

All Together Now

Retirement

Presented by
Colin Davidson, Regional Representative



Retirement

- TMRS Retirement Basics
- Retirement Payments
- Additional Retirement Issues

When Can Employees Retire?

Depends on which option your city has chosen:

- Age 60 with 5 years of service, or age 60 with 10 years of service
- 20 years of service at any age, or 25 years of service at any age



Retirement Date...



- There is no best time of year to retire
 - Prorated interest on accounts and USC
- Retirement date must be the last calendar day of the month
- Retirement payments begin the last day of the month following retirement date

Leaving Employment

- Last day of employment does not have to be the same as TMRS retirement date, but you must leave city employment before retirement date.
- If retiree is returning to work for a different TMRS city...
 - First day of employment in new city must be AFTER TMRS retirement date.
 - New TMRS account will be set up for new city.
 - Upon termination with new city, employee can retire or refund from that city.

If Returning to Work for Same City...

- If a retiree returns to work full-time to the city from which they retired, their annuity will be suspended
 - Exception: HB 159 / SB 812 passed in 2011; allows return to same city after 8-year separation
- If a retiree returns to work for the same city after retirement, the IRS requires a bona fide separation
- Return to work cannot be pre-arranged
- Please contact TMRS for further instructions

Retirement Estimates and Packet

- Request estimate (mailed or faxed to member)
 - Phone Center:
800-924-8677
- Review all information and report any changes or corrections to TMRS immediately!
- Estimates are now available online!
www.mytmrs.com

Hypothetical Estimate
XXX-XX-3333
TMRS ID: 377050

Print Date: 09-18-2009
Prepared by: Colin
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SERVICE RETIREMENT ESTIMATE
for Hypothetical Estimate

***** Retirement Date: 12-31-2029 *****

Hypothetical Estimate
Address on File
Richardson, TX 77777

Social Security #: XXX-XX-3333
City: Richardson (01070)

Assumptions Made in Calculating Estimate

Retirement Date:	12-31-2029	2009 Interest rate:	5%
TMRS Service:	20 Years, 2 Months	Future Interest rate:	5%

Personal / Beneficiary Information

Your Birth Date:	12-19-1963	Your Age at Retirement:	66	
Beneficiary		Relationship	Birth Date	Age at Retirement
Beneficiary		Spouse	06-10-1960	69

Miscellaneous Information

Estimated member deposits and interest at retirement:

Taxable:	112,587.47
Non-Taxable:	0.00
Total:	\$112,587.47

Do You Have Questions About Your Retirement?
Please Contact the TMRS Phone Center
1-800-924-8677

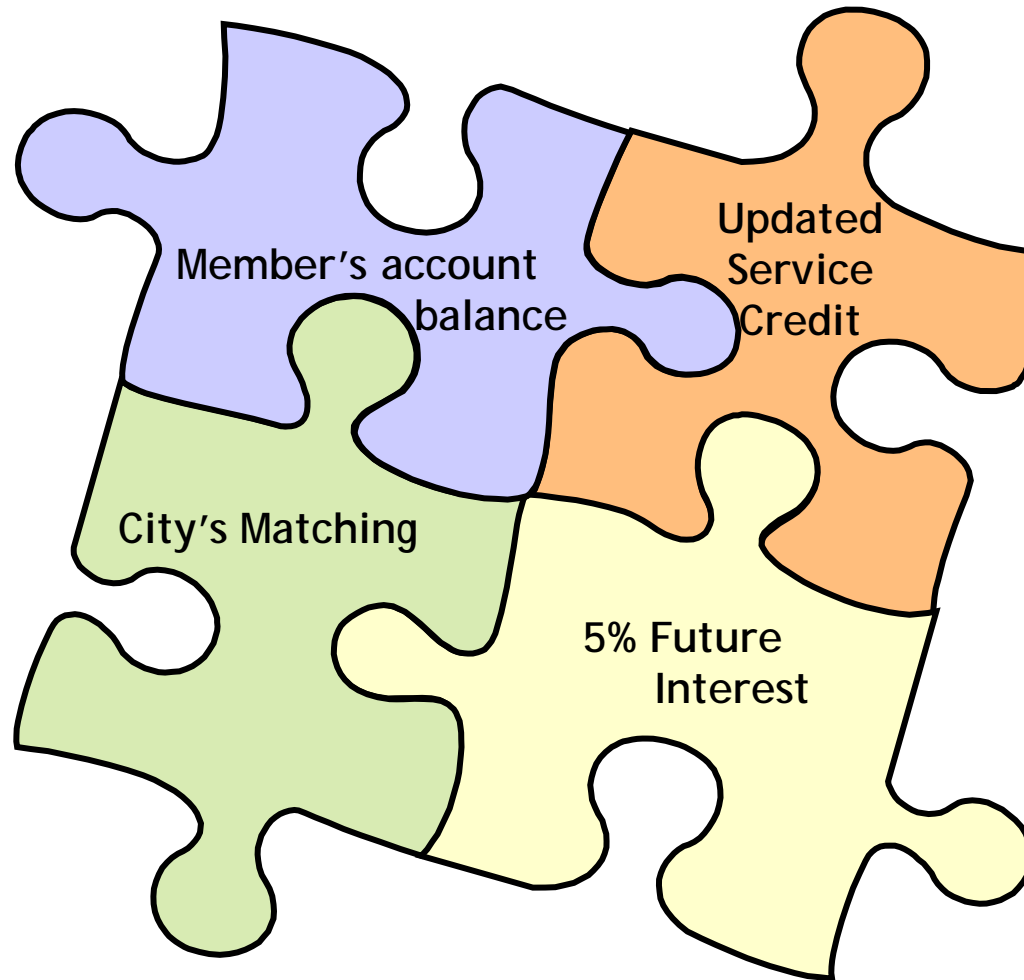
Texas Municipal Retirement System
P.O. Box 149153
Austin, Tx 78714-9153
www.TMRS.com
phonecenter@tmrs.com

