

**AGENDA
RETIREMENT PLAN TRUSTEES COMMITTEE
ARK-TEX COUNCIL OF GOVERNMENTS
SEPTEMBER 20, 2021
2:00 PM**

Webinar/Conference Call Meeting

Use the following information to register for the meeting:

[https://us06web.zoom.us/meeting/register/tZcqDOitpzwoE9O9GWde3TEASAWzpjXGe8sU](https://us06web.zoom.us/join/https://us06web.zoom.us/meeting/register/tZcqDOitpzwoE9O9GWde3TEASAWzpjXGe8sU)

If you experience issues while registering or do not have access to a computer, please contact Marla Matthews no less than two (2) workdays prior to the meeting at 903.255.3555 or mmatthews@atcog.org.

Item 1. Call to Order

Item 2. Review and consider recommendation to the Board of Directors to increase ATCOG match contributions from 100% to 150%, which is 6% of employee salaries.

Item 3. Adjourn

These meetings are subject to the Open Meeting Act.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact Administration at 903-832-8636 two (2) work days prior to the meeting so that appropriate arrangements can be made.

All agendas are sent electronically and available at www.atcog.org. Should anyone need a copy printed and available at the meeting, please call 903.255.3555 or email mmatthews@atcog.org.

Special Note Regarding 2022 Plan Assessments

TCDRS' long-term outlook anticipates that rates and returns will remain below historical norms. The forecasts show decreased returns across all asset classes. Soundness requires synchronizing assumptions with expectations. Thus, the TCDRS board reduced the investment return assumption to 7.5%. A reduction in the assumption was consistent with the recommendation of Milliman, our consulting actuaries. The investment return assumption is important as it determines how much benefit funding is expected to come from investments versus employer contributions. In addition, the inflation assumption has also been decreased to 2.5% which impacts wage growth and payroll growth.

These assumptions are reflected in this valuation and most employers will see increases in their required contribution rates for 2022. Supporting employers through this transition is TCDRS' most important investment. The board has used a portion of system reserves and re-amortized liabilities to help mitigate the increases. In addition, one of TCDRS' strengths is that employers have the ability to annually adjust benefits based on local needs and budgets. If employers need to reduce costs, TCDRS staff is available to help you understand your options.



Plan Assessment for Plan Year 2022
Ark-Tex Council of Governments – 964
Participation Date – 1/1/2017

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.

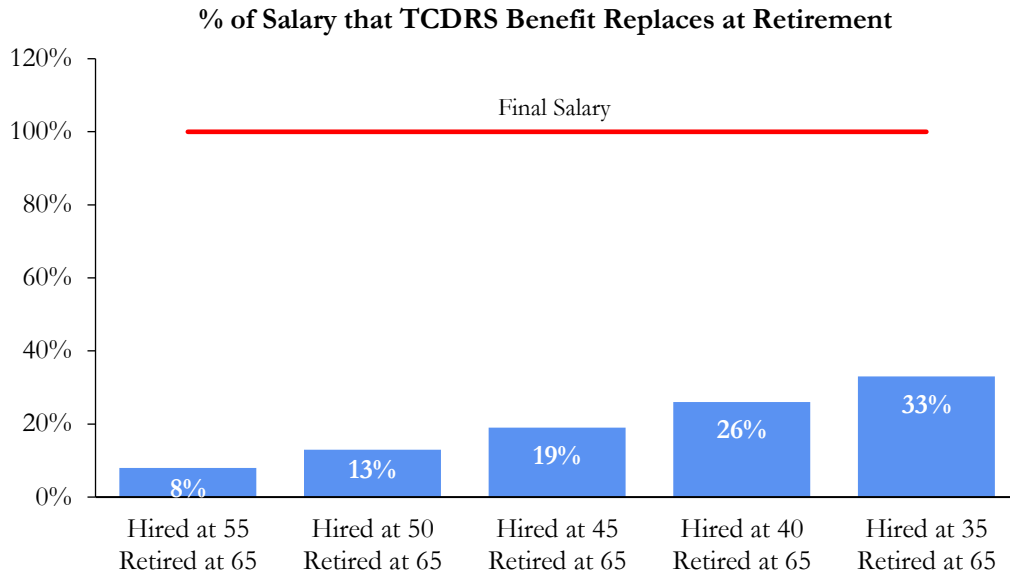
	2022 Plan
Basic Plan Options	
Employee Deposit Rate	4%
Employer Matching	100%
Prior Service Credit	0%
Retirement Eligibility	
Age 60 (Vesting)	8 years of service
Rule of	75 years total age + service
At Any Age	30 years of service
Optional Benefits	
Partial Lump Sum	No
Group Term Life	None
Retirement Plan Funding	
Total Normal Cost Rate	6.40%
Employee Deposit Rate	<u>-4.00%</u>
Employer-Paid Normal Cost Rate	2.40%
UAAL / (OAAL) Rate	<u>-0.44%</u>
Required Rate	1.96%
Elected Rate	4.00%
Total Contribution Rate	
Retirement Plan Rate	4.00%
(greater of required and elected rate)	
Group Term Life Rate	<u>N/A</u>
Total Contribution Rate	4.00%
Valuation Results (Dec. 31, 2020)	
Actuarial Accrued Liability	\$952,240
Actuarial Value of Assets	<u>\$1,087,068</u>
Unfunded / (Overfunded) AAL	(\$134,828)
Funded Ratio	114.2%

