

Retirement News Update



City of Austin Employees' Retirement System

4th Quarter 2005 Volume 3 Issue 4

A Quarterly Newsletter for Members of the City of Austin Employees' Retirement System

COA ERS Annual Members' Meeting

The Annual Members' Meeting was held on October 19, 2005. About fifty Members gathered to hear from the System's investment and actuarial consultants and have a dialogue with the Board. Here are some key discussion points from the meeting:

- * COA ERS investment returns are in line with other public pension plans across the country.
- * COA ERS has suffered funding difficulties experienced by many public pensions across the country.
- * Extraordinary investment losses during 2000-2002 contributed significantly to the present funding difficulties.
- * The funding ratio for the System remains at 80.8%, with an "infinite" amortization period for the unfunded liabilities.
- * The City Council recently adopted a Supplemental Funding Plan which provides a subsidy to the System to begin in 2007, unless earnings exceed 12 percent for the year. The Supplemental Funding Plan is designed to bring the COA ERS amortization period to 30 years over time.
- * Existing Retiree benefits are protected by the Texas Constitution; however, there is no guarantee of cost-of-living increases.
- * The Board of Trustees is sensitive and concerned about the issue of loss of purchasing power for City Retirees; however, by law, the actuary to the System must first certify that a cost-of-living increase is sustainable. The actuary will be unable to provide such a certification this year; therefore, the Board of Trustees will be unable to authorize a cost-of-living increase for 2006.
- * If the Consumer Price Index has increased by 3 percent or more, the Supplemental Funding Plan provides for a formal review of the cost-of-living issue after calendar year 2006. If an increase is granted, it would need to be funded by the City of Austin and this could result in a budgetary issue for the City.
- * The Supplemental Funding Plan requires that all benefit enhancements (cost-of-living increases as well as any enhancements for Active employees) must go to the City Manager and ultimately the City Council for approval.

Material presented by the actuary and investment consultants at the Annual Members' Meeting are posted on the COA ERS website at www.coaers.org.

Cost-of-Living Adjustment Consideration

Unfortunately, the Board of Trustees was unable to authorize a cost-of-living increase again this year.

By law, the Board may only authorize an increase if the actuary to the System certifies in writing that "based on the sound application of actuarial assumptions and methods consistent with sound actuarial principles and standards, it is demonstrable that the fund has and likely will continue to have the ability to pay such an amount out of its realized income after all other obligations of the fund have been paid." Basically, this means the increase must be affordable over the long-term. The actuary could not make such a certification this year. Therefore, the Board could not, *by law*, authorize a cost-of-living increase.

Board Sets 2005 Interest Rate for Member Deposits

At the November 29, 2005 Board Meeting, the COA ERS Board of Trustees set the interest rate paid on Member deposits at 4.50%. Interest will be credited as of December 31, 2005 on deposits in Members' accounts as of January 1, 2005. Annual Member statements will be mailed to all Members with funds on deposit with the System in January 2006 after the interest has been posted.

Active Members' News & Notes

What is Vesting?

Members become “vested” with COA ERS as soon as they have five years of Creditable Service. Vesting is a very important step towards earning a retirement benefit. Vested Members who reach retirement eligibility may retire and receive a monthly retirement benefit for their lifetime. Members are currently eligible for retirement when they meet one of the following age and service requirements: Any number of years Creditable Service at age 62; or 20 years Creditable Service at age 55; or 23 years Creditable Service at any age. Vested Members who leave City of Austin employment prior to meeting retirement eligibility may leave their funds in the System, and, when they

meet the necessary age and service credit requirements, can apply for retirement from COA ERS.

Terminating employees who elect to withdraw their personal deposits receive only their own contributions plus any interest that has been credited. Employer contributions remain with the System to fund retirement benefits for ongoing Plan Members.

For more information regarding retirement benefits, please refer to COA ERS' “Member Handbook”. Copies may be requested from the Retirement Office and are available at www.coaers.org.

Retirement Annuity and Creditable Service Calculations on the Web

Please visit our website at www.coaers.org to calculate the amount of your retirement annuity or Creditable Service purchase. Note: These calculations are provided as **estimates only**. Final calculations will be provided by the COA ERS staff. Please contact the Retirement Office at 458-2551 for additional information.



