The Newsletter of the Houston Municipal Employees Pension System

15

PASSED

Volume 22, Winter 2003



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Ray Kennedy Vice Chairman



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Lee Pipes **Elected Trustee** 



Barbara Chelette Appointed Trustee



Dr. Philip B. Scheps City Treasurer



Lonnie G. Vara Mayor's Representative



David L. Lona **Executive Director** 

## LETTER FROM THE CHAIRMAN

Dear Plan Participants,

You have no doubt heard about the successful passage of Proposition 15, which amended the Texas Constitution to ensure that retirement benefits in certain public retirement systems, including HMEPS, may not be reduced or impaired. For some HMEPS members (such as those retirees who live out of state), however, **PROPOSITION** 

this may be the first word they have received about this great news!

The successful passage of Proposition 15 was the result of a combined effort by many individuals here in Houston, as well as across the state. HMEPS would like to thank those groups and individuals who

were responsible for its successful passage.

The Committee for Secure Retirement was responsible for organizing the effort statewide, as well as generating the substantial monetary backing needed to get the effort off the ground. Randy Stalnaker, President of the Texas Association of Public Employee Retirement Systems (TEXPERS), also deserves a hearty handshake for his efforts. Locally, the efforts of the Houston Police Officers' Pension System (HPOPS)

helped to garner much needed support at the employee level. Many HMEPS money managers contributed financially to the passage of the proposition.

Lastly, I would like to thank you, our participants. Over the final weeks before the

> election, you contributed financially and emotionally to HMEPS's efforts in getting the Proposition passed. received numerous phone calls voicing support, asking voting-related questions, and we received the generous donations you mailed in supporting the cause.

We appreciate all the efforts of the above named groups and people, as well as the many individuals and organizations too numerous to mention here that helped in the effort to pass Proposition 15.

Sincerely,



Fred Holmes Chairman

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## **Planning on Retiring?**

# Be Aware of the New Cut-off Dates for Applications!

The Houston Municipal Employees Pension System has always made every effort to help retiring members receive their first retirement benefit payment in the month following their separation from service (retirement month). Beginning January 2004, HMEPS board meetings will occur earlier in the month, which will make it even more important for members to take the necessary steps to initiate all retirement-related processes no later than the first of the month before their retirement month.

In general, a member who separates from service and who has timely submitted an application (including all required

documents) and otherwise timely concluded all other optional processes (e.g., service purchase, DROP election), receives the first pension payment at the end of the retirement month. If the application is not timely filed, if required documents are not submitted, or if one or more optional processes are not concluded, the first benefit payment may be delayed one or more

months. Therefore, it has always been very important to plan ahead and finalize all of your optional processes and retirement submissions before you separate from service.

Beginning January 2004, the regular meetings of the Board of Trustees are scheduled to take place on the third Thursday of each month, rather than the fourth Thursday. The change in the board meeting date will affect the cut-off dates for retirement processing, retirement file auditing and payroll processing. In the past, many applicants for retirement have submitted their retirement papers as late as the retirement month and still received a payment at the end of

the same month. This will no longer be possible with the revised board meeting dates.

Accordingly, in order to help ensure timely receipt of a benefit payment, retirement applicants must submit their retirement applications (including all required and requested documents), and finalize optional processes such as service purchases and DROP elections no later than the first day of the month before the retirement month.

For example, a member who plans to terminate service in January 2004 and begin retirement in February 2004 should

submit his or her retirement application and

complete any applicable service purchase or DROP election by January 1, 2004. Failure to do so could delay receipt of the first benefit payment until March 2004 or later. HMEPS still cannot accept a retirement application more than 60 days before retirement is scheduled to begin, so please be aware of this 30-day window of time (no earlier than 60 days before retirement and no later than 30 days before retire-

ment) to optimize the retirement process.

