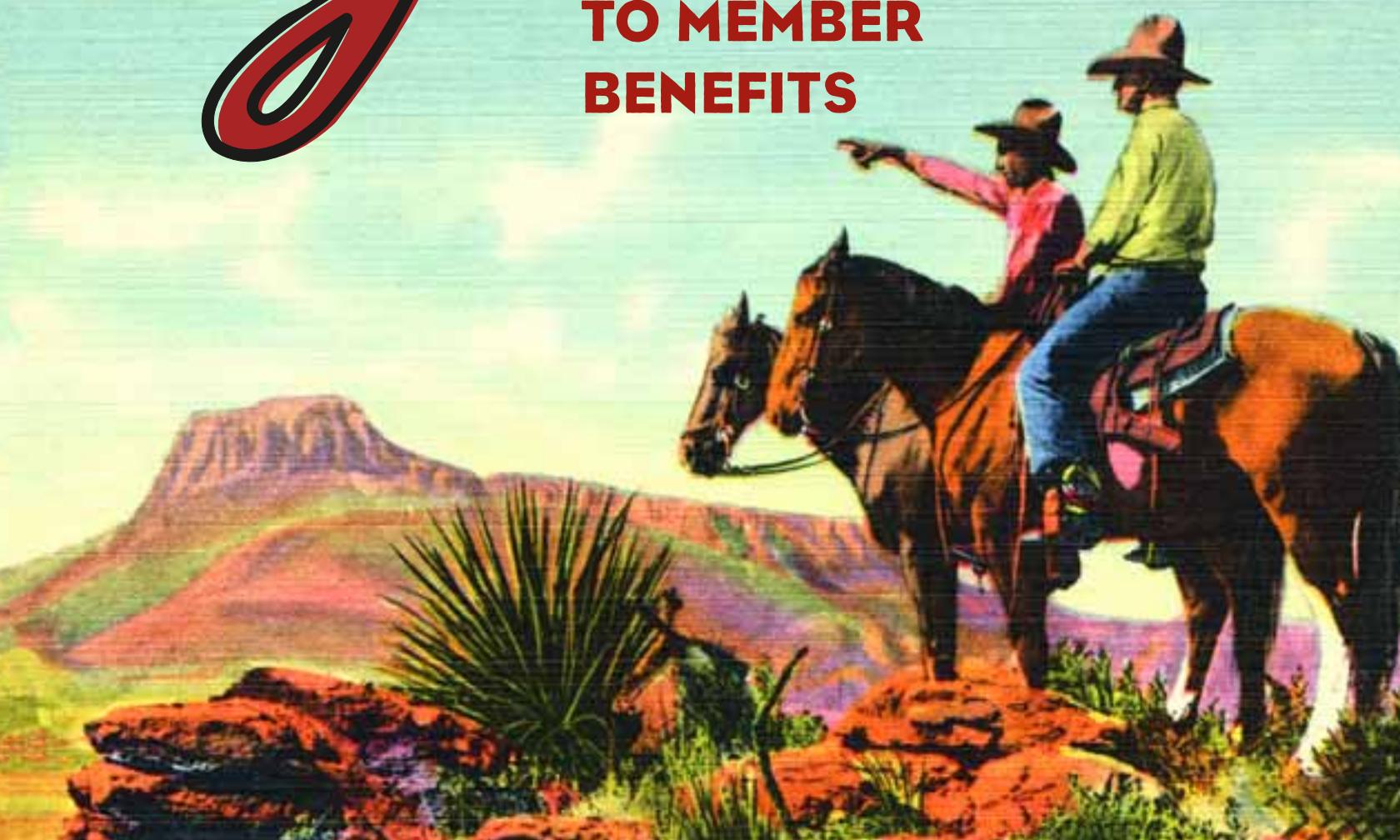
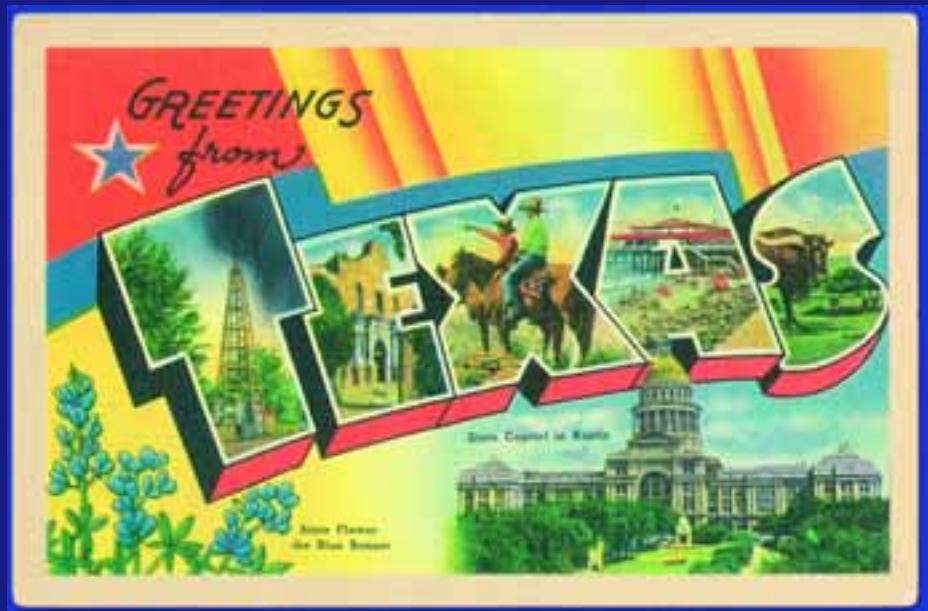


