562,898	(\$206,885,264)	\$796,981,191	\$18,385,369
Texas Emergency Services Retirement System	8/31/2011	\$62,465,098	\$2,900,270	\$0	\$8,238,190	\$2,966,067	\$521,545
Texas Municipal Retirement System	12/31/2011	\$18,571,293,924	\$703,778,739	\$318,986,168	\$451,010,809	\$865,983,553	\$27,660,109

\*JRS I is a pay-as-you-go plan, therefore it has no assets, income, or expenses.

#### Municipal Plans

Retirement System	Effective Date	Total Net Assets	Contributions		Total Income	Benefit Payments & Withdrawals	Total Expenses
			Employer	Employee			
Austin Employees Retirement System	12/31/2011	\$1,665,789,423	\$66,717,926	\$41,503,157	(\$15,131,765)	\$129,841,775	\$9,050,349
Austin Fire Fighters Relief & Retirement Fund	12/31/2011	\$581,122,655	\$14,583,154	\$11,961,098	(\$12,416,488)	\$31,868,942	\$2,970,006
Austin Police Retirement System	12/31/2011	\$484,088,631	\$26,088,779	\$17,552,410	(\$14,097,470)	\$34,862,987	\$3,137,320
Dallas Employees' Retirement Fund	12/31/2011	\$2,748,461,000	\$27,302,000	\$31,748,000	\$38,985,000	\$200,252,000	\$17,518,000
Dallas Police & Fire Pension System-Combined*	12/31/2011	\$3,033,919,901	\$102,437,115	\$19,493,460	(\$23,587,085)	\$188,829,489	\$6,949,015
El Paso City Employees' Pension Fund	8/31/2011	\$552,542,670	\$17,948,799	\$11,938,545	\$68,953,936	\$39,583,145	\$918,940
El Paso Firemen's Pension Fund	12/31/2011	\$402,548,515	\$9,568,557	\$7,490,262	(\$6,972,941)	\$23,117,731	\$2,422,183
El Paso Police Pension Fund	12/31/2011	\$582,882,366	\$13,855,084	\$10,845,752	(\$10,096,680)	\$33,474,023	\$3,281,171
Fort Worth Employees' Retirement Fund	9/30/2011	\$1,652,352,074	\$74,752,853	\$31,490,664	\$20,415,622	\$129,701,689	\$3,293,571
Galveston Employees' Retirement Fund	12/31/2011	\$37,447,166	\$1,645,622	\$1,097,079	\$1,618,916	\$3,446,196	\$321,929
Galveston Employees' Retirement Plan for Police	12/31/2011	\$21,392,141	\$1,070,099	\$1,070,099	\$625,127	\$3,982,184	\$206,346
Houston Firefighter's Relief & Retirement Fund	6/30/2012	\$3,175,131,356	\$61,319,983	\$23,090,070	\$65,088,828	\$162,505,436	\$14,942,450
Houston Municipal Employees Pension System	6/30/2012	\$2,024,234,727	\$97,161,723	\$18,472,747	(\$11,309,501)	\$202,219,877	\$7,311,707
Houston Police Officers Pension System	6/30/2011	\$3,530,617,000	\$78,287,000	\$35,122,000	\$645,044,000	\$172,461,000	\$27,402,000
San Antonio Fire & Police Pension Fund	9/30/2012	\$2,228,002,000	\$70,389,000	\$35,193,000	\$266,277,000	\$111,164,000	\$2,747,000

\*Includes Supplemental Plan

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### TLFFRA Plans

Retirement System	Effective Date	Total Net Assets	Contributions		Total Income	Benefit Payments & Withdrawals	Total Expenses
			Employer	Employee			
Abilene Firemen's Relief & Retirement Fund	9/30/2011	\$43,871,253	\$2,281,296	\$1,564,318	(\$870,544)	\$3,981,987	\$291,380
Amarillo Firemen's Relief & Retirement Fund	12/31/2011	\$115,866,425	\$2,790,939	\$1,721,837	\$3,853,988	\$9,300,887	\$195,343
Atlanta Firemen's Relief & Retirement Fund	9/30/2011	\$2,579,155	\$92,139	\$81,699	(\$22,625)	\$112,179	\$42,252
Baumont Firemen's Relief & Retirement Fund	12/31/2011	\$83,817,970	\$2,123,422	\$2,278,279	(\$570,003)	\$5,825,401	\$541,092
Big Spring Firemen's Relief & Retirement Fund	12/31/2011	\$9,607,546	\$404,988	\$438,738	\$494,230	\$1,294,785	\$140,101
Brownwood Firemen's Relief & Retirement Fund	9/30/2011	\$2,628,393	\$331,174	\$130,060	(\$72,227)	\$348,781	\$57,478
Cleburne Firemen's Relief & Retirement Fund	12/31/2011	\$14,622,004	\$902,749	\$507,018	\$36,132	\$954,227	\$107,083
Conroe Fire Fighters' Retirement Fund	12/31/2011	\$14,013,518	\$749,171	\$647,862	(\$25,780)	\$767,002	\$140,117
Corpus Christi Fire Fighters' Retirement System	12/31/2010	\$101,080,549	\$4,724,580	\$3,349,668	\$10,170,355	\$9,232,729	\$479,008
Corsicana Firemen's Relief & Retirement Fund	12/31/2011	\$6,242,760	\$443,237	\$379,915	(\$97,373)	\$685,807	\$102,835
Denison Firemen's Relief & Retirement Fund	12/31/2011	\$12,895,722	\$472,640	\$379,934	\$761,143	\$1,238,413	\$79,390
Denton Firemen's Relief & Retirement Fund	8/31/2010	\$50,006,018	\$1,982,405	\$1,544,288	\$4,582,645	\$2,184,350	\$83,711
Galveston Firefighter's Relief & Retirement Fund	12/31/2011	\$34,409,918	\$914,489	\$904,583	\$360,876	\$2,732,077	\$260,612
Greenville Firemen's Relief & Retirement Fund	12/31/2009	\$11,266,214	\$535,446	\$535,446	\$2,118,733	\$1,139,951	\$91,661
Harlingen Firemen's Relief & Retirement Fund	9/30/2011	\$20,822,002	\$690,994	\$690,994	(\$260,503)	\$1,446,672	\$26,144
Irving Firemen's Relief & Retirement Fund	12/31/2011	\$125,139,063	\$3,959,536	\$2,539,120	(\$1,814,809)	\$6,799,417	\$1,035,519
Killeen Firemen's Relief & Retirement Fund	9/30/2011	\$23,837,183	\$1,425,767	\$1,084,620	\$251,151	\$1,412,277	\$197,091
Laredo Firefighters Retirement System	9/30/2011	\$84,080,924	\$4,644,823	\$3,667,573	\$1,998,612	\$6,632,055	\$346,718
Longview Firemen's Relief & Retirement Fund	12/31/2011	\$39,704,324	\$1,577,295	\$1,577,295	(\$952,280)	\$4,093,121	\$80,802
Lubbock Fire Pension Fund	12/31/2011	\$150,565,100	\$5,296,726	\$2,880,761	\$3,045,288	\$10,804,646	\$1,260,646
Lufkin Firemen's Relief & Retirement Fund	12/31/2011	\$9,950,651	\$996,899	\$559,956	(\$73,113)	\$1,602,297	\$32,264
Marshall Firemen's Relief & Retirement Fund	12/31/2011	\$5,576,458	\$489,491	\$337,580	\$27,800	\$897,033	\$68,980
McAllen Firemen's Relief & Retirement Fund	9/30/2011	\$32,426,570	\$1,234,674	\$985,340	(\$706,932)	\$2,333,394	\$353,141
Midland Firemen's Relief & Retirement Fund	12/31/2011	\$65,724,726	\$2,461,760	\$1,608,674	(\$1,349,496)	\$4,867,600	\$643,022
Odessa Firemen's Relief & Retirement Fund	12/31/2011	\$39,850,082	\$1,471,772	\$1,338,188	(\$1,420,402)	\$4,227,450	\$76,081
Orange Firemen's Relief & Retirement Fund	12/31/2011	\$8,148,985	\$287,395	\$225,810	(\$3,274)	\$810,571	\$113,837

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

TLFFRA Plans, Continued

Retirement System	Effective Date	Total Net Assets	Contributions		Total Income	Benefit Payments & Withdrawals	Total Expenses
			Employer	Employee			
Paris Firefighters' Relief & Retirement Fund	12/31/2011	\$5,809,436	\$290,452	\$284,695	(\$51,671)	\$886,052	\$99,690
Plainview Firemen's Relief & Retirement Fund	12/31/2011	\$4,517,996	\$296,583	\$244,317	\$145,160	\$712,732	\$55,057
Port Arthur Firemen's Relief & Retirement Fund	12/31/2011	\$33,954,802	\$1,258,112	\$962,084	\$181,526	\$2,360,381	\$90,178
San Angelo Firemen's Relief & Retirement Fund	12/31/2011	\$47,696,798	\$2,645,451	\$1,308,917	\$173,921	\$5,245,593	\$273,792
San Benito Firemen's Pension Fund	9/30/2011	\$2,390,348	\$146,641	\$146,641	(\$16,959)	\$121,027	\$34,770
Sweetwater Firemen's Relief & Retirement Fund	12/31/2011	\$6,803,421	\$189,568	\$189,568	\$34,817	\$628,523	\$85,239
Temple Firemen's Relief & Retirement Fund	9/30/2011	\$30,334,836	\$928,242	\$915,081	(\$709,528)	\$2,016,521	\$158,094
Texarkana Firemen's Relief & Retirement Fund	9/30/2011	\$23,805,017	\$786,256	\$595,976	(\$19,042)	\$1,512,429	\$191,658
Texas City Firemen's Relief & Retirement Fund	9/30/2011	\$13,460,752	\$632,679	\$593,137	\$1,812,867	\$1,393,775	\$157,078
Travis County ESD # 6 Firefighter's Relief & Retirement Fund	12/31/2011	\$3,680,348	\$549,569	\$502,671	\$1,234	\$42,805	\$40,843
Tyler Firemen's Relief & Retirement Fund	12/31/2011	\$46,088,794	\$1,935,452	\$1,379,006	(\$148,255)	\$2,909,224	\$266,359
University Park Firemen's Relief & Retirement Fund	9/30/2011	\$7,536,196	\$467,826	\$419,294	(\$34,731)	\$888,898	\$92,642
Waxahachie Firemen's Relief & Retirement Fund	9/30/2011	\$8,003,952	\$621,347	\$404,961	\$72,580	\$497,289	\$130,007
Weslaco Firemen's Relief & Retirement Fund	9/30/2011	\$5,979,896	\$405,368	\$349,309	\$99,624	\$285,399	\$66,133
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2011	\$39,354,123	\$1,173,832	\$1,050,410	\$869,546	\$3,289,896	\$268,026



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### FINANCIAL SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

Plans Governed By Chapter 810 of the Texas Government Code

Retirement System	Effective Date	Total Net Assets	Contributions		Total Income	Benefit Payments & Withdrawals	Total Expenses
			Employer	Employee			
Brazos River Authority Retirement Plan	2/29/2012	\$19,876,123	\$315,312	\$0	\$882,334	\$1,548,481	\$94,819
Capital MTA Retirement Plan for Administrative Employees	12/31/2010	\$11,505,697	\$2,086,605	\$0	\$1,130,009	\$600,594	\$20,586
Capital MTA Retirement Plan for Bargaining Unit Employees	12/31/2011	\$27,455,704	\$1,391,604	\$1,391,738	(\$274,868)	\$2,328,478	\$377,069
City Public Service of San Antonio Pension Plan	12/31/2011	\$1,056,714,004	\$37,121,360	\$11,810,615	\$8,514,402	\$65,757,128	\$18,178,568
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	12/31/2011	\$8,273,581	\$516,000	*	\$144,076	\$986,776	*
Corpus Christi Regional Transportation Authority	12/31/2011	\$21,791,159	\$1,064,288	\$0	(\$165,982)	\$591,273	\$63,773
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	6/30/2011	\$4,709,593	\$0	*	\$154,261	\$418,590	*
Dallas County Hospital District Retirement Income Plan	12/31/2011	\$513,564,000	\$16,457,000	\$22,223,000	(\$7,177,000)	\$20,996,000	\$1,503,000
Dallas/Fort Worth Airport Board DPS Retirement Plan	12/31/2011	\$100,233,000	\$5,900,000	\$1,715,000	\$1,608,000	\$4,393,000	\$503,000
Dallas/Fort Worth Airport Board Retirement Plan	12/31/2011	\$292,998,000	\$20,840,000	\$0	\$4,691,000	\$12,443,000	\$1,396,000
DART Employees' Defined Benefit Retirement Plan & Trust	9/30/2011	\$119,776,000	\$6,266,000	\$2,000	\$776,000	\$11,861,000	\$222,000
Galveston Wharves Pension Plan	12/31/2011	\$8,982,458	\$593,171	\$0	(\$127,165)	\$684,465	\$79,262
Guadalupe-Blanco River Authority	12/31/2011	\$17,181,320	\$1,613,649	\$0	\$181,054	\$520,375	\$71,191
Harris County Hospital District Pension Plan	12/31/2011	\$409,951,634	\$23,656,901	\$0	(\$1,907,436)	\$26,355,298	\$1,689,552
Houston MTA Non-Union Pension Plan	12/31/2011	\$105,261,279	\$10,689,264	\$0	(\$555,312)	\$16,666,527	\$603,145
Houston MTA Workers Union Pension Plan	12/31/2011	\$167,130,639	\$13,493,652	\$0	\$186,323	\$12,432,267	\$879,152
Irving Supplemental Benefit Plan	9/30/2011	\$38,089,892	\$0	\$2,144,504	(\$157,154)	\$3,521,601	\$388,706
Lower Colorado River Authority Retirement Plan	3/31/2012	\$347,595,915	\$16,479,955	\$1,797,711	\$21,360,284	\$36,974,085	\$1,757,679
Nacogdoches County Hospital District Retirement Plan	6/30/2011	\$30,725,969	\$2,037,829	\$1,285,727	\$5,635,700	\$1,452,074	\$294,933
Physicians Referral Service Retirement Benefit Plan	8/31/2011	\$332,623,670	\$31,402,489	\$0	\$35,956,908	\$35,495,558	\$848,580
Plano Retirement Security Plan	12/31/2011	\$81,693,701	\$3,520,556	\$0	\$1,505,246	\$2,509,374	\$237,350
Port of Houston Authority Retirement Plan	7/31/2012	\$129,522,543	\$8,132,756	\$0	\$5,845,600	\$7,380,312	\$838,958
Refugio County Memorial Hospital District Retirement Plan	12/31/2011	\$2,633,076	\$225,000	\$0	\$94,069	\$170,873	\$14,053
San Antonio Metropolitan Transit Retirement Plan	9/30/2011	\$159,075,398	\$7,320,891	\$3,223,850	\$2,500,888	\$13,754,104	\$1,092,622
University Health System Pension Plan	12/31/2011	\$167,288,617	\$16,750,940	\$4,298,767	(\$1,438,867)	\$8,441,786	\$673,404

\*Plan did not report this number.

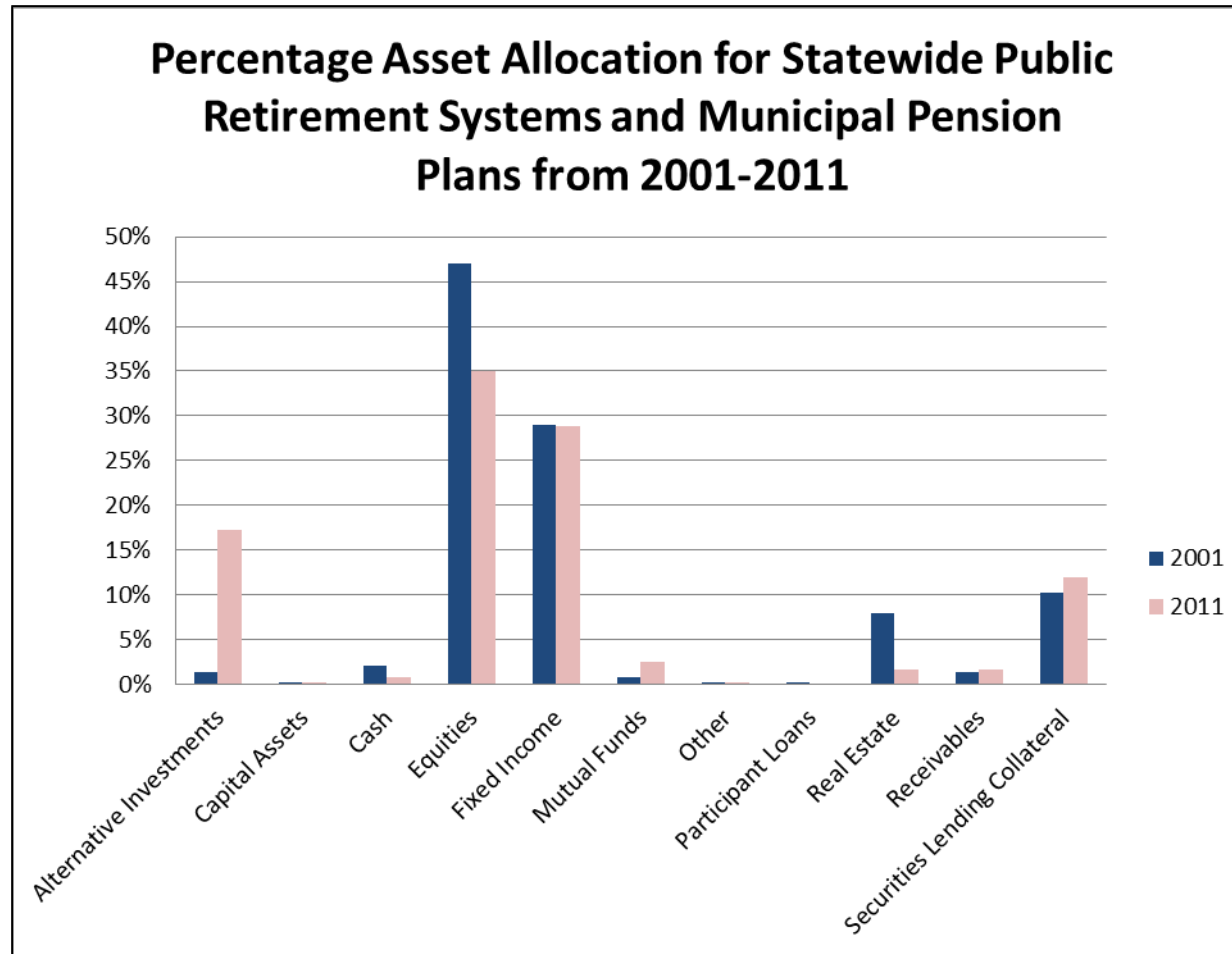
# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ASSET SUMMARY FOR STATEWIDE AND MUNICIPAL RETIREMENT SYSTEMS

Actuarially funded plans hold money in trust to pay for participant benefits. These funds are invested in various financial assets, and the earnings on these investments and the contributions received by the plan are used to pay participant benefits and plan expenses. This section includes tables showing a comparison of Texas actuarially funded retirement system asset allocations and trends from 2001 to 2011. Summary asset allocation data is presented in the following chart.

As shown, from 2001 to 2011, asset allocations to traditional assets, including equities and fixed income, decreased for large public retirement systems.



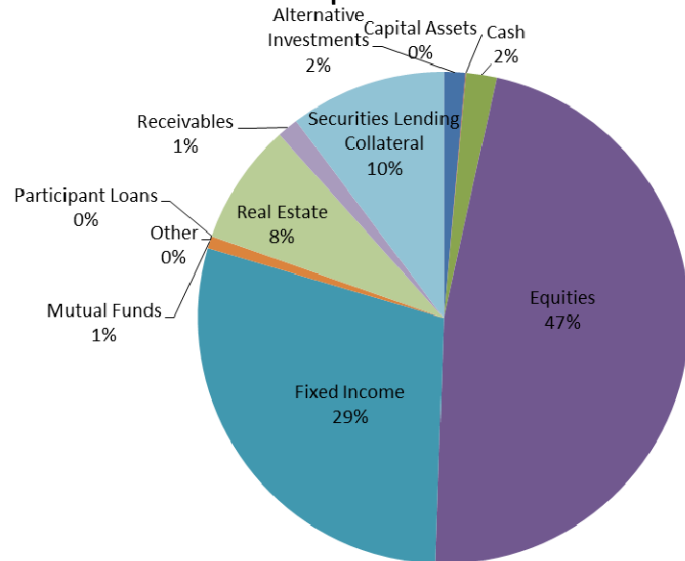
# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

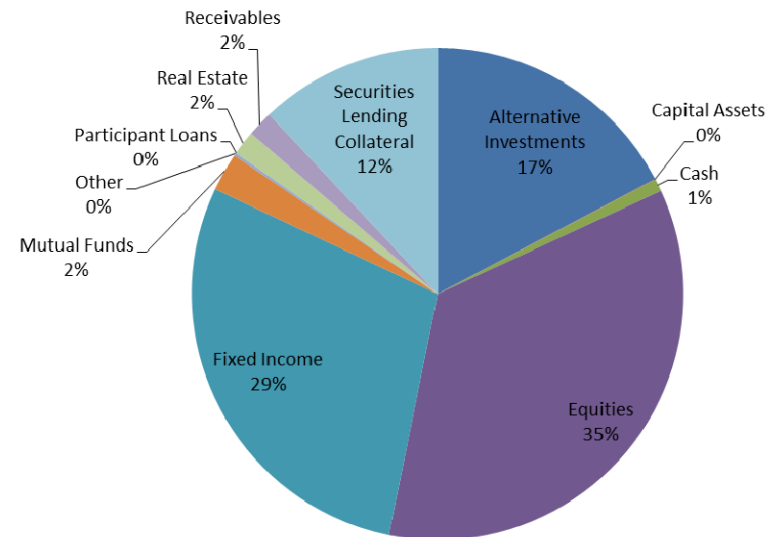
### ASSET SUMMARY FOR STATEWIDE PUBLIC RETIREMENT SYSTEMS

A more detailed asset allocation view is presented in the following charts. The first chart shows the asset allocations for public retirement systems in 2001. The second chart shows the asset allocations for public retirement systems in 2011. In 2001, equities and fixed income comprised 76 percent of total assets held. In 2011, this allocation decreased to approximately 63 percent, replaced mainly by increased allocations to alternative investments, cash, and securities lending collateral.

**Asset Allocation for Statewide Public Retirement Systems and Municipal Pension Plans for 2001**



**Asset Allocation for Statewide Public Retirement Systems and Municipal Pension Plans for 2011**



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ASSET SUMMARY FOR STATEWIDE PUBLIC RETIREMENT SYSTEMS

<b>Employees Retirement System of Texas</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$1,001,692,520
Capital Assets	\$8,465,430	\$11,157,068
Cash	\$1,569,174,707	\$25,014,909
Equities	\$9,811,985,135	\$11,515,595,971
Fixed Income	\$5,310,353,457	\$8,049,729,936
Mutual Funds	\$47,809,959	\$0
Other	\$1,522,978	\$7,964,200
Participant Loans	\$0	\$0
Real Estate	\$2,591,347,592	\$410,969,403
Receivables	\$874,818,049	\$227,268,105
Securities Lending Collateral	\$1,372,542,429	\$0
<b>TOTAL</b>	<b>\$21,588,019,736</b>	<b>\$21,249,392,112</b>
<b>LIABILITIES</b>	<b>\$3,526,497,550</b>	<b>\$45,301,110</b>
<b>Total Net Assets</b>	<b>\$18,061,522,186</b>	<b>\$21,204,091,002</b>

<b>Judicial Retirement System of Texas Plan Two</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$12,220,820
Capital Assets	\$0	\$0
Cash	\$8,388,732	\$825,422
Equities	\$51,309,662	\$140,492,238
Fixed Income	\$27,769,349	\$98,171,013
Mutual Funds	\$250,012	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$13,550,893	\$5,013,897
Receivables	\$5,125,016	\$3,404,872
Securities Lending Collateral	\$7,096,157	\$0
<b>TOTAL</b>	<b>\$113,489,821</b>	<b>\$260,128,262</b>
<b>LIABILITIES</b>	<b>\$18,189,757</b>	<b>\$504,659</b>
<b>Total Net Assets</b>	<b>\$95,300,064</b>	<b>\$259,623,603</b>

<b>Law Enforcement &amp; Custodial Officer Supplemental Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$34,812,973
Capital Assets	\$0	\$0
Cash	\$54,528,911	\$1,509,322
Equities	\$345,244,065	\$400,214,755
Fixed Income	\$186,849,857	\$279,767,012
Mutual Funds	\$1,682,239	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$91,179,039	\$14,282,892
Receivables	\$28,858,366	\$8,237,654
Securities Lending Collateral	\$47,872,035	\$0
<b>TOTAL</b>	<b>\$756,214,512</b>	<b>\$738,824,608</b>
<b>LIABILITIES</b>	<b>\$122,500,800</b>	<b>\$1,407,969</b>
<b>Total Net Assets</b>	<b>\$633,713,712</b>	<b>\$737,416,639</b>

<b>Teacher Retirement System of Texas</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$1,395,972,229	\$26,812,226,782
Capital Assets	\$35,782,345	\$29,045,182
Cash	\$790,182,152	\$1,079,187,851
Equities	\$50,166,933,864	\$41,913,520,425
Fixed Income	\$19,363,710,005	\$32,655,985,085
Mutual Funds	\$0	\$4,666,369,268
Other	\$1,500	\$0
Participant Loans	\$0	\$0
Real Estate	\$7,804,514,825	\$0
Receivables	\$713,820,322	\$1,301,984,400
Securities Lending Collateral	\$10,261,027,566	\$22,760,168,002
<b>TOTAL</b>	<b>\$90,531,944,808</b>	<b>\$131,218,486,995</b>
<b>LIABILITIES</b>	<b>\$11,104,129,994</b>	<b>\$23,797,700,102</b>
<b>Total Net Assets</b>	<b>\$79,427,814,814</b>	<b>\$107,420,786,893</b>

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## STATE PENSION REVIEW BOARD

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Texas County and District Retirement System		
Assets	2001	2011
Alternative Investments	\$0	\$5,654,262,384
Capital Assets	\$11,390,353	\$15,502,495
Cash	\$55,444,173	\$118,406,834
Equities	\$2,492,327,174	\$5,919,498,003
Fixed Income	\$5,522,965,711	\$4,821,220,865
Mutual Funds	\$0	\$0
Other	\$160,455	\$369,090,409
Participant Loans	\$0	\$0
Real Estate	\$452,954,778	\$647,277,189
Receivables	\$106,659,316	\$128,092,163
Securities Lending Collateral	\$2,613,085,869	\$133,614,519
TOTAL	\$11,254,987,829	\$17,806,964,861
LIABILITIES	\$2,644,342,988	\$180,898,854
<b>Total Net Assets</b>	<b>\$8,610,644,841</b>	<b>\$17,626,066,007</b>

Texas Emergency Services Retirement System		
Assets	2001	2011
Alternative Investments	\$0	\$0
Capital Assets	\$26,174	\$0
Cash	\$934,383	\$877,886
Equities	\$22,412,819	\$45,801,858
Fixed Income	\$10,502,977	\$15,031,145
Mutual Funds	\$0	\$0
Other	\$0	\$28,088,338
Participant Loans	\$0	\$0
Real Estate	\$0	\$0
Receivables	\$103,339	\$852,848
Securities Lending Collateral	\$0	\$0
TOTAL	\$33,979,692	\$62,563,737
LIABILITIES	\$184,224	\$98,639
<b>Total Net Assets</b>	<b>\$33,795,469</b>	<b>\$62,465,098</b>

Texas Municipal Retirement System		
Assets	2001	2011
Alternative Investments	\$0	\$0
Capital Assets	\$4,169,993	\$9,261,818
Cash*	\$70,393,000	\$797,941
Equities	\$0	\$7,465,614,184
Fixed Income	\$8,722,222,276	\$10,900,354,853
Mutual Funds	\$0	\$0
Other	\$0	\$1,972,159
Participant Loans	\$0	\$0
Real Estate	\$0	\$97,000,000
Receivables	\$122,758,608	\$1,665,519,272
Securities Lending Collateral	\$0	\$1,688,567,121
TOTAL	\$8,919,543,877	\$21,829,087,348
LIABILITIES	\$284,279,380	\$3,257,793,424
<b>Total Net Assets</b>	<b>\$8,635,264,497</b>	<b>\$18,571,293,924</b>

\*Includes Cash and Short-Term Investments

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ASSET SUMMARY FOR MUNICIPAL PENSION PLANS GOVERNED BY STATE STATUTE

<b>Austin Employee's Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$0
Capital Assets	\$1,383,816	\$1,004,177
Cash	\$3,764,734	\$3,446,068
Equities	\$819,980,182	\$1,020,632,919
Fixed Income	\$342,863,740	\$518,492,330
Mutual Funds	\$0	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$0	\$116,281,647
Receivables	\$5,299,329	\$12,309,618
Securities Lending Collateral	\$81,137,677	\$148,049,689
<b>TOTAL</b>	<b>\$1,254,429,478</b>	<b>\$1,820,216,448</b>
<b>LIABILITIES</b>	<b>\$82,340,940</b>	<b>\$154,427,025</b>
<b>Total Net Assets</b>	<b>\$1,172,088,538</b>	<b>\$1,665,789,423</b>

