

# TRS NEWS

DECEMBER 2013

TEACHER RETIREMENT SYSTEM OF TEXAS

## TRS fund condition improves according to 2013 actuarial report

According to the year-end actuarial valuation prepared by Gabriel, Roeder, Smith & Company (GRS), the TRS pension trust fund continues to be actuarially sound. GRS found that as of Aug. 31, 2013, TRS can pay off its current liabilities in 28 years, which meets the requirements for actuarial soundness.

TRS actuarial valuations are prepared as of Aug. 31 of each year. Valuations determine the adequacy of the current state contribution rate by comparing the fund's liabilities to its actuarial value and analyzing changes in the fund's condition.

Legislation passed in spring 2013 began to improve the financial condition of the trust fund by increasing contribution rates and adjusting retirement benefits. As a result, GRS determined in the spring that the fund was actuarially sound and able to pay off its liabilities in 29.5 years. The year-end

valuation shows the fund continuing to move in a positive direction due to several factors, including legislative changes, strong investment performance and an increase in the number of active members.

TRS earned an 8.9 percent return on a dollar-weighted market value of assets for the plan year ending Aug. 31, 2013, net of expenses. The fund also gained roughly 16,000 new active members. While TRS is still deferring \$4.3 billion in investment losses for actuarial valuation purposes, GRS notes that the outlook of the fund continues to improve. As of Aug. 31, 2013, on a three-year annualized basis, the fund has returned 10.6 percent on its investments, which is 0.5 percent above its benchmark.

A copy of the 2013 actuarial valuation is featured on the Publications page of the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us).

## TRS to hold Feb. 12 town hall meeting on retiree and active member health care plans

On Wednesday afternoon, Feb. 12, 2014, TRS will host a town hall meeting to discuss options for best ensuring the long-term health of TRS-Care, the retiree health care program, and TRS-ActiveCare, the active member health care program. The meeting will take place at the Region 2 Education Service Center in Corpus Christi, 209 North Water St. At the meeting, TRS will review the financial condition of both health care plans as well

as alternatives to help ensure the long-term sustainability of the plans.

The meeting will be webcast live on the TRS website ([www.trs.state.tx.us](http://www.trs.state.tx.us)) and archived for later viewing. If you cannot attend the meeting in person, questions can be emailed by webcast viewers. Instructions will be provided at the start of the meeting. For more details, visit the TRS website in February.

## Corpus and Ramirez appointed TRS trustees

Gov. Rick Perry has appointed David Corpus of Humble and Dolores Ramirez of San Benito to the TRS Board of Trustees.

The governor also reappointed Joe Colonna of Dallas to the board. Colonna is a private investor and is a board member of the Baylor Health Care System Foundation and the Texas Prepaid Higher Education Tuition Board. He is also a Boy Scout merit badge counselor. Colonna received a bachelor's degree from the University of Houston. He has more than 20 years of investment management experience, including private equity and debt investments on behalf of pension funds, endowments and family offices.

Dolores Ramirez is a first grade teacher at Rangerville Elementary School in the San Benito Consolidated Independent School District (SBCISD). She has also served as president of the Texas Classroom Teachers Association (TCTA), an independent, nonunion association for Texas teaching professionals, which serves more than 50,000 members across the state. Currently, Ramirez is the San Benito local TCTA president. **Cont. on page 7**

*In compliance with applicable laws, the last page of this issue contains two important notices about your rights in association with TRS and your medical information. TRS recommends that you read and retain these records for future reference.*

# MEMO TO MEMBERS FROM Executive Director Brian K. Guthrie

As 2013 draws to a close, we can look back on the last year with great satisfaction because the TRS pension fund is far stronger now than it was in January. Not only is the fund value at an all-time high, but our latest actuarial valuation shows it also to be actuarially sound for the first time since 2001. This good news is largely a result of actions taken by the 83rd Texas Legislature earlier this year, including increased contribution rates and adjusted retirement benefits. Much credit for continued fund growth also goes to our trustees, the Investment Management Division staff and those who support them.

