



## Employee Benefits Webinar: TMRS Overview *Questions and Answers*

### **Texas Municipal Retirement System (TMRS) Account Basics**

**Q: Does TMRS still send out printed newsletters?**

A: Normally, TMRS sends out their newsletters each quarter.

**Q: Where can I find the TMRS forms?**

A: TMRS forms can be found online at [www.thrs.com](http://www.thrs.com). Once there, click on the “For Members” tab and select the “Forms for Members” link under the “Help for Members” section.

**Q: What does it mean when you refund your TMRS account?**

A: Refunding your account means you are taking your deposits plus the interest you earned out of your TMRS account when you leave employment with the City. You will only receive the City’s contributions in the case of retirement.

**Q: Do you have to refund your account when you leave employment with the City?**

A: If you have five or more years of service when you leave employment, you qualify for a lifetime retirement benefit at age 60. If you refund your account prior to this, you will only receive your deposits plus the interest you earned, and you will lose the City’s contributions.

If you have less than five years of service when you leave employment, you can leave your member deposits intact and continue to earn compounding interest for five years. After the five-year period, your membership terminates, and your account with TMRS will be closed. Also, you will not receive the City’s contributions.

**Q: When do you become vested, and what does that mean?**

A: At the City, you become vested when you earn five years of service credit. Once you are vested and you reach the necessary age requirements (20 years of service at any age or at least five years of service and at age 60), you may retire and receive a monthly retirement benefit for the rest of your life.

**Q: After five years of employment with the City, do I need to fill out a specific form to become vested? Or, do you become vested automatically?**

A: You do not need to complete a form to become vested. TMRS will keep track of your service credits.

**Q: How much interest do I earn on the money in my TMRS account?**

A: Each year, your account earns 5% interest on the balance of the account as of 12/31 of the previous year.

**Q: Does the City's contributions to my TMRS account also earn 5% interest?**

A: The interest earned on the City's contributions may be less or more than 5%.

**Q: Can I combine my City service with time spent at other entities to reach vesting or retirement sooner?**

A: Yes, you can combine your City service with time spent at other TMRS entities, where you were a full-time employee, to reach vesting or retirement sooner.

**Q: What other organizations can be used to combine service time?**

A: Any public employment in state or out of state, e.g. Texas Retirement System of Texas (TRS), Employees Retirement System of Texas (ERS), Texas County & District Retirement System (TCDRS), as well as military time, can be used to combine service time.

**Q: If an employee is terminated, do they get to keep the City's matching contributions?**

A: If you have five years of service at the time of termination and do not refund your TMRS account, you will receive the City's contributions as part of your retirement benefit.

**Q: Is the annuity check taxed every month?**

A: The monthly retirement annuity is subject to ordinary Federal income tax.

**Q: I was furloughed last year. Will that have any impact on my TMRS account?**

A: You are eligible for service credit for any month in which you paid a deposit, e.g., you work one day in September, you earn service credit for September. If TMRS does not receive a service credit in a month, you did not receive service credit for that month.

**Q: How is the TMRS benefit calculated?**

A: The money for your TMRS benefit is calculated as follows: your deposits and interest, plus the City's deposits and interest, plus updated service credit (if any), plus 5% future interest credit based upon member life expectancy, divided by your life expectancy.

**Q: Can we rollover the money in our TMRS account into an IRA?**

A: You have the option to receive a partial lump sum payment. This payment is subject to 20% Federal income tax withholding. The withholding is avoided if the money is rolled over into an IRA or your 457 deferred compensation account.



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### **MyTMRS**

**Q: What is MyTMRS, and what information can I find there?**

A: MyTMRS is the website where you will find a wealth of information about TMRS, your personal account, forms, and answers to frequently asked questions.

**Q: Does MyTMRS or the TMRS website have life expectancy tables on it?**

A: No. These tables are determined by TMRS actuaries. The current life expectancy used is between ages 75 and 80.

