



The Journey to Retirement

Agenda

8:00 – 8:30	Breakfast
8:30 – 10:00	Journey to Retirement (TMRS)
10:00 – 10:15	Break
10:15 – 11:30	Social Security (Social Security Rep.)
11:30 – 11:45	Review / Q&A

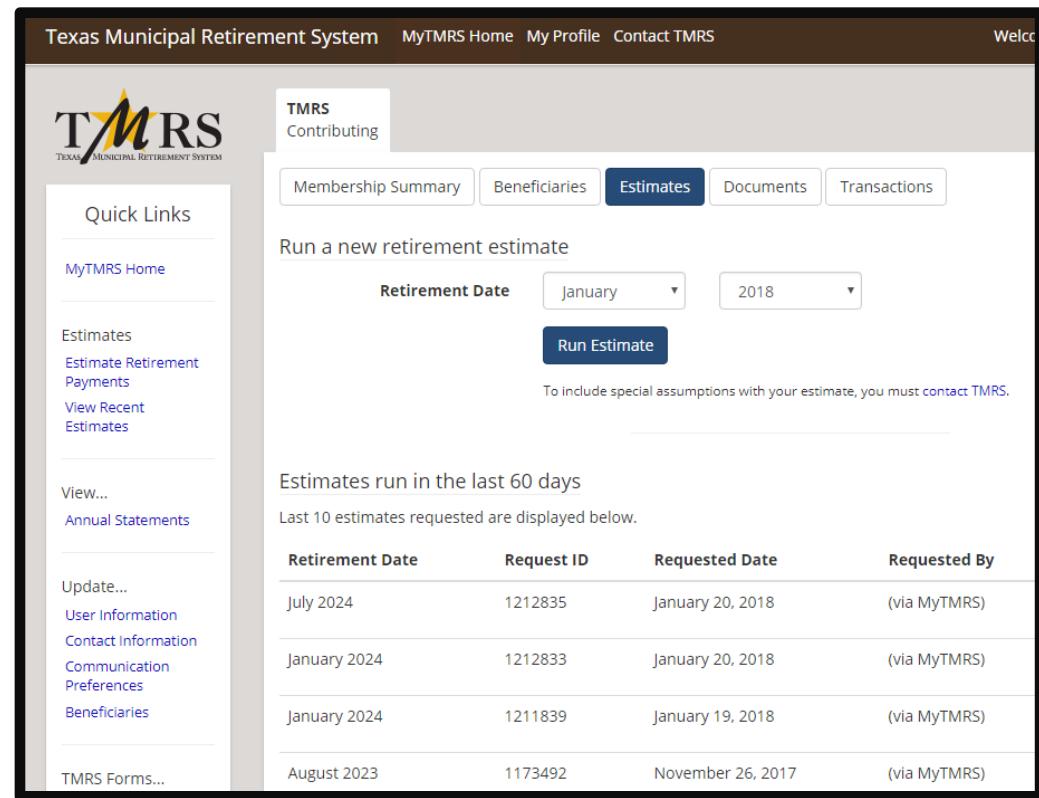
[*http://www.tmrs.com/down/presentation.pdf*](http://www.tmrs.com/down/presentation.pdf)



The Journey to Retirement

Preparing for Retirement

- Use MyTMRS® to run as many estimates as you need
- Review all information and report any changes or corrections to TMRS immediately!
- Then print a Service Retirement Packet from the website



