

November 17-18, 2014

2014 Annual Training Seminar

Exploring TMRS



How Does TMRS Membership Work?

Sean Thompson, Regional Representative



TMRS Membership

TMRS Basics

Beneficiaries

- Vested Death Benefits

Service Credits

TMRS Basics



Employee Deposit Rate

5%, 6%, or 7% of gross compensation

Interest paid on Dec 31 of each year

All employees contribute at same level

Employer Match

1:1, 1.5:1, 2:1

City Match is not retroactive

Match applied toward deposits & interests

Vesting Requirements

5 or 10 years of service

Once vested, always vested

Retirement Eligibility

Vested and age 60, or 20 or 25 years of service at any age

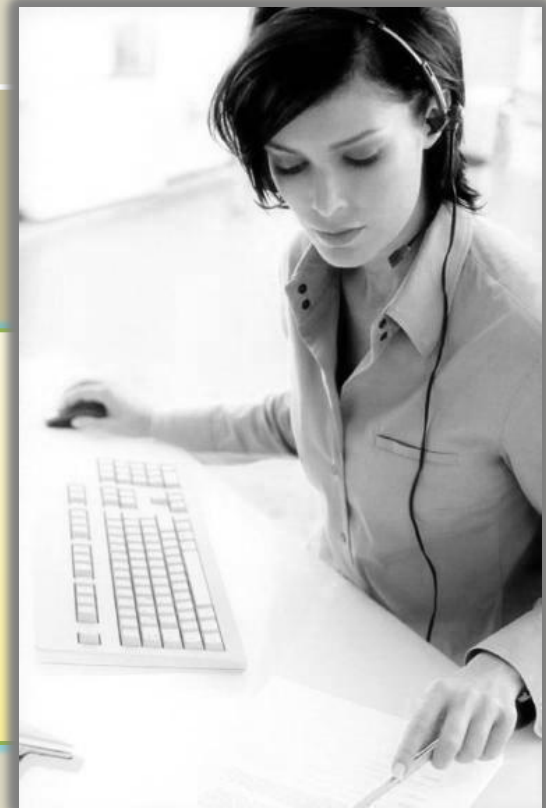


Who Is Enrolled in TMRS?

Employees must join TMRS if they are employed in a permanent position that normally requires 1,000 hours of work in a year

City determines eligibility based on the 1,000-hour rule

Seasonal, contract, or temporary employees and volunteer firefighters are **NOT** eligible





Gross Compensation

- Under Section 851.001, the TMRS Act defines compensation as “the sum of payments made to an employee for performance of personal services...”
- If payment is taxable, then it is subject to TMRS as compensation
 - Includes all allowances (house, car, uniform, cell phone)
 - Sick time, vacation time, workers comp., overtime
- Reimbursements are not subject to TMRS
- Additional amount can not be added to TMRS if it is not part of the employee’s compensation



When Does the City Match my Funds?

