



TCDRS Doing Retirement Right

Erika Aguirre, TCDRS Employer Services Representative



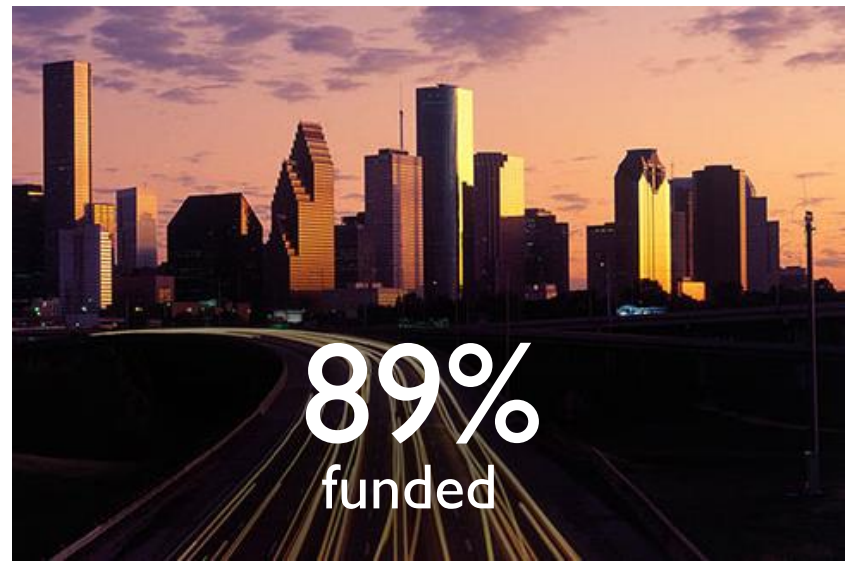
More than
345,000
members and retirees



More than
830
employers



\$45B
in assets



89%
funded



9.9%
40-year return



Set Up for Success

- Created in **1967** by the Texas Legislature
- Managed independently by a **nine-member** board of trustees
- Manage **\$45 billion** in assets as of Dec. 31, 2021
- Operating costs average **0.21%** of assets
- Receive **no funding** from the State of Texas

TCDRS Does Retirement Right



Savings-based
benefits



Responsible
plan funding



Flexibility and
local control

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



TCDRS Does Retirement Right

Responsible plan funding

- Employers pay **100%** of required contributions
- Nearly **44%** of employers make additional contributions
- 2022 estimated weighted-average required employer contribution rate is **12.95%**



TCDRS Does Retirement Right

Flexibility and local control

- Employers choose benefit levels based on local needs and budgets
- May increase or reduce benefits by adjusting the employee deposit rate or employer matching
- Can also make additional contributions to their plan



