



PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



Update From the Chairman

Sherry Mose
Chairman

Dear Participants,

It is hard to believe, but we are nearly halfway through 2018. In just a couple of months, it will be a year since Hurricane Harvey hit the Houston area, causing unprecedented damage. We continue with the steady recovery process, with the continued diligent work of you, the City of Houston employees. We are all grateful for your hard work and commitment in the recovery efforts. Many of our fellow citizens are still struggling after Harvey, but we will get there if we all continue to stand together.

In 2017 we had the 85th Texas Legislative Session. Significant changes to the City of Houston’s pension systems, including HMEPS, were passed when Gov. Greg Abbott signed Senate Bill 2190. Mayor Turner announced during his recent budget proposal that these reforms will have already saved the city over \$300 million in the FY2019 budget. I believe the reforms will continue to strengthen HMEPS’ long-term ability to deliver a secure retirement to our participants. The 86th Legislative Session will begin January 8, 2019 and as always we will keep you informed about any pension-related legislation.

The elections will soon be held for the HMEPS Board Trustee positions 5, 6 and 8. Voting for the positions may be cast by mail, internet, and phone from July 9th through July 27th, with the results announced on August 23, 2018. See page 5 for more information.

David Donnelly, who is the Mayor’s appointee to the Board, was officially sworn into office at our March Board meeting. Mr. Donnelly is a CPA

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HMEPS Releases New Benefits Handbook



HMEPS has published a revised Benefits Handbook containing information pertaining to the HMEPS pension plan.

HMEPS strongly recommends that you read the entire Handbook in order to familiarize yourself with the pension plan and to remain knowledgeable about important deadlines and eligibility requirements. It’s never too early to plan for retirement, and your pension is a vital component toward helping you meet your retirement goals.

The Handbook is also available on the HMEPS website at www.hmeps.org, under “Publications.” You must have Adobe Reader installed on your computer or other electronic device to be able to view it.

HMEPS NEEDS YOUR E-MAIL ADDRESS TO KEEP YOU UPDATED ON PENSION MATTERS

VISIT WWW.HMEPS.ORG
TO SIGN UP

Update From the **Chairman**

(Con't from Page 1)

and partner with Carr, Riggs & Ingram, where he provides tax planning and compliance services for clients in the Houston area. Welcome, David!

As always, I want to thank you for the opportunity to continue to serve as your Chairman. I take the trust and responsibility you have placed in me very seriously, and I will always work to preserve and strengthen your hard-earned retirement benefits.

In honor of the recent National Public Service Recognition Week, and on behalf of HMEPS and myself, we appreciate your diligence and service to this great city.

Be safe, and have a great summer.

Your Chairman,
Sherry Mose



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Retiree LUNCH BUNCH

First Saturday of each month @ 11 am
Luby's Restaurant
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For more info:
Era Bell Inglis
713-697-0317

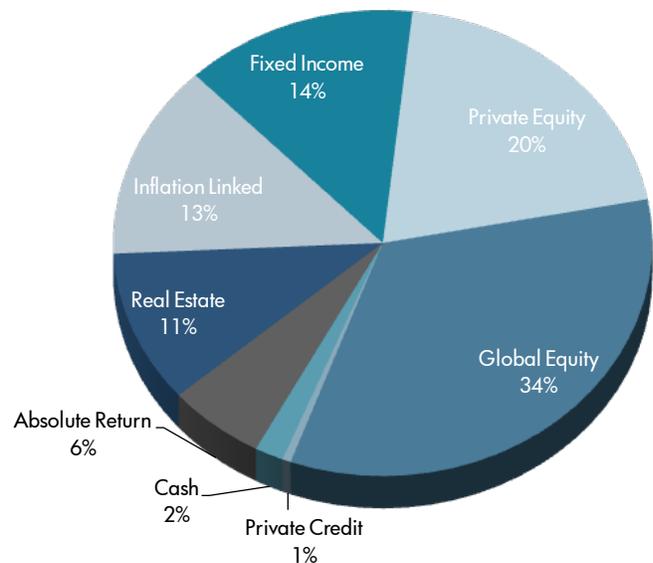
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HMEPS Investment Update