TCDRS

Guide

TO MEMBER
BENEFITS





Welcome to the Texas County & District Retirement System (TCDRS for short). This guide, used with your enclosed Personal Plan Summary, will help you learn more about your TCDRS benefit. We want to make sure you understand what TCDRS is and how your retirement plan works. By reading this guide you'll get an idea of what you can expect as a member of TCDRS. Your Personal Plan Summary (located in the back pocket of this guide) shows you the specific features of your employer's TCDRS plan. If you ever have a question about TCDRS, your employer's plan or your benefits, just call TCDRS Customer Service at 800-823-7782. We'll be happy to help you. 

NOTE: Because the laws and regulations that govern your benefits are subject to legislative changes, this guide can only represent what was current at the time of publication. Current laws will always be followed and take precedence over the material in this guide. For clarification of anything summarized in this guide, please contact TCDRS.



In 1879 the Texas Legislature set aside 3 million acres of land to pay contractors for a new Capitol building. That payment became the XIT Ranch in the Texas Panhandle, one of the most historically significant and largest ranches anywhere. The State Capitol building itself covers a more modest 8.5 acres of floor space.

WHO WE ARE AND HOW THE PLAN WORKS

In 1967 the Texas Legislature created TCDRS to provide the state's county and district employees with retirement, disability and death benefits. From modest beginnings, we've grown into a multibillion-dollar plan that includes more than 540 participating counties and districts, providing benefits to more than 150,000 Texans. TCDRS is nationally recognized for integrity, consistent investment performance and outstanding customer service. We are governed by a board of trustees comprised of nine system members or retirees appointed by the governor.

Each county and district in TCDRS has its own individual defined-benefit plan. Your employer's governing body decides the level of benefits. (The governing body is a commissioners court, a board of directors or other authority.) The money that funds your plan comes from

employee deposits, employer contributions and interest from investments. Your participation in TCDRS is mandatory unless you are a temporary employee. Your employer can answer questions about your participation.

Changes to Benefits Your employer's governing body chooses your TCDRS benefits. Every year it reviews your employer's retirement plan and makes changes, if needed. It decides:

- ★ What percentage of your paycheck goes into your TCDRS account
- ★ How much your employer will match when you retire
- ★ What you must do to be eligible for retirement

Your Deposits Every time you get a paycheck, a certain percentage of your money goes into your TCDRS account. Your employer decides how much. Your money currently earns interest at a rate of 7 percent. (That rate can only be changed by the Texas Legislature.)