Notes:

No COLAs have been adopted.

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:

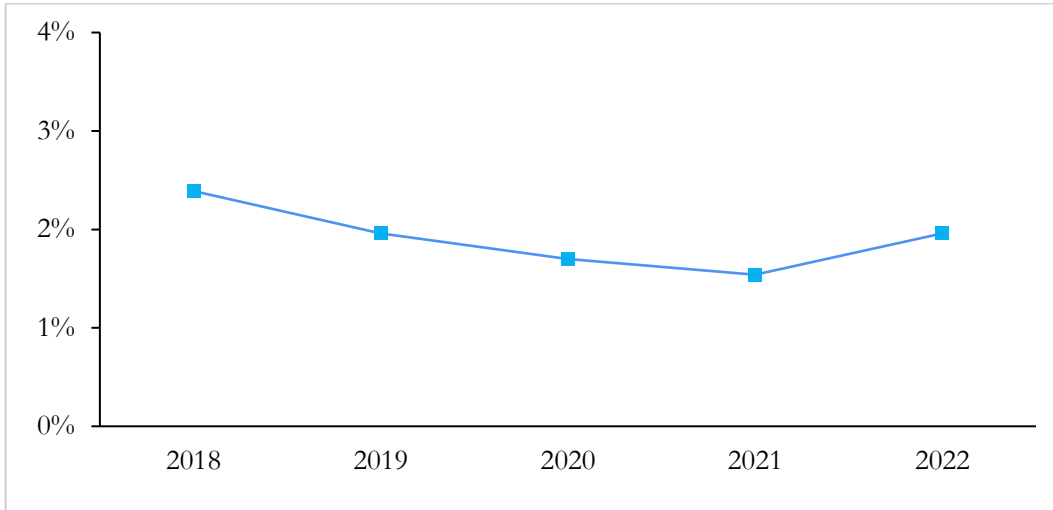


Assumptions

- Employees are new hires and will work for you until retirement.
- Your current plan provisions will remain in effect through an 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 [TCDRS.org/Employer](https://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	2018-2019	2019-2020	2020-2021	2021-2022
Beginning Rate	2.39%	1.96%	1.70%	1.54%
Plan Changes Adopted	0.00%	0.00%	0.00%	N/A
Investment Return	0.00%	0.03%	0.01%	0.01%
Elected Rate/Lump Sum	-0.25%	-0.16%	-0.18%	-0.20%
Demographic/Other Changes	-0.18%	-0.13%	0.01%	-0.07%
Assumptions/Methods ⁽¹⁾	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.68%</u>
Ending Rate	1.96%	1.70%	1.54%	1.96%
Valuation Year	2017	2018	2019	2020
Funded Ratio	73.2%	101.9%	111.0%	114.2%

1. 2021-2022: Includes reductions to the investment return and inflation assumptions, and method adjustments designed to mitigate the impact of the reductions.

