



Meeting Date: March 30, 2023 **Agenda Type:** Action Items

From: Adriana Sanchez **Reviewed by:** David Hubbard
Human Resource Manager Chief Administrative Officer

Submitted by: David Hubbard **Approved by:** Ian Taylor
Chief Administrative Officer Chief Executive Officer

RECOMMENDED ACTION: Authorize CEO or His Designee to Approve Resolution #2023-166 to Accept Restricted Prior Service Credits from Other Public Employers to Satisfy Length of Service Requirements for Texas Municipal Retirement System (TMRS) Retirement Eligibility

BACKGROUND

New Braunfels Utilities is a participating agency in the Texas Municipal Retirement System (“TMRS”) and has optional program benefits through TMRS to provide time credit for prior public employment. These options allow employees to use previous full-time employment at another public employer to satisfy length of service requirements for TMRS retirement eligibility.

NBU’s current length of services retirement eligibility is 20 years of service or 60 years of age with at least 5 years of service.

There are two categories of optional time credit in which NBU may participate. The first, which was approved by the NBU Board of Trustees in 2004, is military service credit. Military service credit grants an employee time credit for prior active-duty military service. The maximum time military service credit which can be received is five years.

The second type of service credit is restricted prior service credit (“RPSC”). RPSC provides time credit for an employee’s active-duty military service or previous full-time employment with any U.S. public employer, including federal, state, county or city. There is no limit on the amount of time credit you can be granted.

Public agencies included in the RPSC option are listed as follows:

- A public authority or agency created by the U.S. government
- A U.S. state or territorial government
- Any political subdivision of any state in the U.S.
- Any public agency or authority created by a state or territory of the U.S.
- Any law enforcement entity employed as a college campus security employee at a Texas institution of higher education

- Any Statewide Proportionate Retirement System

FINANCIAL IMPACT

If adopted, NBU's contribution rate and liabilities will not be immediately affected. NBU's rate and liabilities will only be impacted as current and future employees apply for the credit and the credit is reflected in the valuation data. Generally, the rate impact is minimal (less than 0.05%) because employees that retire sooner have smaller benefits.

LINK TO STRATEGIC PLAN

People and Culture

EXHIBITS

1. Resolution #2023-166