Investments & Your Plan



Investment Earnings Fund Benefits



Estimated

74¢

Investment Earnings

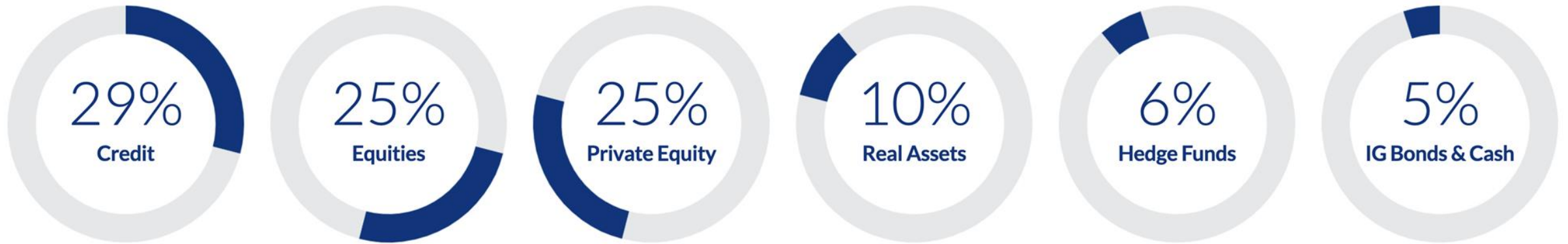
15¢

Employer Contributions

11¢

Employee Deposits

Diversified Portfolio Reduces Risk



Target Asset Allocation

As of March 2022

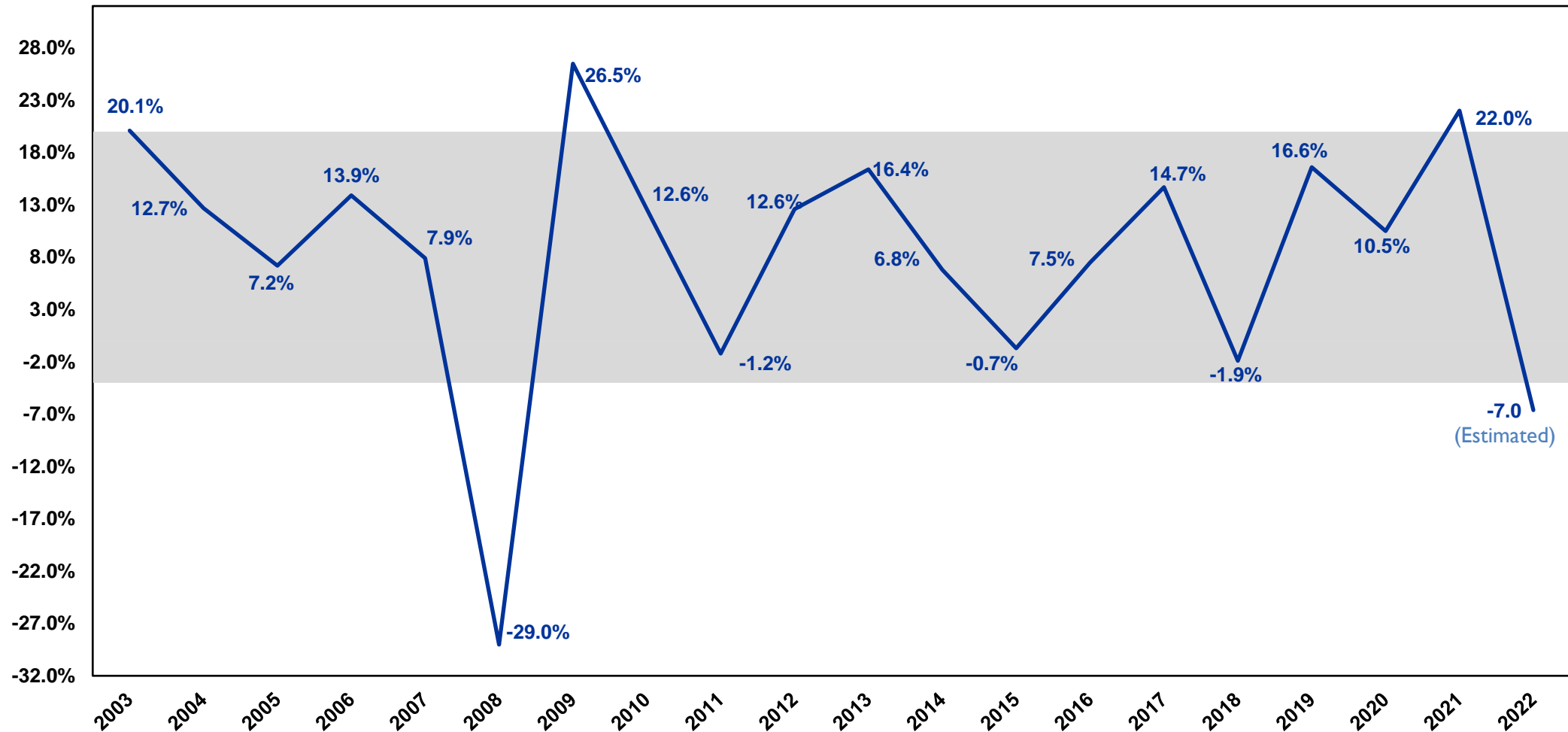
Investment Returns (net of all fees)

