

## 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**  
**Bosque County Central Appraisal District – 521**  
**Participation Date – 1/1/1983**

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.

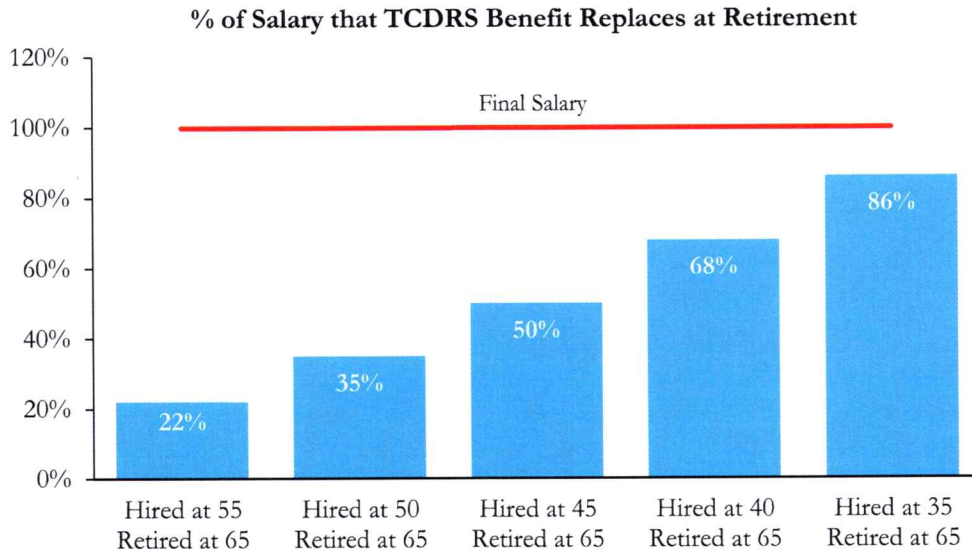
|  | <b>2022 Plan</b>             |
|--|------------------------------|
| <b>Basic Plan Options</b>                |                              |
| Employee Deposit Rate                    | 7%                           |
| Employer Matching                        | 200%                         |
| Prior Service Credit                     | No Employees Eligible        |
| <b>Retirement Eligibility</b>            |                              |
| Age 60 (Vesting)                         | 8 years of service           |
| Rule of                                  | 80 years total age + service |
| At Any Age                               | 30 years of service          |
| <b>Optional Benefits</b>                 |                              |
| Partial Lump Sum                         | No                           |
| Group Term Life                          | None                         |
| <b>Retirement Plan Funding</b>           |                              |
| Total Normal Cost Rate                   | 15.68%                       |
| Employee Deposit Rate                    | <u>-7.00%</u>                |
| Employer-Paid Normal Cost Rate           | 8.68%                        |
| UAAL / (OAAL) Rate                       | <u>4.02%</u>                 |
| Required Rate                            | 12.70%                       |
| Elected Rate                             | 9.52%                        |
| <b>Total Contribution Rate</b>           |                              |
| Retirement Plan Rate                     | 12.70%                       |
| (greater of required and elected rate)   |                              |
| Group Term Life Rate                     | <u>N/A</u>                   |
| Total Contribution Rate                  | 12.70%                       |
| <b>Valuation Results (Dec. 31, 2020)</b> |                              |
| Actuarial Accrued Liability              | \$1,877,762                  |
| Actuarial Value of Assets                | <u>\$1,779,245</u>           |
| Unfunded / (Overfunded) AAL              | \$98,517                     |
| Funded Ratio                             | 94.8%                        |

**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:

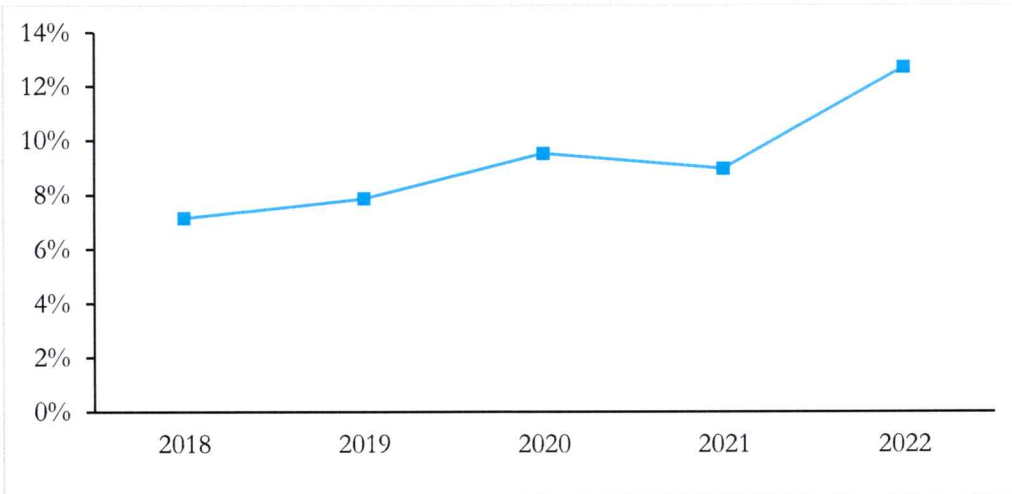


### Assumptions

- 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                     | 7.16%        | 7.87%        | 9.52%        | 8.96%        |
| Plan Changes Adopted               | 0.00%        | 0.00%        | 0.00%        | N/A          |
| Investment Return                  | -0.02%       | 1.13%        | -0.10%       | -0.10%       |
| Elected Rate/Lump Sum              | -0.16%       | -0.12%       | 0.00%        | -0.06%       |
| Demographic/Other Changes          | 0.67%        | 0.64%        | -0.46%       | 0.06%        |
| Assumptions/Methods <sup>(1)</sup> | <u>0.22%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>3.84%</u> |
| Ending Rate                        | 7.87%        | 9.52%        | 8.96%        | 12.70%       |
| <b>Valuation Year</b>              | 2017         | 2018         | 2019         | 2020         |
| <b>Funded Ratio</b>                | 99.2%        | 96.5%        | 96.8%        | 94.8%        |

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](https://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.