

Pension Update

Fall 2011



Annual Benefits Statements were mailed to active and terminated vested members in July. If you did not receive one, the City may not have your correct address. Please go to the City Intranet to obtain a Change of Address Form, or go to www.fwretirement.org. Under Forms, find City of Fort Worth Change of Address Form 2011. All forms must be returned to City HR. Please ask your department HR Coordinator for more information.

RETIREMENT OFFICE

Office 817-632-8900

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Toll Free 1-800-741-9914

Online www.fwretirement.org

NEED INFO? Information, news and retirement forms are all available on our website at www.fwretirement.org.

SE HABLA ESPAÑOL

Jennifer Sierra y Rebecca Earley están disponibles para contestar sus preguntas en español. Llame al 817-632-8900 de lunes de las 7:30 de las mañana hasta las 5:30 de la tarde. ¡Llame hoy para cita!

QUESTION? JUST ASK!

ask@fwretirement.org

Studies show defined benefit pension plans contribute to the fiscal health of our communities

The recent Fort Worth mayoral election brought to light many issues the City must deal with to maintain our communities and the quality of life we all enjoy. The City's retirement plan featured prominently in many of those discussions – and not always in a positive way.

City of Fort Worth employees, however, can be assured that the Fort Worth Employees' Retirement Fund strives to educate members, retirees, City officials and the public about the positive impact defined benefit (DB) plans have on our communities, in Texas and across the country.

Local and state pension plans provide a critical source of reliable income for more than seven million retired Americans, according to a study done by the National Institute on Retirement Security (NIRS). DB plans play a big role in reducing elder hardships. Rates of poverty among older households without DB pension income are approximately six times greater than the rate among older households with DB incomes.

At a time when economic experts are warning that baby boomers with 401(k) plans are woefully unprepared for

retirement, employees with defined benefit pension plans should consider themselves very fortunate.

In Texas, vested state and local pensions are protected by the Texas Constitution and support more than 75,000 jobs and approximately \$12.3 billion in economic activity. For every dollar in DB pension benefits paid out in Texas, \$1.44 of total economic output is supported in the state, according to NIRS' report, *Pensionomics: Measuring the Economic Impact of State and Local Pension Plans*.

Locally, the Fort Worth Employees' Retirement Fund pays out more than \$120 million a year to retirees; 67% of these retirees live in Fort Worth and Tarrant County and 95% continue to live in Texas. That means the majority of your DB dollars benefit the businesses in our communities, as well as the cities in which retirees and beneficiaries live and pay taxes.

We are fortunate to live and work in a City that values its employees and provides a defined benefit pension plan.

For information about your DB plan, contact the Fund at 817-632-8900.



From Ruth Ryerson, Executive Director

For the past year or so you may have seen a number of articles in the newspapers about the dire condition of governmental defined benefit plans and how the benefits are unsustainable. While the Fort Worth Employees' Retirement Fund is not fully funded, our goal is to be able to pay off our unfunded liabilities in 30 years or less, similar to the way you pay off the mortgage on your house.

When the actuaries calculated the liabilities as of Jan. 1, 2010, the funding period was 40.5 years. In 2010, the Fort Worth City Council voted to add an additional 4% in contributions to the retirement fund, starting in October 2010. In March 2011, City Council voted to reduce the benefits for non-civil service municipal employees hired on or after July 1, 2011. The combination of these two changes, along with some better than expected actuarial experience, has produced favorable results. As of the latest actuarial valuation on Jan. 1, 2011, we now have a funding period of 19.5 years. This is expected to increase to just over 30 years in 2012 and 2013 — as the remaining losses for the 2008 markets are smoothed in — then decline back into the 20s. Because of the 19.5 year funding period, the Board was able to approve a 3% COLA effective Jan. 1, 2012, for those retirees who selected the ad hoc (conditional) COLA program in 2007.

While the City plans to bargain pension benefits with both police and fire when their contracts come up for negotiation in 2012 and 2013, respectively, they have also discussed offering retirees and active members a different COLA structure. Because your vested rights are protected by the state constitution, you would have to make an affirmative choice to change the COLA you have now. We do not yet know what the City plans to propose, but since they are the ones with the authority to make benefit changes, the information, education and voting process will be coming from them. The retirement fund actuary has assured the City that since it is unlikely we will be able to pay another ad hoc COLA for a few years, they have plenty of "breathing room" to take their time and develop something that will work for both the members and the plan funding.

As always, the Fort Worth Employees' Retirement Fund remains dedicated to providing promised retirement benefits and exceptional services while sustaining your trust. Please call the Fund at 817-632-8900 if you have questions or concerns.

Investment Update

A graphic showing a small green plant with three leaves growing out of a stack of gold coins.

Concerns over Europe, Japan and the U.S. economy gave investors reasons to be skittish in the second quarter of 2011. First, U.S. gross domestic product growth declined to 0.4% in the first quarter, from 3.1% in the fourth quarter of 2010. At 1.3%, second quarter GDP did not improve much. The S&P/Case-Shiller Home Price Indices fell to their lowest level since 2002, confirming a double dip in the housing market.

