

2006 Status Report

Cobb County Government Employees' Pension Plan

October 24, 2006

J. Virgil Moon, CPA

Introducing...

Board of Trustees

- Virgil Moon – Chair
- Bill Hutson - Vice Chair
- Brad Bowers
- Tony Hagler
- Ken Thigpen

Master Trustee

SunTrust Bank

- Arlene Whitley

Investment Advisor

Southeastern Advisory Services, Inc.

- John Small

Actuary

Wachovia Retirement Services

- James G. Berberian, Principal

County Staff

- John Bergey, CPA, Finance Treasurer
- Tracy Minjauw, HR Benefits Manager
- Rhonda Richardson, HR Specialist

Group Statistics As of 01/01/06

Retirees & Beneficiaries

Currently Receiving Benefits: 1,152

Vested Former Employees: 625

Active Employees Eligible
For Pension Plan: 4,013

Fully Vested: 2,126

Non-vested: 1,887

Established in 1971

Focus on the Portfolio: 12/31/05*

Diversified Investments:

Bonds: 4 Managers

Stocks: 9 Managers



***Cost Basis**

Fund Managers

● Equity (9)

- INTECH
- Legg Mason
- Templeton Foreign Fund
- Vanguard S&P 500 Index Fund
- Vanguard MidCap 400 Index Fund
- LSV Asset Management
- Systematic Financial Mgmt
- Granahan Investment Mgmt
- Eagle Capital

● Fixed Income (4)

- Vanguard Intermediate Bond Fund
- Pacific Life
- CIGNA
- PIMCO

Manager Performance

Market Rate of Return for Total Fund

- Goal: 8.0%
- Actual achieved: 5.06% in 2005
- Five year period: 3.42%
- Ten year period: 8.29%

Total Fund vs. Total Fund Universe

- Goal: Top 50 Percentile
- Actual achieved: 68th in 2005
- Five year period: 81st
- Ten year period: 47th

Employer Contribution

Percent of Payroll (Fiscal Year End)



*2007 Budgeted

Contributions – Plan Year Ended 12/31/05

Employer: 9.57%*	\$17,323,606
Employee: 4.25%**	<u>7,650,746</u>
Contribution Income:	\$24,974,352

