

Texas Municipal Retirement System



# **TMRS**FACTS

A brief overview of your retirement plan

# Table of Contents

|   |   |
|---|---|
| What Is TMRS? _____                     | 1 |
| How Does TMRS Work? _____               | 2 |
| How Do I Keep Up with My Account? _____ | 4 |
| How Do I Contact TMRS? _____            | 5 |
| What if I Leave City Employment? _____  | 6 |
| What Happens When I Retire? _____       | 6 |
| What if I Die Before I Retire? _____    | 7 |
| Proportionate Retirement Systems _____  | 8 |

Copyright 2017, Texas Municipal Retirement System.

This booklet is an informal presentation of information about TMRS and related issues. If any specific questions of fact or law should arise, the statutes will govern. TMRS, MyTMRS, and the TMRS logo are registered trademarks of the Texas Municipal Retirement System.

# TMRS FACTS

## What Is TMRS?

The Texas Municipal Retirement System (TMRS®) is the retirement program your city has chosen for its employees. TMRS administers a retirement plan for municipal employees that is funded by the contributions of its members, its member cities, and earnings from investment of those deposits. Under TMRS, each city chooses from a menu of retirement provisions to provide affordable, sound benefits for their employees and families. As a member of TMRS, if you meet the eligibility requirements and retire with the system, ***you will receive a retirement annuity for as long as you live.***

## Membership Requirement

Contributing monthly to your individual TMRS retirement account is a requirement if you are an eligible employee of a city that participates in the TMRS plan. All employees who are regularly engaged in a position that normally requires more than 1,000 hours per year at a TMRS-participating city must be enrolled in the program.

## How Are We Different from Other Systems?

Most public employee retirement systems provide a benefit based on a multiplier times your years of service and salary. In TMRS, your benefit is based on the actual dollars you and your city contribute, the investment earnings made on those contributions, and other factors and credits that may be adopted by your city. In 2009, the TMRS Act was amended to guarantee a minimum annual 5% interest credit to member accounts.

**Conservative actuarial assumptions, prudent investing, employer flexibility, and statutory funding requirements have helped TMRS earn a reputation as a strong public retirement program.**

# How Does TMRS Work?

## Your Retirement Account

A percentage of your gross compensation is deducted each pay period and deposited into your individual account. The percentage deducted — either 5, 6, or 7% — depends on the plan provision your city has adopted (see the “My City Plan” sheet or go to Member Services/City Plan Provisions at [www.tMrs.com](http://www.tMrs.com)). Your monthly TMRS deposit is deducted before income taxes are withheld, and you do not pay taxes on those deposits until you refund or retire.

Once your monthly deposit is received, TMRS invests the money, and your account earns interest credits each year. The longer you work, the more you put into your account, and the more you will receive at retirement. **Under the law that governs the system, you cannot borrow from your retirement account.**

## City Matching

Each city chooses to match employee deposits at a ratio of 1 to 1, 1.5 to 1, or 2 to 1 (see “My City Plan” or Members/City Plan Provisions for your city’s matching ratio). When you retire, the city’s contributions are combined with your deposits and interest credits, and the combined total is used to pay your monthly retirement benefit.

You only receive the city’s matching funds in the form of a monthly payment when you retire.

***If at any time you leave city service and choose to receive your deposits and interest, you will not receive the city’s matching funds.***

## Service Credit

Generally, you earn a month of service credit toward retirement for each month you make a deposit while employed in an eligible position. Depending on your city’s plan, you may establish other types of service credit, including credit for previous public employment or active duty military service.

## Beneficiaries

Your beneficiary is the person or persons you choose to receive any retirement benefit due upon your death. TMRS will ask you to name a beneficiary when you first become a TMRS member, when you vest (after 5 or 10 years of service), and when you retire. When you vest, it is very important to designate a beneficiary for the vested benefit.

## **Vesting/Retirement Eligibility**

When you have 5 years of service credit (10 in some cities), you are “vested” in the system. As a vested member, if you leave TMRS-covered employment, you may leave your deposits with TMRS. Your deposits will continue to earn interest credits until you withdraw them or retire.

You will be eligible to retire when you meet either of these qualifications, depending on your city’s plan:

- You are age 60 with 5 or 10 years of service credit, or
- You have 20 or 25 years of service credit at any age.

