AUGUST 2014

ADVISOR

"Dedicated to Providing Retirement Security for Fire Fighters and Police Officers – Past, Present and Future."

FROM THE EXECUTIVE DIRECTOR, *Warren J. Schott, CFA*

The summer months have arrived and things at the Pension Fund have slowed down, relatively speaking.

Let me begin by giving you an update on the investment performance of your Pension Fund. As of the end of July, the Fund assets stand at $2.718 billion, a record high. This gives us an investment return of 10.5% for the 2014 fiscal year. We are, obviously, very pleased with this performance, but we still have two months to go before the end of the year, so a lot can happen. As you may recall, the investment returns for the past several years have been very strong. The returns for the last four years have been, 8.8%, 3.1%, 13.4% and 11.0%. Coupled with the 10.5% current return, we have had a remarkable five year period. On the following page, our CIO will be letting you know some steps that the Board has taken recently to protect these gains. It has been a great run, no reason to get greedy, right?

The Legislative Committee continues to conduct meetings with the intent of creating a legislative package for the 2015 Legislative Session. The Committee has already collected suggestions from the membership and City, and has narrowed the suggestions to a focused list of ten items. The ten items have been presented to our actuary, and they are now working on calculating the cost of each item. The Committee has scheduled a meeting for August 18th to review the costs and determine which items can be reasonably afforded. As in years past, the Pension Fund is working with the City and three associations to create a package that is both affordable and acceptable to all parties. We will let you know if and when a final package is approved. It is important to note that the Pension Fund has not determined if it will actually be filing any legislation, but we are continuing the process in case the economic and political environment allows it.

Jessica Pelaez, Benefits Specialist

We have a new employee in the Benefits Department. Jessica Pelaez joined the Fund as a Benefits Specialist on March 17th, replacing Dora Barrientos. Jessica grew up in San Antonio, attended Providence High School and graduated from Barry University in Florida. We are very happy to have her on board. If you come by the office to get retirement projections, you will probably see her; she is currently shadowing the other Benefit Specialists in order to get up to speed on the workings of the Pension Fund.

This is an early reminder about our next Pre-Retirement Seminar to be held on Friday, November 7th. Please register early, as space is limited to the first 80 people. Please be aware that these Seminars are now being held at our Pension Office at 11603 West Coker Loop. We will NOT be conducting these seminars at City Council Chambers as we have in the past. Our office location works well for the Seminar and the parking is FREE.

Along a similar line, I also encourage you to attend one of our monthly Financial Planning/Benefits Seminars. We conduct these seminars on the first Friday of each month and they are also held at the Pension Office. These monthly seminars cover three topics: Benefits, Financial Planning & Retiree Healthcare. We strive to attract 15-25 people to these seminars in order to maintain an informal/intimate environment to encourage questions. If you have not had a chance to attend one, please make plans and give us your feedback.

The Pension Fund has hired a new public relations firm, G3 Public Relations. G3 replaces KGB, which resigned its account several months ago. G3 also handles public relations for TEXPERS (Texas Association of Public Employee Retirement Systems), so it is very familiar with pension issues. G3 will be assisting our fund with public relations issues as well as assisting with our website, Facebook and blog issues.

Finally, I would like you to be aware that the Pension Fund was recently invited by the Chairman of the State House Pensions Committee to testify at the Capitol. The purpose of the invite was to give a presentation on the "Best Practices" of the Pension Fund. The Chairman of the Pensions Committee is obviously concerned with some of the other funds in the State and wanted our Pension Fund to list the practices that makes us a model in the State and Country. J.T. Trevino, Vice Chairman of the Fund, did a great job in presenting the information. We think this invite further illustrates the level of comfort the Legislature has regarding the San Antonio Fire & Police Pension Fund. If you would like to see J.T.'s testimony, you can visit our website at www.safppf.org.

Thank you for support and please let us know if there is ever anything the Pension Fund can do for you. We stand ready to serve.

Attention Members!

If you haven't done so already, we encourage you to register on our website @ www.safppf.org. This allows us to send important information to our members both active and retired in a timely manner. If you need help registering, call us @ (210) 534-3262 and we will be happy to assist you.

