



HUMAN RESOURCES DEPARTMENT
FORT BEND COUNTY, TEXAS

Kent M. Edwards, PHR
Director of Human Resources

Interoffice Memorandum

Date: August 15, 2014

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

From: Kent Edwards

cc: Beatrice Galan

Subject: HR Agenda Item for the August 26, 2014 Commissioners' Court –
TCDRS Plan Authorization for 2015 Plan Year

Human Resources Agenda Item – **TCDRS Plan Authorization for 2015 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 2015 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 2015 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 2015 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 **12.14%**, 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.



Plan Assessment for Plan Year 2015 Fort Bend County – 178

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 provide as well as how much it will cost to provide these benefits in the upcoming plan year.

2015 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 plus 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	7.33%
UAAL/(OAAL) Rate	4.81%
Required Rate	12.14%
Elected Rate	N/A
Total Contribution Rate	
Retirement Plan Rate (greater of required or elected rate)	12.14%
Group Term Life Rate	None
Total Contribution Rate	12.14%
Valuation Results (as of Dec. 31, 2013)	
Actuarial Accrued Liability	\$378,799,769
Actuarial Value of Assets	\$317,963,410
Unfunded/(Overfunded) Actuarial Liability	\$60,836,359
Funded Ratio	83.9%

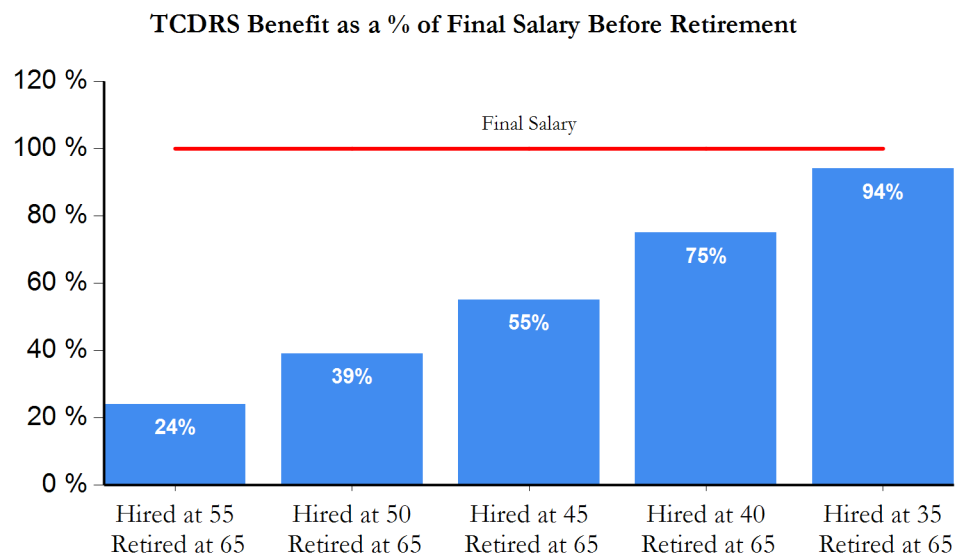
Notes:

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:

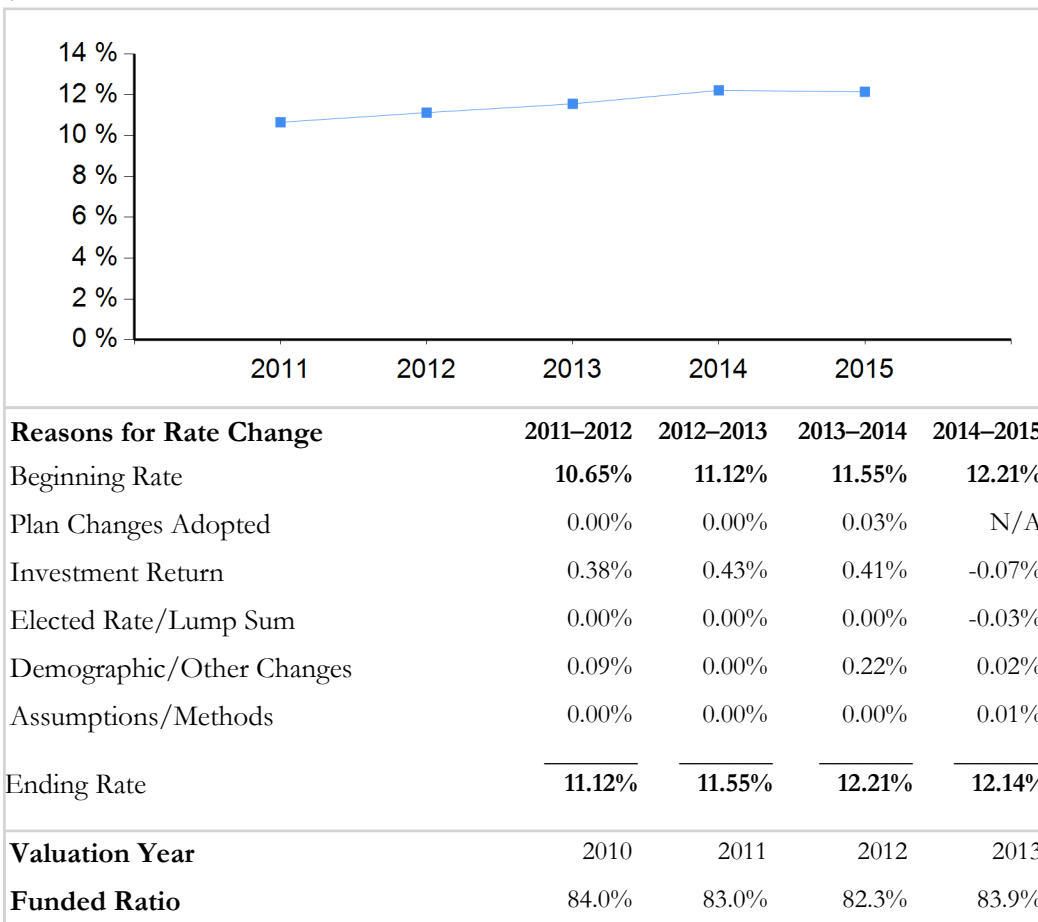


Assumptions

- 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 employer contribution rate history over the last five years.



A complete Summary Valuation Report for the Dec. 31, 2013 valuation will be available mid-May at www.tcds.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, 2014.



Fort Bend County

2015 Retiree COLA Options / Expense

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No COLA:	0%	\$0
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Flat-Rate Options:	1%	\$1,339,853
	2%	\$2,679,705
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CPI-Based Options:	10%	\$128,005
	20%	\$713,132
	30%	\$1,591,895
	40%	\$3,134,980
	50%	\$5,127,051
	60%	\$7,076,911
	70%	\$9,050,194
	80%	\$11,023,483
	90%	\$12,996,784
	100%	\$14,970,098