



PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



Update From the Chairman

Sherry Mose
Chairman

Dear Participants,

Summer is in the rearview mirror. School is back in session, football season has begun and Houstonians anxiously await cooler temperatures and less humidity. Another Fall highlight is our 14th annual Financial Retirement Educational Event (F.R.E.E.), which will be held on Friday, October 26, 2018, at the Harris County Department of Education, located at 6300 Irvington Blvd. We will be discussing many of life’s important decisions in the process of retirement planning, and providing an overview of the benefits and planning milestones with respect to the HMEPS plan, Deferred Compensation Plan and Social Security. Guest speakers include Mayor Sylvester Turner and Ramsey Jay Jr., international motivational speaker. More information can be found on page 6.

The Trustee Election process is complete, and I want to thank members for their support as I begin a new term as Board Trustee. I am incredibly grateful for the opportunity to continue to serve in this important role. I also want to congratulate my Board colleagues, Rod Newman and Roy Sanchez, who were re-elected to new terms as Trustees. I know they share my commitment to HMEPS and all of our participants, and we will continue to work hard to strengthen the system for the long term.

Just a few weeks ago, we marked the one-year anniversary of Hurricane Harvey, which ravaged southeast Texas. Dozens of people lost their lives and tens of thousands of Houstonians’ homes and property were damaged or destroyed. This community has made great strides in recovering from the historic flooding caused by Harvey, but much remains to be done. Many of our neighbors are still not back in their homes and are struggling in other ways.

(Cont. on Page 2)

Inside This Issue

<i>Investment Update</i>	Page 2
<i>Trustee Election Results</i>	Page 3
<i>F.R.E.E Event Information</i>	Page 4
<i>Retire-Rehire: Separation from Service Requirements</i>	Page 5
<i>DROP Statement Changes</i>	Page 6

Carole Snyder Retires with Over 24 years of City and HMEPS Service



Carole Snyder (right) with new HMEPS Benefits Manager Terri Murray (left)

Carole Snyder recently retired following a 24-year career of public service with the City and HMEPS. Carole was the HMEPS Benefits Manager, working tirelessly to help deliver excellent service for City employees, retirees and beneficiaries in the entire range of pension plan transactions. Before she

(Cont. on Page 4)

HMEPS NEEDS YOUR E-MAIL ADDRESS TO KEEP YOU UPDATED ON PENSION MATTERS

VISIT WWW.HMEPS.ORG
TO SIGN UP

Update From the Chairman

(Cont. from Page 1)

Houstonians are very resilient, and we need to continue to support one another through this long and difficult process.

On a brighter note, I am proud to announce that the HMEPS gross investment return for fiscal year 2018 was 9.33%, which exceeds our assumed rate of 7%. These returns continue our impressive investment performance, which has yielded rolling 3- and 5-year gross returns of 7.80% and 8.55%, further improving the financial status of the plan and demonstrating the advantages of a professionally managed and diversified portfolio.

We are over a year into the legislative changes intended to strengthen the HMEPS plan and better regulate City funding of the plan. In just a few short months, the Texas

Legislature will convene in Austin for its 86th Regular Session. As always, we will monitor any pension-related legislation and keep you informed.

I want to again thank members of our Board of Trustees and HMEPS staff for their continued hard work and dedication in service to the system. I also want to thank you, our participants, for your great service to Houston and its residents.

The last year has been very challenging for our city, but I am confident that Houston will continue its comeback and thrive for decades to come.

