ELECTED RATE AND LUMP-SUM CONTRIBUTIONS

There are two ways of making extra contributions to your plan: paying an elected rate higher than your required rate or making a lump-sum contribution. Neither will have a direct impact on the benefits your employees receive when they retire, but they help you buffer against negative plan experience or pre-fund a benefit increase.

ELECTED RATES

- ★ If you adopt an elected rate, then your monthly plan contributions will be based on the elected rate, rather than your required rate.
- ★ Paying an elected rate means you pay more than your required contribution rate into your employer account.
- ★ It can help you set a stable budgetary line item from year-to-year.
- ★ Electing a rate can provide a buffer against adverse plan experience.

LUMP-SUM CONTRIBUTIONS

- ★ An extra lump-sum contribution goes directly to your employer account.

THINGS TO CONSIDER

- ★ Making extra contributions can help reduce your required rate, but it does not guarantee that your required rate will never go up.
- ★ Extra contributions can provide a cushion against negative plan experience, such as investments not performing as well as expected.
- ★ Extra contributions can also be used as a way of pre-funding a benefit increase, such as a cost-of-living adjustment for your retirees.

HOW WE CAN HELP

If you are considering making extra contributions, please contact your TCDRS Employer Services representative. We can help you develop strategies for making extra contributions based on your goals for plan funding and future plan benefits.