Compared to the public capital markets, your retirement fund has fared well through June 30 (**for updated monthly returns, please go to our website, www.fwretirement.com**). While our domestic stock portfolio has gained 5.40% for the year, it underperformed the benchmark Russell 3000 Index by 0.95%. However, our international equity allocation (up 4.85%) outperformed its benchmark by 0.74%. Our fixed income allocation is up 1.92% for the year, but 1% below its benchmark, the Barclays U.S. Universal Bond Index. A dedicated allocation to non-U.S. fixed income added modestly to our performance.

As of second quarter's end, the Fund has had a good year with a year-to-date return of 4.34%. This is with significantly lower risk than U.S. equity markets overall. The total value of the portfolio as of June 30 was \$1,779,164,139. We have also made strides in moving the portfolio toward asset allocation targets that best position us for continued market uncertainty.

Please keep in mind that your defined benefit plan does not fluctuate with changes in asset values. A defined benefit plan is able to focus on long-term investment horizons to the benefit of both current and future retirees.

Meet the Staff

Karen Epp, CPA, started as Senior Accountant at the Fund in November 2010. She is responsible for preparing all financial



statements and the annual audit. Karen has 23 years experience in corporate accounting and is a graduate of Kansas State University, where she received her Bachelor of Science degree in Business Administration with a major in Accounting. She is a Certified Public Accountant licensed in Texas.

Trisha Thomason was named Business Systems Administrator of the Fund in August 2011. She is responsible for conducting information



technology process analyses, needs assessments and system training and implementation. Trisha worked for the City of Fort Worth for many years, mainly in Human Resources. She has a Bachelor of Science in Elementary Education from Western Illinois University and a Master's of Organizational Management from the University of Phoenix.

Jacob Bowland has been with the Fund since August 2011. He is an Investment Analyst and is responsible for measuring investment



performance and compliance and working with managers, consultants and custody banks. Jacob previously served as a research associate with an investment management consulting firm in Dallas. He holds a Bachelor of Arts in Economics from the University of Oklahoma and is currently working on an MBA in Finance from UTA.

Mary Kay Glass was named Communications/Publications Specialist in April 2011. In this new position, she is responsible for writing



and producing all newsletters and other written materials, working with the media, updating articles on the website and communicating with active members and retirees. She has a Bachelor of Journalism degree from the UT Austin and 35 years experience working in communications and public relations in Fort Worth and Tarrant County.

New state law rules member information is confidential

On June 17, 2011, the Texas Legislature passed and enacted Section 552.0038 of the Texas Government Code, which makes your retirement information confidential.

In the past, Fort Worth Employees' Retirement Fund newsletters have listed recent City of Fort Worth retirees, as well as member and retiree deaths. Now we must have your written permission to put your name in the newsletter. When you retire, you will be asked to complete a Newsletter Election Form, which gives you the option of allowing your name to be put in the newsletter at the time of your retirement. If you elect to allow your name to be published, only your name will be printed. No other information will be used and your name will not be given or sold to marketers. However, all newsletters are posted on the Fund's website and available for viewing by the general public.

For more information, please call the retirement fund at 817-632-8900.



James Dunnam	Reid Rector
Judith Goins	Patsy Ross
Hans Hansen	Jack Stokes
Teri Majors	Lewis Tate
Mary McCoy	Rick Tucker
Gloria O'Donoghue	Barry Watson
Thomas Patterson	Hassell Weaver
Jay Peacock	Willie Winkfield
John Perez	



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 Editor: Mary Kay Glass

It's never too early to plan for retirement!

The Fort Worth Employees' Retirement Fund encourages you to get the most out of your retirement. **Pre-Retirement Planning Seminars** are available for employees who plan to retire within the next five years. This four-hour seminar is scheduled for **Tuesday, Nov. 29, 1 p.m.**, at the retirement fund offices, 3801 Hulen Street.

Course work includes an in-depth discussion of your retirement benefits; details of the Deferred Retirement Option Program; updates on health insurance after retirement; and, information on Medicare and Social Security. To register, call 817-632-8900. Seating is limited, so call today!

The Fund's retirement readiness class, **Retirement Road to Success**, is a great opportunity to explore your retirement resources, regardless of whether you plan to retire in five or 15 years. Retirement Road to Success classes in English are scheduled for **Sept. 28, 8:30 a.m.**, **Oct. 18, 11:30 a.m.**, and

Nov. 14, 1 p.m. at the retirement fund offices. This class will help you determine your income replacement needs at retirement. You can register online at www.cfwnet.org/hr/learn/class.htm or contact Laura Poindexter at 817-392-7767 to sign up.



La clase **Camino a la Jubilación Con Éxito**, en español solamente, **será el 26 de octubre de las 4-6 de la tarde** en la Oficina de Jubilación, 3801 Hulen Street, Suite 101. **EN ESPAÑOL SOLAMENTE.** Esta clase es para empleados de todas edades. Usted necesita atender esta clase, aunque le falten 5-años o 15-años para llegar a su jubilación. Discutiremos todas

las opciones de retiro, incluyendo la Jubilación Temprana, Jubilación Normal, DROP y beneficios de muerte. Ven a explorar tus recursos de jubilación! Por favor llame a Jennifer Sierra al 817-632-8902 para registrar o para más información. ¡Cónyuges Bienvenido!