



# PENSION PRESS

The Newsletter of the Houston Municipal Employees Pension System



## Update From the Chairman

Sherry Mose  
Chairman

Dear Participants,

Fall has arrived in Houston, and along with cooler weather that means football and elections! As you root for the Texans – or whichever team you support – on Sunday afternoons, I hope you are also carefully evaluating the candidates running to serve you as Houston’s next Mayor and City Council.

Given the recent national, state and local focus on public employee pensions, as well as concerns around City finances, it is no surprise that some organizations and individuals are attempting to make employee pensions a political football in the City election campaign. Despite a slowing local economy, voter-approved revenue caps, debt service obligations, and a wide array of increasing fixed costs that are straining the City budget, some are attempting to unfairly scapegoat employee pensions as the source of budgetary challenges in order to score political points.

A recent article in the Houston Business Journal (HBJ) critical of pensions contained numerous factual errors and flawed analysis. I wrote a strongly worded response, published in the HBJ August edition (“Op-ed: HBJ Article Is Upside Down”), that corrected the record and provided a more balanced, comprehensive assessment of the City’s financial situation. You can find a link to my response on the HMEPS website ([www.hmeps.org](http://www.hmeps.org)) at the Chairman’s Corner.

As your Chairman I want to be crystal clear. Discussion of your hard-earned retirement benefits is not a game. Your HMEPS Board of Trustees and staff take our responsibilities to you extremely seriously, and we will not hesitate to correct misinformation and defend our

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## HMEPS Staff Recognized for 85 Years of Combined Service to the System

HMEPS Chairman Sherry Mose recently recognized HMEPS staff members for 85 years of combined service to the system. Kudos to the staff for their dedicated service!



HMEPS staff members recognized for service to the System: (from left) Kim Carter, Erin Perales, Carole Snyder, Nicole Riney, Chairman Sherry Mose, Executive Director Rhonda Smith, Angie Calenda and Chirag Patel.

Stay connected with us by visiting [www.hmeps.org](http://www.hmeps.org) or finding us on social media!



# Update From the Chairman (Continued from Page 1)

participants. Again, I urge each of you to carefully study the candidates and issues in this important election, and to make your voice heard by voting!

Fall also means it is time for our 11th annual Financial Retirement Employees Educational (F.R.E.E.) Summit. On Friday, October 23rd and Thursday, October 29th, between 10:00 a.m. and 2:00 p.m., City employees will have an opportunity, at no charge and on their own time, to gain valuable information about planning for their retirement. More information follows in this

newsletter and you can register at the HMEPS website or [www.2015fallfreesummit.eventbrite.com](http://www.2015fallfreesummit.eventbrite.com). I hope to see you there!

Finally, I want to thank the HMEPS Trustees and staff for their dedication and hard work on behalf of the participants we serve, and you for your continued support.

Your Chairman,  
Sherry Mose

## Consolidation at Post Offices Causing Delays in Pension Benefit Check Delivery



The United States Postal Service (USPS) implemented a nationwide plan in January 2015 that is causing delays in First-Class Mail delivery across the country and in Houston.

The plan (called Phase 2) was implemented to save the USPS over \$3.5 billion in the next five years. In Houston, the plan resulted in the closure of the downtown Barbara Jordan Post Office and distribution center.

HMEPS has experienced delays in First-Class mailings, including pension benefit checks, DROP distribution checks, and more. HMEPS urges retirees to sign up for Direct Deposit to avoid delays in receiving their pension benefit checks. Go to the HMEPS website ([www.hmeps.org](http://www.hmeps.org)) to download the Direct Deposit form.

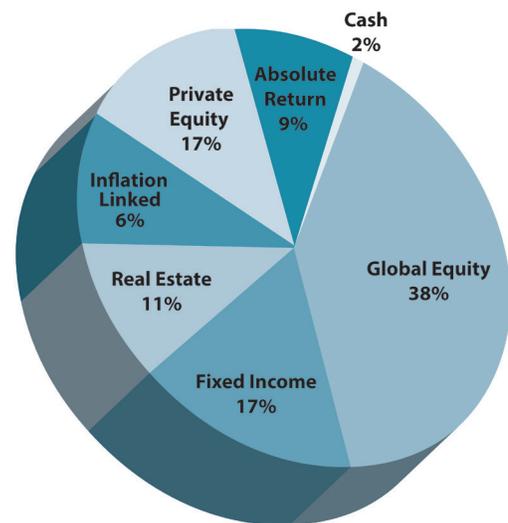
The USPS has created a Frequently Asked Questions document about the Phase 2 consolidation that can be read and downloaded at: <https://about.usps.com/news/electronic-press-kits/our-future-network/ofn-phase-2-faqs.htm>.