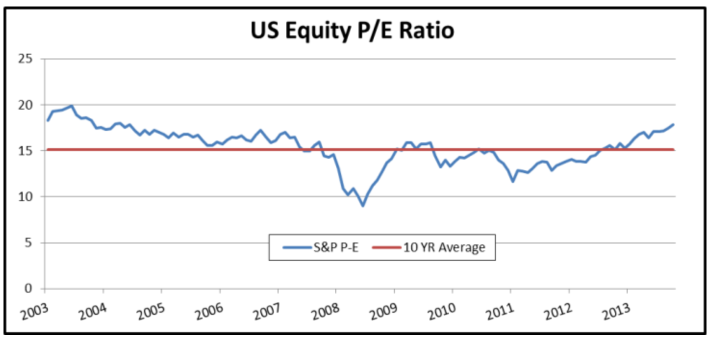
Market News

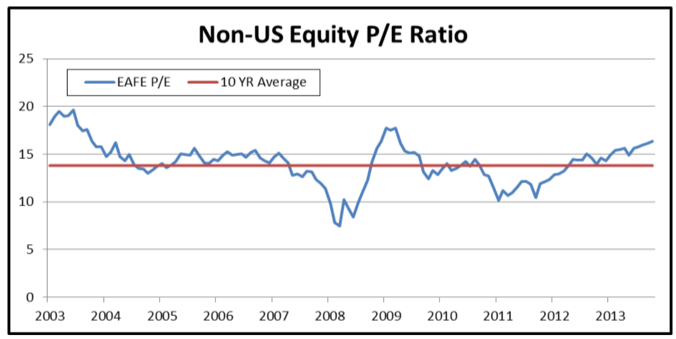
Matthew O'Reilly, CFA, Chief Investment Officer

The pension returns have been very impressive and the members should be proud of the results. As of May 31, 2014, the Fund generated a return 3.2% for the quarter, 11.9% for the year, and 10.9% for the past 5 years. Over the past year equity returns lead the group with a return of 17.4%, followed by real estate at 15.1%, and fixed income trailing asset classes with 4.6%. Since the equity market has had such a strong run and valuations are creeping up, we decided to sell $90 million in equities and start a search for a diversified fixed income manager.

Now let me discuss what has been happening in the financial markets and reasons for selling some equities. Stocks around the world have enjoyed a strong bull market over the past 5 years. Global equities returned 176% from their low in 2009. Much of the return has been from investors' confidence since the price to earnings ratio (P/E) for stocks went from below 10x in 2009 to 18x today. The 10-year average P/E ratio is 15.2x, meaning the equity market is valued a little more expensive today than it has in the past. The recent market rise has largely been to get us back to where we were before the 2008 meltdown.

Personally, it has been interesting to see how the U.S., Europe, and emerging stocks have reacted over the last few years. Investors showed a lot of interest in the U.S. market pumping up returns quickly. Europe and emerging markets have similar fundamentals; however, investors were more optimistic on European markets and pessimistic about emerging markets. The optimism is typically on the anticipation of higher earnings in the future and investors will pay more for that growth. Currently the P/E for European stocks is 15x and emerging markets is 12x earnings. These valuation ratios are one of many important factors in judging how expensive stocks are priced for each unit of earnings.





Bonds are the other important part of a long-term investment strategy. Bonds are generally less volatile than most stocks so they provide a more stable return and income stream. The Pension Fund has bonds in the portfolio to reduce the overall volatility of the portfolio. In 2013, bonds had an unusually high level of volatility. U.S. long-term treasury bonds suffered the worst loss in recent history. Fortunately, the Pension Fund has almost no exposure to long-term treasury bonds. The Board decided years ago that for the level of risk and return, it was worthy to look in other investable areas, which proved to be a smart move. Almost all bonds had negative returns for 2013 except high yield bonds. High yield bonds, or otherwise known as junk bonds, had a very good year generating a return of 7.4%. The pension has 5.5% of the total portfolio in high yield and another 5.5% in bank loans which is similar credit but just a floating rate versus a fixed rate. Credit represents half of our fixed income allocation proving to have been a great move.