<b>Austin Fire Fighters Relief and Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$157,058,983
Capital Assets	\$4,702	\$282,124
Cash	\$9,720,992	\$4,864,497
Equities	\$144,794,572	\$188,804,187
Fixed Income	\$38,395,378	\$127,787,715
Mutual Funds	\$174,702,731	\$102,402,137
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$37,365	\$0
Receivables	\$2,030,097	\$485,451
Securities Lending Collateral	\$0	\$0
<b>TOTAL</b>	<b>\$369,685,837</b>	<b>\$581,685,094</b>
<b>LIABILITIES</b>	<b>\$3,453,021</b>	<b>\$562,439</b>
<b>Total Net Assets</b>	<b>\$366,232,816</b>	<b>\$581,122,655</b>

<b>Austin Police Officers' Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$6,631,912	\$121,252,997
Capital Assets	\$493,097	\$656,545
Cash	\$163,075	\$83,784
Equities	\$157,543,285	\$168,393,455
Fixed Income	\$56,118,145	\$60,901,207
Mutual Funds	\$0	\$0
Other	\$4,052	\$495,662
Participant Loans	\$0	\$0
Real Estate	\$42,177,893	\$126,796,553
Receivables	\$1,847,010	\$6,148,923
Securities Lending Collateral	\$0	\$0
<b>TOTAL</b>	<b>\$264,978,469</b>	<b>\$484,729,126</b>
<b>LIABILITIES</b>	<b>\$525,794</b>	<b>\$640,495</b>
<b>Total Net Assets</b>	<b>\$264,452,675</b>	<b>\$484,088,631</b>

<b>Dallas Police &amp; Fire Pension System-Combined Plan</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$0
Capital Assets	\$0	\$0
Cash	\$159,537,144	\$212,012,476
Equities	\$604,030,217	\$1,654,521,566
Fixed Income	\$393,979,814	\$430,927,587
Mutual Funds	\$509,730,450	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$314,496,677	\$1,383,849,615
Receivables	\$38,861,233	\$45,828,301
Securities Lending Collateral	\$0	\$0
<b>TOTAL</b>	<b>\$2,020,635,535</b>	<b>\$3,727,139,545</b>
<b>LIABILITIES</b>	<b>\$132,248,642</b>	<b>\$693,219,644</b>
<b>Total Net Assets</b>	<b>\$1,888,386,893</b>	<b>\$3,033,919,901</b>

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## STATE PENSION REVIEW BOARD

### ASSET SUMMARY FOR MUNICIPAL PENSION PLANS GOVERNED BY STATE STATUTE

<b>El Paso Firemen's Pension Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$4,940,255
Capital Assets	\$0	\$354,979
Cash	\$3,354,575	\$4,600,401
Equities	\$105,293,622	\$248,441,335
Fixed Income	\$64,415,397	\$135,733,461
Mutual Funds	\$0	\$0
Other	\$0	\$7,679
Participant Loans	\$0	\$0
Real Estate	\$0	\$8,256,345
Receivables	\$3,460,180	\$637,791
Securities Lending Collateral	\$0	\$26,438,578
<b>TOTAL</b>	<b>\$176,523,774</b>	<b>\$429,410,824</b>
<b>LIABILITIES</b>	<b>\$3,248,262</b>	<b>\$26,862,309</b>
<b>Total Net Assets</b>	<b>\$173,275,512</b>	<b>\$402,548,515</b>

<b>El Paso Police Pension Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$0
Capital Assets	\$0	\$514,004
Cash	\$6,764,646	\$6,661,288
Equities	\$180,000,098	\$366,902,698
Fixed Income	\$112,784,352	\$196,539,394
Mutual Funds	\$0	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$0	\$11,955,026
Receivables	\$5,762,077	\$923,509
Securities Lending Collateral	\$0	\$38,282,544
<b>TOTAL</b>	<b>\$305,311,173</b>	<b>\$621,778,463</b>
<b>LIABILITIES</b>	<b>\$5,360,257</b>	<b>\$38,896,097</b>
<b>Total Net Assets</b>	<b>\$299,950,916</b>	<b>\$582,882,366</b>

<b>Fort Worth Employees Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$433,475,067
Capital Assets	\$0	\$3,776,370
Cash	\$333,554	\$473,491
Equities	\$609,702,567	\$404,510,987
Fixed Income	\$403,493,314	\$484,104,163
Mutual Funds	\$143,945,059	\$329,243,632
Other	\$0	\$2,616
Participant Loans	\$0	\$0
Real Estate	\$0	\$0
Receivables	\$7,974,435	\$130,141,282
Securities Lending Collateral	\$0	\$117,263,666
<b>TOTAL</b>	<b>\$1,165,448,929</b>	<b>\$1,902,991,274</b>
<b>LIABILITIES</b>	<b>\$35,425,474</b>	<b>\$250,639,200</b>
<b>Total Net Assets</b>	<b>\$1,130,023,455</b>	<b>\$1,652,352,074</b>

<b>Galveston Employees' Retirement Plan for Police</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$0
Capital Assets	\$0	\$0
Cash	\$250,298	\$579,546
Equities	\$13,698,016	\$12,225,720
Fixed Income	\$10,096,054	\$8,074,223
Mutual Funds	\$0	\$0
Other	\$162,958	\$293,151
Participant Loans	\$35,547	\$0
Real Estate	\$0	\$0
Receivables	\$157,603	\$224,383
Securities Lending Collateral	\$0	\$0
<b>TOTAL</b>	<b>\$24,400,476</b>	<b>\$21,397,023</b>
<b>LIABILITIES</b>	<b>\$41,029</b>	<b>\$4,882</b>
<b>Total Net Assets</b>	<b>\$24,359,447</b>	<b>\$21,392,141</b>

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ASSET SUMMARY FOR MUNICIPAL PENSION PLANS GOVERNED BY STATE STATUTE

<b>Houston Firefighter's Relief and Retirement Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$376,626,171	\$633,234,497
Capital Assets	\$10,223,327	\$8,207,183
Cash	\$59,752,957	\$54,515,400
Equities	\$734,639,450	\$1,240,228,685
Fixed Income	\$533,229,741	\$1,074,291,475
Mutual Funds	\$0	\$0
Other	\$0	\$255,854
Participant Loans	\$0	\$0
Real Estate	\$0	\$176,998,921
Receivables	\$24,122,589	\$27,632,791
Securities Lending Collateral	\$108,866,018	\$233,410,075
TOTAL	\$1,847,460,253	\$3,448,774,881
LIABILITIES	\$120,972,072	\$245,694,520
<b>Total Net Assets</b>	<b>\$1,726,488,181</b>	<b>\$3,203,080,361</b>

<b>Houston Municipal Employees Pension System</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$0	\$378,178,957
Capital Assets	\$0	\$306,898
Cash	\$74,884,121	\$172,394,311
Equities	\$532,684,311	\$841,748,551
Fixed Income	\$247,492,093	\$254,310,064
Mutual Funds	\$295,745,330	\$315,647,983
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$280,970,325	\$231,463,317
Receivables	\$67,337,424	\$34,967,612
Securities Lending Collateral	\$124,590,077	\$116,400,998
TOTAL	\$1,623,703,681	\$2,345,418,691
LIABILITIES	\$216,187,580	\$215,977,349
<b>Total Net Assets</b>	<b>\$1,407,516,101</b>	<b>\$2,129,441,342</b>

<b>Houston Police Officers Pension System</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$172,842,000	\$1,359,950,000
Capital Assets	\$0	\$0
Cash	\$547,000	\$688,000
Equities	\$1,298,157,000	\$962,752,000
Fixed Income	\$665,369,000	\$1,257,727,000
Mutual Funds	\$0	\$0
Other	\$0	\$150,000
Participant Loans	\$0	\$0
Real Estate	\$0	\$0
Receivables	\$17,150,000	\$21,396,000
Securities Lending Collateral	\$252,617,000	\$368,331,000
TOTAL	\$2,406,682,000	\$3,970,994,000
LIABILITIES	\$263,903,000	\$440,377,000
<b>Total Net Assets</b>	<b>\$2,142,779,000</b>	<b>\$3,530,617,000</b>

<b>San Antonio Fire &amp; Police Pension Fund</b>		
<b>Assets</b>	<b>2001</b>	<b>2011</b>
Alternative Investments	\$114,420,000	\$457,092,000
Capital Assets	\$378,000	\$1,303,000
Cash	\$67,068,000	\$72,510,000
Equities	\$617,555,000	\$739,584,000
Fixed Income	\$407,211,000	\$500,741,000
Mutual Funds	\$0	\$0
Other	\$0	\$0
Participant Loans	\$0	\$0
Real Estate	\$56,152,000	\$197,654,000
Receivables	\$17,969,000	\$36,053,000
Securities Lending Collateral	\$86,510,000	\$133,809,000
TOTAL	\$1,367,263,000	\$2,138,746,000
LIABILITIES	\$107,687,000	\$168,692,000
<b>Total Net Assets</b>	<b>\$1,259,576,000</b>	<b>\$1,970,054,000</b>



**ACTUARIAL SECTION**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### ACTUARIAL SUMMARY

Average annual retirement system funding should satisfy the following equation,  $C + I = B + E$  or Contributions (C) + Income (I) = Benefits (B) + Expenses (E). Under this funding equation, employers and employees contribute to a retirement system in regular intervals. The system invests these contributions and earns a return on that investment. Return from investments (fixed income, equity, mutual fund, etc.) are included in income. Contributions (C) and income (I) combine to add to the system's trust fund. Retirement systems pay benefits (B) to members who have met plan requirements. Retirement systems also pay expenses (E), including investment related and administrative expenses, necessary for maintaining the system. Benefit payments and expenses combine to deplete the retirement system's trust fund.

Retirement system sponsors and policymakers set system contributions and benefits. To ensure long-term system viability, sponsors contribute money to the trust fund that is sufficient to eliminate system benefit obligations over a reasonable period of time. Per the State Pension Review Board's (PRB's) Guidelines for Actuarial Soundness, annual contributions should be adequate to amortize projected benefit obligations over a period not to exceed 40 years.

To determine the annual contributions necessary to amortize pension obligations over a reasonable time period, actuarial methods and assumptions are used to calculate the present value of benefit obligations (i.e. future liabilities). Actuaries include in this calculation earnings from invested assets, plan participant contributions, and plan demographic changes over time. Actuaries then determine the recommended contribution necessary to amortize the long-term pension benefit liability. Since system funding is a policy decision that includes consideration of resource allocation and budget priorities, for any given year, the retirement system sponsor may fund the recommended contribution fully or partially. However, to ensure retirement system solvency, recommended contributions should be fully funded over the long-term.

### ACTUARIAL ASSUMPTIONS

Actuarial methods and assumptions, combined with participant data and the plan benefit design, are used to value current and future benefit obligations. Retirement systems select actuarial assumptions, with guidance from the actuary. Actuarial assumptions for pension plans can be categorized as economic and demographic assumptions.

- Economic assumptions pertain to interest rates used to discount plan liabilities, salary increases for plan participants, and expected investment return and inflation rates.
- Demographic assumptions include plan participant rates of retirement, turnover or withdrawal rates, rates of disability, and mortality rates.

The PRB Guidelines for actuarial soundness state that actuarial assumptions should be reasonable and realistic in the aggregate.

### INVESTMENT RETURN ASSUMPTION

The investment return assumption is the long-term expected rate of return on pension system assets. Additionally, the assumed rate of return is used by system actuaries to discount future pension obligations to determine the recommended contributions for adequate system funding. If the actual returns do not meet

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### ACTUARIAL SUMMARY

the assumed returns, then the actuarially determined recommended contributions would not be adequate to ensure system sustainability in the long-term. A summary of the return assumptions for Texas public retirement systems is included in the following table.

Investment Return Assumptions for Texas Public Retirement Systems	
Return Assumption	Percent of Plans
4.25%	1%
6.00%	1%
6.50%	1%
7.00%	6%
7.25%	8%
7.50%	12%
7.75%	18%
7.90%	1%
8.00%	39%
8.25%	7%
8.50%	6%
<b>Total</b>	<b>100%</b>

### INFLATION ASSUMPTION

Inflation is the rate at which price levels are rising, and purchasing power is falling. The assumed rate of inflation is included as a component of the assumed rate of return and the assumed plan participant salary increases. It may also be used to value cost-of-living adjustment (COLA) benefit increases for pension systems. A summary of assumed rates of inflation for Texas public retirement systems is presented in the following table.

Inflation Rate Assumption for Texas Public Retirement Systems	
Inflation Assumption	Percent of Plans
2.50%	3%
3.00%	43%
3.25%	7%
3.50%	21%
3.75%	7%
4.00%	19%
<b>Total</b>	<b>100%</b>

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#### ACTUARIAL COST METHODS

The valuation of future benefits is calculated using actuarial cost methods. Currently, Texas retirement system actuaries use one of the following five valuation methodologies.

**Entry Age Normal (EAN)** - This methodology projects the benefit costs of each individual from entry age into the plan to assumed exit age from the plan. This benefit liability is allocated on a level basis over the earnings or service of the individual. Relative to other actuarial cost methods, entry age normal tends to produce more stable, predictable contribution rates. EAN is the most common cost method used in Texas.

**Ultimate EAN** – This methodology is used for plans that have different tiers of benefits based on date of hire. Under Ultimate EAN, the plan benefit liability is calculated by assuming each plan participant is a member of the most recently added plan tier. This methodology places more total benefit liability value into future benefits rather than previously accrued benefits.

**Projected Unit Credit (PUC)** - Unlike EAN, PUC does not calculate benefits on a level basis over the earnings service of the individual. Under the PUC methodology, annual benefit costs for each member increase as the member approaches retirement age. This increases the value attributed to future benefits versus previously accrued plan member benefits.

**Traditional Unit Credit (UC)** - This methodology is appropriate for plans with benefits that are based on dollar amounts rather than percentages of pay, for frozen plans, or for plans with no active members. The UC methodology calculates the Actuarial Accrued Liability based on current pay and service, not future pay. Using this methodology, the annual cost attributable to benefit liabilities for each member (normal cost) increases significantly as the members approach retirement age.

**Aggregate** – Under this methodology, the excess of the present value of projected benefits over the value of plan assets is allocated on a level basis over the service lives of the plan participants. The portion of the allocation attributed to the current year is included as plan annual benefit cost (normal cost). Since previously earned benefits are assumed to be paid under this methodology, all costs are generated from projection of future liabilities.

The following table summarizes Texas public retirement system plan cost methodology use.

Cost Methodologies for Texas Public Retirement Systems	
Cost Method	Percent of Plans
Entry Age Normal	75%
Ultimate EAN	7%
Projected Unit Credit	12%
Aggregate	2%
Unit Credit	4%
<b>Total</b>	<b>100%</b>

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### ACTUARIAL SUMMARY

#### ASSET METHODS

The Market Value of Assets (MVA) is the value at which assets could be bought or sold in a publicly-traded market. The Actuarial Value of Assets (AVA) is used for actuarial valuation and could be the MVA or a smoothed value. A smoothed value phases in gains and losses to reduce the volatility of the recommended contribution that could result from the use of market value. This increases recommended contribution stability, and predictability. The following table summarizes the asset valuation methodologies used by Texas public retirement systems.

Asset Valuation Methodology for Texas Public Retirement Systems	
Valuation Method	Percent of Plans
5-Year Smoothing	71%
Market Value (MVA)	19%
3-Year Smoothing	2%
4-Year Smoothing	1%
10-Year Smoothing	2%
Other	5%
<b>Total</b>	<b>100%</b>

#### AMORTIZATION METHODS

The amortization method is the process for making payments on the pension obligation. The amortization methods used by Texas public retirement systems are listed below:

- Level Dollar – Assumes pension payments are a level dollar amount over the amortization period
- Level Percentage – Assumes the pension payments are a level percentage of payroll and are scheduled to increase at the payroll growth assumption annually.
- Open – Assumes that the targeted amortization period is started again each year
- Closed – Assumes that the ending date of the amortization period is fixed so that the remaining total amortization period should decrease by one each year.
- Recalculated – For plans with a fixed contribution rate, the remaining amortization period is recalculated each year.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### ACTUARIAL SUMMARY

The following table summarizes the amortization methods used by Texas public retirement systems.

Amortization Methodology for Texas Public Retirement Systems	
Amortization Method	Percent of Plans
Level percent open	47%
Level dollar open	3%
Level percent recalculated	34%
Level dollar recalculated	6%
Level percent closed	3%
Level dollar closed	7%
<b>Total</b>	<b>100%</b>

### SUMMARY

The actuarial methods and assumptions used by a typical public retirement system in Texas are the Entry Age Normal (EAN) cost method, 5-year smoothing to determine the Actuarial Value of Assets (AVA), an 8 percent investment return assumption, and a 4 percent payroll growth assumption. The most common amortization method uses a level percent of pay with an open amortization period.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

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### DESCRIPTION OF ACTUARIAL TERMS

#### A. Normal Cost

Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions.

#### B. Actuarial Value of Assets

The value of pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation of assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

#### C. Unfunded Actuarial Accrued Liability (UAAL)

The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the present value of benefits earned to date that are not covered by current plan assets.

#### D. Amortization Period

The number of years required to pay a liability in full, assuming a constant rate of interest and annual payments which are either level or geometrically increasing.

#### E. Actuarial Cost Methods

An actuarial method which defines the allocation of pension costs (and contributions) over a member's working career. All standard actuarial cost methods are comprised of two components: normal cost and the actuarial accrued liability. An actuarial cost method determines the incidence of pension costs, not the ultimate cost of a pension plan; that cost is determined by the actual benefits paid less the actual investment income.

#### F. Amortization Method

With respect to the payments described under 'Amortization Period':

- **Level Dollar** means the payments are a level dollar amount;
- **Level Percentage** means the payments are a level percentage of payroll, and are scheduled to increase at the payroll growth assumption annually.
- **Open** means the targeted amortization period is started again each year (analogous to getting a new 30 year mortgage every year for the unpaid balance of the mortgage started the previous year).
- **Closed** means that the ending date of the amortization period is fixed; the remaining period decreases by one each year (analogous to a 30 year mortgage).

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

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### DESCRIPTION OF ACTUARIAL TERMS

- **Recalculated** means when neither Closed nor Open is indicated, then the amortization period is recalculated each time an actuarial valuation is performed.

#### **G. Asset Valuation Method**

The method used to compute the Actuarial Value of Assets.

#### **H. Investment Rate of Return**

The assumed long-term rate of return on plan assets, which is also used as a discount rate to calculate the plan's Actuarial Accrued Liability, Normal Cost, and Present Value of Future Benefits.

#### **I. Inflation**

The rate at which price levels are rising, and purchasing power is falling. Inflation is a component of both the assumed Investment Rate of Return and the assumed rate of employee pay increases.



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL ASSUMPTIONS AND METHODS FOR STATE AND LOCAL RETIREMENT SYSTEMS

#### Statewide Plans

Retirement System	Effective Date	Actuarial Cost Method	Amortization Method	Asset Valuation Method	Investment Rate of Return	Inflation
Employees Retirement System*	8/31/2012	Ultimate Entry Age Normal	Level Percent Open	Other	8.00%	3.50%
Judicial Retirement System I	8/31/2012	Entry Age Normal	Level Dollar Open	Market Value of Assets	8.00%	3.50%
Judicial Retirement System II*	8/31/2012	Entry Age Normal	Level Percent Open	Other	8.00%	3.50%
Law Enforcement and Custodial Officer Supplemental Retirement Fund*	8/31/2012	Ultimate Entry Age Normal	Level Percent Open	Other	8.00%	3.50%
Teacher Retirement System	8/31/2012	Ultimate Entry Age Normal	Level Percent Open	5-year Smoothing	8.00%	3.00%
Texas County & District Retirement System	12/31/2011	Entry Age Normal	Level Percent	10-year Smoothing	8.00%	3.50%
Texas Emergency Services Retirement System	8/31/2010	Entry Age Normal	Level Dollar Open	5-year Smoothing	7.75%	3.50%
Texas Municipal Retirement System	12/31/2011	Projected Unit Credit	Level Percent	10-year Smoothing	7.00%	3.00%

*\*\*"Other" indicates 80% Expected Value plus 20% Market Value*

#### Municipal Plans

Retirement System	Effective Date	Actuarial Cost Method	Amortization Method	Asset Valuation Method	Investment Rate of Return	Inflation
Austin Employees' Retirement System	12/31/2011	Ultimate Entry Age Normal	Level Percent Open	5-year Smoothing	7.75%	3.25%
Austin Fire Fighters Relief & Retirement Fund	12/31/2009	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.50%
Austin Police Retirement System	12/31/2011	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.75%
Dallas Employees' Retirement Fund	12/31/2011	Entry Age Normal	Level Percent Open	5-year Smoothing	8.25%	3.00%
Dallas Police & Fire Pension System-Combined Plan	1/1/2012	Entry Age Normal	Level Percent	Market Value of Assets	8.50%	4.00%
El Paso City Employees' Pension Fund	9/1/2010	Entry Age Normal	Level Percent Open	5 - year Smoothing	8.00%	4.00%
El Paso Firemen's Pension Fund	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.50%
El Paso Police Pension Fund	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.50%
Fort Worth Employees' Retirement Fund	1/1/2012	Entry Age Normal	Level Percent Open	5-year Smoothing	8.25%	3.00%
Galveston Employees' Retirement Fund	1/1/2012	Entry Age Normal	Level Dollar	5-year Smoothing	8.00%	3.25%
Galveston Employees' Retirement Plan for Police	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.50%	4.00%
Houston Firefighter's Relief & Retirement Fund	7/1/2011	Entry Age Normal	Level Percent Closed	5-year Smoothing	8.50%	3.00%
Houston Municipal Employees Pension System	7/1/2011	Ultimate Entry Age Normal	Level Percent	5-year Smoothing	8.50%	3.00%
Houston Police Officers Pension System	7/1/2011	Projected Unit Credit	Level Percent Open	5-year Smoothing	8.50%	3.00%
San Antonio Fire & Police Pension Fund	10/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.50%	3.50%

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL ASSUMPTIONS AND METHODS FOR STATE AND LOCAL RETIREMENT SYSTEMS

#### TLFFRA Plans

Retirement System	Effective Date	Actuarial Cost Method	Amortization Method	Asset Valuation Method	Investment Rate of Return	Inflation
Abilene Firemen's Relief & Retirement Fund	9/30/2011	Entry Age Normal	Level Percent	5-yr Smoothing	8.00%	3.00%
Amarillo Firemen's Relief & Retirement Fund	1/1/2010	Entry Age Normal	Level Percent	5-yr Smoothing	8.25%	3.25%
Atlanta Firemen's Relief & Retirement Fund	12/31/2009	Entry Age Normal	Level Percent	5-yr Smoothing	7.25%	4.00%
Beaumont Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-yr Smoothing	8.00%	4.00%
Big Spring Firemen's Relief & Retirement Fund	1/1/2012	Entry Age Normal	Level Percent	5-yr Smoothing	8.00%	N/A
Brownwood Firemen's Relief & Retirement Fund	12/31/2009	Entry Age Normal	Level Percent	5-yr Smoothing	7.25%	4.00%
Cleburne Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-yr Smoothing	7.50%	3.75%
Conroe Fire Fighters' Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	5-yr Smoothing	7.75%	4.00%
Corpus Christi Fire Fighters' Retirement System	12/31/2010	Entry Age Normal	Level Percent	5-yr Smoothing	8.00%	4.00%
Corsicana Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-yr Smoothing	7.50%	4.00%
Denison Firemen's Relief & Retirement Fund	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.50%
Denton Firemen's Relief & Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	5-year Smoothing	7.00%	3.50%
Galveston Firefighter's Relief & Retirement Fund	1/1/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.25%
Greenville Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.25%	3.00%
Harlingen Firemen's Relief & Retirement Fund	12/31/2009	Entry Age Normal	Level Percent	Market Value of Assets	8.00%	N/A
Irving Firemen's Relief & Retirement Fund	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	8.25%	3.25%
Killeen Firemen's Relief & Retirement Fund	9/30/2010	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	4.00%
Laredo Firefighters Retirement System*	3/31/2010	Entry Age Normal	Level Percent	Other	8.00%	3.75%
Longview Firemen's Relief & Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	Market Value of Assets	8.00%	3.00%
Lubbock Fire Pension Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Lufkin Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	3-year Smoothing	7.50%	N/A
Marshall Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	Market Value of Assets	8.00%	N/A

\*"Other" indicates 60% Expected Value plus 40% Market Value.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL ASSUMPTIONS AND METHODS FOR STATE AND LOCAL RETIREMENT SYSTEMS

#### TLFFRA Plans, Continued

Retirement System	Effective Date	Actuarial Cost Method	Amortization Method	Asset Valuation Method	Investment Rate of Return	Inflation
McAllen Firemen's Relief & Retirement Fund	9/30/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Midland Firemen's Relief & Retirement Fund	1/1/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Odessa Firemen's Relief & Retirement Fund	1/1/2011	Entry Age Normal	Level Percent	5-year Smoothing	8.50%	3.00%
Orange Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Paris Firefighters' Relief & Retirement Fund	1/1/2011	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Plainview Firemen's Relief & Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	N/A
Port Arthur Firemen's Relief & Retirement Fund	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
San Angelo Firemen's Relief & Retirement Fund	12/31/2009	Entry Age Normal	Level Percent	5-year Smoothing	7.90%	N/A
San Benito Firemen's Pension Fund	12/31/2008	Entry Age Normal	Level Percent	Market Value of Assets	7.00%	N/A
Sweetwater Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Temple Firemen's Relief & Retirement Fund	9/30/2012	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	4.00%
Texarkana Firemen's Relief & Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.50%
Texas City Firemen's Relief & Retirement Fund	12/31/2008	Entry Age Normal	Level Percent	Market Value of Assets	7.75%	N/A
Travis County ESD # 6 Firefighter's Relief & Retirement Fund	12/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.00%	3.00%
Tyler Firemen's Relief & Retirement Fund	12/31/2011	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	3.75%
University Park Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%
Waxahachie Firemen's Relief & Retirement Fund	10/1/2010	Entry Age Normal	Level Percent	Market Value of Assets	7.00%	N/A
Weslaco Firemen's Relief & Retirement Fund	9/30/2009	Entry Age Normal	Level Percent	5-year Smoothing	7.25%	4.00%
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2010	Entry Age Normal	Level Percent	5-year Smoothing	8.00%	3.00%

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL ASSUMPTIONS AND METHODS FOR STATE AND LOCAL RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code

Retirement System	Effective Date	Actuarial Cost Method	Amortization Method	Asset Valuation Method	Investment Rate of Return	Inflation
Brazos River Authority Retirement Plan	3/1/2012	Unit Credit	Level Dollar Closed	5-year Smoothing	6.50%	N/A
Capital MTA Retirement Plan for Administrative Employees	1/1/2010	Aggregate	N/A	Market Value of Assets	7.50%	N/A
Capital MTA Retirement Plan for Bargaining Unit Employees	1/1/2010	Entry Age Normal	Level Percent Closed	4-year Smoothing	7.50%	3.00%
City Public Service of San Antonio Pension Plan	1/1/2011	Projected Unit Credit	Level Dollar Open	5-year Smoothing	7.75%	3.00%
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	1/1/2011	Entry Age Normal	Level Percent	Market Value of Assets	7.50%	N/A
Corpus Christi Regional Transportation Authority	1/1/2012	Entry Age Normal	Level Dollar Closed	Market Value of Assets	7.50%	N/A
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	1/1/2008	Unit Credit	N/A	Market Value of Assets	4.25%	N/A
Dallas County Hospital District Retirement Income Plan	1/1/2012	Projected Unit Credit	Level Percent Open	Market Value of Assets	8.25%	N/A
Dallas/Fort Worth Airport Board DPS Retirement Plan	1/1/2012	Entry Age Normal	Level Percent Closed	5-year Smoothing	7.25%	3.00%
Dallas/Fort Worth Airport Board Retirement Plan	1/1/2012	Entry Age Normal	Level Dollar Closed	5-year Smoothing	7.25%	3.00%
DART Employees' Defined Benefit Retirement Plan & Trust	10/1/2010	Projected Unit Credit	Level Dollar Open	5-year Smoothing	8.00%	2.50%
Galveston Wharves Pension Plan	1/1/2011	Entry Age Normal	Level Dollar	Market Value of Assets	7.50%	3.50%
Guadalupe-Blanco River Authority	1/1/2012	Entry Age Normal	Level Percent	5-year Smoothing	7.75%	4.00%
Harris County Hospital District Pension Plan	1/1/2012	Projected Unit Credit	Level Dollar Open	5-year Smoothing	8.00%	3.00%
Houston MTA Non-Union Pension Plan	1/1/2012	Projected Unit Credit	Level Dollar Open	5-year Smoothing	8.00%	N/A
Houston MTA Workers Union Pension Plan	1/1/2012	Unit Credit	Level Dollar Open	5-year Smoothing	8.00%	N/A
Irving Supplemental Benefit Plan	1/1/2011	Projected Unit Credit	Level Percent Open	5-year Smoothing	7.00%	3.00%
Lower Colorado River Authority Retirement Plan	4/1/2012	Entry Age Normal	Level Dollar	5-year Smoothing	7.50%	3.75%
Nacogdoches County Hospital District Retirement Plan	7/1/2011	Entry Age Normal	Level Percent Closed	Market Value of Assets	8.00%	N/A
Physicians Referral Service Retirement Benefit Plan	9/1/2011	Projected Unit Credit	Level Percent	5-year Smoothing	8.00%	N/A
Plano Retirement Security Plan	12/31/2009	Entry Age Normal	Level Percent Closed	5-year Smoothing	7.75%	3.00%
Port of Houston Authority Retirement Plan	8/1/2012	Entry Age Normal	Level Percent	Market Value of Assets	7.25%	2.75%
Refugio County Memorial Hospital District Retirement Plan	11/1/2010	Individual Aggregate	N/A	Market Value of Assets	6.50%	2.00%
San Antonio Metropolitan Transit Retirement Plan	10/1/2010	Entry Age Normal	Level Percent Closed	5-year Smoothing	8.00%	3.00%
University Health System Pension Plan	1/1/2010	Projected Unit Credit	Level Percent Open	5-year Smoothing	7.50%	2.50%

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL VALUATION SUMMARY FOR STATE AND LOCAL RETIREMENT SYSTEMS

#### Statewide Plans

Retirement System	Effective Date	Contributions		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Employees Retirement System	8/31/2012	6.50%	6.50%	12.31%	\$24,272,514,483	\$5,704,642,308	Infinite	81.0%
Judicial Retirement System I*	8/31/2012	-	-	24.38%	\$0	\$232,921,732	30	0.0%
Judicial Retirement System II	8/31/2012	6.00%	6.50%	20.25%	\$300,433,111	\$14,766,041	Infinite	95.3%
Law Enforcement and Custodial Officer Supplemental Retirement Fund	8/31/2012	0.50%	0.50%	2.02%	\$832,451,079	\$211,804,377	Infinite	79.7%
Teacher Retirement System	8/31/2012	6.40%	6.40%	10.60%	\$118,326,041,892	\$26,101,184,048	Infinite	81.9%
Texas County & District Retirement System**	12/31/2011	6.68%	10.89%	7.00%	\$19,016,400,000	\$2,393,100,000	15.3	88.8%
Texas Emergency Services Retirement System***	8/31/2010	0.00%	Varies	-	\$64,113,803	\$17,150,427	Infinite	78.9%
Texas Municipal Retirement System****	12/31/2011	Varies	12.94%	9.27%	\$18,346,214,159	\$3,216,312,777	25/30	85.1%

\*JRS I is a pay-as-you-go plan, therefore contributions are not expressed as a percent of payroll.

