

insight

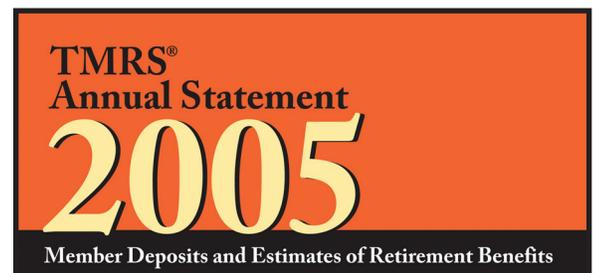
The Newsletter for TMRS Members

Annual Statements Get a Makeover

Each spring, you receive an Annual Statement that provides a detailed look at your retirement account. This year's statement will look different from those of the past. The new design displays your information and TMRS facts in a more concise way, and it contains all the information you need, including your account balance, 2005 interest, 2005 contributions, beneficiaries, cities of service, and amount of service credit. The streamlined statement also shows estimates for the available retirement options, based on your current salary — at your first eligible retirement date and five years later.

A new feature this year is the TMRS ID number. This number appears on the statement instead of your Social Security number. As a privacy protection feature, TMRS will no longer print Social Security numbers on the statements to identify member accounts. It is a good idea to keep your new ID number handy for future reference when contacting TMRS.

We hope you enjoy the new statement and find it useful. Be sure to scrutinize it carefully when it arrives. Double-check to be sure all your personal information is correct, particularly your beneficiary designation. Annual Statements will be mailed on a schedule based on your ZIP code. Watch the TMRS Website for a list of the dates when statements will be mailed starting in March. ♦



From the Executive Director



Dear Friends,

I hope the New Year is starting well for you. These are challenging times for retirement systems, in both the public and private sectors. You may have read stories about some plans, in Texas and across the country, that are experiencing funding problems.

I want to assure you that TMRS is not one of those plans. In TMRS, your benefit is based on the actual dollars you and your city contribute, the interest earned by that money, and other factors and credits that may be adopted by your city. TMRS' plan design protects your benefit and gives your cities the tools they need to control costs.

As always, TMRS is dedicated to administering a program that will provide a sound retirement for your years of city employment. If you have questions or comments, please let us know.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Anderson".

Gary W. Anderson

DID YOU KNOW? Forms Advice



How to Get Forms

Check with your City Correspondent or request forms directly from TMRS by calling or e-mailing us (phonecenter@TMRS.com). Or, go to the Website (www.TMRS.com), and click on Forms and Publications, then on On-line Forms for a list. Click on the name of the form, and a PDF version opens.

Online Population

You can “populate” the data on our on-line forms by typing the information into the electronic document. From there, you can print a copy for yourself and a copy to submit to us. With online population, you don’t have to keep reentering information on forms with multiple pages.

IMPORTANT—Don’t Double Up!

If you fax a form to us, please **do not** also follow up by mailing the original. Once is enough. If you send two copies of the same form, it creates additional paperwork and can cause confusion in your records.

Name Change

In order for a name change to be updated, we must have supporting documentation. You can’t send in a change form alone but must include a copy of your marriage license, divorce decree, or other legal document changing your name.

Proof of Birth

When retiring with TMRS, we need proof of birth. This needs to be in the form of a certified birth certificate. A hospital birth certificate (such as a document with the baby’s footprints on it) is not acceptable because it is not a legal record. ♦

RETIREMENT PLANNING

Retiring Young

More and more, employees are opting to retire early. In 2005, 476 people under 50 decided to retire from TMRS. Retirements of members under 50 represented 21% of the total retirements for that period.

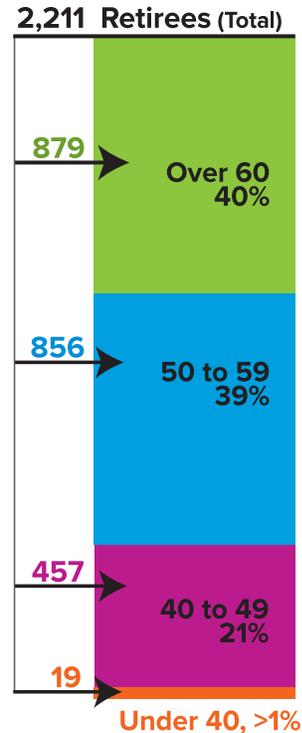
The TMRS Act provides that you are eligible to retire (depending on your city’s option) with either 20 years of service at any age, or 25 years of service at any age. This means that people who started working with the city at a young age can meet their eligibility requirements early, take a TMRS retirement, and continue on to the next exciting chapter of their lives.

