So what have the Board members been up to for the past several months? Frankly, there has been a whirlwind of activity here at PMRS. From the appointment of several new Board members to the adoption of various policy changes, the Board has been occupied with a variety of tasks and issues.

In March, the Board met for its annual investment performance review where they had a chance to speak to the System's investment managers in person. The System's portfolio outperformed 81% of funds monitored by the Independent Consultants Cooperative Universe. The portfolio continued to grow in 2004 from $1.110 billion to $1.231 billion. The portfolio's stellar performance, however, did not deter the Board from terminating the investment management services of The Boston Company due to their inability to consistently outperform their benchmark. The Board voted to transfer $50 million of the funds from The Boston Company to LSV Asset Management, an existing large cap value equity manager already under contract, and to search for another large cap value equity manager to invest the remaining $50 million. In addition, the Board recognized the value of small cap growth equities but came to an understanding unable to return to or perform the duties of the position.

In June 2005, the House of Representatives passed House Bill 740 (Service Credit Purchase). The bill, introduced by Representative C. Dally, is now in the hands of the Senate Finance Committee. This
of the importance for diversifying risk. Because of this, the Board voted to transfer 50% of Emerald Advisor’s small cap growth portfolio to a new manager within the same asset class. Interviews for the two new investment managers will be conducted at the July 2005 meeting. Also, at the March meeting, new Board member Paul Corbin, who represents the Pennsylvania State Association of County Commissioners, was administered the oath of office and was welcomed by the Board.

At the May 2005 meeting, the second of three new Board members was administered the oath. Former representative of the Pennsylvania Chiefs of Police Association, Victor Cicero, was welcomed back to the Board to fill the long-standing vacant position of representative for the Pennsylvania Municipal Retirement System retired members.

In addition to acting on a number of routine items, the Board made two changes to the excess interest formula. The first was a technical adjustment to confirm that the amount of “new surplus” used in the formula cannot exceed the "available surplus". This change was made to insure that the amount of excess return needed to eliminate any negative balance in the undistributed earnings account is not included in the calculation of the excess interest award. As an example, the surplus in 2003 was a negative $45 million and in 2004 was a positive $18 million. Previously the formula would have indicated a "new surplus" of $63 million to be included in the formula (the increase in the surplus from one year to the next). With this change, only the actual surplus of $18 million could be included in the formula. In addition, the Board voted to adopt a minimum threshold of 0.5% for excess interest awards. This means that if the calculated excess interest rate is less than 0.5% for a given year, excess interest will not be awarded for that year and the surplus will be carried over to the following year. This change will allow the Board to make more meaningful excess interest awards and reduce the administrative burden of making more frequent minor excess interest awards.

The Board will determine at the September 2005 meeting whether any excess interest will be awarded in 2005, based on investment performance in 2004.

amendment to Act 15 will expand the purchasable periods of non-intervening military service by eliminating the requirement that the military service be in times of war, armed conflict, or National emergency, so proclaimed by the President of the United States.

Finally, House Bill 1300, introduced by Representative S. Nickol, would amend Act 205 of 1984 to allow municipalities with defined benefit pension plans to provide an In-Service Retirement Option Plan (IROP). An IROP, also sometimes referred to as DROP, allows an employee who is eligible for a normal retirement to elect to enter the IROP for a specified period of time, usually no more than three to five years. When entering the IROP, the employee terminates active membership in the pension plan and the retirement benefit is calculated based on the accumulated service and salary at the time that the employee entered the IROP, but the employee continues to work during the agreed upon period of time. During the member's participation in the IROP, the monthly retirement benefit is paid into the tax-deferred IROP account. Typically, interest is credited on the IROP account. When the member terminates employment, the IROP will expire and the former employee will receive the balance of the IROP account in a lump sum. At this time the former employee will also begin receiving the monthly pension benefit payments that had been deposited to the IROP account.

The program, which has been implemented throughout the nation in various forms, has not been
“Good morning, Municipal Retirement System, how may I help you”? Did you know when you talk to that friendly voice, you are talking to just one of ten staff members in the Operations Division here at PMRS? Though it is the largest division here at PMRS, this staff mostly works behind the scenes to provide many valuable, varied, and necessary services to support the other three divisions in their responsibilities to our member municipalities and their employees.

According to Division Chief Cynthia Davis, “first and foremost, we view our executive staff and the other three divisions as our immediate customers.” She goes on to add, “Providing clerical, administrative, and technical support enables the division to provide optimal customer service to the municipalities, their members, and the retirees.”

The Operations Division is divided into six core functions: Human Resources, Communications, Information Technology, Information & Statistics, Administrative, and Clerical support.

Responsibility for ensuring the agency is fully staffed, trained, and paid, falls in the hands of Human Resources. They also handle labor issues and help to maintain a safe and secure workplace for the employees within the agency.

The Communications area works very hard to provide information to you through our new and vastly improved PMRS “The Spotlight”. Other responsibilities include the maintenance of the PMRS website and the preparation and production of various publications such as brochures, manuals, and specific documents such as the Comprehensive Annual Financial Report.

Supporting the System’s personal computer network is one of many crucial functions of our information systems.

On the web! www.staff.state.pa.us

On the web! www.staff.state.pa.us

First-come, first-serve policy proves its effectiveness in processing member and financial statements.
A team that has learned to play a smart game will earn this year's most coveted major league award. Part of playing smart is always having your bases covered by qualified people. PMRS feels the same way when it comes to administering your pension plans. In order for us to be good at what we do and perform to the best of our potential, we must continue to ensure that well-qualified staff members are placed into each position. Since January 2005, several additions have been made to the PMRS roster as a result of position vacancies. Our latest PMRS rookies include:

- Brenda Armstrong - Clerical Support
- Corelle Dozier - Clerical Support
- Mary Ann Fischer - Administrative Support
- Tonna Hoot - Clerical Support
- Natalie Humphrey - Retirement Technician Trainee
- Phil Weinert - Retirement Technician Trainee

We'd like to take this opportunity to welcome and thank these staff members for joining our team. Without a doubt, the addition of their professional skills will make our team stronger and will help to continue our efforts to serve our customers better. Welcome aboard!

