

Cobb County Government Employees' Retirement Plans

Traditional Pension
Hybrid Pension
Retiree Healthcare

June 22, 2010
J. Virgil Moon, CPA
Chairman, Board of Trustees

Introducing...

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- Betty Banks, HR Specialist

Cobb County Retirement Plans

➤ Traditional

- Defined Benefit

➤ Hybrid

- Defined Benefit Component
- Defined Contribution Component
- Created January 1, 2010

➤ Retiree Healthcare

Group Statistics As of 12/31/09

Traditional Plan

**Retirees & Beneficiaries Currently
Receiving Benefits*:**

***includes CIGNA Participants**

1,494

Vested Former Employees:

765

**Active Employees Eligible
For Pension Plan:**

3,834

Fully Vested:

2,186

Non-vested:

1,648

Hybrid Plan (Defined Benefit/Defined Contribution)

- **Defined Benefit Component**
 - **Mandatory contribution**
 - **1% Factor**

- **Defined Contribution Component**
 - **Voluntary contribution**
 - **County matches 50/50 up to 2%**

Group Statistics As of 06/14/2010

Hybrid Plan (Defined Benefit/Defined Contribution)

| | |
|---|------------|
| ➤ Non-vested employees who chose this plan | 97 |
| ➤ New employees enrolled since January 1, 2010 | <u>115</u> |
| ➤ Total | 212 |

Group Statistics As of 06/03/2010

Hybrid Plan (Defined Benefit/Defined Contribution)

- **Of the 97 non-vested employees who chose this plan:**
 - **100% are enrolled in the Defined Benefit Component (mandatory)**
 - **47% are enrolled in the Defined Contribution Component (voluntary)**

Group Statistics As of 06/03/2010

Hybrid Plan (Defined Benefit/Defined Contribution)

- **Of the 115 new hires**
 - **100% are enrolled in the Defined Benefit Component (mandatory)**
 - **Only 21% are enrolled in the Defined Contribution Component (voluntary)**

Group Statistics As of 12/31/09

Retiree Healthcare

- **Number of Active Participants** **4,422**
- **Number of Retirees** **1,002**

Retiree Healthcare/Funding

➤ Funding Status

- 01/01/08 0.0%
- 01/01/09 4.0%
- 01/01/10 9.5%

➤ **ARC** (Annual Required Contribution) **\$21.2 Million**

Defined Benefit Pension Plan/Funding

- Our long term plan is working so far
- Assets grew faster than liabilities
- Funding Status: Improved in 2009
- Cobb Funding status increased to 55%
- Needs to be 90-100% funded

Defined Benefit Pension Plan/Funding

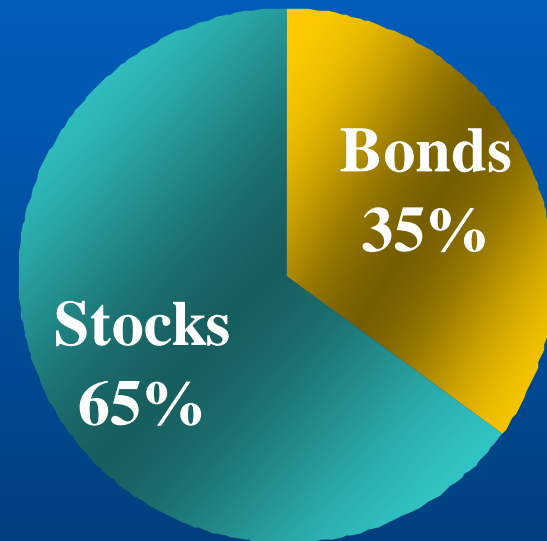
- **Economy is improving but not quickly**
- **Need to keep monitoring**

Focus on the Portfolio: 12/31/09*

Diversified Investments:

Bonds: 5 Managers

Stocks: 11 Managers



***Cost Basis**

Per Georgia Code

Fund Managers

➤ Equity (11)

- Westfield Capital Management
- Cadence Capital Management
- Vanguard Total International Stock Fund
- Vanguard S&P 500 Index Fund
- Vanguard MidCap 400 Index Fund
- LSV Asset Management
- Vaughn Nelson
- Eagle Capital
- Dodge & Cox Funds
- Congress Asset Management
- Thornburg International

