



# TRS NEWS



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## Texas Legislature Enacts New Laws Affecting TRS Members, Retirees



The Texas Legislature recently approved legislation during the 86<sup>th</sup> legislative session that impacts TRS active members and retirees. Most notably the legislature passed **Senate Bill 12 (SB 12) by Senator Joan Huffman and Representative Greg Bonnen – the TRS Pension Reform bill**. It provides for gradual contribution increases from the state; school districts, charter schools, and regional education service centers; and active employees to make the pension fund actuarially sound. As a result, most members who retired on or before Dec. 31, 2018 will receive a one-time supplemental payment in either the amount of their monthly annuity payment or \$2,000, whichever is less.

Below is some information to help answer any questions you may have.

### Active Employees

#### Changes to Employee Contribution to TRS Pension Fund

SB 12 increases the TRS contribution rate for active employees beginning on Sept. 1, 2021. On that date, the rate will increase from the current 7.7 percent of salary to 8 percent. The active employee contribution rate will increase to 8.25 percent on Sept. 1, 2023. There are no changes to employees' benefit calculation.

Calendar Date	State	Public Education Employer*	Active Employee
Current Rates	6.80%	1.50%	7.70%
Sept. 1, 2019	7.50%	1.50%	7.70% (no change)
Sept. 1, 2020	7.50%	1.60%	7.70% (no change)
Sept. 1, 2021	7.75%	1.70%	8.00%
Sept. 1, 2022	8.00%	1.80%	8.00%
Sept. 1, 2023	8.25%	1.90%	8.25%
<b>Sept. 1, 2024</b>	<b>8.25%</b>	<b>2.00%</b>	<b>8.25%</b>

*\* Please note: SB 12 requires an increase in employer contributions by school districts, charter schools and regional education service centers to the TRS Pension Fund, regardless of whether the employer participates in social security. Prior to SB 12, all public schools, except higher education institutions, that did not contribute to social security were required to pay the 1.50 percent contribution. Beginning Sept. 1, 2019 all public schools, except higher education institutions, and regional education service centers, will contribute the 1.50 percent, with gradual increases as stated in the chart above.*

### Retirees

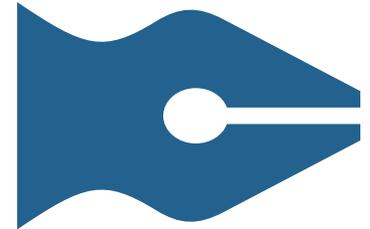
#### One-Time Supplemental Payment

State law requires the pension fund to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment. SB 12 made the payment possible by providing for gradual contribution increases from the state, school districts, charter schools, regional education service centers, and active employees. These increases immediately made the pension fund actuarially sound. All eligible members retired as of Dec. 31, 2018 will receive an extra annuity check in either the matching amount of their monthly annuity payment or \$2,000, whichever is less.



# Memo to Members

from  
Executive Director  
Brian K. Guthrie



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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.

The recently completed 86<sup>th</sup> legislative session focused heavily on education issues and featured the passage of several meaningful bills to active and retired members of TRS. One of those bills was SB 12, which in conjunction with other legislation authorized a gradual increase in pension contributions from all sources to make the TRS Pension Fund actuarially sound. This landmark legislation also authorizes the payment of a one-time supplemental payment (commonly referred to as a "13<sup>th</sup> check") to most members who retired on or before Dec. 31, 2018 in the amount of their monthly annuity payment or \$2,000, whichever is less. Please read additional details on SB 12 and other TRS-related legislation beginning on page one.

TRS Board of Trustees adopted 2019-20 TRS-ActiveCare and HMO rates and benefits at their April 25-26 meeting. Visit page four for information on new rates and other health care news. Also, a Summary of Benefits and Coverage (SBC) is now available for each health care plan offered under both TRS-ActiveCare and TRS-Care (excluding Medicare Advantage plans). For more information on this topic, read our article on page eight.

Are you considering retirement during the 2019-20 school year, and want to learn more about the benefits available to you? Beginning in September, TRS will conduct active member group benefit presentations and a limited number of individual counseling sessions across Texas. Registration for these sessions opens in August. Check out the information on page seven for an update about the sessions and how to register. Don't miss your opportunity to take part in these valuable learning experiences. Remember, you can also explore your retirement options by using the *MyTRS* Retirement Estimate Calculator. Flip over to page seven to see how you can use this tool to plan ahead for your retirement.

