

February 2025

TRUSTEES

## TRS Board of Trustees Meeting



**Teacher Retirement System of  
Texas**

1000 Red River Street  
Austin, Texas  
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING  
BOARD OF TRUSTEES**

**AGENDA**

**February 27, 2025 – 8:00 a.m.**

**TRS East Building, 5<sup>th</sup> Floor, Boardroom**

*All or part of the February 27, 2025, meeting of the TRS Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5<sup>th</sup> Floor, Boardroom.***

***Members of the public may provide virtual public comment by registering first with the Board Secretary by submitting an email to [publiccomment@trs.texas.gov](mailto:publiccomment@trs.texas.gov) identifying the name of the speaker and topic, no later than 5:00 pm on February 26, 2025.***

*NOTE: The Board may take up any item posted on the agenda during its meeting on Thursday, February 27, 2025, beginning at the time and place specified on this agenda.*

*The open portions of the February 27, 2025, Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided at [www.trs.texas.gov](http://www.trs.texas.gov).*

1. Call roll of Board members.
2. Provide opportunity for public comment – Robert H. Walls, Jr.
3. Consider the following administrative matters – Robert H. Walls, Jr.:
  - A. Approval of the December 2024 proposed meeting minutes;
  - B. Excusing Trustee absences from December 2024 meeting; and
  - C. Consider the election of the Board Vice-Chair.
4. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:
  - A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, legislative personnel matters, and Moving Forward Together Update including new regional office.
  - B. Board operational matters, including a review of draft agendas for upcoming meetings.

- C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.
5. Consider review and update to the TRS Mission Statement – Caasi Lamb.
  6. Receive an update on employer reporting “The people behind the data” – Mark Chi and Katie Tucker.
  7. Receive an update on TRS-Care and TRS-ActiveCare healthplans including a review of annual performance with benchmark comparisons as well as updates on new dental and vision plans – Katrina Daniel and Kyle McKay.
  8. Receive the Ombudsman’s Annual Report – Lori LaBrie.
  9. Review and discuss the CIO Update including Talent Management; Accomplishments; Notices, Key Dates and Upcoming Events – Jase Auby.
  10. Receive the Annual Review of the Emerging Manager Program – Kirk Sims.
  11. Consider the role, performance and engagement of the Board Investment Advisors and Consultants role, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Steve Wilson, LaTresa Stroud and Aundre Petty.
  12. Receive an update and consider long term facility planning for a new regional office, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with a third person – Barbie Pearson.
  13. Receive annual ethics and fiduciary training – Heather Traeger, Suzanne Dugan and Amy McDuffee.
  14. Review and consider proposed amendments to the Employee Ethics Policy – Heather Traeger and Elena Barreiro.
  15. Review Internal Audit’s upcoming External Quality Assurance Review – Amanda Jenami.
  16. Receive an overview and preview of TRS’ planned member-centric website redesign for [www.trs.texas.gov](http://www.trs.texas.gov) – Elizabeth Hallmark.
  17. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal

or regulatory matters involving certain TRS vendors, investment managers, or other counterparties— Heather Traeger and J.R. Morgan.

The Board may convene in Executive Session under the following but not limited to:

- A. Texas Government Code, Section 551.071: Consultation with Attorney;
- B. Texas Government Code, Section 551.072: Deliberation Regarding Real Property;
- C. Texas Government Code, Section 551.074: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Executive Director, Deputy Executive Director, Chief Auditor Executive, Chief Investment Officer.
- D. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;
- E. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits;
- F. Texas Government Code, Section 825.115(e): Regarding a Procurement; or
- G. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.



**TAB 3**

## **Minutes of the Board of Trustees**

**December 5, 2024**

The Board of Trustees of the Teacher Retirement System of Texas met on Thursday, December 5, 2024, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

### **The following Board members were present:**

Robert H. Walls, Jr. Chair  
Nanette Sissney  
Brittney Allred  
Michael Ball  
David Corpus  
John Elliott  
James Nance  
Elvis Williams

### **Others present:**

Brian Guthrie, TRS  
Andrew Roth, TRS  
Heather Traeger, TRS  
Jase Auby, TRS  
Don Green, TRS  
Barbie Pearson, TRS  
Katrina Daniel, TRS  
Amanda Jenami, TRS  
Shunne Powell, TRS  
Lori LaBrie, TRS  
Kendall Courtney, TRS  
Janice Ehlert, TRS  
J.R. Morgan, TRS  
Katherine Farrell, TRS

Jarvis V. Hollingsworth, Former Chair  
Andrea Hollingsworth  
Keith Brown, Investment Advisor  
Mike Comstock, Aon  
Ashley Woeste, Aon  
Suzanne Dugan, Cohen Millstein

Mr. Robert H. Walls, Jr. called the meeting to order at 9:00 a.m.

#### **1. Call roll of Board members.**

Ms. Farrell called the roll. A quorum was present, Mr. Rutherford was absent.

#### **2. Consider the following administrative matters including approval of the September 2024 proposed meeting minutes; and**

On a motion by Ms. Sissney, seconded by Mr. Williams, the Board unanimously voted to approve the September 2024 proposed meeting minutes as presented with the non-substantive edits provided by Ms. Sissney.

### **3. Resolution recognizing the service of Jarvis V. Hollingsworth – Robert H. Walls, Jr.**

Mr. Walls invited everyone to sit back and get comfortable as he read the many accomplishments listed in the following resolution into the record:

#### **Resolution**

**Whereas**, Jarvis V. Hollingsworth was appointed as chairman to the TRS Board of Trustees by Gov. Greg Abbott in November 2017, after his initial appointment as trustee by Gov. Rick Perry from 2002 to 2007; and

**Whereas**, under his leadership, the retirement system experienced significant growth from approximately 1.5 to more than 2 million members and annuitants and the net position of the fund increased from \$147.4 to \$202 billion; and

**Whereas**, Jarvis' first meeting was December 2017, staff recalls the February 2018 board meeting held at UT Rio Grande Valley, Edinburg, TX, as the beginning of Jarvis' second term. At this memorable meeting, TRS spent Valentine's Day together huddled outside waiting for "an unforeseen fire alarm" to clear before resuming the meeting that culminated in postponing the vote to lower the return assumption rate from 8 to 7.25% until the April meeting. This vote was taken up at the April meeting, which failed to garner a majority, and was then taken up for a third and final time at the July meeting where the lowering return assumption passed with a 5 – 4 split vote; and

**Whereas**, in 2022, the board voted to lower the return assumption from 7.25 to 7.0% within one unanimous vote; and

**Whereas**, Jarvis played a vital role in the success of the Emerging Manager Program; establishing the program in 2005 and overseeing steady growth to \$3.1 billion assets under management (AUM) today with further AUM of \$5.2 billion invested with graduates of the program; and

**Whereas**, Jarvis' leadership has had a profound impact on the TRS-Care retiree health plan, including overseeing the most sweeping changes since its creation; setting it on a path for long-term stability and viability; paving the way for a 45% TRS-Care Medicare Advantage premium reduction; developing an agency legacy of a sustainable TRS-Care fund; and

**Whereas**, under his careful eye, TRS commenced a multi-year reengineering of TRS-ActiveCare, establishing a new regional rating strategy that allows districts to shop for coverage that fits the needs of their employees, while maintaining stability for participants who depend on the plan for themselves and their families. Jarvis' leadership produced a health plan product that offers Texas public school employees superior value in both benefit coverage and cost; and

**Whereas**, Jarvis also oversaw the agency as TRS developed an outreach plan to assist members and employers with effective retirement planning; he was instrumental in the success of the Customer Service Improvement Initiative raising service levels from 15% when he joined the board, to 94% at the end of his service; created an ombuds position; made comprehensive changes to employment after retirement; and opened TRS' first regional office in El Paso; and

**Whereas**, he provided valuable insight to TRS executives as they testified and provided information during three sessions of the Texas Legislature. Historic legislation was passed during the last several sessions leading to the actuarial soundness of TRS, funding to keep TRS-Care solvent, a successful Sunset review, and most importantly, funding for multiple benefit enhancements, a cost-of-living adjustment along with a stipend for qualified retirees; and

**Whereas**, he led the agency through the challenges of the COVID-19 pandemic, reassuring members that TRS would continue to provide pension and health care benefits and services to members along with a diligent focus on core business activities and prudent management of the trust fund; and

**Whereas**, he played a pivotal role in the due diligence process that led to TRS' decision to acquire a new headquarters outside of downtown Austin, after nearly 50 years at the Red River location. This significant action by the board of trustees in 2021 resulted in the purchase of a two-building campus in the Mueller development that will accommodate the entire agency and serve TRS' expanding membership for generations to come; and

**Whereas**, Jarvis challenged TRS staff to perform at all levels with excellence in service to TRS members. He pushed leadership to focus on culture, governance and ethics. He pushed for snappier presentations and for board meetings to start early and on time. Jarvis also spent considerable time ensuring trustees were assigned to committees that would benefit from their respective experience and expertise. He also questioned the continuous use of the fleet metaphor when he, the chair, was a West Point graduate;

**Now, therefore, be it resolved,** that the board of trustees and staff of the Teacher Retirement System of Texas recognize and appreciate the accomplishments and contributions of Jarvis V. Hollingsworth. They express their gratitude for his dedicated and passionate service on behalf of both current and future TRS members;

**Resolved,** that in honor of Jarvis' continuous challenge of TRS to perform at all levels of excellence for TRS members, the TRS Board and staff present Jarvis with TRS' inaugural challenge coin, challenging all future trustees and staff to continuously strive for excellence in service to TRS members;

**And be it further resolved,** that a copy of this resolution be presented to Jarvis V. Hollingsworth and entered into the record of the board for Dec. 5, 2024.

On a motion by Ms. Sissney, seconded by Mr. Elliott, the board unanimously approved the proposed resolution.

Mr. Hollingsworth expressed his appreciation, thanked his wife Andrea, his fellow trustees and stated he hopes TRS members have felt that he had done everything in his power to serve them and to get the staff to assist in solving whatever problems they may have faced. He asked the members to continue to hold TRS accountable, they wake up every day thinking of how to best serve you. The Board required it and expected and everyone at TRS believes in it.

4. **Review and discuss the Executive Director's report on the following matters – Brian Guthrie:**
  - A. **Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, legislative implementation including 88<sup>th</sup> Leg. (R) HB 4141, personnel matters, notification of contract renewals, and Moving Forward Together update.**
  - B. **Board operational matters, including a review of draft agendas for upcoming meetings.**
  - C. **Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.**

Mr. Brian Guthrie reviewed upcoming and past conferences and meetings. He announced that due to the ever-increasing high demand for the optional dental and vision coverage being offered for the first time this year, the enrollment deadline will be extended for two additional weeks, through December 17, 2024. He said the initial estimate for enrollments were 40,000, possibly 50,000 but as of today, there were over 80,000 enrollments. He then covered the new board contract review process where he will provide notice quarterly to the trustees of contracts that he intended to renew under his delegated authority.

Mr. Guthrie noted last legislative session, House Bill 4141 passed, requiring TRS to conduct a study on the feasibility of offering members who are peace officers basically a new benefit

structure. He said the report is due at the end of the month. He said one thing they have identified is that there is no standard among the public schools as to the peace officer title and count.

Mr. Guthrie announced the winner of the Executive Director's Award of Excellence. This award is for ad hoc projects. This year's winner was the pension benefits enhancement project team, the team responsible for issuing the one-time stipend and COLA for members. He announced the winner of the Shining Example Award. This award is for special service to members with ongoing projects and efforts to benefit members and provide quality customer service. This year's winner was the Health Division for their work on lowering Medicare premiums. He also shared the recipients of the Golden Apple award. To conclude the special honors announcement, he reported TRS won the Top Workplace Award for the Greater Austin Metro Area for the 13<sup>th</sup> time and for the first time TRS was counted within the top three of large businesses in Austin.

Mr. Guthrie concluded by reviewing items for the upcoming February and April Board meetings.

- 5. Consider the renewal of the executive assessment provider agreement, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in the negotiations with a third person – Shunne Powell.**

Ms. Shunne Powell reported the contract for performance executive assessment that is delivered by Focus Consulting was a one-year contract, with three on-year renewals. She reported Focus Consulting met its contract objectives and staff recommended proceeding with a one-year renewal.

On a motion by Mr. Nance, seconded by Mr. Corpus, the board unanimously voted to renew the executive assessment provider agreement with Focus Consulting for one year.

- 6. Consider the renewal of the master custody services and security lending provider agreement including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in the negotiations with a third person – Kendall Courtney.**

- 22. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment manaters, or other counterparties – Heather Traeger.**

Ms. Kendall Courtney provided an overview of the master custodian and securities lending services. She reported the Board selected State Street in 2022, the contract was signed in 2023 with a three-year term and two one-year renewals.

On a motion by Mr. Corpus, seconded by Mr. Elliott, the board unanimously voted on finding that deliberating or conferring on Agenda Item 6 would have a detrimental effect on the position of the retirement system in negotiations with a third person.

At 9:51 a.m., Mr. Walls announced the Board would go into executive session under the following items and sections of the Government Code: Item 6 under sections 825.115(e) and 551.071 to discuss the renewal of the master custody services and security lending provider agreement and to consult with legal counsel as needed; and Item 22 under Section 551.071 to consult with legal counsel as needed.

At 11:09 a.m., Mr. Walls reconvened the Board meeting in open session.

On a motion by Mr. Elliott, seconded by Mr. Nance, the board unanimously adopted the following resolution:

**Relating to the Selection of Master Custodian and Securities Lending Services  
December 5, 2024**

**WHEREAS**, Texas Government Code §825.101 provides that the Teacher Retirement System ("TRS") Board of Trustees ("Board") is responsible for the general administration and operation of the retirement system, and §825.103(d) provides that the Board has exclusive authority over the purchase of goods and services using trust funds including, without limitation, professional services;

**WHEREAS**, Texas Government Code §825.207(e) and §825.303(a) provide that the Board may select one or more commercial banks or other entities to serve as custodian of TRS' assets and to lend TRS's securities under rules adopted by the Board;

**WHEREAS**, the TRS Bylaws, subsection 1.7(n), state that the Board will select one or more custodian banks to provide custodial services for TRS assets;

**WHEREAS**, the TRS Bylaws, subsection 4.1.2(t), state that the Executive Director shall recommend to the Board the selection of the custodian for securities;

**WHEREAS**, the TRS Board Procurement Policy states that the Board will consider and authorize contracts with one or more custodian banks to provide custodial and security lending services for TRS assets;

**WHEREAS**, Section 2.3 of the TRS Securities Lending Policy states that the Board will, in addition to the custodian, select the lending agent to perform the securities lending function.

**WHEREAS**, the original term of the contract for Master Custodian and Securities Lending services will expire on August 31, 2026, with the option of two, one-year renewals;

**WHEREAS**, TRS is beginning a multi-year implementation of the Investment Data Modernization software which will entail interfacing trades and transactions with the custodian bank, and keeping the same custodian during this implementation phase of the project will be critical to the project's success;

**WHEREAS**, the Investment Management Division has partnered with the custodian to address the service improvement requirements presented to the Board; in response, the custodian significantly improved service delivery, which is reflected in a 71 percent drop in potential operating errors over the last year; Now, therefore be it

**RESOLVED**, That the Board considered the recommendation made by the Investment Management Division relating to the timing of the current term of the master custodian and securities lending services contract:

**RESOLVED**, That the Board hereby authorizes the Executive Director or his designee to extend the initial term of the contract from three years to five years at any time prior to August 31, 2026, at his discretion. At a later date, the current two, one-year renewal options will be brought to the Board for determination.

**RESOLVED**, That nothing in this resolution may be construed as a contract, an offer to contract with a power of acceptance that would form a contract, or an acceptance of an offer to contract, and TRS is not and will not be legally bound to any agreement unless and until the Executive Director has executed and delivered definitive agreements relating to the subject matter, as applicable.

Mr. Walls, without objection, then called up Agenda Item 17.

**17. Receive the annual evaluation of Gabriel, Roeder, Smith & Co. as the provider of pension actuarial and consulting services – Janice Ehlert.**

Ms. Janice Ehlert presented the annual evaluation of the actuary, Gabriel, Roeder, Smith, & Co (GRS). She reviewed the work GRS provided over the past year, professional advice and technical support on all types of pension-related matters. She reported GRS met all contractual requirements regarding timeliness of communication and materials. She said the surveyed staff concluded that GRS met expectations. She noted GRS' contract expires at the end of 2025. She said staff would be back in July with a request for proposal.

**23. Receive TRS Quarterly Complaint Report – Lori LaBrie.**

Ms. Lori LaBrie reviewed the communications the Ombuds office received from January through October. She said there were a total of 635 communications. She said the top three social media hot topics for the period covering August to October were health care, miscellaneous items not related to TRS and Social Security. She said for this time period there were 21 point-in-time complaints.

At 11:27 a.m., Mr. Walls announced the board would recess to take up the scheduled committee meetings for the rest of the day resuming tomorrow morning.



## **December 6, 2024**

The Board of Trustees of the Teacher Retirement System of Texas met on December 6, 2024 in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

### **The following Board members were present:**

Robert H. Walls, Jr. Chair  
Nanette Sissney  
Brittney Allred  
John Elliott  
James Nance  
Elvis Williams

### **Others present:**

Brian Guthrie, TRS	Phyllis Ruffin, TX AFT Retiree Plus
Caasi Lamb, TRS	Alejandro Pena, Texas AFT
Don Green, TRS	Phyllis Ruffin, TX AFT Retiree Plus
Heather Traeger, TRS	Joe Newton, GRS
Jase Auby, TRS	Karlie Fehrman, GRS
Barbie Pearson, TRS	Laurie Patton, EY
Katrina Daniel, TRS	Gordon Lee, EY
Amanda Jenami, TRS	Mike Comstock, Aon
Chris Cutler, TRS	Ashley Woeste, Aon
Adam Fambrough, TRS	Suzanne Dugan, Cohen Millstein
Jennifer Whitman, TRS	Brock Gregg, TRTA
Billy Lowe, TRS	Ray Perryman, Perryman Group
Janice Ehlert, TRS	Keith Brown, Investment Advisor
Sunitha Downing, TRS	
Katherine Farrell, TRS	

At 9:00 am the Chair reconvened the board meeting with Mr. Ball, Mr. Corpus and Mr. Rutherford absent.

### **24. Provide an opportunity for public comment.**

Ms. Phyllis Ruffin, Texas American Federation of Retired Teachers Association, shared how she received the best customer service regarding her TRS-Care experience and requested a COLA for retirees that is tied to inflation.

### **25. Receive the report of the Benefits Committee on its December 5, 2024 meeting and consider the following – Committee Chair:**

#### **A. Acceptance of the Medical Board Meeting minutes of the September 2024 meetings; and**

**B. Approval of the Benefit Payments for September 2024 to November 2024; and  
C. Consider the appointment of a member to the Active School Administrator position on the RAC.**

Mr. Williams, Committee Chair, provided the following report of the Benefits Committee:

The Benefits Committee met on December 5, 2024. The committee approved the proposed minutes of the Benefits Committee for the September 2024 meeting.

Ms. Barbie Pearson, the Chief Benefits Officer, provided an update on the Medical Board. The committee recommends to the Board the acceptance of the Medical Board meeting minutes from September 2024.

Ms. Barbie Pearson provided an update on benefits payments for the first quarter of fiscal year 2025. The committee recommends to the Board the approval of the benefits payments for September through November 2024.

The committee received an update from Ms. Pearson and Mr. Fambrough, as well as Ms. Jennifer Gasior, on Benefit Services operations for fiscal year 2024. The report included updates on the staffing, workload, and objectives for fiscal year 2024. The report also included the annual report on inactive accounts as required by the Board's inactive accounts policy. Mr. Fambrough ended the report with a demonstration of the MyTRS online member portal.

Next, Ms. Katrina Daniel, the chief Health Care officer, noted that Ms. Nancy Byler, the chair of TRS-Care Retirees Advisory Committee, known as RAC, was unable to attend and provided the Board with a written report of the recent RAC meeting held on October 31, 2024.

Ms. Cristina Juarez, the manager of health engagement, then presented the staff recommendation to fill the vacancy on the RAC for the active school administrator role. The committee recommends to the Board that Mr. Pete Pape be appointed to the active school administrator role on the RAC.

Ms. Daniel provided key updates on TRS-Care, noting the high demand for new dental and vision plans and that the enrollment period for those plans would be extended through December 17, 2024. Ms. Daniel then updated the committee on the TRS-ActiveCare, noting growth in enrollment for the current year and that TRS-ActiveCare continues to offer employers stable, low cost coverage than comparable plans in the market so costs for employees continue to be a concern within the TRS-ActiveCare.

The committee then received an update from Ms. Cristina Juarez on how the TRS Health engagement team communicates with employees, retirees and districts to ensure they make the most of their TRS health benefits. Ms. Juarez shared that in FY 2024, TRS had 14 million touch points with health care plan participants.

The committee concluded with receiving an update on the member satisfaction survey results from Dr. Rene Paulson of Elite Research.

Mr. Williams concluded the report with the following motions:

On a motion by Mr. Williams, the Board unanimously voted to accept the Medical Board's meeting minutes for September 2024 meeting, as recommended by the Benefits Committee.

On a motion by Mr. Williams, the Board unanimously voted to approve the benefit payments for September through November 2024, as recommended by the committee.

**26. Receive the report of the Investment Management Committee on its December 5, 2024 meeting – Committee Chair.**

Ms. Allred, Acting-Committee Chair, provided the following report of the Investment Management Committee:

The Investment Management Committee met on December 5, 2024. The committee approved the proposed minutes of the Investment Management Committee for its September 2024 meeting.

Jase Auby began with his CIO Update. The Third Quarter 2024 Performance Review was then presented by Mike Comstock and Ashley Woeste of Aon. Following, Jaime Llano then provided an update of the trading group. Heather Traeger, Denise Lopez and Chris Bowlin, then presented an update on the IMD legal and compliance.

Concluding the Investment Management Committee, James Nield and Mark Telschow presented an annual review of the risk and portfolio management.

**27. Receive the report of the Policy Committee on its December 5, 2024 meeting and consider adoption of the following – Committee Chair:**

- a. Consider adoption of proposed amendments to the Member Engagement Policy; and;**
- B. Consider adoption of the following proposed repeal and new rules in Chapter 43 of Title 34, Part 3 of the Texas Administrative Code, related to Contested Cases:**
  - i. [REPEAL] §43.1 Administrative Review of Individual Requests**
  - ii. [REPEAL] §43.2 Effect of Invalidity of Rule**
  - iii. [REPEAL] §43.3 Definitions**
  - iv. [REPEAL] §43.4 Decisions Subject to Review by an Adjudicative Hearing**
  - v. [REPEAL] §43.5 Request for Adjudicative Hearing**
  - vi. [REPEAL] §43.6 Filing of Documents**
  - vii. [REPEAL] §43.7 Computation of Time**
  - viii. [REPEAL] §43.8 Extensions**
  - ix. [REPEAL] §43.9 Docketing of Appeal for Adjudicative Hearing and Dismissal for Failure to Obtain Setting**
  - x. [REPEAL] §43.10 Authority to Grant Relief**
  - xi. [REPEAL] §43.11 Classification of Pleadings**
  - xii. [REPEAL] §43.12 Form of Petitions and Other Pleadings**

- xiii. [REPEAL] §43.13 Filing of Pleadings and Amendments
- xiv. [REPEAL] §43.14 Briefs
- xv. [REPEAL] §43.15 Motions
- xvi. [REPEAL] §43.16 Notice of Hearing and Other Action
- xvii. [REPEAL] §43.17 Agreements To Be in Writing
- xviii. [REPEAL] §43.18 Motion for Consolidation
- xix. [REPEAL] §43.19 Additional Parties
- xx. [REPEAL] §43.20 Appearance and Representation
- xxi. [REPEAL] §43.21 Lead Counsel
- xxii. [REPEAL] §43.23 Powers of the Administrative Law Judge
- xxiii. [REPEAL] §43.24 Prehearing Conference and Orders
- xxiv. [REPEAL] §43.25 Conduct of Hearing
- xxv. [REPEAL] §43.26 General Admissibility
- xxvi. [REPEAL] §43.27 Exhibits
- xxvii. [REPEAL] §43.28 Pre-filed Direct Testimony in Disability Appeal Proceeding
- xxviii. [REPEAL] §43.29 Limit on Number of Witnesses
- xxix. [REPEAL] §43.33 Failure to Appear
- xxx. [REPEAL] §43.34 Conduct and Decorum at Hearing
- xxxi. [REPEAL] §43.35 Official Notice
- xxxii. [REPEAL] §43.36 Ex Parte Consultations
- xxxiii. [REPEAL] §43.37 Recording of the Hearing; Certified Language Interpreter
- xxxiv. [REPEAL] §43.38 Dismissal without Hearing
- xxxv. [REPEAL] §43.39 Summary Disposition
- xxxvi. [REPEAL] §43.40 The Record
- xxxvii. [REPEAL] §43.41 Findings of Fact
- xxxviii. [REPEAL] §43.42 Reopening of Hearing
- xxxix. [REPEAL] §43.43 Subpoenas and Commissions
- xl. [REPEAL] §43.44 Discovery
- xli. [REPEAL] §43.45 Proposals for Decision, Exceptions, and Appeals to the Board of Trustees
- xl.ii. [REPEAL] §43.46 Rehearings
- xl.iii. [REPEAL] §43.47 Procedures Not Otherwise Provided
- xliv. [REPEAL] §43.48 Cost of Preparing Administrative Record
- xlvi. [NEW] SUBCHAPTER A. GENERAL ADMINISTRATION
- xlvi. [NEW] §43.1 Applicability.
- xlvi. [NEW] §43.2 Definitions.
- xlvi. [NEW] §43.3 Filing of Documents.
- xlvi. [NEW] §43.4 Computation of Time.
- l. [NEW] §43.5 Extensions.
- li. [NEW] §43.6 Ex Parte Consultations.
- lii. [NEW] §43.7 Procedures Not Otherwise Provided.
- liii. [NEW] SUBCHAPTER B. REQUESTS FOR ADJUDICATIVE HEARING
- liv. [NEW] §43.101. Administrative Review of Individual Requests.

- lv. [NEW] §43.102. Administrative Review of Disability Determinations.
- lvi. [NEW] §43.103. Administrative Review of Option Beneficiary or Optional Retirement Annuity Plan Changes.
- lvii. [NEW] §43.104. Request for Adjudicative Hearing.
- lviii. [NEW] §43.105. Docketing of Petition for Adjudicative Hearing and Dismissal for Failure to Obtain Setting.
- lix. [NEW] §43.106. Authority to Grant Relief.
- lx. [NEW] §43.107. Subpoenas and Commissions.
- lxi. [NEW] SUBCHAPTER C. HEARINGS NOT DOCKETED AT SOAH
- lxii. [NEW] §43.201. Applicability.
- lxiii. [NEW] §43.202. Form of Pleadings.
- lxiv. [NEW] §43.203. Filing of Pleadings and Amendments.
- lxv. [NEW] §43.204. Briefs.
- lxvi. [NEW] §43.205. Motions.
- lxvii. [NEW] §43.206. Discovery.
- lxviii. [NEW] §43.207. Notice of Hearing and Other Action.
- lxix. [NEW] §43.208. Agreements To Be in Writing.
- lxx. [NEW] §43.209. Motion for Consolidation.
- lxxi. [NEW] §43.210. Additional Parties.
- lxxii. [NEW] §43.211. Appearance and Representation.
- lxxiii. [NEW] §43.212. Lead Counsel.
- lxxiv. [NEW] §43.213. Powers of the Administrative Law Judge.
- lxxv. [NEW] §43.214. Prehearing Conference and Orders.
- lxxvi. [NEW] §43.215. Conduct of Hearing.
- lxxvii. [NEW] §43.216. General Admissibility.
- lxxviii. [NEW] §43.217. Exhibits.
- lxxix. [NEW] §43.218. Pre-filed Direct Testimony in Disability Appeal Proceedings.
- lxxx. [NEW] §43.219. Limit on Number of Witnesses.
- lxxxi. [NEW] §43.220. Failure to Appear.
- lxxxii. [NEW] §43.221. Conduct and Decorum at Hearing.
- lxxxiii. [NEW] §43.222. Official Notice.
- lxxxiv. [NEW] §43.223. Recording of the Hearing; Certified Language Interpreter.
- lxxxv. [NEW] §43.224. Dismissal without Hearing.
- lxxxvi. [NEW] §43.225. Summary Disposition.
- lxxxvii. [NEW] §43.226. The Record.
- lxxxviii. [NEW] §43.227. Findings of Fact.
- lxxxix. [NEW] §43.228. Reopening of Hearing.
- xc. [NEW] SUBCHAPTER D. FINAL DECISIONS OF TRS.
- xc. [NEW] §43.301. Proposals for Decision and Exceptions.
- xcii. [NEW] §43.302. Decision of Executive Director.
- xciii. [NEW] §43.303. Proposals for Decision and Exceptions regarding Eligibility for Disability Retirement.
- xciv. [NEW] §43.304. Appeals to the Board of Trustees.
- xcv. [NEW] §43.305. Final Decision of TRS.

**xcvi. [NEW] §43.306. Rehearings.**

**xcvii. [NEW] §43.307. Cost of Preparing Administrative Record.**

Mr. Elliott, Committee Chair, provided the following report of the Policy Committee:

The Policy Committee met on December 5, 2024. The committee approved the proposed minutes of its September 2024 meeting.

The committee recommended to the Board adoption of the proposed amendments to the member engagement policy, and the committee also recommended to the Board adoption of the proposed repeal and new rules in Chapter 43 of Title 34, Part 3 of the Texas Administrative Code, and those relating to contested cases.

Mr. Elliott concluded his report with the following motions:

On a motion by Mr. Elliott, the Board voted to adopt the proposed amendments to the member engagement policy, as recommended by the Policy Committee.

On a motion by Mr. Elliott, the Board voted to adopt the proposed repeal and new rules in Chapter 43 of Title 34, Part 3 of the Texas Administrative Code related to contested cases, as recommended by the Policy Committee.

**28. Receive the report of the Budget Committee on its December 5, 2024 meeting – Committee Chair:**

Ms. Sissney, Acting-Committee Chair, provided the following report of the Budget Committee:

The Budget Committee met Thursday, December 5th. The first item of business was approval of the minutes of the July 2024 Budget Committee meeting.

Next, Ms. Duarte introduced the Annual Comprehensive Financial Report (ACFR) for fiscal year 2024. She informed the Board of TRS being named a 2022 Triple Crown winner by the Government Finance Officers Association. She then provided an overview of the ACFR introductory section and an update on membership data.

Ms. Patti Roano provided an overview of the 2024 ACFR which showed a net position for the Pension Trust Fund of \$210.5 billion. Next, Mr. Eddie Chan provided an overview of the investment asset allocation. And finally, Ms. Patti Roano concluded with an overview of the statistical and benefit section and updates related to GASB.

Mr. Don Green then presented an overview of the FY 2024 year-end budget and addressed unexpended balances and FTEs. Mr. Green concluded with an update on the FY 2025 administrative operating budget.

**29. Receive the report of the Audit, Compliance, and Ethics Committee on its December 5, 2024 meeting– Committee Chair.**

Ms. Allred, Committee Chair, provided the following report of the Audit, Compliance and Ethics Committee:

The Audit, Compliance and Ethics Committee met on Thursday, December 5, 2024. The Committee approved the minutes of its September 2024 meeting.

The committee received SAO's report on the results of the financial audit on the Annual Comprehensive Financial Report for fiscal year 2024. The committee received Crowe LLP's report on the results of the financial audit of the TRS Investment Company of Texas, TRICOT, for fiscal year 2024.

The committee received routine and enterprise risk reports from general counsel and from the chief compliance officer and staff. The committee then received reports from the chief audit executive and internal staff on the review of Emerging Manager Program and the review of Internal Audit quality assurance improvement program self assessment.

Lastly, the committee received the Internal Audit annual report for fiscal year 2024, a status update on prior audit recommendations and various administrative matters.

**30. Receive an update on the economic impact of TRS pension and healthcare payments on the Texas economy – Dr. Ray Perryman, Perryman Group.**

Ms. Sunitha Downing provided the background about how Dr. Perryman's analysis is incorporated into one of TRS most popular communication pieces, the TRS Value Report, which tells how the annuity payments and health care spending ultimately contributes back into the state's economy.

Dr. Perryman reviewed how all the various TRS payment streams go to Texas residents. He noted some retired teachers live out of the state but the vast majority stay in Texas. He said the report shows the impact on every MSA, every county, House and Senate district. He reported the annuity payments generated about \$14 billion in gross product in Texas annually and responsible for over 150,000 jobs. He said for TRS-Care and TRS-ActiveCare expenditures result in almost 250,000 jobs. Dr. Perryman concluded by noting the importance of TRS and what it means to the future of our state.

**31. Receive the TRS Pension Trust Fund Actuarial Valuation for the fiscal year ending August 31, 2024 – Joe Newton, GRS.**

Ms. Karli Fehrman provided an overview of the actuarial valuation as of August 31, 2024. She noted the 2023 stipend and COLA for certain retirees had no impact on the unfunded accrued liability or funding status due to the \$5 billion appropriation up front. She reported for 2024 there was a 12.7 percent return on market value with the ten-year average of 7.1 percent, meeting the 7 percent assumption.

Mr. Joe Newton reviewed the actuarial results. He reported the unfunded accrued liability was up, \$60.6 billion. He said the funding period was 28, down from last year's 29. He discussed various scenarios that would move the funding period up or down in future years.

**32. Receive the TRS-Care Actuarial Valuation and Other Post-Employment Benefits (OPEB) reports for the fiscal year ending August 31, 2024 – Joe Newton, GRS.**

Mr. Newton presented the valuation update for this year, as of August 31, 2024. He reported the OPEB liability came in at \$35 billion. He stated there have been assets accumulated in this trust fund, about \$4.8 billion. He said the net OPEB liability was \$30 billion. He noted the increase between 2023 and 2024 was due to the change in the premiums for Medicare retirees.

Mr. Newton then reviewed the retired TRS-Care and OPEB value. He reported the net OPEB liability was \$38.6 billion. He noted that in 2016 it was \$76 billion and after the changes to TRS-Care occurred it has steadily declined since. For the discount rate he said they use a municipal bond yield which was down from 298 to 195.

**18. Receive an update on the TEAM Program – Chris Cutler, Jennifer Whitman, Billy Lowe and Adam Fambrough.**

Ms. Jennifer Whitman reported the annuity payroll and tax reporting release (PBT), taking into consideration the business partners calendar year end activities, will be February of 2026. She said since February was a short month with only 28 days, the transition activities will begin on February 26 but the actual go live date will be March 2, 2026. She said with the new go live date, all of the work stream statuses are on track. She said regression testing by IT will begin this March with user acceptance testing in May. Once PBT is live, she said the work turns to taking the mainframe systems offline. Mr. Adam Fambrough reviewed the go live date for PBT technically would be ready for December but explained the various tax reporting activities that pushed it back to the March 2026. He said that there was a risk that it being a legislative session there may be required changes to the TRUST application that could push the go-live date. Mr. Billy Lowe reported that 91 percent of the development work has occurred. He said parallel payroll testing continues and are tracking 99 percent success rate against each of the six month testing runs.

**19. Receive an update from the TEAM Program Independent Program Assessment (IPA) Vendor – Laurie Patton.**

Ms. Laurie Patton reviewed the scope schedule and budget status. She said the scope continues to be very focused on that minimum viable product and finding a schedule that works with getting the functionality required and pushing off things that can be pushed off. She noted with the change in the timeline additional maintenance and enhancements were brought forward in schedule – not a scope change but sequencing change. She said as to schedule with the re-baseline, everything is currently on schedule now. She said budget is the most impacted with extending time frames. She said for FY 25 there are no concerns and FY 26 budget is still being put together.

Mr. Gordon Lee reviewed the industry standard for testing and reporting metrics.

**20. Receive the Deputy Director's Update including considering the Procurement and Contracting Report – Caasi Lamb.**



Ms. Caasi Lamb reviewed the revised TRS values. She noted the values reflect expected behaviors of TRS staff and are designed to create a culture that supports the agency's mission. She said the refreshed values approved by the executive council (EC) were: member focus, respect, ethics, excellence and innovation. She reported the mission statement will be brought before the Board in February for its periodic review and that there were no staff recommended changes. She next reviewed the planned Bravo move schedule. She said members will be seen in the new space by May 20<sup>th</sup> and the first Board meeting in the new space to be the July meeting.

She concluded with the quarterly contract report.

On a motion by Mr. Nance, seconded by Mr. Elliott, the Board voted to accept the procurement report as presented by staff.

**21. Receive Quarterly Data Governance and Information Security Update – Frank Williams.**

This item was not taken up for discussion.

At 11:35 a.m., Mr. Walls adjourned the meeting.

APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT SYSTEM  
OF TEXAS ON THE \_\_ DAY OF FEBRUARY 2025.

ATTESTED BY:

\_\_\_\_\_  
Katherine H. Farrell  
Secretary to the TRS Board of Trustees

\_\_\_\_\_  
Date

**TAB 4**

**TAB 5**



## Mission Statement Review

Presentation Date: February 27, 2025

Presented By: Caasi Lamb



# Mission Statement Review



What about TRS is motivating to you?

“First, I believe in our *mission* and second, I love the people that work here.”

What contributes most to you wanting to stay with TRS?

“I love the *mission* in working for the teachers. Everything we do relates back to that mission.”

What do you find most meaningful about working at TRS?

“The *mission* – contributing to the secure retirement of teachers.”

What makes this job better than you expected when you started?

“Every day I’m impressed with the smart people, how they care about the *mission*, and are respectful to each other (not something you can take granted in financial services).”

What about TRS is motivating to you?

“I know that TRS has an important *mission* to grow the retirement fund and pay recipients properly and timely.”

I love my job because

“I am able to serve a greater *mission*. It is great coming to work at TRS and being able to say you make a positive impact to so many people’s lives. I also love my job and the work I get to do every day as well.”

“The *mission* is clear. Employees understand ultimately who we serve and who are our customers.”



## Mission Statement Review



---

*Improving the retirement security of our members by prudently investing and managing the Trust assets and delivering benefits that make a positive difference in their lives.*

---

**TAB 6**





# Pension Benefits

Presentation Date: Feb. 27, 2025

Presented By: Mark Chi and Katie Tucker

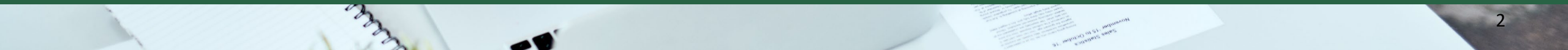




# Employer Reporting



People Behind the Data







# Member Journeys Recap



Employment



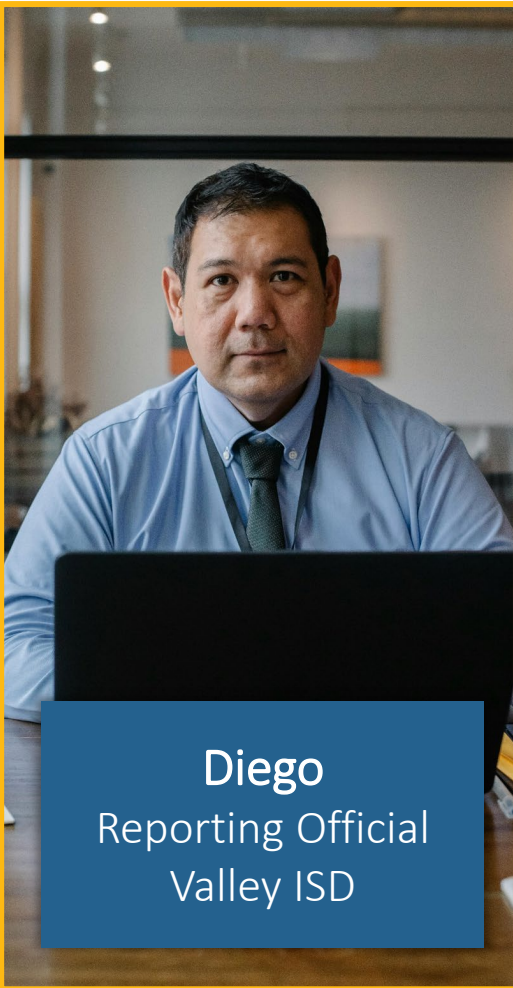
Membership



Earn Service Credit

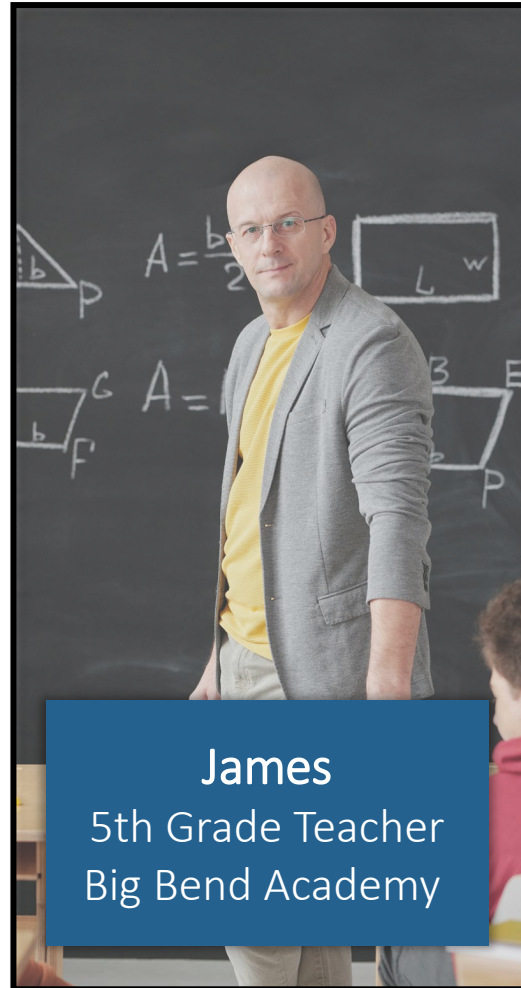


Termination



**Diego**

Reporting Official  
Valley ISD



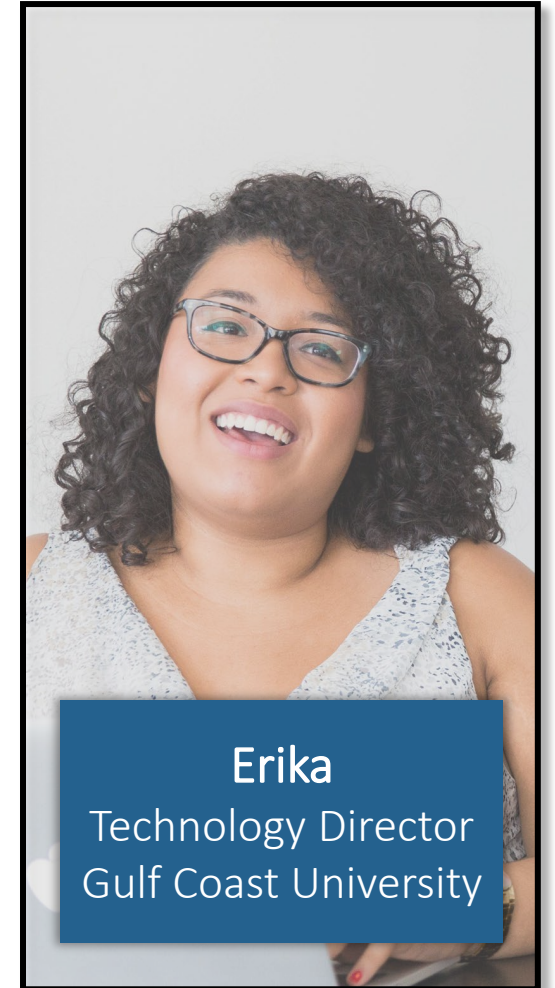
**James**

5th Grade Teacher  
Big Bend Academy



**Nicole**

11<sup>th</sup> Grade Teacher  
Hill Country ISD



**Erika**

Technology Director  
Gulf Coast University



# Organization Chart

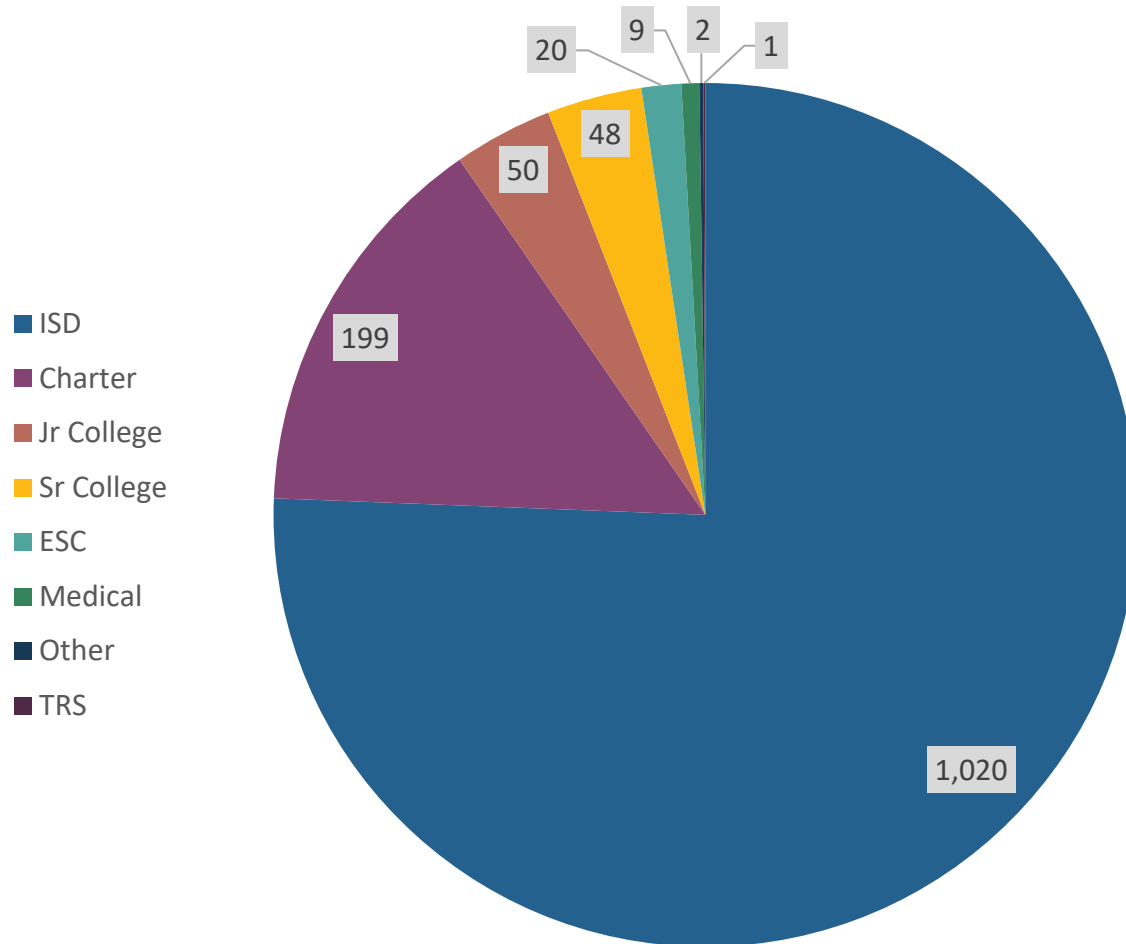


## Benefit Accounting





# Types of Reporting Employers



## Public Schools

- Independent School Districts
- Education Service Centers (ESC)
- Charter Schools\*
- Other Education Districts

## Higher Education Institutions

- Senior College and Universities
- Community and Junior Colleges
- Medical/Dental Schools

## State Agency

- TRS

\*Fluctuations in the number of REs typically occurs with charter schools





# Reporting Contact

Diego



## Responsibilities and Expectations



TRS Reporting Entity Portal

Fri, Jan 19, 2024 3:30:14 PM CST    FAQ | My Profile | Contact Us | Log Off

WELCOME: DIEGO – VALLEY ISD, 1234

HOME    WAGE & CONTRIBUTION REPORTING    EMPLOYEES    MY WORKLIST    ADMINISTRATION    EMPLOYER CONTACTS    RESOURCES

Messages for Reporting Entity:

3 new messages

Start Live Chat

• [Employer Home](#)

• [Create and Maintain Reports](#)

• [View RE Ledger](#)

• [View Employee Information](#)

Reporting Entity Home Page

RP Report and TEXNET Deposit Due Date	ER Report and TEXNET Deposit Due Date	RE Coach	RE Coach Phone	TRS-ActiveCare
01/05/2024	01/10/2024			No

Organization Profile

Organization Name:	VALLEY ISD	ESC Region:	13
Address:	123 RE WAY	RE Type:	Public School
	VALLEY	Agency Code:	
County:	227-TRAVIS	TEA Number:	123-456

Contacts

Name	Preferred Name	Position Title	Role	Phone Type	Ph
DIEGO			Web Administrator		

- Timely and Accurate Reporting
- Employee Demographic Information
- TRS Membership Eligibility
- Employment Dates and Positions
- Payroll - Salary and Contributions
- Employment After Retirement
- Certifications



# Reports and Due Dates



## Reports

- Employee Demographic (ED)
- Regular Payroll (RP)
- Employment After Retirement (ER)



## Due Dates

- Report and Deposit Due Dates
  - RP – 6th of the month
  - ER – 10th of the month



## Penalty Fees and Interests

- Late Reports
- Late Deposits



# Reporting Employer (RE) Coach



RE Coach

Each employer is  
assigned a  
Reporting  
Employer coach.



Customer Service



Reporting Requirements



Member Account Support



Error Resolution



Laws and Rules



Training





# TRS Reporting – New Hire



Tracy – Valley ISD



Reporting Duties

Diego will first focus on  
the **Employee  
Demographic Report.**







# New Hire Process

Diego & Tracy



**Employee Information** [? Activity Help](#)

**Search Employee**

SSN or TRS-Assigned Temp ID

Last Name

Date of Birth

Search

Clear

**Employee Information**

The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.

As Of Date	01/06/2025	New Member Contributions Due	Yes
SSN or TRS-Assigned Temp ID		New Member Days completed as of 1st of Current Month	55
First Name	Tracy	In a TRS Eligible Position	Yes
Middle Name		TRS Eligible Date Range	11/07/2024 - 05/30/2025
Last Name	Smith	Subject to Salary Cap	Yes
Suffix	NONE	Concurrent Employment	No
TRS Member	Yes		

View ED Contract Info

View RP Payroll Info

Search

- View Employee Info Screen

Compare

- Validate Data

Extract

- ED20
- ED40



# Purpose of the Employee Demographic Report and Records

Diego & Tracy



## Employee Demographics

Record Type Code	ED20 ▾
Employee Identification Number	<input type="text"/>
Date of Birth	<input type="text"/>
Gender Code	▾
Last Name	<input type="text"/>
First Name	<input type="text"/>
Middle Name	<input type="text"/>
Generation	▾
Address Line 1	<input type="text"/>
Address Line 2	<input type="text"/>
Address Line 3	<input type="text"/>
City	<input type="text"/>
State	▾
Zip	<input type="text"/> <input type="text"/>
Province	<input type="text"/>
Country Code	<input type="text"/>
Postal Code	<input type="text"/>
Work Email	<input type="text"/>
Primary Phone	<input type="text"/>

ED20

- Employee Demographics

## Employee Demographics

Record Type Code	ED40 ▾
Employee Identification Number	<input type="text"/>
Date of Birth	<input type="text"/>
Gender Code	▾
Last Name	<input type="text"/>
First Name	<input type="text"/>
Middle Name	<input type="text"/>
Generation	▾
TRS Membership Eligibility Flag	▾
Entitled to group Benefit Coverage under ERS/UT/A&M	▾
Employment Start Date	<input type="text"/>
Beginning Date of Contract/Work Agreement	<input type="text"/>
Ending Date of Contract/Work Agreement	<input type="text"/>
Position Code	<input type="text"/>
Full Time Equiv (FTE)	<input type="text"/>

ED40

- Contract and Position




# Common Employee Demographic Report Errors

Diego & Tracy



## Names Do Not Match




The reported First Name for this employee Tracey does not match the First Name found in the TRS system TRACY. If you feel the reported information related to this error is correct, please contact TRS.

Organization Name	VALLEY ISD	TRS RE Number	1234	Organization Type	Reporting Entity
RE Coach		Status	Active	RE Type	Public School

**Employee Demographics**

Record Type Code	ED20
Employee Identification Number	
Date of Birth	
Gender Code	
Last Name	
First Name	Tracey
Middle Name	
Generation	
Address Line 1	
Address Line 2	
Address Line 3	
City	
State	TX
Zip	
Province	
Country Code	
Postal Code	
Work Email	
Primary Phone	

## TRS Membership Eligibility Flag



Full time employment may not be reported if the TRS Membership Eligibility Flag is No. Please review the membership eligibility guidelines. If Higher Education with an ORP election, please be sure that the TRS 28 has been sent to TRS.

Organization Name	VALLEY ISD	TRS RE Number	1234	Organization Type	Reporting Entity
RE Coach		Status	Active	RE Type	Public School

**Employee Demographics**

Record Type Code	ED40
Employee Identification Number	
Date of Birth	
Gender Code	
Last Name	
First Name	Tracy
Middle Name	
Generation	
TRS Membership Eligibility Flag	N
Entitled to group Benefit Coverage under ERS/UT/A&M	
Employment Start Date	10/01/2024
Beginning Date of Contract/Work Agreement	10/01/2024
Ending Date of Contract/Work Agreement	08/31/2025
Position Code	02-Teacher, Full-time Librarian
Full Time Equivalent	40



# Regular Payroll Report

Diego & Tracy



Report Summary Screen [Activity Help](#)

Organization Name	VALLEY ISD	TRS RE Number	1234	Organization Type	Reporting Entity
RE Coach		Status	Active	RE Type	Public School

RP - Regular Payroll

Record Type Code: RP20

Employee Identification Number:

Date of Birth:

Gender Code:

Last Name:

First Name:

Middle Name:

Generation:

Position Code:

Hours Worked:

Hours Scheduled:

Days Worked:

Zero Days Reason Code:

Eligible TRS Gross Compensation:

Performance Pay Gross:

Total Gross Compensation:

Member Contribution:

Member TRS-Care Contribution:

RE TRS Care Contribution:

Service Credit Purchase Deduction:

Service Credit Tax Shelter Flag:

Eligible Compensation Paid from Federal Funds/Private Grants:

Federal Fund/Private Grant Contribution:

RE Payment for New Member Contribution:

Federal TRS Care Contribution:

Public Education Employer Contribution:

State Minimum Compensation:

Statutory Minimum Compensation:

Save Cancel Return

## Contribution Types

### Member

- Member Retirement
- Member TRS-Care

### Employer

- Reporting Entity TRS-Care
- New Member
- Federal Fund/Private Grant
- Statutory Minimum
- Public Education Employer Contribution



# Common Payroll Reporting Errors

Diego & Tracy



New Member  
Contribution Flag



RE Payment for New Member Contribution is required for the first 90 days of a new member.  
The RE Payment for New Member Contribution of \$0.00 is incorrect. The correct percentage is 8.25%.

Organization Name	VALLEY ISD	TRS RE Number	1234	Organization Type	Reporting Entity
RE Coach		Status	Active	RE Type	Public School

## RP - Regular Payroll

Record Type Code	RP20 ▾
Employee Identification Number	<input type="text"/>
Date of Birth	<input type="text"/>
Gender Code	Female ▾
Last Name	Smith
First Name	Tracy
Middle Name	<input type="text"/>
Generation	▾
Position Code	03-Support Staff ▾
Hours Worked	161
Hours Scheduled	00

## Employee Information

The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.

As Of Date	01/06/2025	New Member Contributions Due	Yes
SSN or TRS-Assigned Temp ID		New Member Days completed as of 1st of Current Month	55
First Name	Tracy	In a TRS Eligible Position	Yes
Middle Name		TRS Eligible Date Range	11/07/2024 - 05/30/2025
Last Name	Smith	Subject to Salary Cap	Yes
Suffix	NONE	Concurrent Employment	No
TRS Member	Yes		





# TRS Reporting – Termination

Diego & Sylvia



Sylvia – Valley ISD



Reporting Duties

Diego will need to  
complete a  
**Termination Record.**

## Employee Demographics

Record Type Code	ED90 ▾
Employee Identification Number	<input type="text"/>
Date of Birth	<input type="text"/>
Gender Code	<input type="text" value=""/>
Last Name	<input type="text"/>
First Name	<input type="text"/>
Middle Name	<input type="text"/>
Generation	<input type="text" value=""/>
Termination Date	<input type="text"/>
Termination Reason Code	<input type="text" value=""/>
Final Report Month for TRS Contributions	<input type="text"/>
Annualized E Compensation	

Save

ED90

• Termination Record



# Certifications

Diego & Sylvia



**Certifications**

**Refund Certification**

Name	SYLVIA GARCIA
SSN	
Employment Terminated	<div><div></div><div>No</div><div>No-Substitute Position Only</div><div>Yes</div></div>
Date of Termination	
Final Report Month for TRS Contributions	

[Certify](#)

Refund Certification

**Retirement Certification**

Name	SYLVIA GARCIA
SSN	

**Certification Details**

Was the participant in a TRS membership eligible position in the last school year of employment? ☐ Yes ☐ No

Date of Termination

Total Salary During Final Month

Final Member Contribution

Final Report Month

Annual Salary Paid for Final Year

Any Non-Creditable Compensation Converted to Salary for Last Five School Years? ☐ Yes ☐ No

[Add Non-Creditable Compensation Amount](#)

Date	No
------	----

Participant Works a Non-Standard Work Week?