Market Value by Asset Class

	March 31, 2018	December 31, 2017
Global Equity	\$ 985,998,334	\$ 977,214,463
Fixed Income	410,583,410	408,771,397
Private Credit	15,010,462	14,555,529
Real Estate	311,184,284	300,132,945
Inflation Linked	396,878,257	397,164,205
Private Equity	593,900,331	579,678,684
Absolute Return	172,574,075	175,202,028
Cash	50,696,299	49,173,718
Total	\$ 2,936,825,452	\$ 2,901,892,969

Asset Allocation as of March 31, 2018





Steve Waas, CFP®, EA
Manager of Policy and
Financial Planning

Questions & Answers on I Bonds

I Bonds are an important investment opportunity you may not have heard about. They do not need to be bought through brokers, and they are guaranteed by the US government. Since nobody collects a commission by selling them, they are not very well known. But they have features some people might find attractive.

And, no, I Bonds have nothing to do with iPhones, iPads, or any other Apple product.

What is an “I Bond?”

I Bonds are a particular kind of US savings bond. They are issued and guaranteed by the US Government.

Why are they called “I” Bonds?

“I” stands for “inflation.” These bonds are specifically designed to provide protection against inflation. However, because of their structure, I Bonds can be a valuable place to put some savings even if inflation does not go up.

What is “inflation?”

Every month the US Government attempts to measure the average price level of a typical basket of goods consumed by a typical American. This is called the Consumer Price Index, or CPI. If the CPI this month is, for example, 1% higher than the previous month – then inflation is said to be 1% for that month. Usually that number is reported in the press as an annualized number (in this case that would be about 12%).

How do I Bonds protect someone from inflation?

The interest earned on an I Bond is in two parts. The first part is the “fixed” or “real” interest rate. It is fixed when you buy the I Bond. Right now the fixed part of the interest on I Bonds is close to zero.

The second part is determined by the US inflation rate over a recent 6 month period, as measured by the Consumer Price Index. Every 6 months, the “composite” of these two numbers is the rate of return on that I Bond.

So, if you buy I Bonds at a 0.2% fixed rate, and inflation

rate is 1% per year, your return on the I Bonds will be 1.2% per year. If inflation jumps to 5% per year, the return on the I Bond will go to 5.2% per year.

Is the inflation rate going to go up?

In recent years there has been very little measured inflation. Recent rates have been averaging close to 2% per year. Some experts think inflation could increase, but others think it could be many years before the rate of inflation rises much at all. But the truth is, nobody knows.

What if there is no inflation? What if there is negative inflation, or “deflation?”

Fortunately, the composite rate on I Bonds can never be set below 0. So even if the inflation rate actually turns negative, I Bond owners would not incur losses.

Some bonds go down in value if interest rates go up. Is this the case for I Bonds?

No.

This is actually one of the particularly valuable features of I Bonds.

First, as mentioned above, the composite rate on I Bonds is never set below zero, so higher interest rates won't create losses on I Bonds.

Furthermore, as long as you've held the I Bonds at least a year, you can cash them in. You could then reinvest the proceeds to take advantage of higher interest rates that might be available in other investments. (See “If someone buys I Bonds, how long must they keep them” below). *Continued on page 4*

Continued from page 3

What are the tax implications of I Bonds?

While interest is posted to the I Bond twice a year, those earnings do not become taxable income until the bond is cashed in – unless you elect to pay the tax each year. This means the earnings on an I Bond can be “tax deferred” even though they are not held in a traditional tax deferred account such as an IRA or deferred compensation account.

Also, under some circumstances, when I Bonds are used for education, the earnings can be tax free. However this benefit is phased out at higher income levels, and is subject to special requirements. For more information on using I Bonds for education expenses, see IRS publication 970.

If someone buys I Bonds, how long must they keep them?

You cannot cash them in for at least a year after buying them.

For the first five years, if you cash them in, you forgo three months worth of interest.

Beyond that there are no restrictions, and they continue to accrue interest for thirty years.

