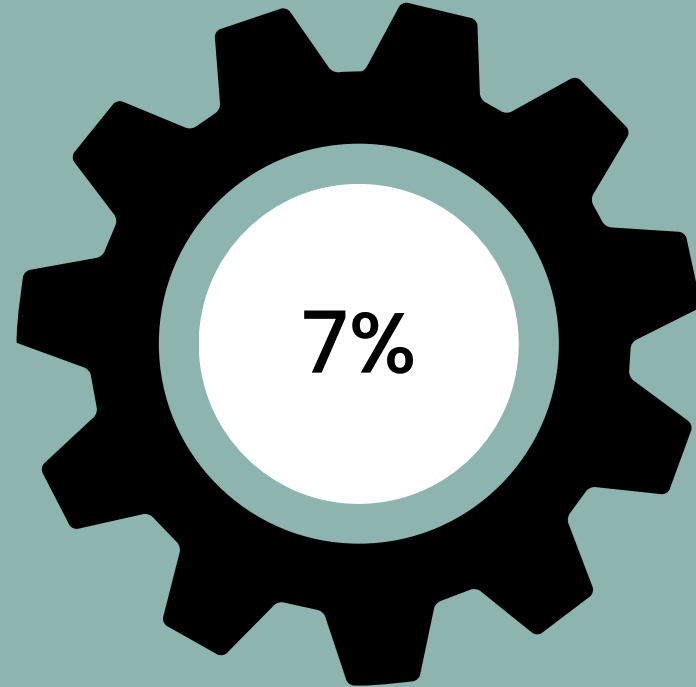


2025 Presentation for FY2026 Budget

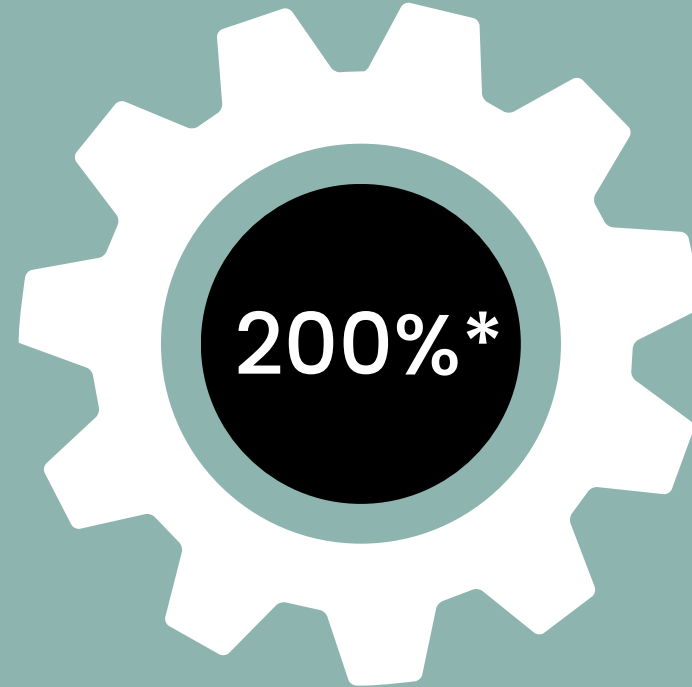
# TCDRS RETIREMENT



# BENEFITS PROVIDED



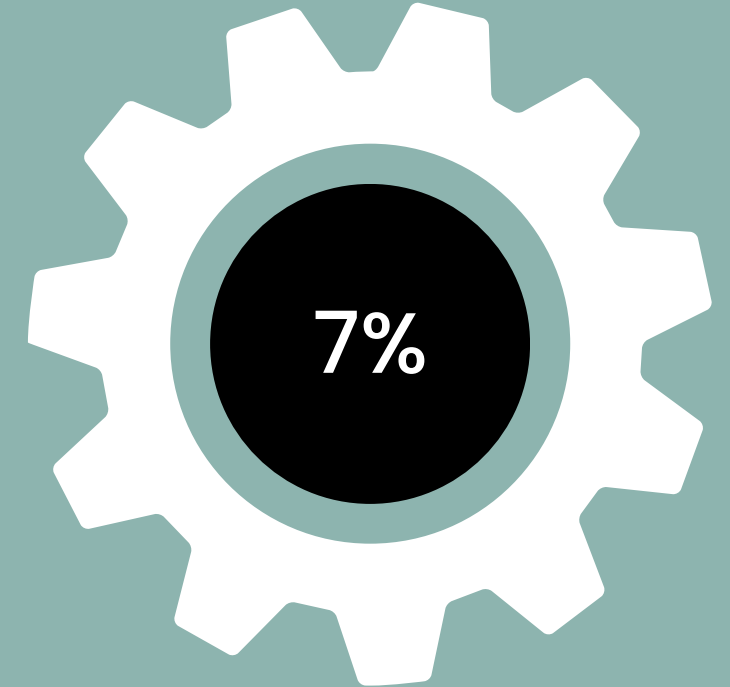
**Employee  
Deposit Rate**



**Matching Rate**



**Vesting Period**



**Guaranteed  
Interest Rate**

## Retirement Eligibility

- Age 60 & 8 years of service
- Any age with 30 years of service
- Age + years of service = 75

\*For employee contributions made on or after 1/1/2011

# COUNTY COMPARISON

County	Employee Contribution %	County Match %	Years of Service for Vesting	Retirement Eligibility Rule	Most Recent Retiree COLA	Type and Rate of Retiree COLA	Group Term Life Benefit
Collin	7%	200%	8	75	2023	CPI 40%	No
Bexar*	7%	200%	8	75	2025	CPI 20%	No
Dallas	7%	200%	10	80	–	–	No
Fort Bend	7%	200%	8	75	2014	CPI 10%	No
Rockwall	7%	200%	8	75	2025	Flat 2%	No
Tarrant	7%	200%	8	75	2025	Flat 1%	No
Denton*	7%	225%	8	75	2023	Flat 3%	Active
Travis	7%	225%	8	75	2023	Flat 3%	No
Montgomery	6%	250%	8	75	2017	CPI 10%	No
Williamson	7%	250%	8	75	2025	Flat 1%	No

\*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	Retirement Eligibility Rule	Rate of Retiree COLA*	Retiree Death Benefit
Allen	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 70%	Active & Retiree
Frisco	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 70%	Active & Retiree
McKinney	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 70%	Active & Retiree
Plano	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 70%	No
Richardson	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 50%	No
Wylie	7%	200%	5	Age 60 + 5 Years Any Age + 20 Years	CPI 70%	Active & Retiree

\*All surveyed cities have adopted a repeating COLA that remains in effect until rescinded.

# PORTFOLIO RATE OF RETURN – TCDRS

Year	Return
2015	–0.7%
2016	7.5%
2017	14.7%
2018	–1.9%
2019	16.6%
2020	10.5%
2021	22.0%
2022	–5.8%
2023	11.1%
2024	10.3%

