

Texas Emergency Services Retirement System



*"Protection Tomorrow for Those
that Protect Us Today"*

The System

- The Texas Emergency Services Retirement System (TESRS) Fund was created in 1977 by the State of Texas to finance a pension system for volunteer firefighters. In 1997, emergency services districts were added as eligible members.
- The TESRS Fund was established as a stand alone agency effective 9/1/13 by SB 220, passed by the 83rd Legislature, and the Firefighters' Pension Commission was abolished.
- Funds are professionally managed and invested – among public pension plans, we consistently rank in the top 5% for investment returns.

The System (continued)

- Under TESRS, municipalities and political subdivisions can offer volunteer fire and EMS departments the opportunity to recognize, protect, and financially reward volunteers for years of dedicated service in a cost-effective way.
- Departments report to us that the program is a valuable recruiting and retention tool.
- There are currently 221 departments participating in the pension system.

State Board of Trustees

- The TESRS Board is composed of 9 Trustees appointed by the Governor in staggered 6-year terms.
- Composition of the Board is required by statute to include at least five members that are active members of the pension system, one of whom must represent emergency medical services personnel. In addition, one member may be a retiree of the pension system. Three members must have experience in the areas of finance, securities investment, or pension administration.
- In addition, the agency contracts with investment managers and consultants, an accountant, an actuary, and a fund custodian to advise the Board.

State Board of Trustees

Chairman	Frank Torres, Raymondville
Vice Chair	Gracie Flores, Corpus Christi
Trustee	Taylor Allen, Dallas
Trustee	Dennis Rice, Canyon
Trustee	Jenny Moore, Lake Jackson
Trustee	Stephen Williams, Carthage
Trustee	Don Shipman, Colleyville
Trustee	Dan Key, Friendswood
Trustee	Ron Larson, Horizon City

New Executive Director

Michelle Jordan was hired on 9/1/13 as Executive Director for the agency. She has a background in finance and a history of employment in state government and the private sector.

She has been working to retool the agency to make sure we:

1) provide excellent service, 2) encourage stakeholder involvement, and 3) keep looking for ways to improve efficiency and effectiveness.

You can contact her anytime with comments or suggestions at michelle.jordan@tesrs.texas.gov!

Mission Statement

“To provide secure and meaningful benefits for members and their families, to prudently manage assets, and to retain and recruit additional members by offering a cost effective solution to the sponsoring entities.”

We are mindful of these core values in our fiduciary role of protecting our member’s benefits:

Trustworthy and ethical behavior

Efficient and effective operation

Secure management of assets

Respectful interaction with all shareholders

Steadfast commitment to excellence



Overview of the Pension System

Active Members

Active Volunteers:

- Must be 18 years old to participate in the pension system;
- Must have a certification on physical fitness to perform emergency or support services to earn creditable service; and,
- Are subject to any probationary period that a department may set by policy, not to exceed 6 months.

Qualified Service

To receive service credit, an active member must:

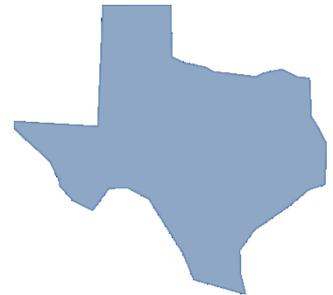
- Attend at least 20 hours of annual drills and training.
- Attend at least 25% of the department's drills and emergencies.

To award service credit, a department must:

- Hold at least 48 hours of training.
- Prorate required emergency and drill hours for any person that enters the system during a calendar year, based on the time the person entered the system.