\*\*Member and Employer contribution percent represents a weighted average. The amortization period is calculated by the PRB.

\*\*\*Minimum contribution \$36 per member, per month. Varies by plan.. The Texas Emergency Services Retirement System is not receiving any state contribution this biennium.

\*\*\*\*The member's contribution rate is set by plan sponsor at either 5, 6, 7%, with a weighted average of 6.57% calculated by the PRB. Employer contribution of 12.94% reflects weighted average.

#### Municipal Plans

Retirement System	Effective Date	Contributions		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Austin Employees' Retirement System	12/31/2011	8.00%	16.00%	11.74%	\$1,790,902,641	\$932,942,173	27.1	65.7%
Austin Fire Fighters Relief & Retirement Fund	12/31/2009	15.70%	18.05%	30.22%	\$589,261,001	\$74,924,239	20.5	88.7%
Austin Police Retirement System	12/31/2011	13.00%	21.63%	22.32%	\$553,701,976	\$261,556,800	25.2	67.9%
Dallas Employees' Retirement Fund	12/31/2011	11.87%	10.48%	17.09%	\$2,916,746,000	\$474,906,000	30	86.0%
Dallas Police & Fire Pension System-Combined Plan	1/1/2012	8.50%	27.50%	23.51%	\$3,378,481,222	\$1,190,369,365	30	73.9%
El Paso City Employees' Pension Fund	9/1/2011	7.75%	11.65%	14.60%	\$569,723,124	\$140,274,242	39	76.0%
El Paso Firemen's Pension Fund	1/1/2012	15.28%	18.50%	26.89%	\$431,209,946	\$108,582,531	76	79.9%
El Paso Police Pension Fund	1/1/2012	13.89%	18.50%	27.17%	\$626,346,104	\$174,514,074	Infinite	78.2%
Fort Worth Employees' Retirement Fund	1/1/2012	8.41%	19.98%	15.39%	\$1,869,656,263	\$748,205,870	28.4	71.4%
Galveston Employees' Retirement Fund	1/1/2012	6.00%	9.00%	11.48%	\$40,151,763	\$10,689,568	Infinite	79.0%
Galveston Employees' Retirement Plan for Police	1/1/2012	12.00%	12.00%	12.06%	\$22,695,097	\$25,694,496	53.5	46.9%
Houston Firefighter's Relief & Retirement Fund	7/1/2011	9.00%	26.90%	26.06%	\$3,222,288,000	\$335,922,000	30	90.6%
Houston Municipal Employees Pension System*	7/1/2011	3.37%	18.08%	5.86%	\$2,328,804,000	\$1,461,524,000	30	61.4%

\*Group A contributes 5%, Group B and D are non-contributory. According to the 7/1/2011 Actuarial Valuation, the city contribution was \$98.5 million

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL VALUATION SUMMARY FOR STATE AND LOCAL RETIREMENT SYSTEMS

#### Municipal Plans, continued

Retirement System	Effective Date	Contributions		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Houston Police Officers Pension System*	7/1/2011	9.26%	20.86%	29.37%	\$3,718,052,000	\$770,090,000	30	82.80%
San Antonio Fire & Police Pension Fund	10/1/2012	12.32%	24.64%	25.04%	\$2,447,587,725	\$214,676,634	7.12	91.90%

\*Members hired before 10/9/2004 pay 9%. Members hired after 10/9/2004 pay 10.25%. City contribution rates are set by agreement determined in meet and confer process. According to the 7/1/2011 Actuarial Valuation, city contribution was \$78.3 million.

#### TLFFRA Plans

Retirement System	Effective Date	Contributions		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Abilene Firemen's Relief & Retirement Fund	9/30/2011	13.20%	19.25%	15.58%	\$49,429,210	\$38,982,852	32.9	55.9%
Amarillo Firemen's Relief & Retirement Fund	1/1/2010	11.00%	17.83%	21.80%	\$116,150,945	\$22,112,825	35.9	84.0%
Atlanta Firemen's Relief & Retirement Fund	12/31/2009	12.00%	12.00%	16.84%	\$2,638,258	\$910,476	30	74.3%
Beaumont Firemen's Relief & Retirement Fund	12/31/2010	14.00%	13.00%	17.01%	\$91,469,680	\$36,926,504	53.6	71.2%
Big Spring Firemen's Relief & Retirement Fund	1/1/2012	13.00%	12.00%	11.72%	\$11,133,176	\$7,015,196	27.0	61.3%
Brownwood Firemen's Relief & Retirement Fund	12/31/2009	8.00%	20.00%	14.00%	\$2,460,557	\$3,747,374	27.2	39.6%
Cleburne Firemen's Relief & Retirement Fund	12/31/2010	13.00%	23.17%	17.59%	\$14,581,551	\$10,155,702	21.9	58.9%
Conroe Fire Fighters' Retirement Fund	12/31/2011	13.24%	15.00%	18.90%	\$15,392,762	\$10,016,819	38.2	60.6%
Corpus Christi Fire Fighters' Retirement System	12/31/2010	12.20%	20.78%	14.82%	\$104,079,845	\$73,485,485	22.3	58.6%
Corsicana Firemen's Relief & Retirement Fund	12/31/2010	12.00%	14.00%	14.81%	\$6,349,644	\$5,873,138	29	51.9%
Denison Firemen's Relief & Retirement Fund	1/1/2012	11.99%	14.92%	15.48%	\$13,680,826	\$5,552,667	23.9	71.1%
Denton Firemen's Relief & Retirement Fund	12/31/2011	12.60%	17.50%	21.63%	\$54,169,459	\$21,059,268	31.7	72.0%
Galveston Firefighter's Relief & Retirement Fund	1/1/2010	12.00%	14.00%	17.13%	\$37,630,993	\$14,087,546	36.5	72.8%
Greenville Firemen's Relief & Retirement Fund	12/31/2010	15.30%	15.30%	15.19%	\$13,032,946	\$10,797,507	45.7	54.7%
Harlingen Firemen's Relief & Retirement Fund	12/31/2009	12.00%	12.00%	17.60%	\$20,187,246	\$10,761,642	Infinite	65.2%
Irving Firemen's Relief & Retirement Fund	1/1/2012	12.00%	12.00%	17.12%	\$134,886,668	\$65,253,147	Infinite	67.4%
Killeen Firemen's Relief & Retirement Fund	9/30/2010	10.00%	13.00%	15.71%	\$23,980,822	\$13,181,124	27	64.5%
Laredo Firefighters Retirement System	3/31/2010	14.00%	17.65%	19.34%	\$84,625,644	\$49,350,956	23.5	63.2%
Longview Firemen's Relief & Retirement Fund	12/31/2011	15.00%	15.00%	15.14%	\$39,578,091	\$36,507,494	Infinite	52.0%
Lubbock Fire Pension Fund	12/31/2010	12.43%	22.83%	23.16%	\$156,812,670	\$40,682,725	22.8	79.4%



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL VALUATION SUMMARY FOR STATE AND LOCAL RETIREMENT SYSTEMS

TLFFRA Plans, continued

Retirement System	Effective Date	Contributions		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Lufkin Firemen's Relief & Retirement Fund	12/31/2010	13.20%	23.50%	14.97%	\$10,101,470	\$16,950,479	53.7	37.3%
Marshall Firemen's Relief & Retirement Fund	12/31/2010	14.00%	18.69%	13.65%	\$6,653,612	\$7,518,284	23.5	46.9%
McAllen Firemen's Relief & Retirement Fund	9/30/2010	10.00%	12.00%	13.75%	\$36,635,594	\$14,914,549	39.6	71.1%
Midland Firemen's Relief & Retirement Fund	1/1/2010	13.20%	20.20%	26.15%	\$70,554,953	\$19,783,245	41.2	78.1%
Odessa Firemen's Relief & Retirement Fund	1/1/2011	15.00%	16.45%	17.46%	\$46,170,391	\$28,188,865	71	62.1%
Orange Firemen's Relief & Retirement Fund	12/31/2010	11.00%	14.00%	11.59%	\$9,035,613	\$4,643,644	34.3	66.1%
Paris Firefighters' Relief & Retirement Fund	1/1/2011	13.00%	12.00%	8.48%	\$6,736,683	\$6,227,642	27.9	52.0%
Plainview Firemen's Relief & Retirement Fund	12/31/2011	14.00%	18.23%	13.52%	\$4,969,795	\$7,729,513	35.2	39.1%
Port Arthur Firemen's Relief & Retirement Fund	1/1/2012	13.00%	14.00%	15.00%	\$36,116,894	\$13,522,937	22.5	72.8%
San Angelo Firemen's Relief & Retirement Fund	12/31/2009	14.20%	20.20%	22.87%	\$47,962,971	\$21,490,843	32.4	69.1%
San Benito Firemen's Pension Fund	12/31/2008	12.00%	12.00%	12.03%	\$1,696,067	\$2,005,151	18.7	45.8%
Sweetwater Firemen's Relief & Retirement Fund	12/31/2010	15.00%	15.00%	21.07%	\$7,438,844	\$2,246,455	39.4	76.8%
Temple Firemen's Relief & Retirement Fund	9/30/2012	14.69%	14.93%	20.35%	\$34,400,736	\$10,747,775	30.8	76.2%
Texarkana Firemen's Relief & Retirement Fund	12/31/2011	13.50%	19.50%	20.91%	\$26,721,817	\$5,524,986	14.6	82.9%
Texas City Firemen's Relief & Retirement Fund	12/31/2008	15.00%	15.00%	14.70%	\$9,564,760	\$13,315,308	53.3	41.8%
Travis County ESD # 6 Firefighter's Relief & Retirement Fund	12/1/2012	18.20%	18.20%	13.10%	\$3,469,606	\$2,865,849	3.2	54.8%
Tyler Firemen's Relief & Retirement Fund	12/31/2011	13.50%	18.50%	21.34%	\$49,221,368	\$21,250,910	34	69.8%
University Park Firemen's Relief & Retirement Fund	12/31/2010	14.35%	15.93%	15.94%	\$9,008,704	\$8,771,026	40.6	50.7%
Waxahachie Firemen's Relief & Retirement Fund	10/1/2010	12.00%	18.09%	16.10%	\$8,159,658	\$5,159,579	13.8	61.3%
Weslaco Firemen's Relief & Retirement Fund	9/30/2009	10.00%	10.00%	13.56%	\$4,977,251	\$4,308,720	31	53.6%
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2010	12.00%	13.08%	14.64%	\$41,107,385	\$19,044,765	38.9	68.3%

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### ACTUARIAL VALUATION SUMMARY FOR STATE AND LOCAL RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code

Retirement System	Effective Date	Contribution		Normal Cost	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Amortization Period	Funded Ratio
		Member	Employer					
Brazos River Authority Retirement Plan	3/1/2012	0.00%	6.60%	0.00%	\$19,775,845	\$7,455,335	20	72.6%
Capital MTA Retirement Plan for Administrative Employees	1/1/2010	0.00%	12.02%	11.40%	\$8,451,210	\$5,217,817	10.5	61.8%
Capital MTA Retirement Plan for Bargaining Unit Employees	1/1/2010	5.88%	5.88%	6.42%	\$29,725,459	\$19,536,309	29*	60.3%
City Public Service of San Antonio Pension Plan	1/1/2011	5.00%	16.40%	15.86%	\$1,146,038,622	\$152,897,317	20	88.2%
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	1/1/2011	0.00%	13.86%	9.98%	\$8,600,281	\$1,107,922	30	88.6%
Corpus Christi Regional Transportation Authority	1/1/2012	0.00%	15.50%	9.20%	\$21,791,159	\$3,785,266	12	85.2%
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	1/1/2008	0.00%	7.18%	6.22%	\$4,997,800	\$1,572,937	30	76.1%
Dallas County Hospital District Retirement Income Plan	1/1/2012	4.50%	3.68%	2.36%	\$556,872,195	\$88,893,356	30	86.2%
Dallas/Fort Worth Airport Board DPS Retirement Plan	1/1/2012	7.00%	26.02%	19.82%	\$104,620,612	\$51,601,188	23	67.0%
Dallas/Fort Worth Airport Board Retirement Plan	1/1/2012	0.00%	29.56%	15.53%	\$305,799,228	\$120,322,817	23	71.8%
DART Employees' Defined Benefit Retirement Plan & Trust	10/1/2010	0.01%	26.13%	10.00%	\$145,605,173	\$30,981,997	30	82.5%
Galveston Wharves Pension Plan	1/1/2011	0.00%	15.25%	7.08%	\$9,312,959	\$3,511,192	30	72.6%
Guadalupe-Blanco River Authority	1/1/2012	0.00%	12.00%	5.49%	\$17,888,520	\$5,470,000	12.9	76.6%
Harris County Hospital District Pension Plan	1/1/2012	0.00%	12.00%	5.91%	\$450,120,559	\$126,436,540	20	78.1%
Houston MTA Non-Union Pension Plan	1/1/2012	0.00%	22.65%	10.58%	\$110,276,187	\$31,775,580	30	77.6%
Houston MTA Workers Union Pension Plan	1/1/2012	0.00%	15.36%	7.08%	\$173,837,727	\$81,715,182	30	68.0%
Irving Supplemental Benefit Plan	1/1/2011	2.50%	0.00%	2.94%	\$44,288,082	\$7,907,326	Infinite	84.9%
Lower Colorado River Authority Retirement Plan	4/1/2012	0.00%	12.98%	3.44%	\$339,847,817	\$161,760,814	25	67.8%
Nacogdoches County Hospital District Retirement Plan	7/1/2011	3.84%	6.00%	5.47%	\$28,293,893	\$23,368,461	27.8	54.8%
Physicians Referral Service Retirement Benefit Plan	9/1/2011	0.00%	10.49%	6.21%	\$374,274,704	\$136,175,930	15	66.2%
Plano Retirement Security Plan	12/31/2009	0.00%	3.12%	3.25%	\$75,217,522	\$1,332,782	25	98.3%
Port of Houston Authority Retirement Plan	8/1/2012	0.00%	28.30%	11.70%	\$129,552,543	\$9,736,899	2	94.4%
Refugio County Memorial Hospital District Retirement Plan	11/1/2010	0.00%	6.96%	5.94%	\$2,498,932	\$1,714,832	13.3	59.3%
San Antonio Metropolitan Transit Retirement Plan	10/1/2010	3.70%	8.96%	8.19%	\$184,078,773	\$80,376,401	26	69.6%
University Health System Pension Plan	1/1/2010	2.00%	6.68%	4.68%	\$147,063,800	\$77,421,123	30	65.5%

\*Based on the full recommended contribution being made.



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### MEMBERSHIP SUMMARY FOR ACTUARIALLY FUNDED RETIREMENT SYSTEMS

Active members include vested and non-vested members. Annuitants include retirees and beneficiaries. Total members includes active, annuitants, and inactive members, such as terminated members.

#### Statewide Plans

Retirement System	Effective Date	Total Active	Total Annuitants	Total Members
Employees Retirement System of Texas	8/31/2012	132,669	87,799	310,658
Judicial Retirement System of Texas Plan One	8/31/2012	17	433	454
Judicial Retirement System of Texas Plan Two	8/31/2012	541	215	899
Law Enforcement & Custodial Officer Supplemental Retirement Fund	8/31/2012	37,404	8,477	53,010
Teacher Retirement System of Texas	8/31/2012	815,155	331,747	1,335,402
Texas County & District Retirement System	12/31/2011	121,919	43,635	228,726
Texas Emergency Services Retirement System	8/31/2011	4,219	2,277	8,672
Texas Municipal Retirement System	12/31/2011	101,151	44,067	185,599

#### Municipal Plans

Retirement System	Effective Date	Total Active	Total Annuitants	Total Members
Austin Employees' Retirement System	12/31/2011	8,348	4,542	13,946
Austin Fire Fighters Relief & Retirement Fund	12/31/2011	963	585	1,553
Austin Police Retirement System	12/31/2011	1,679	596	2,294
Dallas Employees' Retirement Fund	12/31/2011	6,745	6,199	13,991
Dallas Police & Fire Pension System-Combined Plan	1/1/2012	5,376	3,669	9,248
El Paso City Employees' Pension Fund	8/31/2011	4,113	2,357	6,527
El Paso Firemen's Pension Fund	1/1/2012	794	610	1,407
El Paso Police Pension Fund	1/1/2012	1,044	812	1,872
Fort Worth Employees' Retirement Fund	1/1/2012	6,281	3,636	10,196
Galveston Employees' Retirement Fund	1/1/2012	445	307	903
Galveston Employees' Retirement Plan for Police	1/1/2012	127	126	259
Houston Firefighter's Relief & Retirement Fund	7/1/2011	2,933	3,654	6,594
Houston Municipal Employees Pension System	7/1/2011	12,345	8,717	26,675
Houston Police Officers Pension System	7/1/2011	5,312	3,088	8,433
San Antonio Fire & Police Pension Fund	9/30/2012	3,925	2,255	6,180

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### MEMBERSHIP SUMMARY FOR ACTUARIALLY FUNDED RETIREMENT SYSTEMS

#### TLFFRA Plans

Retirement System	Effective Date	Total Active	Total Annuitants	Total Members
Abilene Firemen's Relief & Retirement Fund	9/30/2011	182	139	323
Amarillo Firemen's Relief & Retirement Fund	12/31/2011	243	190	433
Atlanta Firemen's Relief & Retirement Fund	9/30/2011	33	14	49
Beaumont Firemen's Relief & Retirement Fund	12/31/2011	230	168	398
Big Spring Firemen's Relief & Retirement Fund	12/31/2011	62	36	102
Brownwood Firemen's Relief & Retirement Fund	12/31/2011	33	24	58
Cleburne Firemen's Relief & Retirement Fund	12/31/2011	54	32	86
Conroe Fire Fighters' Retirement Fund	12/31/2011	81	20	101
Corpus Christi Fire Fighters' Retirement System	12/31/2010	416	281	697
Corsicana Firemen's Relief & Retirement Fund	12/31/2011	52	29	81
Denison Firemen's Relief & Retirement Fund	1/1/2012	56	48	104
Denton Firemen's Relief & Retirement Fund	12/31/2011	161	63	228
Galveston Firefighter's Relief & Retirement Fund	12/31/2011	124	73	197
Greenville Firemen's Relief & Retirement Fund	12/31/2010	58	64	122
Harlingen Firemen's Relief & Retirement Fund	12/31/2009	101	58	159
Irving Firemen's Relief & Retirement Fund	1/1/2012	311	129	442
Killeen Firemen's Relief & Retirement Fund	9/30/2011	187	57	248
Laredo Firefighters Retirement System	9/30/2011	362	136	506
Longview Firemen's Relief & Retirement Fund	12/31/2011	164	119	283
Lubbock Fire Pension Fund	12/31/2011	345	267	612
Lufkin Firemen's Relief & Retirement Fund	12/31/2011	78	53	136
Marshall Firemen's Relief & Retirement Fund	12/31/2011	49	36	85
McAllen Firemen's Relief & Retirement Fund	9/30/2010	162	77	243
Midland Firemen's Relief & Retirement Fund	12/31/2011	190	131	321
Odessa Firemen's Relief & Retirement Fund	12/31/2011	178	145	323
Orange Firemen's Relief & Retirement Fund	12/31/2011	37	35	72
Paris Firefighters' Relief & Retirement Fund	1/1/2011	49	38	92
Plainview Firemen's Relief & Retirement Fund	12/31/2011	36	32	68

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### MEMBERSHIP SUMMARY FOR ACTUARIALLY FUNDED RETIREMENT SYSTEMS

TLFFRA Plans, Continued

Retirement System	Effective Date	Total Active	Total Annuitants	Total Members
Port Arthur Firemen's Relief & Retirement Fund	12/31/2012	104	65	178
San Angelo Firemen's Relief & Retirement Fund	12/31/2010	179	121	300
San Benito Firemen's Pension Fund	9/30/2010	24	6	30
Sweetwater Firemen's Relief & Retirement Fund	12/31/2011	28	26	54
Temple Firemen's Relief & Retirement Fund	9/30/2012	114	60	176
Texarkana Firemen's Relief & Retirement Fund	12/31/2011	79	53	132
Texas City Firemen's Relief & Retirement Fund	12/31/2010	69	49	122
Travis County ESD # 6 Firefighter's Relief & Retirement Fund	1/1/2012	59	0	59
Tyler Firemen's Relief & Retirement Fund	12/31/2011	154	87	241
University Park Firemen's Relief & Retirement Fund	12/31/2010	35	38	75
Waxahachie Firemen's Relief & Retirement Fund	9/30/2011	48	29	77
Weslaco Firemen's Relief & Retirement Fund	9/30/2011	74	18	92
Wichita Falls Firemen's Relief & Retirement Fund	12/31/2011	150	104	255

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### MEMBERSHIP SUMMARY FOR ACTUARIALLY FUNDED RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code

Retirement System	Effective Date	Total Active	Total Annuitants	Total Members
Brazos River Authority Retirement Plan	3/1/2012	147	105	360
Capital MTA Retirement Plan for Administrative Employees	1/1/2010	266	39	368
Capital MTA Retirement Plan for Bargaining Unit Employees	12/31/2011	710	159	1069
City Public Service of San Antonio Pension Plan	1/1/2011	3,446	1,889	5,415
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	12/31/2011	68	43	111
Corpus Christi Regional Transportation Authority	1/1/2012	195	80	426
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	6/30/2011	4,922	0	4,922
Dallas County Hospital District Retirement Income Plan	12/31/2011	8,526	1,365	14,610
Dallas/Fort Worth Airport Board DPS Retirement Plan	1/1/2012	350	120	499
Dallas/Fort Worth Airport Board Retirement Plan	1/1/2012	1,237	861	2,578
DART Employees' Defined Benefit Retirement Plan & Trust	10/1/2011	348	753	1,310
Galveston Wharves Pension Plan	1/1/2011	80	56	192
Guadalupe-Blanco River Authority	1/1/2012	133	43	215
Harris County Hospital District Pension Plan	1/1/2012	3,738	2,332	8,590
Houston MTA Non-Union Pension Plan	1/1/2012	730	233	1,085
Houston MTA Workers Union Pension Plan	1/1/2012	2,504	1,159	4,254
Irving Supplemental Benefit Plan	1/1/2011	1,374	303	1,677
Lower Colorado River Authority Retirement Plan	4/1/2012	1,937	661	2,678
Nacogdoches County Hospital District Retirement Plan	6/30/2011	690	141	1,027
Physicians Referral Service Retirement Benefit Plan	8/31/2011	1,298	334	1,875
Plano Retirement Security Plan	12/31/2011	1,957	508	2,503
Port of Houston Authority Retirement Plan	8/1/2012	535	442	1,159
Refugio County Memorial Hospital District Retirement Plan	10/31/2011	94	0	119
San Antonio Metropolitan Transit Retirement Plan	9/30/2011	1,493	712	2,295
University Health System Pension Plan	1/1/2011	4,392	607	5,983

# **2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS**

**STATE PENSION REVIEW BOARD**

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## **BENEFITS SECTION**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### BENEFITS SUMMARY

Actuarially funded defined benefit retirement systems offer participants a specified monthly benefit at retirement. The level of benefits an employee will receive at retirement is derived from a formula based on years of service, salary, and a multiplier factor.

The benefit summary tables contained in this report compare current retirement benefit formulas and retirement eligibility criteria for actuarially funded retirement systems in Texas. Some of the systems have multiple tiers to cover different employee groups within those systems. These groups are further broken down in the Eligible Members column which provides descriptions of members that fall within each tier.

#### RETIREMENT ELIGIBILITY

Employees must attain a certain age and/or years of credited service (YCS) in the retirement plan to become eligible for full retirement benefits. If a plan has no additional criteria listed under Age/YCS, employees are required to meet both the age and YCS minimums to receive full benefits. Alternatively, some plans use the “Rule of X” method, where an employee becomes eligible for retirement when their age plus their years of service equal “X.” For Texas plans, the minimum age for retirement eligibility ranges from 45 to 65, and the YCS requirements range from 5 to 30. Plans using the “Rule of X” method have requirements for the value of X ranging from 70 to 85.

#### FINAL AVERAGE SALARY

Calculations for final average salary vary from plan to plan. In most cases, the final average salary is calculated based on a three, four or five year average of an employee’s salary. Some plans use the employee’s highest earning years to calculate this average, and others use the employee’s final years before retirement.

#### BENEFIT FORMULA

A majority of actuarially funded retirement plans use a formula to calculate retirement benefits. This formula typically takes into account an employee’s years of credited service (YCS), final average salary, and a pre-established benefit multiplier:

$$\text{YCS} \times \text{Benefit Multiplier} \times \text{Final Average Salary} = \text{Annual Retirement Annuity}$$

The benefit multiplier determines the percentage of final average salary an employee will earn as a retirement annuity for each year of service. For Texas actuarially funded plans using the above benefit formula, the benefit multiplier currently ranges from 0.7 percent to 3.95 percent.

Some plans use a variation of the above formula that incorporates an average YCS into the benefit multiplier, instead of calculating based on the employee’s individual YCS. This formula variation is expressed as:

$$\text{Benefit Multiplier} \times \text{Final Average Salary} = \text{Annual Retirement Annuity}$$

For Texas plans using this formula variation, the benefit multiplier currently ranges from 38 percent to 80 percent.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### BENEFITS SUMMARY

Other plans do not use a standard formula, and instead award benefits based on a cash balance approach or a set dollar amount.

#### **COST OF LIVING ADJUSTMENTS**

Some Texas plans offer an automatic annual Cost of Living Adjustment (COLA), which increases retiree annuities annually by a certain percentage. Plans offering an automatic COLA typically base their COLA on either a set percentage or on the change in the Consumer Price Index (CPI). A majority of Texas plans do not offer an automatic COLA, but reserve the right to grant an ad hoc COLA if certain conditions are met.

A COLA can be simple or compounded. Simple COLAs are calculated based on the original benefit; compounded COLAs are calculated based on the original benefit plus any prior benefit increases, including prior year COLAs. In this report, all automatic COLAs are simple COLAs unless otherwise specified.

In Texas, 13 actuarially funded systems currently offer an automatic COLA as part of the benefits package for current hires; 18 actuarially funded systems currently offer an automatic COLA for at least one of their benefit tiers.

#### **DEFERRED RETIREMENT OPTION PLANS**

Some plans offer members a Deferred Retirement Option Plan (DROP). DROPs are additional, optional benefits that members may elect to participate in upon reaching eligibility. Basic DROPs work as follows: a member, upon reaching retirement eligibility, chooses to continue working and enter the DROP. The member's monthly retirement benefit is placed in a designated account to accumulate and earn interest until the member ceases to work for the plan sponsor, at which time the account balance is paid to the member in a lump sum.

DROP provisions vary from plan to plan. Some offer a guaranteed interest credit; others base the interest credit on actual fund returns. Some allow a DROP participant's normal retirement contribution to be credited to his/her DROP account, while others require the participant's contribution to continue to be credited to the fund. A few DROPs also offer a COLA. Many have a time limit on participation ranging from 3 to 13 years.

In lieu of or in addition to a DROP, several plans have also offered a variation called a Back DROP or Retro DROP. A Back DROP allows an employee who has remained at work past their retirement eligibility date to retroactively credit the retirement benefits they would have been paid had they retired on time to a DROP account.

