



## Hidalgo County TCDRS Retirement Plan

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700 employers

270,000 members and retirees

89% funded

9.6% 35-year return

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The infographic is divided into four quadrants. Top-left: A map of Texas with the text '700 employers'. Top-right: A photograph of an elderly man in a blue shirt and tie, wearing a red and white cap and sunglasses, standing next to a blue classic car. Text: '270,000 members and retirees'. Bottom-left: A silhouette of a city skyline at sunset. Text: '89% funded'. Bottom-right: A close-up of bluebonnet flowers. Text: '9.6% 35-year return'. A small number '2' is in the bottom right corner of the infographic.

## TCDRS Does Retirement Right

Here's why:

- ★ Savings-based benefits
- ★ Responsible plan funding
- ★ Flexibility and local control

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## TCDRS Does Retirement Right

- ★ Savings-based benefits
  - Members save over their careers for retirement
  - Savings earn 7%, set by statute
  - At retirement, benefit is based on savings account balance and employer matching

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## Benefits Texas

- ★ \$1.2 billion in benefits paid in 2015
- ★ Benefits paid in Hidalgo County:
  - \$19,694,933
- ★ Supports:
  - \$1.6 billion in total economic output
  - 13,592 jobs created
  - \$962 million added to Texas GDP

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## Average Employee and Retiree Profile

### Your employees:

- ★ 42 years old
- ★ 8 years of TCDRS service
- ★ \$32,919 average account balance

### Your retirees:

- ★ 60 years old at retirement
- ★ 18 years of service at retirement
- ★ \$18,900 in TCDRS benefits annually

Based on actuarial valuation data as of Dec. 31, 2015

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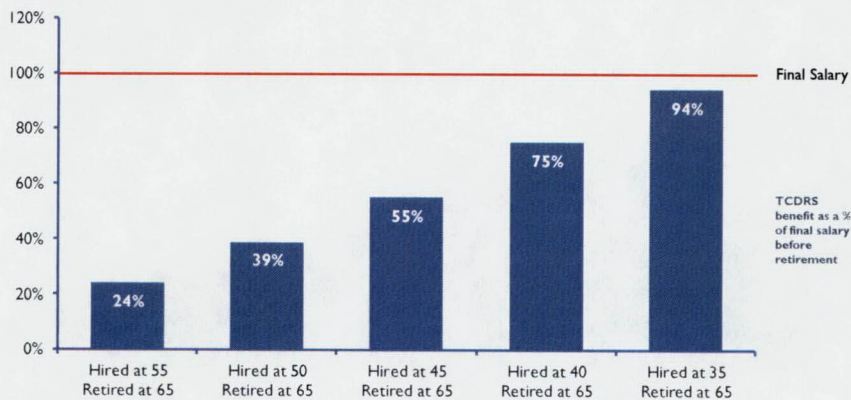
## Your Plan of Benefits

- ★ Employee deposit rate: 7%
- ★ Employer matching rate: 200%
- ★ Vesting: 8 years of service
- ★ Retirement eligibility:
  - Age 60 with 8 years of service
  - Rule of 75 (must be vested)
  - 20 years of service at any age
- ★ Partial Lump-Sum Distribution

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## What You Provide 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](http://www.tcdrs.org)).
- Based on Single Life benefit.

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## Investment Earnings Fund Benefits



Estimated

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## Investment Returns (Net of All Fees)

Estimated as of Dec. 31, 2015

Annualized Returns	2015 Return	5 Year	10 Year	15 Year	20 Year	25 Year	30 Year	35 Year
<b>Total Fund</b>	<b>-0.8%</b>	<b>6.6%</b>	<b>5.5%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>7.8%</b>	<b>8.3%</b>	<b>9.6%</b>
<b>Benchmark</b>	<b>-2.4%</b>	<b>4.9%</b>	<b>4.6%</b>	<b>5.7%</b>	<b>5.9%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>8.4%</b>

