Collin County
TCDRS Retirement Plan

Amy Bishop

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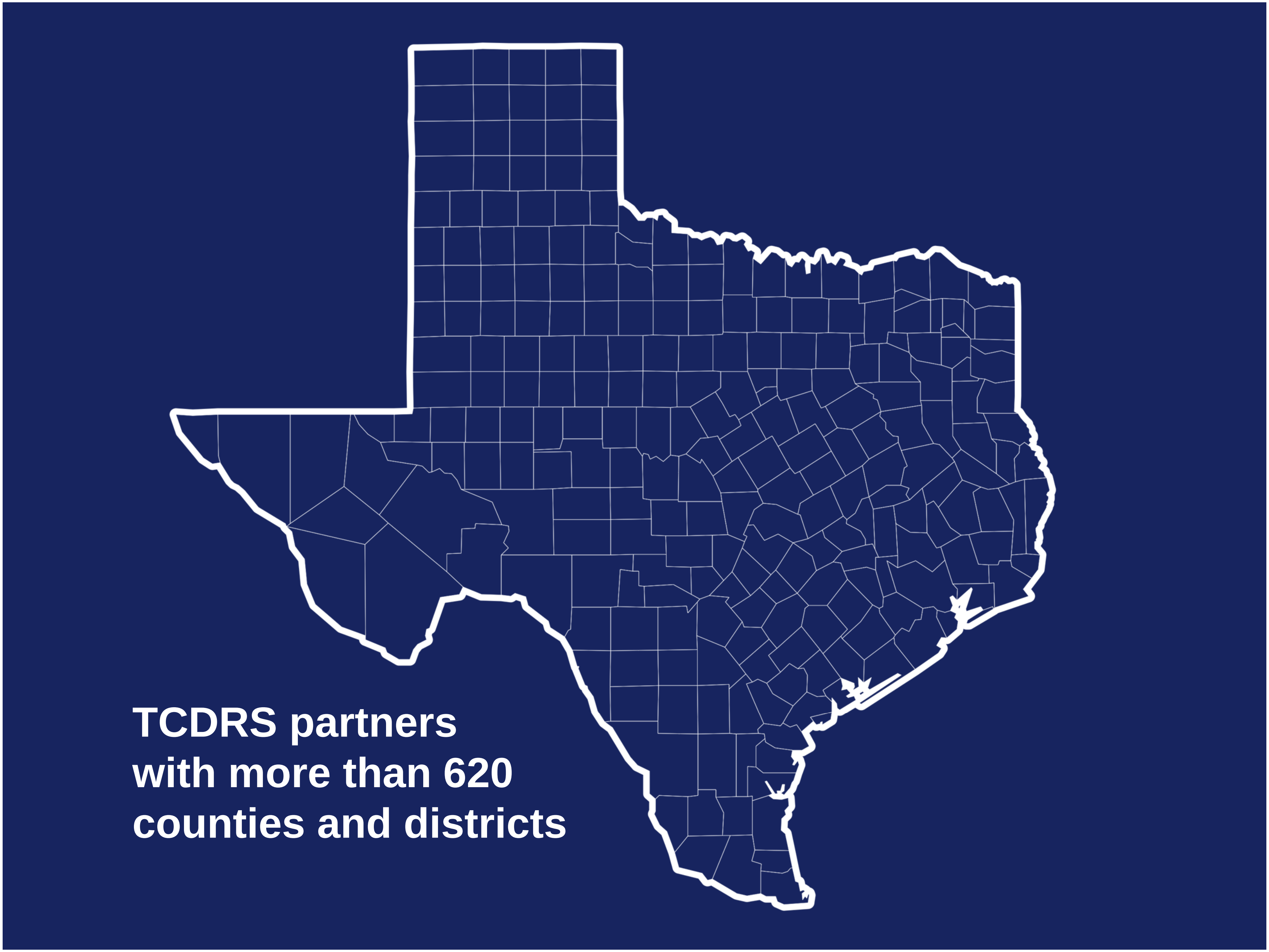
Your TCDRS Plan Does Retirement Right

Here's why:

- ★ Savings-based benefits
- ★ Responsible plan funding
- ★ Flexibility and local control


TCDRS partners
with more than 620
counties and districts

We serve more than 225,000 Texans

TCDRS Benefits Texas

- ★ Benefits paid: $797 million in 2011
- ★ TCDRS benefits support:
  - Total economic output: $1.2 billion
  - Jobs created: 9,145
  - Added to Texas GDP: $675 million
- ★ Benefits received by payees living in Collin County: $14 million in 2011

Your Plan Is Set Up for Success

- ★ TCDRS was created in 1967 by the Texas Legislature.
- ★ We are independently managed by a nine-member board of trustees.
- ★ We receive no funding from the State of Texas.
- ★ Our asset size is $17.6 billion as of Dec. 31, 2011.