#### **SOCIAL SECURITY PARTICIPATION**

Public retirement plans that meet certain minimum requirements are not required to participate in Social Security. In 2011, the PRB conducted a survey to ascertain what percentage of Texas public retirement systems participate in Social Security, and found that within the 77 percent response sample, almost 60 percent of civilian systems and 87 percent of public safety systems do not participate in Social Security.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### BENEFITS SUMMARY

#### TRENDS

In recent years, many actuarially funded plans in Texas have enacted modifications to their benefit structures. These changes have been made to strengthen plan funding, and to respond to demands of a changing workforce. Some of these modifications include:

- Creating new tiers for new hires with lower benefit multipliers;
- Increasing retirement eligibility ages;
- Increasing both employer and employee contributions;
- Changing automatic COLAs to ad hoc COLAs;
- Eliminating or modifying DROPs;
- Including more years in the final average salary calculation, thereby reducing the possibility that benefits will be calculated only based on a few abnormally high-salary years preceding retirement.



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Statewide Plans

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Employees Retirement System of Texas Employee Class Tier 1	Hired prior to 09/01/2009	60/5 or Rule of 80	Years of Credited Service x 2.3% x Final Average Salary	Highest 36 Months	No	None	Yes
Employees Retirement System of Texas Employee Class Tier 2	Hired on or after 09/01/2009	65/10 or Rule of 80	Years of Credited Service x 2.3% x Final Average Salary	Highest 48 Months	No	None	Yes
Employees Retirement System of Texas Elected Class	All Elected	60/8 or 50/12	Years of Credited Service x 2.3% x Final Average Salary	Current State salary of a district judge	No*	None	Yes
Judicial Retirement System of Texas Plan One	Judges who commenced service before 09/01/1985	65/10 currently presiding or 65/12 or 20YCS or Rule of 70 including 12YCS on appellate court	50% x Final Average Salary + 10% if retired within one year of leaving office and YCS x 2.3% X FAS for years >20	Final Salary for the last position from which the member was elected or appointed	No*	None	Yes
Judicial Retirement System of Texas Plan Two	Judges who commenced service after 08/31/1985	65/10 currently presiding or 65/12 or 20YCS or Rule of 70 including 12YCS on appellate court	50% x Final Average Salary + 10% if retired within one year of leaving office and YCS x 2.3% X FAS for years after reaching Rule of 70	Final Salary for the last position from which the member was elected or appointed	No*	None	Yes
Law Enforcement & Custodial Officer Supplemental Retirement Fund, Tier 1	Hired prior to 09/01/2009	50/20 or rule of 80	Years of Credited Service x 2.8% x Final Average Salary	Highest 36 Months	No	None	Yes
Law Enforcement & Custodial Officer Supplemental Retirement Fund, Tier 2	Hired on or after 09/01/2009	55/20	Years of Credited Service x 2.8% x Final Average Salary	Highest 48 Months	No	None	Yes
Teacher Retirement System of Texas Tier 1	Hired prior to 09/01/2007	65/5 or Rule of 80	Years of Credited Service x 2.3% x Final Average Salary	Highest 5 years**	No	DROP closed 12/31/2005	Varies

\*Retirees of the Elected Class of ERS and JRS I and II members receive an increase in their annuity payment when the current salary of a district judge is increased. Future benefit payments are recalculated based on the new salary.

\*\*Final Average Salary is Highest 3 years for members who met any of the following criteria on or before 08/31/2005: Age 50 years, Rule of 70, or 25 YCS.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Statewide Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Teacher Retirement System of Texas Tier 2	Hired on or after 09/01/2007	65/5 or Rule of 80 with minimum age of 60	Years of Credited Service x 2.3% x Final Average Salary	Highest 5 years	No	None	Varies
Texas County & District Retirement System	All	60 with 5, 8 or 10 year vesting, Rule of 75 or 80, or 20 or 30 YCS	Employers select member contribution level (4%-7% of pay) and employer matching (100%-250%). Member contributions are deposited into an account and earn 7% annual interest. At retirement member's account gets employer matching and is converted to a lifetime annuity.	N/A	No	None	Varies
Texas Emergency Services Retirement System	All	55/15	$(6 \times \text{Avg. Monthly Contribution} \times \text{Vested \%}) \times 1.062^{(t)}$ where $(t) = \text{YCS} > 15$	N/A	No	Add'l 6.2% increase for YCS > 15	No
Texas Municipal Retirement System	All	Choice of 60/5, 60/10, 20 YCS, or 25 YCS	Employers select member contribution level (5%-7% of pay) and employer matching (100%-200%). Member contributions are deposited into an account and earn 5% annual interest. At retirement member's account gets employer matching and is converted to a lifetime annuity.	N/A	Varies	None	Varies

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Municipal Plans

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Austin Employees' Retirement System, Group A	Hired before 1/1/2012	55/20 or age 62 with no YCS or 23 YCS/any age	Years of Credited Service x 3.0% x Final Average Salary	Highest 36 Months	No	BackDROP, 5 yr max (no interest/COLA)	Yes
Austin Employees' Retirement System, Group B	Hired on or after 1/1/2012	62/30 or 65 with 5 YCS	Years of Credited Service x 2.5% x Final Average Salary	Highest 36 Months	No	BackDROP, 5 yr max (no interest/COLA)	Yes
Austin Fire Fighters Relief & Retirement Fund	All	50/10 or 25 YCS with no age limit	Years of Credited Service x 3.3% x Final Average Salary	Highest 36 Months	CPI, 1% minimum	DROP, 7 yr. max. (5% interest credit)	No
Austin Police Retirement System	All	55/20	Years of Credited Service x 3.2% x Final Average Salary	Highest 36 Months within last 120 months	No	DROP, 60 months max; RetroDROP, 36 months maximum backdate	Yes
Dallas Employees' Retirement Fund	All	50/30 or 60 with no YCS or Rule of 78	Years of Credited Service x 2.75% x Final Average Salary	Highest 3 years	% Change in CPI, max. 5%	None	No
Dallas Police & Fire Pension System, Group A Option 1	Members hired prior to 3/1/1973	50/20	50% Base Pay + 50% Longevity Pay + 50% Incentive Pay	N/A	4.00%	DROP (Interest credit: 10-yr avg of fund's actual return; Eff. 10/1/2013, full employee contribution credited to DROP account)	No
Dallas Police & Fire Pension System, Group A Option 2	Members hired prior to 3/1/1973	55/20	Years of Credited Service x 3% Base Pay + 50% Longevity Pay + 50% Incentive Pay	N/A	4.00%	DROP (Interest credit: 10-yr avg of fund's actual return; Eff. 10/1/2013, full employee contrib credited to DROP account)	No
Dallas Police & Fire Pension System, Group B	Hired between March 1, 1973 and Feb 28, 2011	50/5	Years of Credited Service x 3.0% x Final Average Salary	Highest Consecutive 36 Months	Hired before 12/31/2006: 4%. Hired after 12/31/2006: 0%.	DROP (Interest credit: 10-yr avg of fund's actual return; Eff. 10/1/2013, full employee contribution credited to DROP account)	No
Dallas Police & Fire Pension System, Group B	Hired after Feb 28, 2011	55/20	Years of Credited Service x 2.0% (First 20 YCS) then 2.5% (Next 5 YCS) then 3.0% (>25 YCS) x Final Average Salary	Highest Consecutive 60 Months	No	DROP (Interest credit: 10-yr avg of fund's actual return; Eff. 10/1/2013, full employee contrib credited to DROP account)	No

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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Municipal Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
El Paso City Employees' Pension Fund	All	55/10 or 30YCS with no age requirement	Years of Credited Service x 2.50% x Final Average Salary	Final 36 Months	No	None	Yes
El Paso Firemen's Pension Fund, Base Plan	Hired prior to 06/30/2007	45/20	Years of Credited Service x 2.75% x Final Average Salary	Final 36 Months	3% (begins at age 60, or 5 years post-retirement)	BackDROP 6 months minimum, 36 months maximum	No
El Paso Firemen's Pension Fund, Tier 2	Hired on or after 06/30/2007	50/25	Years of Credited Service x 2.5% x Final Average Salary	Final 36 Months	No	BackDROP 6 months minimum, 36 months maximum	No
El Paso Police Pension Fund, Base Plan	Hired prior to 06/30/2007	45/20	Years of Credited Service x 2.75% x Final Average Salary	Final 36 Months	3% (begins at age 60, or 2 years post-retirement)	BackDROP 6 months minimum, 36 months maximum	No
El Paso Police Pension Fund, Tier 2	Hired on or after 06/30/2007	50/25	Years of Credited Service x 2.5% x Final Average Salary	Final 36 Months	No	BackDROP 6 months minimum, 36 months maximum	No
Fort Worth Employees' Retirement Fund - Civilian, Tier 1*	Hired prior to 07/01/2011	Age 65 or Rule of 80	Years of Credited Service x 3.0% x Final Average Salary	Highest 3 years	Choice of Auto 2%, or Ad Hoc 0-4%	DROP, 5 yr max (no interest/ COLA; contribs go to fund)	No
Fort Worth Employees' Retirement Fund - Civilian, Tier 2	Hired on or after 07/01/2011	Age 65 or Rule of 80 subject to age minimum of 55	Years of Credited Service x 2.5% x Final Average Salary	Highest 5 years	No	DROP, 5 yr max (no interest/ COLA; contribs go to fund)	No
Fort Worth Employees' Retirement Fund - Fire	All	Age 65 or Rule of 80	Years of Credited Service x 3.0% x Final Average Salary	Highest 3 years	Choice of Auto 2%, or Ad Hoc 0-4%	DROP 60 mos max. (Employee contribs credited to fund)	No
Fort Worth Employees' Retirement Fund - Police - Tier 1*	Hired prior to 01/01/2013	Age 65 or 25 YCS or Rule of 80	Years of Credited Service x 3.0% x Final Average Salary	Highest 3 years	Choice of Auto 2%, or Ad Hoc 0-4%		No
Fort Worth Employees' Retirement Fund - Police - Tier 2	Hired on or after 01/01/2013	Age 65 or 25 YCS or Rule of 80	Years of Credited Service x 2.5% x Final Average Salary	Highest 5 years	No	DROP 60 mos max. (Employee contribs credited to fund)	No
Galveston Employees' Retirement Fund	All	65/5	Years of Credited Service x 2.25% x Final Average Salary	Highest 60 Months	No	None	Yes

\*City has proposed reduced benefit accruals for existing members to be effective October 1, 2013, pending litigation.

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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Municipal Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Galveston Employees' Retirement Plan for Police, Group A	Member as of 6/30/2008, with 15 or more YCS as of 1/1/2006	45/20 or Age 65 or YCS 25 with no age limit	Years of Credited Service x 2.11% x Final Average Salary	Final 60 Months	No	None	Yes
Galveston Employees' Retirement Plan for Police, Group B	Less than 15 YCS as of 1/1/2006:	50/20 or Age 65 with no YCS requirement	Years of Credited Service x 2.11% x Final Average Salary	Final 60 Months	No	None	Yes
Houston Firefighter's Relief & Retirement Fund	All	None (must be under age 36 at hire to participate)/20	50% (First 20 YCS) then Years of Credited Service over 20 years x 3.0% x Final Average Salary	Highest 36 months of salary or 78 pay periods	3%	DROP, 13-yr max. (10-yr max for contribution credit. Interest credit: 5-yr fund earnings/losses; COLA: 2%) & Back-DROP, 3 year max backdate.	No
Houston Municipal Employees Pension System, Group A	Hired prior to 9/1/1981, or between 9/1/1999 and 1/1/2008, or former member of Group B or C who elects to join Group A	62/5 or Rule of 75 with minimum age of 50	Years of Credited Service x 2.50% (First 20 YCS) then 3.25% (>20 YCS) x Final Average Salary - Max Benefit is 90% of FAS	Sum of the highest 78 bi-weekly salary divided by 36	3%, not compounded	DROP (Interest credit: 1/2 investment return, min. 2.5%, max. 7.5%. COLA: 3% not compounded for pre-1/1/2005 hires, 2% for post-1/1/2005 hires)	Yes
Houston Municipal Employees Pension System, Group B	Hired between 9/1/1981 & 9/1/1999	62/5 or Rule of 75 with minimum age of 51	Years of Credited Service x 1.75% (First 10 YCS) then 2.0% (10 to 20 YCS) then 2.5 (>20 YCS) x Final Average Salary- Max Benefit is 90% of FAS	Sum of the highest 78 bi-weekly salary divided by 36	3% not compounded; 2% for post-1/1/2005 hires	DROP (Interest credit and COLA same as Group A)	Yes
Houston Municipal Employees Pension System, Group D	Hired on or after 1/1/2008	62/5	Years of Credited Service x 1.80% (First 25 YCS) then 1.0% (>25 YCS) x Final Average Salary - Max Benefit is 90% of FAS	Sum of the highest 78 bi-weekly salary divided by 36	No	None	Yes
Houston Police Officers Pension System, Prior to 10/9/2004	Sworn in prior to Oct. 9, 2004	20 YCS	Years of Credited Service x 2.75% (First 20 YCS) then 2.0% (>20 YCS) x Final Average Salary	Final 36 Months (Updated upon retirement from DROP)	2/3 increase in CPI; min. 3%, max. 8%; compounded	BackDROP, no max. (Interest credit: 5-yr fund earnings/losses, min 3% max 7%; Employee contribs and normal retirement COLA credited to DROP accounts)	No

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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### Municipal Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Houston Police Officers Pension System, After 10/9/2004	Sworn in on or after Oct. 9, 2004	55/10	Years of Credited Service x 2.25% (First 20 YCS) then 2.0% (>20 YCS) x Final Average Salary	Final 36 Months	80% increase in CPI; min. 2.4%, max. 8%.	Partial Lump- Sum Option offered	No
San Antonio Fire & Police Pension Fund	All	20 YCS	Years of Credited Service x 2.25% (First 20 YCS) then 5.0% (21-27 YCS) then 2.0% (28-30 YCS) then 0.50% (> 30 YCS) x Final Average Salary	Highest 36 Months	75% of CPI	BackDROP, max 60 mos.	No

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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### TLFFRA Plans

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Abilene Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3% x Final Average Salary	Highest 36 Month Salary	No	DROP	Yes
Amarillo Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3.3% x Final Average Salary	Highest 36 Month Salary	No	DROP	No
Atlanta Firemen's Relief & Retirement Fund	All	50/20	61% x Final Average Salary	Highest 61-Month Salary, but not less than \$1,000	No	DROP	No
Beaumont Firemen's Relief & Retirement Fund	All	50/20	63.15% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	No
Big Spring Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.55% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	No
Brownwood Firemen's Relief & Retirement Fund	All	50/20	50% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	Yes
Cleburne Firemen's Relief & Retirement Fund	All	50/20	68% x Final Average Salary	Final 60 Month Average	No	DROP	N/A
Conroe Fire Fighters' Retirement Fund	All	50/20	67.5% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	Yes
Corpus Christi Fire Fighters' Retirement System	All	54/20	50.80% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	No
Corsicana Firemen's Relief & Retirement Fund	All	50/20	53% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	Yes
Denison Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.65% x Final Average Salary	Highest 24 Month Average Salary	No	None	No
Denton Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.59% x Final Average Salary	Highest 36 Month Average Salary	Automatic equal to 70% of the increase of the consumer price index	DROP	No
Galveston Firefighter's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3% x Final Average Salary	Highest 60 Month Average Salary	0.60%	RetroDROP	No
Greenville Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3.15% x Final Average Salary	Highest 36 Month Average Salary	No	DROP	N/A
Harlingen Firemen's Relief & Retirement Fund	All	50/20	65.5% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	No
Irving Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3.18% x Final Average Salary	Salary from 78 Consecutive 2-week pay periods that produces the highest average	No	DROP	No



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## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### TLFFRA Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Killeen Firemen's Relief & Retirement Fund	All	55/20	58.4% x Final Average Salary	Highest 60 Month Average Salary	No	DROP	Yes
Laredo Firefighters Retirement System	All	50/20	Years of Credited Service x 3.03% x Final Average Salary	Highest 78 Biweekly Pay Period out of the Last 208 Biweekly Pay Periods	No	DROP	N/A
Longview Firemen's Relief & Retirement Fund	All	50/20	80% x Final Average Salary	Highest 36 Month Average Salary	No	None	No
Lubbock Fire Pension Fund	All	50/20	68.92% x Final Average Salary	Final 48 Month Average Salary	No	None	No
Lufkin Firemen's Relief & Retirement Fund	All	50/10 or 50/15 if hired after 8/2005	Years of Credited Service up to 20 years x 3.35% x Final Average Salary plus \$66/month for each YCS over 20	Highest 60 Month Average Salary	No	DROP & RetroDROP	No
Marshall Firemen's Relief & Retirement Fund	All	50/10	Years of Credited Service up to 20 years x 3.125% x Final Average Salary plus \$65/month for each YCS over 20	Last 36 Month Average Salary	No	DROP	N/A
McAllen Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.90% x Final Average Salary	Highest 60 Months	No	DROP	Yes
Midland Firemen's Relief & Retirement Fund	All	50/20	75% x Final Average Salary	Highest 60 Months	No	DROP	No
Odessa Firemen's Relief & Retirement Fund	All	50/20	72% x Final Average Salary	Highest 5 years during last 10 years of service	1% of Benefit with a Minimum of \$37	DROP	Yes
Orange Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.60% x Final Average Salary	Highest 60 Months	No	DROP	Yes
Paris Firefighters' Relief & Retirement Fund	All	55/20 or Rule of 80 with 20 YCS	\$94.00 x Years of Service with a minimum of \$500/month	Highest 5 years	No	DROP	No
Plainview Firemen's Relief & Retirement Fund	All	53/20	63.75% x Final Average Salary	Highest 60 Months	No	None	No
Port Arthur Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.70% x Final Average Salary	Monthly Salary	No	DROP	N/A
San Angelo Firemen's Relief & Retirement Fund	All	50/20	66.0% x Final Average Salary	Highest 48 Months	1.2% Annually	DROP	N/A
San Benito Firemen's Pension Fund	All	52/20	38.0% x Final Average Salary	Highest 60 Months	No	None	Yes



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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

#### TLFFRA Plans, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Sweetwater Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3.95% x Final Average Salary	Highest 36 Months	No	DROP	No
Temple Firemen's Relief & Retirement Fund	All	50/20	65.75% x Final Average Salary	Highest 60 Months	No	None	No
Texarkana Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 3.06% x Final Average Salary	Highest 36 Months	No	DROP & RetroDROP	N/A
Texas City Firemen's Relief & Retirement Fund	All	53/20	Years of Credited Service x 3.0% x Final Average Salary	Highest 60 Months	No	DROP	No
Travis County ESD # 6 Firefighter's Relief & Retirement Fund	All	55/25	Years of Credited Service x 1.67% x Final Average Salary	Highest Monthly Pay	No	None	No
Tyler Firemen's Relief & Retirement Fund	All	55/20	71.50% x Final Average Salary	Highest 60 Months	No	DROP	No
University Park Firemen's Relief & Retirement Fund	All	50/20	56.25% x Final Average Salary	Highest 60 Months	No	DROP	Yes
Waxahachie Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.6% x Final Average Salary	Highest 60 Months	No	None	Yes
Weslaco Firemen's Relief & Retirement Fund	All	55/20	47.0% x Final Average Salary	Highest 60 Months	No	None	Yes
Wichita Falls Firemen's Relief & Retirement Fund	All	50/20	Years of Credited Service x 2.55% x Final Average Salary	Salary for 78 Consecutive Two-Week Pay Periods that Produces the Highest Average	No	DROP	Yes

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### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Brazos River Authority Retirement Plan, Before 8/31/1997	Hired on or before 8/31/1997	65 years	Greater of: Years of Credited Service x 1.75% x Final Average Salary plus 0.52% x Excess Earnings (max of 35 years) or YCS ≤ 22 x 2.70% x FAS plus YCS > 22 years (max of 6) x 0.52% x FAS plus YCS > 28 x 0.52% x Excess Earnings	Highest 5 years during Last 10 years of service	No	None	Yes
Brazos River Authority Retirement Plan, After 8/31/1997	Hired before 8/31/1997	65 years	Years of Credited Service x 1.0% x Final Average Salary	Highest 5 years during Last 10 years of service	No	None	Yes
Capital MTA Retirement Plan for Administrative Employees	All	65/5 or Rule of 80	Years of Credited Service x 1.5% x Final Average Salary plus YCS x 0.5% x Excess of Covered Compensation	Highest 5 years	No	None	Yes
Capital MTA Retirement Plan for Bargaining Unit Employees	All	65/5	\$60 per month per year of Benefit Accrual Service	NA	No	None	Yes
City Public Service of San Antonio Pension Plan	All	65/7	Years of Credited Service x 2.25% Final Average Salary minus 1.25% of Primary Social Security Benefit x YCS (40 years max)	Highest 78 bi-weekly salary divided by 36 within the last 120 months	Yes	None	Yes
Colorado River Municipal Water District Defined Benefit Retirement Plan & Trust	All	65/5	Years of Credited Service x 1.50% (First 15 YCS) then 2.0% (>15 YCS) x Final Average Salary	Highest 5 Years	No	None	Yes
Corpus Christi Regional Transportation Authority	All	62 years	Years of Credited Service x 2.00% Final Average Salary	Final 3 Years	No	None	No
Cypress-Fairbanks ISD Pension Plan for Non-TRS Employees	Non-TRS Employees	65 years	2% of the sum of member's Annual Eligible Earnings for all Plan Years	NA	No	None	No
Dallas County Hospital District Retirement Income Plan	All	65/5	Years of Credited Service before 1/1/1982 x 1.25% x Final Average Salary + Years of Credited Service after 1/1/1982 x 2.50% x Final Average Salary	Highest 5 years during Last 10 years of service	No	None	No
Dallas/Fort Worth Airport Board DPS Retirement Plan, Tier 1	Hired before 12/31/2002	62/5 or 25 YCS or Rule of 80	Greater of: Years of Credited Service x 2.25% x Final Average Salary or Years of Credited Service after age 45 x 3.33% x Final Average Salary	Final 36 Months	% Change in CPI, max. 3%	None	Yes
Dallas/Fort Worth Airport Board DPS Retirement Plan, Tier 2	Hired after 12/31/2002	62/5 or 25 YCS or Rule of 80	Years of Credited Service x 2.25% x Final Average Salary	Final 36 Months	% Change in CPI, max. 3%	None	Yes

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Dallas/Fort Worth Airport Board Retirement Plan, Tier 1	Hired before 12/31/2002	62/5	Greater of: Years of Credited Service x 2.25% x Final Average Salary or Years of Credited Service after age 45 x 3.33% x Final Average Salary	Final 36 Months	3%	None	Yes
Dallas/Fort Worth Airport Board Retirement Plan, Tier 2	Hired after 12/31/2002	62/5	Years of Credited Service x 2.25% x Final Average Salary	Final 36 Months	3%	None	Yes
DART Employees' Defined Benefit Retirement Plan & Trust	Participants of previous plans as of 09/30/1995	60 years	Years of Credited Service before 10/01/1983 x 2.00% x Final Average Salary + Years of Credited Service after 10/01/1983 x 1.50% x Final Average Salary	Highest 3 Years	No	DROP	Yes
Galveston Wharves Pension Plan	All	65/5	Years of Credited Service x 1.50% x Final Average Salary	Final 5 years	No	None	No
Guadalupe-Blanco River Authority	Employees hired before 12/31/2010	65/5 or Rule of 85 if employee is older than 60 years	Years of Credited Service x 1.30% x Final Average Salary	Highest 3 years during last 10 years of service	No	None	Yes
Harris County Hospital District Pension Plan	All	65/5	Years of Credited Service x 1.50% x Final Average Salary	Highest 5 years during last 10 years of service	No	None	No
Houston MTA Non-Union Pension Plan	All	65/5	\$60 x Years of Credited Service before 10/01/1978 + Years of Credited Service after 10/01/1978 x 2.50% X Final Average Salary	Final 36 Months	No	None	Yes
Houston MTA Workers Union Pension Plan	All	60/5	Years of Credited Service x \$60	NA	No	None	Yes
Irving Supplemental Benefit Plan	All	65/5	Years of Credited Service x 1/12 of 0.6% of Final Average Salary	Highest 3 years	No	None	No
Lower Colorado River Authority Retirement Plan	All	65/5 or Rule of 80	Years of Credited Service x 1.75% x Final Average Salary	Highest 60 Month Average Salary	No	None	Yes
Nacogdoches County Hospital District Retirement Plan	All	65/5	Years of Credited Service x 1.75% x Final Average Salary minus 1.50% of expected Social Security benefit	Highest 5 years during last 10 years of service	No	None	Yes
Physicians Referral Service Retirement Benefit Plan	All	65/5	Years of Credited Service (max 30years) x 3.00% x Final Average Salary	Highest 3 years	No	None	Yes

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## STATE PENSION REVIEW BOARD

### BENEFIT SUMMARY FOR ACTUARIALLY FUNDED PUBLIC RETIREMENT SYSTEMS

Plans Governed by Chapter 810 of the Texas Government Code, Continued

Retirement System	Eligible Members	Age/YCS	Benefit Formula	Final Average Salary	Automatic COLA	Benefit Tier Options	Social Security
Plano Retirement Security Plan	All	65 years with 5 year vesting	$0.7\% \times \text{YCS (not to exceed 25 years)} \times \text{Final Average Salary}$	Highest 3 years during last 10 years of service	No	None	No
Port of Houston Authority Retirement Plan	All	65 years	$\text{Years of Credited Service} \times 2.30\% \times \text{Final Average Salary}$	Highest 5 years during last 10 years of service	No	None	No
Refugio County Memorial Hospital District Retirement Plan	All	55/15 or normal social security retirement age with 5 YCS	1% of member's Average Monthly Compensation plus 0.4% in excess of social security	Final 5 years	No	None	Yes
San Antonio Metropolitan Transit Retirement Plan	All	65 or 55/25	$\text{Years of Credited Service} \times 2.00\% \times \text{Final Average Salary}$ for YCS > 25 or $\text{Years of Credited Service} \times 1.75\% \times \text{Final Average Salary}$ for YCS < 25	Highest 36 Months	No	None	Yes
University Health System Pension Plan	All	65/5 or Rule of 85	$\text{Years of Credited Service} \times 1.5\% \times \text{Final Average Salary}$	Highest 5 years during Last 10 years of service	No	None	Yes

**GOVERNANCE SECTION**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### GOVERNANCE SUMMARY

#### STATE CONSTITUTION

Texas has numerous statutes and laws governing state and local retirement systems. State and local retirement systems are enabled by the State Constitution. Article 16, Section 67(b) of the State Constitution directs the legislature to establish both the Teacher Retirement System of Texas (TRS) and the Employees Retirement System of Texas (ERS). Furthermore, the minimum and maximum state contribution rates to TRS and ERS are established at six percent and ten percent, unless in an emergency as determined by the governor, whereby the legislature may appropriate additional sums as actuarially determined.

The State Constitution also directs the legislature to provide for two statewide retirement systems for officers and employees of cities and counties. Article 16, Section 67(c)(1)(B) provides for a statewide retirement system for officers and employees of counties and other political subdivisions, which may voluntarily participate (the Texas County and District Retirement System or TCDRS). Article 16, Section 67(c)(1)(C) provides for a statewide retirement system for officers and employees of cities which may voluntarily participate (the Texas Municipal Retirement System or TMRS). Article 16, Section 67(d) establishes the Judicial Retirement System (JRS) for justices, judges, and commissioners of the appellate courts and judges of the district and criminal district courts, to be administered by the Board of Trustees of ERS.

The board of trustees of a public retirement system are the fiduciaries of the system's trust fund. Fiduciary duty for statewide systems is defined in the Article 16, Section 67(a)(3) as exercising the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in management of their own affairs, not in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital.

Article 16, Section 67(c) of the State Constitution has two key subsections which provide for the creation of local retirement systems, as well as outline basic fiduciary and governance principles:

- Article 16, Section 67(c)(1)(A) states that the Legislature shall provide by law for the creation by any city or county of a system of benefits for its officers and employees.
- Article 16, Section 67(f) directs the boards of trustees of retirement systems not belonging to a statewide system to hold the assets in trust for the exclusive purpose of providing benefits to the members, defraying reasonable expenses of administering the system, and to adopt sound actuarial assumptions.

#### TEXAS GOVERNMENT CODE

Title 8 of the Texas Government Code applies to public retirement systems. Statewide retirement systems' governing statutes are contained in Subtitle B through Subtitle H of Title 8. Those Subtitles cover the general provisions, membership, creditable service, benefits and administration of the statewide retirement systems.

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### GOVERNANCE SUMMARY

#### LOCAL RETIREMENT SYSTEMS IN STATE STATUTE

Twelve retirement systems are specifically enabled by state statute. The following are local retirement systems with their own provisions of Article 6243, Vernon's Civil Statutes (also known as Title 109):

- |   |   |  |
|---|---|--|
| • Austin Employees' Retirement System           | • El Paso Firemen's Pension Fund                  | • Houston Firefighter's Relief & Retirement Fund |
| • Austin Fire Fighters Relief & Retirement Fund | • El Paso Police Pension Fund                     | • Houston Municipal Employees Pension System     |
| • Austin Police Retirement System               | • Fort Worth Employees' Retirement Fund           | • Houston Police Officers Pension System         |
| • Dallas Police & Fire Pension System           | • Galveston Employees' Retirement Plan for Police | • San Antonio Fire & Police Pension Fund         |

In addition to these systems, the Texas Local Fire Fighters' Retirement Act (TLFFRA), Article 6243(e) of Vernon's Civil Statutes, is the governing statute of paid/part-paid and volunteer fire systems across the State.