Did The Member Work a

Retirement Certification



# TRS Reporting – Employment After Retirement



Roger – Valley ISD



Reporting Duties

Diego will need to  
complete an  
**Employment After  
Retirement Report.**







# View Employee Information - Retiree

Diego & Roger



**Employee Information** [? Activity Help](#)

**Search Employee**

SSN or TRS-Assigned Temp ID	<input type="text"/>
Last Name	<input type="text"/>
Date of Birth	<input type="text"/>

**Search** **Clear**

**Employee Information**

The information provided is based on the most recent data available, but may be affected by outstanding data. This data is subject to audit, adjustments and correction.

**Note:** Member retired after September 1, 2005. If the employment of the retiree exceeds one-half time in the report month, TRS-Care and Pension Surcharges are due on all pay received in that month. See Pension Surcharge and TRS-Care Surcharge guidelines for more information.

As Of Date	01/10/2025	TRS Retiree	Retired after September 1, 2005
SSN or TRS-Assigned Temp ID	123456789	Retirement Date	5/31/2021
First Name	ROGER	Monthly TRS-Care Surcharge Amount	\$535.00
Middle Name	A	Pension Surcharge (% of salary paid in the calendar month)	16.50%
Last Name	HENRY		
Suffix	NONE		

**View ER Employment Info** **View ER Transaction Info**



# Employment After Retirement Report

Diego & Roger



## ER20

**ER - Employment after Retirement**

Record Type Code	ER20
Employee Identification Number	
Date of Birth	
Gender Code	
Last Name	
First Name	
Middle Name	
Generation	
Position Code	
Employment Type	
Hours Worked	
Days Worked	
Zero Days Reason Code	
Beginning Date of Employment	
Ending Date of Employment	
Paid Through 3rd Party Entity?	
Total Gross Compensation	
Pension Surcharge Contribution	
TRS-Care Surcharge Contribution	

Employment Type

Hours/Days Worked

Pension Surcharge

TRS-Care Surcharge

Gross Compensation

Save

Cancel

Return

## ER20 Errors

ERROR

The retiree cannot be reported with Employment Type of "H" and working more than half-time

Organization Name	VALLEY ISD	TRS RE Number	1234	Organization Type	Reporting Entity
RE Coach		Status	Active	RE Type	Public School

**ER - Employment after Retirement**

Record Type Code	ER20
Employee Identification Number	123456789
Date of Birth	05/19/1949
Gender Code	Male
Last Name	Henry
First Name	Roger
Middle Name	A
Generation	
Position Code	01-Professional/Administrative
Employment Type	Half time or less
Hours Worked	168
Days Worked	21
Zero Days Reason Code	

Reporting half time, but hours are more than half time.



# Employment After Retirement Certifications

Diego & Roger



### Certify Full Time Months

Name	ROGER HENRY
SSN	
RE Name	VALLEY ISD
RE Number	1234
First Month Reported FullTime	10/2024

### Months Expected to work Full Time

Select Months Expected to Work FullTime

Note: Please consider report months in which there are holidays and the retiree will not work over Half time for the month (2024-2025)

September	October	November	December
January	February	March	April
May	June	July	August

[Employment After Retirement Limits Chart](#)

Comments

Save

Cancel

Full-Time Certification

## Additional Certifications

Compensation Earned

Actual Days Worked

Tutor Certification

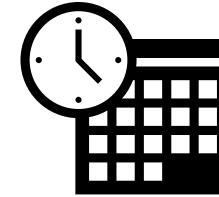


# Diego joins Higher Education

Diego



Valley University



A Few Years Later

Diego decides to take a new position at Valley University as their TRS Reporting Official





# Adding New RE Contacts

Diego



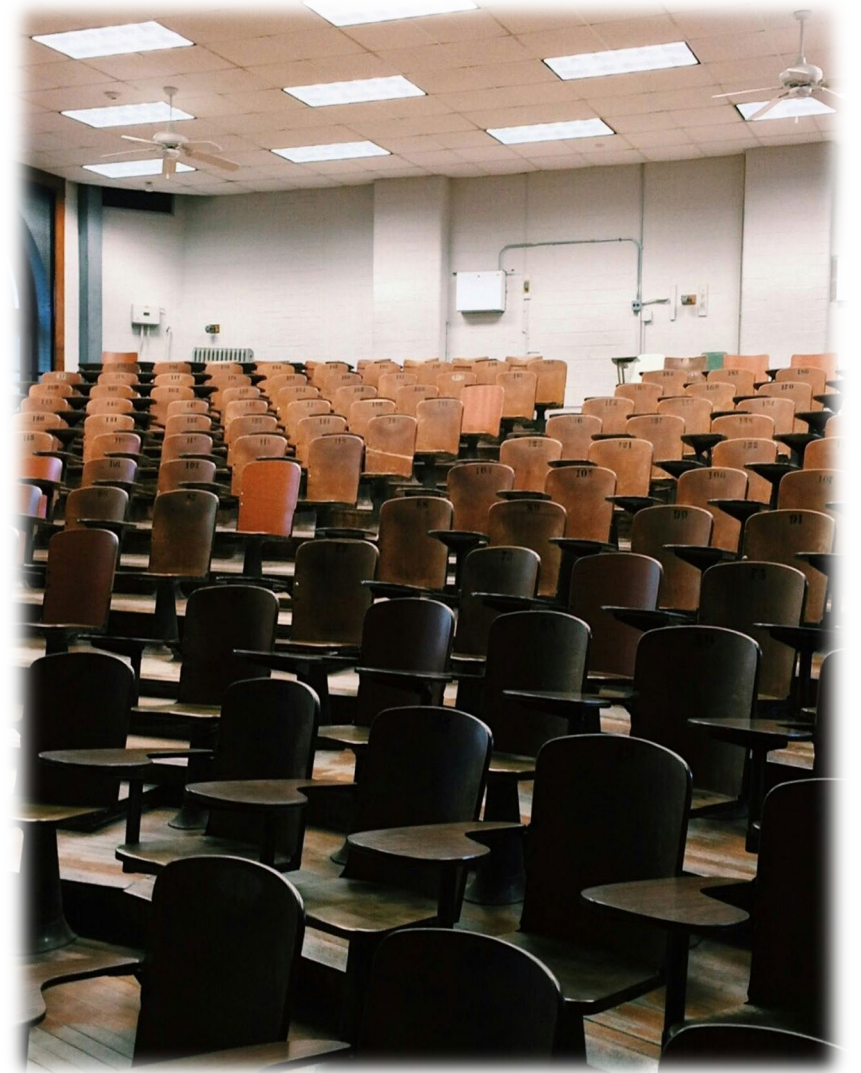
Email Sent by TRS to New RE Contacts



RE Contacts Assigned to New Coach



New Reporting Requirements





# Reporting Employer Resources

Diego



## Life Event Resource Kit/Employer Toolkit

### Personal Events

TRS members experience various personal changes in life. Here you will find many helpful links and resources to inform and guide you through any necessary actions.

- Marriage
- Starting a Family
- Purchasing a Home
- Divorce
- Death
- Disability
- Change of Address/Phone
- Turning 65



### Career Events

Many career changes will require TRS members to update their information. Here you will find many helpful links and resources to inform and guide you through the process.

- New Hire
- Nearing Retirement
- Ready to Retire
- Terminating Employment
- Returning to Employment After Separation
- Turning 65
- Retired
- Employment After Retirement

**Reporting Employers UPDATE** Vol. 43 Number 1  
TEACHER RETIREMENT SYSTEM of TEXAS  
DECEMBER 2024

TOP ARTICLES: Examples: Employment After Retirement (EAR) Surcharge Triggers • Surge Personnel -- Ending Dec. 31, 2024 • What To Do In A Suspended Status

**Legend**  
Articles are marked by topic!  
Find icons as they relate to:

- Reporting and Training for REs
- Health Benefits
- Information Security
- General Communications

**Nomination Deadline Nears For Public School District Employee Position On Board**  
**Nominate today for**

**TRS** TEACHER RETIREMENT SYSTEM OF TEXAS

Home About TRS Active Members Retirees and Beneficiaries Reporting Employers Investments Pension Benefits Health Care Benefits

MyTRS RE Portal PAVES Careers Subscribe! Contact Us

I want to...

## Reporting Employers

**General Resources**  
The following procedure guides, legal requirements, rates and limits are provided for reporting employers to help meet reporting requirements.

- General Information
- Creditable Compensation
- Employment Eligible for TRS Membership
- Contribution Rates
- Employment after Retirement Limits Chart
- State Minimum Salary Schedules

**RE Portal**  
RE Portal is a web interface for employee data payroll reporting. These reference tools and training videos assist you with learning how to use the RE Portal.

- RE Portal Training
- RE Portal Resources
- Payroll Manual - Public Schools
- Payroll Manual - Higher Education
- Definition of Terms
- Error and Warning List
- Error Resolution Guide

TEACHER RETIREMENT SYSTEM of TEXAS

**RE Payroll Manual**  
Higher Education



# Higher Education Contribution Types

Diego



## Non-Higher Ed Specific

Member TRS-Care Contribution

Employer TRS-Care Contribution

Statutory Minimum Contribution

Public Education Employer  
Contribution

## Higher Ed Specific

Education/General-Local  
Contribution

Non-Education/General  
Contribution

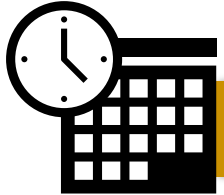
Community/Junior College  
Contribution





# Employer Advisory Group

Diego



A Few Years Later

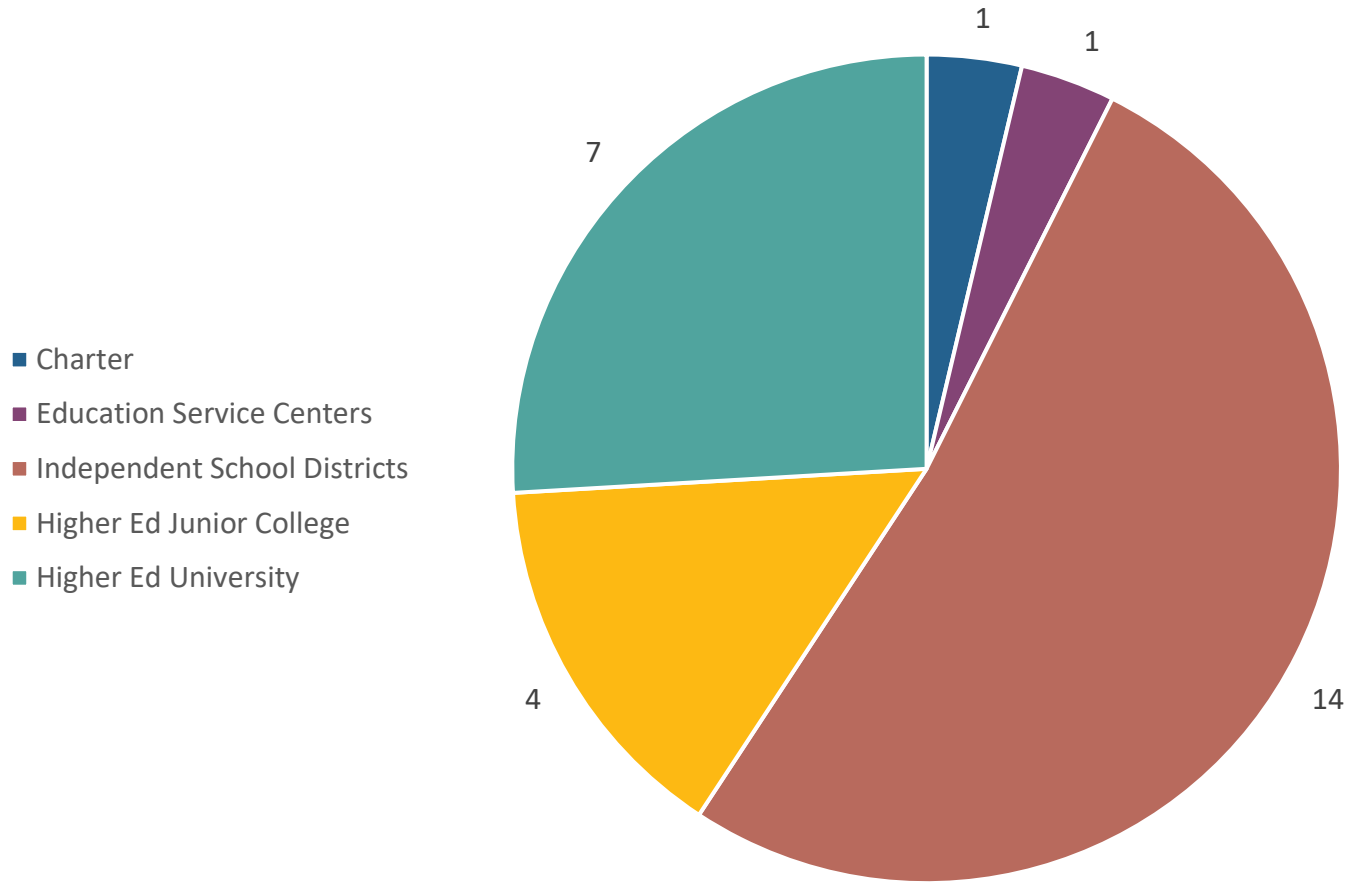
Because of his experience with TRS, we asked Diego to join the Employer Advisory Group.







# Employer Advisory Group

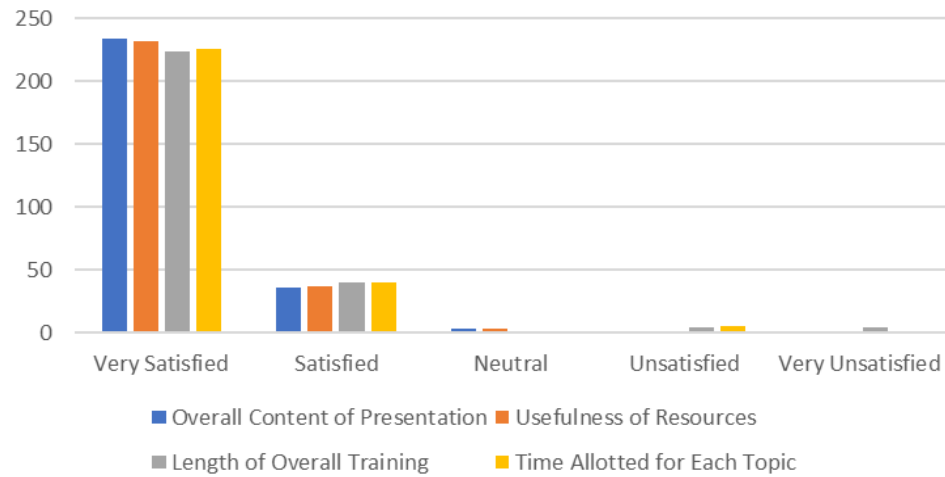




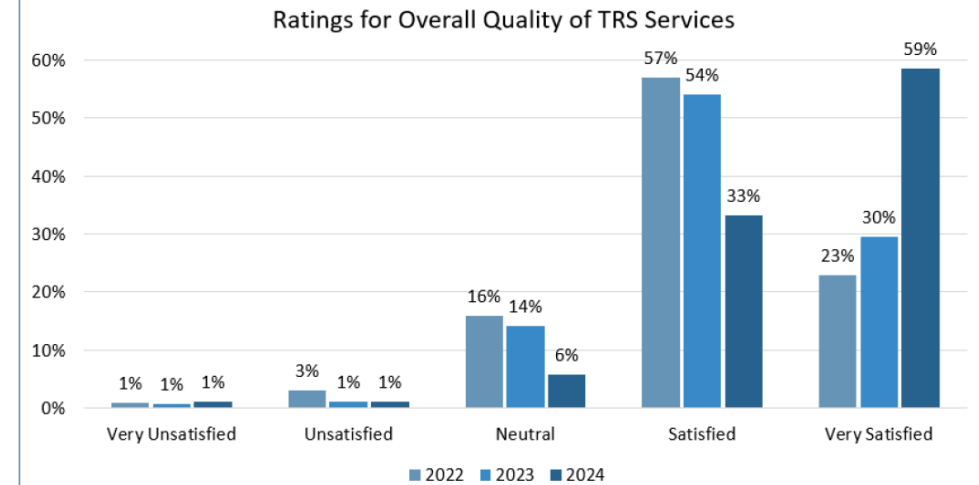
# Reporting Employer Surveys



## Point of Service Survey for RE Trainings



## Reporting Employer Satisfaction Survey (RESS)





# Summary



New Hire

Employee  
Demographics  
Report

Regular Payroll  
Report

Resolve Any  
Errors



Terminated  
Employment

Termination  
Record

Refund  
Certification

Retirement  
Certification



Employment  
After Retirement

Employment  
After  
Retirement  
Record

Resolve Any  
Errors

Employment  
After  
Retirement  
Certification







# Questions



Questions?

**TAB 7**



# TRS Health

**Thursday, Feb. 27, 2025 – Benefits Committee**

Presented by:

Katrina Daniel, Chief Health Care Officer

Kyle McKay, Director of Health Analytics

Yimei Zhao, Sr. Director of Health Finance

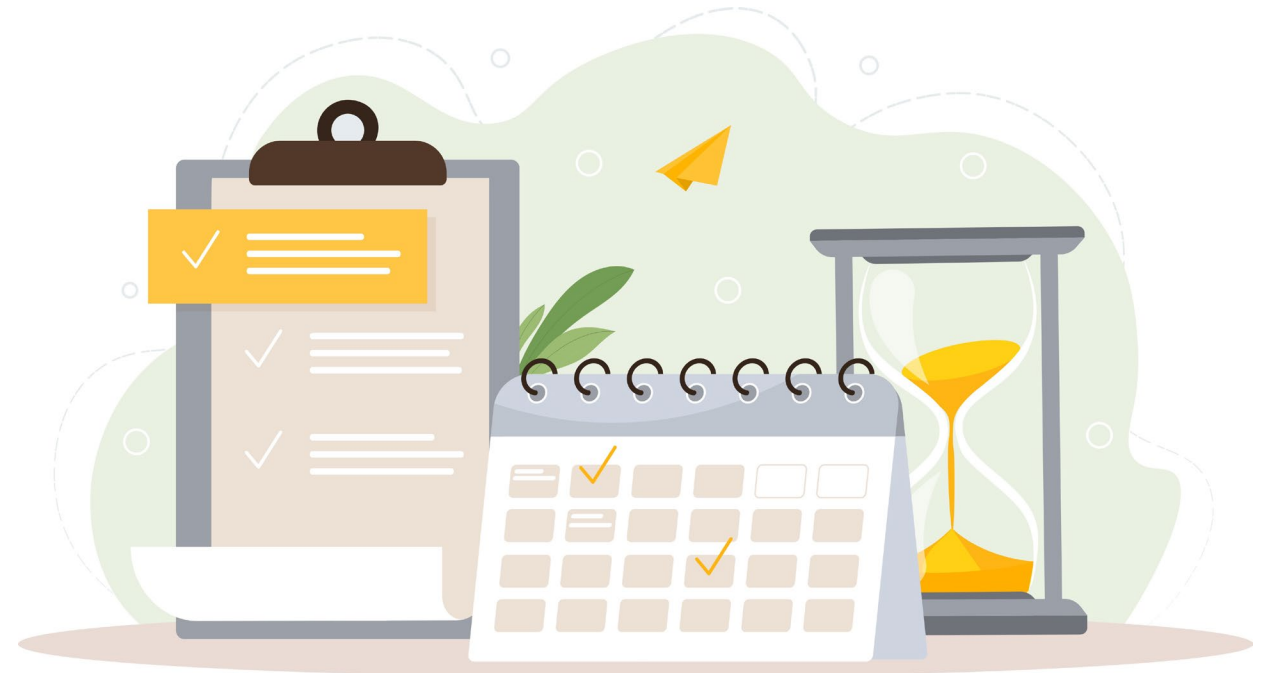




# Health Agenda



- **TRS-Care Update**
  - Dental & Vision
- **TRS-ActiveCare Update**
  - Performance Benchmarking
- **Pharmacy Cost Management**
- **Medical Plan Procurement**

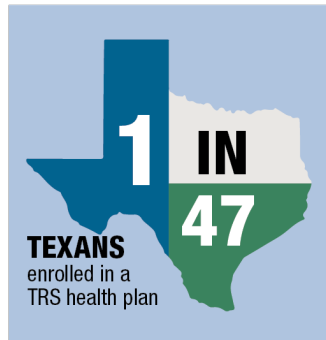




# TRS Health: Value in Action



## 2024 TRS Health Annual Report Highlights



**\$23.4B**  
saved through cost containment strategies

**\$16M**  
paid in claims per day

**638K+**  
PARTICIPANTS



**422K+**  
in TRS-ActiveCare



**216K+**  
in TRS-Care

**\$6B**  
in claims FY 2024



**\$4.2B**  
Medical claims

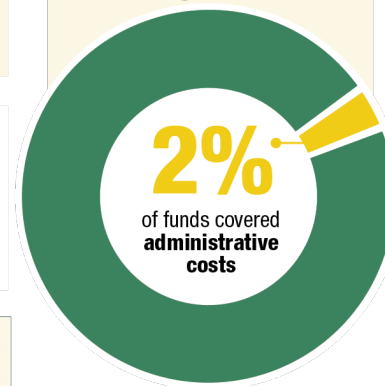


**\$1.8B**  
Pharmacy claims

**5,891**  
babies born in FY 2024



**98%**  
of funds went directly to **medical and prescription drug claims**



**42% LESS**  
than the cost growth of our peers

**EVERY \$1** in health care spending  
**GENERATED \$3.56** in economic activity in Texas



**340K** preventive visits completed (**all plans**)

Delivering high-value plans while actively managing costs





# **TRS-Care Update**

**Katrina Daniel, Chief Health Care Officer**



# Enhancing Value of Health Benefits for Retirees



## Big Year for TRS-Care



Retiree satisfaction increased by **26% in 2024**,  
as a result of these enhancements.

Offered optional dental and vision coverage with over **106K** enrollments in the first year

Reduced TRS-Care Medicare Advantage premiums by about **45%** for most retirees

Launched a limited-time enrollment opportunity for Medicare-eligible retirees through **March 2026**

Kept TRS-Care Standard premiums the same for the **eighth year in a row**



# Record Breaking Enrollment in Dental & Vision Plans

**Enrollment Window**  
*(extended)*

**Oct. 1 – Dec. 17, 2024**

**OVER 106K** enrollments for the 2025 plan year:



**TRS-Care  
Dental: 54K**



**TRS-Care  
Vision: 52K**



**700-800** daily applications on average



**~6.5K** email inquiries received  
(Half of those came once the extension was announced)



**1.1M** phone calls answered by TRS and its health partners

- Call volume went up **26%** from FY 2023
- **99%** of calls answered within 180 seconds



# Limited-Time Enrollment Opportunity



Healthy TRS-Care fund allowed TRS to offer a limited-time enrollment opportunity (LTEO)

**Robust  
communications  
plan through  
March 31, 2026.**



## Summer 2025

### Following the July Board Meeting

- Packets mailed with PY 2026 information
- Paid social media advertisements

**2,500**

LTEO  
applications  
received in  
the first year

2025

January – April

May – August

September – December

2026 >

## Spring 2025

- Direct mail to remind eligible population about LTEO

## Fall 2025

- In-person health fairs
- Virtual webinars



# Increased Engagement with Retirees



 **662K**

**packets mailed** with 2025 TRS-Care plan year materials



**43 engagement touchpoints** per participant



23 live online events with **8.4K attendees**, nearly **three times more than 2023** (4.2/5 star rating)



**22** **IN-PERSON HEALTH FAIRS**

with over 5.8K attendees, nearly two times more than 2023

**14.2K** **ATTENDEES**

at TRS-Care in-person and online events (4.1/5 star rating) ★ ★ ★ ★ ☆







## **TRS-ActiveCare Update**

**Katrina Daniel, Chief Health Care Officer**

**Kyle McKay, Director of Health Analytics**

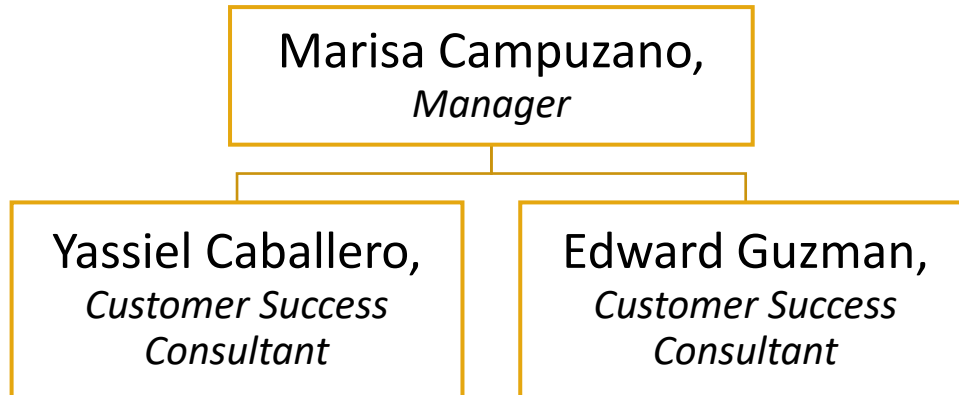




# Actively Serving Public School Employers Beyond Cost Management

Established TRS-ActiveCare Operations team to:

- Respond to our strategic initiative to **reengineer TRS-ActiveCare**
- Make TRS-ActiveCare the **plan of choice** for Texas Schools
- Provide platinum service to onboard new districts
- Oversee TRS-ActiveCare annual enrollment operations
- Offer continuous support to employers throughout the year





# TRS-ActiveCare: Serving Through Stability, Efficiency and Active Engagement

## FY 2024-25

79%

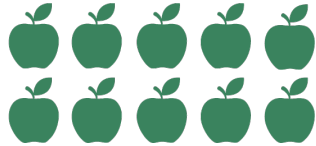


1,238

Texas public school employers participated in TRS-ActiveCare plans for their employees

In FY 2024, supplemental funding was used to limit TRS-ActiveCare premium increases to **under 10% on average, saving employees over \$900 per year.**

10 **NEW EMPLOYERS**



elected to join TRS-ActiveCare for the 2024-25 plan year

99%

of participating employers **CHOOSE TO CONTINUE** to offer TRS-ActiveCare as their district's health plan



## FY 2025-26

3,800

Net Change  
FY26



TRS-ActiveCare continues to be the clear choice for employers. For the third year in a row, 99% of employers have elected to remain in the plan!











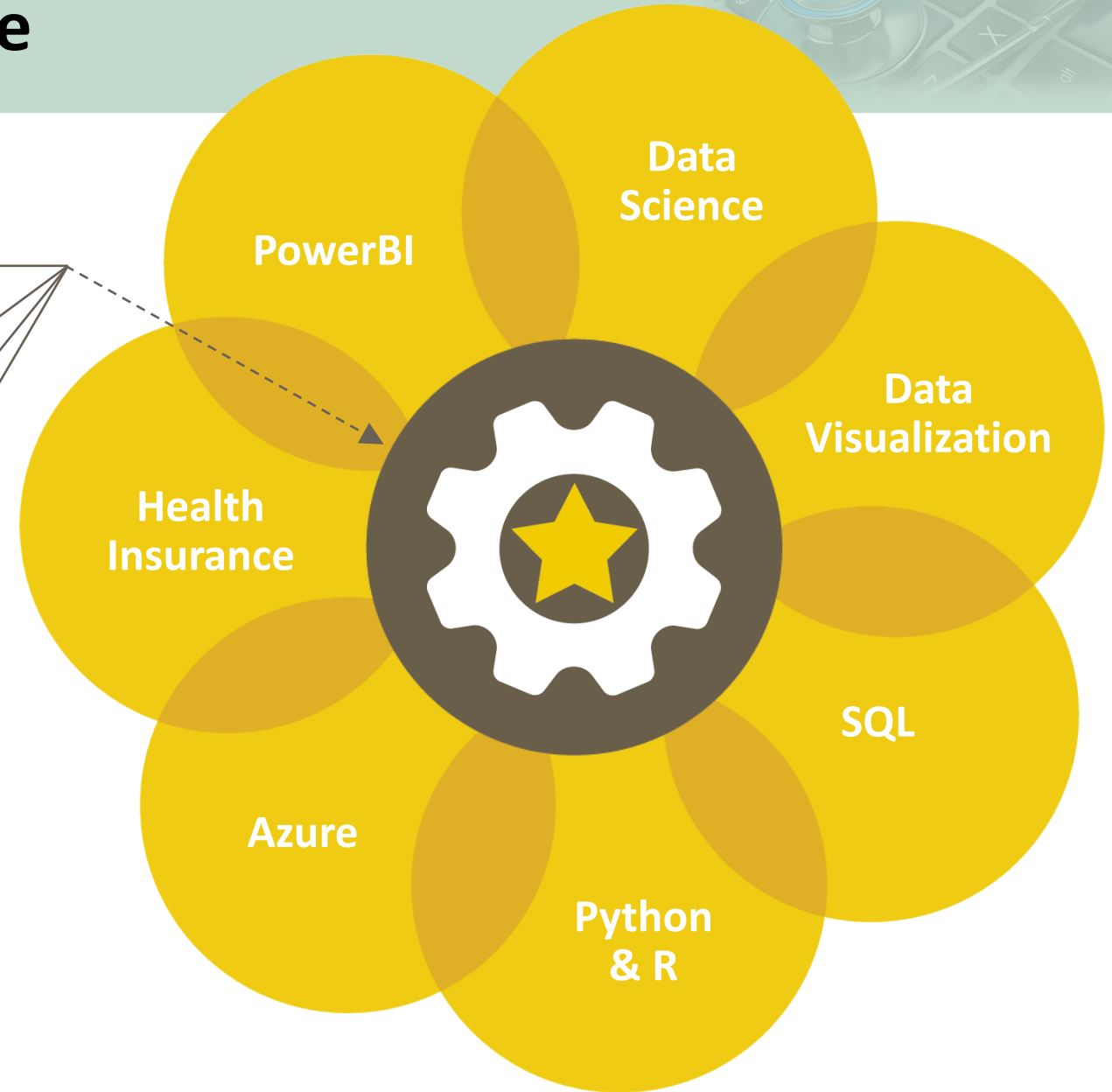
# **The Power of Analytics: Cost Containment in Action**

**Kyle McKay, Director of Health Analytics**



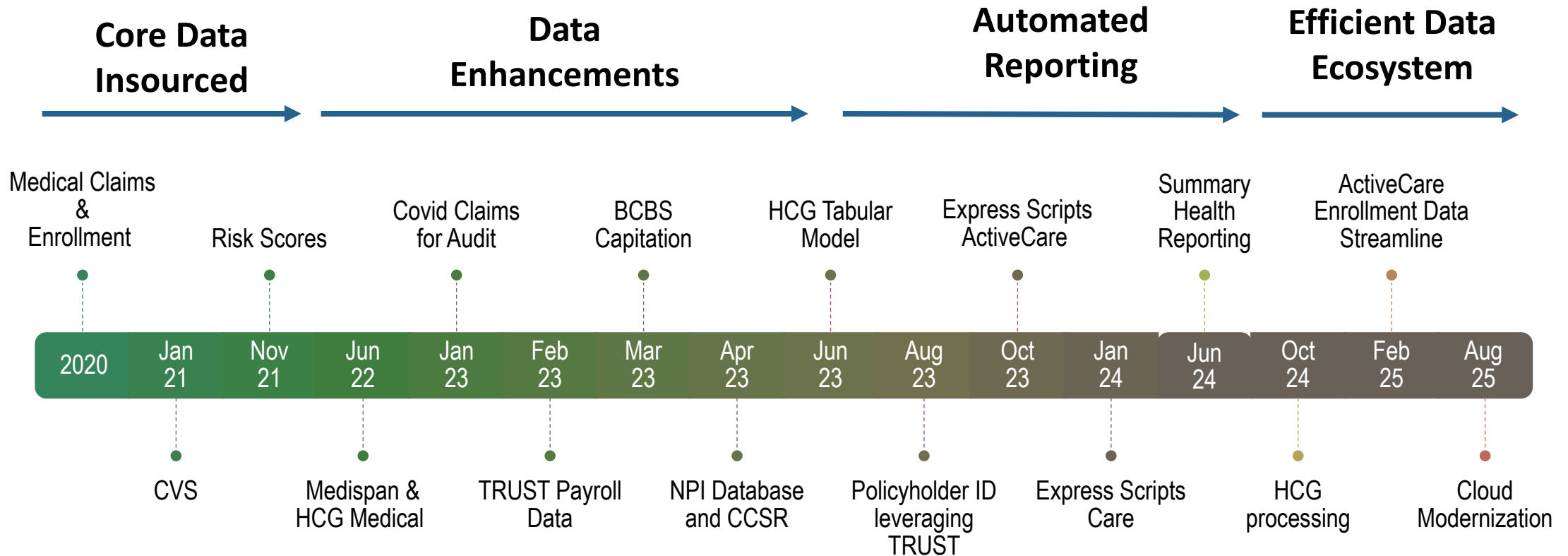
# Health Analytics Expertise

-   70 years of combined data and health care experience
-   Six master's degrees
-   Three former intern applicants
-   Two employees with classroom experience





# Improving the Efficiency of Data Reporting and Analytics







# Overview of Benchmarking



TRS has benchmarked premiums and total costs against:

- Other state agencies within Texas
- Other state health plans that include teachers
- National public education
- Private employers nationally
- And large self-insured private employers within Texas

In every case, TRS-ActiveCare costs per person are competitive.

In FY 2025, we are leveraging new tools to conduct more sophisticated benchmarking at a carrier and service level.

FIGURE 15: Average Employee Contribution, FY 2023-28

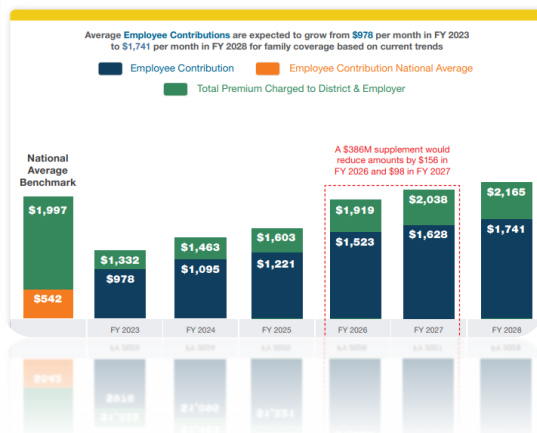
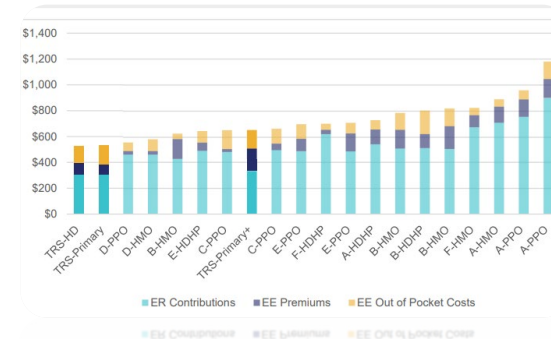
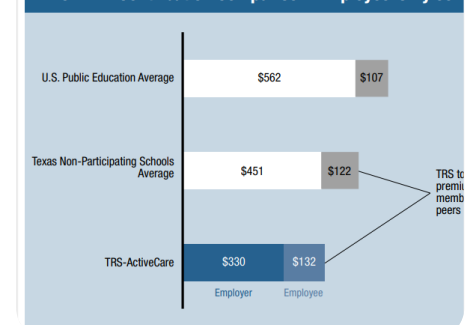


Figure 3. Comparative Portal - Expenditures

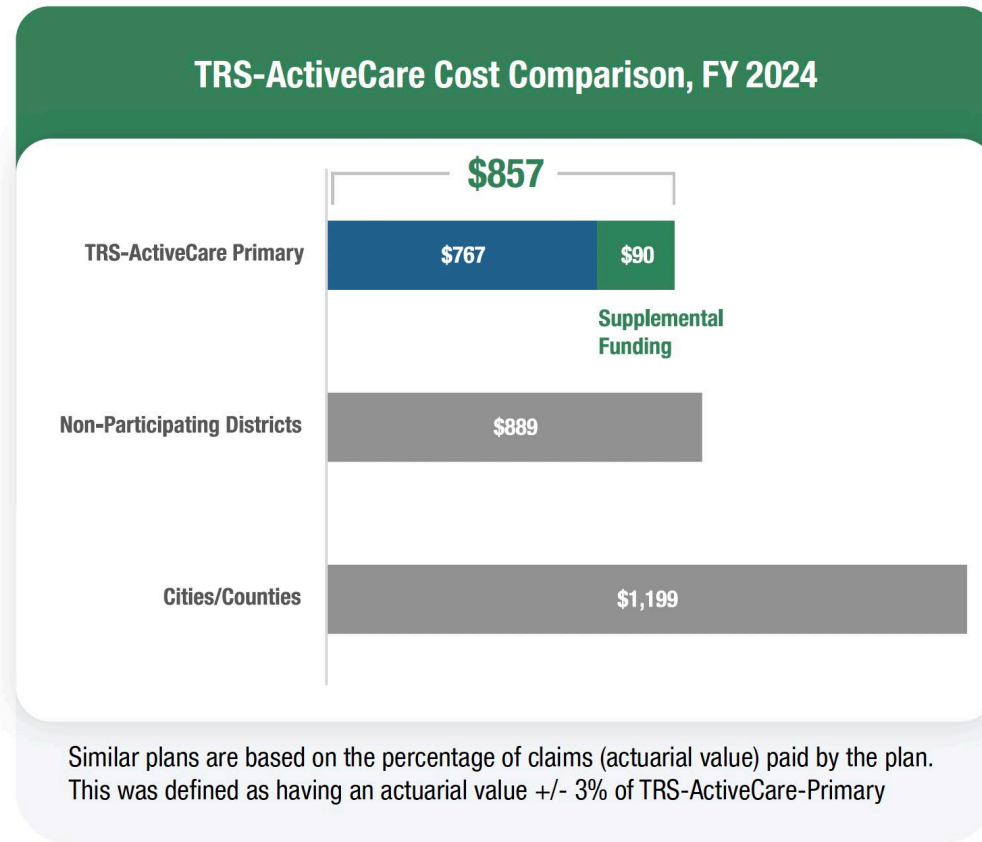


2021-22 Contribution Comparison: Employee-Only cov





# TRS-ActiveCare Primary Plan Costs Less Than Peers



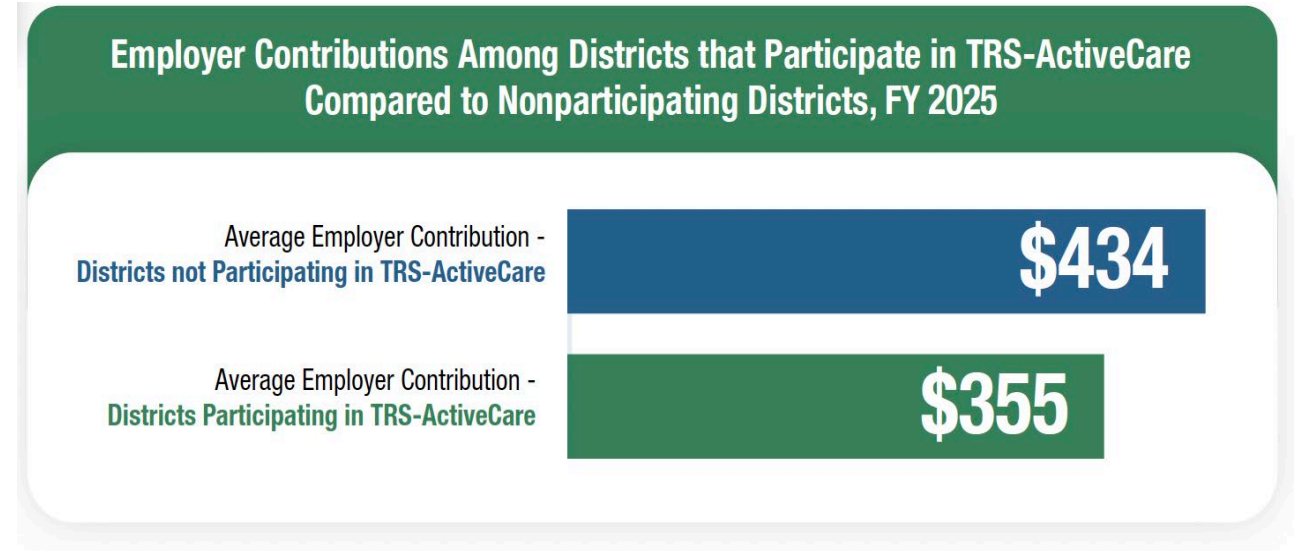
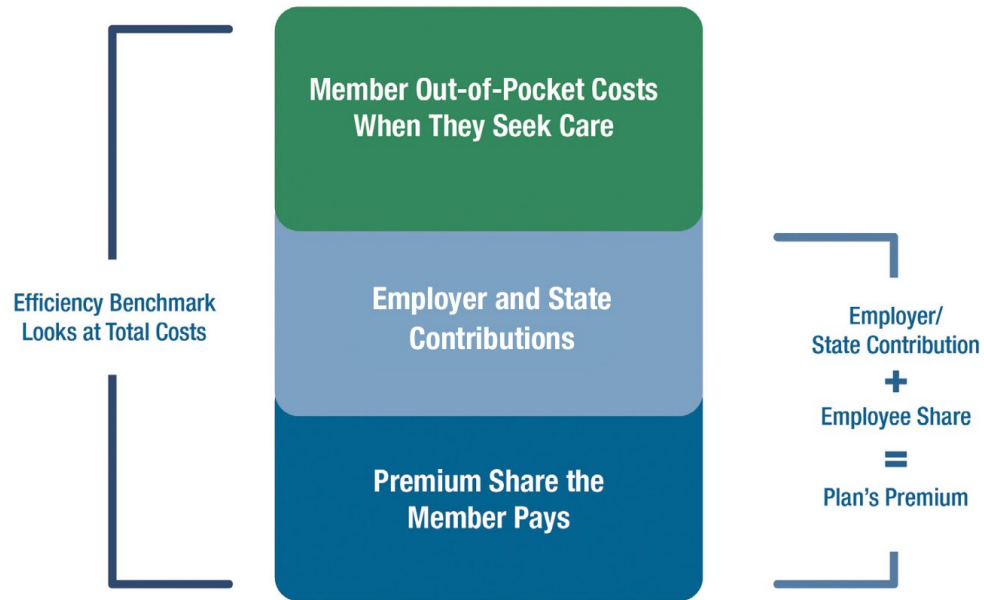
TRS-ActiveCare Primary plan costs **14% less than comparable plans with supplemental funding.**

TRS-ActiveCare Primary plan costs **4% less on average than similar plans even without supplemental funding.**

TRS-ActiveCare remains competitive, with below-market costs, even without supplemental funding.



# Understanding Affordability Dynamics



In FY 2025, premiums increased by an average of 8.7%. Most employers (61%) did not increase their contribution. As a result, employees were responsible for covering the difference, resulting in an average employee contribution increase of \$55 per month.



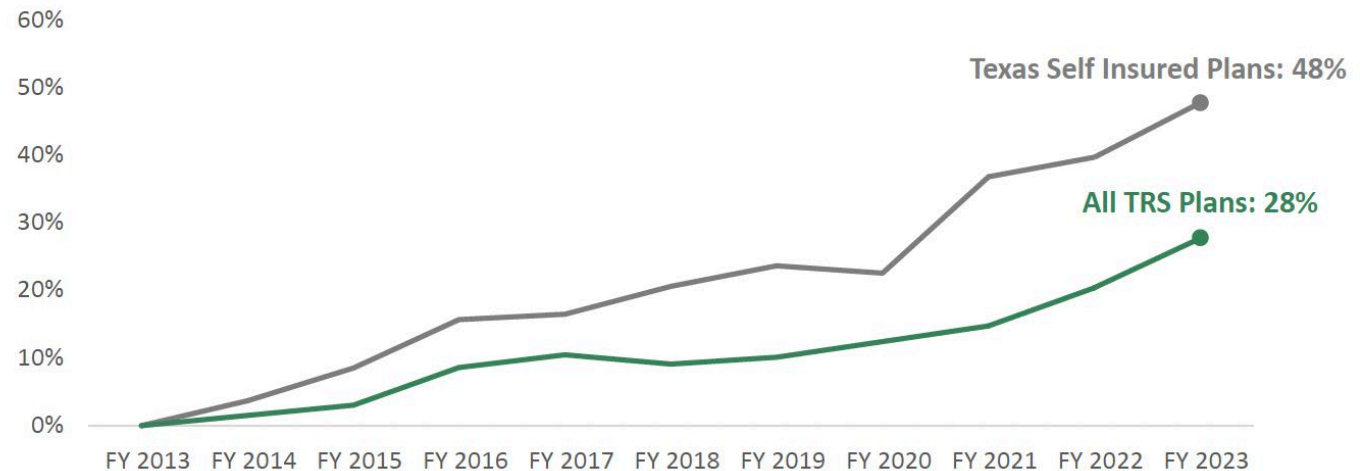
# Active Health Care Cost Management



Cumulative cost growth **42% less than that of TRS' peers.**

TRS plans experienced nearly half the cost growth of Texas self-insured plans.

## Cumulative Increase in Per Member Costs Since 2013



Costs reflect allowed charges to both the plan and the participants. These are net of rebates. TRS plans include all self-insured ASO plans. Milliman data for Texas ASO does not include pharmacy rebates. The comparison does not adjust for changes in plan design or demographics over time.



# Benchmarking with Milliman: Data Input



The Health Cost Guidelines (HCG) grouper categorizes claims into appropriate service settings using algorithms based on variety of data elements and logic.

HCG Grouper Input Fields		
Subscriber ID	Patient ID	Claim ID
Billing Provider	Specialty Code	Discharge Date
Primary ICD Diagnosis Code	Admission Date	Procedure Code
From Date	Date of Birth	Diagnosis Related Group
Modifier Code	Revenue Code	Form Type
Place of Service	Type of Service	Amount Allowed
National Drug Code (NDC)	Units	DRG Type
Amount Paid	Admit Source	Admit Type
Primary ICD Procedure Code	Discharge Status	



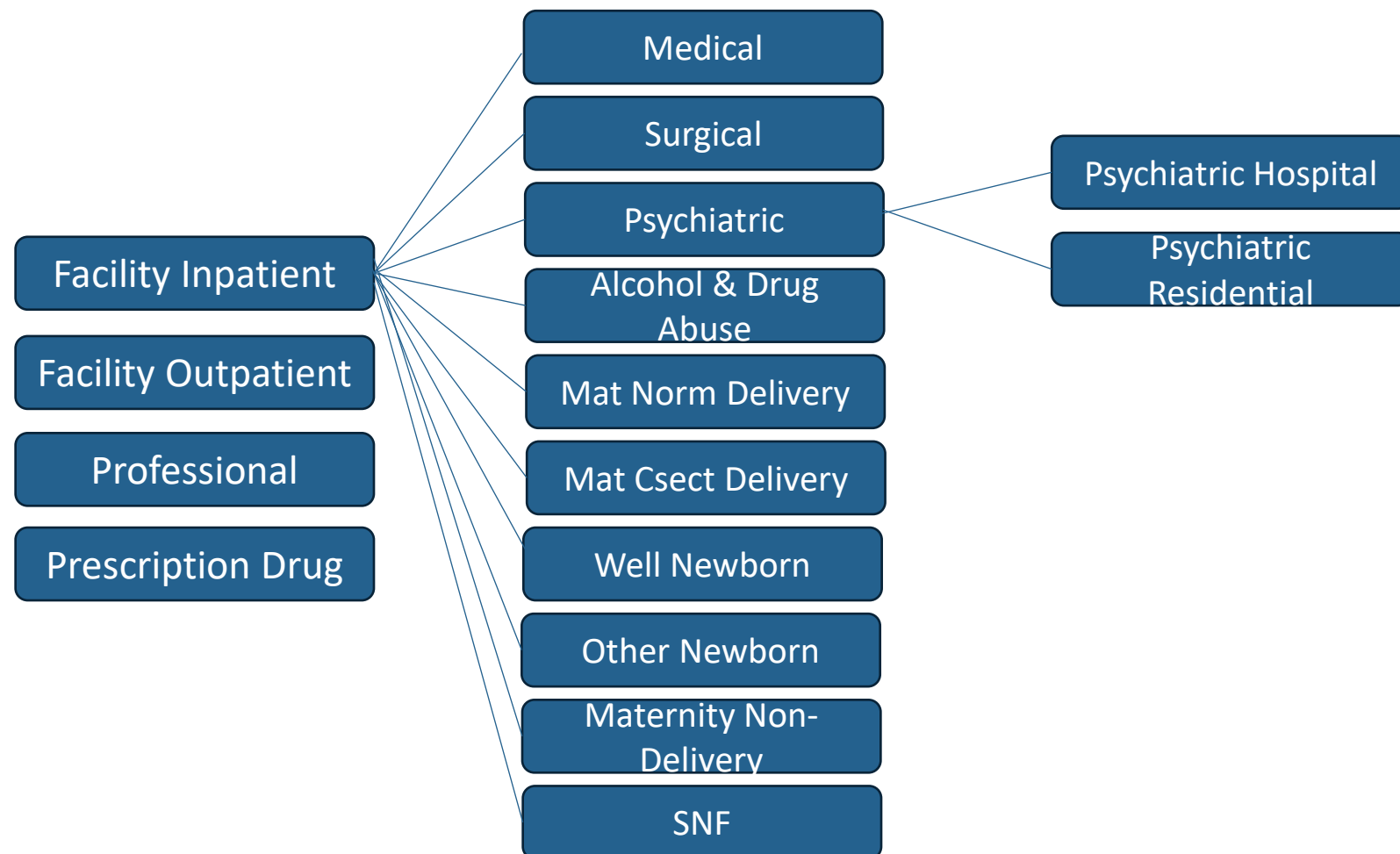


# Benchmarking with Milliman: Health Cost Guidelines Categories

## HCG Grouper Highlights

- HCG Details allow for drill-through analysis into HCGs
- Assigns 130+ HCG sub-categories
- Permits granular insight for all reporting needs
- Facility costs & services separate from Professional, Drug and Other categories

## Health Cost Guidelines Category Detail Example





# Benchmarking with Milliman: Pricing Comparison at Other Carriers

*Illustrative Data Only*

What data is available  
in a specified market?

Where can I make reliable  
price comparisons?

How do my prices compare  
to my competitors?

Are there pricing risks or  
opportunities I should consider?

Can my analytics team do a  
deep dive on detailed data?



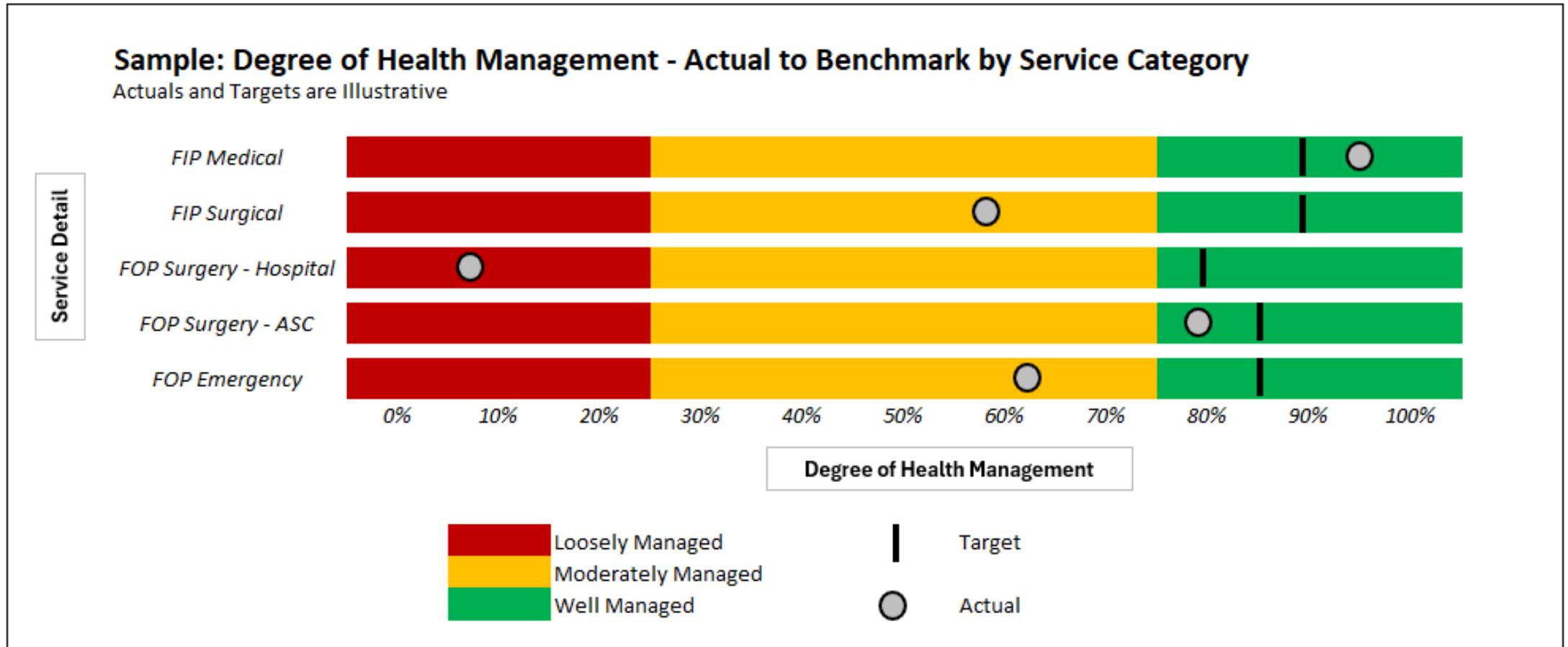
**Service Line Summary:** Sample Hospital, Payer Data, Commercial Group PPO rates

POWERED BY TURQUOISE HEALTH DATA



# Benchmarking with Milliman: Understanding Utilization

*Illustrative Data Only*

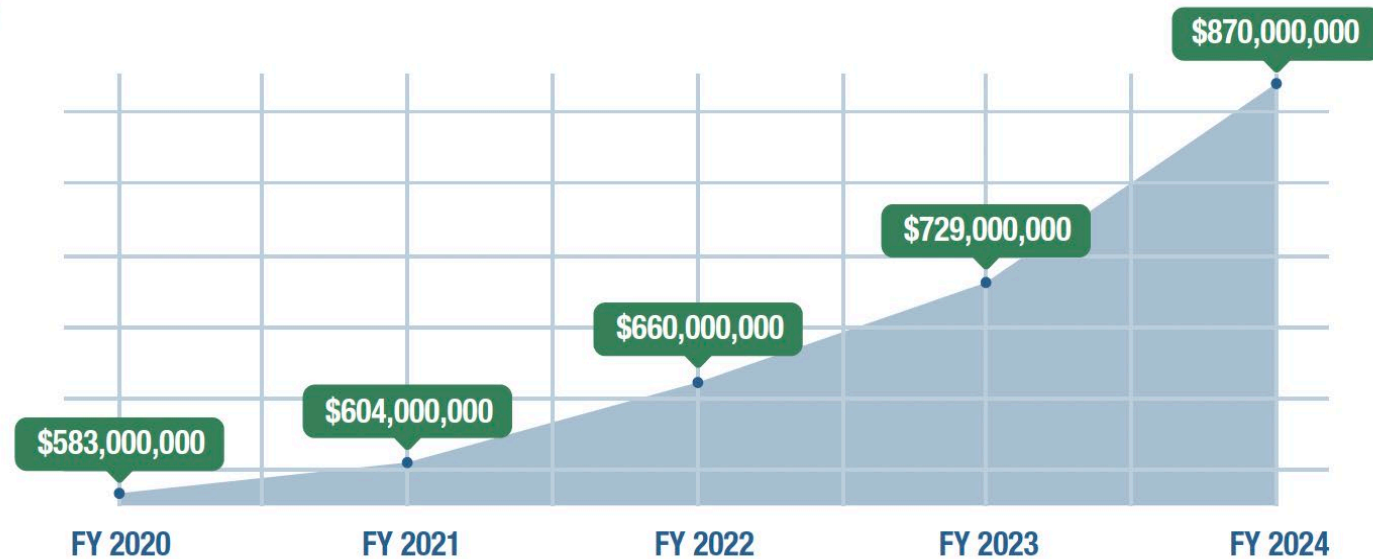




# Rising Expenses: The Surge in Specialty Drug Costs



Specialty Drug Cost Increase Over Four Years, All Plans, FY 2020-24



Pharmacy costs are shown based on claims incurred during the fiscal year and paid through Oct. 31, 2024. Pharmacy costs represent gross paid claims and are not net of rebates. No adjustments were made for claims that were incurred but not yet reported.

Specialty drugs are taken by approximately 5% members on prescription medications but represent more than half of gross total cost (before rebates). This has grown over time in part due to the utilization of new high-cost drugs.