We're pleased to announce the newest additions to our Member Education Video Series: *Disability Retirement*, *Steps to Retirement* and *Purchasing Service Credit*. View our [Member Education Videos](#) page on the TRS website or follow us on YouTube at [TRSoftexas](#) to learn about all the videos which include information on membership benefits, naming a beneficiary, determining your tier, employment after retirement, and much more.

Finally, with school already underway in many areas across our beautiful state, I'd like to wish you and your students a happy and successful school year.

## Welcome to TRS!

You can read more about Andrew and Kirk on the [TRS News Releases](#) page of the TRS website.



We are pleased to announce that **Andrew Roth** has been hired as Chief Operations and Administration Officer (COAO).



We are pleased to announce the hiring of **Kirk Sims** to lead the system's Emerging Manager (EM) Program.

# Texas Legislature Enacts New Laws Affecting TRS Members, Retirees *continued*

## Retirees *Continued*

### Am I eligible for the one-time supplemental payment?

If you retired on or before Dec. 31, 2018 or you are a beneficiary of a retiree or active member and the retiree or active member died on or before Dec. 31, 2018 and meet the criteria of the legislation, including being eligible to receive your annuity payment the month before TRS issues the one-time supplemental payment, you will receive the extra annuity payment.

### When will I get the payment?

TRS anticipates payments to be issued on or about Sept. 15, 2019. For updates and Frequently Asked Questions, please contact TRS or refer to the website or TRS Facebook page.

☎ 1-800-223-8778     [www.facebook.com/TRSofTexas](http://www.facebook.com/TRSofTexas)     [www.trs.texas.gov](http://www.trs.texas.gov)

**The following individuals will not receive a one-time supplemental payment:**

- If you retired on or after Jan. 1, 2019, or you are a beneficiary of a retiree or active member and the retiree or active member died on or after Jan. 1, 2019.
- Disability retirees with less than 10 years of service credit.
- Beneficiaries receiving a fixed \$250 or \$350 annuity payment.
- Other exclusions may apply. Please contact TRS.

### TRS-Care: Retiree Health Care

The legislature provided additional funding through HB 1 to sustain the retiree health care plan through 2021. **Retirees and dependents will not see a premium increase for TRS-Care in 2020.** TRS will hold in-person meetings across the state for retirees to learn more about how to make the most of their health benefits. Look for invitations later this summer.

### TRS-ActiveCare

The legislature did not make any changes to TRS-ActiveCare.

### Actives and Retirees

#### Out-of-Network Health Care Balance Billing

Balance billing occurs when an out-of-network provider (*e.g.*, a doctor or hospital) bills you for the difference between their charge and what you and your health plan have already paid under the terms of your health coverage. SB 1264 prohibits balance billing for the following types of services generally described below for participants of TRS-Care and TRS-ActiveCare.

#### Services with Balance Billing Protections

- emergency care provided at certain out-of-network facilities,
- out-of-network providers at in-network facilities,
- out-of-network diagnostic imaging\*, and
- out-of-network lab services\*.

*\*The prohibition on balance billing for imaging and lab services only applies if provided in connection with a service provided by an in-network provider. This protection may not apply if the participant chooses, after advance written notice, to receive services from one of these providers.*

For the services covered by SB 1264, participants will not need to initiate the process to resolve provider disputes concerning payments for health services. More information will be provided in *The Pulse* – your source for TRS health care news.

### TRS Appeals

HB 2629 requires the TRS Board of Trustees to adopt new rules governing the appeal of a final administrative decision of TRS. These rules will provide that the active employee or retiree be afforded the same time to file an appeal as TRS has to issue a decision. This will apply to appeals made on or after Jan. 1, 2020.

### Public School Finance Reform

The legislature passed HB 3, which provides major revisions to school finance in Texas. Please refer to the Texas Education Agency for implementation notices sent to districts.

Under HB 3, open-enrollment charter schools and districts of innovation will be required to pay the state's contribution to the pension fund on an employee's salary that would be above the statutory minimum salary schedule for that employee if the employee worked for a school district subject to the minimum salary schedule.

