

Script: TRS: December 2014

Opening graphic (Title): Teacher Retirement System of Texas: A Great Value for All Texans

We see b-roll of teachers meeting at Monument Café; b-roll focus on Diane Smith.

Diane Smith

Retired teacher

We're a group of retired teachers. We all were in the social studies department at Georgetown HS and since we've all retired we all get together here frequently to have breakfast and talk about things.

Mark Townsend

Retired teacher

I taught school for 32 years. I taught history, I coached nearly every sport there is. If somebody said "would you, you know, rather keep working?" Maybe! But I'm sure enjoying this life. And it's really a lot of it is because of TRS.

Fades into b-roll of Brian Guthrie working at TRS.

Brian Guthrie:

Executive Director / TRS

The mission of TRS is to provide retirement security to TEXAS educators by investing trust assets and proving a pension annuity as a result and also providing benefits that make a significant difference in our members' lives.

What people don't realize about the state of Texas is that most school districts don't pay into Social Security and so employees in those districts are not eligible for Social Security when they retire so the TRS pension that they receive or the benefit that they receive in retirement from us is really their only source of income when they retire. That is often overlooked and not something that should be taken lightly. So we in many cases we are the only source for our retirees once they reach retirement age.

TRS pays out approximately \$9 billion in annuities every year, and the vast majority stays here in the state of Texas. That's very significant for our local economy and for our state economy. Everyone in Texas benefits from what we do here.

- 95% of the almost \$9 billion paid annually to annuitants stays in Texas
- TRS retirement benefits are paid to almost 365,000 annuitants

Transition full-screen graphic: Value to Public Education

B-roll of employees working at TRS.

Ken Welch

Deputy Director / TRS

The employees here at TRS are very proud of what we do. We take it as a calling to be able to give back to those who've given so much. We look after their future by making sure that they don't have to worry about their retirement, that they'll have a lifetime source of income.

More b-roll of teachers at Monument Café, focus on Michael Weiland

Michael Weiland

Retired teacher

I thoroughly enjoyed social studies, it was probably the best experience in my life, it took in all the factors, the travel I had done in the military, and I could use that in teaching. It was a great fit.

TRS provided that extra amount to do more things. If you want to help someone out, or you want to do a little traveling, or help your kids out with some of their education, you can do that.

B-roll at Boone School, Georgia Smith working one-on-one with special ed students.

Georgia Smith

Special education teacher

I taught kindergarten for 26 years and then I've been teaching special ed for 6 years, so I love what I do.

I was eligible to retire a couple of years ago but I just wasn't quite ready. I still just enjoy so much what I'm doing, and I don't want to give up my kids .

I've put in a lot of time, a lot of love, a lot of energy, wouldn't change a thing, I love everything that I've done, but it's nice to know, that my reward is every month I will get my retirement check.

B-roll in 5th grade classroom with Paul Johnson

Paul Johnson

Fifth-grade math teacher

This is the second year I've been a full time teacher. I've seen a lot of successes where students just may not have ever thought that math was something that they could do; now that they can do it, they're wanting to challenge themselves, they're wanting to go further; it's not just like "what can I figure out to pass the test," it's like "how else does this theory apply to other numbers" ? That's been a part that's been fun to watch.

To think of a goal like retiring, that far ahead, it's a little bit tough for me to fathom at this point. I'm grateful to have it, to know that the work is not only kind of paying itself right now but in my future.

B-roll of general shots inside Boone Elementary School, including buses and cafeteria workers.

Ken:

We provide benefits to all public school employees, and that ranges from the classroom teacher to the principal to the busdriver to the librarians, counselors, groundskeepers, cafeteria workers. It also includes a large percentage of our higher education population, so college workers, junior college, community college staff as well.

- One out of every 20 Texans is a member of TRS

More b-roll in Boone, focusing on Rosalinda

Lower third:

Rosalinda Costilla, Food Specialist

Elementary School K-5

I've been here for 21 years, and I really love working here with the kids. I come in early and get the breakfast ready, then we prepare for the lunch. I just love it, it's my second home! One of the reasons I did take this job was because of TRS. I knew that I was going to be secure later on in the future when I retire.

B-roll of Kenneth Jones walking into TRS building and meeting with his retirement counselor

Kenneth Jones, Police Security

University of Texas Medical Branch

I've been at UTMB for 31 years in the UT system and I'm planning on retiring. TRS has been very helpful for me -- my money, time, how long it takes, everything, I mean they'll spell it out to you, whatever question you have, big or small, they've got the answer for you.

Transition full-screen graphic: Value to the Texas Economy

B-roll: General cityscapes and small town landscapes

Map with counties where TRS money is spent

Nanette Sissney, TRS Board Vice-Chair

Whitesboro Intermediate School Counselor

TRS has a very positive impact on the state of TEXAS and the economy here. When an annuitant receives their check each month, and they always have, there's never been a default, they spend that check locally, shops benefit, communities benefit, the state as an overall whole benefits; it has a ripple effect just all the way out.

Every dollar in benefits paid generates \$2.34 in aggregate spending.

TRS benefits result in:

- over 100,000 permanent jobs in Texas
- about \$900 million in state taxes

- about \$300 million in local taxes

Brian:

We are creating jobs, we're creating tax revenues, we are in many ways an important part of the economic infrastructure of this state.