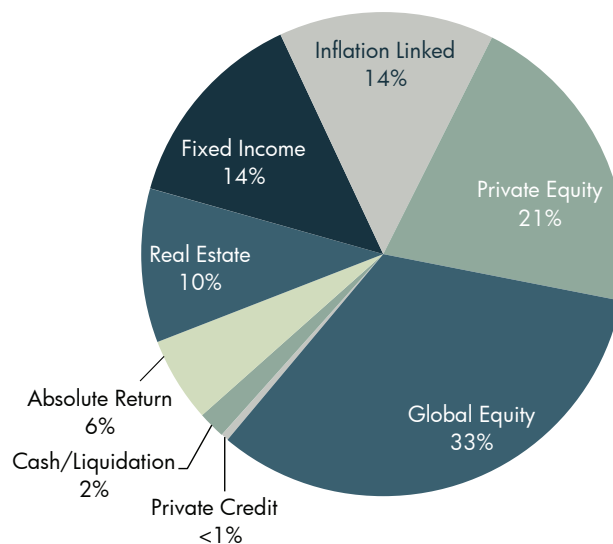
Your Chairman,
Sherry Mose

HMEPS Investment Update

Market Value by Asset Class

	June 30, 2018	March 31, 2018
Global Equity	\$ 988,271,870	\$ 985,998,334
Fixed Income	408,458,579	410,583,410
Private Credit	14,879,955	15,010,462
Real Estate	307,932,185	311,184,284
Inflation Linked	430,427,694	396,878,257
Private Equity	618,789,358	593,900,331
Absolute Return	169,061,498	172,574,075
Cash	54,98,016	50,696,299
Total	\$ \$2,992,419,154	\$ 2,901,892,969

Asset Allocation as of June 30, 2018



The 2018 Trustee Election Results Are In!

Sherry Mose was unopposed for election and was re-elected to employee trustee Position 5. Roy W. Sanchez was re-elected to employee trustee Position 6, and Roderick J. Newman was re-elected to retiree trustee Position 8. Read about our re-elected Trustees below:

Sherry Mose, Employee Trustee Position 5

Sherry Mose is Plan Administrator of the City of Houston Deferred Compensation Plan. She is responsible for all aspects of this program, which is available to over 23,000 employees.

Ms. Mose serves as the Chairman of the Houston Municipal Employees Pension System. She holds the positions of Chair of the External Affairs Committee, Chair of the Investment Committee and Vice Chair of the Personnel and Procedures Committee. Ms. Mose serves on the Texas Association of Public Employee Retirement System's (TEXPERS) Board of Directors where she previously served as the first vice president and currently serves as secretary. Ms. Mose currently also serves on the Board of Directors for the National Conference on Public Employee Retirement Systems (NCPERS), and is a member of Houston Organization of Public Employees (HOPE).

(Con't on next page)

Ms. Mose served as President for the National Association of Government Defined Contribution Administrators (NAGDCA) and is a frequent speaker at deferred compensation and pension conferences. Ms. Mose has received her Chartered Trustee (CT) and Chartered Pension Executive (CPE) designations from the National Society of Pension Professionals, as well as Certified Retirement Administrator (CRA) and Certified Retirement Counselor (CRC) certifications from The International Foundation for Retirement Education (InFRE). She has obtained certificates from the Program for Advanced Trustee Studies at Harvard Law School and has completed the TEXPERS Certified Trustee Training (CTT), an in-depth course on ethics, investments, fiduciary duties, actuarial matters and accounting matters. She received her bachelor's degree from the University of Louisiana at Lafayette, Louisiana and completed her financial planning courses at the University of St. Thomas.

Ms. Mose received the Director's Award for Outstanding Achievement, the City of Houston Communicator Award for excellence in employee communication, the NAGDCA Leadership Recognition Award, and the National Association of Securities Professionals (NASP) Joyce Johnson Award for outstanding leadership in advancing the ideals and principles of NASP and its mission to make a difference for minorities and women professionals in the securities industry.

Ms. Mose was involved in the School-To-Work program with the Houston Independent School District. As a member of the Brentwood Baptist Church she served as President of the New Members Orientation Committee, and she currently volunteers as a kindergarten associate at Riverpointe Church.

