

# **Texas County & District Retirement System (TCDRS) and Retirement Benefits**

## **Frequently Asked Questions and General Information**

*(January 2021)*

Introduction: The following are answers to frequently asked questions and a summary of general information regarding your benefits and Harris County's participation in the TCERS retirement plan as prepared by the Harris County Office of Human Resources & Risk Management based on benefits effective January 1, 2021. For further details regarding your retirement plan, contact the TCERS at (800) 823-7782 or the Office of Human Resources & Risk Management at (713) 274-5500. Information is also provided on the Internet at [www.tcdrs.org](http://www.tcdrs.org) and <http://www.hctx.net/hrrm>

### **1. What is the TCERS?**

The Texas County & District Retirement System (TCERS) is a non-profit public trust providing pension and death benefits for eligible employees of participating subdivisions (counties and districts). The System is governed by a nine-member Board of Trustees and is managed by an administrative staff in Austin. The TCERS Act (Subtitle, F, Title 8, Texas Government Code) is the basis for administration of the System.

### **2. Do I have to participate in TCERS?**

TCERS membership is a condition of employment for Harris County employees as determined by Harris County and described in the Harris County Personnel Regulations.

### **3. Why is my contribution 7%?**

The TCERS allows counties to establish employee contribution rates of 4% to 7% of the employee's gross monthly compensation. The employee contribution rate is subject to periodic review by Commissioners Court, and Harris County has elected the contribution rate of 7% effective January 1, 2021.

### **4. As an employee of Harris County, are my contributions to the TCERS taxed?**

Since the TCERS is a qualified pension plan under Section 401(a) of the Internal Revenue Code, your current contributions are not subject to federal income taxes until paid out by the System. Contributions are subject to Social Security withholdings.

### **5. What does Harris County contribute to our retirement plan?**

Harris County uses the Annually Determined Contribution Rate (ADCR) Plan to finance the retirement plan, and the cost is based on a number of factors, including the benefit options adopted by Commissioners Court and the results of an annual actuarial evaluation of liabilities to finance these options. In 2021, the Harris County contribution rate for our retirement plan is 15.1% of employee compensation.

### **6. What is "vesting"?**

Vesting refers to your right to receive monthly retirement benefits from TCERS once you satisfy the age requirement for retirement. After 8 years of credited service, you are vested and can receive lifetime monthly retirement benefits after other eligibility requirements have been satisfied. Once vested, you may terminate employment with Harris County and still continue your membership with TCERS and retain your right to future retirement benefits as long as you do not withdraw your personal contributions.

### **7. Are there other forms of credited service, and can I get credit for Military Service?**

#### *Proportionate Service Credit*

If you have service credit in the Texas Municipal Retirement System, Employees Retirement System of Texas, Judicial Retirement System of Texas, Teacher Retirement System of Texas, or City of Austin Employees' Retirement System, you may combine such service with your TCERS credited service to qualify for service retirement (does not qualify for disability retirement and death benefits). This is called the Proportionate Retirement Program. Members of any retirement system participating in the Proportionate Retirement Program may re-establish credit forfeited in any other system participating in the program, however, it does not affect current provisions governing buybacks of forfeited service within TCERS or within any other system.

### *Military Service Credit*

You may also establish up to 60 months of service credit for military service performed prior to employment if you:

- Have earned at least 8 years of TCDRS-credited service;
- Have been discharged from the military under honorable conditions; and
- Do not have credit in another Texas public retirement system for the same military duty.

Military service is awarded at the rate of one month of current credited service for each month of active-duty military service. The TCDRS will verify your periods of duty and basis of discharge. You can also receive current service credit for military service performed during a break in employment upon meeting all eligibility requirements. Both military and Proportionate Retirement Program service allow credit for service only, however, military service interrupting employment may allow you to make employee contributions. Contact the Office of Human Resources & Risk Management to apply for this credited service.

