Welcome to TMRS (video transcript)

Introduction to the Texas Municipal Retirement System
If you are a new member of the Texas Municipal Retirement System, welcome! TMRS started in 1948 and is a statewide retirement system that covers approximately 850 cities and over 105,000 members and more than 45,000 retirees (as of 12/31/13).

Each City Creates a Retirement Plan for its Employees
Each city in TMRS chooses options to create a retirement plan for its employees.

The options that a city chooses include the amount their employees contribute to TMRS, the percentage that the city matches those contributions, the requirements for retirement eligibility, and other features, like Cost of Living Adjustments for retirees.

Starting Membership in TMRS
When you begin employment with a TMRS city, you automatically become a member of TMRS, if the position you are working in normally requires that you work at least 1,000 hours a year.

Member Deposits
Once you become a member, you will contribute a percentage of your salary to TMRS on a pre-tax basis. This means that the money contributed to the account has not been taxed yet. You won’t pay taxes on your deposits until you retire and receive a monthly benefit payment, or until you leave employment and withdraw your deposits from TMRS.

Your city will withhold 5%, 6%, or 7% of your wages, to be sent to TMRS every month. Said another way, that’s 5 cents, 6 cents, or 7 cents of every dollar of your wages that will be set aside for your retirement. The money is deposited in a TMRS account under your name, much like a savings account, and will receive interest every year.

Member Deposits and Interest
TMRS invests all your deposits, so you do not have to make any investment choices when you become a member. TMRS’ investments are managed by our investment staff and consultants, whose purpose is to grow the fund to benefit all members. From the fund’s investment earnings, you will receive at least 5% interest every year based on your January 1st balance of that year. This interest compounds annually.

City Matching
Your city chooses to match your member deposits and interest at a one to one (1:1), one-and-a-half to one (1:1.5), or two to one basis (2:1). For example, if you have $100,000 in your personal account balance at the time you retire, the city will match that amount with either $100,000, $150,000, or $200,000, depending on the matching ratio that they offer. The city begins paying for this match from the time you become a member in the system, but you will only receive the city’s matching funds as part of your benefit when you retire.

Service Credit
One month of service credit equals one month of work. You earn one month of service credit for every month you work in a city that participates in TMRS. Depending on your city’s plan, you may be eligible to add other service credit to your account, including credit for previous government employment in the USA, for any service in TMRS that you previously forfeited by receiving a refund, or for any active duty military service. To see your city’s plan, you can consult the City Plan Provisions page on our website. If your city has adopted these provisions, you must apply for this additional service credit, so contact your city or TMRS to get the necessary forms.

What Is Vesting?
In most TMRS cities, you are vested when you earn five years, or 60 months, of service credit. Some TMRS cities require ten years of service credit to be vested. Vesting is a very important step toward earning your retirement benefit. Once you are vested and are at least 60 years old, you may retire and receive a monthly retirement benefit for the rest of your life.

What Happens if I Leave my City Job after I’m Vested?
If you have vested, then as long as you leave your member deposits and interest with TMRS, and don’t take them out in a refund, you retain your right to a retirement benefit. Your TMRS deposits will continue to earn interest even if you leave work with your city, and once you have vested and are at least 60 years old, you can retire from TMRS. As mentioned before, you can only receive the city’s matching funds if you retire and receive a retirement benefit.

Survivor Benefits
When you become a member of TMRS, you must choose a beneficiary. This is a person who will receive benefits due from TMRS if you pass away. As you continue to work for the city, become vested, or become eligible to retire, it is very important that you always check to make sure your beneficiary choice is up to date. When you become vested, TMRS will ask you to complete a form designating a beneficiary for your vested benefit. Completing this form is important to help ensure that your benefits are paid according to your wishes in the event of your death.

Why Must Beneficiary Information Be Kept Up-to-Date?
It is especially important to keep your beneficiary selections updated. If you die before you retire, your beneficiary can make certain choices to receive payments from your retirement account. You can designate anyone as your beneficiary, including a spouse, a child, your estate, a trust, or any other person. You can elect to have up to three primary beneficiaries and three alternate beneficiaries. The
When Are You Eligible to Retire?
Every city allows employees to retire their TMRS account if they meet either of two eligibility requirements: First, you have to have either five or ten years of service and be at least 60 years old. In most TMRS cities, you become eligible to retire when you have at least 5 years of service credit, but some cities require ten years of service. The second eligibility requirement is not connected to age. If you have at least 20 or 25 years of service, you can retire your TMRS account at any age. Most cities only require 20 years of service, but some require 25 years of service for eligibility. Your eligibility depends upon the options that your city has adopted.

What Makes Up Your Retirement Benefit?
When you retire with TMRS, you receive a payment every month. These payments will continue for as long as you live. The amount of your monthly retirement payment is calculated by combining all of your member deposits plus interest, the matching funds from the city, a future 5% interest rate, and possibly other service credits that your city has adopted as part of their plan. This collection of funds is then divided by your remaining life expectancy to determine the amount that will be paid to you each month. If you choose a monthly payment plan option that includes a lifetime payment for your beneficiary, this calculation will also include their life expectancy.

Choosing a Retirement Benefit
When you retire, you have seven different monthly payment plans to choose from. All of these plans guarantee you a monthly retirement payment for as long as you live. Three of the plans offer a guaranteed payment amount, based on a percentage of your pay, after you pass away. Three others offer a purchased term period of payments to your beneficiary, and the seventh plan pays a lump sum distribution (PLSD) as part of your retirement benefit. The seven plans and the partial lump sum distribution are explained more thoroughly in your TMRS Benefits Guide and in a training video on the TMRS website.

Additional Benefits: Disability Retirement
All cities in TMRS offer an Occupational Disability retirement option. Under this option, if you become disabled and are unable to perform the duties of your job, you may become eligible to retire immediately. The disability can be mental or physical and must be considered permanent. The monthly payment for someone who retires under Occupational Disability is calculated exactly the same way as a normal service retirement. Your monthly payment will be based on your TMRS deposits and interest, other credits, and the city's matching funds at the time you retire. You can find more information about the Occupational Disability Retirement option in your TMRS Benefits Guide.

Withdrawing Your Funds Before You Retire
You cannot withdraw any of your member deposits and interest unless you stop your employment with all cities in TMRS. There are no loan provisions in TMRS, and there are no ways to have access to the money in the account while you are still working for the city. If you leave your job, you may choose to withdraw your member deposits and interest, and TMRS will refund that amount. Remember, you will have to immediately pay taxes on the refund unless you transfer the money to another qualified retirement plan, like an employer-sponsored 401(k) plan, a 457 plan, or an IRA. When you stop employment with all TMRS cities and take a refund, you will not receive any of the city's matching funds. This is the case whether or not you are vested in TMRS.

Information about Your Account
It's easy to get information on your account with TMRS. You can use MyTMRS to look up your account online. MyTMRS is available from the home page of www.tmrs.com. MyTMRS provides secure access to your information and requires you to register and provide a password and security questions. In addition to MyTMRS, every year TMRS mails an annual statement of your account to your home. You can also call our toll-free number — 800-924-8677 — and have your questions answered by one of our analysts at the TMRS call center.

Congratulations on your membership in TMRS. This has been an overview of the features of your retirement system. If you have any questions, please contact your city, call us toll-free, or visit the TMRS website.