Roy W. Sanchez, Employee Trustee Position 6

Roy W. Sanchez was elected to the Board of Trustees in 2010 and currently serves as Vice Chair. He also chairs the Audit Committee and previously chaired the Disability Committee. Mr. Sanchez has served the City of Houston for over 24 years as a Senior Electrical Inspector in the Code Enforcement Division of Houston Public Works Department.

Mr. Sanchez is currently serving his third term as Treasurer of American Federation of State County and Municipal Employees (AFSCME), Houston Organization of Public Employees (HOPE) Local 123. He also serves as a Departmental Union Representative and was part of the negotiation team for the Meet and Confer for all Houston municipal employees. He is currently a Member of the Executive Board of the Texas Gulf Coast Area Labor Federation, AFL-CIO.

Mr. Sanchez completed the Certified Trustee Training (CTT) offered by the Texas Association of Public Employee Retirement Systems (TEXPERS), an in-depth course on ethics, investments, fiduciary duties, actuarial matters and legal matters. He also completed the Program for Advanced Trustee Studies at Harvard Law School. Mr. Sanchez attended San Jacinto Junior College, the University of Houston, Houston Community College and Eastern Community College.

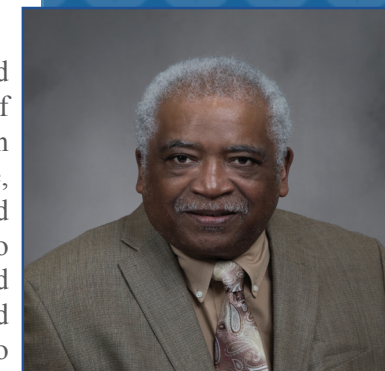
Roderick J. Newman, Retiree Trustee Position 8

Mr. Newman graduated from the University of Houston in 1977 with degrees in Social Science, Teacher Education and Sociology. Prior to attending college, he served honorably in the United States Air Force and is also a Vietnam veteran.

Mr. Newman was a 32-year city employee and was first elected to the HMEPS Board in 1992. He was the first African American to be elected to the Board and served in an active employee Trustee position for more than 16 years. He was also the first African American to serve as Chairman of the HMEPS Board.

He also serves on the Boards of the Association of Retired Houston Municipal Employees (ARHME), the Houston Employee Relief Organization (HERO), and the Houston Metropolitan Federal Credit Union (HMFCU).

In his personal life, he is married and the father of two lovely children and is also actively involved in school, church and community activities.



...

joined the HMEPS team, Carole was an attorney in the City of Houston Legal Department.

As HMEPS Benefits Manager, Carole displayed a strong enthusiasm for people and an unwavering commitment to securing for participants the benefits they earned. She has always advocated doing the right thing, even when it is difficult, and has passed her vast knowledge and experience

to other employees who continue to put our participants first.

On the same note, HMEPS would like to announce that Terri Murray is the new HMEPS Benefits Manager. Terri has over 20 years of benefit experience and is excited about continuing the tradition of providing excellent service for HMEPS participants. Please help us welcome her in this new role. ...

THINKING OF RETURNING TO WORK? KNOW THE REQUIREMENTS!

Many people retire and later decide to return to the workplace. However, state and federal laws provide specific employment restrictions for retirees who return to work with an employer in the same public retirement system from which they receive a benefit.

Houston Municipal Employees Pension System (HMEPS) retirees who have returned, or plan to return, to employment with an HMEPS-participating employer are subject to the post-retirement restrictions in effect at the time of their reemployment. An HMEPS-participating employer is the City of Houston, any entity controlled directly or indirectly by the City of Houston, and HMEPS. You and the employer share equal responsibility to ensure your reemployment complies with the pension law when hired and during the entire course of your employment.

The reemployment laws are very complex, and returning to work for an HMEPS-participating employer after you have retired may have significant financial consequences. Before you retire, return to work for an HMEPS-participating employer after you have retired, or are unsure whether your reemployment would be with an HMEPS-participating employer, we strongly recommend you call or make an appointment with your benefit counselor at HMEPS at 713-595-0100.