A complete Summary Valuation Report for the Dec. 31, 2020 valuation will be available mid-May at 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, 2021.



PLAN CUSTOMIZER FOR PLAN YEAR 2022

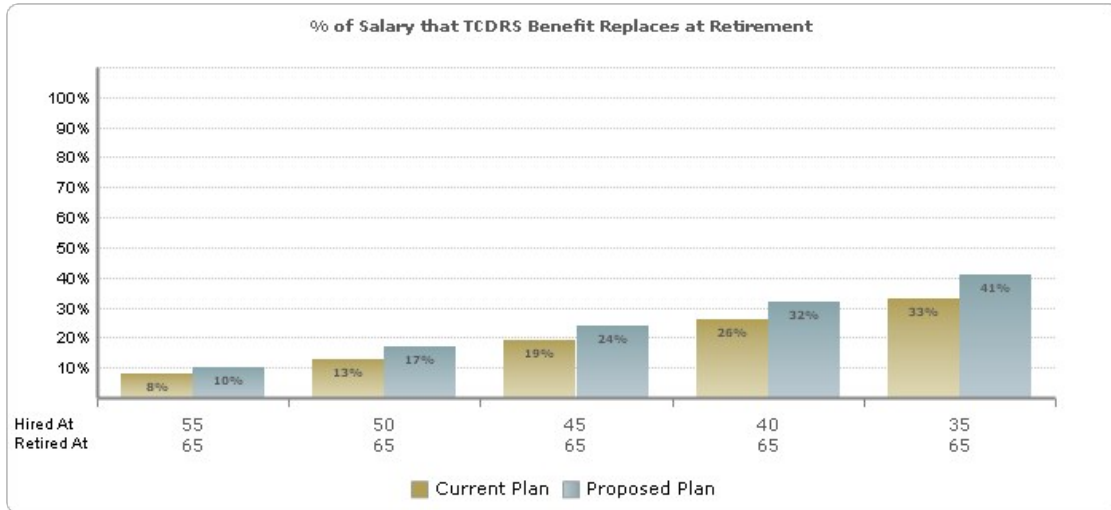
Ark-Tex Council of Governments

CURRENT AND PROPOSED PLAN COMPARISON

	Current Plan	150%
Basic Plan Options		
Employee Deposit Rate	4.00%	4.00%
Employer Matching	100%	150%
Application of Matching	Past & Future	Future Only
Prior Service Credit	0%	0%
Retirement Eligibility		
Age 60 (Vesting)	8 yrs of service	8 yrs of service
Rule Of	75 yrs total age + service	75 yrs total age + service
At Any Age	30 yrs of service	30 yrs of service
Optional Benefits		
Partial Lump-Sum Payment at Retirement	No	No
Group Term Life	NONE	NONE
COLA	N/A	N/A
Retirement Plan Funding		
Normal Cost Rate	2.40%	3.78%
UAAL/(OAAL) Rate	-0.44%	-0.26%
Required Rate	1.96%	3.52%
Elected Rate	4.00%	4.00%
Additional Employer Contribution	\$0.00	\$0.00
Total Contribution Rate		
Retirement Plan Rate	4.00%	4.00%
Group Term Life Rate	0.00%	0.00%
Total Contribution Rate	4.00%	4.00%
Valuation Results		
Actuarial Accrued Liability	\$952,240	\$1,028,344
Actuarial Value of Assets	\$1,087,068	\$1,087,068
Unfunded/(Overfunded) Actuarial Liability	(\$134,828)	(\$58,724)
Funded Ratio	114.2%	105.7%

BENEFIT COMPARISON

This graph compares your current plan and your proposed plan in terms of what retiring employees will receive (as a percentage of their final salary) if they retire.

