Updates from the Texas County & District Retirement System

Tuesday, October 16
3:20-4:10 p.m.

Amy Campbell, Employer Services Manager, Texas County & District Retirement System

Your TCDRS retirement plan is different from most other retirement plans. Learn how your TCDRS plan is structured, how benefits are designed to provide a lifetime payout for employees, and how this type of plan compares to other retirement plans out there today.
Amy Campbell, Employer Services Manager, Texas County & District Retirement System, Austin

Campbell is the Manager of Employer Services for TCDRS. She manages a staff of employer service representatives for the retirement system and for 12 years she has traveled the state talking to governing boards about their retirement plans. Campbell earned her bachelor’s degree in education from the University of New Mexico. Before joining TCDRS, she spent ten years in personal and corporate financial services and benefits design where she designed and implemented retirement plans, health insurance programs, and investment analysis.
TCDRS Retirement Plan

Amy Campbell
TCDRS Employer Services Manager

294,000
members and retirees

$30B
in assets

9.1%
35-year return

89%
funded

More than
760
employers
Set Up for Success

★ Created in 1967 by the Texas Legislature
★ Receives no funding from the State of Texas
★ Operating costs average .26% of assets
★ Managed independently by a nine-member board of trustees

TCDRS Does Retirement Right

Here’s why:
★ Savings-based benefits
★ Responsible plan funding
★ Flexibility and local control
Our Plan Design

**Defined Benefit Plans**
- Traditional Pension Plans
- Benefit based on employee final salary
- Monthly benefit lasts a lifetime
- Employer assumes investment risk

**TCDRS**
- Benefit based on employee account balance and employer matching
- Monthly benefit lasts a lifetime
- Investment risk is shared

**Defined Contribution Plans**
- 401(k)
- Benefit based on employee savings and employer matching, if provided
- Benefit may not last a lifetime
- Employee assumes investment risk

More Employer Risk

Shared Risk

More Employee Risk

Savings-Based Benefits
A portion of every check is deposited in the employee’s account and earns 7% annually.

EACH EMPLOYEE SAVES FOR THEIR OWN RETIREMENT

The final account balance is matched at retirement.

EACH EMPLOYEE EARNs A LIFETIME BENEFIT
TCDRS Benefits Texas

★ $1.4 billion in benefits paid in 2017
  - 96% stays in Texas

★ Supports:
  - $2 billion in total economic output
  - 14,752 jobs created
  - $1.1 billion added to Texas GDP

Texans Earn Reasonable Benefits

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Years of TCDRS Service at Retirement</th>
<th>Current Annual Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>61</td>
<td>18</td>
<td>$22,560</td>
</tr>
</tbody>
</table>
Responsible Plan Funding

Investment Income Funds Benefits

Employee Deposits
Employer Contributions
**Diversified Portfolio Reduces Risk**

As of April 2018

<table>
<thead>
<tr>
<th>EQUITIES</th>
<th>CREDIT</th>
<th>HEDGE FUNDS</th>
<th>PRIVATE EQUITY</th>
<th>REAL ASSETS</th>
<th>INVESTMENT-GRADE BONDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>32%</td>
<td>20%</td>
<td>18%</td>
<td>16%</td>
<td>11%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Target Asset Allocation

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**Investment Returns (Net of All Fees)**

As of Dec 31, 2017

<table>
<thead>
<tr>
<th>Annualized Returns</th>
<th>2017 Return</th>
<th>5 Year</th>
<th>10 Year</th>
<th>15 Year</th>
<th>20 Year</th>
<th>25 Year</th>
<th>30 Year</th>
<th>35 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Fund</td>
<td>14.7%</td>
<td>8.8%</td>
<td>5.6%</td>
<td>7.8%</td>
<td>7.1%</td>
<td>7.6%</td>
<td>8.4%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>14.7%</td>
<td>7.4%</td>
<td>4.6%</td>
<td>7.1%</td>
<td>6.3%</td>
<td>6.6%</td>
<td>7.3%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
Achieving Long-Term Goals
(Net of All Fees)

How Employer Rates Are Determined

★ Each year, TCDRS actuaries look at each plan to determine the required contribution rate.