### *Reinstating Service from a Closed TCDRS Account*

If you were previously employed and were a member of the TCDRS, and upon termination of your employment, you made a withdrawal of your TCDRS account balance, your prior service time will automatically be reinstated upon becoming a member of the TCDRS. In addition, you may choose to make a one-time deposit at any time prior to your retirement up to the entire amount you withdrew plus the multiple matching rate in effect. Harris County does not need to authorize this reinstatement, and there are no deposited funds from Harris County. Reinstated service does not count towards retiree healthcare eligibility.

## **8. When am I eligible to receive monthly retirement benefits?**

You are eligible to apply for a lifetime monthly pension if you satisfy any one of the following eligibility standards:

- Rule of 75 - combined age and credited service (each rounded to whole months) of 75 or more with at least 8 years of credited service;
- 8 years of credited service at age 60;
- 30 years of credited service at any age;
- Disability retirement

## **9. When do I have to retire?**

Harris County has no mandatory retirement age and you may continue working after you are eligible to retire. As you continue to contribute to the TCDRS, your retirement funds continue to grow.

## **10. If I retire and reemploy with Harris County or another TCDRS participating subdivision, what happens to my monthly pension payment?**

### *Reemployment with Harris County*

Harris County does not guarantee you the right to return to employment after you retire. When you retire from the County, it must be a bona fide separation of service, and there can be no expectation, understanding or agreement that your retirement is temporary or that you will be rehired in the future. Assuming it is a bona fide separation of service, you must have a break in employment of one full calendar month in order to continue to receive your monthly pension.

If you are hired to any position with the County after retirement, you begin with the same level of benefits as a new employee. If you are reemployed in a TCDRS eligible position, you also begin depositing to the TCDRS, and when you retire again, you become eligible for a second pension based on your reemployment. You retain your right to participate in the group medical plan based on your Harris County/TCDRS non-forfeited service and subject to the rules established by the County for all retirees when you again retire from the County.

### *Different Employer*

After retiring from Harris County, you may return to a TCDRS-covered employer, and it will have no effect on your pension payments. You continue to draw your TCDRS pension payment each month and contribute to your new TCDRS employer and earn credit towards another pension.

#### **11. What are my different payment options for my monthly retirement benefit?**

You have seven payment plans to select from, with all the plans paying you (the retiree) a monthly benefit for your lifetime. The seven plans offer a variety of choices to address your varying needs and concerns. You may not change the payment plan you elect at retirement once payments have started; therefore, long-term planning is important.

#### **12. How are my monthly benefits calculated at retirement?**

As an employee of Harris County, your personal contributions are deposited monthly with the TCDRS, and 7% interest is credited to your account each December 31<sup>st</sup> of the following year. Upon retirement, all deposits and interest earned after January 1, 2007 are credited an additional 225%, which is the “multiple matching credit” granted by Harris County. All deposits and interest earned prior to 2007 are matched at 220%. This rate has steadily increased since the County joined the TCDRS in 1968, when the initial match was 100%. The amount of your lifetime monthly retirement benefit is then actuarially determined based on this total personal account balance, interest earned on this balance during retirement, and your life expectancy. Depending on the payment plan you select at retirement, the monthly benefit may also be determined by the underlying guaranteed payment period (10 or 15 years) for your beneficiary or the life expectancy of your beneficiary.

#### **13. Is there a limit to the amount of my potential monthly pension benefit?**

Section 415 of the Internal Revenue Code may limit the total dollar amount on annual pension benefits you receive from TCDRS. This limitation is not exclusive to the TCDRS and applies to all qualified pension plans. It is important to note that very few individuals are affected by these limits, and the IRS periodically indexes these limits. In addition, any portion of your benefit that is attributed to credited service prior to January 1, 1986 is not subject to this limit. Contact the Office of Human Resources & Risk Management if notified by the TCDRS of this potential limitation.

#### **14. Can my monthly benefits be increased during retirement?**

TCDRS allows subdivisions to authorize increased pension payments to retirees and beneficiaries through two types of Cost-Of-Living Adjustment (COLA) options. Because of the associated cost, the County has not selected either of these options, however, the County does continue to provide retiree health care benefits.

