

## Legislative

### TRS Today Transcript

September 2015

**Interviewer:** Rhonda Price

**Guest:** Brian Guthrie

**Rhonda:** Hello and welcome to, TRS Today. A communications initiative of the Teacher Retirement System of Texas. I'm your host, Rhonda Price, and our guest today is, TRS Executive Director, Brian Guthrie. Brian, thanks for being with us.

**Brian:** It's my pleasure. Thank you.

**Rhonda:** Our topic is the 2015 legislative session. And Brian, in terms of significance to TRS, how would you characterize the session? Generally, to what extent did it impact TRS?

**Brian:** Well Rhonda, going into the legislative session, we had one primary issue facing the system and that was the long-term solvency of our TRS Care retiree health care program. Going into the session we knew that we had a shortfall that was looming in the budget for that program of approximately \$768 million. And so we are hoping that the Legislature would address that shortfall and perhaps also look at a long-term solution to the program as well because the conditions were the factors that have contributed to that shortfall continue to exist in the program and even if we plug the hole this session, we knew that we would continue to have issues moving forward unless some systemic changes are made. The legislature actually took a two-pronged approach to addressing this issue. They did provide us funding to plug the short-term problem, the \$768 million, which provides solvency for the program as it exists today for the next two years. So that's very good news for the system and for our members. For the long-term issues however, they did not make any systemic changes. They evaluated some options, they had some discussions about things they could do but ultimately decided they wanted to study the issue further. And so what they

did is passed legislation forming a joint select interim committee of both House and Senate members who will look not only at TRS Care, which is our retiree health care program, but also TRS Active Care which is the program that we administer for active professionals as well. That committee will look at the issues facing both of those programs during the interim and hopefully come up with some recommendations that will be considered by the next legislature in 2017. And we are hopeful that through that process we will identify some long-term solutions to not only Care but also Active Care.

**Rhonda:** What significant changes in the law affecting the pension fund were enacted?

**Brian:** Well, the pension fund really kind of flew under the radar this legislative session. The big year for the pension fund was 2013, that legislative session saw us pass legislation that allowed us to become actuarially sound for the first time in several years and also made some fundamental changes to the money that we receive in terms of contributions from the state and from members and also changed eligibility for benefits for some of our members as well. So this session, they didn't really have much to do when it came to the pension fund.

**Rhonda:** Are there other legislative issues you like to discuss?

**Brian:** Yes, Rhonda. There is one that I would like to mention. A bill passed this session which accelerates the payment date of our annuities and that has a rather immediate impact on our members so I would like to get it out there. What the bill does is that it says that the annuity payments should be made on the last working day of the month as opposed to what they are currently being paid on, which is the first day of the following month. So once the bill goes into effect on September 1, what will happen is that the member will get two checks in September. They'll get a check on September 1, which is their annuity payment for August and then they will get another check on September 30th which is essentially their annuity payment for September and then moving forward from then, they will continue to receive their checks on the last day of the month so they will receive a check on October 31, if that is a working day, November 30 and so forth and so on. This has an interesting impact on the members' tax consequences for 2015 because they are essentially receiving 13 payments this year as opposed to 12. The acceleration does result in what appears to be a 13th check for a

member, in reality it is not an extra check. It's just moving up the payment date and as a result they get 13 payments in this year and so that probably won't impact the majority of our members from a tax perspective but it could if a member is right on the edge between one tax bracket and another.

**Rhonda:** On a final note, besides watching TRS today, what other ways can our members stay informed of TRS related information and news?

**Brian:** Well, we have a variety of social media resources at our disposal and as those become more prevalent and used by the world, we also are changing and making them available to our members. Some members can go to our website and they can check out all the latest legislative changes. They can see summaries of the bills and get a lot of other information about what is happening at TRS. They can go to the TRS Facebook page and get similar updates. We also have a Twitter handle which I believe should be showing at the bottom of the screen right now:

@TRSoftexas

And they can always contact us via e-mail and of course there's all the old-fashioned ways of communicating. We have a newsletter, a hardcopy newsletter that is going out to our members and it just went out recently. And they can always call us if they have a question as well.

**Rhonda:** Well thank you so much for being with us today.

**Brian:** It's my pleasure.

**Rhonda:** And thank you for watching. Please stay tuned for the next edition of TRS Today. And if you like this video, please give us a thumbs-up.

For a full explanation of 2015 TRS-related legislative changes please refer to the July 2015 TRS News Issue on the TRS website. [www.trs.texas.gov](http://www.trs.texas.gov)