This issue includes important notices regarding member pension and health care benefits, including changes made to normal-age retirement eligibility based on Senate Bill 1458. Also note the important deadlines for verifying unreported service and service reported but not credited on your annual statement. We don't want you to lose valuable service credit because you failed to confirm the accuracy of information in your annual statements. Finally, please review the notice in this issue relating to health care plan summaries and changes made to the notice of privacy practices.

In late December, we will publish an updated *TRS Benefits Handbook*. The new handbook will be added to our website as soon as it is completed. Anyone who has registered on *MyTRS* to be notified will receive an email from TRS with a link to the handbook.

This fall, Gov. Perry appointed two new TRS trustees, David Corpus of Humble and Dolores Ramirez of San Benito, and reappointed Joe Colonna of Dallas. You can read about them in this issue.

While we are very happy to have them on board, we already miss the two trustees whose terms have ended – Charlotte Clifton of Snyder and Eric McDonald of Lubbock. All of us are grateful to them for their many years of service to TRS and Texas.

Finally, with the holiday shop-

## CIO Britt Harris receives lifetime achievement award

TRS' Investment Management Division (IMD) continues to be recognized by a wide



**Britt Harris**

range of organizations as one of the nation's top investment organizations. This fall, *aiCIO* magazine named TRS Chief Investment Officer Britt Harris as the recipient of its Lifetime Achievement Award - only the third time that the award has

been presented. The international finance magazine also announced that TRS was one of the six large pension funds up for its "Fund of the Year" award.

"I am honored that *aiCIO* has recognized TRS for innovation in the investment arena as well as for achieving sustained growth for our pension fund," said Harris. "Our success is a direct result of our talented and highly dedicated team. We never lose sight of why we are here - to serve our members and retirees and to help them achieve a more secure financial future."

Earlier this year, Mr. Harris was awarded "Large Public Plan Manager of the Year" by *Institutional Investor* magazine.

With the holiday shopping season approaching, I am pleased to announce a new website for TRS members and retirees featuring discounts on a wide variety of products and services. To benefit from the site, all you need to do is sign up for *MyTRS*. The article on page 4 explains how.

Wishing you happy holidays and a prosperous and healthy new year.

## Board of Trustees

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The Teacher Retirement System of Texas does not discriminate on the basis of race, color, national origin, sex, religion, age or disability in employment or the provision of services. A copy of the complete TRS plan is available at the above address during normal business hours.

# TRS annual statements mailed in October

TRS mailed annual statements to active TRS members in October. These statements contain information pertaining to the 2012-13 school year that members recently completed as well as information regarding the total accumulated contributions in the member account and the amount of service credit recognized by TRS.

If you met age and service requirements for retirement, your annual statement included an **unaudited** estimate of your retirement benefits. However, if you received an estimate prepared by TRS within the previous 12 months, you may not have received an estimate on your statement. If your statement does not include an estimate of your retirement benefits, you may find it helpful to visit the TRS website and use the Retirement Estimate Calculator in creating your own retirement estimate.

If you became a new member of TRS or recently returned to TRS-covered employment after the end of the 2012-13 school year, you will not receive an annual statement until the fall of 2014.

When you review your annual statement, it is important that you notify TRS promptly if your records are inconsistent with the reported compensation or number of years of service credit shown on your statement. The following deadlines should be regarded if you disagree with any of the information on your annual statement or wish to purchase any unreported service and/or compensation, including substitute service, not already credited on your annual statement:

- Any unreported service or compensation, including substitute service, that was rendered or paid prior to Sept. 1, 2011, must be verified to TRS no later than Aug. 31, 2016.
- If you have service or compensation that was reported to TRS prior to Sept. 1, 2011 that is not reflected on your annual statement, you must notify TRS and provide any requested verification documents by Aug. 31, 2016. This includes service or compensation credit you may have purchased prior to Sept. 1, 2011, that is not reflected on your annual statement.
- Beginning with service rendered or compensation paid in the 2011-12 school year, you have five years from the end of the school year in which the service was rendered or compensation was paid to notify TRS of discrepancies in your annual statement and to verify any unreported service or compensation, including substitute service.
- **If you do not notify TRS in writing and verify your unreported service or compensation, including substitute service, within the applicable five-year timeframe, you will be unable to purchase service credit for it and you will be unable to use it to determine eligibility for and the amount of any benefits.**
- Please note that USERRA military service has different requirements and does not have to be purchased in order to be counted towards eligibility for benefits. However, USERRA military service must be verified prior to retirement to be counted towards eligibility for benefits. Contact TRS if you have questions regarding USERRA military service.