Bonds have two basic kinds of risks. There are definitely more risk factors but I'll save you the boring details. The main risks of bonds are credit and interest rate risks. Credit risk refers to the issuer's credit rating and the possibilities of being upgraded or downgraded. Interest rate risk is risk of interest rates moving, leading to fluctuations in bond prices. If interest rates rise, those bonds you just bought are valued less because people do not want to pay the same amount for a bond yielding less. Another way to look at it is buying a 1 year CD at a rate of 1.0% and the next day interest rates rise to 1.3%. You would not like that because you'd prefer the higher rate but just locked yourself into the lower rate. If you invested in a 30 year bond, you would have experienced an even greater loss due to the lower interest rate over a much longer time period.

While building a fixed income portfolio, you should consider spreading out your investments among a variety of asset classes. It is difficult to accurately predict how interest rates or credit ratings will change. As a possible option, consider non-U.S. bonds, depending on your risk tolerance and investment horizon, to further diversify the portfolio. Investing globally is a way to diversify the portfolio and spread around risk while potentially enhancing returns.

It is also important to establish an appropriate asset allocation with a mix of stocks, bonds, real estate, etc. Over time, market fluctuations will move your portfolio outside its target range so it is important to rebalance at least once a year. The SAFP pension has a very diverse mix of stocks, bonds, real estate, and other investments. The Pension Fund rebalances once a year and we encourage you to do the same with your personal investments.

BENEFITS SPOTLIGHT: Pension Computation

Rick Matye, Payroll & Benefits Supervisor

It sounds pretty simple: Average Total Salary multiplied by Vesting Percentage divided by twelve equals Monthly Annuity. But what is included in salary? How is the average calculated? Do I get credit for sick leave? What is a monthly annuity? What if I take a BackDROP? In this article, I will explain what the terms mean and where the numbers come from so you can have a better understanding the next time you get a benefit projection from the Pension Office or the website calculator.

Monthly Annuity is the pension benefit you will receive on the last working day of each month. As an active member, you are paid biweekly. Retirees are paid on a monthly basis.

Total Salary includes all salary except overtime, bomb squad, SWAT team, K-9, hostage team, and field training officer's pay. If you check your pay stub, you will see that the 12.32% pension contribution is not taken on these items. Pay for unused accrued vacation, sick leave, comp time, bonus days, and holiday pay is not included in Total Salary.

Average Total Salary is the average of the Total Salary for the highest three of the last five years. The years are twelve month periods ending on the month and day of your separation date. Separation date is your last day in the department. Assume your separation date is July 31, 2014. The five years used in the calculation are the twelve month periods ending July 31, 2014, July 31, 2013, July 31, 2012, July 31, 2011, and July 31, 2010. The high three of those five are added and divided by three to get Average Total Salary.

You must have 20 years of actual service credit to be eligible for a service pension. You earn 2.25% per year for the first 20 years, 5% per year for the next 7 years, 2% per year for the next 3 years, and .5% per year for the next 3 years. At 33 years of service, your Vesting Percentage reaches the maximum allowable percentage of 87.5%. Service credit is calculated from Pension Entry Date to separation date minus any service credit lost due to military leave, suspension, or leave without pay. You get credit for full months only.

In calculating your monthly annuity, you will also get credit toward your Vesting Percentage for sick leave in excess of the 90 days paid by the City at separation. The excess hours are converted to full months. If you are an eight hour or ten hour employee, a full month is 173.33 hours. For 12 hour EMS, a month is 182 hours. A 12 hour fire department employee needs 229.67 hours for a month.

Add your actual service credit and your credit for sick leave in excess of 90 days to get Total Service Credit. Apply your Total Service Credit to the vesting schedule to get your Vesting Percentage. Average Total Salary is multiplied by your Vesting Percentage and divided by twelve to get your monthly annuity.

If you take a Backdrop, Average Total Salary is calculated as if your separation date is the date corresponding to your actual separation date minus the BackDROP period chosen. If your separation date is July 31, 2014 and you take a five year BackDROP, Average Total Salary is calculated as if your separation date is July 31, 2009. Older, generally lower numbers will be used to calculate Average Total Salary if you take a BackDROP versus a straight annuity (no BackDROP).