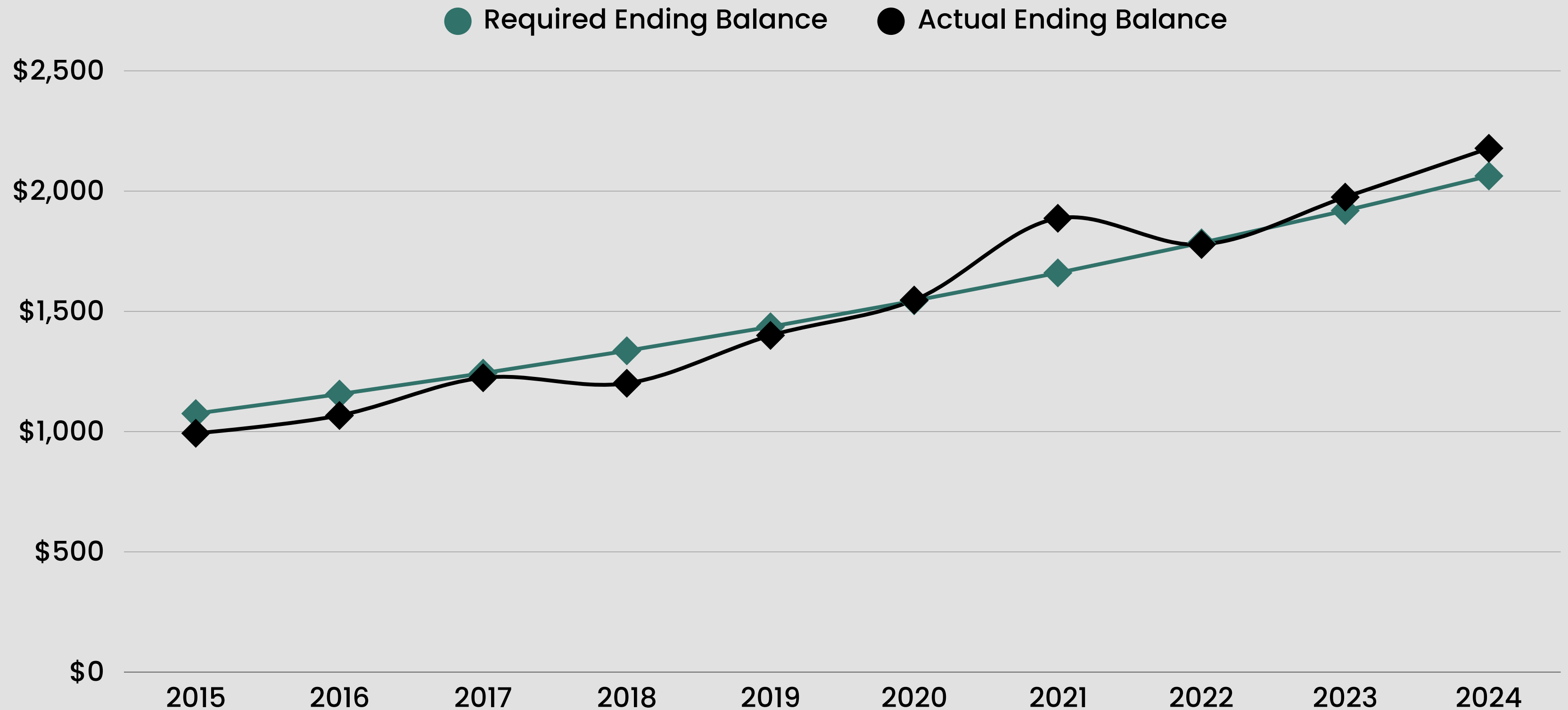
Total Fund Return		
	As of 12/2024	As of 12/2023
1 year	10.3%	11.1%
3 years	4.9%	8.5%
5 years	9.2%	10.5%
10 years	8.1%	7.8%
20 years	7.2%	7.3%
30 years	8.0%	7.6%

# 10 YEAR RATE OF RETURN

## (ILLUSTRATION ONLY) – TCDRS

Year	Required Account Value	Required Rate of Return	Required Ending Balance	Actual Account Value	Actual Rate of Return	Actual Ending Balance
2015	\$1,000	\$75	\$1,075	\$1,000	-\$7	\$993
2016	\$1,075	\$81	\$1,156	\$993	\$74	\$1067
2017	\$1,156	\$87	\$1,243	\$1,067	\$157	\$1,224
2018	\$1,243	\$93	\$1,336	\$1,224	-\$23	\$1,201
2019	\$1,336	\$100	\$1,436	\$1,201	\$199	\$1,400
2020	\$1,436	\$108	\$1,544	\$1,400	\$147	\$1,547
2021	\$1,544	\$116	\$1,660	\$1,547	\$340	\$1,887
2022	\$1,660	\$125	\$1,785	\$1,887	-\$109	\$1,778
2023	\$1,785	\$134	\$1,919	\$1,778	\$197	\$1,975
2024	\$1,919	\$144	\$2,063	\$1,975	\$203	\$2,178