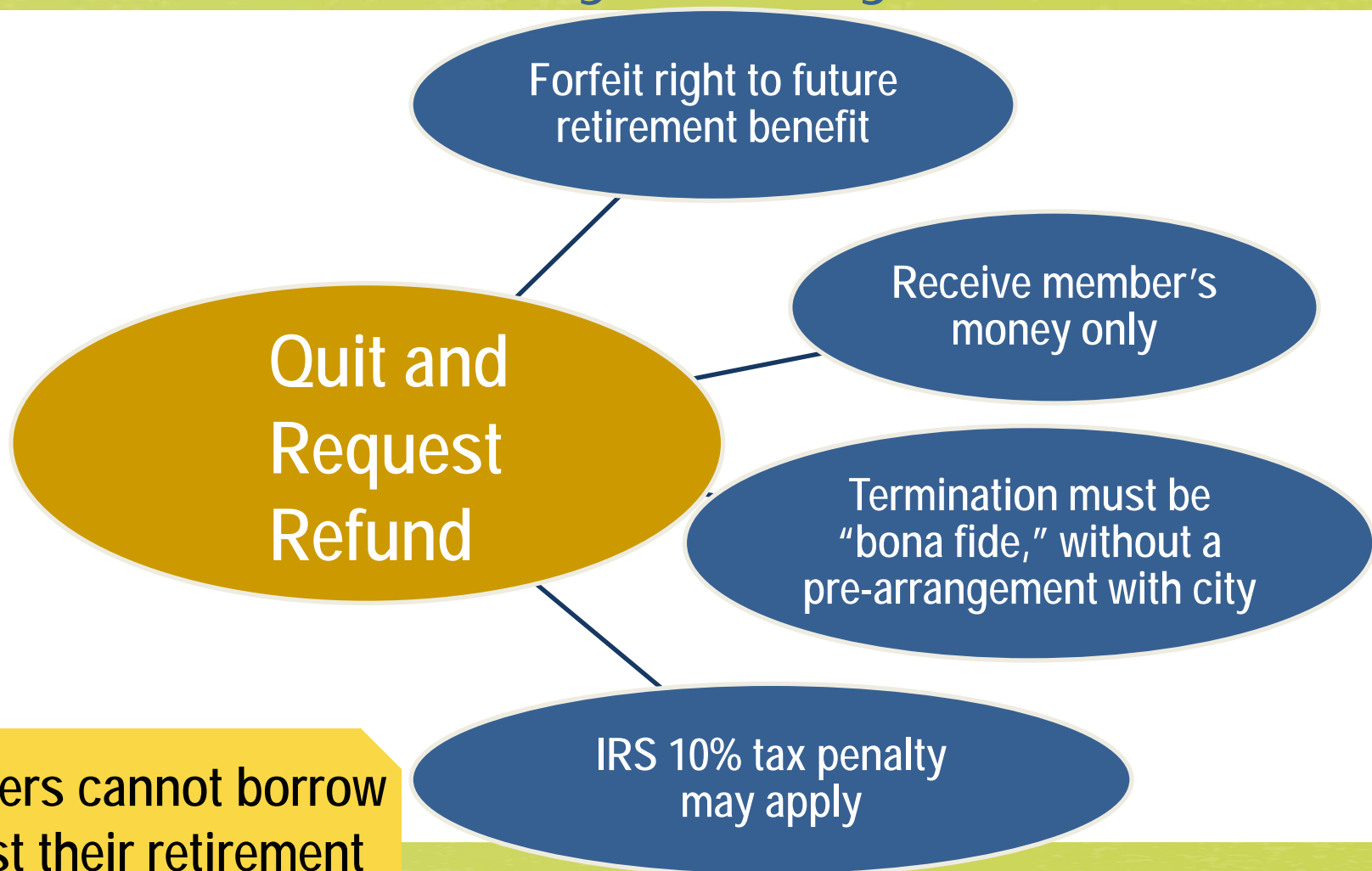
Member only receives city matching money when retiring (and receiving a monthly benefit from TMRS)

City money is paid from day one into city account

Any refund issued — regardless of vesting status — will not include city match



If I Don't Retire, How Do I Get my Money Back?



Members cannot borrow against their retirement account for any reason



Beneficiaries

Members can name a beneficiary who is:

Estate

- Last Will & Testament must be probated

Charity

- Example: Church, American Red Cross

Trust

- Must be established prior to designating

Minor

- TMRS cannot pay directly to a minor. A custodian designation is highly recommended

Members may name up to 3 primary and 3 alternate beneficiaries



Members Should Review Beneficiary Designations When...

Work status changes:

- Enrollment
- Vesting
- Retirement
- Occupational Disability

Family status changes:

- Marriage
- Divorce
- Births, adoption, custody
- Deaths



What is Vesting?

Right to a future retirement benefit

Eligible at age 60 or older

At death, beneficiary is entitled to a monthly benefit based on member's and city's money

Vested members must change/update beneficiary designations using Vested form



Use the Appropriate Beneficiary Form

Enrollment through vesting, use TMRS-0007

Vesting through retirement, use TMRS-007V

TMRS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Not Vested – Change of Beneficiary

Please type or use only black ink and do not highlight. Any corrections must be initialed.

MEMBER INFORMATION

Member's Name (first, middle, last) _____ TMRS Identification Number (not required) _____
 Social Security Number _____

Mailing Address _____ Daytime Phone Number _____
 City _____ State _____ Zip _____ City Number _____

BENEFICIARY DESIGNATION (LIMIT 3) *Please read instructions before completing.*

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

CUSTODIAN UNDER THE TEXAS UNIFORM TRANSFERS TO MINORS ACT
You may designate a custodian if any beneficiary is under 21 years of age. See attached instructions.

