



Pension Press

The Newsletter of the Houston Municipal Employees Pension System

Volume 21, Summer 2003

LETTER FROM THE CHAIRMAN



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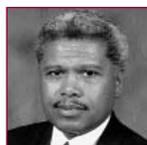
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Executive Director

Dear Plan Participants,

More and more, Americans 65 and older are returning to work. Recent research published by the U.S. Census Bureau indicates "that more than 1-in-8 people age 65 and over – a total of 4.5 million – were either working or looking for work in 2002." The reasons for returning to work range from pure necessity due to increased health costs to the pursuit of lifelong career pursuits.

Not surprisingly, HMEPS Benefit Counselors have seen an increase in the number of questions about returning to work after retirement. If you are an HMEPS retiree, under a normal retirement (i.e., not a disability retirement), there are no rules that affect your ability to return to work for an employer other than the City. You can work as many hours as you want with no change to your pension check. However, there are several provisions of the pension law that affect your pension if you return to work for the City. Therefore, if you plan on returning to work for the City you must contact HMEPS *before* working to make sure you satisfy those provisions. On pages 2-3 you

1-in-8 People Age 65 and Over Were Working or Looking For Work in 2002 – A Total of 4.5 Million People*

* U.S. Census Bureau Report, The Older Population in the United States: March 2002

will find an article that provides a more comprehensive overview of this timely subject.

Whether you return to work or not is a decision you need to make for yourself. Whatever your choice, it should be reassuring to know that you have HMEPS benefits and the assistance of HMEPS personnel.

As always, I appreciate your support and welcome your comments.

Sincerely,

Fred Holmes
Chairman

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2003
Special Edition
Legislative Issue!

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Considering Returning To Work After Retirement?

If you are considering returning to work after retirement, it is important that you know how the state pension law may affect your retirement benefit in the event you return to work. This article presents a brief, limited overview of certain HMEPS rules that apply if you have retired with a normal (or deferred) retirement benefit. Additional rules apply if you have retired with a disability retirement benefit; contact HMEPS if you were retired for a disability and have questions about working.



Employment By Another Employer

If you retire with a normal (or deferred) retirement benefit, your benefit is not affected if you work for an employer other than the City of Houston (City) or HMEPS.

Employment By the City of Houston or HMEPS

If you retire with a normal (or deferred) retirement benefit and you are subsequently reemployed in a covered position by the City or HMEPS, your retirement pension ceases the day preceding the date you are reemployed. It is your responsibility to contact HMEPS prior to your reemployment in a covered position! Reemployment in a covered position means you are eligible to be a member of HMEPS. An eligible member does not include a person who is:

- (1) on a quasi-legislative, quasi-judicial or advisory pension board or commission;
- (2) a part-time employee, as defined by the City, other than an elected official whose service is made part-time by law or charter;
- (3) a seasonal employee;
- (4) an independent contractor, including a consultant; or
- (5) an employee in a position covered by any other pension plan of the City to which the City contributes, including an employee who is excluded from membership in another pension plan by action of the board of trustees of the other pension plan, except to the extent that the employee is covered in another pension plan as a beneficiary.

Payment of your pension will be suspended during the period of reemployment, and will not begin again until the month following the month in which you subsequently terminate service, provided you timely notify HMEPS. If you

receive any retirement pension during the period of your reemployment, beginning with the month in which you are reemployed, you are required to return all of the retirement pension payments you receive to HMEPS within thirty (30) calendar days of receipt.

Two-Year Rule

If you are retired and are subsequently reemployed by the City or HMEPS, the computation of your pension is subject to the “two-year rule,” as follows:

1. If you are reemployed and accrue two years or less of continuous credited service after reemployment:
 - a. the portion of your pension covering your original period of service will be calculated under the provisions of the applicable statute in effect on the last day of your original period of credited service;
 - b. the portion of your pension covering your subsequent period of service will be calculated under the provisions of the applicable statute in effect on the last day of your subsequent period of credited service;
 - c. any disability pension or survivor benefit will be calculated under the provisions of the applicable statute in effect on the last day of your original period of credited service.
2. If you accrue more than two (2) years of continuous credited service after reemployment, then for purposes of future payment only, your retirement pension, disability pension or survivor benefit will be calculated under the applicable statute in effect on the last day of your subsequent period of credited service.

