Refunding Your TMRS Account (Video Script)

TMRS’ mission is to provide you with a secure retirement. Your personal account with TMRS grows as long as your funds are in the account. Your account balance is made up of your monthly contributions plus interest credits of at least 5% per year.

At retirement, your balance is paid out to you in monthly payments for life, those payments include your city’s matching funds.

You vest in a TMRS benefit after five or 10 years of city service, depending on your city’s plan.

Your TMRS account balance is your money, and if you end employment with all TMRS cities, you have the choice to refund your deposits your interest credits.

If you’re eligible to take a refund and choose to do so, there are some important things you should know.

To refund your account, you must submit a TMRS Refund Application. In the Employer Certification Section of the form, an authorized person at your last employing city must certify the date of the last payroll report containing a deposit for you. You can typically find an authorized signer in your city’s Human Resources department.

Regardless of your vesting status, if you refund your account balance, you will lose the “city match” and forfeit your right to a lifetime retirement benefit.

If you begin work with another TMRS city before your refund request is processed and the payment is delivered to you, your refund will be canceled.

A refund is considered taxable income in the year in which it’s paid. If the payment is issued to you directly and not rolled over into a qualified retirement plan, your refund will be deducted the minimum 20% withholding for taxes. You may also face an additional 10% withdrawal penalty when you file your taxes for the year. You can defer paying income tax by rolling over the funds into an IRA or some other eligible retirement plan. See the Special Tax Notice Regarding Plan Payments for full information. Be sure you’ve read and understand the page about direct rollovers and taxation of the refund before signing your refund application.

You do not have to refund your account if you stop working for the city. Your account continues to earn interest if you leave it intact. So, if you go to work for another TMRS city, your new contributions will be counted along with the funds you left in place. The choices available to you are affected by your vested status. If you’re vested, you can leave your member deposits with TMRS until you’re eligible and choose to retire. Your deposits continue to earn interest, and your benefit at retirement will include the city matching funds.

In the event of your death, your account can get paid out as a death benefit to your survivors in a lump sum or in monthly payments.

If you’re not vested, terminate employment, and you do not go to work for another TMRS city, you still do not have to refund your account. You can leave your member deposits in the System, where they’ll earn interest for 5 years. After the 5 year period, your membership terminates and you’ll be notified that you need to withdraw your balance.

If you’re not vested or retirement-eligible with your city, and want to qualify for a retirement benefit, you may become retirement eligible by combining service credit from other statewide retirement systems using the Proportionate Retirement Program of Texas. Besides TMRS, the participating systems include: Teacher Retirement System of Texas, Employees Retirement System of Texas Judicial Retirement System of Texas (Plan 1 or 2,) Texas County & District Retirement System, and City of Austin Employees Retirement System.

If you have to leave your job due to a disability, you do not have to refund your account! You may actually be eligible for an Occupational Disability retirement. This benefit is available to all TMRS members, and you can apply using the Occupational Disability Retirement Packet.

If you do request a refund, it can take up to 8 weeks to complete the process. This is because TMRS must wait until we receive the city payroll report that contains your final deposit before we can issue your refund.

Remember, if you choose to request a refund, no city matching funds will be included in your refund payment.

We hope we’ve answered your questions about refunding your account. If you have additional questions or concerns, call TMRS at 800.924.8677 or email using the contact page on the website.

5/2019