



PARTICIPATE.



SAVE.



INVEST.



RETIRE.



Montgomery County Employee Retirement Plans

Combined Trust Funds – June 30, 2017

Employees' Retirement System (defined benefit/cash balance)

- Assets: \$3.9 billion
- Participants: Active – 5,741 Retired – 6,509
Funded Status – 95%

Retirement Savings Plan (401a defined contribution)

- Assets: \$394 million
- Participants: Active & Inactive – 4,600

Deferred Compensation Plan (457 deferred compensation)

- Assets: \$390 million
- Participants: Active & Inactive – 3,400

Consolidated Retiree Health Benefits Trust (Section 115)

- Assets: \$845 million

History – CRHBT (OPEB Trust)

➤ 2008

- ✓ Created Section 115 Trust Fund to set aside funds for retiree health benefits
- ✓ Funding would take place over a five-year period to phase in the full annual pre-funding level required to fund our OPEB obligations
- ✓ Investment of assets in similar asset allocation/strategies as the defined benefit pension plan (same board overseeing assets)

➤ 2009 Financial Crisis

- ✓ Moved to an eight-year period to phase in the full annual pre-funding level

➤ 2017 and beyond

- ✓ County is contributing actuarial required amount to achieve full funding in the future

Fiduciary Oversight

➤ **Investments**

- ✓ Board of Trustees comprised of 19 members representing County directors, representatives of the public, union, non-union, and retired employees, Montgomery County Public Schools and Montgomery College
- ✓ Establish asset allocation targets, hiring/terminating of managers, and custodian bank

➤ **Payments from the Trust Fund**

- ✓ The only payments currently made from the Trust are those related to investments, actuarial and accounting expenses

➤ **Insurance Programs**

- ✓ Administered by the County's Office of Human Resources
- ✓ Premium payments are deposited and claims paid from the insurance funds