The above discussion is a general overview of the two-year rule, and does not address all of the circumstances that may apply. For example, special rules apply to former Group B

members who terminated service prior to September 1, 1997. Contact HMEPS if you have any questions about the application of the two-year rule to your situation.

Another area that you may have questions about is the deferred retirement option plan (DROP). If you are a former DROP participant and you are reemployed by the City or HMEPS, you are not eligible to again participate in DROP. If you are reemployed in a covered position, you will accrue credited service during your period of reemploy-

ment, subject to the maximum benefit limit (currently 90% of your average monthly salary).

This overview is intended only as a brief description of certain rules that may apply if you return to a covered position after normal (or deferred) retirement. Nothing contained herein can be construed to convey any right or privilege not otherwise provided by the pension law. In the event of any conflict between this overview and the pension law, the pension law shall take precedence.

Note About Awards Letters



Awards Letters are written statements by HMEPS of the pension amount paid to a participant. They are sometimes needed when a participant is purchasing a new vehicle, house, etc. HMEPS wants to remind participants of the rules pertaining to the issuance of the Letters. These rules include:

- Awards Letters must be requested in writing by the participant. The request must include their Social Security number, address, and a daytime phone number.
- It is HMEPS' policy to process Awards Letters as soon as possible, but be aware that processing can take up to 10 days – don't wait until the last minute to request one!

Website Update Improves Method For Purchasing Credited Service

The HMEPS Information Technology (IT) department has made it much easier for members to purchase credited service. Now, members requesting to purchase credited service can do it “paperless” – meaning members can now enter their information via an online form.

As the screen shots to the right indicate, after entering the “Forms” page and scrolling down to the “Request to Purchase Credited Service” link, members now have two choices. The first link allows you access to the new online form, while the second opens the traditional .pdf form for printing/mailing yourself.

The IT department says onscreen forms have many advantages, the greatest of which is that HMEPS receives the filled-out forms immediately. They plan on adding more onscreen forms in the future.

Bartula Named HMEPS Retiree Liaison



Lynnette Bartula has been named as the dedicated Benefits Counselor to assist HMEPS retirees. HMEPS named Ms. Bartula as the retiree liaison to better serve the needs of HMEPS retirees. Ms. Bartula will still have responsibilities as a Benefits Counselor to regular HMEPS members, but she will specialize in serving specific needs of retirees. Her responsibilities will include answering HMEPS pension questions posed by retirees, as well as ensuring retiree-related paper work is processed in a timely manner.

Gary Nathanson (left) consults with Lynnette Bartula at HMEPS.

Statutory Durable Power of Attorney

Question: Can I give someone the power of attorney to manage my retirement affairs?

A Power of Attorney is a written legal authorization for another person to act in one's place. HMEPS will recognize an agent or attorney-in-fact ("agent") under a power of attorney only if HMEPS determines that the power of attorney is a valid Statutory Durable Power of Attorney as set forth in Section 490, Texas Probate Code. A durable power of attorney contains a "durability clause," which is a provision that permits your designated agent to act on your behalf in the event you are unable to handle your affairs.

Because of the broad power granted by a durable power of attorney, we recommend that you consult an attorney before signing a power of attorney. Many attorneys suggest that: 1) you not execute a power of attorney unless you have a genuine need for one; 2) you prepare a power of attorney and not sign it until it is actually needed; and 3) you consider putting an expiration date on the power of attorney (for example, two years) or otherwise restricting the power (for example, prohibiting the agent from changing a beneficiary designation).

The individual appointed under a statutory form durable power of attorney, by accepting or acting under the appointment, assumes the fiduciary and other legal responsibility of an agent. Therefore, you should inform your designated agent of the high standards of accountability and fair dealings associated with the fiduciary relationship and the severe penalties associated with any breach of duty arising

from acts of self dealing or acts which exceed the scope of the agent's authority.

