



HUMAN RESOURCES DEPARTMENT
FORT BEND COUNTY, TEXAS

AGENDA ITEM
35A

Kent M. Edwards, PHR
Director of Human Resources

Interoffice Memorandum

Date: August 14, 2013

To: County Judge Bob Hebert
Commissioners Morrison, Prestage, Meyers, Patterson

From: Kent Edwards

cc: Beatrice Galan, Lorraine Niemeyer

Subject: HR Agenda Item for the August 27, 2013 Commissioners' Court –
TCDRS Plan Authorization for 2014 Plan Year

Human Resources Agenda Item – **TCDRS Plan Authorization for 2014 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 2014 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 2014 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.

Regarding the above items, it is the recommendation of Human Resources that for the 2014 plan year, Commissioners' Court:

1. makes no changes in the plan provisions for non-retirees, and
2. adopts a 10% of CPI cost-of-living adjustment (COLA) to be paid to retirees or their beneficiaries, and
3. elects to pay the total required employer contribution rate including COLA of **12.21%**, and
4. approves as a single payment, an additional optional contribution of \$351,557.00 to be credited to the County's Account in the Subdivision Accumulation Fund in the System, and
5. authorizes the County Judge to execute the necessary Plan Authorization Forms to communicate these decisions to TCDRS.

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

301 Jackson Street, Suite 243, Richmond, TX 77469 * 281-341-8631 * Fax 281-341-8615
Kent.Edwards@co.fort-bend.tx.us www.co.fort-bend.tx.us

TCDRS Contribution Summary 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 | Certification Dated |
|-----------|------------------------------|------------------------------|-------------------------------|--|-----------------------|------------------------------|-------------------------------|----------------|---|---------------------|
| 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 (15 yr.) | 3.45% Average (15 yr.) | 10.59% Average (15 yr.) | | | 0.07% Average (13 yr.) | 10.54% Average (14 yr.) | | | |

= As Proposed By HR

RETIREMENT PLAN ASSESSMENT
FOR PLAN YEAR 2014

Fort Bend County – 178

Fort Bend County, #178
Retirement plan assessment
for plan year 2014

It's that time of year again — time to look at your TCDRS retirement plan and decide whether or not your benefits are adequate and affordable. This plan assessment will give you an overview of the benefits you currently provide. It also includes estimates on how much it will cost to provide these benefits in 2014.

If you are interested in changing your plan provisions for 2014, please contact your TCDRS Employer Services Representative. We will send you cost and benefit information on any changes you are considering. If you are satisfied with your current plan, please complete and return your authorization by Dec. 16, 2013.

If you have questions, contact your TCDRS Employer Services Representative at 800-651-3848.

NEXT STEPS

1. If you are not considering any plan changes ...
complete and return your authorization by Dec. 16, 2013.
2. If you are only adopting a COLA or elected rate ...
complete and return your authorization by Dec. 16, 2013.
3. If you are considering changing or adding other plan provisions ...
contact TCDRS at 800-651-3848. We will be happy to send you the rates and authorization for the plan changes you are considering.

KEY DATES

Oct. 01, 2013

Deadline to contact TCDRS in writing if you are considering authorizing a buyback.

Dec. 16, 2013

Send in your authorization to TCDRS confirming your 2014 plan provisions.

YOUR BENEFITS

Basic Benefit Provisions:

Employee deposit rate — 7%

Matching rate — 200%

Prior service credit — 165%

Retirement Eligibility:

Age 60 with 8 years of service

Any age with 30 years of service

Rule of 75 (age plus years of service equals 75)

Cost-of-Living Adjustments (COLAs) for retirees:

Your last adopted COLA was a 50% CPI-based COLA in 2009.

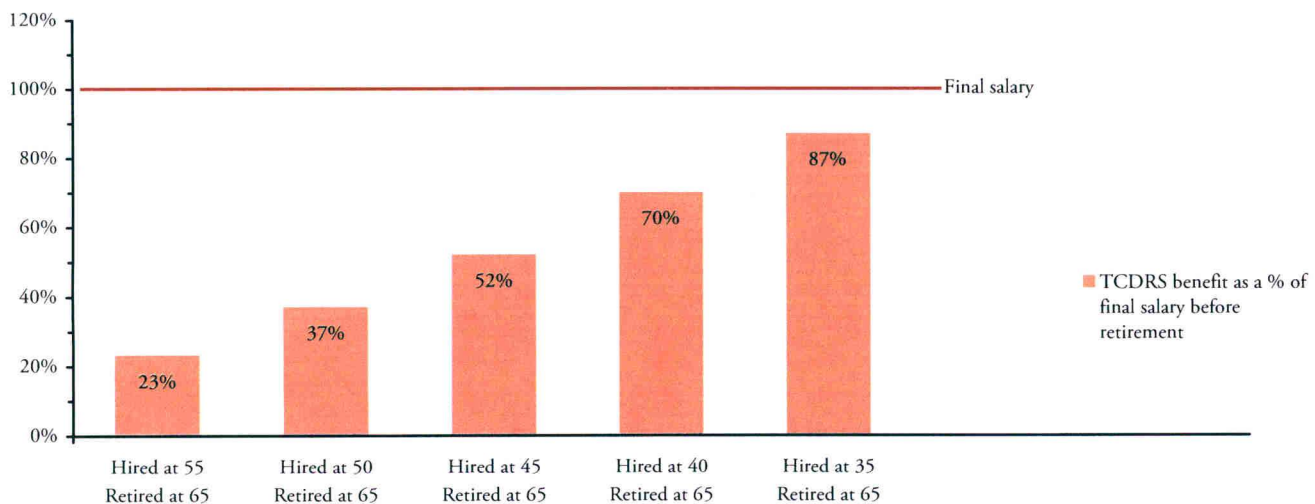
Optional Benefit Provisions:

