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:

<table>
<thead>
<tr>
<th>Year</th>
<th>Funded Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>74.4%</td>
</tr>
<tr>
<td>2009</td>
<td>75.8%</td>
</tr>
<tr>
<td>2010</td>
<td>82.9%</td>
</tr>
<tr>
<td>2011</td>
<td>85.1%</td>
</tr>
</tbody>
</table>
Investment Returns and Fees

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

Annual Investment Return Averages

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>−1.3%</td>
<td>10.2%</td>
<td>9.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Return Averages effective 12/31/2011

<table>
<thead>
<tr>
<th></th>
<th>3-year average</th>
<th>5-year average</th>
<th>10-year average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>7.2%</td>
<td>5.5%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

- 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

**David Gavia**  
Executive Director  
dgavia@tmrs.com  
Fax • 512.474.9180

**Dan Wattles**  
Governmental Relations Director  
dwattles@tmrs.com  
Fax • 512.474.9180