

# Austin Police Retirement System News

Fall 2022

## Board of Trustees

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Sheldon Askew, Chair

Retired Police Member  
Keith Harrison, Vice  
Chair

Police Member  
Michael Cowden

Citizen Member  
Michael Granof

Police Member  
Nicholas Moore

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Kathie Tovo

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City Treasurer  
Belinda Weaver

Citizen Member  
Chesley Wood

Retired Police Member  
Carl Zimmerman



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## Letter From Board Chair Sheldon Askew

We are happy to announce that for another year, APRS achieved improved actuarial soundness. As you will see in the Actuarial Valuation article of this newsletter, the 2021 funded ratio has increased since 2020, and the System now receives an additional contribution from the City of Austin to continue to amortize liabilities over a 30-year funding period. This was made possible by legislation in 2021, spearheaded by the APRS Board, along with its staff and consultants, to redesign the funding methodology in conjunction with the City to reach and maintain long-term sustainability. All of this could not have been achieved without the willingness of the active members to increase their contributions.

Beginning in about 2015, significant improvements for the System began to unfold as the Board of Trustees transitioned its own governance along with changes in administration. The outcomes have proven that we consistently strive for best practices in every area, including asset management and investments. We now hold a portfolio of much more appropriate institutional grade assets. Efforts have also focused on actuarial soundness, partially through the modification and/or elimination of costly add-ons (such as buy forward, DROP back; subsidized service purchases). Those costly features did not add value or aid in our delivery of the core mission, which is making sure every annuitant receives their earned benefit every month for life. In fact, they detracted and delayed the pursuit of best practices. I personally want to thank this Board, staff, consultants, the City, and especially the hard-working members who continually rise to the occasion to assist us in maintaining the funding soundness of our System. Because of our collective work, we have put APRS on the path of sustainment ensuring the success of our system.

## Benefit Payment Portal

APRS is pleased to announce a new Benefit Payment Participant Web Passport is now available for retired members through Northern Trust. This secure online portal provides immediate and secure access to your benefit payment information. You can get real-time account information as well as historical tax statements, instant on-the-spot payment status, access to payment history, images of paid checks; and the ability to update member contact information, member addresses, tax information, and electronic bank deposit information. Be on the lookout for an announcement flyer in your October payment statement with instructions how to set up your personal account.

## Letter From Executive Director Pattie Featherston

On behalf of all APRS staff, we sincerely appreciate the daily service that Austin police officers provide to our community.

We have continued to learn and adjust since the pandemic began in 2020, and part of that has been utilizing technology which allows us to serve officers with much greater efficiency. As an example, our ability to process retirements electronically has assisted us with currently handling over twice the yearly retirements than we handled before the pandemic began. As a reminder, the quickest and most efficient way for us to serve you is by you emailing us at [staff@ausprs.org](mailto:staff@ausprs.org). Technology improvements continue as we work toward the implementation of a new Pension Administration Software system that will provide members more hands-on immediate service through the member portal.



In September, we hosted our first in-person retirement seminar since the pandemic began. In addition to the educational presentation from APRS, other speakers included the City of Austin HR, CLEAT, APD-HR, Empower 457, APD Peer Support and APROA. We will continue to provide outreach events to best serve and help prepare our members for retirement. However, please note APRS staff is unable to give financial or tax advice as it pertains to individual member's retirement decisions. We urge all members to reach out to a professional financial or tax advisor to answer your individualized questions.

## Actuarial Valuation

On July 20, 2022, the Board of Trustees received the annual actuarial valuation for data as of December 31, 2021. It showed the value of total actuarial assets on this date to be \$977,909,434, and the total actuarial liability to be \$1,623,334,720. The unfunded actuarial accrued liability (UAAL) was \$645,425,286, bringing the funded ratio to 60.2%. Thanks to the passage of legislation to address the funding shortfall, the unfunded liability is now amortized over a 30-year funding period. The funding components of the revised statute are designed to keep up with any adverse experience. The 2021 legislation implemented an actuarially determined contribution rate for the City to pay in order to ensure APRS receives a contribution equivalent to the actuarial normal cost for each employee. Another element we continue to monitor is the diminishing number of active contributing members versus the growing number of annuitants. From 2020 to 2021, active contributing members declined from 1,775 to 1,673, while annuitants increased from 1,045 to 1,164.

