

TRS NEWS

JULY 2015

TEACHER RETIREMENT SYSTEM OF TEXAS

Texas Legislature enacts new laws affecting TRS members, retirees

The 84th Texas Legislature, Regular Session, adjourned at the end of May after enacting laws that will impact many TRS members and retirees. The following summarizes key TRS legislation and changes to the plan terms that affect members and retirees. New laws will take effect on Sept. 1, 2015, unless otherwise noted. TRS provides information about significant changes through email sent to members and retirees who have registered through *MyTRS* to receive legislative updates as soon as those updates become available. TRS also provides information through newsletters such as this one, other publications and the TRS website to help members and retirees understand how these bills affect them.

House Bill 2 funded TRS-Care (the retiree health care program) with an additional \$768 million for the next biennium to help provide program solvency. Two other bills, **Senate Bill 1940** and **House Bill 2974**, create a select legislative committee to study both TRS-Care and TRS-ActiveCare (the active public education member health care program) to develop long-term solutions to funding issues for TRS-Care and affordability of plans offered by TRS-ActiveCare.

House Bill 1937 allows TRS active members who are currently in the Deferred Retirement Option Plan (DROP) and who have not yet retired to revoke their DROP election. The window to revoke will start Sept. 1, 2015

and end Dec. 31, 2015. *If you are currently in DROP and have not yet retired, TRS will be notifying you of this opportunity in early August.*

House Bill 2168 moves the payment date for annuities from the first working day of the month to the last working day of the previous month. For example, under the old law the annuity payable for September is paid on the first working day of October. The new law requires that the annuity for September must be paid on Sept. 30 which is the last working day of the month. As a result of the change in payment dates, your August annuity will be paid on the first working day of September, and you will receive your

Cont. on page 6

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 plan year. The SBCs for the 2014-2015 plan year are currently available. The SBCs for the 2015-2016 plan year will be available after Sept. 1, 2015. You can locate the SBCs by accessing the TRS website: www.trs.texas.gov.

If you have any questions or would like to request a paper copy of an SBC, free of charge, please call:

- TRS-ActiveCare Customer Service: 1-800-222-9205, Option 1
- TRS-Care Customer Service: 1-800-367-3636, Option 2
- Hearing-impaired individuals should dial Relay 711.

A **Notice of Privacy Practices** (NPP) is available to you. The NPP explains how TRS may use and disclose your protected health information, as well as your rights and the obligations of TRS with respect to that information. You can locate the NPP by accessing the TRS website: www.trs.texas.gov.

For more information, please contact the TRS Health and Insurance Benefits Department: TRS-Care at 1-888-237-6762 and TRS-ActiveCare at 512-542-6446.

MEMO TO MEMBERS FROM Executive Director Brian K. Guthrie

With the conclusion of this year's session of the Texas Legislature, we can now share with you a series of TRS-related changes in the law. A summary of those changes is featured on page 1 of this newsletter. Please review this summary carefully as the changes could affect you directly. We also invite you to learn more through a video on legislative changes to be posted to our website in August. On pages 4 and 5, you will also find a summary of recent changes and clarifications to the TRS Rules. A complete text of these rules may be found in Title 34, Texas Administrative Code, Part 3, accessible online through the Laws and Rules section of our website.

Changes to TRS laws, effective Sept. 1, 2011, established 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**. Please see the TRS website for more details.

As in past years, TRS staff will soon offer group presentations and one-on-one counseling visits across the state. For details, please see the articles on page 3.

I am pleased to report that TRS has recently selected three new chief officers – Chris Cutler, chief information officer; Barbie Pearson, chief benefit officer; and Katrina Daniel, chief health care officer.

TRS is already benefiting from their leadership, valuable experience and dedication to our members. To learn more about these new TRS leaders, please visit the TRS website.

TRS-Care and TRS-ActiveCare participants will want to read page 7 to learn about recent rate and

benefit changes as well as new enrollment opportunities. Another article beginning on page 6 announces seven open positions on our Retirees Advisory Committee.

In compliance with the U.S. Supreme Court's Obergefell v. Hodges ruling, TRS will extend spousal benefits provided under the TRS pension plan, TRS-Care, and TRS-ActiveCare to same-sex spouses. Additional information may be found on the TRS website.

TRS plans to hold a Fall 2015 Health Care Town Hall Meeting to discuss options for long-term TRS-Care funding and affordable plan options for TRS-ActiveCare. Information on the date, time and location will be posted on the TRS website as those details become final.