## HMEPS Investment Update

### Market Value by Asset Class

	June 30, 2015	March 31, 2015
Global Equity	\$ 949,787,329	\$ 967,277,245
Fixed Income	414,960,970	416,466,365
Real Estate	266,855,607	274,354,940
Inflation Linked	159,160,784	163,660,895
Private Equity	420,875,129	414,980,784
Absolute Return	210,879,170	220,489,052
Cash	39,432,495	10,986,714
<b>Total</b>	<b>\$ 2,461,951,485</b>	<b>\$ 2,468,215,996</b>

## Asset Allocation as of June 30, 2015





## Government Shrinks as Economy Grows

We hear a lot of claims that pension contributions are “crowding out” other City government spending. This always strikes us as strange, given that the contribution to HMEPS is less than 3% of the City’s General Fund.

In the past we’ve suspected that other factors are actually at play. For example, the City has historically back-loaded its issuance of debt, and the greatly increased costs caused by that back-loading are increasingly coming due.

Also, the impending cap on revenues, via Propositions 1 and H, will inevitably squeeze City government even as the City continues to grow.

Both of these factors are undoubtedly part of the real issue, but a closer look at the data shows something else. In reality, there has been a big squeeze on City government going on for years.

First, how does one measure the size of a government?

The size of government at the national level is typically measured by comparing government spending to the GDP (Gross Domestic Product) of the country. GDP is simply the total value of all goods and services produced within its borders.

For example, the US Federal Government spent \$20.21 for each \$100 of GDP in 2014. It has been close to this level for many years – meaning that the growth in the Federal Government has more or less kept pace with the growth in the US economy (although it did spike up during the 2009 recession). You can see this in the first chart.

Are there comparable measures at the local level, and what do they tell us?

The US Bureau of Economic Analysis (BEA) calculates GDP for metro areas such as Houston.

As you might expect, Houston has grown strongly over the last several years, much faster than the rest of the country. This means rapidly growing amounts of garbage need to be collected, more 911 calls need to be answered, more potholes need to be filled, and so on.

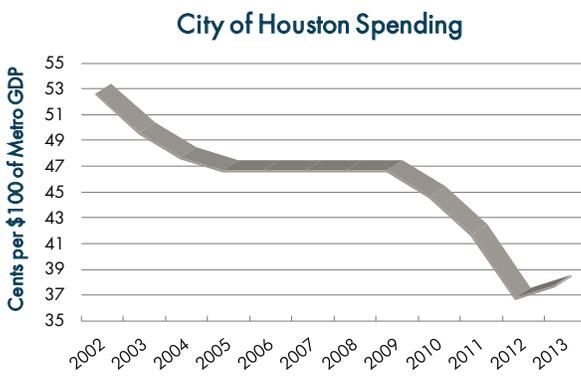
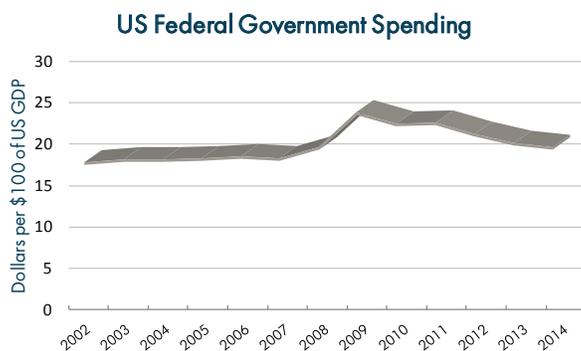
Has City Government General Fund spending kept pace with this growth? Not even close.

Check out the second chart. In 2002 the COH General Fund was 53 cents per \$100 of Houston GDP. In 2013, the latest available data, it was about 37 ½ cents per \$100. (By the way, City contributions to HMEPS have been steady at about 1 cent per \$100 of GDP over this time period).\*

The city government has been shrinking for years – when it is compared to the size of the economy it serves. There is definitely a squeeze on local government occurring, but it is highly misleading to point to

pensions as the cause.

\* [http://www.bea.gov/newsreleases/regional/gdp\\_metro/gdp\\_metro\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_metro/gdp_metro_newsrelease.htm) The BEA data is for the Houston Metropolitan Area. If GDP were measured just for the city itself, the absolute level of the numbers would be different. But the trend is what is important. And it is false to argue, as some do, that “all the growth is in the suburbs.” The recent Moody’s report emphasized that the City was sharing in the rapid regional growth.





2015 Fall  
**F.R.E.E. Summit**  
FINANCIAL RETIREMENT EMPLOYEES  
EDUCATIONAL SUMMIT

Representatives from the City of Houston Deferred Compensation Plan and Houston Municipal Employees Pension System are proud to announce the 11th annual F.R.E.E. Summit. Admission is FREE for ALL City of Houston employees and retirees.

