

1. Effective Date

The Texas Statewide Emergency Services Retirement Act (TSESRA) was established effective November 1, 1977 under Senate Bill No. 411 (SB411). The act established a dedicated retirement fund for volunteer firefighters and emergency services personnel in Texas.

TESERA has been amended several times, with the most significant changes in a recodification by the 79th Legislature, Regular Session, 2005. At that time, the retirement system was renamed the Texas Emergency Services Retirement System (TESRS). In the 2013 Regular Session, TESRS was established as a state agency to provide benefits administration with an Executive Director hired by the System's Board of Trustees.

2. Fund

The Texas Emergency Services Retirement Fund (Fund) was created by TSESRA and is a trust fund for providing retirement, disability, and death benefits to eligible members and their surviving spouses.

3. Eligibility Requirements

A department that performs emergency services, including a volunteer department, that is not a for-profit entity may elect to participate in TESRS. Each member of a participating department who is at least age 18, is no longer subject to a department waiting period of six months or less, provides a certification of physical fitness to the department head or performs support services, is not a retirement system retiree, and is not a member or eligible to become a member of another public retirement system for the same service is enrolled as a member of TESRS.

4. Qualified Service

A TESRS member is credited with a year of qualified service toward retirement eligibility for each year following the member's date of entry into TESRS if the member is in good standing with the department and attends at least 20 hours of annual training and 25% of the department's emergencies in a calendar year. The participating department must conduct a minimum of 48 hours of training in a calendar year.

Purchase of Prior Service: The governing body may, before the fifth (5th) anniversary of the date the department begins participating in TESRS, purchase up to fifteen (15) years of prior qualified service performed by each department member before the date the department began participation in TESRS. These "buy-back" years of qualified service are determined using the member's date of entry in the department but not more than 15 years prior to the date the department began participating in the System.

Texas Emergency Services Retirement System

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5. Vesting of Benefits

A member became vested upon completing at least five years of qualified service through December 31, 2006. The vesting percent was determined in accordance with the table shown. A member whose retirement benefit met a partial vesting requirement as it existed on December 31, 2006 retains the eligibility for that benefit as it existed on that date.

Effective January 1, 2007, a member must have at least ten years of qualified service to become vested. The vesting percent is determined in accordance with the right half of the table. The monthly benefit payable to the vested terminated member upon attainment of age 55 is computed in the same manner as for retirement except that the benefit and vesting percent are based upon the years of qualified service at the date of termination of service.

Years of Qualified Service	Vesting Percent	
	12/31/2006 and Earlier	1/1/2007 and Later
Less than 5	0%	0%
5	25%	0%
6	30%	0%
7	35%	0%
8	40%	0%
9	45%	0%
10	50%	50%
11	60%	60%
12	70%	70%
13	80%	80%
14	90%	90%
15	100%	100%

6. Retirement Benefits

A member is eligible to retire at age 55 or above. Early retirement requires the completion of at least five years of qualified service through December 31, 2006 and ten years thereafter, while normal retirement requires the completion of at least 15 years of qualified service. The only reduction for early retirement is the vesting percent.

The monthly retirement benefit payable to the member is equal to the vesting percent multiplied by six times the average monthly contribution over the member’s years of qualified service. For each year of qualified service in excess of 15 years, the monthly retirement benefit is increased at the rate of 6.2% compounded annually. (The rate was 7% per year before December 31, 2006.)

Accrued Time Credit: In addition, the governing body may have purchased prior service credit accrued time for service with the participating department before the department began participating in the TESRS System. There is a separate benefit formula for this accrued time. If accrued time was purchased for a member, the member is assumed to be vested in the accrued time benefit.

Service After Retirement: A member electing to retire and receive a monthly retirement benefit from the System may continue to serve as a volunteer fire fighter for his governing body. However, the member is no longer considered an active member of the System; and does not continue to earn any additional qualified service.

7. Disability Benefits

If the local board determines a member became disabled during the performance of emergency services duties and is unable to work (or attend classes if the member is a full-time student), the member is entitled to a disability benefit. A disability benefit is payable during each month that the member is unable to perform his duties for the member's participating department or the duties of any occupation for which the member is reasonably suited by education, training, and experience.

The monthly disability benefit payable to the member is equal to at least \$400. The monthly disability benefit increases \$50 for every \$12 in monthly contributions above the first \$12 in monthly contributions being paid to the System by the governing body at the time of the disability.

A member must elect between retirement or disability benefits if eligible for both.

A member whose service terminates as a result of becoming disabled while not performing emergency service duties shall not be eligible for a disability benefit.

8. On-Duty Death Benefits Prior to Retirement

A member whose death is the result of performance of emergency service duties is considered 100% vested. A lump sum death benefit of \$100,000 is payable to the member's designated beneficiaries. Also, a monthly death benefit annuity is payable in equal parts to the member's spouse (a lifetime benefit) and dependent children (payable until age 19 unless disabled) beginning in the month after the member's death.