In closing, we encourage you to check our website on Sept. 1 when we will announce details of an art contest open to K-5 students enrolled at TRS-covered public schools. We'll be asking those students to represent their "superhero teachers" through original art. Top-ranked submissions will be entered into a Facebook contest where people can vote for the winners who will be honored by the TRS Board of Trustees. Winning artwork will be featured in our next annual financial report and on our website.



Last but not least, we'd like you to know that TRS' website now has a new address — www.trs.texas.gov. Thanks for making a note of this change.

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TRS News is published by
Teacher Retirement System of Texas
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Austin, Texas 78701-2698
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www.trs.texas.gov

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 regular business hours.

Active member group benefit presentations planned statewide

Beginning in September, TRS will conduct benefit presentations in a group setting in 31 cities throughout Texas. The presentations will review TRS benefits available to TRS active members and will also cover issues for members considering retirement in the 2015-2016 school year. Presentation times and locations will be listed on the “What’s New” page of the TRS website in early August.

Beginning Aug. 12, 2015, active members who are registered for *MyTRS* may register for group sessions online. If not already registered for *MyTRS*, members will need to do so before they can sign up for a presentation. Reservations will be taken on a first-come, first-served basis. Members will receive a confirmation email with their scheduled date and time. TRS schedules these meetings. Please do not call the location for information.

Members who register for group presentations are not automatically registered for individual appointments. Individual counseling appointments must be scheduled separately. Members who make individual appointments do not need to attend a group presentation.

Active member, one-on-one counseling appointments planned across Texas

Beginning in September, TRS will once again conduct one-on-one counseling appointments in 10 cities across Texas during the 2015-2016 school year. One-on-one counseling appointment locations and dates will be listed on the “What’s New” page of the TRS website in early August.

Thirty individual counseling appointments will be available on each trip. These one-hour appointments are designed for active members who are eligible to retire and are considering retirement in the 2015-2016 school year. These individual appointments will be offered to members on a first-come, first-served basis and only with a prearranged appointment.

Beginning Aug. 12, 2015,

active members who are registered for *MyTRS* may schedule one-on-one appointments online. If not already registered for *MyTRS*, members will need to do so before they schedule an appointment. All appointments must be made by the deadlines listed on the TRS website. These deadlines allow TRS to prepare and send retirement packets to members ahead of time. Members will also receive a confirmation email with their appointment date and time. TRS schedules these meetings. Please do not call the location for information.

Members who make individual appointments do not need to attend a group presentation. Please note that members who register for group presentations are not automatically registered for individual appointments.

My ‘Superhero Teacher’ statewide art contest set for fall

This September, TRS plans to liven up the retirement system’s 2015 *Comprehensive Annual Financial Report* by conducting an art contest on its Facebook page. The contest will be open to K-5 students enrolled at TRS-covered public schools. The top-ranked submissions will be entered into the agency’s Facebook contest with the winners honored by the TRS Board of Trustees. Students will be asked to submit a piece of artwork that they have created depicting their favorite ‘Superhero Teacher.’ Look for more information on the TRS website and Facebook page when the contest opens Sept. 1.

Important message about your *MyTRS* account

Those of you who log in regularly to your *MyTRS* account can continue to enjoy the benefits of online self-service features.

If you do not have an account yet, we urge you to register and log in. If you have an account but rarely log in, we advise you to do so by Dec. 1, 2015 to avoid having to reset your password. You may reset your password yourself now unless you have forgotten the answer to your security question. If you have, you will need to call TRS at 1-800-223-8778.

In case you’re wondering why the login is necessary – it’s part of the transition to new *MyTRS* features that are coming in the next few years.

Notice of significant changes to TRS Rules

The information in this article summarizes significant changes or clarifications to the plan's terms. The complete text of the referenced rules is found in Title 34, Texas Administrative Code, Part 3. If the following description of changes is inconsistent with the rule as adopted, the adopted rule controls. These changes are currently in effect unless otherwise noted.

Some of the plan terms that are affected include:

- Eligibility for instructors employed in higher education institutions;
- Compensation in the final school year before retirement;
- Obtaining credit for unreported service rendered and/or compensation paid in the current or past year without paying actuarial cost;
- Establishing service credit for members regularly scheduled to work fewer than five days per week; and
- Employment after retirement for retirees in higher education, combining substitute employment after retirement with any other type or amount of work, and the effect of working as a substitute during the required breaks in service for retirees.

Summary of Changes

§25.1- Full-time Service

- Time spent teaching online classes at an institution of higher education is counted as two clock hours for every college or semester hour assigned to the class.
- Time spent teaching continuing education classes at an institution of higher education is evaluated for membership on the number of clock hours worked.
- The standard of counting each hour of instruction in the classroom or lab as two hours worked is applied only to classes taken for college credit.

