

Montgomery City Council
AGENDA REPORT

Meeting Date: July 14, 2025	Budgeted Amount: N/A
Department: Administration	Prepared By: 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:

Plan Provisions	Current	Options Available
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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