



CITY OF WATAUGA – PERSONNEL, ADMINISTRATION AND FINANCIAL POLICIES AND PROCEDURES MANUAL

POLICY TITLE	Retirement
INITIAL EFFECTIVE DATE	April 25, 2016
LAST REVISION DATE	Replaces <i>Section 19.5, 20.9, 20.10, 20.13 and 20.17</i> of the Personnel, Administration and Financial Policies and Procedures Manual approved on February 24, 2014.
POLICY NUMBER	7.04

OBJECTIVE The purpose of this policy is to provide guidelines regarding various types of retirement benefits offered by the City of Watauga.

SCOPE This policy applies to all eligible employees as described in this policy.

POLICY

Participation by an employee in the City's retirement program does not give a contract of employment to the employee.

A. Texas Municipal Retirement System (TMRS)

The City participates in the Texas Municipal Retirement System (TMRS) to provide retirement benefits for employees. Full-time employees are required to participate immediately upon employment. Regular part-time employees who work 1,000 hours or more per year are also eligible for participation immediately upon employment. Temporary employees are not eligible for participation in TMRS.

The TMRS plan requires a contribution of seven percent (7%) of the salary of each employee member that will be deducted from each paycheck or as specified in an employment agreement. TMRS deductions after January 1, 1984 are tax-deferred; which means, no income tax is deducted from the seven percent (7%) of the paycheck contributed to TMRS until such time as retirement monies are drawn. The City matches this contribution on a 2 to 1 ratio. There are several optional plans available to retiring employees that are explained in detail in the TMRS handbook available at the Human Resources Department.

Retirement from the City is defined according to the TMRS guidelines. Employees eligible for retirement under TMRS can be considered retired from the City of Watauga.

Eligibility for retirement from City of Watauga through the TMRS requires the following:

1. An employee must have become vested with the TMRS with five (5) years of completed service and be 60 years of age; or
2. The employee must have 20 completed years of service with the TMRS and retire at any age.

Employees may combine years of service in more than one of the governments covered by TMRS. Should the employee have five (5) or more years of TMRS service and die before retirement, the employee's beneficiary will be provided information regarding options for retirement benefits.

B. Public Agency Retirement System (PARS)

Part-time temporary and seasonal employees who are not eligible to participate in the Texas Municipal Retirement System will contribute 6.2% of gross wages into their tax-deferred PARS 457 Account. The City will contribute 1.3% of the employee's gross wage into the employee's account. Employees are 100% vested immediately in the PARS 457 Account.

C. Retiree Health Insurance

The City of Watauga has adopted the Texas Local Government Code Title 5, Subtitle C, Chapter 175, Sections 175.001 through 175.007 in relation to Retiree Insurance Benefits and shall provide the opportunity for City of Watauga retirees to purchase health and dental insurance coverage for the retiree and/or the retiree's dependents as provided by these regulations.

To become eligible for Retiree Health Insurance, the employee must:

1. Retire from the City of Watauga through the Texas Municipal Retirement System as defined in section A of this policy; and
2. Not have reached the age of 65 and be Medicare eligible.

Retirees or the retiree's dependents shall be responsible for paying for the health and dental insurance coverage rates set by the City of Watauga and shall make payments to the City by the 1st of the month. The Human Resources Department is responsible for managing the Retiree Health program and issuing invoices. Payments will be made on a monthly annual basis. At the age of 65, and when eligible for federal Medicare benefits, a retiree's and/or dependent's health and dental coverage will cease.

D. Deferred Compensation

Employees have the option to contribute to Deferred Compensation Programs (457b) program. Deferred Compensation plans make it possible for City employees, through payroll deductions, to defer income and the payment of income taxes on the deferred amounts. Further information on deferred compensation program is available in the Human Resources Department.

E. Medicare and Social Security

The City of Watauga has withdrawn from the Social Security program. There will be no deduction for Social Security from an employee's paycheck. Employees are required to contribute 1.45% of their pay for Medicare insurance unless hired before April 1, 1986.

F. Retirement Recognition

To be eligible for Retirement Recognition, an employee must have ten (10) full years of service with the City of Watauga and be eligible for retirement as defined in Section A of this policy.

An employee meeting the above two (2) requirements can receive an individual gift and a retirement reception.

Retirement Reception: Reception given in the retiree's honor that is open to all employees; held at a City of Watauga owned facility (i.e. City Hall, Recreation Center, Fire Station, etc). The Reception is not mandatory. The retiring employee makes the choice whether or not a reception will take place. A retirement reception will have a maximum value of \$200.00 which cannot be redeemed in cash.

Individual Gift: Gift paid by the City of Watauga for the retiree. The employee may choose a gift from a catalog which is tiered based on years of service.

Additional gifts, luncheons, and parties given in honor of the retiree, on an individual or departmental basis will not be paid for by the City.

The Department Director or designee will distribute a City-wide e-mail regarding the retirement reception (if one is to occur).

The City Manager or their designee shall have the final authority in determining the City's retirement recognition award.