Also, please refer to the "Six Things to Know And Consider Before You Decide To Retire Or Participate In DROP" on page 4. This article, which also appeared in the Spring 2002 issue of the *Pension Press* (and is available online at www.hmeps.org), presents an overview of optional processes, including service purchase and DROP, and the general time frames for completion. If you have any questions, please call the HMEPS office.

### **New Life Insurance Rates for Retirees**

Based upon information received from the City of Houston, Standard Insurance Company is the new insurer for the City's retiree life insurance plan. The new policy reduces the premium that all retirees pay and improves the benefit for some.

- If your coverage was \$5,000, it remains the same. Your monthly premium will change to \$.45 from \$1.25.
- If your coverage was \$2,000, it is now \$5,000. Your monthly premium will change from \$.50 to \$.45.
- Your lower premium should have been reflected on the check that you received at the end of November.

If you have any questions or need to change your current beneficiary, please contact the City of Houston Health Benefits Division at 713-837-9400 or toll free at 1-888-205-9266. PLEASE DO NOT CONTACT HMEPS, AS HMEPS DOES NOT ADMINISTER OR HAVE RESPONSIBILITY FOR THE CITY'S INSURANCE PROGRAMS.

## Retirees, the Library Wants You!

The City of Houston Library Department is seeking retirees from the City to help celebrate its 100th birthday in 2004. The Centennial Celebration Committee and Library employees are already working to make this milestone a yearlong celebration Houston won't soon forget! There will be parties, exhibits, tours, and lectures throughout the year.

Retirees of the City are also invited to participate in the "Share Your Memory Campaign." The Library would like retirees to share their memories of the Library with them: funny stories, anecdotes, and other memorable events. These memories can go as far back as 1904 or be as recent as yesterday – they just want to know how the Houston Public Library has positively impacted your life!

For more information, please call Hellena Stokes in the City's Library Department at 832-393-1384. You can also visit www.hpl.lib.tx.us/cgi-bin/cent/survey to submit your "memories" for the "Share Your Memories" campaign.

## **A Reminder From HMEPS Regarding Information Requests**

HMEPS would like to remind you that any request for information or forms (e.g., DROP or service purchase) must be made

tects you, our participants, because it helps us ensure that we are dealing with you or your authorized representatives. Also, having a written record of your communications with HMEPS allows us to process your requests more efficiently.

On a related note, HMEPS would like to remind you that the below forms are available on the HMEPS website (www.hmeps.org). Remember that HMEPS will not accept faxed or e-mailed forms; please mail in all forms.

• Change of Address Form

- Declaration of Marital Status
- Election to Change Group Participation
- Request to Purchase Credited Service
- Electronic Funds Transfer Direct Deposit Enrollment Application ("Direct Deposit")

# Six Things To Know And Consider Before You Decide To Retire Or Participate In DROP

The following article outlines some of the steps you need to take (with HMEPS) to facilitate a smooth transition into retirement or DROP participation.



A considerable number of members have contacted HMEPS wanting to initiate one or more of the following pension processes shortly before their retirement:

- Change group participation from Group B (the noncontributory group) to Group A (the contributory group) for future service
- Enter into a service purchase obligation to purchase credited service (e.g., purchase service that was forfeited when the member received a refund of contributions or lump sum payment; convert credited service from Group B to Group A; purchase eligible military service; or otherwise purchase eligible service in Group A for which contributions were not made)
- Elect to participate in the Deferred Retirement Option Plan (DROP)

By waiting until their termination date, the members discovered too late that they were not eligible to complete the above processes, or that receipt of their first monthly retirement benefit check would be delayed. That is because each of the above processes takes time, and all changes or elections must be completed in a certain sequence.

Therefore, before you select a retirement date or participate in DROP, and while you are still an active employee, you should allow yourself enough time to do the following:

Determine if you have enough credited service to retire upon your separation from service, particularly if you have had more than one period of service (you were employed by the City of Houston for more than one continuous period of time), and/or if you have had leaves without pay. Your service in HMEPS is determined under different laws than your City service (the amount of time you have worked for the City),

and therefore your HMEPS service might differ from your City service. For example, your HMEPS service and credited service will not include any time that you were on leave of absence without pay or suspended from duty without pay, did not meet the definition of an employee under the pension statute, participated in DROP, were ineligible under the pension statute, were separated from service, or for which your service was forfeited and has not been reinstated pursuant to the pension statute.