- *Buyback* – You last passed a buyback authorization in 2000.

WHAT YOU ARE PROVIDING

Under your plan, each employee makes deposits into his or her personal TCDRS account by paying in a percentage of each paycheck. Employee accounts earn 7% interest each year, which is compounded annually based on the account balance at the beginning of the year. If one of your employees chooses to receive a retirement benefit, TCDRS adds the employee's personal account balance to matching and other credits you provide as an employer. We then convert that sum into a monthly benefit payment, payable for life.

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.

YOUR COSTS

Your employer contribution rate represents the percentage of payroll your organization needs to contribute to fund future benefits for your current employees, former employees and retirees.

To calculate your total required rate, add the rate for any COLA you plan to adopt to the provided calculated contribution rate.

| | | |
|------------------------------|---|-------------------|
| Your normal cost rate | | 7.42% |
| Your UAAL rate | + | 4.76% |
| Calculated contribution rate | | <u>12.18%</u> |
| COLA rate (if adopting) | + | <u> </u> |
| Total required rate | | <u> </u> |

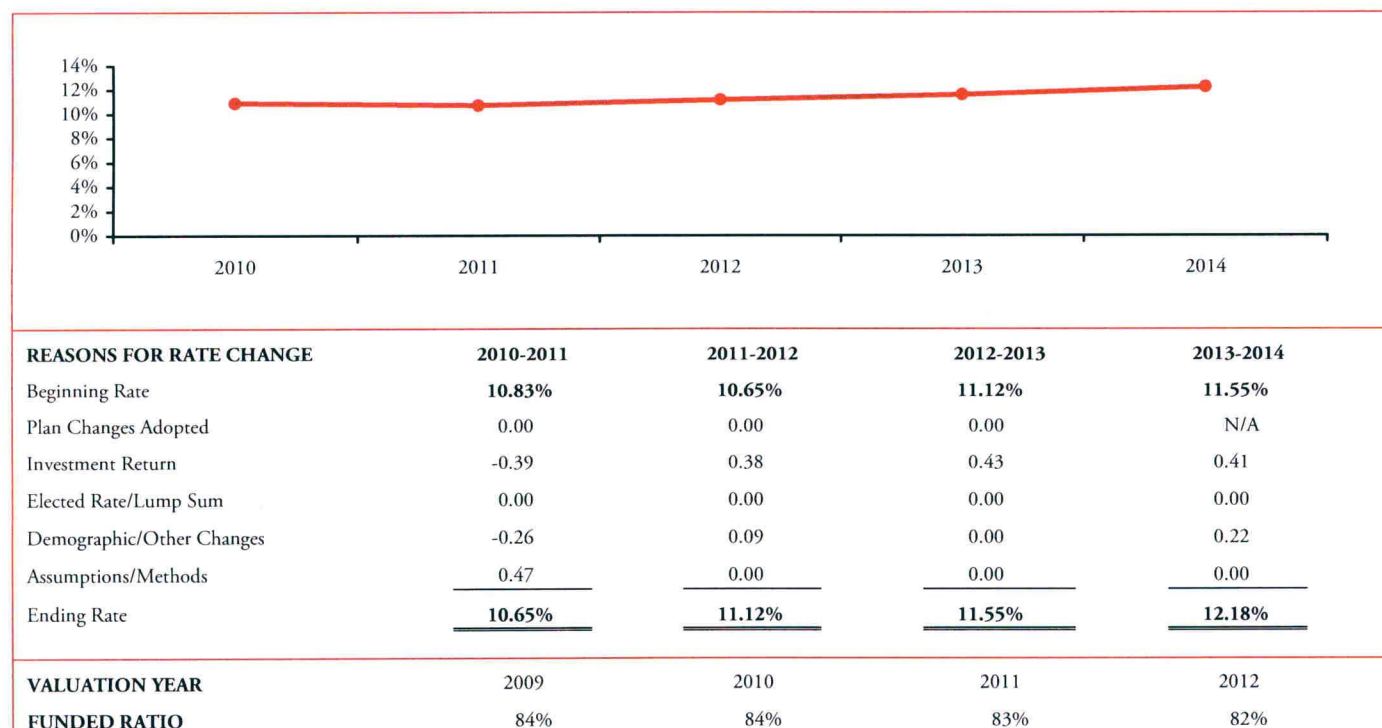
To determine the cost of your plan in dollars, move the decimal for your "Total required rate" two places to the left, then multiply it by your estimated payroll for next year.

