HUMAN RESOURCES DEPARTMENT
FORT BEND COUNTY, TEXAS

Kent M. Edwards, PHR
Director of Human Resources

Interoffice Memorandum

Date: **August 9, 2017**

To: **County Judge Bob Hebert**
Commissioners Morales, Prestage, Meyers, Patterson

From: **Kent Edwards**

cc: **Beatrice Galan, Lorraine Niemeyer**

Subject: **HR Agenda Item for the August 22, 2017 Commissioners' Court – TCDRS Plan Authorization for 2018 Plan Year**

Human Resources Agenda Item – **TCDRS Plan Authorization for 2018 Plan Year**
"Take all appropriate action to authorize the County Judge to execute Fort Bend County's Texas County & District Retirement System (TCDRS) Plan Authorization for the Plan Year 2018 and consider action on the following items: changes in the plan provisions for non-retirees; Cost of Living Adjustment (COLA) for retirees; and payment of a rate greater than the TCDRS required rate."

Each year, the Court must take the following actions for the upcoming TCDRS Plan Year:

1. decide whether to make any changes in the County's TCDRS Plan provisions for non-retirees, and
2. decide whether to adopt a cost-of-living adjustment (COLA) with respect to benefit payments being paid to retirees or their beneficiaries, and
3. decide whether to elect to pay a rate greater than the total required rate as reported by TCDRS, and
4. authorize the County Judge to execute the Plan Authorization Form which formally communicates those decisions to TCDRS.

Each of you has earlier been provided with a copy of the Retirement Plan Assessment for Plan Year 2018 which contained all the details of our Plan's benefits and our projected costs for next year. The document also included information on why our employer contribution rate may have changed. In addition, you have also been furnished information about the various retiree COLA options under TCDRS and their respective costs.

Regarding the above items, it is the recommendation of Human Resources that for the 2018 plan year, Commissioners' Court:

1. makes no changes in the plan provisions for non-retirees, and
2. adopts no cost-of-living adjustment (COLA) to be paid to retirees or their beneficiaries, and
3. elects to pay the total required employer contribution rate of **12.12%**, and
4. authorizes the County Judge to execute the Plan Authorization Form to formally communicate these decisions to TCDRS.

Should you have any questions, please do not hesitate to contact me 281-341-8631.

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TCDRS Contribution Summary - 2018
Fort Bend County - Plan #178

Plan Year	Normal Cost Rate	UAAL Rate	Required Rate w/o COLA	% of CPI Adopted	CPI Flat Rate Adopted	COLA Rate	Total Required Rate	Single Payment	Authorization to Maintain Plan Provisions: Approved at Court Date	Authorization to Maintain Plan Provisions: Certification Dated
2018	6.96%	5.16%	12.12%	0%	0%	0.00%	12.12%	None	August 22, 2017	August 22, 2017
2017	6.96%	4.99%	11.95%	0%	0%	0.00%	11.95%	None	August 23, 2016	August 23, 2016
2016	7.33%	4.46%	11.79%	0%	N/A	0.00%	11.79%	None	August 11, 2015	August 11, 2015
2015	7.33%	4.81%	12.14%	0%	N/A	0.00%	12.14%	None	August 26, 2014	August 26, 2014
2014	7.42%	4.76%	12.18%	10%	N/A	0.03%	12.21%	$351,557.00	August 27, 2013	August 27, 2013
2013	7.44%	4.11%	11.55%	0%	N/A	0.00%	11.55%	None	August 28, 2012	August 28, 2012
2012	7.45%	3.67%	11.12%	0%	N/A	0.00%	11.12%	None	September 13, 2011	September 13, 2011
2011	7.45%	3.20%	10.65%	0%	N/A	0.00%	10.65%	None	September 7, 2010	September 7, 2010
2010	7.25%	3.58%	10.83%	0%	N/A	0.00%	10.83%	None	October 6, 2009	October 6, 2009
2009	7.26%	2.81%	10.07%	50%	N/A	0.15%	10.22%	None	September 23, 2008	September 23, 2008
2008	7.22%	2.74%	9.96%	50%	N/A	0.17%	10.13%	None	August 7, 2007	September 4, 2007
2007	7.22%	3.10%	10.32%	40%	N/A	0.03%	10.35%	None	September 12, 2006	October 19, 2006
2006	6.78%	3.09%	9.87%	50%	N/A	0.08%	9.95%	None		
2005	6.91%	3.16%	10.07%	50%	N/A	0.01%	10.08%	None		
2004	6.91%	3.62%	10.53%	N/A	2%	0.09%	10.62%	None		
2003	6.92%	3.61%	10.53%	50%	N/A	0.04%	10.57%	None		
2002	6.93%	3.31%	10.24%	50%	N/A	0.23%	10.47%	None		
2001	6.94%	3.44%	10.38%	N/A	3%	0.11%	10.49%	None		
2000	6.93%	3.57%	10.50%	(2000 = .08% increase due to buy-back)			10.58%	None		
	7.14% *Average 2000 - 2017*	3.75% *Average 2000 - 2017*	10.88% *Average 2000 - 2017*			0.06% *Average 2001 - 2017*	10.87% *Average 2000 - 2017*			

= AS PROPOSED BY HR

Plan Assessment for Plan Year 2018
Fort Bend County – 178
Participation Date – 1/1/1972

It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits meet your workforce needs and budget. This plan assessment will give you an overview of the benefits you provide as well as how much it will cost to provide these benefits in the upcoming plan year.