Study workforce and estimate benefits employer will pay

Estimate the value of future benefits in today's dollars

Compare plan assets with estimate of benefits

Determine a rate to appropriately fund benefits while keeping rates stable
Flexibility and Local Control

★ Employers annually review their plans and can make changes based on their local needs and budgets.

★ Employers can increase or reduce benefits by adjusting their employee deposit rate or their employer matching rate.

Employer Plan Funding

★ The annually determined employer rate is a percentage of TCDRS covered payroll

★ The rate does two things:
  – Invests for current employees’ future benefits
  – Pays down liabilities within 20 years
Ways to Help Keep Rates Stable

- Maintain or adjust benefit levels
- Contribute at a higher elected rate
- Make an additional employer contribution

Flexibility and Local Control
### Employers Make the Call Each Year

#### 2019 Contribution Rates*

<table>
<thead>
<tr>
<th>Employee Deposit Rate</th>
<th>7%</th>
<th>6%</th>
<th>5%</th>
<th>4%</th>
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</thead>
<tbody>
<tr>
<td>250%</td>
<td>11.88%</td>
<td>10.41%</td>
<td>8.94%</td>
<td>7.45%</td>
</tr>
<tr>
<td>225%</td>
<td>10.75%</td>
<td>9.43%</td>
<td>8.12%</td>
<td>6.80%</td>
</tr>
<tr>
<td>200%</td>
<td>9.60%</td>
<td>8.44%</td>
<td>7.30%</td>
<td>6.18%</td>
</tr>
<tr>
<td>180%</td>
<td>8.68%</td>
<td>7.66%</td>
<td>6.64%</td>
<td>5.67%</td>
</tr>
<tr>
<td>175%</td>
<td>8.45%</td>
<td>7.47%</td>
<td>6.48%</td>
<td>5.55%</td>
</tr>
<tr>
<td>150%</td>
<td>7.31%</td>
<td>6.49%</td>
<td>5.71%</td>
<td>4.93%</td>
</tr>
<tr>
<td>125%</td>
<td>6.18%</td>
<td>5.55%</td>
<td>4.93%</td>
<td>4.30%</td>
</tr>
<tr>
<td>100%</td>
<td>5.08%</td>
<td>4.62%</td>
<td>4.15%</td>
<td>3.68%</td>
</tr>
</tbody>
</table>

*All benefit changes presented are for future only options.

### When Employers Review Their Plans

- **January thru April:** Actuaries perform plan valuation
- **May thru December:** Employers make plan decisions

- **Dec. 31:** Actuaries take a snapshot of your plan
- **May 1:** Rate information and Plan Customizer available
- **July:** TCDRS Annual Conference
- **Dec. 17:** Plan changes due
- **Jan. 1:** New rate goes into effect
Looking Ahead

TCDRS Education is in Demand

★ In 2017, Member Services Field Representatives provided in-person education to more than 9,000 members.
★ In 2018, these services have been booked far in advance.
New: Online Benefit Counseling

★ Just like an in-person session, but online:
  – Receive personalized estimates
  – Discuss benefit payment options
  – Review beneficiary designations and survivor benefit options

To learn more, go to: www.TCDRS.org/OnlineCounseling

New: Web Features for Members

★ Later this year, TCDRS will roll out improvements to your employees’ online experience:
  – Two-factor authentication
  – Customized user account summary pages
  – Document upload tool
  – Mobile-friendly experience
  – Improved benefit estimator
We Are Here to Help

★ **Employer Services**
- Information regarding plan options
- Rate information and analysis

★ **Education opportunities**
- TCDRS Annual Conference: July 24–26, 2019

★ **Contact information**
- 800-651-3848
- EmployerServices@tcdrs.org
- www.TCDRS.org/employer
Questions?

www.TCDRS.org