

# Facts for the 83<sup>rd</sup> Texas Legislature

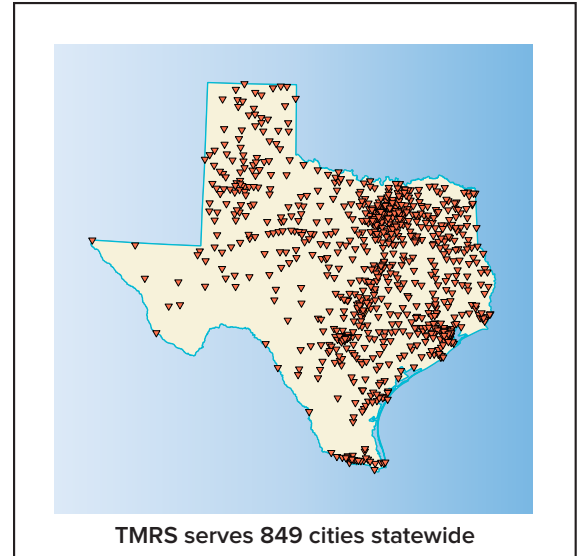
The TMRS Board is not recommending any legislative changes in 2013.

## TMRS Overview

TMRS administers a retirement program for 849 Texas cities. As one of the oldest public sector cash balance plans in the United States, TMRS offers a choice of benefits so that each participating city can design a plan to suit its needs and budget.

## System Highlights

- TMRS is a statewide retirement system that cities elect to join
- TMRS is a “hybrid” cash-balance defined benefit retirement plan rather than a traditional, formula-based defined benefit plan
- TMRS does not receive any state funds and does not administer a health care plan
- Benefits are based on a member’s account balance at retirement. The retirement benefit is funded through mandatory employee deposits, city contributions, and investment income



## Local Control

- Benefits chosen can be prospectively modified by each city to control costs
- Each city’s benefit program stands on its own by having its own actuarial assets, liabilities, and funded ratio

## Conservative Plan Features

- TMRS’ Investment Return Assumption is 7%, one of the lowest among large public plans
- Each city’s unfunded liability is amortized over a closed period of no more than 30 years
- Double-dipping is not permitted
- Contribution “holidays” are not allowed; every city must pay required contribution

## Funded Status

- TMRS’ funded status was 85.1% as of 12/31/2011. The ratio has increased significantly over the past four years:

2008	2009	2010	2011
74.4%	75.8%	82.9%	85.1%

*Continued on reverse*



## Investment Returns and Fees

- TMRS administers \$18.5 billion in assets, as of 12/31/2011

### Annual Investment Return Averages

2008	2009	2010	2011
-1.3%	10.2%	9.0%	2.4%

### Return Averages effective 12/31/2011

3-year average	5-year average	10-year average
7.2%	5.5%	7.0%

- Investment management fees are among the lowest in the industry, just .056% in 2011
- TMRS' total administrative costs in 2011 were 0.15% of net assets

## Benefit Payments

- The average annual annuity received by TMRS retirees in 2011 was \$16,306, or \$1,359 monthly
- TMRS paid a total of \$810 million in benefits in 2011, up from \$743 million in 2010

## Coverage and Membership

- 849 cities participate in TMRS as of November 2011
- TMRS has over 101,000 contributing members and 39,000 annuitants
- TMRS does not cover employees in Houston, Dallas, Austin, Fort Worth, Galveston, or El Paso, which have their own local plans. For San Antonio, TMRS covers only non-uniformed employees. In 39 TMRS cities, fire fighters are members of a separate local plan

## Governance

TMRS is governed by a six-member Board of Trustees, appointed for six-year staggered terms by the Governor, with the approval of the Senate. The Board has chartered a 19-member Advisory Committee, composed of representatives of constituent employee and employer groups, as well as elected officials, retirees, and employees.

## For further assistance

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*An Affordable Retirement Plan for Texas Cities*