

# Retirement News Update

A Publication of the City of Austin Employees' Retirement System

Available online at [www.coaers.org](http://www.coaers.org)

3rd Quarter 2010

## Did you know?

The investment returns for the COA ERS portfolio are on a par with some of the largest and most sophisticated pension plans in the country. As an example, the following is a comparison to recently reported First Quarter Investment Results for the Teachers Retirement System of Texas (the largest pension plan in the State of Texas) and the California Public Employees Retirement System (the largest pension plan in the country).

As of March 31, 2010:

Plan	1Qtr	1 Year	5 Years	10 Years
COA ERS (Austin)	3.9%	38.3%	5.5%	3.6%
Texas Teachers	3.2%	35.0%	4.1%	3.3%
CalPERS (California)	3.7%	24.9%	3.5%	3.1%

COA ERS Chief Investment Officer Kirk Stebbins, CFA, noted, "The Board of Trustees uses a deliberative process focused on long-term strategic objectives in the investment of plan assets and this process has served our membership well. Our portfolio is a traditional mix of international and domestic equities, fixed income and real estate that has yielded investment results comparable to those produced by some of the most sophisticated pension plans in the country." For more information about the COA ERS investment strategy and current asset allocation, members are encouraged to review the Comprehensive Annual Financial Report for 2009 which is now available on our website at <http://www.coaers.org/publications.html>.

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## 2010 Place #11 Retired COA ERS Trustee Election

COA ERS will be conducting its Retired Member Place 11 election this year. This place is currently held by Janet Bartles. Every retiree receiving an annuity check from COA ERS is strongly encouraged to vote in this election. Ballots will be mailed to retirees in mid-October and must be returned to the Retirement Office before 5:00 p.m. on or postmarked by December 1, 2010. So make sure the address COA ERS has on file for you is current. Only retirees from the City of Austin Employees' Retirement System are eligible to vote in this election.

## Funding & Benefit Structure Talks Continue

The Second Quarter Retirement News Update contained a story about how the City of Austin was considering ways to improve the long-term financial soundness of the City of Austin Employees' Retirement System (COA ERS). Several discussions have occurred between City officials and COA ERS Trustees.

Currently, there are certain financial indicators of COA ERS that need improvement to increase our assurances that benefit obligations can be paid for generations to come. These talks have focused on improving the financial position of the COA ERS by considering contributions and future benefit levels while not impacting the benefits of current City of Austin employees or retirees.



The City has included a statement about focusing on funding retirement costs in the 2010 Economic Outlook and General Fund Financial Forecast. The Forecast calls for a 2% annual increase in City Contributions to COA ERS from 2011 through 2013. The estimated cost of the 2% increase is \$9 million for each of the next three years. Inclusion of the increased rates in the Five-year Forecast will allow City staff and the City Council to evaluate the impact to the City. The forecast can be found on the City of Austin's website at <http://www.ci.austin.tx.us/budget>.

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# Active Member News and Notes

## Funding & Benefit Structure Talks Continue (cont'd)

Benefit levels for future employees are also being evaluated. Current City employees and retirees will not be affected by these proposals. However, the items considered included lengthening the number of years of City employment required for retirement eligibility for future newly hired employees. In addition, a reduction in the benefit multiplier has also been discussed for future newly hired employees. The City will be working collaboratively with the COA ERS Board to evaluate any proposed revisions. Any increase of City contributions will require the approval of the City Council. Any revisions to benefit levels will need to be considered by the City Council, the pension board, and then enacted by the Texas legislature.

Focused efforts to strengthen the COA ERS will continue in the coming months. Information about these discussions can be found at [www.coaers.org](http://www.coaers.org).

### What is Sick Leave Conversion?

At retirement, a COA ERS Member may elect to purchase service credit for unused sick leave for purposes of increasing the amount of Creditable Service used in calculating the Member's retirement benefit. City employees who are retiring and were hired before October 1, 1986 are eligible to be paid 100% of their current salary for accumulated sick leave balances up to 720 hours. A Member can only convert unused sick leave hours that are not eligible for payment by the City of Austin. A Member must already be eligible for retirement in order to purchase this service credit at the time of retirement.

