

City of Harlingen and Harlingen Waterworks System
MOST FREQUENTLY ASKED QUESTIONS



**Who Do I Contact If I Have Additional Questions
Regarding My Retirement?**

TMRS Phone Center
Texas Municipal Retirement System
P.O. Box 149153
Austin, Texas 78714-9153
800/924-8677
www.tmars.org
phonecenter@TMRS.com

TMRS maintains an e-mail list to provide news and information to cities, members, and retirees. If you want to be added to this e-mail list, please send a request to Capitol@TMRS.com.

What is TMRS?

TMRS is:

Your Retirement Program. – As a full time Harlingen employee, your participation in TMRS is required.

Tax Deferred. - Each month, 7% of your salary is deducted prior to taxes.

How Does TMRS Work?

- **7% of your** gross compensation is deducted from each pay period and deposited into your personal TMRS account.
- **Harlingen** contributes into a matching fund each month. The City's matching funds are kept separate until you initiate retirement. At that time the matching dollars are placed into your retirement account and used to calculate your retirement benefit. **Harlingen's** current matching rate is **2:1**.
- Once your monthly deposit is received, the monies are invested in various securities.
- The more you put into the System, the more you will get back at retirement.
- You are eligible to retire once you have either **5** years of service and are age **60** or you have **20** years of service at any age.

How Much Money Will I Receive Monthly in Retirement?

- A TMRS Annual Statement is mailed to the home of each employee enrolled in TMRS. The annual statement includes various retirement estimates, your member contribution totals, and the past year's accredited interest amount.
- At your request, TMRS can provide estimates of your retirement benefits for one or more anticipated retirement date(s).

What Does Vesting Mean?

- When you have earned 5 years of service, you become "vested" in the System.
- As a vested member you may leave TMRS covered employment and choose to leave your deposits with TMRS. Your deposits will continue to earn interest until you withdraw (refund) your deposits or retire. .

When Am I Eligible to Receive Both the Funds I Have Contributed and City's Matching Funds?

The only circumstances under which both your member deposits and city matching funds can be received are:

- When you become eligible and apply for retirement, selecting one of seven benefit payment plans.
- If you are vested at the time of your death, your beneficiary can choose to receive an immediate monthly annuity, or if your beneficiary is your spouse, he or she can elect to leave your deposits in the System until you would have become age 60—at that time they would receive a lifetime monthly annuity.

If at any time an employee or spouse elects to receive a lump sum refund in lieu of a monthly retirement benefit, they will receive only their member deposits and interest. The city's matching funds are never part of a refund and are forfeited when a refund is issued.

If Something Happens To Me, While Still Employed With the City, What Types of Benefits Will Be Available To My Beneficiary or Estate?

In the event of your death, benefits available to your beneficiary or estate would include:

- ***If you are not vested or eligible to retire***, your beneficiary or estate will receive a refund of your member deposits and interest.

Or;

- ***If you are vested at the time of your death***, your beneficiary could immediately begin to receive a monthly annuity, or if your spouse is your beneficiary, he or she could choose to leave your deposits in the System until you would have become age 60 -- at that time they would receive a lifetime monthly annuity.
- ***TMRS pays your designated beneficiary, should you die while in city employment, a supplemental death benefit that is approximately equal to your current annual salary.***

What If I Leave the City Prior to Becoming Vested?

- You can leave your member deposits, which continue to draw interest, in the System for up to five (5) years. At that time you would be required to either to withdraw them or have TMRS roll them over directly into an IRA or another "qualified plan" via a "Trustee-to-Trustee" transfer.

When is the Best Time to Retire?

- Prorated Interest and prorated Distributive Benefit payments are provided to retiring members. So there isn't a best month to retire unless you expect to receive a large Updated Service Credit.

What If I Decide To Withdraw or Transfer My Funds When I Leave the City?

- After you leave the City, you can refund your member deposits and interest from the System. TMRS is required to withhold 20% from your refund for IRS taxes (unless the funds are rolled over by TMRS directly into an IRA or another "qualified plan" via a "Trustee-to-Trustee" transfer). If you are less than 59 ½ years old and receive a refund, you will owe an additional 10% penalty tax to the IRS.

When Can I Withdraw My Accumulated Deposits And Interest?

- The only time funds can be withdrawn from the System are:
 - a) After termination from all city employment
 - b) When the employee is deceased
 - c) When the employee retires and chooses to receive a monthly retirement benefit.

Can I Borrow From the Fund?

- NO - Under the law that governs the System, a member cannot borrow from their account.