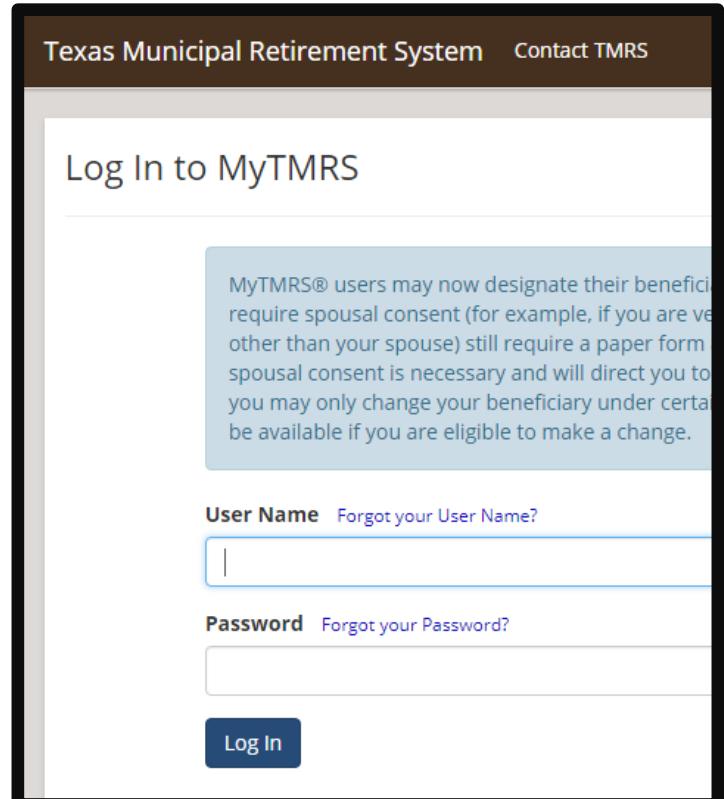
The screenshot shows the Texas Municipal Retirement System (TMRS) website. The top navigation bar includes links for 'Texas Municipal Retirement System', 'MyTMRS Home', 'My Profile', 'Contact TMRS', and 'Welcome'. The main content area is titled 'TMRS Contributing' and features a 'Run a new retirement estimate' section with dropdown menus for 'Retirement Date' (set to January 2018) and a 'Run Estimate' button. A note below the button states: 'To include special assumptions with your estimate, you must [contact TMRS](#)'. Below this, a section titled 'Estimates run in the last 60 days' displays a table of recent requests:

Retirement Date	Request ID	Requested Date	Requested By
July 2024	1212835	January 20, 2018	(via MyTMRS)
January 2024	1212833	January 20, 2018	(via MyTMRS)
January 2024	1211839	January 19, 2018	(via MyTMRS)
August 2023	1173492	November 26, 2017	(via MyTMRS)

MyTMRS® = Instant Information!

Secure online tool to access your account information

- View your account balance and transaction history
- See your service credit, vesting, and retirement eligibility status
- Change your address and other contact information
- Run retirement estimates
- Download and print documents
- View and change beneficiary designations (in situations that do not require spousal consent)
- Manage your communications preferences



The image shows a screenshot of the MyTMRS login page. At the top, there is a dark header bar with the text "Texas Municipal Retirement System" and "Contact TMRS". Below this, the main content area has a light gray background. The title "Log In to MyTMRS" is centered at the top of the page. Below the title, there is a text box containing a message: "MyTMRS® users may now designate their beneficiary. If you are not married or if your spouse does not require spousal consent (for example, if you are separated or if your spouse has passed away) you may change your beneficiary online. If your spouse requires spousal consent (for example, if you are married and your spouse has not passed away) you will need to use the paper form. If you are not married or if your spouse does not require spousal consent, you may change your beneficiary online. If your spouse requires spousal consent, you will need to use the paper form. If you are not married or if your spouse does not require spousal consent, you may change your beneficiary online. If your spouse requires spousal consent, you will need to use the paper form." Below the message, there are two input fields: "User Name" and "Password", each with a "Forgot your User Name?" or "Forgot your Password?" link next to it. At the bottom of the form is a blue "Log In" button.

When Can You Retire?



When you meeting either of these age or length-of-service requirements:

- Age: You are 60 with 5 or 10 years of service credit, or
- Length of service: You have 20 or 25 years of service at any age

Proportionate Retirement may enable you to reach eligibility sooner

Your Retirement Date...

- Retirement date with TMRS will be the last calendar day of the month
- Retirement payments begin the last day of the month following your retirement date
- The time of year you retire is up to you!
 - Prorated interest on accounts and USC



How Is Your Monthly Payment Calculated?

1. Combine retirement credits

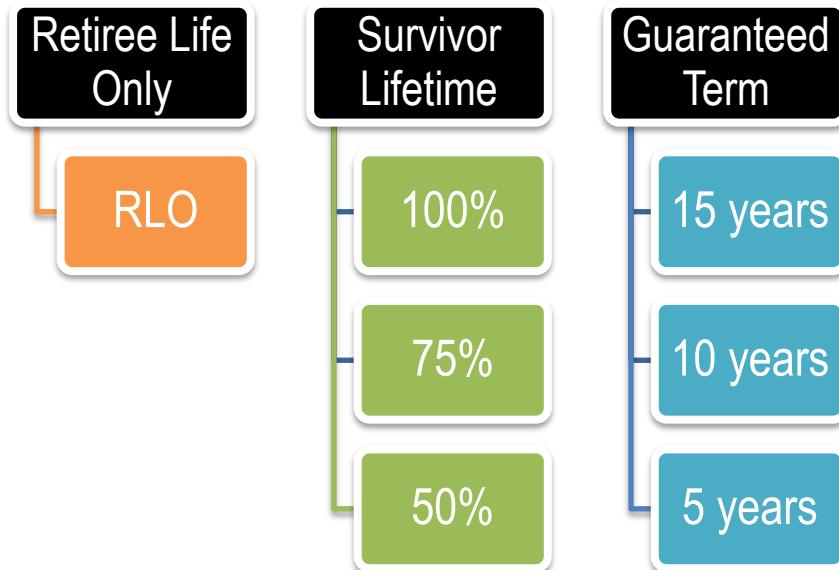
- Your account balance (deposits and interest)
- City's matching
- Updated Service Credit (if applicable/earned)
- 5% future interest



