



Information for Cities

(more at www.tMrs.com)

Key Facts About TMRS

- TMRS is a statewide retirement system that cities may elect to join (887 cities as of 12/31/18).
- TMRS has over 111,800 contributing members and over 66,000 annuitants.
- TMRS is a “hybrid” **cash-balance** defined benefit retirement plan rather than a traditional, formula-based defined benefit plan.
- Each city stands on its own by having its own actuarial assets, liabilities, and funded ratio.

Benefits

- Benefits are based on a **member’s account balance** at retirement. The retirement benefit is funded through employee deposits, city matching contributions, and investment income.
- Each city chooses from a menu of benefit options to design a retirement program that suits its needs (see pages 2 and 3).

Economic Impact

- TMRS paid a total of \$1.4 billion in benefits in 2018, up from \$1.3 billion in 2017, and \$1.16 billion in 2016.
- Most TMRS annuities are spent by retirees in the community where they worked, benefiting the local and state economy.

Sound Funding

- TMRS’ **Investment Return Assumption is 6.75%**, 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.
- TMRS’ funded ratio was 87.1% as of 12/31/2018.

Source: 2018 TMRS Comprehensive Annual Financial Report (CAFR)

City Plan Changes Table

By law, each city that decides to join TMRS must adopt the basic plan features designed for all cities (see box at right). The options that individual cities may choose to add, modify, or discontinue are shown in this table. Changes may be made by ordinance at any time, but are effective on the dates shown.

Action / Plan Option	How are plan options added or changed?
Join TMRS	City Council, by ordinance
Increase employee contribution rate (up to 7%)	City Council, by ordinance; no employee consent required
Reduce employee contribution rate	To reduce rate takes a 2/3 vote of employees, then Council must adopt by ordinance
Change city matching ratio (either Increase or Reduce)	City Council, by ordinance; no employee consent required
Reduce vesting requirement (from 10 years to 5) Note: Vesting may not be increased.	City Council, by ordinance; no employee consent required
Reduce retirement age/service requirement to 20-year, any age	City Council, by ordinance (after public hearing); no employee consent required
Adopt USC (50%, 75%, or 100% of USC calculation)	City Council, by ordinance; USC can be adopted on its own or with COLAs; USC can be adopted ad hoc or annually repeating
Reduce USC percentage (reduction options are 50% or 75% of USC calculation)	City Council, by ordinance
Rescind repeating USC	City Council, by ordinance
Adopt or rescind transfer USC	City Council, by ordinance
Adopt COLAs (Annuity Increases) (30%, 50%, or 70% of CPI)	City Council, by ordinance. If this option is chosen, it must be adopted in tandem with USC or repeating USC. COLAs can be adopted ad hoc or annually repeating
Reduce COLA percentage (reduction options are 30% or 50% of CPI)	City Council, by ordinance
Rescind annually repeating COLAs (Annuity Increases)	City Council, by ordinance. Must be dropped if annually repeating USC is dropped
Adopt or rescind Supplemental Death Benefit (for active members or for active and retired members)	City Council, by ordinance
Military Service Credit	City Council, by ordinance
Restricted Prior Service Credit (also Probationary Prior Service)	City Council, by ordinance
Buyback of refunded TMRS service	City Council, by ordinance. Employee must have previously refunded TMRS service, be on the payroll at time of adoption, and have 24 consecutive months of deposits with the adopting city
Stop enrolling new employees*	City Council, by ordinance

Basic Plan Options for New Cities

- Employee contribution rate (5%, 6%, or 7%)
- City matching ratio (1 to 1, 1½ to 1, 2 to 1)
- 5-year vesting
- Retirement Eligibility (5 years of service and age 60, or 20 years of service at any age)

When do changes take effect?*	Outcome of changes
First day of month selected	Installs quality, competitive retirement plan for members.
First day of month selected	The higher the contribution rate, the larger the benefit earned by the member. Increasing the employee deposit percentage increases the employer contribution rate.
First day of month after the 90th day after ordinance adopted	Reduces benefit for employees.
January 1 of the calendar year after adoption	By law, cities must match at least 1 to 1.
First day of month after adoption	Reducing vesting to 5 years allows members to be entitled to a retirement benefit sooner, assuming a refund is not taken.
First day of month after adoption	Allows for earlier retirement; city can't go back to 25-year retirement once change is made.
January 1 of the year after adoption	Recalculation based on employee's most recent average compensation can mean a better benefit for retirees and increases costs for employer city.
January 1 of the year after adoption	If employee is eligible for USC, new amounts will be smaller; previously granted USC remains and continues to earn 5% interest.
January 1 of the year after adoption	Benefits no longer recalculated for compensation or plan changes.
January 1 of the year after adoption	Adoption potentially increases costs for employer city because it allows USC calculating factors to be transferred from another city. Conversely, rescinding potentially reduces costs and benefits.
January 1 of the year after adoption	Helps protect retiree benefits from inflation, but increases costs for employer city.
January 1 of the year after adoption	Retirees previously receiving larger COLA (Annuity Increase) percentage may not see a COLA for one or more years.
January 1 of the year after adoption	Future increases will only occur when city readopts the COLA. Retiree benefits are not adjusted annually.
First day of the month after adoption. Benefit can only be discontinued effective January 1, if ordinance adopted before preceding November 1	Rescinding it reduces cost to city and eliminates a benefit. Adding it will increase costs.
First day of the month after adoption	Applying this credit does not increase the benefit, but may add service credit toward retirement eligibility for some members.
First day of month after adoption	Allows eligible employees who have previous public service, including active military, to receive time credit. Applying this credit to members' accounts does not increase the amount of their benefit but can add actuarial cost.
Date of adoption	No up-front cost for adoption of buyback. TMRS will estimate costs that accrue if some or all employees purchase their refunded service. Employee repays refunded amount plus reinstatement fees.
First day of month after adoption. This change only applies to employees starting after that date	City still must fund retirements of employees enrolled prior to adoption.

* Once a city has joined TMRS, it must continue to provide TMRS benefits for all eligible employees. By law, if a city stops active participation in TMRS, it must maintain the retirement accounts of the employees who have already joined the System. It must continue to fund existing pension benefits, and it must match at its established rate when its current employees retire.

** The effective dates shown in this column apply after the city has adopted the respective ordinance and the ordinance has been given to TMRS.

Investment Returns

- TMRS administers \$28.0 billion in assets as of 12/31/2018.
- Annual investment returns, as of 12/31 of each year:

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
10.2%	9.0%	2.4%	10.1%	9.86%	5.99%	0.34%	7.04%	13.78%	-2.11%

Quarterly asset and performance information and the Investment Policy Statement are posted on the Investment page of the TMRS website.

Resources for Cities

City Portal • www.tmr.com/CityPortal/Logon • TMRS SOC-1 Audit Reports and your city's census data

My City Plan • www.tmr.com/my_city_plan.php • type your city's name to see a "Snapshot" of benefits

City Plan Provisions • www.tmr.com/city_plans.php • searchable by city name or city region

City Rate Letters • www.tmr.com/city_rate_letters.php • choose your city's name in the dropdown menu

Guides, Flyers, Publications, and Actuarial Valuations • www.tmr.com/pubs_cities.php

E-Bulletin for Cities • www.tmr.com/e_bulletins.php

How to Contact TMRS

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GASB 68 and 75

Information is available on the TMRS website under Eye on GASB.

Specific questions may be emailed to pensionaccounting@tmr.com.