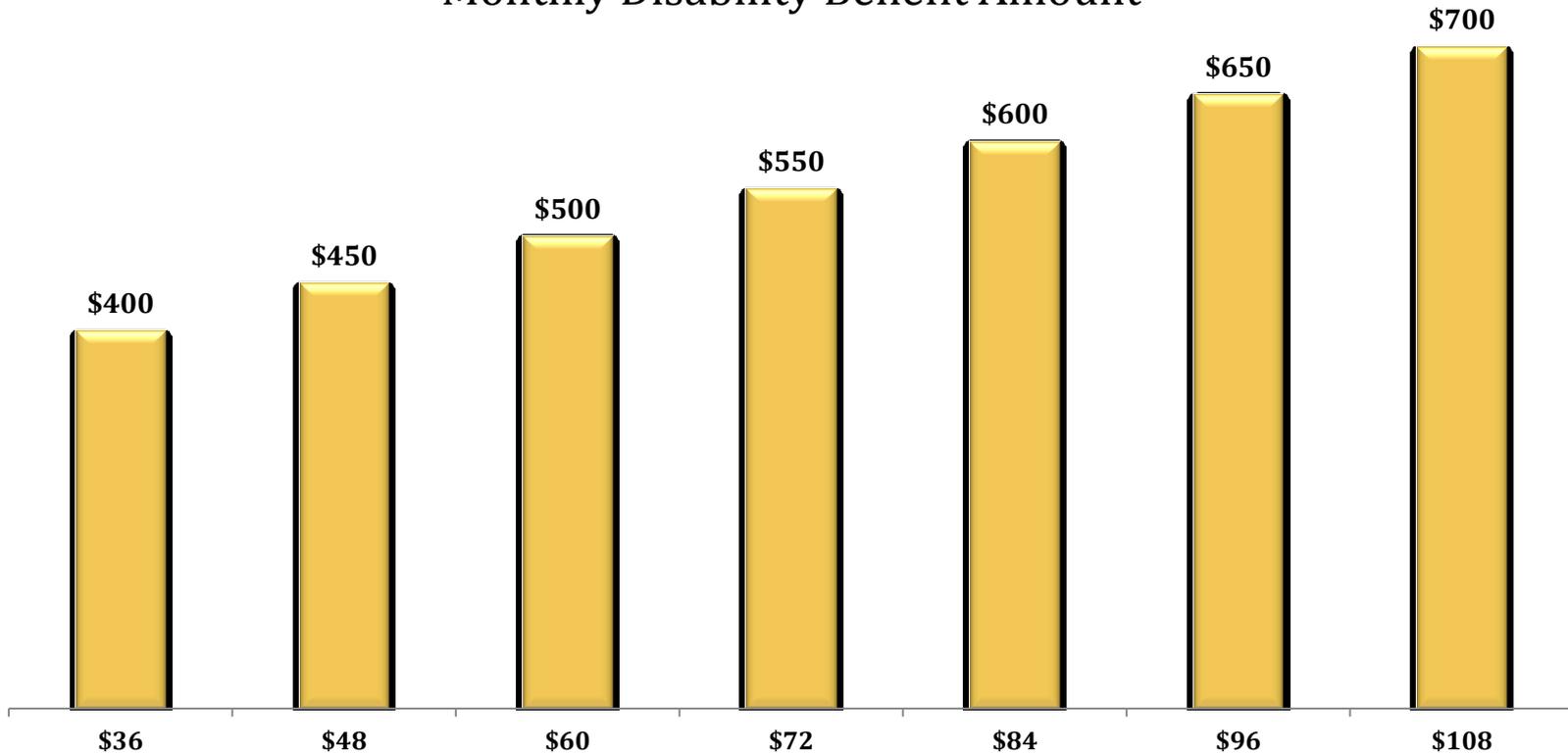
Temporary Disability Benefits

- Members who are injured in the line of duty are eligible to receive a disability benefit of \$400 a month (or more, according to the department's monthly contribution and shown below) for as long as the member is unable to perform his/her duties for the department and for any occupation for which the person is reasonably suited by education, training, and experience.
- The benefit increases \$50/month for every \$12 increase the department pays above the minimum contribution of \$36/person.