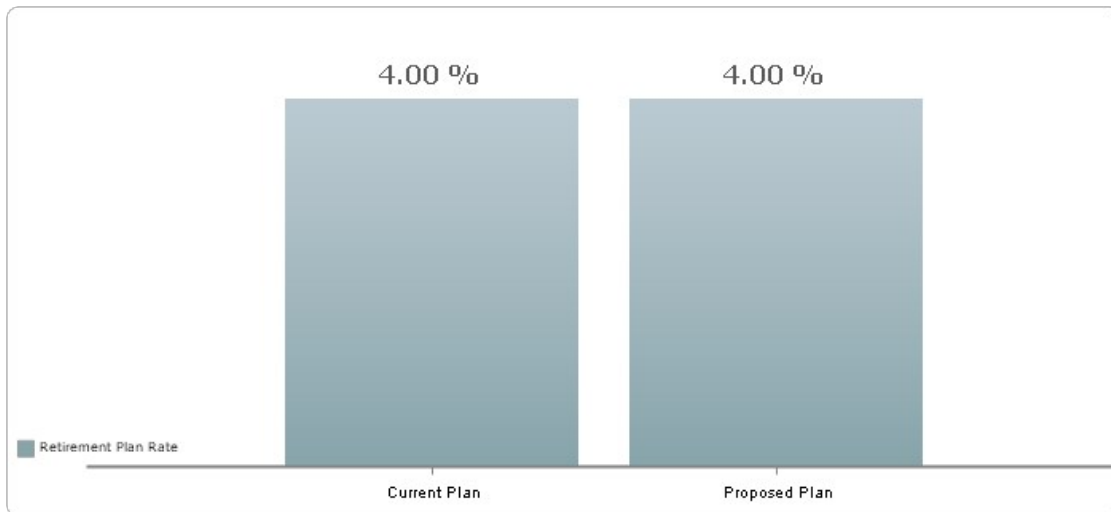


Assumptions

- 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.

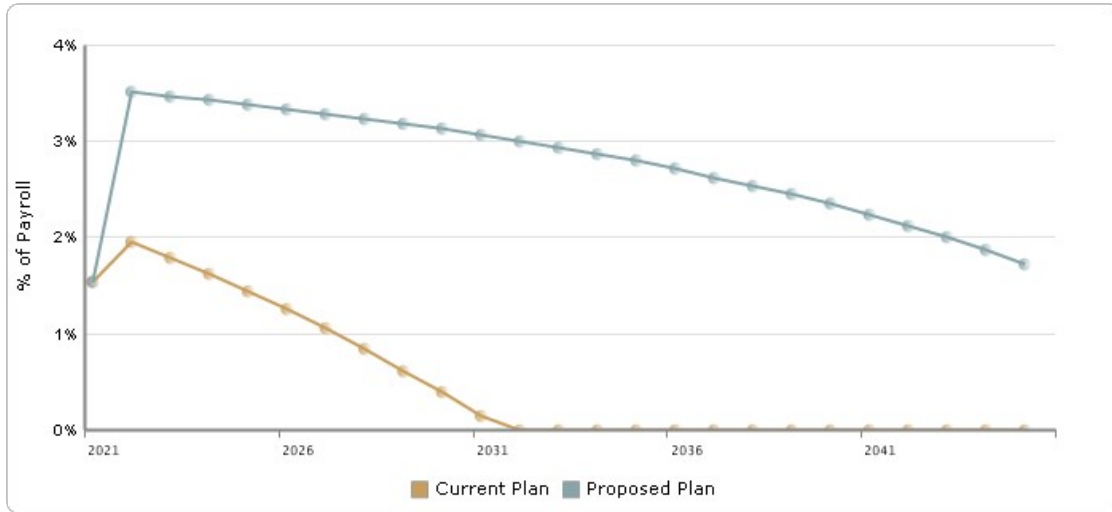
PLAN RATE COMPARISON

This graph shows your total contribution rate for your current plan and your proposed plan.



PLAN RATE PROJECTION

This is a projection of your future required contribution rate under your current plan of retirement benefits and a proposed plan from the Plan Customizer. Keep in mind that just by paying your plan's required rate, you are moving your plan toward 100% funded.