If retiring early is an option you are considering, congratulations! But there are some things to keep in mind:

- If you are under 55 when you separate from service and retire, and you choose to take a Partial Lump Sum Distribution (PLSD), you may incur a 10% tax penalty if you do not roll the money over to an **IRA, a 457 plan, or other eligible plan**. This is in addition to the regular income tax you must pay on the PLSD in the year that you receive it. You will not incur the additional 10% penalty on your PLSD if you leave city employment and retire **in the year you turn 55 or later** (please consult a tax professional regarding this exemption).
- Federal income tax law requires TMRS to withhold 20% of a PLSD, unless it is rolled over to a qualified plan. This percentage is required by the IRS and may or may not be enough to cover your tax liability.
- The earlier you retire, the less you will have in the total retirement “kitty” (including matching city funds) for your monthly annuity checks. This means you may need other options for income to support yourself in your later years.
- All monthly retirement options are calculated to pay out over your remaining life expectancy. If you retire young, the payout period will be longer, so that means the monthly amount you receive will be smaller. ♦

In 2005

Age of TMRS New Retirees



Calendar of Events

FEBRUARY 20

Holiday (President's Day)

MARCH 7-8

Regional Pre-Retirement
Conference • McAllen

MARCH 24-25

TMRS Board Meeting • Austin

APRIL 14

Holiday (Good Friday)

APRIL 25-26

Regional Pre-Retirement
Conference • Addison

APRIL 28

TMRS Board and Advisory
Committee Meeting • Austin

MAY 23

Regional Pre-Retirement
Conference • San Angelo

MAY 29

Holiday (Memorial Day)

JUNE 23-24

TMRS Board Meeting • Austin

JULY 4

Holiday (Independence Day)

AUGUST 15-16

Regional Pre-Retirement
Conference • Live Oak

What Is My City's Plan?

You may have heard references to your city's "plan." Under TMRS, each city can customize its plan for employees from a group of options. To view the options your city has chosen:

1. Go to www.TMRS.com.
2. Click on City Plan Provisions.
3. Choose your city's name from the pull-down menu, and click "Go."
4. Details of your city's plan appear onscreen.

The plan provisions are set up so that they may also be viewed by region or by city size. ♦

Your Vested Beneficiary Designation Matters

Choosing a beneficiary is always important, but your beneficiary designation information is especially important after you are vested. Once you vest, your beneficiary is eligible to receive a monthly benefit, called the Vested Death Benefit.

To designate a beneficiary after vesting, you must submit a Vested - Change of Beneficiary form (TMRS-007V). If you are vested and die, and this form is not on file, then your benefit will be paid in the following manner:

- To your surviving spouse
- To your surviving children, if you have no spouse
- To your last beneficiary designated with TMRS, if you have no surviving children, OR
- To your estate if there is no beneficiary designated with TMRS.

If you are not yet vested, TMRS will send you a letter notifying you when you become vested. For many members, the beneficiary they chose when they joined TMRS will continue to be their preferred beneficiary, but vesting is a good time to be sure the choices you have made are still the ones you want. ♦

How to Contact TMRS

Location

1200 North Interstate 35
Austin, TX 78701

Mailing

P.O. Box 149153
Austin, TX 78714-9153

Toll-free

800.924.8677

Local (in Austin)

512.476.7577

Website

www.TMRS.com

E-mail

phonecenter@TMRS.com



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TMRS Board of Trustees

TMRS TERMS Membership Eligible

You are “membership eligible” (that is, you must join TMRS) if you are:

- Employed with a city that participates in TMRS
- In a position that regularly requires at least 1,000 hours of work per year

The city must classify each position as to whether or not it “regularly requires” services from the person for not less than 1,000 hours a year, and the city must enroll each employee who fills such a position. Employee membership starts the first day of employment.

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Civil Service • San Marcos

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INSIGHT is dedicated to the needs of our members. If you have questions, suggestions, or ideas for stories, send a fax or an e-mail to the editor at 512.224.3781 or communications@TMRS.com.