See “My City Plan” or City Plan Provisions for your city’s retirement eligibility requirement.

Service credit with other statewide retirement systems or government entities may also count toward your eligibility for service retirement. The service history shown on your Annual Statement (see page 4) reflects any service credit with other TMRS cities, plus any buybacks, military service credit, or restricted prior service credit you have received.

## **Proportionate Retirement**

TMRS participates in the Proportionate Retirement Program. This program allows you to combine service credit from specific Texas retirement systems to meet service retirement eligibility requirements. With combined service, you may be able to retire earlier.

The systems that participate in this program with TMRS are: Employees Retirement System of Texas, Teacher Retirement System of Texas, Judicial Retirement System of Texas, Texas County and District Retirement System, and the City of Austin Employees Retirement System (see page 8 for contact information).

## **Updated Service Credit**

Updated Service Credit (USC) is an optional feature that updates your TMRS benefit to take into account changes in your salary or in your city’s TMRS plan. USC helps your retirement benefit retain its value over your career. See “My City Plan” or City Plan Provisions to determine if your city offers Updated Service Credit.

# How Do I Keep Up with My Account?

## MyTMRS®

The TMRS website ([www.tMrs.com](http://www.tMrs.com)) provides secure online access to your account information. Use the MyTMRS feature of the website to see your account statements, check your year-to-date totals, change your contact information, and run retirement estimates. You must register for this service before you can use it. You may register online, set up your password, and access MyTMRS using security questions and your e-mail address; a verification email will be sent to you. It is important that you use a “persistent” email address so that we may contact you electronically for future updates.

You may **run retirement estimates** through MyTMRS. These estimates show approximately how much money you will receive in your monthly retirement benefit for each retirement option. To compare your annuity amounts, we encourage you to run as many estimates for as many retirement dates as you wish.

## Annual Statements

Every spring a TMRS Annual Statement is mailed to the home address we have on file for you. This statement includes your service history, your beneficiary information, retirement estimates, your total member deposits, and the past year’s interest credit. ***Keeping your personal information (such as mailing address and beneficiary) up-to-date is extremely important.***





















## For More Details...


For a complete description of your TMRS benefits, see the *Member Benefits Guide* (available in English and Spanish) or the “How Do I...” tutorials on the TMRS website, Member Services menu.

# How Do I Contact TMRS?


|  |  |
|--|--|
| <p><b>Phone Center</b><br/>             800.924.8677 • Toll free<br/>             512.476.7577 • Local<br/>             512.476.5576 • Fax</p> <p><b>E-mail</b><br/> <i>help@tmrs.com</i></p> <p><b>Website</b><br/> <i>www.tmrs.com</i></p> | <p><b>Mailing Address</b><br/>             P.O. Box 149153<br/>             Austin, Texas 78714-9153</p> <p><b>Headquarters Building</b><br/>             1200 North Interstate 35<br/>             Austin, Texas 78701</p> <p><b><i>Se habla español.</i></b></p> |
|--|--|


## How Do I Review or Change My Account?

|                                   |   |   |   |   |
|-----------------------------------|---|---|---|---|
| Account balance                   |  |  |  |   |
| Address/phone/email <i>change</i> |  |  |  |  |
| Name <i>change</i>                |   |   |   |  |
| Beneficiary info                  |   |  |  |   |
| <b>Change</b> beneficiary         |   |   |   |  |
| Credited service                  |  |  |  |   |
| Request for statement             |  |  |  |   |
| Retirement estimate               |  |  |  |   |

 **By phone** – include 2 account identifiers.\*

 **Web** – sign in to MyTMRS.

 **In writing** – by letter or fax; include signature and 2 account identifiers.

 **Form** – needs specific form with signature; forms are available through the Phone Center, website, or your personnel office.

\* Account identifiers are personal details known to the member only.



