



TMRS City Reference Guide



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Chapter 1: Overview of TMRS

This City Reference Guide provides city staff with an overview of the TMRS benefits available to city employees.

What Is TMRS?

TMRS is a statewide retirement system established by the Texas Legislature to provide retirement, disability, and death benefits to the employees of Texas cities. More than 940 Texas cities participate in TMRS, covering more than 260,000 active employees, retired employees, and beneficiaries.

When a city joins TMRS, it chooses from a menu of benefit options to design a retirement plan to meet the city's needs.

For more information about TMRS, visit tmrs.com.

TMRS City Portal

TMRS' City Portal on tmrs.com is the city's most important resource to manage its TMRS retirement plan. Using the City Portal, cities can:

- Enroll new employees in TMRS
- Submit and pay city contribution reports
- View their employee's information
- Access and generate reports
- Upload documents to TMRS
- Certify employees' TMRS account refund applications
- Ensure that City Contact information is current

A city must designate a City Portal Administrator who is responsible for creating and maintaining City Contacts. City Contacts are those city staff who can communicate with TMRS on the city's behalf. A city's primary TMRS contact is the City Correspondent.

For more information on the City Portal, log in to the [City Portal](#) and view the City Portal Reference Guide.

Chapter 2: Enrolling New City Employees in TMRS

A city must enroll eligible city employees in TMRS as soon as they begin city employment; There is no probationary period. All eligible employees must be enrolled using the [TMRS City Portal](#).

A city must enroll an employee in TMRS if the employee works in a position that **normally requires** at least 1,000 hours per year.

Even if a city considers an employee “part-time,” if the employee works in a position that **normally requires** 1,000 hours per year, the employee must be enrolled in TMRS.

An eligible city employee cannot decline to participate in TMRS.

If the employee works in a position that **does not normally require** at least 1,000 hours per year, that employee is not eligible to be enrolled in TMRS.

To make sure that employees are properly enrolled in TMRS, a city should:

- Determine if a position normally requires at least 1,000 hours per year
- Periodically reevaluate positions to make sure the initial determination is still accurate

If you have any questions about whether an individual is eligible to be enrolled in TMRS, contact the TMRS City Services department at cityservices@tmrs.com.

Chapter 3: After a City Employee Is Enrolled in TMRS

MyTMRS

Once a city employee is enrolled in TMRS, cities should encourage the employee to immediately create a MyTMRS account. MyTMRS is an online portal employees can use to access their TMRS account and update contact information, run retirement estimates, and most importantly, designate a beneficiary. A fact sheet explaining MyTMRS is available on tmrs.com.

Designating a Beneficiary

A beneficiary is the individual(s) a city employee selects to receive their TMRS benefits when they die.

New Employees. New employees should immediately designate a beneficiary on MyTMRS and update their beneficiary designation throughout their career.

Vested Employees. When an employee becomes vested, their prior beneficiary designations are no longer valid. The employee must redesignate their beneficiaries even if they don't change who they name. Also, if a vested employee who is married names a beneficiary other than their spouse, the spouse must consent.

Cities cannot designate a city employee's beneficiary. Cities should periodically run a "Members Without a Beneficiary" report on the City Portal that identifies all city employees who have not designated a beneficiary and contact these employees and encourage them to designate a beneficiary.

Chapter 4: Employee Contributions to TMRS

Depending on the city's TMRS plan, employees contribute either 5%, 6%, 7% or 8% of their city compensation from each paycheck to TMRS. The city deducts the employee's contribution and transmits it to TMRS.

TMRS credits employee contributions to the employee's individual TMRS account, and the employee's account is credited with 5% interest each year.

What is an Employee's "Compensation?"

An employee's compensation is their gross earnings before deductions. Anything included as income on the employee's IRS form W-2 should be considered compensation. If it is taxable, it is compensation.

Compensation includes:

- Regular wages
- Overtime
- Sick pay
- Vacation pay
- Bonus pay
- Severance pay
- Retroactive pay based on an adjustment or judgment
- Taxable fringe benefits

Expense reimbursements are not considered compensation.

Workers' Compensation

If an employee receives workers' compensation payments **from the city**, the city should continue to pay the employee's TMRS contribution from the employee's compensation, and they will continue to receive TMRS service credit.

If an employee receives workers' compensation payments **from an insurer**, the city should pay the employee's TMRS contribution based on the compensation that the employee receives from the insurer. If the city does, the employee will receive TMRS service credit. It is the city's responsibility to coordinate with the employee regarding this.