As of Dec. 31, 2021

Annualized Returns	2021 Return	5 Year	10 Year	20 Year	30 Year	40 Year
Total Fund	22.0%	12.1%	10.2%	8.2%	8.2%	9.9%
Benchmark	17.2%	11.1%	8.9%	7.3%	7.1%	8.8%

Achieving Long-term Investment Results (Net of All Fees)

Expected Risk & Return





Know Your Benefits

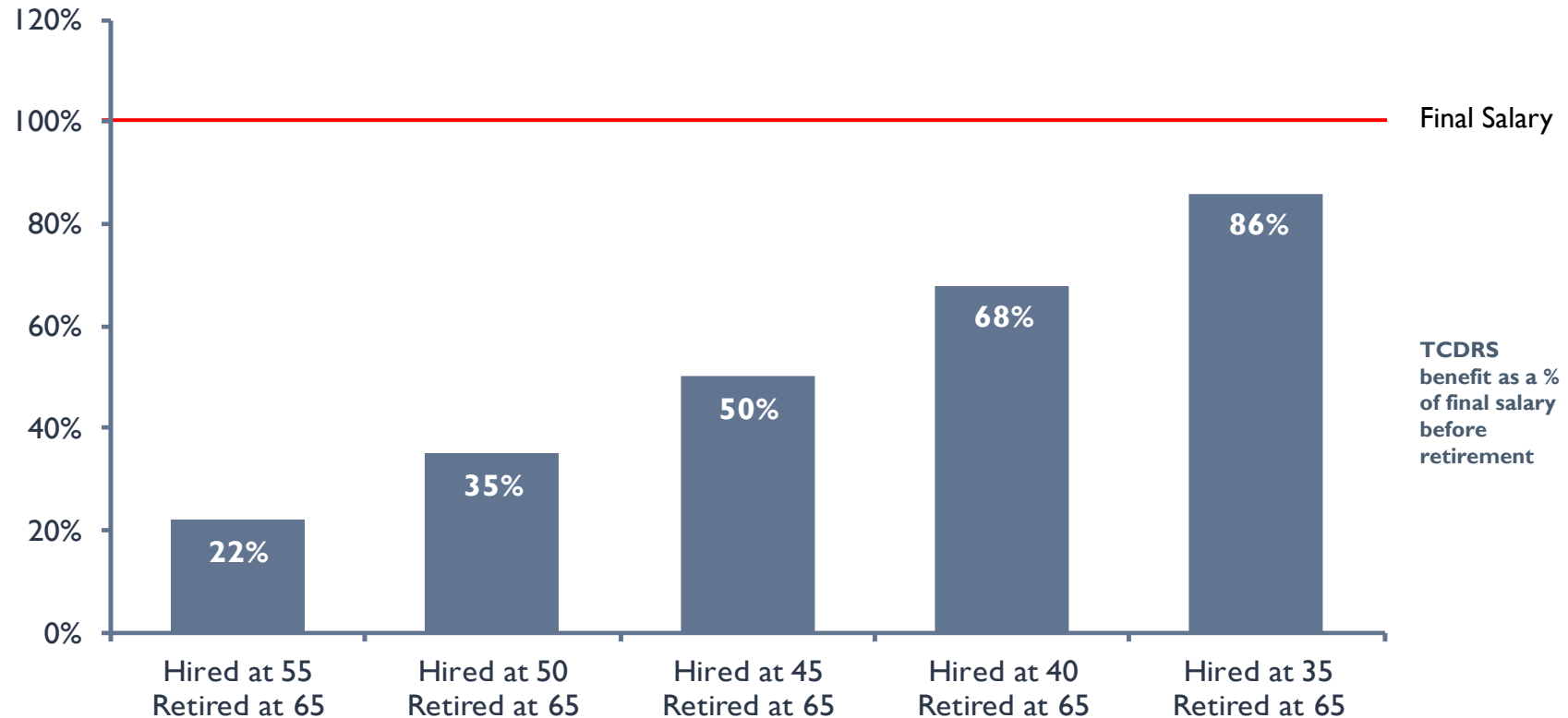


You Have Choices

- You review your plan annually.
- You may adjust your employees' benefits to meet your local needs and budget.
 - Employee deposits
 - Employer matching
 - Retirement eligibility
 - Cost-of-living adjustments (COLAs)
- You may choose to make additional contributions.