	2018 Plan
Basic Plan Options	
Employee Deposit Rate	7%
Employer Matching	200%
Prior Service Credit	165%
Retirement Eligibility	
Age 60 (Vesting)	8 years of service
Rule of	75 years total age + service
At Any Age	30 years of service
Optional Benefits	
Partial Lump-Sum Payment at Retirement	No
Group Term Life	None
Retirement Plan Funding	
Normal Cost Rate	6.96%
UAAL/(OAAL) Rate	5.16%
Required Rate	12.12%
Elected Rate	N/A
Total Contribution Rate	
Retirement Plan Rate (greater of required or elected rate)	12.12%
Group Term Life Rate	N/A
Total Contribution Rate	12.12%
Valuation Results (as of Dec. 31, 2016)	
Actuarial Accrued Liability	$606,531,729
Actuarial Value of Assets	$525,441,905
Unfunded Actuarial Accrued Liability	$81,089,825
Funded Ratio	86.6%

Notes:

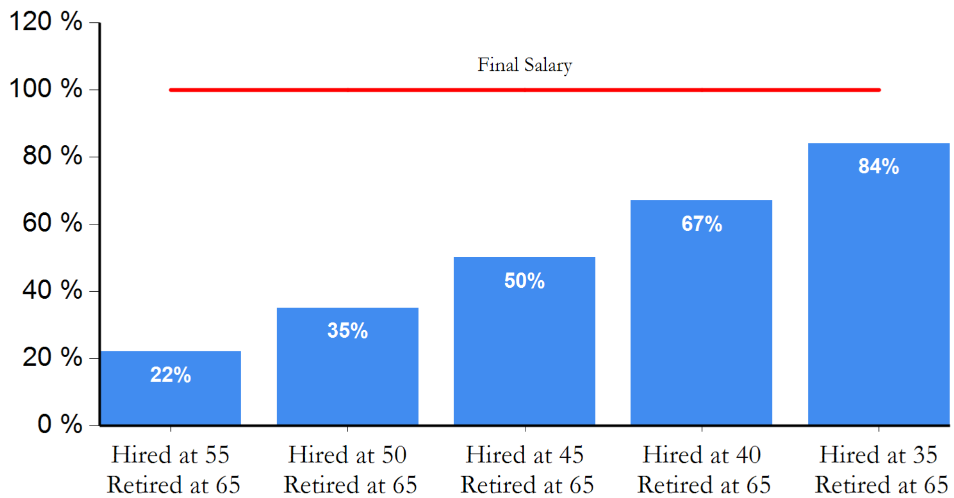
Buyback adopted 2000

Last COLA 2014

What You Are Providing

The TCDRS benefit is based on employee deposits, which earn 7% compound interest each year, and employer matching at retirement. The following chart shows the estimated TCDRS benefit as a percentage of final salary prior to retirement for a new hire:

% of Salary that TCDRS Benefit Replaces at Retirement

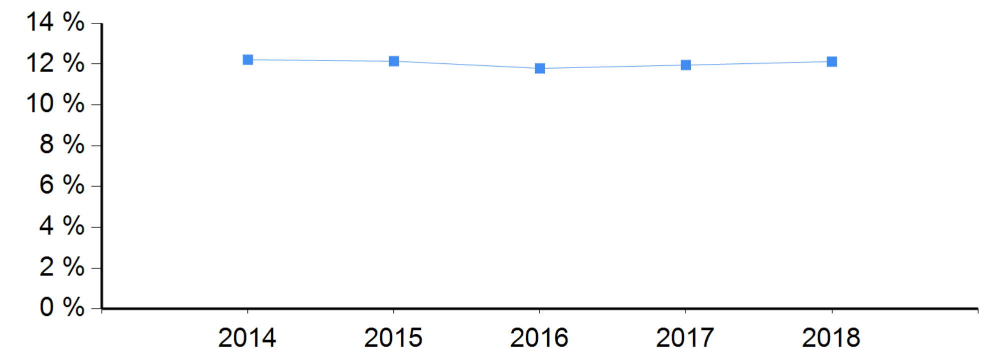


Assumptions

- 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/employer).
- Based on Single Life benefit.

Reasons for Rate Change

Below is a record of your required rate history for your retirement plan over the last five years.



Reasons for Rate Change	2014–2015	2015–2016	2016–2017	2017–2018
Beginning Rate	**12.21%**	**12.14%**	**11.79%**	**11.95%**
Plan Changes Adopted	0.00%	0.00%	0.00%	N/A
Investment Return	-0.07%	-0.09%	0.43%	0.46%
Elected Rate/Lump Sum	-0.03%	0.00%	0.00%	0.00%
Demographic/Other Changes	0.02%	-0.26%	-0.22%	-0.29%
Assumptions/Methods	0.01%	0.00%	-0.05%	0.00%
Ending Rate	**12.14%**	**11.79%**	**11.95%**	**12.12%**
Valuation Year	2013	2014	2015	2016
Funded Ratio	83.9%	85.8%	83.3%	86.6%

A complete Summary Valuation Report for the Dec. 31, 2016 valuation will be available mid-May at www.tcdrs.org/employer.

Next Steps

If you are interested in making plan changes, please contact your Employer Services Representative at 800-651-3848. Your benefit selections are due by Dec. 15, 2017.