If you have received a refund of contributions or a lump sum payment for previous service, or if you had previous Group B service that is eligible for purchase into Group A, determine if you want to pay the required amounts to reinstate the previous service for which you received the refund of contributions or lump sum, or which was cancelled and is eligible for purchase into Group A. If so, you must enter into a service purchase obligation before you terminate employment or elect to participate in DROP.

If you want to change from Group B to Group A, you must have at least one payroll deduction from your biweekly salary for your Group A member contributions prior to your retirement or DROP participation.

If you want to convert Group B credited service to Group A credited service, you must allow enough time for HMEPS to obtain your completed salary history from your department payroll representative, and to calculate and audit your service purchase amount. If you wish to convert the service, you must enter into a service purchase obligation before you terminate employment or elect to participate in DROP.

If you have military service for which you would like to purchase credited service, you must allow enough time for HMEPS to receive and process your military service information, for you to obtain a report of the cost of the eligible service, and for the HMEPS Board of Trustees to make a decision regarding your claim for military service. You must complete a service purchase obligation before you terminate employment or elect to participate in DROP.

If you want to participate in DROP, you have up to 30 calendar days after your separation from service to make a DROP Election. Further, you can only make a DROP Election after you have submitted to HMEPS a completed DROP Application and all required documents. If you wait until after you separate

from service to make your DROP Election, your first monthly retirement benefit check may be delayed.

If you are planning on retiring within the next few months and you would like to complete one or more of the above processes, you should contact HMEPS to begin the process(es) 60 to 90 days before you want to terminate your employment and retire.

Also, please note that the above is not an exhaustive list of all of the pension matters that must be resolved before a member retires, but are those most commonly encountered. If you have a question about purchasing service, making a change in your group participation, participating in DROP, or regarding another pension matter, please call HMEPS at (713) 759-9275.

## Pension Check Schedules January - April, 2004

The following are the dates pension benefit checks will be <u>mailed</u> in 2003. The schedule will be strictly adhered to. Keep this schedule handy so you will know when your benefit check will be mailed.

January 28, 2004 February 25, 2004 March 29, 2004 April 28, 2004

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

January 30, 2004 February 27, 2004 March 31, 2004 April 30, 2004

If you are interested in direct deposit of your pension benefit checks, please call our office at (713) 759-9275.



## NORMAL and DEFERRED RETIREMENTS MAY 2003 TO DECEMBER 2003

#### **Affirmative Action**

Romo, Ramiro

#### **Aviation**

Bradford, Sally Brown, Hoyt Chheng, Lac Desimone, Frank Ellis, Fred\* Harvey, Raphael\* Harvey, Sheryl Hernandez, Maria Kidd, Jessica\* Morgan, Astrid Rivas, Rachel Rivera, Laverne St. Julian, Wilford Tice, Betty Torres, Carolina Valdez. Olaa\* Velasquez, Felipe Vela, Richard\* Walter, Alberte West, Alcide\*

#### **Building Services**

Ashby, David Blankenship, Tammy\* Davis, Joseph Dennis, Sandra Golembiewski, Phillip\* Hollis, James Inouye, Eugene Munoz, Gustavo Jr. Ortiz, Leonel Sias, Beatrice Speed, Thomas Wagner, Arthur Walter, Alberte Woodard, Emery

#### **City Council**

Hartung, Christin\*

#### **Controllers**

Garcia, Svlvia\* Rhode, Betty Wooten, Wanda

#### Convention

Nelson, Sherlean

#### Finance & Administration

Acker, Ralph Ball, Reba Brown, Joe Bryant, Amorette\*

Crutchfield, Frances Daniel, John Edwards, Carolyn Ferguson, Barbara Haines, Albert Jackson, Rodney King, Beverly Linn, Marsha Vance Miller. Linda Revis, Theresa Thomas, James