The maximum amount of actual service credit used on a BackDROP retirement calculation is 34 years. Add actual service credit (maximum 34 years) and excess sick leave and subtract the number of months taken on the BackDROP to get Total Service Credit when calculating the monthly annuity. The more months you take on the BackDROP, the lower your Total Service Credit and Vesting Percentage.

To get your Monthly Annuity, take the recomputed Average Total Salary multiplied by the Vesting Percentage after applying your BackDROP period and divide by twelve.

When calculating your BackDROP lump sum, Average Total Salary is the same as the amount used to calculate your monthly annuity on your BackDROP retirement. The maximum credit for actual service on the lump sum calculation is also 34 years. A major difference between the annuity and lump sum calculation is that **no excess sick leave** is used when calculating the lump sum. Sick leave is applied to the monthly annuity only. As with the annuity calculation, Service Credit is reduced by the number of months taken on the BackDROP.

The Backdrop Lump Sum is the recomputed Average Total Salary multiplied by the Vesting Percentage after applying your BackDROP period divided by twelve (to get a monthly amount) and multiplied by the number of months taken on the BackDROP.

The BackDROP pages on your benefit projection have a lot of numbers and can be confusing. If you have any questions about your benefit projection, call the Pension Office to talk to one of our Benefits Specialists. Better yet, attend one of our monthly Financial Planning/ Benefits Seminars and you can get a personalized explanation directly from me.

COUNCILMAN CRIS MEDINA RECEIVES RESOLUTION FOR SERVICE ON FIRE AND POLICE PENSION FUND BOARD

Durable Powers-of-Attorney, *Erik T. Dahler, General Counsel*

What happens when someone is not capable, due to injury or mental condition, to make decisions? Who signs legal documents on that person's behalf? Well, if that person planned ahead and had executed a "durable power-of-attorney" prior to the onset of incapacity due to a debilitating injury or disease, then the person to whom that authority has been delegated may sign any legal documents and may make any decisions on that person's behalf, subject to any limitations described in the power-of-attorney. The person to whom that authority as been delegated is known as the "agent" in a power-of-attorney; although the agent need not be an actual attorney, of course.

So, what makes a power-of-attorney "durable"? This is an important question. We at the Pension Fund have actually had powers-of-attorney submitted which we had to reject because, although the title on the document may even say "Durable Power-of-Attorney" the document lacked certain magic language, clearly required by Texas law.

So what are the magic words? "*This power-of-attorney is not affected by my subsequent disability or incapacity*." That's it! So, why is that so important?

Powers-of-attorney are a form of agency - or delegation of authority - under Texas law. Generally, one may only delegate powers which one actually possesses. Once one's mental capacity becomes substantially diminished beyond the capacity to make one's own decisions, one's agent also no longer possesses the capacity to make those decisions. Unless of course, the power-of-attorney specifically contains the "magic words."

If one has a *durable* power-of-attorney, then even upon disability or incapacity, the designated agent may make any necessary decisions and may sign documents, subject to any limitations described in the power-of-attorney. The durable power-of-attorney can even be written so it does not take effect *until* one becomes disabled or incapacitated.

Although we encourage folks to see their legal adviser about setting up a power-of-attorney (and our members' prepaid legal services may even cover the cost), it isn't absolutely necessary. Texas has put the actual preferred form in the state law, for all to use! See Texas Estates Code §752.051:
http://www.statutes.legis.state.tx.us/Docs/ES/htm/ES.752.htm#B.

Note that we've been focusing on the general statutory durable power-of-attorney but there is also a statutory medical power-of-attorney that should be executed as well. The medical power-of-attorney allows the agent to make medical decisions for the person to whom that authority has been delegated, if that person becomes unable to make his/her own health care decisions and this fact is certified in writing by that person's physician.

Why doesn't everyone have durable powers-of-attorney? I honestly don't know. But if one becomes incapacitated and one does not have a durable power-of-attorney, then loved ones may have no other choice but to seek a guardianship. Guardianships are complicated, difficult and expensive. I'll write about guardianships in a future article.

Powers-of-attorney, durable or not, can have some shortcomings. The main problem can be the fact that they can be revoked at any time. Of course, I don't disagree that one *should* be able to revoke them but the problem occurs when mental incapacity is setting in and the power-of-attorney is revoked. For example, I have personal experience with someone who was exhibiting symptoms of early Alzheimer's. He had executed a durable power-of-attorney which would have continued in effect, after the onset of more advanced, incapacitating Alzheimer's. But paranoia set in as the disease progressed and the power-of-attorney was revoked. When the disease progressed to the point of incapacity, guardianship was the only option. It was a painful process.