Lastly, the division's administrative and clerical sections are largely in charge of contracts, correspondence, purchasing, mail, and records management. In addition, many of these staff members are the first people you come in contact here at PMRS. Their courteous demeanor and team spirit has been extremely valuable as it promotes a customer-friendly atmosphere to our staff and most importantly, our members.

Should you need assistance in obtaining information from PMRS, the Operations Division is here to help. Here's a look at our "behind the scenes" staff:

Top left: Tom Garrett, Bob Porambo, Mary Ann Fischer, Tonna Hoot, and Ed Burkett
Bottom left: Doylene Shull, Brenda Armstrong, Joy Lewis, & Shannon DeWaelsche. Not Pictured: Cynthia Davis

Coming Soon

The Accounting Division will soon be posting instructions on our website to assist you with the Revenue Transmittal Form (PMRB-20). Please frequent our website for further information at www.pmrs.state.pa.us

Editorial Board Tim Brulia, Tom Garrett, Kris Gibboney, Ben Mader, Donna Miller, *Shannon DeWaelsche *Editor
Please retain this calendar to help plan your work schedule for the upcoming months. The list includes dates for state aid funding requirements, monies and reports that are due at PMRS, approximate major PMRS mailings, and PMRS meetings of general interest.

The calendar below is also provided on our website at www.pmrs.state.pa.us

July 21 - Pennsylvania Municipal Retirement Board Meeting.

July 28 - Retiree checks mailed from PMRS.

August 1 - Deadline for returning the Quarterly Reports for the 2nd Quarter to PMRS.

August 15 - Act 205 questionnaire and reporting form request (PC-200) mailed from PERC in odd-numbered years to all municipalities; must complete and return form to the PERC by mid-October.

Note: This form allows the PERC to mail the correct actuarial reporting form from a choice of nine to your municipality for completion. PMRS completes the valuation for each plan, so it is not necessary to forward the blank valuation report form you receive from the PERC to our office.

August 25 - Reimbursement by Auditor General’s Department to municipalities for ad hoc payments that were made to eligible retired firefighters and police officers in the previous year.

Note: Act 205 requires payment no later than September 1.

August 25 - Minimum Municipal Obligation (MMO) worksheets used to calculate the plan’s financial requirement for the next year mailed from PMRS.

Note: This form needs to be completed by the plan’s chief administrative officer and submitted to the governing body by September 30. The MMO form also must be returned to PMRS by the first week in October. Each plan’s MMO becomes a part of the municipal budget process for the upcoming year.

August 25 - Act 205 information request mailed to municipalities by PMRS in odd-numbered years to obtain information needed for the biannual actuarial report by March 31 of the next year.

August 30 - Retiree checks mailed from PMRS.

September 1 - November 30 - PMRS pre-retirement seminars at various locations throughout the Commonwealth.

Note: These seminars are designed to provide information to those individuals who are within five years of normal retirement. Spouses and/or beneficiaries are encouraged to attend. Information is mailed to employees and is also included in our quarterly newsletter to municipalities.

September 15 - Pennsylvania Municipal Retirement Board Meeting.

September 25 - Annual state pension aid payments sent to municipalities by the Auditor General’s Department; must be deposited into your pension plan(s) within 30 days of receipt.

September 29 - Retiree checks mailed from PMRS.
Below is a list that provides you with information on the four divisions within PMRS. Brought to you by our Division Chiefs, this segment includes tips on who to contact, things to remember, and other bits of information that might be of interest. Please check our website for continued updates and future newsletter publications featuring this helpful information.

**Divisions**

**Accounting**

- manages the System’s investments, prepares financial reports, and maintains municipal and member financial accounts.

_Renny Witmer, Chief_

**Coming Soon!** Minimum Municipal Obligation (MMO) worksheets will be mailed from PMRS during the month of August 2005. This worksheet is used to calculate the plan’s financial requirement for 2006. The form needs to be completed by the plan’s chief administrative officer and submitted to the governing body by September 30, 2005. Please sign and return a completed copy to PMRS by October 7, 2005.

**Membership Services**

- manages individual member records, prepares year-end member statements, and processes monthly payments to retirees.

_Ben Mader, Chief_

**Reminder** ~ Pre-Retirement Seminars will be held in the fall. All members are welcome, however, those within five years of retirement will receive a registration form. Completing and returning the form on a timely basis will ensure a member’s retirement estimate is provided at the seminar. Please frequent our website for future dates and locations.

**Municipal Services**

- visits prospective member municipalities, maintains municipal records and contracts, conducts cost study analysis, and administers plan upgrades.

_Lee Hughey, Chief_

**Invitation** ~ We are available to visit any PMRS plan across the Commonwealth regardless of size or location. It would be our pleasure to meet with you to discuss possible plan improvements, hot topics, review cost studies, to explain retirement options, or answer questions regarding your plan. PMRS is proud and pleased to be of service to you.

**Operations**

- consists of several sections that assist in various areas such as information technology, human resources, administration, and communications.

_Cynthia Davis, Chief_

**For your information** ~ PMRS has plans to eliminate the use of Social Security Numbers to help protect your personal information from fraudulent use. Once the System’s new software is updated, members will be issued and will be required to use member IDs rather than Social Security Numbers.

**Contact us**

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