



APRS
AUSTIN POLICE RETIREMENT SYSTEM

Spring 2024 Newsletter

Letter from Board Chair, Sheldon Askew

At the end of 2023, I had the privilege of being re-elected as an active member of the APRS Board of Trustees. I want to thank each member for instilling your confidence in me and this Board with your vote for re-election as Chair. It continues to be my honor to serve as Chair of this important Board, and I look forward to continuing the pursuit of keeping this System on the path to success.



This year, the Board of Trustees appointed two new Trustees, Lieutenant Michael Burgeson and Sergeant Shelly Holmstrom to serve as active members on the Board of Trustees. I am confident that Mike and Shelly will bring common sense and ethical mindsets to the Board as they assist in stewarding the fund.

I am pleased to report that preliminary results have indicated a 2023 investment gain of over 11% for the fund. While a lot of the past couple of years have focused on the federal reserve and interest rate prices, we continue to be long-term investors, positioning the fund to sustain long-term success and meet our targeted rate of return of 7.25% over a long horizon. Each year we assess our asset allocation and tactically position the fund to maximize capturing market upswings while minimizing any downside risk. As always, please don't hesitate to reach out to your Trustees at any time.

Board of Trustees

Police Member
Sheldon Askew, Chair

Retired Police Member
Keith Harrison, Vice Chair

Police Member
Michael Burgeson

Retired Police Member
Michael Cowden

Citizen Member
Michael Granof

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Shelly Holmstrom

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Police Member
Christopher Salacki

City Member
City Deputy CFO
Diana Thomas

Citizen Member
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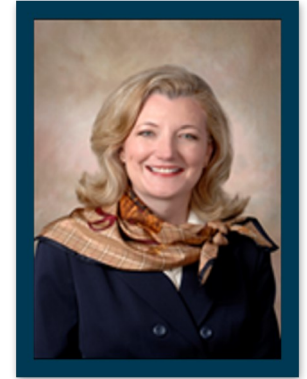
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New Trustees

Over the past few months, the APRS Board of Trustees has welcomed three new trustees. On December 13, 2023, Kerri Lang was appointed to the board as the City Manager's Designee. Lang currently serves as the Budget Officer for the City of Austin. On February 21, 2024, Shelly Holmstrom and Michael Burgeson were appointed in active member positions by the Board of Trustees. Holmstrom is currently a Sergeant assigned to Internal Affairs and Burgeson is a Lieutenant assigned to Investigations 3, which includes Financial Crimes and White-Collar Crimes.

Letter from Executive Director, Pattie Featherston

The end of 2023 and the beginning of 2024 has proven to be an action-packed time for the Austin Police Retirement System. While our staff handled another near record year of retirements in 2023 (see below 2023 Year-End Retirement Numbers), we continued our work towards implementing our new Pension Administration Software. The new software is slated to go live in the first quarter of 2025. It will include enhanced features such as the ability for members to access an online portal to view account information, update contact information, create benefit estimates, and much more. The enhanced software will allow us to better serve our members and give members more self-service flexibility as they address their retirement needs.



After a yearlong effort, I am thrilled to announce that we received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. For more information, please see the ACFR Award below.

On behalf of all APRS staff members, it continues to be our honor to serve all the active and retired police officers of the Austin Police Department. Contact us at any time to assist with your personalized retirement needs.

ACFR Award



Austin Police
Retirement
System

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

Phone:
(512) 416-7672
Fax:
(512) 416-7138
www.ausprs.org

For the first time in APRS history, the Austin Police Retirement System received the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for their 2022 Annual Comprehensive Financial Report!

This recognition is bestowed upon the System's Annual Comprehensive Financial Report for Fiscal Year 2022. The submission was the very first application to GFOA and underwent a thorough and rigorous evaluation by an impartial panel, showcasing a commitment to transparent communication and encouraging stakeholders to engage with its financial information.

Receiving this Certificate of Achievement signifies a remarkable achievement for the retirement system, as it represents the highest level of recognition in governmental accounting and financial reporting.

Actuarial Experience Study

At its March 20th Board Meeting, the APRS Board of Trustees received the preliminary results of its recently conducted actuarial experience study. An actuarial experience study is a periodic review of actuarial assumptions which is one of many important components of understanding and managing the financial aspects of APRS. Assumptions are typically not expected to be suitable forever, and an experience study looks at the actual experience the plan experienced over the previous five years so the assumptions can be adjusted accordingly. In summary, the actuary recommended slight adjustments to several APRS assumptions to better align with past experience. The result has not significantly changed the actuarial status of the fund.

Annual Statements

Annual statements were 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 did not receive your statement.



PROP Interest Rate

Effective January 1st, 2024, pursuant to the APRS PROP Policy, the PROP interest credit rate for 2024 is 3.87%. The interest credit rate was determined by the system actuary in accordance with the APRS PROP Policy, which states the PROP interest rate is equal to the average yield of the 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 31st of the calendar year immediately preceding the year in which the PROP interest rate will be effective. The average of the daily nominal yields on the constant maturity 10-year U.S. Treasury notes for the 12-month period beginning on November 1, 2022, and ending on October 31, 2023, was 3.87% per annum, with a daily high of 4.98% and a daily low of 3.30%.