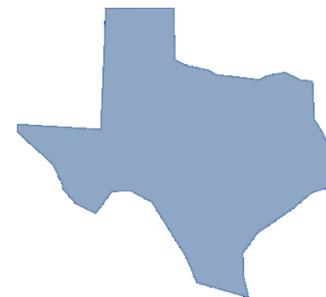
On-Duty Disability Benefit for Actives

Monthly Disability Benefit Amount



On- Duty Death Benefits

- If a member dies in the line of duty, the beneficiary listed on the member's retirement application is entitled to a lump sum benefit of \$60,000.
- Additionally, the surviving spouse and minor children share equally in a monthly pension of two-thirds of the retirement that the member would have received.



Off-Duty Benefits

The beneficiary of a deceased member whose death did not occur in the line of duty shall receive a lump-sum benefit that is the greater of:

1. the sum contributed to the system on behalf of the decedent;
or
2. the sum of contributions which would have been contributed on behalf of the decedent at the end of 15 years of qualified service.
3. Or a surviving spouse may elect to receive two-thirds of a monthly annuity that the decedent would be eligible to receive at age 55 if the decedent had met qualified service requirements for vesting in the system.

Retirement Benefits

- **Retirement Eligibility**

- At age 55 with 15 years of qualified service (100 % vested)
- At age 55 with 10 years of qualified service (50% vested)

- **Retirement Formula**

- 6 times the Average Monthly Contribution. For each year of qualified service beyond 15 years, the members retirement increases 6.2 percent compounded annually.

Surviving Spouse Annuity (Retired Members)

- If a member dies *after* retirement, the surviving spouse as specified on the decedent's retirement application shall receive two-thirds of the monthly benefit that the decedent was receiving at the time of death.



Surviving Spouse Annuity (Active Members)

- If a member dies *before* retirement but after meeting the minimum age and service requirements for service retirement, the surviving spouse is entitled to receive two-thirds of the monthly benefit the decedent would have received if the decedent had retired on the date of death.

Local Board Responsibilities

Composition of a Local Board

A Local Board is composed of:

- One trustee selected by the governing body of the political subdivision;
- Three trustees that are active members of the pension system, elected by active members in the department; and,
- Two community trustees from the political subdivision, selected by members of the local board.

Local Board Responsibilities

- Hold a minimum of 4 meetings per year
- Post meetings in accordance with the Open Meetings Act
- Annual elect officers of the local Board
- Decide all claims for retirement, disability, and death benefits
- Review Quarterly Membership Reconciliation Reports (roster of working volunteers) for accuracy and make corrections in the pension system. Our contribution invoices are then generated and sent to the governing body for payment. Quarterly invoices are based on working volunteers entered into the system, not whether or not they met the requirements for service credit.
- The Board must file an Annual Report with TESRS due January 31st of each year. In this report, active members are awarded retirement service credit for the previous year if all of the requirements were met. Benefit statements sent to active volunteers reflects service credit and depends on the accuracy of the Annual Report.

Local Pension Board Responsibilities: Hear and Decide Claims for Benefits

- Claims for all benefits are filed with the local board
- The local board hold meetings to decide claims.
- The local board sends a signed copy of decisions to TESRS.
- If the Local Board does not determine a claim for service retirement benefits and file its determination with the Executive Director before the 16th day after the date the claim was received, the Executive Director may determine the merits of the claim and either approve or disprove it for processing.

Pending System Changes

- In order to ensure the system is determined actuarially sound, the TESRS Board is considering changes to:
 - Reset the system by making a temporary change to the actuarial valuation method; and,
 - Create a “Part Two” (or system contribution) to the current contribution structure that will enable the agency to charge an additional amount to make the system actuarially sound. This additional contribution may never exceed 15% of the current monthly “Part One” (or member contribution) contribution. This amount will be set by the TESRS Board every two years as a result of the Actuarial Valuation and may go up or down every two years.
- We believe that these actions will protect the program and ensure that the system is available for members for years to come.

Contact Information

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