Several local retirement systems were created without specific legislative authority required by the Constitution. Two attorney general opinions (JM-1068 and JM-1142) determined these local retirement systems were invalid. To resolve this situation, the 72<sup>nd</sup> Legislature adopted Chapter 810 of the Government Code to authorize all those systems that had been established prior to the attorney general opinions as well as to provide for subsequent local retirement systems established by local jurisdictions.

#### LOCAL CONTROL OVER RETIREMENT SYSTEMS

Local retirement systems established in Title 109 have their contribution rates, benefit levels and the composition of their board of trustees set in statute. Certain systems may have authority to make changes locally, either through meet and confer provisions in their statute, or through other procedures outlined in their enabling statute. Local retirement systems established under TLFFRA have authority to determine member contribution rates, benefit levels, and other plan provisions locally through procedures outlined in TLFFRA; however, the composition of TLFFRA board of trustees are set in statute. Sponsoring municipalities of TLFFRA systems must meet a statutory minimum contribution rate, but may adopt by ordinance a higher contribution rate than set in statute. Local retirement systems established under Chapter 810 of the Government Code have the authority to determine plan provisions locally.

Local retirement systems, except for certain deferred compensation plans, are also subject to Chapter 802 of the Government Code. Subchapter C of Chapter 802 covers the administration of the systems assets and provides for the following key fiduciary guidelines<sup>1</sup>:

- The assets held in trust are for the benefit of the members and retirees of the system and their beneficiaries.
- In making and supervising investments, an investment manager or the governing body of the system shall fulfill its duties solely in the interest of the

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<sup>1</sup>Local retirement systems created under TLFFRA are exempt from Subchapter C of Chapter 802 of the Government Code, except sections 802.205 and 802.207. Section 27(b) of TLFFRA provides for similar prudent care language for TLFFRA systems.

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participants and beneficiaries; and with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity would use.

#### TEXAS CONSTITUTION ARTICLE XVI, SEC. 66

In 2003, the State Constitution was amended to include Section 66 of Article 16, “Protected Benefits under Certain Public Retirement Systems”. This section applies only to certain local public retirement systems and does not cover health or life insurance benefits. The key provisions of this section of the State Constitution are:

- Local retirement systems covered by this section may not reduce or otherwise impair benefits accrued by a person if the person could have terminated employment or had terminated employment and would have been eligible for those benefits without accumulating additional service under the retirement system.
- Benefits granted to a retiree or other annuitant may not be reduced or otherwise impaired.
- The political subdivision(s) and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits under the section are not reduced or impaired and the section does not create a liability or an obligation to a retirement system for a member of the retirement system other than the payment by active members of a required contribution.
- Subsection (b) specifically exempts the San Antonio Fire and Police Pension Fund from the provisions of this section.

Additionally, the section allowed for a one-time opt-out election in May 2004 for any retirement system and the political subdivision that finances benefits under the retirement system. The following cities opted-out of the section: Denison, Galveston, Houston, Marshall, McAllen, Paris, and Port Arthur.



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### VERNON'S TEXAS REVISED CIVIL STATUTES AND GOVERNMENT CODE GOVERNING TEXAS PUBLIC RETIREMENT SYSTEMS

State Laws Governing Statewide Retirement Systems		
System or Issue Governed	Article/Section No.	
Employees Retirement System of Texas	Title 8, Gov. Code, Subtitle B: Ch. 811-815	
Teacher Retirement System of Texas	Title 8, Gov. Code, Subtitle C: Ch. 821-825	
Judicial Retirement System of Texas, Plan One	Title 8, Gov. Code, Subtitle D: Ch. 831-835	
Judicial Retirement System of Texas, Plan Two	Title 8, Gov. Code, Subtitle E: Ch. 836-840	
Texas County and District Retirement System	Title 8, Gov. Code, Subtitle F: Ch. 841-845	
Texas Municipal Retirement System	Title 8, Gov. Code, Subtitle G: Ch. 851-855	
Texas Emergency Services Retirement System	Title 8, Gov. Code, Subtitle H: Ch. 861-865	
State Laws Governing Municipal, Fire Fighter and Police Officer Retirement Systems		
System or Issue Governed	Article/Section No.	Population Bracket
Dallas Police & Fire Pension System	V.T.C.S. 6243a-1	1,180,000-1,900,000
El Paso Firemen & Policemen’s Pension Fund	6243b	500,000-600,000
Policemen’s Relief & Retirement Fund	6243d-1	>290,000
Texas Local Fire Fighters Retirement Act (TLFFRA)	6243e	Various
Austin Fire Fighters’ Relief & Retirement Fund	6243e.1	450,000-500,000
Houston Firefighter’s Relief & Retirement Fund	6243e.2(1)	1,600,000
Transfer of Firemen’s Pensions to Municipal Employees’ Pensions	6243e-2	350,000-400,000
Firemen’s Death & Disability Benefits; Heart & Lung Disease	6243e-3	--
Prohibition on Involuntary Retirement of Fire Fighters	6243f-1	400,000-450,000
Houston Police Officers’ Pension System	6243g-4	>1,500,000
Houston Municipal Employees’ Pension System	6243h	>1,500,000
Fort Worth Employees’ Retirement Fund	6243i	>500,000
Police Officers’ Pension System in Certain Cities	6243j	50,000-400,000
Retirement, Disability & Death Benefit Systems for Appointive City or Town Employees	6243k	>500,000
Police Department Employees Not Under Other Specified Statutes	6243l	>250,000
Certain Municipal Retirement Systems Contributions & Benefits	6243m	--
Austin Employees’ Retirement Fund	6243n	760,000-860,000
Austin Police Officers’ Retirement System	6243n-1	460,000-500,000
San Antonio Fire & Police Pension Fund	6243o	750,000-1,000,000
Galveston Employees’ Pension Plan for Police	6243p	50,000-400,000
Retirement Health Trust for Firefighters & Police Officers	6243q	--
Political Entities, including Municipalities & Other Special Purpose Districts	Title 8, Gov’t Code §810	

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### COMPARISON OF STATEWIDE AND MUNICIPAL PUBLIC PENSION BOARD COMPOSITION

Retirement System	Active Employee	Retiree	Sponsor Government	Taxpayer, Not Affiliated with Fund/Sponsor Govt.	Governing Statute:
Employees Retirement System of Texas	3 - Trustees (active or retired employees); elected by active and retired members. Six-year term (staggered).	See Active Employee entry.	3 - Trustees; one appointed by the governor, one by the chief justice of the supreme court of Texas, one by the speaker of the house of representatives. Six-year term (staggered).	-	Gov. Code, Title 8, Subtitle B: Ch. 811-815
Judicial Retirement System of Texas, Plan One	Governed by ERS Board of Trustees.		-	-	Gov. Code, Title 8, Subtitle D: Ch. 831-835
Judicial Retirement System of Texas, Plan Two	Governed by ERS Board of Trustees.		-	-	Gov. Code, Title 8, Subtitle E: Ch. 836-840
Teacher Retirement System of Texas	2 - Trustees, must be current public school employees; nominated by active public school employees and appointed by the governor. 1 - Trustee, must be current or retired public school or higher education employee; nominated by active and retired fund members and appointed by the governor.	1 - Trustee, must be retired fund member; nominated by retired members and appointed by the governor.	2 - Trustees, must have demonstrated financial expertise, have worked in private business/industry, and have broad investment experience; nominated by the State Board of Education, appointed by the governor, and confirmed by two-thirds of the senate.	3 - Trustees, must have pension fund investment experience, must not be fund members or annuitants; appointed by the governor. Three-year term (staggered).	Gov. Code, Title 8, Subtitle C: Ch. 821-825
Texas County and District Retirement System	9 - Trustees, must be active or retired fund members; appointed by the governor and confirmed by the senate. Six-year term (staggered).	See Active Employee entry.	-	-	Gov. Code, Title 8, Subtitle F: Ch. 841-845
Texas Emergency Services Retirement System	6 - Trustees, one must represent emergency medical services personnel; appointed by the governor. Six-year term (staggered).	-	-	3 - Trustees, must have experience in finance, securities investment or pension administration; appointed by the governor. Six-year term (staggered).	Gov. Code, Title 8, Subtitle H: Ch. 861-865
Texas Municipal Retirement System	3 - Employee Trustees, must be employees of a participating municipality (two or more trustees serving concurrently may not be from the same municipality); appointed by the governor with the advice and consent of the senate.	-	3 - Executive Trustees, must be CEO, CFO or other officer, executive or department head of a participating municipality (two or more trustees serving concurrently may not be from the same municipality); appointed by the governor with the advice and consent of the senate.	-	Gov. Code, Title 8, Subtitle G: Ch. 851-855

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Retirement System	Active Employee	Retiree	Sponsor Government	Taxpayer, Not Affiliated with Fund/Sponsor Govt.	Governing
Austin Employees' Retirement Fund	4 - Active employees; elected by active membership body. Four-year term.	2 - Retired members; elected by retired membership body. Four-year term.	1 - Member of City Governing Body; appointed by and serving at the pleasure of the city governing body. No term specified. 1 - City manager, or designee	3 - City residents, must be qualified voters and not employer employees; two are appointed by city governing body and one is appointed by the board. Four-year term.	Article 6243n, V.T.C.S.
Austin Fire Fighters' Relief and Retirement Fund	3 - Fund members (may be active or retired); elected by active and retired members. Three-year term.	See Active Employee entry.	1 - Mayor. 1 - City Treasurer. No terms specified.		Article 6243e.1, V.T.C.S.
Austin Police Officers' Retirement System	5 - Police officer fund members; elected by system members. Four-year term.	2 - Retired members; elected by the retired membership body. Four-year term.	1 - Member of City Council, designated by City Council. 1 - City Manager or designee. 1 - Director of Finance or designee. No terms specified.	1 - City resident, must be qualified voter and resident for preceding five years; appointed by police retirement board. Four-year term.	Article 6243n-1, V.T.C.S.
Dallas Employees' Retirement Fund	3 - City employee fund members, from different city departments; elected by fund members. Three-year term.		3 - City Council members or appointees; appointed by City Council. Two-year term. 1 - City auditor.		Dallas City Code Chapter 40A
Dallas Police and Fire Pension System	6 - Active members, three police and three fire; elected by their respective departments. Four-year term.	2 - Retired fund members, one police and one fire. Four-year term.	4 - City Council members; appointed by City Council. Term same as City Council term.		Article 6243a-1, V.T.C.S.
El Paso Firemen and Policemen's Pension Fund	3 - Policemen; elected by members of the policemen's pension fund. Four-year terms. 3 - Firemen; elected by members of the firemen's pension fund. Four-year terms.			3 - City residents; designated by the mayor. Four-year terms. 2 - City residents; designated by the city manager. Four-year terms.	Article 6243b, V.T.C.S.
Fort Worth Employees' Retirement Fund	1 - Vested police officer fund member; elected by police fund members. Two-year term. 1 - Vested firefighter fund member; elected by firefighter fund members. Two-year term. 2 - Vested general employee fund members, not police or firefighters; elected by civilian fund members. Two-year term.	1 - Retired police officer; elected by retired police officer fund members. Two-year term. 1 - Retired firefighter; elected by retired firefighter fund members. Two-year term. 1 - Retired general employee, not police or fire; elected by civilian retirees. Two-year term.	1 - City chief financial officer; designated by city governing body. Two-year term.	5 - City residents, may not be members of city governing body; nominated by mayor, confirmed by majority vote of city governing body. Two-year term.	Article 6243i, V.T.C.S.

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Retirement System	Active Employee	Retiree	Sponsor Government	Taxpayer, Not Affiliated with Fund/ Sponsor Govt.	Governing Statute:
Galveston Employees' Pension Plan for Police	1 - President of municipal police association, or next-highest ranked member if President is not a fund member. Term equal to president's term of office. 3 - Members of the fund; elected by fund members. Three-year term.		1 - Municipal finance staff employee; designated by and serving at the pleasure of the city manager. No term specified.	1 - Legally qualified voter; designated by the mayor. Two-year term. 1 - Legally qualified voter; designated by city council. Two-year term.	Article 6243p, V.T.C.S.
Galveston Employees' Retirement Plan	3 - City employees; elected by city employees who are current members in the plan. Terms of office determined by Board bylaws.		1 - City employee in the City's Finance Department; appointed by the City Manager. Terms of office determined by Board bylaws.	1 - City resident, must not be a city employee; appointed by the mayor. Terms of office determined by Board bylaws. 2 - City residents, must not be city employees; appointed by the other five Board of Trustee members. Terms of office determined by Board bylaws.	Galveston City Code
Houston Firefighter's Relief and Retirement Fund	5 - Firefighters who are members of the fund; elected by firefighters who are members of the fund. Three-year term.	1 - Retiree fund members, with at least 20 years of fund participation; elected by retired firefighter fund members with 20+ years of service. Three-year term.	1 - Mayor, or appointed representative of the mayor. No term specified. 1 - City treasurer, or person performing treasurer duties for the city. No term specified.	2 - City residents, must be registered voters, not employees of the city, and city residents for at least one year preceding initial appointment; appointed by the elected members of the Board of Trustees. Two-year term.	Article 6243e.2 (1), V.T.C.S.
Houston Municipal Employees' Pension System	4 - Municipal employees who are members of the pension system, with at least 5 years of credited service; elected by active members of the pension system. No term specified.	2 - Retirees, must be receiving a retirement pension from the system, have at least five years of service in the pension system, and not currently a city officer or employee; elected by retirees of the pension system. No term specified.	1 - Person appointed by mayor; must not be a participant or beneficiary in the pension system. Three-year term. 1 - Person appointed by the city controller; must not be a participant or beneficiary in the pension system. Three-year term. 2 - Persons appointed by the governing body of the city; must not be participants or beneficiaries of the pension system. Three-year terms.	1 - Person appointed by elected Board of Trustee members, must have been a resident of the state for the three years preceding the date of initial appointment. Three-year term.	2011 Amended and Restated Meet and Confer Agreement; supersedes outdated Article 6243h, V.T.C.S.

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Retirement System	Active Employee	Retiree	Sponsor Government	Taxpayer, Not Affiliated with Fund/Sponsor Govt	Governing Statute:
Houston Police Officers' Pension System	3 - Police employees who are members of the pension system; elected by active, inactive and retired members of the pension system. Three-year term.	2 - Retired members, must be receiving pensions from the system and not currently city employees or officers; elected by active, inactive and retired members of the system. Three-year term.	1 - Administrative head of the city, or authorized representative. No term specified. 1 - City treasurer, or person discharging treasurer duties. No term specified.		Article 6243g-4, V.T.C.S.
San Antonio Fire and Police Pension Fund	2 - Active member firefighters, must be below the rank of fire chief; elected by fire department fund members. Four-year terms. 2 - Active member police officers, must be below the rank of police chief; elected by police department fund members. Four-year terms.	1 - Fire department retiree; elected by fire department retiree fund members and surviving spouses currently receiving benefits. Four-year term. 1 - Police department retiree; elected by police department retiree fund members and surviving spouses currently receiving benefits. Four-year term.	1 - Mayor, or qualified mayoral designee. Term corresponds to mayor's term of office. 2 - Members of the city governing body; appointed by the governing body. Term corresponds to city government term of office.		Article 6243o, V.T.C.S.
TLFFRA Plans, Paid or Part-Paid	3 - Members of the retirement system; elected by fund members. Three-year terms.		1 - Mayor or designated representative, or the political subdivision's Chief Operating Officer or designated representative. 1 - Chief Financial Officer of the political subdivision, or designated representative. Terms correspond to term of office.	2 - Residents of the political subdivision, must not be officers/employees of the political subdivision; elected by other Board of Trustee members. Two-year terms.	Article 6243e, sec. 19. V.T.C.S.
TLFFRA Plans, Volunteer	3 - Members of the retirement system; elected by fund members. Three-year terms.		1 - Mayor, or designated representative. 1 - Municipal treasurer, or person performing duties of municipal treasurer. Terms correspond to term of office.		Article 6243e, sec. 20. V.T.C.S.

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Austin Employees' Retirement System		
Governing Statute	V.T.C.S., Article 6243n	
Local Governance Structure	The governing statute allows certain control at the local level with respect to contributions, benefits and compliance with the IRS Code. Plan design and governance structure are specified in statute.	
Local Governance of Plan Provisions		
Contribution	Employer	Under section 10 the governing body of the city may authorize the city to make additional contribution to the system.
	Employee	Section 10 allows active members to increase their contribution by a majority vote of all such members.
Benefit	Benefit Increase	Benefit design changes can only be made through the State’s legislative process. Any cost of living adjustment must be recommended and approved by the actuary. Furthermore, a City of Austin resolution now prohibits any future benefit enhancements or cost of living adjustments otherwise permitted under State Statute without first being formally recommended by the City Manager and approved by the City Council. Any such recommendation by the City Manager must include a projection and actuarial analysis by the System and its actuary of the effect of the increase to the System.
	Benefit Reduction	Section 7 allows the amount of each retirement allowance and all other benefits payable under the governing statute to be subject to such adjustments as may be required to ensure actuarial soundness as may be approved by the actuary and adopted by the retirement board, except that annuities already accrued may not be reduced.
Retirement Eligibility	As outlined in the governing statute.	
Plan Structure	As outlined in the governing statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Other than plan modifications to comply with the IRS Code as allowed by the governing statute, changes to the plan provisions require modification of the system’s governing statute through the legislative process.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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Austin Fire Fighters Relief & Retirement Fund		
Governing Statute	V.T.C.S., Article 6243e.1	
Local Governance Structure	The City of Austin & the local firefighters association can enter into employment-related agreements under Chapter 143 of the Local Government Code. However, section 1.05 of Article 6243e.1 states that any such agreement may not supersede or preempt any provisions of the retirement system’s governing statute and may not increase, diminish, or qualify any right, benefit, privilege, or obligation under the system’s governing statute. Hence, any pension fund related changes like city contribution rate modifications as a result of these agreements must be codified in the governing statute in order to become effective.	
Local Governance of Plan Provisions		
Contribution	Employer	As outlined in the governing statute, however, section 10.01 allows the governing body of the municipality to authorize the municipality to make an additional contribution to the fund.
	Employee	As outlined in the governing statute, however, section 10.01 allows the members of the fund to increase their contribution rate by a majority vote to any percentage recommended by a majority vote of the board of trustees.
Benefit	Benefit Increase	Section 5.04 allows a change in service retirement benefit multiplier if, among other things, the change is approved by the board’s actuary and the board of trustees and does not reduce a member’s benefit for service credit accumulated before the date of the change. Also, Section 9.04 of the system’s governing statute authorizes the board to increase the COLA interest credit.
	Benefit Reduction	Section 8.10 of the system’s governing statute authorizes the board to make DROP related changes for accounts established after the effective date of the change. Additionally, section 9.08 authorizes the board to make prorated reduction in benefit payments if funds become insufficient to make those benefit payments in full.
Retirement Eligibility	As outlined in the governing statute.	
Plan Structure	As outlined in the governing statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Other than certain plan modifications allowed by the governing statute, changes to the plan provisions require modification of the system’s governing statute through the legislative process.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	



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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Austin Police Retirement System		
Governing Statute	V.T.C.S., Article 6243n-1	
Local Governance Structure	Other than changes relating to contribution, retirement eligibility requirements, Retro DROP and COLAs, plan modifications can be made only through the legislative process.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 8.01 allows the city council to authorize the city to make additional contributions to the system.
	Employee	Sec. 8.01 allows the members by a majority vote to increase or decrease the contribution rate with a floor of 13%.
Benefit	Benefit Increase	Sec. 6.01 allows a change in service retirement benefit multiplier if, among other things, the change is approved by the board’s actuary, is adopted by the board as a board rule, and a member’s vested interest before the effective date of the change is not reduced. Board can also authorize the payment of a COLA. Under section 6.07 the Board can modify or eliminate Retro DROP if the change is adopted by the Board as a rule and approved by the actuary.
	Benefit Reduction	Under section 6.07 the board can eliminate Retro DROP.
Retirement Eligibility	Section 6.02 allows the board to make retirement eligibility related changes. However, any such change cannot increase the requirements for a person who is already eligible for the service retirement on the effective date of the change.	
Plan Structure	As outlined in the governing statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	If any pension-related change, like contribution rate modification, is made through an agreement between the city and local police association, such change requires codification in the governing statute through the legislative process.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	



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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Dallas Police & Fire Pension System		
Governing Statute	V.T.C.S., Article 6243a -1	
Local Governance Structure	Section 7 of the system’s governing statute authorizes the members of the pension system to amend the plan in any manner, including amendments to benefits, eligibility requirements, amendment or restatement of any existing plan, and establishment of a new plan. Amendments require the approval of the following: a qualified actuary selected by the board, the board, and plan members. Also, amendments cannot deprive any plan member of any of the benefits that have become fully vested or nonforfeitable.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 4.02(b) states that the amount of employer contribution and any change in it may be determined only by the legislature or by a majority vote of the city voters.
	Employee	Section 4.03(g) states that the statutorily determined member contribution can only be altered by the legislature or by a majority vote of the city voters.
Benefit	Benefit Increase	Section 7 of the retirement system’s governing statute authorizes the members of the pension system to amend the plan including the benefit provisions.
	Benefit Reduction	Section 7 of the retirement system’s governing statute authorizes the members of the pension system to amend the plan including the benefit provisions.
Retirement Eligibility	Section 7 of the retirement systems governing statute authorizes the members of the pension system to amend the plan in any manner including the modification of eligibility requirements.	
Plan Structure	Section 7 of the retirement systems governing statute authorizes the members of the pension system to amend the plan in any manner including the amendment or restatement of any existing plan or creation of a new plan.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Section 7 of the retirement system’s governing statute states that any amendment made by members of the pension system in accordance with section 7 is not required to be ratified by the legislature, but is effective when properly recorded in the permanent records of the pension system.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

El Paso Firemen Pension Fund		
Governing Statute	V.T.C.S., Article 6243b	
Local Governance Structure	The board in accordance with section 10A of the governing statute can make changes to the fund. The changes must be approved by majority vote of the whole board; by a qualified actuary selected by the board; by a majority of active members and in case of changes to benefits, by the city council or by citizens of El Paso through charter referendum.	
Local Governance of Plan Provisions		
Contribution	Employer	The maximum limit on city contribution rate is established in the City's Civil Service Commission Charter at 18%. However, in accordance with section 14A of the governing statute, if a qualified actuary determines that the total contribution rate is insufficient to amortize the unfunded liability over a forty (40) year period, the city's governing body may increase the city contribution rate.
	Employee	Under section 10A of the governing statute, the board can increase member contribution rate.
Benefit	Benefit Increase	Section 10A authorizes the board of trustees to modify benefits prospectively and retroactively. Retroactive change can only increase benefits. Benefit changes need to be approved by an actuary selected by the board; by a majority of active members; and either by the city council or by citizens of El Paso through charter referendum.
	Benefit Reduction	Section 10A authorizes the board of trustees to modify benefits prospectively and retroactively. Retroactive change can only increase benefits. Benefit changes need to be approved by an actuary selected by the board; by a majority of active members; and either by the city council or by citizens of El Paso through charter referendum.
Retirement Eligibility	Section 10A authorizes the board of trustees to modify prospectively or retroactively any eligibility requirements for pensions or benefits.	
Plan Structure	The board in accordance with section 10A can make changes to the plan structure.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Plan modifications made by the board in accordance with the governing statute are not required to be codified.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits. The governing statute of the retirement system under section 10A also states that any changes to the fund shall not deprive any person, without his written consent, of any right to receive a pension or benefits which have already become vested and matured.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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## STATE PENSION REVIEW BOARD

### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

#### El Paso Police Pension Fund

El Paso Police Pension Fund		
Governing Statute	V.T.C.S., Article 6243b	
Local Governance Structure	The board in accordance with section 10A of the governing statute can make changes to the fund. The changes must be approved by majority vote of the whole board; by a qualified actuary selected by the board; by a majority of active members and in case of changes to benefits, by the city council or by citizens of El Paso through charter referendum.	
Local Governance of Plan Provisions		
Contribution	Employer	The maximum limit on city contribution rate is established in the City's Civil Service Commission Charter at 18%. However, in accordance with section 14A of the governing statute, if a qualified actuary determines that the total contribution rate is insufficient to amortize the unfunded liability over a forty (40) year period, the city's governing body may increase the city contribution rate.
	Employee	Under section 10A of the governing statute, the board can increase member contribution rate.
Benefit	Benefit Increase	Section 10A authorizes the board of trustees to modify benefits prospectively and retroactively. Retroactive change can only increase benefits. Benefit changes need to be approved by an actuary selected by the board; by a majority of active members; and either by the city council or by citizens of El Paso through charter referendum.
	Benefit Reduction	Section 10A authorizes the board of trustees to modify benefits prospectively and retroactively. Retroactive change can only increase benefits. Benefit changes need to be approved by an actuary selected by the board; by a majority of active members; and either by the city council or by citizens of El Paso through charter referendum.
Retirement Eligibility	Section 10A authorizes the board of trustees to modify prospectively or retroactively any eligibility requirements for pensions or benefits.	
Plan Structure	The board in accordance with section 10A can make changes to the plan structure.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Plan modifications made by the board in accordance with the governing statute are not required to be codified.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits. The governing statute of the retirement system under section 10A also states that any changes to the fund shall not deprive any person, without his written consent, of any right to receive a pension or benefits which have already become vested and matured.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Fort Worth Employees' Retirement Fund		
Governing Statute	V.T.C.S., Article 6243i	
Local Governance Structure	Fort Worth Employees' Retirement System was established by city ordinance. The applicability provision under section 1 of Article 6243i states that the Article applies to a retirement system established by municipal ordinance. The governing statute authorizes the board and the governing body of the municipality to make certain changes to the retirement system and adopt administrative rules to govern the system. Accordingly, the fund has adopted administrative rules to govern the system and the rules can be amended locally within the parameters of the governing statute.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 5.07 authorizes the board or the governing body of the municipality to amend municipality contribution rates; however, only the governing body of the municipality may increase municipal contributions.
	Employee	Section 5.09 authorizes the board or the governing body of the municipality to amend member contribution rates.
Benefit	Benefit Increase	Sec. 4.02 allows the board of trustees to propose benefit increases, but requires the approval of the city council.
	Benefit Reduction	Sec.4.03 authorizes the City Council to adopt amendments to the administrative rules for benefit reduction.
Retirement Eligibility	Administrative rules	
Plan Structure	Administrative rules	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Plan modifications made per the administrative rules are not required to be codified in the governing statute.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits. However, section 4.03, Article 6243i allows the governing body to adopt amendments to the administrative rules that reduces the benefits provided by the fund.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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## STATE PENSION REVIEW BOARD

### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Galveston Employees' Retirement Plan for Police		
Governing Statute	Vernon's Tex. Rev. Civ. Stat., Art. 6243p	
Local Governance Structure	Section 11 of the system’s governing statute allows Galveston Police's board of trustees to make plan modifications relating to benefits, membership qualifications, eligibility requirements, and contributions.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 6.03 requires the municipality to contribute to the fund based on the advice of the fund's actuary.
	Employee	Section 6.01 requires the fund's board of trustees to determine employee contribution and the board can increase the rate in accordance with section 11.
Benefit	Benefit Increase	Board of trustees of the fund under section 11 can make benefit increases.
	Benefit Reduction	Board of trustees of the fund under section 11 of the statute.
Retirement Eligibility	Board of trustees of the fund under section 11 of the statute.	
Plan Structure	Board of trustees of the fund under section 11 of the statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Plan modifications made by the board in accordance with the governing statute are not required to be codified.	
Constitutional/ Statutory Protection of Benefits	No, city of Galveston opted out of the constitutional protection provision.	
Liability	Section 6.04 of the governing statute outlines municipality's liability by stating that the municipality may not be held responsible for any claim or asserted claim for benefits under the fund.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Houston Firefighters' Relief & Retirement Fund		
Governing Statute	V.T.C.S., Article 6243e.2(1)	
Local Governance Structure	Unlike Houston Municipal and Houston Police pension systems, Houston Fire's governing statute does not allow plan modifications through agreements.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 13(d) requires the fund's board of trustees to certify the municipality's contribution rate based on the results of the actuarial valuation with a floor of twice the member contribution.
	Employee	As outlined in the governing statute.
Benefit	Benefit Increase	Section 10 of the statute allows for non-statutory benefit increases.
	Benefit Reduction	Section 11(l) states that if the board determines that the amount in the fund is insufficient to pay in full any pension or disability benefits, all pension and disability benefits made after the date of the determination shall be reduced pro rata for the period of insufficiency.
Retirement Eligibility	As outlined in the governing statute.	
Plan Structure	As outlined in the governing statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Any changes to the plan provisions require modification of the system's governing statute through the legislative process.	
Constitutional/ Statutory Protection of Benefits	No, city of Houston opted out of the constitutional protection provision.	
Liability	Unclear	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Houston Municipal Employees Pension System		
Governing Statute	V.T.C.S., Article 6243h	
Local Governance Structure	Section 3(n) of the Houston Municipal's governing statute authorizes the pension board to enter into written agreements with the city regarding pension issues and benefits. The agreements have to be approved and signed by the pension board and the governing body of the city. The agreements are enforceable against and binding on the city and the pension system's members, retirees, deferred participants, beneficiaries, eligible survivors, and alternate payees. As such, the Houston Municipal Employees Pension System has entered into seven meet & confer agreements with the city of Houston since 2004 with the most recent being executed in 2011. Essentially, the statute allows for complete local control and the agreements have an effect of superseding certain statutory provisions.	
Local Governance of Plan Provisions		
Contribution	Employer	Employer contributions are determined by the agreements between the city of Houston and the pension system.
	Employee	Employee contributions are determined by the agreements between the city of Houston and the pension system.
Benefit	Benefit Increase	Agreements between the city of Houston and the pension system.
	Benefit Reduction	Agreements between the city of Houston and the pension system.
Retirement Eligibility	Retirement eligibility requirements can be modified through the agreements between the city of Houston and the pension system.	
Plan Structure	Plan structure can be modified through the agreements between the city of Houston and the pension system.	
Board Composition	Board composition can be modified through the agreements between the city of Houston and the pension system.	
Ratification by State Legislature	No, Houston Municipal's agreements with the city have never been codified in the statute. The preamble section of the agreements state that certain provisions in the agreements have the effect of superseding provisions of the statute. Also, the most current 2011 agreement has language stating that if the statute is amended or repealed in the Texas Legislature in a manner that is not mutually agreeable to the parties, the parties shall amend the existing agreement or enter into a separate agreement to reestablish the amended or repealed provision.	
Constitutional/ Statutory Protection of Benefits	No, the city of Houston opted out of the constitutional protection provision. However, the parties in the agreement have agreed not to file and to oppose any legislation that is filed in the Texas Legislature that would result in the reduction of benefits or in a change under the governing statute and/or that would affect any matter covered by the agreement. The agreement further states that if the governing statute is amended or repealed in the Texas Legislature, in a manner that is not mutually agreeable to the parties, the parties shall amend the current agreement or enter into a separate agreement to reestablish the amended or repealed provision(s).	
Liability	Section 3(n) makes the agreements binding on the city and the pension system’s board, members, retirees, beneficiaries, and eligible survivors.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Houston Police Officers Pension System		
Governing Statute	V.T.C.S., Article 6243g-4	
Local Governance Structure	Section 27(a) of the Houston police's governing statute allows for agreements to change benefits. The statute states that the retirement system's board of trustees may enter into written agreements with the city on behalf of the retirement system and members and beneficiaries of the pension system if the agreement is approved by the board and signed by the mayor and the board. As such, the Houston Police Officers Pension System has entered into five meet & confer agreements with the city of Houston since 1998 with the most recent being executed in 2011. Essentially, the statute allows for complete local control and the agreements have an effect of superseding certain statutory provisions.	
Local Governance of Plan Provisions		
Contribution	Employer	Employer contributions are determined by the agreements between the city of Houston and the pension system.
	Employee	Employee contributions are determined by the agreements between the city of Houston and the pension system.
Benefit	Benefit Increase	Agreements between the city of Houston and the pension system.
	Benefit Reduction	Agreements between the city of Houston and the pension system.
Retirement Eligibility	Retirement eligibility requirements can be modified through the agreements between the city of Houston and the pension system.	
Plan Structure	Plan structure can be modified through the agreements between the city of Houston and the pension system.	
Board Composition	Board composition can be modified through the agreements between the city of Houston and the pension system.	
Ratification by State Legislature	No, the agreements state that certain provisions in the agreements have the effect of superseding provisions of the statute. However, agreements prior to 2004 were codified in Article 6243g-4. 2004 & 2011 agreements have not yet been codified.	
Constitutional/ Statutory Protection of Benefits	No, the city of Houston opted out of the constitutional protection provision. However, the 2011 agreement states that nothing in the agreement can deprive a member, without the member's written consent, of a right to receive benefits that have become fully vested and matured in the member.	
Liability	The 2011 Agreement includes a provision stating that if for any reason the City fails to comply with any material provision of the agreement, including the timing and amount of payments for Shortfall Debt, additional amount and the legislature codifies the provisions and the city does not correct its failure for thirty days, HPOPS may terminate any and all provisions of the agreement and can file a suit against the City in Harris County District Court for any remedy available at law or in equity. The City also agreed that if it commits any breach of terms of the agreement, HPOPS may seek specific performance by enjoining the City by way of temporary restraining order & temporary and permanent injunction without regard to the City's sovereign immunity.	
Comments	Section 1 of Article 6243g-4 states that, among other things, the purpose of the Article is to reflect changes agreed to by the city and the board of trustees of the pension system under Section 27 of the Article.	



