



CENTRAL TEXAS REGIONAL
MOBILITY AUTHORITY

September 27, 2023
AGENDA ITEM #6

Discuss and consider approving a cost-of-living adjustment for Mobility Authority Retirees

Strategic Plan Relevance:	Stewardship
Department:	Finance
Contact:	José A. Hernández, Chief Financial Officer
Associated Costs:	Funded via Mobility Authority incremental annual contributions or on a lump sum basis
Funding Source:	FY 2024 Operating Budget
Action Requested:	Consider and act on draft resolution

Project Description/Background: The Mobility Authority provides employees a retirement benefit managed through the Texas County & District Retirement System (TCDRS). This benefit can provide a cost-of-living adjustment (COLA) granted annually by the Board to retirees drawing their pension. A COLA increases a retiree's benefit to make up for the loss of buying power due to inflation.

Currently, eleven former Mobility Authority employees, or their beneficiaries, are collecting retirement benefits through TCERS. In order to receive a COLA, the retiree or beneficiary must have drawn their pension for at least 13 months.

The TCERS system allows for two types of retiree COLAs:

Flat-rate: Increases the benefit amounts of all retirees by the same percentage. The TCERS Board reviews this annually and most recently adopted a maximum 1% flat-rate increase.

CPI-based: With this type of adjustment, the Board may choose to increase retirees' benefit payments by a percentage based on the increase in the Consumer Price Index for all Urban Consumers (CPI-U), an index the federal government uses to measure inflation. The TCERS plan allows a range between 10% and 100% of the CPI-U.

The type of COLA (Flat-rate vs CPI-based) can be changed from year to year at the time of the annual Board adoption.

Previous Actions & Brief History of the Program/Project: The Board approved a 100% retiree COLA with the adoption of the fiscal year 2022 budget to be effective on January 21, 2022. Prior to that, the Board approved a one year flat-rate increase of 2% on May 27, 2020 that took effect on January 1, 2021. The first retiree COLA approved by the Board was on September 11, 2019 and was based on a 100% CPI-U to be effective on January 1, 2020.

Action requested/Staff Recommendation: Staff recommends adopting the 100% CPI-U COLA to be effective January 1, 2024.

Backup provided: Draft Resolution
Plan Comparison

**GENERAL MEETING OF THE BOARD OF DIRECTORS
OF THE
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY**

RESOLUTION NO. 23-0XX

**APPROVING A COST-OF-LIVING ADJUSTMENT
FOR MOBILITY AUTHORITY RETIREES**

WHEREAS, in Resolution No. 04-19, dated May 5, 2004, the Board of Directors approved participation by the Central Texas Regional Mobility Authority (“Mobility Authority”) in the Texas County & District Retirement System (“TCDRS”) to provide benefits to Mobility Authority employees under the Central Texas Regional Mobility Authority TCDRS Plan (the “TCDRS Plan”); and

WHEREAS, the Plan requires certain authorizations from time to time by the Board of Directors regarding ongoing provisions of and/or changes to the Plan; and

WHEREAS, former Mobility Authority employees and/or their beneficiaries, are collecting retirement benefits through TCDRS; and

WHEREAS, the TCDRS Plan provides an annual opportunity for a retiree cost-of-living adjustment (“COLA”); and

WHEREAS, the Chief Financial Officer of the Mobility Authority recommends adopting a one-year retiree COLA to be effective January 1, 2024 at 100% of the CPI-based COLA established by TCDRS; and

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors hereby approves and adopts a one-year retiree COLA to be effective January 1, 2024 at 100% of CPI-based COLA established by TCDRS; and

BE IT FURTHER RESOLVED that the Chief Financial Officer is hereby authorized to execute such documents and take all other actions necessary to implement the one-year retiree cost-of-living adjustment approved herein.

Adopted by the Board of Directors of the Central Texas Regional Mobility Authority on the 27th day of September 2023.

Submitted and reviewed by:

Approved:

James M. Bass, Executive Director

Robert W. Jenkins, Jr.
Chairman, Board of Directors



PLAN CUSTOMIZER SUMMARY FOR PLAN YEAR 2024

Central Texas Regional Mobility Authority

CURRENT PLAN AND PROPOSED PLAN(S)

	Current Plan	2024 100% CPI
Basic Plan Options		
Employee Deposit Rate	7.00%	7.00%
Employer Matching	250%	250%
Application of Matching	Past & Future	Past & Future
Prior Service Credit	175%	175%
Retirement Eligibility		
Age 60 (Vesting)	5 yrs of service	5 yrs of service
Rule Of	75 yrs total age + service	75 yrs total age + service
At Any Age	30 yrs of service	30 yrs of service
Optional Benefits		
Partial Lump-Sum Payment at Retirement	No	No
Group Term Life	ACTIVE-PLUS-RETIREEES	ACTIVE-PLUS-RETIREEES
COLA	N/A	100% CPI
Retirement Plan Funding		
Normal Cost Rate	11.76%	11.76%
UAAL/(OAAL) Rate	-0.55%	1.08%
Required Rate	11.21%	12.84%
Elected Rate	18.00%	18.00%
Additional Employer Contribution	\$0.00	\$0.00
Total Contribution Rate		
Retirement Plan Rate	18.00%	18.00%
Group Term Life Rate	0.19%	0.19%
Total Contribution Rate	18.19%	18.19%
Valuation Results		
Actuarial Accrued Liability	\$14,963,544	\$15,640,180
Actuarial Value of Assets	\$15,029,746	\$15,029,746
Unfunded/(Overfunded) Actuarial Liability	(\$66,202)	\$610,434
Funded Ratio	100.4%	96.1%