



An Update on the Texas Municipal Retirement System

**Town of Addison
Council Meeting
August 23, 2022**

Anthony Mills, Director of City Services

Since 1977 Addison Has Designed its TMRS Plan



Plan Design for Addison

City:	Addison
Employee Deposit Rate:	7%
City Match:	2-1
Vested Requirement:	5 Yrs
Eligible for Retirement:	5 Yrs/ Age 60, 20 Yrs/ Any Age
USC Rate (%):	100 T
USC effective:	1994R
COLA(%):	70
COLA Eff:	2015
Military Service Credit:	12-88
Buy Back Last Approved:	1988-11-09
Restricted Prior Service Credit:	05-92
SDB Employees:	X
SDB Retirees:	X
Contributing Members:	295
Population:	13680
Region:	North Central Texas - Dallas Area
Region No.:	13

Addison COLAs and TMRS History

- From 1994 to 2008, Addison adopted a 70% COLA (repeating).
- From 2009 to 2015, Addison adopted a 70% COLA (ad hoc).
- From 2016 to present, Addison has not adopted a COLA.
- TMRS Board allowed to modify amortization schedule and changed the actuarial funding methodology in 2007.
- TMRS investments began asset diversification toward Total Return strategy in 2008.
- Public plans are affected by GASB 68 reporting changes in 2014
 - Accounting and Financial Reporting
 - Substantively automatic benefits

Peer City Comparisons

City	Employee Deposit Rate	City Match	Vested Requirement	Eligible for Retirement	COLA(%)	COLA Eff
Addison	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	2015
Allen	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	1997R
Carrollton	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	50	2010R
Coppell	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	1995R
Farmers Branch	7%	2-1	5 Yrs	5 Yrs/ Age 60, 25 Yrs/ Any Age	70	1996R
Flower Mound	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	2007
Frisco	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	2000R
Grapevine	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	1998R
Irving	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	30	2015R
Lewisville	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	2013R
McKinney	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	2003R
Plano	7%	2-1	5 Yrs	5 Yrs/ Age 60, 20 Yrs/ Any Age	70	1994R
Richardson	7%	2-1	5 Yrs	5 Yrs/ Age 60, 25 Yrs/ Any Age	50	2011R
University Park	7%	2-1	10 Yrs	10 Yrs/ Age 60, 20 Yrs/ Any Age	70	2019

Plan Change Considerations 30% Ad Hoc COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	30%
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	8.86%
Prior Service Rate	<u>2.45%</u>	<u>3.55%</u>
Retirement Rate	11.31%	12.41%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	12.71%
Unfunded Actuarial Liability	\$6,076,744	\$8,324,974
Amortization Period	20 years	20 years
Funded Ratio	95.9%	94.5%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	No

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Plan Change Considerations 50% Ad Hoc COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	50%
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	8.86%
Prior Service Rate	<u>2.45%</u>	<u>4.95%</u>
Retirement Rate	11.31%	13.81%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	14.11%
Unfunded Actuarial Liability	\$6,076,744	\$11,208,093
Amortization Period	20 years	20 years
Funded Ratio	95.9%	92.7%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	No

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Plan Change Considerations 70% Ad Hoc COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	70%
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	8.86%
Prior Service Rate	<u>2.45%</u>	<u>6.62%</u>
Retirement Rate	11.31%	15.48%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	15.78%
Unfunded Actuarial Liability	\$6,076,744	\$14,620,188
Amortization Period	20 years	20 years
Funded Ratio	95.9%	90.7%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	No

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Plan Change Considerations 30% Repeating COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	30% (Repeating)
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	9.94%
Prior Service Rate	<u>2.45%</u>	<u>6.15%</u>
Retirement Rate	11.31%	16.09%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	16.39%
Unfunded Actuarial Liability	\$6,076,744	\$18,647,870
Amortization Period	20 years	20 years
Funded Ratio	95.9%	88.4%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	Yes

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Plan Change Considerations 50% Repeating COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	50% (Repeating)
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	10.65%
Prior Service Rate	<u>2.45%</u>	<u>9.19%</u>
Retirement Rate	11.31%	19.84%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	20.14%
Unfunded Actuarial Liability	\$6,076,744	\$28,991,477
Amortization Period	20 years	20 years
Funded Ratio	95.9%	83.1%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	Yes

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Plan Change Considerations 70% Repeating COLA

TMRS Comparison of Alternate Benefit Design(s)