More on that, later. I hope I at least convinced some of you on the importance of having a power-of-attorney in case of subsequent disability or incapacity. If you have any suggestions for future articles, please let us know.

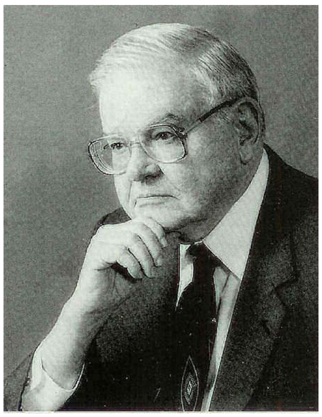
A LIFETIME AT THE BAR

By Harry Griffin, Retired Police Representative

The San Antonio Fire and Police Pension Fund's first Board attorney, Harvey L. Hardy, wrote his memoirs entitled "A Lifetime at the Bar" in 1999 after a 62 year career as a lawyer. This brilliant legal scholar caught me by surprise when I first saw the title of his book, and the contents deserve reviewing to understand this great man and the history of our Fund. Mr. Hardy states in his memoir, "I was the legal advisor to the San Antonio Fire and Police Pension Fund on a regular monthly retainer for forty years and eight months, from April 1956 to end of December 1996."

Mr. Hardy was born in Dallas Texas on December 12, 1914, and spent much of his boyhood in Jourdanton Texas, 30 miles south of San Antonio, while moving several times to places as far away as Washington D.C. and Hollywood California. He reflects, "One of the greatest moments in my life was getting on the train in California and returning to Texas. Scrubby little Jourdanton seemed like paradise. For one thing the people were friendly and spoke English like it was meant to be spoken-"slow and easy". Jack rabbits, rattlesnakes, and prickly pear were all awesome to behold." His family moved into San Antonio from Jourdanton in 1924 where he attended Riverside Park Elementary and "being almost ten years of age and never having been to public school, I was entered into the low fourth grade. I had trouble adjusting to the teacher as she had no personality other than a harsh and unforgiving attitude. Mercifully I was demoted to the high third grade." His father, a lawyer, lost the family home on the Southside of San Antonio in 1929, during the Depression, and they moved to Los Angeles Heights on Lee Hall Street where Harvey attended Edison High School from 1930-1932. (***Article continues on Page 5)***

Mr. Hardy came from a family of lawyers, his father, grandfather and "in 1929 my mother achieved admission to the Bar by examination. Mother was probably the third woman in San Antonio admitted to the Bar, and although she never did practice, this exemplified her restless and ambitious nature. She was born too soon, inasmuch as she wanted to be a career woman….the age and times were dead set against that sort of thing." Harvey taught himself the law "reading assiduously", he had no formal training, and in February 1936, at the age of 21 arrived in Austin Texas to take the Bar exam in the House of Representative chambers. Harvey remarked, " The test itself was a monstrous thing: Monday the Board of Examiners briefly interviewed all applicants to make a final selection and then Tuesday through Friday, four straight days, the written examination proceeded at ten hours per day for a total of forty hours of written examination. On Tuesday May 5, 1936, I hit the jackpot, the Deputy Clerk of the Texas Supreme Court informed me that all of my grades were in and that I had passed. I was one of five applicants out of fifty-one taking the test who passed. He swore me in on the spot, filled out the license to practice in the Supreme Court of the State of Texas and all its inferior courts, dated it May 5, 1936, and signed and sealed it officially. I was literally born again."



Harvey soon reflected, "I was admitted to the Bar, but there were no job openings for a twenty-one year old lawyer without a law degree. I had the experience of being a claims adjuster for an insurance company, and so for several years, resorted to that line of work in order to make ends meet….during these cruel economic times of the Great Depression 1929-1941." Harvey was drafted in the U.S. Army during January of 1941 where he served until December of 1945. He landed in Normandy on Omaha beach a month after D-Day and as a combat liaison officer, Lieutenant Hardy made "frequent trips between division and regiment with orders and information", where he came under fire and air bombardment on several occasions. He served in General George Patton's Third Army where he was twice awarded the Bronze Star. Harvey remarked "our division had been teamed up with a military genius. The exploits of Third Army (under Patton) have been compared to that of the Legions under Julius Caesar."