The money you deposit into your TCDRS account is not taxed until you withdraw it or choose a retirement benefit. (If your employer participates in Social Security, the money you deposit in TCDRS is subject to Social Security withholding.)

How Your Money Grows Your account earns an annual interest credit of 7 percent. TCDRS credits this interest to your account each December 31, based on your account

balance as of January 1. (See Chart 1.) Over time, the value of your account can increase a great deal because of compounding — that is, paying interest on interest. (See Chart 2 on page 5.) Every year you'll get a statement from TCDRS that shows all your deposits for the year as well as how much interest you received. You can also view your current balance online; see the Web Site Shortcuts section for instructions.

Chart 1: How Your Account Earns Interest

YEAR	BEGINNING BALANCE	DEPOSITS	7% INTEREST ON DEC. 31	ENDING BALANCE
Year 1	\$0.00	\$2,000.00	\$0.00	\$2,000.00
Year 2	\$2,000.00	\$2,000.00	\$140.00	\$4,140.00
Year 3	\$4,140.00	\$2,000.00	\$289.80	\$6,429.80



Oil. For some it's as synonymous with Texas as cowboy boots or the Dallas Cowboys. Texas entered the oil era when the Spindletop well near Beaumont blew on January 10, 1901. At that point the petroleum industry began to make its big impression on the Texas economy.

One of the great things about a defined-benefit plan like your TCDRS plan is that the ups and downs of the investment market don't affect your account. Whether the market does well or does poorly, your account still gets the 7-percent interest rate. Your employer assumes the investment risk of providing your retirement benefit.

TCDRS pools the money from both employee and employer accounts and invests it to help your employer fund your retirement plan. If you are interested in the current TCDRS portfolio asset allocation, you can learn more about it online. Visit the Web Site Shortcuts section for instructions.

Chart 2: Simple Interest vs. Compound Interest

Simple Interest: You earn interest only on your principal.

YEAR	BEGINNING BALANCE	INTEREST (7% OF \$1,000)	ENDING BALANCE
Year 1	\$1,000.00	\$70.00	\$1,070.00
Year 2	\$1,070.00	\$70.00	\$1,140.00
Year 3	\$1,140.00	\$70.00	\$1,210.00
Year 4	\$1,210.00	\$70.00	\$1,280.00
Year 5	\$1,280.00	\$70.00	\$1,350.00
Year 10	\$1,630.00	\$70.00	\$1,700.00

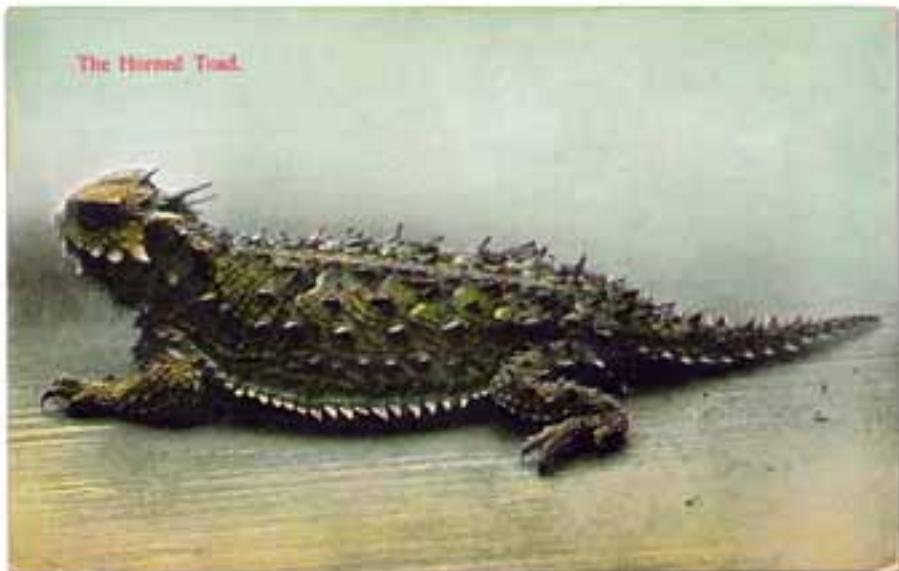
Compound Interest: You earn interest on your principal and past interest.