REEMPLOYMENT REQUIREMENTS FOR HMEPS PARTICIPANTS

If you are a retiree or deferred retiree and you are employed with a private employer and your employment does not involve providing services for an HMEPS-participating employer, there are no restrictions on your HMEPS benefit.

If you are a retiree or deferred retiree and you are reemployed with an HMEPS-participating employer or are employed by a private employer and your position involves providing services for an HMEPS-participating employer, the following is an overview of the applicable restrictions with respect to your HMEPS benefit.

Returning to work in an HMEPS-covered position with an HMEPS-participating employer

If you retire with a normal, deferred, or early retirement benefit and you are subsequently reemployed in a covered position by the City or HMEPS, your retirement pension ceases the day preceding the date you are reemployed. It is your responsibility to contact HMEPS prior to your reemployment in a covered position. Reemployment in a covered position means you are eligible to be a member of HMEPS. See the HMEPS Benefits Handbook (as of July 2017), "After Separation or Retirement" for more information.

Returning to work in a non-HMEPS-covered position with an HMEPS-participating employer

To comply with IRS regulations and state law regarding in-service distributions and to protect the retirement fund's tax-qualified status, an HMEPS retiree must have a bona fide separation from service, which means:

- **There was no formal or informal verbal or written agreement to return to work as a rehired retiree**

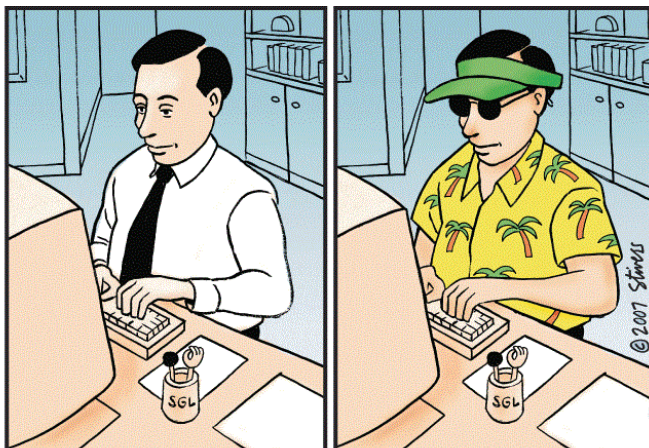
between you and the employer before your retirement date.

NOTE: Your retirement date is your HMEPS effective retirement date, which is the first day of the month retirement begins for a member or deferred participant who is eligible for retirement. Additionally, a member is not considered to be retired until HMEPS has received termination notice and final contributions from the employer.

- **Beginning January 1, 2019, if there is an unplanned return to work, there must be a termination of employment (separation from service) for 4 months between your retirement date and the date your employment as a rehired retiree will begin.**

You cannot be employed as a rehired retiree unless both of the above conditions are met. A termination is not considered bona fide if there is an expectation, understanding or agreement that the termination is temporary or that the person will be rehired in the future. This applies even if the position that the rehired retiree will occupy:

- Is different from his or her current position
- Pays more or less than the current position
- Is in a different department
- Requires different hours (for example, going full time to part time)
- Is a contract employee, leased employee, or independent contractor position that has the individual providing paid services to the employer
- Is an employee of a third party providing services for the employer
- Is an elected position.



WORK

RETIREMENT

CAUTION!

If you violate the reemployment requirements (i.e., the required minimum continuous 4 months' separation from service and no pre-existing agreement with the employer to return to work after retirement), your retirement will be voided and you will have to repay the gross amount of all retirement benefits distributed to you or on your behalf, including DROP distributions, the cost of any health, dental, and life insurance premiums, and any payments under a QDRO, including dependent child payments, with interest ("Required Repayments").

In order to begin receiving a retirement benefit thereafter, you will be deemed to have retired the month after the month you ceased to perform services for the employer, and you must repay all Required Repayments.