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## You Fund Your Plan Responsibly

- ★ Employer rate for 2017: 11.47% of payroll
- ★ Your rate is doing two things:
  - Investing for your current employees' future benefits
  - Paying down your unfunded liabilities within 20 years
- ★ Funded Ratio is 83.1% as of Dec. 31, 2015

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## Your Plan Rate Change: 2016 to 2017

Reason for change	2016–2017
<b>2016 Rate</b>	<b>11.25%</b>
Plan changes adopted	TBD
Investment return	0.38%
Elected rate / lump sum	0.00%
Demographic / other changes	-0.16%
Assumptions / methods	0.00%
<b>2017 Rate</b>	<b>11.47%</b>

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## You Make the Call Each Year

### 2017 Contribution Rates\*

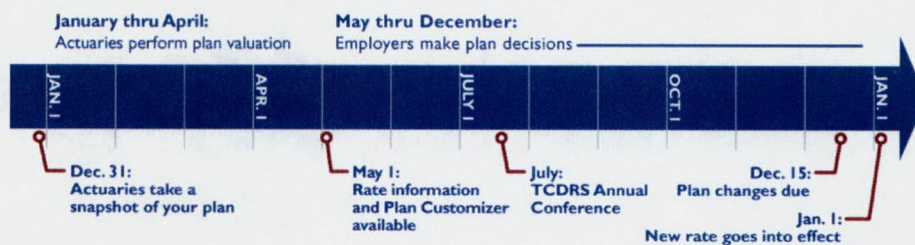
		Employee Deposit Rate			
		7%	6%	5%	4%
Matching Rate	250%	13.99%	12.36%	10.78%	9.21%
	225%	12.73%	11.29%	9.90%	8.52%
	200%	11.47%	10.25%	9.04%	7.83%
	175%	10.26%	9.21%	8.17%	7.13%
	150%	9.04%	8.17%	7.31%	6.44%
	125%	7.83%	7.13%	6.44%	5.74%
	100%	6.61%	6.09%	5.57%	5.05%

\* All benefit changes presented are prospective only.

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## Planning Cycle

### YOUR ANNUAL PLAN DECISIONS



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## We Are Here to Help!

### ★ Employer Services

- Information regarding plan options
- Rate information and analysis
- Special plan studies

### ★ Education opportunities

- Annual Conference:  
July 27-29, 2016
- Free webinars

### ★ Contact information

- Phone: 800-651-3848
- Email: [EmployerServices@tcdrs.org](mailto:EmployerServices@tcdrs.org)
- Website: [www.tcdrs.org/employer](http://www.tcdrs.org/employer)



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# Questions?

[www.tcdrs.org](http://www.tcdrs.org)



**Plan Assessment for Plan Year 2017**  
**Hidalgo County – 207**  
**Participation Date – 1/1/1968**

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.