If you change your mind about your power of attorney, you must complete a new power of attorney that contains the changes you desire and that properly revokes the old power of attorney. Keep in mind that revocation does not terminate the agency as to the agent or other person who, without actual knowledge of the termination of the power

by revocation, continues to act in good faith or reliance under the power. Therefore, you must inform those who are acting under the power that the power has been revoked. If HMEPS recognizes a power of attorney that is later revoked, HMEPS is not liable for any payments made or actions taken at the request of the agent until the date HMEPS receives written notice that the power of attorney has been revoked and has reasonable opportunity to act.

Section 490 of the Texas Probate Code contains a durable power of attorney form. You may also obtain a sample form from HMEPS. When requesting a form, please notify HMEPS if the power of attorney will be signed with a mark ("x") so that the appropriate sample form can be sent. HMEPS will recognize a power of attorney signed with a mark only if it is properly witnessed and notarized.

If you have further questions about a power of attorney, please consult an attorney.



IMPORTANT NOTICE REGARDING DROP BENEFICIARY DESIGNATION



The laws governing the Houston Municipal Employees Pension System (HMEPS) allow a Deferred Retirement Option Plan (“DROP”) participant or former DROP participant (“DROP participant”) to designate only one primary beneficiary and one contingent beneficiary to receive the participant's undistributed DROP account balance, if any, in the event the participant dies and, for DROP elections on or after 5/11/01, there is no eligible surviving spouse.

If you are a DROP participant and you have already submitted a DROP Beneficiary Designation form that names more than one primary beneficiary and/or more than one contingent beneficiary, that form is void. That form is also void if you did not provide all requested information or did not have the form notarized. If your form is void and you die prior to the full distribution of your DROP account balance, your undistributed DROP account balance, if any, will be distributed to your estate under applicable law.

Therefore, if you have previously submitted an improperly completed form and you wish to designate a primary beneficiary and contingent beneficiary for DROP purposes, you must fully complete a new *DROP Beneficiary Designation* form and return the form to HMEPS (contact HMEPS for the *DROP Beneficiary Designation* form).

On the *DROP Beneficiary Designation* form, you may designate only one primary beneficiary and only one contingent beneficiary, and you must provide all of the information requested on the form. If you designate more than one primary beneficiary and/or one contingent beneficiary, if you do not provide all of the information requested for each beneficiary, and/or if you do not have the form notarized, then the form will be void and the undistributed DROP account balance, if any, will be distributed to your estate under applicable law.

Please note that HMEPS will recognize an individual or legal entity (e.g., a trust) as a beneficiary as long as you have provided the individual's or entity's social security number or employer identification number (EIN). Please contact your tax advisor or financial consultant if you have questions about a beneficiary designation.

NORMAL and DEFERRED RETIREMENTS MARCH 2003 TO JUNE 2003

Aviation

Bethany, Joyce
Delarosa, Mary
Larsen, Lennes
Roseberry, Stephen

Building Services

Nelson, Lula

City Council

Taylor, Harland

Fire

Grube, Michael

Human Resources

Benford, Deborah

Information Technology

Sanchez, Patrick

Library

Christy, Kathleen

Municipal Courts

Bates, Anita
Howard, Cynthia

Parks & Recreation

Cartwright, Patricia
Daniel, Ponnachan*
Emory, Debra
Gaughan, Kathleen*
Small, Catherine
Tocidowski, Maryanne*

Planning

Reid, Sherry

Police

Banks, Dorothy
Barrs, Donald
Haynes, Ronshawdra*
Hicks, Sherman Jr
Hocut, Sharon
Johnson, Doris
Lynch, Jerry

McLemore, Robert
Roesler, Carroll
Roque, William Jr.
Venegas, Ophelia

Public Works & Engineering

Arline, Mathew
Brown, Richard
Buggs, Willie
Coleman, Doris
Collins, Janice
Cozine, Harry
Freitag, David
Garcia, Maria
Hope, Fred
Jones, Billie
Kainer, Frank
Khambhati, Padmakant
Lloyd, William
Martinez, Rosita
Mayes, Willie
Maxwell, James
Morris, Leo