TRS will provide more information in *Update* newsletters regarding this change and other issues relating to HB 3.

### Changes to 403(b) Certification & Registration Program

As a result of HB 2820, effective Sept. 1, 2019, TRS will no longer certify 403(b) companies nor will TRS maintain a list of registered 403(b) investment products. Products will continue to be regulated by the Texas Department of Insurance, the Texas State Securities Board and applicable federal agencies.

The bill maintains some requirements for school districts and charter schools regarding 403(b) investment products. School districts and charter schools are encouraged to review the legislation and visit with their own counsel to determine what remaining provisions of the law apply.

# TRS-ActiveCare Story of Funding, 2019-20 Benefit Updates, Comparisons, and More

## TRS Board of Trustees Adopts 2019-20 TRS-ActiveCare and HMO Rates and Benefits

Each year, TRS reviews the financial status of the TRS-ActiveCare Fund and determines if benefit and premium changes are needed to sustain the program. TRS strives to provide high quality health plans and keep premiums as affordable as possible with the funding available. Based on our annual analysis, TRS staff recommended benefit and premium changes for the 2019-20 plan year that reflect the past year's health care claims and incoming revenue to fund the program. These changes take effect Sept. 1, 2019.

### Highlights: Benefit Changes

- Deductibles **will not increase** this year.
- Out-of-pocket maximums **will increase** by no more than 7.5 percent.
- Premiums for TRS-ActiveCare 1-HD and TRS-ActiveCare Select **will increase** by 3 percent.
- To keep pace with higher health care costs, premiums for TRS-ActiveCare 2 **will increase** by 8.9 percent. Only those in this plan prior to the 2018-19 school year can remain in this plan.
- TRS-ActiveCare 1-HD participants will continue to get certain generic preventive drugs at no cost.
- Your cost for generic medications will decrease for TRS-ActiveCare Select and the cost of brand-name medications **will increase** across all plans.
- TRS **will decrease** the amount it pays when participants choose to go out of network.

### TRS-ACTIVECARE RATES

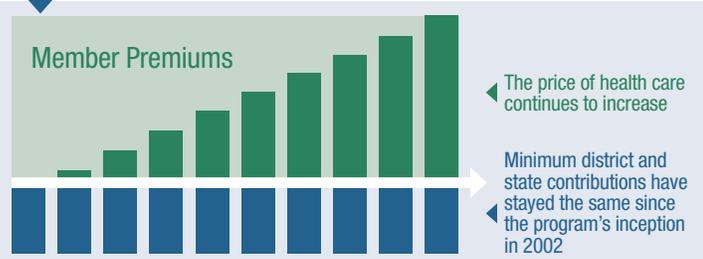
	FY NEW 2020 RATE	FY 2020 PREMIUM after minimum state and district contributions*
<b>TRS-ACTIVECARE 1-HD</b>		
EMPLOYEE ONLY	\$378	\$153
EMPLOYEE AND SPOUSE	\$1,066	\$841
EMPLOYEE AND CHILD(REN)	\$722	\$497
EMPLOYEE AND FAMILY	\$1,415	\$1,190
<b>TRS-ACTIVECARE SELECT</b>		
EMPLOYEE ONLY	\$556	\$331
EMPLOYEE AND SPOUSE	\$1,367	\$1,142
EMPLOYEE AND CHILD(REN)	\$902	\$677
EMPLOYEE AND FAMILY	\$1,718	\$1,493
<b>TRS-ACTIVECARE 2</b>		
EMPLOYEE ONLY	\$852	\$627
EMPLOYEE AND SPOUSE	\$2,020	\$1,795
EMPLOYEE AND CHILD(REN)	\$1,267	\$1,042
EMPLOYEE AND FAMILY	\$2,389	\$2,164

**\*WHAT PARTICIPANTS PAY MAY BE LESS. MANY DISTRICTS CONTRIBUTE MORE THAN THE MINIMUM.**

## State and Minimum District Contributions Stay Flat, Health Care Costs Rise

As the price of health care has risen, TRS has had to raise premiums and make benefit changes to ensure we have **enough funding to pay claims**. The amounts that the state and districts are required to contribute to employee health coverage **have not increased since TRS-ActiveCare began in 2002**. Employee premiums made up more than half of all TRS-ActiveCare funding in 2018.

