

Austin Police Retirement System News

Spring 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

Police Member
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Belinda Weaver

Citizen Member
Chesley Wood

Retired Police Member
Carl Zimmerman



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Letter From Board Chair Sheldon Askew

In January, I was honored to be elected to serve as the Chair of the Austin Police Retirement System. Retired Sergeant Keith Harrison was elected as Vice-Chair. Also, in January Corporal Christopher Salacki and University of Texas retired Professor Michael Granof were both sworn in to serve four-year terms. Corporal Salacki was elected by the active members, and Professor Granof was appointed by the City Council as a citizen appointee.

In the past few years, your APRS board has worked hard. Our efforts have been rewarded with very favorable investment returns. In 2021, the APRS had a net investment return of 17.33%. This brought the five-year return average to 10.71% and the ten-year average to 8.46%. The Board will continue to work with our investment consultant to bring the best possible return to our system.

The Board, along with APRS staff and our investment consultants, are constantly monitoring global events pertaining to APRS' investments. As of March 2022, APRS has two international managers with remaining but limited exposure to Russia. This exposure constitutes 0.10% of all APRS assets. At this time, we are responding to the situation as it evolves, complying with regulations, and taking the necessary steps to mitigate risks to the greatest extent possible.

As always, please feel free to reach out to Trustees or our staff with any questions.

Announcing the NEW APRS Website and Logo



The Austin Police Retirement System is thrilled to announce the launch of our new website and logo. With its fresh new layout and design, the website brings added functionality and flexibility, and it provides more security for our staff and members. We invite you to visit and explore the new website and would like to give a special thanks to Retired Detective Scott Stanfield for the photography and videography work. Lastly, please note all future communication from the System will contain the new APRS logo.

Letter From Executive Director Pattie Featherston

APRS staff continue to be honored to serve Austin police officers. Our staff team has expanded, and we have highlighted each person in this newsletter. We believe we have gathered a very impressive and capable group, and we each continue our dedication to good stewardship of the trust fund and delivery of excellent customer service.



We hope the information in this newsletter is helpful to you. Please see the article and link announcing our new website and logo. In addition, please note the article and link to our virtual retirement seminar that should be helpful to you.

In addition, you will see mention of a very significant development related to technology. APRS has launched implementation for transition to a new Pension Administration Software (PAS). We are excited for it to come to fruition in 2024.

There are a variety of other topics, including some especially of interest to retirees, such as the rules for participation in the Post Retirement Option Plan (PROP) and required minimum distribution (RMD) as driven by federal tax law. You will also see guidance about how to access necessary forms on the APRS website.

Please let us know if you need anything and how we may serve you better.

Required Minimum Distribution

Retired members with Post Retirement Option Plan (PROP) accounts need to be aware of the laws and policies regarding the required minimum distributions (withdrawals) that must occur when they reach a certain age. This requirement is based in federal tax law, and it is essential that strict enforcement be followed to allow APRS to maintain its tax qualification status for the benefit of the entire System and all its members.

Section 401(a)(9) of the Internal Revenue Code (IRC) requires members who are participating in a governmental plan with an account balance at the end of the calendar year in which the member attains (or would have attained) age 72 (or 70 ½ on or before December 31, 2019) to follow a distribution process. Failure to satisfy the minimum distribution requirements could jeopardize the tax qualification status of the System and subjects the member to a tax of 50% of the amount that should have been but was not paid to the participant for the year. Members have until March 1st of the following year after the year they achieve the age that triggers the required minimum distribution to make the necessary withdrawal.

APRS policy further details certain steps that must be taken to ensure the System and the participant comply with Section 401(a)(9) of the IRC. The System requires a written statement from the member's tax advisor explaining how the distributions taken or not taken from the PROP account at APRS is in complete compliance with Section 401(a)(9) of the Code for all funds/accounts that the member holds that are subject to the requirements of the federal law.

Model QDRO Available

For members faced with divorce, a model Qualified Domestic Relations Order (QDRO) is available on the APRS website. It is a legal 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.

Virtual Seminar on APRS Website

In-person seminars have been postponed for an uncertain timeframe; however, the System created a virtual retirement education seminar that can be found on the website at www.ausprs.org. We hope this presentation can provide members with basic information about the APRS benefit plan.

Meet the Team, Continued

Pattie Featherston, Executive Director

Pattie was selected by the APRS Board of Trustees to lead the System in early 2016. She previously worked many years as an executive in pension management at the Teacher Retirement System of Texas, serving most recently as the Chief Operating Officer (i.e., Deputy Director). She also served in various capacities over her career working closely with the Texas Legislature, both in public and private sector positions. Pattie holds a BBA from the University of Texas at Austin.

Tyler Link, Deputy Executive Director

Tyler joined the staff of APRS in the fall of 2021 after serving nearly ten years as a police officer for the City of Austin. During his career as a police officer, he served five years as a Trustee on the APRS Board, which included Chairing the Actuarial Review Committee. He was later elected to Chair the Board of Trustees and held this position for almost two years. Tyler holds a BA and MS in Applied Criminology from Lamar University.