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).
- Based on Single Life benefit.



Employee Deposits

- Choose 4%, 5%, 6% or 7%
- Raise or lower annually



Employers

Cost will go up

Employees

Smaller paycheck now, but higher benefit in retirement



Employers

Cost will go down

Employees

More money in paycheck, but results in a smaller benefit



Employer Matching

- Choose 100%–250%, in 5% intervals
- Increases: Future, or past and future deposits
- Decreases: Only future deposits



Employers

Cost will go up

Employees

Higher the match, the higher the benefit



Employers

Cost will go down

Employees

Lower the match, the lower the benefit



Retirement Eligibility

Age 60

5, 8 or 10 years
of service

Rule Of

75 or 80
(age + service)*

**At Any
Age**

20 or 30 years
of service

*Must be vested

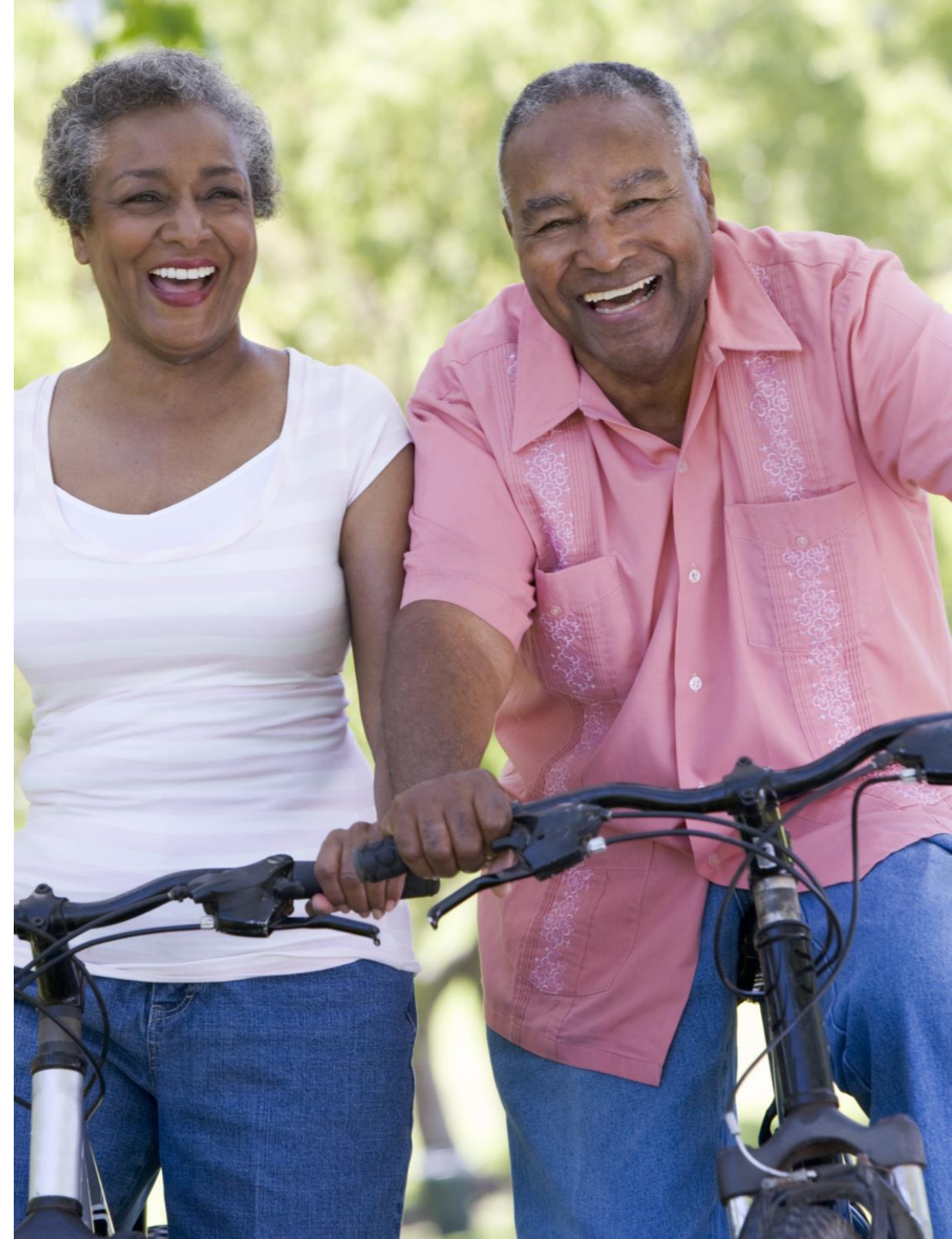
Lowering Vesting or Retirement Eligibility