YEAR	BEGINNING BALANCE	INTEREST (7% OF BEGINNING BALANCE)	ENDING BALANCE
Year 1	\$1,000.00	\$70.00	\$1,070.00
Year 2	\$1,070.00	\$74.90	\$1,144.90
Year 3	\$1,144.90	\$80.14	\$1,225.04
Year 4	\$1,225.04	\$85.76	\$1,310.79
Year 5	\$1,310.79	\$91.76	\$1,402.55
Year 10	\$1,838.46	\$128.69	\$1,967.15

Note: Compound interest is how your money earns interest with TCDRS.

A Few Rules

- ★ Your employer decides how much will be withheld from your paycheck and deposited into your TCDRS account. Beyond that, you may not make additional deposits into your TCDRS account.
- ★ You cannot withdraw money from your TCDRS account while you are still working for your current employer. (See the If You Leave Your Job section.)
- ★ You may not borrow money or get loans from any TCDRS account. 



Commonly referred to as the "horny toad," the Texas horned lizard was named the State Reptile by the Legislature in 1993. Although the species has been listed as endangered in recent years, many Texans remember playing with horny toads as youngsters. To protect themselves from kids and other predators, horned lizards puff up to appear bigger, or shoot blood out of their eyes.

SELECTING A BENEFICIARY

You should always have a beneficiary on file with TCDRS. That way, at the time of your death, any benefits you may have will be paid to the person you choose. If you die while you have an account with TCDRS and before you retire, we will pay your money (deposits and interest) to a beneficiary. We will make that payment in a lump sum or as a monthly benefit with matching credits. Whether or not your beneficiary is eligible to choose a monthly benefit depends on how much service time you earned. (See Death Benefits for more information.)

Without a valid beneficiary on file, we will use the rules set out by state law to decide who receives your money. This can potentially result in the loss or delay of benefits for your loved ones, and even possible legal disputes and expenses for your survivors. Check your beneficiary designations from time to time, especially if there is a significant change in your family status — for example, a death or divorce.

Your beneficiaries are listed on your annual statement, which you can also view online. Ask your employer or TCDRS Customer Service for a brochure about selecting a beneficiary if you need help choosing or changing a beneficiary. The brochure is also available online. 

SERVICE TIME AND WHAT IT MEANS TO YOU

The amount of service time (also called *service credit*) you earn is very important. How much service credit you have determines if you are vested, if you are eligible for retirement and if your beneficiary will get death benefits. There are two basic types of service credit: current service credit and prior service credit.

Current Service Credit You generally earn one month of current service credit for each month you make a TCDRS deposit. You

may earn a month of service credit for a partial month of service, so long as a deposit is made for you for that month. You will only earn one month of current service credit for each month worked, no matter how many paychecks you get each month.

Prior Service Credit This is service credit you get for the time you worked for your organization before it joined TCDRS. If you were employed in a position that would be

eligible for TCDRS benefits before or on the date your employer joined TCDRS, you may be able to get prior service credit. If you have questions about prior service credit, talk to your employer or call TCDRS Customer Service.

You can view your months of service time online. Please see the Web Site Shortcuts section for instructions. 



You can ride an elevator to the top of the San Jacinto Monument, which, at 570 feet, is the world's tallest monument tower. Built in the late 1930s, the monument and surrounding state historical park mark the site where, on April 21, 1836, General Sam Houston's army took just 18 minutes to defeat Santa Anna's troops, and decisively claimed Texas' independence from Mexico.

