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RETIREE  
EDITION



# TRS NEWS



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## 1099-R Forms to Be Mailed in Early 2019

**In late January 2019, TRS will send 1099-R forms to those who have received one or more payments from TRS during calendar year 2018.**

The 1099-R is an Internal Revenue Service (IRS) form that the recipient uses to report to the IRS any distributions paid by TRS during the prior calendar year. If you are not a U.S. citizen or resident alien of the U.S., TRS will provide you with and report your payment(s) to the IRS on a 1042-S form instead of on a 1099-R form.

From the time the 1099-R and 1042-S forms are distributed in January until April 15, TRS receives numerous requests for duplicate copies. Due to confidentiality requirements, TRS cannot provide the information over the phone or by fax. The duplicate copies must be mailed.

Please note that improvements to the *MyTRS* self-service portal are underway. These changes will provide you with several self-service options that are sure to be extremely helpful to you in conducting business with us. Until the new portal is available, retirees and payment beneficiaries will not be able to view and print their 1099-R form through *MyTRS*. In addition, those who signed up to receive advanced notice of 1099-R forms being posted will no longer receive an email message through *MyTRS* Email Subscriptions.

Please refer to the TRS website for additional information.



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### Next Legislative Session Begins in January

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The 86<sup>th</sup> Texas Legislature will convene on Jan. 8, 2019. As in the past, bills under consideration may affect TRS programs and operations. While the fate of many bills may not be known until June, TRS members planning to retire in 2019 may want to know about proposed legislation.

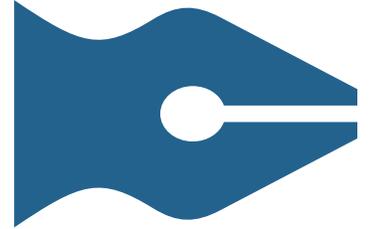
After the session begins, detailed information on bills may be obtained by calling the Legislative Reference Library's Bill Status Information Office at its toll-free number (1-877-824-7038). Please have the number or specific topic of the bill that interests you, as it will help library staff members locate the information you are seeking. You will also be able to view proposed legislation through the library's website at [www.lrl.texas.gov](http://www.lrl.texas.gov) or by visiting the Texas Legislature's website at [www.capitol.texas.gov](http://www.capitol.texas.gov).

Following each legislative session, TRS informs members of significant changes and new laws that may impact their TRS benefits or eligibility for benefits. Watch for updates published in future *TRS News* editions located on the TRS website, [www.trs.texas.gov](http://www.trs.texas.gov). Be sure to also like us on Facebook so that you can be reminded of important information after the session concludes in early June. Please know that while TRS strives to keep you informed of the impact of adopted legislation on TRS and the benefits administered by TRS, TRS is not allowed to advocate regarding legislative changes.



# Memo to Retirees

from  
Executive Director  
Brian K. Guthrie



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Executive Director

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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.

As we look ahead to a new year, we have some exciting news to share about enhancements to improve customer service and communications with our members and retirees, who remain TRS' primary focus. Along with issuing membership cards, TRS has launched a new automated telephone system. Learn about the new call center software and what to expect when you call us on page three.

In this issue, we're also announcing the official launch of the new TRS Email Subscription service called *Subscribe!* There's no need to log in to the *MyTRS* portal in order to subscribe to these emails. The service can be accessed directly from the TRS website and, for the first time, *anyone* interested in advance notice of publications, announcements, notice of board meetings/webcasts, and more, can subscribe. See the full article on page three.

As a reminder, the 86<sup>th</sup> Texas Legislature will convene on Jan. 8, 2019. As in the past, bills under consideration may affect TRS programs and operations. While the fate of many bills may not be known until June, we understand many of you are very interested in any legislation involving our health care programs and other matters. To learn how to stay informed this session, please refer to our article on page one.

At their Sept. 21, 2018 board meeting, trustees decided to keep benefits and premiums for TRS-Care participants the same in 2019. While there are no changes to the TRS-Care program at this time, the nation continues to experience rising health care prices. What can you do to reduce costs? Learn new ways in the article on page five.

In late January 2019, TRS will mail 1099-R forms to those who have received one or more payments from TRS during calendar year 2018. To learn more, read the article on page one. **Please note:** TRS no longer sends email notice of 1099-R forms for retirees.

Are you retired and considering employment with a TRS-covered employer? If so, we urge you to read the *Employment After Retirement (EAR)* booklet on the TRS website. Also, watch our recently-released *Working After Service Retirement* videos, part of our Member Education Video Series, that help answer some of our members' and retirees' most common questions about returning to work after a service retirement. Find out how to access the videos on page four.

