“I have earned my TCDRS benefit by saving over my career.”

WILLY CULBERSON
Member Since 1996 | Travis County

DOING RETIREMENT RIGHT

At Texas County & District Retirement System (TCDRS), we help more than 305,000 Texans plan for their future. To do that, we partner with counties and districts to provide retirement, disability and survivor benefits.

TCDRS was created by the Texas Legislature in 1967. Since that time, we've grown into a financially strong, multi-billion dollar trust with more than 780 participating employers.

Our employers advance fund their plans over the length of their employees’ careers. That means their employees can count on their benefits when they are ready to retire.

We are one of the best funded retirement plans in the nation. We do not receive state funding. Each plan is funded by investment earnings, the employer and its employees.

INVESTMENTS DRIVE OUR SUCCESS

For every benefit dollar TCDRS pays to its retirees, almost 80 cents comes from investment earnings.

(Estimated)

77¢ Investment Earnings
13¢ Employer Contributions
10¢ Employee Deposits
A MODEL RETIREMENT PLAN

There are three unique features that make our plan a model for providing retirement benefits:

1) TCDRS IS A SAVINGS-BASED PLAN.
   Members are saving for their own retirement over the length of their careers. Benefits are based on the final employee savings balance and employer matching. By contrast, benefits in traditional pension plans are based on a final average salary calculation and length of career, which can cause an unplanned increase in employer costs if employees receive a late-career promotion or earn excessive overtime.

2) BENEFITS ARE RESPONSIBLY FUNDED.
   A key difference with TCDRS is that employers pay 100% of their required contributions every year. This ensures that the necessary funds will be there when the time comes to pay benefits.

3) EMPLOYERS HAVE FLEXIBILITY AND LOCAL CONTROL OVER BENEFITS.
   Employers can adjust benefit levels to meet their workforce needs and budgets. This level of flexibility is not standard in most traditional retirement plans, which make it difficult or impossible for employers to lower costs when needed.

MEMBERS SAVE FOR A LIFETIME BENEFIT

1) A percentage of each employee’s paycheck is deposited into a TCDRS account. That percentage (from 4% to 7%) is set by the employer.

2) The employee’s savings earn interest at an annual compounded rate of 7%. This amount is set by legislation and does not fluctuate with market ups and downs.

3) Once an employee retires, he or she receives a benefit payment for life that is based on his or her final account balance and employer matching.

www.TCDRS.org ★ 800-823-7782
WE’RE HERE FOR THE LONG HAUL

TCDRS’ net assets are nearly $30 billion as of Dec. 31, 2018. Our portfolio is constructed to achieve our long-term investment return goal. By meeting our goal, we help employers provide meaningful, secure benefits to their employees and retirees at reasonable, predictable costs.

INVESTMENT RETURNS, NET OF ALL FEES

<table>
<thead>
<tr>
<th>ANNUALIZED RETURN</th>
<th>2018 RETURN</th>
<th>RETURNS AS OF DEC. 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>5 YEAR</td>
</tr>
<tr>
<td>Total Fund</td>
<td>-1.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Policy Benchmark Portfolio</td>
<td>-3.3%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

ASSET ALLOCATION TARGETS  effective Apr. 1, 2019

Broad diversity in our investment portfolio reduces our total exposure to losses from any single asset class or investment.

<table>
<thead>
<tr>
<th>EQUITIES</th>
<th>CREDIT</th>
<th>PRIVATE EQUITY</th>
<th>HEDGE FUNDS</th>
<th>REAL ASSETS</th>
<th>INVESTMENT-GRADE BONDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>25%</td>
<td>18%</td>
<td>13%</td>
<td>11%</td>
<td>3%</td>
</tr>
</tbody>
</table>

“My employer and I are saving for my retirement; that’s a benefit I can count on.”

HALLEY CHALLIS
Member Since 2007
Brazos County Emergency Services District
“Membership has its benefits, and with TCDRS it’s a secure retirement benefit.”

GABRIEL REYNA  
Member Since 2001 | Fort Bend County

TCDRS serves 253 Texas counties and 528 diverse districts — such as water districts, hospital districts, appraisal districts, emergency services districts and more.

By providing attractive retirement benefits, we help our employers competitively hire and retain talented staff.

TCDRS is not a one-size-fits-all system.

Each employer maintains its own customized plan of retirement benefits. Employers have the flexibility and local control to select benefits based on their workforce needs and budgets.

NOTE: This brochure is intended as a general summary. In all cases, the actual provisions of applicable state and federal laws take precedence.

www.TCDRS.org ★ 800-823-7782
VALUE TO TEXAS

We provide retirement, disability and survivor benefits for more than 305,000 county and district members in Texas. They are nurses, mechanics, road crew workers, sheriffs, attorneys, office professionals, jailers and judges. They work in our ports and our parks, in urban areas and rural towns. But no matter their titles, locations or backgrounds, they all have one thing in common: Their jobs make our communities better by providing valuable services, such as health care, utilities and public safety.

By and large, TCDRS retirees continue to live in their local communities after retirement. That means retirees are using their retirement benefits to enrich their hometowns, returning that value to their own communities.

In 2018, TCDRS paid $1.5 billion in benefits to retirees and former members, and 96% of that stayed in Texas.