# Mastering Efficiency: Innovative Cost Containment Strategies

Access market-leading discounts

Employ measures to ensure payment is limited to medically necessary care

Offset costs with rebates

Navigate participants to low-cost, high-quality options for care

Promote wellness initiatives

Drug utilization management

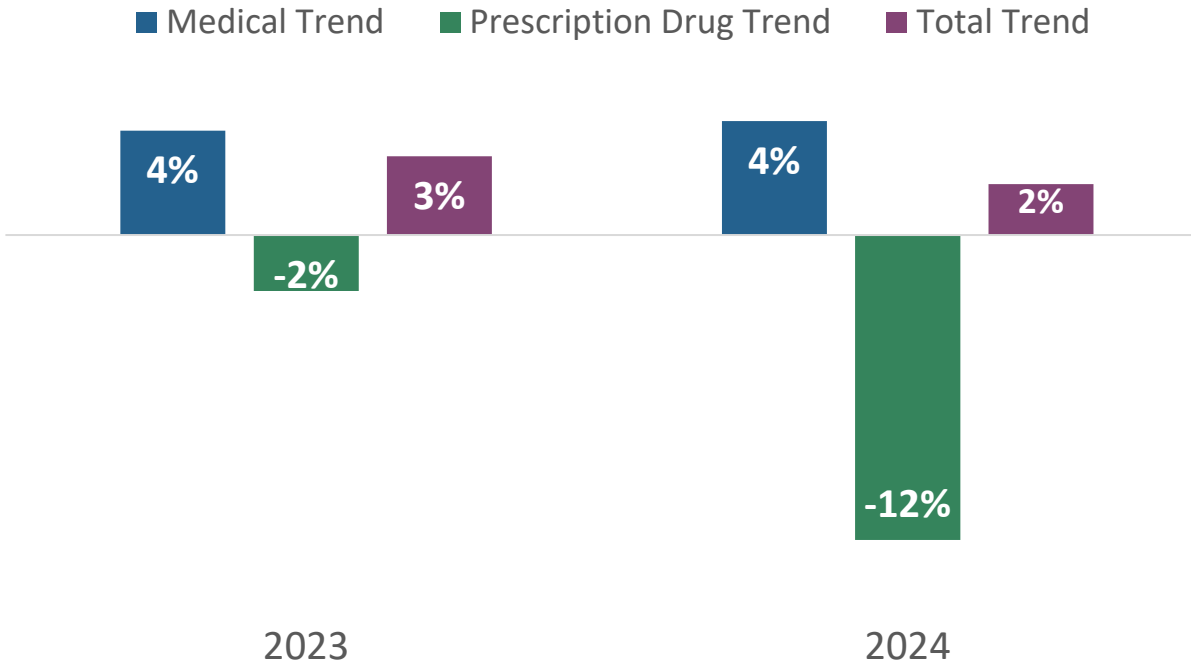




# Actively Managing Health Care Costs



TRS-ActiveCare Medical and Pharmacy Benefit Trend,  
FY 2023 and FY 2024



*Note: Medical and pharmacy costs for FY 2024 are shown based on claims incurred during the fiscal year and paid through September 30, 2024. FY 2024 figures include an estimate of incurred but not reported (IBNR). Pharmacy costs are shown net of incurred rebates.*

TRS effectively leveraged contract agreements to create a **-12% PMPM cost impact for pharmacy benefits in TRS-ActiveCare**, which contributed to an overall increase of 2% in FY 2024.

PMPM = per member per month



# Initiatives that Address Areas of Cost Growth



Cost Driver	Cost Impact FY 2021-FY 2024 PMPM		Medical RFP Relevant	PBM RFP Impact	Relevant Initiatives
	TRS- ActiveCare	TRS-Care			
Neoplasms (Med & Rx)	+\$17	+\$53	X	X	
GLP-1s (Rx)	+\$9	+\$36	X	X	Weight Loss Exclusion
Autoimmune disorder & inflammatory (Rx)	+\$13	+\$23		X	Copay Assistance & Biosimilars
Surgery (Med)	+\$6	+\$20	X		Member Rewards, Lantern, Airrosti.
Preventive care (Med)	+\$7	+\$7			
Outpatient Psychiatric (Med)	+\$2.6	+\$0.7	X		

*All Rx are on a gross basis. Surgery, preventive care and outpatient psychiatric are FY 2022-FY 2024. TRS-Care costs include only self-insured claims, which is TRS-Care Standard for medical and all pharmacy claims.*

*PMPM = per member per month*



# **Medical Administrator Procurement**

**Katrina Daniel, Chief Health Care Officer**

**Yimei Zhao, Senior Director of Health Finance**



# Medical Procurement Background



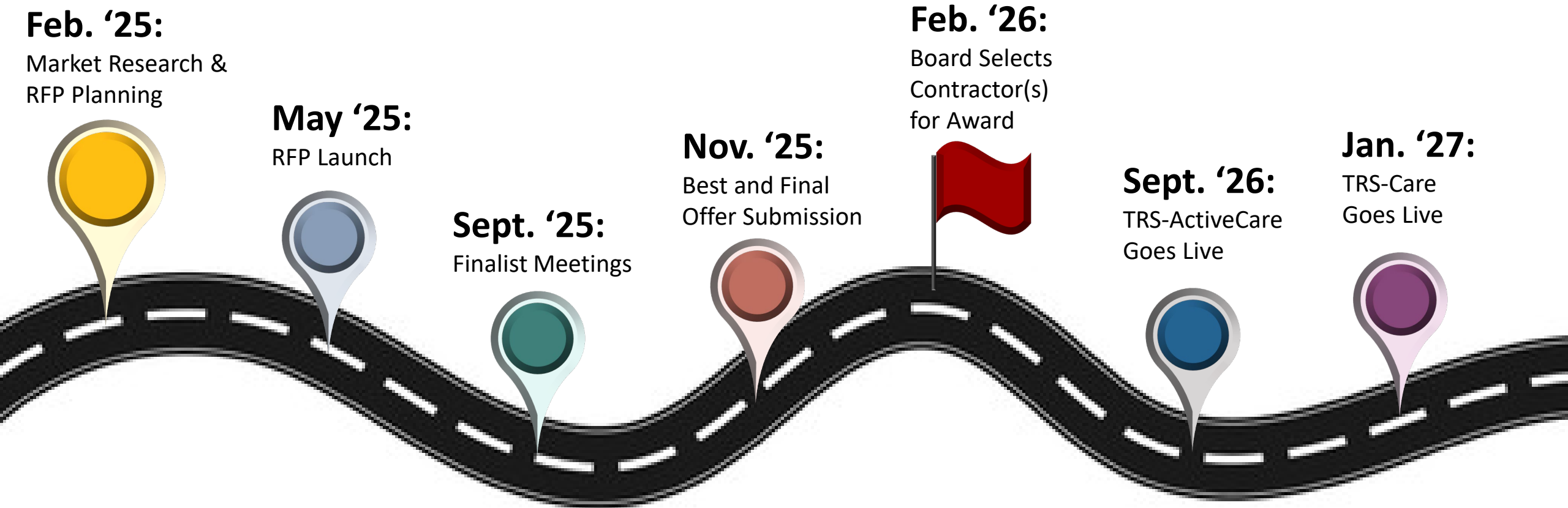
TRS contracts for self-insured Health Plan Administration (HPA) services and for a fully-insured Medicare Advantage (MA) product. These contracts will expire at the end of:

- August 2026 for TRS-ActiveCare (BlueCross BlueShield of Texas)
- December 2026 for TRS-Care (BlueCross BlueShield of Texas)
- December 2026 for TRS-Care Medicare Advantage (UnitedHealthcare)

TRS will reprocure for these services and products to ensure TRS members have access to the highest quality, highest value benefits.



# Streamlining Success: Medical Procurement Timeline







# Appendices

Fund Balances



# Appendix: TRS-ActiveCare Fund Balance Projection Through 2027

TRS-ActiveCare Fund Balance Projection  
Financial History and Projection through FY 2027  
as of November 30, 2024

Fiscal Year	Contributions							Expenditures					Ending Balance (Incurred Basis)
	State/District Contributions	Supplemental Appropriations	Employee Contributions	HMO Contributions	LTC	Other Income	Total Revenue	Medical Incurred	Drug Incurred (includes Rebates)	HMO Premium Payments	Administrative Costs	Total Expenses	
FY 2016	\$719,495,387		\$1,124,339,259	\$217,184,160	\$156,054	\$3,279,039	\$2,064,453,900	\$1,430,266,708	\$325,475,512	\$214,529,160	\$128,446,902	\$2,098,718,282	\$53,550,894
FY 2017	\$754,034,435		\$1,141,916,735	\$230,628,896	\$145,792	\$4,844,126	\$2,131,569,985	\$1,426,394,600	\$306,703,364	\$227,088,896	\$127,129,189	\$2,087,316,049	\$97,804,829
FY 2018	\$934,605,313		\$1,003,203,754	\$240,692,840	\$110,090	\$7,033,199	\$2,185,645,196	\$1,589,245,112	\$275,730,514	\$237,386,929	\$124,795,087	\$2,227,157,640	\$56,292,384
FY 2019	\$1,049,243,657		\$881,998,119	\$246,513,026	\$146,090	\$11,162,989	\$2,189,063,880	\$1,459,520,631	\$254,168,852	\$243,198,667	\$123,514,885	\$2,080,403,035	\$164,953,230
FY 2020	\$1,035,176,542		\$870,173,250	\$260,364,669	\$145,265	\$8,121,853	\$2,173,981,579	\$1,522,489,616	\$271,480,529	\$256,850,839	\$119,814,483	\$2,170,635,466	\$168,299,343
FY 2021	\$1,011,525,120		\$850,291,777	\$176,981,437	\$142,718	\$1,853,676	\$2,040,794,727	\$1,615,822,471	\$285,092,897	\$173,297,782	\$78,637,967	\$2,152,851,116	\$56,242,954
FY 2022	\$1,033,743,632	\$638,337,761	\$868,968,740	\$149,833,982	\$0	\$1,656,095	\$2,692,540,210	\$1,690,700,579	\$293,845,034	\$146,752,232	\$69,945,345	\$2,201,243,189	\$547,539,975
FY 2023	\$952,097,761		\$800,336,918	\$85,603,456	\$0	\$27,739,322	\$1,865,777,457	\$1,683,988,310	\$288,020,255	\$83,782,801	\$73,689,100	\$2,129,480,467	\$283,836,966
FY 2024	\$1,088,669,143	\$588,518,000	\$757,221,705	\$67,899,516	\$0	\$48,200,848	\$2,550,509,213	\$1,741,530,426	\$251,690,274	\$72,524,931	\$80,123,736	\$2,145,869,368	\$688,476,811
FY 2025	\$1,218,709,620		\$847,671,106	\$7,709,091	\$0	\$36,091,329	\$2,110,181,146	\$1,973,337,199	\$345,063,465	\$7,609,386	\$80,056,214	\$2,406,066,265	\$392,591,692
FY 2026	\$1,254,779,028		\$872,759,113	\$7,929,653	\$0	\$14,557,980	\$2,150,025,774	\$2,067,138,692	\$393,562,976	\$7,830,113	\$82,026,449	\$2,550,558,230	(\$7,940,763)
FY 2027	\$1,292,422,399		\$898,941,886	\$8,167,543	\$0	\$996,334	\$2,200,528,162	\$2,160,159,933	\$435,374,986	\$8,068,003	\$85,365,788	\$2,688,968,708	(\$496,381,309)

## NOTES

- ◆Invoice data through November 30, 2024
- ◆Medical trend: 6% in FY 2025 (Higher trend used in FY 2025 to account for new districts). 4.75% trend in FY 2026 and reduced by 0.25% each year thereafter with a 4% minimum.  
Pharmacy trend: 9% in FY 2025 (Higher trend used in FY 2025 to account for depressed claims in FY 2024 as a result of PBM switch). 8% trend in FY 2026 and reduced by 0.25% each year thereafter with a 6% minimum.
- ◆Prior to FY 2018: State contributions are equal to \$75 PEPM. District contributions are equal to \$150 PEPM.  
FY 2018 and Forward: State/District Contributions are based on September actual contributions.
- ◆Interest rate assumed in FY 2025 is 5.08%. Rate decreases by a factor of 25% each year with a minimum of 0.5%.
- ◆Premium rate increases of 3% are assumed for all years after FY 2025.
- ◆The ActiveCare Fund balance is managed to prevent a deficit through premium and benefit adjustments.
- ◆Assumes no supplemental funding for FY 2026-27



# Appendix: TRS-Care Fund Balance Projection Through 2027

TRS-Care Fund Balance Projection  
Financial History and Projection through FY 2027  
as of November 30, 2024

Fiscal Year	Contributions							Expenditures			Ending Balance (Incurred Basis)
	Retiree Contributions	State Contributions	Supplemental Appropriations	Active Employee Contributions	District Contributions	Investment Income	CMS, Part D and EGWP Subsidies	Medical Expenses	Drug Expenses	Administrative Costs	
FY 2017*	\$373,229,610	\$328,063,352	\$15,559,552	\$213,241,179	\$191,057,800	\$5,225,993	\$195,396,219	\$807,831,048	\$734,805,874	\$51,885,051	\$368,737,886
FY 2018	\$488,069,004	\$425,625,726	\$394,600,000	\$221,325,377	\$266,061,322	\$10,930,281	\$183,159,406	\$840,420,584	\$669,082,906	\$50,430,879	\$798,574,633
FY 2019	\$517,965,033	\$437,189,334	\$73,641,562	\$227,338,454	\$273,110,251	\$25,046,771	\$321,106,153	\$688,148,611	\$648,749,351	\$45,051,884	\$1,292,022,346
FY 2020	\$499,057,861	\$468,330,999	\$230,756,971	\$243,532,120	\$292,411,364	\$25,396,789	\$317,440,892	\$659,668,989	\$668,307,637	\$44,654,785	\$1,996,317,930
FY 2021	\$533,592,849	\$481,564,562	\$5,520,343	\$250,413,572	\$299,803,511	\$9,226,940	\$311,771,512	\$604,926,549	\$705,239,916	\$38,802,284	\$2,539,242,470
FY 2022	\$399,788,260	\$506,388,630	\$83,000,000	\$263,328,449	\$315,688,282	\$13,499,534	\$288,606,867	\$551,595,432	\$694,534,457	\$45,475,384	\$3,117,937,219
FY 2023	\$477,018,666	\$533,605,088	\$0	\$277,468,284	\$334,703,238	\$151,354,211	\$354,575,016	\$590,029,372	\$714,251,845	\$52,615,305	\$3,889,765,200
FY 2024	\$469,319,251	\$558,086,044	\$0	\$290,204,743	\$351,169,597	\$202,197,475	\$395,494,793	\$607,212,304	\$690,449,243	\$41,929,243	\$4,816,646,313
FY 2025	\$374,073,383	\$569,247,765	\$0	\$296,008,838	\$341,548,659	\$153,071,573	\$502,569,729	\$650,292,924	\$841,376,548	\$50,519,258	\$5,510,977,530
FY 2026	\$337,721,554	\$580,632,720	\$0	\$301,929,015	\$348,379,632	\$129,724,703	\$612,160,267	\$654,711,319	\$982,462,955	\$52,178,968	\$6,132,172,178
FY 2027	\$340,299,641	\$592,245,375	\$0	\$307,967,595	\$355,347,225	\$107,224,415	\$652,205,103	\$731,305,954	\$1,053,078,595	\$54,619,953	\$6,648,457,029

## NOTES

- ♦ Invoice data through November 30, 2024
- ♦ The purpose of this report is to project revenue and expenses on an incurred basis and should not be used as a projection of cash flow. Cash flow projections are usually less than incurred primarily due to a delay in receipt of federal subsidies.
- ♦ State Contribution rate of 1.25%; District Contribution rate of 0.75%; and Active Contribution rate of 0.65% beginning 9/1/2017.
- ♦ Medical trends: 7% through FY 2024; reduced by 0.25% each year thereafter.
- ♦ Pharmacy trends: 7% through FY 2024; reduced by 0.25% each year thereafter.
- ♦ 2% increase in payroll growth
- ♦ Interest rate is set to match current returns and reduced by 25% a year with a floor of 0.5%.

\*Note that there was a prior period adjustment to retiree contributions FY 2017. This number will not tie to the ACFR as the adjustment is reflected here.

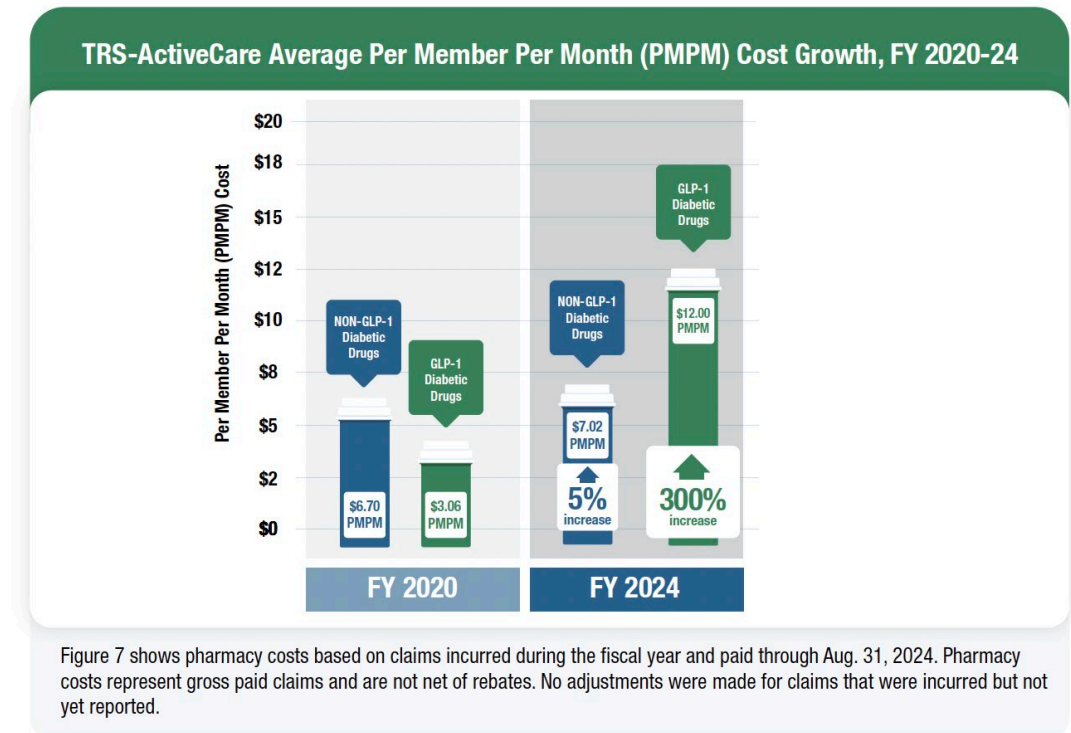


# Unpacking the Costs of GLP-1 Weight Loss Drugs



While Rx trend is negative in 2024, TRS saw cost growth on diabetic drugs even with measures to ensure effective utilization in place.

The average **utilization rates of GLP-1 drugs increased by over 170%** from FY 2022 – FY 2024, representing an area of cost growth for pharmacy benefits.



**TAB 8**





# Ombuds 3<sup>RD</sup> Annual Report

Presentation Date: Feb. 27, 2025

Presented By:  
**Lori LaBrie**



# About the Ombuds



TRS established the Ombuds role in response to HB 1585, creating a vital additional contact point for member and retirees.



While the Office is not the primary contact for support, it serves as a crucial resource for those who may become dissatisfied with standard TRS channels.



The Ombuds analyzes complaints, makes necessary referrals, reviews trends, and ensures fair treatment.



# International Ombuds Association (IOA) Standards of Practice



# Key Objectives



Provide an annual report to the trustees, executive team and members to meet TRS and IOA's reporting standards.



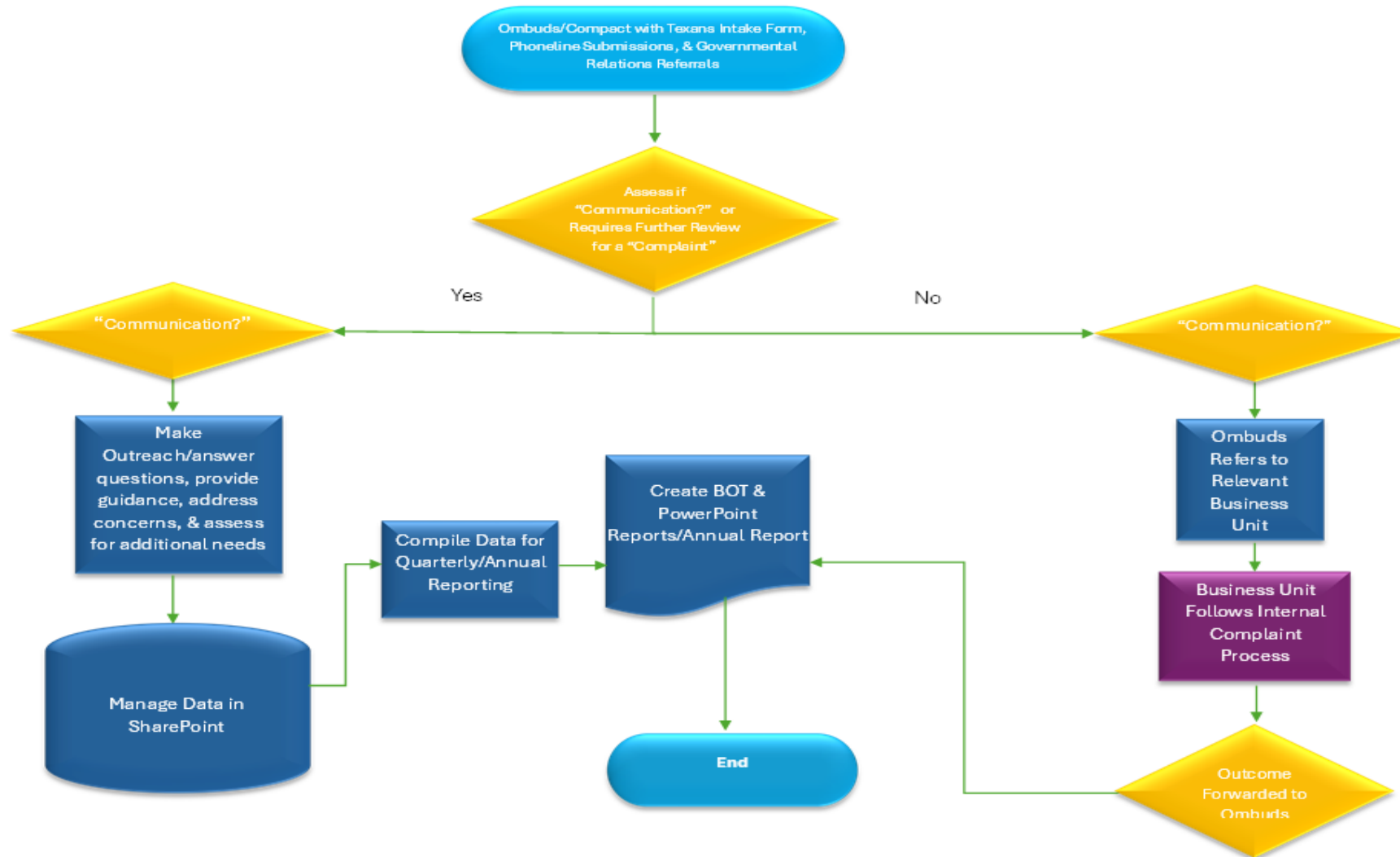
Demonstrate, with supporting data, how the Ombuds Office serves the members through counsel, administrative support and outreach.



Offer insight of the ongoing member interactions with the Office, how they benefited from the Office's assistance, and what were their concerns.



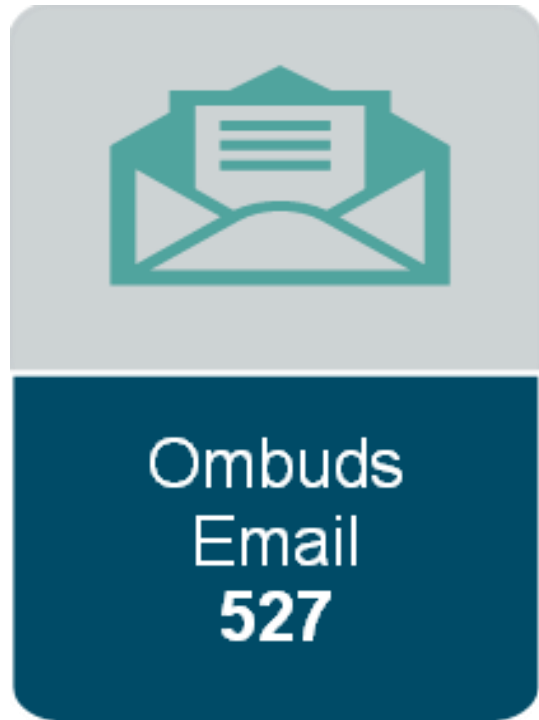
# Ombuds Workflow Process







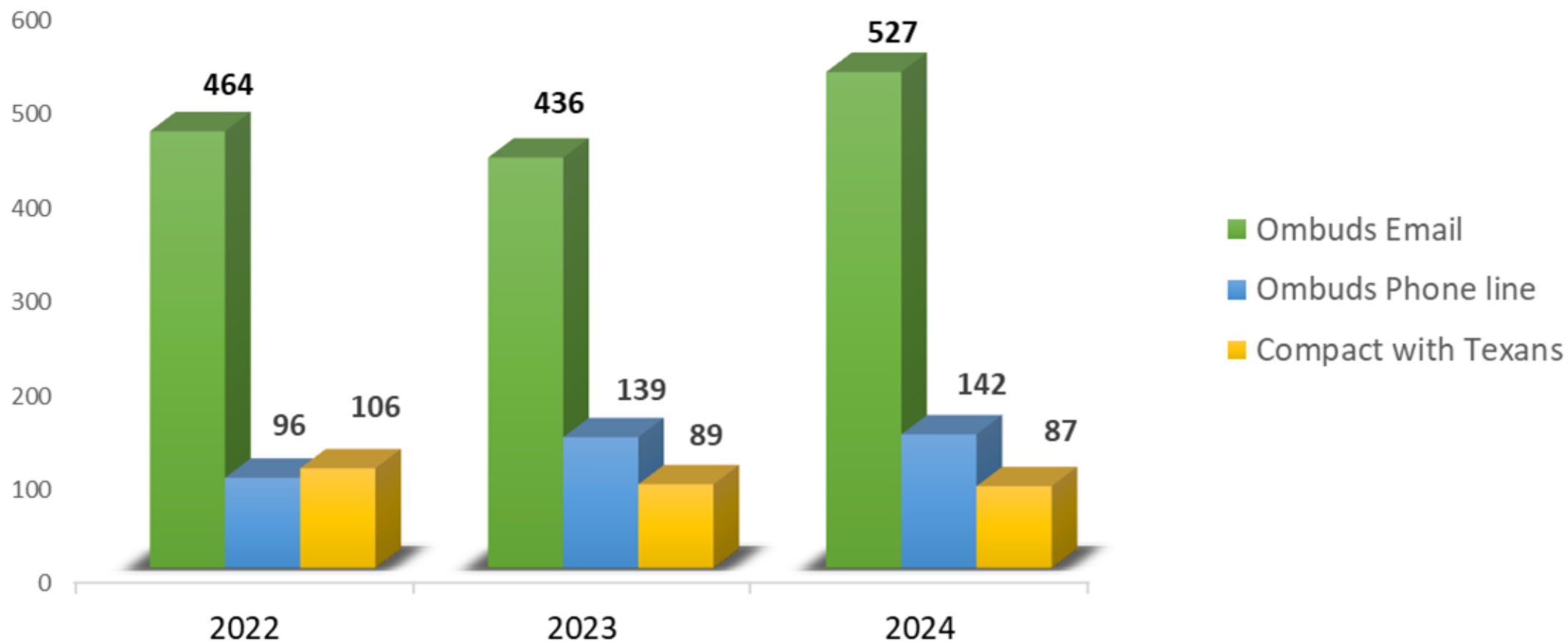
# Ombuds Communications 2024



**Total Ombuds Communications: 756**

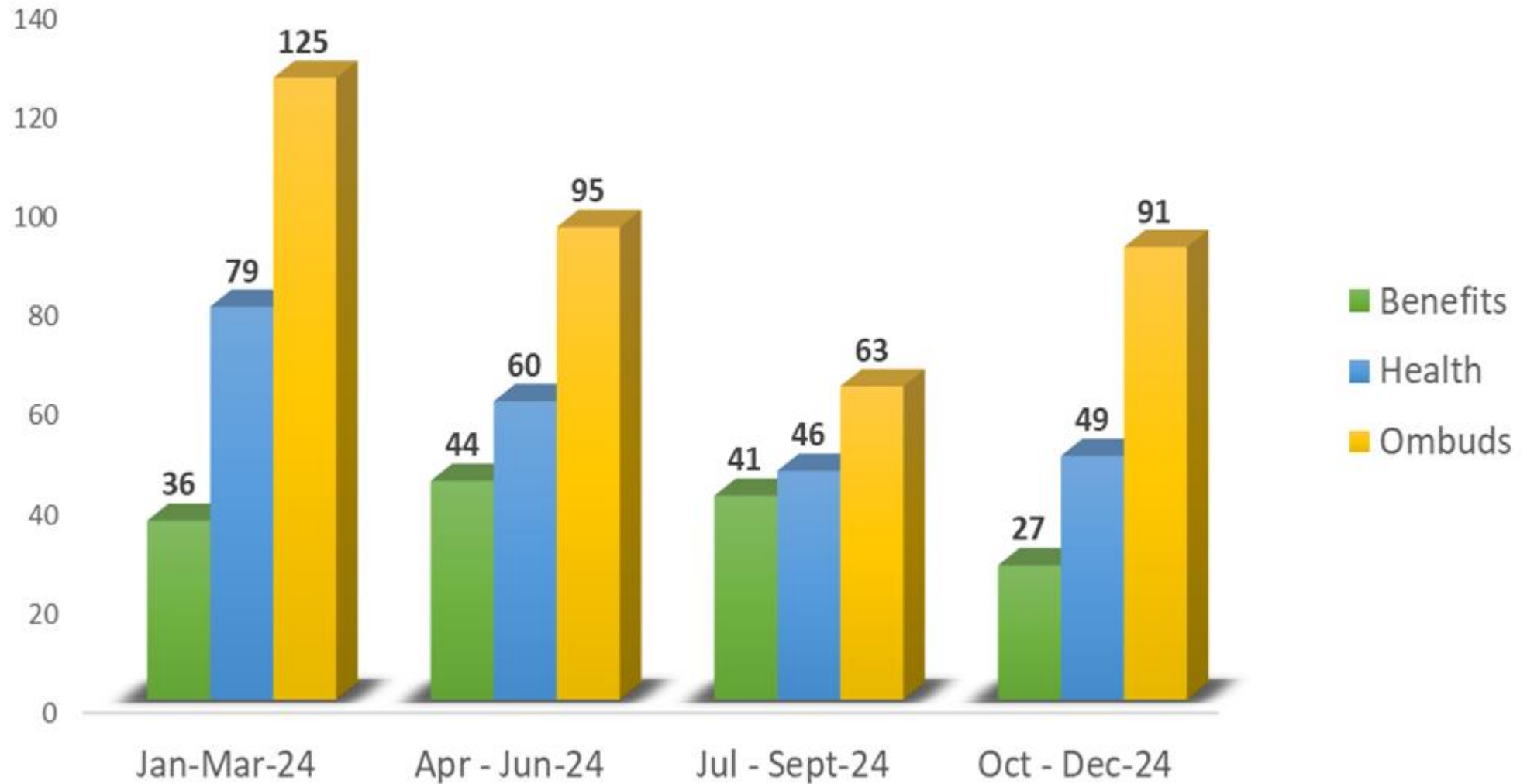


# Communication Touchpoints



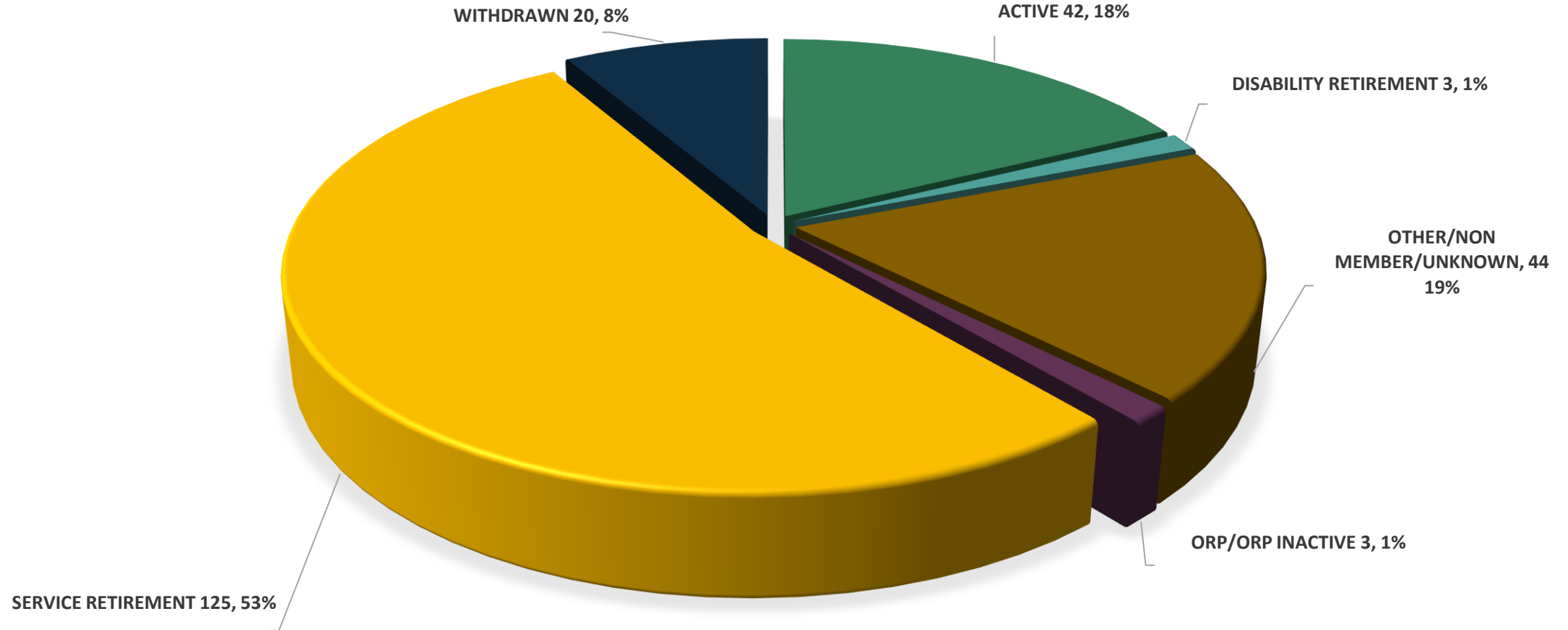



# Servicing Departments



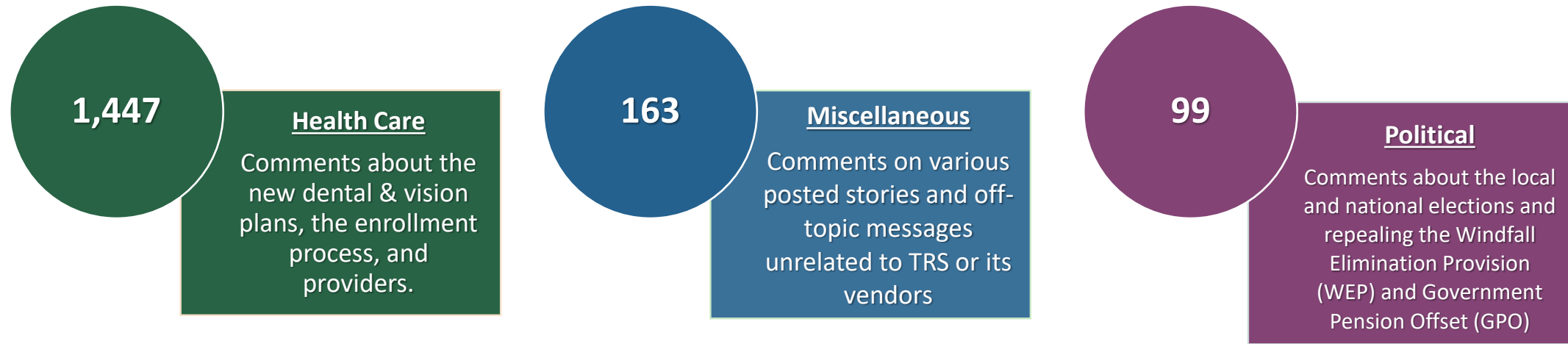


# Who Contacted the Ombuds Office?





# Social Media Comments on Large-Scale Agency Issues ("Hot Topics")

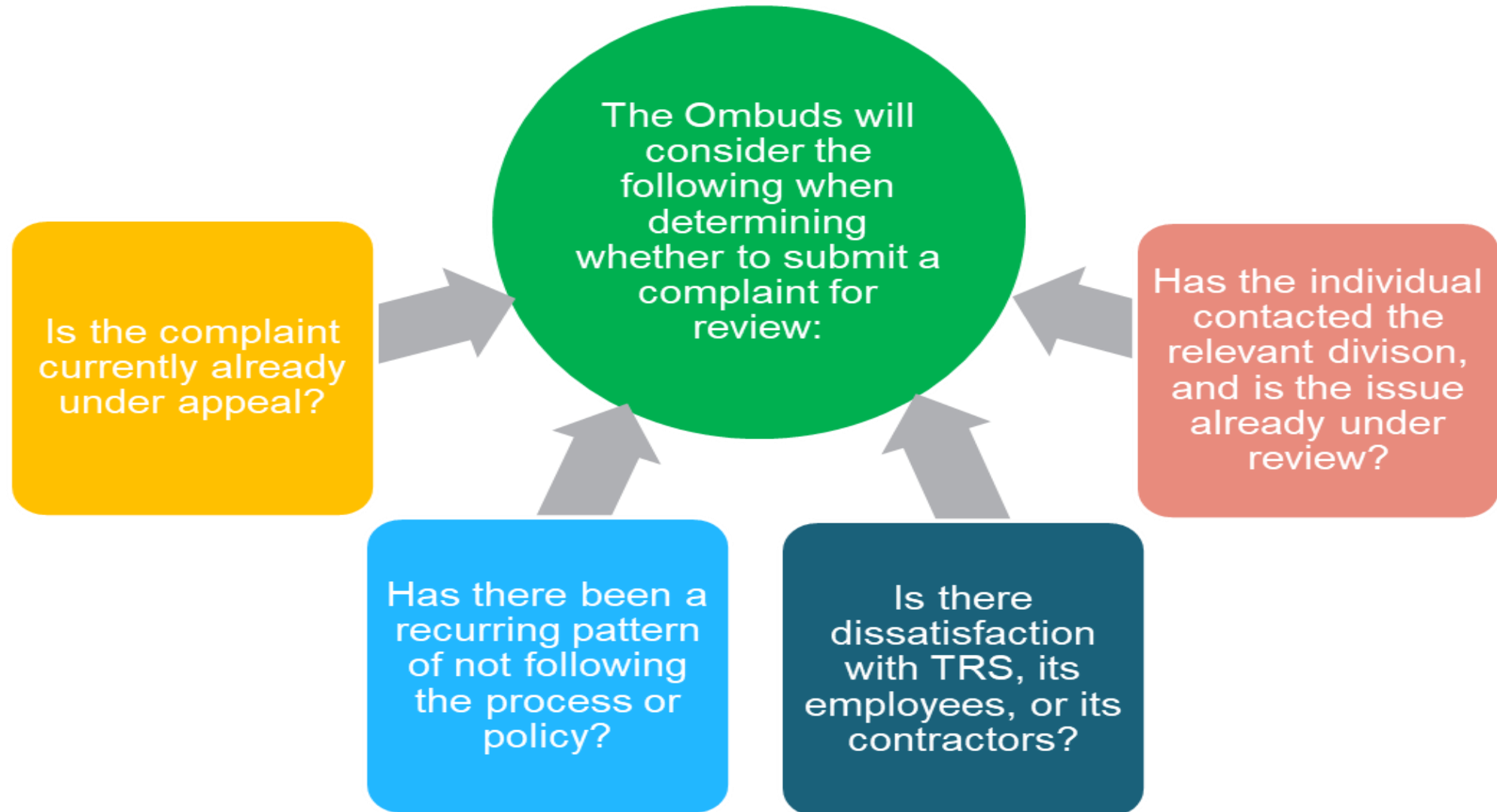


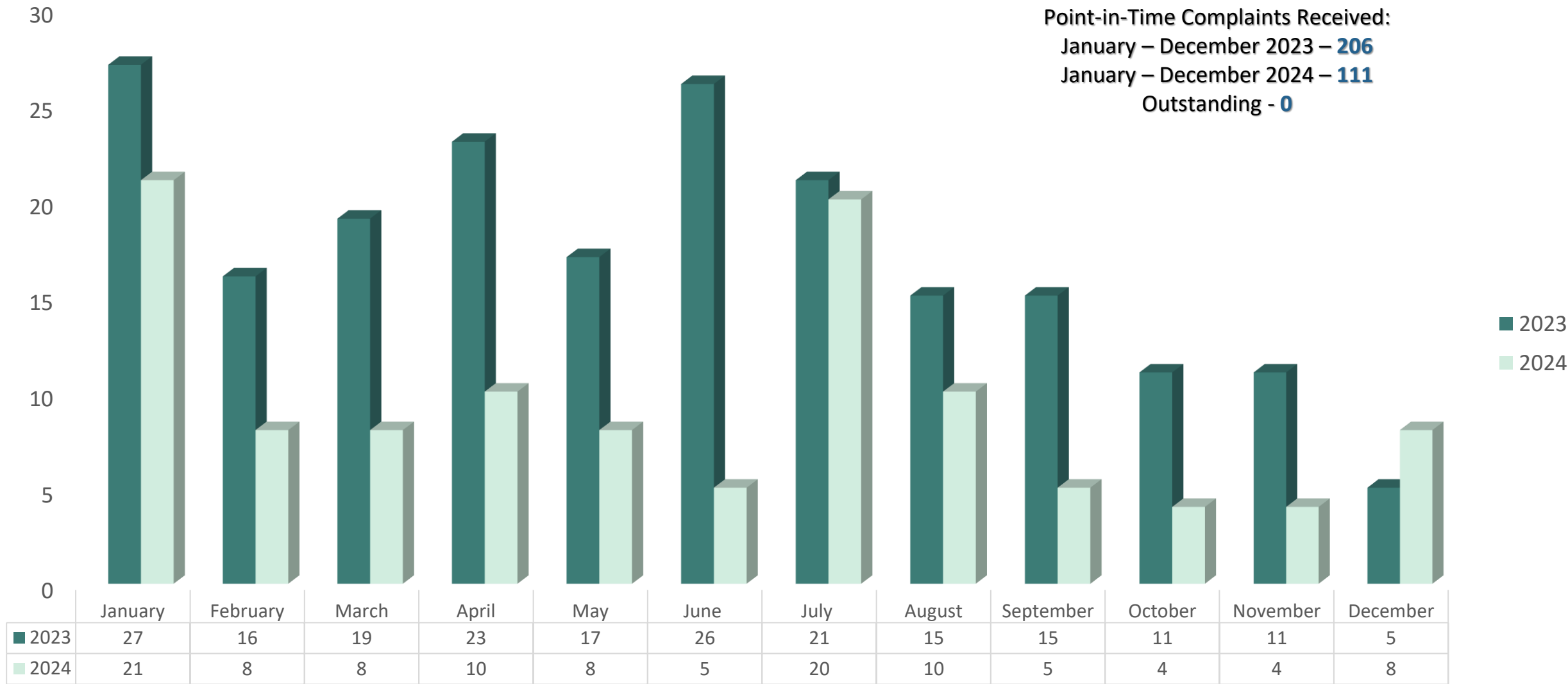
\*The communications team determined that while some member posts contained negative views, the majority of comments were neutral in tone.





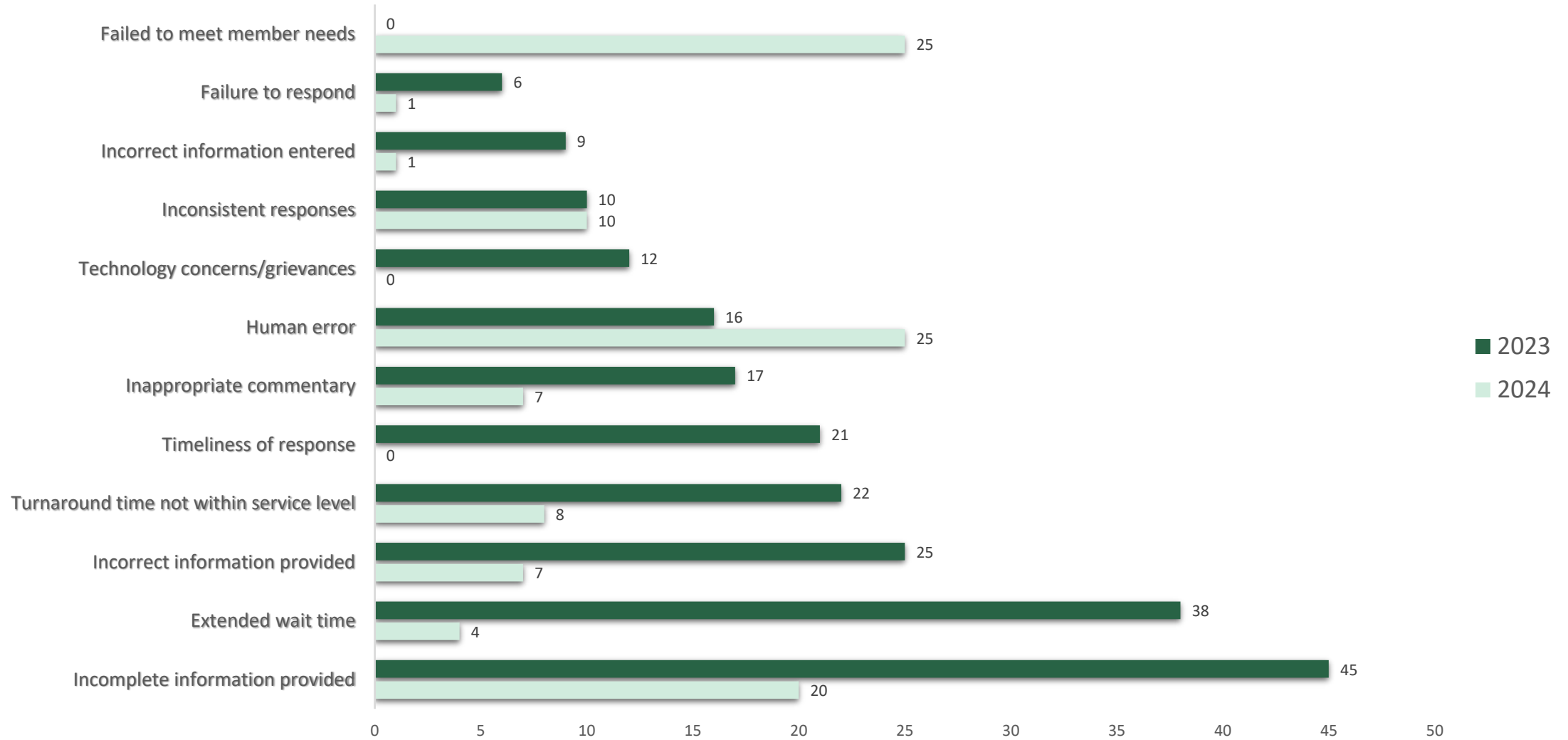
# TRS Complaint Log Process and the Ombuds





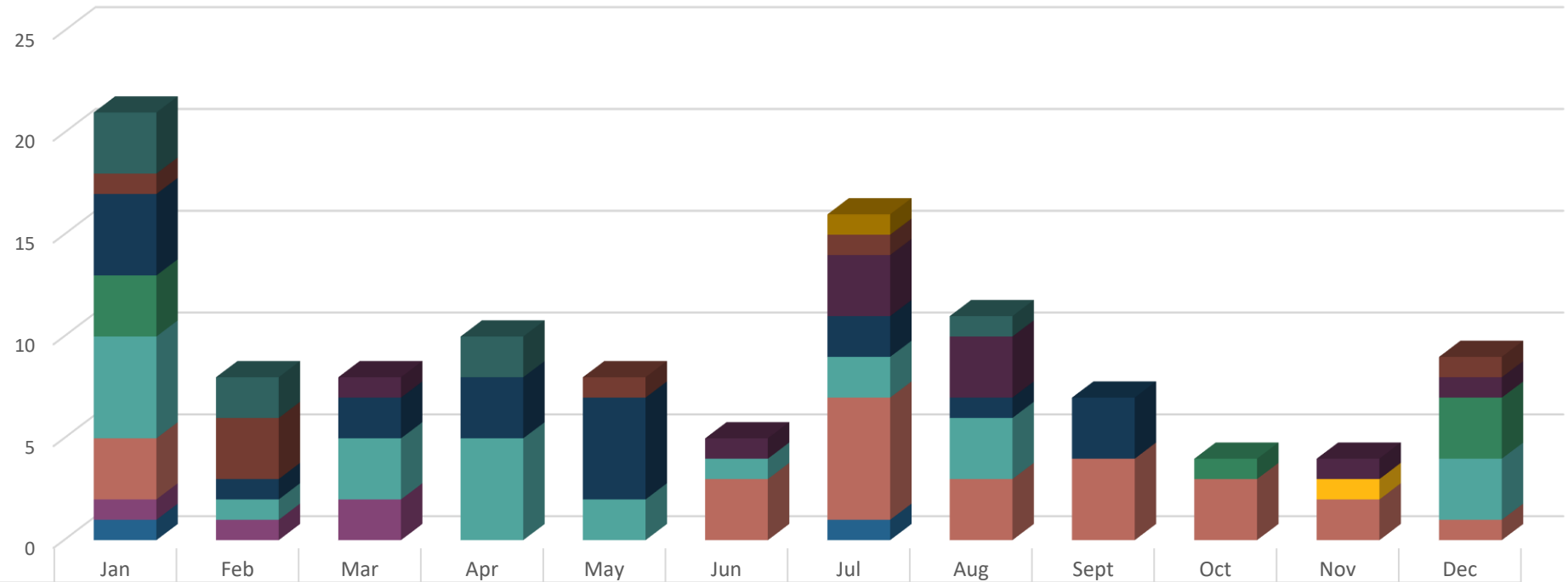


# Point-in-Time Complaints by Category Comparison 2023 vs 2024





# Point-in-Time Complaints by Category



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Turn around time is not within service level	3	2		2				1				
Intentionally Misleading Information							1					
Incorrect information provided	1	3			1		1					1
Inconsistent responses			1			1	3	3			1	1
Incomplete information provided	4	1	2	3	5		2	1	3			
Inappropriate commentary	3									1		3
Human Error	5	1	3	5	2	1	2	3				3
Failure to respond											1	
Failed to Meet Member Needs	3					3	6	3	4	3	2	1
Extended wait time	1	1	2									
Delivery errors	1						1					



# Member Outreach & Professional Development

## BENEFITS VIRTUAL SESSIONS

Pension Benefits Session  
Retirement Forms Session  
Ready to Retire  
Benefits Group Office Visit (GOV)  
TRS Employee Presentation

## Health Fairs/Trainings

TRS-Care Health Education Fair,  
Round Rock, TX  
TRS-Care Health Education Fair, West  
Houston, TX  
TRS-Care Health Education Fair,  
Beaumont, TX

## TRTA

Katy Ready to Retire, Katy ISD,  
Legacy Stadium, Katy, TX  
TRTA Convention,  
Corpus Christi, TX  
TRTA District 5 Meeting,  
Beaumont, TX

## IOA

IOA Annual Ombuds Conference,  
Indianapolis, IN  
IOA Organizational Ombuds Webinar  
(Sources of Power & Influence)  
IOA September Symposium

## NPEA

National Pension Education Association  
(NPEA) Annual Conference,  
Greenville, SC





# Updates:

## Complaint Categories

### (FORMER LIST)

TRS Ombuds Office Intake Form

First and Last Name:\*

Phone:\*

Address:

Your Email:

Affiliation to TRS:

☐ Member ☐ Press Affiliate  
☐ Retiree ☐ Legislative Office  
☐ Beneficiary ☐ Other  
☐ Employer

I am having difficulty with (check all that apply):

☐ Timeliness of response  
☐ Inappropriate responses from TRS employees  
☐ Incorrect information provided/entered  
☐ Delivery errors  
☐ Extended wait time  
☐ Technology concerns/grievances  
☐ Observation/report of improper conduct  
☐ Dissatisfaction with outcome dictated by TRS Rules  
☐ Public Information Act  
☐ Complaints regarding service providers in healthcare  
☐ Investment strategy/philosophy

\*Dissatisfaction with Outcome Dictated by TRS Rules (e.g. inability to unretire after receiving retirement payments or account refunded without employment termination or inability to take a loan)

### (UPDATED LIST)

TRS Ombuds Office Intake Form

First and Last Name:\*

Phone:\*

Address:

Your Email:\*

Affiliation to TRS:

☐ Member ☐ Press Affiliate  
☐ Retiree ☐ Legislative Office  
☐ Beneficiary ☐ Other  
☐ Employer

I am having difficulty with (check all that apply):

☐ Timeliness of response  
☐ Inappropriate responses from TRS employees  
☐ Incorrect information provided/entered  
☐ Delivery errors  
☐ Extended wait time  
☐ Technology concerns/grievances  
☐ Dissatisfaction with outcome dictated by TRS Rules  
☐ Complaints regarding service providers in healthcare  
☐ Failed to meet member needs

\*Dissatisfaction with Outcome Dictated by TRS Rules (e.g. inability to unretire after receiving retirement payments or account refunded without employment termination or inability to take a loan)

#### Removed:

- 1. Observation/report of improper conduct
- 2. Public Information Act
- 3. Investment strategy/philosophy

#### Added:

- 1. Failed to Meet Member Needs



# Observations for 2024



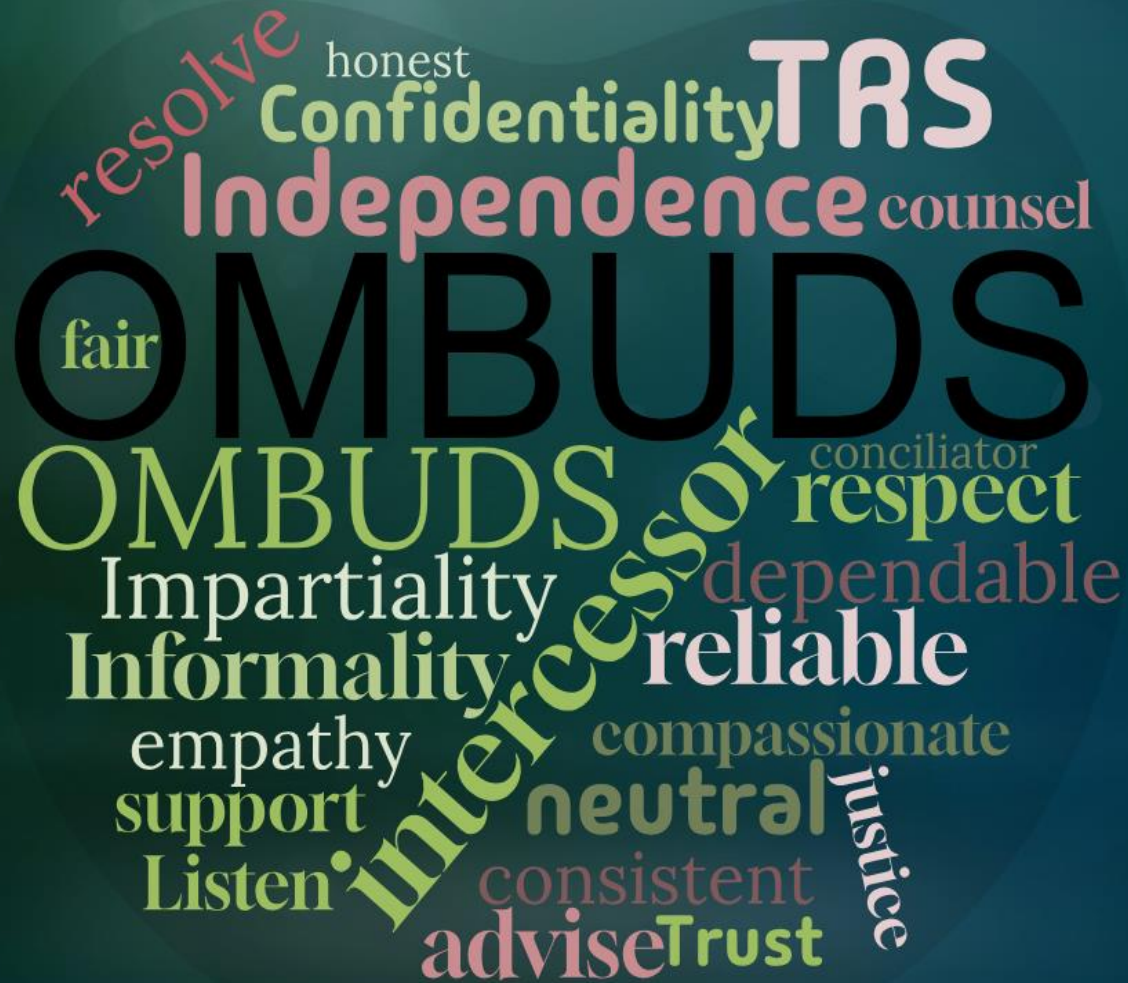
Members have expressed the necessity for receipts or notifications to confirm the submission of documents to TRS via fax or mail. Additionally, they seek status updates or estimated timelines at the midpoint of the process, accompanied by an indication of the anticipated completion date.