Are I Bonds the same as “TIPS” – Treasury Inflation Protected Securities?

No. TIPS are a very different instrument.

Can anyone buy I Bonds?

Any US citizen, US resident or civilian US government employee with a social security number can purchase them.

However the maximum you can buy is \$10,000 worth per

year. An additional \$5,000 can be bought with your tax refund. The minimum amount is \$25.

How does someone buy I Bonds?

I Bonds can be purchased directly from the US Treasury Department, at their website www.treasurydirect.gov.

Can I Bonds be held in IRA accounts?

Generally, no.

Are these good investments?

Obviously this depends on individual circumstances.

Some people have savings in money market or bank accounts which earn very little interest. But they may not want to take risk with that savings. Such people should take a look at I Bonds, as long as the one year holding requirement would not create any issues for them.

...

Steve Waas is a Certified Financial Planner® and is available for individual meetings with participants. Steve also discusses financial topics in our newsletters to help participants better understand these important issues.

The information contained herein is general in nature and is not intended as legal, tax, or investment advice, and

should not be used in any actual transaction without the advice and guidance of a professional tax advisor who is familiar with all the relevant facts. HMEPS assumes no obligation to inform any person of any changes in the tax law or other factors that could affect the information contained herein.



“I don’t always buy bonds, but when I do I prefer I Bonds.”

- said by no James Bond ever



NOTICE

ELECTION OF TRUSTEES FOR THE HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM (HMEPS) BOARD OF TRUSTEES

Candidate applications are being accepted for two (2) employee trustee positions and one (1) retiree trustee position on the HMEPS Board. The election is for the following positions:

- Employee Position #5 (Incumbent is Sherry Mose)
- Employee Position #6 (Incumbent is Roy W. Sanchez)
- Retiree Position #8 (Incumbent is Roderick J. Newman)

QUALIFICATIONS

An employee trustee candidate must be a full-time employee and a member of the Houston Municipal Employees Pension System with at least five years of credited service at the time of application.

A retiree trustee candidate must be a retired member of the Houston Municipal Employees Pension System, and must be receiving retirement benefits at the time of application.

All qualifying candidates must be willing to: 1) serve a four-year trustee term without compensation; 2) take an oath of office; 3) attend Board meetings, which occur at least once a month; 4) serve on committees as appointed; 5) attend required committee meetings; and 6) obtain ongoing training and education in pension and pension-related matters.

APPLICATIONS

An active employee interested in running for an employee trustee position, or a retiree interested in running for the retiree trustee position, may obtain an application and a copy of election guidelines in person from the HMEPS Office at 1201 Louisiana, Suite 900 (Total Plaza Building).

Candidates must file applications in person at the HMEPS Office. The deadline for filing applications is 4:00 p.m. (Houston time), Wednesday, June 20, 2018. No application will be accepted after that time.

5 WAYS TO SPEND YOUR TAX REFUND



RETIREMENT

Fund a retirement plan. There are many savings tools and vehicles available to help you meet your retirement goals. Be sure to take advantage of them.



EMERGENCY

Build Emergency Savings. Work toward setting aside enough money to be able to pay your bills for 6 months, in case of an emergency.



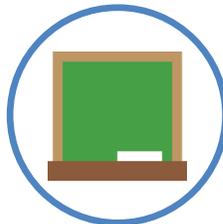
COLLEGE FUND

Pay off Student Loans, or start a college fund. Regardless of expense, it does pay to have an education. For a big chunk of us that means student loans. This is a good opportunity to put a nice dent in those expenses.



CREDIT CARDS

Pay off those credit cards. Stop paying those high interest rates. Pay those credit cards off, and keep them paid off!



LEARN

Why not invest in your own future? Take that class you've always wanted to take? It could give you a leg up in your current job, or just expand your understanding of the world around you.



Chairman Sherry Mose

HMEPS Chairman Sherry Mose Being Honored by NASP

Sherry Mose is being honored by the National Association of Securities Professionals (NASP) with the JOYCE JOHNSON AWARD, an annual award recognizing a true leader whose efforts best exemplify the advancement of the ideals and principles of NASP and its mission to make a difference for minorities and women professionals in the securities industry.

