



# Let’s Talk Retirement

## 2011 Legislative Session On The Horizon

Although several months away, the Texas State Legislature is gearing up for the next regular session. As many of you know, the state legislature is the state’s lawmaking body. However, you may not be familiar with the legislature or its process - one which the Fund monitors for any developments that may affect your retirement benefits.

The Legislature of the State of Texas is comprised of two chambers—a Senate consisting of 31 elected members and a House of Representatives consisting of 150 elected members. While the Senate members are elected to serve four year terms, the House of Representatives members are elected to serve two year terms.

As provided in the Texas Constitution, the state legislature meets every two years in Austin, Texas—the state’s capital. The regular session convenes on the second Tuesday of January of each odd numbered year and is limited to 140 days. However, if necessary, the governor may opt for a special session to consider legislation regarding matters concerning proclamations of the governor.

For a bill to be introduced in either the House of Representatives or Senate, it must be properly submitted within the first 60 calendar days of the current session. Once the 60 calendar days have expired, a bill may still be introduced but at this point in time the bill must have the consent of four-fifths of the present voting members of the House of Representatives or four-fifths of the membership of the Senate, respectively. (Bills concerning local issues or declared an emergency by the governor are not restricted by this process.)

Of concern to the Fund are any introduced bills that if passed, would affect the current governing statutes of the Fund or would mandate new statutes. For this reason, the Fund monitors the introduction of bills and responds accordingly to provide information to legislative members, testify in committee hearings, or in general, to offer expertise regarding elements of a bill and/or the ramifications of its passage.

Rest assured, the Fund and the Board of Trustees members remain in contact with legislative activities during session and remain dedicated to the protection of the Fund and your membership benefits.

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### Important Notes

- If the proper amount of contributions are not received by the Fund, you will not receive the correct amount of credited service and wages recorded on your retirement file.
- The funded ratio of a plan is only a snapshot of current information and can change from year to year.

## Be Aware—Workers’ Compensation And Your Retirement

Workers’ Compensation is an employer financed insurance designed to benefit both you (the employee) and your employer. Simply stated, if you become ill or injured as a result of your employment, Workers’ Compensation insurance provides you with monetary benefits (compensation) and/or medical care.

Providing this substitution of income offers financial peace of mind when you are temporarily unable to perform the duties of your position. Additionally, these insurance payments are designed to maintain your status as an employee in terms of your service and wages as they relate to your retirement plan. The *El Paso Firemen & Policemen’s Pension Fund Plan Document* provides guidance on the proper treatment of Workers’ Compensation benefits with regard to your retirement. Section 5.01 of the *Plan Document* specifies that your member contributions are based on your “Wages”. The term “Wages” is further defined in Section 3.09 (a) to include Workers’ Compensation payments you receive.

Therefore, the appropriate level of member contributions (Fire or Police) must be provided to the Fund when you are in receipt of Worker’s Compensation benefits.

Not only is it critical to ensure the proper amount of contributions are provided to the El Paso Firemen & Policemen’s Pension Fund when you are receiving Workers’ Compensation benefits, it is the law.

If the proper amount of contributions are not received by the Fund, the situation must be rectified as soon as possible and prior to your retirement. Because the correct amount of credited service applied to your service record with the Fund and the correct amount of wages recorded on your file are factors in determining your retirement benefit, any inaccuracies must be corrected before your retirement benefits will begin.

Therefore, if you are a recipient of Workers’ Compensation benefits, you must ensure the correct amount of contributions are provided to the Fund on your behalf. To confirm this is the case, it is critical that you contact your payroll officer to certify your employer is submitting accurate amounts to the Fund. By taking this preventative measure when you first receive your Workers’ Compensation payments you will avoid future complications involving corrections at a later date which could become costly.

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*“...if you are a recipient of Workers’ Compensation benefits, you must ensure the correct amount of contributions are provided to the Fund on your behalf.”*

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### Frightening Retirement Facts

- A record 33% of Americans now plan on working past the age of 70.
- 43% of American workers have less than \$10,000 in retirement savings.
- 30% of adult children contribute financially to their parents.
- Only 46% of workers have tried to calculate what they need to save for retirement.
- 51% doubt they will afford medical expenses in retirement.

Sources: Employee Benefit Research Institute and Matthew Greenwald & Associates, Inc. 1991-2010 Retirement Confidence Surveys, New York Times (September 18, 2009)

## New Trustee Elected To Board

Jerry Villanueva was recently elected by members of the El Paso Fire Department to serve on the Board of Trustees.

Jerry has been a member of the El Paso Fire Department for 18 years and is currently employed as a Fire Battalion Chief. His service on the Board began on June 16, 2010 when he filled the remaining term of retiring Board member Matt Widtfeldt.