### TRS-ActiveCare Funding vs. Health Care Costs



#### Employee Premiums

**District Funds** (a minimum of \$150 per employee per month)

**+** **State Funds** (\$75 per employee per month)

**■** **TRS-ActiveCare** (which pays for health care claims).

## TRS-ActiveCare is Cost Efficient, With Low Administrative Costs

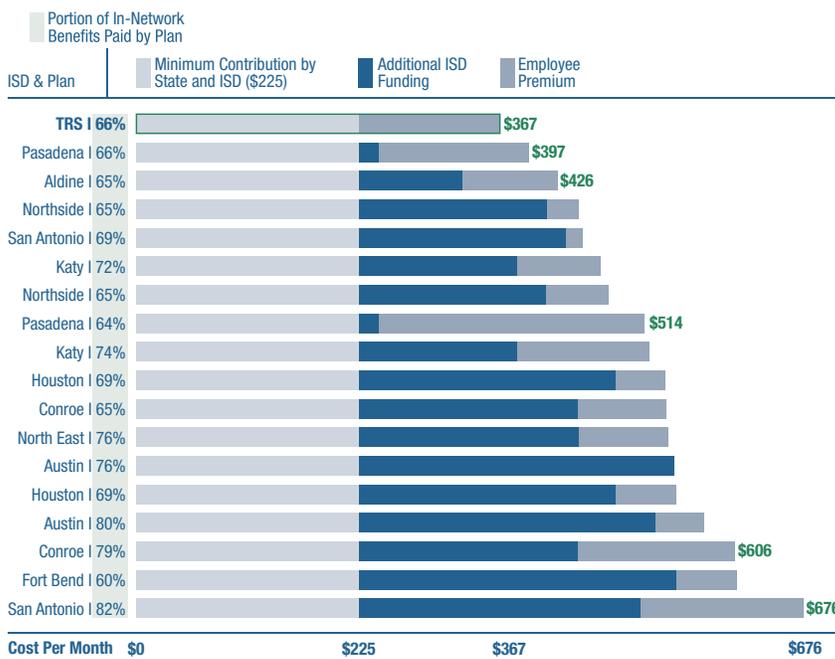


We value every dollar we receive to run the program. In fact, **96 percent** of the funds we receive are used to pay for medical and prescription drug claims. The rest works for our members by:

- answering your questions on the phone,
- supporting you if you have a serious condition,
- processing your claims,
- fighting fraud, and
- contracting with high-quality doctors and other providers.

## TRS-ActiveCare Offers Competitive Premiums for Employees Compared to Texas School Districts with Their Own Health Benefit Programs

Compared to Texas school districts that offer their own health benefits, TRS-ActiveCare offers competitive premiums especially for employee-only coverage. TRS-ActiveCare 1-HD has the **lowest total cost** for employee-only coverage – \$367 per month in the current year. **Many districts outside TRS-ActiveCare** provide enough additional funding to **reduce employee premiums**. Many districts in TRS-ActiveCare also make additional contributions (not shown here) to reduce employee premiums, but TRS cannot require districts to contribute more than the minimum of \$150 per employee per month.



Employee-only coverage for the 10 largest districts with high-deductible or similar value plans.

### What Can You Do?

You can help us strengthen the TRS-ActiveCare fund by being an active participant in your health care decisions.

**2%** of TRS-ActiveCare participants account for **45%** of total drug costs

**Choose a generic drug** instead of a costlier brand-name drug when available.

**Stay in network**, which ensures you receive quality care and keeps costs down.

TRS and TRS members paid **\$65 million** in out-of-network costs last year.

**Choose a primary care doctor you trust.** Don't skip your annual wellness checkup, even if you feel fine.

## HMO Rates and Benefits for 2019-20 Plan Year

Visit the TRS website for Blue Essentials Access, FirstCare, and Scott and White Health Plan rates.

**NOTE:** As of Jan. 1, 2019, Scott and White Health Plan, part of the Baylor Scott and White family, acquired FirstCare Health Plans. While both plans are part of the Baylor Scott and White family, they will continue to operate under their respective names for the 2019-20 plan year. If you're enrolled in one of these HMOs, you'll receive communication about the change.