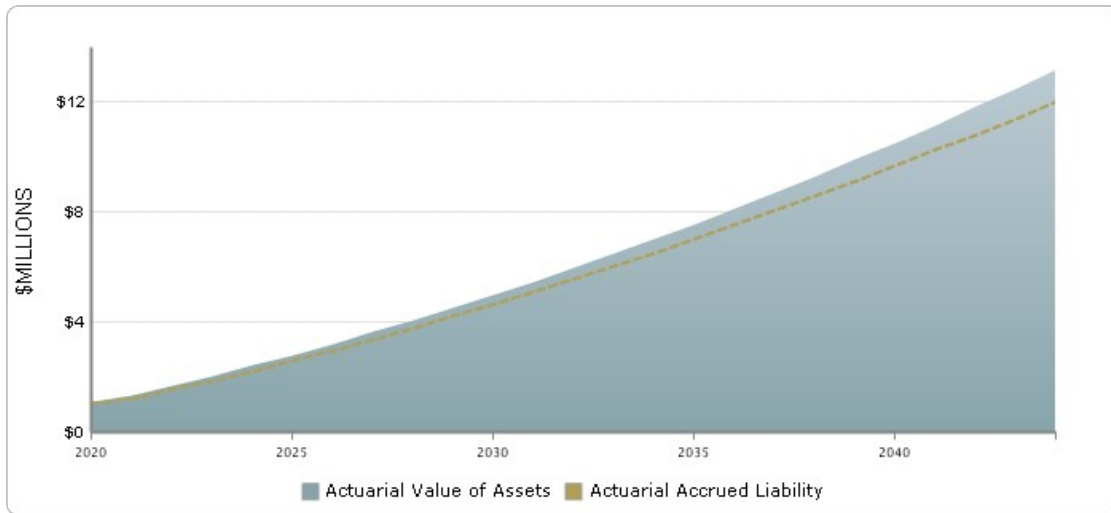


This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the December 31, 2020 actuarial valuation.

Year	Current Plan	Proposed Plan	Year	Current Plan	Proposed Plan
2021	1.54%	1.54%	2034	0.00%	2.87%
2022	1.96%	3.52%	2035	0.00%	2.80%
2023	1.80%	3.47%	2036	0.00%	2.72%
2024	1.62%	3.43%	2037	0.00%	2.63%
2025	1.44%	3.38%	2038	0.00%	2.54%
2026	1.26%	3.33%	2039	0.00%	2.45%
2027	1.06%	3.29%	2040	0.00%	2.35%
2028	0.86%	3.24%	2041	0.00%	2.24%
2029	0.63%	3.19%	2042	0.00%	2.12%
2030	0.40%	3.13%	2043	0.00%	2.00%
2031	0.15%	3.07%	2044	0.00%	1.87%
2032	0.00%	3.01%	2045	0.00%	1.73%
2033	0.00%	2.94%			

ASSET & LIABILITY PROJECTION

This graph and table illustrate your plan's estimated assets and liabilities over time. By paying your required contribution rate, you are funding your plan liabilities over a closed 20-year period.



The difference between the actuarial accrued liability and the actuarial value of assets represents the unfunded actuarial accrued liability.

This is a projection and actual results will vary. This projection is based on the same data, methods and assumptions as those used in the actuarial valuation.

