



PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System

www.hmeps.org

Letter from the Chairman

Dear Participants,

Recently, I and several HMEPS staff members attended a day-long seminar for Right-of-Way & Fleet Maintenance Division field employees. This annual event offers employees valuable information on a wide range of workplace issues, such as stress management and obtaining a promotion.

At the seminar, HMEPS representatives discussed our pension plan. It was a great opportunity for us to provide specific information to participants about their pension benefits, and our sessions were well attended. I was pleased when employees came

up to me afterwards thanking HMEPS for helping them with what can be perceived as a daunting task – planning their financial futures. This seminar was just one venture in our expanded commu-

nity education outreach efforts.

I would like to thank Tracy Wingate, Assistant Director, and Tracy Samuel, Office Service Manager for 311, for inviting us. We hope to present at many more in-house informational seminars at the City.

Understanding your pension benefits is an important part of managing what I refer to as your “financial life.” The economic downturn has emphasized the need to plan and save for the future, and we at HMEPS can help in that important endeavor. From the executive staff to the benefits counselors, HMEPS employees work hard each day to make the pension system a success.

The HMEPS Board of Trustees plays an important role in this effort. Earlier this year, trustees attended a one-day develop-



Board Trustee Terrence Ardis, Chairman Sherry Mose and Director of Administration Rhonda Smith stand outside the Texas State Capitol.



HMEPS Chairman Sherry Mose speaks to Public Works personnel at the recent Public Works “Feed” Conference held at the E.B. Cape Center.

(Continued on Page 2)

Board Expands Opportunities to Receive Partial DROP Distributions

At the April Board meeting, the Board, in response to retirees’ requests for greater access to their DROP accounts during these tough economic times, approved expanding the ability of retired DROP participants to receive partial distributions from their DROP accounts once every 90 days instead of once every six months as under the previous policy.

With respect to the timing of a partial DROP distribution, HMEPS’ policy now authorizes a DROP participant who has

retired (and who has not made a distribution election for the entire DROP balance) to receive a partial distribution from the DROP participant’s DROP account once every 90 days, as measured from the date of the previous partial distribution.

Participants should consult a tax advisor for information regarding the tax consequences of a DROP distribution. Participants may also contact their benefit counselor or the HMEPS Financial Counselor for more information.

The Chairman’s Letter (Continued from Page 1)

ment and training session in which we focused on establishing a plan that will build on HMEPS’ strengths and allow us to continue to act in the very best interests of our participants. I plan to organize other educational opportunities for the Board to help keep us moving forward.

As you see, it’s been a busy year so far and I haven’t even talked about the 81st Texas Legislature, which ended its regular session on June 1st. I am pleased to report that lawmakers did not pass any legislation that would have a negative impact on our pension system. We can thank HMEPS’ executive staff members for

closely monitoring the session and working to protect the pension system’s interests. Good job to all.

I’ll end on that high note. There’s a lot of valuable information in this issue to help you manage your financial life. I hope you’ll take some time to read and enjoy the newsletter.

Your chairman,



Sherry Mose

It’s Hurricane Season – Is Your Pension Benefit on Direct Deposit?

Using Direct Deposit is an easy and convenient way to deposit your benefit payments electronically to a checking or savings accounts at a participating bank, savings and loan association or credit union. During a hurricane the last thing you want to do is worry about whether or not your check will make it to your mailbox. Utilizing direct deposit ensures your check is deposited no matter what the weather conditions may be.

If you are still depositing your benefit check in person at your bank, HMEPS asks that you consider the following advantages that Direct Deposit offers:

- **Direct Deposit Eliminates Postal Delays and Lost or Stolen Checks**
- **With Direct Deposit Your Money is Immediately Available**
- **Direct Deposit Eliminates the Need for You to Personally Endorse Your Check or Wait In Lines At Your Bank**

If you don’t have an account, consider opening one and sign up for direct deposit at that time. Direct deposit is extremely reliable.

If you have any questions about Direct Deposit of your pension benefit, please call the HMEPS office at 713-595-0100.

Update on HERO Golf Tournament

Anyone interested in the Houston Employee Relief Organization’s (HERO) Inaugural Charity Golf Tournament can



find complete details from the HERO Golf Tournament Office, located at 611 Walker, 12th floor. The office, which can be reached at 713-837-9178, produced a brochure which contains complete details about the October 13, 2009 tournament including an entry form for players and sponsors, a schedule of the day’s events and sponsor package highlights.