# Summary of Rule Changes

The TRS Board of Trustees (board) recently adopted a new rule and amendments to existing rules, at the April and July meetings. At the April meeting, the board adopted new rule 25.11 and amended existing rules 51.2 and 51.11. At the July meeting, the board amended existing rules 25.162, 25.302, 25.303, 29.11, 29.21, 29.71, and 47.17.

New rule 25.11 addresses membership status of employees of a TRS subsidiary that has its principal office located outside the U.S. The minor amendments to rules 51.2 and 51.11 simply update cross-references to other statutes. Amendments to rules 25.162, 25.302, 25.303, 29.11, 29.21, 29.71, and 47.17 incorporate updated actuarial tables.

The updated actuarial tables were prepared by the TRS actuary of record, Gabriel, Roeder, Smith & Company. The tables have been updated based on the board’s most recently approved mortality assumptions and new investment return assumption. The tables become effective on Sept. 1, 2019 and will be used to calculate the cost of any relevant service or compensation credit purchases initiated beginning in the 2019-20 school year and going forward, unless otherwise noted.

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## Chapter 25, Membership Credit

**§25.162 State Personal and/or Sick Leave Credit** – The amendment to this rule updates the actuarial table for the purchase of one year of service credit based on accumulated state personal or sick leave. This rule takes effect Sept. 1, 2019.

Please refer to the *TRS Service Credit* brochure on the TRS website for more detailed information regarding the calculation of this type of service. If you are a *MyTRS* user, you can use the calculator to estimate your cost for this type of service.

**§25.302 Calculation of Actuarial Costs of Service Credit** – The amendment to this rule updates several actuarial tables and makes conforming changes to the rule text. The updated tables relate to the purchase of service credit that must be purchased based on the actuarial present value of the credit (e.g. unreported service or out-of-state service). This rule takes effect Sept. 1, 2019.

Please refer to the *TRS Service Credit* brochure on the TRS website for more detailed information regarding the calculation of this type of service.

**§25.303 Calculation of Actuarial Costs for Purchase of Compensation Credit** – The amendment to this rule updates several actuarial tables relating to the purchase of compensation credit that must be purchased based on the actuarial present value of the compensation. The amendments also clarify that the cost factor for purchasing compensation credit shall be applied to the difference between a participant’s final average salary before and after the purchase, not the additional compensation being purchased.

Please refer to the *TRS Service Credit* brochure on the TRS website for more detailed information regarding the calculation of this type of service.

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## Chapter 29, Benefits

**§29.11 Actuarial Tables** – The amendment to this rule incorporates the actuary’s updated early-age retirement reduction factors, reduction factors for service and disability retirement options, and reserve transfer factors. This rule change applies to anyone with an effective date of retirement after Sept. 1, 2019.

For a member eligible for a normal age service retirement as of Sept. 1, 2019, TRS will use the tables in effect immediately prior to the change to calculate the benefits if the updated tables in this rule would result in a smaller benefit for that member.

**§29.21 Beneficiary Tables** – The amendment to this rule updates the tables for unisex joint beneficiary life expectancy used when calculating life expectancy for certain option beneficiary changes. Life expectancy shall be determined as of the date of the retirement in question and the age of the original beneficiary at that time.

**§29.71 Tables** – The amendment to this rule updates the actuarial table relating to the reduction factors to be applied to the annuity payments of retirees that elect to receive a partial lump-sum payment at the time of retirement. This rule change applies to anyone with an effective date of retirement after Sept. 1, 2019.

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## Chapter 47, Qualified Domestic Relations Orders

**§47.17 Calculation for Alternate Payee Benefits Before a Member’s Benefit Begins** – This amendment incorporates three actuarial tables used to calculate distributions made to an alternate payee under Texas Government Code § 804.005. This rule takes effect Sept. 1, 2019.

# Explore Your Options with the *MyTRS* Retirement Estimate Calculator

Retiring can be a simple process if you plan ahead. To help, TRS provides tools that may not only help you decide the right time for you to retire, but also provide projected estimates for:

- standard annuity;
- early age annuity; and
- options 1 through 5.

