

Questions and Answers

Q: Do I have to choose a Retiree Life Only retirement option if I select a PLSD?

A: You may choose any one of the seven options of retirement available. Although the Retiree Life Only option is used to calculate the PLSD amount, you do not have to choose that option for your monthly payment.

Q: Will my city continue to fund my monthly retirement benefit even after I receive my PLSD?

A: Yes. Your PLSD does not affect how your retirement benefit is funded by your city.

Q: Are the city's matching funds included before my PLSD is calculated?

A: Yes. Your city's matching funds, member deposits, interest, and other credits are all used to calculate a monthly retirement benefit from which your PLSD is determined.

Q: When do I receive my PLSD?

A: It is mailed at the same time your first monthly retirement payment is sent (the second to the last business day of the month after your effective retirement date).

Q: Can my PLSD be deposited electronically to my bank or credit union?

A: Your PLSD must be mailed to you as a check. If you roll over your PLSD, the check will be transmitted to your rollover company.

How to Contact the Phone Center

Toll-Free: (800) 924-8677
Local (in Austin): (512) 476-7577
E-mail: phonecenter@TMRS.com
Website: www.TMRS.com
Mailing Address: P.O. Box 149153
Austin, TX 78714-9153
Location: 1200 N. IH 35
Austin, TX 78701



TMRS®
Post Office Box 149153
Austin, Texas 78714-9153

Is a PARTIAL LUMP SUM DISTRIBUTION RIGHT FOR YOU?



TMRS®
(800) 924-8677
www.tMrs.com

What is a Partial Lump Sum Distribution (PLSD)?

When you retire, you may choose to receive part of your benefit as a one-time lump sum payment. The Partial Lump Sum Distribution is a popular program for TMRS members, with many new retirees choosing to receive some amount of a PLSD.

However, the PLSD is not for everyone. You should decide whether a PLSD is right for your own personal situation.

Remember, once you receive a PLSD, your decision is final and cannot be changed.

How your PLSD is calculated

When you retire, the total amount your monthly benefit is based upon includes:

- your member deposits and interest; and
- your city's matching funds and other credits and factors.

If you choose a PLSD, you do not lose any of your city's matching funds and other credits.

For a PLSD, TMRS calculates the amount you would receive under a Retiree Life Only Benefit. Then you can choose to receive that amount multiplied by 12, 24, or 36...in a lump sum.

For example, let's say your calculated Retiree Life Only Benefit would pay you \$1000 a month. If you choose to receive 12 times that amount, that's $12 \times \$1000 = \$12,000$.

Then TMRS subtracts the amount of your PLSD from the total amount your monthly retirement benefit is based on. A new, lower monthly benefit is calculated using any of the seven monthly benefit payment options.

Your PLSD cannot be more than 75% of the

money in your member account (member deposits and interest).

Please contact the TMRS Phone Center, toll-free (800) 924-8677 or use the Website www.TMRS.com, to get your personal retirement and PLSD estimates.



Reasons to choose a PLSD

Some TMRS members choose a PLSD for estate planning. They can roll over the money into an IRA or other qualified plan for their beneficiaries. Others use a PLSD to pay off bills, such as children's college or debt on homes.

Reasons not to choose a PLSD

When you select a PLSD, your monthly benefit is lowered. Many members want a higher monthly benefit and choose not to receive a PLSD.

If you choose a PLSD, your lower monthly benefit will also affect your:

- **"Extra" monthly benefit (also called a Distributive Benefit)** - The TMRS Board of Trustees decides whether to grant this "extra" benefit at the end of each year, depending upon the System's investments.
- **Annuity Increases** - As granted by your city, they protect retiree benefits from the effects of inflation.

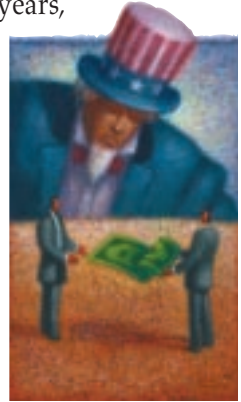
Since these two additional benefits are based on your monthly benefit, they will be lowered if you choose a PLSD.

Taxes and Rollovers

All or part of your PLSD may be considered taxable income by the IRS for the year you receive it. Federal law requires TMRS to withhold 20% of the taxable portion of your PLSD, unless it is rolled over to an IRA or other qualified plan (a PLSD cannot be rolled over into a Roth IRA). If you are younger than 59 ½ years, the IRS may also add a 10% excise tax if you do not roll over your PLSD.

Over 40% of TMRS retirees who select a PLSD roll over at least some of their PLSD. Some TMRS members roll over part of their PLSD and pay taxes on the rest.

If you made member deposits to TMRS before 1984, that money has already been taxed as income. IRS rules require that your PLSD be made from deposits from your entire career, so some of the money in your PLSD has already been taxed. The IRS sets the amount of pre-1984 dollars you can have in your PLSD, and these dollars will not be taxed again.



Divorce

If you divorce, your former spouse might have options that include a PLSD when you retire. Please contact the Phone Center for more information.

This brochure is an informal presentation of the TMRS Act and related law. Please note that this is only a summary, and that if any specific questions of fact or law should arise, the statutes will govern.