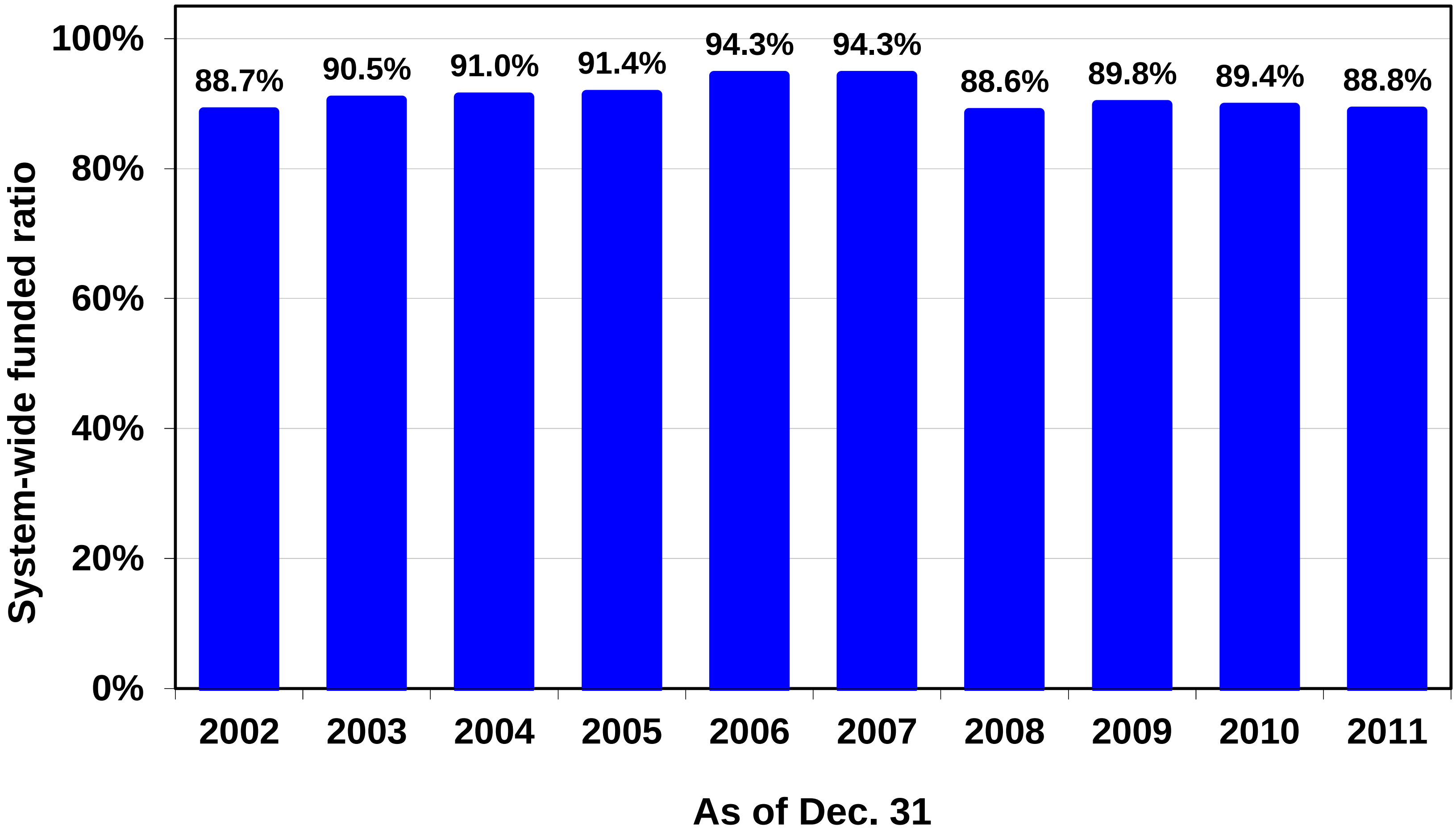
TCDRS Is Efficient

Plans like TCDRS can provide the same benefit as a defined contribution plan at almost half the cost because of …

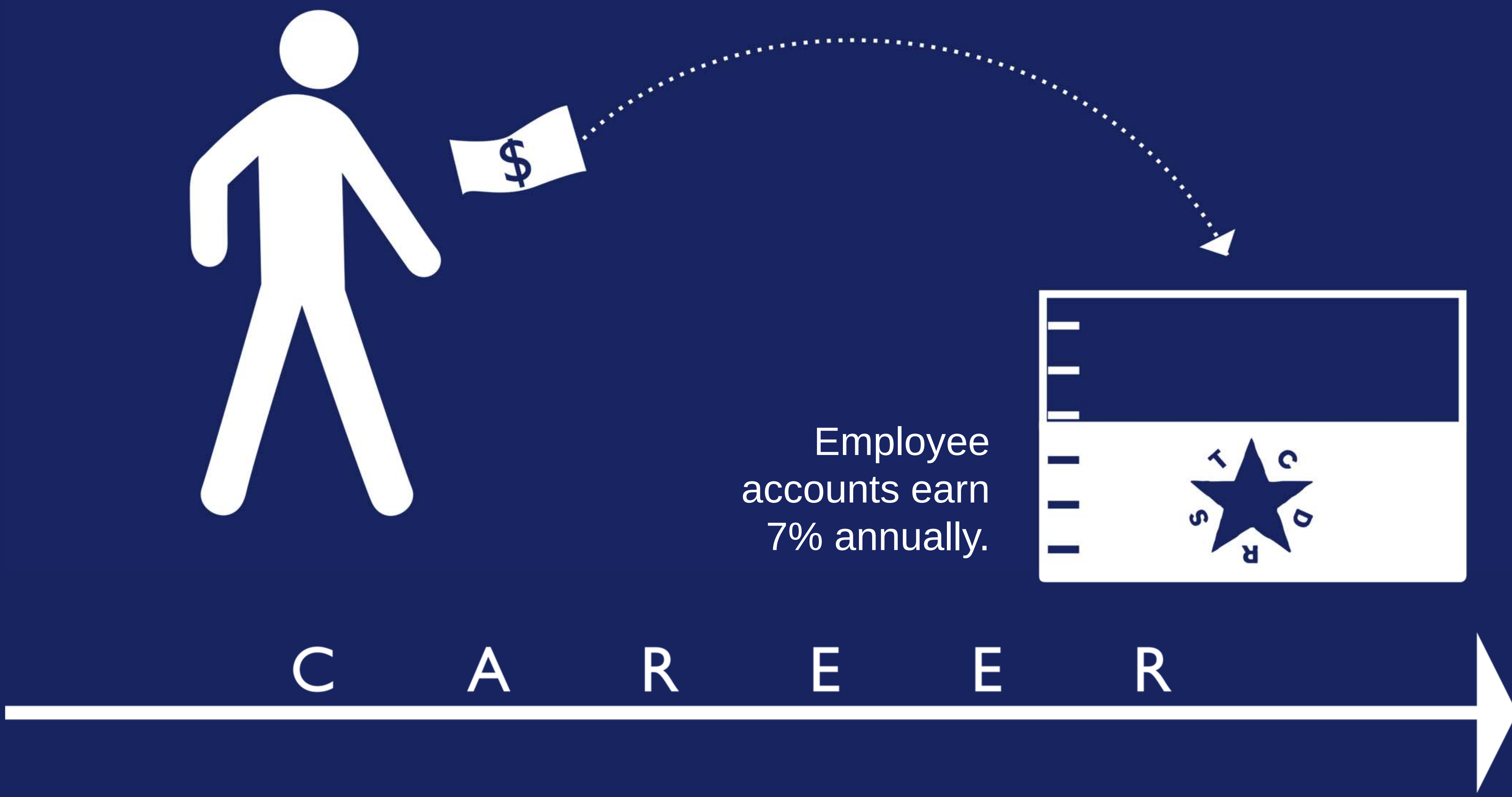
- ★ Professional investment management
- ★ Optimally balanced portfolio (forever young)
- ★ Pooled longevity risk

Funded Ratio History

TCDRS is among the top 20% of best funded public retirement systems nationally.



Employees Save for Their Own Retirement



Employees Earn a Lifetime Benefit

Your Plan of Benefits

- ★ Employee deposit rate: 7%
- ★ Employer matching rate: 200%
- ★ Vesting: 8 years of service
- ★ Retirement eligibility:
  - – Age 60 with 8 years of service
  - – Rule of 75 (must be vested)
  - – 30 years of service at any age
- ★ Partial Lump-Sum Distribution
- ★ Group Term Life: Active employees and retirees

Employee and Retiree Profile*

Your employees, on average:

- ★ Are 46 years old
- ★ Have 13 years of service
- ★ Earn $51,792 annually

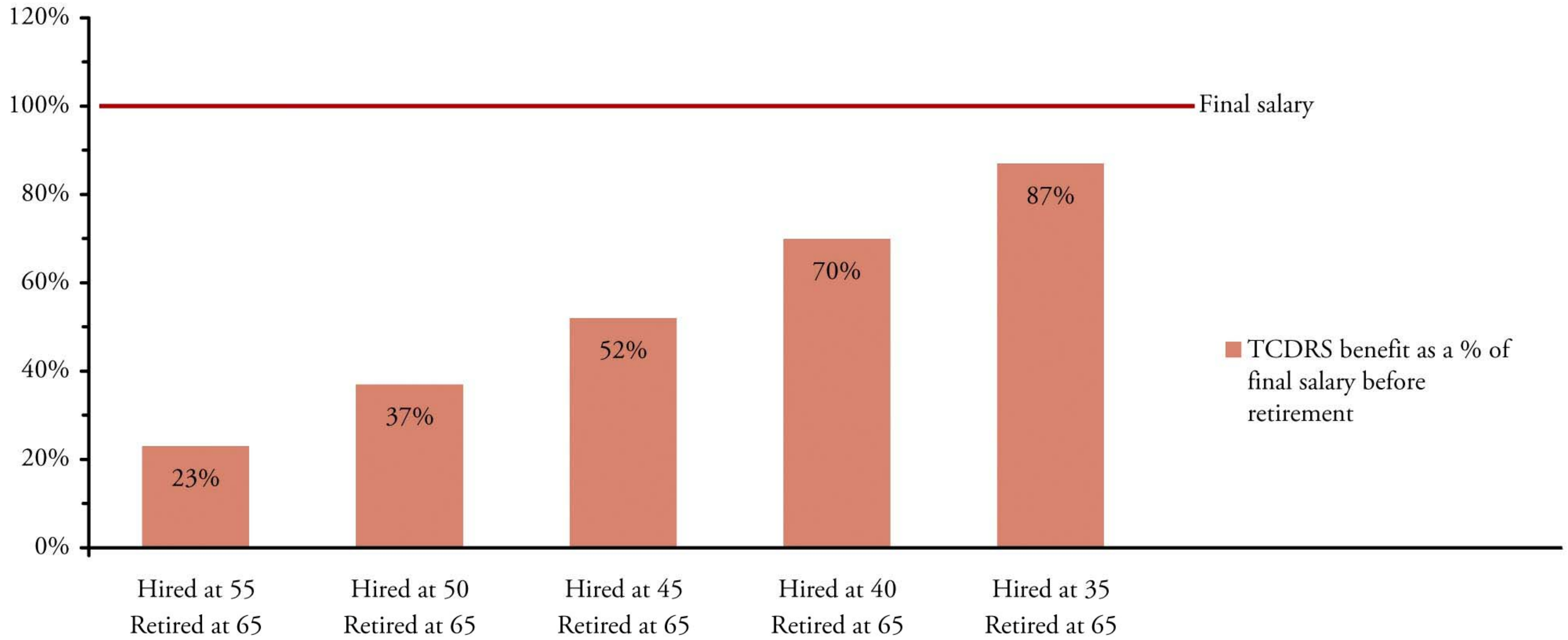
Your retirees, on average:

- ★ Were 62 years old at retirement
- ★ Had 17 years of service at retirement
- ★ Currently receive $24,100 in TCDRS benefits annually

* Based on actuarial data as of Dec. 31, 2011

Collin County Replacement Ratios

The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:



Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through employee's retirement.
- Current laws governing TCDRS will continue as they are.
- Graded salary scales give bigger raises early in careers, with smaller raises later in careers (see Summary Valuation Report at www.tcdrs.org).
- Based on Life Only benefit.

Investment Income Funds Benefits

Estimated as of Dec. 31, 2011

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Investment Income Funds Benefits

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Investment Returns (Net of Fees)

As of Dec. 31, 2011

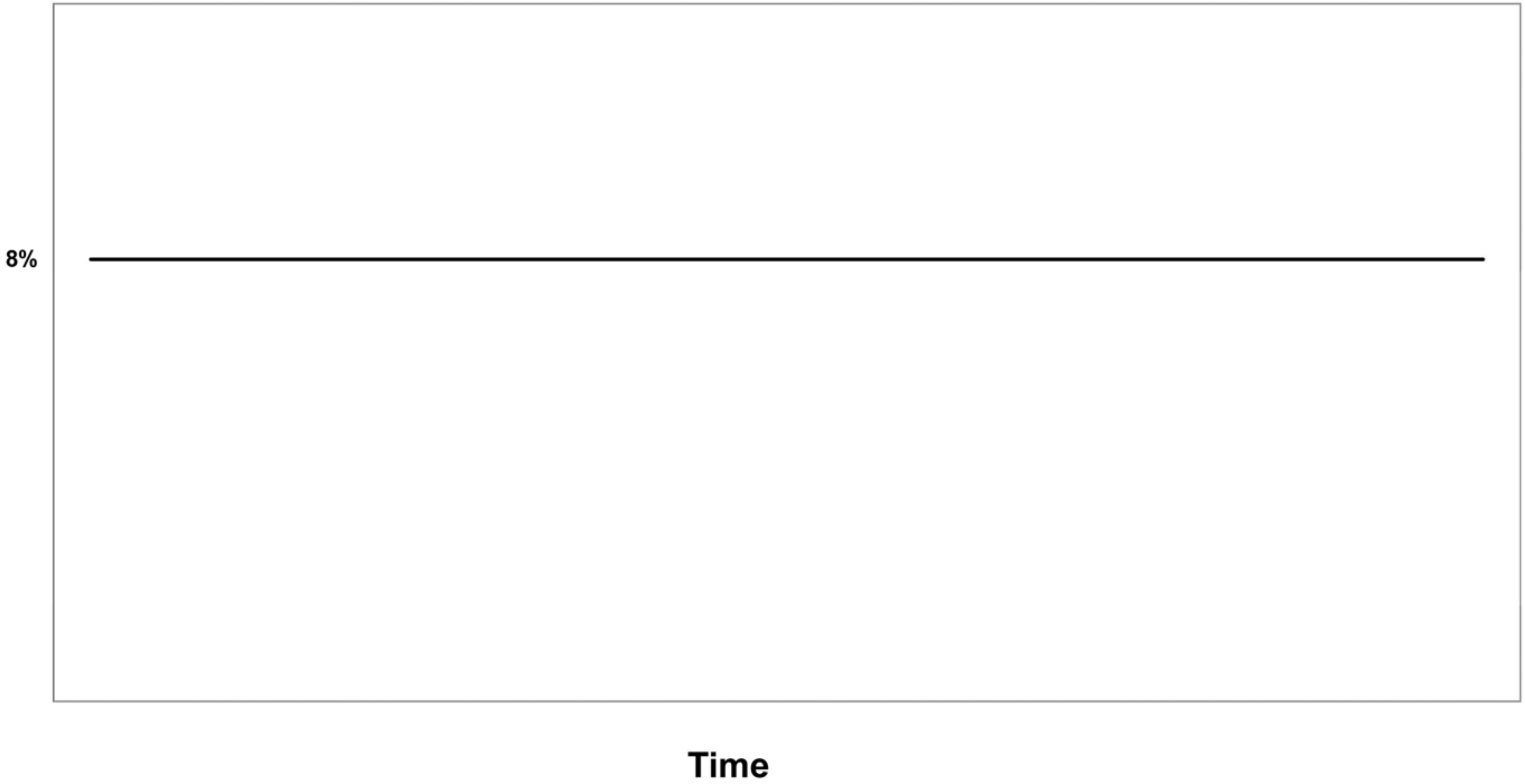
Annualized Returns	2011 Return	3 Year	10 Year	20 Year	30 Year
Total Fund	-1.0%	12.3%	6.2%	7.2%	9.9%

TCDRS Invests Over the Long Term

- ★ Long-term return goal is 8%
- ★ Performance is measured against benchmarks and reviewed by our board every quarter.