The field is limited to 128 players so sign up early and show your support for HERO.

HMEPS INVESTMENTS

Market Value by Asset Class

	May 31, 2009	February 28, 2009
US Equity	\$398,399,916	\$288,506,735
Non-US Equity	395,540,487	243,806,059
Fixed Income	409,392,029	386,219,462
Real Estate	189,759,928	232,351,019
Alternative/Private Equity	311,861,065	343,644,680
Cash	59,017,130	178,394,433
Total Fund	\$1,763,970,555	\$1,672,922,388

Keeping An Eye On HMEPS – State Street’s Yolanda Diaz

It’s always nice to know someone is watching out for you. At HMEPS, we have State Street, our custodian bank, keeping an eye on financial interests.

A custodian bank, sometimes called the custodian, looks after the financial assets of a fund, acting as a third-party watchdog



Yolanda Diaz,
Vice President, Client
Relationship Manager

for their clients. (Business entities and even individuals can also use custodians.) Custodian banks were established under the Investment Company Act of 1940, which Congress passed to protect investors.

A custodian bank’s duties include safekeeping a fund’s assets such as equities and bonds, verifying the sales of securities, collecting information on assets,

managing cash transactions and reporting information regularly to its clients.

We talked to State Street’s Yolanda Diaz, Vice President, Client Relationship Manager, about the custodian bank’s important role in the HMEPS operation.

Q: What are State Street’s responsibilities as the custodian bank for HMEPS?

A: We are the custodian of the system’s publicly traded assets. We keep the books and records for those assets managed in separate accounts.

Q: What type of specific duties does that involve?

A: On a daily basis, we price the assets in HMEPS’ investment funds. Many funds have daily transactions. We receive any trading activity through daily electronic feeds and make sure these trades are settled in a timely fashion. If trade issues arise, they are researched and resolved quickly and efficiently.

Q: Does State Street handle other financial transactions for HMEPS?

A: Yes. For example, HMEPS has a monthly payroll for its retiree benefit payments. While State Street does not cut or send checks to retirees, we do wire money to the banking entity that does.

Q: How has the economic crisis affected State Street’s work as a custodian?

A: Clients are asking for additional information and reporting, particularly with regard to their exposure to certain invest-

ments. They also want more timely information. We find we are doing more ad hoc and frequent reporting. There are also new government programs in place that affect our clients and require more oversight and monitoring by us.

Q: How long has State Street been HMEPS’ custodian? Do you have other Texas clients?

A: We have been HMEPS’ custodian bank since 1994. State Street has 13 clients in Texas, including the Texas Municipal Retirement System and the Teacher Retirement System of Texas.

Q: What makes State Street special as a custodian bank?

A: I think the main thing that sets us apart and makes us special is our focus on serving the institutional investor and building strong client relationships. We strive to provide superior client service and pride ourselves on our responsiveness and accessibility. We follow the Sunset Policy: If a client has a question or a request, we respond that same day with either the answer or a status. Clients seem to appreciate that extra effort.

State Street Facts

- State Street’s oldest ancestor bank, the Union Bank, was chartered in 1792 in Boston.
- The bank was named custodian of the first US mutual fund in 1924. It now services 52 percent of all US mutual funds.*
- In 1986, State Street launched its Public Funds Servicing group, which focuses solely on U.S.-backed public pension plan sponsors. This group remains the only dedicated public fund custody business in the industry.
- Today, State Street is the leading custody service provider to the U.S. public funds market. It has \$11.3 trillion in assets under custody and \$1.4 trillion in assets under management.*
- State Street serves pension fund customers in 33 states, the District of Columbia, Puerto Rico and the US Virgin Islands.

*As of March 31, 2009.

Making Decisions About Social Security *by Steve Waas*

In the Spring edition of the Pension Press, we introduced you to Steve Waas, HMEPS' Financial Counselor. Steve is also a Certified Financial Planner. Steve is available for individual meetings, but he also will be discussing financial topics in our newsletters to help participants better understand these important issues. This time the topic is Social Security.



Steve Waas
Financial Counselor

Suppose someone offers you an investment opportunity that requires you to give up a lot of your hard-earned money over a very long period of time. In return, you get a payout that is determined by a long list of formulas and rules – over 2,500 of them. Some apply to you, some don't.

So what do you think of this investment opportunity? It seems so complex that you may be reluctant to participate in it.

But the fact is, you probably are participating in it – it's called Social Security.