FOR CITIES

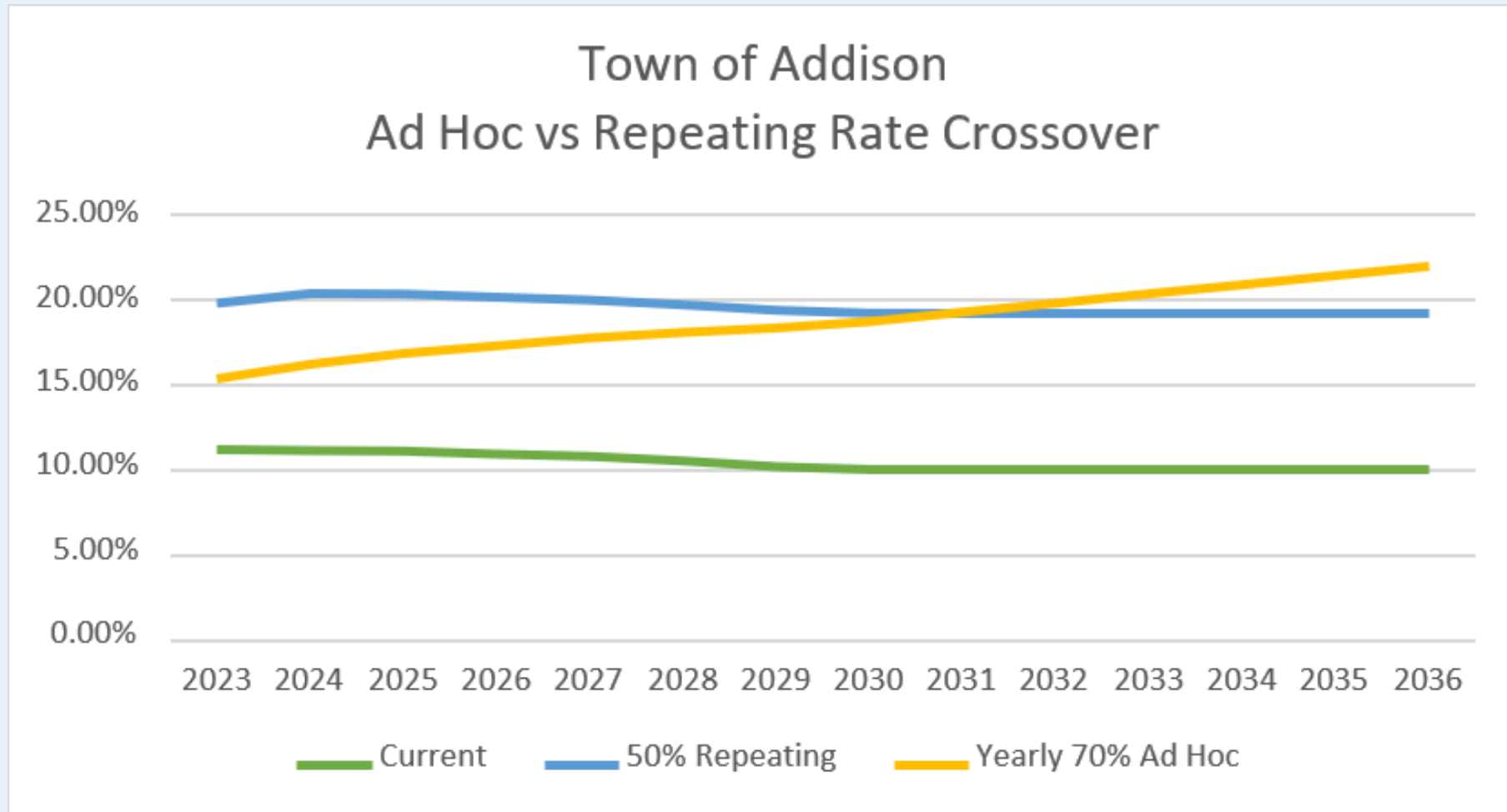
2023 Rates • Addison (00007)

Report Date - August 10, 2022

Plan Provisions	Current	Option 1
Deposit Rate	7.00%	7.00%
Matching Ratio	2 to 1	2 to 1
Updated Service Credit	100% (Repeating)	100% (Repeating)
Transfer USC *	Yes	Yes
Annuity Increase	0%	70% (Repeating)
20 Year/Any Age Ret.	Yes	Yes
Vesting	5 years	5 years
Supplemental Death Benefit	A & R	A & R
Contribution Rates	2023	2023
Normal Cost Rate	8.86%	11.37%
Prior Service Rate	<u>2.45%</u>	<u>12.45%</u>
Retirement Rate	11.31%	23.82%
Supplemental Death Rate	<u>0.30%</u>	<u>0.30%</u>
Total Rate	11.61%	24.12%
Unfunded Actuarial Liability	\$6,076,744	\$40,084,013
Amortization Period	20 years	20 years
Funded Ratio	95.9%	78.0%
Stat Max	15.50%	15.50%
Study Exceeds Stat Max	No	Yes

* As of the December 31, 2021 valuation date, there were 66 employees with service in other TMRS cities eligible for transfer USC.

Ad Hoc vs. Repeating Rate Crossover



Contact Information

David Wescoe, Executive Director

dwescoe@tmrs.com

(512) 225-3731

Michelle D. Kranes, Chief Service Officer

mkranes@tmrs.com

(512) 225-3718

Anthony Mills, Director of City Services

amills@tmrs.com

(512) 225-3764

cityservices@tmrs.com