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How Is the Monthly Payment Calculated?

1. Combine retirement credits
 - Member's account balance (deposits and interest)
 - City's matching
 - Updated Service Credit
 - 5% future interest
2. Divide retirement credits by remaining life expectancy

Remember: USC is Only One Part of the Retirement Calculation



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Monthly Payment Plans

7 Payment Plans

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SERVICE RETIREMENT ESTIMATE
 for Hypothetical Estimate

***** Retirement Date: 12-31-2029 *****

Your Estimated Monthly Amounts (assuming no partial lump sum payment)

	Monthly Payment	Term
Retiree Life Only	2,720.89	For life

A retirement benefit payable monthly as long as you live. At your death, all payments cease.
 Beneficiary information:
 - you can name up to 3 beneficiaries
 - you can change your beneficiary designation at any time

Lifetime Survivor Options	Your Monthly Payment	Term	Beneficiary's Monthly Payment (After Member's Death)	Term	If your beneficiary dies before you (see Pop-Up below)
Retiree Life - 100% to Survivor	2,054.33	For life	2,054.33	For life	2,720.89
Retiree Life - 75% to Survivor	2,193.32	For life	1,644.99	For life	2,720.89
Retiree Life - 50% to Survivor	2,350.52	For life	1,175.26	For life	2,720.89

A retirement benefit payable monthly as long as you live. At your death, your beneficiary will receive 100%, 75%, or 50% as long as he/she lives.
 Beneficiary information:
 - you can only name one beneficiary
 - you cannot change your beneficiary designation after your 1st payment has been issued

Pop-Up Provision – If your beneficiary dies before you, your monthly payment will be increased to the amount that would be payable under the "Retiree Life Only" option.

Note: TMRS cannot calculate monthly annuity amounts for lifetime survivor options if you have not designated a beneficiary, if you have more than one beneficiary, or if you have designated your estate or trust as beneficiary.

Guaranteed Term Options	Your Monthly Payment	Term	Beneficiary's Monthly Payment (After Member's Death)	Term
Retiree Life - 5 Years Guaranteed	2,683.51	For life	2,683.51	Thru 12-31-2034
Retiree Life - 10 Years Guaranteed	2,523.84	For life	2,523.84	Thru 12-31-2039
Retiree Life - 15 Years Guaranteed	2,318.69	For life	2,318.69	Thru 12-31-2044

The guaranteed term of payments begins with the first payment received by you. You will receive benefits for your entire life, but if you die before the guaranteed term is reached, payments will only be made to the beneficiary for the remaining period of the guaranteed term.
 Beneficiary information:
 - you can change your designation at any time
 - you can name up to 3 beneficiaries

General Information

Under all the above options, TMRS guarantees you and/or your beneficiary will receive a minimum of total payments equal to the amount of your member deposits and interest at retirement (estimated at \$ 112,567.47). If monthly payments under any of the above retirement options end as a result of your death before this amount is recovered, your beneficiary or estate will receive a lump-sum payment of the remaining balance.

- All plans pay an annuity for retiree's lifetime
- All plans ensure return of member's accumulated deposits and interest

Retiree Life Only Option

Monthly payments for life

- Calculated on member's life only
- No survivor benefits
- The highest-paying monthly option



Survivor Lifetime Options

Monthly payments for member and 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

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 the spouse (Retiree Life Only Option, or one of the Retiree Life – Guaranteed Term Options)

“Pop-Up” Provision

If a retiree...

- Has selected the joint survivor option --AND--
- Beneficiary dies before retiree

Then ... monthly payments increase to Retiree Life Only option



Guaranteed Term Options

Guarantee payments for member's life, but only for fixed number of years for beneficiary after retirement



- 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

Can Retirees Change Their Payment Plan After Retirement?