2. Divide retirement credits by remaining life expectancy

Monthly Payment Plans

Retirement Options



7 Payment Plans

- All plans pay a monthly retirement benefit for retiree's lifetime
- All plans ensure return of Member's accumulated deposits and interest
- All plans are equal in value

See the online video, “Retirement Annuity Options”
http://www.tmrs.com/video_retirement_options.php

Retiree Life Only Benefit Option



- The highest-paying monthly option
- Calculated on your life only
- No survivor benefits*

** Up to 3 beneficiaries may be named under this option for the account balance only*

Survivor Lifetime Benefit Options

Monthly payments for you and your beneficiary's lifetimes

- Retiree Life — 100% Survivor Benefits
- Retiree Life — 75% Survivor Benefits
- Retiree Life — 50% Survivor Benefits



Note: Only 1 beneficiary may be named under these options

“Pop-Up” Provision

If a retiree...

- Has selected survivor lifetime option **AND**
- Beneficiary dies before retiree

Then — monthly payments increase to Retiree Life Only option amount for retiree



Guaranteed Term Benefit Options

Payments for retiree's life, but only guaranteed for the remaining term years for your beneficiary if retiree dies within the term

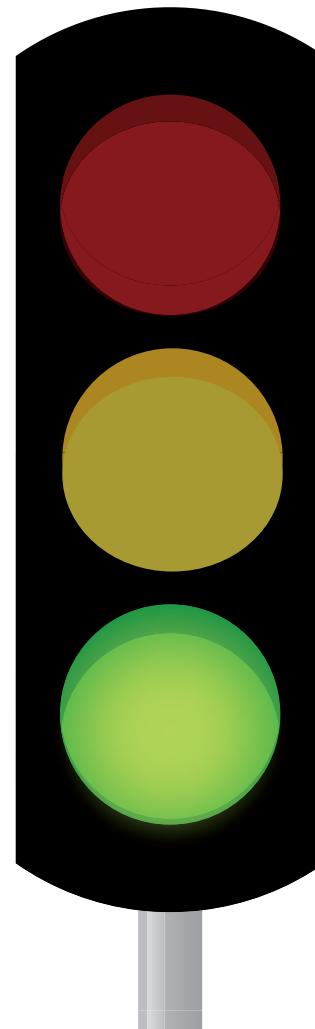
- Retiree Life — 5 year guarantee
- Retiree Life — 10 year guarantee
- Retiree Life — 15 year guarantee



Note: Up to 3 beneficiaries may be named with these options

What Is Spousal Consent?

- Deposits made and interest earned during marriage are community property
- Spousal consent is required when a married employee:
 - Designates someone other than spouse as beneficiary; or
 - Selects a payment plan that does not provide a lifetime benefit for spouse (Retiree Life Only Option, or one of the Retiree Life — Guaranteed Term Options)



Partial Lump-Sum Distribution (PLSD)

You may choose a PLSD under any service retirement option when you retire

Estimated Monthly Payment Amounts				
Retirement Options What are all these options?	Partial Lump Sum Payment Options			
	None \$0	12 months \$30,260.52	24 months \$60,521.04	36 months \$87,163.70
Retiree Life Only	2,521.71	2,316.16	2,110.60	1,929.63
100% Survivor	1,835.10	1,685.52	1,535.93	1,404.23
75% Survivor	1,971.09	1,810.42	1,649.75	1,508.29
50% Survivor	2,128.59	1,955.09	1,781.58	1,628.81
5-yr Guaranteed	2,506.11	2,301.83	2,097.55	1,917.69
10-yr Guaranteed	2,430.00	2,231.92	2,033.85	1,859.45
15-yr Guaranteed	2,319.93	2,130.83	1,941.72	1,775.23

How Is the PLSD calculated?