OTHER WAYS TO GET SERVICE TIME

With TCDRS you have many ways to increase your service time — and they don't need your employer's approval. Maybe one of the following options will apply to you.

Proportionate Retirement Program Have you ever worked for the state, a school district or a city? Then you may be able to use service time from that organization's retirement system for TCDRS benefits — and vice versa. The Proportionate Retirement Program lets you use service credit from any of the systems listed below to qualify for retirement benefits (not disability or death benefits). Those systems are:

- ★ Texas Municipal Retirement System (TMRS)
- ★ Employees Retirement System of Texas (ERS)
- ★ Judicial Retirement System of Texas (JRS)
- ★ Teacher Retirement System of Texas (TRS)
- ★ City of Austin Employees Retirement System (COAERS)

If you would like more information about the Proportionate Retirement Program, please call TCDRS Customer Service.

Service Earned in Other TCDRS Plans If you've worked for more than one employer that participates in TCDRS, then you may be able to use that service time to qualify for benefits. For more information, please contact TCDRS.

Reinstating Service From Withdrawn Accounts If you withdrew money from a TCDRS account in the past, you may be able to get back service credit from that withdrawn account. You must have either an open TCDRS account or an open account with a Proportionate Retirement Program system (listed left). In addition to getting back your service credit, you can make a deposit into that old account. Please call TCDRS for a brochure about getting your service time back and to find out if you are eligible.

Military Service Interrupting Employment (USERRA) You can get current service credit for any time you have to leave your employer to perform military duty. After you return you must apply for re-employment within 90 days. Please contact TCDRS to request a brochure about this benefit.

Your employer's plan may also give you other ways to earn service time. Your Personal Plan Summary will show you what other options you may have. 



Every spring, parents head to the Texas countryside with their children and cameras, scout the prettiest patch of bluebonnets and set their kids, in their Sunday best, down in the middle of a field filled with Lupinus Texensis. When you embark on this rite of spring, take note of another one of Texas' roadside residents — the fire ant.

IF YOU LEAVE YOUR JOB

If you leave your job, you have a couple of choices when it comes to your TCDRS account. You can either keep your money in your TCDRS account or you can withdraw it.

Keeping Your TCDRS Account Open

You may decide to keep your money in TCDRS even after you leave employment so that you can continue to save for retirement. Ask your employer or call TCDRS Customer Service and request a brochure about leaving employment to find out how you can continue to earn interest after leaving your TCDRS-covered job.

Closing Your TCDRS Account

You may withdraw your money from your TCDRS account when you leave your job. But think twice before you close your account: By taking your money out of your account, you lose your employer matching, not to mention all the interest your money would earn if it stayed in TCDRS.

Because your TCDRS deposits are tax deferred, you have to pay taxes on the money

when you take it out. You may also owe early-withdrawal penalties to the IRS. However, you may be able to avoid tax problems by rolling the funds over into another tax-deferred retirement plan such as an IRA.

Before you make a decision, ask your employer or call TCDRS for a brochure about leaving employment. It gives you more details about your account options if you leave your job. 