# 10 YEAR RATE OF RETURN (ILLUSTRATION ONLY) – TCDRS



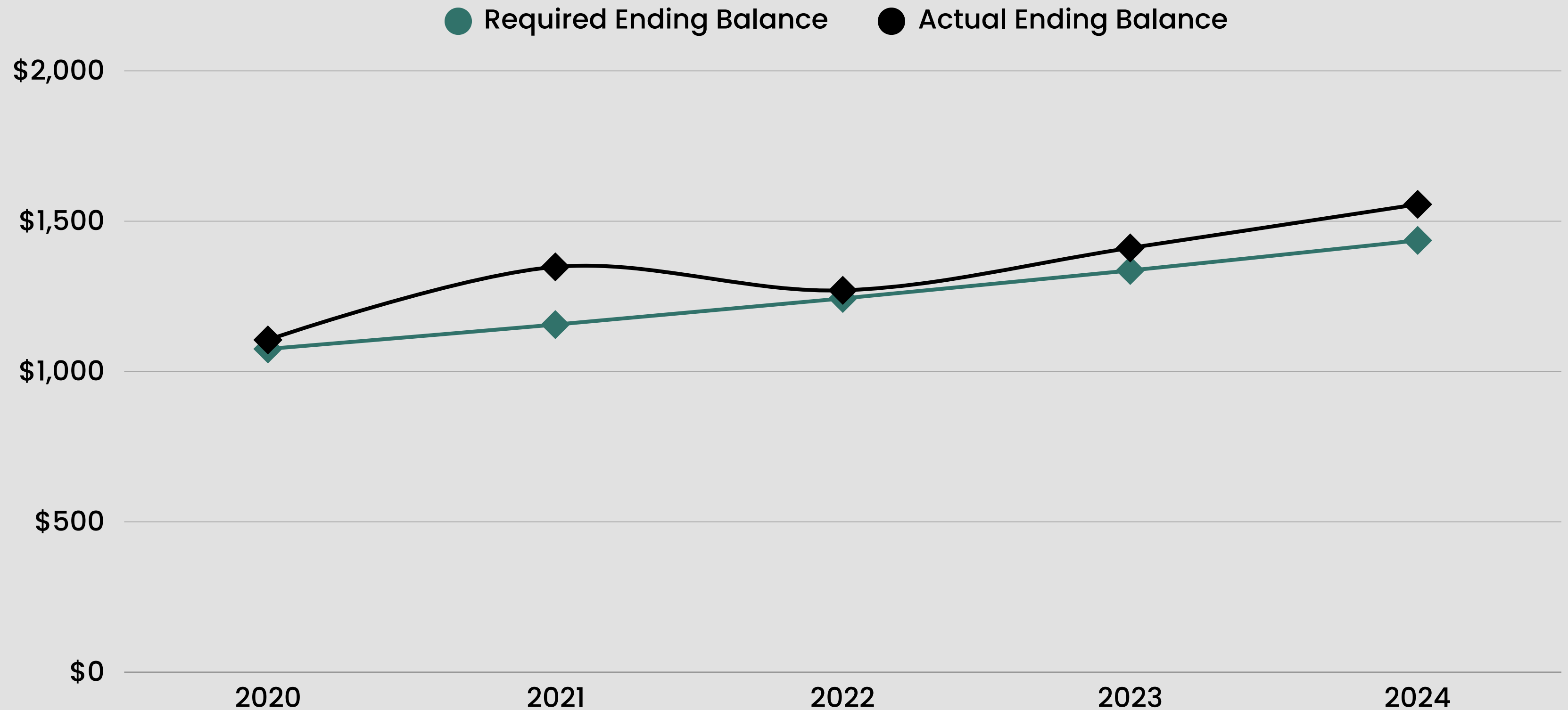
# 5 YEAR RATE OF RETURN

## (ILLUSTRATION ONLY) – TCDRS

Year	Required Account Value	Required Rate of Return	Required Ending Balance	Actual Account Value	Actual Rate of Return	Actual Ending Balance
2020	\$1,000	\$75	\$1,075	\$1,000	\$105	\$1,105
2021	\$1,075	\$81	\$1,156	\$1,105	\$243	\$1,348
2022	\$1,156	\$87	\$1,243	\$1,348	-\$78	\$1,270
2023	\$1,243	\$93	\$1,336	\$1,270	\$141	\$1,411
2024	\$1,336	\$100	\$1,436	\$1,411	\$145	\$1,556



# 5 YEAR RATE OF RETURN (ILLUSTRATION ONLY) – TCDRS



# PORTFOLIO RATE OF RETURN – TMRS

Year	Return
2015	0.3%
2016	7.4%
2017	14.3%
2018	-2.1%
2019	15.0%
2020	7.7%
2021	12.9%
2022	-7.4%
2023	11.6%
2024	10.4%

Total Fund Return		
	As of 12/2024	As of 12/2023
1 year	10.4%	11.6%
3 years	4.5%	5.3%
5 years	6.8%	7.8%
10 years	6.6%	6.2%

# RATE OF RETURN (ILLUSTRATION ONLY) – TMRS



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rate of Return	0.3%	7.4%	14.3%	-2.1%	15.0%	7.7%	12.9%	-7.4%	11.6%	10.4%

6.75% return required to cover guaranteed return for employee accounts.