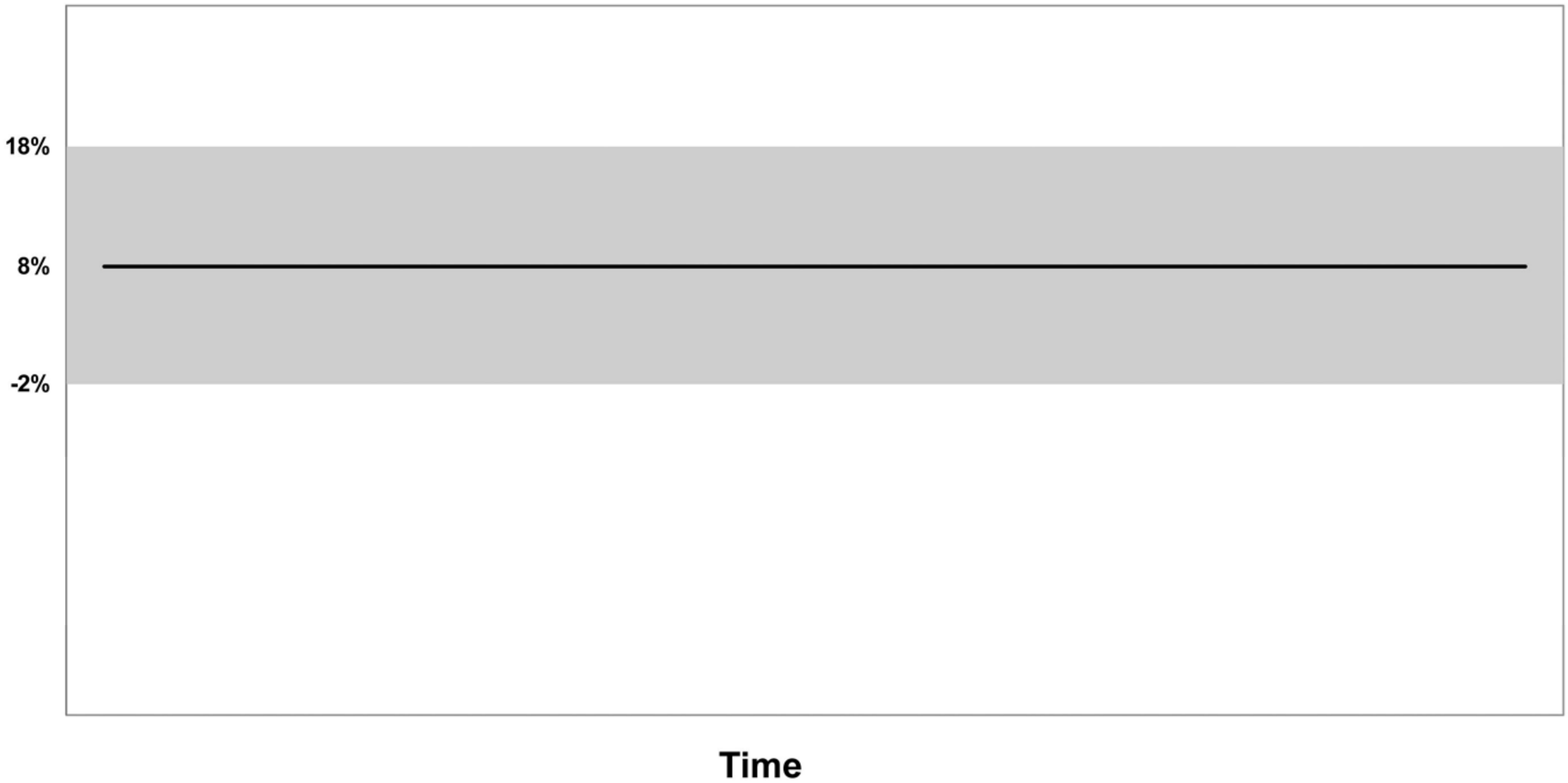
Achieving Long-Term Investment Goals

Portfolio manager's dream



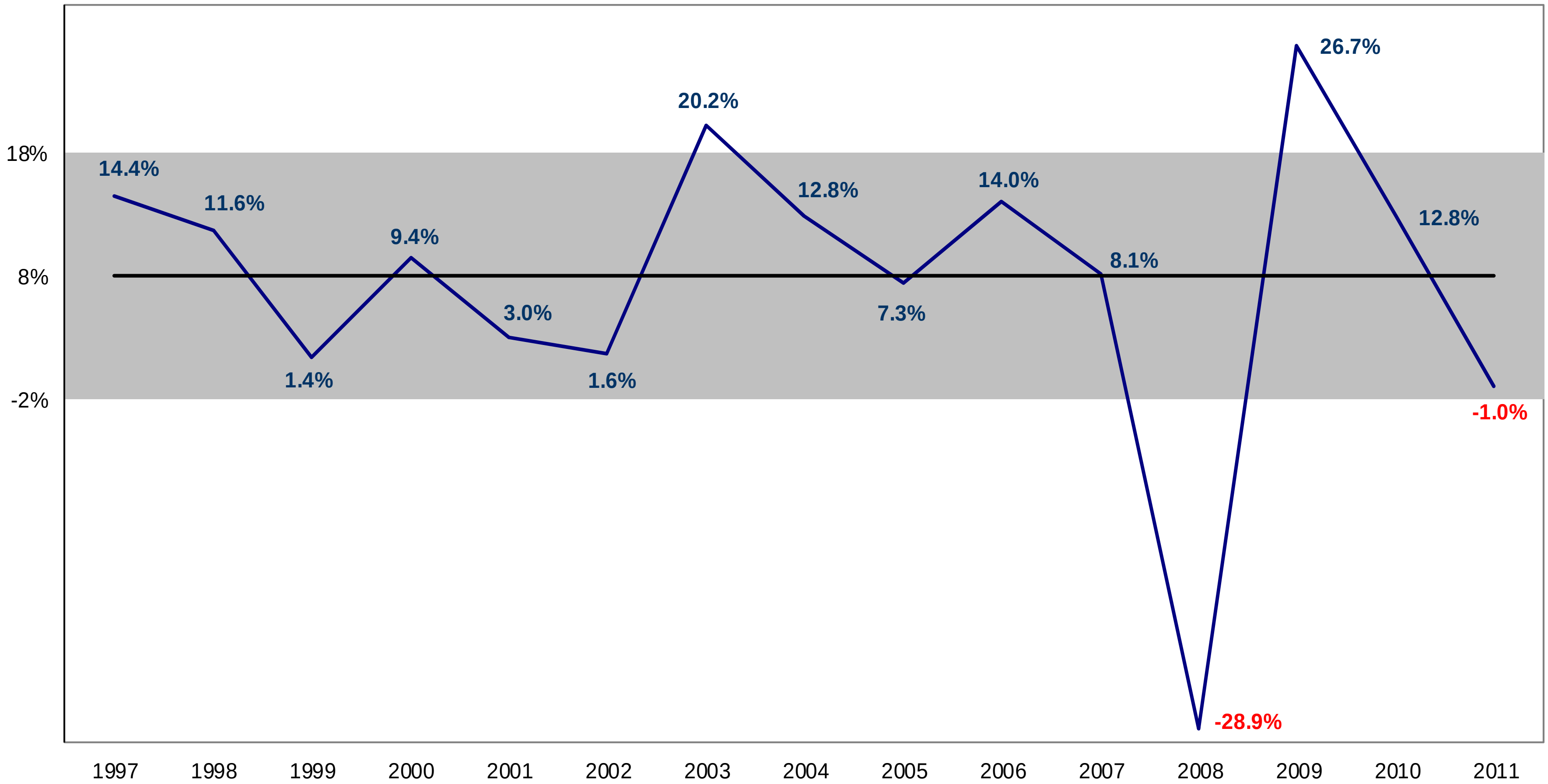
Achieving Long-Term Investment Goals

What a portfolio manager expects



Achieving Long-Term Investment Goals

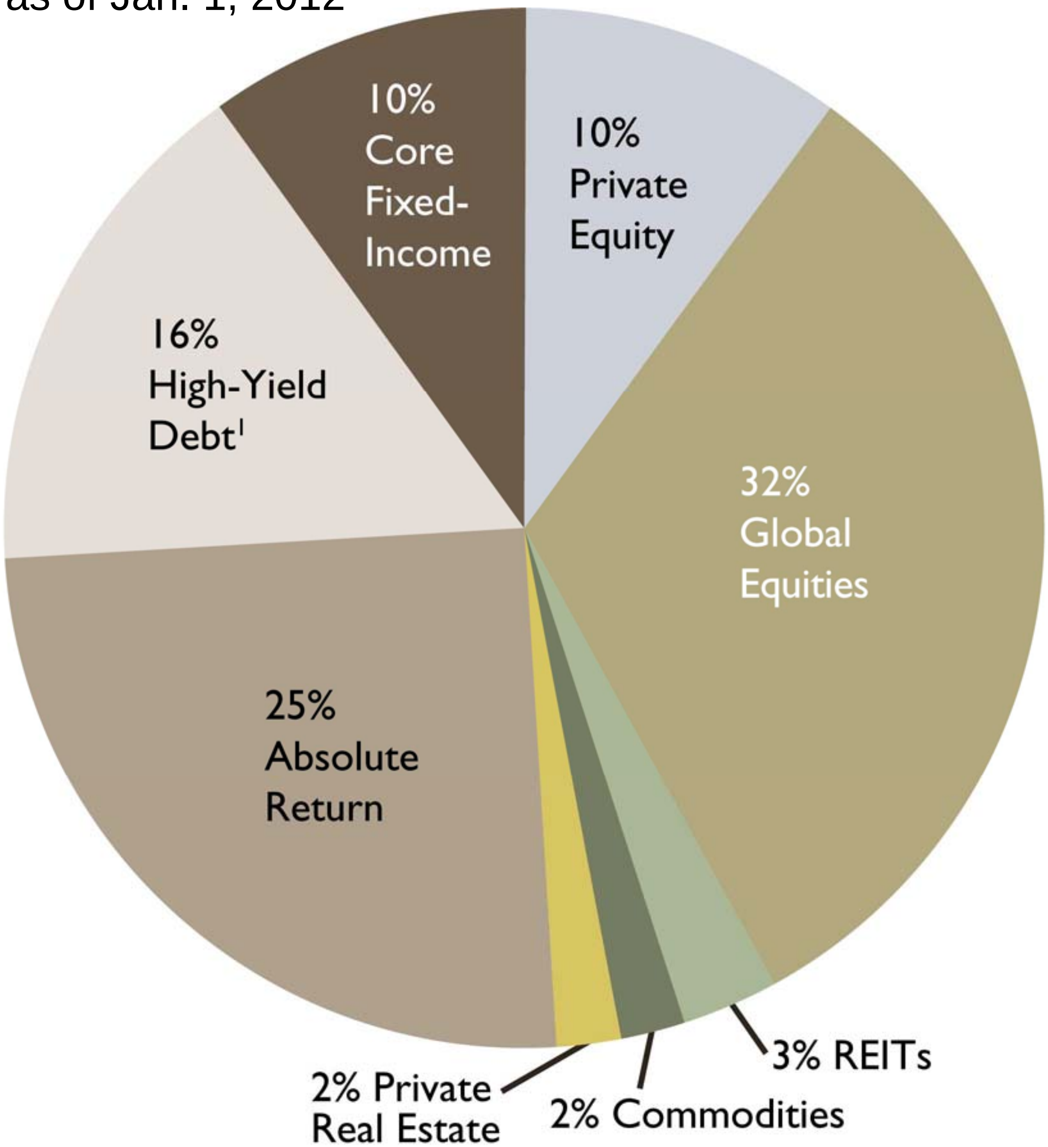
Actual returns*



* Past performance does not indicate future returns.

Diversified Portfolio Reduces Risk

Target allocation as of Jan. 1, 2012



Risk Management

- ★ TCDRS is different as year-to-year volatility impacts employer rates.
- ★ We focus on managing risk for employer rate stability.
- ★ Our asset allocation looks more like an endowment.
- ★ Other ways we manage volatility include:
  - Reserves
  - Smoothing
  - Actuarial cost method

How Employer Rates Are Determined

- ★ Your rate represents the percentage of payroll your organization is required to pay to fund future benefits for your current employees.

- ★ Each year TCDRS actuaries look at your plan to determine your required contribution rate
  - Study your workforce and estimate benefits you will pay
  - Estimate the value of future benefits in today's dollars
  - Compare your plan assets with estimate of benefits
  - Determine a rate to appropriately fund benefits while keeping rates stable

You Fund Your Plan Responsibly

- ★ Your employer rate for 2013 is 8.01% of your payroll.
- ★ Your rate is doing two things:
  - Investing for your current employees' future benefits
  - Paying down your unfunded liabilities within 20 years