Response: TRS is committed to maintaining transparent communication regarding document processing. We have established service levels for each procedure to ensure the most prompt, efficient, and accurate service possible, reflecting the complexity and volume of the tasks involved. When documents are submitted through MyTRS or fax, the sender receives immediate confirmation of receipt. For mailed documents, an acknowledgement letter is sent to the sender once processing is complete.

Pausing document processing otherwise to provide a status update would hinder document handling accuracy and prolong processing times.

TRS is committed to continuously evaluating these processes to identify potential opportunities for future enhancements. This ongoing assessment aims to instill confidence among our members regarding the improvements we strive to achieve.



## Contact :

Direct Phone line: [\(833\) 873-2331](tel:(833)873-2331)

Email: [Ombuds@trs.texas.gov](mailto:Ombuds@trs.texas.gov)

Ombuds Office Intake Form:

<https://www.trs.texas.gov/Pages/ombuds.aspx>

*IMPORTANT! To ensure a prompt response to your inquiry and complaints, we encourage you to contact the relevant customer service department directly to address your concerns before contacting the Ombuds.*

**TAB 9**

# CIO Update

Jase Auby, Chief Investment Officer

February 2025



# CIO Update



# CIO Update

## IMD at a Glance

### Priorities

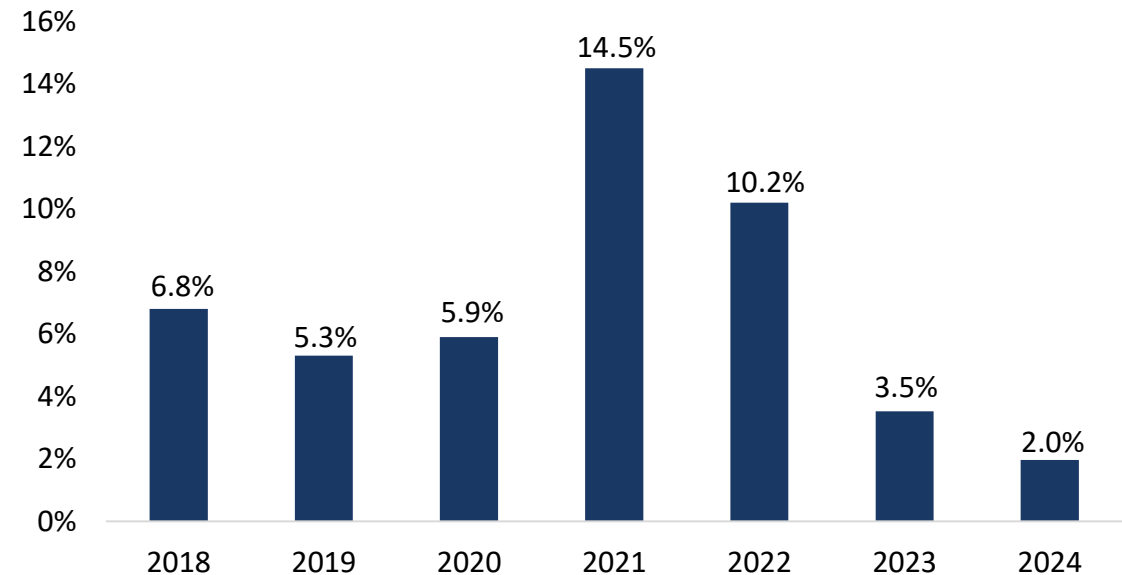
- **Performance.** The Trust ended 2024 with a preliminary 1-year return of 7.9% and +239 bp of excess return. The 3-year return is 2.0% with +163 bp of excess return
- **Town Hall.** Hosted annual Town Hall event at the AISD Performing Arts Center to emphasize IMD strategy and 2025 priorities
  - CIO Panel of speakers
    - Mike Pia, Texas A&M Foundation
    - David Veal, Employees Retirement System
  - Presented the Excellence in Investing Award and the Spotlight Award
- **Emerging Manager Conference.** Virtually hosted the 2025 Emerging Manager Conference on February 11<sup>th</sup>

### Our People

#### Snapshot as of December 2024

IMD FTEs	262
Contractors	6

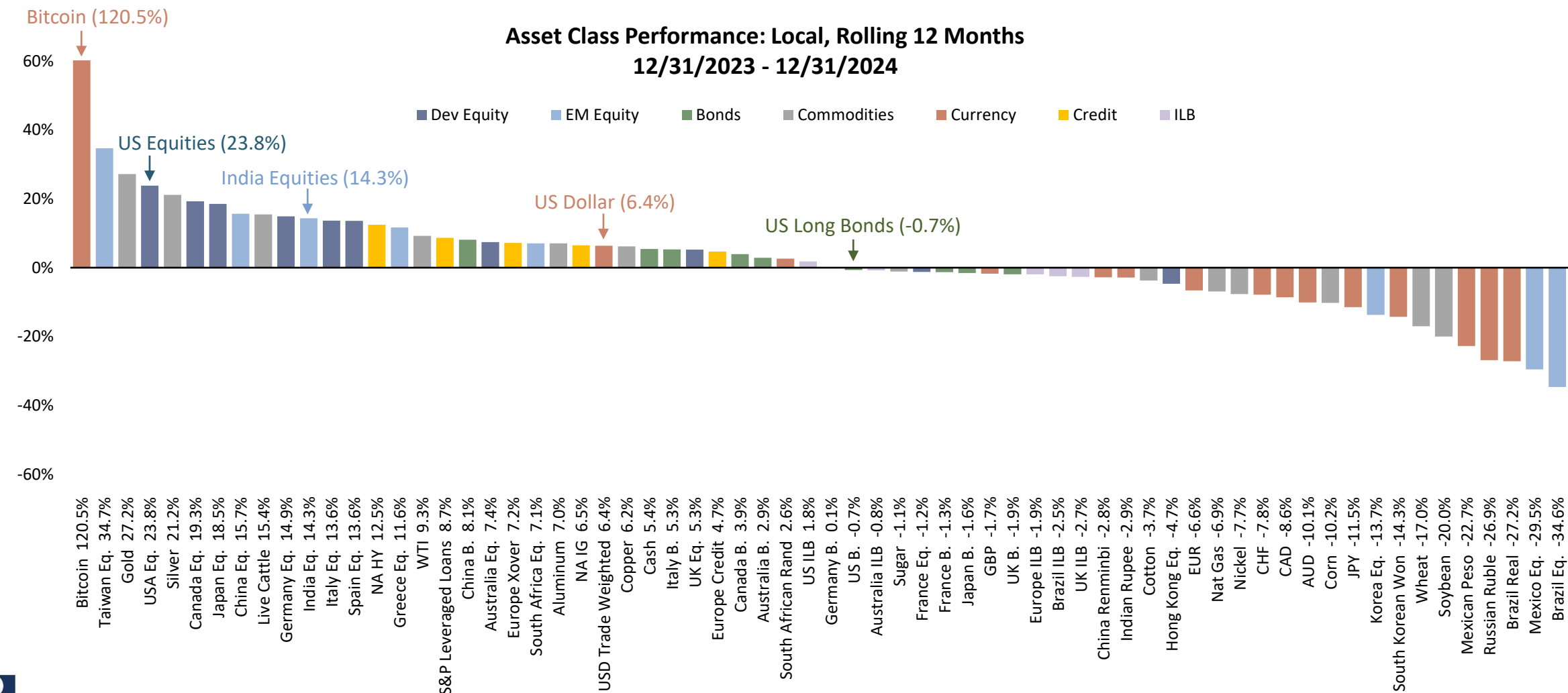
#### Attrition Trend 2018 – 2024 (As of December 2024)



# Market Update

# Equity markets thrived in 2024

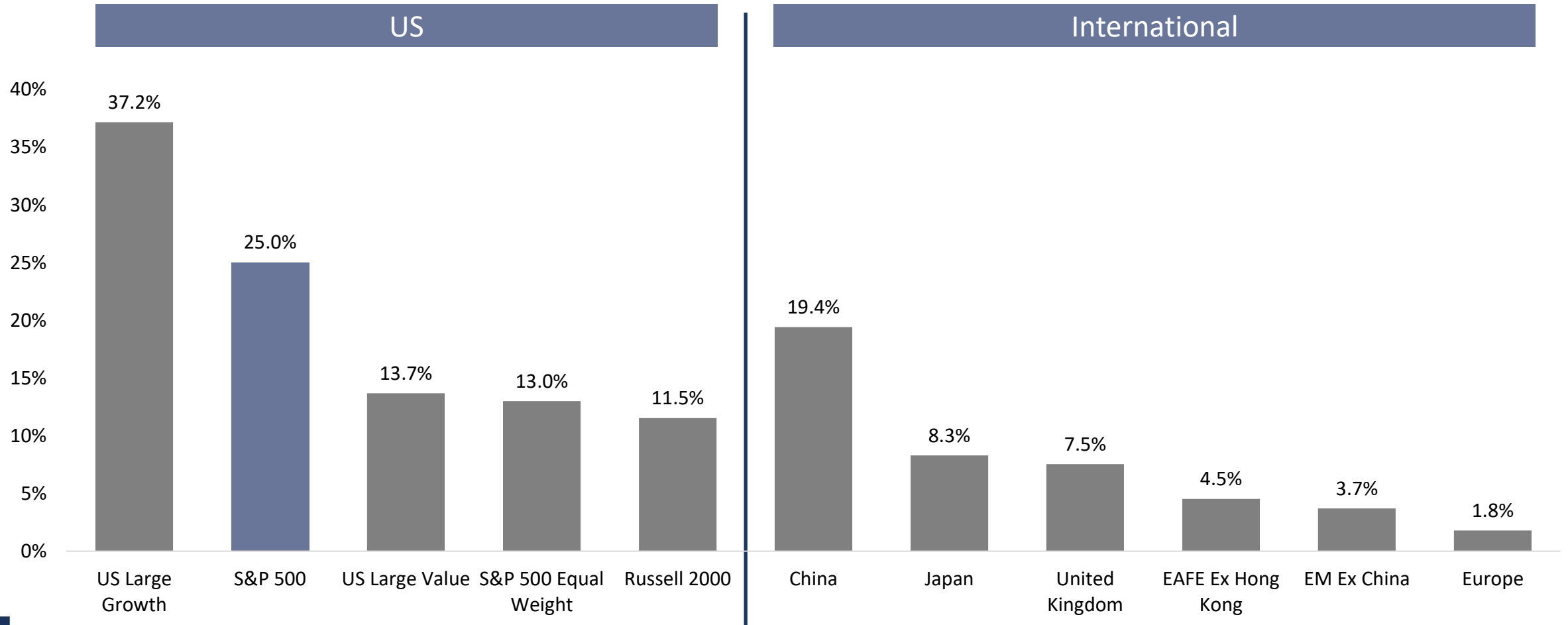
Asset Class Performance: Local, Rolling 12 Months  
12/31/2023 - 12/31/2024



Source: Bloomberg

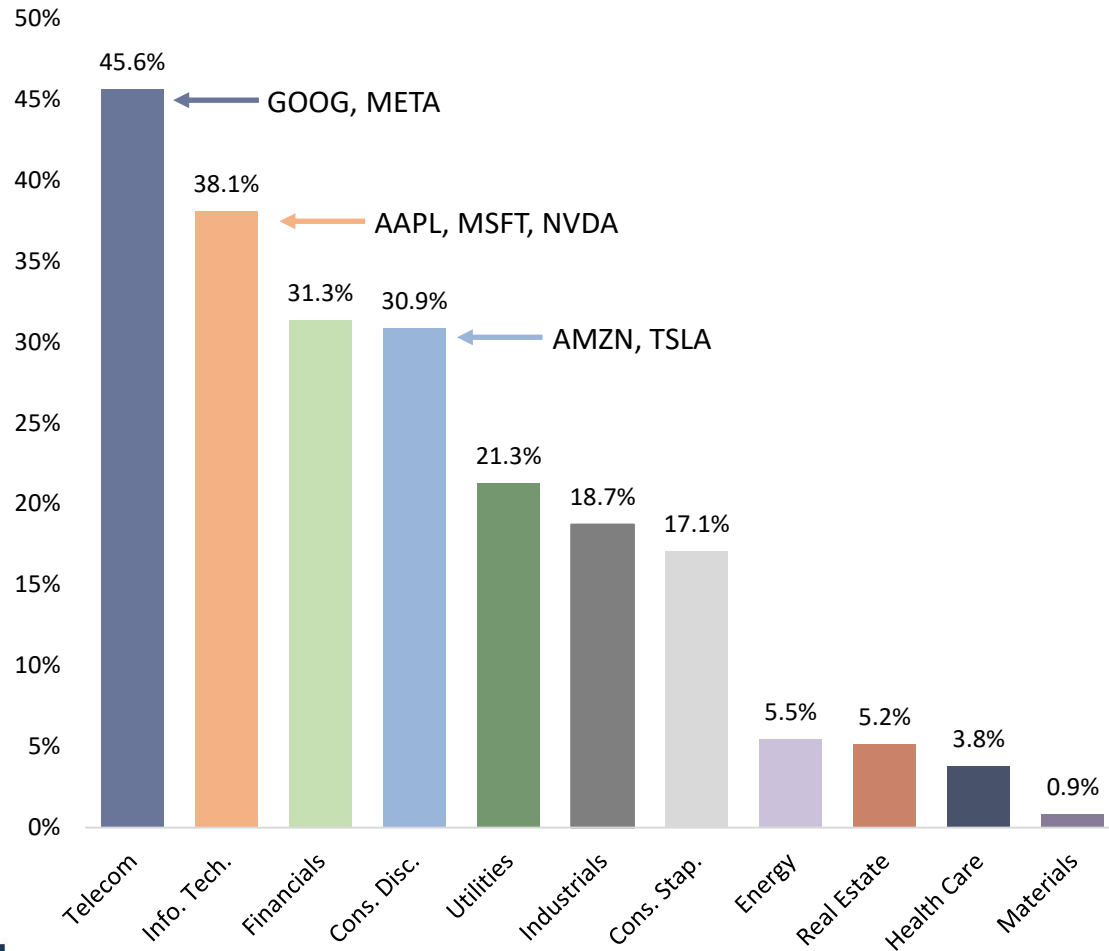
# US and large cap growth were market leaders

Market Leadership (Total Return %, USD, 2024)

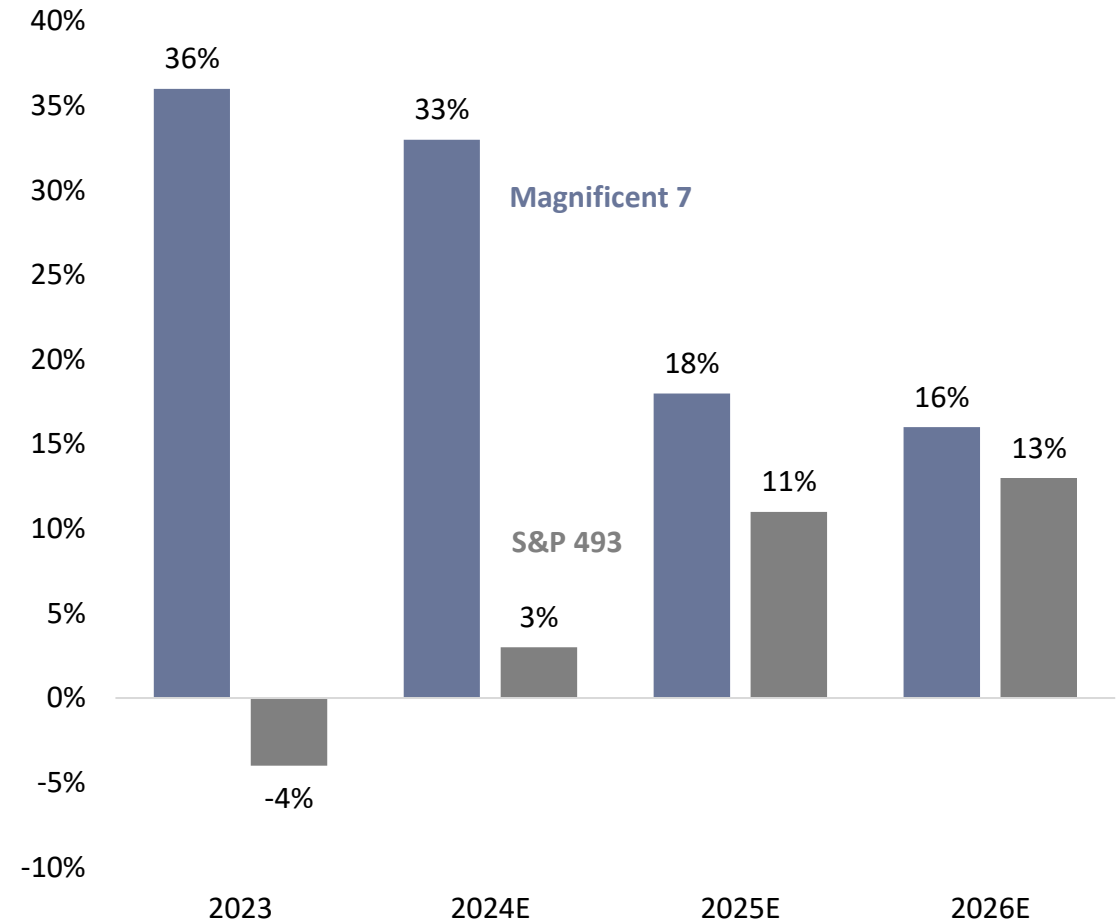


# Telecom and tech dominate US sector returns on big tech strength

S&P 500 12 Month Sector Returns



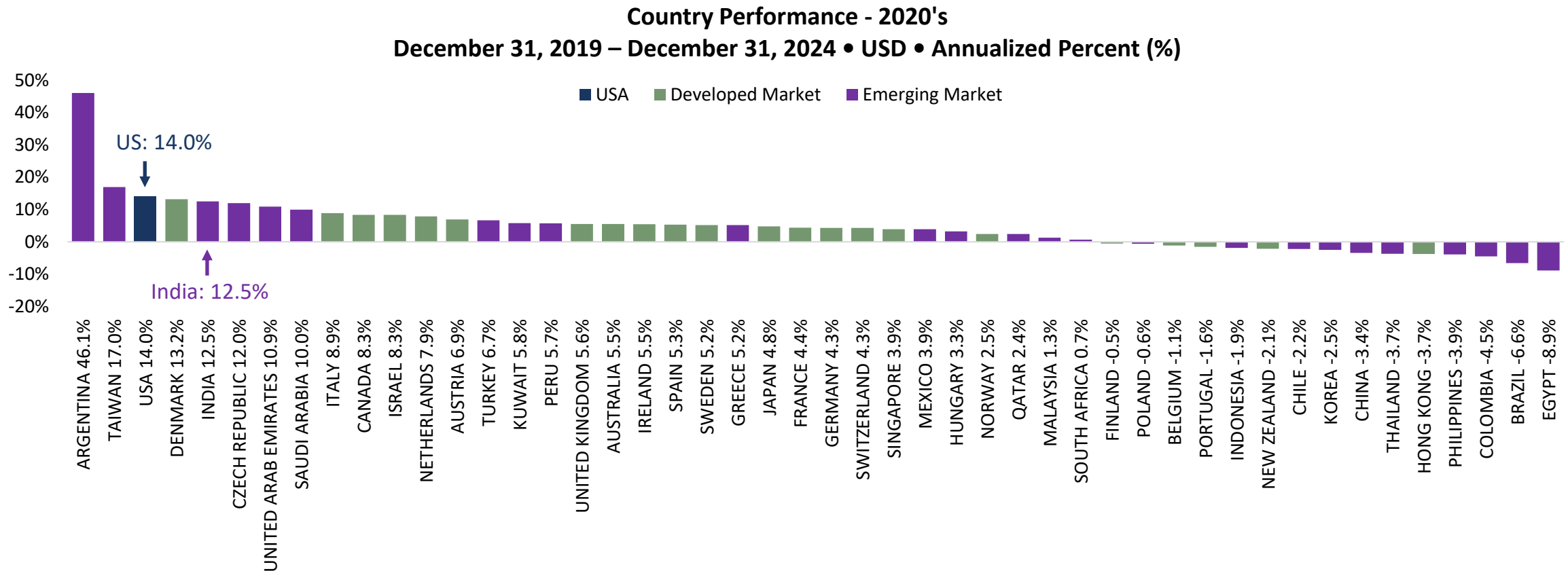
Annual Earnings Growth (Mag 7 vs. S&P 493)



# US leads the 2020's equity market race

70% of countries have positive equity returns in the 2020's decade so far

- **Top 5:** Argentina 46%, Taiwan 17%, USA 14%, Denmark 13%, India 13%
- **Bottom 5:** Egypt -9%, Brazil -7%, Colombia -5%, Philippines -4%, Hong Kong -4%



Source: Bloomberg

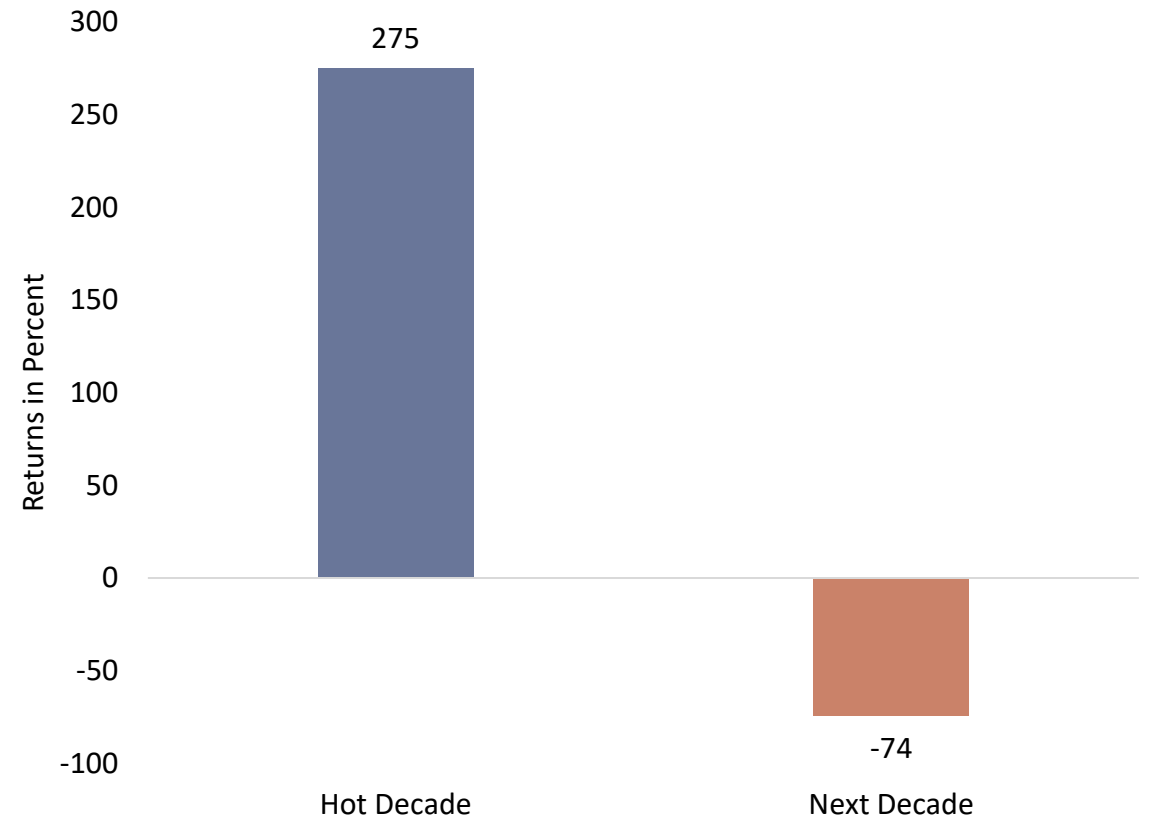


# The US is defying typical equity market performance between decades

Equity Market Winners by Decade (1950 – Today)

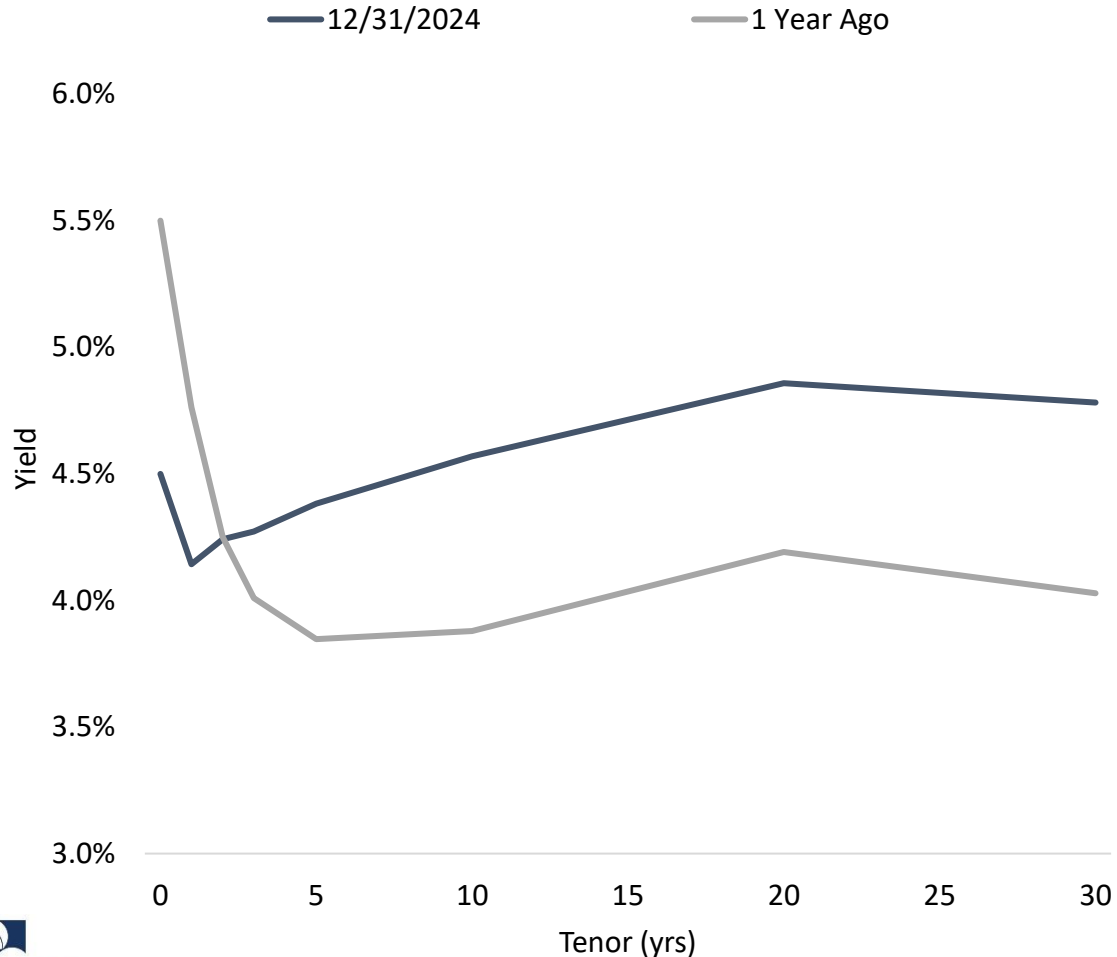
Decade	Hot Equity Market
1950s	Europe
1960s	US
1970s	Emerging Markets
1980s	Japan
1990s	US
2000s	Emerging Markets
2010s	US
2020s	US (so far....)

Return in Hot Decade and in Next Decade (versus ACWI)

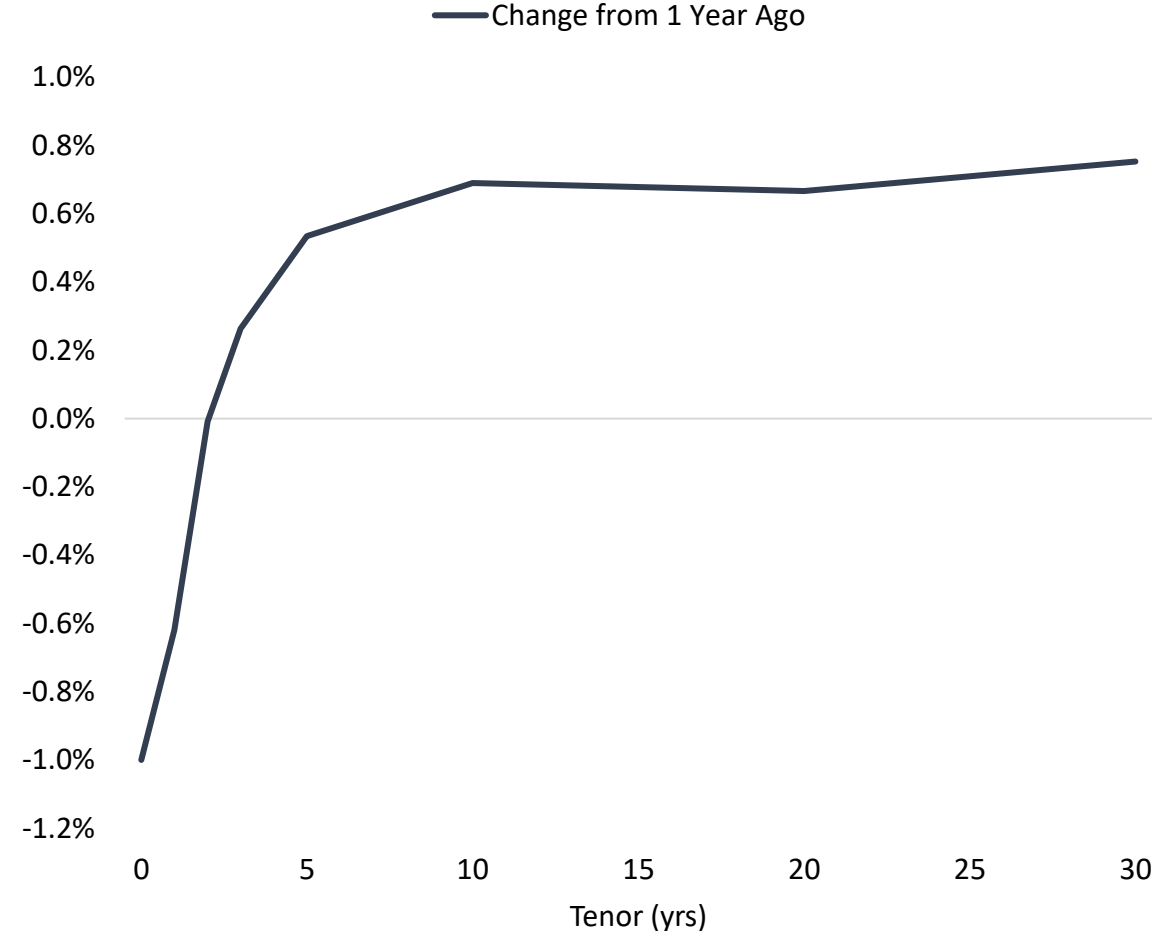


# Long duration treasury yields continue to feel the pressure

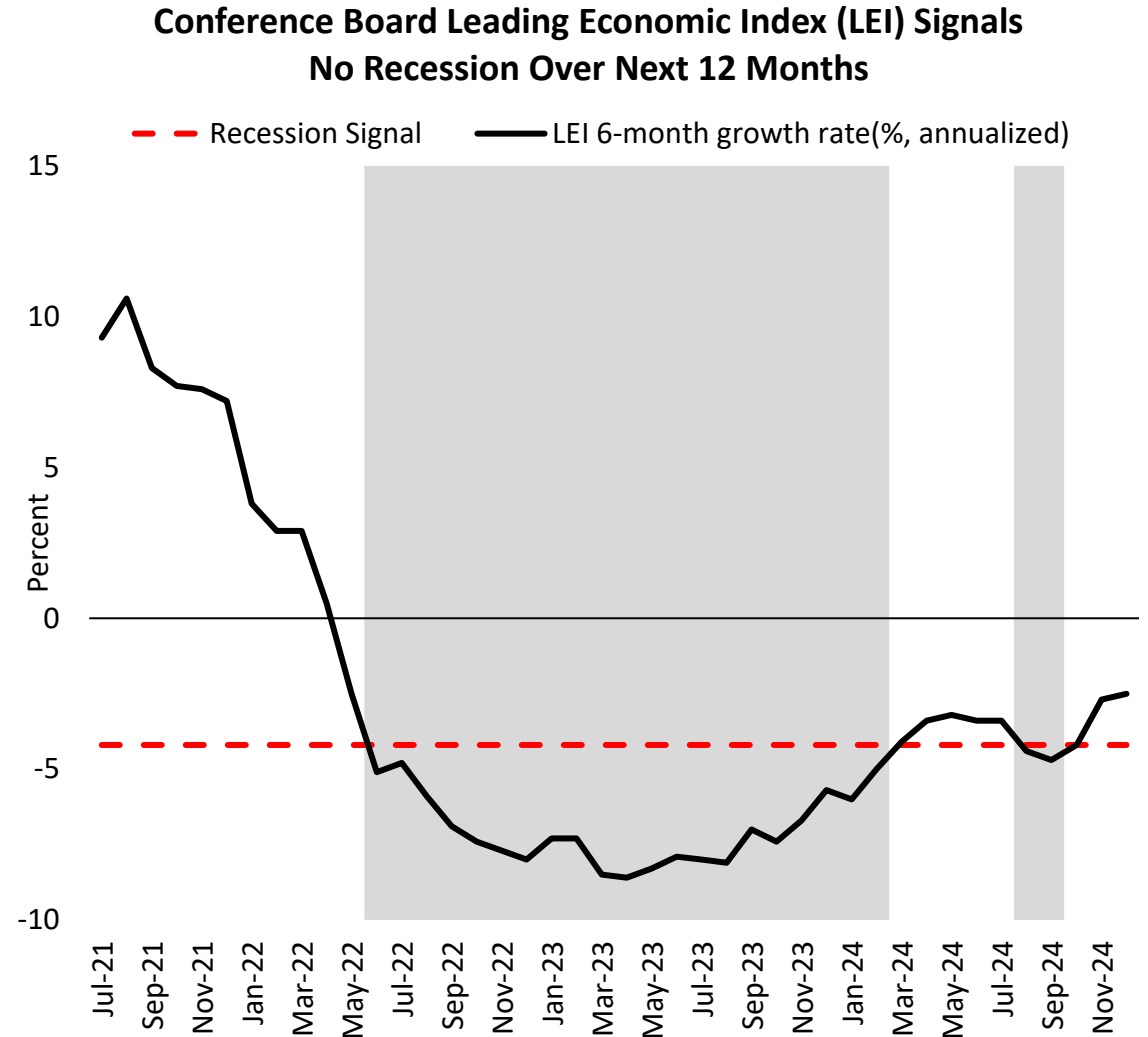
US Treasury Yield Curve (Yield % by Tenor)



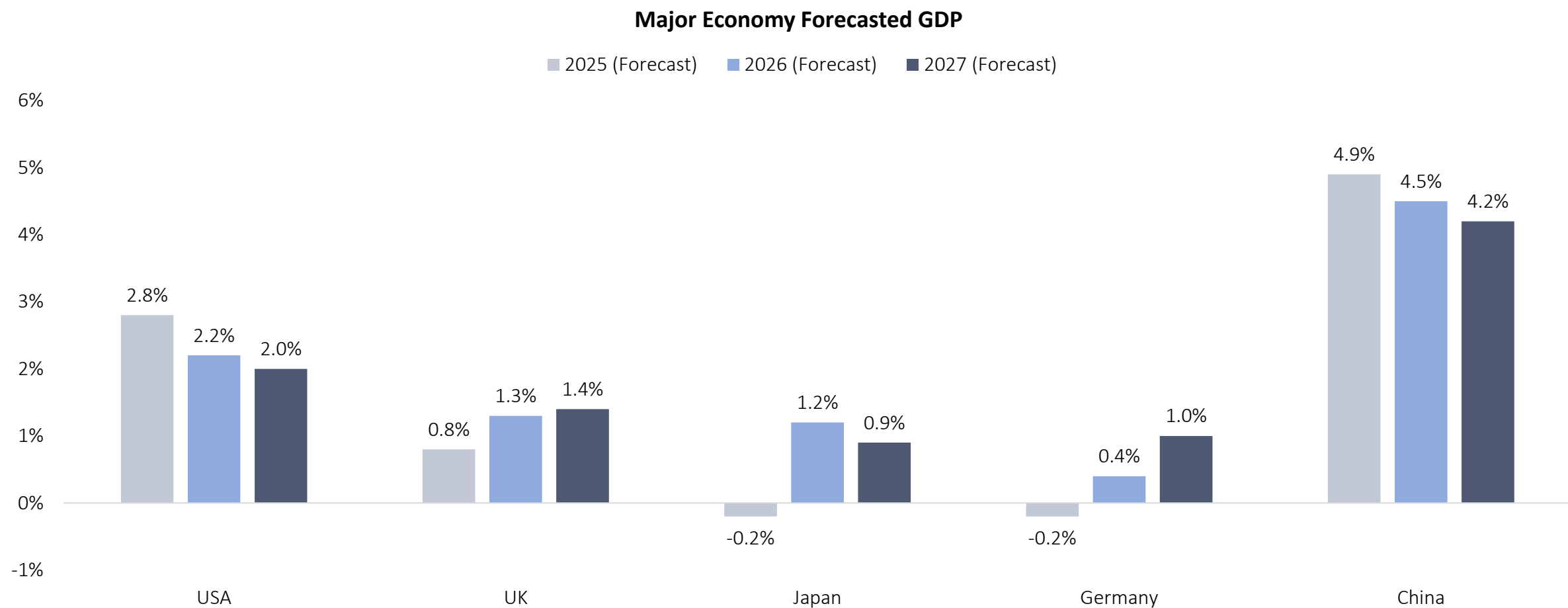
US Treasury Yield Curve (Change in Yield %)



# Recession worries have started to abate

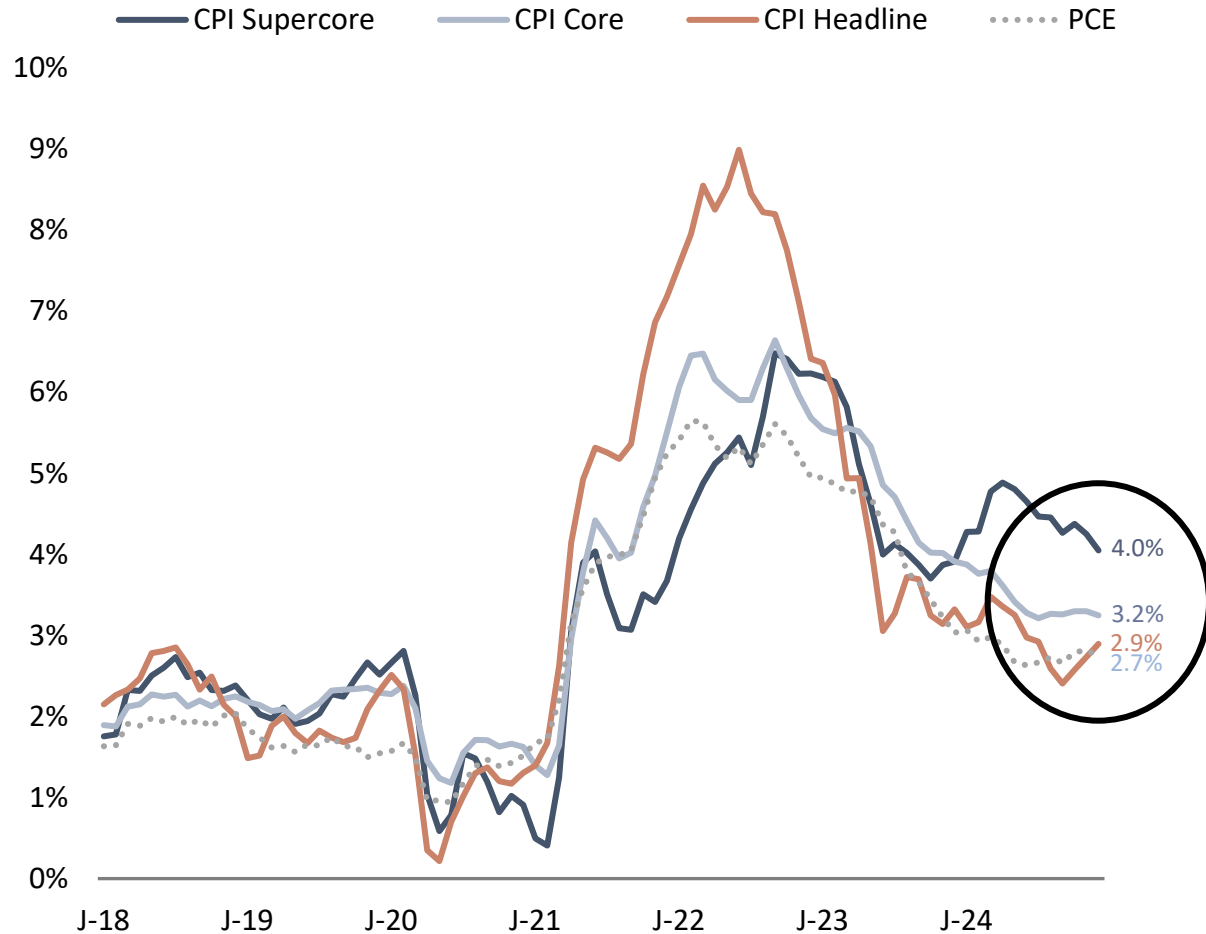


# US growth forecast still strong while other regions lag

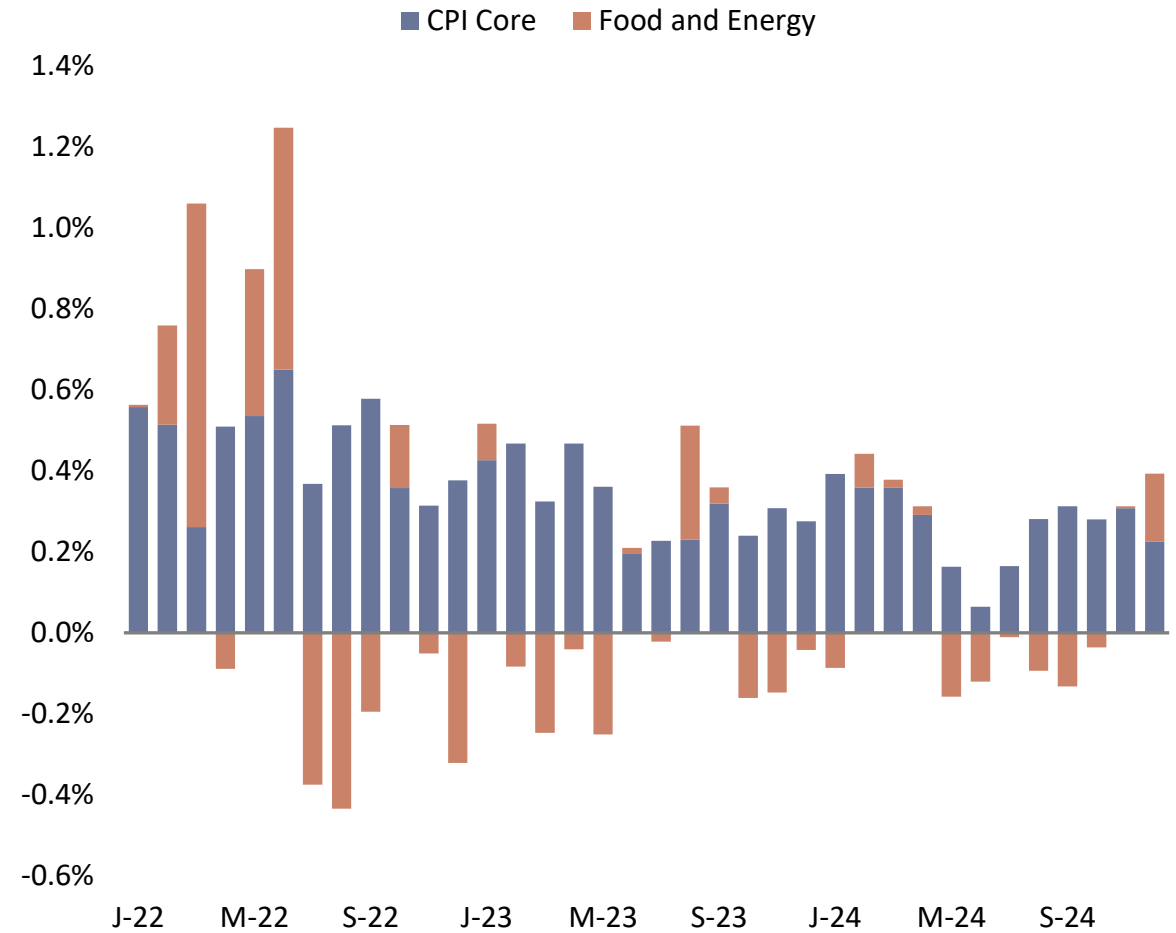


# However, inflation is still showing some signs of life

## CPI Rolling 12 Months

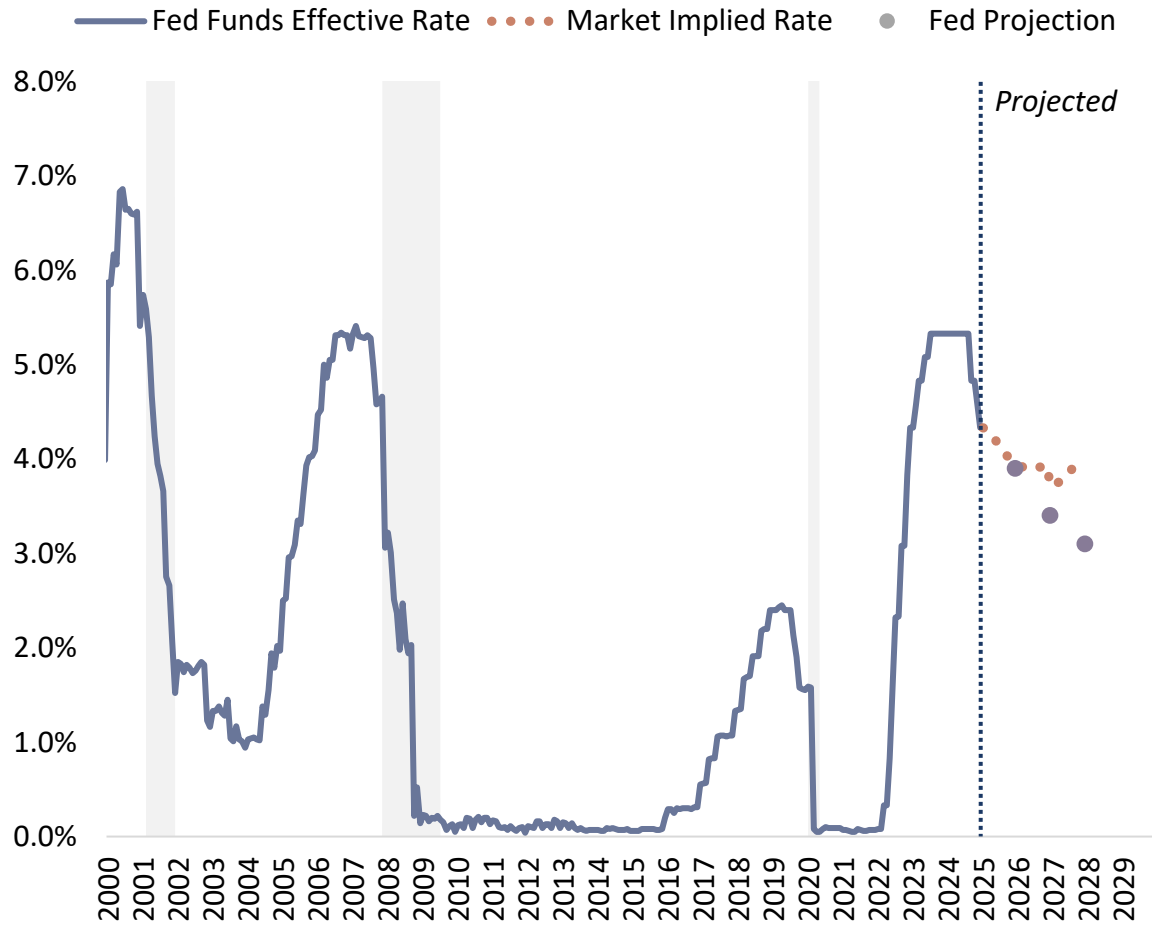


## MoM CPI Change

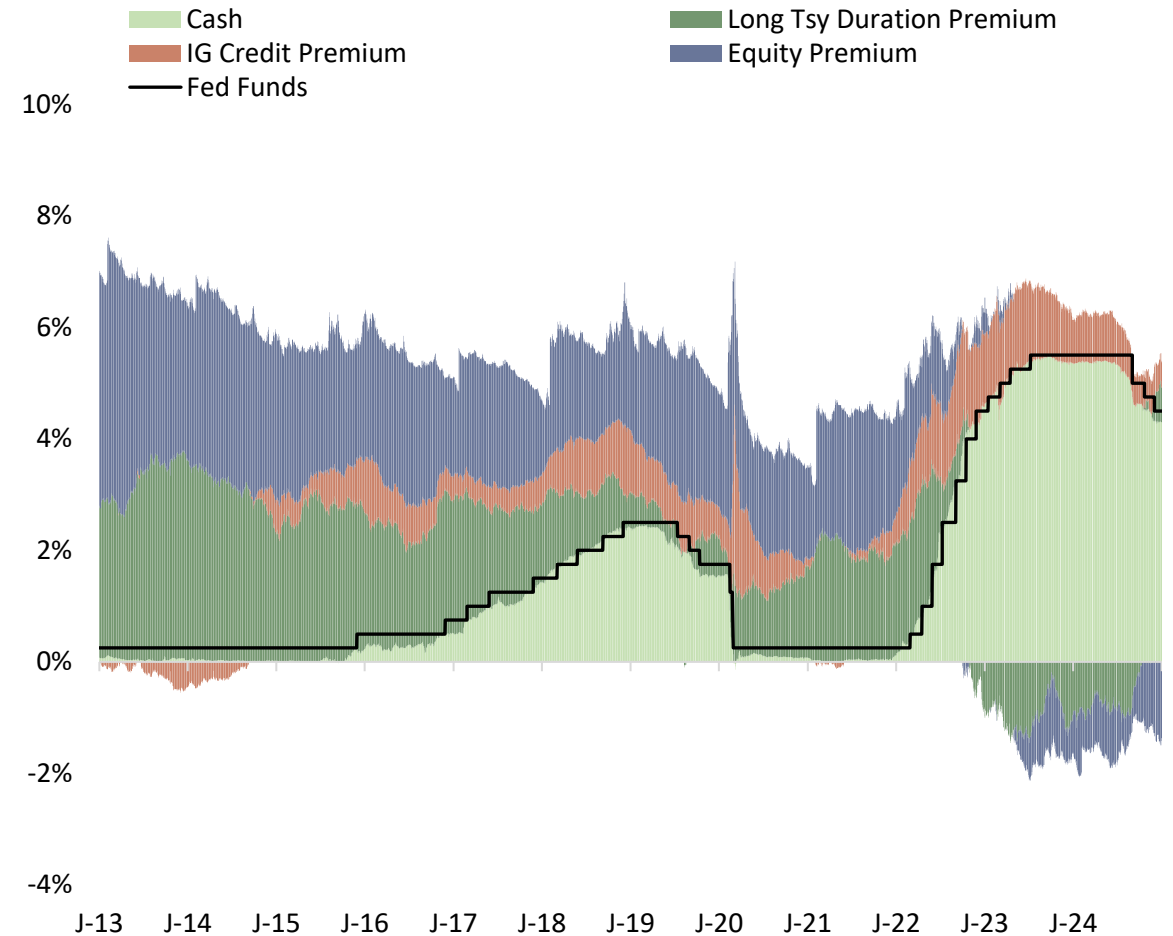


# Market and fed continue to price in higher rates for longer

## Federal Funds Rate



## Asset Risk Premia (%)

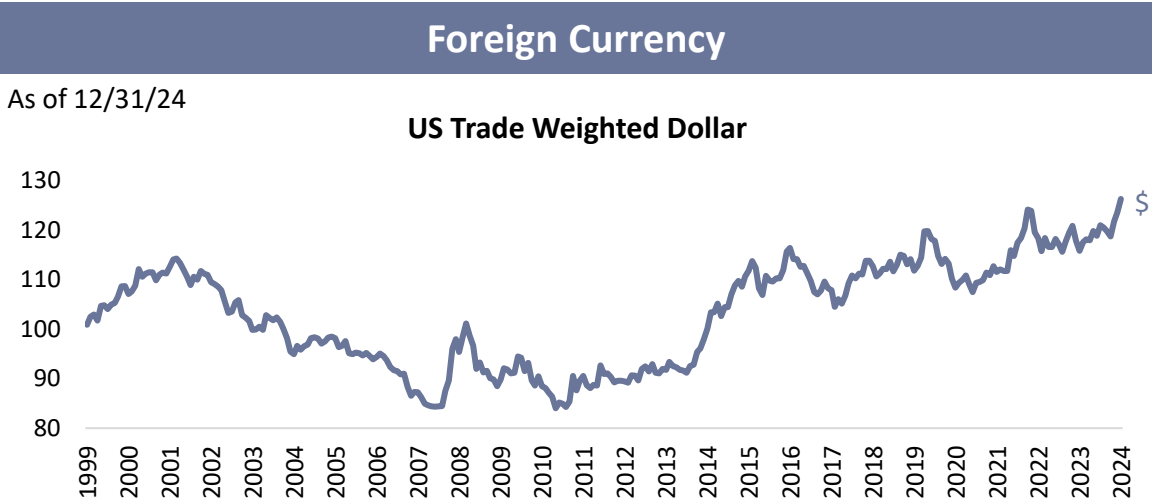
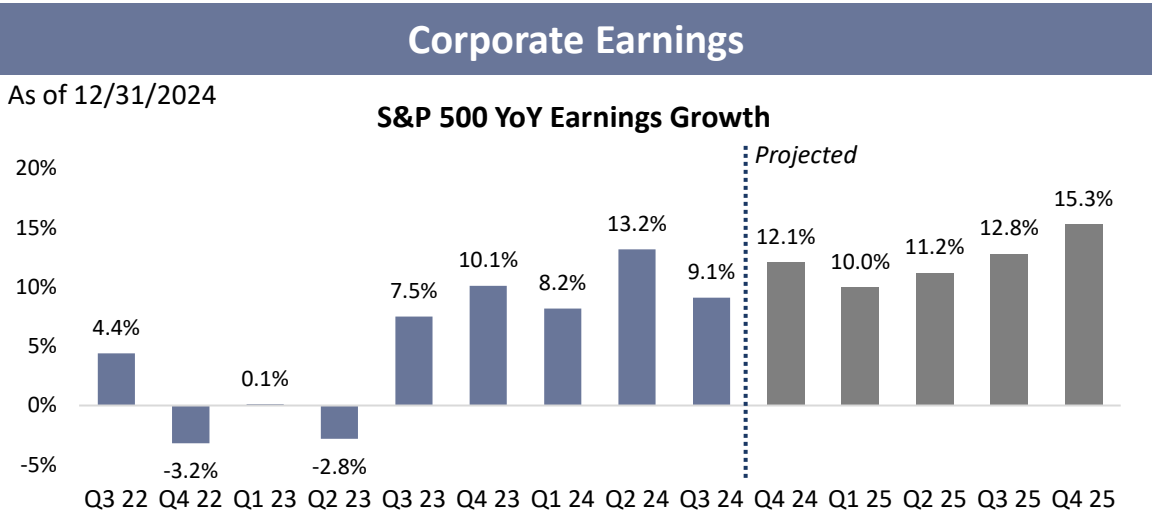
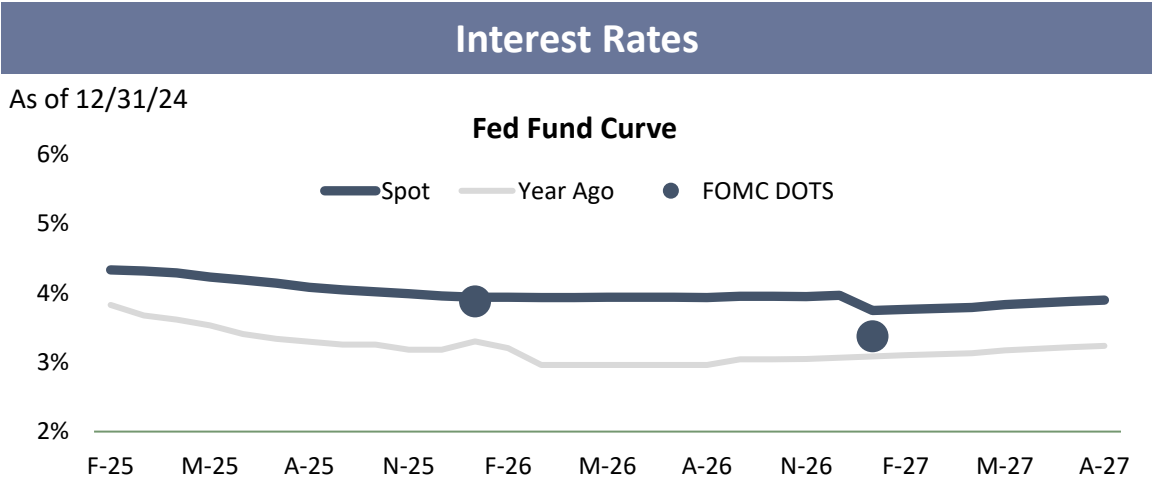




## Special Topic: United States Federal Debt

# Special Topic Overview

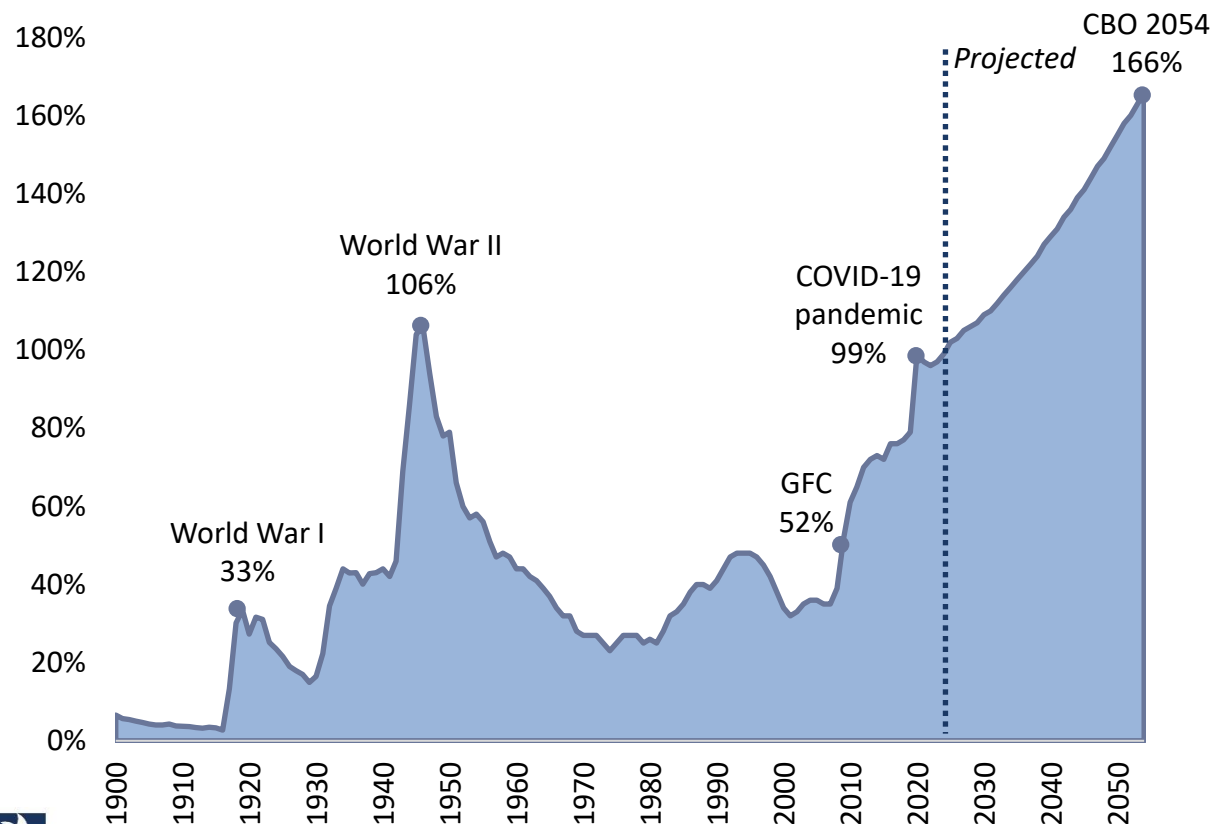
Special Topics			
Topic	Date	Topic	Date
1 Recession	September 2017	9 Commodities	September 2021
2 Growth	February 2018	10 China	February 2022
3 Inflation	September 2018	11 Sentiment	September 2022
4 Strategic Asset Allocation	February 2019	12 Foreign Currency	February 2023
5 Value	September 2019	13 Artificial Intelligence	September 2023
6 Diversification	February 2020	14 Strategic Asset Allocation	February 2024
7 Interest Rates	September 2020	15 Corporate Earnings	September 2024
8 Long-Term Investing	February 2021	16 US Federal Debt	February 2025



# US federal debt is on the brink of reaching unprecedented levels

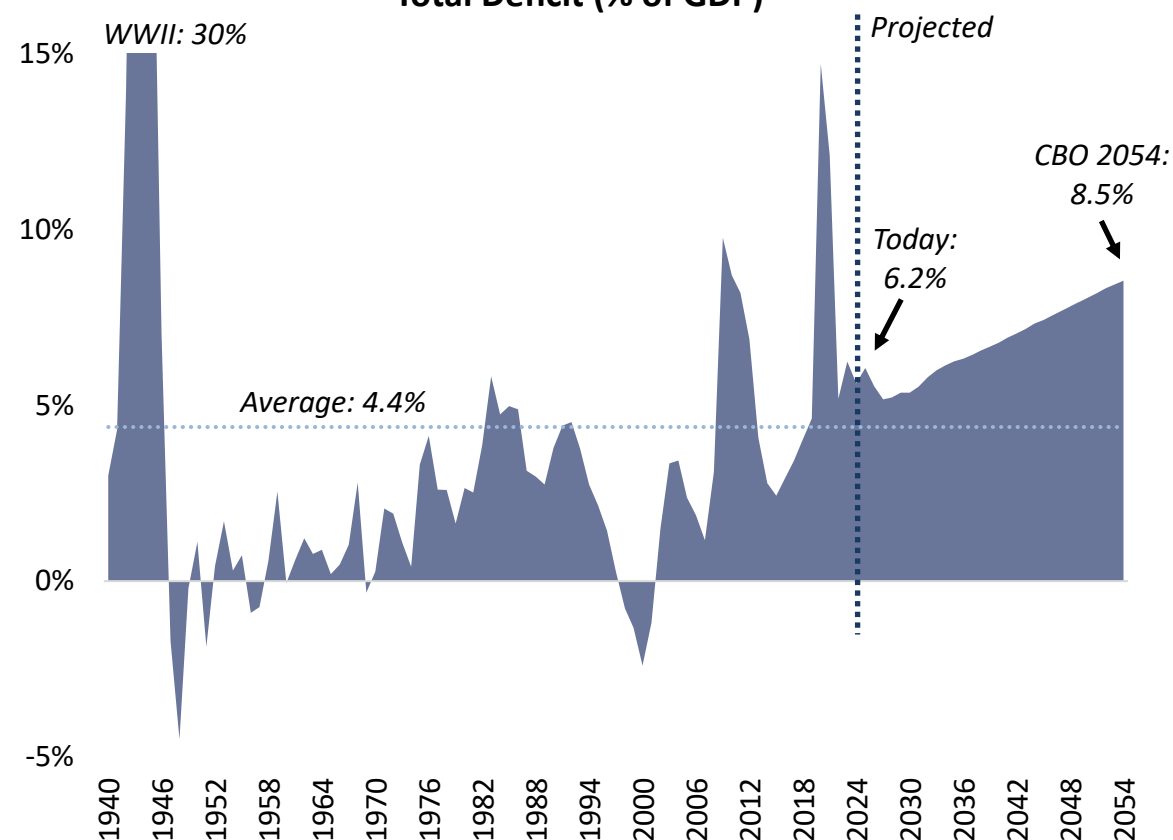
The US debt to GDP ratio is expected to continually increase over time, creating a dynamic that could become unsustainable...

