



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
11/19/2024

Item Type:
Action Item

Subject: CONSIDER AND ACT: on adoption of TMRS plan changes

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

Three changes are occurring as a result of this update. The first is the reduction in the vesting period from 10-years to 5-years. This action stands alone. Updating service credits (USC) and adopting a retiree Cost of Living Adjustment (COLA) are separate and distinct, though interconnected, benefits under the Texas Municipal Retirement System (TMRS). While service credits can be updated independently, a COLA cannot currently be granted without an update to service credits. The City of University Park has never considered an USC update without a COLA for retirees.

5-Year Vesting

Changing the vesting period from 10 years to 5 years will allow employees to qualify for retirement benefits after 5 years of service instead of 10. Reducing the vesting period aligns with practices in many other public retirement systems and demonstrates the City's commitment to supporting a stable, long-term workforce.

USC Update

Updating service credits accounts for an employee's salary changes and any plan adjustments the city has made over time, effectively assuming those increases and changes have been in effect throughout the employee's career. USC is designed to help maintain the value of an employee's TMRS benefits. The "updated service credits with transfer" provision allows employees with prior service in other TMRS cities (or similar entities) to align their service credits with their current co-workers at CUP.

COLA Update

The proposed retiree COLA will increase retirees' monthly benefits by 70% of the increase in the Consumer Price Index since the last COLA adoption. The City last adopted a USC and retiree COLA effective January 1, 2019. The current adoption is proposed to be effective January 1, 2025.

Fiscal Impact:

- Not Applicable
 - Budget Amendment Required
 - Proposed Revenue
 - Proposed Expenditure
- Funding Source:

Master Plan Goal:

Please check the associated Theme and provide the corresponding action item number.



	Theme	Action Item(s)
<input type="checkbox"/>	Affirming Sense of Place	
<input type="checkbox"/>	Assuring Connectivity	
<input type="checkbox"/>	Innovative Governance	
<input type="checkbox"/>	Technological Integration	
<input type="checkbox"/>	Preparing for the Future	
<input checked="" type="checkbox"/>	Not Applicable	

Recommendation:

Staff recommends approval of the ordinance to adopt TMRS Updated Service Credits at 100%, Transfer USC at 100%, Retiree COLA at 70%, and a reduction in the vesting period from 10 years to 5 years. The fiscal impact of these changes is already included in the FY2025 budget. This action formally adopts the language required for TMRS to implement the plan changes.

Committee Review (optional):

As noted during the FY2025 budget process, these changes were reviewed and recommended by both the Employee Benefits Advisory Committee and the Finance Advisory Committee.

Attachments:

Ordinance adopting the FY2025 USC, Transfer USC, COLA and change in Vesting Period (prepared by TMRS).