- Makes more employees eligible to retire
- Employer costs will slightly increase
- Change is permanent — can't raise it back in the future
- May lose highly skilled, long-time employees
- Take retiree health insurance into consideration, if offered



Cost-of-Living Adjustments for Retirees

- 1. Flat rate:** Same percentage increase applies to all retirees
- 2. CPI based:** Restores some or all of each retiree's purchasing power
 - Paid off over 15 years
 - Rates for each cost-of-living adjustment (COLA) will stack up



A Measured Approach



Example Plan Contribution Rates*

		Employee Deposit Rate			
		7%	6%	5%	4%
Matching Rate	250%	14.30%	12.60%	10.90%	9.10%
	225%	13.10%	11.60%	10.10%	8.50%
	200%	12.00%	10.60%	9.20%	7.80%
	175%	10.90%	9.60%	8.40%	7.20%
	150%	9.70%	8.70%	7.60%	6.50%
	125%	8.60%	7.70%	6.80%	5.90%
	100%	7.40%	6.70%	6.00%	5.20%

* All benefit changes are prospective only.

Example Plan Contribution Rates*

		Employee Deposit Rate			
		7%	6%	5%	4%
Matching Rate	250%	14.30%	12.60%	10.90%	9.10%
	225%	13.10%	11.60%	10.10%	8.50%
	200%	12.00%	10.60%	9.20%	7.80%
	175%	10.90%	9.60%	8.40%	7.20%
	150%	9.70%	8.70%	7.60%	6.50%
	125%	8.60%	7.70%	6.80%	5.90%
	100%	7.40%	6.70%	6.00%	5.20%

* All benefit changes are prospective only.

Responsible Funding

- Your rate does two things:
 - Invests for the future benefits of current employees
 - Pays down your liabilities within 20 years

What Drives Rate Change?

- Investment returns
- Elected rate/additional contribution
- Demographic and other changes
- Plan changes adopted
- Assumptions and methods

Ways to Help Stabilize Rates

- Maintain or adjust your benefit levels
- Send an additional employer contribution
- Adopt an elected rate
 - Prefund benefits
 - Cushion against future negative plan experience