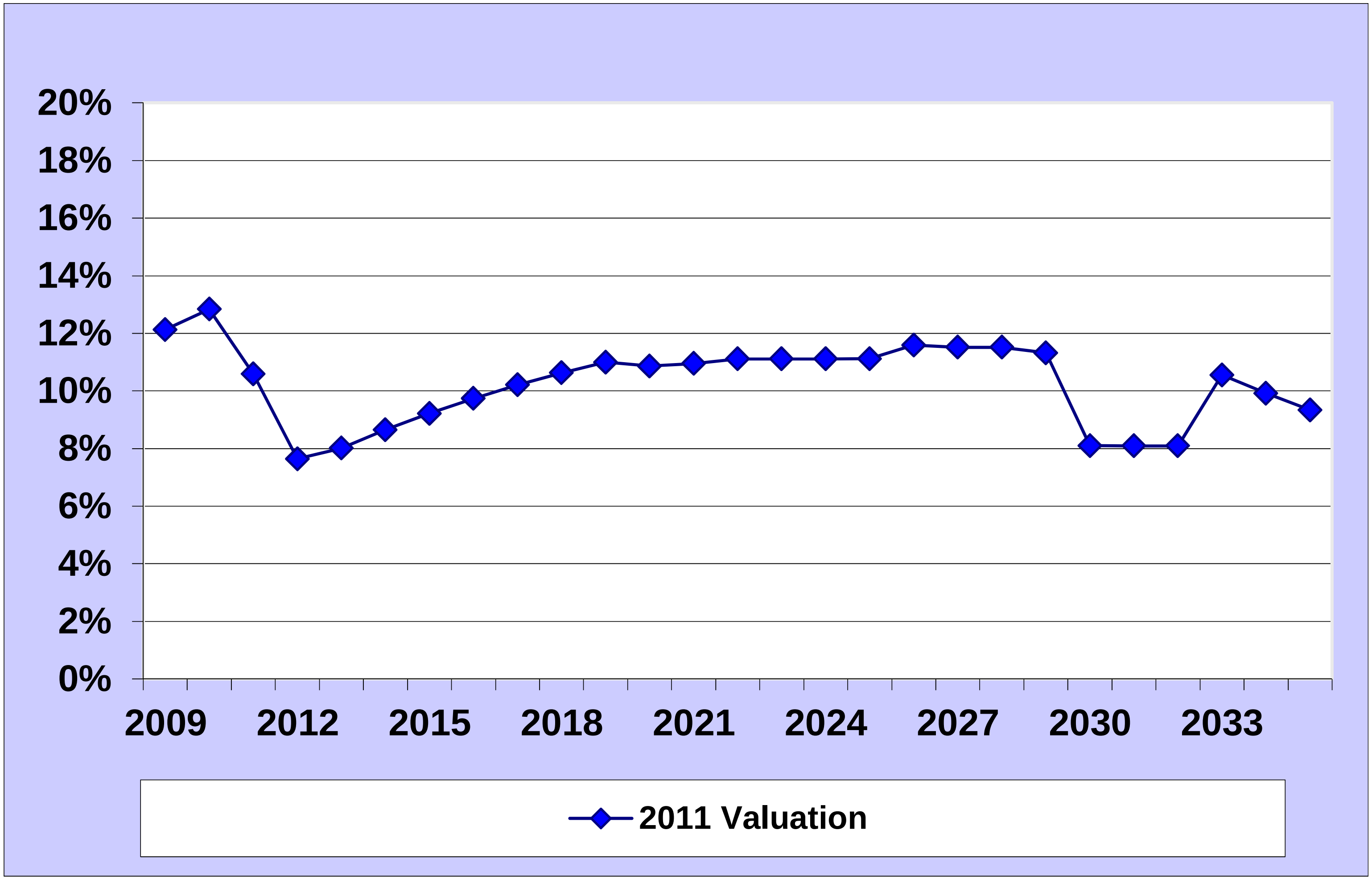
What Are Unfunded Liabilities?

- “Unfunded” is a misnomer:
  It implies that the benefits aren’t being funded.
- Unfunded liabilities are simply the difference between estimated plan liabilities and plan assets.
- Unfunded liabilities are being funded over 20 years simply by paying your required employer rate.

Collin County Rate Change: 2012 to 2013

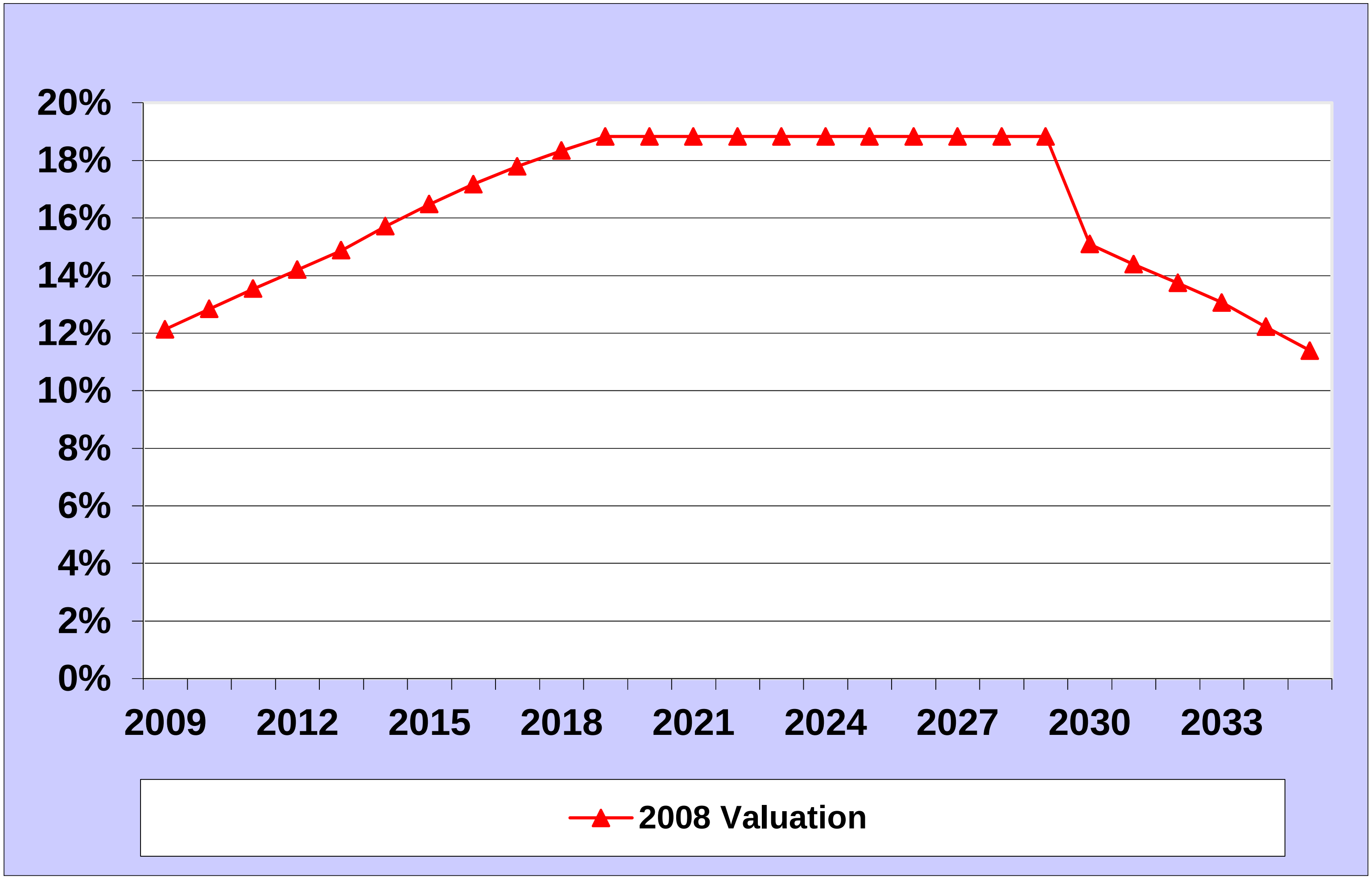
Reason For Change	2012-2013
Beginning Rate	**7.64%**
Plan Changes Adopted	N/A
Investment Return	0.52%
Elected Rate/Lump Sum	0.00%
Demographic/Other Changes	-0.15%
Assumptions/Methods	0.00%
Ending Rate	**8.01%**

Projection of Your Required Rate



*Results provided by Milliman. Assumes all future actuarial assumptions are met including 8% investment return.