POTENTIAL TAX PENALTY

Even in cases where a retiree is eligible to work for an HMEPS-participating employer while receiving HMEPS benefits without violating federal or state law, those pension benefits could be subject to a 10 percent additional federal tax under Internal Revenue Code 72(t). The additional taxes apply to retirees under the age of 59 ½ unless, among other potential exceptions, their distributions occurred in connection with a bona fide separation in service on or after the year in which the retiree reaches age 55. A participant who is subject to the 10 percent additional tax shall be responsible for the additional tax and any related penalties, fines, fees and reporting requirements.

In summary, making the decision to return to work after retirement should be considered carefully as it may have a significant effect on your pension benefit.

QUESTIONS?

Once you are an HMEPS retiree, be sure you understand the impact of returning to employment with an HMEPS-participating employer before choosing to do so. If you have questions, call HMEPS at (713) 595-0100 from 8:00 am to 5:00 pm CT, Monday through Friday, except holidays.

...

Changes to Annual DROP Statement Process

HMEPS is expanding its efforts to reduce paper usage and promote members' access to pension information online. *AccessHMEPS* is HMEPS' online service for all active and retired participants that includes information on benefits, DROP, pension participation, HMEPS Outreach and forms. Beginning in 2019, rather than an annual mailing of DROP activity, *AccessHMEPS* will be the site where active DROP members can view their individual DROP balances and DROP crediting information. The *AccessHMEPS* portal is available anytime to a registered HMEPS participant, and DROP information is updated monthly. See below for steps to access or register for *AccessHMEPS*.

While HMEPS will continue to mail annual pension statements to active HMEPS members each February, the pension statement information also is available on the *AccessHMEPS* site. A retired DROP participant with a DROP balance also can register and view his or her DROP balance and transaction information on *AccessHMEPS*, and will receive an annual DROP statement through the mail.

Online information security is a top concern of HMEPS. We implement online safety protocols that allow us to provide more secure online services to help ease access for our members, and at the same time decrease overall administrative pension costs, which help contribute to a more secure benefit for you and future HMEPS pensioners.

All participants in DROP – active and retired – are encouraged to register for *AccessHMEPS* for easy access to information about their DROP account.

To log in to <i>AccessHMEPS</i> if you are already registered:	To register for <i>AccessHMEPS</i> :
<ol style="list-style-type: none"> 1) On the www.HMEPS.org home page, click on the "MEMBERS ONLY" button. 2) Click the "AccessHMEPS" button to log in (if you have not registered, see the box to the right for registration information). 3) Enter your username and password, and click the disclosure box, then "Continue." <p>If you have forgotten your password, click "Need help logging in?" and follow the prompts.</p>	<ol style="list-style-type: none"> 1) On the www.HMEPS.org home page, click on the "MEMBERS ONLY" button. 2) Click the "AccessHMEPS" button, then click "New to <i>AccessHMEPS</i>? Register here!" and follow the prompts to create your account. 3) Following security protocol, you will receive a password in the mail in 3-5 business days. Our system verifies the information provided when registering with the information currently in our records.

FINANCIAL RETIREMENT EDUCATIONAL EVENT

FRIDAY, OCT. 26, 2018

9:00 am to 1:00 pm

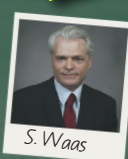
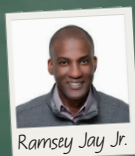
LUNCH PROVIDED



HARRIS COUNTY DEPT. OF EDUCATION

6300 Irvington Blvd.
Houston, TX 77022

FREE PARKING



FOR MORE INFORMATION AND TO REGISTER

Go to www.2018fallfree.eventbrite.com

Retirements

First & Second Quarter 2018

Admin & Regulatory Affairs

Ernest Davis
Earlene Scott

Aviation

Richard Click
Dennis Elwood
Robert Garcia
Llonda Griffin
Fabiana Martinez
Phillip Munroe
Juana Rodriguez
Arletha Ross
Chan Seth
Gloria Torres
Chui Yee