Stephanie Willie, Deputy Director

Stephanie began her career at APRS in 1994 as the Administrative Assistant. She has filled multiple roles in the establishment and development of the office over time since the early years of APRS and has served in the position of Deputy Director for the last 15 years. She attended Concordia University where she received her BA in Business Management.

John Poth, Director, Finance

John joined the staff at APRS in April 2017 as Finance Manager and is now the Director, Finance. Prior to APRS he had 24 years of experience working in various financial positions, most recently for the Employees Retirement System of Texas. He holds a BBA and MBA from St. Edward's University in Austin, and a Master of International Management from Arizona State University/Thunderbird School of Global Management.

Michelle Ruland, Director, Benefits

Michelle began her career with APRS as the Administrative Assistant in 2004 and is now the Director, Benefits, serving the active and retired members of the System. She has a BA in Communications from the University of New Mexico and is currently in pursuit of an MBA from Texas A&M International University.

Meet the Team

Deborah Esparza, Benefits Specialist

Deborah joined APRS as an intern in 2015 while attending UT. She then transitioned to a full-time office administration position in 2017, after graduation and completing a Bachelor of Science in Kinesiology with the University of Texas at Austin. Within a year she was promoted to the position of Benefits Specialist.

Amethyst Cosson, Accounting Associate

Amethyst joined the staff of APRS in February of 2022 as an Accounting Associate after previously working for Deloitte Tax, LLP, as a Private Wealth Tax Consultant. Amethyst received both her BBA and MBA in Professional Accounting from the University of Texas at Austin.

Aaron Emma, Benefits Coordinator

Aaron joined the staff of APRS in April of 2022 as the Benefits Coordinator. Prior to joining APRS, Aaron worked in the private sector as a Benefit Administrator and spent five years with the Employees Retirement System of Texas. Aaron holds a BA in History from Michigan State University.

Jennifer Grahmann, Office Administrator

Jennifer joined the staff of APRS in August 2019 in the position of Office Administrator. Prior to her time at APRS, she worked as a Realtor with Keller Williams, and as a Team Coordinator with UTIMCO. She has a BA from Texas State University and a Project Manager Certification from the University of Texas at Austin.

Pension Administration Software (PAS) Update

APRS is pleased to announce that, after a lengthy RFP process, Levi, Ray & Shoup was engaged to update the System's Pension Administration Software (PAS). This is a multi-year project with a targeted completion date in 2024. Once completed, APRS will be able to offer members an online portal to log in to view account information, update contact information, create benefit estimates, and send and receive secure messages with APRS staff.

Website Forms for Retirees

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
- Federal Tax Withholding Change
- Address Change
- Bank Account Change

Instructions

1. Visit the APRS website at 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 identifiable information.

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.

Keep All Your Beneficiary Forms 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).

It is equally important for retired members participating in PROP to be sure you have a PROP beneficiary form on file with the System. This is separate from the death beneficiary form. See the banner to the right of this article for how to access retiree forms on the website.

Annual
Statements
Mailed in
January

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



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Office Hours:

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

pm

(closed for City and

Federal Holidays)

Post Retirement Option Plan (PROP)

The Post Retirement Option Plan (PROP) is a feature of the System that allows retirees to move their annuity and/or any lump sum payments due from a DROP account into a special PROP account to continue deferred tax status. You can enter PROP if you are retired, under the age of 71, and have never previously closed a PROP account at APRS. The annuity deferral program requires a minimum deposit of \$250 per month (which can be changed twice per year), and it allows two withdrawals per year of a minimum of \$2,500. Interest paid on the account is currently 2.25% and is reviewed and determined annually by the APRS Board.

When you enter PROP, you are advised to seek the counsel of a tax advisor who is knowledgeable about the tax treatment of distributions from tax qualified plans. Many APRS members reach retirement eligibility and choose to retire in their forties. There is a complication with the federal tax law that you should keep in mind. Even if you have earned retirement eligibility and the ability to receive annuity payments without a tax penalty, once you instead opt to have your payments deposited to PROP, they will be withdrawn in lump sums and may therefore be subject to a federal tax penalty due to "early age withdrawal" if you retired before the calendar year you turned 50.

Please visit <https://www.ausprs.org/retirees/prop/> for more information on the PROP program. You may contact the System if you have any questions or concerns about PROP, but please also be advised that the System cannot give tax advice that should be given by a tax professional.

Post Retirement Option Plan (PROP) Interest

At the Regular Board Meeting on August 18, 2021, the APRS Board of Trustees adopted a continued interest rate of 2.25% on participating accounts in the Post Retirement Option Plan (PROP) and the Five Year Forward DROP program for those who entered the program after July 31, 2015, and are eligible for the variable interest rate.



APRS
AUSTIN POLICE RETIREMENT SYSTEM