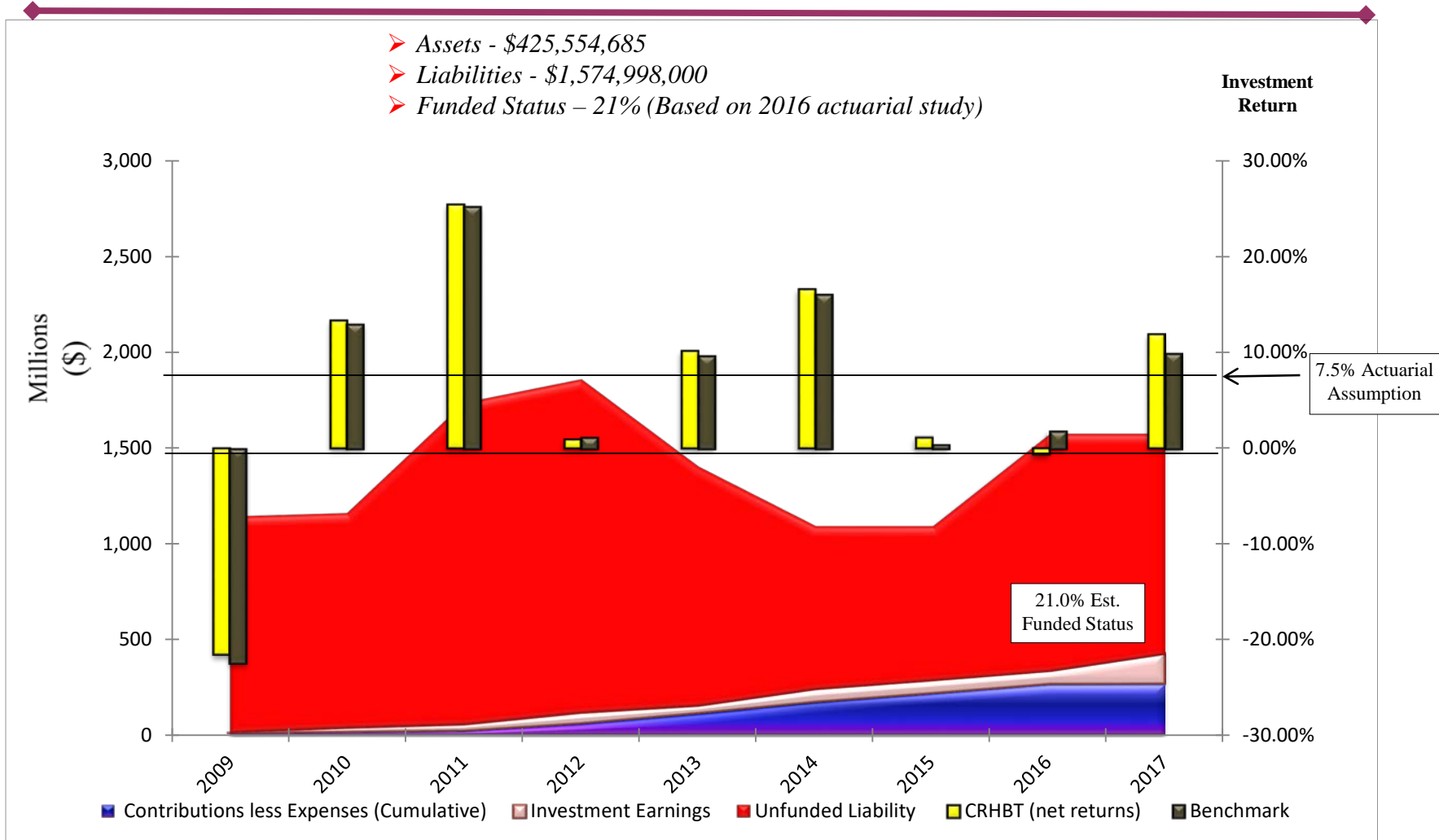
Asset Allocation & Performance

- **Funded Status – 21% as of 6/30/17**
- **Investments**
 - ✓ 7.5% return target
 - ✓ Initially all investments were passively managed
 - ✓ As assets grew, active managers and private market investments were added
 - ✓ Created Group Trust in combination with the Pension Fund to provide access to closed managers and efficiencies
- **Asset Allocation – 6/30/17**
 - ✓ Equities – 50% - public domestic, international, and global and private equity
 - ✓ Fixed Income – 25.5% - long duration, high yield and private debt
 - ✓ Real Assets – 23.5% - global ILs, REITs, commodities, and private equity
 - ✓ Cash – 1%
- **Performance – 6/30/17**
 - ✓ 5 year – 7.93%, 3 year – 4.39%, 1 year - 12.3%

Contributions

Agency	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Total Tax Supported*	\$30.0	\$37.2	--	--	\$49.6	\$105.4	\$138.0	\$127.8	\$108.5	\$109.9	\$122.2
County Government	\$12.1	\$16.4	--	--	\$26.1	\$41.4	\$48.9	\$38.6	\$43.5	\$43.5	\$43.4
MCPS	\$16.1	\$18.2	--	--	\$20.0	\$58.9	\$83.7	\$85.5	\$61.7	\$63.1	\$74.2
Montgomery College	\$0.6	\$0.7	--	--	\$1.0	\$1.8	\$2.4	\$2.0	\$1.4	\$1.5	\$2.6
M-NCPPC**	\$1.2	\$1.9	--	--	\$2.6	\$3.4	\$3.0	\$1.8	\$1.8	\$1.8	\$2.1
Total Non-Tax Supported	\$1.9	\$3.3	\$3.3	\$7.3	\$12.1	\$11.6	\$10.7	\$6.1	\$6.9	\$6.9	\$7.1

Growth of Assets



Cost Share – Retiree Premiums

- Continuing coverage is based on meeting the eligibility requirements related to participation in a County retirement plan and the retirement eligibility requirements.

Retiree Health Cost Share if Hired Before 7/1/2011			Retiree Health Cost Share if Hired On or After 7/1/2011		
<u>Years of Service</u>	<u>Employee Percentage</u>	<u>Employer Percentage</u>	<u>Years of Service</u>	<u>Employee Percentage</u>	<u>Employer Percentage</u>
5	50	50	10	50.00	50.00
6	48	52	11	48.67	51.33
7	46	54	12	47.34	52.66
8	44	56	13	46.00	54.00
9	42	58	14	44.67	55.33
10	40	60	15	43.34	56.66
11	38	62	16	42.00	58.00
12	36	64	17	40.67	59.33
13	34	66	18	39.34	60.66
14	32	68	19	38.00	62.00
15+	30	70	20	36.67	63.33
			21	35.34	64.66
			22	34.00	66.00
			23	32.67	67.33
			24	31.34	68.66
			25+	30.00	70.00