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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

San Antonio Fire and Police Pension Fund		
Governing Statute	V.T.C.S., Article 6243o	
Local Governance Structure	The retirement system's governing statute does not allow for any local control. Changes to the plan can be made only through the legislative process.	
Local Governance of Plan Provisions		
Contribution	Employer	As outlined in the governing statute.
	Employee	As outlined in the governing statute.
Benefit	Benefit Increase	As outlined in the governing statute.
	Benefit Reduction	As outlined in the governing statute.
Retirement Eligibility	As outlined in the governing statute.	
Plan Structure	As outlined in the governing statute.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Any changes to the plan provisions require modification of the system’s governing statute through the legislative process.	
Constitutional/ Statutory Protection of Benefits	No, the City of San Antonio opted out of the constitutional protection provision. However, section 4.05(e) of the retirement system's governing statute states that the municipal contribution and retirement annuities are a part of the compensation for services rendered to the municipality and makes the governing statute a contract of employment.	
Liability	Section 4.06 of the governing statute makes the municipality liable to pay the deficiency, if any, between the amount available to pay all retirement annuities and other benefits owed under the Act and the amount required to pay those benefits.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Texas Local Fire Fighters Retirement Act (TLFFRA)		
Governing Statute	V.T.C.S., Article 6243e	
Local Governance Structure	Section 7 of the TLFFRA statute authorizes the fund's board of trustees to modify benefits and eligibility requirements for benefits. However, any proposed change must be approved by the board actuary and a majority of the participating members of the retirement system.	
Local Governance of Plan Provisions		
Contribution	Employer	Section 29(b) of the governing statute establishes the municipality's contribution rate, but the governing body of a municipality by ordinance can adopt a contribution rate higher than the statutory rate.
	Employee	Section 29(a) authorizes the members of each fund to determine their contribution rates by voting.
Benefit	Benefit Increase	Under section 7 of the statute, the retirement system's board of trustees can increase benefits.
	Benefit Reduction	Under section 7 of the statute, the retirement system's board of trustees can reduce benefits prospectively. Also, section 16 of the governing statute states that if money available to pay benefits is insufficient to pay the full amount, a board of trustees may proportionately reduce all benefit payments for the time necessary.
Retirement Eligibility	Under section 7 of the statute, each retirement system's board can modify or change the retirement eligibility requirements.	
Plan Structure	Under section 7 of the statute, the retirement system's board of trustees can modify or change plan structure.	
Board Composition	As outlined in the governing statute.	
Ratification by State Legislature	Plan modifications made by each retirement system within the framework of the governing statute are not required to be codified.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits except for the TLFFRA plan cities that have opted out of the constitutional protection provision. Additionally, section 7(e) & (f) of the TLFFRA statute states that a plan modification cannot deprive a member, a retiree, or an eligible survivor of a right to receive vested accrued benefit and may not be applied retroactively.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	
Comments	TLFFRA law provides a basic framework for the TLFFRA plans by establishing minimum contribution rates, retirement eligibility standards, and service credit requirements, but beyond that section 7 of the statute gives each system the flexibility to determine its plan structure.	

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## STATE PENSION REVIEW BOARD

### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Other Political Entities' Retirement Systems under Texas Government Code, Chapter 810		
Governing Statute	Texas Government Code, Chapter 810	
Local Governance Structure	Chapters 810 of the Government Code authorizes political entities, including junior college districts, river authorities, water districts, appraisal districts, or other special purpose district to establish, finance, and administer public retirement systems for their appointive officers and employees. Unlike the plans created under Vernon’s, Chapter 810 does not provide any framework of the pension structure for the retirement systems created under this Chapter. Currently, as listed below, there are 28 such local actuarially funded defined benefit plans.	
Local Governance of Plan Provisions		
Contribution	Employer	Determined by the political entity.
	Employee	Determined by the political entity.
Benefit	Benefit Increase	Determined by the political entity.
	Benefit Reduction	Determined by the political entity.
Retirement Eligibility	Determined by the political entity.	
Plan Structure	Determined by the political entity.	
Board Composition	Determined by the political entity.	
Ratification by State Legislature	Retirement systems created by political entities under Chapter 810 of the Government Code are administered locally and changes to their plan provisions do not require ratification by the legislature.	
Constitutional/ Statutory Protection of Benefits	Unless the employer has specifically opted out of the constitutional protection provision, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	
Comments	Chapter 810 of the Government Code was enacted by the 72nd Legislature in response to Attorney General Opinions JM-1068 (1989) and JM-1142 (1990) stating that political subdivisions were not authorized to create their own local retirement systems as the constitution specifically required the Legislature to first enact general laws establishing such retirement programs under Article XVI, sections 67(a) & (c). At the time, the Texas Legislature had not enacted any such general law authorizing these political entities to create their own local retirement systems. Hence, the Legislature passed SB798 adding Chapter 810 to the Government Code, to provide the required statutory authority for political entities to establish, finance, and administer public retirement systems for their appointive officers and employees.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Dallas Employees' Retirement Fund		
Governing Statute	Dallas City Code, Chapter 40A	
Local Governance Structure	Dallas Employees' Retirement Fund was established by city ordinance and is not governed by state statute. The provisions under the city ordinance can be amended by ordinance recommended by the board, adopted by the city council, and approved by a majority of the voters voting at a general or special election.	
Local Governance of Plan Provisions		
Contribution	Employer	City Ordinance
	Employee	City Ordinance
Benefit	Benefit Increase	City Ordinance
	Benefit Reduction	City Ordinance
Retirement Eligibility	City Ordinance	
Plan Structure	City Ordinance	
Board Composition	City Ordinance	
Ratification by State Legislature	No, the plan is not governed by state statute.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

El Paso City Employees' Pension Fund		
Governing Statute	El Paso City Code, Title II, Chapter 2.64	
Local Governance Structure	El Paso employees' pension fund was established by city ordinance and is not governed by state statute.	
Local Governance of Plan Provisions		
Contribution	Employer	City Ordinance
	Employee	City Ordinance
Benefit	Benefit Increase	City Ordinance
	Benefit Reduction	City Ordinance
Retirement Eligibility	City Ordinance	
Plan Structure	City Ordinance	
Board Composition	City Ordinance	
Ratification by State Legislature	No, the plan is not governed by state statute.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	
Comments	A provision in the city ordinance states that all rights under this chapter shall be against such pension fund only and the city shall not be liable therefor except to the extent of its contributions to such fund.	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Galveston Employees’ Retirement Fund		
Governing Statute	Galveston City Code, Part II, Chapter 28	
Local Governance Structure	Galveston employees’ retirement fund was established by city ordinance and is not governed by state statute. The fund's board and the city council have the authority to make changes to the fund.	
Local Governance of Plan Provisions		
Contribution	Employer	The board of trustees and the city council determine the contribution rates to the fund.
	Employee	The board of trustees and the city council determine the contribution rates to the fund.
Benefit	Benefit Increase	The board is authorized to make amendments to the plan.
	Benefit Reduction	The board is authorized to make amendments to the plan.
Retirement Eligibility	The board is authorized to make amendments to the plan.	
Plan Structure	The board is authorized to make amendments to the plan.	
Board Composition	The board is authorized to make amendments to the plan.	
Ratification by State Legislature	Since the plan is not governed by the state statute, legislative ratification of plan modification is not required.	
Constitutional/ Statutory Protection of Benefits	No, city of Galveston opted out of the constitutional protection provision.	
Liability	Unclear	

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### LOCAL GOVERNANCE OF PLAN PROVISIONS FOR LOCAL RETIREMENT SYSTEMS

Plano Retirement Security Plan		
Governing Statute	City Ordinance	
Local Governance Structure	Plano Retirement Security Plan was created by city ordinance and is not governed by state statute.	
Local Governance of Plan Provisions		
Contribution	Employer	City of Plano
	Employee	City of Plano
Benefit	Benefit Increase	City of Plano
	Benefit Reduction	City of Plano
Retirement Eligibility	City of Plano	
Plan Structure	City of Plano	
Board Composition	City of Plano	
Ratification by State Legislature	Since the plan is not governed by the state statute, legislative ratification of plan modification is not required.	
Constitutional/ Statutory Protection of Benefits	Yes, the retirement system is bound by Article XVI, section 66 of the Texas Constitution that protects certain retirement benefits. However, the Plan Document as adopted by the city council contains specific provisions relating to termination and liquidation of the trust fund.	
Liability	Article XVI, Section 66(f) of the Texas constitution states that the political subdivision and the retirement system that finance benefits under the retirement system are jointly responsible for ensuring that benefits protected by section 66 are not reduced or otherwise impaired.	

## **APPENDICES**



**APPENDIX A—LEGISLATION RELATING TO PUBLIC RETIREMENT SYSTEMS ADOPTED BY  
THE 80TH, 81ST, AND 82ND LEGISLATURE**

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Public Retirement Systems – General

##### 82<sup>nd</sup> Session:

###### HB 2460 – Truitt

HB 2460 amends the Government Code by adding Section 552.0038 to make public retirement systems, including state agencies such as the Employees Retirement System of Texas, Teacher Retirement System of Texas, and the Office of the Fire Fighters' Pension Commissioner, subject to the Open Records Act in the same way as other governmental bodies. The new section contains language to regulate the confidentiality of records of individual members, annuitants and beneficiaries in the applicable public retirement system. The bill authorizes a retirement system to require a person to provide a social security number if needed for administrative purposes, and gives sole discretion to a retirement system in determining whether a record is subject to release under the Open Records Act. The bill also specifies that, where conflicts exist between the new section and any other law with respect to confidential information held by a public retirement system, the provision that provides greater substantive and procedural protection for the privacy of the information will prevail.

##### 81<sup>st</sup> Session:

###### SB 1071 – Wentworth

SB 1071 amends the Government Code to establish that information concerning the employment of an employee of a public employee pension system, or concerning the service of a trustee of a public employee pension system, including information concerning the income, salary, benefits, and bonuses received from the pension system by the employee or trustee in the person's capacity as an employee or trustee of the system, is public information under the open records law. The bill provides that such information be neither made confidential nor removed from the application of the open records law, or otherwise excepted from required public availability under that law, by any statute intended to protect the records of persons as members, beneficiaries, or retirees of a public employee pension system in their capacity as such.

##### 80<sup>th</sup> Session:

###### HB 155 – Pickett

HB 155 amends current law to establish a procedure whereby a public retirement system would notify a person whose payments are incorrect. The bill requires the public retirement system to either adjust future payments or institute recovery of the amounts due within 90 days of the original notification. The bill also restricts the time frame during which a retirement system can collect on an overpayment.

###### HB 2365 – Truitt

HB 2365 adds Chapter 2264 to Subtitle F, Title 10, Government Code to provide guidelines for financial accounting and reporting standards. The bill sets requirements under the chapter regarding the accounting and reporting of financial activities for the state and its political subdivisions. The language permits the state and its political subdivisions to account for other post-employment benefits (OPEBs) either on a pay-as-you-go basis or the GASB reporting standards. The bill requires a state system to communicate to its members certain benefits that the system is not obligated to provide and the system's commitments regarding OPEBs. Also, certain disclosures about OPEBs would be required in financial reports of the state and its political

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### **APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature**

#### **Public Retirement Systems – General**

##### **HB 2365 – Truitt, Continued**

subdivisions and the governmental entity would disclose the accounting, financing and funding policy used to report OPEBs. The bill also requires the comptroller to provide guidance to the state and its political subdivisions.

##### **HB 2664 – Truitt**

HB 2664 amends Chapter 802, Government Code to require, for any public retirement system with a total asset book value greater than \$100 million, the audit of actuarial valuations, studies and reports most recently prepared for the public retirement system and for such an audit to be conducted every five years by a qualified actuary. The governmental entity that is the employer of active members of the public retirement system is to contract the actuary and pay all the costs associated with conducting the audit. The first audits are to be completed by September 1, 2008.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Employees Retirement System (ERS)

##### 82<sup>nd</sup> Session:

##### **HB 1608 - Strama**

HB 1608 amends current law relating to participation in and contributions to the State Employee Charitable Campaign (SECC) by retired state employees. The bill allows an Employees Retirement System (ERS) annuitant to authorize the retirement system to deduct from their monthly annuity payment the contribution amount to the SECC. The authorization will remain in effect for a maximum of one year unless the person revoked it by giving a notice to the Board of trustees of ERS.

##### **HB 2193 – Truitt**

HB 2193 amends current law relating to service and qualifications for membership on an advisory committee established by the Employees Retirement System of Texas (ERS) to provide advice to the board of trustees on investments and investment-related issues. The bill establishes eligibility requirements and review and removal processes for members of an ERS investment advisory committee. To be eligible, an individual would have to be either a prominent educator in the field of economics or finance or another investment-related area or have expertise in managing a financial institution or other business where investment decisions were made. The bill also outlines the grounds on which an individual would be ineligible for membership and requires the ERS board to review the eligibility of investment advisory committee members at least annually.

##### **SB 1664 – Duncan**

SB 1664 amends several sections of the Texas Government Code, the Texas Insurance Code, and the Local Government Code relating to ERS and the Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF). The bill maintains the ERS/LECOSRF member contribution rates at 6.5%/5.5% of payroll, respectively, for fiscal year 2012 only. The bill also provides for a funding source for LECOSRF by requiring the comptroller to deposit certain civil and criminal court fees collected from counties and municipalities in its trust fund. This provision would take effect September 1, 2013. The bill prohibits payment of any benefits, funds, or account balances payable on the death of a member to a beneficiary convicted of or adjudicated as having caused the death of the member. SB 1664 extends the service requirement for Rule-of-80 retirement from five years to ten years for members hired on or after September 1, 2009. The bill clarifies the actuarial reductions for law enforcement or custodial officers hired on or after September 1, 2009 for each year prior to age 55 are in addition to any other actuarial reductions required by law. The bill clarifies that member contributions for service not previously established in the employee elected class are paid at the same rate as current service contributions as provided by Section 815.402 of Texas Government Code. Additionally, SB 1664 also amends the Government Code Section 811 relating to the frequency with which certain type of information is provided to the comptroller by the retirement system. The bill allows ERS annuitants to contribute to the State Employee Charitable Campaign (SECC) through monthly annuity payroll deductions. This provision of the bill is similar to HB 1608. The bill makes other non-substantive amendments to the ERS existing statutes to clarify and comport with current ERS rules or practices.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Employees Retirement System (ERS), Continued

##### 81<sup>st</sup> Session:

##### **HB 2283 – Truitt**

HB 2283 amends current law relating to increasing state employee participation in the TexaSaver program which is administered by the Employees Retirement System of Texas (ERS).

##### **HB 2559 – Truitt**

HB 2559 amends several sections of the Texas Government Code and the Texas Insurance Code relating to the Employees Retirement System of Texas (ERS) and Law Enforcement and Custodial Officer Supplemental Retirement Fund (LECOSRF). The bill establishes a 90-day waiting period for members in the employee class who retire on or after May 31, 2009 and seek re-employment in the employee class, as well as, a surcharge payable by the state agency that rehires a retiree equal to the amount the agency would remit for a normal active member. HB 2559 increases the required employee contribution to ERS from 6.00% to 6.50% of payroll, provided that if the state contribution rate to ERS is less than 6.50% of payroll, the employee contribution rate is set equal to the state contribution rate. The bill also increases the employee contribution rate to LECOSRF from 0.00% to 0.50% of payroll for law enforcement or custodial officers, provided that if the state contribution rate to LECOSRF is less than 0.50% of payroll, the employee contribution rate is set equal to the state contribution rate. The bill requires that members of the employee class hired on or after September 1, 2009 to be at least 65 years old and have at least 10 years of service or have at least five years of service and the sum of age and service exceed 80 to be eligible to retire and receive a service retirement annuity. The bill calculates the service retirement annuity using an average compensation based on the 48 highest months of compensation for members hired on or after September 1, 2009 and the standard service retirement annuity is reduced by five percent for each year the member retires before age 60, with a maximum possible reduction of 25 percent, for members hired on or after September 1, 2009. The legislation calculates the standard service retirement annuity payable for at least 20 years of service credit as a law enforcement or custodial officer using an average compensation based on the 48 highest months of compensation for members hired on or after September 1, 2009 and reduces the standard service retirement annuity by five percent for each year the member retires before age 55, with a maximum possible reduction of 25 percent. HB 2559 allows sick leave and annual leave to be used only in determining the member's or beneficiary's annuity for those members that are hired on or after September 1, 2009.

##### **SB 833 – Carona**

SB 833 amends the Government Code regarding the Employees Retirement System of Texas (ERS) to establish that an employee on an unpaid leave of absence during military duty after being called to active duty during a national emergency to serve in a reserve component of the U.S. armed forces continues to accrue vacation leave and sick leave. The bill specifies that leave earned while on an unpaid leave of absence as described above, rather than in a state-paid status, is credited to the employee's balance when the employee returns to active state employment.

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#### Employees Retirement System (ERS), Continued

##### 80<sup>th</sup> Session:

##### **HB 957 – Orr**

HB 957 amends the Government Code to make participation in a 401(k) plan chosen by the board of trustees of the Employees Retirement System of Texas automatic for any new state employee hired after January 1, 2008, unless the employee elects not to participate or later decides to cease participation. The bill requires a participating employee to contribute a minimum of one percent of earned compensation to the plan.

##### **HB 2341 – Truitt**

HB 2341 amends provisions relating to the qualified investment products certain educational institutions may offer employees. The bill allows an educational institution to refuse to enter into a salary reduction agreement with an employee if the product that is the subject of the salary reduction agreement is offered by a company that does not comply with the institution's administrative requirements, providing that the educational institution imposes the requirements uniformly on all companies and are necessary to comply with employer responsibilities under the Internal Revenue Code or related provisions.

##### **HB 2498 – Gonzalez Toureilles**

HB 2498 amends Government Code to increase hazardous duty pay for certain full-time correctional officers employed by the Texas Department of Criminal Justice. The bill increases the per year of service amount used to calculate hazardous duty pay from \$10 to \$12, but retains the hazardous duty pay cap of \$300 per month for such correctional officers and removes the cap for other state employees.

##### **HB 3322 – Truitt**

HB 3322 allows the transfer of all deferred amounts and investment income from a TexSaver 457 plan for employees of an institution of higher education to the plan administrator of a 457 plan created by that institution of higher education.

##### **SB 247 – Ellis**

SB 247 amends the Government Code to prohibit the Employees Retirement System of Texas (ERS) and the Teacher Retirement System of Texas (TRS) from investing pension funds in the publicly traded securities of a company that engages in certain business activities in Sudan. The bill requires ERS and TRS to file annually a publicly available report summarizing its compliance with these provisions and provides for the expiration of these provisions if the U.S. government declares that the Darfur genocide has been halted for at least 12 months, that the mandatory divestment is interfering with the conduct of U.S. foreign policy, or revokes its sanctions against the government of Sudan.

##### **SB 737 – Williams**

SB 737 removes the \$300 cap on the amount of hazardous duty pay for certain state employees.

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#### Judicial Retirement System I (JRS I)

**82<sup>nd</sup> Session:**

No major legislation passed.

**81<sup>st</sup> Session:**

No major legislation passed.

**80<sup>th</sup> Session:**

**HB 2882 – Hughes**

HB 2882 modifies the formula used to calculate such benefits by changing the multiplier from 2 to 2.3 percent and increases the maximum retirement benefit from 80 to 90 percent of state salary (as adjusted from time to time for JRS1 retirees and at the time of retirement for JRS2 retirees). Applies only to JRS I or JRS II members who retire on or after September 1, 2007. Annuities that first became payable prior to September 1, 2007 continue to be paid as they were under former law.

#### Judicial Retirement System II (JRS II)

**82<sup>nd</sup> Session:**

No major legislation passed.

**81<sup>st</sup> Session:**

No major legislation passed.

**80<sup>th</sup> Session:**

**HB 2882 – Hughes**

HB 2882 modifies the formula used to calculate such benefits by changing the multiplier from 2 to 2.3 percent and increases the maximum retirement benefit from 80 to 90 percent of state salary (as adjusted from time to time for JRS1 retirees and at the time of retirement for JRS II retirees). Applies only to JRS I or JRS II members who retire on or after September 1, 2007. Annuities that first became payable prior to September 1, 2007 continue to be paid as they were under former law.

**SB 1519 – Wentworth**

SB 1519 entitles a judge or justice who is paid by the state, a member of the Judicial Retirement System, and is an active judge, to receive longevity pay of \$20 for each year of service credited in the applicable retirement system, up to a maximum of 16 years of creditable service.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Teacher Retirement System (TRS)

##### 82<sup>nd</sup> Session:

##### **HB 1061 – Otto**

HB 1061 amends current law under the Texas Government Code relating to the expiration of certain investment authority of the Teacher Retirement System (TRS). The bill extends the statutory expiration date from September, 2012 to September, 2019 for the investment and reinvestment of certain assets of the retirement system by the TRS board of trustees and for the use of external managers by re-authorizing the TRS board of trustees to delegate investment authority over a portion of the assets of the Retirement Trust Fund to external managers. The bill also increases the allowable amount that the TRS can invest in hedge funds to not more than 10 percent of the total investment portfolio with an expiration date of September, 2019.

##### **HB 2120 – Miller, D.**

HB 2120 amends current law relating to the composition of board of trustees of the Teacher Retirement System of Texas (TRS). The bill allows the one trustee position of the TRS board held currently by an employee of an institution of higher education to be held by any TRS member or retiree. The bill requires the nomination list provided by TRS to be the result of input from current and retired higher and public education TRS members. The changes in the bill will apply only to the appointment or election of a trustee of the TRS board that occurs after September 1, 2011. Sitting board members would complete their term of office.

##### **HB 2561 – Eissler**

HB 2561 amends current law relating to the definition of "school year" for purposes of TRS. The bill provides a uniform definition of the school year and defines a school year solely as a 12-month period beginning September 1 and ending August 31 of the next calendar year. The new definition would apply beginning with the 2012-2013 school year.

##### **SB 1667 – Duncan**

SB 1667 amends several sections of the Texas Government Code relating to TRS. The bill allows the retirement system to operate more efficiently and clarify certain statutory references by amending several sections of the Government Code to enact recommendations made by the board relating to the administration of and benefits payable by TRS. SB 1667 allows TRS to obtain access to criminal history records relating to employees, applicants, and persons doing business with TRS, from law enforcement agencies. The bill establishes that the state's open meetings law does not prohibit the TRS board of trustees or a board committee from holding an open or closed meeting by telephone conference and authorizes the board of trustees or a board committee to hold a meeting by telephone conference call only if a quorum of the applicable board or board committee is physically present at one location. The bill establishes that a telephone conference call meeting is subject to the notice requirements applicable to other meetings and requires such notice to specify the location of the meeting where a quorum of the board of trustees or board committee, as applicable, will be physically present and the intent to have a quorum present at that location. SB 1667 allows a public retirement system to assess administrative fees on a party who is subject to a domestic relations order for the review of the order under this subchapter and, as applicable, for the administration of payments under an order that is determined to be qualified. In addition to other methods of collecting fees that a retirement system may establish, the retirement system may deduct fees from payments made under the order. The bill adds sections to the Government Code clarifying a member's duty to notify the retirement system for



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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Teacher Retirement System (TRS), Continued

##### **SB 1667-Duncan (Continued)**

service that has not been properly credited on an annual statement. The bill also clarifies a beneficiary's entitlement to a member's benefits upon death. SB 1667 makes other revisions to bring the statute up to date with current TRS policy by amending the language of Government Code Section 824.202 to change the retirement eligibility from employees who became members in 2006 to those who became members in 2007. The bill authorizes the amount of the State contribution to TRS for the state fiscal year end August 31, 2012 to be less than the amount contributed by members during that fiscal year.

##### **SB 1668 – Duncan**

SB 1668 amends several sections of the Texas Government Code relating to TRS. The bill requires a member establishing service credit for out-of-state public school service to have at least one year of service in TRS after the out-of-state service. SB 1668 also establishes certain timing and administrative requirements for creditable service while on developmental leave. Also, modifies the costs for the member establishing this type of service credit by requiring that the actuarial present value of the additional service credit be paid. The bill modifies the cost for establishing creditable service where member contributions were due but not paid by requiring that the actuarial present value of the additional service credit be paid and furthermore, the bill establishes a time period of five years to claim the unreported service, after which time, the unreported service can no longer be established as creditable service. The bill makes a small change to the rules for establishing service credit for active military service to comply with recent changes to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). SB 1668 also increases the interest rate charge from 6% to 8% for members to who re-establish their previous TRS service credit by repaying previously withdrawn member contributions.

##### **SB 1669 – Duncan**

SB 1669 amends several sections of the Texas Government Code relating to TRS. The bill modifies the current TRS "return to work" provisions. The bill allows a service retiree who retired on or before January 1, 2011, to work full-time in a Texas public educational institution with no loss of monthly annuity payments. Additionally, service retirees who retired on or before January 1, 2011, resumed employment after retirement and whose benefit payments were suspended under Section 824.601 would be entitled to the resumption of the monthly benefit payments. The said monthly benefit payments shall be resumed on the first payment date occurring on or after the effective date of the bill. However, the aforementioned return-to-work retirees entitled to the resumption of monthly benefit payments are not entitled to recover the past suspended benefit payments. The bill allows service retirees who retire after January 1, 2011, and have been separated from service with all Texas public educational institutions for at least 12 full consecutive months immediately after retiring, to resume full-time employment with no loss of monthly annuity payments. Currently, a return-to-work retiree will forfeit the annuity payment for any additional month the retiree works in excess of a period of six months, in a school year. SB 1669 eliminates other exceptions to the loss of monthly annuity under the Government Code, Section 824.601(b) for working in Texas public educational institutions, including working full-time as a teacher in an acute shortage area after a 12-month break in service after retirement; working as a principal or assistant principal full-time after a 12-month break in service after retirement; working as a bus driver full-time; or working as a faculty member in a professional nursing program after a 12-month break in service after retirement.

