

Frequently Asked Questions About Your Pension Benefits

What do I do with this Designation of Beneficiary form?

Please fill it out before orientation. That way, you can include all the information asked for, such as Social Security numbers and birth dates. We must have these forms on file in case anything happens to you. We would like to refund your retirement funds to the person(s) you select. Name whomever you like as beneficiary; just remember to keep the information up to date. If changes occur, such as marital status or if the a named beneficiary dies, complete a new form. See the Designation of Beneficiary Form for information regarding omitting a spouse as beneficiary.

It's a Defined Benefit Plan. What's that?

The retirement plan will pay you a fixed pre-established monthly benefit for the rest of your life when you retire. Your "Tier" drives the formula and the formula drives the benefit, not the account balance. You can never outlive your TSRS retirement benefits. Something to look forward to!

What is a "Tier" and which Tier am I in?

TSRS employees who hired before 7/1/11 are considered Tier I participants and have a benefit formula that utilizes a 2.25% pension factor. Employees hired on or after 7/1/11 are Tier II participants and have a benefit formula that utilizes a 2.00% pension factor. There are also differences in retirement eligibility criteria based on the member's Tier.

When am I eligible?

You are eligible to receive your monthly pension benefit upon attaining one of the following eligibility triggers:

Tier I personnel: Eligible upon attaining 80 points (when age and years of service add up to 80); or upon attaining age 62 with a minimum of 5 years of service.

Tier II personnel: Eligible upon attaining BOTH 85 points (when age and years of service add up to 85) AND the member is at least age 60; or upon attaining age 65 with a minimum of 5 years of service.

Do I have to participate?

Yes, participation is mandatory for all full time employees. Employees in appointed positions have the option to participate. Appointed employees must fill out an enrollment form within 90 days of their date of hire to join.

How much does it cost me?

Employees hired on or after 7/1/06 contribute a variable contribution rate that changes annually each July 1. The variable contribution rate can not be less than 5% and can not increase by more than 2.5% of pay in any given year. Employees hired before 7/1/06 contribute a fixed 5% of base pay.

TSRS employees do not pay pension contributions on overtime or other supplemental pay.

How much does the employer put in?

The City's contribution is determined based on an annual actuarial evaluation and varies from year to year. The actuarial cost is determined to keep the system adequately funded to provide continuing benefits. This employer funding does not come out of your paycheck.

What does “vesting” mean?

The term “vested” or “vesting” means you have 5 years or more of accrued service from employment or transferred from the State retirement system in TSRS.

Why is vesting significant?

Once you’re vested, you have a right to a pension benefit that can not be taken away. If you leave employment before retirement, you can leave your funds on deposit with the retirement system and receive a pension benefit upon attaining retirement eligibility.

What are my options if I decide to leave City employment?

All employees have the following options:

- 1) You can take a refund of your contribution account. This distribution is taxable and TSRS will withhold 20% Federal income tax and 5% Arizona State income tax. This taxable distribution could also be subject to a 10% tax penalty for premature distribution from a retirement plan.
- 2) You may have a direct rollover of your account to another retirement plan. A rollover is not taxed because the funds remain in a retirement account. The funds would be taxed when distributed from that account.

If you are vested, you have an additional option of a deferred retirement by leaving your contributions on deposit with TSRS. You will receive a monthly pension benefit upon attaining retirement eligibility. If you chose to distribute your account (refund or rollover), you forfeit all rights to any future TSRS benefits.

What will I receive when I am eligible?

The defined benefit is based on a formula that uses your average final monthly compensation multiplied by your years of credited service multiplied by the pension factor. The pension factor for Tier I personnel is 2.25% and for Tier II personnel the factor is 2.0%. The more years on the job, the larger your pension benefit. You may request an estimate of your monthly benefit by contacting the retirement office or you may register to use the pension system’s member’s self-serve portal to create your own estimates at the following secure website.

<https://my.gabrielroeder.com/portal/tucson/Home/tabid/357/Default.aspx>

If I have pension service credits elsewhere, what can I do with those?

Monies on deposit with other retirement systems can be rolled over to TSRS to purchase service. Due to plan differences, the funding available from your prior plan may not purchase the same number of years that you had in that prior plan. You should give careful consideration to the advantages and disadvantages of transferring or rolling over your prior pension to determine if the benefit gained is greater than the benefit you will be forfeiting.

If I work part-time, can I participate?

No, but if your job becomes full time, or you change to a full time position, you will become a member of the system.

Do I get the employer contribution when I leave?

No, you do not get the money the City of Tucson contributes to the retirement system. You do get interest on your contributions while they remain in the fund.