



May 23, 2013

City #00294

City Official
City of Conroe
P.O. Box 3066
Conroe, TX 77305-3066

Subject: 2014 Municipal Contribution Rate

Dear City Official:

Presented below are your city’s contribution requirements to the Texas Municipal Retirement System (TMRS) for Plan Year 2014 (Calendar Year 2014, PY2014) as determined by the December 31, 2012 actuarial valuation. The actuarially determined contribution rates for retirement benefits and Supplemental Death Benefits (SDB), if any, are based on your city’s plan provisions in effect as of April 1, 2013 and the actuarial assumptions and methods adopted by the TMRS Board. Effective January 1, 2014, your city’s monthly contribution rates will be as follows:

	<u>Phase-in Rate</u>	<u>Full Rate</u>
Normal Cost	11.66%	11.66%
Prior Service	<u>4.82%</u>	<u>5.44%</u>
Total Retirement Rate	16.48%	17.10%
Supplemental Death Benefit	<u>0.00%</u>	<u>0.00%</u>
Total Combined Contribution	16.48%	17.10%

Full information on your rate, including an explanation of changes, and the pension disclosure data to assist your city with the reporting requirements of the Governmental Accounting Standards Board (GASB) are contained in the attached report.

The Total Retirement Rate shown in the Full Rate column above represents the Annual Required Contribution (ARC) under GASB Statement No. 27 for PY2014. **The Total Combined Contribution Rate shown in the Phase-in Rate column above represents the minimum required contribution rate to TMRS for PY2014.** The difference represents the portion of your Full Rate that is being phased in over the remaining two years (2015-2016, inclusive) of the original eight-year period that began January 1, 2009. Please see the “Phase-in Rates” section for more information. **Your city must contribute at least the Phase-in Rate, though TMRS highly recommends that each city contribute as much toward the Full Rate as possible. Please note that if your city chooses to contribute at a rate below the 2014 GASB ARC, a Net Pension Obligation (NPO) equal to the contribution shortfall will be created (or an additional NPO will be generated if your city has paid the Phase-in Retirement Rate during 2009- 2013), which must be reflected in your employer’s financial statement.**

If you have questions about your rate or if you wish to evaluate potential changes in your TMRS plan, contact TMRS at 800-924-8677.

Sincerely,

Eric W. Davis
Deputy Executive Director