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#### Teacher Retirement System (TRS), Continued

##### 81<sup>st</sup> Session:

###### **HB 1191 – Flores**

HB 1191 grants teachers 90 days after the date of retirement to enroll in insurance coverage through the Texas Public School Employees Group Insurance Program of the Teacher Retirement System.

##### 80<sup>th</sup> Session:

###### **HB 2190 – Truitt**

The bill removes a requirement that the director must have been a citizen of Texas for three years preceding the person's appointment and adds language requiring the person to have executive ability and experience to carry out the duties of the office.

###### **HB 2358 – Otto**

HB 2358 amends the Government Code to require an employer to immediately send money received for state contributions to the retirement system for deposit in the state contribution account, rather than the general revenue fund of the state treasury. The bill also requires the retirement system to deposit all money it receives into the state contribution account, rather than the general revenue fund. The bill makes a conforming change to the Insurance Code.

###### **HB 2427 – Truitt**

HB 2427 requires the TRS board of trustees to adopt policies governing retirement benefits counseling services that will make such counseling available to groups and individuals throughout the state. The bill also requires the board of trustees to adopt rules providing for the reduction of disability retirement benefits for members whose incomes exceed compensation earned before retirement and for the reinstatement of benefits for members whose incomes no longer exceed previous compensation. Disability retirees who receive reduced benefits may still participate in the group health insurance program by paying a premium to cover the cost of their participation. The bill amends the Education Code to discontinue the TRS health insurance comparability study and amends the Insurance Code to expand the public school employees group benefits program to include certain TRS disability retirees. In addition, the bill amends provisions of the Business & Commerce Code and other statutes in connection with the registration, sale, and administration of 403(b) retirement investment products. The bill specifies that the sunset commission shall review the board in 2019 and every 12th year afterwards.

###### **SB 247 – Ellis**

SB 247 amends the Government Code to prohibit the Employees Retirement System of Texas (ERS) and the Teacher Retirement System of Texas (TRS) from investing pension funds in the publicly traded securities of a company that engages in certain business activities in Sudan. The bill requires ERS and TRS to file annually a publicly available report summarizing its compliance with these provisions and provides for the expiration of these provisions if the U.S. government declares that the Darfur genocide has been halted for at least 12 months, that the mandatory divestment is interfering with the conduct of U.S. foreign policy, or revokes its sanctions against the government of Sudan.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Teacher Retirement System (TRS), Continued

##### 80<sup>th</sup> Session, Continued

##### **SB 1039 – Lucio**

SB 1039 amends the Government Code to provide that a retiree of the Teacher Retirement System of Texas who returns to work at a public school after September 1, 2007, to continue employment beyond May 31 but not later than June 15 of that year does not lose the monthly annuity payment paid in June.

##### **SB 1447 – Duncan**

SB 1447 amends the Government Code to grant authority to the Teacher Retirement System (TRS) board of trustees to invest and reinvest retirement system assets in any investment instrument commonly known as a security. The bill authorizes the TRS board of trustees to delegate investment authority to TRS staff or to private contractors and allows the trustees to consider certain investment-related matters in closed session. The bill restricts investments in hedge funds to no more than five percent of the value of the system's investment portfolio.

##### **SB 1846 – Duncan**

SB 1846 authorizes the board of trustees of the Teacher Retirement System of Texas (TRS) to require an increase in the rate of a member's contribution to not more than 6.58 percent of the member's annual salary. The bill specifies that the state contribution rate to TRS may not be less than the member contribution rate during that fiscal year. The bill also requires TRS to make a one-time supplemental benefit payment to eligible annuitants equal to the lesser of \$2,400 or the amount of the annuitant's August 2007 regular annuity payment.

##### **SB 1877 – Averitt**

SB 1877 amends the Government Code to specify that salary amounts designated by an employee as health care supplementation are included, rather than excluded, as salary and wages in determining total compensation under the Teacher Retirement System of Texas and that certain amounts received from awards for student achievement, educator excellence, and mentoring programs are considered salary and wages for that purpose.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Texas County and District Retirement System (TCDRS)

##### 82<sup>nd</sup> Session:

No major legislation passed.

##### 81<sup>st</sup> Session:

###### HB 407 – Kuempel

HB 407 amends current law relating to participation and credit in, contributions to, benefits from, and administration of the Texas County and District Retirement System (TCDRS). This TCDRS legislation is targeted to make changes to outdated plan design provisions, processes, and funding arrangements, along with administrative and technical changes and clarifications. The bill provides for more efficient plan and operating administration, provides conformity with Internal Revenue Service qualified plan requirements in needed areas, and enables the implementation of planned technology changes to improve services provided to the system's membership. The bill makes no substantive benefit changes. The system does not receive state funds—it is funded by its member employers and their employees.

##### 80<sup>th</sup> Session:

###### HB 1587 – Kuempel

HB 1587 allows a participating subdivision with a fixed-rate plan to offer the plan options available to a subdivision with a variable-rate plan and allows a lump-sum "present value" payment to a retiring employee. The bill decreases the minimum cost-of-living increase for a retiree from 30 to 10 percent, allows a subdivision other than a county to deduct plan contributions from an employee's compensation in anticipation of its participation in the plan, and provides for special retirement eligibility and vesting with the approval of the TCDRS board of trustees. The bill provides a survivor annuity that is equivalent to the deceased member's accrued benefit and changes the procedures for reestablishing service credit that was previously forfeited. The bill also allows the TCDRS director to approve certain disability retirement applications without medical board review, modifies requirements relating to disclosure of confidential information, and authorizes the board to set systemwide standards for the recognition of service and to define calculation for prior service.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Texas Emergency Services Retirement System (TESRS)

##### 82<sup>nd</sup> Session:

No major legislation passed.

##### 81<sup>st</sup> Session:

##### HB 2751 – Truitt

HB 2751 amends current law relating to participation and credit in, benefits from, and the administration of the Texas Emergency Services Retirement System (TESRS). TESRS began to modernize its operations and its plan design with the codification of its law in the Government Code and subsequent legislation (HB 2400, 80th Legislature, Regular Session, 2007). This bill represents a further step in ensuring that TESRS can modernize its operations and deliver its promised benefits to volunteers. This legislation will allow participating departments to include their support staff as members of the System on the same terms as other volunteers who are members of the System. The change would be permissive for participating departments that have not previously enrolled their support staff as members. The bill will allow the System board of trustees by board rule to impose an interest charge on contributions that are late due to the correction of an error and gives the board the responsibility and flexibility to define non-service death benefits by board rule. HB 2751 authorizes the board of trustees to designate a medical board to investigate applications for on-duty disability and on-duty death benefits. The bill also repeals the authority for the board of trustees board rules for certain death benefit annuity provisions as a part of the changes in Section 6 that would authorize the board to define non-service death benefits. The bill will give the board of trustees the authority not to pay a death benefit to a person convicted of causing that death. Instead the benefit would be payable as if the convicted person had predeceased the decedent.

##### 80<sup>th</sup> Session:

##### HB 2400 – Keffer

HB 2400 amends provisions of the Government Code relating to the Texas Emergency Services Retirement System (TESRS). The provisions include changes in the procedures for disability benefits, reduces the maximum period for a temporary disability benefit from two years to one year, allows departments to make either one or more supplemental payments or to increase monthly benefits payable to retirees and beneficiaries with electing departments would be required to fund these additional benefits through additional contributions, and requires that members who are classified as permanently disabled be recertified after five years. The bill also changes the death benefit for members who die while on active duty to provide for a payment of 100% of service retirement annuity for all surviving spouses. The bill provides immunity from liability for the board, commissioner and employees for any action taken or omission made or suffered by them in good faith in the performance of any duty in connection with the administration of TESRS.

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#### Texas Municipal Retirement System (TMRS)

##### 82<sup>nd</sup> Session:

##### **HB 159 – Raymond**

HB 159 amends current law relating to the resumption of employment by certain retirees within the Texas Municipal Retirement System (TMRS). This bill can typically be referred to as a “return to work” bill that amends the current TMRS law relating to suspension of TMRS retirement benefits upon full-time re-employment of a retiree with the same municipality from which an employee originally retired. The bill will allow an individual who has retired from a TMRS city, and who becomes re-employed by that same city at least eight (8) years after the first retirement to be able to receive a lump-sum payment of suspended benefits for the re-employment period upon subsequent (final) retirement. To be eligible for this lump-sum payment, an individual would have to have originally retired based on a bona fide termination of employment.

##### **SB 350 – Williams**

SB 350 restructures the internal existing trust funds and accounting of TMRS by consolidating the Municipality Accumulation Fund (MAF), Employees Savings Fund (ESF) and Current Service Annuity Reserve Fund (CSARF) into a single fund; the Benefit Accumulation Fund (BAF). The CSARF assets and liabilities associated with each city’s retirees, as well as the ESF assets associated with each city’s employees, would be allocated back to each city and combined with its MAF to form the new BAF. Each city will continue to have its own trust fund account within the BAF. Future member and city contributions will be deposited and held in their BAF account, and retirement benefits and refunds to terminated employees will be paid from there. This would mean that a member employee’s individual account would be established within the employing municipality’s account within the BAF. Municipality contributions would be credited to corresponding municipality accounts within the BAF, and member employee contributions would be credited to corresponding individual accounts within those municipality accounts. A retiree’s annuities would be paid from the municipality’s account in the BAF, which would contain contributions from both the municipality and the member by that point. Under the bill, a retiree’s annuities would be the municipality’s liabilities.

##### **SB 812 – Zaffirini**

SB 812 amends current law relating to the resumption of employment by certain retirees within the Texas Municipal Retirement System (TMRS) and is a companion to HB 159. This bill can typically be referred to as a “return to work” bill that amends the current TMRS law relating to suspension of TMRS retirement benefits upon full-time re-employment of a retiree with the same municipality from which an employee originally retired. The bill will allow an individual who has retired from a TMRS city, and who becomes re-employed by that same city at least eight (8) years after the first retirement to be able to receive a lump-sum payment of suspended benefits for the re-employment period upon subsequent (final) retirement. To be eligible for this lump-sum payment, an individual would have to have originally retired based on a bona fide termination of employment.

##### 81<sup>st</sup> Session:

##### **HB 360 – Kuempel**

HB 360 requires the Texas Municipal Retirement System (TMRS) to credit unrealized gains or losses, establishes a five percent floor for interest credits

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### **APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature**

#### **Texas Municipal Retirement System (TMRS), Continued**

##### **HB 360 - Kuempel, Continued**

for active employees and a five percent floor for the annuity purchase rate for retirees. The bill also allows city accounts to receive annual interest at a rate different from the member rate, including negative interest.

##### **80<sup>th</sup> Session:**

##### **HB 1244 – Kuempel**

HB 1244 amends the Government Code to give the board of trustees of the Texas Municipal Retirement System the authority to allow additional voluntary lump-sum or periodic employer contributions by municipalities, to set either open or closed amortization periods not to exceed 25 years, to limit by rule the increase in a member's average updated service compensation, and to pay qualified health insurance premiums, federally tax-free, for retired public safety officers. The bill repeals a provision relating to the computation of the service compensation of certain individuals who terminated employment with a participating municipality without applying for retirement benefits or a refund of accumulated contributions.

##### **HB 3392 – Guillen**

HB 3392 provides that a person who retired because the department in the municipality in which the person worked was privatized and who later resumes employment in the same department or a successor department again becomes a member of the Texas Municipal Retirement System (TMRS) and the person's retirement annuity is not suspended.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Texas Local Fire Fighters Retirement Act (TLFFRA)

##### 82<sup>nd</sup> Session:

No major legislation passed.

##### 81<sup>st</sup> Session:

No major legislation passed.

##### 80<sup>th</sup> Session:

##### **HB 2799 – McClendon**

HB 2799 amends Texas Local Fire Fighters Retirement Act (TLFFRA) to authorize a political subdivision that is not located exclusively outside the boundaries of a municipality to organize under the act for the benefit of its paid employees unless it is governed by another state law providing for retirement benefits for full-time paid fire department personnel.

##### **HB 3731 – Guillen**

HB 3731 removes existing text requiring the board of trustees of the fire fighters retirement system and trust fund of which the person is a member to issue to the member a certificate of service. The bill requires a person to be a participating member, rather than a member, of the retirement system to be elected a member of a board of trustees.



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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### City of Austin Employees' Retirement System (COAERS)

##### 82<sup>nd</sup> Session:

###### **HB 2702 – Solomons**

HB 2702 amends various statutes that restrict their provisions from general applicability based on classification of political subdivisions according to population. The bill seeks to reflect the most current federal census data and update population brackets as necessary. Accordingly, among other things, the bill amends Section 803.0021 of the Texas Government Code relating to the application of the 'Proportionate Retirement Program'. The bill specifically amends subsection 803.0021(1) by updating the population bracket with a population of not less than 750,000 nor more than 850,000 in order to continue the application of Chapter 803 to COAERS.

###### **HB 3033 – Naishtat**

HB 3033 amends several sections of the Vernon's Texas Civil Statutes (V.T.C.S.), Article 6243n that apply to COAERS. The bill establishes a new tier of benefits for employees in classification Group B, which would include members who join COAERS on or after January 1, 2012 and members, who return to full-time employment on or after January 1, 2012, which have received a distribution for service earned prior to January 1, 2012, but have not reestablished such service credit with COAERS. The bill also makes several changes to the V.T.C.S. to bring the statute into compliance with federal law and current administrative practices of COAERS.

##### 81<sup>st</sup> Session:

###### **HB 1979 – Rodriguez**

HB 1979 amends several sections of the Vernon's Texas Civil Statutes that apply to the City of Austin Employees' Retirement System (COAERS). The bill modifies the definition of Normal Retirement Date and Normal Retirement Age to include the attainment of 23 years of service which has already been adopted by the board of trustees. The bill also revises the statute to allow employees of the City of Austin who have met the eligibility requirements for retirement in COAERS and are working in a position required to participate in another City of Austin retirement system, to continue to work full-time for the City while drawing a pension from COAERS.

###### **SB 1063 – Watson**

SB 1063 amends the Government Code, as well as the Health and Safety Code, to allow former employees of the Travis County Health District (TCHD) who no longer have service credit in the TCHD retirement plan due to a refund of contributions to reestablish their service credit for the special proportionate retirement program with the City of Austin Employees Retirement System (COAERS), without actually purchasing the service credit in the TCHD retirement plan. The member must just apply for the service credit and indicate they do not wish to make a contribution for the credit.

##### 80<sup>th</sup> Session:

###### **SB 1107 – Watson**

SB 1107 amends provisions of the Government Code, Health and Safety Code, and Occupations Code relating to certain hospital districts. The bill creates a proportional retirement system for City of Austin municipal employees who transfer their employment to the district by authorizing an employee of a hospital district created in a county with a population of more than 800,000 that was not included in the boundaries of another hospital district before September 1, 2003, a charitable organization created by such a hospital district, or certain administrative agencies created for the purpose of supervising interlocal contracts, to combine service credit to determine whether the employee meets the length-of-service requirement under the employee's municipal retirement system. The bill also clarifies the district's contracting authority, and repeals the prohibition on a district-assessed sales and use tax.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Austin Firefighters Relief and Retirement Fund

##### 82<sup>nd</sup> Session:

##### **SB 1286 – Watson**

SB 1286 amends the Vernon's Texas Civil Statutes (V.T.C.S.), Article 6243e.1 relating to the funding of the Austin Firefighters Relief and Retirement Fund. The bill incrementally increases the contribution rates paid by the City of Austin and by member firefighters to the firefighters' retirement fund. The bill increase the City of Austin contribution rates to the Fund from the current rate of 18.05% of pay to 19.05% effective October 1, 2010, to 20.05% effective October 1, 2011, to 21.05% for 24 pay dates effective October 1, 2012, and to 22.05% for all the pay dates thereafter. Additionally, the bill increase the member firefighters contribution rates from the current rate of 15.70% of pay to 16.20% effective October 1, 2011, to 16.70% effective October 1, 2012, to 17.20% effective October 1, 2013, and to 17.70% effective October 1, 2014, to 18.20% effective October 1, 2015, and to 18.70% for all the pay dates effective October 1, 2016 and thereafter. The bill codifies the increases in the contribution rates that had already been negotiated and agreed to by the City of Austin and the firefighters.

##### 81<sup>st</sup> Session:

##### **HB 2829 – Rodriguez**

HB 2829 addresses three new significant revisions for the Austin Firefighters Relief and Retirement Fund (Article 6243e.1, Vernon's Texas Civil Statutes). The purpose of this legislation is to "clean-up" and enhance certain provisions within the governing statute of the Austin fire fighters relief and retirement fund (Article 6243e.1, V.T.C.S.). The bill tightens up the cost-of-living-adjustment (COLA) language and adds flexibility for the board to grant a partial COLA if a full COLA is not affordable. HB 2829 also incorporates a prudent investor standard with respect to the investment of plan assets and provides a requirement that the Board adopt an investment policy.

##### 80<sup>th</sup> Session:

##### **SB 1626 – Watson**

SB 1626 prohibits the governing body of a municipality that finances a public retirement system for Austin police officers or firefighters from approving the retirement system's election to participate in the proportionate retirement program unless an actuary acting on behalf of the municipality reviews the initial cost of making the election. The bill requires the governing body of the municipality to appropriate and pay to the retirement system the additional amount necessary if the governing body of the retirement system adopts a resolution to participate in the program.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Austin Police Retirement System

##### 82<sup>nd</sup> Session:

##### **SB 1285 – Watson**

SB 1285 amends the Vernon's Texas Civil Statutes (V.T.C.S.), Article 6243n-1 relating to contributions to the Austin Police Retirement System. The bill increases the contribution rates paid by the City of Austin to the police officers retirement system from the current rate of 19% of payroll to 20% of payroll for all pay periods after September 30, 2011 and before October 1, 2012. For all pay periods after September 30, 2012, the City of Austin's contribution rate would increase from 20% to 21%. Additionally, the bill amends V.T.C.S. Article 6243n-1, Section 8.01(a) (1) to reflect the current member contribution rate of 13% of payroll. The bill codifies the increases in the contribution rates that had already been negotiated and agreed to by the City of Austin and the Austin Police Association.

##### 81<sup>st</sup> Session:

##### **HB 2796 – Strama**

HB 2796 refers to the Austin Police Department and amends current law relating to participation in, contributions to, and the benefits and administration of retirement systems for police officers. Specifically, this legislation facilitates the consolidation of the city's law enforcement functions of the Public Safety and Emergency Management Department (PSEM) into the Austin Police Department (APD), as agreed to by the city and Austin Police Association (APA) through the meet and confer process, by arranging for funding to Austin Police Retirement System (APRS) for the cost of participating in the statewide proportionate retirement program (PRP). The city desired consolidation of the PSEM employees into APD and worked with the APA through meet and confer to implement such consolidation. However, without PRP participation by APRS, the retirement benefits of the PSEM employees would have been adversely impacted by the consolidation. APRS has already elected to participate in PRP, which ensures protection of the PSEM retirement benefits.

##### 80<sup>th</sup> Session:

##### **HB 1318 – Dukes**

HB 1318 increases the lump-sum death benefit, modifies the interest rate used to purchase a member's service credit, limits future accrual of interest to vested members, authorizes the board of trustees to reimburse a board member or system employees for certain legal expenses or purchase liability insurance for this purpose, and provides for the confidentiality of information in system records.

##### **SB 1626 – Watson**

SB 1626 prohibits the governing body of a municipality that finances a public retirement system for Austin police officers or firefighters from approving the retirement system's election to participate in the proportionate retirement program unless an actuary acting on behalf of the municipality reviews the initial cost of making the election. The bill requires the governing body of the municipality to appropriate and pay to the retirement system the additional amount necessary if the governing body of the retirement system adopts a resolution to participate in the program.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### El Paso Firemen and Policemen's Pension Fund

##### **82<sup>nd</sup> Session:**

No major legislation passed.

##### **81<sup>st</sup> Session:**

No major legislation passed.

##### **80<sup>th</sup> Session:**

##### **HB 3355 – Haggerty**

HB 3355 amends provisions relating to administration and benefits of the El Paso Fireman and Policemen's Pension Fund, including changes to the membership of the fund's board of trustees and a requirement that any decision by the board to modify or change member benefits be approved by a qualified actuary selected by a four-fifths vote of the board and by the municipality's governing body. If the governing body does not approve the changes, the bill sets out procedures for a municipal election on the question. The bill establishes criteria for increased contributions to the fund if an actuary determines it is underfunded and the governing body approves.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Fort Worth Employees Retirement Fund

##### 82<sup>nd</sup> Session:

No major legislation passed.

##### 81<sup>st</sup> Session:

No major legislation passed.

##### 80<sup>th</sup> Session:

##### **HB 2870 – Truitt**

HB 2870 amends Section 2, Chapter 426, Acts of the 64th Legislature, Regular Session, 1975 (Article 6243k Vernon's Texas Civil Statutes) to provide specific cities the ability to exceed a previous cap of 10 percent of contributions. The bill authorizes the city of Fort Worth to require a contribution that may exceed 10 percent from the annual compensation paid to each member of the retirement, disability, or death benefit system created under 6243k of Vernon's Texas Civil Statutes.

##### **SB 976 – Brimer**

SB 976 amends Vernon's Texas Civil Statutes, Title 109, by adding Article 6243(i) regarding the unitary retirement system for certain municipalities. The bill applies only to a municipality with a population of 500,000 or more that has already established, by municipal ordinance, a single unitary public retirement system for employees of all departments of the municipality. Benefit provisions for such a retirement system are to be determined in accordance with administrative rules governing the system as of May 1, 2007 or amendments to those rules as adopted under the provisions of the bill. The bill also establishes for amendments concerning certain benefit programs or plans, outlines • Outlining the composition of the board of trustees, powers of the board, election of the board chair, and length of board terms, provides guidelines for amendments to contributions by the municipality, allows for member contributions to exceed 10 percent of compensation, and requires the board to review, at least once every six months, the performance of the fund to determine how to address the unfunded liabilities, if any, of the retirement system.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### Houston Firefighters Relief and Retirement Fund

##### **82<sup>nd</sup> Session:**

No major legislation passed.

##### **81<sup>st</sup> Session:**

No major legislation passed.

##### **80<sup>th</sup> Session:**

#### **HB 1390 – Turner**

HB 1390 revises provisions relating to the Firefighters' Relief and Retirement Fund Board of Trustees and the deferred retirement option plan (DROP) and establishes a post-retirement option plan (PROP). The bill sets forth eligibility requirements for participation in the PROP. The bill requires that a participant's PROP account be credited with earnings in the same manner as that of a member's DROP account. The bill also allows a PROP participant to receive partial payments from his or her PROP account and allows a member's surviving spouse to receive a single lump-sum payment of partial payments, subject to certain requirements. The bill also allows the designation of an adult child as a beneficiary and repeals the provision that board members cannot receive compensation for service on the board.

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### APPENDIX A—Legislation Relating to Public Retirement Systems Adopted by the 80<sup>th</sup>, 81<sup>st</sup> and 82<sup>nd</sup> Legislature

#### San Antonio Fire and Police Pension Fund

##### 82<sup>nd</sup> Session:

No major legislation passed.

##### 81<sup>st</sup> Session:

##### **SB 1628 – Wentworth**

SB 1628 amends the terms of the San Antonio Fire and Police Pension Fund that is codified as Article 6243o, Vernon's Texas Civil Statutes, relating to police and fire fighter retirement systems in municipalities within a specified population bracket. The bill amends the timing requirements for certain payments and eligibility requirements for surviving spouses and clarifies and defines certain terms used throughout provisions relating to the fund. The bill authorizes alternate payees to appear before the board of trustees to contest an application for membership or grant of annuity with the same rights as a member or beneficiary of the fund and subjects an alternate payee to the same information requirements and annuity reduction provisions. The bill authorizes fire and police chiefs to make an irrevocable election to not become members of the fund if certain specified procedures are followed. The bill offers members employed for a probationary period the option of purchasing service credits for each month of the probationary period for up to 10 months. The bill also amends the qualified amounts dispersed and accumulated in the fund, makes cost-of-living adjustments for certain members, and changes the amount received by surviving spouses and children.

##### 80<sup>th</sup> Session:

##### **HB 2752 – McClendon**

HB 2752 amends provisions relating the San Antonio Fire and Police Pension Fund. The bill increases the system's lump-sum death benefit for persons who die without a beneficiary from 5 to 10 years and changes the years-of-service multiplier for members who retire on or after October 1, 2007. The bill extends the annual cost-of-living adjustment to a member who retired between October 1, 1993, and September 30, 1997, extends a death benefit to certain persons who married a disability retiree after retirement, extends the Back DROP selection from 3 to 4 years, and provides for a catastrophic injury disability retirement annuity of 87.5 percent of the member's average total salary if certain conditions are met. In addition, the bill provides a \$200 monthly increase to the annuity of a member who retired before October 1, 1989, and a minimum benefit of \$1,850 per month for all retirees.

**APPENDIX B—VOLUNTEER FIREMEN’S PLANS UNDER TLFFRA AND  
ADDITIONAL 810 PLANS**



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### APPENDIX B—VOLUNTEER FIREMEN’S PLANS UNDER TLFRA AND ADDITIONAL 810 PLANS

Plan Name	Fiscal Year	Total Net Assets	Total Annuitants	Total Active Participants
Arlington Firemen's Relief & Retirement Fund*	2012	\$1,852	4	0
Bay City Firemen's Relief & Retirement Fund	2011	\$23,812	13	26
Beeville Firemen's Relief & Retirement Fund	2011	\$1,088	15	24
Belton Firemen's Relief & Retirement Fund	2011	\$25,073	7	4
Benavides Firemen's Relief & Retirement Fund	2011	-	4	15
Bowie Volunteer Firemen's Relief & Retirement Fund	2012	-	11	23
Bronte Firemen's Relief & Retirement Fund	2011	\$34,609	2	21
Caddo Mills Volunteer Firemen's Relief & Retirement	2010	\$4,513	15	29
Canton Volunteer Firemen's Relief & Retirement Fund*	2011	\$2,817	10	0
Chillicothe Firemen's Relief & Retirement Fund	2011	\$653	0	29
Cisco Firemen's Relief & Retirement Fund	2011	\$185	36	0
Clifton Firemen's Relief & Retirement Fund	2011	-	13	29
Cockrell Hill Firemen's Relief & Retirement Fund*	2011	-	8	N/A
College Station Firemen's Relief & Retirement Fund*	2012	-	5	0
Colorado City Firemen's Relief & Retirement Fund	2011	\$4,278	4	17
Comanche Firemen's Relief & Retirement Fund	2011	\$13,183	14	25
Commerce Firemen's Relief & Retirement Fund	2011	\$14,121	11	6
Cooper Volunteer Firemen's Relief & Retirement Fund	2011	\$3,042	13	21
De Kalb Firemen's Relief & Retirement Fund	2012	\$16,679	12	14
Decatur Firemen's Relief & Retirement Fund	2011	\$52,743	4	25
Donna Firemen's Relief & Retirement Fund	2011	-	12	26
Eden Firemen's Relief & Retirement Fund	2011	-	2	13
Edinburg Firemen's Relief & Retirement	2011	\$1,604,433	14	85
Elsa Firemen's Relief & Retirement Fund	2011	\$38	12	35
Ennis Firemen's Relief & Retirement Fund	2011	\$219	1	1
Floresville Firemen's Relief & Retirement Fund	2011	\$8,339	15	34
Franklin Firemen's Relief & Retirement Fund	2011	\$43,449	4	11
Gatesville Volunteer Firemen's Relief & Retirement Fund	2011	\$757	12	2
Goldthwaite Firemen's Relief & Retirement Fund	2011	\$19,741	12	34
Granger Firemen's Pension Fund	2011	-	5	N/A
Grapeland Firemen's Relief & Retirement Fund	2011	\$18	4	36
Hamlin Firemen's Pension	2011	-	9	N/A
Hemphill Firemen's Relief & Retirement Fund	2011	-	2	9

\*Closed-paying benefits plan

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### APPENDIX B—VOLUNTEER FIREMEN’S PLANS UNDER TLFRA AND ADDITIONAL 810 PLANS

Plan Name	Fiscal Year	Total Net Assets	Total Annuitants	Total Active Participants
Henderson Firemen's Relief & Retirement Fund	2011	\$4,225	11	9
Henrietta Firemen's Relief & Retirement Fund	2011	\$112,216	16	22
Hughes Springs Firemen's Relief & Retirement Fund	2011	\$16,493	3	22
Jacksboro Volunteer Fire Department	2011	-	2	23
Jacksonville Firemen's Relief & Retirement Fund*	2012	-	13	0
Junction Firemen's Relief & Retirement Fund	2011	\$512	11	29
Karnes City Firemen's Relief & Retirement Fund	2011	\$51	3	1
Kaufman Fireman's Relief & Retirement Fund	2009	\$39,748	9	23
Kenedy Volunteer Firemen's Relief & Retirement Fund	2009	\$1,030	10	16
Lampasas Firemen's Relief & Retirement Fund	2012	\$0	5	8
Leonard Volunteer Firemen's Relief & Retirement Fund	2010	-	15	17
Los Fresnos Firemen's Relief & Retirement Fund	2011	\$21,753	N/A	26
Mason Firemen's Relief & Retirement Fund	2012	\$21,176	8	14
McGregor Firemen's Relief & Retirement Fund	2011	-	9	18
McKinney Volunteer Fire Pension Fund*	2011	-	4	0
McLean Firemen's Relief & Retirement Fund	2011	\$469	2	13
Memphis Firemen's Relief & Retirement Fund	2011	\$904	10	15
Monahans Volunteer Firemen's Relief & Retirement Fund	2012	\$9,143	3	26
Mount Pleasant Firemen's Relief & Retirement Fund	2011	\$60	4	12
Muenster Volunteer Firemen Relief & Retirement Fund	2011	-	6	29
Navasota Firemen's Relief & Retirement Fund	2011	\$33,581	7	8
Nocona Firemen's Relief & Retirement Fund	2012	\$19,001	9	34
Olney Firemen's Relief & Retirement Fund	2009	\$2,140	27	28
Paducah Firemen's Relief & Retirement Fund	2011	\$3,309	3	17
Pecos City Firemen's Relief & Retirement Fund	2011	\$166,096	25	38
Pittsburg Firemen's Relief & Retirement Fund	2011	\$322	2	5
Port Lavaca Firemen's Relief & Retirement Fund	2011	\$80	11	3
Ralls Firemen's Relief & Retirement Fund	2011	\$2,294	6	11
Robert Lee Firemen's Relief & Retirement Fund	2011	\$28,665	12	19
Robstown Firemen's Relief & Retirement Fund	2011	\$59	8	N/A
Rockdale Firemen's Relief & Retirement Fund	2011	\$161,522	8	46
Runge Firemen's Relief & Retirement Fund	2009	\$4,821	3	30
Rusk Firemen's Relief & Retirement Fund	2011	\$44,995	21	17

\*Closed-paying benefits plan

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

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### APPENDIX B—VOLUNTEER FIREMEN’S PLANS UNDER TLFRA AND ADDITIONAL 810 PLANS

Plan Name	Fiscal Year	Total Net Assets	Total Annuitants	Total Active Participants
Sabinal Firemen's Relief & Retirement Fund*	2009	-	1	0
Sealy Firemen's Relief & Retirement Fund	2011	\$46,628	18	18
Silsbee Firemen's Relief & Retirement Fund**	2009	\$95,127	N/A	N/A
Silverton Firemen's Relief & Retirement Fund	2011	\$28,495	4	12
Smithville Firemen's' Relief & Retirement Fund	2011	\$42,600	14	23
Stephenville Firemen's Relief & Retirement Fund	2011	-	12	3
Sulphur Springs Firemen's Relief & Retirement Fund*	2011	-	5	0
Taft Firemen's Relief & Retirement Fund	2011	\$143,034	8	4
Three Rivers Firemen's Relief & Retirement Fund	2011	\$1,780	4	16
Throckmorton Firemen's Relief & Retirement Fund	2011	\$20	8	24
Tulia Firemen's Relief & Retirement Fund	2011	-	5	20
Valley Mills Firemen's Relief & Retirement Fund	2011	\$4,267	6	37
Weatherford Firemen's Relief & Retirement Fund*	2011	-	8	NA
White Deer Volunteer Firemen's Relief & Retirement Fund	2012	\$5,092	10	22
Winters Firemen's Relief & Retirement Fund	2011	\$614	18	26

\*Closed-paying benefits plan

\*\*Closed-paying benefits plan. Plan has not submitted a membership report.

