



Wylie City Council

AGENDA REPORT

Department: Human Resources
Prepared By: Jennifer Beck

Account Code: _____

Subject

Consider, and act upon, Ordinance No. 2023-56 approving a Buyback provision for qualified employees as permitted under the rules and regulations of the Texas Municipal System (TMRS).

Recommendation

Motion to approve the Item as presented.

Discussion

The Texas Municipal Retirement System (TMRS) Buyback Provision allows a current City employee who has previously refunded and forfeited TMRS service to purchase and reestablish that service credit. The City last adopted a Buyback in 2000 in which 24 employees were eligible. Of those, eight have participated to date. Currently, 15 employees are eligible per TMRS, but much fewer will actually participate. Participating employees have to pay a 5% penalty for each year their account remains withdrawn. The penalty is allocated to the City's TMRS account which helps offset any cost to the City.

Assuming the immediate purchase of all this credit, the increase in liability and contribution rate would be \$1,115,478.00 and 0.28%, during the next actuarial valuation cycle. However, the City's contribution rate will not change until an individual actually buys back the previously forfeited credit. Increasing the rate by 0.28% would cost the City around \$80,000 based on current salaries.