➤ Fixed Income (5)

- Vanguard International Bond Fund
- Pacific Mutual Bond Index Fund
- Richmond Capital Management
- Merganser Capital
- CIGNA

Manager Performance

Market Rate of Return for Total Fund

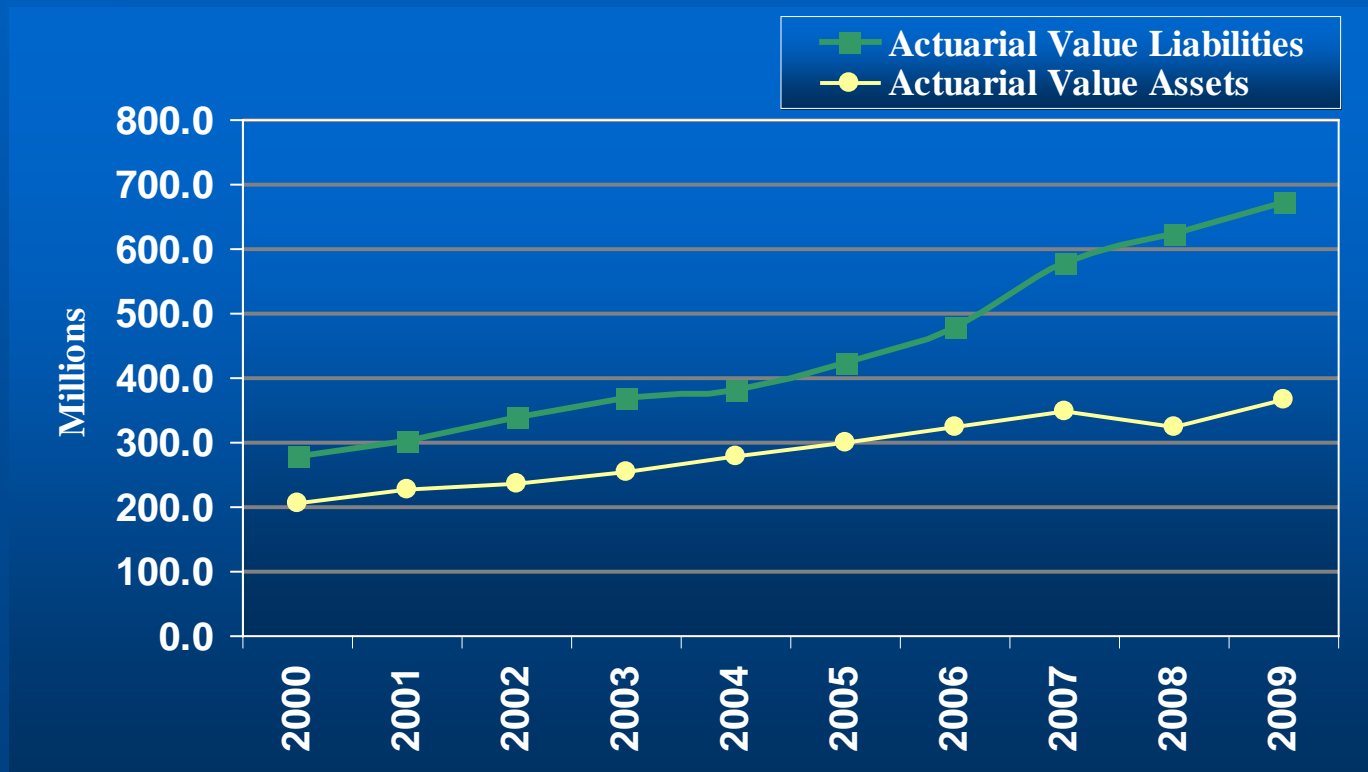
- Goal: 8.00%
- Actual achieved: 22.60% (2009)
- Five year period: 3.60%
- Ten year period: 2.90%
- Inception (June 1994) 7.90%

Total Fund vs. Total Fund Universe

- Goal: 35th Percentile (5 years)
- Actual achieved: 30th
- Five year period: 46th
- Ten year period: N/A