Projected Valuation Results

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded/(Overfunded) Actuarial Accrued Liability	Funded Ratio
12/31/2020	\$1,028,000	\$1,087,000	(\$59,000)	105.7%
12/31/2021	\$1,223,000	\$1,347,000	(\$124,000)	110.1%
12/31/2022	\$1,540,000	\$1,686,000	(\$146,000)	109.5%
12/31/2023	\$1,875,000	\$2,044,000	(\$169,000)	109.0%
12/31/2024	\$2,224,000	\$2,413,000	(\$189,000)	108.5%
12/31/2025	\$2,589,000	\$2,800,000	(\$211,000)	108.1%
12/31/2026	\$2,973,000	\$3,208,000	(\$235,000)	107.9%
12/31/2027	\$3,375,000	\$3,636,000	(\$261,000)	107.7%
12/31/2028	\$3,787,000	\$4,076,000	(\$289,000)	107.6%
12/31/2029	\$4,212,000	\$4,531,000	(\$319,000)	107.6%
12/31/2030	\$4,650,000	\$5,001,000	(\$351,000)	107.5%
12/31/2031	\$5,100,000	\$5,486,000	(\$386,000)	107.6%
12/31/2032	\$5,560,000	\$5,983,000	(\$423,000)	107.6%
12/31/2033	\$6,032,000	\$6,495,000	(\$463,000)	107.7%
12/31/2034	\$6,515,000	\$7,022,000	(\$507,000)	107.8%
12/31/2035	\$7,011,000	\$7,564,000	(\$553,000)	107.9%
12/31/2036	\$7,523,000	\$8,127,000	(\$604,000)	108.0%
12/31/2037	\$8,049,000	\$8,707,000	(\$658,000)	108.2%
12/31/2038	\$8,586,000	\$9,302,000	(\$716,000)	108.3%
12/31/2039	\$9,134,000	\$9,913,000	(\$779,000)	108.5%
12/31/2040	\$9,693,000	\$10,539,000	(\$846,000)	108.7%

Projected Valuation Results

Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded/(Overfunded) Actuarial Accrued Liability	Funded Ratio
12/31/2041	\$10,260,000	\$11,179,000	(\$919,000)	109.0%
12/31/2042	\$10,833,000	\$11,831,000	(\$998,000)	109.2%
12/31/2043	\$11,412,000	\$12,494,000	(\$1,082,000)	109.5%
12/31/2044	\$11,997,000	\$13,169,000	(\$1,172,000)	109.8%



PLAN CUSTOMIZER SUMMARY FOR PLAN YEAR 2022

Ark-Tex Council of Governments

CURRENT PLAN AND PROPOSED PLAN(S)

	Current Plan	150%	5% 125	4% 165%
Basic Plan Options				
Employee Deposit Rate	4.00%	4.00%	5.00%	4.00%
Employer Matching	100%	150%	125%	165%
Application of Matching	Past & Future	Future Only	Future Only	Future Only
Prior Service Credit	0%	0%	0%	0%
Retirement Eligibility				
Age 60 (Vesting)	8 yrs of service	8 yrs of service	8 yrs of service	8 yrs of service
Rule Of	75 yrs total age + service	75 yrs total age + service	75 yrs total age + service	75 yrs total age + service
At Any Age	30 yrs of service	30 yrs of service	30 yrs of service	30 yrs of service
Optional Benefits				
Partial Lump-Sum Payment at Retirement	No	No	No	No
Group Term Life	NONE	NONE	NONE	NONE
COLA	N/A	N/A	N/A	N/A
Retirement Plan Funding				
Normal Cost Rate	2.40%	3.78%	3.86%	4.19%
UAAL/(OAAL) Rate	-0.44%	-0.26%	-0.24%	-0.21%
Required Rate	1.96%	3.52%	3.62%	3.98%
Elected Rate	4.00%	4.00%	4.00%	4.00%
Additional Employer Contribution	\$0.00	\$0.00	\$0.00	\$0.00
Total Contribution Rate				
Retirement Plan Rate	4.00%	4.00%	4.00%	4.00%
Group Term Life Rate	0.00%	0.00%	0.00%	0.00%
Total Contribution Rate	4.00%	4.00%	4.00%	4.00%
Valuation Results				
Actuarial Accrued Liability	\$952,240	\$1,028,344	\$1,037,914	\$1,051,175
Actuarial Value of Assets	\$1,087,068	\$1,087,068	\$1,087,068	\$1,087,068
Unfunded/(Overfunded) Actuarial Liability	(\$134,828)	(\$58,724)	(\$49,154)	(\$35,893)
Funded Ratio	114.2%	105.7%	104.7%	103.4%