Retiree Life Only x 12, 24, or 36 months

Example:

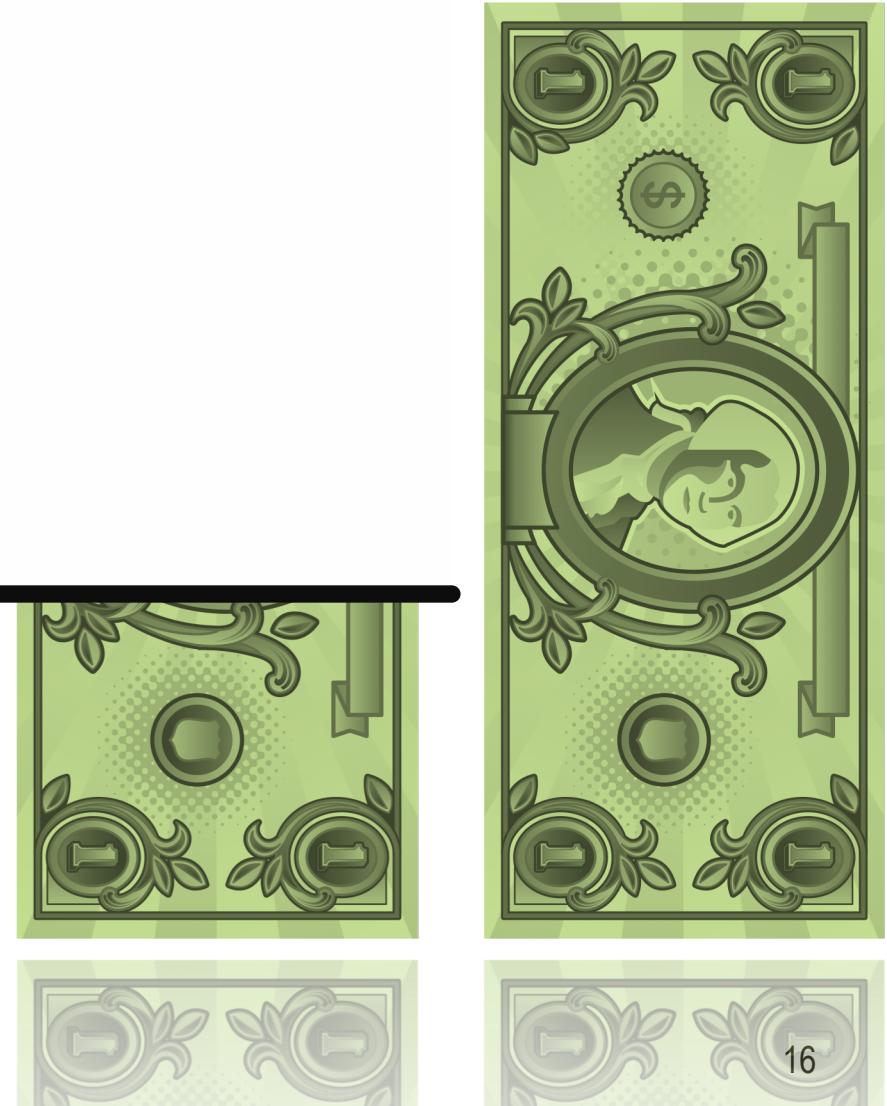
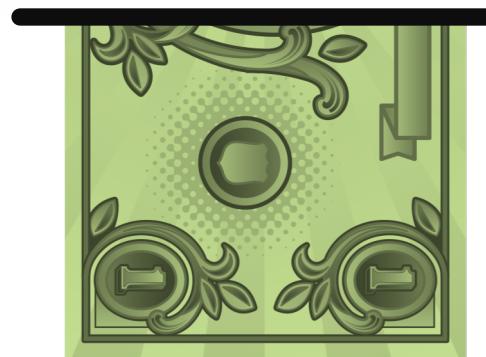
$\$1,000 \times 36 = \$36,000$

**Note: The PLSD cannot exceed 75% of
Member's account (contributions and interest)**

Do PLSD Payments Reduce Monthly Payments?

**Yes — but
city's matching
is not reduced!**

75% Cap



PLSD and Taxes

- PLSD payments are income
- 20% withheld unless rolled over
- 10% penalty if under 59½
 - Exception for separation from service at age 55!
- Taxable \$ can be rolled over (all or part)



Federal tax law permits public safety employees who separate service and receive a PLSD at retirement at age 50 or later to waive the 10% IRS penalty. See the **TMRS-PSE** form and the **Special Tax Notice** for details.