More information about service credit and/or compensation verification deadlines is included in the article titled “Important deadlines for verification of unreported service and service reported but not credited on your annual statement” on page 5.

It is important that members review their annual statements carefully. In 2013, the Texas Legislature made changes to retirement eligibility criteria. These changes take effect Sept. 1, 2014; however, they will only affect members who do not have at least five years of service credit on Aug. 31, 2014, those persons who become members of TRS on or after Sept. 1, 2014, or members who had five years of service credit and who terminate membership in TRS by withdrawal of accumulated contributions on or after Sept. 1, 2014 and then later resume membership. If your 2012-13 annual statement reflects less than five years of service credit, you may be eligible to reinstate withdrawn service credit and/or purchase service credit by Aug. 31, 2014 in order to meet the five years of TRS service credit requirement by that date. For more information on the changes made to retirement eligibility criteria and the types of service credit you may be eligible to purchase, please refer to the “8-31-2014 Five-year requirement for normal-age service retirement eligibility” article on page 4.

## 8-31-2014 Five-year requirement for normal-age service retirement eligibility

Effective Sept. 1, 2014, any person who does not have at least five years of service credit in TRS on Aug. 31, 2014, or any person who becomes a member of TRS on or after Sept. 1, 2014 will be affected by the changes made to the normal-age service retirement eligibility criteria based on Senate Bill 1458, passed by the Texas Legislature in 2013. This also includes members who had five years of service credit and who terminate membership in TRS by withdrawal of accumulated contributions on or after Sept. 1, 2014, and then later resume membership. Under the changes made by this bill, in order to be eligible for a normal-age service retirement annuity, unreduced for early age, a member must meet one of the following criteria:

- age 65 with at least five years of service credit, or
- age 62 with at least five years of service credit and meet the Rule of 80 (age and years of service credit total at least 80).

Members who have at least five years of service credit in TRS on Aug. 31, 2014 and who do not terminate TRS membership by withdrawal of accumulated contributions after that date, will be able to retire under the retirement eligibility requirements in place immediately before the effective date of the bill.

In order to be exempted from the changes to retirement eligibility requirements, eligible members may purchase USERRA\*, withdrawn, unreported (including substitute service and/or worker's compensation service) service credit by Aug. 31, 2014, to meet the five years of TRS service credit requirement by that date ("2014 Five-Year Service Credit Requirement"). If a member has any of these types of service, please contact TRS as soon as possible. Service credit must actually be paid in-full on or before Aug. 31, 2014, to be counted toward meeting the 2014 Five-Year Service Credit Requirement.

A person who is a TRS member on Aug. 31, 2014, who also has service credit in a retirement system that participates in the proportionate retirement program may combine service credit credited as of Aug. 31, 2014 in the other system with TRS service credit in order to meet the 2014 Five Years of Service Credit Requirement. Service credit in a retirement system that participates in the proportionate retirement program may be used even if the member has retired from the other system or if the service is granted as "time only credit" in the other system. Members must notify TRS of the service in the other system prior to retirement for it to be considered for meeting TRS eligibility criteria.

*Cont. on page 7*

## TRS unveils *MyTRS* Rewards discount website

Do you like saving money? Then you'll love *MyTRS* Rewards, your new exclusive website for discounts on products and services you use every day – everything from automobiles to wireless phones to theme park tickets and more.

TRS introduced the online discount program on Nov. 1 on the TRS website. The site is open to all active members and retirees who have registered for *MyTRS*. Access to the site is through *MyTRS* only. Simply log into *MyTRS* to access *MyTRS* Rewards through the link on the left menu bar. Program information and details are provided as well as convenient links to shopping for discounts online.