WHEN YOU REVIEW YOUR PLAN

January thru April

Actuaries perform plan valuation

May thru December

Employers make plan decisions





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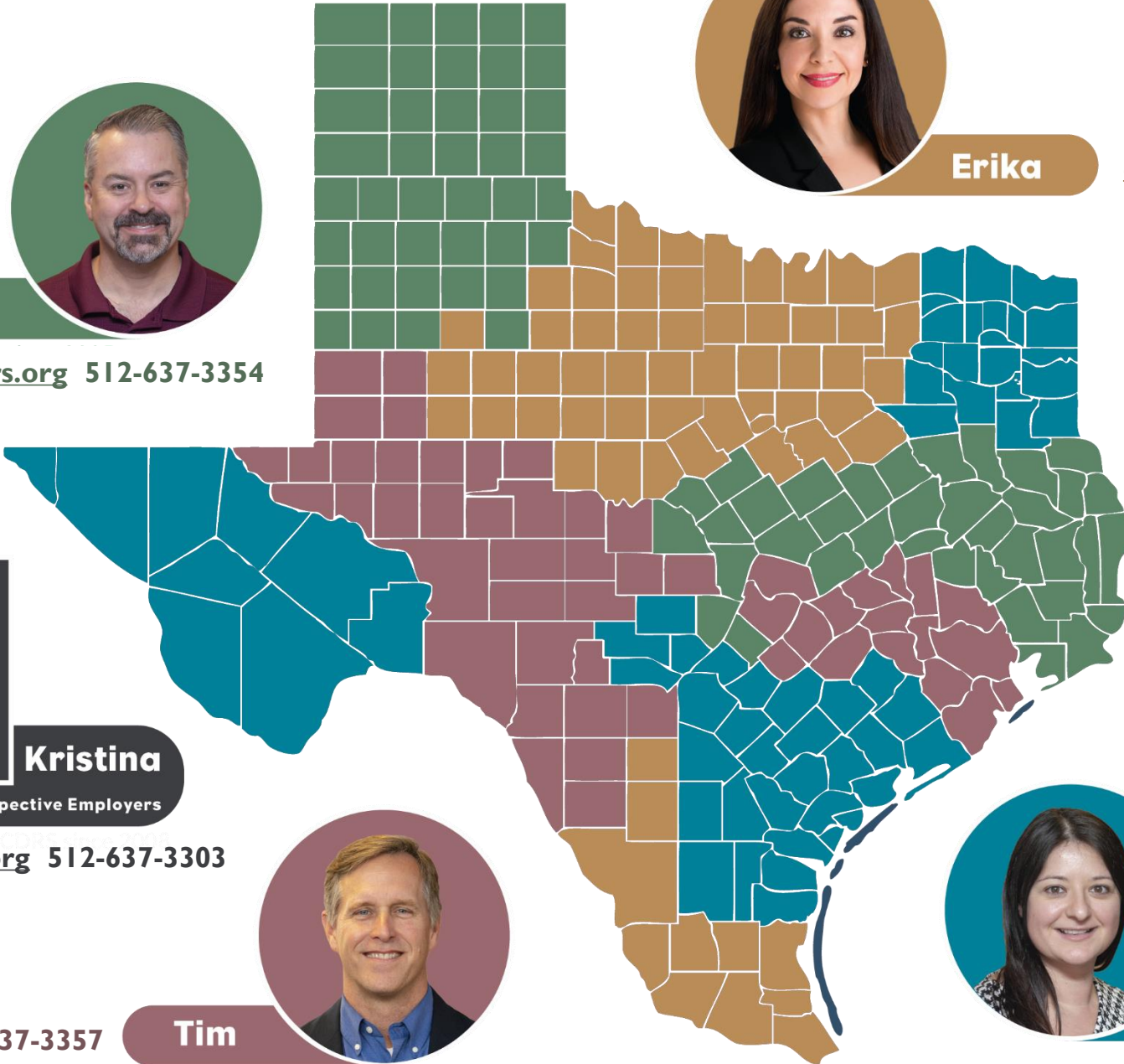
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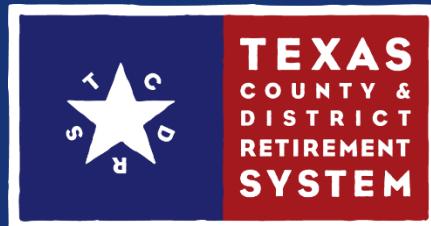
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July 20–21, 2023

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It's time to retire paper forms!