**US Public Debt as a Percent of GDP (% , FY)**



...all while the US deficit is expected to remain above its historical average even as pandemic stimulus effects have faded

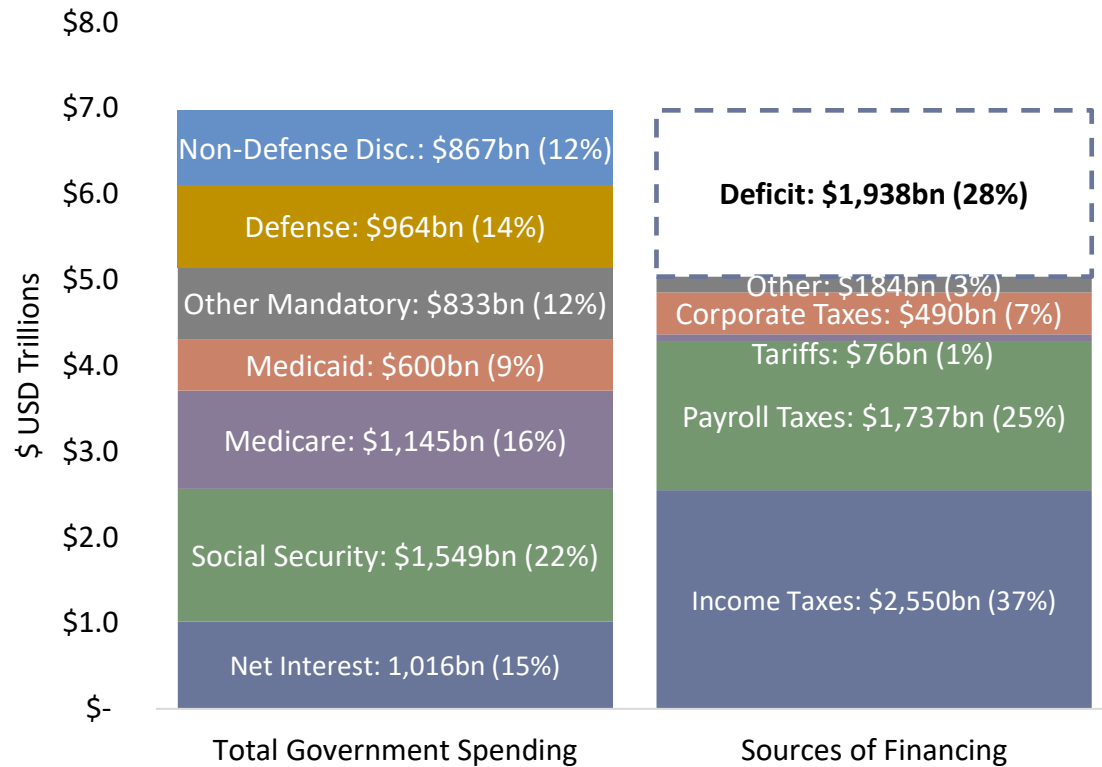
**Total Deficit (% of GDP)**



# Rising interest payments and mandatory spending costs have accelerated

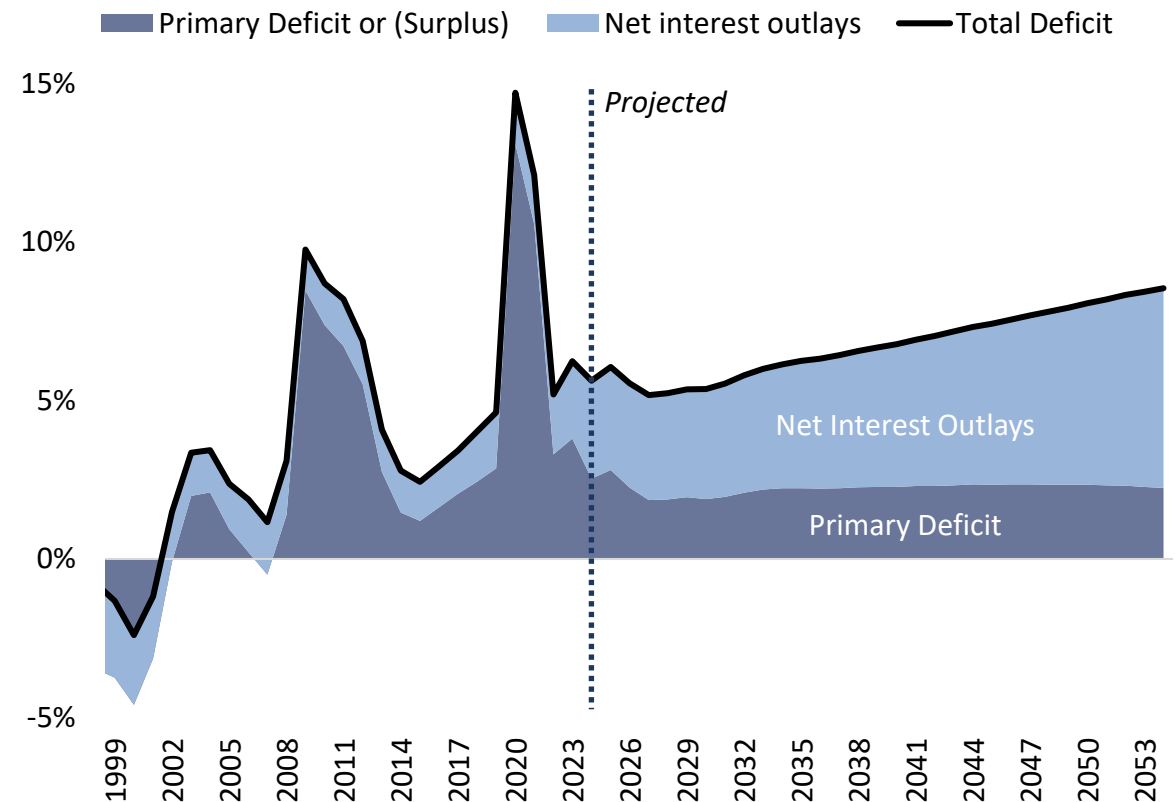
The excess spread of spending (e.g., defense, Medicare) over revenues (e.g., taxes) has encouraged more debt...

**2025 US Federal Budget**



...while a rise in rates means that interest payments will become the fastest growing part of the deficit in the near-term

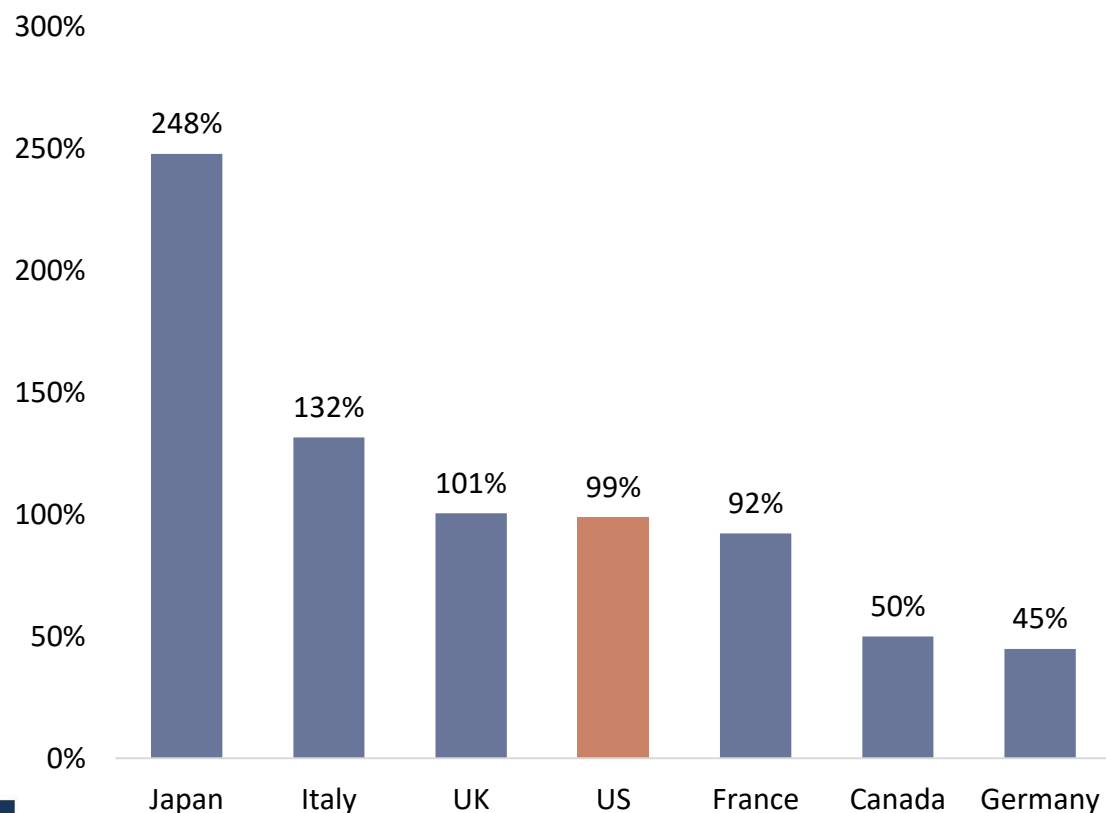
**US Primary Deficit. vs. Net Interest Outlays (% of GDP)**



# Across the globe, US debt levels only trail three other major economies

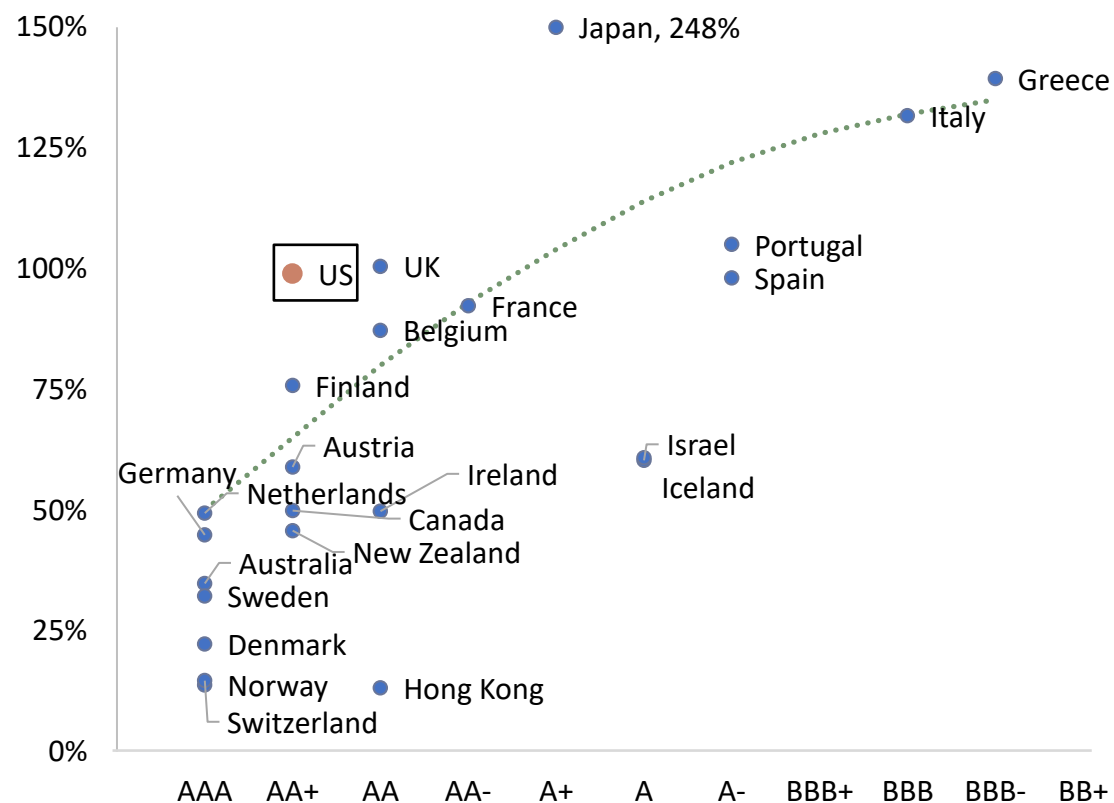
Among major advanced economies, debt to GDP in the United States trails only Japan, Italy, and the United Kingdom...

Public Debt to GDP in Major Economies



...but the US is starting to become an outlier with respect to its credit rating relative to its debt ratio

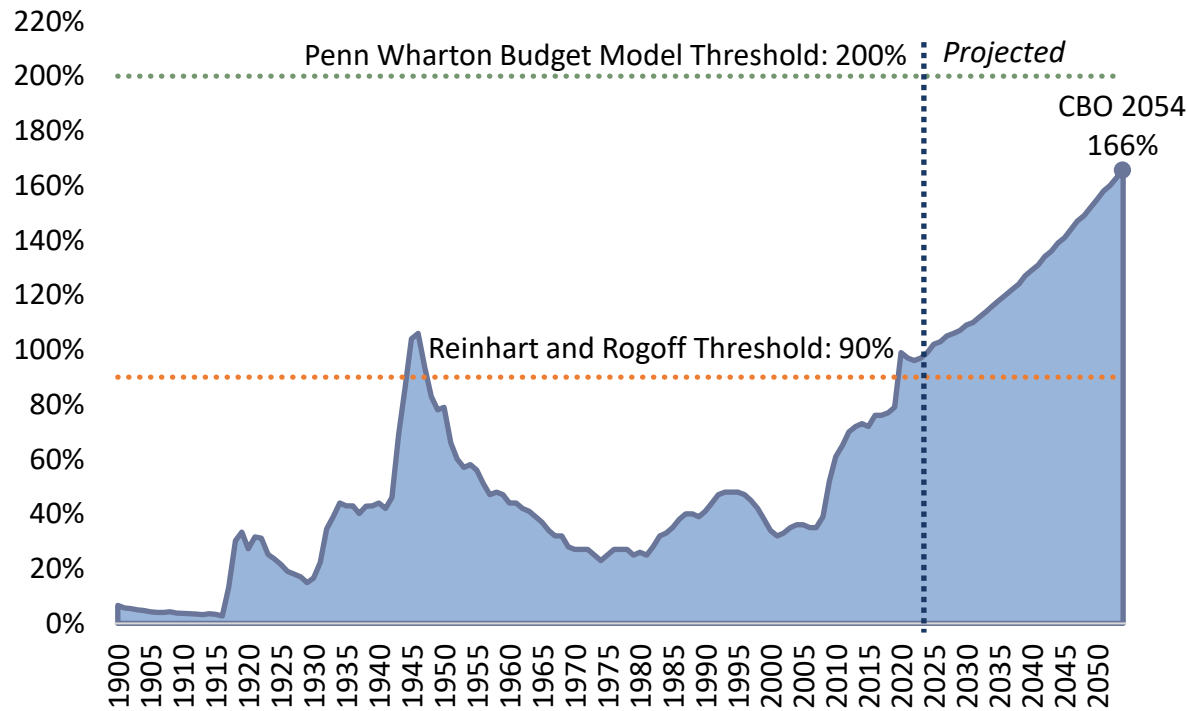
Public Debt to GDP vs. Credit Rating



# The economic cost of high debt and trajectory of yields is hard to predict

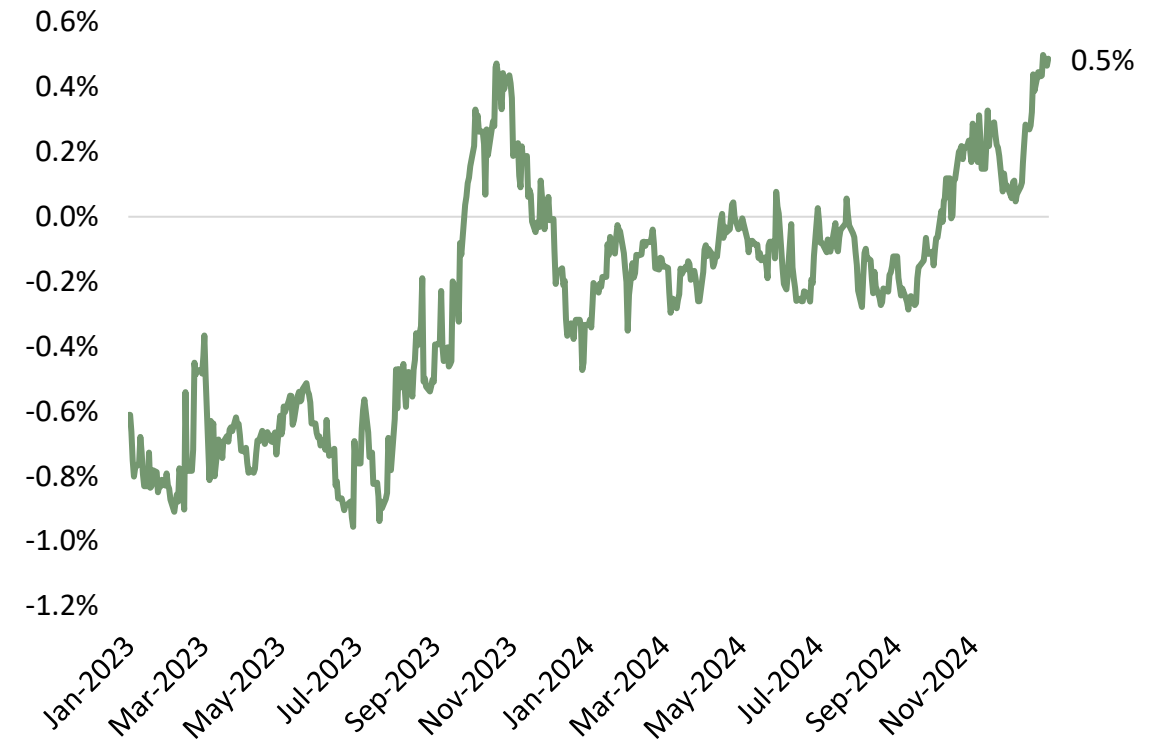
Economic studies vary on what level of debt to GDP would actually trigger an adverse effect on US economic growth...

**Modeled Unsustainable Levels of US Public Debt to GDP Levels (% FY)**



...and a rising premium to hold long duration could elevate yields enough to start “crowding out” private capital formation

**10 Year Treasury Term Premium**

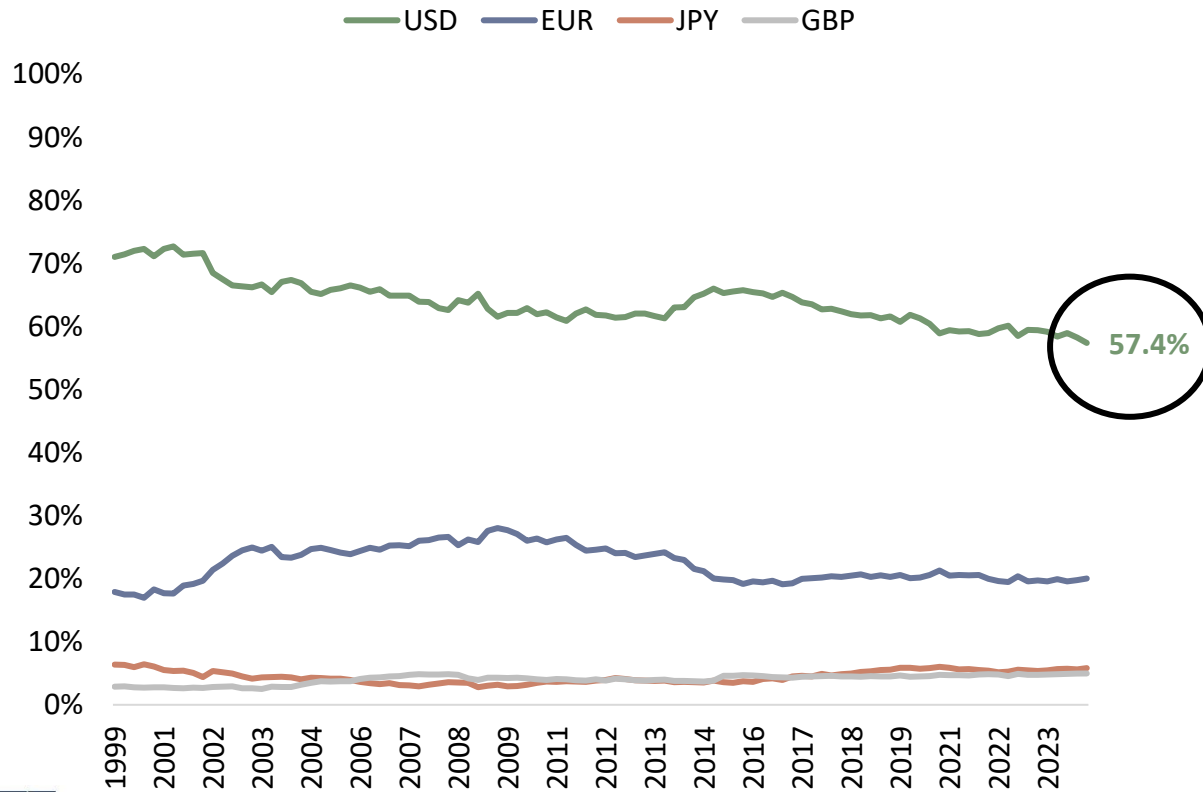




# The US can handle more debt than most due to two big advantages

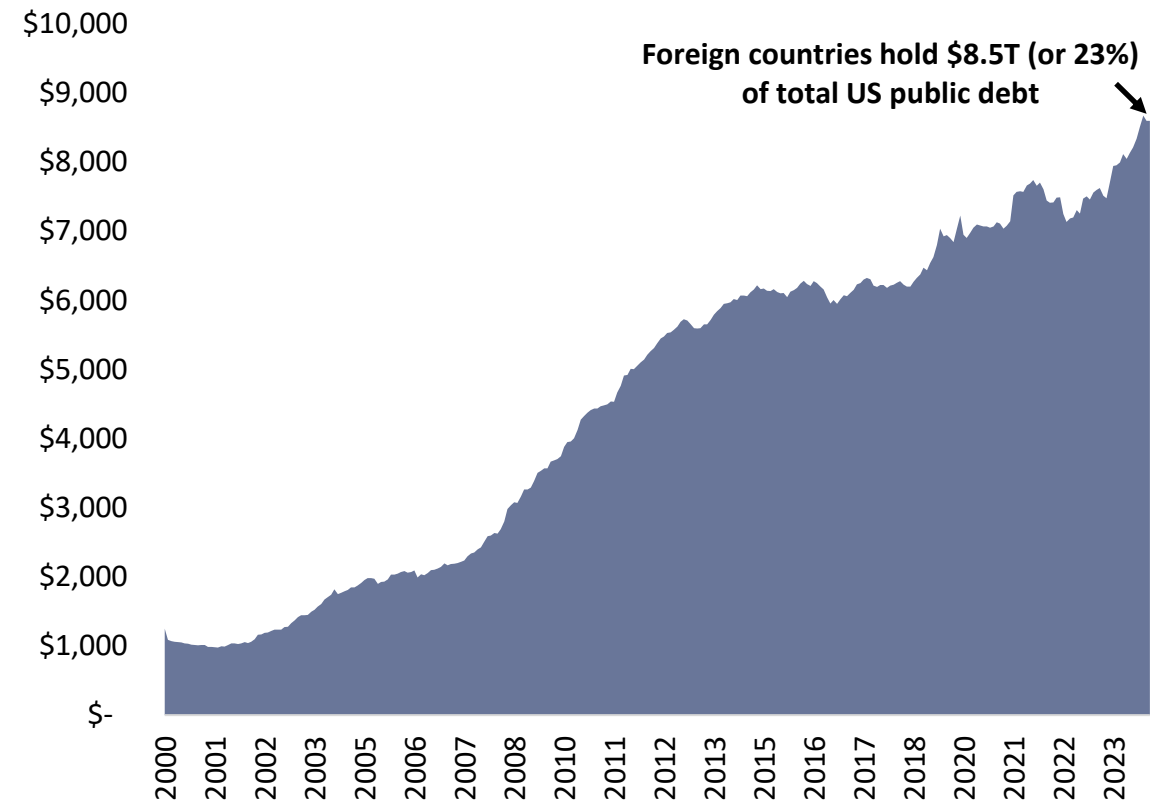
The US Dollar remains the reserve currency of the world...

Currency Composition of Global Foreign Exchange Reserves



...and US Treasuries are still the world's preferred safe-haven asset

Foreign Holders of US Debt (\$ Billion)

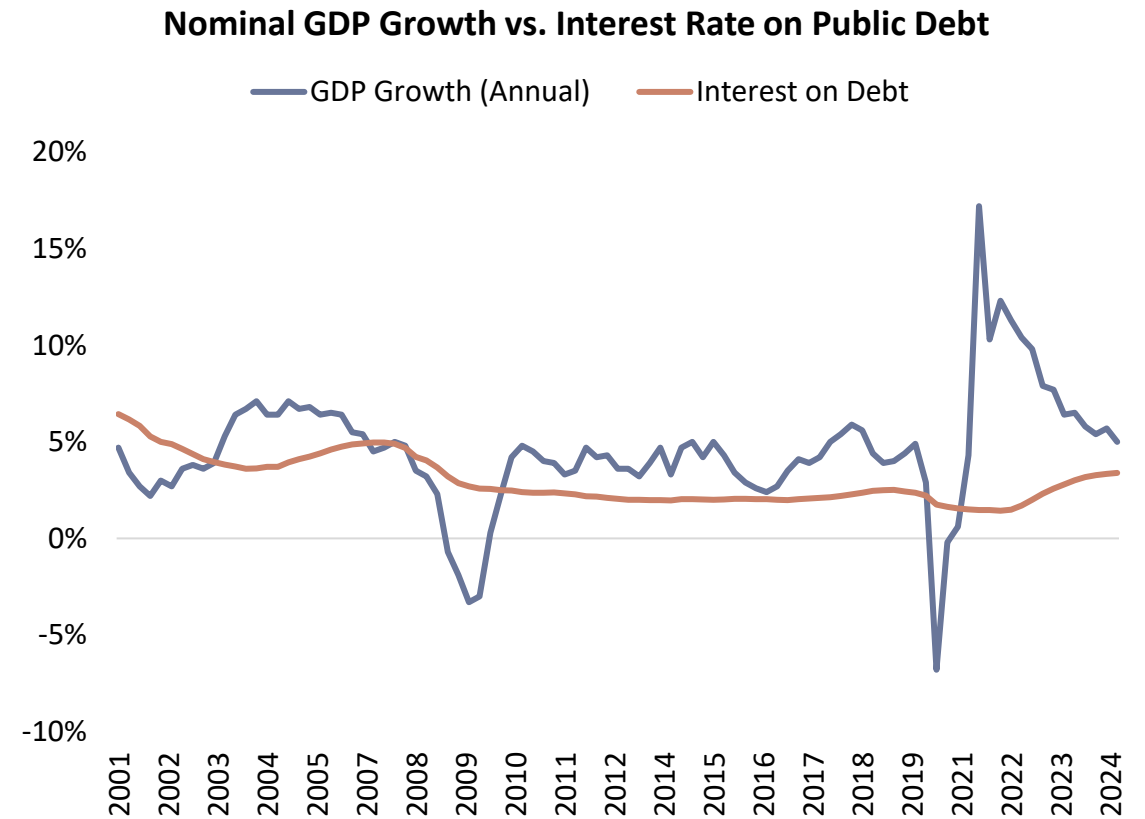


# Despite concern, the US still has time to move to a more sustainable path

- The US currently has a debt to GDP ratio of 97%, how do we stabilize/lower it?
- There are four levers:
  1. Austerity (i.e., spending less)
  2. Wealth transfers (e.g., high taxes, tariffs)
  3. Quantitative easing (i.e., printing money)
  4. Debt defaults/restructurings

*If successful, a “**beautiful deleveraging**” happens when the four levers are moved in a balanced way as to produce positive growth, falling debt burdens, and acceptable inflation*

Assuming the budget is in balance, if interest rates are lower than nominal growth, the debt to GDP ratio can fall in the long-run



# The Trust continues to see value in holding US government bonds

The Trust still believes in the benefits from holding US government debt and views the economic and market risks around US debt as rising but manageable for now

- **Diversification**

- Reduce equity risk
- Government Bonds - Nominal is a deflationary hedge
- Government Bonds - Real provide inflation protected cash flows

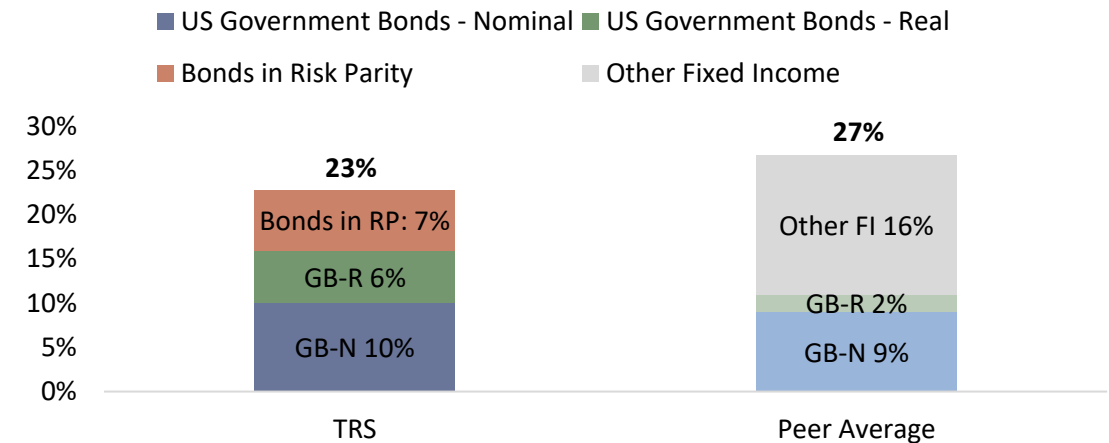
- **Liquidity**

- Support Trust financing
- Meet collateral needs
- Weather drawdowns

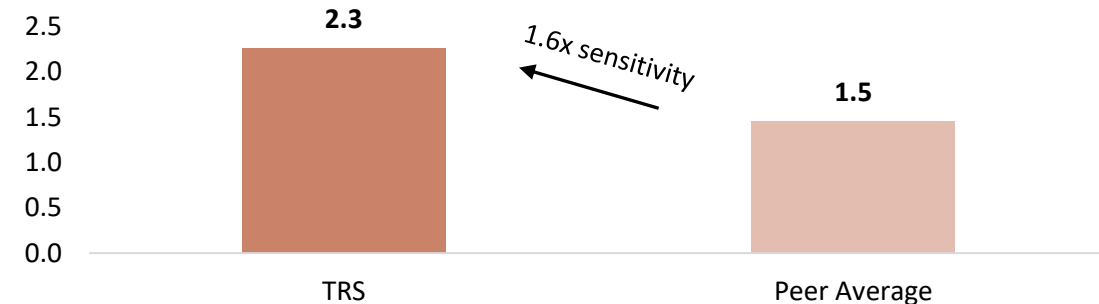
- **Positive Expected Returns**

TRS continues to hold more US government bonds and duration than its average pension peer

## TRS vs. Peer Fixed Income Allocation



## TRS vs. Peer Fixed Income Duration



**TAB 10**

# Emerging Manager Program

Kirk Sims

Emerging Manager Program Director

February 2025



# Emerging Manager Program Highlights

---



**20**

Years Program History



**\$6.2 bn**

Program Size



**425**

Investments



**249**

Managers Backed



**16**

TRS Graduates

*\$5.6 bn committed to  
Graduates at the Trust  
Level*



# Executive Summary

## Key Objectives

### Performance

- The EM Program slightly underperformed the benchmark by 8 bp over the past 1-yr period
- Private equity was the primary driver of underperformance
- The EM Program outperformed the benchmark by 178 bp over the past 3-yr period

### Diversification

- This highlights our focus on emerging asset types, newly formed managers, and diversification of manager type and approaches
- In 2024, 57% of private markets capital allocated to Innovation

### Manager Graduation

- Two additional managers graduated the program in 2024
- Trust-level commitments to EM Program graduates is \$5.6 billion

## Key Accomplishments

### Program Activity

- Conducted 385 manager meetings
- Conducted a teach-in at Harvard University and performed a workshop at The University of Texas at Austin
- Program Team participated in 42 engagement activities including investor conferences and publications across media outlets
- The Emerging Manager Conference was held on February 11<sup>th</sup>, kicking off Emerging Manager Week held in conjunction with the New York Pension Plans
- The Program Director served as a subject manager expert for pensions in Canada and Japan regarding Emerging Manager Programs
- The EM Program celebrates its 20th year!

# TRS Emerging Manager Program Team



**Kirk Sims, CFA**  
Managing Director

## EM Program Team

## Key Partners

### Private Markets

### Public Markets



**Tommy Heitz, CAIA**  
Senior Associate



**Shylee Turner**  
Junior Analyst



GROSVENOR



**Tom Thomas**  
Dedicated GCM Seconded  
*(Onsite at TRS in Austin)*

## EM Program Advisors



**Jase Auby, CFA**  
Chief Investment Officer



**Carolyn Hansard**  
Managing Director  
Energy, Infrastructure,  
& Natural Resources



**Caitlyn Macdonald**  
Investment Manager  
Private Equity



**Catherine Beaudoin**  
Principal  
Real Estate



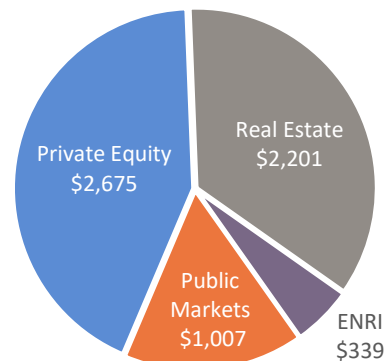
**Michael Ijeh, CAIA**  
Senior Associate  
Public Markets

# Performance and Commitments

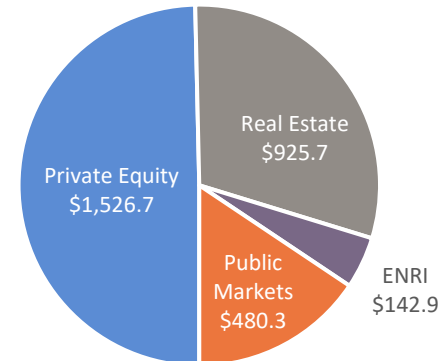
As of September 30, 2024

Emerging Manager Program			
Total Time Weighted Returns			
	1-Yr	3-Yr	5-Yr
Returns	2.5%	5.7%	7.9%
Benchmark	2.6%	4.0%	8.9%
Alpha (bp)	-8	178	-104

Underlying Allocations: \$6,221 MM



Net Asset Value: \$3,076 MM



# Looking Ahead – Emerging Manager Program

## Focus Areas for 2025

### 1) Efficiency

*Objective:* Evaluate, streamline and potentially eliminate existing internal processes, while building more efficient processes including harnessing the use of Microsoft Co-pilot in both manager evaluation and reporting.

### 2) Emerging Manager Conference

*Objective:* Improve and refine EM Conference interface and effectiveness, leading to allocators more easily finding the appropriate managers that meet their needs.

### 3) Private Markets Portfolio

*Objective:* Explore alternative distribution opportunities within the private markets portfolio.

# Emerging Manager Program Experience

- Graduate performance within Real Estate and Private Equity are impacting 1-year absolute returns and alpha

	Returns				Alpha		
	AUM	1-Year	3-Year	5-Year	1-Year	3-Year	5-Year
Emerging Managers Graduates	\$4,169.7	-7.9%	6.1%	13.5%	-9.4%	1.2%	3.9%
Emerging Managers Private Markets	\$2,595.3	0.4%	6.8%	8.6%	-0.1%	2.5%	-0.8%
Emerging Managers Select	\$271.7	3.2%	10.0%	NA	8.0%	7.0%	NA
Emerging Managers Public Markets	\$480.3	16.0%	3.1%	6.1%	0.6%	-0.8%	-1.6%
<b>Emerging Manager Program Experience</b>	<b>\$7,517.0</b>	<b>-3.4%</b>	<b>5.9%</b>	<b>10.5%</b>	<b>-5.2%</b>	<b>1.5%</b>	<b>1.3%</b>

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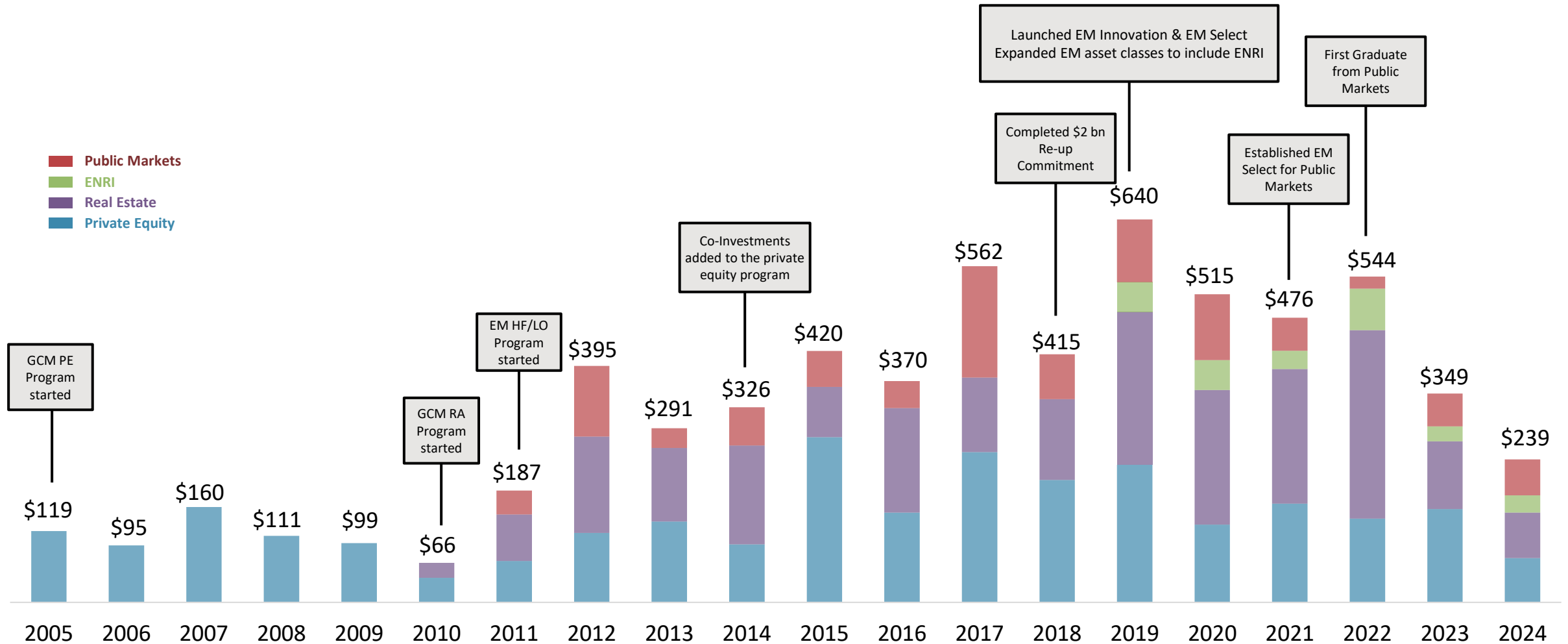


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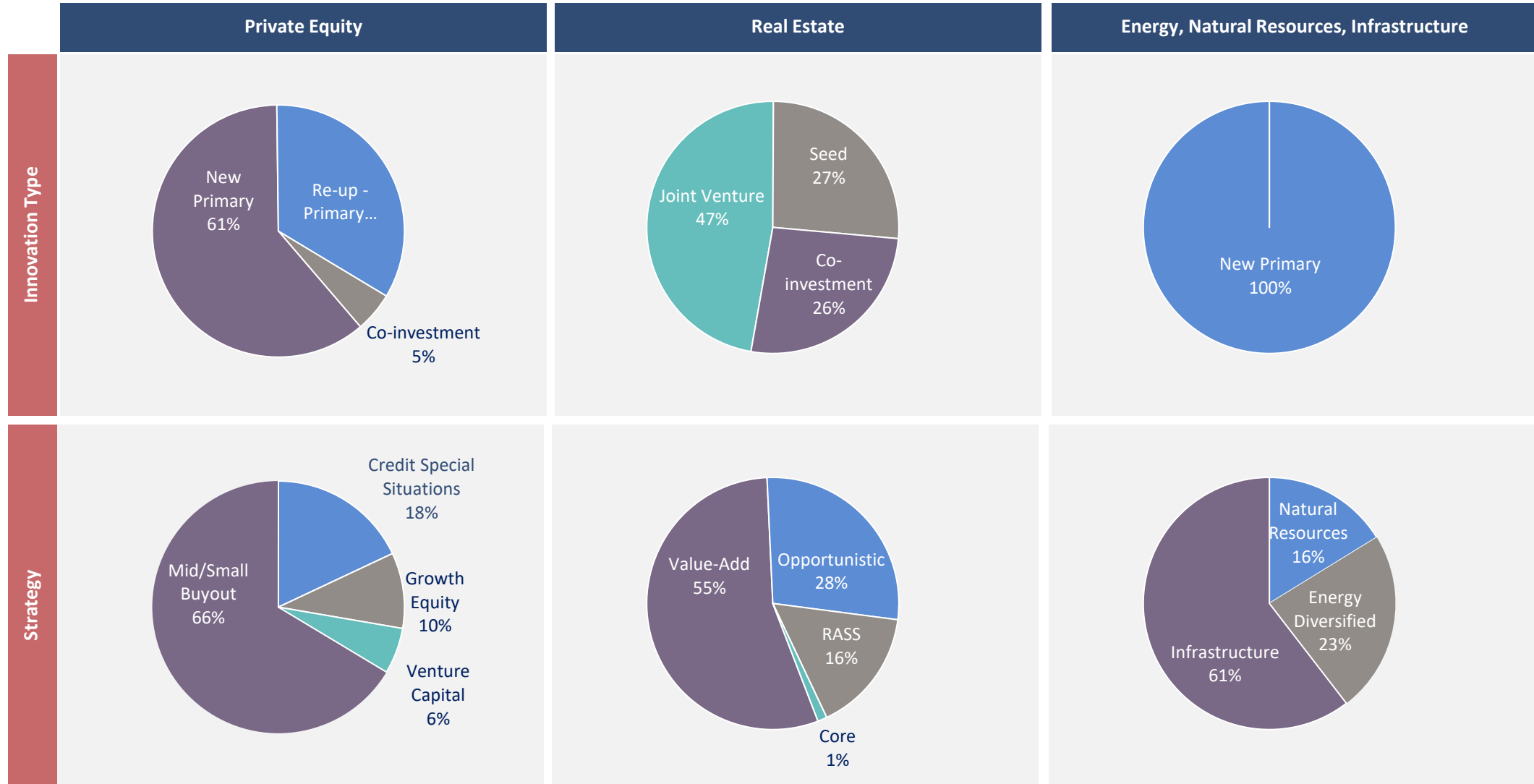
# History of Emerging Manager Program Allocations



# APPENDIX

# Portfolio Diversification – Investment Type

Private market investments in calendar year 2024



Source: TRS IMD

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**TAB 11**

# Board Advisor Request for Proposal

Steven Wilson, Director

LaTresa Stroud, Director

Aundre Petty, Senior Contract Specialist

February 2025





# Introduction

---

- The Board Advisor **reports directly to the Board** and operates independently of TRS Staff. The advisor provides education, advice, commentary and reporting on a wide range of investment topics relevant to the operation of the pension fund
- A **competitive Request for Proposal (RFP) process** was initiated following the September 2024 Board Meeting

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**TAB 12**



# Regional Office Update

Presentation Date: Feb. 27, 2025

Presented By: Barbie Pearson





# Regional Office Update



## Location

- Focused on Rio Grande Valley which is approximately five hours away from Austin
- Looking at commercial real estate options to lease
- No available space at Region 1 ESC
- No state-owned buildings in the area
- Limited commercial office space in the area



Brokerage RFP  
Posted

May 2024



CBRE Selected

Sept 2024



Valley Tour &  
Member Survey

Jan 2025



Site Selection  
Board Approval

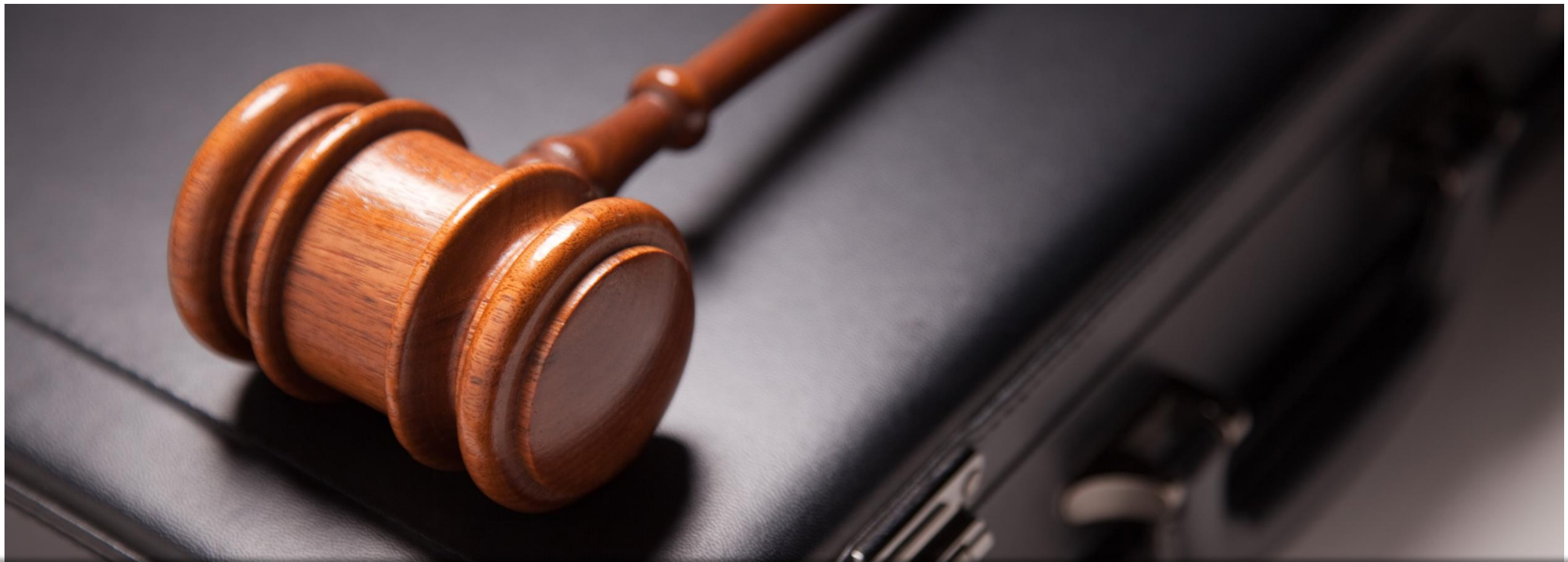
July 2025



Tentative Opening  
Date

Sept 2026

**TAB 13**



## **Governance, Fiduciary, and Open Meetings Act Training**

*February 27, 2025*

Suzanne Dugan, *Cohen Milstein*

Amy McDuffee, *Mosaic Governance Advisors, LLC*

Heather Traeger, *TRS of Texas*



# Agenda



- U.S. Public Pension Governance Context
- Good Governance Attributes and their Fiduciary Foundations
- Discussion of Hypothetical Scenario
- Open Meetings: Act Context and Application



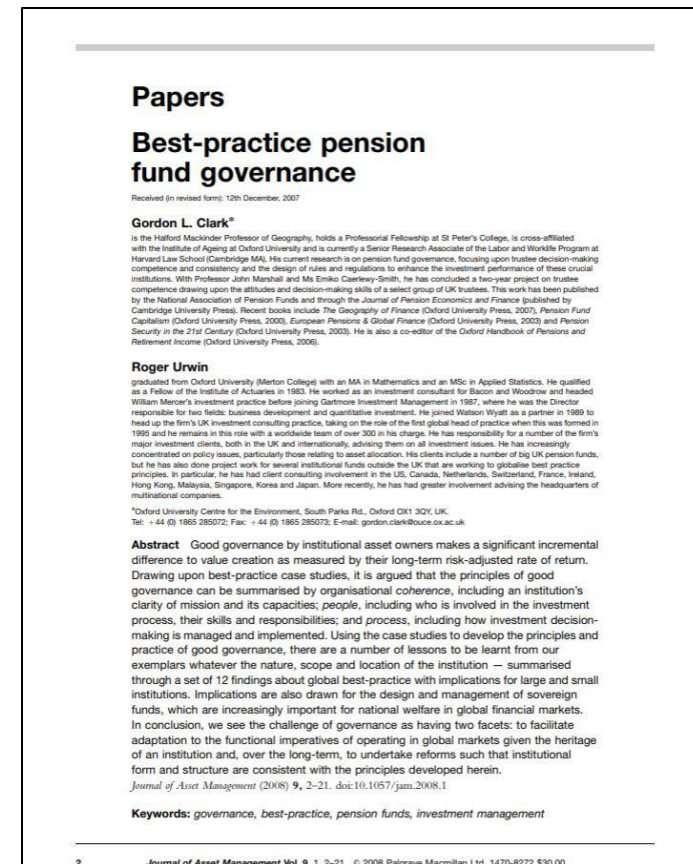
## **U.S. Public Pension Governance Context**



# Good Governance Drives Value



Capelle, R., Lum, H., & Ambachtsheer, K. (2008). The Pension Governance Deficit: Still with Us. *Rotman International Journal of Pension Management*, 1(1), 9 pages. Available at SSRN: <https://ssrn.com/abstract=1280907>



Clark, G. L., & Urwin, R. (2008). Best-practice pension fund governance. *Journal of Asset Management*, 9(1), 2-21. doi:10.1057/jam.2008.1





# U.S. Public Pensions: Distributed Governance Structure



Parties with  
Involvement

- Executive Branch
- Legislative Branch
- Board
- CEO/Executive Director
- Members
- Member & Employer Groups

Where  
involvement is  
commonly defined

- Relevant laws and rules
- Regulations, bylaws, charters, policies





# Relevant Law



## State and Federal Law

- Texas Constitution
- Texas Gov't Code
- Internal Revenue Code

## Additional Sources

- Common Law
- Restatement (Third) of Trusts
- Uniform Prudent Investor Act
- Uniform Management of Public Employee Retirement Systems Act
- ERISA
- Case Law
- Attorney General Opinions



# Type and Degree of Board Authority Varies



**Budget**

**Procurement  
and contracting**

**Actuarial matters**

**Hiring staff**

**Hiring outside  
advisors**

**Determining  
permissible  
investments**

**Compensating  
staff**

**Open meetings &  
public records laws**

**Ethics laws**



# Fiduciary Standard



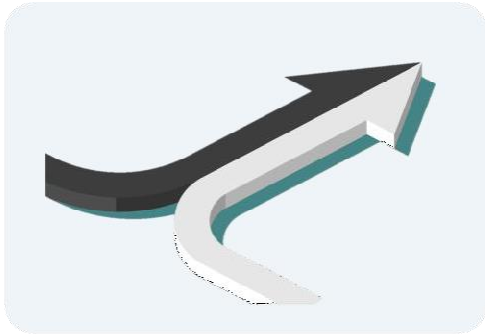
- Even though fiduciary standards are the “highest known to law”, fiduciary duties are a frequently misunderstood concept. *Donovan v. Bierwirth*, 680 F.2d. 263 (2<sup>nd</sup> Cir., 1982), *Tatum v. RJR Pension Investment Committee*, 761 F.3d. 346, 356 (4<sup>th</sup> Cir., 2014).
- The Fiduciary Standard is objective, not subjective to the trustee – “a pure heart and an empty head are not enough.” *Donovan v. Cunningham*, 716 F.2d. 1455, 1467 (5<sup>th</sup> Cir., 1983).