Unused sick leave must be converted in pay period (80-hour) increments. COA ERS requires payment by the Member, and then by the City, of the equivalent amount of retirement contributions that would have been made had the unused sick leave balance been exercised as sick leave hours. Members should contact the Retirement Office to begin the conversion process 60 days prior to their retirement date.

You can call and speak to a Member Services Specialist for answers to any questions you may have concerning this benefit.

#### Creditable Service Purchase and Retirement Calculations on the Web

Please visit our website at [www.coaers.org](http://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 512-458-2551 for additional information.

## Divorce and Your Retirement Benefits

In Texas, retirement benefits earned during a marriage are subject to division upon divorce. If, during divorce proceedings, the parties divide COA ERS retirement benefits, it is important to contact our office. First, COA ERS can estimate the benefits each party to the divorce will receive. This information then can be incorporated into the final property division settlement terms of the divorce. Second, COA ERS can provide a sample Qualified Domestic Relations Order or QDRO. As a part of the divorce proceedings, a QDRO must be created and presented to COA ERS. The QDRO must meet certain standards and must ultimately be approved by COA ERS to become effective.

Taking the time to contact COA ERS prior to or during divorce proceedings can be useful. If you or your attorney need assistance, contact our office at (512) 458-2551.

## TEXPERS Legislative Focus Group

TEXPERS is a voluntary nonprofit association of Texas retirement systems, of which COA ERS is a member. TEXPERS has established a method for you to stay informed about legislative matters related to public pensions and to receive email alerts. If you are interested in subscribing and joining the TEXPERS Legislative Focus Group, please go to [www.texpers.org](http://www.texpers.org) or call 713-622-8018 for more information.



## Look into Free Offerings at the Library!

Looking to save money on summer fun? The Austin Public Library has a wealth of free entertainment and activities for you this summer. Free salsa lessons are being offered at the Carver, Cepeda, and Pleasant Hill Branches. These classes are being taught weekly by Raul Ramirez, no need to register. Throughout the year you'll find the library has everything from film screenings, book clubs, writing workshops, computer classes, language classes, gaming tournaments, and more. For information, contact Kanya Lyons @ 512-974-7379 or visit [www.cityofaustin.org/library](http://www.cityofaustin.org/library).

# Retired Member News and Notes

## COA ERS Now Accepting Applications for Retired Board Trustee Position

The COA ERS Board of Trustees is now accepting applications from retirees who wish to run for the Place #11 Retired Member Trustee position on the Board. This position is currently held by Janet Bartles.

Each Board Trustee accepts a high standard of fiduciary responsibility to govern and oversee the pension plan and its assets. Each Trustee is required to follow a code of ethics and make certain financial disclosures. In addition, Trustees are required to regularly attend Board meetings and serve on a Board committee.

COA ERS will be conducting its Retired Member Place #11 election this year from mid-October through December 1st. Candidates for the Place #11 Retired Trustee position must complete an application and submit it to COA ERS no later than 5 p.m. September 7, 2010. The application can be found on the COA ERS website at [www.coaers.org](http://www.coaers.org). Candidates can also contact COA ERS by phone at (512) 458-2551 for an application.

