

# Refunding Your Account For Members

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**Hablamos Español.**

TMRS' mission is to provide you with a secure, reliable retirement benefit. However, there may be times when you want to withdraw your TMRS deposits before reaching retirement. When you end employment with a TMRS city, you have the option to withdraw your deposits and interest credits, or "refund" your account. If you're eligible to take a refund and choose to do so, there are some important things to consider:

## You Cannot Be Employed by a TMRS City

You can only refund your TMRS account if you are **no longer working for any TMRS-participating city**. You do not qualify for a refund if your status changes from TMRS-covered employment to non-covered employment (e.g., over 1,000 hours of work per year to less than 1,000 hours per year). Additionally, your service is not considered terminated if you are on FMLA leave or on leave due to workers compensation.

## You Need to Submit the Proper, Certified Form

To refund your account, you must submit a Refund Application (TMRS-005). Download and print the form located at: [tmr.com / Forms / Commonly Used Forms / Refund Application](http://tmr.com/Forms/CommonlyUsedForms/RefundApplication).

An authorized person at your last employing TMRS city must complete the Employer Certification Section of the form, including the month and year of the final payroll report containing a deposit for you. Authorized contacts at most TMRS cities are in the Human Resources department. **TMRS cannot process your Refund Application without this certification.** If left blank, the form will be returned to the city for completion and payment will be delayed.

Once the form is complete, send it to TMRS by mail or fax, or ask the city's authorized contact person to upload it to the City Portal.

## If You Refund, You Lose City Matching Funds

If you refund your account balance, you will lose the "city match" and forfeit any right you may have to a future lifetime retirement benefit. (See "You Do Not Have to Refund" below.)

## Your Refund is Subject to Income Taxes

TMRS is a tax-deferred retirement plan, which means you do not pay taxes on your member deposits or credited interest until you receive your money. A refund is considered taxable for the year in which it's paid. On the Refund Application, you may choose to have your payment issued directly to you or rolled over to another qualified retirement plan. If TMRS issues the payment to you directly, TMRS deducts the IRS required minimum 20% withholding for taxes. Also, the IRS may assess an additional 10% early withdrawal tax when you file your taxes for the year. You can defer paying income tax at the time TMRS issues your payment by rolling your funds over into an IRA or other qualified plan.

See the Special Tax Notice Regarding Plan Payments attached to the refund form for full information. Be sure you've read and understand the page about direct rollovers and taxation of the refund **before** signing your refund application. You may wish to consult a tax advisor for questions about your individual tax liability.

## You Do Not Have to Refund

**You are not required to refund your account if you stop working for the city.** Your deposits and interest continue to earn interest if you leave your account

## Resources for Refunding Members

- Refund Application (TMRS-0005)
- Video Training Library / Refunding Your Benefit
- [tmr.com / Members / How Do I? / Get a Refund](http://tmr.com/Members/HowDoI/GetARefund)
- TMRS Member Benefits Guide (also in Spanish)
- TMRS FACTS (also in Spanish)
- MyTMRS® online portal (to check refund status)

The image shows a sample of the Refund Application form (TMRS-005). The form is titled "Refund Application" and includes the TMRS logo. It is divided into several sections: "MEMBER INFORMATION" with fields for name, address, and phone; "PUBLIC SAFETY EMPLOYEE CERTIFICATION" with a checkbox and explanatory text; "REFUND DISTRIBUTION" with checkboxes for "Direct Payment to Me" and "Direct Rollover to My Designated Plan"; "MEMBER CERTIFICATION" with a checkbox and explanatory text; "EMPLOYER CERTIFICATION BY LAST EMPLOYING CITY (REQUIRED)" with a checkbox and explanatory text; and "MONTH/YEAR OF FINAL RETIREMENT DEDUCTION (MM/YYYY)". At the bottom, there is a barcode and a note to read the information on the reverse side.



intact. If you go to work for another TMRS city in the future, your new contributions may be combined with the funds already in your account.

The choices available to you if you leave city employment depend on your vested status. **Regardless of your vested status, if you refund your account balance, you will lose the “city match” and forfeit your right to any future retirement benefit from TMRS.**

## If You Are Vested

You are vested in TMRS if you have 5 or 10 years of service, depending on your city’s plan. Check your city’s plan at [tmrs.com / Members / My City Plan](https://www.tmrsonline.com/Member/MyCityPlan).

**You can still qualify for a lifetime retirement benefit if you leave TMRS city employment after vesting.** Simply leave your member deposits with TMRS until you become eligible and choose to retire. Your deposits continue to earn compounded interest. At retirement, your monthly benefit will be calculated using your deposits, credited interest, and city matching funds.

If you are vested and submit a Refund Application, TMRS mails you an estimate showing your benefit payment at retirement if you leave employment and do not refund, along with a form to use if you wish to cancel your refund. If you do not want to cancel your refund, do nothing.

If you die before retirement, your beneficiary (ies) will have the option to receive a monthly payment (includes city match) or a lump-sum refund (no city match).

## You Do Not Have to Refund if You Become Disabled

If you must leave your job due to a disability, you do **not** have to refund your TMRS account! You may be eligible for an Occupational Disability retirement. This benefit is available to all TMRS members who qualify. For more information visit [tmrs.com / Members / How Do I? / Apply for occupational disability retirement?](https://www.tmrsonline.com/Member/HowDoI/ApplyForOccupationalDisabilityRetirement)

## FAQs about Refunds

### Q. How long will it take to get my refund?

Once TMRS receives your completed Refund Application, the process can take up to eight weeks for your payment to be issued. This is because **TMRS must receive the city payroll report that contains your final deposit before we can issue your refund.** If you return to TMRS-covered employment before your refund payment is issued, your refund application will be cancelled.

### Q. Can I borrow from my TMRS account?

**A.** No. Under Texas and federal law, you may not withdraw your account balance unless you have ended TMRS-covered employment. Also, you may not use your benefit as collateral for a loan.

### Q. Can I refund part of my account and leave the rest in TMRS?

**A.** No. You must refund all of your account balance. However, you have the option to roll over part of your balance and have part of it paid to you directly. Indicate your selection on the Refund Application and the Rollover of Refund or PLSD form attached to it. Please see the Special Tax Notice attached to the refund form for more information on taxation.

## If You Are NOT Vested

If you are not vested, have ended TMRS covered employment, and do not go to work for another TMRS city, you are not required to refund your account immediately. You can leave your member deposits in the System, where they will earn compounding interest for five years. After the five-year period, your membership terminates and you will be notified that you need to withdraw your balance.

If you’re **not** vested or retirement-eligible and want to qualify for a retirement benefit, you **may** become retirement eligible by combining service credit from other retirement systems using the Proportionate Retirement Program of Texas.

Besides TMRS, the participating systems are:

- Teacher Retirement System of Texas
- Employees Retirement System of Texas
- Judicial Retirement System of Texas (Plan 1 or 2)
- Texas County & District Retirement System
- City of Austin Employees Retirement System

Depending on your city’s plan, you may also qualify for Restricted Prior Service Credit (RPSC) if you worked for another government entity before working for your city. RPSC uses qualifying service to grant service credit toward your vesting and retirement eligibility requirement.

Learn more about these programs at: [tmrs.com / Members / How Do I? / Get credit for previous public service?](https://www.tmrsonline.com/Member/HowDoI/GetCreditForPreviousPublicService)