# PORTFOLIO RATE OF RETURN COMPARISON

Year	TCDRS Return	TMRS Return
2015	-0.7%	0.3%
2016	7.5%	7.4%
2017	14.7%	14.3%
2018	-1.9%	-2.1%
2019	16.6%	15.0%
2020	10.5%	7.7%
2021	22.0%	12.9%
2022	-5.8%	-7.4%
2023	11.1%	11.6%
2024	10.3%	10.4%

Total Fund Return as of 12/2024		
	TCDRS	TMRS
1 year	10.3%	10.4%
3 years	4.9%	4.5%
5 years	9.2%	6.8%
10 years	8.1%	6.6%

# COST

Year	Normal Rate (%)	UAAL Rate (%)	COLA Rate (%)	Total (%)	County Contribution (%)
2017	7.08	-0.86	.00	6.22	8.00
Made a lump sum payment of \$2,471,616 in December 2017 (COLA)					
2018	7.09	-0.32	.00	6.77	8.00
Made a lump sum payment of \$1,160,641 in October 2018					
2019	6.94	0.01	.00	6.95	8.00
Made a lump sum payment of \$13,274,348 in November 2019					
2020	6.93	0.91	.00	7.84	8.00
Made a lump sum payment of \$3,800,554 in August 2020					
2021	6.91	-0.05	.00	6.86	8.00
Made a lump sum payment of \$14,500,000 in October 2021					
2022	8.47	0.54	.00	9.01	9.50
Made a lump sum payment of \$14,591,176 in December 2022 (COLA)					
2023	7.67	0.31	.00	7.98	9.50
Made a lump sum payment of \$8,352,824 in August 2023					
2024	7.66	-0.08	.00	7.58	10.00
Made a lump sum payment of \$57,737 in September 2024					
2025	7.67	-0.18	.00	7.49	10.00
2026	7.65	-0.25	.00	7.40	10.00 (Budgeted)

# COUNTY RATE COMPARISON

Entity	2025 Required Rate	2025 Elected Rate	2026 Required Rate
Collin	7.49%	10.0%	7.4%
Rockwall	9.36%	9.00%	9.25%
Tarrant	11.54%	19.50%	11.67%
Montgomery	11.91%	12.54%	11.76%
Fort Bend	12.61%	N/A	12.35%
Dallas	13.05%	N/A	12.67%
Denton	14.32%	N/A	13.60%
Bexar	14.41%	N/A	13.82%
Williamson	15.04%	16.05%	14.93%
Travis	16.66%	17.17%	16.04%

# CITY RATE COMPARISON

City	2025 Required Rate	2026 Required Rate
Allen	16.08%	16.36%
Frisco	15.16%	15.44%
McKinney	15.89%	15.94%
Plano	18.20%	18.29%
Richardson	15.45%	15.28%
Wylie	15.61%	16.05%

TMRS does not have elected rates. Cities contribute the required rate but have the option to make additional payments during the year.

# EMPLOYER CONTRIBUTIONS

Calendar Year	Payment Type	Total Employer Deposits	Contributing Employees	Cost Per Employee
2015	Standard Payment	\$7,368,276	1,854	\$3,974
2016	Standard Payment	\$7,652,829	1,898	\$4,032
2017	Standard Payment Lump Sum Payment	\$8,045,603 \$2,471,616	1,943	\$4,141 \$1,272
2018	Standard Payment Lump Sum Payment	\$8,721,011 \$1,160,641	1,943	\$4,488 \$597
2019	Standard Payment Lump Sum Payment	\$8,839,887 \$13,274,348	2,010	\$4,398 \$6,604
2020	Standard Payment Lump Sum Payment	\$9,826,263 \$3,800,554	1,986	\$4,948 \$1,914
2021	Standard Payment Lump Sum Payment	\$9,296,008 \$14,500,000	2,033	\$4,573 \$7,132
2022	Standard Payment Lump Sum Payment	\$11,757,288 \$14,591,176	2,082	\$5,647 \$7,008
2023	Standard Payment Lump Sum Payment	\$12,735,670 \$8,352,824	2,112	\$6,030 \$3,955
2024	Standard Payment Lump Sum Payment	\$15,508,898 \$57,737	2,216	\$6,999 \$26
2015-2024	Total Payments	\$157,960,629	2,008	\$78,666