We bid a sad farewell to our retiring Deputy Director, Ken Welch. He has served in various positions with Texas state government for 38 years, 10 of those here at TRS. His vast knowledge of agency operations, commitment to the educators and children of Texas, and his sense of humor will be greatly missed by all of us. Happy trails, Ken.

**Finally, from all of us at TRS, we hope you are having a wonderful holiday season with family and friends, and best wishes for an even better new year!**

# TRS Launches New Email Subscription Service, Subscribe!



For several years, TRS participants have signed up to receive email notices of publications and other news through the *MyTRS* members' only portal; however, TRS has launched a new subscription service that takes the subscription process out of the portal and onto the TRS website. Now, *anyone*, not just TRS members, can register. The new service is called TRS Email Subscriptions or simply put, *Subscribe!*

To sign up, visit the [TRS website](#) homepage and click on *Subscribe!* at the top of the page. There's also an easy-to-find icon of an envelope with the word *Subscribe!* at the bottom of the page. The process takes minutes and is easy to navigate. You'll enter your email address, and first and last name. There are no passwords to remember. You may subscribe to our most widely-read publications such as the *TRS News* and *The Pulse*, notice of board meetings and webcasts, legislative announcements, and more.

As another new feature, you may also subscribe to receive news from other agencies. You may choose as few or as many subscriptions as you like. You may easily unsubscribe at any time.

Please note: If you are currently signed up for *MyTRS* Email Subscriptions, you **do not** have to re-subscribe for the new service. Your subscriptions will be automatically transferred. However, you may be interested in adding some of the new options, so we urge you to check them out.

*Subscribe!* is the latest development in a continuing effort to keep you, our members, up to date on important TRS information. To make the sign up process even easier, we've created a brief, how-to video located on the homepage of the [TRS website](#).



## A New Way to Communicate with Members and Retirees

We are pleased to announce that, earlier this summer, we issued official TRS Membership Cards to participants. Now that you have received your membership card by mail, you will find that your card can be a safe and handy resource when contacting our Telephone Counseling Center. Along with issuing membership cards, TRS launched a new automated telephone system. Here's what to expect:

- When you call TRS, please be ready to provide personal information such as your Participant Identification (PID) number (found on your membership card), social security number, and date of birth.
- If you call from a telephone number that is currently on file with TRS, you will be able to easily authenticate your identity by providing the last four digits of your social security number.
- If you call from a telephone number that is not currently on file with TRS, you will be asked to provide personal information, including your eight digit PID, to authenticate your identity.
- There will no longer be a need to set up and maintain a Personal Identification Number (PIN).

In addition, our new call center software provides members with interactive, voice response self-service options available any time of the day or night. For TRS staff, the software will enable the contact center to operate more efficiently, increase the quality of customer service, and ensure focus on TRS members and retirees.

*A friendly reminder: Please keep your membership card handy as this will allow us to serve you more efficiently and quickly over the phone.*

# Employment AFTER Retirement

## What's important to know and when!

Are you retired, and considering employment with a TRS-covered employer? If so, take some time to plan ahead and review the *Employment After Retirement (EAR)* booklet on the [Publications](#) page of the TRS website. Additionally, TRS recently released two videos – *Working After Service Retirement (Part One and Part Two)* – that answer some of our members' and retirees' most common questions about returning to work after a service retirement. Watch videos in our Member Education Video Series today by visiting the [TRS Member Education Videos](#) page on the TRS website, or subscribe to our YouTube channel [TRSoTexas](#).

TRS laws and rules that pertain to working for a TRS-covered employer or a third-party entity providing personnel to a TRS-covered employer are different. The different laws and rules are based on:

- 1) The date you retired, **and**
- 2) Whether or not you retired under Service Retirement or Disability Retirement.



## KEY REMINDERS

### DON'T REVOKE YOUR RETIREMENT

If you go back to work — any kind of work, even working as a substitute or volunteering — for a TRS-covered employer in the calendar month following your retirement (or within two months following your retirement if you worked into June but retired in May), you can actually **REVOKE** your retirement. You can also revoke your retirement by contracting too soon to return to work. If this happens, you'll be required to resubmit your paperwork.

If you revoke your retirement, you forfeit any benefits paid to you because you were not eligible for any benefits. You are required to pay back all of your annuities, any Partial Lump Sum Option (PLSO) or Deferred Retirement Option Plan (DROP) payments, and health benefit payments made by TRS-Care on your behalf or on behalf of your dependents. If you can't pay back the amount owed, TRS must permanently reduce your monthly benefit by an actuarial reduction to cover the benefits you were not eligible to receive.

These situations and more are covered in the EAR booklet.

### DON'T FORFEIT AN ANNUITY PAYMENT

If you work more than allowed, you will lose your annuity for each month that you exceed the limits.