Chapter 5: City Contributions to TMRS

A city must make a monthly contribution to TMRS on the City Portal that includes the employee's and the city's contributions.

The city's monthly contribution is based on its annual TMRS contribution rate. The city's contribution rate is pre-populated in the City Portal, and payments can be automatically paid from the city's financial institution. Payments are due by the 15th of each month.

For additional information on paying monthly contributions, log in to the City Portal and review the TMRS City Portal Reference Guide or contact the TMRS City Portal team at cityportal@tmrs.com.

Chapter 6: Employee Service Credit and Vesting

TMRS service credit is used to determine an employee's vesting and retirement eligibility. An employee receives one month of service credit for each month of city employment.

An employee vests and becomes eligible for a TMRS retirement benefit when they accumulate enough service credit. Most cities require five years of service credit to vest, but a few require 10 years. A city's vesting requirement can be confirmed on the City Plan Design page on [tmrs.com](https://www.tmr.com).

If an Employee Has Service with Other Texas Retirement Systems

Employees who have service with one or more of the following Texas retirement systems can combine it with their TMRS service credit to meet the eligibility requirement of each system:

- Teacher Retirement System of Texas
- Employees Retirement System of Texas
- Judicial Retirement System of Texas (Plan 1 or 2)
- Texas County and District Retirement System
- City of Austin Employees Retirement System

The city should inform employees to notify TMRS if they have service credit with these systems.

Restricted Prior Service Credit

Employees who have previous full-time public employment with the following organizations may be eligible to receive Restricted Prior Service Credit:

- Any U.S. public authority or agency
- Any U.S. state or territory
- Any political subdivision of any state
- Any public agency or authority created by a state or territory
- Any Texas institution as a college campus security employee
- Any branch of the U.S. military

Restricted Prior Service Credit also can be granted if an employee refunded their account with:

- Teacher Retirement System of Texas
- Employees Retirement System of Texas
- Judicial Retirement System of Texas (Plan 1 or 2)
- City of Austin Employees Retirement System
- TMRS

A city can confirm if their TMRS plan offers Restricted Prior Service Credit on the City Plan Design page on tmrs.com. Employees can apply for Restricted Prior Service Credit by using the application on the forms page on tmrs.com.

Military Service Credit

If a city's TMRS plan offers Military Service Credit, an employee can receive service credit for up to 60 months of their active-duty military service. To apply for Military Service Credit, the employee should contact the TMRS Member Service Center for more information.

Uniformed Services Employment and Reemployment Rights Act (USERRA)

An employee who is called to active duty while employed with the city can receive military service credit under USERRA. To be eligible, the employee must be re-employed by the city within 90 days of their release or discharge from active duty. USERRA also provides the ability for employees to pay any contributions that were missed while on active duty.

To apply for this service credit, both the city and the employee need to contact the TMRS Member Service Center for more information.

Buying Back Service Credit

If a city employee has refunded a prior TMRS account, they may be able to buy back the service credit they refunded when they return to work.

To buy back service credit, the employee must be employed with the city at the time the city adopts the buyback provision. In addition, the employee must have 24 consecutive months of service with the city to be eligible to buy back their service credit.

To buy back their service credit, an employee must pay TMRS their refunded amount plus interest in a lump sum.

TMRS contacts any employee that is eligible for a buy back when the city adopts the benefit.

Chapter 7: Employees Who Leave City Employment

When an employee leaves city employment, they can leave their account balance with TMRS or have it refunded to them.

If the employee is vested, they can leave their account balance with TMRS and continue receiving annual interest credit until they retire.

If the employee is not vested, they can leave their account balance with TMRS for up to five years, at which time interest credits will stop.

If an Employee Refunds Their Account

If an employee refunds their TMRS account, they forfeit their city's matching funds and any other city credits and their TMRS membership ends.

Before a refund can be paid to the employee, the city must certify their termination on their refund application. The certification must include the date of the employee's last TMRS contribution, which is not always the same as their termination date. For example, if an employee terminates employment but is going to receive a paycheck the following month, the month of the final paycheck and TMRS contribution should be specified on the refund application.

Chapter 8: An Employee's Death, Disability or Divorce

Employee Death

When an employee dies, the city should immediately contact TMRS' Member Service Center.

If the city provides a Supplemental Death Benefit (SDB), the employee's designated beneficiary will receive the SDB. The SDB is roughly equal to an employee's annual salary.

Disability

If an employee becomes disabled, they may be eligible to receive a disability retirement benefit. The employee should call the TMRS Member Service Center for instructions on applying for the disability benefit.