# UNFUNDED LIABILITY UPDATE

Overfunded Actuarial Accrued Liability as of December 2024:

**\$920,954**

Using the five-year asset recognition method which is a funded ratio of 100%.

If an immediate asset recognition method were used instead of a delayed asset recognition the overfunded liability would be \$6,149,378 which is a funded ratio of 101%.

Minimum required contribution rate for 2025

**7.4%**

TCDRS exceeded their investment return goal of 7.5% for 2024. Actual return was 10.3%.

Five-year asset recognition method is used by TCDRS. Actuarial gains and losses are smoothed over 5 years.

# LIABILITY HISTORY

Calendar Year End	Budget Year	Five-year Asset Recognition Unfunded Liability	Five-year Asset Recognition Funded Percentage	Immediate Asset Recognition Unfunded Liability	Immediate Asset Recognition Funded Percentage
2015	2017	(\$11,689,647)	103.1%	\$23,468,041	93.7%
2016	2018	(\$4,076,091)	100.8%	\$22,292,175	95.5%
2017	2019	\$1,160,641	99.8%	\$3,114,182	99.4%
Made a lump sum payment of \$2,471,616 in December 2017 (paid to fund COLA)					
2018	2020	\$13,274,348	97.6%	\$60,434,843	89%
Made a lump sum payment of \$1,160,641 in October 2018					
2019	2021	\$267,254	100.0%	\$3,800,554	99.4%
Made a lump sum payment of \$13,274,348 in November 2019					
2020	2022	\$21,536,178	96.8%	\$24,080,153	96.4%
Made a lump sum payment of \$3,800,554 in August 2020					
2021	2023	\$6,319,320	99.1%	(\$4,474,343)	100.6%
Made a lump sum payment of \$14,500,000 in October 2021					
2022	2024	\$8,352,824	98.9%	\$30,596,486	96%
Made a lump sum payment of \$14,591,176 in December 2022 (paid to fund COLA)					
2023	2025	\$57,737	99.9%	\$1,477,951	99.8%
Made a lump sum payment of \$8,352,824 in August 2023					
2024	2026	(\$920,954)	100.1%	(\$6,149,378)	100.7%
Made a lump sum payment of \$57,737 in September 2024					

# UNFUNDED LIABILITY

Actual Unfunded Liability as of 12/31/2023	\$57,737
Adjustment due to Decrease in Discount Period	\$8,358
Scheduled UAAL Change	\$384,966
Recognition of Investment Gains and Losses for 2021–2025 (Using the Five-Year Recognition Method)	(\$1,653,186)
Gain due to Additional Employer Contributions (Elected Rate Greater than Required Rate)	(\$3,727,236)
Gain due to Additional Employer Contributions (Lump Sum Contribution)	(\$57,737)
Loss due to Payroll and Salary Increase Variations	\$3,097,584
Loss due to Termination and Withdrawal Experience	\$104,688
Gain due to Retirements Different than Expected (Includes Disability)	(\$29,987)
Loss due to Less than Expected Retiree Mortality	\$1,239,793
Net Actuarial Gain from All Other Sources (Active Death, Proportionate Service, Etc.)	(\$345,934)
Actual Underfunded Liability as of 12/31/2024	(\$920,954)

