



PENSION PLAN FUNDING POLICY

PRESENTED BY:

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Informational Update



OBJECTIVE



- **REVIEW NEW STATE LAW REQUIRING A WRITTEN FUNDING POLICY**
- **REVIEW FUNDING POLICY APPROVED BY THE EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)**

AGENDA



- **DISCUSS NEW TEXAS LAW**
- **OUTLINE FUNDING POLICY**

NEW POLICY REQUIRED

TEXAS GOV'T CODE CH 802.2011



- New Texas law requires public pension plans to adopt a written funding policy that details the plan for achieving 100% funding.
- The Texas Pension Review Board (PRB) adopted *Guidelines for Developing a Funding Policy* at their October 2019 meeting.

FUNDING POLICY

TEXAS GOV'T CODE CH 802.2011



- Policy Objective:
To achieve a 100-percent funded ratio in compliance with the requirements of Section 802.2011 of the Texas Government Code.
- Historically, we have followed a consistent methodology for our Pension Plan funding
 - The Plan's actuaries (Milliman) calculate an "Actuarially Determined Contribution" (ADC) based on projected benefit payments
 - Our annual contribution to the Pension Trust has consistently been at least the ADC

This new policy is consistent with historical practice, in compliance with Texas law, and conforms to the PRB's Guidelines.

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- The Pension Plan Funding Policy was drafted and reviewed by our:
 - Actuaries and investment advisors
 - Legal Team
 - Administrative Committee

Adoption of the new Pension Plan Funding Policy is required by 1/1/2020. The EBOC approved on 12/6/19.

NEXT STEPS



- In accordance with new law, the policy will be:
 - Submitted to PRB, and
 - Maintained for public review at our main office
 - Updates will be proposed as needed / EBOC will be asked to take action / the BOT will receive needed updates.



Thank You