# **Good Governance Attributes and Their Fiduciary Foundations**



# Overview of Good Governance Attributes



Mission  
Focused



Strong,  
Independent,  
and Clear  
Governance



Talent



Ethics,  
Accountability  
and  
Transparency



# Good Governance Attribute #1: Mission Focused



## Examples of Best Practices

Clear Mission, Vision, and Values

Strategic Planning and Integration

Member and Stakeholder Engagement

Results Orientation





# Fiduciary Foundations: Exclusive Benefit Rule



- “The assets of a system are held in trust for the benefit of members and may not be diverted.” Texas Constit. Art. XVI, Sec. 67 (a)(1).
- The TRS Board of Trustees “shall administer the retirement system for the sole and exclusive benefit of the members and participants.” Texas Gov’t Code Sec. 825.101.
- Under the Internal Revenue Code, “[no] part of the corpus or income [may] be ... used for, or diverted to, purposes other than for the exclusive benefit of [the] employees or their beneficiaries.” Internal Revenue Code § 401(a)(2).





# Fiduciary Foundations: Exclusive Benefit Rule (cont'd)

- Under ERISA, a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and for the exclusive purpose of providing benefits to participants and beneficiaries and defraying reasonable expenses of administering the plan. ERISA §404(a)(1).
- Although TRS is not subject to ERISA, it provides guidance and has become a standard for public pension plan conduct.

ERISA: Employee Retirement Income Security Act of 1974. It is the federal law that sets minimum standards for most U.S. private industry retirement and health plans.



## Good Governance Attribute #2: Strong, Independent, and Clear Governance



### Examples of Best Practices

Defined Board Role and Leadership

Clear Board Structure

Clear Trustee Responsibilities

Sound Board Policies

Informed Decisions

Meaningful Evaluation Practices





# Fiduciary Foundations: Duty of Prudence



In making investments, a board shall exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital. Texas Constit. Art. XVI, Sec. 67 (a)(3).



# Fiduciary Foundations: Duty of Prudence



- (a) A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill, and caution.
- (f) A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise. Texas Property Code §117.004 (Uniform Prudent Investor Act) .



# Fiduciary Foundations: Duty of Prudence



A fiduciary shall act “with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”  
ERISA §404(a)(1).





# Fiduciary Foundations: Duty of Prudence – Process



- A fiduciary is judged not by the results of decisions, but rather by the process undertaken to reach such decisions.
- The duty of prudence requires a standard of conduct, not outcome or performance.
- All fiduciary determinations are measured by this standard.



# Fiduciary Foundations: Duty of Care Duty to Follow Plan Documents



- A fiduciary must discharge his/her duties in accordance with the documents governing the plan, provided the documents are consistent with law.
- A fiduciary cannot be arbitrary and capricious in the application of law or plan documents.

*Fiduciaries follow their policies and procedures, plan documents and the law.*





# Fiduciary Foundations: Duty of Care - Diversification



- Diversify the plan's investments so as to minimize the risk of large losses.
- Avoid investments of a large percentage of the fund's assets in a single investment or a single type of investment or a single manager.



## Good Governance Attribute #3: Talent – Board Level



### Examples of Best Practices

Qualified Board per Statute

Engaged Trustees

Optimized Committees

Onboarding and Continuing Education

Performance Reflection/Improvement



# Good Governance Attribute #3: Talent – Staff Level



## Examples of Best Practices

Broad-based Recruitment

Competitive Compensation

Engaged Staff

Talent Development

Long-range Succession Planning





## Good Governance Attribute #3: Talent – Board Consultants



### Examples of Best Practices

Broad access

Transparent selection process

Regular performance reviews

Open communication/expectation setting

Focus on value-add



# Fiduciary Foundations: Duty of Care - Delegation



- The decisions to appoint and select delegates are fiduciary functions:
  - Duty to properly select delegate
  - Duty to monitor
  - Duty to ensure that delegate has adequate information and resources
  - Impose standards of care and loyalty upon delegates



# Fiduciary Foundations: Duty of Care - Delegation



- A trustee has a duty to personally perform the responsibilities of trustee except as a prudent person might delegate those responsibilities to others.
- In deciding whether, to whom and in what manner to delegate fiduciary authority in the administration of a trust, and thereafter in supervising agents, the trustee is under a duty to the beneficiaries to exercise fiduciary discretion and to act as a prudent person of comparable skill would act in similar circumstances. Restatement (Third) of Trusts §80.



# Good Governance Attribute #4: Ethics and Accountability



## Examples of Best Practices

Conflict Policy

Ethics Policy

Undue Influence Policy

Compliance Framework

Modeling Expected Cultural Behaviors







# Good Governance Attribute #4: Transparency



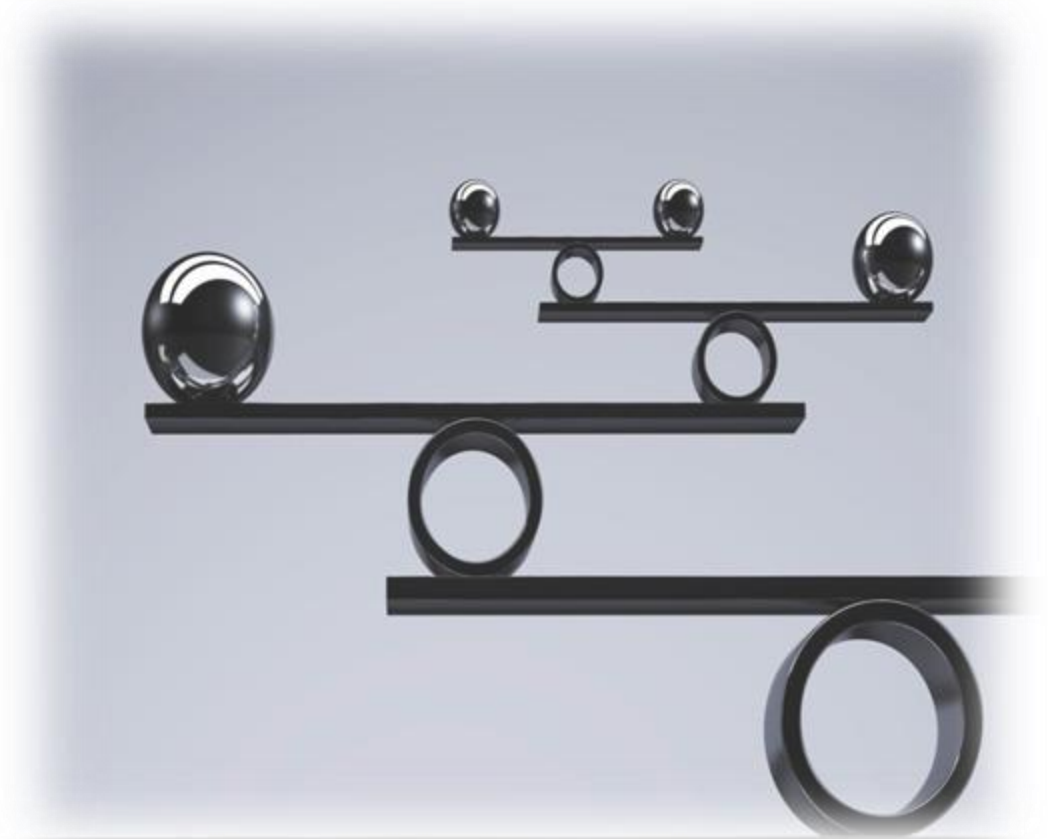
## Examples of Best Practices

Balanced Board Meeting Access

Governance Manual

Board and Organizational Information

Meeting: Agendas and Materials





# Fiduciary Foundations: Duty of Loyalty



- The fiduciary duty of loyalty is strictly construed in law, and informed by the exclusive benefit rule.
- Trustees must act solely in the interest of the members and beneficiaries, without regard to the interest of any other person.
- The duty of loyalty means that a trustee wears only one hat.
- Trustees of public retirement systems are not fiduciaries for appointing authorities, employers who pay into the systems, constituencies, taxpayers or the public.

The duty of loyalty contains a duty of impartiality, which means that a trustee owes the same duty to retirees, senior employees, and employees who were just hired.



# Fiduciary Foundations: Duty of Loyalty Confidentiality



- Fiduciaries owe a duty of confidentiality as part of the duty of loyalty.
- Incident to the duty of loyalty . . . is the trustee's duty to preserve the confidentiality and privacy of trust information from disclosure to third persons, except as required by law (e.g., rules of regulatory, supervisory, or taxing authorities) or as necessary or appropriate to proper administration of the trust. Restatement (Third) of Trusts §78, comment i.



# Fiduciary Foundations: Duty of Loyalty Conflicts of Interest



## Trustees must avoid:

- Conflicts of Interest
- Prohibited transactions
- Self-dealing and self-enrichment
- The appearance of impropriety

## Board of Trustees Ethics Policy

- Avoid conflicts of interest or even the appearance of conflicts
- Take care not to use TRS position to obtain improper privileges
- Prohibition on gifts and benefits
- Use TRS resources only for official TRS business
- Observe vendor blackout periods
- Protect confidential information
- Reach out to the Executive Director, General Counsel or Fiduciary Counsel when you have questions



# Breach of Fiduciary Duty: Consequences



- Plan disqualification from tax exempt status
- Liability – criminal and civil
- Financial consequences
- Reputational consequences
- Increased oversight
- Co-fiduciary liability



## **Discussion of Hypothetical Scenario**



## **Open Meetings Act: Context and Application**





**Thank You**

**TAB 14**



## Memorandum

TRS Compliance

---

To: Board of Trustees

From: Heather Traeger, General Counsel & Chief Compliance Officer

Cc: Brian Guthrie, Executive Director

Date: February 27, 2025

Re: Revisions to TRS Employee Ethics Policy

---

The staff is recommending that the Board amend its Employee Ethics Policy pursuant to Paragraph 2 of Governor Abbott's Executive Order 481 November 19, 2024. Specifically, the staff recommends to add the following provision:

No employee shall accept any gift, regardless of value, from an entity associated with a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. 791.4. Any employee approached by groups representing these countries, that offer gifts, shall report the offer to the Chief Compliance Officer.

The Executive Order requires that agencies make these revisions and the proposed language closely tracks the language of the Executive Order.

**Teacher Retirement System of Texas**

**Employee Ethics Policy**

**Adopted: October 9, 2009**

**Revised: February 27, 2025**

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## **I. Overview**

The Teacher Retirement System of Texas (“TRS”) is charged by the Texas Constitution and state law with the administration of pension assets held in trust for the exclusive benefit of active or retired TRS members and their beneficiaries, and assets may not be diverted. The Teacher Retirement Investment Company of Texas (“TRICOT”) is TRS’ subsidiary in the United Kingdom charged with supporting TRS’ investment activities. Certain Employees are subject to fiduciary duties of prudence and loyalty. The duty of prudence compels Employees to exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs when making investment decisions. The duty of loyalty requires Employees to have an undivided loyalty to the participants of the trust and to exclude all other interests. All operations and activities of TRS must be undertaken solely to advance and protect the interests of the members, retirees, and beneficiaries of the pension plan and must be conducted in a prudent manner. Similarly, TRS is trustee of other trusts that must be administered according to their terms and TRS, as trustee, is subject to fiduciary responsibilities under trust law with regard to those assets and the participants of each particular trust. These other trusts include the TRS-Care health benefits program, and the TRS-ActiveCare health benefits program. Accordingly, Employees have fiduciary duties commonly associated with pensions and other trusts, and each Employee must exercise an independent judgment on behalf of each trust. These duties extend not only to the investment activities but also to the application of TRS benefit provisions, the establishment of actuarial assumptions, the collection of amounts owed TRS, and the general administration of TRS.

TRS is a public entity. Consequently, Employees have the special responsibilities for honesty and integrity applicable to public servants. Texas Government Code, Chapters 572, 825, and 2203, along with Texas Penal Code, Chapters 36 and 39, describe specific standards of conduct that Employees must follow.

This Employee Ethics Policy (the “Policy”) specifies standards of conduct expected of Employees in view of these responsibilities. Although many of its provisions are based upon legal and fiduciary concepts, this Policy should not be interpreted as an exclusive and complete statement of legal and fiduciary responsibilities and its provisions should not necessarily be construed as only statements of legal and fiduciary responsibility. This Policy does not supersede any applicable federal or Texas law or administrative rule. All Employees must abide by all applicable federal and Texas law, including applicable fiduciary duties, administrative rules, and TRS conduct policies, including this Policy.

Adherence to this Policy will allow Employees to meet any applicable fiduciary obligations, comply with statutory mandates, and facilitate mutual respect and public confidence.

Any ambiguity in this Policy generally will be resolved in accordance with applicable legal or fiduciary standards.

In fulfilling the TRS Board of Trustees’ (“Board”) roles and responsibilities and pursuant to requirements of applicable statutes, the Board has delegated to the Executive Director the responsibilities outlined in the Bylaws, including management of the day-to-day operations of TRS. Through the Bylaws, the Board has also delegated authority for some matters to the Executive Director or the staff, in accordance with Board actions or applicable law, including the following: certain investment decisions, contracts, payments and other releases of assets, and litigation decisions. Further, the Board has delegated authority to staff in various other policies, such as the investments policies adopted by the Board.

Capitalized terms are defined in Appendix A, attached hereto and incorporated herein for all purposes, if not otherwise described in the text of this Policy. Therefore, the definitions in Appendix A shall apply unless the context requires otherwise.

## **II. General Conduct Guidelines**

Employees shall fulfill the following fiduciary duties and abide by the general conduct guidelines detailed below:

- A. Exercise undivided loyalty to the trust participants.
  - An Employee must exercise care and caution always to place the interests of trust participants and TRS ahead of the Employee's own interest and to act exclusively in the interest of the respective participants of each trust. No Employee may represent any person in any action or proceeding before or involving the interests of TRS except as a duly authorized representative or agent of TRS.
  - On all matters related to or involving TRS, an Employee's actions must benefit the interests of trust participants and trust funds.
- B. Dissociate one's personal viewpoints from the objective requirements of the Employee's fiduciary obligations to trust participants.
  - An Employee must act with integrity, competence, diligence, respect, and in a transparent and an ethical manner in all matters related to or involving TRS, including all dealings with the participants of a TRS trust, TRS Trustees, other Employees, and the public.
- C. Exercise care, skill, prudence, and diligence appropriate to the prevailing circumstances.
- D. An Employee must abide by all applicable laws, rules, and regulations, including the terms of the pension plan and, as applicable, the specific laws and rules governing other programs administered by TRS.
- E. Avoid unreasonable favoritism toward one beneficiary group over another.
  - An Employee must deal fairly, objectively, and impartially with all participants.
- F. Refrain from prohibited or conflicted actions.
  - An Employee must maintain independence and objectivity with respect to the execution of the Employee's responsibilities to TRS and to trust participants and must avoid actions or activities that create an appearance of bias or that bring into question the Employee's own independence of judgment. This includes avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect an Employee's loyalty.
  - No Employee may influence the investment decision-making process of TRS, either for personal gain or private advantage or in a manner detrimental to the interests of TRS.
  - An Employee must maintain the confidentiality of TRS and trust participant information and must never use such information for personal gain or for the gain of third parties.

## **III. Specific Legal Standards of Conduct**

The following specific legal standards of conduct apply to Employees:

- A. An Employee shall not:
  - 1. Accept or solicit any gift, favor, or service that might reasonably tend to influence the Employee in the discharge of official duties, or that the Employee knows or should know is being offered with the intent to influence the Employee's official conduct.



2. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another.
3. Disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the Employee's official position except when the Executive Director, or his or her designee, determines such disclosure is either permitted or required by law.
4. Accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that the Employee might reasonably expect would require or induce the Employee to disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the Employee's official position.
5. Have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the Employee's duties in the interest of TRS.
6. Accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, or professional activity that could reasonably be expected to impair the Employee's independence of judgment in the performance of the Employee's official duties.
7. Make personal investments, or have a personal or financial interest, that could reasonably be expected to create a substantial conflict between the Employee's private interest and the public interest;
8. Use TRS or state personnel time (*i.e.*, time for which you or other Employees are being paid by TRS or the state), information, property, facilities, equipment or other resources, or information or resources paid for by TRS, for any purpose other than official TRS business. Notwithstanding the above, use of an Employee's own TRS or state personnel time, or use of TRS or state information, property, facilities, equipment and other resources is acceptable if such use
  - does not result in any direct cost to TRS or the state,
  - does not impede TRS functions,
  - is not for private commercial purposes,
  - is reasonable and incidental, and
  - does not violate applicable TRS policies.

Likewise, a person may not entrust TRS or state information, property, facilities, equipment or other resources, or information or resources paid for by TRS or the state, to any other person if the information, property, facilities, equipment or other resources are not to be used for TRS purposes;

9. Use his or her official position for financial gain, obtaining privileges, or avoiding

consequences of illegal acts, including but not limited to:

- accepting, under any circumstances, offers by reason of their position with TRS to trade in any security or other investment on terms more favorable than available to the general investing public;
- borrowing from Contractors unless such entities are normally engaged in such lending in the usual course of their business, and then only on customary terms offered to others under similar circumstances to finance proper and usual activities.

However, this should not be interpreted to forbid communicating to others the fact that a relationship with TRS exists, provided that no misrepresentation is involved.

10. With intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly:
  - violate a law relating to the Employee's position with TRS; or
  - misuse TRS time, property, services, personnel, or any other thing of value belonging to TRS that has come into the Employee's custody or possession by virtue of the Employee's position with TRS.
11. Knowingly make misleading statements, either oral or written, or provide false information, in the course of official state business.
12. Use TRS or, as applicable, state resources for any political activity.
13. Contract on behalf of TRS with any entity, or an affiliate controlled by such entity, that employs or is represented by a former Trustee or former Employee if such employment or representation would violate the prohibitions on employment of or representation by former public servants contained in Section 572.054 of the Texas Government Code. Notwithstanding the provisions of Section 572.054, the Board may authorize such a contract if the Board determines that the contract would be prudent for TRS. TRS contracts must provide for a termination option, whereby TRS may terminate a contract with an entity, or an affiliate controlled by such entity, in the event that such entity or controlled affiliate employs or uses the services of a former Trustee or former Employee in violation of this Policy.

Section 572.054 of the Texas Government Code prohibits a former Trustee or former Executive Director from making any communication to or appearance before an officer or Employee of TRS before the second anniversary of the date the Trustee or Executive Director ceased being a member of the Board or the Executive Director if the communication or appearance is made:

- with the intent to influence; and
- on behalf of any person in connection with any matter on which the person seeks official action.

Also pursuant to Section 572.054, at no time in the future may a former Trustee or former Employee represent any person or receive compensation for services rendered on behalf of any person regarding a particular matter in which the Trustee or Employee participated, either through personal involvement or because the matter was within the Trustee's or Employee's official responsibility.

Departing Employees should be aware of state conflict of interest requirements (e.g., revolving door statutes) and that they may be subject to further restrictions related to future interactions with TRS, TRICOT and Trustees. Departing Employees shall notify the Chief Compliance Officer if (i) they will have a direct or indirect role in their subsequent employer's effort to influence TRS investments or contracts for goods or service with TRS or TRICOT, or (ii) they expect to have interactions with Employees in a business context.

14. Except for an interest in TRS assets as a member of TRS, have a direct or indirect interest in the gains from investments made with TRS assets and shall not receive any compensation for service other than designated salary and authorized expenses.
  15. Advise or make decisions about matters affected by a conflict of interest as defined and provided in subsection IV. A. of this Policy.
  16. Participate in or be the beneficiary of, directly or indirectly, a loan, commitment to lend, a guarantee or endorsement to lend, or investment by TRS or a contract to advise TRS or manage property or investments for TRS, except this prohibition does not apply to actions taken by an Employee within the scope of the Employee's official duties for TRS, if the actions do not involve a relationship that the Employee must disclose. An Employee must disclose a relationship if the Employee or a person related within the Second Degree by Consanguinity or Affinity to the Employee has a business or commercial relationship that could reasonably be expected to diminish the Employee's independence of judgment in the performance of the Employee's responsibilities to TRS. The Employee shall disclose such a relationship in writing to *the Executive Director or his or her designee*.
- B. An Employee in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. §201 *et seq.*) and the spouse of the Employee shall not be a paid officer, employee, or consultant of a Texas trade association<sup>1</sup> in the field of investment or insurance.
- C. The General Counsel shall not be registered, or be required to be registered, as a lobbyist under Chapter 305 of the Texas Government Code because of the person's activities for compensation on behalf of a business or an association related to the operation of the Board.

#### **IV. Conflicts of Interest**

- A. In addition to conflicts that may arise under circumstances addressed in section III. above, a conflict of interest exists for an Employee whenever the Employee has a relationship or interest that could reasonably be expected to diminish the Employee's independence of judgment in the performance of the Employee's responsibilities to TRS.
- B. No Employee may take action personally (*e.g.*, in the establishment of personal, employment, or business relationships or interests) or on behalf of TRS that will result in a reasonably foreseeable conflict of interest. Should there be an action which an Employee believes to be in the best interest of TRS but which could foreseeably result in a personal conflict of interest,

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<sup>1</sup> A Texas trade association means a cooperative and voluntarily joined association of business or professional competitors in Texas designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.

the Employee must disclose such fact to the Chief Compliance Officer prior to taking such action.

- C. No Employee may participate in a matter before TRS that involves a business, contract, property or investment held by the Employee if it is reasonably foreseeable that TRS action on the matter would confer a Benefit to the Employee by or through the business, contract, property or investment. This prohibition on participation in matters involving Benefits for an Employee's own interest does not apply if the Benefit is merely incidental to the Employee's membership in a large class such as the class of TRS members.
- D. No Employee may recommend or cause discretionary TRS business to be transacted with or for the benefit of a Relative.
- E. If an Employee is uncertain whether he or she has or would have a conflict of interest under a particular set of circumstances then existing or reasonably anticipated to be likely to occur, or if an Employee is uncertain whether the common-law or statutory law prohibits the Employee from having a direct or indirect interest or relationship, such Employee should promptly inform the Chief Compliance Officer. The Chief Compliance Officer shall evaluate whether a conflict of interest exists under the circumstances presented or whether a prohibition exists under applicable common-law and statutory law. The Chief Compliance Officer may consult with the Executive Director regarding any determinations. If the Chief Compliance Officer determines that the Employee does not or would not have a conflict under the facts presented and no statutory or common-law prohibition exists, the Employee is not required to make a disclosure pursuant to subsection IV. F. If the Chief Compliance Officer determines that a conflict or prohibition may exist under the facts and circumstances presented, the Chief Compliance Officer will advise and discuss the evaluation with the Employee in order to assist the Employee in determining whether a conflict or prohibition actually exists. If a conflict exists, the Employee must make a disclosure pursuant to subsection IV. F. and cure the conflict. Also, if it is determined that a conflict would exist upon the occurrence of the anticipated circumstances and they later do occur, the Employee must make a disclosure pursuant to subsection IV. F. upon the occurrence of such events and cure the conflict.

If the Chief Compliance Officer determines that the Employee's proposed cure of an existing conflict is not appropriate and sufficient under the standards in subsection IV. G., the Chief Compliance Officer shall consult with the Executive Director regarding the viability of a waiver under applicable law, and shall so inform the Audit, Compliance, and Ethics Committee of the Board. The Employee will take appropriate action to respond to any statutory or common-law prohibitions that exist, including the prohibition addressed in Section IV. H. below.

- F. An Employee must promptly
  - disclose his or her own conflicts of interest in writing to the Chief Compliance Officer through the Conflict of Interest Disclosure Statement, or
  - disclose conflicts of interest involving others of which the Employee becomes aware, either in writing to the Chief Compliance Officer through the Conflict of Interest Disclosure Statement or verbally by contacting the TRS "Hotline" for anonymous ethics reporting.

Should an Employee with a duty to disclose conflicts of interest have reasonable cause to believe disclosure to the Chief Compliance Officer will be ineffective, the Employee should file any written disclosure made through the Conflicts of Interest Disclosure Statement with

the Executive Director.

In complying with this subsection, any Conflict of Interest Disclosure Statement filed by the Executive Director shall be filed with the Chief Compliance Officer. Should the Executive Director have reasonable cause to believe disclosure to the Chief Compliance Officer will be ineffective, the Executive Director shall file any written disclosure made through the Conflicts of Interest Disclosure Statement with the Chief Operations and Administration Officer.

In complying with this subsection, the Chief Compliance Officer shall file any Conflict of Interest Disclosure Statements with the Executive Director.

The Chief Compliance Officer will report to the Executive Director and the Audit, Compliance, and Ethics Committee of the Board regarding the Conflict of Interest Disclosure Statements and the verbal reports via the TRS "Hotline" that are received by TRS.

If the conflict of interest being reported by an Employee involves a Contractor, the Chief Compliance Officer shall provide notice of the reported conflict of interest to the TRS personnel who supervise or monitor the Contractor, unless the Chief Compliance Officer reasonably believes that such disclosure would be detrimental to the resolution of the conflict.

- G. Employees who become aware, or reasonably should have become aware, of a personal conflict of interest, have a duty not only to disclose that conflict, but also to cure it. An Employee may cure a conflict of interest by promptly eliminating it. An Employee who cannot or does not wish to eliminate the conflict must terminate his or her relationship with TRS as quickly as responsibly and legally possible.

If an Employee may prudently withdraw from action on a particular matter in which a conflict exists, he or she may cure the conflict in that manner provided that

1. The Employee may be and is effectively separated from influencing the action taken,
2. The action may properly be taken by others, and
3. The nature of the conflict is not such that the Employee must regularly and consistently withdraw from decisions that are normally his or her responsibility with respect to TRS.

- H. An Employee who files a Conflict of Interest Disclosure Statement must refrain from giving advice or making decisions about matters affected by the conflict of interest. The Board hereby delegates to the Executive Director the authority to waive this prohibition. This prohibition concerning the Employee's actions continues in place unless the Executive Director, after consultation with the Chief Compliance Officer, expressly waives this prohibition, thereby effectively waiving the conflict of interest for that matter. To assist it in deciding whether to grant waivers, the Board may develop criteria for determining the kinds of relationships that do not constitute material conflicts of interest. Records of all waivers granted with the supporting reasons will be maintained by the Chief Compliance Officer. The Chief Compliance Officer will advise the Audit, Compliance, and Ethics Committee of the Board of the Executive Director's decision to grant or deny a waiver.

- I. It shall not be considered a conflict solely because

1. An Employee is a member, retiree, or beneficiary of the system or has an interest no greater than a large class of its members, retirees, or beneficiaries, or

2. An Employee has an investment in the stock of a publicly traded corporation, which is owned, purchased, or sold by TRS, provided that the Employee's interest in the stock is not more than ten (10) percent of any class of stock of the corporation.
- J. Employees should become familiar with the TRS Code of Ethics for Contractors (the "Code of Ethics"), and any reporting responsibilities placed on such Employees.
- K. With respect to each proposed, pending, or closed transaction by TRS concerning a Private Investment, and except as disclosed in writing pursuant to this subsection IV. K., each Employee who actively participates in the decision-making process on behalf of TRS with regard to a given Private Investment, including the review, evaluation or formal or informal recommendation of a TRS investment (an "Active Employee"), represents that:
1. The Active Employee has not solicited or accepted any direct or indirect Benefit or interest, or received or agreed to accept any Benefit or interest from any individual or entity in connection with the Private Investment, and is not aware of any personal Benefit or interest that may result or arise from TRS's investment or decision to invest in the Private Investment.
  2. To the best of the Active Employee's knowledge, no Relative of the Active Employee has received any direct or indirect Benefit or interest or any promise of a Benefit or interest relating to or arising from TRS's investment or decision to invest in the Private Investment, and the Active Employee is not aware of any direct or indirect Benefit to or interest of a Relative that may result or arise from TRS's investment or decision to invest in the Private Investment.
  3. Neither the Active Employee nor, to the best of the Active Employee's knowledge, any Relative of the Active Employee, has acquired or has any current intention of acquiring any Benefit or interest, including an ownership interest in the same Private Investment and, so long as the Active Employee holds the position of an Active Employee, neither the Active Employee nor a Relative of the Active Employee will acquire such an interest.
  4. Neither the Active Employee nor, to the best of the Active Employee's knowledge, any Relative of the Active Employee has or will have an economic or beneficial interest in a general partner, managing member, servicer, underwriter, sponsor, investment adviser, or investment manager of the Private Investment as identified by TRS staff; and so long as the Active Employee holds the position of an Active Employee, neither the Active Employee nor a Relative of the Active Employee will knowingly acquire an economic or beneficial interest in any such entity.
  5. The Active Employee has no business relationship with the consultant or adviser recommending the Private Investment, or with any other consultant identified by TRS or TRICOT staff as giving advice or assistance to TRS with regard to the particular Private Investment.
  6. The Active Employee is unaware of any existing relationships, interests, or other facts that could reasonably be expected to diminish the Active Employee's independence of judgment as an Active Employee and thereby constitute a conflict of interest in connection with the Active Employee's actions as an Active Employee relating to the Private Investment.

If the Active Employee is unable to make all the representations immediately above in this

subsection IV. K. with regard to a Private Investment, then the Active Employee should notify the Chief Compliance Officer in writing immediately upon receipt of information regarding the Private Investment so that a determination of the appropriate course of action can be made prior to authorization by TRS or, in any event, prior to TRS's becoming contractually bound to fund the Private Investment.

## **V. Trading**

- A. The Executive Director, or his or her designee, shall develop and implement a trading policy (the "Personal Trading Policy") that addresses policies, procedures, and standards of conduct applicable to Employees in the conduct of each Employee's personal trading activities and trading activities undertaken on behalf of TRS. Additionally, the Executive Director, or his or her designee, is authorized to amend the Personal Trading Policy from time to time as the Executive Director deems advisable and to issue or modify forms to fully implement the provisions of the Personal Trading Policy, as amended from time to time. Employees shall comply with the Personal Trading Policy.
- B. Restricted Contractors List. No Employee or spouse of the Employee may have or borrow a Security (or a Derivative thereof) or other ownership or profit sharing interest in a Contractor with which TRS or TRICOT does business, except as permitted below.

This prohibition applies to a Security (or a Derivative thereof) or other ownership or profit sharing interest held for an Employee's own account or an account in which he or she has a Beneficial Ownership.

For Employees that are not designated Covered Persons (as defined by the Personal Trading Policy), if an Employee or a spouse of an Employee (1) has an interest prohibited by this Section prior to becoming an employee or prior to the entity becoming a Contractor, or (2) receives an interest prohibited by this Section by inheritance or gift, the Employee or spouse may hold but not add to the interest; provided that holding the interest is not otherwise in conflict with the Personal Trading Policy. The Employee or spouse, in his or her discretion, may dispose of the interest at a time of his or her choosing, provided the Employee or spouse complies with all applicable laws and policies. The Employee shall evaluate whether holding the interest creates a conflict of interest, and if so, will handle the conflict of interest as required by this Policy. Employees that are designated Covered Persons must divest of the prohibited interest consistent with the Personal Trading Policy.

## **VI. Nepotism**

- A. TRS may not employ a person who is a Relative of a Trustee. This does not prevent the continued employment of a person who has already been working for TRS for thirty consecutive days prior to the date of a related Trustee's appointment.
- B. No Employee may exercise discretionary authority to hire, evaluate or promote a Relative. No Employee may supervise a Relative, either directly or indirectly. As used herein, "supervise" means to oversee, with the powers of direction and decision-making, the implementation of one's own or another's intentions. Supervision normally involves assigning duties, overseeing and evaluating work, and approving leave.

## **VII. Benefits**

- A. An Employee shall not solicit, accept, or agree to accept from any donor:
1. a Benefit that the Employee knows or should know is consideration for the Employee's decision, opinion, recommendation, vote, or other exercise of discretion as an Employee, or for having exercised the Employee's official powers or performed the Employee's official duties in favor of another;
  2. a Benefit that the Employee knows or should know is consideration for a violation of a duty imposed by law on the Employee;
  3. a Benefit that might reasonably tend to influence the Employee in the discharge of official duties or that the Employee knows or should know is offered with the intent to influence the Employee's official conduct;
  4. a Benefit if the source of the Benefit is not identified or if the Employee knows or has reason to know that the Benefit is being offered through an intermediary; or
  5. a Benefit that creates a reasonably foreseeable conflict of interest or an actual conflict of interest as defined in subsection IV. A. or that could reasonably be expected to impair the Employee's independence of judgment in the performance of the Employee's official duties.
- B. Except as provided in this subsection VII. B., in subsection VII. C., or in subsection VII. E., an Employee shall not solicit, accept or agree to accept (or offer, give, or agree to give) any Benefit from or to a Restricted Donor.
- C. As long as the prohibitions in subsection VII. A. are not violated, an Employee may accept or agree to accept from a Restricted Donor:
1. gifts given on special occasions between Trustees and/or Employees;
  2. an item with a value of less than \$50, received from the same donor or employees of the same donor on infrequent occasions, excluding cash, cash equivalents, or a negotiable instrument as described by Texas Business & Commerce Code, Section 3.104.;
  3. a fee prescribed by law to be received by the Employee or any other Benefit to which the Employee is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as an Employee of TRS; or
  4. a Benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Employee.
- D. No employee shall accept any gift, regardless of value, from an entity associated with a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. 791.4. Any employee approached by groups representing these countries, that offer gifts, shall report the offer to the Chief Compliance Officer.
- E. Food, Lodging, Transportation and Entertainment. The following apply to items of food, lodging, transportation and entertainment offered by or accepted from a Restricted Donor:
1. No standard set forth in subsection VII. A. may be violated when acting under subsections VII. E. 2. through 5. immediately below.
  2. Modest items of food (with a value less than \$50 per person) are permissible only if given or accepted on infrequent occasions.
  3. Food items (with a value of \$50 or more per person) are permissible only if



- provided in connection with a business meeting, business meal, business conference, or reception; and
  - the donor or a representative of the donor is present.
4. Lodging, transportation, or entertainment are permissible only if (i) approved by the Executive Director; (ii) in connection with receptions, business meals, business meetings, or business conferences that serve a TRS purpose and (iii) the donor or a representative of the donor will be present at the reception, business meal, business meeting, business conference, or entertainment. The Executive Director shall provide notice to the Chair of the Board's Audit, Compliance, and Ethics Committee of any approvals for Restricted Donors to pay for any expenses related to business conferences under this section.
  5. If the Employee is required by law to report any items of food, lodging, transportation, and entertainment, such must be reported by the Employee.
- F. If otherwise permitted by this Policy, lodging and transportation may not be accepted from a person registered as a lobbyist in Texas unless in connection with a fact-finding trip or to a seminar or conference at which the Employee will provide services, such as speaking, and the services are more than merely perfunctory<sup>2</sup>. Entertainment provided by a lobbyist may not exceed the cumulative value of \$500 in a calendar year. Benefits provided by a lobbyist, other than food, lodging, transportation and entertainment, may not exceed the cumulative value of \$500 in a calendar year.
  - G. If an unsolicited Benefit that violates any provision of this section VII. is received by an Employee, he or she should attempt to return the Benefit to its source or donate the Benefit to charity.

### **VIII. Outside Employment and Certain Other Outside Activities**

- A. Employees may not engage in outside employment, business, or other activities, whether compensated or uncompensated, that detract from the ability to fulfill their full-time responsibilities to TRS. Employees must obtain advance written approval from the Executive Director for any outside employment or business. The Executive Director may delegate authority to approve outside employment to appropriate executive staff members.
- B. Employees who work in the TRS Investment Management Division or who in the course of their regular duties have access to current information concerning investment recommendations or decisions of TRS, may not, without advance approval from the Executive Director, advise, manage, or oversee an investment function for any entity, whether profit or nonprofit, or person even if such activity would not detract from the ability to fulfill their full-time responsibilities to TRS. This prohibition applies whether the activity is compensated or uncompensated. An investment function means management of or investment advice with respect to a portfolio of investments. This prohibition does not extend to advice or management relating to individual transactions for family members or to functions normally viewed as those of a treasurer such as investing in certificates of deposit or other money market instruments. The Chief Compliance Officer shall inform the Chair of the Board's Audit, Compliance, and Ethics Committee of any approvals granted under this

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<sup>2</sup> Section 305.025 of the Texas Government Code.

section.

- C. Any outside employment or business undertaken by the Executive Director must be approved in advance by the Board.

### **IX. Key Employees**

- A. The Board shall designate by position the Employees who exercise significant fiduciary authority. By virtue of their position with TRS, these persons are “Key Employees.” Employees with fiduciary authority have a strict duty of loyalty and care to TRS, and its members and beneficiaries.
- B. Employees designated as Key Employees must acknowledge their Key Employee status in writing through the annual Ethics Compliance Statement.

### **X. Training**

Employees shall participate in annual ethics training and successfully complete such training in a timely manner as prescribed by any associated deadline.

### **XI. Trustee-Staff Relations and Communications**

The Board has articulated the role and responsibility of Trustees and staff by developing and implementing policies that clearly separate the policy-making responsibilities of the Board and the management responsibilities of the Executive Director and the staff of TRS. Significantly, the Board has delegated certain responsibilities to the Executive Director in Article 4.1 of the Bylaws. Additionally, the Board has delineated significant authority of staff in TRS rules and in policies adopted by the Board, including the Investment Policy Statement, the Proxy Voting Policy, and the Securities Lending Policy.

It is important that the Trustees and staff have an open and productive working relationship to accomplish the goals of TRS for members, beneficiaries and retirees.

The following will assist staff with its interactions with Trustees.

- A. The Board and staff recognize the distinctively separate policymaking and implementation roles that each plays in fund governance.
- B. Providing direction to TRS staff, Consultants and Contractors:  
  
The Board collectively is empowered to direct TRS’s management, staff, and consultants on policy matters of TRS operations. Conversely, no individual Trustee speaks for or binds the Board or TRS. Staff, Consultants and Contractors should not interpret communications from individual Trustees as direction.
- C. Staff shall keep the Executive Director and the Chief Compliance Officer informed of contacts from a Trustee related to a TRS Matter.

D. Referrals of Potential Investments or Third-Party Service Providers:

If a Trustee makes a referral, the Trustee will make a referral and any follow-up inquiries to the Executive Director or, for investment matters, to the Chief Investment Officer. The Executive Director shall inform the other Trustees of any follow-up communications made by a referring Board member if they are repetitive or otherwise create concern.

With regard to all referrals, including those from a Trustee, the staff will evaluate the referred party or opportunity under then existing operating standards and procedures, without regard to the source of the referral.

## **XII. Compliance with Professional Standards**

- A. Employees who are members of professional organizations that promulgate standards of conduct must comply with those standards.
- B. Employees in the TRS Investment Management Division must comply with the CFA Institute's Code of Ethics and Standards of Professional Conduct (together, the "Standards") as amended from time to time by the CFA Institute. The Standards constitute Appendix B to this Policy.

## **XIII. Financial and Compliance Disclosures**

- A. The Executive Director must annually file a verified Personal Financial Statement with the Texas Ethics Commission in compliance with Subchapter B of Chapter 572 of the Texas Government Code. Copies of this Personal Financial Statement can be obtained from the Texas Ethics Commission. In addition, at the same time the Executive Director files a copy of his or her verified financial statement with the Texas Ethics Commission, the Executive Director shall file an identical copy of the verified financial statement with the Chief Compliance Officer and the Chief Audit Executive.
- B. Key Employees must file a Key Employee Enhanced Disclosure Form with the Chief Compliance Officer. The content of this form shall disclose a Key Employee's, a Key Employee's spouse's, and a Key Employee's dependent child(ren)'s and other dependent(s)'s private investments, material debts, non-TRS fiduciary positions, non-TRS employment, and material Benefits received from Restricted Donors.

Key Employees must file the Key Employee Enhanced Disclosure Form within 30 days of their date of employment as a Key Employee. The Key Employee's first such enhanced disclosure form must address the calendar year immediately prior to their date of employment as a Key Employee. Thereafter, an enhanced disclosure form must be filed by April 30th of each year covering the preceding calendar year. Notwithstanding anything to the contrary, in no event shall a Key Employee be required to file a second enhanced disclosure form covering the same calendar year. The Executive Director may postpone a filing deadline for not more than 60 days on written request or for an additional period for good cause, as determined by the Chairman of the Board.

- C. In addition to disclosures required in other provisions of this Policy (*e.g.*, subsections IV. F.), Employees with knowledge of a violation of this Policy, the Board of Trustees Ethics Policy, or the Code of Ethics for Contractors must promptly

- report his or her own violation of this Policy in writing to the Executive Director or the Chief Compliance Officer, and
  - report violations, of which he or she becomes aware, of this Policy, the Board of Trustee Ethics Policy, or the Code of Ethics for Contractors by any other individual or entity, either in writing to the Executive Director or the Chief Compliance Officer, or verbally by contacting the TRS “Hotline” for anonymous ethics reporting.
- D. Within sixty (60) days of the date of employment, in the case of new Employees, and within sixty (60) days of the date of employment in a position as a new Key Employee, the Employee or Key Employee, as the case may be, must file a completed Ethics Compliance Statement for Employees and Certain Contractors that he or she has received and read this Policy, that he or she will comply with its provisions, and that it is his or her duty to report any acts by Trustees, other Employees, or Contractors when he or she has knowledge of violations of this Policy. This statement will also include a reminder that he or she is required to update his or her Ethics Compliance Statement if a change in circumstances occurs that would require reporting under this Policy.
- Employees, including the Executive Director, must annually file a completed Ethics Compliance Statement with the Chief Compliance Officer by April 30 of each year for the preceding calendar year. The Chief Compliance Officer will provide a copy of the Executive Director’s Compliance Statement to the Chairman of the Audit, Compliance, and Ethics Committee of the Board only if the Executive Director has anything to report under the five questions found in the Ethics Compliance Statement
- E. Within sixty (60) days of the date of employment in a position as a new Key Employee, the Key Employee must file a completed Disciplinary Action Disclosure Statement with the Chief Compliance Officer. Within sixty (60) days of the date an individual becomes the Executive Director, he or she must file a Disciplinary Action Disclosure Statement with the Chief Compliance Officer. The Chief Compliance Officer will provide a copy of the Executive Director’s Disciplinary Action Disclosure Statement to the Chairman of the Audit, Compliance, and Ethics Committee of the Board only if the Executive Director responds with a “yes” to any of the questions in this statement. A Key Employee must promptly file an updated, complete Disciplinary Action Disclosure Statement if any action occurs that would cause any answers to change on this form.

#### **XIV. Custodians of Disclosures and Waivers**

The Executive Director shall be the custodian for open records purposes of disclosures required under this Policy. The Chief Compliance Officer shall be the custodian for open records purposes of waivers of conflicts of interest, if any, granted by the Executive Director.

#### **XV. Enforcement**

- A. The Board will enforce this Policy through the Executive Director, who is responsible for its implementation with respect to Employees.
- B. The full range of disciplinary options under TRS personnel policies and practices may be used with respect to Employees who violate this Policy, up to and including termination. Employees

shall cooperate with any investigation under this Policy.

- C. Employees who are fiduciaries shall take appropriate action as co-fiduciaries in the event a violation of this Policy would involve or does involve a breach of fiduciary duties, including using reasonable care to prevent a co-fiduciary from committing a breach of trust or to compel a co-fiduciary to redress a breach of trust.
- D. No retaliatory action will be taken toward any individual who, in good faith, makes a report of or takes action in response to a violation or suspected violation of applicable ethical laws, standards, or policies.
- E. A list will be maintained of the Contractors whose contract or relationship with TRS has been terminated because they were found to be in violation of the Code of Ethics. The custodian of this list is the Chief Compliance Officer. Termination of a contract or relationship because of a violation of the Code of Ethics can preclude another contract or relationship with TRS for a period of time up to ten years, as determined by the Executive Director or his or her designee, commencing from the date of the termination of the contract or relationship.
- F. The Executive Director will report to the Audit, Compliance, and Ethics Committee of the Board in writing by May 31 of each year, covering the immediately prior twelve-month period from May 1 to April 30, of the following:
  - 1. any approval given for outside employment by Key Employees, including the nature of the employment;
  - 2. any disciplinary action disclosed by Key Employees;
  - 3. any Conflict of Interest Disclosure Statements and verbal reports via the TRS "Hotline" that are received by TRS;
  - 4. any written or verbal reports of violations of this Policy, the Board of Trustees Ethics Policy, or the Code of Ethics for Contractors; and
  - 5. any decision to grant or deny a waiver pursuant to Section IV. H.

## **XVI. Conflict with Other TRS Policies**

The provisions of this Policy are intended to be read in conjunction with other TRS policies regarding ethics. To the extent that this Policy imposes obligations on Employees that are greater than those imposed in other TRS policies, these obligations are deemed to be in addition to, and not in conflict with, the obligations set forth in other TRS policies. Employees should seek the advice of the Chief Compliance Officer and the Executive Director if they have any questions about possible conflicts between this Policy and other TRS policies.

## Appendix A

### Definitions

1. **“Affinity”** means a relation which one spouse, because of marriage, has to the blood relatives of the other spouse. In other words, affinity is the connection existing in consequence of a marriage, between each of the married persons and the kindred of the other. Affinity is distinguished from “Consanguinity,” which is the connection between two individuals that exists by kinship or by blood.
2. **“Beneficial Ownership”** means the true ownership of a Security or an interest in a Security as opposed to any stated legal title to ownership provided in documents or oral representations. The beneficial owner is the person that receives or has the right to receive proceeds or other advantages as a result of the ownership without regard to the nominal owner. In this Policy, Beneficial Ownership includes all types of beneficial ownership interests, such as community property or joint tenancies, the power to vote shares, profit-sharing arrangements, interests in self-directed retirement arrangements, and beneficial interests in trusts and estates, and includes, in addition to a person’s own direct beneficial ownership, an indirect beneficial interest through immediate family members (spouse, minor children, or other dependents).
3. **“Benefit”** means any gift, item, favor, payment, or service, including a promised future benefit, whether or not such gift, item, favor, payment, or service has a pecuniary value, and includes, without limitation, any gift, item, favor, payment, or service given to or accepted by a person in whose welfare an Employee has a direct and substantial interest. A Benefit does not include a gift, item, favor, payment, or service for which TRS has given due consideration.
4. **“Consanguinity”** means a relation by kinship or by blood. Individuals are related by consanguinity if the individuals are descended from the same stock or common ancestor. Consanguinity is distinguished from “affinity,” which is the connection existing in consequence of a marriage, between each of the married persons and the kindred of the other.
5. **“Consultant”** means an entity or person, other than an Employee or Trustee, (i) who provides advice to TRS intended to affect or form a basis for significant TRS decisions, including but not limited to an actuary or insurance and health care plan advisor, or (ii) who provides advice to TRS and may reasonably be expected to receive for its services more than \$10,000 in compensation from TRS during a fiscal year (September 1 to August 31). For purposes of this Policy, the term “Consultant” does not include an entity or person defined in the Code of Ethics as a Broker or as a Financial Provider. However, if an entity or person defined as a Consultant would also fall within the definition of a Financial Provider, the entity or person will be considered a Financial Provider for all purposes. If any question exists regarding who constitutes a Consultant for purposes of this Policy, the Executive Director or his or her designee shall make that determination.
6. **“Contractor”** is a collective term used to reference all individuals or entities that fall within any one or more of the definitions for an Agent, a Broker, a Consultant, or a Financial Provider, as each separate term is defined in the Code of Ethics.
7. **“Derivative”** means a financial product whose value or return is based on, derived from, or linked to the value of a reference rate, exchange rate, interest rate, index, or currency or an underlying Security, asset, commodity, or any combination of underlying rates, indices, currencies or securities (*i.e.*, futures contracts, forward contracts and options), but does not include mutual funds.
8. **“Employee”** means a person working for TRS in an employer-employee relationship and not in an independent contractor capacity, and includes the Executive Director and Chief Investment Officer

of TRS.

9. **“Audit, Compliance, and Ethics Committee of the Board”** means the standing Audit, Compliance, and Ethics Committee of the Board established pursuant to the Bylaws of the Board, as amended from time to time.
10. **“General Counsel”** means the Employee of TRS serving in the position of chief legal advisor for TRS.
11. **“Private Investment”** means an investment or decision to invest, regardless of form, made or under consideration by TRS in a private, non-publicly traded security pursuant to limited offerings of securities exempt from registration under the securities laws.
12. **“Relative”** means a person related in the Third Degree by Consanguinity (blood relative) or Affinity (marriage) determined in accordance with Sections 573.021-025, Texas Government Code. Examples of Relatives by consanguinity are a child, grandchild, great- grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew. A person adopted into a family is considered a relative on the same basis as a natural born family member. Examples of Relatives by affinity are a spouse, any person related to the spouse within the third degree by consanguinity, or any spouse of a Relative by consanguinity or affinity. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
13. **“Restricted Donor”** means (1) persons or entities with which TRS does business, (2) persons or entities seeking to do business with TRS or with whom TRS is considering doing business, (3) non-publicly traded entities in which TRS invests or is considering investing, (4) publicly traded entities in which TRS invests or is considering investing, but only if the Employee knows that the publicly traded entity is interested in or likely to become interested in a TRS contract, purchase, payment, claim or transaction, (5) persons or entities seeking official action from TRS, or (6) any other person or entity who gives the Benefit because of the Employee’s official position with TRS. Persons employed by the same entity, and entities with common ownership or control, shall be considered to be a single donor.
14. **“Second Degree by Consanguinity or Affinity,”** as determined in accordance with Sections 573.021-025, Texas Government Code, includes the following persons related to the Employee: (1) by consanguinity (blood relative) - a child, grandchild, parent, grandparent, brother, and sister; and (2) by affinity (marriage) – a spouse and the spouse’s child, grandchild, parent, grandparent, brother, and sister. A person adopted into a family is considered a relative on the same basis as a natural born family member. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
15. **“Security” or “Securities”** means, for purposes of this Policy, (a) all types of publicly traded equity and debt securities of companies listed on a domestic or foreign exchange, including without limitation, any equity security included in a TRS policy benchmark, common stocks, preferred stocks, bonds convertible into equities, rights, warrants, units, depositary receipts and (b) Derivatives of equity securities, including without limitation, swaps, futures, options, and the functional equivalents of such instruments. The terms “Security” or “Securities” do not include: (i) open-ended mutual fund investment companies registered under the Investment Company Act of 1940; (ii) U.S. Government- issued securities; (iii) municipal debt obligations; (iv) money market instruments (*i.e.*, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments); and (v) any exchange traded fund (“ETF”) of sufficient size that TRS trades are unlikely to affect the fair market value of the ETF’s shares, as determined by the Compliance Officer in consultation with TRS Investment Management Division staff.

16. **“Third Degree by Consanguinity or Affinity,”** as determined in accordance with Sections 573.021-025, Texas Government Code, includes the following persons related to the Employee:
- (1) by consanguinity (blood relative) - a child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew; and
  - (2) by affinity (marriage) – a spouse and the spouse’s child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew. A person adopted into a family is considered a relative on the same basis as a natural born family member. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
17. **“TRS Matter”** means any transaction, event, occurrence, situation, or state of affairs relating to TRS business and responsibilities, including policies, administration of benefits or programs or operations, current or prospective contracts, procurements or contracting opportunities, employees or employment opportunities, proceedings such as rule making and appeals, investments and investment opportunities, and legislation relating to or affecting TRS.



Appendix B  
**CFA Institute**  
**Code of Ethics and Standards of Professional Conduct**

As amended and restated in the  
2014 CFA Institute, [www.cfainstitute.org](http://www.cfainstitute.org)

***The Code of Ethics***

Members of CFA Institute (including Chartered Financial Analyst [CFA] charterholders) and candidates for the CFA designation (“Members and Candidates”) must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

***Standards of Professional Conduct***

**I. PROFESSIONALISM**

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another’s independence and objectivity.
- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations

relating to investment analysis, recommendations, actions, or other professional activities.

- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

## II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

## III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.

- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

- C. Suitability.**

1. When Members and Candidates are in an advisory relationship with a client, they must:

- a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
- b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
- c. Judge the suitability of investments in the context of the client's total portfolio.

2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

- D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

- E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

#### IV. DUTIES TO EMPLOYERS

- A. **Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- B. **Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, their employer's interest unless they obtain written consent from all parties involved.
- C. **Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

#### V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. **Diligence and Reasonable Basis.** Members and Candidates must:
  1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
  2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- B. **Communication with Clients and Prospective Clients.** Members and Candidates must:
  1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
  2. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
  3. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
  4. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.
- C. **Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.

## **VI. CONFLICTS OF INTEREST**

- A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.
- C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services.

## **VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE**

- A. Conduct as Participants in CFA Institute Programs.** Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program.** When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.



## ETHICS COMPLIANCE STATEMENT FOR EMPLOYEES

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Department: \_\_\_\_\_

Date: \_\_\_\_\_

Key Employee (yes/no): \_\_\_\_\_

Please check the appropriate blank:

\_\_\_\_\_ New Employee

\_\_\_\_\_ New Key Employee

\_\_\_\_\_ Annual Confirmation for current Employees, current Key Employees (**Due on April 30 of each year**)

\_\_\_\_\_ Termination of Employment.

Will you have a direct or indirect role in your subsequent employer's effort to influence TRS investments or contracts for goods or service with TRS or TRICOT? Or, do you expect to have interactions with TRS Employees in a business context?

Yes \_\_\_\_\_ Please explain \_\_\_\_\_

No \_\_\_\_\_

### **REPRESENTATIONS**

\_\_\_\_\_ I have received and read the current Employee Ethics Policy. I have also received and read the current TRS Trading Policy for Employees and Certain Contractors (the "Trading Policy"). I understand my responsibilities under these policies and I agree to comply with them. I understand that adherence to the Employee Ethics Policy and the Trading Policy are basic conditions of my employment at TRS.

\_\_\_\_\_ If I believe I have a conflict of interest as defined in the Employee Ethics Policy, I agree to report my conflicts to the Executive Director or the Chief Compliance Officer in writing through the Conflict of Interest Disclosure Statement.

\_\_\_\_\_ If I believe that I have knowledge that a Trustee, Employee, or Contractor (as defined in the TRS Code of Ethics for Contractors (the "Code of Ethics")) has a conflict of interest as defined respectively in the Trustee Ethics Policy (the "Trustee Ethics Policy"), in the Employee Ethics Policy, or in the Code of Ethics, I agree to report such conflicts either in writing to the Executive Director or the Chief Compliance Officer through the Conflict of Interest Disclosure Statement or verbally through the TRS "hotline" for anonymous ethics reporting (the "Hotline").

\_\_\_\_\_ If I believe that I have violated the Employee Ethics Policy or the Trading Policy, I agree to report my violation to the Executive Director or the Chief Compliance Officer in writing.

\_\_\_\_\_ If I believe that I have knowledge that a Trustee, Employee, or Contractor has violated the Trustee Ethics Policy, Employee Ethics Policy, or Code of Ethics, I agree to report such violations either in writing to the Executive Director or the Chief Compliance Officer or verbally through the Hotline.

\_\_\_\_\_ I agree that I will not allow myself to be placed in a position which might give rise to a reasonably foreseeable conflict of interest, as defined in the Employee Ethics Policy.

\_\_\_\_\_ I agree that I will cooperate with any investigation under the Employee Ethics Policy, Trading Policy, Trustee Ethics Policy, Code of Ethics, or other applicable TRS policy.

To the best of my knowledge and belief, I do not have any relationship or interest, nor have I engaged in any activity, which constitutes a conflict of interest as defined in the Employee Ethics Policy.

---

(Write "None" if you have nothing to report. If you have something to report, please attach a completed TRS Conflict of Interest Disclosure Statement to this form.)

I am unaware of any unreported conflicts of interest under the Trustee Ethics Policy or the Employee Ethics Policy, as applicable, involving any Trustee or Employee, or any unreported conflicts of interest under the Code of Ethics involving any Contractor, except as indicated below.

---

(Write "None" if you have nothing to report or have reported all conflicts of interest of which you are aware. If you are aware of an unreported conflict of interest, please either attach a completed Conflict of Interest Disclosure Statement to this form or make your report verbally to the Hotline before filing this form.)

To the best of my knowledge and belief, I have not violated the Employee Ethics Policy or the Trading Policy, except as indicated below.

---

(Write "None" if you have nothing to report. If you have something to report, please attach a written explanation to this form.)