## Permissive Service Credit Update

At the October 19 meeting the APRS Board of Trustees amended the Permissive Service Credit Policy to allow for a surviving spouse to purchase up to 60 months of service to become eligible for retirement benefits in the event of a member death. While we hope this policy change is never needed, it will allow a Group A member's surviving spouse to purchase up to five years of permissive service beginning at 18 years of service, and Group B member's surviving spouse to do so beginning at 20 years, achieving eligibility for a retirement benefit.

## Model QDRO Available

For members faced with divorce, a model Qualified Domestic Relations Orders (QDRO) is available on the APRS website. It is a document in addition to a divorce decree that specifies if a former spouse is awarded any portion of the APRS member's retirement benefit and how much. Please note the model was last updated and approved in July 2017. Always check the website for the current version. Any updates, however, do not impact any QDROs already adopted by the court.

# Annual Financial Report

## Virtual Seminar on APRS Website

The System has created a virtual retirement education seminar that can be found on the website at [www.ausprs.org](http://www.ausprs.org). We hope this presentation can provide members with basic information about the APRS benefit plan.

## Northern Trust Benefit Portal

Enroll today to begin using Northern Trust Benefit Payment Participant Web Passport. To enroll, visit [notherntrust.com/bppweb](http://notherntrust.com/bppweb).

For general inquiries, please contact the Northern Trust Benefit Payment Participant Service Center at (866) 252-5395.

The APRS Board adopted and published the final 2021 audited Annual Financial Report, which is posted on the website at <https://www.ausprs.org/publications/annual-financial-reports/>. The System's independent auditor, Montemayor Britton Bender PC, issued an unqualified opinion on the System's financial statements. The opinion is the best report an independent auditor may issue. It indicates the APRS financial statements are presented fairly and are prepared in accordance with Generally Accepted Accounting Principles in the U.S. (GAAP).

The Annual Report includes the Public Pension Standards Award for Funding and Administration 2021, as presented by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and National Council on Teacher Retirement (NCTR).

### Highlights of the 2021 Annual Financial Report include:

The total market value of assets increased from \$938 million as of December 31, 2020, to \$1.1 billion as of December 31, 2021. An increase of \$142.5 million in 2021 is primarily the result of strong global equity markets, government stimulus measures and the Federal Reserve Board keeping interest rates low, at least for 2021.

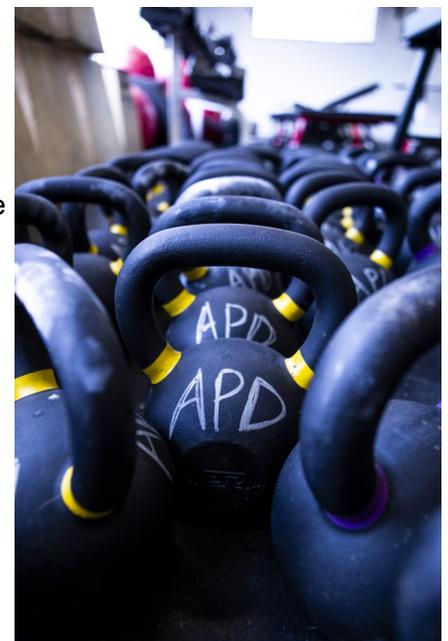
Total contributions in 2021 decreased from \$60.7 million to \$60.6 million, primarily due to a decrease in active membership, which resulted in less contributions to the system.

### Total Membership grew from 2,935 in December 2020 to 2,975 in December 2021; Active Members Declined, Annuitants Increased:

	<u>2021</u>	<u>2020</u>
Current active contributing members	1,673	1,775
Retirees and beneficiaries currently receiving benefits (1,164) and terminated employees entitled to future monthly benefits (138)	1,302	1,160
Total Membership	2,975	2,935

### Investment Returns and Assumptions

The System's rate of return in 2021 reflects a gain of 17.68% net of expenses. The long-term net return since inception of the fund is 8.59%, the 10-year return is 8.49%, and the 3-year return is 16.68%. The charts below exhibit the gross and net gains and losses each year for the last ten years, as well as the asset allocation for the fund's investment strategy.