§25.21- Compensation Subject to Deposit and Credit

- Normal compensation paid to an employee while on administrative or emergency leave pursuant to a settlement agreement is creditable for TRS purposes.

§25.25- Required Deposits

- A member who has earned a year of service credit must continue making contributions on any employment with a TRS-covered employer for the remainder of the school year.

§25.26- Annual Compensation Creditable for Benefit Calculation

- Compensation earned during

the final school year before retirement but not yet paid by the date of retirement is counted in the annual compensation for that year.

- Additional compensation paid to a retiree after the effective date of retirement and a distribution of retirement benefits has commenced is credited to the retiree and the annuity amount adjusted prospectively if the additional compensation is owed due to an **error** by the employer and the correction is made and contributions submitted by the end of the school year following the year of retirement.

- For benefit calculation purposes, TRS attributes an additional month of compensation to the 2014-2015 school year to members who lack one month of compensation credit because their employers are affected by the requirement to report compensation when paid rather than when earned.

- When calculating the member's highest average salary, TRS compares the contract year and standard year compensation and credits the higher salary for only the 2012-2013 school year.

§25.28- Payroll Report Dates

- Information regarding compensation and employment on all employees must be reported to TRS.

- An error in reporting a member's service or compensation in **the current school year** is corrected by the employer by filing a corrected report.

- An employer may correct an error in reporting a member's service or compensation **in the immediately preceding school year** provided: the employer requests and receives a waiver; the employee is still employed by the same employer; compensation is still due to the employee so that the additional member contributions may be "picked-up" pre-tax; and the corrections are made no later than the end of the school year following the school year in which the error occurred.

§25.34- Membership Waiting Period

- Purchasing service credit for the year in which the waiting period occurred does not establish an earlier membership start date.

§25.41- Deposits for Unreported Service or Compensation

- If contributions have not been made on membership-eligible employment or eligible compensation in the current year, the member must immediately begin making contributions when the error is discovered.

Cont. on page 5

§25.131- Required Service

- An alternate standard for earning service credit is established for members who are regularly scheduled to work fewer than five days per week. **Effective Sept. 1, 2015**, these members may earn a year of service credit by working four and one-half months; however, the member must serve at least four full calendar months during which the member works or receives paid leave for at least eight days each month and the member must also work or receive paid leave for an additional five days that cannot be included in the four full calendar months.
- A TRS member may not receive a year of service credit before Dec. 31, except in the year of retirement when a member may earn a full year of service credit by working the entire fall semester.

§25.135- Service Credit Missing from Annual Statement

- To establish unreported service and/or compensation in the current school year or the immediately preceding school year without paying actuarial cost, members must notify their employers and TRS **immediately** upon noticing the error on the annual statement but no later than May 31 of the year following the year the service was

rendered or the compensation was paid so that the error can be corrected.

§29.15- Termination of Employment

- **Working as a substitute during the required one full calendar month break in service following retirement is prohibited and revokes retirement.**

§31.13- Substitute Service

- Working as a substitute during the required one full calendar month break in service after retirement revokes retirement.
- Working as a substitute after retirement is not considered absence from service for the purpose of establishing the 12-month break in service required for full-time employment.
- Combining work after retirement under the one-half time exception and under the substitute service exception in the same calendar month limits the number of days the retiree may work to no more than **half of the work days** in that calendar month.
- When combining substitute work and any other work in a calendar month with an odd number of work days, a retiree may not work any part of the remaining one-half day when di-

viding the number of work days in the month by two.

§31.14- One-half Time Employment

- The standard of counting each hour of instruction in the classroom or lab as two hours worked is applied only to classes taken for college credit.
- Instruction of online classes is counted as two clock hours for every semester hour or college credit hour assigned to the class.
- Instruction of continuing education classes at an institution of higher education is counted as one hour for every hour worked (hour for hour).

§31.15- Full-time Employment after 12-Consecutive-Month Break in Service

- **Working as a substitute or under the one-half time exception or receiving paid leave** is employment that interrupts the 12-month break in service after retirement before a retiree may work full time.

§31.32- Half-time Employment Up to 90 Days

- The standard of counting each hour of instruction by a disability retiree in the classroom or lab as two hours worked is applied only to classes taken for college credit.