Encourage Your Employees to Register Online



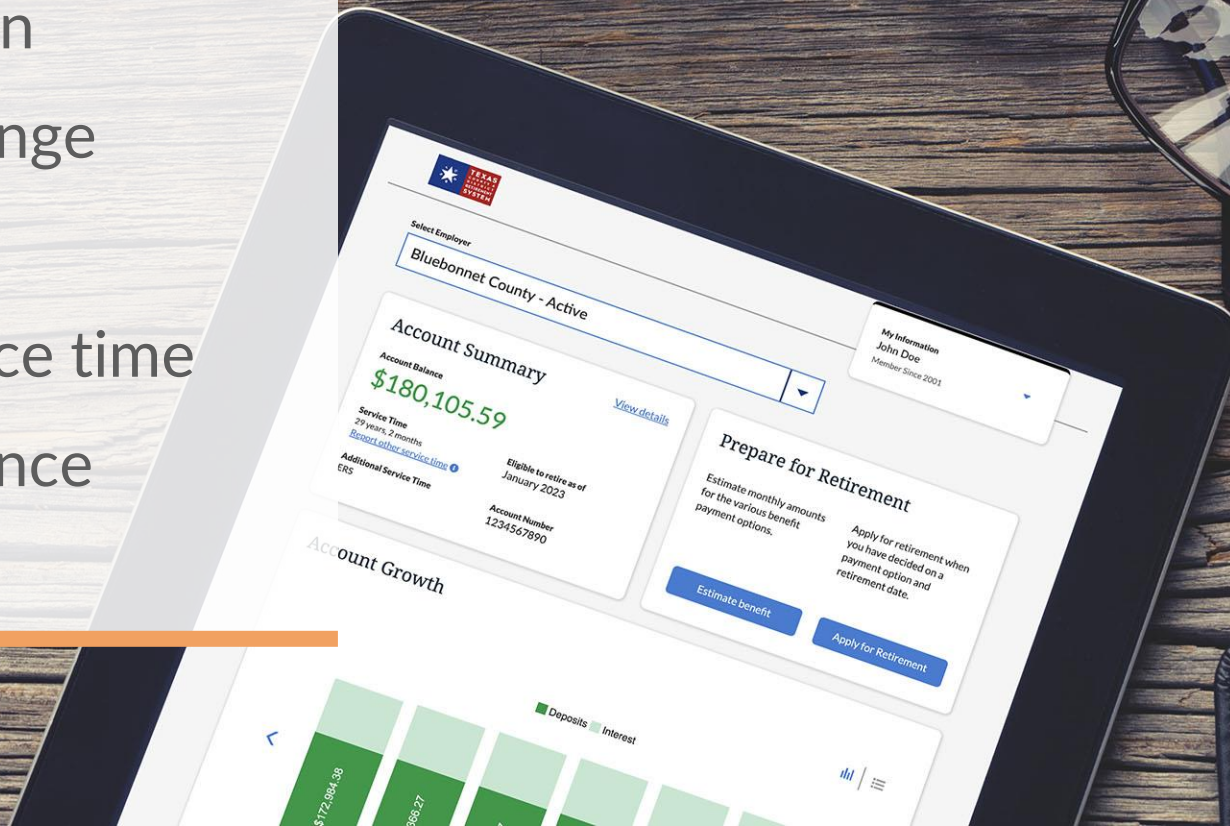
**Helps secure employee's
retirement benefit against
fraud**



**Empowers the employee
to manage their own
accounts**

Member Portal

- Estimate benefits
- Update beneficiaries and contact information
- Request name change
- Apply for benefits
- Report other service time
- View account balance



A top-down view of a desk setup. On the left, a portion of a silver keyboard with Cyrillic characters is visible. Above it is a white mouse. In the center, a black over-the-ear headset with a flexible boom microphone is laid out. To the left of the headset is a spiral-bound notebook with a grid pattern. The background is a light-colored wooden desk.

New Call Center Features

- Co-browse support
- Expanded capabilities:
 - Name changes
 - Beneficiary updates
 - Service time (including Military)
 - Applying for retirement

A close-up photograph of a person's hands typing on a silver laptop keyboard. The person is wearing a black watch on their left wrist and a gold ring on their right hand. A white mug is visible in the foreground, slightly out of focus. The background is a blurred office setting.

Empowering Employers

- Ability to update employee:
 - Name
 - Beneficiaries
 - Date of birth
 - Contact information



Questions?