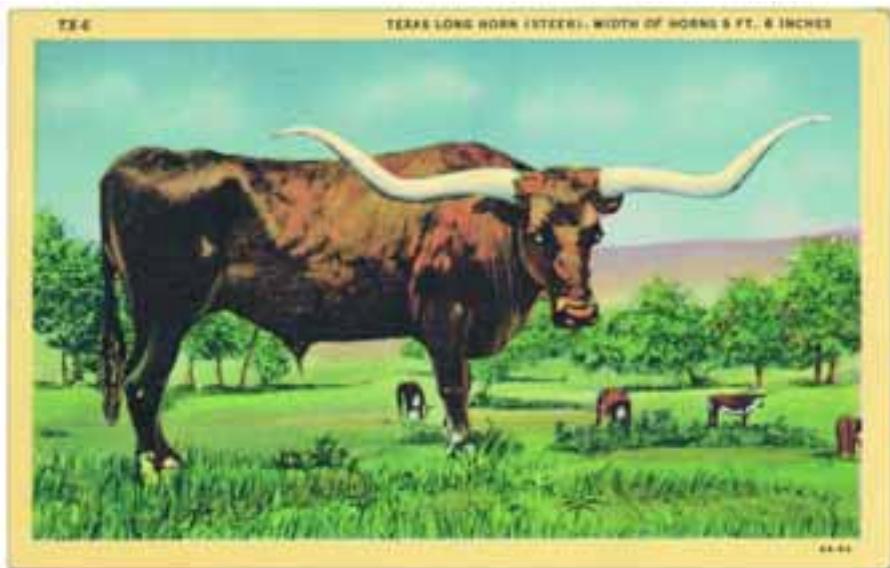
RETIREMENT: WHEN YOU ARE ELIGIBLE FOR BENEFITS

Your road to retirement will lead you to what you've been working for all this time. Whether you plan on seeing the Grand Canyon or look forward to tending your garden, retirement is when all your saving and planning start to pay off.

Two factors determine if you are eligible to retire: One is your age and the other is the number of years and months of service credit you have earned. Your employer chooses the retirement eligibility requirements for your plan. See your enclosed Personal Plan Summary in the pocket of this guide for the specifics of your employer's TCDRS plan.

Once you have met one of your employer's eligibility requirements, you are eligible to retire; you do not have to meet all the requirements. Your TCDRS annual statement (also available online) shows you the earliest date you can retire.

Vesting You are vested when you have enough service credit to retire once you reach a certain age. Your employer decides the amount of service time and the retirement age for your plan. Once you are vested, you may leave your job and still keep your right to future retirement benefits. Your personal account will continue to earn interest each year until your membership ends. Your membership ends when you withdraw your personal deposits, when you retire or when you die. As soon as you meet the age requirement, you can retire whenever you wish. 



Five million Texas Longhorns roamed the Texas range at the close of the Civil War. In 1865 cattle drivers drove 260,000 head of cattle up the Shawnee Trail toward Kansas and Missouri, many of them Longhorns, favored for their long legs, hard hoofs and uncanny ability to gain weight while being driven to market.

RETIREMENT: WHAT YOU GET

Once you are eligible for retirement, you can apply for a monthly benefit payment that you will receive for the rest of your life. This is a fixed monthly benefit, which means you will get the same amount from TCDRS every month for the rest of your life.

How much you get each month depends on how much money is in your account and your employer's matching rate. (See your Personal Plan Summary for your employer's matching rate.) Once you are retired, your TCDRS retirement funds will also keep earning

interest (currently 7 percent), so we have included that in your benefit calculation, too.

TCDRS also has many benefit payment options for you to choose from. Some provide monthly payments for you and then your beneficiary over your lifetimes. Others guarantee a payment for a certain period. Benefits that provide for your dependents after your death pay less monthly than a benefit that just pays you for your lifetime.

Amount of Retirement Benefit Every year TCDRS gives you an estimate of your future monthly benefit payment. This estimate is included on your annual TCDRS statement. You may ask for additional estimates by calling TCDRS Customer Service. We can also give you more information on how we calculate your benefit, as well as your benefit payment options.

Applying for Retirement If you are interested in retiring, please contact TCDRS and ask for a retirement packet. You should begin your planning well in advance of your actual retirement date. We suggest you get a retirement packet at least a few months before you plan to retire. There's no such thing as

being too prepared when it comes to retirement planning.

Death Benefits Your beneficiary(ies) may be eligible for a death benefit if you die before you retire, depending on how much service time you earned.

If you qualify for the Survivor Annuity Death Benefit (SADB) at the time of your death, then your beneficiary could choose to receive a monthly benefit payment from your account. Any benefit payment would include your employer's matching credits. See your Personal Plan Summary for your employer's SADB eligibility requirements.

If you are not eligible for the SADB, we

will pay your account balance, including deposits and interest, to your beneficiary(ies) in a lump sum. (See also Selecting a Beneficiary.)