If you are a retiree and need to make any changes to your contact information, PROP account, or bank account please visit our website. We have conveniently made accessible forms authorizing APRS staff to perform these changes:

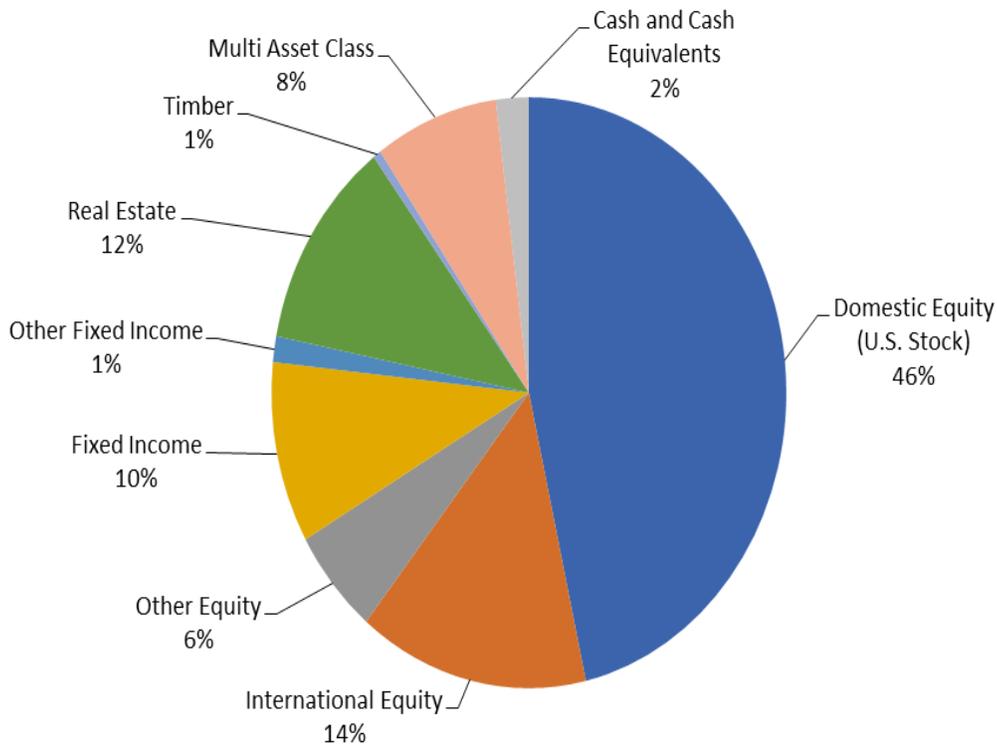
- PROP Distribution
- PROP Annuity Deferral

**Instructions**

1. Visit the APRS website at [www.ausprs.org](http://www.ausprs.org)
2. Navigate to RETIREES.
3. For PROP changes, scroll to the PROP section.
4. For all other changes, scroll to the RETIREE FORMS section.
5. Select the appropriate PDF to download, save and complete.
6. We strongly urge you to upload the form to the MEMBER PORTAL located at the top right of the website. Alternatively, you can mail the form to the APRS P.O. Box as it contains highly sensitive information. Please do not email these documents, as it is not a secure way to transmit personally identifying information.

**2021**

### APRS Asset Allocation



### APRS Gross/Net Returns



## PROP

The APRS Board of Trustees, through its Goals and Objectives Committee Chaired by Trustee Mike Cowden, has been diligently working for over a year to address how to define the PROP interest rate and tie it to a meaningful long-term benchmark. A special study conducted by the Goals and Objective Committee began in early 2022 that involved the System's actuary, investment consultant and legal counsel, as well as its staff. At the May meeting, the Board Goals & Objectives Committee fine-tuned developing topics and related outcomes with staff and advisors. At the October meeting, upon recommendation by the committee, the Board voted to have the yearly PROP interest rate determined by the System's actuary based on "the rate that is equal to the average yield of 10-Year Treasury Constant Maturities (Nominal), as published by the Federal Reserve in Statistical Release H.15, during the 12-month period ending on October 31 of the calendar year immediately preceding the year in which the rate will be effective." The new rate will become effective beginning January 1st of each year. Once the APRS Board of Trustees adopts the 2023 PROP interest rate, the rate will be posted on our website at: <https://www.ausprs.org/retirees/prop/>.