New products and services will be added regularly along with seasonal promotions. To receive emails about the latest *MyTRS* Rewards offers, click on the *MyTRS* Email Subscriptions option in

*MyTRS* section of the TRS website. Then, select *MyTRS* Rewards. You also have the opportunity to recommend a product or service for the discount program through the *MyTRS* Rewards website.

The discount website is managed by Beneplace, a private company located in Austin that provides access to employee purchase programs. Beneplace and specific merchants, not TRS, are responsible for the products available in the purchase program, and the products and services are provided at no cost to TRS. TRS works closely with Beneplace to ensure that featured products are appropriate. Beneplace customer service representatives (1-800-683-2886) handle all product questions and customer service issues.

Log in to *MyTRS* today to check out discount offers on services and products – just in time for holiday shopping.

# Important deadlines for verification of unreported service and service reported but not credited on your annual statement

Changes to TRS laws effective Sept. 1, 2011, establish a new **five-year time limit** for you to notify TRS and provide verification to TRS of service not credited on your annual statement and to provide verification to TRS of **any** unreported service and/or compensation, including substitute service. All unreported service rendered prior to Sept. 1, 2011, and any service not credited on your annual statement for the fiscal year ended Aug. 31, 2011, must be verified no later than **Aug. 31, 2016**. Unreported service and/or compensation, including substitute service, and service that was reported but not credited on your annual statement that is not verified within the required timeframe will not be eligible for purchase or credit and cannot be used to determine eligibility for, or the amount of, any of your benefits.

## Verification Deadlines

Deadline Dates	Type of Service
<b>Aug. 31, 2016</b> – Date by which unreported service and/or compensation, including substitute service, rendered or paid <b>prior</b> to Sept. 1, 2011, must be verified on a form* prescribed by TRS in order to be eligible for purchase.	Unreported Service and/or Compensation, including Substitute Service
<b>Aug. 31, 2016</b> – Date by which member must notify TRS in writing, and provide verification on a form* prescribed by TRS, if eligible membership service rendered <b>prior</b> to Sept. 1, 2011, is reported but not credited on the member’s annual statement for the fiscal year ended Aug. 31, 2011.	Service Reported but not Credited on Member’s Annual Statement
<b>Five years from the end of the school year in which the service was rendered or compensation was paid</b> – Deadline by which unreported service and/or compensation, including substitute service, rendered or paid <b>after</b> Sept. 1, 2011, must be verified in order to be eligible for purchase. For example, if a member had eligible service and/or compensation in the 2011-2012 school year that was not reported to TRS, the member must submit verification on a form* prescribed by TRS no later than <b>Aug. 31, 2017</b> , to be eligible to purchase the service credit.	Unreported Service and/or Compensation, including Substitute Service
<b>Five years from the end of the school year in which the service was rendered</b> – Deadline by which member must notify TRS in writing if eligible membership service rendered <b>after</b> Sept. 1, 2011, is reported but not credited on the member’s annual statement. For example, service not credited on the statement for the year ended Aug. 31, 2012, requires notice and verification on a form*prescribed by TRS no later than <b>Aug. 31, 2017</b> .	Service Reported but not Credited on Member’s Annual Statement

\*Forms for verifying unreported service and/or compensation, including substitute service and service reported but not credited on the annual statement, are: Verification of Service and Salary (TRS 22I); Verification of Substitute Service and Salary (TRS 22S); and Verification of Worker’s Compensation Payments (TRS 22W). Select and print the appropriate form from the TRS website ([www.trs.state.tx.us](http://www.trs.state.tx.us)). Have your employer complete the form and return it to you; then sign and date the “Instructions for Member” section and send the form to TRS so that it is received by the applicable deadline.

## Notice to retirees and beneficiaries

At the start of each calendar year, TRS provides notice to you if you are receiving monthly payments to remind you that you can change your federal income tax withholding elections. You are not required to change your withholding election if you are satisfied with the amount currently being withheld. This article provides instructions on how to check your current withholding election and how to change your withholding election only if you wish to do so. If satisfied with your current withholding amount, you do not need to take any action at all.