In all likelihood, nobody ever asked you if you wanted to be a part of this “investment opportunity.” The law requires that most people pay into the system through payroll taxes. But you do have choices about how you take money out of the system, and these choices can make a big difference during your retirement.

Take Harry and his wife Wynona. Harry is 62 and Wynona is 57. Harry is retiring, and he files for Social Security retirement benefits. Many people do it simply because they can. A check every month, what's not to like?

However, Harry and Wynona are more careful. They go to the Social Security office where they learn that if he waits a while before starting his benefit, the amount will be more. In his case, he will get \$1,373 a month if he starts now, but \$1,820 monthly (plus inflation adjustments) if he waits until age 66.

But is it worth missing four years of \$1,373 a month in exchange for a higher monthly amount? Harry and Wynona figure this depends on how long Harry lives. If he lives to be 100, then the \$1,820 a month for 34 years will add up to a lot more than the \$1,373 a month for 38 years. But if he lives only a few years longer, then the extra four years of the smaller amount makes that choice the best one.

Exactly how long does Harry have to live to make the bigger check worthwhile? They do the math and find that once Harry gets to month 196 (over 16 years from now), the delayed payment looks like the better choice. Harry decides he may not live

to be 78 and “doesn't want to take a chance of leaving some money on the table.” Harry turns out to be right about that calculation – he dies at 75.

But did the couple make the right decision?

When Harry dies, Wynona discovers she gets a “survivor” benefit based on Harry's work record, to replace her own lower retirement benefit. Her own retirement benefit is relatively low because she was out of the full-time workforce for many years while she raised a family. But with the survivor benefit she gets the same amount Harry was getting: \$1,373 monthly, adjusted for inflation. And she gets this for the rest of her life, no matter how long she lives.

It dawns on Wynona that perhaps she and Harry made a mistake. When deciding whether Harry should start benefits at 62, they only considered the question of how long he would live. But what also matters is how long either of them will live. If Harry had delayed until age 66, Wynona would be receiving over 30 percent more inflation adjusted, tax advantaged income from Social Security, income that could continue for many years. In fact, if he had delayed until age 70, that income would be 75 percent higher. Numbers this big can have a significant impact on one's standard of living.

Of course, in order to delay taking Social Security benefits, a couple will need to use funds from elsewhere during the period they wait for the Social Security payment to grow. Options include deferred compensation plans, DROP accounts, and other savings. How to best use these assets, along with Social Security, is a complex decision and requires some careful analysis. What makes sense for one couple may not work for another. You may want to seek help when making this and other important financial decisions about retirement.

Financial counseling is available at the HMEPS office. Call 713-595-0100 to make an appointment. You can also email Steve Waas at swaas@hmeeps.org to set up an appointment. Steve also responds to participant's questions in the newsletter - see “Member Question to HMEPS Financial Counselor” on page 5.

Member Question to the HMEPS Financial Counselor

Dear HMEPS Financial Counselor,

Q: I recently retired from the City at age 54 with a DROP account, and am subject to the IRS 10% early withdrawal penalty if I take money out before I turn 59 ½. But my 457 Deferred Compensation Plan has no such early withdrawal penalty. Can I roll over my DROP money into my 457 Plan and avoid this penalty?

A: No. While you can roll over the DROP funds into your 457 Plan, those dollars will be accounted for separately from your other 457 contributions and the 10% withdrawal penalty will still apply.

If you have questions for the HMEPS Financial Counselor, please call 713-595-0100.

Not Sure What Pension Group You Are In? Here's How to Find Out!

It's important for every covered employee (generally, full-time regular non-classified employees) to check their City of Houston payroll information to verify they have membership in the pension plan and they are participating in the right pension group.

Here's how to do that:

- You can use a City of Houston computer to go to www.choice.cityofhouston.net or, if you are using an outside computer, go to www.houstontx.gov/ess. If you have not already signed in and created a password, follow the prompts on the main page to do so.

- On the screen that appears after you have signed in, click on the "job information" link on the left-hand side of the screen.
- Find the line that says: Current Pension Plan: That line should have either: OPTA, OPTB, or OPTD typed in, meaning you are assigned to Group A, B, or D. (See the screen shot below.)
- Each covered employee MUST have one of these options designated in that line. If you don't, contact your department's payroll representative to correct this error.

If you have questions about what group you should be in, contact HMEPS at 713-595-0100.