***Increased to:**

10.00% effective 10/1/05

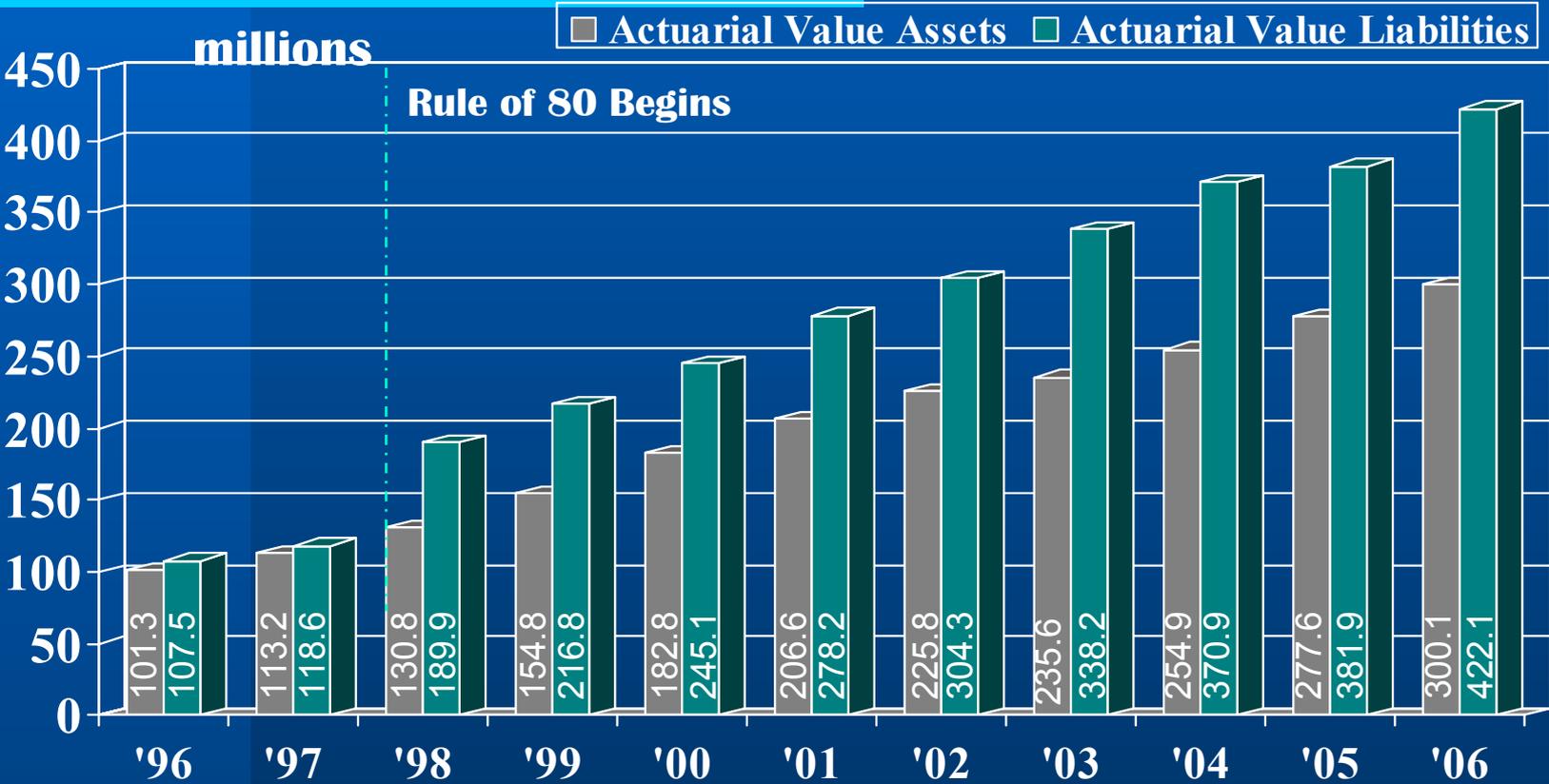
10.25% effective 10/1/06

****Increased to:**

4.50% effective 2/12/06

4.75% effective 2/11/07

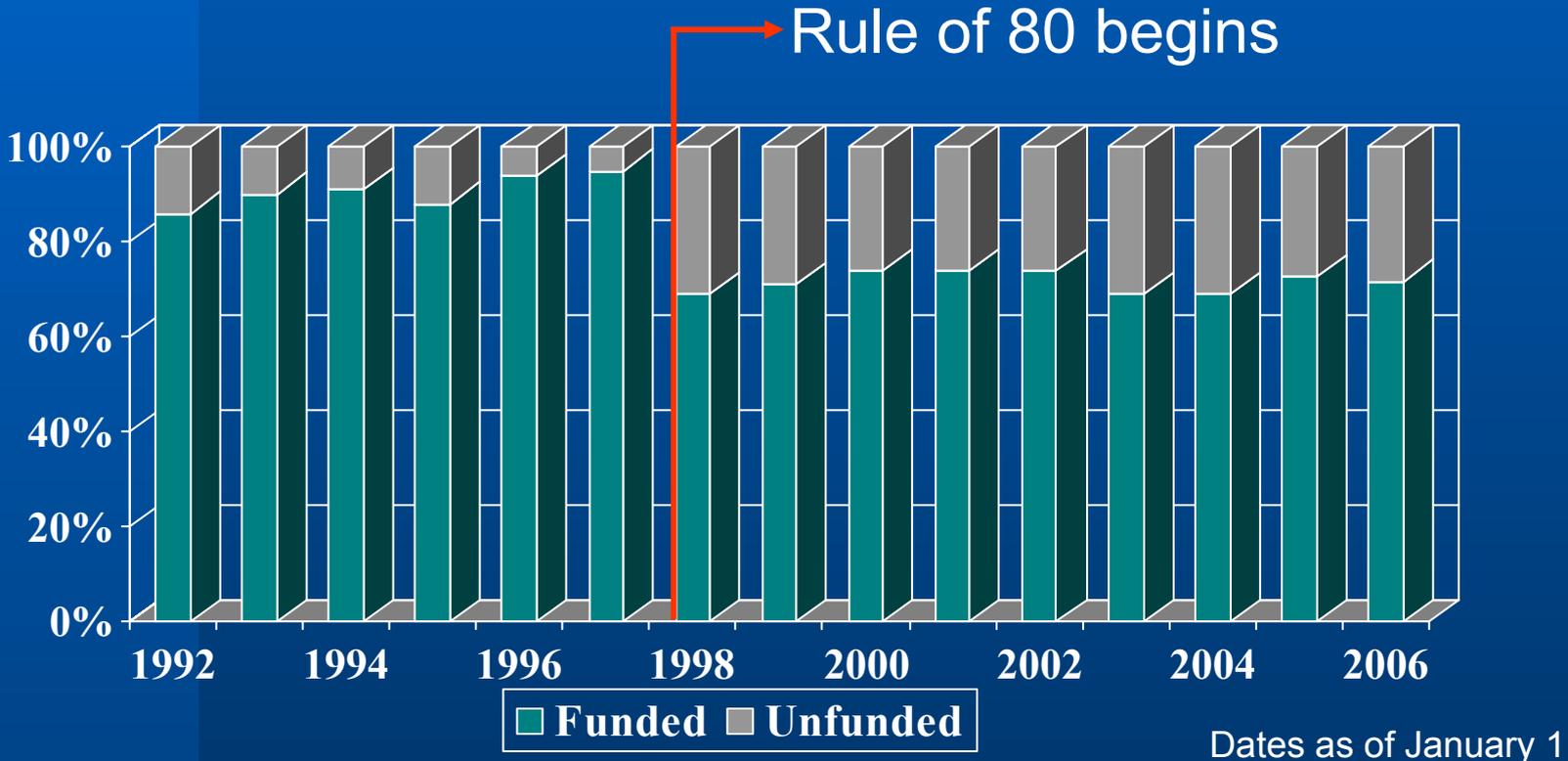
Assets vs. Liabilities (Actuarial Value)



Market value of assets as of 1/1/06 = \$277,668,886

Funding Status

71% Funded



Trustee Recommendation

- **Approved by County Manager and BOC in 06 Budget**
 - 3 years phased contribution increases for employer and employee as follows: (Maintains current 2/3-1/3 split)

Effective Date Beginning Fiscal Year	County %	Effective Date Upon Merit Increase	Employee %
10/01/05	9.57 to 10.00	February 06	4.25 to 4.50
10/01/06	10.00 to 10.25	February 07	4.50 to 4.75
10/01/07	10.25 to 10.50	February 08	4.75 to 5.00

- **Approved by County Manager and BOC in 07 Budget**
 - Effective for all new employees beginning on 1/1/07: The minimum age for retirement under Rule of 80 is 55 years of age or less than 55 years of age with 35 years of service (Saving \$12 million over 20 years).

Summary

- **Continue**
 - **Innovative Education**
 - Human Resources
 - Pension Fund Web Page
 - ICMA Retirement Corporation
 - **Active Asset Management**
 - Diversification
 - Performance Standards
 - **Employer/Employee Contribution Partnership**
 - County 2/3 share
 - Employee 1/3 share