TMRS will determine if the employee meets its disability retirement requirements. The employee will need to be examined by a physician and must include a physician's statement with their application. The employee will also need a statement from their city and a copy of their job description.

If a disability retirement application is approved, the employee will receive a monthly retirement benefit that will be based on their TMRS account balance and age at the time of their application.

Family and Medical Leave Act (FMLA)

If an employee takes unpaid leave under the Family and Medical Leave Act (FMLA), they stop contributing to TMRS and receiving service credit. When they return to work, they will start contributing and receiving service credit.

Divorce

Divorce can have a significant impact on an employee's TMRS benefit. If an employee's TMRS benefit is not divided in a divorce, TMRS does not need to be notified. If the employee's benefit is divided in a divorce, the employee must provide TMRS with the Qualified Domestic Relations Order (QDRO). TMRS' QDRO forms, along with lots of important information about divorce, can be found in the [Divorce Before Retirement publication on tmrs.com](#). This publication should be shared with any employee going through a divorce.

Chapter 9: When an Employee Retires from the City

To receive a TMRS retirement benefit, an employee who retires must be vested and 60 years of age.

OR

An employee can retire and receive a TMRS retirement benefit at any age if they have 20 years of service credit. A few cities require 25 years of service credit.

A city's retirement eligibility requirements are available on the Plan Design page on tmrs.com.

If an employee worked for more than one TMRS city, their time with all cities is combined to meet retirement eligibility. If the employee worked for cities that have different service credit requirements, the employee must meet the higher requirement for retirement eligibility.

City Match

When an eligible employee applies for their TMRS retirement benefit, the city will match the employee's account balance at the city's chosen rate of 1:1, 1.5:1, or 2:1.

The city's match is available on the Plan Design Page on tmrs.com.

Updated Service Credit

Updated Service Credit (USC) increases an employee's retirement benefit based on any significant changes in their salary or the city's retirement plan.

TMRS calculates USC by averaging an employee's salary for three prior years and then determines what the employee's cash balance would be if they had made that average salary under the city's current plan for their entire city tenure.

If the hypothetical cash balance is greater, the employee will be awarded USC, and the USC will be added to their monthly retirement benefit. The awarded USC will also be credited 5% interest annually.

A city may add a transfer provision to their USC benefit that includes any previous employment with other TMRS participating cities.

A city can confirm if they offer Updated Service Credit and a transfer provision on the City Plan Design Page on tmrs.com.

How TMRS Calculates Retirement Benefits

TMRS calculates an employee's monthly retirement benefit based on their:

- Retirement option
- Account balance
- City's matching funds and other credits
- Life expectancy
- Beneficiary's life expectancy, if applicable

Retirement Benefit Options

There are three TMRS retirement benefit options:

Retiree Life Only

The Retiree Life Only option provides the retiree with a monthly retirement benefit for life, but all payments cease the month after they die. This option provides the largest monthly benefit.

Retiree Life and Survivor

The Retiree Life and Survivor option provides the retiree with a lifetime monthly retirement benefit and their beneficiary with a lifetime monthly benefit after the retiree's death. The beneficiary's monthly benefit will be equal to 50%, 75% or 100% of the retiree's monthly benefit depending on which percentage the retiree chose at retirement. If the beneficiary dies before the retiree, the retiree's monthly benefit may increase.

Retiree Life and Guaranteed Term

The Retiree Life and Guaranteed Term option provides the retiree with a lifetime monthly retirement benefit and their beneficiary with a monthly benefit if the retiree dies before the end of the guaranteed payment term. The payment term can be either 5, 10, or 15 years and begins at retirement.

Spousal Consent

If an employee is married when they retire and choose a retirement option other than Retiree Life and Survivor or name a beneficiary other than their spouse, the employee's spouse must consent.

Partial Lump Sum Distribution (PLSD)

When an employee retires, they can elect to receive a partial lump sum distribution (PLSD) from their retirement account equal to 12, 24, or 36 times the Retiree Life Only monthly benefit. The PLSD can be paid directly to the employee or rolled over into an eligible retirement plan. A PLSD will reduce any monthly retirement benefit.

Chapter 10: Employee Benefits After Retirement

Cost of Living Adjustment (COLA)

A city can provide a cost-of-living adjustment (COLA) that increases a retiree's monthly benefit based on inflation. The COLA is based on 30%, 50% or 70% of the change in the Consumer Price Index (CPI). COLAs are included in the retiree's January benefit payment, and the retiree must be retired for at least one year to receive it.

Cities have two COLA options, retroactive and non-retroactive.