Projection of Your Required Rate



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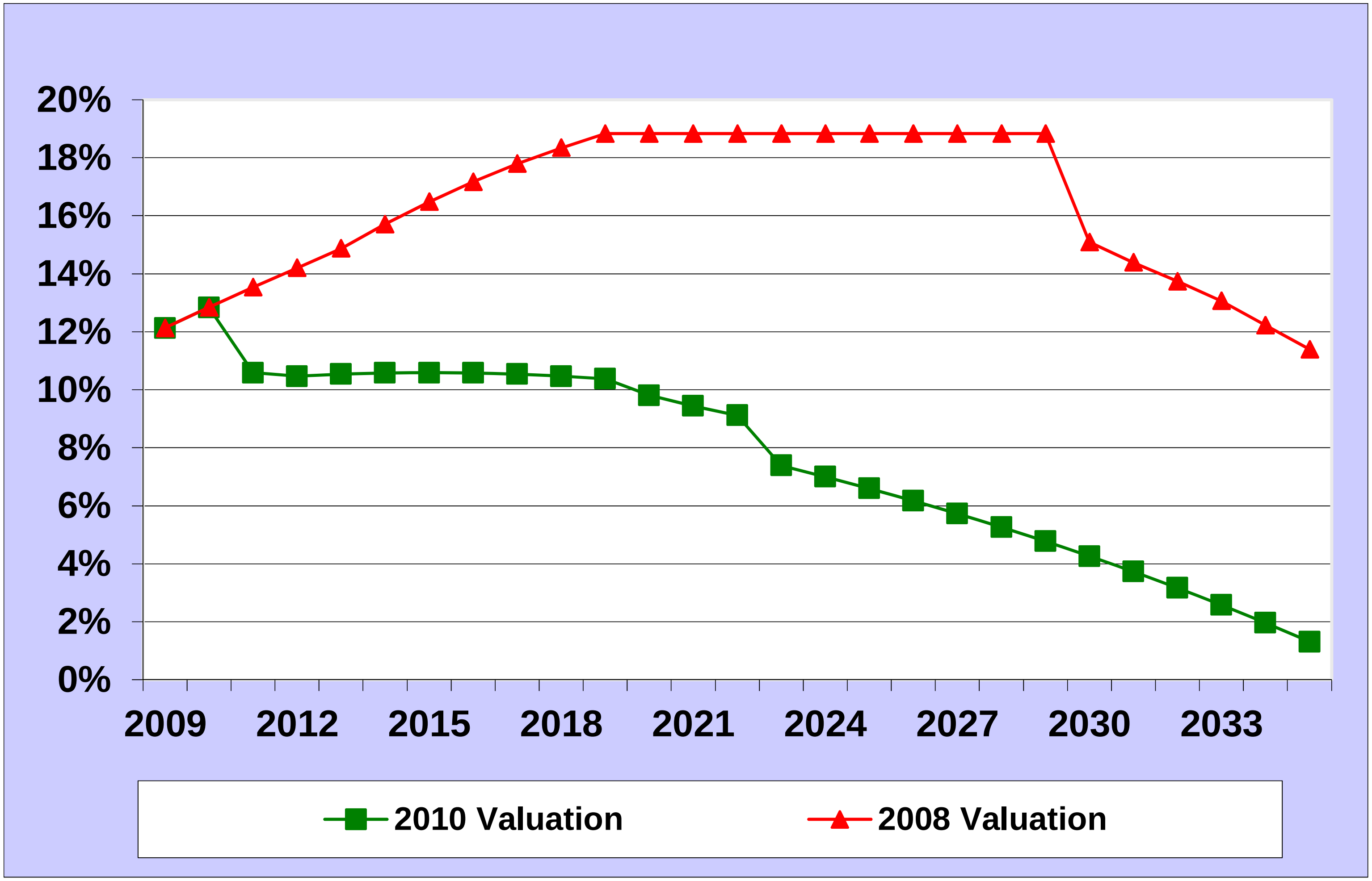

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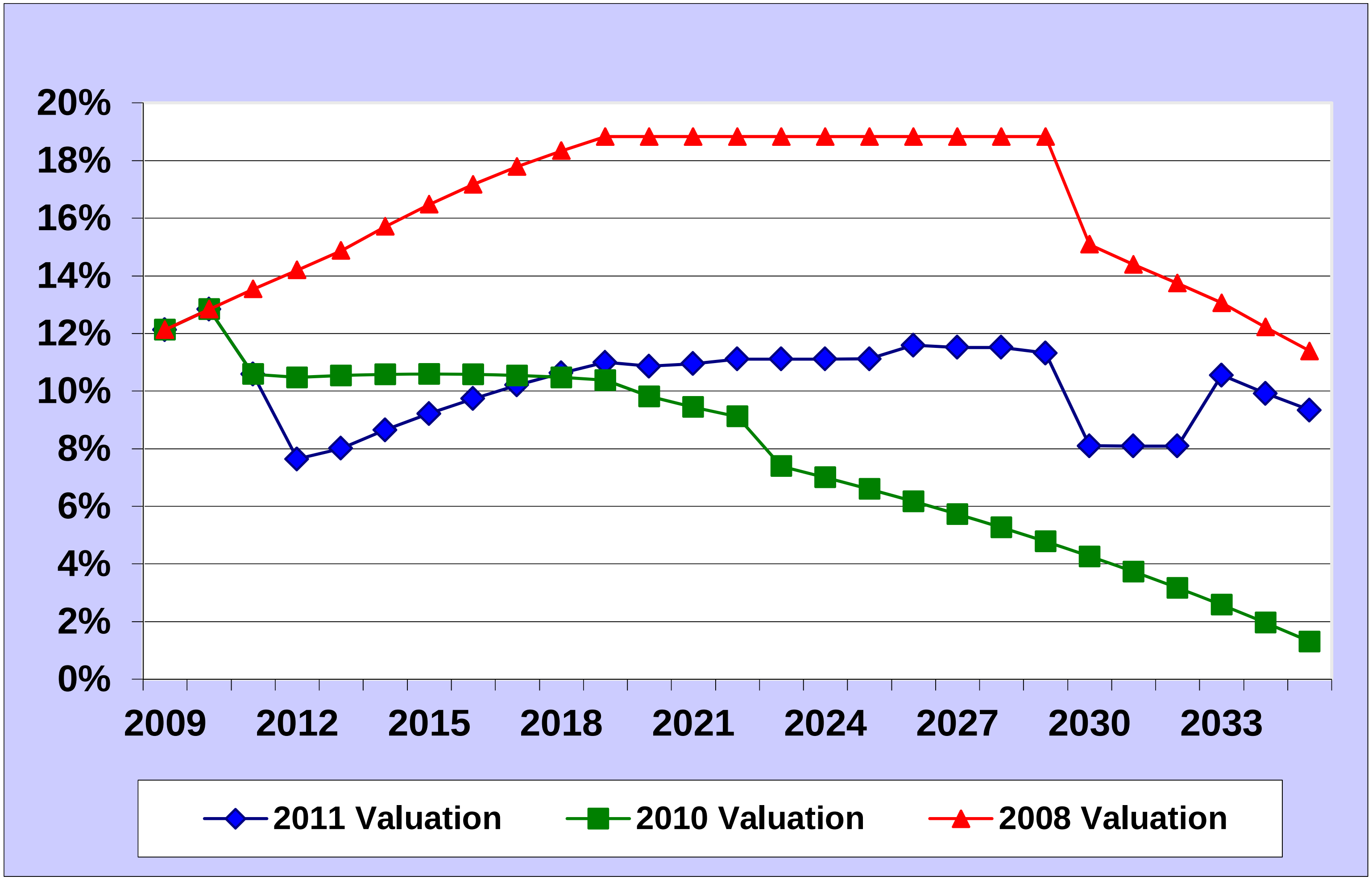
Projection of Your Required Rate