## With Deepest Sympathy

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

**Richard Brown**

*Date of Death 4/30/10*

*Retired from Parks & Recreation*

**Victor Carmona**

*Date of Death 5/22/10*

*Retired from Parks & Recreation*

**Domingo Guerrero**

*Date of Death 3/15/10*

*Retired from Public Works*

**Howard Monroe**

*Date of Death 6/16/10*

*Retired from Health & Human Services*

**Anne Morris**

*Date of Death 6/19/10*

*Retired from Austin Public Library*

**Michael Nichols**

*Date of Death 4/17/10*

*Retired from Solid Waste Services*

**Robert Parsons, Jr.**

*Date of Death 2/21/10*

*Retired from Austin Water Utility*

**Luther Polnau**

*Date of Death 4/26/10*

*Retired from Planning & Develop. Review*

**Johnny Sanchez**

*Date of Death 3/18/10*

*Retired from Public Works*

**Adrian Sander**

*Date of Death 3/08/10*

*Retired from Public Works*

**Sidney Scott**

*Date of Death 6/22/10*

*Retired from Planning & Develop. Review*

**John Small**

*Date of Death 5/24/10*

*Retired from Austin Water Utility*

**Jacob Tinney**

*Date of Death 5/24/10*

*Retired from Austin Energy*

**Roland Vela, Jr.**

*Date of Death 4/23/10*

*Retired from Austin Energy*

**Paul Wagner**

*Date of Death 3/13/10*

*Retired from Austin Energy*

**Charles Ward**

*Date of Death 5/03/10*

*Retired from Police*

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

## Spotlight on Retiree Maureen McReynolds



Starting a commercial winery was really not on her mind when a young Maureen McReynolds was working for Austin Water Utility. While living in California, she and her husband Gerald (Mac) enjoyed the pleasures of visiting wineries and learning about winemaking styles and techniques. Returning to Austin, they got involved in the Texas Wine and Grape Growers Association while working full time at their jobs. In 1989,

they were able to purchase 5 acres of land with a building that had formerly housed a winery out in the Hill Country town of Cypress Mill. Honing their skills buying wine grapes and practicing home winemaking, the couple eventually decided it was time to turn their hobby into a true commercial winery. Since retirement in 2003, Maureen has enjoyed bringing visitors into their wine tasting room for a taste and a discussion of their wines. The McReynolds Winery is still small and has a goal of expanding to more markets, looking for new outlets to introduce their wines. When asked about advice to those employees considering retirement, she said "It's important to have a definite goal and keep working on something you are passionate about." Maureen is looking forward to this season's harvest, as the temperatures have been moderate as opposed to the past year's late freezes, droughts and high summer temperatures. The winery will be featured on the 2010 Harvest Wine Trail Festival the weekends of August 6-8 and 13-15. The McReynolds Winery is located 40 miles west of Austin off Highway 71 in the community of Cypress Mill. Visit their website at [www.mcreynoldswines.com](http://www.mcreynoldswines.com).

## 2010 Retiree Pay Dates

July 30th	August 31st
September 30th	October 29th
November 30th	December 31st

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



City of Austin Employees' Retirement System

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### ¿ Habla Usted español?

Representantes están disponibles para contestar sus preguntas en español por teléfono o aquí en la oficina de COA ERS. Además, contamos con algunas formas en español y podemos dar presentaciones sobre el sistema y la jubilación para los miembros interesados. Favor de hablar al 512-458-2551 o vea nuestro sitio de Internet: [www.coaers.org](http://www.coaers.org).

*Spanish Translated Forms Available*

### Upcoming Events

#### AUGUST

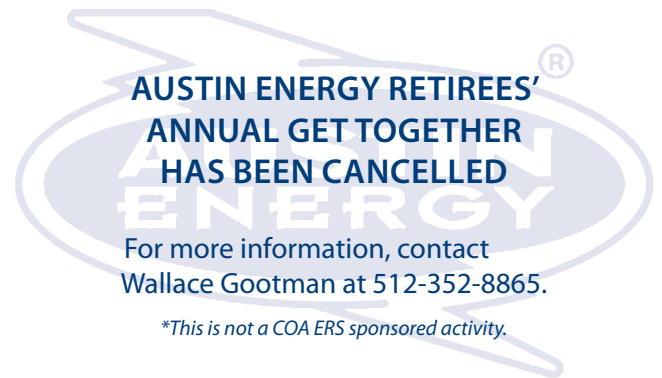
- 19** Pre-Retirement Seminar
- 31** Retiree Pay Day

#### SEPTEMBER

- 6** Retirement Office closed in observance of Labor Day
- 16** Pre-Retirement Seminar
- 28** COA ERS Board Meeting
- 30** Retiree Pay Day

#### OCTOBER

- 13** COA ERS Annual Meeting
- 21** Pre-Retirement Seminar
- 29** Retiree Pay Day



*Retirement News Update* is a publication of the City of Austin Employees' Retirement System and is distributed for the information of COA ERS Active, Vested, and Retired Members, and their beneficiaries.

While COA ERS has made every attempt to provide correct information, it does not guarantee the accuracy of the information contained or referenced herein.