I am unaware of any unreported violations of the Trustee Ethics Policy, the Employee Ethics Policy or the Trading Policy, as applicable, by any Trustee or Employee, or any unreported violations of the Code of Ethics by any Contractor, except as indicated below.

---

(Write "None" if you have nothing to report or have reported all violations of which you are aware. If you are aware of an unreported violation, please either attach a written explanation to this form or make your report verbally to the Hotline before filing this form.)

If required by the Trading Policy, I have properly reported my Personal Securities Transactions and properly disclosed all of my Covered Accounts (as defined in the Trading Policy), in accordance with the Trading Policy, except as indicated below.

---

(Write "None" if you (1) either had no Personal Securities Transactions to report or if you properly reported all of your Personal Securities Transactions in accordance with the Trading Policy, and (2) you properly disclosed all of your Covered Accounts in accordance with the Trading Policy.)

\_\_\_\_\_ I agree that if any change in circumstances occurs which should be reported in accordance with the Employee Ethics Policy or the Trading Policy, I will promptly report this change in accordance with those policies.

Outside Employment (please check one blank that applies)

- \_\_\_\_\_ I am not engaged in any outside employment, business or other activities, consistent with the Employee Ethics Policy.
- \_\_\_\_\_ I am engaged in outside employment, business or other activities, and have obtained advance written approval for such activity, as required by the Employee Ethics Policy, by completing the Outside Business Activity Form.
- \_\_\_\_\_ I am in the process of seeking approval of my outside employment, business or other activities. I will notify Human Resources after the process is completed.

**FOR KEY EMPLOYEES**

- \_\_\_\_\_ I acknowledge my status as a TRS Key Employee.

**ALL EMPLOYEES**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name Date

**IF THIS STATEMENT IS THE EMPLOYEE'S ANNUAL ETHICS COMPLIANCE STATEMENT, THIS COMPLIANCE STATEMENT MUST BE RETURNED TO TRS LEGAL & COMPLIANCE BY APRIL 30.**

AS TO STATEMENTS OF PAST ACTIONS, THIS COMPLIANCE STATEMENT COVERS THE PERIOD FROM APRIL 1 OF THE PRIOR CALENDAR YEAR THROUGH MARCH 31 OF THE CALENDAR YEAR DURING WHICH THIS COMPLIANCE STATEMENT IS DUE.

AS TO STATEMENTS OR COMMITMENTS OF FUTURE ACTIONS, THIS COMPLIANCE STATEMENT COVERS THE PERIOD FROM APRIL 1 OF THE CALENDAR YEAR DURING WHICH THIS COMPLIANCE STATEMENT IS DUE THROUGH MARCH 31 OF THE NEXT CALENDAR YEAR.

**CONFLICT OF INTEREST DISCLOSURE STATEMENT**  
**(for use by Employees)**

An Employee must promptly:

- disclose his or her own conflicts of interest in writing to the Chief Compliance Officer through this Conflict of Interest Disclosure Statement, and
- disclose conflicts of interest involving others of which the Employee becomes aware either in writing through this Conflict of Interest Disclosure Statement or verbally by contacting the TRS “Hotline” for anonymous ethics reporting.

Your disclosure should be sent to the Chief Compliance Officer, unless you have reason to believe that disclosure to the Chief Compliance Officer would be ineffective. In the latter case, your disclosure should be sent to the Executive Director.

If a conflict of interest involving an Employee is the subject of this Statement, see Section IV.A. of the Employee Ethics Policy for the definition of a Conflict of Interest; if a conflict of interest involving a Trustee is the subject of this Statement, see the Board of Trustees Ethics Policy for the definition of a conflict of interest; and if a Contractor is the subject of this statement, see Section I.A. of the Code of Ethics for Contractors (the “Code”) for the definition of a conflict of interest.

**1. Conflict of Interest.**

Describe the facts and circumstances that create the conflict of interest. Specify the interest or relationship that creates the conflict. Attach additional pages to this form, if needed.

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**2. For use if the Employee that is filing this Statement is reporting his or her own Conflict of Interest.**

Please answer "yes" or "no" and give any requested explanation.

\_\_\_\_\_ I believe that I have a conflict of interest.

\_\_\_\_\_ I have withdrawn from participation in the matters affected by the conflict of interest pending further notification from TRS.

\_\_\_\_\_ I have cured the conflict of interest or believe that I can cure the conflict of interest by taking the following action (check all applicable blanks and provide explanatory details below):

\_\_\_\_\_ promptly eliminating the conflict;

\_\_\_\_\_ prudently withdraw from action on the particular matter in which the conflict exists; or

\_\_\_\_\_ terminate my relationship with TRS as quickly and responsibly and legally possible.



Explanatory details:

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\_\_\_\_\_ I request a waiver from the Executive Director relating to the prohibition on giving advice or making decisions about matters affected by the conflict of interest that is the subject of this Disclosure Statement.

If "yes", state why. \_\_\_\_\_

---

\_\_\_\_\_ I have provided a copy of this Disclosure Statement to my supervisor, team leader or manager.

If "no", why not? \_\_\_\_\_

---

**3. For use if the Employee that is filing this form is reporting on a conflict of interest involving another individual or entity.**

Please answer "yes" or "no" or "do not know" and give any requested explanation.

\_\_\_\_\_ I believe that another individual or entity has a conflict of interest, as described above.

\_\_\_\_\_ The other individual or entity has withdrawn from participation in the matters affected by the conflict of interest pending further notification from TRS.

\_\_\_\_\_ I have provided a copy of this Disclosure Statement to the TRS personnel who supervise or monitor the individual or entity that is the subject of this Disclosure Statement.

If "no," why not? \_\_\_\_\_

---

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **TEACHER RETIREMENT SYSTEM OF TEXAS**

### **KEY EMPLOYEE ENHANCED DISCLOSURE FORM**

In completing this form, the reporting year is January 1 through December 31 of the prior calendar year. You may attach additional sheets if necessary for complete disclosures.

Name: \_\_\_\_\_

Reporting Year: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Dependent Child(ren)'s Names: \_\_\_\_\_

Other Economic Dependents' Names: \_\_\_\_\_

#### **SUMMARY OF INFORMATION**

Indicate "Yes" or "No" to the following:

I am disclosing non-TRS Employment (page 2): \_\_\_\_\_

I am disclosing material debt or debts, defined for this purpose as a debt of \$25,000 or more (page 3): \_\_\_\_\_

I am disclosing a Benefit or Benefits received from a Restricted Donor (page 4): \_\_\_\_\_

I am disclosing a non-TRS fiduciary position (page 5): \_\_\_\_\_

I am disclosing privately held investments (page 6): \_\_\_\_\_

Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form

**EMPLOYMENT**

Non-TRS Employment

Did you, your spouse, dependent child(ren), and/or other financial dependent(s) have non-TRS employment during the reporting year: \_\_\_\_\_(yes/no)

If yes, provide the following information.

Your Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Spousal Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Dependent Child(ren) Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Other Economic Dependent(s) Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

**DISCLOSABLE DEBTS:**

Did you, your spouse, dependent child(ren), and/or other financial dependent(s) owe any lender or creditor a debt or aggregate debts of \$25,000 or more during the reporting year? \_\_\_\_ (yes/no)

If no, move on to the next section. If yes, provide the following information for each debt of \$25,000 or more actually owed at any time during the reporting year. Please list each debt separately.

	Debt 1	Debt 2	Debt 3	Debt 4	Debt 5
Creditor:					
Borrower:					
Guarantor if any:					
Principal owed (as of 12/31):					

**BENEFITS FROM RESTRICTED DONORS**

Have you, your spouse, dependent child(ren), or other financial dependent(s) received any Benefit (e.g., gift) worth more than \$50 from a Restricted Donor during the reporting year? \_\_\_\_ (yes/no)

“Benefit” means any gift, item, favor, payment, or service, including a promised future benefit, whether or not such gift, item, favor, payment, or service has a pecuniary value, and includes, without limitation, any gift, item, favor, payment, or service given to or accepted by a person in whose welfare an Employee has a direct and substantial interest. A Benefit does not include a gift, item, favor, payment, or service for which TRS has given due consideration.

“Restricted Donor” means (1) persons or entities with which TRS does business, (2) persons or entities seeking to do business with TRS or with whom TRS is considering doing business, (3) non-publicly traded entities in which TRS invests or is considering investing, (4) publicly traded entities in which TRS invests or is considering investing, but only if the Employee knows that the publicly traded entity is interested in or likely to become interested in a TRS contract, purchase, payment, claim or transaction, (5) persons or entities seeking official action from TRS, or (6) any other person or entity who gives the Benefit because of the Employee’s official position with TRS. Persons employed by the same entity, and entities with common ownership or control, shall be considered to be a single donor.

If no, move to the next section. If yes, provide the following information.

**Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form**

	Gift 1	Gift 2	Gift 3	Gift 4	Gift 5
Name of recipient:					
Name and address of donor:					
Description of gift:					
Value of gift:					

Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form

**NON-TRS FIDUCIARY POSITIONS**

Did you, your spouse, dependent child(ren), or other financial dependent(s) hold any non-TRS office or position that owed fiduciary duties during the reporting year? \_\_\_\_\_(yes/no)

If yes, provide the following information.

	Position 1	Position 2	Position 3	Position 4
Organization:				
Position Held:				
Position Held by:				

**DISCLOSABLE PRIVATELY HELD INVESTMENTS**

Did you, your spouse, dependent child(ren), or other financial dependent(s) hold an interest in any privately held investment (e.g., limited partnership, closely held corporation, limited liability company) during the reporting year? \_\_\_\_\_(yes/no)

If no, move to the next section. If yes, provide the following information.

	Private Investment 1	Private Investment 2	Private Investment 3	Private Investment 4	Private Investment 5
Held by:					
Name of investment:					
Date Acquired:					
Estimated value of investment (as of 12/31)					

Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form

**DECLARATION**

My name is \_\_\_\_\_.

**I declare under penalty of perjury that the foregoing is true and correct.**

Executed in \_\_\_\_\_ County, State of \_\_\_\_\_, on the \_\_\_\_\_ day of \_\_\_\_\_.

Signature: \_\_\_\_\_



**DISCIPLINARY ACTION DISCLOSURE STATEMENT**  
**(For Trustees and Key Employees only)**

Please respond "yes" or "no" to the following questions:

- \_\_\_\_\_ Has any court in the United States or elsewhere ever entered an order against you or found you to have been involved in any illegal
- \_\_\_\_\_ In the past ten years, have you been convicted of or pleaded guilty or no contest to a felony or misdemeanor involving any investment related activities, fraud, theft, bribery, forgery, counterfeiting or extortion?
- \_\_\_\_\_ In the past ten years, have you been convicted of or pleaded guilty or no contest to any other felony?
- \_\_\_\_\_ Has any federal, state or foreign regulatory or self- regulatory agency ever found you to be in violation of its rules, to have made a false statement, or entered a disciplinary order against you?
- \_\_\_\_\_ Have you ever had a professional license or registration suspended, revoked or denied?
- \_\_\_\_\_ Has a bonding company ever denied, paid out on, or revoked a bond as a result of any activities in which you were involved?
- \_\_\_\_\_ Have you ever been an officer, director, or 10% or more owner of a business which has been declared bankrupt, made a compromise with creditors, or filed a petition for bankruptcy?
- \_\_\_\_\_ To your knowledge, are you now the subject of any investigation or proceeding that could result in a "yes" answer to any of the above questions?

I agree to update this form promptly if any action occurs in the future which would cause any of my answers to these questions to change.

\_\_\_\_\_  
Employee signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name

**Teacher Retirement System of Texas**

**Employee Ethics Policy**

**Adopted: October 9, 2009**

**Revised: February 27, 2025**

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## **I. Overview**

The Teacher Retirement System of Texas (“TRS”) is charged by the Texas Constitution and state law with the administration of pension assets held in trust for the exclusive benefit of active or retired TRS members and their beneficiaries, and assets may not be diverted. The Teacher Retirement Investment Company of Texas (“TRICOT”) is TRS’ subsidiary in the United Kingdom charged with supporting TRS’ investment activities. Certain Employees are subject to fiduciary duties of prudence and loyalty. The duty of prudence compels Employees to exercise the judgment and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs when making investment decisions. The duty of loyalty requires Employees to have an undivided loyalty to the participants of the trust and to exclude all other interests. All operations and activities of TRS must be undertaken solely to advance and protect the interests of the members, retirees, and beneficiaries of the pension plan and must be conducted in a prudent manner. Similarly, TRS is trustee of other trusts that must be administered according to their terms and TRS, as trustee, is subject to fiduciary responsibilities under trust law with regard to those assets and the participants of each particular trust. These other trusts include the TRS-Care health benefits program, and the TRS-ActiveCare health benefits program. Accordingly, Employees have fiduciary duties commonly associated with pensions and other trusts, and each Employee must exercise an independent judgment on behalf of each trust. These duties extend not only to the investment activities but also to the application of TRS benefit provisions, the establishment of actuarial assumptions, the collection of amounts owed TRS, and the general administration of TRS.

TRS is a public entity. Consequently, Employees have the special responsibilities for honesty and integrity applicable to public servants. Texas Government Code, Chapters 572, 825, and 2203, along with Texas Penal Code, Chapters 36 and 39, describe specific standards of conduct that Employees must follow.

This Employee Ethics Policy (the “Policy”) specifies standards of conduct expected of Employees in view of these responsibilities. Although many of its provisions are based upon legal and fiduciary concepts, this Policy should not be interpreted as an exclusive and complete statement of legal and fiduciary responsibilities and its provisions should not necessarily be construed as only statements of legal and fiduciary responsibility. This Policy does not supersede any applicable federal or Texas law or administrative rule. All Employees must abide by all applicable federal and Texas law, including applicable fiduciary duties, administrative rules, and TRS conduct policies, including this Policy.

Adherence to this Policy will allow Employees to meet any applicable fiduciary obligations, comply with statutory mandates, and facilitate mutual respect and public confidence.

Any ambiguity in this Policy generally will be resolved in accordance with applicable legal or fiduciary standards.

In fulfilling the TRS Board of Trustees’ (“Board”) roles and responsibilities and pursuant to requirements of applicable statutes, the Board has delegated to the Executive Director the responsibilities outlined in the Bylaws, including management of the day-to-day operations of TRS. Through the Bylaws, the Board has also delegated authority for some matters to the Executive Director or the staff, in accordance with Board actions or applicable law, including the following: certain investment decisions, contracts, payments and other releases of assets, and litigation decisions. Further, the Board has delegated authority to staff in various other policies, such as the investments policies adopted by the Board.

Capitalized terms are defined in Appendix A, attached hereto and incorporated herein for all purposes, if not otherwise described in the text of this Policy. Therefore, the definitions in Appendix A shall apply unless the context requires otherwise.

## **II. General Conduct Guidelines**

Employees shall fulfill the following fiduciary duties and abide by the general conduct guidelines detailed below:

- A. Exercise undivided loyalty to the trust participants.
  - An Employee must exercise care and caution always to place the interests of trust participants and TRS ahead of the Employee's own interest and to act exclusively in the interest of the respective participants of each trust. No Employee may represent any person in any action or proceeding before or involving the interests of TRS except as a duly authorized representative or agent of TRS.
  - On all matters related to or involving TRS, an Employee's actions must benefit the interests of trust participants and trust funds.
- B. Dissociate one's personal viewpoints from the objective requirements of the Employee's fiduciary obligations to trust participants.
  - An Employee must act with integrity, competence, diligence, respect, and in a transparent and an ethical manner in all matters related to or involving TRS, including all dealings with the participants of a TRS trust, TRS Trustees, other Employees, and the public.
- C. Exercise care, skill, prudence, and diligence appropriate to the prevailing circumstances.
- D. An Employee must abide by all applicable laws, rules, and regulations, including the terms of the pension plan and, as applicable, the specific laws and rules governing other programs administered by TRS.
- E. Avoid unreasonable favoritism toward one beneficiary group over another.
  - An Employee must deal fairly, objectively, and impartially with all participants.
- F. Refrain from prohibited or conflicted actions.
  - An Employee must maintain independence and objectivity with respect to the execution of the Employee's responsibilities to TRS and to trust participants and must avoid actions or activities that create an appearance of bias or that bring into question the Employee's own independence of judgment. This includes avoiding conflicts of interest, refraining from self-dealing, and refusing any gift that could reasonably be expected to affect an Employee's loyalty.
  - No Employee may influence the investment decision-making process of TRS, either for personal gain or private advantage or in a manner detrimental to the interests of TRS.
  - An Employee must maintain the confidentiality of TRS and trust participant information and must never use such information for personal gain or for the gain of third parties.

## **III. Specific Legal Standards of Conduct**

The following specific legal standards of conduct apply to Employees:

- A. An Employee shall not:
  - 1. Accept or solicit any gift, favor, or service that might reasonably tend to influence the Employee in the discharge of official duties, or that the Employee knows or should know is being offered with the intent to influence the Employee's official conduct.

2. Intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised his or her official powers or performed his or her official duties in favor of another.
3. Disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the Employee's official position except when the Executive Director, or his or her designee, determines such disclosure is either permitted or required by law.
4. Accept other employment, including self-employment, or engage in a business, charity, nonprofit organization, or professional activity that the Employee might reasonably expect would require or induce the Employee to disclose confidential information, information that is excepted from public disclosure under the Texas Public Information Act, or information that has been ordered sealed by a court, that was acquired by reason of the Employee's official position.
5. Have a direct or indirect interest, including financial and other interests, or engage in a business transaction or professional activity, or incur any obligation of any nature that is in substantial conflict with the proper discharge of the Employee's duties in the interest of TRS.
6. Accept other employment, including self-employment, or compensation or engage in a business, charity, nonprofit organization, or professional activity that could reasonably be expected to impair the Employee's independence of judgment in the performance of the Employee's official duties.
7. Make personal investments, or have a personal or financial interest, that could reasonably be expected to create a substantial conflict between the Employee's private interest and the public interest;
8. Use TRS or state personnel time (*i.e.*, time for which you or other Employees are being paid by TRS or the state), information, property, facilities, equipment or other resources, or information or resources paid for by TRS, for any purpose other than official TRS business. Notwithstanding the above, use of an Employee's own TRS or state personnel time, or use of TRS or state information, property, facilities, equipment and other resources is acceptable if such use
  - does not result in any direct cost to TRS or the state,
  - does not impede TRS functions,
  - is not for private commercial purposes,
  - is reasonable and incidental, and
  - does not violate applicable TRS policies.

Likewise, a person may not entrust TRS or state information, property, facilities, equipment or other resources, or information or resources paid for by TRS or the state, to any other person if the information, property, facilities, equipment or other resources are not to be used for TRS purposes;

9. Use his or her official position for financial gain, obtaining privileges, or avoiding

consequences of illegal acts, including but not limited to:

- accepting, under any circumstances, offers by reason of their position with TRS to trade in any security or other investment on terms more favorable than available to the general investing public;
- borrowing from Contractors unless such entities are normally engaged in such lending in the usual course of their business, and then only on customary terms offered to others under similar circumstances to finance proper and usual activities.

However, this should not be interpreted to forbid communicating to others the fact that a relationship with TRS exists, provided that no misrepresentation is involved.

10. With intent to obtain a benefit or with intent to harm or defraud another, intentionally or knowingly:
  - violate a law relating to the Employee's position with TRS; or
  - misuse TRS time, property, services, personnel, or any other thing of value belonging to TRS that has come into the Employee's custody or possession by virtue of the Employee's position with TRS.
11. Knowingly make misleading statements, either oral or written, or provide false information, in the course of official state business.
12. Use TRS or, as applicable, state resources for any political activity.
13. Contract on behalf of TRS with any entity, or an affiliate controlled by such entity, that employs or is represented by a former Trustee or former Employee if such employment or representation would violate the prohibitions on employment of or representation by former public servants contained in Section 572.054 of the Texas Government Code. Notwithstanding the provisions of Section 572.054, the Board may authorize such a contract if the Board determines that the contract would be prudent for TRS. TRS contracts must provide for a termination option, whereby TRS may terminate a contract with an entity, or an affiliate controlled by such entity, in the event that such entity or controlled affiliate employs or uses the services of a former Trustee or former Employee in violation of this Policy.

Section 572.054 of the Texas Government Code prohibits a former Trustee or former Executive Director from making any communication to or appearance before an officer or Employee of TRS before the second anniversary of the date the Trustee or Executive Director ceased being a member of the Board or the Executive Director if the communication or appearance is made:

- with the intent to influence; and
- on behalf of any person in connection with any matter on which the person seeks official action.

Also pursuant to Section 572.054, at no time in the future may a former Trustee or former Employee represent any person or receive compensation for services rendered on behalf of any person regarding a particular matter in which the Trustee or Employee participated, either through personal involvement or because the matter was within the Trustee's or Employee's official responsibility.

Departing Employees should be aware of state conflict of interest requirements (e.g., revolving door statutes) and that they may be subject to further restrictions related to future interactions with TRS, TRICOT and Trustees. Departing Employees shall notify the Chief Compliance Officer if (i) they will have a direct or indirect role in their subsequent employer's effort to influence TRS investments or contracts for goods or service with TRS or TRICOT, or (ii) they expect to have interactions with Employees in a business context.

14. Except for an interest in TRS assets as a member of TRS, have a direct or indirect interest in the gains from investments made with TRS assets and shall not receive any compensation for service other than designated salary and authorized expenses.
  15. Advise or make decisions about matters affected by a conflict of interest as defined and provided in subsection IV. A. of this Policy.
  16. Participate in or be the beneficiary of, directly or indirectly, a loan, commitment to lend, a guarantee or endorsement to lend, or investment by TRS or a contract to advise TRS or manage property or investments for TRS, except this prohibition does not apply to actions taken by an Employee within the scope of the Employee's official duties for TRS, if the actions do not involve a relationship that the Employee must disclose. An Employee must disclose a relationship if the Employee or a person related within the Second Degree by Consanguinity or Affinity to the Employee has a business or commercial relationship that could reasonably be expected to diminish the Employee's independence of judgment in the performance of the Employee's responsibilities to TRS. The Employee shall disclose such a relationship in writing to *the Executive Director or his or her designee*.
- B. An Employee in a "bona fide executive, administrative, or professional capacity," as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. §201 *et seq.*) and the spouse of the Employee shall not be a paid officer, employee, or consultant of a Texas trade association<sup>1</sup> in the field of investment or insurance.
- C. The General Counsel shall not be registered, or be required to be registered, as a lobbyist under Chapter 305 of the Texas Government Code because of the person's activities for compensation on behalf of a business or an association related to the operation of the Board.

#### **IV. Conflicts of Interest**

- A. In addition to conflicts that may arise under circumstances addressed in section III. above, a conflict of interest exists for an Employee whenever the Employee has a relationship or interest that could reasonably be expected to diminish the Employee's independence of judgment in the performance of the Employee's responsibilities to TRS.
- B. No Employee may take action personally (*e.g.*, in the establishment of personal, employment, or business relationships or interests) or on behalf of TRS that will result in a reasonably foreseeable conflict of interest. Should there be an action which an Employee believes to be in the best interest of TRS but which could foreseeably result in a personal conflict of interest,

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<sup>1</sup> A Texas trade association means a cooperative and voluntarily joined association of business or professional competitors in Texas designed to assist its members and its industry or profession in dealing with mutual business or professional problems and in promoting their common interest.



the Employee must disclose such fact to the Chief Compliance Officer prior to taking such action.

- C. No Employee may participate in a matter before TRS that involves a business, contract, property or investment held by the Employee if it is reasonably foreseeable that TRS action on the matter would confer a Benefit to the Employee by or through the business, contract, property or investment. This prohibition on participation in matters involving Benefits for an Employee's own interest does not apply if the Benefit is merely incidental to the Employee's membership in a large class such as the class of TRS members.
- D. No Employee may recommend or cause discretionary TRS business to be transacted with or for the benefit of a Relative.
- E. If an Employee is uncertain whether he or she has or would have a conflict of interest under a particular set of circumstances then existing or reasonably anticipated to be likely to occur, or if an Employee is uncertain whether the common-law or statutory law prohibits the Employee from having a direct or indirect interest or relationship, such Employee should promptly inform the Chief Compliance Officer. The Chief Compliance Officer shall evaluate whether a conflict of interest exists under the circumstances presented or whether a prohibition exists under applicable common-law and statutory law. The Chief Compliance Officer may consult with the Executive Director regarding any determinations. If the Chief Compliance Officer determines that the Employee does not or would not have a conflict under the facts presented and no statutory or common-law prohibition exists, the Employee is not required to make a disclosure pursuant to subsection IV. F. If the Chief Compliance Officer determines that a conflict or prohibition may exist under the facts and circumstances presented, the Chief Compliance Officer will advise and discuss the evaluation with the Employee in order to assist the Employee in determining whether a conflict or prohibition actually exists. If a conflict exists, the Employee must make a disclosure pursuant to subsection IV. F. and cure the conflict. Also, if it is determined that a conflict would exist upon the occurrence of the anticipated circumstances and they later do occur, the Employee must make a disclosure pursuant to subsection IV. F. upon the occurrence of such events and cure the conflict.

If the Chief Compliance Officer determines that the Employee's proposed cure of an existing conflict is not appropriate and sufficient under the standards in subsection IV. G., the Chief Compliance Officer shall consult with the Executive Director regarding the viability of a waiver under applicable law, and shall so inform the Audit, Compliance, and Ethics Committee of the Board. The Employee will take appropriate action to respond to any statutory or common-law prohibitions that exist, including the prohibition addressed in Section IV. H. below.

- F. An Employee must promptly
  - disclose his or her own conflicts of interest in writing to the Chief Compliance Officer through the Conflict of Interest Disclosure Statement, or
  - disclose conflicts of interest involving others of which the Employee becomes aware, either in writing to the Chief Compliance Officer through the Conflict of Interest Disclosure Statement or verbally by contacting the TRS "Hotline" for anonymous ethics reporting.

Should an Employee with a duty to disclose conflicts of interest have reasonable cause to believe disclosure to the Chief Compliance Officer will be ineffective, the Employee should file any written disclosure made through the Conflicts of Interest Disclosure Statement with

the Executive Director.

In complying with this subsection, any Conflict of Interest Disclosure Statement filed by the Executive Director shall be filed with the Chief Compliance Officer. Should the Executive Director have reasonable cause to believe disclosure to the Chief Compliance Officer will be ineffective, the Executive Director shall file any written disclosure made through the Conflicts of Interest Disclosure Statement with the Chief Operations and Administration Officer.

In complying with this subsection, the Chief Compliance Officer shall file any Conflict of Interest Disclosure Statements with the Executive Director.

The Chief Compliance Officer will report to the Executive Director and the Audit, Compliance, and Ethics Committee of the Board regarding the Conflict of Interest Disclosure Statements and the verbal reports via the TRS "Hotline" that are received by TRS.

If the conflict of interest being reported by an Employee involves a Contractor, the Chief Compliance Officer shall provide notice of the reported conflict of interest to the TRS personnel who supervise or monitor the Contractor, unless the Chief Compliance Officer reasonably believes that such disclosure would be detrimental to the resolution of the conflict.

- G. Employees who become aware, or reasonably should have become aware, of a personal conflict of interest, have a duty not only to disclose that conflict, but also to cure it. An Employee may cure a conflict of interest by promptly eliminating it. An Employee who cannot or does not wish to eliminate the conflict must terminate his or her relationship with TRS as quickly as responsibly and legally possible.

If an Employee may prudently withdraw from action on a particular matter in which a conflict exists, he or she may cure the conflict in that manner provided that

1. The Employee may be and is effectively separated from influencing the action taken,
2. The action may properly be taken by others, and
3. The nature of the conflict is not such that the Employee must regularly and consistently withdraw from decisions that are normally his or her responsibility with respect to TRS.

- H. An Employee who files a Conflict of Interest Disclosure Statement must refrain from giving advice or making decisions about matters affected by the conflict of interest. The Board hereby delegates to the Executive Director the authority to waive this prohibition. This prohibition concerning the Employee's actions continues in place unless the Executive Director, after consultation with the Chief Compliance Officer, expressly waives this prohibition, thereby effectively waiving the conflict of interest for that matter. To assist it in deciding whether to grant waivers, the Board may develop criteria for determining the kinds of relationships that do not constitute material conflicts of interest. Records of all waivers granted with the supporting reasons will be maintained by the Chief Compliance Officer. The Chief Compliance Officer will advise the Audit, Compliance, and Ethics Committee of the Board of the Executive Director's decision to grant or deny a waiver.

- I. It shall not be considered a conflict solely because

1. An Employee is a member, retiree, or beneficiary of the system or has an interest no greater than a large class of its members, retirees, or beneficiaries, or

2. An Employee has an investment in the stock of a publicly traded corporation, which is owned, purchased, or sold by TRS, provided that the Employee's interest in the stock is not more than ten (10) percent of any class of stock of the corporation.
- J. Employees should become familiar with the TRS Code of Ethics for Contractors (the "Code of Ethics"), and any reporting responsibilities placed on such Employees.
- K. With respect to each proposed, pending, or closed transaction by TRS concerning a Private Investment, and except as disclosed in writing pursuant to this subsection IV. K., each Employee who actively participates in the decision-making process on behalf of TRS with regard to a given Private Investment, including the review, evaluation or formal or informal recommendation of a TRS investment (an "Active Employee"), represents that:
1. The Active Employee has not solicited or accepted any direct or indirect Benefit or interest, or received or agreed to accept any Benefit or interest from any individual or entity in connection with the Private Investment, and is not aware of any personal Benefit or interest that may result or arise from TRS's investment or decision to invest in the Private Investment.
  2. To the best of the Active Employee's knowledge, no Relative of the Active Employee has received any direct or indirect Benefit or interest or any promise of a Benefit or interest relating to or arising from TRS's investment or decision to invest in the Private Investment, and the Active Employee is not aware of any direct or indirect Benefit to or interest of a Relative that may result or arise from TRS's investment or decision to invest in the Private Investment.
  3. Neither the Active Employee nor, to the best of the Active Employee's knowledge, any Relative of the Active Employee, has acquired or has any current intention of acquiring any Benefit or interest, including an ownership interest in the same Private Investment and, so long as the Active Employee holds the position of an Active Employee, neither the Active Employee nor a Relative of the Active Employee will acquire such an interest.
  4. Neither the Active Employee nor, to the best of the Active Employee's knowledge, any Relative of the Active Employee has or will have an economic or beneficial interest in a general partner, managing member, servicer, underwriter, sponsor, investment adviser, or investment manager of the Private Investment as identified by TRS staff; and so long as the Active Employee holds the position of an Active Employee, neither the Active Employee nor a Relative of the Active Employee will knowingly acquire an economic or beneficial interest in any such entity.
  5. The Active Employee has no business relationship with the consultant or adviser recommending the Private Investment, or with any other consultant identified by TRS or TRICOT staff as giving advice or assistance to TRS with regard to the particular Private Investment.
  6. The Active Employee is unaware of any existing relationships, interests, or other facts that could reasonably be expected to diminish the Active Employee's independence of judgment as an Active Employee and thereby constitute a conflict of interest in connection with the Active Employee's actions as an Active Employee relating to the Private Investment.

If the Active Employee is unable to make all the representations immediately above in this

subsection IV. K. with regard to a Private Investment, then the Active Employee should notify the Chief Compliance Officer in writing immediately upon receipt of information regarding the Private Investment so that a determination of the appropriate course of action can be made prior to authorization by TRS or, in any event, prior to TRS's becoming contractually bound to fund the Private Investment.

## **V. Trading**

- A. The Executive Director, or his or her designee, shall develop and implement a trading policy (the "Personal Trading Policy") that addresses policies, procedures, and standards of conduct applicable to Employees in the conduct of each Employee's personal trading activities and trading activities undertaken on behalf of TRS. Additionally, the Executive Director, or his or her designee, is authorized to amend the Personal Trading Policy from time to time as the Executive Director deems advisable and to issue or modify forms to fully implement the provisions of the Personal Trading Policy, as amended from time to time. Employees shall comply with the Personal Trading Policy.
- B. Restricted Contractors List. No Employee or spouse of the Employee may have or borrow a Security (or a Derivative thereof) or other ownership or profit sharing interest in a Contractor with which TRS or TRICOT does business, except as permitted below.

This prohibition applies to a Security (or a Derivative thereof) or other ownership or profit sharing interest held for an Employee's own account or an account in which he or she has a Beneficial Ownership.

For Employees that are not designated Covered Persons (as defined by the Personal Trading Policy), if an Employee or a spouse of an Employee (1) has an interest prohibited by this Section prior to becoming an employee or prior to the entity becoming a Contractor, or (2) receives an interest prohibited by this Section by inheritance or gift, the Employee or spouse may hold but not add to the interest; provided that holding the interest is not otherwise in conflict with the Personal Trading Policy. The Employee or spouse, in his or her discretion, may dispose of the interest at a time of his or her choosing, provided the Employee or spouse complies with all applicable laws and policies. The Employee shall evaluate whether holding the interest creates a conflict of interest, and if so, will handle the conflict of interest as required by this Policy. Employees that are designated Covered Persons must divest of the prohibited interest consistent with the Personal Trading Policy.

## **VI. Nepotism**

- A. TRS may not employ a person who is a Relative of a Trustee. This does not prevent the continued employment of a person who has already been working for TRS for thirty consecutive days prior to the date of a related Trustee's appointment.
- B. No Employee may exercise discretionary authority to hire, evaluate or promote a Relative. No Employee may supervise a Relative, either directly or indirectly. As used herein, "supervise" means to oversee, with the powers of direction and decision-making, the implementation of one's own or another's intentions. Supervision normally involves assigning duties, overseeing and evaluating work, and approving leave.

## **VII. Benefits**

- A. An Employee shall not solicit, accept, or agree to accept from any donor:
1. a Benefit that the Employee knows or should know is consideration for the Employee's decision, opinion, recommendation, vote, or other exercise of discretion as an Employee, or for having exercised the Employee's official powers or performed the Employee's official duties in favor of another;
  2. a Benefit that the Employee knows or should know is consideration for a violation of a duty imposed by law on the Employee;
  3. a Benefit that might reasonably tend to influence the Employee in the discharge of official duties or that the Employee knows or should know is offered with the intent to influence the Employee's official conduct;
  4. a Benefit if the source of the Benefit is not identified or if the Employee knows or has reason to know that the Benefit is being offered through an intermediary; or
  5. a Benefit that creates a reasonably foreseeable conflict of interest or an actual conflict of interest as defined in subsection IV. A. or that could reasonably be expected to impair the Employee's independence of judgment in the performance of the Employee's official duties.
- B. Except as provided in this subsection VII. B., in subsection VII. C., or in subsection VII. E., an Employee shall not solicit, accept or agree to accept (or offer, give, or agree to give) any Benefit from or to a Restricted Donor.
- C. As long as the prohibitions in subsection VII. A. are not violated, an Employee may accept or agree to accept from a Restricted Donor:
1. gifts given on special occasions between Trustees and/or Employees;
  2. an item with a value of less than \$50, received from the same donor or employees of the same donor on infrequent occasions, excluding cash, cash equivalents, or a negotiable instrument as described by Texas Business & Commerce Code, Section 3.104.;
  3. a fee prescribed by law to be received by the Employee or any other Benefit to which the Employee is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as an Employee of TRS; or
  4. a Benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Employee.
- D. No employee shall accept any gift, regardless of value, from an entity associated with a country on the U.S. Department of Commerce's foreign adversaries list under 15 C.F.R. 791.4. Any employee approached by groups representing these countries, that offer gifts, shall report the offer to the Chief Compliance Officer.
- E. Food, Lodging, Transportation and Entertainment. The following apply to items of food, lodging, transportation and entertainment offered by or accepted from a Restricted Donor:
1. No standard set forth in subsection VII. A. may be violated when acting under subsections VII. E. 2. through 5. immediately below.
  2. Modest items of food (with a value less than \$50 per person) are permissible only if given or accepted on infrequent occasions.

3. Food items (with a value of \$50 or more per person) are permissible only if
    - provided in connection with a business meeting, business meal, business conference, or reception; and
    - the donor or a representative of the donor is present.
  4. Lodging, transportation, or entertainment are permissible only if (i) approved by the Executive Director; (ii) in connection with receptions, business meals, business meetings, or business conferences that serve a TRS purpose and (iii) the donor or a representative of the donor will be present at the reception, business meal, business meeting, business conference, or entertainment. The Executive Director shall provide notice to the Chair of the Board's Audit, Compliance, and Ethics Committee of any approvals for Restricted Donors to pay for any expenses related to business conferences under this section.
  5. If the Employee is required by law to report any items of food, lodging, transportation, and entertainment, such must be reported by the Employee.
- F. If otherwise permitted by this Policy, lodging and transportation may not be accepted from a person registered as a lobbyist in Texas unless in connection with a fact-finding trip or to a seminar or conference at which the Employee will provide services, such as speaking, and the services are more than merely perfunctory<sup>2</sup>. Entertainment provided by a lobbyist may not exceed the cumulative value of \$500 in a calendar year. Benefits provided by a lobbyist, other than food, lodging, transportation and entertainment, may not exceed the cumulative value of \$500 in a calendar year.
- G. If an unsolicited Benefit that violates any provision of this section VII. is received by an Employee, he or she should attempt to return the Benefit to its source or donate the Benefit to charity.

### **VIII. Outside Employment and Certain Other Outside Activities**

- A. Employees may not engage in outside employment, business, or other activities, whether compensated or uncompensated, that detract from the ability to fulfill their full-time responsibilities to TRS. Employees must obtain advance written approval from the Executive Director for any outside employment or business. The Executive Director may delegate authority to approve outside employment to appropriate executive staff members.
- B. Employees who work in the TRS Investment Management Division or who in the course of their regular duties have access to current information concerning investment recommendations or decisions of TRS, may not, without advance approval from the Executive Director, advise, manage, or oversee an investment function for any entity, whether profit or nonprofit, or person even if such activity would not detract from the ability to fulfill their full-time responsibilities to TRS. This prohibition applies whether the activity is compensated or uncompensated. An investment function means management of or investment advice with respect to a portfolio of investments. This prohibition does not extend to advice or management relating to individual transactions for family members or to functions normally viewed as those of a treasurer such as investing in certificates of deposit or other money market instruments. The Chief Compliance Officer shall inform the Chair of the Board's Audit, Compliance, and Ethics Committee of any approvals granted under this

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<sup>2</sup> Section 305.025 of the Texas Government Code.

section.

- C. Any outside employment or business undertaken by the Executive Director must be approved in advance by the Board.

## **IX. Key Employees**

- A. The Board shall designate by position the Employees who exercise significant fiduciary authority. By virtue of their position with TRS, these persons are “Key Employees.” Employees with fiduciary authority have a strict duty of loyalty and care to TRS, and its members and beneficiaries.
- B. Employees designated as Key Employees must acknowledge their Key Employee status in writing through the annual Ethics Compliance Statement.

## **X. Training**

Employees shall participate in annual ethics training and successfully complete such training in a timely manner as prescribed by any associated deadline.

## **XI. Trustee-Staff Relations and Communications**

The Board has articulated the role and responsibility of Trustees and staff by developing and implementing policies that clearly separate the policy-making responsibilities of the Board and the management responsibilities of the Executive Director and the staff of TRS. Significantly, the Board has delegated certain responsibilities to the Executive Director in Article 4.1 of the Bylaws. Additionally, the Board has delineated significant authority of staff in TRS rules and in policies adopted by the Board, including the Investment Policy Statement, the Proxy Voting Policy, and the Securities Lending Policy.

It is important that the Trustees and staff have an open and productive working relationship to accomplish the goals of TRS for members, beneficiaries and retirees.

The following will assist staff with its interactions with Trustees.

- A. The Board and staff recognize the distinctively separate policymaking and implementation roles that each plays in fund governance.
- B. Providing direction to TRS staff, Consultants and Contractors:  
  
The Board collectively is empowered to direct TRS’s management, staff, and consultants on policy matters of TRS operations. Conversely, no individual Trustee speaks for or binds the Board or TRS. Staff, Consultants and Contractors should not interpret communications from individual Trustees as direction.
- C. Staff shall keep the Executive Director and the Chief Compliance Officer informed of contacts from a Trustee related to a TRS Matter.

D. Referrals of Potential Investments or Third-Party Service Providers:

If a Trustee makes a referral, the Trustee will make a referral and any follow-up inquiries to the Executive Director or, for investment matters, to the Chief Investment Officer. The Executive Director shall inform the other Trustees of any follow-up communications made by a referring Board member if they are repetitive or otherwise create concern.

With regard to all referrals, including those from a Trustee, the staff will evaluate the referred party or opportunity under then existing operating standards and procedures, without regard to the source of the referral.

## **XII. Compliance with Professional Standards**

- A. Employees who are members of professional organizations that promulgate standards of conduct must comply with those standards.
- B. Employees in the TRS Investment Management Division must comply with the CFA Institute's Code of Ethics and Standards of Professional Conduct (together, the "Standards") as amended from time to time by the CFA Institute. The Standards constitute Appendix B to this Policy.

## **XIII. Financial and Compliance Disclosures**

- A. The Executive Director must annually file a verified Personal Financial Statement with the Texas Ethics Commission in compliance with Subchapter B of Chapter 572 of the Texas Government Code. Copies of this Personal Financial Statement can be obtained from the Texas Ethics Commission. In addition, at the same time the Executive Director files a copy of his or her verified financial statement with the Texas Ethics Commission, the Executive Director shall file an identical copy of the verified financial statement with the Chief Compliance Officer and the Chief Audit Executive.
- B. Key Employees must file a Key Employee Enhanced Disclosure Form with the Chief Compliance Officer. The content of this form shall disclose a Key Employee's, a Key Employee's spouse's, and a Key Employee's dependent child(ren)'s and other dependent(s)'s private investments, material debts, non-TRS fiduciary positions, non-TRS employment, and material Benefits received from Restricted Donors.

Key Employees must file the Key Employee Enhanced Disclosure Form within 30 days of their date of employment as a Key Employee. The Key Employee's first such enhanced disclosure form must address the calendar year immediately prior to their date of employment as a Key Employee. Thereafter, an enhanced disclosure form must be filed by April 30th of each year covering the preceding calendar year. Notwithstanding anything to the contrary, in no event shall a Key Employee be required to file a second enhanced disclosure form covering the same calendar year. The Executive Director may postpone a filing deadline for not more than 60 days on written request or for an additional period for good cause, as determined by the Chairman of the Board.

- C. In addition to disclosures required in other provisions of this Policy (*e.g.*, subsections IV. F.), Employees with knowledge of a violation of this Policy, the Board of Trustees Ethics Policy, or the Code of Ethics for Contractors must promptly



- report his or her own violation of this Policy in writing to the Executive Director or the Chief Compliance Officer, and
  - report violations, of which he or she becomes aware, of this Policy, the Board of Trustee Ethics Policy, or the Code of Ethics for Contractors by any other individual or entity, either in writing to the Executive Director or the Chief Compliance Officer, or verbally by contacting the TRS “Hotline” for anonymous ethics reporting.
- D. Within sixty (60) days of the date of employment, in the case of new Employees, and within sixty (60) days of the date of employment in a position as a new Key Employee, the Employee or Key Employee, as the case may be, must file a completed Ethics Compliance Statement for Employees and Certain Contractors that he or she has received and read this Policy, that he or she will comply with its provisions, and that it is his or her duty to report any acts by Trustees, other Employees, or Contractors when he or she has knowledge of violations of this Policy. This statement will also include a reminder that he or she is required to update his or her Ethics Compliance Statement if a change in circumstances occurs that would require reporting under this Policy.
- Employees, including the Executive Director, must annually file a completed Ethics Compliance Statement with the Chief Compliance Officer by April 30 of each year for the preceding calendar year. The Chief Compliance Officer will provide a copy of the Executive Director’s Compliance Statement to the Chairman of the Audit, Compliance, and Ethics Committee of the Board only if the Executive Director has anything to report under the five questions found in the Ethics Compliance Statement
- E. Within sixty (60) days of the date of employment in a position as a new Key Employee, the Key Employee must file a completed Disciplinary Action Disclosure Statement with the Chief Compliance Officer. Within sixty (60) days of the date an individual becomes the Executive Director, he or she must file a Disciplinary Action Disclosure Statement with the Chief Compliance Officer. The Chief Compliance Officer will provide a copy of the Executive Director’s Disciplinary Action Disclosure Statement to the Chairman of the Audit, Compliance, and Ethics Committee of the Board only if the Executive Director responds with a “yes” to any of the questions in this statement. A Key Employee must promptly file an updated, complete Disciplinary Action Disclosure Statement if any action occurs that would cause any answers to change on this form.

#### **XIV. Custodians of Disclosures and Waivers**

The Executive Director shall be the custodian for open records purposes of disclosures required under this Policy. The Chief Compliance Officer shall be the custodian for open records purposes of waivers of conflicts of interest, if any, granted by the Executive Director.

#### **XV. Enforcement**

- A. The Board will enforce this Policy through the Executive Director, who is responsible for its implementation with respect to Employees.
- B. The full range of disciplinary options under TRS personnel policies and practices may be used with respect to Employees who violate this Policy, up to and including termination. Employees

shall cooperate with any investigation under this Policy.

- C. Employees who are fiduciaries shall take appropriate action as co-fiduciaries in the event a violation of this Policy would involve or does involve a breach of fiduciary duties, including using reasonable care to prevent a co-fiduciary from committing a breach of trust or to compel a co-fiduciary to redress a breach of trust.
- D. No retaliatory action will be taken toward any individual who, in good faith, makes a report of or takes action in response to a violation or suspected violation of applicable ethical laws, standards, or policies.
- E. A list will be maintained of the Contractors whose contract or relationship with TRS has been terminated because they were found to be in violation of the Code of Ethics. The custodian of this list is the Chief Compliance Officer. Termination of a contract or relationship because of a violation of the Code of Ethics can preclude another contract or relationship with TRS for a period of time up to ten years, as determined by the Executive Director or his or her designee, commencing from the date of the termination of the contract or relationship.
- F. The Executive Director will report to the Audit, Compliance, and Ethics Committee of the Board in writing by May 31 of each year, covering the immediately prior twelve-month period from May 1 to April 30, of the following:
  - 1. any approval given for outside employment by Key Employees, including the nature of the employment;
  - 2. any disciplinary action disclosed by Key Employees;
  - 3. any Conflict of Interest Disclosure Statements and verbal reports via the TRS "Hotline" that are received by TRS;
  - 4. any written or verbal reports of violations of this Policy, the Board of Trustees Ethics Policy, or the Code of Ethics for Contractors; and
  - 5. any decision to grant or deny a waiver pursuant to Section IV. H.

## **XVI. Conflict with Other TRS Policies**

The provisions of this Policy are intended to be read in conjunction with other TRS policies regarding ethics. To the extent that this Policy imposes obligations on Employees that are greater than those imposed in other TRS policies, these obligations are deemed to be in addition to, and not in conflict with, the obligations set forth in other TRS policies. Employees should seek the advice of the Chief Compliance Officer and the Executive Director if they have any questions about possible conflicts between this Policy and other TRS policies.

## Appendix A

### Definitions

1. **“Affinity”** means a relation which one spouse, because of marriage, has to the blood relatives of the other spouse. In other words, affinity is the connection existing in consequence of a marriage, between each of the married persons and the kindred of the other. Affinity is distinguished from “Consanguinity,” which is the connection between two individuals that exists by kinship or by blood.
2. **“Beneficial Ownership”** means the true ownership of a Security or an interest in a Security as opposed to any stated legal title to ownership provided in documents or oral representations. The beneficial owner is the person that receives or has the right to receive proceeds or other advantages as a result of the ownership without regard to the nominal owner. In this Policy, Beneficial Ownership includes all types of beneficial ownership interests, such as community property or joint tenancies, the power to vote shares, profit-sharing arrangements, interests in self-directed retirement arrangements, and beneficial interests in trusts and estates, and includes, in addition to a person’s own direct beneficial ownership, an indirect beneficial interest through immediate family members (spouse, minor children, or other dependents).
3. **“Benefit”** means any gift, item, favor, payment, or service, including a promised future benefit, whether or not such gift, item, favor, payment, or service has a pecuniary value, and includes, without limitation, any gift, item, favor, payment, or service given to or accepted by a person in whose welfare an Employee has a direct and substantial interest. A Benefit does not include a gift, item, favor, payment, or service for which TRS has given due consideration.
4. **“Consanguinity”** means a relation by kinship or by blood. Individuals are related by consanguinity if the individuals are descended from the same stock or common ancestor. Consanguinity is distinguished from “affinity,” which is the connection existing in consequence of a marriage, between each of the married persons and the kindred of the other.
5. **“Consultant”** means an entity or person, other than an Employee or Trustee, (i) who provides advice to TRS intended to affect or form a basis for significant TRS decisions, including but not limited to an actuary or insurance and health care plan advisor, or (ii) who provides advice to TRS and may reasonably be expected to receive for its services more than \$10,000 in compensation from TRS during a fiscal year (September 1 to August 31). For purposes of this Policy, the term “Consultant” does not include an entity or person defined in the Code of Ethics as a Broker or as a Financial Provider. However, if an entity or person defined as a Consultant would also fall within the definition of a Financial Provider, the entity or person will be considered a Financial Provider for all purposes. If any question exists regarding who constitutes a Consultant for purposes of this Policy, the Executive Director or his or her designee shall make that determination.
6. **“Contractor”** is a collective term used to reference all individuals or entities that fall within any one or more of the definitions for an Agent, a Broker, a Consultant, or a Financial Provider, as each separate term is defined in the Code of Ethics.
7. **“Derivative”** means a financial product whose value or return is based on, derived from, or linked to the value of a reference rate, exchange rate, interest rate, index, or currency or an underlying Security, asset, commodity, or any combination of underlying rates, indices, currencies or securities (*i.e.*, futures contracts, forward contracts and options), but does not include mutual funds.
8. **“Employee”** means a person working for TRS in an employer-employee relationship and not in an independent contractor capacity, and includes the Executive Director and Chief Investment Officer

of TRS.

9. **“Audit, Compliance, and Ethics Committee of the Board”** means the standing Audit, Compliance, and Ethics Committee of the Board established pursuant to the Bylaws of the Board, as amended from time to time.
10. **“General Counsel”** means the Employee of TRS serving in the position of chief legal advisor for TRS.
11. **“Private Investment”** means an investment or decision to invest, regardless of form, made or under consideration by TRS in a private, non-publicly traded security pursuant to limited offerings of securities exempt from registration under the securities laws.
12. **“Relative”** means a person related in the Third Degree by Consanguinity (blood relative) or Affinity (marriage) determined in accordance with Sections 573.021-025, Texas Government Code. Examples of Relatives by consanguinity are a child, grandchild, great- grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew. A person adopted into a family is considered a relative on the same basis as a natural born family member. Examples of Relatives by affinity are a spouse, any person related to the spouse within the third degree by consanguinity, or any spouse of a Relative by consanguinity or affinity. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
13. **“Restricted Donor”** means (1) persons or entities with which TRS does business, (2) persons or entities seeking to do business with TRS or with whom TRS is considering doing business, (3) non-publicly traded entities in which TRS invests or is considering investing, (4) publicly traded entities in which TRS invests or is considering investing, but only if the Employee knows that the publicly traded entity is interested in or likely to become interested in a TRS contract, purchase, payment, claim or transaction, (5) persons or entities seeking official action from TRS, or (6) any other person or entity who gives the Benefit because of the Employee’s official position with TRS. Persons employed by the same entity, and entities with common ownership or control, shall be considered to be a single donor.
14. **“Second Degree by Consanguinity or Affinity,”** as determined in accordance with Sections 573.021-025, Texas Government Code, includes the following persons related to the Employee: (1) by consanguinity (blood relative) - a child, grandchild, parent, grandparent, brother, and sister; and (2) by affinity (marriage) – a spouse and the spouse’s child, grandchild, parent, grandparent, brother, and sister. A person adopted into a family is considered a relative on the same basis as a natural born family member. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
15. **“Security” or “Securities”** means, for purposes of this Policy, (a) all types of publicly traded equity and debt securities of companies listed on a domestic or foreign exchange, including without limitation, any equity security included in a TRS policy benchmark, common stocks, preferred stocks, bonds convertible into equities, rights, warrants, units, depositary receipts and (b) Derivatives of equity securities, including without limitation, swaps, futures, options, and the functional equivalents of such instruments. The terms “Security” or “Securities” do not include: (i) open-ended mutual fund investment companies registered under the Investment Company Act of 1940; (ii) U.S. Government- issued securities; (iii) municipal debt obligations; (iv) money market instruments (*i.e.*, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments); and (v) any exchange traded fund (“ETF”) of sufficient size that TRS trades are unlikely to affect the fair market value of the ETF’s shares, as determined by the Compliance Officer in consultation with TRS Investment Management Division staff.

16. **“Third Degree by Consanguinity or Affinity,”** as determined in accordance with Sections 573.021-025, Texas Government Code, includes the following persons related to the Employee:
- (1) by consanguinity (blood relative) - a child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew; and
  - (2) by affinity (marriage) – a spouse and the spouse’s child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece or nephew. A person adopted into a family is considered a relative on the same basis as a natural born family member. A person is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
17. **“TRS Matter”** means any transaction, event, occurrence, situation, or state of affairs relating to TRS business and responsibilities, including policies, administration of benefits or programs or operations, current or prospective contracts, procurements or contracting opportunities, employees or employment opportunities, proceedings such as rule making and appeals, investments and investment opportunities, and legislation relating to or affecting TRS.

Appendix B  
**CFA Institute**  
**Code of Ethics and Standards of Professional Conduct**

As amended and restated in the  
2014 CFA Institute, [www.cfainstitute.org](http://www.cfainstitute.org)

***The Code of Ethics***

Members of CFA Institute (including Chartered Financial Analyst [CFA] charterholders) and candidates for the CFA designation (“Members and Candidates”) must:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

***Standards of Professional Conduct***

**I. PROFESSIONALISM**

- A. Knowledge of the Law.** Members and Candidates must understand and comply with all applicable laws, rules, and regulations (including the CFA Institute Code of Ethics and Standards of Professional Conduct) of any government, regulatory organization, licensing agency, or professional association governing their professional activities. In the event of conflict, Members and Candidates must comply with the more strict law, rule, or regulation. Members and Candidates must not knowingly participate or assist in and must dissociate from any violation of such laws, rules, or regulations.
- B. Independence and Objectivity.** Members and Candidates must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Members and Candidates must not offer, solicit, or accept any gift, benefit, compensation, or consideration that reasonably could be expected to compromise their own or another’s independence and objectivity.
- C. Misrepresentation.** Members and Candidates must not knowingly make any misrepresentations

relating to investment analysis, recommendations, actions, or other professional activities.

- D. Misconduct.** Members and Candidates must not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.

## II. INTEGRITY OF CAPITAL MARKETS

- A. Material Nonpublic Information.** Members and Candidates who possess material nonpublic information that could affect the value of an investment must not act or cause others to act on the information.

- B. Market Manipulation.** Members and Candidates must not engage in practices that distort prices or artificially inflate trading volume with the intent to mislead market participants.

## III. DUTIES TO CLIENTS

- A. Loyalty, Prudence, and Care.** Members and Candidates have a duty of loyalty to their clients and must act with reasonable care and exercise prudent judgment. Members and Candidates must act for the benefit of their clients and place their clients' interests before their employer's or their own interests.

- B. Fair Dealing.** Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

- C. Suitability.**

1. When Members and Candidates are in an advisory relationship with a client, they must:

- a. Make a reasonable inquiry into a client's or prospective client's investment experience, risk and return objectives, and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
- b. Determine that an investment is suitable to the client's financial situation and consistent with the client's written objectives, mandates, and constraints before making an investment recommendation or taking investment action.
- c. Judge the suitability of investments in the context of the client's total portfolio.

2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

- D. Performance Presentation.** When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

- E. Preservation of Confidentiality.** Members and Candidates must keep information about current, former, and prospective clients confidential unless:

1. The information concerns illegal activities on the part of the client or prospective client,
2. Disclosure is required by law, or
3. The client or prospective client permits disclosure of the information.

#### IV. DUTIES TO EMPLOYERS

- A. **Loyalty.** In matters related to their employment, Members and Candidates must act for the benefit of their employer and not deprive their employer of the advantage of their skills and abilities, divulge confidential information, or otherwise cause harm to their employer.
- B. **Additional Compensation Arrangements.** Members and Candidates must not accept gifts, benefits, compensation, or consideration that competes with, or might reasonably be expected to create a conflict of interest with, their employer's interest unless they obtain written consent from all parties involved.
- C. **Responsibilities of Supervisors.** Members and Candidates must make reasonable efforts to ensure that anyone subject to their supervision or authority complies with applicable laws, rules, regulations, and the Code and Standards.

#### V. INVESTMENT ANALYSIS, RECOMMENDATIONS, AND ACTIONS

- A. **Diligence and Reasonable Basis.** Members and Candidates must:
  1. Exercise diligence, independence, and thoroughness in analyzing investments, making investment recommendations, and taking investment actions.
  2. Have a reasonable and adequate basis, supported by appropriate research and investigation, for any investment analysis, recommendation, or action.
- B. **Communication with Clients and Prospective Clients.** Members and Candidates must:
  1. Disclose to clients and prospective clients the basic format and general principles of the investment processes they use to analyze investments, select securities, and construct portfolios and must promptly disclose any changes that might materially affect those processes.
  2. Disclose to clients and prospective clients significant limitations and risks associated with the investment process.
  3. Use reasonable judgment in identifying which factors are important to their investment analyses, recommendations, or actions and include those factors in communications with clients and prospective clients.
  4. Distinguish between fact and opinion in the presentation of investment analysis and recommendations.
- C. **Record Retention.** Members and Candidates must develop and maintain appropriate records to support their investment analyses, recommendations, actions, and other investment-related communications with clients and prospective clients.