Controller

James Long
Vera Parker
Anthony Tran
Marda Waters
Juanita White

Convention and Entertainment

John Harris
Annette Goldberg

Dept. of Neighborhoods

Gloria Guzman
Audrey Johnson
Dora Maxey
Debra Parker
Imelda Varela

Fire

Joseph Cavazos
Bobbie Harris
Margaret Peabody

Fleet

Vivian Ayers

General Services

Cruz Falcon
Janice Sparks

Health & Human Services

Elizabeth Barreto
Dang Bui
Johanna Deyoung
Maria Galan
Victor Garcia
Robbie Holmes
Linda Levin
Carolyn Palmer
Michael Robertson
Marquis Smith
Sam Soong
Vicky Vaughn

Housing & Community

Development

Royce Sells

Houston Emergency Center

Connie Ethridge
Carolyn Graham-Faison
Devaki Radhakrishnan

Human Resources

Toni Johnson
Clifton Wheeler

Legal

Diana Bresk
Gary Dzierlenga

Library

Dionisia Cano
Menges Gebreselassie
Carter Roper

Mayor

Alfred Brantley
Thomas Davis

Municipal Courts

Diana Murillo
Debra Murry
Michelle Vu

Parks & Recreation

Robert Morton
Alford Phillips
Raul Reyna
Don Whitaker

Police

Wayne Hardung
Roxanna Johnson
Mary Jones
Andrew Kahan
Terry Lowe
Brenda Manuel
Patricia Mathis
Doris McKinley
Wanda O'Bryant
Cleva West
Mary White
Lisa Wiley

Public Works

Harold Andrews
Charles Arceneaux
Reza Arti
Mark Aubrey
Jacquelyn Ballard
Harry Battle Jr.
Eugene Branch
Demetrius Bryant
Ronald Bushey
Rex Capps

Cynthia Castillo

Jerry Causey
Charles Clophus
Lachman Das
Ervin Davis
Floyd Edison
Lynis Francis
Crawford Gallien
Jack Gipson
George Goloby
Sam Guidry
Dorene Hancock
Raymond Harrison
Howard Hilliard
Heena Jadav
Mary Jarboe
Rosalia Jones
Roland Joubert
Austin Lafleur
Sam Lathrum
Karen Leback
Allan Lytle
Luis Martinez
William Ong
Ronald Randle
Milton Simmons
Susan Smyer
James Sonnier
Cynthia Taylor
Marilyn Williams

Solid Waste

Michael Booker
Todd Johnson
Michelle Jones
Michael Ward

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

Pension Payment Schedule, September - December 2018

This schedule indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month. If you receive a pension check by mail, it is typically mailed 3-4 days before the last business day of the month. However, postal delays may lengthen the period of time before check delivery. Call HMEPS for information on signing up for direct deposit of your benefit.

- Friday, September 28, 2018
- Wednesday, October 31, 2018
- Friday, November 30, 2018
- Monday, December 31, 2018

Presorted Standard
U.S. Postage
PAID
Houston, TX
Permit No. 7057

PENSION PRESS

Houston Municipal Employees Pension System



1201 Louisiana, Suite 900
Houston, Texas 77002-5608
713-595-0100
1-800-858-1450

www.hmeps.org

BOARD OF TRUSTEES

ELECTED AND APPOINTED TRUSTEES

Sherry Mose, *Chairman*
Roy W. Sanchez, *Vice Chairman*
Lonnie Vara, *Secretary*
Roderick J. Newman
Asha Patnaik
Lenard Polk
Barbara Chelette, *Appointed*

CITY APPOINTED TRUSTEES

Denise Castillo-Rhodes
David Donnelly
Edward J. Hamb II
Adrian Patterson

PENSION PRESS

David L. Long,
Executive Director
Nicole Riney,
Editor

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



HMEPS

HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

NEWSLETTER CONTENT

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