City of Houston Employee Self Service System
by Human Resources Department

Home Announcements Contact Us Help Security Log out

Job Information

Personal Information
Verify Social Security
Job Information
Benefits
Paychecks
Employee Deductions
Leave Information ▶
Human Resources ▶
Administration ▶

Employment Information

Name
Business Area:
Cost Center:
Job:
Pay Grade:
Current Hire Date:
Comp Date:
Employment Status: Active
Civil Service Status: Permanent-Municipal
Current Pension Plan: OPTA

Pay/Benefits Plan

Employee ID
Base Pay:
Longevity:
Other Pay:
Sick Plan:
Health Insurance:
Dental Insurance:
Work Location:
Work Phone Number:

EPE Information

EPE Date Given:

Retirements – March 2009 to May 2009

Aviation

Addo, Patience*
 Batties, Robert
 Garcia, Faustino
 Gudenau, Vicki*
 Kelly, Donna*
 Mcallister, Odelia
 Smith, Sandra*
 Tang, Chhann
 To, Michael Ngoc*
 Wright, Dale*

City Council

Galvan, Martha

City Secretary

Walters, Cynthia*

Finance & Administration

Abu-Hamdan, Karam*
 Ayetonghan, Brenda*
 Haylet, Michele*
 Wilson, Alvenetta

Fire

Freimuller, Lothar
 Thomas, Calvin*
 Udechukwu, Karen

Health & Human Services

Albert, Maxine
 Caldera, Martha

Collier, Esta
 Dang, Steven*
 Graggs, Billy
 Haley, Carrie
 Johnson, Chyanne*
 Joyner, Jeffery*
 Lewis, Sheila*
 Michael, Binu*
 Nguyen, Khoa*
 Penrose, Kathy
 Rankin, Deborah*
 Roberts, Jean*
 Robey, Vanessa*
 Tekle, Marie
 Wiist, William*

Housing

Davis, Kevin*
 Flores, Mariano

Houston Emergency Center (HEC)

Booker, Hermalynda*
 Stewart, Marcell*

Human Resources

Brennan, Christopher*
 Chandler, Jerry*
 Hollins, Diane*
 Kasten, David*
 Medlock, Kenneth*

Information Technology

Bhatia, Kulwant

Mabsout, Fadi*
 Mullins, Dixie

Legal

Addison, Peter*
 Messa, Sharon*
 Sandoval, Angel*
 Young, Dola*

Library

Hempe, Andrew*
 Lecompte, Claire*

Municipal Courts

Eastman, Anne
 Gaas, Henry*
 Gamble, Kimberly*
 Peterson, Shari*
 Teamer, Lorraine

Parks & Recreation

Flores, Cornelio
 Guerrero, Roberto*
 O'Bannion, Terry*
 Mendoza, Gabriel
 Nava, Benigno
 Parish, Donald*
 Pesina, Esther*
 Pompilo, Carol*
 Shotola, Scott*
 Smith, James
 Swindell, Earnest
 Thompson Jr., Marvin*

Police

Abellar, Eduardo*
 Allen, Michelle*
 Banks, Linda
 Bradley, Larry*
 Brooks, Beverly*
 Felchak, Karen*
 Giles, Joseph
 Jamison, Delwin*
 Jones, Jenetha*
 Joseph, Sandra*
 Martinez, Valente*
 Moore, Reginald
 Rodriguez, Elisa*
 Sallier, Maude
 Smith, Rose
 Stewart, Linda
 Thierry, Wilbert
 Trevino Jr., Jose
 Wade, Shirley

Public Works & Engineering

Adams Jr., Lee
 Alfred, Johnetta*
 Banks, Ronald
 Burdick, Richard
 Comier, Charles
 Delacruz Jr., Jose*
 Dorsey, Shirley
 Furlow, Gregory
 Gonzales, Garry
 Gross, Richard
 Harrison, Lawyer*
 Hightower Jr., Tonola
 James, Carolyn

Jessie, Laura
 Kehoe, Brian
 Lafnette, Walter
 Lee, Lester
 Mai, Son
 Maldonado, Martin*
 Martin, Reginald
 Martinez, Mario
 Melvin, Jerelyn*
 Montanez, Jose
 Morganthaler, Edwin*
 Nixon, Gerald*
 Oliver, James
 Parker, Kelso*
 Ranzani, Aldo
 Torres, Ricardo
 Vargas, Sergio
 Veenstra, Kenneth*
 White, Doris

Solid Waste

Bell, John
 Brown, Darrell*
 Bush, Charles*
 Chatman Jr., Goree
 Fitzpatrick, Roy*
 Gutierrez, Daniel
 Hughes, Raymond
 Martinez, Antonio*
 Tran, Tan
 Williams, Billy
 Valdez, Elizabeth*

*Deferred Retirement

In Remembrance

Active Employee and Retiree Deaths – April 2009 through May 2009

HMEPS received notification of the following participants' deaths. We wish to remember these individuals and their dedication and service to the City of Houston.