If you retired after Jan. 1, 2011 and you have not had a 12 full, consecutive-calendar-month break in service from any type of work for all TRS-covered employers, you are limited to working **no more than**:

- one-half time,
- working only as a substitute for an unlimited number of days in a calendar month or in the school year, or
- working only one half the number of workdays in that calendar month if you combine work as a substitute and any other type of work for a TRS-covered employer in the same calendar month.

For more information about the limits, please review the [Employment After Retirement Limits](#) chart located in the Active Member and Retirees tab on the TRS website.

You cannot work in ANY capacity — even as a substitute — during the 12-month break in service before returning to work in a position where you would be employed more than one-half time. If you retired before Jan. 1, 2011, you may work without limit without risking loss of your monthly annuity.

## ADDITIONAL INFORMATION

Avoid jeopardizing your retirement benefit or forfeiting annuity payments and any health benefits paid on your behalf by TRS-Care. Know the facts — there are different limitations on full-time employment, substitute work, and half-time employment.

The EAR booklet is currently being revised. If you have questions about your individual situation after you read the EAR booklet, please call TRS at 1-800-223-8778 to speak with a benefit counselor.



# Health Care Report

## TRS Board Keeps TRS-Care Benefits and Premiums at 2018 Levels for 2019

On Sept. 21, 2018, the TRS Board of Trustees decided to keep benefits and premiums for TRS-Care participants the same in 2019.

While there are no changes to the TRS-Care program at this time, the nation continues to experience rising health care prices. TRS strives to maintain competitive benefits by balancing the costs of health care with funding we receive from teachers, school districts, and the State of Texas.

Your current benefit level and premiums reflect the amount of funding that is available to manage the program. Here at TRS, we diligently manage resources to provide the best value to our members using available funding. In fact, TRS spends only three cents per dollar on administrative fees to health plan vendors; the rest goes toward your medical and prescription drug claims.

To connect with retirees and provide information about the 2019 TRS-Care benefits, TRS, Humana, Aetna, CVS Caremark, and SilverScript hosted 58 in-person sessions in 30 different locations across the state, as well as 24 webinars, in October and November. You can still view the recorded presentation by visiting our [Health Care Events](#) section on the TRS website.

### WHAT CAN YOU DO?

Retired educators, public school employees, districts, and TRS are all critical partners in managing TRS-Care. Together, we are stewards of the program. You can help control costs and strengthen the TRS-Care Fund by being an active participant in your health care decisions and a smart health care consumer. Your health care spending is just like any other spending. Always consider the services you really need and take into account what they will cost versus alternative measures. Here are some ways you can manage your costs:

- Use in-network providers and generic prescription drugs whenever possible.
- Use lower-cost health services like the doctor's office or an urgent care clinic instead of the emergency room, unless it's a true emergency.
- Seek out providers who will provide value-based care – care that focuses on your overall health and positive outcomes.

### WHAT'S NEXT?

The 86<sup>th</sup> Texas Legislature will convene on Jan. 8, 2019. While TRS cannot speculate on specific outcomes, the Texas Legislature may make changes to the health care program. If there are changes, we will notify our members in writing.

**Please note:** State law prohibits TRS from advocating or influencing legislative action or inaction. The Texas Legislature determines the level of funding for our health care programs.



## Diabetic Supplies for TRS-Care Medicare Advantage Participants Now Covered Under Medical Benefit Beginning Jan. 1, 2019

Effective Jan. 1, 2019, diabetic testing supplies will be covered under your Humana medical benefit – not your prescription coverage with SilverScript. Currently, you can fill these supplies through either benefit, but you get them at no cost under your medical benefit.

You will need to show your TRS-Care Medicare Advantage (Humana) card to the pharmacy to continue receiving your covered medical supplies at no cost. To learn more, call the customer care number on the back of your TRS-Care Medicare Advantage (Humana) ID card.

*(continued on page 7)*

# Prudent Planning for the Future Continues to Pay Dividends for Members

With the overarching goal of ensuring the retirement security of Texas educators, TRS' Investment Management Division (IMD) is succeeding in efforts to grow as the TRS Pension Trust Fund (trust) grows. The trust is now valued at \$154 billion (as of August 2018). Put another way, between August 2017 and this past August, the trust net value has risen by almost \$12 billion before payouts to members – that's \$32.8 million **A DAY** injected back into the trust for the long term. While those returns do not translate into a cost of living increase, because that decision is made by the Texas Legislature, they do help ensure the long-term sustainability of the trust fund.

Given that the trust is a long term endeavor, subject to the ups and downs of the financial markets, TRS' investment advisors have been telling the TRS Board of Trustees since early 2018 of an expected future slowdown in the U.S. equity markets, where a significant portion of our investment returns (profits) originate. This expected market correction drove the recent board decision in July to lower the Investment Return Assumption to 7.25 percent from 8 percent. That decision was also based on 11 different economic outlooks from nine independent advisors. Their average return estimate fell between 7.07 percent and 7.32 percent. The average market return over the last 20 years was around that same seven percent – some years were higher, others lower. Fortunately, if you are a retiree, your monthly annuity payments have not changed.