## Keep Your Death Benefit Beneficiary Form Updated

We see a continuing need to emphasize the importance of keeping beneficiary forms current. State law allows a member to designate a spouse or non-spouse to receive a death benefit, which is different from a chosen survivor selected to receive the member's continued annuity upon death.

It is very important for APRS members to be aware that failure to have a valid APRS beneficiary form on file with the System, and to keep it current, can complicate the management of the final affairs of a deceased officer. Members should especially review death benefit beneficiary designations any time you have a change in life circumstance, such as marriage, divorce, death of a spouse or other designated beneficiary, or birth of a child.

The beneficiary form for death benefits can be submitted on the website. Multiple beneficiaries can be named, and this designation may be changed during the member's career or during retirement. The death benefit paid for an active member's account is paid in the amount of two times the balance of the deceased member's contribution account balance, with a minimum of \$10,000. The benefit paid for a deceased retiree is \$10,000 (or a proportionate amount if retired under the Proportionate Retirement Program).



Annual  
Statements  
Mailed in  
January

Annual statements will be mailed to active members in January and to PROP-participating retirees in February. Please review your statement including the listed beneficiaries and contact the APRS office if you have any questions or if you did not receive your statement.



## Austin Police Retirement System

**Kendall Thomas  
Chesley Wood  
Building:**

2520 S. IH-35,  
Ste.100  
Austin, TX 78704

**Mailing Address:**

P.O. Box 40609  
Austin, TX 78704

Phone:

(512) 416-7672

Fax: (512) 416-7138

[www.ausprs.org](http://www.ausprs.org)

**Business Hours:**

M-F / 8:00 am-5:00  
pm

(closed for City and  
Federal Holidays)

## Retirement Checklist and Documents Needed

Congratulations! If you are nearing your chosen retirement date, make sure you have taken the necessary steps and have all the required documents handy to complete the process.

Determine your last day of employment. Your actual retirement date is usually the last day of that same month, and your first benefit payment will be the last day of the next month.

Decide if you will choose a survivor option for a continued annuity payment after your death. Then determine who the survivor is and which survivor option is right for you and your survivor.

You will also need to decide on federal income tax withholdings, so be prepared to fill out a W-4P for the IRS. This plus your insurance choices will determine your final net pay annuity amount. Contact APD-HR for further information about sick leave and vacation leave balances, as these are not administered by APRS.

When you are all ready to sign the retirement paperwork with APRS, be sure to have these documents ready to provide to the System: Driver's License(s) or other accepted photo ID for member and survivor; Social Security Card(s) for member and survivor; Birth Certificate (s) for member and survivor; Marriage License, if any; Qualified Domestic Relations Order (QDRO), if any, unless it is already approved and is on file with APRS; and a Bank document for direct deposit (cancelled check).

Visit the APRS website at <https://www.ausprs.org/actives/steps-to-retirement/> for more tips on how to plan ahead for your big day.

## APRS Business Hours

As the Austin Police Retirement System staff continue to strive to provide the greatest customer service to all our members, please note the following. System staff are available to serve you Monday through Friday, with normal business hours of 8:00 to 5:00. However, we are not receiving any unscheduled drop-in visitors. Those practices are long in the past, as at the outset of the pandemic we had to adapt to more remote service. Almost all our customer service now is done by email, phone, or the website member portal. Although this approach began at the outset of the pandemic, we learned that it gives us a greater opportunity to be much more efficient and provide greater service, especially in this recent time of significantly increasing retirements and related activities.

Please reach out first by phone or email about any of your needs, and we will determine together how to best address your requests. The APRS website, [www.ausprs.org](http://www.ausprs.org), has a lot of good information that could answer many of your questions. You may also reach us by phone or email: (512) 416-7672 or [staff@ausprs.org](mailto:staff@ausprs.org).



**APRS**  
AUSTIN POLICE RETIREMENT SYSTEM