



TCDRS Retirement Presentation

June 27, 2011

Benefits Provided:

- Deposit Rate 7%
- Matching Rate 200%*
- Vesting Period 8 years
- Retirement Eligibility
 - Age 60 + 8 years of service
 - 30 years of service
 - Age + years of service = 75
- Guaranteed Interest Rate 7%

*for employee contributions made on or after 1/1/2011

County Comparison

County	Employee Contribution %	County Match %	Years of Service for Vesting for Retirement at age 60	Retirement Eligibility Rule	Retiree Increases
Collin	7	200	8	75	CPI 100%
Bexar*	7	200	8	75	None
Dallas	7	200	10	80	None
Denton*	7	220	8	75	None
El Paso*	7	250	8	75	None
Fort Bend	7	200	8	75	None
Harris	6	225	8	75	None
Hidalgo*	7	200	8	75	None
Montgomery	6	250	8	75	None
Tarrant	7	200	8	75	CPI 80%
Travis	7	225	8	75	Flat 2%
Williamson	7	250	8	75	None

*Allows 20 years of service for retirement at any age, all others require 30 years of service for retirement at any age.

City Comparison

City	Employee Contribution %	City Match %	Years of Service for Vesting for Retirement at age 60	Retirement Eligibility Rule	Retiree Increases
Allen	7	200	5	N/A	None
Frisco	7	200	5	N/A	None
McKinney	7	200	5	N/A	CPI 70%
Plano	7	200	5	N/A	CPI 70%
Richardson*	7	200	5	N/A	CPI 50%
Wylie	7	200	5	N/A	CPI 70%

*Requires 25 years of service for retirement at any age, all others allows 20 years of service for retirement at any age.

Portfolio Rate of Return

2005	7.3%
2006	14.0%
2007	8.1%
2008	(28.9)%
2009	26.7%
2010	12.8%

Total fund return as of 3/2011

1 year	12.6%
5 years	4.4%
10 years	7.1%
20 years	8.2%
30 years	10.3%

Costs

	Normal Rate	UAAL Rate	COLA	Total	County Contribution
2006	8.11	2.75	.34	11.20	12.00
2007	9.07	2.92	.19	12.18	12.50
2008	9.06	2.69	.18	11.93	12.50
2009	9.09	2.81	.23	12.13	13.00
2010	9.10	3.74	.00	12.84	13.50
Made a lump sum payment of \$1,130,000 in October 2009					
2011	9.38	3.43	.08	12.89	13.50 (original))
2011	7.59	2.92	.08	10.59	13.50 (changed)
Made a lump sum payment of \$5 million in October 2010					
2012	7.57	2.90	not decided	10.47	13.50 (budgeted)

Additional payments are to help reduce the unfunded actuarial liability

The Good, The Bad & The Unfunded Liability

- Unfunded liability as of Dec. 2010 is \$34,553,335.
- TCDRS did have positive returns in 2011 and TCDRS passed through those earnings. But, just like actuarial losses, actuarial gains are smoothed over 10 years. So, the 2011 gains will be recognized over time.
- Actual unfunded liability is higher than reflected in the financials because the losses that are smoothed are not reflected. If an immediate asset recognition method were used instead of a delayed asset recognition the unfunded liability would be \$45,593,728 with a funded ratio of 84%.

Unfunded Liability History

	Unfunded Liability	Funded Percentage	Notes
2006	\$24,286,450	83.4%	
2007	\$26,582,718	83.9%	
2008	\$22,774,159	87.7%	
2009	\$24,873,034	88.2%	
2010	\$41,594,399	82.0%	
	Made a lump sum payment of \$1,130,000 in October 2009		
2011	\$40,273,716	84.5%	before reduced match
2011	\$36,309,269	85.8%	with reduced match
	Made a lump sum payment of \$5 million in October 2010		
2012	\$34,553,355	87.5%	

Unfunded Liability

Unfunded Liability as of 12/31/2009	\$40,273,715
Plan Changes (lowered match)	(\$3,964,446)
Interest Earned on Unfunded Liability	\$3,267,834
Unfunded liability payments	(\$8,916,249)
Recognized Loss (net)	\$2,340,750
Other*	\$1,551,731
Unfunded Liability as of 12/31/2010	\$34,553,335

*Payroll and terminations were lower than expected.

Court Determination - COLA

- Court determines the cost of living increase each year. There are three options:
 - Flat Rate COLA's
 - CPI based COLA's
 - Nothing
- Last year, a 100% CPI increase was approved. Collin County has always provided the highest level increase available.
- Collin County has adopted a COLA every year since 1998.
- COLA's are funded over a 15 year period.

COLA's continued:

The COLA options for the 2012 plan year are:

COLA Type	Percentage	Additional Rate	Estimated Annual Cost
CPI-100%	1.5%	.07	\$60,200
Flat Rate	1%	.08	\$68,800
Flat Rate	2%	.17	\$146,200

These rates are added to the 10.47% rate for a total % applied to all payroll dollars.

Court Determination Budget Information

- Approval for continuation of the contribution rate of 13.5%. This results in an estimated additional payment of \$2,600,000 toward the unfunded liability
- Approval for an additional payment of \$5 million towards the county's unfunded liability.
 - If we continue the 13.5% payment plus pay \$5 million additional for the next three years, the unfunded liability is projected to be paid in full by approximately 2019*.
 - If we pay the 13.5% but don't pay the \$5 million a year the unfunded liability is projected to be paid in full by 2023*.
 - If we pay only the required rate and nothing additional, the unfunded liability is projected to be paid in full by 2035*.

* Assumes a rate of 8% is earned by TCDRS