#### Fire

Carter, Clen Hopes, Fred Zarzana, Anthony

Aspan, Michael

#### Health

Bermudez, Justino Boyd, David Brew, Roberta Dedeaux, Jules Dotson, Bobbye Jr. Edwards, Rosalind Frazier, Clifford\* Galloway, Jean\* Gardner, Glenda Goyert, Phyllis Hermida, Hector\* Jones, Mildred Krentz, David Marrolyn, Pete Miller, Mervin Nguyen, Anh Owens, Geraldine Patrick, Ernest Pavne, Ardath Pete, Marrolyn Pickard, Veola Sanders, Addie Siddigi, Mohammed Sterling, Debra\* Taylor, Velma Thurmond, Sylvia Torres, Diana Valdivieso, Alfonso Venegas, Leopoldo Villegas, Maria Vu. Dihn Watson, Andrew

#### Housing

Sells, Marshenel\*

#### **Houston Emergency**

McDowell, Craig Rodgers, Catherine

#### **Human Resources**

Luna. Julia Rathjen, Diana

#### Information Technology

Harris, Brenda Scott, Betty

#### Legal

Chitty, Michael Dempsey, Kelly\* Hu, Wilson Lanza, Joseph Thomas, Charles\*

#### Library

Davis, Robert Blaine Henderson, June Linbeck, Sharon Lukose. David\* Villarreal, Ruth Zgarba, Dorothy

#### **Municipal Courts**

Albrecht, Joel Boyd, Elizabeth Johnson, Joe Price, Stella Saucier, Deloris Williams, Sylvia Woods, Verdell

#### **Parks & Recreation**

Bhatt, Niranjan Butera, Louis Conley, Henry Drabek, Cynthia\* Gage, Joseph Garcia, Larry Gibson, Karen\* Inglis, Ann\* Ingram, Charlona\* Jerez. Beatriz Konstin, Constantine\* Lam, Khanh Llizo, Shirley\* McCarthy, Linda McGarity, Dorothy Mendoza, Alberto\* Nicasio, George Putney, Richard Quisenberry, Rhonda\* Rutter, Alfred Sanchez, Pedro Schwartz, William Scranton, Annette\*

Shotola, Kimberly\* Thomas, Wilbert Watson, Joyce Wiley, Simon Wilkin, Leonard Washington-Collins, Linda

#### **Planning**

Antoine, Charles Buckner, Josey Byrd, Gwendolyn Carvin, Suzette Clay, Tommy Crawford, Beverly Darilek, Charles Handy, Margaret Ho, Hwa-Chuan Hollins, Mayolder Kanaway, Margaret Kologinczak, Stephen Peloquin, Patsy Referente, Erlinda Robinson, John\* Spencer, James Young, Don Zilahy, Peter

#### **Police**

**Bolding**, James Boney, Ella Caddenhead, Treca Chargois, Yvette Craig, John Espinelli, Jeanette Estrada, Hector Frame, Richard Funderburk, Joe Garcia, Diane Grav. Fabian\* Jackson, Kevin\* Johnson, Jeannie Kanakis, Patti Lamas, Leticia\* Lewis, Jacquelynn Martinez, Maria Martinez, Mario McCracken, Eugenia Nohavitza, Judy Picon, Marylou Reach, Kanika\* Talbot, James Tapley, Larry Taylor, Em Tena, Cesar\* Uscanga, Yolanda\* Walker, Marilyn Wells, Tammy\* Williams, Arthur Jean

