

Texas Municipal Retirement System

The Retirement Program of Choice for Texas Cities Since 1948

- TMRS is a statewide retirement system that cities may elect to join (872 cities as of 12/31/2016).
- TMRS has approximately 108,000 contributing members and 58,000 retired members.
- TMRS does not cover employees in Houston, Dallas, Austin, Fort Worth, Galveston, or El Paso, which have their own local plans. TMRS covers only the non-uniformed employees in San Antonio. In 39 TMRS cities, fire fighters are members of a separate local plan.
- 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**, does not administer a health care plan, and operates on a calendar year basis for fiscal reporting purposes.
- Benefits are based on a member’s account balance at retirement. The retirement benefit is funded through mandatory employee deposits plus interest, mandatory city matching contributions, and investment income.

Local Control

- Each city chooses from a menu of benefit options to design a retirement program that suits its needs.
- Certain benefits chosen can be **prospectively modified by each city to control costs**.
- Each city stands on its own by having its own actuarial assets, liabilities, and funded ratio.

Conservative Plan Features

- TMRS’ Investment Return Assumption is 6.75%*, 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.
- Each member’s benefits are advance funded over the member’s working career.
- Double-dipping is not permitted.
- Contribution “holidays” are not allowed; **every city must pay the Actuarially Determined Employer Contribution (ADEC; formerly called ARC) based on benefits chosen**.

* Adopted by the TMRS Board of Trustees on 7/30/2015.

Funded Status

- TMRS’ funded ratio was 85.8% as of 12/31/2015. The ratio has increased significantly over the past seven years:

2008	2009	2010	2011	2012	2013**	2014	2015
74.4%	75.8%	82.9%	85.1%	87.2%	84.1%	85.8%	85.8%

** The decrease in TMRS’ funded ratio from 2012 to 2013 was primarily due to the TMRS Board adopting a change in the actuarial cost method from Projected Unit Credit to Entry Age Normal (EAN). The EAN method funds benefits evenly over a member’s career and will reduce volatility in future city contributions. The funded ratio is expected to increase in future years.

Assets

- TMRS administers a trust fund of approximately \$25.1 billion‡.

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Investments & Fees

- Investment returns (Net of Fees)[‡]

1-year return	3-year average	5-year average	10-year average	20-year average	30-year average
7.04%	4.29%	6.45%	5.98%	7.28%	8.17%

- Investment management fees were .19% in 2016[‡]. Total administrative costs, including investment management fees, were .28% in 2016[‡].

Benefits

- The average “original” annual annuity received by retired TMRS members at retirement was \$17,411 (this is the average of all the initial retirement annuities of retiring TMRS members from 1997 through 2015).
- TMRS paid a total of \$1.16 billion in benefits in 2016[‡], up from \$ 1.10 billion in 2015 and \$1.0 billion in 2014.

[‡] Preliminary. Final 2016 figures will be available in May 2017.

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