Retirement Checklist and Documents Needed

If you are nearing your chosen retirement date, please 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 following 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 and contact City Benefits to determine how your retirement date will impact your coverage. These benefits are not administered by 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; 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 (such as voided check).

When you are all ready to sign the retirement paperwork with APRS, please contact the System at least 30 days but no more than 90 days in advance of your anticipated retirement date to begin the retirement process.

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.

Benefits 101: Survivor Options

In our last Benefits 101 article from Fall 2023, we discussed the benefit formula for both Group A and Group B. The formula, which is the multiplication of a member's years of service, salary, and benefit multiplier, provides a calculation for the Life Annuity benefit. The Life Annuity benefit provides the member with a monthly benefit for their lifetime only and that benefit would cease upon the member's death.

A member can instead choose to take a reduction in their monthly benefit to provide another person with a portion of the monthly benefit upon their death. The reduction of the member benefits is necessary to pay for the continued benefits the survivor is expected to receive. Upon notice of a member's retirement, they will be required to choose the option best suited for them and their financial needs. Both the person designated as the survivor and the option elected will be irrevocable. It is important that members understand the characteristics of each option so that they can select the one best suited for their particular needs. Please note that if the designated survivor is more than 10 years younger than the member and is not the member's legal spouse, the survivor options will be limited.

APRS offers six benefit options that will provide various benefits:

Life Annuity – Retirement annuity payable monthly only to the member for life with no survivor benefits.

100% Joint & Survivor – Retirement annuity payable monthly during the member's life. Upon the member's death, the designated survivor will receive the same annuity amount until the time of their death.

50% Joint & Survivor – Retirement annuity payable monthly during the member's life. Upon the member's death, the designated survivor will receive one-half the annuity amount until the time of their death.

66 2/3% Joint & Survivor – Retirement annuity payable monthly during the member's life. Upon the member's death, the designated survivor will receive two-thirds the annuity amount until the time of their death.

66 2/3% Joint & Last Survivor – Retirement annuity payable during the member's life. At either the member's death or the death of their survivor, the last survivor of the two will receive two-thirds of the annuity amount until the time of their death.

Fifteen Year Certain & Life Option – Retirement annuity payable monthly during the member's life. If their death occurs before they have received 180 payments, their designated survivor or estate will receive the remaining number of monthly payments. If the member is still living after receiving the 180 payments, payments will continue until their death.

When a member makes their option election, they will sign a legal statement binding them to the option they have decided upon. Remember: this choice is binding for both the member and their designated survivor. Therefore, the importance of certainty cannot be overstated.

Members may pre-select a survivor option within one year prior to their retirement eligibility date by filing an Annuity Option Election Form with the System. This is especially important for those who will have a designated survivor who is not their legal spouse. Designated survivors can purchase up to 60 months of permissive service credit to help a deceased member achieve retirement eligibility, so the earliest a survivor can be pre-designated is at 17 years of service. The member may change that election until the date of retirement. In the event of the member's death before retirement but after becoming eligible for retirement, the survivor benefit will be calculated as if the member had retired and selected such an option. To pre-select a survivor option, please contact the System.

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 they 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).

Please note that the Forward DROP and PROP accounts have separate beneficiary forms that should also be updated if applicable.

2023 Year-End Retirement Numbers

Last year again proved to be another year of extremely high rates of retirements at the Austin Police Department. In 2023, 110 people retired from the Austin Police Department. This was the second highest total number of retirements in APD history, lagging only to 2021 in which 116 people retired. For perspective, APRS averaged 48 to 50 retirements a year until 2020. Since the beginning of 2020, APRS has averaged 105 retirements a year.

Model QDRO Available

For members faced with divorce, a model Qualified Domestic Relations Order (QDRO) is available on the APRS website. It is a necessary document separate and apart from a divorce decree that specifies if a former spouse is awarded any portion of the APRS member's retirement benefit and if so, how much. Please note that 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. A QDRO is required by the System to administer a division of retirement benefits. A divorce decree will not suffice for this purpose. It is highly advisable that you have APRS review your draft QDRO before it is submitted to the court.



Federal Tax Exclusion

The federal Pension Protection Act of 2006 allows eligible retired public safety officers to exclude up to \$3,000 of their retiree health insurance premiums from their gross taxable income each year, if the premiums are deducted from their retirement benefit. The premiums can be for coverage of you, your spouse, or dependents. The amount used to pay these premiums will remain taxable until the retiree makes the election to exclude these premiums on their personal income tax returns. Retirees can check their December paystub which will include totals for any health insurance premiums they have paid for the year. The IRS Form 1040 will contain special codes for the retiree to indicate that they are electing to exclude the health insurance premiums from their taxable income. Please direct specific questions to your own tax advisor. APRS staff are prohibited from providing tax assistance to members.