[www.2015fallfreesummit.eventbrite.com](http://www.2015fallfreesummit.eventbrite.com)

THE **FINANCIAL FOUNDATION**  
OF *YOUR* **RETIREMENT REALITY**

There will be a drawing for all who pre-register. You must be present to win.

**Friday, Oct. 23rd @ 10:00 am - 2:00 pm**

**Garden Level Auditorium**

**611 Walker Street**

**Houston, TX 77002**



**Thursday, Oct. 29th @ 10:00 am - 2:00 pm**

**Harris County Department of Education**

**6300 Irvington Boulevard**

**Houston, TX 77022**



Brought to you by:



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

## How to Achieve Your Goals

Thinking clearly about financial issues might convince you that, for example, you need to spend less money on nonessential items. It might convince you that you should put more money into your savings. It might convince you that you should spend a couple of hours organizing your important personal documents. Similarly, science might convince you that you should take steps to quit smoking or exercise more.

But can science tell us anything about how to get from (A) what you know you should do – to (B) actually doing it?

**Yes.**

For years psychologists and economists who have studied this issue have known that explicit commitment is the key. But more recently some creative and very powerful techniques have been developed to apply these findings.

Let's say that you don't have a will, or your will is out of date. You know you should take care of this, as well as associated documents such as a durable power of attorney, a healthcare proxy, etc.

But even though you consider it important, it's unpleasant to contemplate. It's not fun to do. It will take a bit of time, and you'd rather be watching TV. Yes, it's important – but it isn't urgent. So you'll get to it...next month. Or maybe the next month. But next month never seems to arrive.



### Share Your Goal

Here is what studies have shown. Merely deciding that an unpleasant task like this is important is not enough. If you publically announce your intentions (perhaps to your family), you are more likely to do it. If you let lots of people know your plans, you are even more likely to do it.

This helps a little, but for many people more powerful techniques might be required. Specifically, they might need to put some money on the line.

### Create A Prize Contest

Two friends want to lose weight. They agree on target weights and a specified time period. If they both meet their goals, no money changes hands. If one succeeds and the other fails, the winner collects \$100 from the loser. If they both fail, whoever came closest to their goal collects \$50 from the other. Such arrangements have quite high success rates.

But maybe it isn't convenient for you to work out such an arrangement. What then? Like many things these days, you can use the internet. StickK.com is an internet site which allows you to define and register such a commitment. It was created by a group of economists who extensively researched this topic.

You define your goal and deposit some money (any amount you want). One choice is to go on the honor system --you simply tell them whether you met your goal by your deadline, or not. But you are twice as likely to succeed if you name a "referee." If you succeed (verified by the referee) – you get your money back. If you fail, the money you deposited goes to a person you have named to receive it, or to charity.

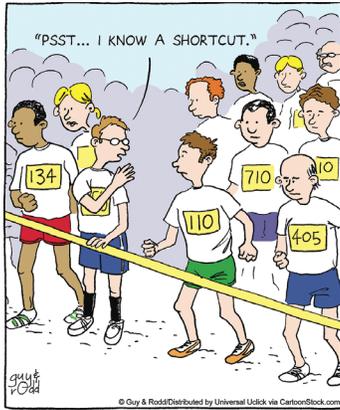
Actually, you can register a commitment and not put any money down at all. But you are three times as likely to succeed if you have at least a little money at risk.

*(Continued on page 6...)*

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## A Strong Distinctive Setup

Is your goal really tough? Do you want an extremely powerful mechanism for sticking to your commitment? Instead of selecting a friend or charity to receive your



money in case of failure, select an enemy, or an “anti-charity.” Are you a strong gun-control advocate? Then name the National Rifle Association as your anti-charity. Do you disagree with global-warming alarmists? Then name the Stop Climate Chaos Coalition. You lose

money if you fail. But even more importantly, a person or group you dislike will benefit from your failure. As a result, your chance of success will increase significantly. **It works.**

It works because you’ve taken something that is important in the long run and turned it into something urgent. People have an inborn tendency to handle urgent matters. Long-term stuff – not so much.

When it comes to breaking a bad habit or reaching a difficult goal, the general lesson is this: sheer willpower isn’t always enough. And there is nothing wrong with “tricking” yourself into success with methods like these. These tools are surprisingly powerful – you should consider using 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.

## Stay Informed And Be Involved

Recently, members have raised concerns over the national and local focus on public pensions. HMEPS has over 6,000 retirees and their families who depend on the financial security of their pensions.

Our staff and trustees work hard to bring facts and information to stakeholders and elected officials at the local, state and national level, and to counter the many misleading stories and attacks on public pension plans. You can make a big difference by advocating for and making your opinions and concerns known at every opportunity.

