



TRS Board of Trustees

Meeting Summary

May 2-3, 2023

The TRS Board met **Thursday, May 2 and Friday, May 3, 2023** in-person at our Austin headquarters. A [recorded webcast](#) of all the public meetings is now available. Once you've opened the [video link page](#), click on the board segment you'd like to watch. Read through presentations to the board and committees by clicking on the board books [here](#) and on the hyperlinked titles below.

Meeting Highlights

- **Trustees Approve New Retiree Dental & Vision Rules, Vendors** (for further contract negotiation)
- **TRS-Care Medicare Advantage Rates Likely Will Adjust for Eligible Retirees**

Agenda and Committee Highlights

Benefit Services

Benefit Services staff laid out the division's staffing and workloads along with a look at objectives and upcoming initiatives (see from page 10 of the committee book linked above).

Fund Fact:

The recently approved increases to our eligible retirees' annuities (the cost-of-living adjustment, or COLA) have bumped up monthly payroll by more than \$30 million. Total monthly payroll is around \$1 billion!

Trustees also got a look at Benefits' evolving complaint process. That included positive comments, too.



Health Care staff explained proposed changes around TRS-ActiveCare plans. The changes will allow the plans to align with regulatory standards and account for migration

between plans (see from page 23 of the committee book). The changes that trustees approved affect some TRS-ActiveCare High Deductible Plan and Primary Plans. Trustees also heard how Health's in-house actuaries calculate premium rates, project fund balances and analyze the financial impact of changes in TRS health plans.

Budget

"In good shape." In this mid-year review, the **Chief Financial Officer (CFO)** showed breakouts of how our pension fund teams are using the **\$348 million** approved to run our organization this fiscal year. Trustees also got a look preliminary FY 2025 operating budget. It could take about 5% more to operate in the year ahead, the CFO said. A final recommendation for the FY 2025 budget along with the Legislative Appropriations Request for FY 2026-27 is due in July. The CFO also pointed out TRS is one of the most efficient pensions in the land.

Fund Fact:

TRS total administration cost (per member): \$62
Peer average administration cost (per member): \$117

- CEM Benchmarking

The CFO also provided fiduciary reasons for a slight increase in the total cost of TRS' new **\$300 million headquarters campus**. Trustees approved a 13% increase to account for historically high inflation and supply chain disruptions. The cost increase for the building project remains below the industry average of 20%. What's more, TRS has produced **\$8 million in savings** along the way by modifying design decisions on furniture selection and reorienting core hallways and decks. See the Executive Director Update for new HQ photos.

Investment Management

The **Chief Investment Officer** provided his CIO Update (page nine of the committee book). In the fourth quarter 2023 review, investment consultant Aon showed trustees our pension fund's December market value was up year-over-year to **\$192.5 billion**. That's 11 billion more than Dec. 31, 2022 (see page 13 of the committee book). Also received was an update on the ongoing Strategic Asset

Allocation (SAA) study. Trustees are due to receive SAA recommendations in July on how best to balance our pension fund for the next five-year period.

[Policy](#)

Committee members approved proposed new rules to support new optional dental and vision care plans for certain retirees and their beneficiaries. Also, trustees approved publication of proposed rules to consider a special limited enrollment opportunity for the TRS-Care Medicare Advantage plan. It would apply to Medicare-eligible retirees who opted out. Read more on how these rule changes came about below.

[Other Topics Discussed](#)

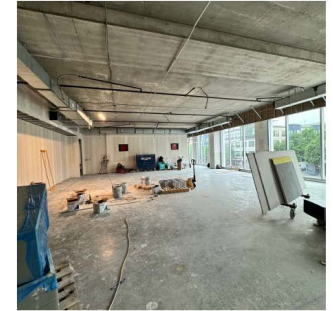
Executive Director Brian Guthrie provided his updates to trustees (see page 16 of the [board book](#)). Mr. Guthrie shared guidance received from Texas legislative leadership following recent favorable changes to the federal Medicare program and careful plan management of the TRS-Care fund, among other factors. The guidance relates to [adjusting premiums for the TRS-Care Medicare Advantage program](#) next plan year. [Read more on our TRS site](#). This also creates an opportunity to open a one-time enrollment to Medicare-eligible retirees to rejoin the program if they opted out (see the agenda item in the Policy Committee for related rule changes). Trustees are expected to act in July.

"I have some happy news...The TRS-Care plan has a very healthy fund balance that is the result of the good work that the Chief Health Care Officer and team have done to really operate the fund efficiently and to provide the best value for our members."

Brian Guthrie, TRS Executive Director

Also, Health staff appeared before the board to present marketplace research conducted and vendor qualifications sought for new vision and dental programs that TRS will offer eligible retirees next year (see slides from page 58 of the [board book](#)). Trustees selected a first-choice vendor in both categories and approved moving forward with negotiations for the TRS-Care Dental and TRS-Care Vision contracts.

Mr. Guthrie was also pleased to report that the second building of the new headquarters campus is progressing. (see photos of the courtyard outside the future Member Experience Center and what will be the second-floor boardroom).



The Deputy Director presented his report (See from page 129 of the [board book](#)) highlighting positive data from an independent firm that compares operations between large, complex pension funds around the U.S.

The takeaway? Given our size and member growth, **TRS remains low cost with a high service score** relative to our peer systems! This win comes after investing in resources to improve member services (in part, hiring and training more call center staff).

Actuarial Review: TRS' independent actuarial consultant (think of the firm as the fund's financial well-check physician) was on hand to provide an overview of how different pension systems generate their fund contributions (see from page 110 of the [board book](#)). Remember, TRS manages legislatively set rate contributions from members, our members' employers, the state and from TRS investments.

[Next Board Meeting](#)

The next board meeting is set for **Thursday, July 18 and Friday, July 19, 2024**, in person at our Austin headquarters. Access all board materials [online](#), including agendas, board books and a link to the live and recorded webcasts. View [the board schedule](#) on our board meetings calendar page. Visit www.trs.texas.gov to find board of trustees' information under the [About TRS](#) tab. And remember, you can always follow TRS on social media via our [Facebook](#), [X \(Twitter\)](#), [YouTube](#), [Instagram](#) and [LinkedIn](#) pages.