#### Additional 810 Plans

Plan Name	Fiscal Year	Total Net Assets	Total Annuitants	Total Active Participants
Arlington Employees Deferred Income Plan	2011	\$15,233,412.00	390	226
Boerne Firemen's Relief & Retirement Fund*	2011	\$284,459.90	9	26
Dallas Police & Fire Pension System-Supplemental	2011	\$20,355,008.00	113	39
Northeast Medical Center Hospital Retirement Plan**	2011	\$8,001,427.00	576	0
Northwest Texas Healthcare System Retirement Plan	2011	\$15,233,412.00	390	205

\*Plan not under TLFRA.

\*\*Closed-paying benefits plan.

**APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE  
STATE PENSION REVIEW BOARD**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE STATE PENSION REVIEW BOARD

Plan Name	Fiscal Year	Total Net Assets	Total Members
32nd Judicial District Juvenile Board Pension Plan	2011	\$151,193	102
Abilene Regional MHMR 457 Deferred	2011	\$1,078,366	106
Abilene Regional MHMR Center Retirement Plan	2011	\$3,153,755	237
ACCESS Deferred 457 Plan	2011	\$889,022	106
ACCESS Employee Retirement Plan 401	2011	\$633,963	106
Aldine ISD PARS 401(a) Matching Plan for Retirement Savings	2011	\$9,079,778	3,950
Alvin ISD 401(a) Supplemental Plan	2011	\$1,079,507	267
Andrews Center Retirement Plan	2011	\$9,554,408	364
Angleton-Danbury Hospital Defined Contribution Plan	2011	\$5,261,185	253
Ark-Tex COG Money Purchase Pension Plan	2011	\$1,335,098	61
Arlington Money Purchase Plan*	2011	\$131,488	1
Arlington Thrift Savings Plan	2011	\$114,992,692	2,489
Barton Springs/Edwards Aquifer Conservation District Retirement Plan & Trust	2012	\$1,128,395	16
Bastrop County Appraisal District Pension Plan & Trust	2011	\$1,890,380	23
Bexar County Housing Authority Pension Plan	2011	\$253,662	21
Bluebonnet Trails MHMR Center	2011	\$8,880,692	837
Border Region MHMR Community Center	2011	\$2,371,222	511
Briscoe County Appraisal District Pension Plan	2011	\$183,377	2
Burke Center MHMR Hourly Employee Retirement Plan	2011	\$1,209,578	442
Burke Center Salaried Staff Retirement Plan	2011	\$9,886,874	1,403
Campbell Health System	2011	\$1,726,681	119
Capital Area COG Retirement Plan	2011	\$3,313,622	69
Carroll ISD	2011	\$188,214	2
Carrollton Money Purchase Plan*	2011	\$66,373	4
Carson County Appraisal District Pension Plan	2011	\$271,551	3
Castro County Appraisal District Pension Plan	2011	\$448,368	3
Center for Health Care Services 401(a) Retirement Plan	2011	\$10,853,983	759
Central Counties Center for MHMR Services Retirement Plan	2011	\$6,645,231	294
Central Plains Center for MHMR & Substance Abuse	2011	\$1,003,131	240
Central Texas COG Pension Trust	2011	\$5,316,008	240
Central Texas College Pension Plan & Trust	2011	\$66,741,997	1,606
Central Texas College Supplemental Plan	2011	\$9,003,914	10,237
Central Texas MHMR Retirement Plan	2011	\$7,498,434	308

\*Closed-paying benefits plan

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## STATE PENSION REVIEW BOARD

### APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE STATE PENSION REVIEW BOARD

Plan Name	Fiscal Year	Total Net Assets	Total Members
Cherokee County Appraisal District Pension Plan	2011	\$1,257,781	17
City of Cedar Park*	2010	\$30,772	0
City of Cedar Park Retirement Plan (2)	2010	\$1,002,425	17
City of Groves Employment Incentive Plan	2011	\$3,787,904	86
City of Groves Money Purchase Plan	2011	\$2,082,422	36
City of Harlingen Retirement Plan	2011	\$1,180,386	231
Clear Lake City Water Authority Pension Plan	2011	\$2,764,698	158
Coastal Bend COG	2011	\$1,959,342	29
Coastal Plains Community MHMR Center Retirement Plan	2011	\$6,310,184	237
Coleman County Appraisal District Pension Plan	2011	\$277,041	6
Colorado County Central Appraisal District Pension	2011	\$2,025,166	9
Colorado River Municipal Water District 401(a) Defined Contribution Plan	2011	\$423,079	85
Corpus Christi RTA Defined Contribution Plan & Trust	2011	\$7,605,647	206
Coryell County Appraisal District Pension Plan	2011	\$581,551	17
Culberson County Appraisal District Pension Plan	2011	\$300,966	4
Dallam County Appraisal District Pension Plan	2011	\$260,849	3
Dallas County Hospital District Supplemental Retirement Plan	2011	\$423,274,000	11,378
Dallas ISD TERRP	2011	\$15,255,054	13,426
Dallas Metrocare Services Pension Plan	2011	\$4,077,522	678
Dallas Police & Fire 401(a)	2011	\$3,076,232	41
Dallas/Fort Worth Airport Board 401(a) Retirement Plan	2011	\$123,556	221
DART Capital Accumulation Plan & Trust	2011	\$137,863,000	3,606
DART Employees Retirement Plan & Trust	2011	\$135,697,000	3,320
De Soto ISD TERRP	2011	\$308,370	167
Deep East Texas COG Retirement Plan	2011	\$2,142,593	87
Deep East Texas Self-Insurance Fund Profit Sharing Plan	2011	\$765,059	123
Delta County Appraisal District Pension Plan	2011	\$47,770	4
Denton County MHMR Center Retirement Plan	2012	\$1,917,971	370
Dimmit Central Appraisal District Pension Plan	2011	\$98,673	7
East Texas COG Retirement Plan	2011	\$6,015,923	116
Ector County ISD TERRP	2011	\$685,250	1,438
Ellis Central Appraisal District Pension Plan	2011	\$1,738,746	62
Ennis ISD TERRP	2011	\$3,624,376	470
Erath County Appraisal District	2011	\$1,354,232	25

\*Plan has not submitted a membership report.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE STATE PENSION REVIEW BOARD

Plan Name	Fiscal Year	Total Net Assets	Total Members
Fisher County Appraisal District Pension Plan	2011	\$84,174	4
Floyd County Central Appraisal District Pension Plan	2011	\$90,035	4
Fort Bend ISD Employee Incentive Plan	2011	\$13,227,111	6,585
Franklin County Appraisal District Pension Plan	2011	\$348,409	6
Frisco ISD TERRP	2011	\$6,879,692	1,746
Galveston Housing Authority Pension Plan	2011	\$2,912,843	156
Gillespie Central Appraisal District Pension Plan	2011	\$823,556	12
Grapevine-Colleyville ISD	2011	\$3,044,819	2,188
Greater Texoma Utility Authority Retirement Plan	2011	\$1,889,644	9
Gregg County Appraisal District	2011	\$2,960,403	29
Gulf Bend Center Retirement Plan	2011	\$1,575,055	305
Gulf Coast Trades Center / The Ravens School	2011	\$1,496,517	218
Gulf Coast Waste Disposal Authority Pension Plan	2011	\$36,370,759	205
Gunter ISD TERRP	2011	\$952,931	215
Hamilton County Appraisal District Pension Plan	2011	\$500,053	6
Hansford County Appraisal District Pension Plan	2011	\$62,962	3
Harris County Fresh Water District 61 401(a)	2011	\$276,493	18
Harris County MHMR Authority	2011	\$39,955,087	2,024
Harris-Galveston Coastal Subsidence District	2011	\$3,867,978	81
Harrison Central Appraisal District Pension Plan	2011	\$1,430,977	37
Haskell County Appraisal District Money Purchase Pension Plan & Trust	2011	\$278,486	7
Heart of Texas Region MHMR Center Retirement Plan	2011	\$16,131,345	369
Helen Farabee Regional MHMR Center	2012	\$3,988,297	516
Hill Country Community MHMR Center	2012	\$11,169,652	347
Hill County Appraisal District Money Purchase Plan	2011	\$1,087,570	14
Hill Junior College District (PARS)	2011	\$491,022	657
Houston-Galveston Area Council	2011	\$21,930,927	282
Howard County Appraisal District Money Purchase Plan	2011	\$180,675	17
Hunt Memorial Hospital District Retirement Plan	2011	\$180,675	987
Jefferson County Appraisal District 401(k) Retirement Plan	2011	\$4,773,180	55
Jefferson County Appraisal District Retirement Plan & Trust	2011	\$3,156,392	57
Johnson County SUD Profit Sharing Plan	2011	\$1,467,421	25
Kaufman ISD TERRP	2009	\$1,467,421	299
Keller ISD Employee Attendance Incentive Plan	2011	\$372,187	554
Kerr Central Appraisal District Pension Plan	2011	\$1,018,122	13

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

### APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE STATE PENSION REVIEW BOARD

Plan Name	Fiscal Year	Total Net Assets	Total Members
Kingsland MUD Pension Plan	2011	\$537,591	19
Klein ISD TERRP Retirement Plan	2011	\$1,479,738	1,398
Lamar County Appraisal District Pension Plan	2010	\$782,804	15
Lamb County Appraisal District	2011	\$415,072	6
Lee County Appraisal District Pension Plan	2011	\$358,355	12
Lifepath Systems Retirement Plan	2011	\$2,012,892	238
Llano Central Appraisal District Pension Plan	2011	\$677,018	8
Los Fresnos Housing Authority Employee Retirement Plan	2009	\$50,518	2
Lost Creek MUD Pension Plan	2011	\$368,008	13
Lower Colorado River Authority 401(k) Plan	2012	\$162,990,401	2,302
Lower Rio Grande Valley Development Council	2011	\$2,666,002	120
Lubbock Regional MHMR Center	2011	\$3,542,160	467
Matagorda County Appraisal District Pension Plan	2011	\$1,150,644	9
McKinney ISD TERRP	2012	\$1,258,689	1,019
MHMR Services of Concho Valley Retirement Plan	2011	\$2,059,260	156
Midland ISD	2011	\$21,616,663	1,421
Morris County Appraisal District Pension Plan	2011	\$1,010,193	7
Nolan County Central Appraisal District Pension Plan	2010	\$516,602	11
North Central Texas COG	2011	\$34,749,071	815
North Central Texas COG (Plan 2)	2011	\$150,788	1
Optional Retirement Program	2011	\$569,930,628	39,132
Panhandle Regional Planning Commission Pension Trust	2011	\$6,436,477	90
Panola County Appraisal District Pension Plan	2011	\$734,224	9
Permian Basin Community Center for MHMR	2011	\$7,901,850	545
Princeton ISD TERRP	2011	\$49,050	1
Prosper ISD TERRP	2011	1,268,803	332
Red River County Appraisal District Pension Plan	2011	\$513,726	6
Rio Grande COG Pension Plan	2011	\$1,621,974	39
Robertson County Appraisal District Pension Plan	2011	\$181,462	7
Sabine River Authority Retirement Plan	2011	\$28,562,190	137
Sabine Valley Center	2011	\$4,642,731	653
San Antonio Housing Authority Employee's Pension Trust	2011	\$38,021,514	627
San Antonio River Authority Pension Plan	2012	\$18,815,775	306
San Saba County Central Appraisal District Pension Plan	2010	\$150,309	3
Schleicher County Appraisal District Pension Plan	2011	\$88,245	4



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## STATE PENSION REVIEW BOARD

### APPENDIX C—DEFINED CONTRIBUTION PLANS REGISTERED WITH THE STATE PENSION REVIEW BOARD

Plan Name	Fiscal Year	Total Net Assets	Total Members
Scurry County Appraisal District Pension Plan	2011	\$1,619,438	11
Seagraves ISD 401(a) Profit Sharing Plan	2011	\$549,461	108
South East Texas Regional Planning Commission	2011	\$6,819,769	75
South Plains College Pension Trust Plan	2011	\$1,746,312	382
South Texas Water Authority Thrift Plan	2011	\$1,186,997	15
Spindletop (Life Resource) Retirement Plan	2011	\$6,848,526	479
Stephens County Tax Appraisal District Pension Plan	2011	\$31,654	4
Sundown ISD Supplemental Retirement Plan	2011	\$7,153,649	134
Sutton County Appraisal District Pension Plan	2011	\$244,537	3
Tarrant County MHMR Service Pension Plan	2011	\$38,237,534	1,109
Tarrant County WCID #1	2011	\$17,902,785	371
Tarrant County WCID #1 457 Deferred	2011	\$5,070,057	118
Temple Housing Authority 401(a)	2011	\$1,898,657	88
Texana MHMR Center	2011	\$11,330,886	706
Texas City ISD TERRP Retirement Plan	2011	\$138,554	166
Texas Municipal Power Agency Employees Plan	2011	\$31,402,428	214
Texas Panhandle MHMR Authority Retirement Plan	2011	\$4,916,307	295
Texoma COG Pension Trust	2011	\$4,025,466	138
Texoma Community Center	2011	\$2,279,776	341
Tom Green County Appraisal District Pension Plan	2011	\$2,075,081	24
Travis County Healthcare District	2011	\$9,762,266	782
Tri-County MHMR Services Retirement Plan	2011	\$6,830,641	708
Tropical TX Center for Services Retirement Plan & Trust	2011	\$4,191,934	417
Tyler County Hospital District Thrift Plan	2011	\$1,177,606	106
Upper Leon River Municipal Water District	2011	\$316,505	12
Upper Trinity Regional Water District Pension Plan	2011	\$7,825,720	83
Upshur County Appraisal District	2011	\$515,253	13
Uvalde County Appraisal District Pension Plan	2011	\$779,161	12
Victoria County Appraisal District Pension Plan	2011	\$750,346	23
Walker County Appraisal District Pension Plan	2011	\$526,482	27
West Texas Center for MHMR Retirement Plan	2012	\$3,112,122	323
Wharton County Central Appraisal District	2011	\$506,762	17

**APPENDIX D—PENSION TERMINOLOGY**

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Actuarial Accrued Liability**

Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the Present Value of Future Projected Benefits attributable to service credit earned (or accrued) as of the valuation date.

#### **Actuarial Assumptions**

Factors which actuaries use in estimating the cost of funding a defined benefit pension plan. Examples include: the rate of return on plan investments; mortality rates; and the rates at which plan participants are expected to leave the system because of retirement, disability, termination, etc.

#### **Actuarial Cost Methods**

An actuarial method which defines the allocation of pension costs (and contributions) over a member's working career. All standard actuarial cost methods are comprised of two components: normal cost and the actuarial accrued liability. An actuarial cost method determines the incidence of pension costs, not the ultimate cost of a pension plan; that cost is determined by the actual benefits paid less the actual investment income.

#### **Actuarial Equivalent**

A benefit having the same present value as the benefit it replaces. Also, the amount of annuity that can be provided at the same present value cost as a specified annuity of a different type or a specified annuity payable from a different age.

#### **Actuarial Gain or Loss**

Experience of the plan, from one year to the next, which differs from that assumed results in an actuarial gain or loss. For example, an actuarial gain would occur if assets earned 10 percent for a given year since the assumed interest rate in the valuation is 8 percent.

#### **Actuarial Present Value**

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions (i.e. interest rate, rate of salary increases, mortality, etc).

#### **Actuarial Value of Assets**

The value of pension plan investments and other property used by the actuary for the purpose of an actuarial valuation (sometimes referred to as valuation of assets). Actuaries often select an asset valuation method that smoothes the effects of short-term volatility in the market value of assets.

#### **Actuarially Reduced**

The method of adjusting a benefit received at an early date so that the expected total cost to the retirement system is equivalent to the cost if the benefit did not begin until later.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Actuary**

A business professional who analyzes the financial consequences of risk. Actuaries use mathematics, statistics and financial theory to study uncertain future events, especially those of concern to insurance and pension programs. They evaluate the likelihood of those events, design creative ways to reduce the likelihood and decrease the impact of adverse events that actually do occur.

#### **Age (Retirement)**

Normal retirement dependent upon attainment of a specified age.

#### **Aggregate Funding Method**

The aggregate funding method is a standard actuarial funding method. The annual cost of benefits under the aggregate method is equal to the normal cost. The method does not produce an unfunded liability. The normal cost is determined for the entire group rather than on an individual basis.

#### **Amortization**

Paying off an interest bearing liability by gradual reduction through a series of installments, as opposed to paying it off by one lump sum payment.

#### **Annuitant**

One who receives periodic payments from the retirement system. This term includes service and disability retirees, and their survivors.

#### **Annuity**

A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance derived from a participant's contributions. Compare with "pension".

#### **Beneficiary**

The person designated to receive benefits under an employee benefit plan in the event of the death of the person covered by the plan.

#### **Cash-Out**

A lump sum payment of the member's contributions prior to retirement.

#### **Credited Service**

A period of employment which is recognized as service for purposes of determining eligibility to receive pension payments and/or determining the amount of such payments.

#### **Death Benefit**

A benefit payable by reason of a member's death. The benefit can be in the form of a lump sum, an annuity or a refund of the member's contributions.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Deferred Annuity**

An annuity for which payments do not commence until a designated time in the future.

#### **Deferred Compensation**

Considerations for employment that are not payable until after the regular pay period. The most common form of deferred compensation are pension plans, but private employers may also offer bonuses, incentive clauses, etc.

#### **Defined Benefit Plan (DB)**

A pension plan providing a definite benefit formula for calculating benefit amounts—such as a flat amount per year of service; a percentage of salary; or a percentage of salary, times years of service.

#### **Defined Contribution Plan (DC)**

A pension plan in which the contributions are made to an individual account for each employee. The retirement benefit is dependent upon the account balance at retirement. The balance depends upon amounts contributed during the employee's participation in the plan and the investment experience on those contributions.

#### **Disability Retirement**

A termination of employment involving the payment of a retirement allowance as a result of an accident or sickness occurring before a participant is eligible for normal retirement.

#### **Early Retirement**

A termination of employment involving the payment of a retirement allowance before a participant is eligible for normal retirement. The retirement allowance payable in the event of early retirement is often lower than the accrued portion of the normal retirement allowance.

#### **Entry Age Normal Cost Method (EANC)**

The EANC method is a standard actuarial funding method. The annual cost of benefits under EANC is comprised of two components:

- Normal cost
- Amortization of the unfunded liability

The normal cost is determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career.

#### **Equities**

Ownership of a company (as opposed to debt). Examples include stocks, venture capital, and leveraged buy-outs.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **ERISA**

Employee Retirement Income Security Act acronym. This federal legislation sets minimum standards for pension design to increase the security of private sector employees' benefits.

#### **401(k), 403(b), and 457 Plans**

These defined contribution plans allow employees to save for retirement on a tax-deferred basis. 401(k) plans are found in the private sector and the public sector in some states. 403(b) plans are for employees of public educational institutions and certain non-profit tax-exempt organization. 457 plans (also known as deferred compensation plans) are for governmental employees and non-church-controlled tax-exempt organizations.

#### **Fiduciary**

(1) Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person; (2) anyone who exercises power and control, management or disposition with regard to a fund's assets, or who has authority to do so or who has authority or responsibility in the plan's administration. Fiduciaries must discharge their duties solely in the interest of the participants and their beneficiaries, and are accountable for any actions which may be construed by the courts as breaching that trust.

#### **Funded Ratio**

The ratio of a plan's current assets to the present value of earned pensions. There are several acceptable methods of measuring a plan's assets and liabilities. In financial reporting of public pension plans, funded status is reported using consistent measures by all governmental entities. According to the Government Accounting Standards Board (GASB), the funded ratio equals the actuarial value of assets divided by the actuarial accrued liability calculated under the Projected Unit Credit cost method.

#### **General Accounting Standards Board (GASB)**

This governmental agency sets the accounting standards for state and local government operations.

#### **Individual Retirement Account (IRA)**

A retirement account to which an individual can make annual tax-deductible contributions according to annual limits that are specified by the Internal Revenue Service.

#### **Joint and Survivor Annuity**

A provision that enables a plan participant to take annuity payments with continuing payments of all or part of the benefits after his or her death going to a designated beneficiary. The survivor annuity will automatically be provided to a married participant if he or she does not choose against it. The annual pension benefits of the participant electing to have such a survivor annuity are generally reduced to provide for the survivor.

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Life Annuity**

A monthly benefit payable as long as the annuitant is alive. There are no residual payments to survivors.

#### **Life Expectancy**

The average number of years a person of a given age might be expected to live.

#### **Lump Sum Distribution**

Payment within one taxable year of the entire balance payable to the participant from a qualified pension or employee annuity plan.

#### **Money Purchase Plan**

A type of pension plan where the employer agrees to make a fixed contribution each year for each eligible employee. The contribution is typically expressed as a percentage of the employee's pay and the contribution constitutes a non-discretionary commitment on the part of the employer. The contribution must be made each year, regardless of employer profits, and can only be varied by plan amendment. Although treated differently under federal tax law, money purchase plans are fundamentally defined contribution plans.

#### **Non-Contributory Plan**

A retirement system in which no contributions are required of its members to aid in its financing.

#### **Normal Cost**

Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year. The employer normal cost equals the total normal cost of the plan reduced by employee contributions.

#### **Normal Retirement Age**

The age, as established by a plan, when unreduced benefits can be received.

#### **Offset Plan**

A pension plan in which the employer's participation in Social Security is used as "credit" against members' benefits.

#### **Pay-As-You-Go**

A method of recognizing the costs of a retirement system only as benefits are paid. Also known as the current disbursement cost method.

#### **Pension**

A series of periodic payments, usually for life, payable monthly or at other specified intervals. The term is frequently used to describe the part of a retirement allowance financed by employer contributions. Compare with "annuity".

# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Portability**

The ability of an employee who changes jobs and joins a different retirement system to become a dual member, maintaining membership in both systems. Dual members may combine service for benefit eligibility. They may also use their highest salary from either system for benefit calculation.

#### **Pre-Funding**

To accumulate a reserve fund in advance of paying benefits. This is the opposite of "pay-as-you-go."

#### **Present Value**

The current worth of an amount or series of amounts payable in the future, after discounting each amount at an assumed rate of interest and adjusting for the probability of its payment or receipt.

#### **Present Value of Future Projected Benefits (PVFB)**

Computed by projecting the total future benefit payments from the plan, using actuarial assumptions (i.e. probability of death or retirement, salary increase, etc.), and discounting the payments to the valuation date using the valuation interest rate to determine the present value (today's value).

#### **Projected Benefits**

Pension benefit amounts which are expected to be paid in the future taking into account such items as the effect of advancement in age as well as past and anticipated future compensation and service credits.

#### **Projected Unit Credit (PUC) Funding Method**

The PUC funding method is a standard actuarial funding method. The annual cost of benefits under PUC is comprised of two components:

- Normal cost
- Amortization of the unfunded actuarial accrued liability

The PUC normal cost equals the difference between the accrued liability at the beginning and end of the year.

#### **Projected Unit Credit (PUC) Liability**

The portion of the Actuarial Present Value of future benefits attributable to service credit that has been earned to date (past service).

#### **Prudent Man Rule**

A requirement imposed by the Employee Retirement Income Security Act (ERISA) that plan fiduciaries carry out their duties with the care, skill prudence and diligence which a prudent man, acting in a like capacity and familiar with such matters, would use under conditions prevailing at the time.



# 2013 GUIDE TO PUBLIC RETIREMENT SYSTEMS IN TEXAS

## STATE PENSION REVIEW BOARD

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### APPENDIX D—PENSION TERMINOLOGY

#### **Qualified Plan**

An employee benefit plan approved by the Internal Revenue Service, meeting requirements set forth in IRS Code Section 401. Contributions to such plans are subject to favorable tax treatment.

#### **Replacement Ratio**

A calculation of the degree to which retirement income supplants a pre-retirement member's "take home" pay, less working expenses. To determine this ratio, several factors must be taken into account: a retiree's pre-retirement earnings; changes in tax liabilities after retirement; changes in Social Security tax liability; the elimination of work-related expenses—including contributions to the retirement system; and savings.

#### **Reserve**

A collection of assets set aside to meet future liabilities.

#### **Roth IRA**

A retirement account which an individual can make after-tax contributions according to annual limits that are specified by the IRS.

#### **Service Retirement**

Retirement dependent upon completion of a specified period of service. In some usages, the term has the same meaning as "normal retirement".

#### **Supplemental Cost**

A separate element of actuarial cost which results from future normal costs having a present value less than the present value of the total prospective benefits of the system. Such supplemental cost is generally the result of assuming actuarial costs accrued before the establishment of the retirement system. A supplemental cost may also arise after inception of the system because of benefit changes, changes in actuarial assumptions, actuarial losses, or failure to fund or otherwise recognize normal cost accruals or interest.

#### **Thirteenth Check**

An annual supplemental retirement payment arising from earnings on investments of the system in excess of those determined as needed.

#### **Ultimate Entry Age Normal Cost Method (Ultimate EANC)**

The Ultimate EANC method is a variation of EANC, where the normal cost is calculated for each active member based on the plan provisions applicable to a new or recent entrant to the plan. For a plan that has a lower cost tier for new or recent entrants, use of the Ultimate EANC method lowers the normal cost and increases the actuarial accrued liability, as compared to EANC.

#### **Unfunded Actuarial Accrued Liability (UAAL)**

The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets. In other words, the present value of benefits earned to date that are not covered by current plan assets.

### APPENDIX D—PENSION TERMINOLOGY

#### **Unfunded Liability or Unfunded PBO**

The excess, if any, of the pension benefit obligation over the valuation assets. This is the portion of all benefits earned to date that are not covered by plan assets.

#### **Variable Annuity**

A benefit whose payments vary from year to year depending upon the value of a portfolio of securities (usually common stocks).

#### **Vesting**

The right of an employee to the benefits he or she has accrued, or some portion of them, even if employment under the plan is terminated. An employee who has met the vesting requirements of a pension plan is said to have a vested right. Voluntary and mandatory employee contributions are always fully vested.

#### **Withdrawal**

The termination of employment prior to becoming eligible for any benefits. The term sometimes refers to subsequent termination of membership in a system by withdrawal of the employee's accumulated contributions from the system.