#### **15. Can I take a lump-sum distribution from my TCDRS account at retirement?**

There is no provision under the TCDRS to take a full lump-sum distribution equaling the sum of your total personal account balance and “multiple matching credit” at retirement. There is an optional plan provision that would allow “partial” lump-sum distributions in any amount up to the entire balance of your personal account, excluding the “multiple matching credit”, resulting in a lower monthly retirement benefit amount based on the size of your lump-sum distribution. At this time, the County has not adopted this option.

#### **16. What happens upon my death as a TCDRS member?**

If you have four years of credited service (at any age), you qualify for a Survivor Benefit. A Survivor Benefit allows you to designate in advance for your beneficiary(ies) to automatically receive a pension benefit under a specific payment plan in the event of your death, or you can leave it to your beneficiary to elect the payment plan upon your death. Contact the Office of Human Resources & Risk Management to make this election.

If you have less than four years of credited service, your beneficiary or estate will receive a full refund of your personal contributions and earned interest, as no pension benefit will be payable and no further interest credited to your account.

If you are already receiving a TCDRS pension, your monthly retirement benefits terminate unless you chose a payment plan that pays a designated beneficiary upon your death. Your beneficiary or estate will receive, at minimum, a full refund of any remaining personal contributions and interest.

**17. What happens if my employment with Harris County is terminated before I retire?**

If your employment with Harris County is terminated, you have the right to receive a refund of your personal contributions and earned interest. If you receive a refund, it results in a forfeiture of all deposits made by Harris County on your behalf.

You may leave your deposits with the TCDRS until you are eligible to retire or reach age 72, at which time the IRS requires that your deposits be distributed. During this period, your account will continue to receive the same annual interest credit granted to contributing members, which is currently 7%.

**18. Are health benefits provided when I retire from Harris County?**

Subject to amendment or discontinuance at any time, Commissioners Court provides certain group health and related benefits to retirees and their eligible dependents. The provisions relating to group health and related benefits for retirees are contained in the Harris County Personnel Regulations. Retirement through the TCDRS does not necessarily make you eligible to receive County paid health care benefits when you retire.

**19. What are the contributions for health care benefits at retirement?**

Commissioners Court determines the premium contributions for group health and related benefits. Please contact the Office of Human Resources & Risk Management for these contribution amounts.

**20. Can I add dependents to my health care plan after I retire?**

Dependents can only be added after retirement when there is a “qualifying change”, at 100% of the total premium cost for all dependents.

**21. After I retire, what happens to my dependent(s) health coverage if I die?**

The County does not pay the cost of coverage for surviving dependents. Your dependents are eligible for COBRA coverage at full premium cost plus administration fees for up to 36 months.

**22. Do I have to sign up for Medicare when I retire if I am covered by Harris County’s health plan?**

When you retire and are age 65 or older or when you retire and subsequently turn age 65 (or otherwise qualify for Medicare benefits), you must enroll in Medicare Part B, as this will become the primary carrier for your medical benefits and Harris County’s medical plan will be the secondary provider. In addition, if your dependent spouse is age 65 or otherwise qualifies for Medicare, he/she must also enroll in Medicare Part B. Failure to enroll in Medicare B will result in medical bills not being fully paid by the Harris County plan. Medicare will also charge you penalties for late enrollment in Medicare Part B if you do not enroll at the time of retirement (or otherwise qualify for Medicare).

Enrollment in a Medicare Prescription Drug Plan is voluntary, but in most cases, it is unnecessary to enroll because the Harris County medical plan provides more comprehensive prescription drug coverage, and there is no coordination of benefits between Harris County’s medical plan and the Medicare Prescription Drug Plan

**23. Who do I contact with my questions regarding my retirement and health benefits?**

If you have any general questions about your retirement or any other County benefits, please contact Human Resources & Risk Management at 713-274-5500. In addition, you may contact TCDRS Customer Service directly with specific retirement questions at 1-800-823-7782.