Presented by
Colin Davidson, Regional Representative
Retirement

- TMRS Retirement Basics
- Retirement Payments
- Additional Retirement Issues
Retirement Basics
When Can Employees Retire?

Depends on which option your city has chosen:

- Age 60 with 5 years of service, or age 60 with 10 years of service
- 20 years of service at any age, or 25 years of service at any age
Retirement Date...

- There is no best time of year to retire
  - Prorated interest on accounts and USC
- Retirement date must be the last calendar day of the month
- Retirement payments begin the last day of the month following retirement date
Leaving Employment

- Last day of employment does not have to be the same as TMRS retirement date, but you must leave city employment before retirement date

- If retiree is returning to work for a different TMRS city...
  - First day of employment in new city must be **AFTER** TMRS retirement date
  - New TMRS account will be set up for new city
  - Upon termination with new city, employee can retire or refund from that city
If Returning to Work for Same City...

- If a retiree returns to work full-time to the city from which they retired, their annuity will be suspended
  - Exception: HB 159 / SB 812 passed in 2011; allows return to same city after 8-year separation
- If a retiree returns to work for the same city after retirement, the IRS requires a bona fide separation
- Return to work cannot be pre-arranged
- Please contact TMRS for further instructions
Retirement Estimates and Packet

- Members may request estimates online through MyTMRS: [www.mytmrs.com](http://www.mytmrs.com)
- Also may request estimates (mailed or faxed to member) by calling the Phone Center: **800-924-8677**
- Review all information and report any changes or corrections to TMRS immediately!

### Estimated Monthly Amounts

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This estimate assumes that the laws and rules governing TRS and the calculation of benefits do not change, that the employer makes no future plan provision changes, that all required contributions are made to TRS, that no error corrections are made to the account, that TRS continues to credit 5% interest to all members' accounts, and that no changes are made to the actuarial factors used to calculate annuities.
How Is the Monthly Payment Calculated?

1. Combine retirement credits
   - Member’s account balance (deposits and interest)
   - City’s matching
   - Updated Service Credit
   - 5% future interest

2. Divide retirement credits by remaining life expectancy
Remember: USC is **Only One Part** of the Retirement Calculation

- Member’s account balance
- Updated Service Credit
- City’s Matching
- 5% Future Interest
Retirement Payments
Monthly Payment Plans

7 Payment Plans

- All plans pay an annuity for retiree’s lifetime
- All plans ensure return of member’s accumulated deposits and interest

A “Retirement Annuity Options” video is available on the TMRS website under Training
Retiree Life Only Option

Monthly payments for life

- Calculated on member’s life only
- No survivor benefits
- The highest-paying monthly option
Survivor Lifetime Options

Monthly payments for member and beneficiary’s lifetimes

- Retiree Life ― 100% Survivor Benefits
- Retiree Life ― 75% Survivor Benefits
- Retiree Life ― 50% Survivor Benefits

Note: Only 1 beneficiary may be named under these options
What Is Spousal Consent?

- Deposits made and interest earned during marriage are community property.
- Spousal consent is required when a married employee:
  - Designates someone other than spouse as beneficiary; or
  - Selects a payment plan that does not provide a lifetime benefit for the spouse (Retiree Life Only Option, or one of the Retiree Life — Guaranteed Term Options)
“Pop-Up” Provision

If a retiree...

- Has selected the joint survivor option
  --AND--
- Beneficiary dies before retiree

Then ... monthly payments increase to Retiree Life Only option
Guaranteed Term Options

Guarantee payments for member’s life, but only for fixed number of years for beneficiary after retirement

- Retiree Life – 5 year guarantee
- Retiree Life – 10 year guarantee
- Retiree Life – 15 year guarantee

Note: Up to 3 beneficiaries may be named with these options
Can Retirees Change Their Payment Plan After Retirement?

- No changes are allowed after receipt of first monthly payment
- Exception: if retiree remarries or divorces after retirement
Partial Lump-Sum Distribution

- Members may choose the partial lump-sum distribution (PLSD) when they retire
- Amounts are included on estimates:

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How is the PLSD Calculated?

Retiree Life Only $ \times $ 12, 24, or 36

Example:

\[
\frac{1,000 \times 36}{36,000}
\]

Note: PLSD cannot exceed 75% of member’s account
PLSD and Taxes

- PLSD payments are income
- 20% withheld unless rolled over
- 10% penalty if under 59½
  - Exception for age 55!
- Taxable $ can be rolled over (all or part)

Federal tax law permits public safety employees who receive a PLSD at retirement at age 50 or later to waive the 10% IRS penalty
Taxes with Roth IRA Rollovers

- Taxable portion of the PLSD can be rolled over (all or part)
- In 2010 the IRS issued new rules for rollovers, including the acceptance of Roth IRAs, which may be taxable
- A full explanation is included with the PLSD form in the “Special Tax Notice Regarding Plan Payments” page
Applying for Service Retirement

- TMRS accepts application for service retirement from employee within 90 days of retirement date
  - City must certify this form
- All forms are available online (auto-fill PDFs)
Additional Retirement Issues
Applying for Occupational Disability Retirement

- Employee may apply at any time
- Retirement date must be last day of calendar month after all deposits received at TMRS
How is Eligibility for Occupational Disability Retirement Determined?

- No minimum length of service or age required to be eligible
- The cause of disability does not have to be job-related
- The TMRS Medical Board must find that:
  - The member is mentally or physically incapacitated from performing the duties of his or her occupation
  --and--
  - The incapacity is considered to be permanent
What Forms Need to Be Completed?

- Application for Occupational Disability Retirement
- Selection of Retirement Plan
- City Statement
- Member’s Statement
- Physician’s Statement
- Selection of Partial Lump Sum Distribution
  - Member must be eligible for service retirement to receive a PLSD
- Electronic direct deposit authorization
- Proof of birth for employee
- Proof of birth for beneficiary, if applicable
- Name Certification (if names on proof of birth and TMRS records do not match)
- Withholding election form (W4-P)

Forms are available from www.TMRS.com
HELPS Provision

- Federal law allows retirees who are Public Safety Officers to deduct from their annuity to pay for health care or long-term care.
- Retiree must separate from service as a Public Safety Officer, city must certify PSO status (bottom of TMRS-HLPS form).
- TMRS will send deducted amount directly to insurer or city as appropriate.
- Retiree may take up to a $3,000 tax deduction per year. Deductions from annuity are not pre-tax!
Questions?