



CITY OF MCALLEN

T.M.R.S.

TEXAS MUNICIPAL RETIREMENT SYSTEM

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www.tmr.org



What is T.M.R.S.?

- A Retirement Program - in which all full-time City employees participate on a mandatory basis.

How Does It Work?

- Tax-Deferred- currently 6% of the employee's salary is deducted prior to taxes and is deducted in increments based on the number of checks received monthly. The funds deducted are sent to T.M.R.S.
- The City contributes 2 to 1 matching funds for all participating employees. City matching funds are kept separately until the employee is eligible for retirement and selects a benefit payment plan.

(You only receive the city's contributions when you retire, if at any time you leave city service and choose to receive your deposits and interest, you will not receive the city's matching funds.)

- Once T.M.R.S. receives the funds, the monies are invested in various securities and earnings on those investments go back into member and City accounts, and other T.M.R.S. accounts.
- The more you put into the System, the more you will get back at retirement.
- City employees are eligible to retire at 10 years of service and 60 years of age or 25 years of service at any age.

What if I Die Before I Retire?

- In the event of your death, benefits available to your beneficiary or estate would include:
 - A refund of your accumulated deposits and interests, if you are either vested or eligible to retire
 - If you were vested at the time of your death, your spouse can leave your deposits in the System until the date you would have become the age of 60, at that time he/she would receive a lifetime monthly annuity.
 - If you were eligible for service retirement at the time of your death, your spouse or estate can elect to receive a monthly annuity. The annuity would be calculated as if the member had retired at the end of the month proceeding the month of death.

What If I Leave City Employment?

- If you are vested at the time you leave the city, you may leave your accumulated deposits, which continue to draw interest, in the system until you decide to retire.



- If you are not vested, then you may leave your deposits for up to five years. After five years, you must either withdraw your deposits and interest or roll them over directly into an IRA or another qualified plan.

(Remember, if you withdraw your deposits, you will not receive the city's matching money.)

- If you refund your member deposits and interest, T.M.R.S. is required to withhold 20% from withdrawals for federal income taxes unless the funds are rolled over directly into an IRA or another qualified plan. If you are less than 59 ½ years old and receive a fund, you may owe an additional 10% tax penalty to the IRS (unless you retire in the year you turn 55 or later).

What Happens When I Retire?

- When you are eligible for and apply for retirement, you may select one of these benefit payment plans:
 - Retiree Life Only Option- a monthly payment for the rest of your life, with no survivor benefits.
 - Survivor Lifetime Option- a benefit for the rest of your life and a lifetime benefit for your designated survivor at 100%, 75%, or 50% of your monthly retirement benefit. If your beneficiary dies before you, your benefit will “pop up” to a Retiree Life Only Option.
 - Guaranteed Term Options- a lifetime benefit for you and a survivor benefit paid for the remainder of a guaranteed term (5, 10, or 15 years) if you die before the guaranteed term expires. The term starts at your retirement.

How Do I Keep Up with My Account?

- A T.M.R.S. Annual Statement is mailed to the home of every member each spring. This statement includes your service history, your beneficiary information, retirement estimates, your total member deposits, and the past year's interest.
- Retirement Estimates are provided at your request. These estimates show approximately how much money you will receive in your monthly retirement benefit for each of the available options. You may call or go online to T.M.R.S. to request an estimate.

Restricted Prior Service Credit

- The prior service credit is “restricted” to **time credit only** for vesting and retirement eligibility purposes, and has no monetary value. Employees may receive one month of Restricted Prior Service Credit for each month of service to the entity.



- Time credit granted for previous service performed as a full-time paid employee of :
 - The United States Federal Government
 - Any public authority or agency created by the United States
 - Any state or territory of the United States
 - Any political subdivision of any state in the United States
 - Any public agency or authority created by a state or territory in the United States
 - An institution of higher education at which the person is commissioned as a campus security personnel employee under Section 51.212 of the Education Code

(Note: The member may not have received T.M.R.S. service credit for this public service, including combined service credit under the Proportionate Retirement Program)

- As an employee of the State of Texas or any branch, agency, or subdivision of the state for which the person received service credit under:
 - The Employees Retirement System of Texas
 - The Teacher Retirement System of Texas
 - The Judicial Retirement System of Texas (Plan I or Plan II)
 - The Texas County and District Retirement System
 - The Texas Municipal Retirement System
 - The City of Austin Employees Retirement System

(Note: The member may obtain this credit only if the credit has been forfeited because of withdrawal of contributions and the credit has not been reinstated)

Buy Back of Service Credit

- Your member account with T.M.R.S. is credited with lump sum payment, while the 5% percent reinstatement fee is credited to the City's account with the System. To buy back service credit you previously refunded you must:
 - Be employed by the City and a member of T.M.R.S. on the date of the buy back ordinance's adoption, December 2007.
 - You must have at least 24 consecutive months of service credit as an employee of the City adopting the ordinance.
 - You must re-deposit, in one lump sum, all of the amount previously refunded plus a reinstatement fee equal to 5% percent of the amount you withdrew for each year since your refund.
 - If you have been a T.M.R.S. member and end your membership by leaving employment and withdrawing your member deposits, then returning to work for a T.M.R.S. city, you may be able to buy back the T.M.R.S. service you refunded. Your former employment can be with your current city or another participating T.M.R.S. city.