**Q: Is the City's 2:1 match contribution included in the estimates?**

A: If you are eligible for retirement benefits, then your estimate will include the City's contribution. Otherwise, your estimate will show your personal deposits plus interest.

**Q: Who can I contact if I need help understanding my TMRS estimate?**

A: You can contact TMRS directly at 1-800-924-8677 or Lorraine Moreno, Regional Manager, at 512-569-3994 for assistance with understating your TMRS estimate.

### **Beneficiaries**

**Q: Do you need a Spousal Consent Form when naming alternate beneficiaries?**

A: Spousal consent is required if you name someone other than your spouse as the primary beneficiary.

**Q: If the employee and beneficiary both die, what happens to the retirement funds?**

A: If you are an active employee and are vested with only one alternate beneficiary, they will have the option to draw a lifetime benefit. If you have more than one alternate beneficiary, they will have a refund option or the 15-year guaranteed options.

If you are not vested upon death, your alternate beneficiary will have the option to refund the account.

**Q: To add children as beneficiaries, do I need to fill out the form? Is spousal consent needed?**

A: Spousal consent is required if you name someone other than your spouse as the primary beneficiary. Your child(ren) can be named as alternate

beneficiary(ies). Be mindful that a benefit is not paid to a minor beneficiary until they reach 21 years of age.

## **Retirement**

### **Q: How do you become eligible to retire your TMRS account?**

A: You become eligible for a retirement benefit upon 20 years of service regardless of age or at age 60 with at least five years of service.

### **Q: Is there a way to calculate how much money you need when you retire?**

A: It is recommended you seek advice from a financial planner to figure out how much money you need to retire.

### **Q: How do I retire my account with TMRS?**

A: Please contact TMRS directly at 1-800-924-8677 for details about how to retire your account.

### **Q: I am close to retirement. Who can help me understand my TMRS payment options?**

A: TMRS can explain your retirement payment options to you. They can be reached at 1-800-924-8677.

### **Q: What are the differences between the different options - retiree only, lifetime survivor, and guaranteed term?**

A: The retiree life only option pays a benefit to the member for their lifetime. There is no payment to a beneficiary upon death with this option.

Lifetime survivor pays a benefit to the member for their lifetime. Upon death, a monthly benefit is paid to the beneficiary for their lifetime.

The guaranteed option provides for a survivor benefit for a specific period; e.g., member chooses the five-year guaranteed option. The survivor protection period is five years following the retirement date. *Ex: If an employee retires on March 3, 2021, the survivor protection period will end on March 1, 2026.*

### **Q: If you begin receiving your monthly check from TMRS and start working for another TMRS city, will you stop receiving your annuity payment?**

A: No, you will not stop receiving your annuity payments if you start working for another TMRS entity.

### **Q: Can you work part-time for the City if you are already receiving your monthly annuity check?**

A: Yes, you can work part-time for the City while receiving a monthly check from TMRS.



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**Q: Does your retirement check from TMRS impact your social security benefit?**

A: No, you do not pay FICA or Medicare tax from your retirement benefit.

**Q: If you are eligible to retire your TMRS account, but you do not touch it, and you go work somewhere else, can you leave the money in your account for a few years before you start drawing a monthly check?**

A: Yes, you are not required to receive a payment from your TMRS account.

**Q: How does getting divorced impact my TMRS benefit?**

A: Texas courts have held that the portion of a person's retirement benefit earned during marriage is "community property owned by both the husband the wife." A divorce decree or other domestic relations order must state whether the benefit is retained by the member or divided between the member and spouse.

**Q: Is there an end life for your monthly payment, or is it just upon death?**

A: Your monthly lifetime benefit ends upon your death.

**Q: Can you pay for your retiree health care through your monthly retirement benefit?**

A: No, civilian employees cannot have their health insurance premiums deducted from their monthly retirement benefit. An exception to this rule applies to civilian public safety employees.