After returning from his service during WWII, Harvey soon became involved in helping a group of military veterans, who were lawyers, run for election in the Bexar County District Attorney's race in 1946. The veteran's ticket was successful and the new District Attorney picked Harvey to be his First Assistant. Harvey served as the First Assistant until 1950 when D.A. Bill Hensley was called back into military service during the Korean War. Bill Hensley appointed Harvey acting District Attorney, where he served until 1951 when Harvey took a job in the San Antonio City Attorney's Office. In 1952 the City annexed a large area of land, which doubled the size of San Antonio, causing extreme controversy. Mr. Hardy, the City Attorney, won the court case which ensued, won the appeal and the Supreme Court of Texas agreed with his argument. He stated, "My contribution to the City of San Antonio through the practice of my profession was to put more territory into the City than the King of Spain by his original grant."

Mr. Hardy entered private practice and thereafter remarked, "During the year 1956, something else happened of even greater significance to my future practice. A committee of the trustees of the Fire and Police Pension Board called on me to take over a case that had been lost by the City Attorney's Office at both the district court and court of civil appeals. This case forced upon the Pension Fund membership from fifty-two city employees who were not firefighters or police officers. I felt that I could reverse this decision in the Texas Supreme Court because I had a good theory to go with. The Fire and Police Pension law states that its membership should consist of "duly appointed and enrolled firemen and policemen" and the Act creating the Fund stated that it was to benefit firemen and policemen engaged in hazardous work. The Texas Supreme Court agreed and reversed the judgment of the lower courts in favor to the Pension Fund." Harvey proudly remarked, "The Fire and Police Pension Board was impressed enough that they put me on a regular monthly retainer, and the City Attorney's Office has not represented them again to this very day."

Harvey represented the Fund again in 1958 in a case he called, "the most important of all my many Fire and Police Pension Fund appeals. The case was *Bolen v. Board of Firemen and Policemen Trustees*, 308 S.W. 2nd 904. Mr. Bolen was the City of San Antonio Finance Director and he refused to let any of the monies of the Fire and Police Pension Fund to be invested in anything but government bonds. The Fund was not allowed to invest in the stock or bonds of companies or corporations, such as General Electric, Ford Motor Co. etc. The basis of Mr. Bolen and the City Attorney's argument was the Texas Constitution prohibited a subdivision of government from investing in any private corporation. Mr. Bolen and the City stated the Fund was merely a subdivision of the City. Mr. Hardy won this case when the appellate court ruled "the Pension Fund was a statutory trust and was not a subdivision of government and that it was wholly independent of the city of San Antonio and its city council. This decision, fully endorsed by the Texas Supreme Court conferred two tremendous benefits on the Pension Fund. First it could make private investments other than government bonds and thereby enhance the income and assets of the Fund. Second, it gave official recognition of the independence of the Fund and the Board of Trustees from City Council control. I do not think I need to belabor the great significance of these two holdings on the future of the San Antonio Fire and Police Pension Fund."

Harvey reminded us, "When I first started representing the Fund in 1956, it had slightly less than $ 1 million in assets: today (1999) it has over $ 1 Billion in assets. The *Bolen* case undoubtedly contributed at least half of that increase." Today (August 2014) the Fund has $ 2.7 Billion in assets, and we are forever indebted to Mr. Hardy, for his legal theory and expertise, in winning this landmark case which created an independent Pension trust enabling firefighters and police officers to retire with dignity. (***Article continues on Page 6)***

Harvey went on to remark, “all in all, I represented the Fire and Police Pension Fund in a total of sixteen appeals and won fourteen of them. The two losses were each disability pension cases.” Harvey continued to work for other governmental entities and municipalities such as Castle Hills, Garden Ridge, Shavano Park and the San Antonio River Authority, and occasionally took a case involving other than municipal law. During this time he tried a case with Charlie Barrow, who later became a Justice of the Texas Supreme Court, as co-counsel, in a courthouse near Three Rivers Texas. They shared a motel room during this several day trail and Charlie remarked, “Harvey is the only person I ever roomed with who read Plato while chewing tobacco.”