TRS members are everywhere. We have schools in big cities, we have schools in rural parts of the state, and we have a lot of rural areas in a state the size of TEXAS. Some estimates suggest that we generate up to 5% of local economic activity in some of these small rural areas of the state where the only significant employer may be a school district or the small jobs that are created around providing education to our students.

David Schuler

General Manager, Monument Café

TRS is very impactful for all the Georgetown businesses. We have a very large retirement community, which a lot of them live in, they come and visit us and support our local economy.

Economic Benefits from Annuity Payments by Region (map) (in millions):

High Plains \$336.6

Upper Rio Grande \$307.50

West Texas \$207.5

Northwest Texas: \$238.7

Metroplex: \$2,062.90

Upper East Texas: \$445.4

Central Texas: \$494.90

Southeast Texas: \$332.7

Capital \$650.9

Gulf Coast: \$1,998.40

Alamo \$1,078.50

South Texas Border \$732.3

Upper East Texas: \$494.60

High Plains: \$350.10

South Texas Border: \$825.40

More b-roll of teachers at Monument Café, focus on John Thomas and the Spruills

John Thomas

Retired teacher

Most of the money that I spend by far and away is here in TEXAS. I recently purchased a brand new car. My wife and I like to go to movies quite a bit and to shows in the theater. I spend I'll betcha 95% of all my money here and in this area.

Linda Spruill

Retired library assistant

When we are with our grandchildren we like to go shopping and we also tour the museums that they have in the area, and just enjoy doing all kinds of wonderful fun things that grandparents like to do with their grandkids.

TRS is providing us with kind of a comfort zone there so that we don't have to depend on our children to continue our lifestyle,

Butch Spruill

Retired teacher and coach

I'm a volunteer with the girls soccer team and with the girls volleyball program, about 300+ hours in 2014.

I enjoy coaching, that's kind of been my passion, teaching and coaching, because you can't really have one without the other. If you're a good coach you're a good teacher. I just enjoy working with those sports and with the young people.

Graphic: Retirees contribute over 5 million volunteer hours annually.

Transition full-screen graphic: Value from Investments

B-roll of IMD

Lower third:

Britt Harris

Chief Investment Officer / TRS

The Texas Teachers fund is one of the most significant portfolios in the world. ... TRS is within the 25 largest investment portfolios in the world.

Within Texas it's the second largest for-profit or return seeking enterprise in our state. The only larger portfolio or the larger fund would actually be the giant corporation Exxon itself. This is a fund that is expected to earn approximately 8% per year. To put that into context that would mean that this is a portfolio that is expected to earn about \$5 million per hour.

- Pie chart of the Sources of Pension Fund Revenue Since Inception 1938-2014:
 - Investments: 64%
 - State and Employers: 18%
 - Members: 18%

- TRS Diversification Framework:
 - Stable Value: 16%:
 - Treasuries 11%
 - Stable Value Hedge Funds 4%
 - Cash 1%
 - Absolute Return 0%
 - Global Equity: 57%:
 - 44% Public Equities

- USA 18%
- Non-US Developed 13%
- Emerging Market Equities 9%
- Directional Hedge Funds 4%
- 13% Private Equity
- Real Return: 22%:
 - Global TIPS 3%
 - Real Estate & Other Real Assets 16%
 - Energy & Natural Resources 3%
 - Commodities 0%
 - REITS 0%
- Risk Parity: 5%

(Britt cont'd): This portfolio is highly diversified, it's well managed, it's carefully monitored, it's independently calculated, and the people that work for it are passionate about producing results for the teachers of Texas. Take those things and combine them with the competitive edge that we have, which we'll cite as four:

The first: We're one of the largest portfolios in the world, therefore we can make investments most others cannot make.

The second is our time horizon. The time horizon for this fund is 24 years. Now what that means is that the median pension payment in this system is a quarter century from today, so we have time to perform well.

The third competitive advantage that we have is that this is not a levered portfolio in any significant way, and so therefore there are virtually no circumstances where this portfolio would be negatively impacted on a permanent basis,

And then lastly it's very liquid. We have tens of billions of dollars of liquidity in any particular point of time, so this is one of the most secure investment portfolios in our country.

(As Britt speaks **we will see b-roll in IMD** and the following four words would pop on the screen in motion graphics at the appropriate spots):

Large

Long term

Not leveraged

Liquid

B-roll of Nanette Sissney interacting with TRS folks

Nanette Sissney, TRS Board Vice-Chair

School counselor for intermediate school

As a TRS member who will retire before too very many years, I am very comfortable with the competency that the Investment Management Division has, the people there are outstanding, they are dedicated in what they do, not just do they work hard, but they are very, very capable, very competent, and I'm very comfortable that once I retire and start receiving my annuity check each month that it will be there forever.

Brian:

TRS is in the forever business. We are an institution that has been around for more than 75 years, and we intend to be around for hundreds more, serving not only this generation of Texas educators, but all future generations as well,

More b-roll of teachers at Monument Café, focus on Randall Craig

Randall Craig

Retired teacher

I give thanks everyday for my situation. I'm a lucky guy. I've got a nice secure income and I can do a lot of the things that I want to do, because really of Teacher Retirement.

Outgoing graphic: TRS: A Great Value for All Texans

For more information on TRS,

Visit our website at:

www.trs.state.tx.us

or follow us on:

[icons for Facebook, Youtube, LinkedIn and Twitter]