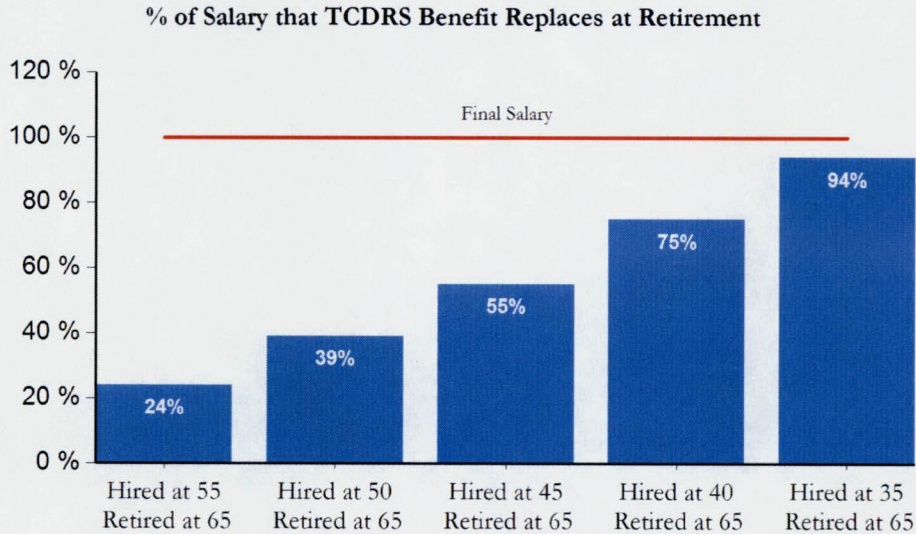
	<b>2017 Plan</b>
<b>Basic Plan Options</b>	
Employee Deposit Rate	7%
Employer Matching	200%
Prior Service Credit	160%
<b>Retirement Eligibility</b>	
Age 60 (Vesting)	8 years of service
Rule of	75 years total age + service
At Any Age	20 years of service
<b>Optional Benefits</b>	
Partial Lump-Sum Payment at Retirement	Yes
Group Term Life	None
<b>Retirement Plan Funding</b>	
Normal Cost Rate	6.49%
UAAL/(OAAL) Rate	4.98%
Required Rate	11.47%
Elected Rate	N/A
<b>Total Contribution Rate</b>	
Retirement Plan Rate (greater of required or elected rate)	11.47%
Group Term Life Rate	N/A
Total Contribution Rate	11.47%
<b>Valuation Results (as of Dec. 31, 2015)</b>	
Actuarial Accrued Liability	\$398,969,765
Actuarial Value of Assets	\$331,406,331
Unfunded Actuarial Accrued Liability	\$67,563,434
Funded Ratio	83.1%

**Notes:**

Buyback adopted 2009  
 Last COLA 2016

## 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:

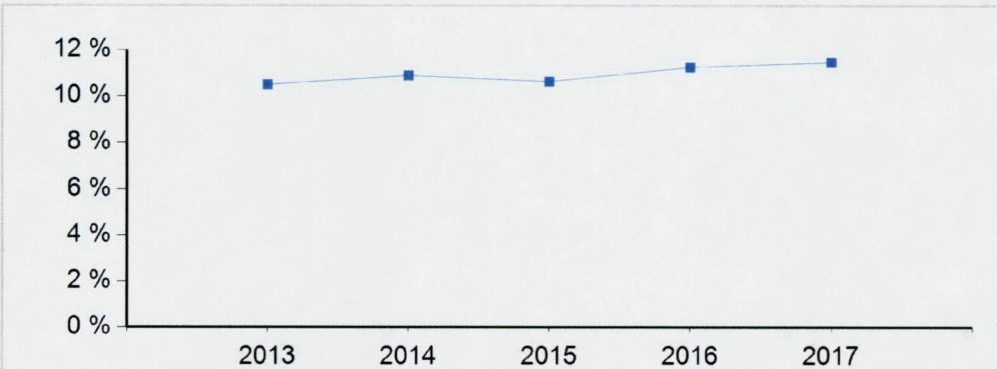


### Assumptions

- 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](http://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	2013–2014	2014–2015	2015–2016	2016–2017
Beginning Rate	10.50%	10.89%	10.63%	11.25%
Plan Changes Adopted	0.00%	0.00%	0.69%	N/A
Investment Return	0.33%	-0.07%	-0.09%	0.38%
Elected Rate/Lump Sum	0.00%	0.00%	0.00%	0.00%
Demographic/Other Changes	0.06%	-0.19%	0.02%	-0.16%
Assumptions/Methods	0.00%	0.00%	0.00%	0.00%
Ending Rate	10.89%	10.63%	11.25%	11.47%
<b>Valuation Year</b>	2012	2013	2014	2015
<b>Funded Ratio</b>	82.7%	84.8%	85.0%	83.1%

A complete Summary Valuation Report for the Dec. 31, 2015 valuation will be available mid-May at [www.tcdrs.org/employer](http://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, 2016.