#### **Public Works & Engineering**

Adams, June

Allen, Mary

Angelle, Joseph

Aguino, Violeta

Balerio, Erasmo

Barrett, Donald

Barron, Melvin

Bernard, Tyrone\*

Bowles, Sedaie

Brand, William

**Brooks, Tommy** 

Barbo, John

Bass, Merle

Broussard, Paul Burch, A.J. Calhoun, James Campbell, Sylvia Carroll, Anita Castro, Valente\* Charles, Shirley Collins, Shirley Cooper, Bruce Alan Dement, James Denning, Ikie Eagleton, Louis Frohm, Edward Fults. Delores Gaines, Lee Garcia, Rogerio Gillum, Wilbert Gonzales, Anita Graham, Tommie Gray, Evelyn Green, Robin Hall, Mae Helton, Joe Henderson, Billy Holten, Richard Hubbard, Wilbert Huerta, Ruben Jefferson, Camilla Jefferson, Edna Johnson, Leonard Jones, Sadd Kavalewitz, Velia Kizzee, Ceasar Kruger, Catherine Lopez, Adolph Maa, Yeh-Min Mahinay, Anicia Majsterski, James Martinez, Robert McDowell. Robert Meiia, Aleio Menchaca, Matias Miller, Mark Nance, Clifton

North, Allie Ortaleza, Emma Penhaker, Carol Perkins, Leonard Puah, William Ramirez, Benigno Ramirez, Ernest Reed, Phillippi\* Reyes, Alfredo Ringgold, John Roberts, Paulette Scurlock, Daniel Smith, Leslie Stewart, James\* Stewart, Marvin\* Taylor, Harold Thomas, Donell Thompson, Alvin Underwood, George Washington, James Wesley, Donald Williams, David Worchesik, Charles

#### **Solid Waste**

Bradley, Thomas Cerda, Gerardo Collins, Lynette Covarrubio, Dennis Dearmon, Kenneth Gallow. Horace Gonzalez, Jorge Grant, Samuel Green, Christopher Jack, Alfred Jordan, Donald Hall, Leonard Hampton, Anthony Hicks, Reginald Johnson, Elworth III Jolivette, Felton Lewis, Turner McNeil, Pamela\* Minor, Edward Nash, David Phillips, Raymond Pillar, Rickey Richardson, Arthur Roigs, Ildefonso Scott, Benjamin Sennette, Charles Smith, Calvin Thorne, Edmond Townsend, Henry White, Bobby

#### \*Deferred

## IN REMEMBRANCE ——

#### **ACTIVE EMPLOYEE AND RETIREE DEATHS**

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

Abbott, Viola\*\* Alford, Mable Arceneaux. Joe Arnett, John Arnold, Clara\*\* Avila. Frank Aycock, Norma Banks, Autry Barrett, Agnes\*\* Batson, Mary Bell, Thomas Benoit, Albert Bertolo, Josephine Bremer, William **Buntley, Norville** Burks, Melvin Butler. Creasie\*\* Caldwell, Ulysses Campbell, Raymond Carleton, Ann Chapa, Reynaldo Childress, Mary\*\* Corgey, Ilse Daniels, Leroy Davis, Cora Davis, Louis Davis, Zelma

Deckard, Timothy\* Dehart, Josephine\* Dragna, Josephine Elder, Arthur Elias, Johnnie Evans, Dallas Fetterman, David Flynt. Emory Fram, Clarice\*\* Garcia, Maria Garibay, Esperanza\*\* Gavdosik. Therese Gilliam, James\*\* Grant. Freda Groom, Marrece\*\* Hammond, Alfred Harris, Senora\* Harris, Willa\*\* Hauger, R.C. Hazell, Agnes\*\* Hayes, Jackie\*\* Hein, Jessica\* Henderson, Alpha Henrichs, Dorothy Hernandez, Ramona\*\* Hightower, Nina Hogans, F.