Custodian's Name (first, middle, last) _____ Custodian's Relationship to Beneficiary _____

DESIGNATING AN ALTERNATE BENEFICIARY (LIMIT 3) *Please read instructions before completing.*

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____


Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

MEMBER SIGNATURE REQUIRED
The beneficiary designation revokes all previous beneficiary designations and will control for all purposes. I request that, should I die before becoming vested, my account balance and my Supplemental Death Benefits that may be due be paid to the person(s) listed above. Should I, at some future time, decide to have my account balance paid to someone other than the person(s) listed above, I will make the change in writing on a form prescribed by TMRS. If a beneficiary named above predeceases me and I fail to name another beneficiary, or in the event my relationship with said beneficiary ceases, then this designation shall become inoperative as to that beneficiary. I understand that if I name more than one primary or alternate beneficiary, my vested retirement benefits will be paid to the surviving primary beneficiaries in equal shares (unless I have otherwise directed on this form) or in equal shares to the surviving alternate beneficiaries if I am not survived by any primary beneficiary(ies). By signing this form, I certify that I have read the attached instructions.

Member's Signature _____ Date Signed _____

Please read the Instructions provided with this form.
 TMRS - P.O. Box 10953 - Austin, Texas 78768-0953 • 800.874.8027 • 512.405.7577 • FAX 512.405.5536 • www.tmrsonline.org
 TMRS 0007 - Revised 1/2009



TMRS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Vested – Change of Beneficiary

MEMBER INFORMATION

Please type or use only black ink and do not highlight. Any corrections must be initialed.

Member's Name (first, middle, last) _____ Social Security Number _____
 Mailing Address _____ Daytime Phone Number _____
 City _____ State _____ Zip _____ City Number _____

MARITAL STATUS *(must check one!)* Married Not married
(If married, see Spousal Consent section below)

BENEFICIARY DESIGNATION (LIMIT 3) *Please read instructions carefully. If desired, alternate beneficiary designations may be completed on page 2.*

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
 Sex Male Female Relationship (required) _____ Date of Birth (MM/DD/YYYY) _____

Beneficiary's Full Name (first, middle, last) _____ Social Security Number _____
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Member's Signature _____ Date Signed (MM/DD/YYYY) _____

SPOUSAL CONSENT (NOTARIZATION REQUIRED)
Your spouse must complete this section if your spouse is not your only primary beneficiary or you have named someone other than your spouse as beneficiary. I understand that my consent is required before my spouse can designate anyone other than me as primary beneficiary. I hereby consent to the beneficiary designated above.

Spouse's Signature _____ Date Signed (MM/DD/YYYY) _____
 The State of Texas County of _____
 This instrument was acknowledged before me on the _____ day of _____, 20____, by _____ (Name of Spouse)
(SEAL) _____
 Notary Public, State of Texas

Please read the information provided on the reverse side of this document.
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 TMRS 0007 - Revised 1/2009



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What if the Beneficiary Designation is not Valid?



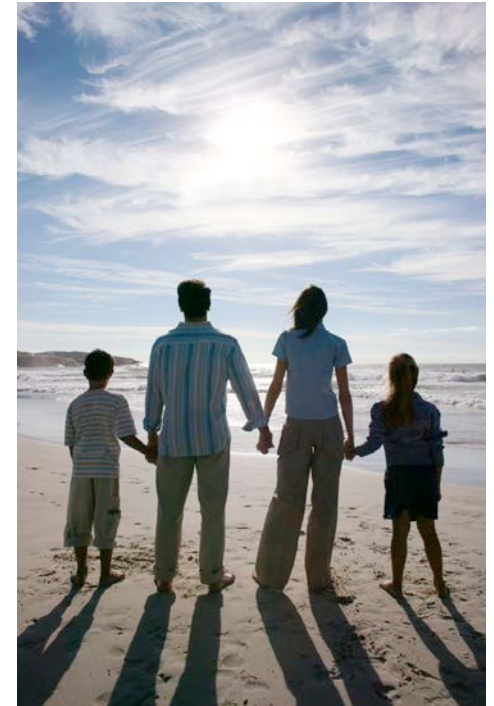
If a vested member dies without a designation, benefits will be paid as follows:

To the spouse; or

To the children if there is no spouse; or

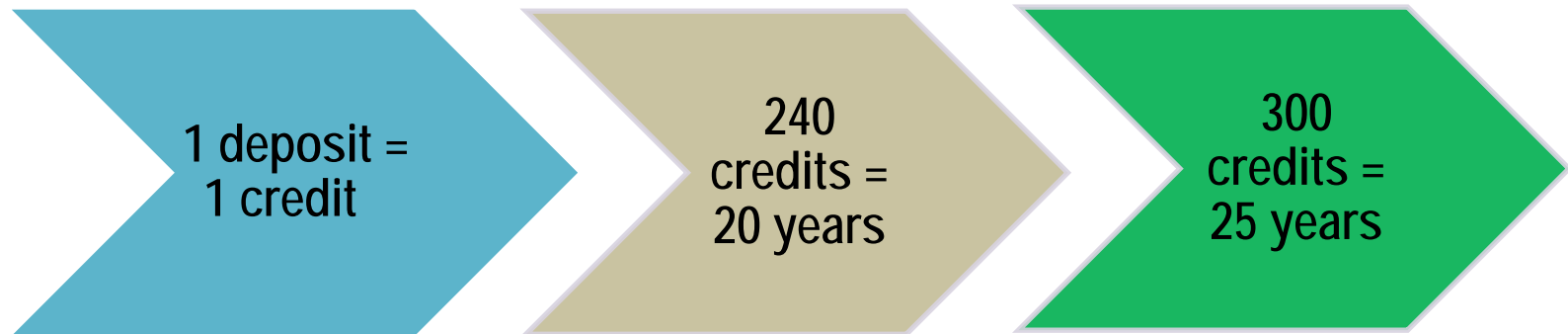
To the last designated beneficiary if there is no spouse and no children; or

To the estate



Service Credits

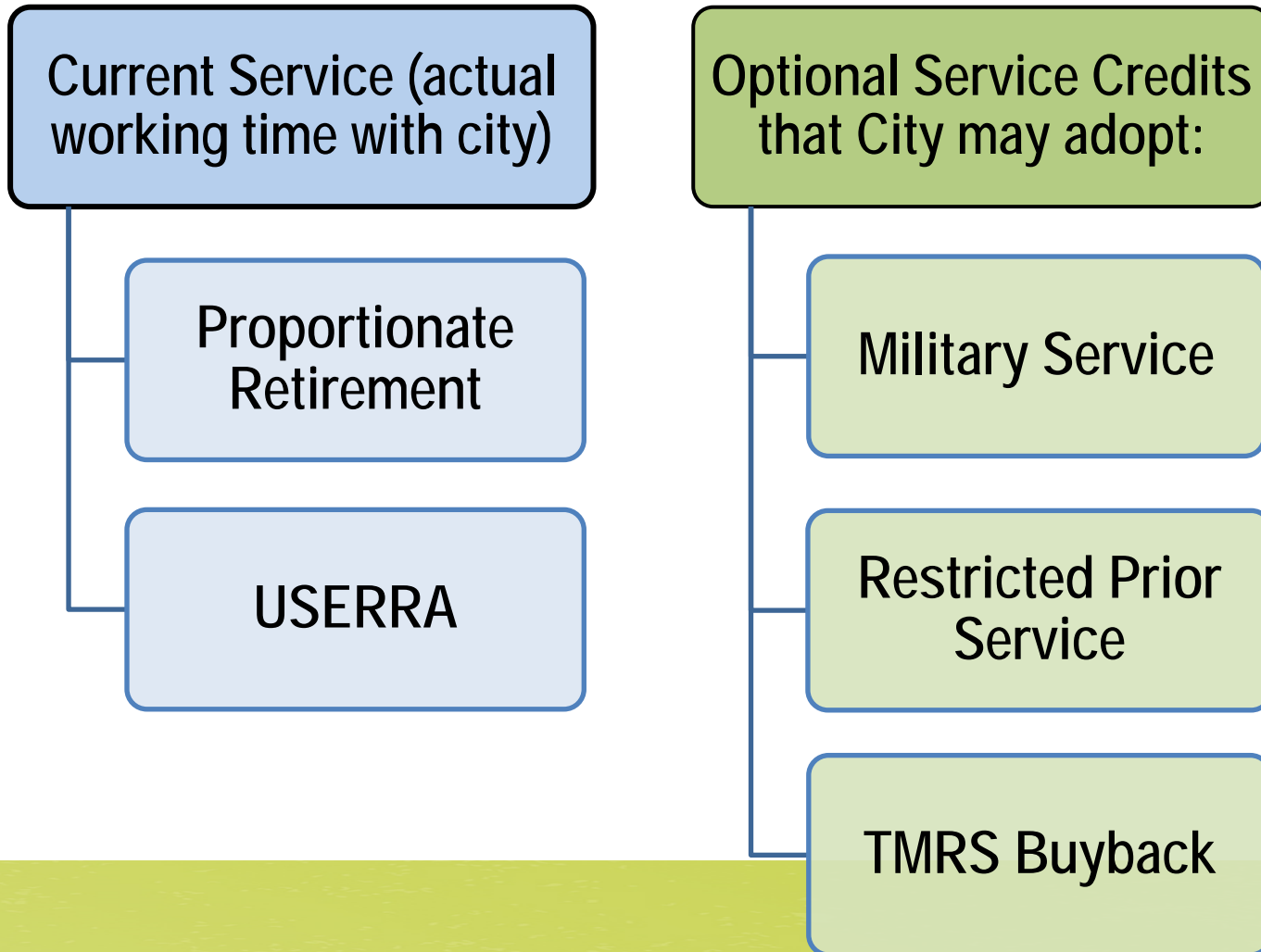
Retirement eligibility is based on service credits:



* Only 1 deposit per month is credited toward retirement eligibility

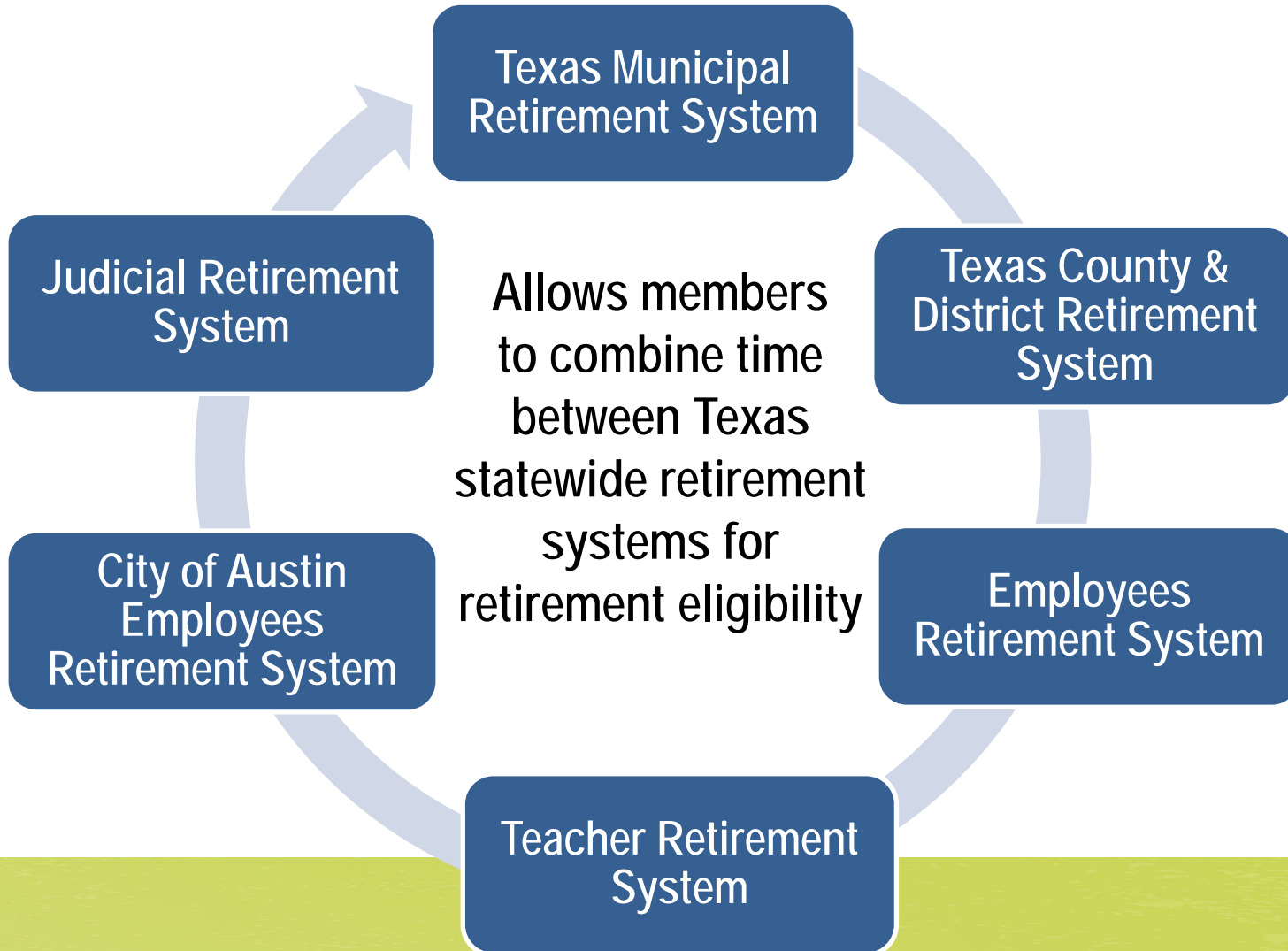


Types of Service Credit





Proportionate Retirement Service Credit





Proportionate Buyback

Affects both current and former employees

Current Employees

Allowed to restore previously refunded service from another proportionate retirement system

Apply through previous system, not TMRS

May be purchased with rollover from a qualified plan

May result in qualifying for benefits from other system, i.e., health, life insurance

Former Employees

Allowed to restore service credit in TMRS

Former employee must:

- Have refunded TMRS service;
- Not be a current member of TMRS; and
- Be a current member of another Texas statewide public retirement system

Proportionate Retirement – Special Notes



**Call TMRS
for earliest
date of
retirement**

**MyTMRS will
not calculate
Proportionate
Service**

**Only
service
credit is
combined**

**5 years TRS
+ 15 years
TMRS= 20
years service**

**Payments
or
accounts
never
combined**

**Payment
received
from each
system**

Cannot combine service for:

- Disability retirement;
- Death benefit; or
- To purchase military service credit

Deposits must remain in each system

- If account refunded from prior System, not eligible for Proportionate Retirement
 - Exception: TCDRS



What Is USERRA?

USERRA = Uniformed
Services
Employment and
Reemployment
Rights Act

USERRA
is a federal law

Allows employees
who have left
employment to serve
in the military to
apply for credit as if
they had never left

Credit for military service during a “break” in employment



How Does Member Qualify for USERRA?

Must leave employment to serve in the military (either voluntary or involuntary service) after 12/12/94

Must return to work for the same city within 90 days of discharge

Must be discharged under conditions that are not dishonorable

Must complete application and submit with a copy of DD214 discharge papers



Why Apply for USERRA?

Member receives time credit immediately for total months served