If you wish to see your current withholding election (such as married with one allowance) and your monthly withholding amount, you may do so through *MyTRS* on the TRS website.

If you wish to change your withholding election, you may print a copy of form TRS 228A from the TRS website. Go to the section for “Retirees and Beneficiaries,” then to the “Forms” item on the left menu. Select the TRS 228A from the list and print. Then fill out the form TRS 228A and return it to TRS. If you prefer, you may call TRS at 1-800-223-8778 to request a form TRS 228A through our automated telephone system. For your convenience, the current tax tables are behind the form TRS 228A on the website, or you can estimate taxes with our online withholding calculator. Completed forms should be mailed to TRS at 1000 Red River St., Austin, TX 78701.

Any new election for withholding applies to future payment only; TRS cannot apply a new election to any payment already made.

TRS will withhold federal income tax on monthly annuity payments unless you elect not to have withholding apply. You have the right to elect not to have withholding apply to your monthly payments from TRS. Your election will remain in effect until you revoke it. To revoke an election of no withholding, follow the instructions in this article.

If you elect not to have withholding apply to your TRS payments, or if you do not have enough federal income tax withheld from your TRS payments, you may be responsible for payment of estimated tax. You may incur penalties under the federal estimated tax rules if your withholding and estimated tax payments are not sufficient.

If you have questions regarding your tax withholding status, TRS suggests you contact a tax professional.

## Access next year’s 1099-R forms quickly and easily online

In late January 2014, TRS will send 1099-R forms to retirees, beneficiaries and members who received payments from TRS in 2013. This form identifies how much TRS distributed to a retiree, beneficiary or member during tax year 2013.

From the time TRS distributes this form until April 15, TRS receives numerous requests for duplicate copies. Due to confidentiality requirements, TRS is unable to provide information over the phone or by fax. However, retirees and payment beneficiaries who have a *MyTRS* password can view and print a copy of their 1099-R form online as soon as the forms become available.

By subscribing now to *MyTRS*, you can have TRS send you an email message to notify you as soon as your 1099-R form is posted online. If you haven’t registered yet for *MyTRS*, doing so is easy. Simply go to the TRS website ([www.trs.state.tx.us](http://www.trs.state.tx.us)) and click on the *MyTRS* link under “Quicklinks” on the right-hand side of the home page. (Please note that members who have received a refund of their account cannot access their 1099-R form through *MyTRS*.)

## Spring, summer group retirement sessions planned

In 2014, TRS will once again conduct group retirement sessions during Spring Break and the summer months to meet active members’ needs for counseling sessions. These small group sessions are designed specifically for members who are considering retirement in the next 12 months. In January 2014, TRS will post schedules for the spring and summer 2014 sessions on the TRS website. The announcement will explain who can register for these sessions, how to register and the deadline for registration. Please watch the TRS website for the announcement of these retirement sessions.

## Corpus and Ramirez - cont. from page 1



**Dolores Ramirez**

Ramirez served at the statewide level as chair of the TCTA budget committee and seven years as a District 1 director on the TCTA Directors' Council. She

is a faculty representative with the San Benito Classroom Teachers Association where she has also held the president and vice president positions. She has served as president of the District 1 Coordinating Council, member of the Region 1 Teacher of the Year panel, and grant proposal reader for TEA with the Even Start Literacy Program. Ramirez has represented her campus on the Superintendent's Advisory Council and her grade level on the Campus Improvement Team. She was named Teacher of the Year for Rangerville Elementary School in 2006.

Ramirez earned a Bachelor of Science degree from Texas A&I University in Kingsville (now Texas A&M) and bilingual certification from the University of Texas, Brownsville.



**David Corpus**

David Corpus is senior vice president of CommunityBank of Texas, N.A. He has worked in the banking industry for the past 29 years.

His areas of specialty include commercial, industrial, and commercial real estate transactions.