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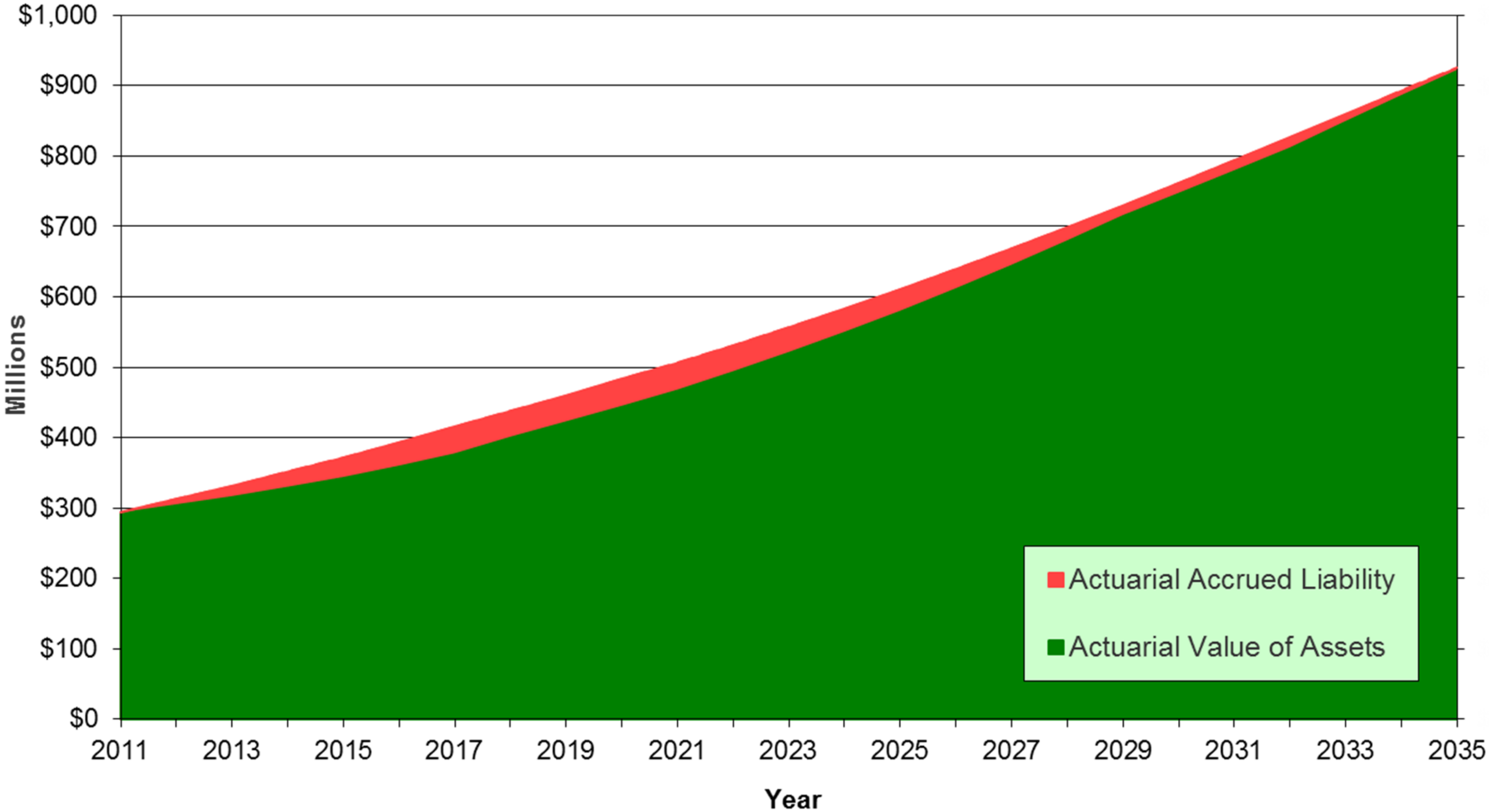
Your Plan Assets vs. Liabilities



The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability (the red area).

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2011 actuarial valuation, including a long-term investment return assumption of 8% per year. This projection assumes the current plan with a 7% employee deposit rate and 200% employer matching.

You Make the Call Each Year

2013 Contribution Rates*

		Employee Deposit Rate			
		7%	6%	5%	4%
Matching Rate	250%	10.32%	8.59%	6.64%	5.04%
	225%	9.16%	7.61%	5.88%	4.43%
	200%	8.01%	6.41%	5.11%	3.82%
	175%	6.64%	5.49%	4.35%	3.20%
	150%	5.57%	4.58%	3.59%	2.59%
	125%	4.50%	3.66%	2.82%	1.99%
	100%	3.43%	2.74%	2.06%	1.37%

* All benefit changes are prospective only.

TCDRS Plan Design is a Model Solution

	Defined Benefit	TCDRS	Defined Contribution
Example	Traditional pension	Savings-based pension	401(k)
Retirement security	Provides career employees with monthly payments for life	Provides career employees with monthly payments for life	Benefit amount unknown until retirement; no guarantee that benefit will last a lifetime
Benefits	Benefit based on final salary (susceptible to "benefit spiking")	Benefit based on employee's total savings balance and employer matching level	Benefit based on account balance, investment earnings and any employer match
Plan funding	Many governing bodies can decide how much to fund the plan and may even skip required contributions entirely	Each employer pays at least 100% of its required rate every year	Employer has the option of contributing matching funds; voluntary employee participation and flexible contribution rate
Assumption of investment and demographic risk	Employer	Employer, with the ability to adjust benefits as needed	Individual
Flexibility	Employers cannot change benefit levels for existing employees	Annually, each employer can change benefits going forward	Employer and employee can change contribution levels at any time
Local control	Benefit level frequently set by external governing body	Each employer chooses its own benefit level	Level of benefit is not defined

Questions?