Jerry is an 18 year veteran with the El Paso Fire Department. About his election to the Board, Jerry comments..... *I am very honored that the Fire Department membership has given me the opportunity to represent them on the Board. As a trustee, I will help move the Pension Fund forward in an effort to seek long term sustainability. My ultimate goal would be to have the fund fully funded in order to eliminate the two tier system. We are all one team sharing the same goal of a long and successful career followed by a long and healthy retirement. As we are all one team, we should all share in the same benefits.*

### Congratulations Jerry!

## Thank You Matt

This past June, the El Paso Firemen & Policemen's Pension Fund Board of Trustees said goodbye to Trustee Matt Widtfeldt. Matt concluded his service on the Board as he retired from employment with the El Paso Fire Department.

When asked to comment about his service on the Board, Matt offered these words:

*Having served on the El Paso Firemen & Policemen's Pension Fund Board for the last three years of my career, I can say that the work has been both challenging and rewarding. As a career Firefighter, the honor of being elected to the Board opened up a whole new world to me that I knew very little about...the financial world. Hedge fund, large cap, small cap, actuary....I mean it was initially humbling to find out how little I knew of this world. The challenge was getting myself up to speed as soon as I could, and with a lot of help I worked towards that.*

*The Board has provided me with extensive educational opportunities, individual contact with experts in the field, and the privilege of working with some great people. From Mr.*

*Stanton and the Fund Staff to the Board members both elected and appointed (who I might add do this without compensation), working with them has been a pleasure. I have found reward in becoming more comfortable with my knowledge of the industry, such as watching our Fund take a great hit in the last recession, seeing it bounce back, and understanding why it happened.*

*The greatest reward I can say I take away from this experience is the people. I have had the opportunity to work with a number of individuals including Board members who believe in their fiduciary responsibility, the Fund Staff who continually help the office, and the numerous money managers, lawyers, and investment advisors—all who share the desire to make our fund grow. I take comfort in knowing that with these people working for us, our Fund will be there for me and for my brothers and sisters when they decide to hang up their helmets.*



### Did You Know?

- You can eat the flowers of pumpkins.
- Pumpkins contain potassium and vitamin A.
- Pumpkins are 90 percent water.
- In colonial times, pumpkins were used as an ingredient in the crust of pies, not the filling.
- Native Americans used pumpkin seeds for food and medicine.

Source:  
[www.pumpkin-patch.com/facts.html](http://www.pumpkin-patch.com/facts.html)

## Understanding The Funded Ratio

If you have taken an interest in defined benefit plans across the nation, undoubtedly, you have read about the funded ratio of a retirement plan. But what exactly is the funded ratio?

By definition, the funded ratio is the ratio of a pension fund's assets to its liabilities. Generally speaking, the funded ratio is a means to identify the overall health or fiscal strength of a plan. A funded ratio of 100% or more indicates that the fund has the ability to pay all of its existing obligations to its members. Consequently, a funded ratio below 100% indicates the plan is not currently able to cover all of its payment obligations—in other words it is considered underfunded.

Recent market downturns resulted in a number of underfunding issues across the nation over the past several years. However, it is important to remember that the funded ratio provides only a snapshot in time of the current information. The funded ratio of a plan changes yearly based on a number of factors including investment returns, membership demographics, and actuarial assumptions to name a few. By reviewing the funded ratio, plan administrations and Boards can determine if changes need to occur to improve the health of the plan going forward.

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The most recent Actuarial Valuation of the El Paso Firemen & Policemen's Pension Fund revealed that the funded ratios of both plans remain fairly healthy. The Police Fund ratio is currently 82.2% and the Fire Fund ratio is currently 81.8%. Although these numbers are not 100%, they are vast improvements from where the Fund has been in the past. At the end of 2005, the Police and Fire Funds were 71% and 57.4%, respectively.

## Planning A 2010 Retirement

If you are planning to retire in December, now is the time to start preparing for your upcoming retirement!

By reviewing your annual benefits statement from the Fund\* and requesting a benefit estimate for your planned retirement date, you can identify at a minimum what you would expect to receive in retirement benefit payments. Along with this information, it is also suggested that you consider other payments you may be eligible for such as IRA's and whether you will want to continue medical insurance coverage.

Are you planning to return to employment? If so, you will want to review whether your employment will have any affect of the benefit payments you are expecting to receive from the Fund. If your plans do not include returning to work, have you considered what you plan to do with your time? Will you plan to travel, relocate to another community, immerse yourself in a hobby, or start your own business? Whatever your plans, a well thought out retirement will help lead to a successful retirement.

To assist in this process, don't forget to schedule an appointment with one of the Fund's Benefit Specialists. They can review your service and salary history with you so together you can identify any inaccuracies prior to your retirement date.

*\*You should receive your Annual Benefits Statement later this fall.*

*May your stuffing be tasty  
May your turkey plump,  
May your potatoes and gravy  
Have nary a lump.  
May your yams be delicious  
And your pies take the prize,  
And may your Thanksgiving  
dinner  
Stay off your thighs!  
~Author Unknown*



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PLEASE  
PLACE  
STAMP  
HERE