- Instruction of online classes by a disability retiree is counted as two clock hours for every semester hour or college credit hour assigned to the class.
- Instruction of continuing education classes by a disability retiree is counted as one hour for every hour worked (hour for hour).
- When combining work as a substitute and other employment in the same calendar month that has an odd number of work days, disability retirees may not work any part of the remaining one-half day after dividing the total number of days by two.

§47.10- Determination of Whether an Order is a Qualified Domestic Relations Order

- The model order developed by TRS for use by the court in dividing a member or retiree's benefits must be used **for all orders entered after Jan. 1, 2015**. The model order is in a fillable form and is available on the TRS website at www.trs.texas.gov.

Texas Legislature enacts new laws - cont. from page 1

September annuity on the last working day of September. Then, in every following month, you will be paid on the last working day of the month. *This shift in payment dates will result in you receiving 13 annuity payments during calendar year 2015 and may affect the amount of federal income tax that you owe for this calendar year. This is not a 13th check or an additional payment for 2015.* Please contact your tax advisor if you have questions regarding the taxes you may owe for the current calendar year.

House Bill 2974 provides several changes to TRS:

- Grants the TRS Board authority to define “annual compensation” for benefit calculation purposes. Under the old law, your compensation was determined based on amounts you received during a period of Sept. 1 through Aug. 31. Some TRS members could have fewer than 12 months of compensation for a school year depending upon when they chose to retire and the payroll dates of their employers. **House Bill 2974** authorizes the TRS Board to determine the 12-month period used to establish your annual compensation. Any changes to the 12-month period used to establish your annual compensation will be done through the rule adoption process. This process requires any amendment to a rule to be posted for public comment in the *Texas Register* for 30 days before the board adopts the rule.
- Provides that you must establish TRS membership under a single employer. This new requirement does not prohibit you from working for more than one TRS-covered employer, but you cannot combine work with more than one employer to establish eligibility for that year. If you work for more

than one employer, you must work at least one-half time or more for a period of four and one-half months or more for one of the employers in order to be eligible for TRS membership.

- Clarifies that your membership in TRS does not terminate while you work for a TRS-covered employer in a part-time position that is not eligible for membership. However, you will not earn additional service credit while working in a position that is not eligible for membership. Also, you are not eligible to receive a refund of your accumulated contributions with TRS while you are working for a TRS-covered employer in a position that is not eligible for membership.
- Allows the TRS Board to set a single rate for return-to-work retirees’ health care surcharge. The old method of determining health care surcharges produced multiple rates depending upon many factors, including the number of years of service credit, the plan you selected, and the dependents you include in your coverage. The new single rate will be simpler for employees and employers to confirm and less difficult for TRS to administer.
- Limits the amount of out-of-state service credit that may be purchased to five years (rather than 15 years) if your service credit that relates to the same out-of-state service is still maintained with another public retirement system. Service credit is considered maintained with another public retirement system if you have not withdrawn your contributions. This change allows TRS to remain in compliance with an IRS plan qualification requirement.
- Clarifies that you cannot withdraw your accumulated member contributions if you

are employed, have applied for employment, or have received a promise of employment for *any* position with a TRS-covered employer. TRS has administered the plan in compliance with this prohibition even before the clarification in the law. However, TRS anticipates that the new requirement for employers to report all persons in their employment will identify more members who are working in non-eligible positions and will preclude these members from receiving a refund from TRS. It will also allow TRS to continue crediting your member account with interest while you are working in the non-eligible position. TRS must continue to comply with the prohibition against distributing benefits to members who are working for TRS-covered employers in order to maintain its qualified status with the IRS.

TRS seeks members for TRS-Care Retirees Advisory Committee

Appointments planned for early 2016

In February 2016, TRS will fill seven positions on the Retirees Advisory Committee (RAC). The Texas Insurance Code requires that this advisory committee for TRS-Care be comprised of nine members with staggered four-year terms.

Four positions are for terms expiring Jan. 31, 2016: Retired Teacher, Active Teacher, Retired School Administrator, and Active Auxiliary Staff. Three additional positions are for terms expiring Jan. 31, 2018: Active Teacher, Active Administrator, and Active Auxiliary Staff.

RAC responsibilities include holding public meetings on group coverage, recommending minimum standards and plan features, and recommending changes to rules and legislation affecting TRS-Care. The commit-

Cont. on page 7

New information about TRS-Care

• 2015-2016 TRS-Care rates and benefits

Great news! There are no rate or benefit changes for any of the TRS-Care plans, including the Medicare Advantage plans for the 2015-2016 plan year.