Updated Service Credit Transfers (USC)

- A special feature that may increase the value of your retirement benefits, it designed to help your benefits and maintain your retirement value. In calculating USC, T.M.R.S. looks at changes in your salary and any changes the City has made to the T.M.R.S. plan, such as your deposit rate or the City's matching ratio. The updated service credit interest is prorated in the year you retire, so you receive the value of your USC no matter which month you choose to retire. In order to qualify for the updated service credit transfers:
 - You must have 36 monthly member deposits to be eligible for USC, these deposits must have been made for service with our City. However, if you have had no significant salary increase over your career or if the City's matching ratio to member deposit rate has not changed, you may not receive USC.
 - In many cases, USC can increase your monthly retirement payment. Generally, USC protects the benefit by including increases in your salary and any changes your City might have made to its T.M.R.S. plan and assuming those increases and changes have been in effect throughout your career.
 - In many cases, your salary should increase over your career, due to inflation and to promotions and raises. Your monthly deposits to T.M.R.S. during your early career may be substantially lower than they are in later years.
 - Although, USC may increase the value of your retirement benefit, USC does not affect the amount of money in your member account, or the amount you will receive if you take a refund of your member deposits and interests. USC will only be part of your benefit if you retire and receive a monthly retirement payment.
 - How is USC calculated if a member has worked for multiple cities; Cities may choose a transfer feature in the USC calculation. If a member has deposits in other T.M.R.S. cities, the transfer feature allows the USC calculation to include all service credit and account balances.

Proportionate Retirement Program (Combined Service Credit)

- A program that allows employees with service in two or more designated retirement systems to combine service credit to meet retirement eligibility. Each participating system has its own procedures for administering benefits under the Proportionate Retirement Program. Proportionate Credit can also help you meet the length of service retirement for leaving your member deposits with T.M.R.S. You should consult each system in which you have credit about proportionate retirement before making retirement plans.
 - If you currently have service credit in two or more of these retirement systems: T.M.R.S., Teachers Retirement System of Texas and Employer Retirement System of Texas, Judicial Retirement System of Texas, Texas County & District Retirement System or City of Austin Employees Retirement System.
 - You may under certain circumstances, combine that service credit to meet retirement eligibility in T.M.R.S. and the other systems.
 - If you qualify for benefits under proportionate retirement, you will receive benefit payments from each system, based on your service credit with that system.



- If you have refunded your deposits from one of these retirement systems, service credit in that system may not be counted under proportionate retirement but you may be eligible for proportionate buy back or restricted prior service credit.
- In order to retire under the Proportionate Retirement program, you must retire from all systems with which you have service credit (unless you were not eligible to retire from all systems at the time of your earliest retirement).

Proportionate Buy Back Program

- A benefit that allows employees to choose to re-establish proportionate buy back service credit.
 - If you are a current member of T.M.R.S. and have previously refunded service credit from another proportionate retirement participating system, you may choose to establish that service credit under the participating system's rules.
 - T.M.R.S. will verify your current membership in T.M.R.S. to the participating system to enable you to establish previously cancelled service credit.
 - If you are a current member of participating proportionate retirement program system other than T.M.R.S., and you have previously refunded service credit in T.M.R.S., you may establish credit for your T.M.R.S. time by notifying T.M.R.S. of your eligibility and intention to establish the credit.
 - Service credit in T.M.R.S. that is established using proportionate buy back has no monetary value and counts only as time.

Military Service - USERRA Credit Program

- A benefit if you enter active-duty military or war-related service, either voluntarily or because you are called to active-duty while you are a covered employee and do not withdraw your member deposits, you may be eligible to establish service credit in T.M.R.S.
 - You receive credit of the months of active-duty service performed, maximum of 60 months.
 - Under the circumstances, you can make the member deposits you would have made to T.M.R.S. as an employee had you not performed military service. Your rights are governed by the federal Uniformed Service Employment and Reemployment Rights Act-USERRA.
- In order to qualify for military service credit, you must be re-employed by the City within 90 days of:
 - Your release or discharge from active-duty.
 - Your release from hospitalization (up to one year after discharge).
 - Your active-duty service cannot have been terminated on dishonorable terms.
 - You have not received credit for the same military service in any other retirement system or programs established under the laws of the State of Texas.