

# Employee Choice Plan (ECP) Update

September 16, 2013

# Update

- Several points of new information are now available:
  - Input from elected officials
  - Grayson County plan for comparative analysis

# Grayson County Plan Comparison

## Grayson

- Current:  
TCDRS = 7%/2.25:1  
match w/guarantee

- Approved:  
TCDRS = 4%/2.25:1  
match/guarantee  
Investment Plan:  
3%/2.25:1 match/  
no guarantee

## Collin

- Current:  
TCDRS = 7%/2:1 match  
w/guarantee

- Proposed:  
TCDRS = 4%/2:1 match  
Investment Plan: 3%/2:1  
match/guarantee  
New employees: 3%/1.5:1  
match/no guarantee

# Grayson County Plan

- All employees have same new investment plan
- Maintains level match in new plan (attract and retain employees)
- Starts savings immediately (no guarantee on new investment plan 3%)
- Eliminates county risk in case of major market losses

# Analysis

- TCDRS decision can be made in December before RFP complete; if we have answers to legal/practical questions and satisfactory progress toward ECP design completion.
- Employees receive the 3% TCDRS reduction in paychecks between January 1 and April 1, 2014 (expected ECP “go live” date). Roughly \$337 over three months for average salary.
- Even if guarantee on investment 3% is continued, no need to budget for any unexpected major loss in FY2014, since loss can't be calculated until end of CY2014 (FY2015). TCDRS works on calendar year.

# Budget

- Current budget:
  - FY2014: 7% @ 2:1 match (smoothed)
- ECP budget (December decision to reduce TCDRS):
  - FY2014:
    - October-December: TCDRS 7% @ 2:1 (smoothed)
    - January-September: TCDRS 4% @ 2:1 (smoothed)
  - FY2015 (CY2014): 6% for 3% @ 2:1 match (not smoothed) plus any estimated market loss guarantee
  - **Therefore no change to proposed FY2014 budget**
- Grayson Plan budget (December decision to reduce TCDRS):
  - FY2014:
    - October-December: TCDRS 7% @ 2:1 (smoothed)
    - January-September: TCDRS 4% @ 2:1 (smoothed)
  - FY2015 (CY2014): 6% for 3% @ 2:1 match (not smoothed)
  - **Therefore no change to proposed FY2014 budget**

# Timeline

- September 16, 2013: Budget professional services contract for pension system consultant
- December 9, 2013: Decision on TCDRS change
- March 1, 2014: RFP decision on ECP
- March 1-April 1, 2014: Employee education
- April 1, 2014: “go live” date

# Recommendation

- Budget for professional services contract for fiduciary agent to assist in analysis and Employee Choice Plan (ECP) design
- Conduct full RFP over 5 and 1/2 months to get ECP design right
- Schedule vote to change TCDRS in early December
- Target March 1<sup>st</sup> for ECP decision
- Employee education during March
- Target April 1<sup>st</sup> for “go live” date