## **VI. CONFLICTS OF INTEREST**

- A. Disclosure of Conflicts.** Members and Candidates must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their clients, prospective clients, and employer. Members and Candidates must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.
- B. Priority of Transactions.** Investment transactions for clients and employers must have priority over investment transactions in which a Member or Candidate is the beneficial owner.
- C. Referral Fees.** Members and Candidates must disclose to their employer, clients, and prospective clients, as appropriate, any compensation, consideration, or benefit received from, or paid to, others for the recommendation of products or services.

## **VII. RESPONSIBILITIES AS A CFA INSTITUTE MEMBER OR CFA CANDIDATE**

- A. Conduct as Participants in CFA Institute Programs.** Members and Candidates must not engage in any conduct that compromises the reputation or integrity of CFA Institute or the CFA designation or the integrity, validity, or security of the CFA Institute programs.
- B. Reference to CFA Institute, the CFA Designation, and the CFA Program.** When referring to CFA Institute, CFA Institute membership, the CFA designation, or candidacy in the CFA Program, Members and Candidates must not misrepresent or exaggerate the meaning or implications of membership in CFA Institute, holding the CFA designation, or candidacy in the CFA program.



## ETHICS COMPLIANCE STATEMENT FOR EMPLOYEES

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Department: \_\_\_\_\_

Date: \_\_\_\_\_

Key Employee (yes/no): \_\_\_\_\_

Please check the appropriate blank:

\_\_\_\_\_ New Employee

\_\_\_\_\_ New Key Employee

\_\_\_\_\_ Annual Confirmation for current Employees, current Key Employees (**Due on April 30 of each year**)

\_\_\_\_\_ Termination of Employment.

Will you have a direct or indirect role in your subsequent employer's effort to influence TRS investments or contracts for goods or service with TRS or TRICOT? Or, do you expect to have interactions with TRS Employees in a business context?

Yes \_\_\_\_\_ Please explain \_\_\_\_\_

No \_\_\_\_\_

### **REPRESENTATIONS**

\_\_\_\_\_ I have received and read the current Employee Ethics Policy. I have also received and read the current TRS Trading Policy for Employees and Certain Contractors (the "Trading Policy"). I understand my responsibilities under these policies and I agree to comply with them. I understand that adherence to the Employee Ethics Policy and the Trading Policy are basic conditions of my employment at TRS.

\_\_\_\_\_ If I believe I have a conflict of interest as defined in the Employee Ethics Policy, I agree to report my conflicts to the Executive Director or the Chief Compliance Officer in writing through the Conflict of Interest Disclosure Statement.

\_\_\_\_\_ If I believe that I have knowledge that a Trustee, Employee, or Contractor (as defined in the TRS Code of Ethics for Contractors (the "Code of Ethics")) has a conflict of interest as defined respectively in the Trustee Ethics Policy (the "Trustee Ethics Policy"), in the Employee Ethics Policy, or in the Code of Ethics, I agree to report such conflicts either in writing to the Executive Director or the Chief Compliance Officer through the Conflict of Interest Disclosure Statement or verbally through the TRS "hotline" for anonymous ethics reporting (the "Hotline").

\_\_\_\_\_ If I believe that I have violated the Employee Ethics Policy or the Trading Policy, I agree to report my violation to the Executive Director or the Chief Compliance Officer in writing.

\_\_\_\_\_ If I believe that I have knowledge that a Trustee, Employee, or Contractor has violated the Trustee Ethics Policy, Employee Ethics Policy, or Code of Ethics, I agree to report such violations either in writing to the Executive Director or the Chief Compliance Officer or verbally through the Hotline.

\_\_\_\_\_ I agree that I will not allow myself to be placed in a position which might give rise to a reasonably foreseeable conflict of interest, as defined in the Employee Ethics Policy.

\_\_\_\_\_ I agree that I will cooperate with any investigation under the Employee Ethics Policy, Trading Policy, Trustee Ethics Policy, Code of Ethics, or other applicable TRS policy.

To the best of my knowledge and belief, I do not have any relationship or interest, nor have I engaged in any activity, which constitutes a conflict of interest as defined in the Employee Ethics Policy.

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(Write "None" if you have nothing to report. If you have something to report, please attach a completed TRS Conflict of Interest Disclosure Statement to this form.)

I am unaware of any unreported conflicts of interest under the Trustee Ethics Policy or the Employee Ethics Policy, as applicable, involving any Trustee or Employee, or any unreported conflicts of interest under the Code of Ethics involving any Contractor, except as indicated below.

---

(Write "None" if you have nothing to report or have reported all conflicts of interest of which you are aware. If you are aware of an unreported conflict of interest, please either attach a completed Conflict of Interest Disclosure Statement to this form or make your report verbally to the Hotline before filing this form.)

To the best of my knowledge and belief, I have not violated the Employee Ethics Policy or the Trading Policy, except as indicated below.

---

(Write "None" if you have nothing to report. If you have something to report, please attach a written explanation to this form.)

I am unaware of any unreported violations of the Trustee Ethics Policy, the Employee Ethics Policy or the Trading Policy, as applicable, by any Trustee or Employee, or any unreported violations of the Code of Ethics by any Contractor, except as indicated below.

---

(Write "None" if you have nothing to report or have reported all violations of which you are aware. If you are aware of an unreported violation, please either attach a written explanation to this form or make your report verbally to the Hotline before filing this form.)

If required by the Trading Policy, I have properly reported my Personal Securities Transactions and properly disclosed all of my Covered Accounts (as defined in the Trading Policy), in accordance with the Trading Policy, except as indicated below.

---

(Write "None" if you (1) either had no Personal Securities Transactions to report or if you properly reported all of your Personal Securities Transactions in accordance with the Trading Policy, and (2) you properly disclosed all of your Covered Accounts in accordance with the Trading Policy.)

\_\_\_\_\_ I agree that if any change in circumstances occurs which should be reported in accordance with the Employee Ethics Policy or the Trading Policy, I will promptly report this change in accordance with those policies.

Outside Employment (please check one blank that applies)

- \_\_\_\_\_ I am not engaged in any outside employment, business or other activities, consistent with the Employee Ethics Policy.
- \_\_\_\_\_ I am engaged in outside employment, business or other activities, and have obtained advance written approval for such activity, as required by the Employee Ethics Policy, by completing the Outside Business Activity Form.
- \_\_\_\_\_ I am in the process of seeking approval of my outside employment, business or other activities. I will notify Human Resources after the process is completed.

**FOR KEY EMPLOYEES**

\_\_\_\_\_ I acknowledge my status as a TRS Key Employee.

**ALL EMPLOYEES**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name Date

**IF THIS STATEMENT IS THE EMPLOYEE'S ANNUAL ETHICS COMPLIANCE STATEMENT, THIS COMPLIANCE STATEMENT MUST BE RETURNED TO TRS LEGAL & COMPLIANCE BY APRIL 30.**

AS TO STATEMENTS OF PAST ACTIONS, THIS COMPLIANCE STATEMENT COVERS THE PERIOD FROM APRIL 1 OF THE PRIOR CALENDAR YEAR THROUGH MARCH 31 OF THE CALENDAR YEAR DURING WHICH THIS COMPLIANCE STATEMENT IS DUE.

AS TO STATEMENTS OR COMMITMENTS OF FUTURE ACTIONS, THIS COMPLIANCE STATEMENT COVERS THE PERIOD FROM APRIL 1 OF THE CALENDAR YEAR DURING WHICH THIS COMPLIANCE STATEMENT IS DUE THROUGH MARCH 31 OF THE NEXT CALENDAR YEAR.

**CONFLICT OF INTEREST DISCLOSURE STATEMENT**  
**(for use by Employees)**

An Employee must promptly:

- disclose his or her own conflicts of interest in writing to the Chief Compliance Officer through this Conflict of Interest Disclosure Statement, and
- disclose conflicts of interest involving others of which the Employee becomes aware either in writing through this Conflict of Interest Disclosure Statement or verbally by contacting the TRS "Hotline" for anonymous ethics reporting.

Your disclosure should be sent to the Chief Compliance Officer, unless you have reason to believe that disclosure to the Chief Compliance Officer would be ineffective. In the latter case, your disclosure should be sent to the Executive Director.

If a conflict of interest involving an Employee is the subject of this Statement, see Section IV.A. of the Employee Ethics Policy for the definition of a Conflict of Interest; if a conflict of interest involving a Trustee is the subject of this Statement, see the Board of Trustees Ethics Policy for the definition of a conflict of interest; and if a Contractor is the subject of this statement, see Section I.A. of the Code of Ethics for Contractors (the "Code") for the definition of a conflict of interest.

**1. Conflict of Interest.**

Describe the facts and circumstances that create the conflict of interest. Specify the interest or relationship that creates the conflict. Attach additional pages to this form, if needed.

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**2. For use if the Employee that is filing this Statement is reporting his or her own Conflict of Interest.**

Please answer "yes" or "no" and give any requested explanation.

\_\_\_\_\_ I believe that I have a conflict of interest.

\_\_\_\_\_ I have withdrawn from participation in the matters affected by the conflict of interest pending further notification from TRS.

\_\_\_\_\_ I have cured the conflict of interest or believe that I can cure the conflict of interest by taking the following action (check all applicable blanks and provide explanatory details below):

\_\_\_\_\_ promptly eliminating the conflict;

\_\_\_\_\_ prudently withdraw from action on the particular matter in which the conflict exists; or

\_\_\_\_\_ terminate my relationship with TRS as quickly and responsibly and legally possible.

Explanatory details:

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\_\_\_\_\_ I request a waiver from the Executive Director relating to the prohibition on giving advice or making decisions about matters affected by the conflict of interest that is the subject of this Disclosure Statement.

If "yes", state why. \_\_\_\_\_

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\_\_\_\_\_ I have provided a copy of this Disclosure Statement to my supervisor, team leader or manager.

If "no", why not? \_\_\_\_\_

---

**3. For use if the Employee that is filing this form is reporting on a conflict of interest involving another individual or entity.**

Please answer "yes" or "no" or "do not know" and give any requested explanation.

\_\_\_\_\_ I believe that another individual or entity has a conflict of interest, as described above.

\_\_\_\_\_ The other individual or entity has withdrawn from participation in the matters affected by the conflict of interest pending further notification from TRS.

\_\_\_\_\_ I have provided a copy of this Disclosure Statement to the TRS personnel who supervise or monitor the individual or entity that is the subject of this Disclosure Statement.

If "no," why not? \_\_\_\_\_

---

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date



## **TEACHER RETIREMENT SYSTEM OF TEXAS**

### **KEY EMPLOYEE ENHANCED DISCLOSURE FORM**

In completing this form, the reporting year is January 1 through December 31 of the prior calendar year. You may attach additional sheets if necessary for complete disclosures.

Name: \_\_\_\_\_

Reporting Year: \_\_\_\_\_

Spouse's Name: \_\_\_\_\_

Dependent Child(ren)'s Names: \_\_\_\_\_

Other Economic Dependents' Names: \_\_\_\_\_

#### **SUMMARY OF INFORMATION**

Indicate "Yes" or "No" to the following:

I am disclosing non-TRS Employment (page 2): \_\_\_\_\_

I am disclosing material debt or debts, defined for this purpose as a debt of \$25,000 or more (page 3): \_\_\_\_\_

I am disclosing a Benefit or Benefits received from a Restricted Donor (page 4): \_\_\_\_\_

I am disclosing a non-TRS fiduciary position (page 5): \_\_\_\_\_

I am disclosing privately held investments (page 6): \_\_\_\_\_

Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form

**EMPLOYMENT**

Non-TRS Employment

Did you, your spouse, dependent child(ren), and/or other financial dependent(s) have non-TRS employment during the reporting year: \_\_\_\_\_(yes/no)

If yes, provide the following information.

Your Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Spousal Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Dependent Child(ren) Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			

Other Economic Dependent(s) Employment (if applicable):

	Employment 1	Employment 2	Employment 3
Name and address of employer:			
Nature of employment:			



**DISCLOSABLE DEBTS:**

Did you, your spouse, dependent child(ren), and/or other financial dependent(s) owe any lender or creditor a debt or aggregate debts of \$25,000 or more during the reporting year? \_\_\_\_ (yes/no)

If no, move on to the next section. If yes, provide the following information for each debt of \$25,000 or more actually owed at any time during the reporting year. Please list each debt separately.

	Debt 1	Debt 2	Debt 3	Debt 4	Debt 5
Creditor:					
Borrower:					
Guarantor if any:					
Principal owed (as of 12/31):					

**BENEFITS FROM RESTRICTED DONORS**

Have you, your spouse, dependent child(ren), or other financial dependent(s) received any Benefit (e.g., gift) worth more than \$50 from a Restricted Donor during the reporting year? \_\_\_\_ (yes/no)

“Benefit” means any gift, item, favor, payment, or service, including a promised future benefit, whether or not such gift, item, favor, payment, or service has a pecuniary value, and includes, without limitation, any gift, item, favor, payment, or service given to or accepted by a person in whose welfare an Employee has a direct and substantial interest. A Benefit does not include a gift, item, favor, payment, or service for which TRS has given due consideration.

“Restricted Donor” means (1) persons or entities with which TRS does business, (2) persons or entities seeking to do business with TRS or with whom TRS is considering doing business, (3) non-publicly traded entities in which TRS invests or is considering investing, (4) publicly traded entities in which TRS invests or is considering investing, but only if the Employee knows that the publicly traded entity is interested in or likely to become interested in a TRS contract, purchase, payment, claim or transaction, (5) persons or entities seeking official action from TRS, or (6) any other person or entity who gives the Benefit because of the Employee’s official position with TRS. Persons employed by the same entity, and entities with common ownership or control, shall be considered to be a single donor.

If no, move to the next section. If yes, provide the following information.

**Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form**

	Gift 1	Gift 2	Gift 3	Gift 4	Gift 5
Name of recipient:					
Name and address of donor:					
Description of gift:					
Value of gift:					

**NON-TRS FIDUCIARY POSITIONS**

Did you, your spouse, dependent child(ren), or other financial dependent(s) hold any non-TRS office or position that owed fiduciary duties during the reporting year? \_\_\_\_\_(yes/no)

If yes, provide the following information.

	Position 1	Position 2	Position 3	Position 4
Organization:				
Position Held:				
Position Held by:				

**DISCLOSABLE PRIVATELY HELD INVESTMENTS**

Did you, your spouse, dependent child(ren), or other financial dependent(s) hold an interest in any privately held investment (e.g., limited partnership, closely held corporation, limited liability company) during the reporting year? \_\_\_\_\_(yes/no)

If no, move to the next section. If yes, provide the following information.

	Private Investment 1	Private Investment 2	Private Investment 3	Private Investment 4	Private Investment 5
Held by:					
Name of investment:					
Date Acquired:					
Estimated value of investment (as of 12/31)					

Teacher Retirement System of Texas  
Key Employee Financial Disclosure Form

**DECLARATION**

My name is\_\_\_\_\_.

**I declare under penalty of perjury that the foregoing is true and correct.**

Executed in\_\_\_\_\_County, State of\_\_\_\_\_, on the\_\_\_\_\_day of\_\_\_\_\_.

Signature: \_\_\_\_\_

**DISCIPLINARY ACTION DISCLOSURE STATEMENT**  
**(For Trustees and Key Employees only)**

Please respond "yes" or "no" to the following questions:

- \_\_\_\_\_ Has any court in the United States or elsewhere ever entered an order against you or found you to have been involved in any illegal
- \_\_\_\_\_ In the past ten years, have you been convicted of or pleaded guilty or no contest to a felony or misdemeanor involving any investment related activities, fraud, theft, bribery, forgery, counterfeiting or extortion?
- \_\_\_\_\_ In the past ten years, have you been convicted of or pleaded guilty or no contest to any other felony?
- \_\_\_\_\_ Has any federal, state or foreign regulatory or self- regulatory agency ever found you to be in violation of its rules, to have made a false statement, or entered a disciplinary order against you?
- \_\_\_\_\_ Have you ever had a professional license or registration suspended, revoked or denied?
- \_\_\_\_\_ Has a bonding company ever denied, paid out on, or revoked a bond as a result of any activities in which you were involved?
- \_\_\_\_\_ Have you ever been an officer, director, or 10% or more owner of a business which has been declared bankrupt, made a compromise with creditors, or filed a petition for bankruptcy?
- \_\_\_\_\_ To your knowledge, are you now the subject of any investigation or proceeding that could result in a "yes" answer to any of the above questions?

I agree to update this form promptly if any action occurs in the future which would cause any of my answers to these questions to change.

\_\_\_\_\_  
Employee signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name

**TAB 15**



# Internal Audit

**External Quality Assurance Review**

**Amanda Jenami, CPA, CIA, CISA, CIDA, CFSA, CFE, CRMA**

**Feb. 27, 2025**







## **Who Audits the Auditors?**



# Topics We Will Cover



1. Quality Assurance & Improvement Program (QAIP) and Quality Assurance Review (QAR) Requirements
2. External Assessments
  - a) Focus of an external QAR
  - b) What happens in an external QAR
3. Different Approaches to External QAR
4. Recommended QAR Team
5. QAR Process





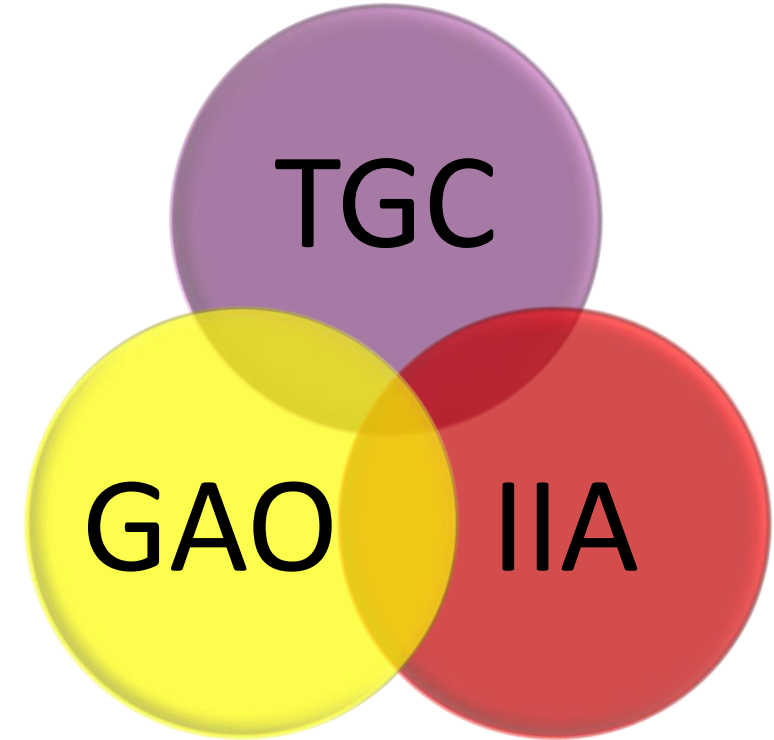
## The Requirements



# The Standards



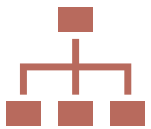
- Texas Internal Auditing Act (Texas Government Code (TGC), Chapter 2102)
- The Institute of Internal Auditors (IIA) International Professional Practices Framework® (IPPF) – The “Red” Book
  - Global Internal Auditing Standards
  - Topical Requirements
  - Global Guidance
- United States Government Accountability Office (GAO) Government Auditing Standards – The “Yellow” Book



# Governing the Internal Audit Function



Principle 6  
– Authorized by the Board



Principle 7  
– Positioned Independently



Principle 8  
– Overseen by the Board





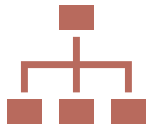
# What We Need from You



## Continue:



- Determining the appropriate authority, role and responsibilities of the internal audit function
- Supporting internal audit (IA) function's unrestricted access to data
- Approving charter, plan, budget, and resource plan



- Supporting direct reporting relationship with the Chief Audit Executive (CAE) and the internal audit function



- **Discussing the QAIP including internal/external assurance reviews at least annually**
- Approving internal audit's performance objectives at least annually



# QAIP Program



- The CAE **must** develop, implement and maintain a QAIP that covers all aspects of the internal audit function.
- The QAIP **must** include both *internal* and *external* assessments.





# QAIP Interpretation



A QAIP should evaluate Internal Audit's:

- **Conformance** with IIA Standards
- Operational **efficiency** and **effectiveness**







# External Assessments



IIA – External assessments **must** be conducted at least once every **5** years by a qualified, independent reviewer or review team from outside the organization.

- When selecting an assessor, the CAE **must** ensure at least one assessor holds an active Certified Internal Auditor designation.

GAO – An audit organization should obtain peer review at least once every **3** years.

The CAE **must** discuss with the board:

- The need for external assessments
- The qualifications and independence of the external reviewer.



# **Internal Audit Approach**



# The Two Different Approaches to QAR



- Independent Team Assessment
- Self Assessment with Independent Validation



# Internal Audit Proposed Approach: A Peer Review



## An Independent Peer Review Team

- Ms. Cheryl Cervantes Dietz, CPA, CIA, Chief Auditor, California State Teacher Retirement System (CalSTRS)
- Ms. Cathleen Davis, CPA, CIA, Chief Auditor, Arizona Public Safety Personnel Retirement System (PSPRS)
- Mr. Tony Chavez, CIA, CGAP, CRMA, Director of Internal Audit, Employees Retirement System of Texas (ERS)

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**PEER REVIEW**

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# The Qualifications We Sought



- Certified Internal Auditors
- Retirement System / Pension Fund experience
- Has experience with QARs
- Well-regarded within the profession
- Excellent knowledge of the *Standards*



## **QAR Methodology & Timeline**



# What Happens in an External QAR?



- Obtain stakeholder feedback
- Assess compliance with the *Standards*
- Assess IA Charter, policies & procedures
- Review staff experience & qualifications
- Inspect audit work papers



# Who Gets Interviewed?



- Trustees
- Executive Management
- Auditees
- Internal Audit Staff





# How Long Does an External QAR Take?



## Estimated Timeline

- Fieldwork/Interviews (Virtual) May
- Report June
- Presentation to ACE Committee July



## **APPENDIX**

### **Our Peer Review Team**



# The Team Lead



## Ms. Cheryl Cervantes Dietz, Chief Auditor, CalSTRS

- Extensive audit and compliance experience including over 25 years at a public pension fund
- Led both employer and internal audits at two of the nation's largest pension systems
- At CalSTRS, served as Enterprise Compliance Services Director prior to her current role of Chief Auditor
- Served on various committees and boards for the Association of Public Pension Fund Auditors
- Served on the board of Sacramento Chapter of the Institute of Internal Auditors
- Certifications: **CPA, CIA**





# Team Member



## Ms. Cathleen Davis, Chief Auditor, PSPRS

- 4 years, Chief Auditor, Arizona PSPRS
- More than 20 years of experience in governmental accounting and auditing
- VP, Advocacy and Academic Relations Officer for IIA Phoenix Chapter
- Board member of the Association of Public Pension Fund Auditors (APPFA)
- Member of American Institute of Certified Public Accountants (AICPA), the Association of Certified Fraud Examiners (ACFE), APPFA, the Institute of Internal Auditors (IIA), ISACA and the Public Pension Financial Forum (P2F2)
- Certifications: **CIA, CISA, CFE**





# Team Member



## Mr. Tony Chavez, Director of Internal Audit, ERS

- 12 years with ERS
- 25 years of governmental auditing experience within Texas state government (Texas State Auditor's Office/TxDOT)
- A member of the Association of Public Pension Fund Auditors (APPFA)
- Certifications:
  - Certified Internal Auditor (**CIA**)
  - Certified Government Auditing Professional (**CGAP**)
  - Certification in Risk Management Assurance (**CRMA**)





# Questions

**TAB 16**





# **Website Redesign Update and Preview**

February 27, 2025

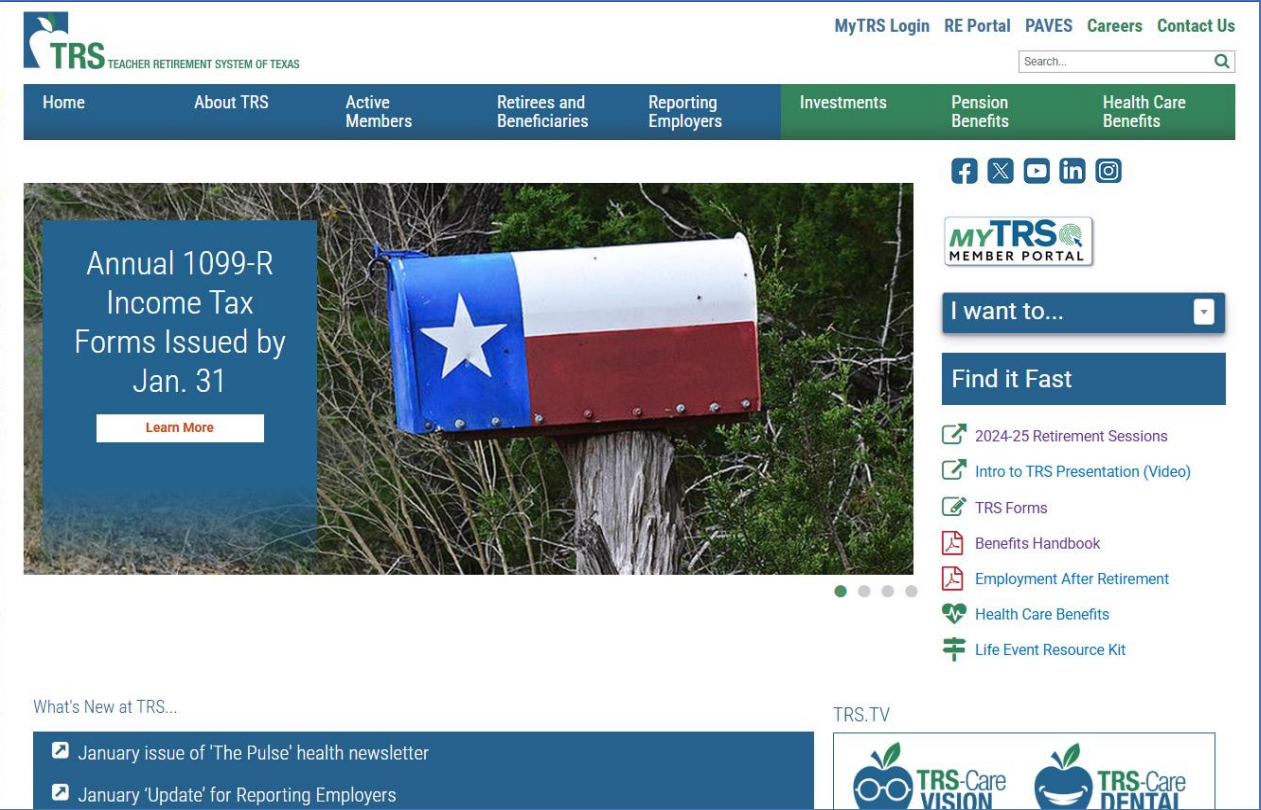
Presented By: Beth Hallmark, David Munns,  
Kale Romberger





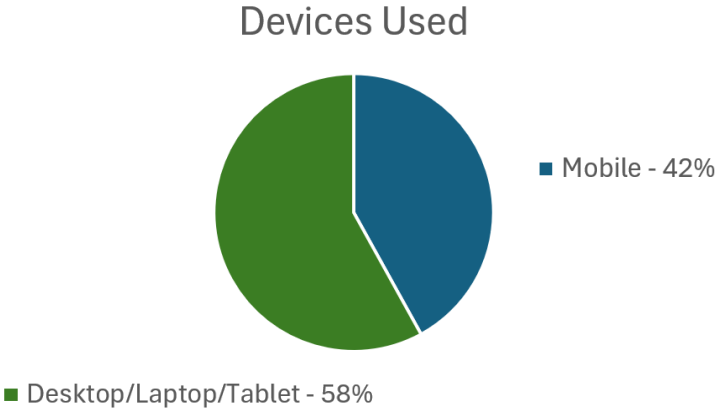


# Why redesign TRS' website?



Current home page for trs.texas.gov, the public website

- Last redesign of [www.trs.texas.gov](http://www.trs.texas.gov) in 2016
- Address challenges identified in member surveys and counseling calls
- Update platform for enhanced functionality and accessibility
- Improve efficiencies in creating and maintaining content
- Optimize mobile experience (approximately 5% growth per year on average in mobile views)





# Member experience research



## Primary Research: User Feedback

- Website Feedback Survey (~450 member responses)
- TRS Staff Website Experience Survey
- Preliminary Member Interviews (6 members)
- Web Intercepts Survey (250+ web visitor responses)

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## Secondary Research

- Member and Employer Satisfaction Surveys
- Google Analytics
- Peer Agency Analysis
- Industry Best Practices

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## Website Content Analysis

- Content Audit and Inventory
- Information Architecture – Website structure
- Card Sorting – How users organize content
- Tree Testing – How users navigate a website





# Goals for the project

- **Better Member Experience:** Create a flexible, empathetic, engaging, and member-focused design.
- **Accessibility:** Ensure plain language, translation, and other accessibility features.
- **Robust Platform and Site Structure:** Implement a modern, sustainable, flexible platform that is easy to navigate.
- **Responsive for All Devices:** Ensure web content displays optimally on all devices.
- **Optimized Content:** Organize content by topic for better discoverability and related information.
- **Enhanced Search:** Enhance content discovery and filtering capabilities.





# Top 5 member-focused improvements

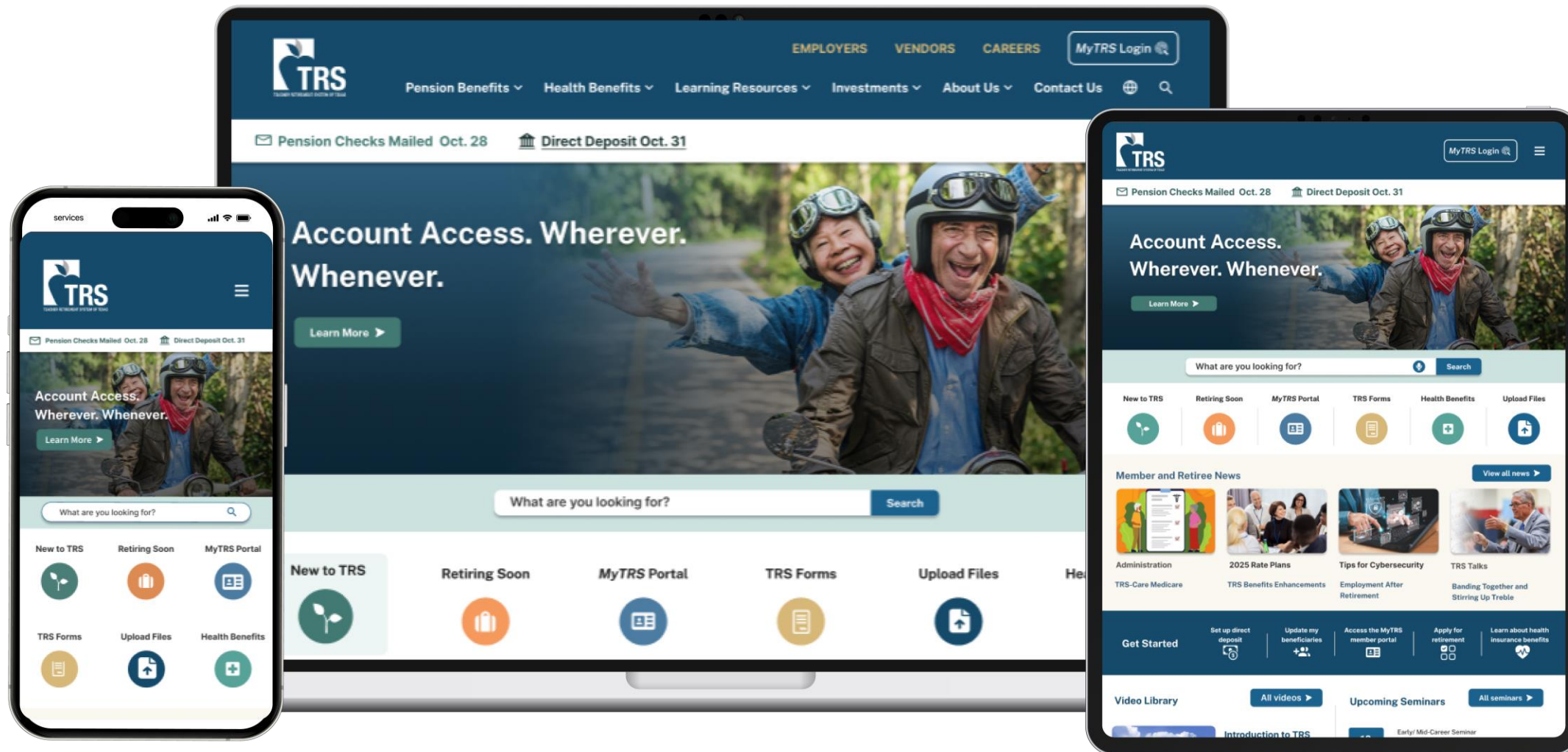


- 1 Streamlined Homepage:** Quick access to common member tasks, improved search, and dates for annuity disbursements and other key events for reference
- 2 Centralized Events:** Centralized, shareable, and simple to add to personal calendars
- 3 Forms:** Search and filtering capabilities to make it easier to find and submit
- 4 Step-by-Step Guides:** Detailed instructions to help members complete tasks quickly and accurately
- 5 Publications and Video Showcase:** Member education resources more searchable in a robust and engaging library





# Brief tour of new site



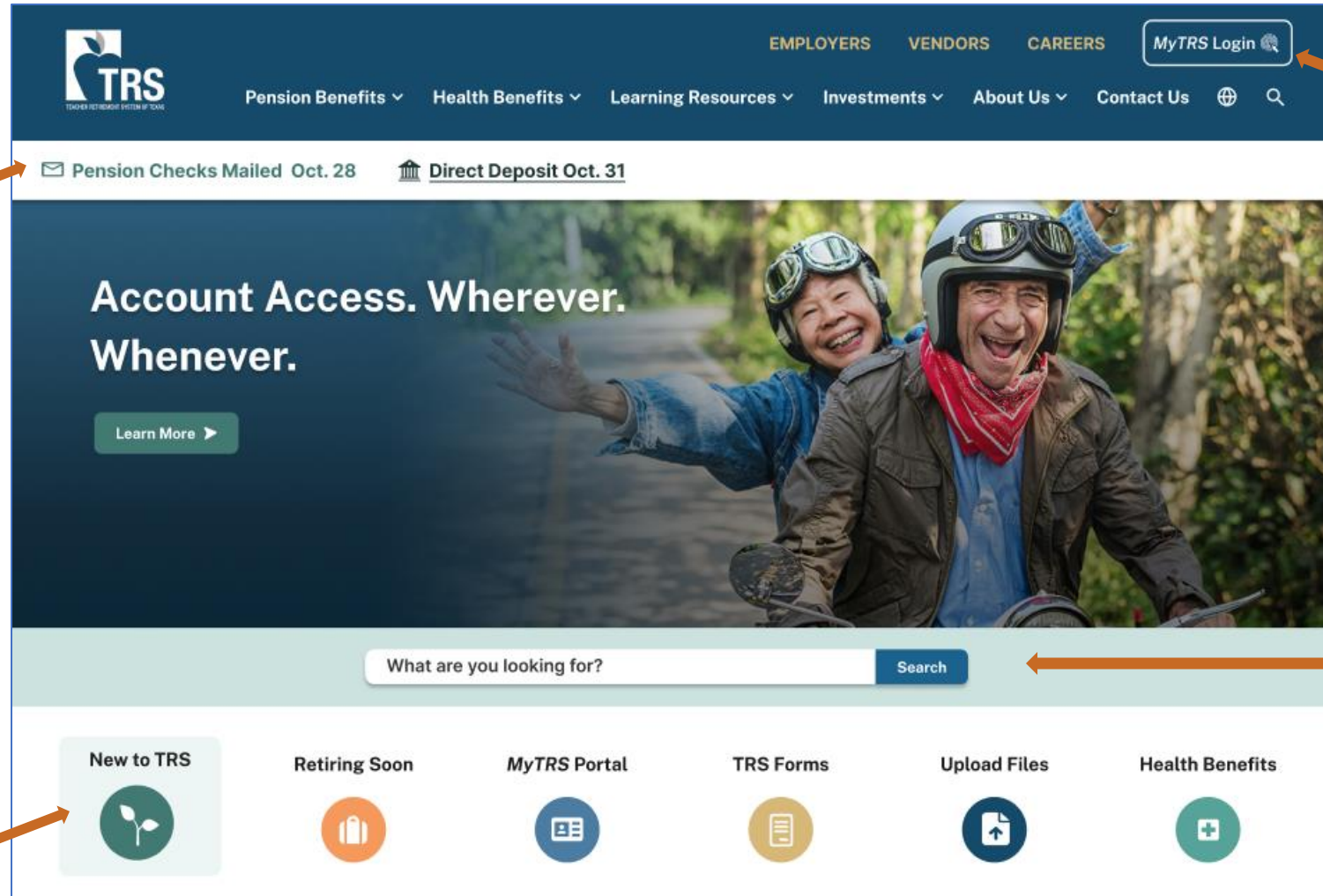
# 1 Streamlined Homepage

Prominent display of annuity disbursement dates

Easy access to MyTRS

Fast access to key content

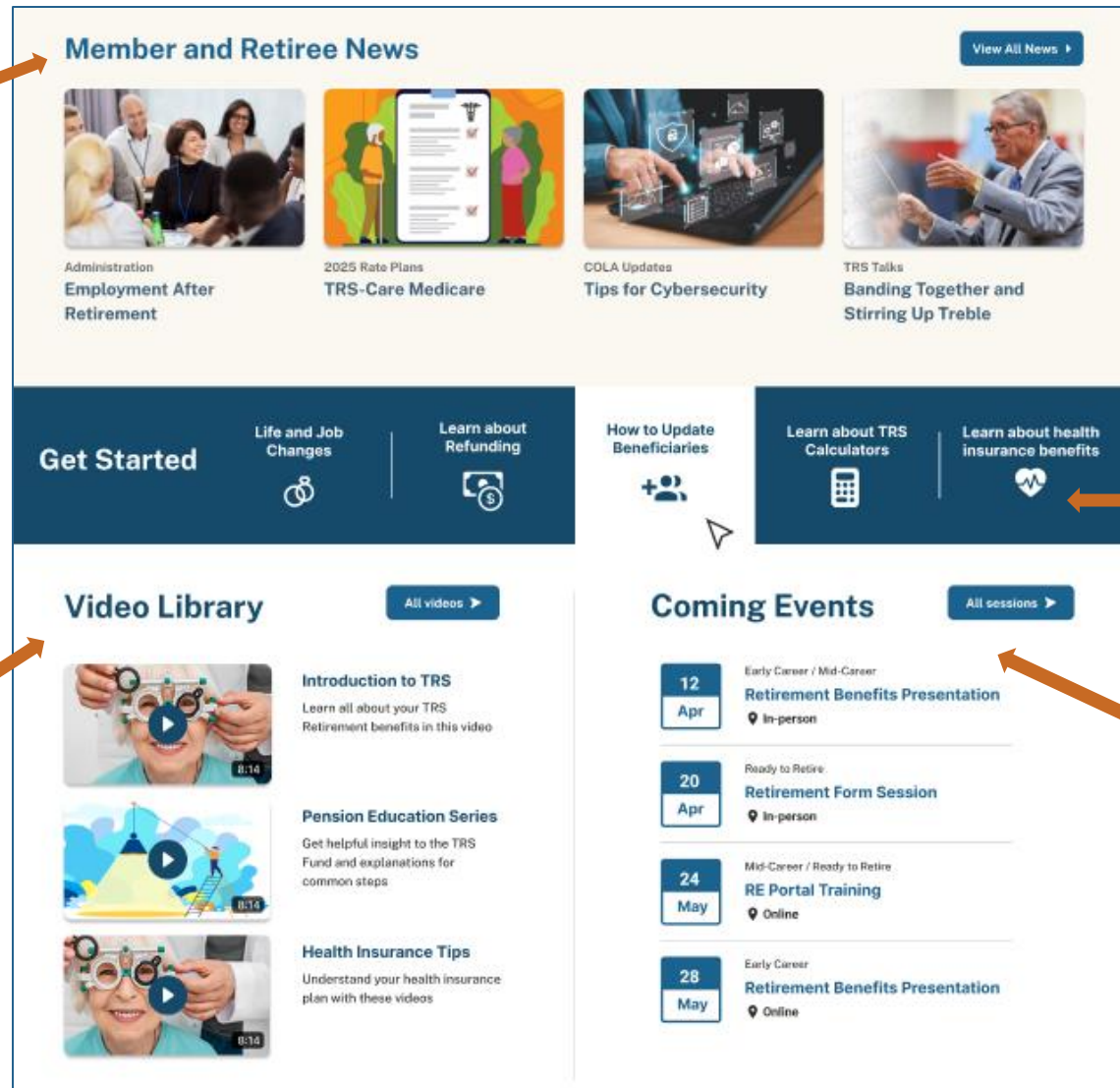
Enhanced search functionality



Example of future homepage

# 1 Streamlined Homepage, continued

Important news and highlights



Quick-start bar for key tasks

Easy access to robust video library

Calendar for all events: health, retirement, board meetings, employers, etc.

Example of future homepage



# 2 Centralized Events

## Improvements:

- All events are consolidated in one place, allowing for cross-promotion.
- Events can be filtered when searching.
- Events are shareable and easy to add to personal calendars.

TRS

TEACHER RETIREMENT SYSTEM OF TEXAS

MyTRS Login

RE Portal

PAVES

Careers

Contact Us

Home

About TRS

Active Members

Retirees and Beneficiaries

Reporting Employers

Investments

Pension Benefits

Health Care Benefits

Search...

Retirement Benefit Presentations

RSVP can be completed via MyTRS or by calling 1-800-223-8778. All appointments must be made by the deadlines listed on the following schedule. Please check statewide schedules frequently as this information is subject to change. Thank you.

2025 Ready to Retire (In-Person)

City	Venue	Address	Date	Deadline to Register	Time
WICHITA FALLS	REGION 9 ESC	301 TX-11 Loop	Monday, Feb. 10, 2025	Saturday, Feb. 8, 2025	5:30 PM
KATY	KATY ISD	1830 Katyland Dr.	Monday, Feb. 24, 2025	Saturday, Feb. 22, 2025	5:30 PM
AUSTIN	TRS	1000 Red River Street	Saturday, March 1, 2025	Thursday, Feb. 27, 2025	9:00 AM
EL PASO	EPISD Professional Development Center	6500 K Boeing Dr	Saturday, March 1, 2025	Thursday, Feb. 27, 2025	9:00 AM (MST)
WHITE SETTLEMENT	REGION 11 ESC	1451 S Cherry Ln	Monday, March 10, 2025	Saturday, March 8, 2025	5:30 PM
EDINBURG	REGION 1 ESC	1900 West Schunior Edinburg, TX 78541	Monday, March 24, 2025	Saturday, March 22, 2025	5:30 PM
SAN ANGELO	REGION 15 ESC	612 S Irene St	Monday, March 31, 2025	Saturday, March 29, 2025	5:30 PM
HUNTSVILLE	REGION 6 ESC	3332 Montgomery Road	Tuesday, April 1, 2025	Saturday, March 29, 2025	5:30 PM
CORPUS	REGION 2 ESC	209 N Water Street	Wednesday, April 2, 2025	Monday, March 31, 2025	5:30 PM
SAN ANTONIO	REGION 20 ESC	1314 Hines	Thursday, April 3, 2025	Tuesday, April 1, 2025	5:30 PM
BEAUMONT	REGION 5 ESC	350 Pine St. Suite 500	Monday, April 7, 2025	Saturday, April 5, 2025	5:30 PM

Current website - events

TRS

TEACHER RETIREMENT SYSTEM OF TEXAS

EMPLOYERS

VENDORS

CAREERS

MyTRS Login

Pension Benefits

Health Benefits

Learning Resources

Investments

About Us

Contact Us

Home / TRS Event Calendar

Learning Resources

Event Calendar

Videos

Publications

FAQs

Glossary

Events Calendar

Do you have questions about your TRS benefits or retirement? TRS conducts several different retirement sessions for active members and those considering retirement. Find a session that works best for your schedule and location.

Upcoming Events

Search for an event

Search

Event Format

Please select

Career Stage

Please select

12 Apr

Retirement Benefits Presentation

Retirement Session | Ready-to-Retire

View details >

In-person

3:00 PM - 5:00 PM CST

1900 Aldrich St. Austin, Texas 78723

12 Apr

TRS-Care Dental & Vision Information Session

Health Event | Ready-to-Retire Members

View details >

Virtual

11:00 AM - 12:00 PM CST

12 Apr

TRS Board Meeting: November

All members

View details >

In-person

8:00 AM - 5:00 PM

1900 Aldrich St. Austin, Texas 78723

12 Apr

Field Office Visit: Lubbock

Retirement Session | Ready-to-Retire Members

View details >

In-person

8:00 AM - 5:00 PM

1900 Aldrich St. Austin, Texas 78723

Future website - events



# 3

# Forms

## Improvements:

- Search by name, number or keyword
- Filtering
- Step-by-step guide for submitting
- MyTRS promotion

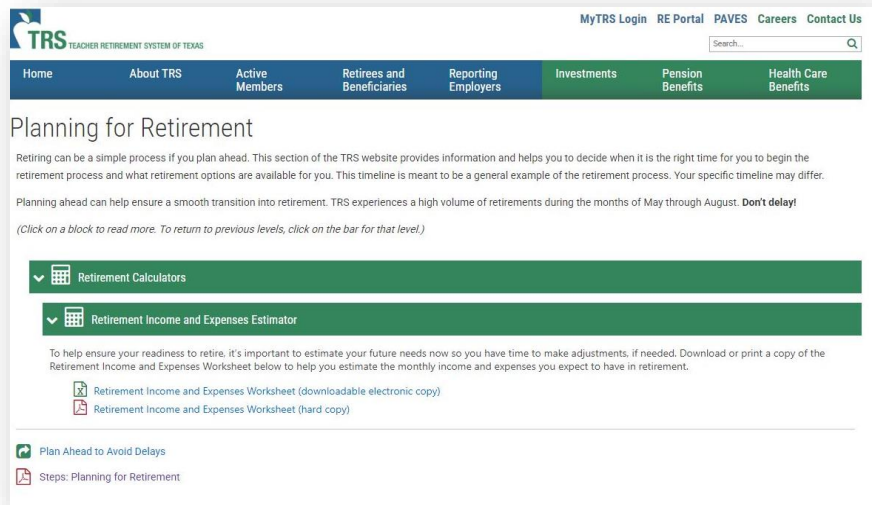
Current website - forms

Future website - forms

# 4 Step-by-Step Guides

## Improvements:

- Clear and numbered action items
- Plain language
- Visual tools
- Helpful links



Current website – Retirement Planning

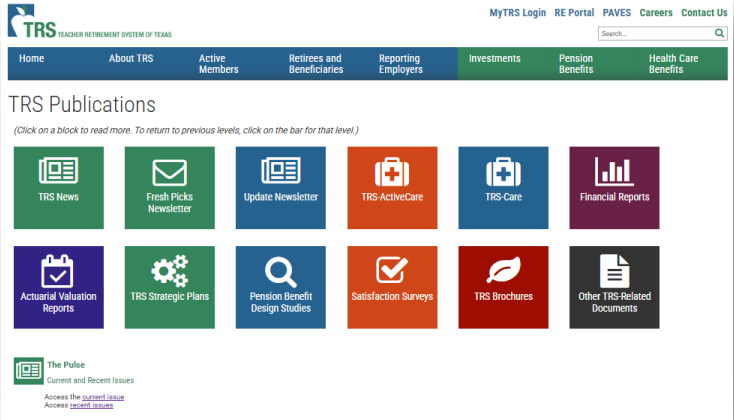


Future website – Retirement Planning

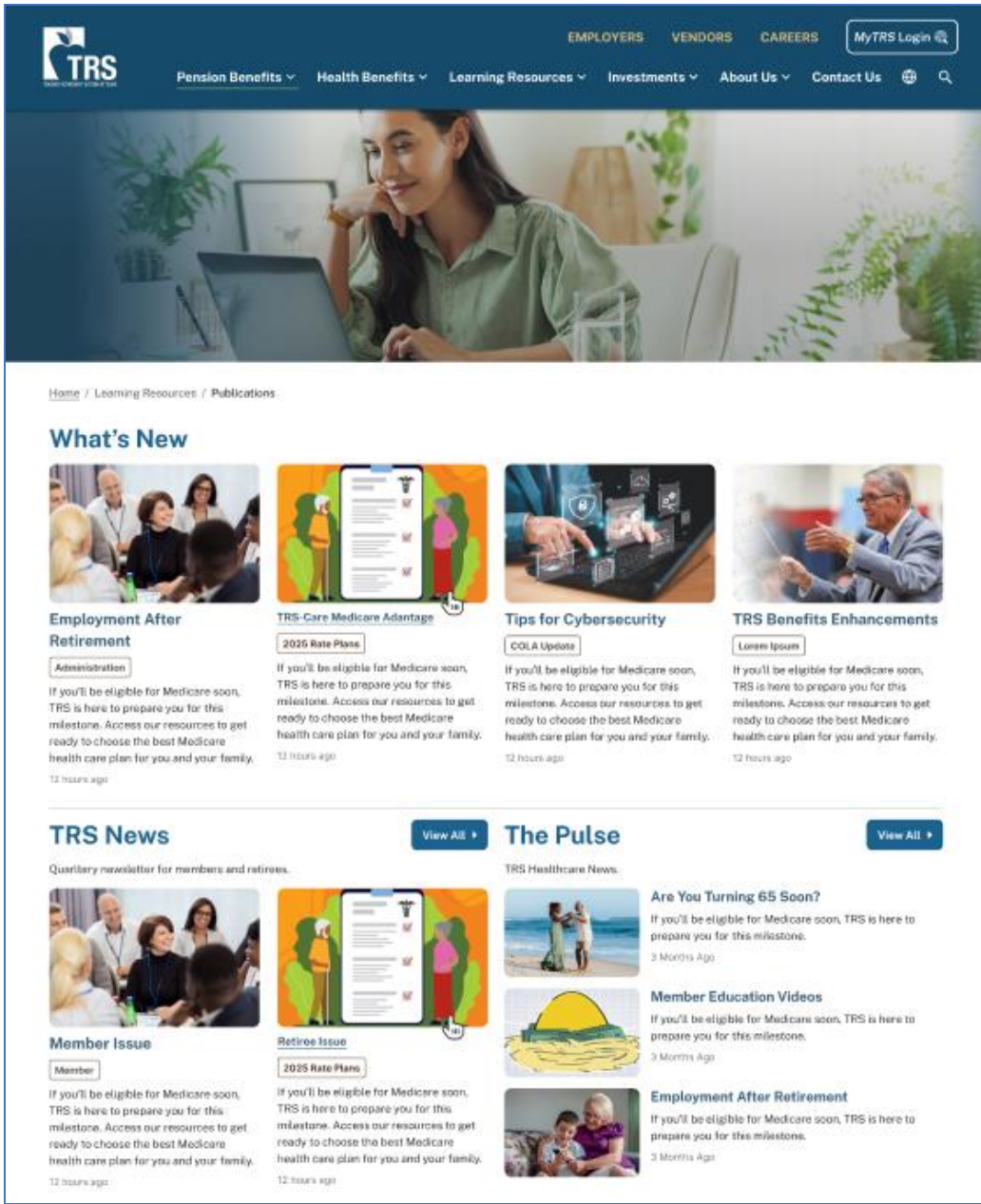
# 5 Publications Library

## Improvements:

- Streamlined organization
- What's New section
- Visual engagement
- Helpful descriptions
- Cross promote health and pension news



Current website - Publications



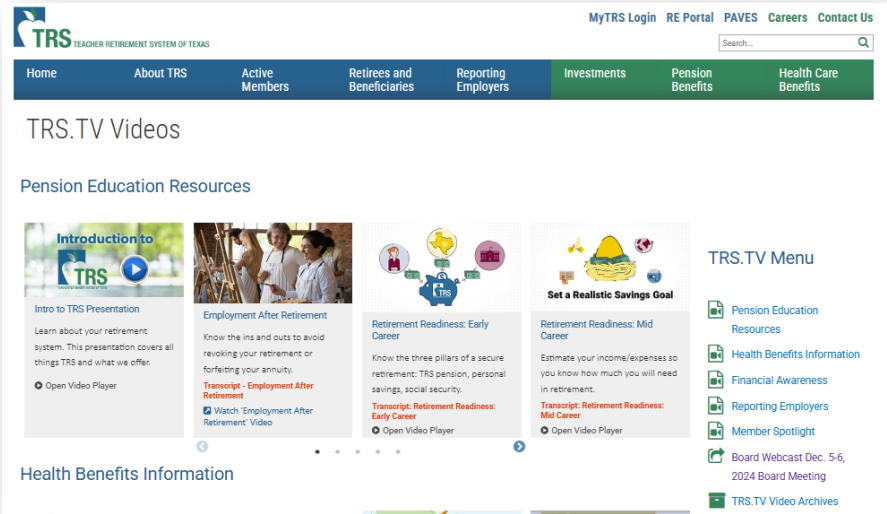
Future website - Publications



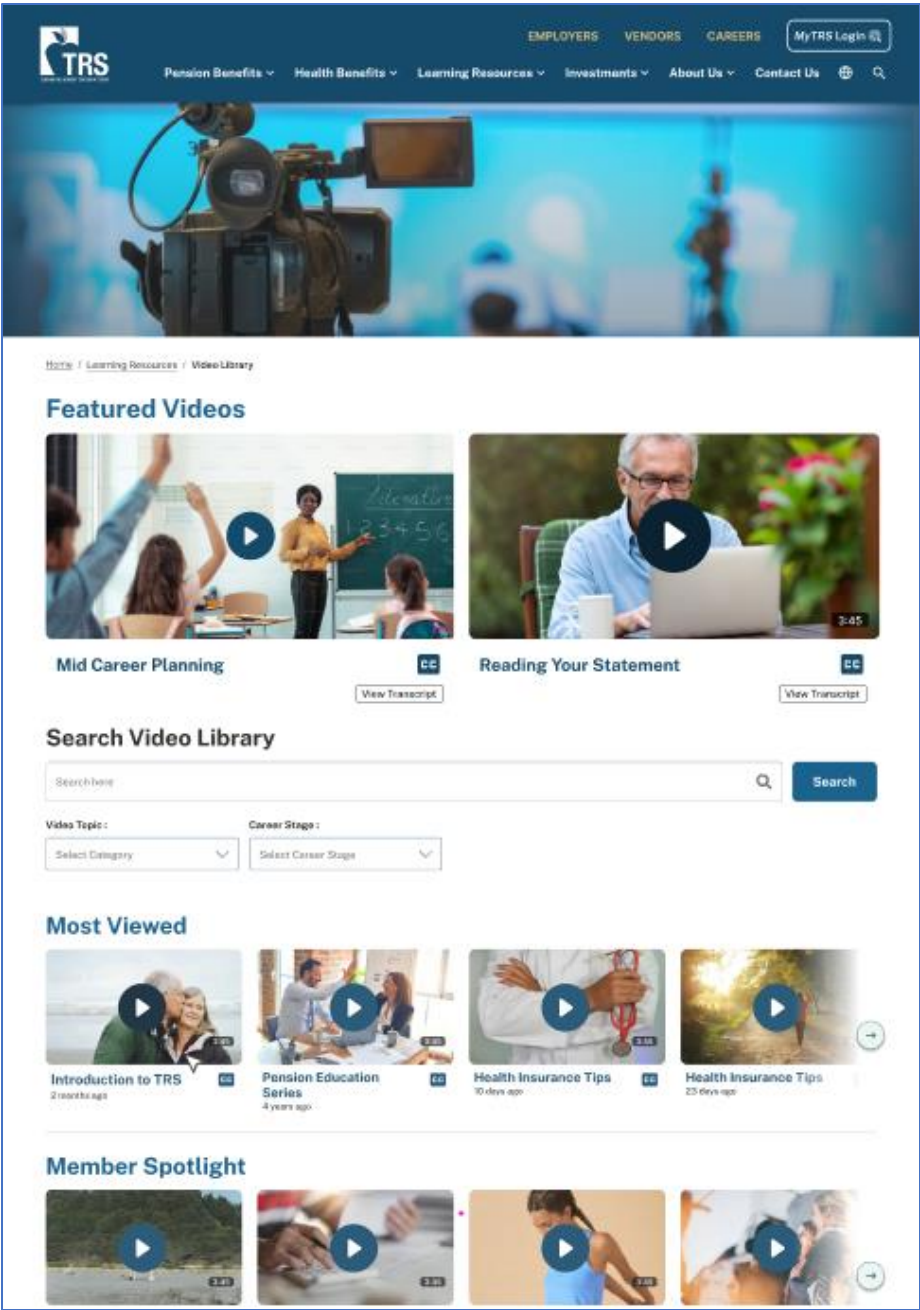
# 5 Video Showcase

## Improvements:

- Featured videos
- Search
- Filtering by career stage and topic
- Most viewed



Current website - videos



Future website - videos



# Timeline and Communications



**Site currently being built/developed on new platform**



**Extensive testing to ensure readiness to launch**



## **Internal Communications**

- Division presentations
- Employee trainings



## **External Communications**

- Members
- Retirees
- Employers
- Associations
- Vendors



**Launch: Scheduled for late spring**