# What if I Leave City Employment?

## Refund vs. Retirement

If you are vested at the time you leave the city, you can leave your accumulated deposits, which continue to receive interest credits, in TMRS until you decide to retire. If you are not vested, then you may only leave your deposits for up to five years. After five years, you must either refund your deposits and interest or roll them over directly into an IRA or another qualified plan. **Remember, if you refund your deposits, you will not receive the city's matching money.**

## Taxes and Penalties

If you are not vested, you may decide to refund or transfer your funds to an IRA or other qualified plan when you leave employment with all TMRS cities. If you refund your member deposits and interest, a 20% tax withholding and a 10% tax penalty may apply. **See the *Special Tax Notice Regarding Plan Payments (TMRS website, Forms page)* for details on withholding, early withdrawals, and rollovers to IRAs or qualified plans.**

**NOTE:** Federal tax law permits public safety employees who end employment at age 50 or later (and receive a refund or lump-sum payment) to waive the 10% IRS penalty. The city will need to certify the employee's status as a public safety employee on form TMRS-PSE for this penalty to be waived.

# What Happens When I Retire?

## Choosing a Retirement Option

When you become eligible for and apply for retirement, you may select one of these benefit payment plans:

- **Retiree Life Only Option** — a monthly payment for the rest of your life, with no survivor benefits.
- **Lifetime Survivor Options** — a benefit for the rest of your life and a lifetime benefit for your designated survivor at 100%, 75%, or 50% of your monthly retirement benefit. If your beneficiary dies before you, your benefit will “pop up” to a Retiree Life Only Option.
- **Guaranteed Term Options** — a lifetime benefit for you and a survivor benefit paid for the remainder of a guaranteed term (5, 10, or 15 years) if you die before the guaranteed term expires. The term starts at your retirement.

## Partial Lump Sum Distributions

Under any option, at retirement you may choose to receive part of



your benefit as a Partial Lump Sum Distribution (PLSD). The optional PLSD may equal 12, 24, or 36 times your monthly benefit under the Retiree Life Only Option (not to exceed 75% of your member deposits and interest). A PLSD is subject to income tax; see the Special Tax Notice (Forms page of the TMRS website) for details on withholding, early withdrawals, and rollovers to IRAs or qualified plans.

## **Annuity Increases (COLAs)**

Your city may choose to grant a Cost of Living Adjustment (COLA) to its retirees. COLAs may be granted annually and are based on changes in the Consumer Price Index. If your city has adopted this option (check “My City Plan” or City Plan Provisions), you must be retired for a full year to be eligible for a COLA.

## **Death Benefits after Retirement**

Your beneficiary will continue to receive a monthly benefit if you have chosen a retirement option that provides a survivor benefit. A Supplemental Death Benefit of \$7,500 will be paid upon your death to your beneficiary if the city from which you retired offers this coverage.

## **What if I Die Before I Retire?**

### **Death Benefits**

If you die before you retire, benefits will be paid to your chosen beneficiary. If you do not properly designate a beneficiary, the TMRS statutes will govern who will receive your benefits. If you were vested in TMRS at the time of your death, your beneficiary can immediately begin to receive a monthly payment. If your spouse is your beneficiary, he or she may choose to leave your deposits in the system until you would have turned age 60 — and then receive a lifetime monthly benefit payment. If you are not vested, your beneficiary or estate will receive a refund of your accumulated deposits and interest. It is extremely important to keep your beneficiary information correct, particularly after you are vested.

### **Supplemental Death Benefit**

If your city has chosen this additional benefit (see “My City Plan” or City Plan Provisions) and you die while employed by the city, your beneficiary will also receive a payment approximately equal to your current annual salary; this benefit applies to both vested and non-vested members. You may designate different beneficiaries for your regular retirement benefit and your Supplemental Death Benefit.

# **Proportionate Retirement Systems**

(participating with TMRS)

## **City of Austin Employees Retirement System**

1.512.458.2551

[www.coaers.org](http://www.coaers.org)

## **Employees Retirement System of Texas**

1.877.275.4377 (toll-free)

[www.ers.state.tx.us](http://www.ers.state.tx.us)

## **Judicial Retirement System of Texas**

(Plan I or Plan II)

1.877.275.4377 (toll-free)

[www.ers.state.tx.us](http://www.ers.state.tx.us)

## **Teacher Retirement System of Texas**

1.800.223.8778 (toll-free)

[www.trs.state.tx.us](http://www.trs.state.tx.us)

## **Texas County and District Retirement System**

1.800.823.7782 (toll-free)

[www.tcdrs.org](http://www.tcdrs.org)





**P.O. Box 149153  
Austin, Texas 78714-9153**

**1200 North Interstate 35  
Austin, Texas 78701**

**800.924.8677  
[www.tmars.com](http://www.tmars.com)**

*January 2017*