



Your Age at Retirement Matters

As you plan for retirement, you may want to know what percentage of your income will be replaced by your TMRS retirement benefit. This percentage is commonly referred to as an income replacement ratio.

The simple answer is: it depends on your age at retirement because your monthly retirement benefit is calculated using your TMRS account cash balance and your life expectancy based on your age.

Your account cash balance includes:

- Your cash contributions
- 5% interest credited to your account by TMRS each year
- The matching cash contributions from your employing city
- Any earned Updated Service Credits

Your account cash balance is then spread over your and your beneficiary's (if any) estimated life expectancy to determine your actual monthly benefit payment.

As a result, your age at retirement is a key factor in calculating your benefit. For example, two Members, aged 55 and 65, who work for the same city and have identical 30-year careers and salaries will have identical cash balances in their TMRS accounts. However, if they retire at the same time, the 55-year-old will receive a smaller monthly benefit than the 65-year-old because the cash balance will be spread over a longer life expectancy.

This will result in the 55-year-old having a lower income replacement ratio than the 65-year-old.

So remember that your income replacement ratio always depends on your age at retirement.

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