Annual Member Statements

In January 2006, COA ERS will be mailing Annual Member Statements to all Members with funds on deposit with the System. These statements include information regarding contributions made during 2005, interest credited as of 12/31/2005, and both taxable and non-taxable Creditable Service purchases (buy backs) made during 2005. For Active Contributing Members, the 12/31/2005 balance on your annual statement will not match the retirement contribution balance on your City of Austin pay stub. The City of Austin Payroll Department does not include any interest, Creditable Service purchases, or prior refunds when calculating life-time to-date retirement contributions. If you have any questions about your Annual Member Statement, please call the Retirement Office at 458-2551.

Did You Know? Retirement Benefits for City of Austin Employees Are Among the Best in the Nation

In a recent survey of 103 public retirement systems, including COA ERS, the median “multiplier” for systems whose membership was also covered by Social Security was 1.82%*. This compares to the 3% multiplier for City of Austin employees. This means that a City of Austin worker with 23 years of Creditable Service earns a benefit of 69% of the final average earnings; while the benefit under the median multiplier would only be about 42%.

* Source: Public Fund Survey, National Association of State Retirement Administrators, September 2005

With Deepest Sympathy

We extend our condolences to the family and friends of those Members of COA ERS who were Active City of Austin employees who have passed away*:

Michael A. Becker
Date of Death 10/13/2005
EMS

James Lund
Date of Death 11/06/2005
Public Works

Pamela Thomason
Date of Death 11/12/2005
Convention Center

* Please note, this list only includes those deaths of which COA ERS has been notified.

When Can I Retire?

As a Member of COA ERS, you are entitled to receive a monthly benefit payment when you meet the retirement eligibility requirements. Those eligibility requirements are: 23 years of Creditable Service at any age; 20 years of Creditable Service at age 55; or age 62 with any number of years Creditable Service. If you are within two years of retirement and would like a calculation of what your monthly benefit would be upon retirement, please contact the Retirement Office. You may also sign up to attend the monthly Pre-Retirement Seminar to receive more information on COA ERS retirement benefit, health benefits, Social Security benefits, and 457 plan benefits.

Retired Members' News & Notes

With Deepest Sympathy

We extend our condolences to the family and friends of those Retirees of COA ERS who have passed away*:

Betty Ann Anderson
Date of Death 10/13/2005
Retired From Brackenridge

Mary Bohannon
Date of Death 09/15/2005
Retired From Brackenridge

Clarence W. Boswell
Date of Death 10/01/2005
Retired From Austin Energy

Samuel L. Dumas
Date of Death 11/29/2005
Retired From Public Works

Richard Hill
Date of Death 10/14/05
Retired From Municipal Court

Ed S. Kirkham
Date of Death 10/25/2005
Retired From Fire Dept.

Geoffrey Lewis
Date of Death 11/12/2005
Retired From Austin Energy

Jesse J. Morgan
Date of Death 10/11/2005
Retired From General Services Department

Kenneth E. Mossberg
Date of Death 9/27/2005
Retired From Health & Human Services

Jesus Sarate
Date of Death 09/30/2005
Retired From Public Works

Vernelle S. Snitko
Date of Death 11/19/2005
Retired From Law Dept

James L. Sullivan
Date of Death 10/03/2005
Retired From Austin Water Utility

Raymond Swan
Date of Death 09/20/2005
Retired From Solid Waste Services

Burnic Turner
Date of Death 09/14/2005
Retired From Building Inspection (Watershed)

Pat Wiruscheske
Date of Death 11/24/2005
Retired From Brackenridge

* Please note, this list only includes those deaths of which COA ERS has been notified.

2006 Retiree Pay Dates

January 31st
February 28th
March 31st
April 28th
May 31st
June 30th
July 31st
August 31st
September 29th
October 31st
November 30th
December 29th

Monthly annuity payments are made on the **last business day** of each month.

Monthly Deposit Statements to be Discontinued in 2006

Effective in 2006, COA ERS will discontinue providing monthly deposit statements to Retirees and Annuitants. Year-end statements will be sent to all Retirees in January of each year. Additional statements will be sent to individual Retirees any time a change is made to the individual's benefit or withholdings. This change is being implemented as a cost-saving measure and is similar to the procedures of many other retirement systems and Social Security. As always, Members can call their banks to verify that deposits have been made. Pay dates are posted in quarterly newsletters as well as on the COA ERS website.