Holmes, Gerry\* Holt, Bessie Jefferson, Lewis\* Johnson, Augustus Johnson, Chester Johnson, Fannie Jordan, Emmitt\* Jorden. Margaret\*\* Kennedy, Ross Kerr. Ruth\*\* Krishniah, Rajkumar Knight, Gladys\*\* Lara, Miguel Lastee, Edward Latino, Mary\*\* Lawless, Jack Lawrence. Joe\*\* Lee. Larry\* Lindley, Cecil Litzler. Herman Lockett, Harold\* Loper, Melvin\* Love, Lucy Lujan, Leonel Luksan, Vivian\*\* Mace, Wilma McClain, Clara\*\*

McClenon, J.C. McGaha, Larry McGarthy, Robert McKee, Cecil McMillan, Alton Mears, R.E. Milling, James Mireles, Fidel Modrzejewski, Joe\*\* Morris, Aurora\*\* Neal, Mary\*\* Nguyen, N.D. Nichols, Katie\*\* Novakoski, Annette\* Oliver, C.W. Overstreet, Homer Patterson, Virginia Pavlock, Melba\*\* Penny. Abe Pittman, Dave Puryear, Mattie\*\* Race, Mary\*\* Ramirez, George Rawls, Craig Ray, Ruth\*\* Rea, Jerry Reed, James

Richards, Percy Rivas, Herminia Roberts, James Robinson, Aslan Rodriguez, Gabriel Ross. Orelia\*\* Ross. Terry Sanders, Geraldine\* Sanders, William Schieffer, James Singleton, Rufus Small, William Smith, Bobby Smith, James Soto, Ramon Staggers, Eric Starling, Esau Starks. Ruth\* Stots, Ella\* Strickland, Lester Taylor, William Thanars, Abram Thomas, James Thomas, Maxine\*\* Thompson, Calvin Thompson, Maybell\*\* Thurman, James

Tovar, Roy Townsend, Arvis\* Traynham, Ruby\*\* Twardowski, Gertrude\*\* Tyson, Thomas Vandevere, Louis Veloso, Anacleto Watson, Virail Wheeler, Maudice\*\* White, Izell Whitehead, Elijah Wilkenfeld, Ruth\*\* Wilkerson, Edmond Williams, Gertie\*\* Williams, Johnnie Wirthwein, Mildred\*\* Wooten, Percy Yen, Chih\* Young, Aline\*\*

Active Employee Death\*

Widow(er)\*\*



## **HMEPS** Investments

As of 6/30/03

 Domestic Equity
 \$ 389,872,468

 International Equity
 \$ 235,596,042

 Fixed Income
 \$ 222,431,871

 Real Assets
 \$ 222,269,900

 Alternative Investments
 \$ 194,579,944

 Cash Equivalents
 \$ 2,436,928

Market Value - June 30, 2003 \$ 1,267,187,153

For the Fiscal Year ending June 30, 2003 the return on the Fund's investments was 3.56%.

For the first six months of Calendar Year 2003 the return on the Fund's investments was 9.50%.

#### **HMEPS's CIO Wallach Receives IFE Award**

The Institute for Fiduciary Education (IFE) recently selected HMEPS's Chief Investment Officer, Neal Wallach,

as the recipient of its 2003 Annual Achievement award. The award is given to individuals employed in public and private pension funds who have imparted their knowledge in their respective fields and who have diligently worked with



IFE members to address the varied and complex investment issues in the pension industry.

The IFE conducts educational seminars on investment issues, providing a forum for executives of the world's largest corporate, public and Taft-Hartley pension funds, foundations and endowments.

#### **Pension Press**

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## **BOARD OF TRUSTEES**

#### **ELECTED TRUSTEES**

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Ray Kennedy, Vice Chairman
Roderick J. Newman, Secretary
Louis C. McKinney, Trustee
Sherry Mose, Trustee
Lee Pipes, Trustee

# TRUSTEES BY DESIGNATION OR APPOINTMENT

Barbara Chelette, *Trustee*Dr. Philip B. Scheps, *Treasurer*Lonnie G. Vara, *Mayor's Representative* 

#### **PENSION PRESS**

David L. Long, Executive Director Peter Koops, Director of Communications Naomi "Amy" Rowley, Executive Assistant

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

## **NEWSLETTER CONTENT**

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



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