



Your TCDRS Retirement Plan

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Making Retirement Plan Decisions



1. How your county pays for its retirement benefits
2. County's current benefits and determining the cost of plan changes
3. The retirement benefits your governing board may select or alter

The County is Saving in Advance



The governing board (current and past) established a retirement benefit plan for county employees. The **county's contributions** to TCDRS become part of the trust and are used to payout employees' annuities.

The better the benefits promised to employees, the more the county must contribute to save for those benefits down the road.

The County is Saving in Advance (cont.)



While the county is saving for retirement benefits,

- ★ Employees will make benefit decisions
- ★ The economy will grow stronger and weaker
- ★ Future boards could raise and lower certain retirement benefits

These affect what the county will have available to provide benefits.

Each year TCDRS compares your county's savings **(projected assets)** to the benefits promised to employees **(projected future payouts)**. This is why your contribution rate either decreases or increases annually.

Pension Funding



Employee and Employer dollars are kept in separate accounts until a benefit is paid out.

Employee
7%
Contribution
+ 7% Interest

Collin County
12.84%
Initial
Contribution*
+Earnings



Employee Benefit Paid Upon:

1. Retirement
2. Disability
3. Death

*County's employer contribution rate determined by:

- ★ County's annual benefit selections
- ★ TCDRS actuarial assumptions
 - County's annual plan experience
 - Amount of annual TCDRS covered payroll
 - Annual % of employee refunds
 - Annual investment returns

You Manage Your Benefits



- ★ Employer rates are directly linked to your plan benefits
- ★ Increasing plan benefit levels will result in a rate increase
- ★ Benefit reductions do not apply to benefits your employees have already earned. Reductions only apply going forward
- ★ Keep in mind, your rate stability comes with stability in your benefit levels

Your Current Benefits



Basic Benefit Provisions:

- ★ Employee deposit rate – 7%
- ★ Matching rate – 250%
- ★ Prior Service Credit – 175%

Retirement Eligibility:

- ★ Age 60 with 8 years of service
- ★ Any age with 30 years of service
- ★ Rule of 75 (age plus years of service equals 75)

Cost-of-Living Adjustments (COLA's) for retirees:

- ★ Your last adopted COLA was a 4% flat-rate COLA in 2009

Survivor Annuity Death Benefit:

- ★ Beneficiary eligible for a monthly payment when employee has four years of service

Optional Plan Provisions



Optional Benefits Adopted:

- ★ Military Service – Once an employee has earned 8 years of service, the employee can be credited with up to 60 months of military service.
- ★ Buyback – Allows current employees to re-establish a closed account and receive employer matching on those funds. (You last passed a buyback authorization in 2004.)
- ★ Partial Lump-sum Payment at Retirement – Allows an employee to withdraw all or part of his/her account balance as a lump sum at retirement.
- ★ Optional Group Term Life Insurance – Allows for a stand alone or a supplement to other group life insurance. Authorized for employees and retirees.



Determining the Cost of Plan Changes

Collin County Rate History



REASONS FOR RATE CHANGE	2006-2007	2007-2008	2008-2009	2009-2010
Beginning Rate	11.20%	12.18%	11.93%	12.13%
Plan Changes Adopted	0.19	0.18	0.23	N/A
Investment Return	0.00	0.00	0.00	1.60
Elected Rate/Lump Sum	-0.06	-0.03	-0.05	-0.08
Demographic/Other Changes	-0.17	-0.24	0.02	-0.05
Assumptions/Methods	1.02	-0.16	0.00	-0.76
Ending Rate	12.18%	11.93%	12.13%	12.84%
Valuation Year	2005	2006	2007	2008
Funded Ratio	83%	87%	87%	82%

Collin County Rates/Costs for 2010



	2008-2009	2009-2010	
Employee Deposit Rate	7%	7%	
Matching Rate	250%	250%	
Prior Service Credit	175%	175%	
Normal Cost Rate	9.09%	9.10%	
UAAL Rate	2.81%	3.74%	
Total Required Rate 2009	11.90%	12.84%	
Rate Difference		0.94%	
Elected Rate	13.00%	13.00%	
UAAL (Unfunded Amount)	\$24,873,034	\$41,594,399	
Funding Ratio	87%	82%	
Years to Finance	10.8 Years	18.7 Years	

Employee Deposit Rate



- ★ You can select for your employees to deposit **4%, 5%, 6%, or 7%** of their paychecks each month.
- ★ You can elect to raise or lower your employee deposit rate annually.
- ★ Raising your employee deposit rate allows employees to save more for their retirement. This means they accumulate a larger amount that you, as an employer, need to save in advance for.

Setting the County's Matching Rate



- ★ You choose to keep or change the rate at which employees' savings are matched at retirement
- ★ The matching rate you select is the percentage applied to employee savings at the time of retirement. You are saving in advance to provide this match.
- ★ You may change a matching rate up or down between **100%** and **250%** in 5% intervals
- ★ Now, matching increases may be made as **forward-only increases**

Court May Give Retirees a "COLA"



Cost of Living Adjustments (COLAs) are annuity increases for retirees

There are 2 types of COLAs you may adopt annually:

- ★ **Flat-rate** – a flat percentage of increase applied to each retiree's monthly annuity (*capped at 0% for 2010*)
- ★ **CPI-based** – a percentage from 10% - 100% designed to help each retiree "catch up" from the effects of inflation

Consider Additional Contributions



- ★ An annual **lump-sum contribution** helps pay down your UAAL (annual payment)
- ★ Electing a **higher monthly rate** helps pay down your UAAL and may insure a stable budget amount (monthly payments)
 - These allow you to pre-fund benefits
 - They also act as a "cushion" against future negative plan experience

Join us at *Perspectives 2009*



Perspectives is the annual conference for TCDRS plan decision-makers:

- ★ Learn to better manage the district's retirement plan
- ★ Network with other county/district officials
- ★ Education credits for commissioners sponsored by the Texas Cooperative Extension, V.G. Young Institute of County Government

Save the date!
August 4–5, 2009

Perspectives 2009

Mapping the Road to Retirement

The Hilton Austin
500 E. 4th Street
Austin, Texas

A conference for County Judges, Commissioners, Treasurers, Auditors, Chief Appraisers, General Managers, Board Members and Human Resource Directors.

Guest speakers will discuss trends affecting your workforce and benefits, while TCDRS experts will cover retirement plan funding, recent legislative changes, making good plan decisions and more.