Corpus has extensive experience in bank mergers, acquisitions, and De Novos. He also serves on the Harris County Housing Finance Corporation Board of Directors, an appointment by Harris County Judge Ed Emmett. He is chairman of the Tejano Center for Community Concerns Board of Directors, and vice chairman of the Raul Yzaguirre School for Success. He is also past board treasurer for the Association for the Advancement of Mexican Americans, and a former adjunct instructor for the Houston Community College Systems. His board service with other charitable organizations spans more than 25 years.

Corpus holds a Bachelor of Applied Science (BAS) degree in management, and a Master of Business Administration (MBA) from Our Lady of The Lake University at San Antonio, Texas.

All three board appointments are for terms that will expire on Aug. 31, 2019.

## Five-year requirement - cont. from page 4

For more detailed information about retirement eligibility requirements or the proportionate retirement program, please refer to the *TRS Benefits Handbook* on the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us).

\*TRS will include any qualifying USERRA service, up to a maximum of five years, rendered on or before Aug. 31, 2014, in determining if a member met the 2014 Five-Year Service Credit Requirement, even if it is not purchased. However, a member must meet all of the requirements to purchase the USERRA service credit before it can be used in this manner. In addition, a member must maintain membership in TRS until retirement for USERRA service, purchased or not purchased, to be considered toward meeting the 2014 Five-Year Service Credit Requirement. In order to meet the 2014 Five-Year Service Credit Requirement using qualifying USERRA service rendered on or before Aug. 31, 2014, that was not purchased, a member must verify the service with TRS prior to retirement. For more information about USERRA service and the requirements to purchase USERRA service, please see the *TRS Service Credit* brochure on the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us).

## TRS website to feature new *TRS Benefits Handbook* in late December

In late December, TRS will publish an updated version of the *TRS Benefits Handbook*, including changes in the law enacted by the 83rd Texas Legislature. Members and retirees will be able to view and print a copy of the handbook by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us). In addition, those who have signed up to receive an email notice of the new handbook through *MyTRS* will receive a link to the handbook. Due to the high cost of printing and mailing more than one million handbooks, this year's publication will not be mailed to members and retirees except upon request.

This year's handbook presents retirement eligibility information in six distinct, color-coded tiers. Because retirement eligibility has grown more complex as the laws have changed over the years, TRS is using the tier structure to help you locate the information that applies to you. A Tier Placement Map is included in the handbook to help members identify retirement eligibility requirements that pertain to them.



1000 Red River Street  
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**CHANGE SERVICE REQUESTED**

# Notice of Summary of Benefits and Coverage and Notice of Privacy Practices

**A Summary of Benefits and Coverage (SBC)** is available for each health plan offered under both TRS-Care (excluding Medicare Advantage plans) and TRS-ActiveCare. Each SBC provides an overview of the benefits and services the health plan covers and what you can expect to pay for such services for the 2013-2014 plan year and reflects previously communicated benefits and costs.

TRS has made the following material changes (indicated in italics below) to the **Notice of Privacy Practices (NPP)** with regard to your medical information:

1. TRS is required to disclose to you most of your protected health information in a “designated record set” when you request access to this information, *including information maintained electronically.*
2. TRS and its business associates *are prohibited from using or disclosing genetic information for underwriting purposes.*
3. The following uses and disclosures of protected health information will not be made by TRS or its business associates: Uses and disclosure that constitute: *(i) marketing purposes; (ii) the sale of your protected health information; and (iii) fundraising purposes.*
4. *Most uses and disclosures of psychotherapy notes and any other use or disclosure of your protected health information that is not described in the NPP will be made by TRS and its business associates only with your written permission (an authorization).*
5. *TRS has the duty to notify you of a breach of your unsecured protected health information. A breach means the acquisition, access, use, or disclosure of your unsecured protected health information in a manner not permitted under HIPAA that compromises the security or privacy of your protected health information.*

You can locate the SBCs and the revised NPP by accessing the TRS website: [www.trs.state.tx.us](http://www.trs.state.tx.us). Please contact the TRS Health and Insurance Benefits Department at 1-888-237-6762 (for both TRS-ActiveCare and TRS-Care) if you have any questions or would like to request a paper copy of an SBC or the NPP, free of charge. Hearing-impaired individuals should Dial Relay 711.