



News Release

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Teacher Retirement System of Texas releases Pension Benefit Design Study

Findings: existing plan offers better value and retirement security than alternatives

AUSTIN —The Teacher Retirement System of Texas (TRS) today released a [Pension Benefit Design Study](#) and an [Executive Summary](#) at its quarterly Board of Trustees meeting. Both documents can be found in the media center of www.trs.texas.gov

This new study updates findings from an original study completed in 2012. The document offers Texans fresh insights for consideration: from a fact-based overview of TRS' 81 year-old defined benefit plan, to a comparative analysis of different types of plans. It also highlights potential costs relating to implementation of a new plan structure. TRS prepared the study in coordination with TRS' pension actuary, Gabriel, Roeder, Smith and Company (GRS).

Key findings:

- **A total of 96 percent of public school employees do not participate in Social Security. For many TRS members, the only source of lifetime income in retirement is their TRS benefit. A lifetime benefit helps mitigate the risk of a retiree who — due to longevity, market volatility or failure to invest adequately — outlives his or her savings.**
- **A majority of TRS members would end up more financially at-risk by investing on their own in a plan with a defined-contribution component.**
- **The TRS benefit, as currently designed, replaces roughly 69 percent of a career employee's pre-retirement income when that person initially retires.**
- **Alternate plans would be 30 to 124 percent more expensive than the current defined benefit plan to provide the same benefit level upon an employee's retirement.**

"With the 86th Legislature starting on January 8, 2019, TRS stands ready to educate and inform decision makers as they address the critical issue of retirement benefits for the nearly 1.6 million Texas educators and their families who rely on TRS every day...we hope these up to date findings prove to be helpful," says Brian Guthrie, TRS Executive Director.

Through their defined benefit plan, TRS members benefit from the talents of an internationally-recognized and professionally-managed investment team dedicated to producing above-benchmark returns year after year. This award-winning team works under the leadership and oversight of the nine-member, TRS Board of Trustees, appointed by the Governor. Both groups are collaboratively engaged in fulfilling their fiduciary duty to manage and invest the Trust for the long term.

Today, the TRS Trust is better funded than the average public U.S. pension plan, despite a modest benefit structure and comparatively low contribution rates. While today's TRS plan has long-term funding challenges that must eventually be addressed; small, steady improvements now will have a lasting impact over time. To that end, the study contemplates options for the Texas Legislature to consider leading to a realistic, achievable path toward full funding while addressing the present unfunded liability.

The Teacher Retirement System of Texas is the largest public retirement system in Texas, serving nearly 1.6 million people. TRS improves the retirement security of Texas public education employees through our "best in class" investment management that oversees a \$155 billion trust and delivers pension and health care benefits that make a positive difference in members' lives.

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