- No changes are allowed after receipt of first monthly payment
- Exception: if retiree remarries after retirement

Partial Lump-Sum Distribution

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**SERVICE RETIREMENT ESTIMATE
 for Hypothetical Estimate**

***** Retirement Date: 12-31-2029 *****

Partial Lump Sum Distributions Available

Members who choose to receive a one-time, partial lump sum distribution calculated using your estimated "Retiree Life Only" amount (\$2,720.89).

12 X "Retiree Life Only"	32,650.68
24 X "Retiree Life Only"	65,301.36
36 X "Retiree Life Only"	84,440.60*

* The maximum amount of the partial lump sum distribution is limited to 75% of your accumulated deposits and interest per account on your effective date of retirement. If you have credited service with more than one TMRS city, each city is treated as a separate account when determining this limit.

If you choose to receive a partial lump sum payment, your estimated monthly payment will be reduced as shown below. Reduced amounts for your beneficiary are not shown here.

Option	No Partial Lump Sum Payment	\$32,650.68 Partial Lump Sum Payment	\$65,301.36 Partial Lump Sum Payment	\$84,440.60 Partial Lump Sum Payment
Retiree Life Only	2,720.89	2,457.87	2,194.85	2,040.67
Retiree Life - 100% to Survivor	2,054.33	1,855.74	1,657.16	1,540.75
Retiree Life - 75% to Survivor	2,193.32	1,981.30	1,769.28	1,644.99
Retiree Life - 50% to Survivor	2,350.52	2,123.30	1,896.08	1,762.89
Retiree Life - 5 Years Guaranteed	2,683.51	2,424.10	2,164.69	2,012.63
Retiree Life - 10 Years Guaranteed	2,523.84	2,279.67	2,035.90	1,892.88
Retiree Life - 15 Years Guaranteed	2,318.69	2,094.55	1,870.40	1,739.02

Important Tax Information Regarding your Partial Lump Sum Distribution:
 A partial lump sum distribution is eligible for "rollover" according to the Internal Revenue Service (IRS). You have two payment options:

- 1. Paid in a "direct rollover" to a traditional IRA or eligible employer plan -- You may rollover all or part of the taxable portion of your payment:**
 - The non-taxable portion of your payment, if any, is eligible for rollover under certain circumstances. Please contact TMRS for further information;
 - Your payment will not be taxed in the year of the payment, and no income tax will be withheld;
 - Your payment will be mailed directly to your IRA or eligible employer plan; and
 - You will not be required to pay tax until you withdraw it from the IRA or eligible employer plan.
 - **Note:** Roth IRA, SIMPLE IRA, Education IRA or a nongovernmental 457 plans are **not** eligible to receive a rollover.
- 2. Paid directly to you --**

- Members may choose the partial lump-sum distribution (PLSD) when they retire

How is the PLSD Calculated?

Retiree Life Only x 12, 24, or 36



Example:

\$1,000

x 36

\$36,000

Note: PLSD cannot exceed 75% of member's account

PLSD and Taxes

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

Federal tax law permits public safety employees who receive a PLSD at retirement at age 50 or later to waive the 10% IRS penalty

Taxes with Roth IRA Rollovers

- Taxable portion of the PLSD can be rolled over (all or part)
- In 2010 the IRS issued new rules for rollovers, including the acceptance of Roth IRAs, which may be taxable
- A full explanation is included with the PLSD form in the “Special Tax Notice Regarding Plan Payments” page

Applying for Service Retirement



- Employee must apply for retirement within 90 days of retirement date
- All forms are available online (autofill PDFs)

Additional Retirement Issues

Applying for Occupational Disability Retirement

- Employee may apply at any time
- Retirement date must be last day of calendar month after all deposits received at TMRS



How is Eligibility for Occupational Disability Retirement Determined?

- No minimum length of service or age required to be eligible.
- The cause of disability does not have to be job-related.
- The TMRS Medical Board must find that:
 - The member is mentally or physically incapacitated from performing the duties of his or her occupation;
--and--
 - The incapacity is considered to be permanent

What Forms Need to Be Completed?

- Application for Occupational Disability Retirement
- Selection of Retirement Plan
- City Statement
- Member's Statement
- Physician's Statement
- Selection of Partial Lump Sum Distribution
- Member must be eligible for service retirement to receive a PLSD
- Electronic direct deposit authorization
- Proof of birth for employee.
- Proof of birth for beneficiary, if applicable.
- Name Certification (if names on proof of birth and TMRS records do not match)
- Withholding election form (W4-P)

FORMS ARE
AVAILABLE FROM
www.TMRS.com

HELPS Provision

- Federal law (Pension Protection Act of 2006) allows retirees who are Public Safety Officers to deduct from their annuity to pay for health care or long-term care
- 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 (download from Website)

QUESTIONS?