One way to get involved and stay informed is by joining the Association of Retired Houston Municipal Employees (ARHME). ARHME is an organization of fellow workers and retirees, whose purpose is to inform and educate City municipal retirees about pension, health and other pertinent issues. You can add your voice to AHRME by registering on their website ([www.ARHME.org](http://www.ARHME.org)), and help educate and turn back the misinformation campaigns and focus on providing greater retirement security for City employees.



**By Lonnie Vara**  
HMEPS Trustee and  
Board Secretary

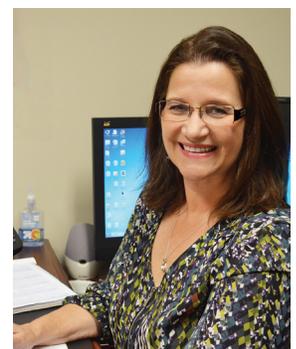
## HMEPS Welcomes Lisa Hill As Your Retiree Liaison

HMEPS would like to welcome Lisa Hill, Retiree Liaison and Benefits Counselor, to the staff. Following the recent retirement of Lynnette Bartula, Lisa assumed the duties of Retiree Liaison.

Lisa is available to assist retirees and survivors with pension status letters, survivor benefit claims, and other matters related to retirees and beneficiaries.

Lisa has extensive experience in client service and facilitating claim processes.

Please join HMEPS in welcoming Lisa Hill to the staff.



**Lisa Hill, Retiree Liaison and  
Benefits Counselor**



## Retirees – Want to Join Other Retirees for Lunch?

HMEPS retirees, come join the lunch bunch! All HMEPS retirees are welcome to join a group of fellow retirees who meet for lunch the first Saturday of every month. The group meets at the Luby's restaurant at 1414 Waugh Drive at 11:00 for fun and conversation. If you are an HMEPS retiree and would like to attend the next lunch bunch meeting, call Betty Daniels at 713-697-3818.

## Pension Payment Schedule, October to December 2015

The schedule below indicates the dates set for payment of benefits. Direct Deposits (ACH) will be deposited on the last business day of each month (dates are circled below). If you receive a pension check by mail, it is typically mailed 3-4 days before the last business day of the month.

October 2015							November 2015							December 2015						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	1	2	3	4	5	6	7			1	2	3	4	5
4	5	6	7	8	9	10	8	9	10	11	12	13	14	6	7	8	9	10	11	12
11	12	13	14	15	16	17	15	16	17	18	19	20	21	13	14	15	16	17	18	19
18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
25	26	27	28	29	<b>30</b>	31	29	<b>30</b>						27	28	29	30	<b>31</b>		

## Retirements 2nd Quarter 2015

### Administration & Regulatory Affairs

Lopez, Maria  
Parks, Melvin  
Wickliffe, Billy

### Aviation

Amolochitis, Stefanos  
Bazile, Pamela  
Benavides, Olga  
Diaz, Maria  
Evans, Donald  
Huynh, Chuong  
Lapaglia, Michael  
Nelson, Frankie  
Pyle, Sherri  
Ross, Mona  
Turrigiano, Michael

### City Secretary

Young-Payne, Kimberly

### Convention & Entertainment

Scott, Willie

### Finance

Reynolds, Leveller

### Fire

Ogilvie, Patricia

### Fleet

Davis, Danny  
Stegent, Raymond

### General Services

Lewis, Willie

### Health & Human Services

Raia, Joseph

### Houston Emergency Center

Kolczynski, Edward

### Houston Municipal Employees Pension System

Bartula, Lynnette

### Human Resources

Dixon, Willie  
Guervara, Thelma

### Information Technology (1st Quarter 2015)

Goosby-Harris, Gina

### Library

Lockwood, Cynthia

### Municipal Courts #5

Hawkins, Verda

### Parks & Recreation

Castillo, Raymundo  
Chavez, Enedino

### Police

James, Betty

### Public Works & Engineering

Bolden, Jerome  
Canterbury, Trenton  
Galvan, Rudolf  
Garrett, Don  
Glanton, Theodore  
Hrbacek, Dennis  
Lewis, Brenda  
Miller, Charlene

### Solid Waste Management

Anderson, Kenneth  
McGowen, Chester  
Richardson, Reginald



Silva, John  
Walton, Judy  
Williams, Wilbert

The Retirement 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.

# PENSION PRESS

Houston Municipal Employees Pension System



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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.

## HMEPS CONTACT INFORMATION

HMEPS Address:  
1201 Louisiana, Suite 900  
Houston, Texas 77002-5608

HMEPS Phone Numbers:  
Phone: 713-595-0100  
Toll Free: 800-858-1450  
Fax: 713-650-1961

HMEPS Website:  
[www.hmeeps.org](http://www.hmeeps.org)