COLAs must be authorized each year. They are not "automatic." If you wish to authorize a COLA for the next plan year, you can estimate the cost based on the schedule of rates below:

| | | |
|------|--------------|--|
| 10% | 0.03 | |
| 20% | 0.07 | |
| 30% | 0.12 | |
| 40% | 0.23 | |
| 50% | 0.39 | |
| 60% | 0.55 | |
| 70% | 0.71 | |
| 80% | 0.87 | |
| 90% | 1.02 | |
| 100% | 1.18 | |
| | % of payroll | |

| | |
|----|--------------|
| 1% | 0.10 |
| 2% | 0.20 |
| | % of payroll |

Below is a record of your required employer contribution rate history over the last five years.



A complete Summary Valuation Report for the Dec. 31, 2012 valuation is available on the web.

Fort Bend County, #178
Authorization to maintain TCDRS plan provisions
Plan Year 2014

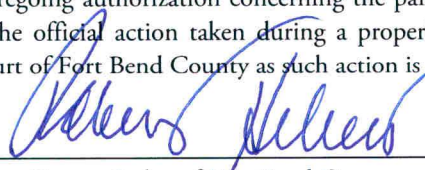
With respect to the participation of Fort Bend County in the Texas County & District Retirement System (TCDRS) for the 2014 plan year, the following order was adopted:

1. Fort Bend County makes no change in the plan provisions for non-retirees.
- * 2. With respect to benefit payments being paid to retirees or their beneficiaries, Fort Bend County (**check one box**):
 - ☐ does not adopt a cost-of-living adjustment (COLA).
 - ☒ adopts a 10 % CPI-based COLA.
 - ☐ adopts a ____ % flat-rate COLA.
- * 3. The required employer contribution rate for Plan Year 2014 will be the following:

| | |
|---|---|
| (a) Required rate without COLA: | 12.18% |
| (b) COLA rate: | + <u>.037</u> <small>enter 0 if not adopting a COLA</small> |
| (c) Total required rate (a + b): | = <u>12.21 %</u> |
- * 4. Employers may elect to pay a rate greater than the **total required rate** listed above. Fort Bend County adopts for Plan Year 2014 (**check one box**):
 - ☒ the **total required rate** listed above.
 - ☐ add a new elected rate of _____ %.
5. In the event the 2014 total required rate as set out above exceeds 11%, and if a current waiver of that limit is not on file with TCDRS, the Commissioners Court of Fort Bend County hereby waives the 11% limit on the rate of employer contributions and such waiver will remain effective with respect to future plan years until properly revoked by official action.

Certification

I certify that the foregoing authorization concerning the participation of Fort Bend County in TCDRS for Plan Year 2014 truly and accurately reflects the official action taken during a properly posted and noticed meeting on AUGUST 27, 2013, by the Commissioners Court of Fort Bend County as such action is recorded in the official minutes.



Authorized Signature, County Judge of Fort Bend County

ROBERT E. 'BOB' HEBERT

Printed Name

Dated: 8-27-2013

* Please fill in the required information for items 2, 3 and 4 before signing and sending this document to TCDRS.



**AUTHORIZATION TO MAKE OPTIONAL
CONTRIBUTION TO THE COUNTY'S ACCOUNT IN THE
SUBDIVISION ACCUMULATION FUND (SAF)**
(Revised 2013)

Employer # 178

On this the 27th day of August, 2013, the Commissioners Court of FORT BEND

County, Texas ("the County") was convened in _____ session with the following members present:

| | |
|-------------------------------|--------------------------|
| <u>ROBERT E. BOB' HERBERT</u> | County Judge |
| <u>RICHARD R. MORRISON</u> | Commissioner, Precinct 1 |
| <u>JAMES G. PRESTAGE</u> | Commissioner, Precinct 2 |
| <u>W.A. 'ANDY' MEYERS</u> | Commissioner, Precinct 3 |
| <u>JAMES D. PATTERSON</u> | Commissioner, Precinct 4 |
| <u>DIANNE WILSON</u> | County Clerk |

The County a participating employer in the Texas County and District Retirement System (hereafter "System") under Subtitle F, Title 8, Government Code (hereafter "TCDRS Act"). The County has determined that it is in the public interest to increase the retirement security of the members by accelerating the funding of past, current, and future benefit accruals by making an additional optional contribution to the County's account in the Subdivision Accumulation Fund in the System. It is now, therefore ORDERED, that:

1. In addition to the monthly contributions that the County is required to make to the System, the County will make, as a single payment, an additional optional contribution of \$ 351,557.00 to be credited to the County's Account in the Subdivision Accumulation Fund in the System.
2. The additional optional contribution shall be paid in such manner that the System will receive the funds at its offices before the last day of this calendar year.

Certification

I certify that the foregoing authorization concerning the County's optional contribution to the County's Subdivision Accumulation Fund accurately reflects the official action taken during a properly posted and noticed meeting by our Commissioner's Court and such is recorded in the official minutes.

Dianne Wilson

County Clerk and Ex-Officio Clerk of the
Commissioners Court

8-27-13
Dated