9. Off-Duty Death Benefits Prior to Retirement

A member eligible to retire whose death is not the result of performance of emergency service duties shall be treated as if the member had retired on the date of death. The surviving spouse shall be entitled to a lump sum benefit or a monthly benefit provided the member qualified by both age and service for retirement benefits at the time of death. The monthly death benefit is equal to 2/3 of the member's retirement benefit and is payable to the member's spouse beginning in the month after the member's death.

Alternatively, the surviving spouse may elect to receive a lump sum death benefit. The lump sum benefit is equal to the greater of the sum contributed to the System on behalf of the member or the sum that would have been contributed to the System after 15 years if the member had not completed 15 years at the time of death. If there is no surviving spouse, the beneficiary would receive the lump sum death benefit.

If a member whose death is not the result of performance of emergency service duties was not eligible to retire at the time of death, his beneficiary shall receive a lump sum benefit. The amount of the lump sum benefit is the same as that described above for a member who dies while eligible to retire.

If a member whose death is not the result of performance of emergency service duties was under age 55 at the time of death but had a vested benefit, then the surviving spouse may elect, in lieu of the lump sum death benefit, a deferred monthly death benefit beginning the month after the decedent would have turned 55. The monthly benefit would be equal to 2/3 of the monthly retirement benefit to which the decedent would have been entitled on that date if he had lived to 55.

10. Death During Permanent Disability

If a member dies while receiving a disability benefit, the member's surviving spouse shall receive a monthly benefit equal to 2/3 of the monthly disability benefit which the disabled member was receiving at the time of death.

11. Death After Retirement

The surviving spouse of a retired member who dies shall receive a monthly benefit equal to 2/3 of the monthly benefit which the retiree was receiving at time of death.

12. Death While a Vested Terminated Participant

The surviving spouse of a deceased member who dies after terminating service with a vested benefit but before attaining age 55 is entitled to a monthly benefit, beginning on the date the decedent would have attained 55, that is 2/3 of the monthly benefit to which the decedent would have been entitled.

13. Contributions by Governing Bodies

Contributions are made by the governing body of the political subdivision of the participating department. Members do not pay contributions to the System. Each governing body of the political subdivision of the participating department shall make a contribution for each month for each member who performs emergency services for the department.

The monthly contribution may be composed of two parts.

- The Part One contribution directly impacts future retiree annuities and reflects a minimum amount set by the state board.
- The Part Two contribution may be established by the TESRS Board of Trustees to help amortize the Unfunded Actuarial Accrued Liability (UAAL) if the expected future annual contributions from the state are not sufficient with the Part One contributions to provide an adequate contribution arrangement to pay the normal cost and amortize the UAAL in 30 years.

If Part Two contributions are needed for the System to have an adequate contribution arrangement, the Part Two contributions are actuarially determined based on the most recent biennial actuarial valuation to be effective beginning on September 1 following the board's approval for the remainder of the 30-year amortization period. The Part Two portion, which is determined as a percent of the Part One portion (not to exceed 15%), may subsequently may be modified based on the then-most recent actuarial valuation.

A Part One contribution of at least the minimum amount per month of service is payable on behalf of each active member. The minimum monthly contribution rate per member for a department participating in the System is \$36.

Contributions higher than the minimum \$36 monthly contribution rate may be made at the discretion of the governing body in order to provide higher monthly benefits.

The total required contributions by the governing body are equal to the sum of the Part One and Part Two contributions and any special contributions made in order to purchase buy-back years of qualified service and other prior service benefits. The special contributions to purchase buy-back years of qualified service and other prior service benefits shall be determined before the fifth anniversary of a

department's entry into the System. These special contributions (referred to as prior service contributions) shall be payable either in a lump sum or at least annually for a period not to exceed 10 years.

14. Contributions by State of Texas

The State shall contribute the amount necessary to make the System "actuarially sound" each year. However, the State's contribution may not exceed one-third of the total of all contributions by governing bodies in a particular year.

The state law governing the System defines an "actuarially sound pension system" as one in which the amount of contributions is sufficient to cover the normal cost and to amortize the unfunded actuarial accrued liability in a period that does not exceed 30 years.

15. Minimum Benefit Effective January 1, 2007

The TESRS Board of Trustees by board rule reduced the benefit formula for years of qualified service above 15 and eliminated partial vesting for members with less than 10 years of qualified service.

The Board protected vested members by "grandfathering" accrued benefits as of December 31, 2006 for each vested active member for retirement, termination or death. The System calculated the amount of every member's vested accrued benefit as of December 31, 2006 and keeps a record of this amount as each person's minimum benefit.

Upon termination, death, or retirement, the System will pay the larger of the benefit under the new reduced benefit formula and the minimum benefit. Vested terminated members at the effective date of the changes were not affected.