Assets vs. Liabilities

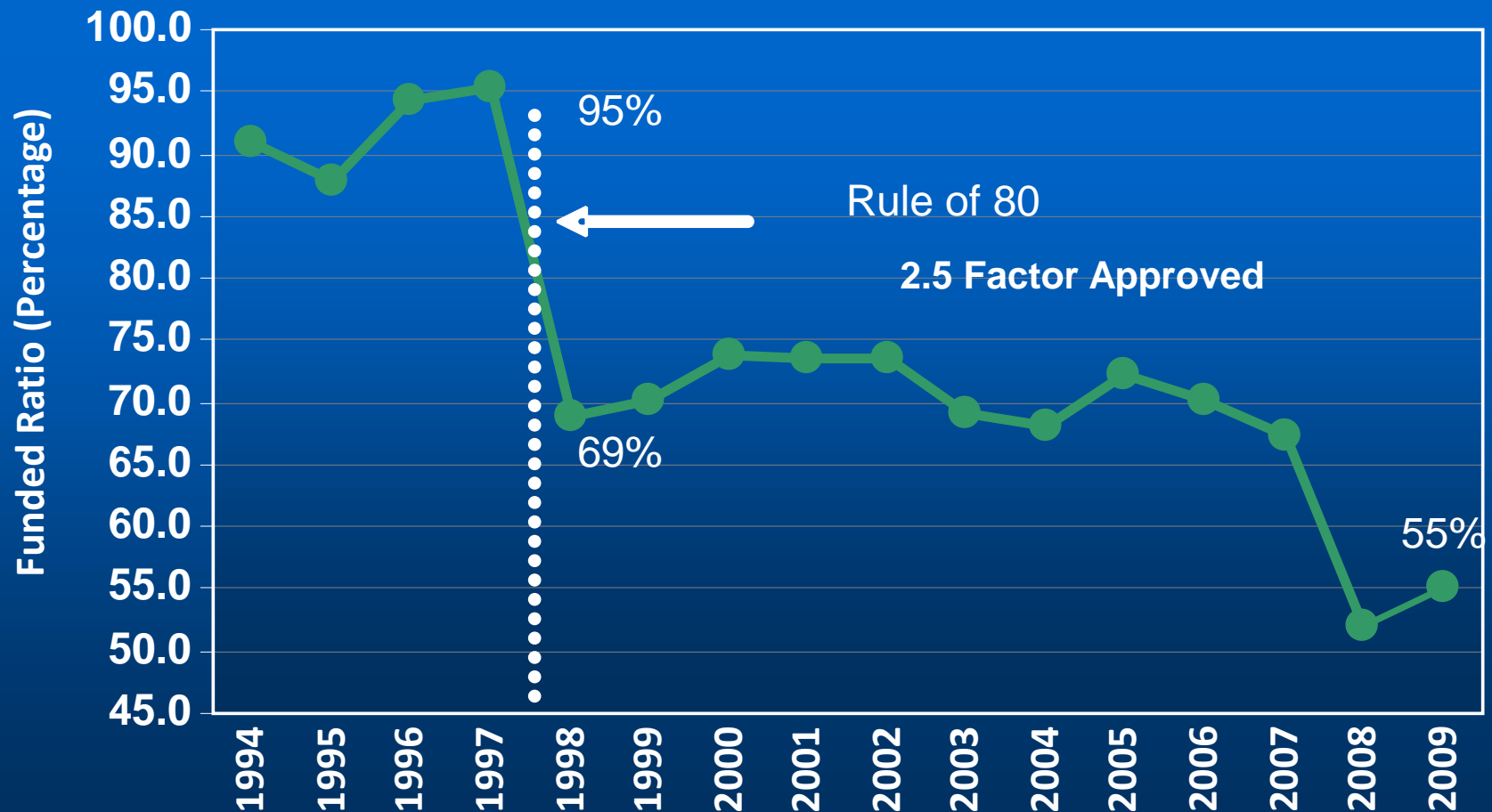
(Actuarial Value as of 12/31/Calendar Year)



