

Community Services Committee

DEPARTMENT: Human Resources


FROM: Cheryl Marthiljohni, Director of Human Resources

MEETING: May 6, 2026

SUBJECT:

Receive a report, hold a discussion, and provide recommendations to the city council on the new 8% contribution rate with Texas Municipal Retirement System (TMRS). *(Staff Contact: Cheryl Marthiljohni, Director of Human Resources)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	<p>1.1 Develop a high-performance and diverse workforce 1.4 Be a responsible steward of the city's financial resources.</p>

SUMMARY:

Texas Municipal Retirement System (TMRS) is a statewide public employee retirement system. Established in 1948, TMRS provides retirement, disability and death benefits to employees of more than 900 participating cities in Texas. Enrollment is mandatory for employees when they begin work for a TMRS participating city. All employees contribute the same percentage of pay depending on the city's plan. The City of Burleson's plan currently has a contribution rate of 7%.

During the 89th Legislative Session, TMRS introduced a new 8% contribution rate in addition to their current rates of 5%, 6% and 7%. The 8% employee contribution rate became effective on September 1, 2025 as an option that cities could adopt.

When researching comparable cities, the majority are staying at their current contribution rate for next fiscal year. Also, when looking across TMRS cities that have adopted the 8% contribution rate, the average population is 12,897, indicating smaller cities with fewer employees have adopted this new rate; however, larger cities with more employees have not.

Staff, along with TMRS, have reviewed several options to consider the 8% contribution rate. These options include funding the contribution rate with no design changes to the city's current TMRS plan and then two other options where plan design changes would help fund the cost of updating to the 8% rate.

Each 8% option would cost the city additional funding in TMRS. Option 1, with no design changes, would be an additional \$1.7M. The 2nd option would include removing the Transfer Updated Service Credit plan provision to help reduce the increase; however, this option would result in an additional cost of \$800,013, and the third option would lower the Updated Service Credit plan provision from 100% to 75% and result in the city paying an additional \$531,932.

With an assumption retirement age of 60, the 2nd and 3rd options show a decrease in retirement benefits for employees. Option 2 would impact #25 employees and Option 3 would impact one employee.

RECOMMENDATION:

Staff's recommendation is to maintain the city's current market position with TMRS retirement benefits and continue to monitor the city's comparable cities for next fiscal year.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

N/A

REFERENCE:

N/A

FISCAL IMPACT:

If approved and depending upon which option, the city would see an estimated increase in funding for TMRS of \$1.7M for option 1, \$800,013 for option 2, and \$531,932 for option 3.

STAFF CONTACT:

Cheryl Marthiljohni
Director of Human Resources
cmarthiljohni@burlesontx.com
817-426-9641