Member can pay into TMRS the amount that would have been contributed

Member has up to 5 years (depending on length of service) after reemployment to pay the total amount due

Member may receive up to 5 years total under the USERRA credit



Optional Credits



Military Credit

- Credit for active military time prior to city employment
- Time only credit or purchase (must qualify)

Restricted Prior Service Credit

- Credit for previous full-time public service
- No Monetary Value

TMRS Buyback

- Purchase previously refunded TMRS credit
- Must be employee with City when ordinance passed

How do I get my military time added to my account?



City must have adopted military service credit

Employee must have five years of employment with TMRS

Exclusion:

- Employee must not have received credit for the same service in another statewide system





What Is Restricted Prior Service Credit?

Time credit for previous full-time, paid, public work anywhere in the U.S. (including military service)

- No Monetary Value

Forfeited time from another TMRS city or participating Texas retirement system

An optional provision that may be adopted by the city

Military Credit vs Restricted



Military

Eligible after 60 deposits

Maximum credit is 60 months

May purchase at \$15/month if eligible*

• Had to be employed on 12/31/03

Restricted Prior Service

Eligible after 1st deposit

No limit on time credit

Not eligible for purchase

* Not eligible to purchase military credit if receiving or expecting to receive military pension based on 20 years' service

TMRS Buyback



The option to buy back previously refunded TMRS service

Member must be an employee of city at the time the city adopts buyback

Member must have at least 24 consecutive months of service

Member must redeposit the amount previously withdrawn plus a 5% per year (prorated monthly) withdrawal fee

Buyback must be made with a single payment

May be purchased using a rollover from a qualified plan

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QUESTIONS?