2006 Affidavits

Once each year, affidavits are mailed to all Retirees and Beneficiaries receiving annuity payments. By signing and completing the affidavit, annuitants confirm that they are alive and that they are eligible to continue receiving their monthly annuity. The affidavit process is used by retirement systems to prevent fraudulent payments to people who are not eligible to receive an annuity. Board policy requires that affidavits be notarized.

Your annual affidavits will be mailed in March 2006 to your address of record. Please watch for further information in upcoming newsletters.

Retiree Events

Austin Police Dept. Civilian Ladies Group

A group of retired civilian ladies from the Austin Police Dept. are meeting for informal lunches once each month. Anyone interested should call Betty Collins at 512 - 282 - 2081 or email DCManchaca@aol.com.

This event is not sponsored by COA ERS.

W-4P's

If you have changed your legal name since the last time your IRS form W-4P was completed, we encourage you to complete a new W-4P with your correct legal name. You may request a form from our office or download it from www.irs.gov.

Contact the City of Austin Benefits Office for...

- * All information related to your medical and/or dental benefits:
 - ✓ Change of Address
 - ✓ Claims
 - ✓ Premiums
- * Information regarding your \$1,000 City of Austin Death Benefit

Upcoming Dates to Remember

January

- * 2nd - Retirement Office closed in observance of New Years Day
- * 16th - Retirement Office closed in observance of Martin Luther King Day
- * 19th - Pre-Retirement Seminar
- * 24th - COA ERS Board Meeting
- * 31st - Retiree Pay Day

February

- * 19th - Pre-Retirement Seminar
- * 20th - Retirement Office closed in observance of Presidents Day
- * 28th - Retiree Pay Day

March

- * 16th - Pre-Retirement Seminar
- * 28th - COA ERS Board Meeting
- * 31st - Retiree Pay Day

Please Note: Retiree annuity payments will be made the **last business day** of each month.

Free Notary Services Available

The Retirement Office offers free notary services to our Members for COA ERS business only. System notaries will not notarize non-COA ERS documents.

COA ERS Board of Trustees

Reagan David, Board Chair
Mark Monteith, Board Vice Chair
Janet Bartles, Trustee
Francis E. Benoit, Trustee
Leslie Browder, Trustee
Eyna Canales-Zarate, Trustee
Betty Dunkerley, Trustee
Francine Gertz, Trustee
Ed Golden, Trustee
Elizabeth S. Gonzales, Trustee
Cathy Rodgers, Trustee

Website Suggestions?



If you have any suggestions regarding information you would like to see on the COA ERS website, please email them to jesse.ortega@coaers.org.

Please keep your address up to date!!

ACTIVE MEMBERS - Please contact City of Austin Payroll Dept. at 974-3001 to change your address.

RETIRED & VESTED MEMBERS - Please submit a change of address in writing to the Retirement Office. Forms are available at www.coaers.org or by calling 458-2551.

For your security, we will only mail financial information to the address that we have on record.

Need to Discuss Your Retirement Benefits?

COA ERS Member Services Specialists are available to answer your questions by phone, email, or in person Monday through Friday 8:00 AM to 5:00 PM. If you would like to speak with a Specialist in person, please call our office at 458-2551 to make an appointment. This will ensure you have adequate time to discuss any questions you may have regarding your retirement benefits. Our staff will continue to serve walk-in Members as scheduling allows.

COA ERS Staff

Executive Director
Stephen C. Edmonds

Operations Manager
Rhonda Helm

Finance Manager
Donna Boykin

Administrative Supervisor
Jesse Ortega

Finance

Financial Analyst
Bertie Corsentino

Accounting Technician
Korrie Hoskins

Management Services

Executive Assistant
Rosare Koepsel

Member Services

Member Services Specialists
Johnne Behner

Laura L. Fugate
Teresa Cantu

Member Services Coordinators

Craig Finkelstein
Errin Garcia

Operations

IT Coordinator
Melissa Adams

Office Coordinator
Cheryl Nelson

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