Mr. Hardy would have been 100 years old this year, and all those who have earned a Fire and Police pension, and all those who will, owe a tremendous debt of gratitude to this wonderful man who served the old fashion way with integrity and honor. He passed away on July 12, 2008 at the age of 93. On behalf of all the beneficiaries of our Pension Fund and the following trustees, who served under his legal guidance: Billy Anders, Casey (B.C.) Medlock, Jesse Renteria, Horace Neaves, A. G. Campa, Carlos Resendez, Jimmy Gaffney, Sonny Parker, Rusty Grassmuck, Al Peeler, Larry Reed, Curtis Creed, John Dallmann, Johnny Anderson, Joe Di Stefano, Henry Antan, L.E. Mason, J.P. Biegler, Andy Casias, Ed Sebera, Norman Jarke, Ralph Lopez, Frank Munoz, Tom Barnes, Dave Alsbury, James Wilborn, David Todd and I thank Mr. Hardy for his “lifetime at the bar,” and I toast his many accomplishments.

From the Accountant’s Desk

Mark Gremmer, Deputy Director

The end of June and the first part of July starts our budget season. It usually takes a couple of weeks for all of the data to come in from the contributors of the financial information. We use an approach that starts with trying to decide what we will need to accomplish during the year. A lot of what we do at the Pension Fund is routine, and this is the easy part of the budgeting process. There are some things that are outside of the everyday business of the Pension Fund, and those are areas that require more thought. We are committed to providing the best level of service reasonably possible within the means available. Our Pension Fund takes care of pension benefits for over 2,200 retirees and dependents and almost 4,000 active employees. It also manages about $2.7 billion in assets. The fund gets income from two sources; contributions from active members and the City of San Antonio and investment earnings on accumulated contributions that are being held in trust for the payment of future benefits. The Fund’s expenses are mainly the benefit payments themselves, the costs related to benefits administration and investment management. In the budget, the investment management expenses are netted against investment income. Net investment income is estimated to be about 62% of total income with the remaining 38% coming from contributions. Benefits administration uses less than 1% of annual income while the benefits themselves amount to about 44%. The remaining approximately 55% will be added to the investments and held in trust for the payment of future benefits.

Planning for the Audit and Actuarial Study this year will require a great deal more cooperation between the auditors and actuaries. In August, staff and board will be meeting with both the auditors and actuaries together. Part of what will be discussed will be the new GASB Statements regarding the reporting for public pension plans. The new statements require information that the actuaries will have to provide. Also, the auditors for the City of San Antonio will have to audit information that comes directly from the Pension Fund or indirectly through the Pension Fund’s auditors and actuaries.

Earlier in July, members of the House Pension Committee met to go over the possible ramifications of the new GASB statements. Several municipalities were asked to participate in the discussion. The City of San Antonio and the Fire and Police Pension Fund, San Antonio were included. The main concern was what effect the new reporting standards will have on the municipalities’ bond ratings, or how will the bond rating agencies view the “Net Pension Liability” that will be placed on the balance sheets of the municipalities for the first time. It seemed that, in general, there would not be a great effect from the new reporting standards since these liabilities have been factored into the research that rating agencies already do. Also in attendance were representatives from a large bond underwriter and their opinion seemed to support that conclusion. They mentioned that bond underwriters do not depend on rating agencies as much as they did before the last recession. At that time, the rating agencies didn’t adequately predict or recognize the weaknesses in the bonds that they rated, and bond defaults happened to issues that were highly rated. What the new reporting standards will do is make it a little easier to compare one municipality’s Net Pension Liability with another’s, because everyone will be using the same rules and there will be more standardization in the reporting process.

Back at the Pension Fund, we are working to improve the website and other forms of social media. Behind the members’ only section on our website, we have added the functionality for members to voice their opinions or join in online discussions by posting to a “blog”. On the Home Page, we are improving the presentation and hopefully making it more user-friendly.

