

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 (850 cities as of 12/31/13).
- TMRS has approximately 102,000 contributing members and 43,000 annuitants.
- 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, 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 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.
- 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 actuarially required contribution based on benefits chosen.

Funded Status

- TMRS’ funded ratio was 84.1% as of 12/31/2013. The ratio has increased significantly over the past six years:

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

* 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.

Investments & Fees

- TMRS administers \$22.37 billion in assets, as of 12/31/2013
- Investment returns

Gross annual returns, as of the end of each year:

2008	2009	2010	2011	2012	2013
-1.3%	10.2%	9.0%	2.4%	10.1%	9.86%

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Investments & Fees *(continued)*

Annual return averages for the period ending 12/31/2013:

	3-year average	5-year average	10-year average	20-year Average	30-year Average
Gross	7.40%	8.29%	7.14%	7.83%	9.41%
Net of Fees	7.26%	8.18%	7.09%	7.80%	9.39%

- Investment management fees are among the lowest in the industry, just .071% in 2013.
- Total administrative costs, including investment management fees, were just .128% in 2013.

Benefits

- The **average “original” annual annuity** received by retired TMRS members at retirement **was \$16,484** (average of all retirements as of 12/31/2013)
- TMRS paid a total of \$946.5 million in benefits in 2013, up from \$865 million in 2012 and \$810 million in 2011.

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