

**Montgomery City Council  
AGENDA REPORT**

<b>Meeting Date:</b> July 14, 2025	<b>Budgeted Amount:</b> N/A
<b>Department:</b> Administration	<b>Prepared By:</b> Ruby Beaven

**Subject**

Discussion on Texas Municipal Retirement Services plan review.

**Recommendation**

Discussion on TMRS plan review.

**Discussion**

On June 20, Governor Abbott signed House Bill 3161 into law, and it will become effective on September 1. HB 3161 amends the TMRS Act to provide participating cities with a new 8% employee contribution rate option.

Currently, the City of Montgomery's Plan Design is as follows:

<b>Plan Provisions</b>	<b>Current</b>	<b>Options Available</b>
Employee Contribution	Rate 7%	increase to 8%
City Matching Ratio	2 to 1	
Updated Service Credit (USC)	50% (Repeating)	increase to 100%
Transfer USC*	Yes	
COLA	50% (Repeating)	increase to 70%
Retroactive COLA	Yes	decrease to Non-Retroactive COLA
Retirement Eligibility	20 years	
Vesting	5 years	
Supplemental Death Benefit	Actives + Retirees	
Funded Ratio	94.6%	

With HB 3161 going into effect on September 01, 2025, there are a few things the Council need to be updated on. First, the City can now increase the employee contribution rate from 7% to 8% that can go into effect on October 01, 2025. Second, as of December 31, 2025 the Non-Retroactive COLA is being discontinued. Third, if the City wanted to enroll in the Non-Retroactive COLA this would need to be done before December 31, 2025. Finally, each time a plan change occurs the COLA has to be readopted. With that being said, if the City wanted to increase to the 8% and or increase the USC or the COLA categories this would be the time to make plan changes if the City wanted enrollment into the Non-Retroactive COLA. Otherwise, after the December 31, 2025 any plan changes will discontinue the Non-Retroactive COLA option.

**Approved By**

City Administrator

Brent Walker

Date: 07/09/2025

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