The San Antonio Fire and Police Pension Fund is pleased to announce that we have launched a new Facebook page for all active and retired members, their friends and family, and the general public. You can view the page at https://www.facebook.com/SAFPPF. Of course the San Antonio Fire and Police Pensioners Association has a page as well, which you can access most easily by searching in Facebook for “SAFPPA Pensioners.” We will do our best to give you updates on pension performance and activities we sponsor on our page, while Michael Trainer will give updates on retiree association activities on the Pensioners page. Please “Like” both our pages, and be sure to click the Like button so that you can click the “Get Notifications” button. In that way you will be instantly alerted whenever we post valuable information about your pension fund.

S.A.F.P.P.A. RETIREES CORNER

By Earnest D. Gay; Recording Secretary, SAFPPA

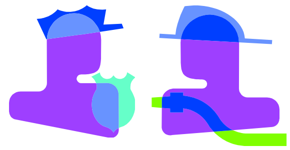
The San Antonio Fire and Police Pensioners Association will be holding their annual Luncheon this year on October 15, 2014. At this year's luncheon we will be serving a steak dinner w/ baked potato. The Luncheon has moved from the Fire Union Hall to the Alzafar Shrine Auditorium at 901 N. Loop 1604 West, San Antonio TX. This move was necessary due to the parking area needed for this event. The Fire Banquet Hall has been a great venue over the last several years but we unfortunately outgrew the parking the facility has to offer. The luncheon is open to all paid up members of the SAFPPA and the cost this year has remained $5 per person. For those retirees that are not members of the SAFPPA and would like to attend this event, there will be registration forms available at the door. Dues for the Association are only $3 per month and are payroll deductible. It is very easy to join. Members can RSVP by going on our web site http://www.safppa.org/ and clicking on the luncheon reservation tab to reserve your tickets. You can also RSVP by calling John Scott, Corresponding Secretary Police, at 210-381-1323 or call Earnest Gay, Recording Secretary, at 210-621-0828. We would like reservations to be in by September 30, 2014 so we can have the Shriners Hall set up. They want a 30 day notice but have given us leeway on that requirement. We usually have a 30% no show rate so reservations can still be made after the deadline for those not sure if they can attend by the September 30 date.

Going through our records we have noticed that we have a high number of retirees that have never become members of the Pensioners Association; this is especially true of the newest retirees of the last 5 years. The work we do is working with the City, Fire and Police Associations, Pension Fund and Health Care Fund to protect your Pension and Health benefits. Remember folks, the Pension Fund and the Health Care Fund *CANNOT* lobby on your behalf to protect your benefits. The dues we have at $3 per month deducted from your monthly pension check is a very small price to pay to have someone on your side when it comes to protecting your earned benefits. I would like to see many more get on board to help us with this goal. The SAFPPA actively attends meetings and seminars that are directly involved with protecting our benefits and has even set up a PAC to assist with this goal. Those that are members of the PAC also have their contributions payroll deducted from their pension checks. Any San Antonio Retired Firefighter or Retired Police Officer can join the SAFPPA by going to our website http://www.safppa.org/ and filling out the form to join. You can also see the past minutes of our meetings and there is a section that has the past issues of the Firefighters Grapevine Magazine and the Police Officers Centurion Magazine for your viewing as well as the newsletters from the Pension Fund and Health Care Fund.

In conclusion, I wish to thank all members for your support and hope to see many of you at the luncheon again this year. It should be a great event once again and the larger facility should make it easier for all to attend. There will be security present to assist getting our members into and out of the parking lot at the Shriners Auditorium. Good Health and Happy Retirement for all.

MARK YOUR CALENDAR!

FINANCIAL PLANNING SEMINARS



Friday, September 5th – 9:30 AM – 12:00 PM

Friday, October 3rd – 1:00 PM – 3:30 PM

Seminars held @ San Antonio Fire & Police Pension Fund
11603 W. Coker Loop, Suite 201

Seminar Topics:

- ***Understanding Your Benefits***
- ***Need for Financial Planning***
- ***Medical Insurance***

Space is Limited
Please Register Early @ 210-534-3262

Fire and Police Pension Fund, San Antonio
11603 W. Coker Loop, Suite 201
San Antonio, TX 78216
(210) 534-3262 (210) 532-4339 Fax
www.safppf.org

THE ADVISOR