- The retroactive option provides retirees with an increase to their benefit based on the cumulative change in the CPI throughout their retirement.
- The non-retroactive option provides retirees with an increase to their benefit based on the change in CPI during the 12 months before the COLA is granted.

A city can confirm if they provide a COLA on the City Plan Design page on [tmrs.com](https://www.tmrsonline.com).

Social Security

A retiree's TMRS retirement benefit is not affected if they are receiving Social Security benefits. However, a retiree's Social Security benefit may be impacted because they receive a TMRS benefit.

Retirees should contact the Social Security Administration to determine what impact, if any, their TMRS benefit may have on their Social Security benefit.

Returning to Work After Retirement

If a retiree returns to work for a different TMRS participating city from which they retired, there is no impact to their TMRS monthly benefit.

If a retiree returns to work for the same TMRS participating city from which they retired:

- **Less than 12 months after their retirement.** The retiree's TMRS monthly benefit payments will be forfeited for as long as they work, but they will earn a new TMRS retirement benefit while they work.
- **More than 12 months after their retirement.** The retiree can continue to receive their TMRS monthly benefit payments.

Chapter 11: City Plan Changes

What Plan Options Are Available?

TMRS offers a menu of plan design options. The table below describes the city’s plan change options.

If a city wants to consider a change to its TMRS retirement plan options, it can review them all using the Plan Change Calculator in the TMRS City Portal. A city can also contact TMRS at cityservices@tmrs.com to discuss its options or request a plan change study. Any change to a city’s TMRS plan requires an ordinance to be adopted by the city, which TMRS can provide.

Information about all TMRS city plans is available on the Plan Design page on tmrs.com.

City Action	Plan Options
Change employee contribution rate	Cities can choose for employees to contribute 5, 6, 7 or 8% of their total compensation.
Change city matching ratio	Cities can match employees’ contributions at 1:1, 1.5:1, and 2:1.
Adopt 5-year vesting	Cities can reduce their vesting requirement from 10 to 5 years.
Adopt 20-year retirement eligibility	Cities can reduce their retirement eligibility from 25 to 20 years.
Adopt Updated Service Credit (USC)	Cities can provide a USC benefit to its employees.
Adopt Cost of Living Adjustment (COLA)	Cities can provide a COLA to its retirees (A COLA can only be adopted if a city provides USC).
Adopt a Supplemental Death Benefit (SDB)	Cities can provide an SDB to employees and retirees.
Adopt Military Service Credit	Cities can provide service credit for active duty military service.
Adopt Restricted Prior Service Credit	Cities can provide service credit for prior employment with public agencies.
Adopt a Buyback	Cities can provide employee with the option of buying back previously refunded TMRS service credit.

Chapter 12: TMRS Resources

TMRS offers many resources to help cities administer their TMRS retirement plan.

City Portal. The TMRS City Portal is an online self-service tool for cities to manage their city's TMRS account. Cities can pay their monthly contributions, enroll employees, run Member estimates and reports, securely upload documents to TMRS, model the cost of plan changes, and certify TMRS refund applications. For more information, email cityportal@tmrs.com.

City Services Department. TMRS has a dedicated City Services department to provide superior service to participating cities. For assistance, email cityservices@tmrs.com.

City Education. TMRS' Education Team is available to attend city employee events and benefit fairs, make employee benefit presentations, and provide individual employee counseling sessions. For more information, email education@tmrs.com.

Fact Sheets. Fact sheets provide a concise overview of TMRS benefits and cover the most common topics. They are available on tmrs.com.

MainStreet. MainStreet is TMRS' quarterly newsletter that is emailed to city contacts and provides updates on TMRS. Past editions are available on tmrs.com.

Member Benefits Guide. The Member Benefits Guide provides a comprehensive TMRS overview and is available on tmrs.com. The Guide should be shared with every new employee.

Member Service Center. The TMRS Member Service Center is available Monday through Friday to answer your or your employees' questions at 800-924-8677.

MyTMRS. Employees can use MyTMRS on TMRS.com to run retirement estimates, designate their beneficiaries, access their account information, and more. Employees should create a MyTMRS account as soon as they are enrolled in TMRS.

Recruiting Flyer. TMRS can create a customized city recruiting flyer to be provided to potential employees that highlights the city's TMRS benefits. To request a customized flyer, email education@tmrs.com.

TMRS.com. TMRS' website is the best resource for information about TMRS and its benefits.

Videos. TMRS has many videos on tmrs.com, including *Welcome to TMRS* that should be shared with all new employees.

Webinars. TMRS hosts regular webinars for city employees and staff. Visit tmrs.com for the schedule and to sign up.