What about Taxes on the Monthly Payment?

- Your monthly payments are reported to the IRS as income. You pay taxes only on the retirement benefit income you receive for the year.
- You should provide TMRS with withholding instructions:
 - Send an IRS W-4P form OR indicate your withholding instructions online on MyTMRS!
- The only deduction from your check is for income tax (federal withholding). The amount is reported annually on the 1099-R. 1099-Rs are available on MyTMRS.

PLEASE NOTE: If TMRS does not receive your withholding instructions (either by form or MyTMRS), the IRS requires us to withhold as if you were married with 3 dependents.

Can You Change Your Payment Plan After Retirement?



No changes are allowed after receipt of first monthly payment

- *Exception:* If retiree divorces or marries after retirement
 - **Retiree has one year after marriage to change retirement option**

Cost of Living Increases (COLAs) for Retirees

- Optional provision chosen by the city
- Based on Consumer Price Index (CPI) and original benefit
 - Tied to inflation — some years may not see a change

FOOD – PHONE
GAS – LODGING
HOSPITAL

HAIR
FOOD

Optional Provisions Adopted by City

- Military Credit (prior to employment)
 - Member must have 5 years of TMRS service
 - Maximum of 60 months' military service may be granted or purchased
 - Option to buy time at \$15/month
(only available if employed before 1-1-2004)
- Military Credit under USERRA (service during employment)
 - Cost is optional
 - Maximum of 60 months
- Buyback
- Proportionate Buyback
- Restricted Prior Service Credit



HELPS Provision

- Federal law allows retirees who were **Public Safety Officers** to deduct from their benefit to pay for health care insurance or long-term care insurance
- Retiree must separate from service as a Public Safety Officer, and city will need to certify this status
- Amount excluded from taxable income may not exceed \$3,000 in one year
- TMRS will send deducted amount directly to insurer or city as appropriate
- Forms are available for retirees to start participation (print from website)



Returning to Work, Post-Retirement

- For any employer besides the last TMRS participating city from which you retired:
 - Retirement benefit is not affected
 - New TMRS account will be established with the new TMRS participating city
 - If multiple retired accounts, contact TMRS first
- In a full-time position at the same participating city from which you retired:
 - Your benefit will be suspended while you are re-employed
 - If you return to the same city after 8 years, your suspended benefit will be paid in a lump sum when you re-retire

Returning to Work, Post-Retirement, cont.



“Bona Fide” Separation

- Termination from employment has to be a “bona fide” separation
- There cannot be any pre-arranged agreement to return to work
- Applies to both refunds and retirement

Watch the “Return to Work” video at
tmrs.com/video_returning_work.php

In the Event of a Death

If your beneficiary dies,
or if you die, the survivor should

**Contact TMRS as soon
as possible at 800-924-8677**

Once we receive notification of a death

1. We report the death
to our Retirement Team
2. We review the beneficiary
designation and benefit options
3. We contact the beneficiary
by letter and advise of the options



Death Benefits before Retirement

Your death benefits as a vested employee are:

- Beneficiary has right to your retirement
- It is important to update your beneficiary when you become vested (can be done online in some cases)
- If beneficiary designation is **not** valid, payments may go to:
 - Surviving spouse
 - Children
 - Last designated valid beneficiary
 - Estate



Vested Death Benefits, cont.

Spouse, sole beneficiary, may choose to:

- Retire account when you would have turned 60, receive lifetime benefit
- Retire account at your death, receive lifetime benefit
- Retire account at your death, receive 15-year benefit
- Refund account (forfeit city's matching funds)

Non-spouse, sole beneficiary, may choose:

- Lifetime benefit, 15-year benefit, or refund

Multiple beneficiaries may choose:

- 15-year benefit, or refund
 - Beneficiaries must agree on option chosen

What about the Supplemental Death Benefit (SDB)?

- Optional provision adopted by some cities for active employees and retirees*
- Provides a one-time lump sum payment to your beneficiary upon your death
 - For active employees, payment is equal to your annual salary
 - For retirees, payment is \$7,500

* If you retire from multiple cities, your beneficiary will receive one SDB payment.

Death Benefit after Retirement

If you die after retirement before your beneficiary(ies), the benefit is determined by the retirement option you chose and the availability of SDB from your city.





Questions?