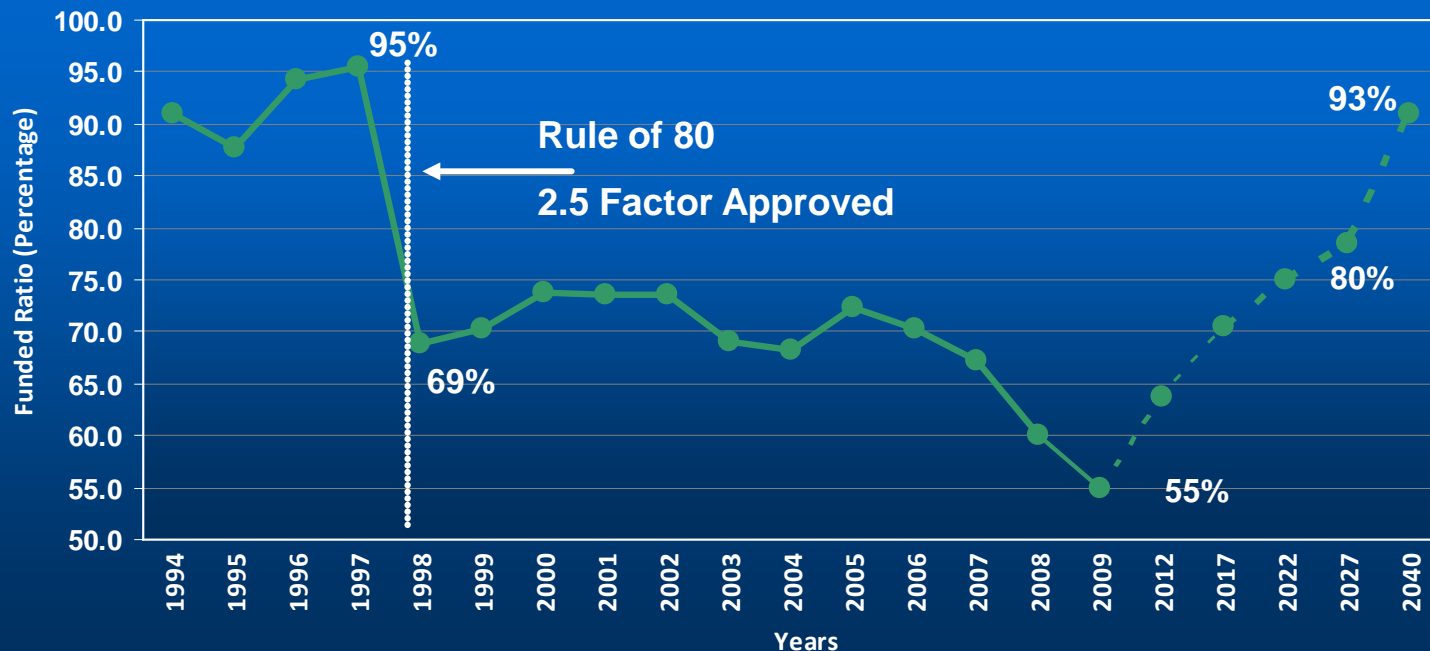
Market value of assets as of 12/31/2009 = \$337,643,063

Pension Funding Status By Year

As of 01/01/Calendar Year



Funding Status – Long Term Projections



History

Projected

Retirement Plans/Overall Goals

- **Maintain fiscally sound plans**
 - **Defined Benefit plans look at the long term (30 years)**
 - **To be over 90% funded in 30 years**

Retirement Plans/Overall Goals

- **Develop strong participation in the Defined Contribution Plans (Voluntary)**
 - 457 ICMA Plan
 - Hybrid 401a Plan

Going Forward

- **Board Governance Policy in the Works**
- **Fee Reduction Project Completed**
- **2006-2007-2008-2009 Policy Changes Working**

Going Forward—Continued

➤ Innovative Education

- Human Resources
- Pension and Retiree Healthcare Plans Web Page
- ICMA Retirement Corporation
 - 457 Webpage
 - 401a Webpage

Going Forward—Continued

- **Active Asset/Liability Management**
 - **Asset Diversification**
 - **Manage Performance Standards**
 - **Pension Plan and Retiree Healthcare Plan Liability Impact Statements on Future Budget Items**
- **Employer/Employee Contribution Partnership Continues**

In Closing

The Board of Trustees remains committed to evaluating on a regular basis the status of all Cobb County Government Retirement Plans. We want to make certain that our Plans remain fiscally sound so that employees will have access to these benefits when they retire.