Disability Benefits If you become disabled, you may be eligible for a disability retirement benefit depending on how much service time you have earned. This option allows you to take a monthly benefit with employer matching credits before you reach retirement age. (See your Personal Plan Summary for your employer's requirements.) If you do not have enough service time, you may still apply for a disability retirement benefit if the disability is job related. For more information on this benefit, call TCDRS Customer Service. 



Who could forget the Alamo? Texas school children have been drilled with its history for decades, and Hollywood has attempted to bring the glory of the story to the big screen on several occasions. But to truly appreciate what happened there in 1836, and how it still affects Texans today, you have to make the pilgrimage to San Antonio and see it for yourself.

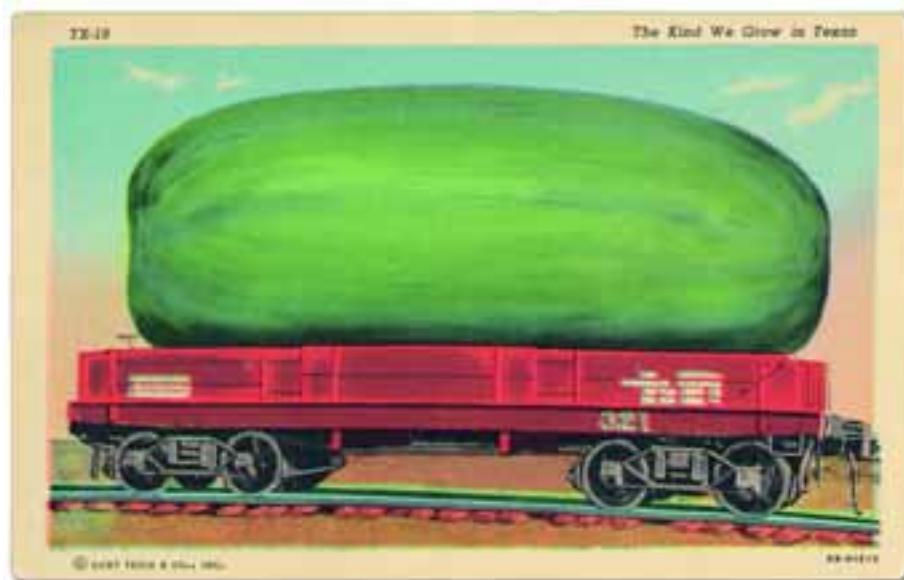
YOUR RIGHTS AS A TCDRS MEMBER

Service Credit, Enrollment and Deposits Talk to your employer about any issues you may have about your current or prior service credit, your enrollment in TCDRS, or your deposits.

Requesting a Hearing If you make a benefits claim and disagree with TCDRS' action or ruling on it, you can ask for an administrative hearing. Make your hearing request in writing to the TCDRS director. The State Office of Administrative Hearings will conduct the hearing in

Austin. We suggest you talk to an attorney before you request a hearing. We also suggest you have professional representation at the hearing.

Confidentiality We will only release your personal information to people who are authorized to request it. State law does not require us to tell you if we release information from your records to authorized individuals in allowable cases. TCDRS is not responsible for any personal information it releases to authorized parties. 



Agriculture contributes over \$40 billion annually to the state's economy. Texas farmers produce dozens of different crops, from apples to zucchinis, taking advantage of the fertile soils and long growing seasons the state offers.

CONTACT US

TCDRS is always here for you, whether you have a general question about how the plan works or want specific information about your benefit.

Toll free 800-823-7782
Austin area (512) 328-8889
Fax (512) 328-8887
E-mail customerservice@tcdrs.org

Our Customer Service counselors can assist you from 8 a.m. to 5 p.m., central time, Monday through Friday, excluding holidays. Spanish-speaking counselors are available.

To access our Web site, where many frequently asked questions are answered, point your browser to www.tcdrs.org.