• 2015 enrollment opportunity for TRS-Care Medicare-eligible participants

For individuals enrolled or eligible to enroll in TRS-Care, TRS-Care is having another enrollment opportunity for Medicare-eligible participants. If you are a TRS-Care enrollee covered by Medicare, and you made a decision not to participate in the Aetna Medicare Advantage medical plan or the Express Scripts Medicare Part D prescription plan last year, you will have an additional opportunity to participate in these plans effective Jan. 1, 2016. **The enrollment period is from Oct. 15, 2015 through Dec. 7, 2015.** This fall, look for a post card in the mail with the schedule for the upcoming [Medicare Advantage Informational Sessions](#) near you, or visit the TRS website for more information at www.trs.texas.gov.

Want more information?

Visit the TRS website at www.trs.texas.gov or Aetna TRS-Care website which is located at www.TRSretireehealthplans.com, or by calling TRS-Care Customer Service at 1-800-367-3636.

Important information about TRS-ActiveCare

• 2015-2016 annual enrollment for TRS-ActiveCare

Summer enrollment is from **July 1 through Aug. 31, 2015**. All employees must actively enroll or decline coverage this year because present plan elections will **not** carry forward to the new plan year (Sept. 1, 2015-Aug. 31, 2016). Consequently, if an employee does not enroll during the enrollment period, he or she will not have coverage effective Sept. 1, 2015. The employee's current coverage will end on Aug. 31, 2015 and he or she will not be able to enroll for coverage during the 2015-2016 plan year, unless they have an applicable special enrollment event.

• New rates and benefits changes

Rates and benefits for all TRS-ActiveCare plans have changed. Consistent with the Affordable Care Act requirements, deductibles, medical and pharmacy copayments and coinsurance will now be counted to satisfy the out-of-pocket maximum, beginning with the 2015-2016 plan year. Since this allows participants to reach their out-of-pocket maximum faster, out-of-pocket limits will be increased slightly to achieve the same approximate actuarial cost to the program.

Want more information?

Visit the TRS website which is located at www.trs.texas.gov or the Aetna website at www.trsactivecareetna.com, or call TRS-ActiveCare Customer Service at 1-800-222-9205.

Retirees Advisory Committee - cont. from page 6

tee meets at least twice a year in Austin.

TRS evaluates nominees based on the following criteria:

- Length of experience as a TRS member and/or retiree;
- Participation in education-related volunteer programs;
- Professional activities and experience serving on committees,

boards and decision-making organizations, especially related to health care or other benefits;

- Credentials, awards or other meritorious recognition;
- Participation in TRS-Care (for retired nominees);
- Geographic diversity; and
- Experience in health care

benefits or a related field.

Anyone required to register as a lobbyist under Chapter 305, Texas Gov't. Code, is *ineligible* for appointment. To be nominated to one of the available positions, please submit your resume and a cover letter to TRS, attention Assistant Director of Health and Insurance Benefits Department, by **Oct. 23, 2015**.

Your cover letter should state the position for which you are applying and why you should be considered for committee membership. TRS trustees will select new RAC members from the list of qualified nominees at their meeting on Nov. 19-20, 2015 in Austin.



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Per Supreme Court decision, TRS extends spousal benefits to same-sex spouses

In compliance with the U.S. Supreme Court's ruling in *Obergefell v. Hodges* on June 26, 2015, TRS will extend spousal benefits provided under the TRS pension plan, TRS-Care, and TRS-ActiveCare to same-sex spouses. TRS is currently reviewing the benefits available under the TRS pension plan and will provide additional information to members and beneficiaries regarding the administration of pension benefits to same-sex spouses.

For further information, including **enrollment opportunity** details on same-sex spouse benefits under TRS-Care and TRS-ActiveCare, please visit the TRS website's home page at www.trs.texas.gov.

Active member contribution rates to increase to 7.2 percent

The contribution rate for TRS active members will increase from the current 6.7 to 7.2 percent on Sept. 1, 2015. As reported previously in the August 2013 *TRS News*, increases to the active member contribution rate, approved by the 83rd Texas Legislature, will be phased in over time. The contribution rate will increase again to 7.7 percent in fiscal year 2017. Beginning Sept. 1, 2017, if the state contribution rate is reduced below 6.8 percent, the contribution rate for active employees will also be reduced by an equivalent percentage.

TRS appoints three new chief officers

TRS Executive Director Brian Guthrie announces the appointments of three individuals to top executive positions in the agency.

Chris Cutler is TRS' new chief information officer, Barbie Pearson is serving as the new chief benefit officer, and Katrina Daniel is the agency's new chief health care officer.

For more details on their backgrounds and responsibilities, check out the TRS website at www.trs.texas.gov.