Baker, Cora**
 Barnett, Mary
 Batiste, Marshall
 Bedford, Clarence
 Bounds, Paul
 Brackley, Juanita**
 Bradford, Annie
 Brawner, Richard
 Brown, Wade
 Cannon, John
 Cole, Willie
 Collins, Florida
 Combs, Thomas
 Cotton, Lucille**
 Cude, Horace

Demeritt, Annette
 Denson, Floyd
 Dill, J. W.
 Dominguez, Willie
 Eaton, Lee
 Escobar, Jacinta
 Fish, Clara
 Galley, Susie**
 Garza, Adan
 Garza, Eulalia
 Girardi, John
 Grimes, Ruth**
 Harris, Gene
 Harrod, William**
 Harty, Iola

Haynes, Ernest
 Hayward, Vanessa
 Haywood, Robert
 Hegwood, King
 Henry, Lucille
 Hensley, John
 Hernandez, Johnny
 Hibbard, Billy
 Hill, Betty Jo
 Jackson, Clifton Earl*
 Jaynes, Moffett
 Johnson, Edna**
 Johnson, Edward
 Johnson, Ida
 Lamott, Arthur

Landtroop, Roy
 Lanier, Patrick
 Leblanc, Doris
 Malcolm, Eugene**
 Mullens, Delbert
 Murphy, Orice
 Napper, Gail**
 Olmos, Adalberto**
 Osho, Remi Ola*
 Pham, Hi Van*
 Pickett, Tommie
 Prince, Rhodie**
 Reese, Zinie**
 Roberts, Hiram
 Rusher, William*

Saffley, Robert
 Sanchez, Antonio
 Sicola, Charlie
 Smith, Sandra**
 Stevenson, Rosalie**
 Tillis, Ronnie**
 Trammell, Gene
 Unterkircher, Tommie**
 Watterson, Elizabeth**
 West, Carolyn
 Wilkerson, Luster
 Yabut, Pedro

*Active Employee Death
 **Surviving Spouse

City of Houston Fourth Annual Financial Fitness Expo!

Presented by the Houston Municipal Employees Pension System and
the City of Houston Deferred Compensation Plan

All City of Houston Employees Are Invited

- **Receive Important Retirement Planning Information and Talk to Vendors and Benefit Counselors**
- **Gain a Better Understanding of Your Pension, Deferred Compensation and Social Security Benefits**

Tuesday, October 20, 2009
900 Bagby, City Hall Annex
(Public Level)
11:00 a.m. - 2:00 p.m.

Wednesday, October 21, 2009
611 Walker, Garden Level
11:00 a.m. - 2:00 p.m.

Thursday, October 22, 2009
4501 Leeland, E.B. Cape Center
11:00 a.m. - 2:00 p.m.

For more information regarding the Expo call Peter Koops at HMEPS at 713-595-0100

Pension Payment Schedules: July to September 2009

The following are the dates pension benefit checks will be mailed in the months ahead. The schedule will be strictly adhered to.

- **Wednesday, July 29, 2009**
- **Thursday, August 27, 2009**
- **Monday, September 28, 2009**

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

- **Friday, July 31, 2009**
- **Monday, August 31, 2009**
- **Wednesday, September 30, 2009**

If you are interested in direct deposit of your pension benefit checks, please call our office at 713-595-0100.

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

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

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

HMO Blue Texas in the Benefits Division: 713-837-9376 or 713-837-9377 or 713-837-9448

HMO Blue Texas: 866-757-6875/www.bcbstx.com

NurseLine - HMO Blue Texas' 24 hour resource for healthcare:
800-581-0353

Prime Therapeutics for prescription refills: 877-357-7463

www.myrxhealth.com

National Pacific Dental: 866-605-2599

Pension Press

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

NEWSLETTER CONTENT

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

HMEPS CONTACT INFORMATION

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1111 Bagby Street, Suite 2450
Houston, Texas 77002-2555

HMEPS Phone Numbers:

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Toll Free: 800-858-1450
Fax: 713-650-1961

HMEPS Website:

www.hmepps.org