Mail and Deliveries

All regular mail should be sent to:
TCDRS
P.O. Box 2034
Austin, TX 78768-2034

Materials delivered via overnight or second-day services (UPS, FedEx, etc.) should be addressed to:

TCDRS
Barton Oaks Plaza IV
901 S. MoPac Expwy., Ste. 500
Austin, TX 78746-5789

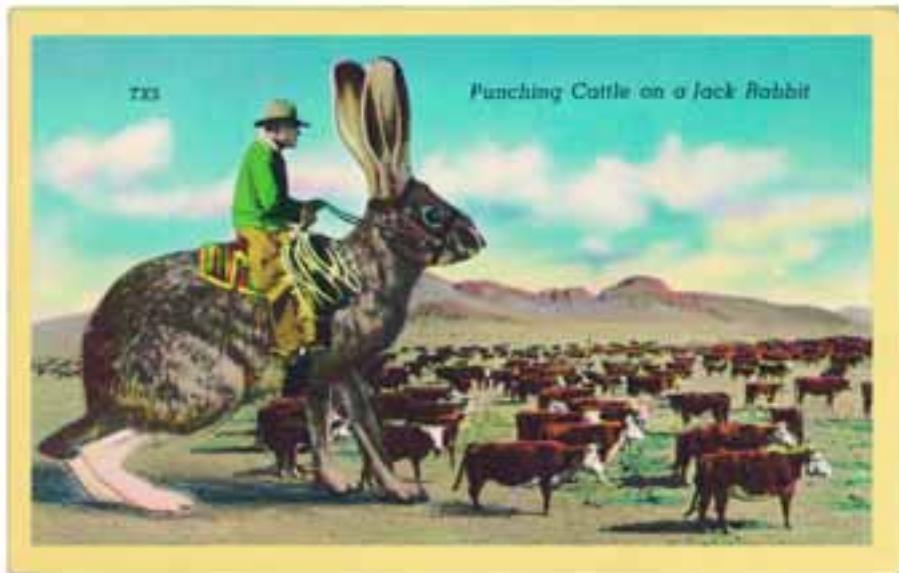
Web Site Shortcuts

To find out more about your employer's TCDRS benefits:
<http://www.tcdrs.org/planinfo.asp>

To view your most recent statement:
<http://www.tcdrs.org/accounts/index.asp>

(Your account is password protected. Please call TCDRS if you need help with your password.)

To learn more about TCDRS investments:
<http://www.tcdrs.org/investments.asp>



The black-tailed jackrabbit is quite at home in the hot deserts and prairies of Texas. This critter gets its water from moisture-retaining plants like cactus, and can run up to 50 miles an hour and leap as high as 5 feet when being pursued by a hungry coyote. That jackrabbits are actually used by cowboys to round up cattle, however, may be just another Texas tall tale.

REQUEST PUBLICATIONS

Annual Statement of Deposits: You should receive your annual statement, distributed by your employer, each spring. Your statement will include your account balance, your earliest retirement date and estimates of your retirement benefits. (This information is also available by either calling TCDRS Customer Service or visiting our Web site.)

Brochures: You can get brochures on various topics by calling TCDRS Customer Service or visiting the TCDRS Web site at <http://www.tcdrs.org/publications.asp>

Forms: Forms to apply for benefits or to change your account information are available by calling TCDRS Customer Service or visiting our Web site at <http://www.tcdrs.org/forms.asp>

Horizons: *Horizons* is our member newsletter, and it comes out three times a year. In it you'll find helpful information on planning for retirement as well as the latest news about your TCDRS benefit. Current and back issues of *Horizons* are available on our Web site at <http://www.tcdrs.org/publications.asp> 

Again, welcome to TCDRS. If you need any more information about your retirement benefits, please don't hesitate to get in touch with us. We want to help make your journey to retirement as easy as possible. We're always happy to talk to you about any questions or concerns you may have. See you down the road



Flag and Great Seal of Texas



Post Office Box 2034
Austin, Texas 78768-2034
(800) 823-7782
www.tcdrs.org