Ms. Mose will receive the prestigious award at the upcoming NASP Annual Pension & Financial Services Conference in Houston.



National Association of Securities Professionals

Retirements

Third & Fourth Quarter 2017

Admin. & Regulatory Affairs

Cohen, Belinda
De La Cerda, Rolando

Aviation

Baptiste, Marie
Brown, Floyd
Byrd, James
Harris, Dannie
Hill, Debra
Robinson, Roland

Dept. of Neighborhoods

Beeks, Xiomara
Miller, Elsie

Finance

Davis, Richard

Fire

Calvert, George

Fleet Management

Nguyen, Dangdung
Tran, Thuan

General Services

Garcia, Carlos
Richmond, David

Health

Arafat, Raouf
Barton, Mary
Booker, Brenda
Kweekeh, Florida
O'Brien, Jane
Penson, Cheryle

Housing & Community

Development

Randle, Geraldine

Houston Emergency Center

Guillen, Nicholas

Human Resources

Patel, Hemagini
Porter, Linda
Solis, Alicia
Williams, Willie

Legal

Godin, Florencio
Quintal, Joseph
Teehan, Linda

Library

Oliver, Lurnina
Ortiz, Cristina
Robinson, Leroy

Municipal Courts

Reyes, Patricia

Police

Booker, Frank
Desta, Mezgebe
Garcia, Jo Ann
Montford, Barbara
Perez, Jorge
Quintanilla, Mary
Randle, Mary
Zweck, Briana

Public Works & Engineering

Anderson, Kevin
Carpio, John
Carter, Laurie

Castillo, Rodolfo
Collins, Nancy
Craig, George
Davis, Leslie
Davis, Elzina
Declouet, Paulette
Edwards, Tina
Finister, Edward
Gee, Steven
Geisler, Jerrel
Grant, Harry
Heiman, Marvin
Kaminski, Gina
Kamman, Joanne
Kimble, Susan
Lorton, Lisa
Mitchell, Henry
Morris, Arthur
Taylor, Bennie
Torres, Alexandra

Solid Waste

Harness, Carol
Salmeron, Isidro

The Retirements section lists names and departments of those retiring participants who have indicated on their retirement applications that they wished to have an announcement of their retirement included.

Congratulations to John Eberle on Retirement



HMEPS would like to say a special thank you to John Eberle for his many years of dedicated service to HMEPS as an employee in the HMEPS Information Technology Division. John was a key employee working behind the scenes to facilitate the smooth transition and safeguarding of information. He could always be counted on to accomplish any task, whether large or small, from generating that last minute report, coordinating the office charity drive, or picking up breakfast tacos.

John's generosity, friendly smile and sense of humor helped to brighten the mood of everyone he encountered. Congratulations John, and may your retirement bring you as much joy as you have brought to the HMEPS staff.

Pension Payment Schedule, June - October 2018

This schedule indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month. If you receive a pension check by mail, it is typically mailed 3-4 days before the last business day of the month. However, postal delays may lengthen the period of time before check delivery. Call HMEPS for information on signing up for direct deposit of your benefit.

- Friday, June 29, 2018
- Tuesday, July 31, 2018
- Friday, August 31, 2018
- Friday, September 28, 2018
- Wednesday, October 31, 2018

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BOARD OF TRUSTEES

ELECTED AND APPOINTED TRUSTEES

Sherry Mose, *Chairman*
Roy W. Sanchez, *Vice Chairman*
Lonnie Vara, *Secretary*
Roderick J. Newman
Asha Patnaik
Lenard Polk
Barbara Chelette, *Appointed*

CITY APPOINTED TRUSTEES

Denise Castillo-Rhodes
David Donnelly
Edward J. Hamb II
Adrian Patterson

PENSION PRESS

David L. Long,
Executive Director
Nicole Riney,
Editor

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



HMEPS

HOUSTON MUNICIPAL EMPLOYEES PENSION SYSTEM

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.