Pustejovsky, Andrew
Raman, Lalitha
Raven, Andrew*
Rice, Richard
Schweter, Leroy
Shaw, Carl
Sosebee, Jerry
Terry, Van
Tryon, Nelson
Turner, Hattie
Wilkening, Walter
Wilkerson, Billie
Vasquez, Arturo
Zendejas, Alejandro

Solid Waste

Clark, Frederick

Deferred*

IN REMEMBRANCE

ACTIVE EMPLOYEE AND RETIREE DEATHS

HMEPS received notification of the following participants' deaths. We wish to remember these individuals and their dedication and service to the City of Houston.

Baker, Frances
Barrett, Ellis
Barnhill, James
Bell, Kate**
Blackshire, Jimmie
Bland, James*
Bridges, Ora**
Brown, Beatrice
Brown, Eunice**
Carswell, Ernest*
Chavez, Ruben*
Chey, Chan Ouk*
Crawford, Dorothy**
Cryer, David
Cuellar, Antonio**
Durr, Edgar
Ellyson, Add

Franklin, James
Grizzaffi, Vincent
Gutierrez, Adele*
Hardie, Carolyn
Hargraves, Clarence
Hargrove, Leon
Haywood, B.T.
Icasiano, Rene
Jacobs, Emerick
Jameson, West
Johnson, Carrie**
Jones, Robert
Landrum, Eleanor**
Lavador, Henry*
Laws, Wilda**
Lee, Larry*
Leal, Joaquin

Loper, Melvin*
McCarley, Jerry
McKenzie, Homer
Meredith, James
Miller, John
Mitchell, Marshall
Mitchmore, Jessie
Narvaez, Maria**
Nieto, Esther
Pilgreen, Ruth**
Randall, Edoise
Robinson, Carther
Saxrude, Ella
Spoonts, Mae
Starks, Ruth*
Stepanek, Gerold**
Stevenson, Willie

Sumuel, Ezell
Thomas, Mattie**
Townsend, Arvis*
Vana, Raphael
Watkins, Paul*
White, Ederell*
White, George
Woods, Elsie**
Wooten, Hill

Active Employee Death* Widow(er)**



HMEPS Investments

As of 12/31/02

| | |
|-------------------------|----------------|
| Domestic Equity | \$ 338,845,864 |
| International Equity | \$ 205,079,448 |
| Fixed Income | \$ 235,659,021 |
| Real Assets | \$ 216,950,899 |
| Alternative Investments | \$ 160,998,909 |
| Cash Equivalents | \$ 26,051,911 |

Market Value - December 31, 2002
\$1,183,586,052

For the Calendar Year ending December 31, 2002 the return on the Fund's investments was -9.81%.

For the first six months of Fiscal Year 2002 ending December 31, 2002 the return on the Fund's investments was -5.42%.

Pension Check Schedules 2003

The following are the dates pension benefit checks will be **mailed** in 2003. The schedule will be strictly adhered to. Keep this schedule handy so you will know when your benefit check will be mailed.

June 26, 2003
July 29, 2003
August 27, 2003
September 26, 2003

Direct deposits (ACH) will be deposited on the last business day of each month, as follows:

June 30, 2003
July 31, 2003
August 29, 2003
September 30, 2003

If you are interested in direct deposit of your pension benefit checks, please call our office at (713) 759-9275.

Next Month, Don't Miss...

2003 Special Legislative Issue

Complete Coverage of HMEPS Legislation

Pension Press

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Ray Kennedy, *Vice Chairman*
Barbara Chelette, *Secretary*
Sherry Mose, *Trustee*
Roderick J. Newman, *Trustee*
Lee Pipes, *Trustee*

TRUSTEES BY DESIGNATION OR APPOINTMENT

Albertino Mays, *Treasurer*
Lonnie G. Vara, *Mayor's Representative*

PENSION PRESS

David L. Long, Executive Director
Peter Koops, Director of Communications
Naomi "Amy" Rowley, Executive Assistant

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

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.



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Fax: (713) 650-1961

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