*MyTRS* is an excellent tool you can use today to explore retirement options. The retirement calculator, within *MyTRS*, is easy to use and allows you to consider multiple retirement dates to plan your future.

To get started, log in to [MyTRS](#) and select the Retirement Calculator found in the left-hand side of the webpage. The calculator automatically imports your tier. Using the drop-down arrows, select a month and year for the proposed retirement date. Then if you plan to name a beneficiary, you need to provide the beneficiary's birth month and year and their relationship to you. Then, enter the number of creditable years you project to have earned by your proposed retirement date and your highest three or five salaries from your last member statement. You may also select if you would like an estimate of the cost to purchase service credit. After completing the fields and clicking "Calculate," you will be able to see your estimate of retirement benefits. Feel free to refresh the data, enter different options and explore more dates!

With this tool, you can view an estimate of your retirement benefits within minutes. The calculator does not include applicable factors for disability retirement benefit calculations. If you need that particular estimate, please print, complete and mail your request using the TRS 18 form or call 1-800-223-8778.

**Please note: We are actively working to enhance these retirement tools and other features of *MyTRS*. Due to that work, at this time, only those who were a TRS member prior to Sept. 1, 2017 are able to register online for a *MyTRS* account. Stay tuned for news on future enhancements.**

The screenshot displays the MyTRS website interface. At the top, there is a user profile icon and the MyTRS logo. Below this is a navigation menu with the following items: Active Members, Retirees & Beneficiaries, Reporting Entities, General Information, View Personal Information, Modify Contact Information, Change Mailing Address, Modify Security Information, Change Password, and Retirement Calculator (which is highlighted with a mouse cursor). Below the menu is a 'Proposed Retirement Date' dropdown menu showing '01' for the month and '2022' for the year. Below that is a table for entering salaries:

Salary #1	
Salary #2	
Salary #3	
Salary #4	
Salary #5	

## Group Presentations and One-on-One Counseling Sessions Planned Statewide



Beginning in September, TRS will conduct one-on-one counseling appointments and group benefit presentations across the state to active members and those considering retirement in the 2019-20 school year. Registration for these sessions opens in August.

Registration details as well as schedules with information on locations, dates and times will be listed on the [What's New](#) section and [Group Presentations and One-on-One Counseling Sessions Planned Statewide](#) page of the TRS website.

If you were a member prior to Sept. 1, 2017, you will be able to register for a group presentation through *MyTRS*. If you cannot register for *MyTRS*, or you would like to schedule a one-on-one session, please call 1-800-223-8778. Reservations will be taken on a first-come, first-served basis, and must be made by the deadlines listed on the TRS website. Members will receive a confirmation email with their scheduled date and time. TRS is the only contact to schedule meetings. **Please do not call the meeting location for information.**

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



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## CHANGE SERVICE REQUESTED

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

## Summary of Benefits and Coverage (SBC) Now Available

An 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 TRS-ActiveCare 2018-19 plan year and for the 2019 TRS-Care plan year are currently available. The SBCs for the 2019-20 TRS-ActiveCare plan year will be available after Sept. 1, 2019; the SBCs for the 2020 TRS-Care plan year will be available after Jan. 1, 2020.

- TRS-ActiveCare participants: Locate the SBCs by visiting your plan's website at [www.trscareareaetna.com/](http://www.trscareareaetna.com/). Click on the Documents & Forms tab located at the top of the webpage.
- TRS-Care participants: Locate the SBCs by visiting your plan's website at [www.trscarestandardaetna.com](http://www.trscarestandardaetna.com). Click "Non-Medicare retiree" and then the Documents & Forms tab located at the top of the webpage.

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

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

## Notice of Privacy Practices (NPP) Now Available

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 access the NPP at this link:

[www.trs.texas.gov/TRS%20Documents/notice\\_privacy\\_practices.pdf](http://www.trs.texas.gov/TRS%20Documents/notice_privacy_practices.pdf).

## Have Questions?

For more information regarding TRS-Care enrollment and eligibility, please contact the TRS Health and Insurance Benefits Department at 1-888-237-6762.

For more information regarding TRS-Active Care enrollment and eligibility, please contact your Benefit Administrator.