

Frequently Asked Questions about the Tucson Supplemental Retirement System

Why is the Designation of Beneficiary Form important? If something should happen to you while you work for the City of Tucson the pension office will refund your pension contributions to the beneficiaries on file for you. The form is how you inform the retirement office of where you want your money to go. You can name whomever you like as beneficiary. The retirement office will pay the beneficiary on file so it is important to keep the information up to date. For example, if you name your spouse as your beneficiary and then get divorced, your ex will still get paid if you fail to submit a new form to the retirement office. Please see the Designation of Beneficiary Form for information regarding omitting a spouse as beneficiary.

TSRS is a defined benefit plan. What does that mean? As a retiree you will receive a fixed pre-established monthly benefit for the rest of your life. The monthly benefit is calculated using a formula based on the tier you are in. That benefit is guaranteed for the rest of a retiree's life regardless of the balance of contributions they put into the system. In other words: With a 401K or an IRA a retiree will only receive payments until the money runs out; with a pension the retiree will receive payments for the rest of their life regardless of when the money they put into the system runs out.

Which Tier am I in? Employees hired before 7/1/2011 are in Tier I. Employees hired on or after 7/1/2011 are in Tier II. Retirement eligibility criteria and the benefit formulas defer between the tiers. Please see the [TSRS Plan Summary](#) for information regarding those differences.

When am I eligible to retire?

Tier I Personnel: Eligible upon attain 80 service credits (age + years of service); or upon attaining age 62 with at least 5 years of service.

Tier II Personnel: Eligible upon attaining 85 service credits and a minimum age of 60; or upon attaining age 65 with at least 5 years of service.

Do I have to participate? For permanent full-time employees participation is mandatory. For full-time appointed employees participation is optional. Appointed employees must fill out an enrollment form within 90 days of their hire date to participate.

How much does it cost to participate? <https://www.tucsonaz.gov/retirement/tsrs>

What does “vesting” mean? An employee becomes vested upon accruing 5 years, or 10,400 hours, of - paid service hours. This is when an employee earns a tangible right to a retirement benefit.

Why is vesting important? Once an employee is vested they have a right to a pension benefit that cannot be taken away. If a vested employee leaves City employment they have the option to leave their pension contributions with TSRS and collect a retirement benefit once they reach eligibility.

What are my options if I leave City employment?

1. A separated employee can take a refund of their pension contributions plus interest. In this case 20% will be withheld for federal income taxes; the employee will be responsible for state income taxes. If the employee is younger than $59 \frac{1}{2}$ years they will also be responsible for a federal 10% penalty for withdrawing from a retirement account early.
2. A separated employee can roll their pension contributions plus interest into another qualified retirement account. No taxes will be withheld or owed as technically the funds are not being withdrawn.
3. If vested a separated employee can choose to leave their contribution balance with TSRS where it will continue to earn interest until the employee reaches retirement eligibility when they will begin to receive a monthly benefit as if they had retired.

How is my retirement benefit calculated?

Tier I: Average Final Monthly Salary * Years of Service * 2.25%

Tier II: Average Final Monthly Salary * Years of Service * 2.00%

The more years on the job the larger the pension benefit. Employees can request a retirement benefit estimate by contacting the retirement office, or they may register to use the [pension estimator](#) on the retirement web page.

If I have pension service credits elsewhere, what can I do with them? An employee with service credits in the Arizona State Retirement System can transfer in to TSRS, however, there is an actuarial fee the

member must pay to determine the actual cost of transfer. Service credits in other pension systems can be used to purchase service credits in TSRS. Due to plan differences the funding available from the other plan may not purchase the same number of years in TSRS. It is important for the employee to carefully consider all their options to determine which course of action would be most beneficial. Contact the retirement office with any questions regarding service transfers or purchases.

As a part-time employee am I eligible to participate in TSRS? No, but if the job becomes full-time or the employee transfers to a full-time position participation becomes mandatory.

Do I get the City's contributions when I leave City employment? No, a separated employee will only receive their own contributions plus interest on those contributions.