# UNFUNDED LIABILITY HISTORY

	2019	2020	2021	2022	2023
Actual (Over)/Unfunded Liability as of December 31st	\$267,254	\$21,536,178	\$6,319,320	\$8,352,824	\$57,737
Adjustment due to Decrease in Discount Period	\$302,903	\$2,626,841	\$1,491,938	\$1,209,217	\$8,358
Scheduled UAAL Change	(\$218,851)	\$1,166,318	(\$2,626,130)	(\$921,828)	\$384,966
Recognition of Investment Gains and Losses for Previous Five Years (Using the Five-Year Recognition Method)	\$938,067	(\$3,110,114)	\$5,166,218	\$21,891	(\$1,653,186)
Gain/Loss due to Additional Employer Contributions (Elected Rate Greater than Required Rate)	(\$1,326,544)	(\$1,568,701)	(\$606,426)	(\$2,037,707)	(3,727,236)
Gain/Loss due to Additional Employer Contributions (Lump Sum Contribution)	(\$3,800,554)	(\$14,500,000)	(\$14,591,176)	(\$8,352,824)	(\$57,737)
Gain/Loss due Plan Changes			\$14,591,176		
Gain/Loss due to Change in Actuarial Assumptions and Methods	\$25,257,661	\$2,861,511			
Gain/Loss due to Greater/Less than Expected Salary Increases	\$1,574,395	(\$1,855,587)	\$984,722	\$1,248,191	\$3,097,584
Gain/Loss due to Greater/Less than Expected Terminations and Withdrawals	(\$437,598)	(\$1,040,315)	(\$776,906)	\$225,413	\$104,688
Gain/Loss due to Retirements Different than Expected (Includes Disability)	(\$60,197)	(\$262,963)	\$5,969	\$198,433	(\$29,987)
Gain/Loss due to Greater/Less than Expected Retiree Mortality	(\$1,099,343)	\$230,787	(\$1,790,854)	(\$82,473)	\$1,239,793
Net Actuarial Gain/Loss from All Other Sources (Active Death, Proportionate Service, Etc.)	\$138,985	\$235,365	\$184,973	\$196,600	(\$345,934)
Actual Under/Overfunded Liability as of December 31st of the Following Year	\$21,536,178	\$6,319,320	\$8,352,824	\$57,737	(\$920,954)

# GASB STATEMENT 68

- Requires Collin County to report TCDRS pension liability/assets on the Annual Comprehensive Financial Report.
- Reporting requirements do not change how TCDRS plan funding is calculated.

- 
- Any significant volatility experience in pension liability will be reflected on the Annual Comprehensive Financial Report.

- Repeating Cost of Living Adjustments (COLAs) increase the calculated rate of financial reporting, as they assume annual COLAs for all plan participants continuously into the future and require this pension liability to be reported on the Annual Comprehensive Financial Report.
- The repeating COLA designation has no effect on the plan funding. It does not impact the plan's funded ratio or the required contribution rate, which are calculated for the purpose of funding the plan.



# COST OF LIVING ADJUSTMENT (COLA)

- The TCDRS retirement benefit is a fixed benefit payment.
- The costs of goods and services, such as health care expenses, may go up each year due to inflation.
- A Cost of Living Adjustment (COLA) restores some of the purchasing power that the benefit loses over time.
- Electing a COLA is only effective for one plan year and is reassessed on a year-to-year basis. Court determines if a cost of living increase will be awarded each year.

Calendar Year	Budget Year	COLA Type	Lump Sum Payment to Fund COLA
2017	2018	40% CPI	\$2,471,616
2022	2023	40% CPI	\$14,591,176



- There are three options:
- **Flat Rate COLA:** Flat percentage increase is applied to all retiree benefits.
  - **CPI-based COLA:** Based on how much inflation has occurred since each employee retired. Adjustments for one retiree could differ from that of another retiree if they retired at different times.
  - **No COLA.**



# RETIREE COLA

COLAs are funded over a 15-year period.

Collin County has historically adopted various COLA options including:

- 40% to 100% of CPI
- 1% – 8% Flat Rate
- No COLA

The last COLA adopted was 40% CPI, which was approved for plan year 2023.

1,074

Individuals collecting TCDRS benefits as of the end of December 2024, an increase of 50 since the prior year.

455

Active employees eligible to retire.

377

Additional employees who will be eligible to retire in the next 5 years.

**Pre-funded cost to add COLA in 2025:**

Type of COLA	Pre-fund Cost
40% of CPI	\$17,954,871
60% of CPI	\$36,412,595
80% of CPI	\$55,257,130
1% Flat Rate	\$3,672,440

# **COURT DETERMINATION BUDGET INFORMATION**

- Employer contribution rate
- Payment of any lump sum contribution
- Determination of any retiree COLA