In this environment of possible lower returns, it is more important than ever for TRS to be well prepared to handle expected market challenges by recruiting and retaining highly qualified investment professionals. At its September meeting, the TRS Board of Trustees supported plans from the IMD to improve the ways they operate with an eye, as always, to maximize returns for members over time. IMD staff provided an update to the board regarding the division's hiring strategy called *Building the Fleet*, first introduced last February.

At its core, *Building the Fleet* is a multi-year, strategic initiative to find the very best talent in the form of investment managers, analysts, and other operations professionals who collaboratively decide the best places to put trust monies for the long term. Today, the trust is not only allocated to public stocks and bonds, but also into a variety of private investments like real estate. Bit by bit, TRS is bringing more innovative investments in-house. The net result is fewer outside investment fees, leaving more money in the trust.

## PROFITABLE PARTNERSHIPS ON MANY LEVELS

TRS will always rely to some degree, on nurturing relationships with our investment partners. In fact, we're celebrating a decade with four fund management companies whose names you may recognize since they're established players on the global financial scene: BlackRock, JP Morgan, Morgan Stanley, and Neuberger Berman.

Since we first invested with them in what we call our *Strategic Partnership Network* (SPN) public portfolio in 2008, we have enjoyed a seven percent annualized return, which equates to \$4.2 billion dollars, money that has gone back into the trust. Our newer partnerships with two private equity firms, KKR and Apollo, have done even better, producing a 12.5 percent annualized return, or \$1.5 billion dollars for members since 2012. A third part of the program is our Tactical Value allocation which is producing a 9.3 percent return for the trust since inception in 2015. That equates to over \$200 million dollars earned.

On a similar front, this January we're excited to launch the next phase of our successful *Emerging Manager Program*, where we designate funds to the next generation of high-performing smaller firms. Right now, we are committing 1.1 percent of the trust's value to these partners, more than half of whom are women or minority-owned businesses. The program began in 2005 and in the last three years, it has produced an 8.6 percent net return for members. That equates to over \$400 million dollars earned over that time period.

## A WINNING CULTURE

In the context of IMD's mission of serving teachers, we believe members will be proud to learn that TRS' own Chief Investment Officer Jerry Albright, a 24-year TRS veteran who has worked his way up the ladder at the IMD, has been named a finalist for *aiCIO* magazine's ninth annual Innovation Awards in two categories: Public Defined Benefit Plan Above \$100 Billion and Collaboration. *aiCIO* is a widely-read investment industry trade magazine that investment professionals consider an important and relevant publication. Albright is on the short list that recognizes the most innovative asset owners and global asset managers.

Mr. Albright has been at the helm of TRS' Investment Management Division since 2017. He has worked in senior roles with the system since 1994. Albright grew up in Kerrville, Texas and his wife and children have educational and teaching ties right here in the Lone Star State.

Winners were to be announced Dec. 13. Previously, TRS' Investment Management Team has received recognition from *aiCIO* in categories including a 2018 Next Gen Award (Ashley Baum), Overseas Office and Governance (2016), Industry Innovation (Brad Gilbert, finalist 2015), as well as rankings on *aiCIO*'s Power 100 list.

Thank you from the Investment Management Division for the opportunity to serve you.

(continued from page 5)

## Form 1095-B Coming Soon: Proof of Medical Coverage in 2018

In January, retirees participating in TRS-Care who are not eligible for Medicare (e.g. younger than 65) should watch the mail for Form 1095-B. This form verifies that you had medical coverage for all or part of last year.

If you became eligible for Medicare any time during 2018, you will only get a Form 1095-B from TRS reflecting the months you were not eligible for Medicare.

When you file your taxes, you must report to the federal government that you and your eligible dependents had medical coverage for all or part of calendar year 2018. All TRS health plans meet the minimum essential coverage requirements of employer-sponsored coverage.

You will not need to attach Form 1095-B to your tax return. You will only need to keep it for your records. The information on the form may help you in preparing your tax return, but you don't need to wait for it to file your taxes.

Please watch for this important mailing containing Form 1095-B. For more information, view our FAQs on Form 1095-B in the Retiree & Beneficiary section of the TRS website FAQs page.

## Tips to Make the Most of Your TRS-Care Standard Plan Benefits



### USE AETNA COST ESTIMATOR TO BUDGET HEALTH CARE

If you're on the TRS-Care Standard medical plan through Aetna, use the online cost estimator on Aetna Navigator to see the average price of the 500 most common medical procedures. This tool can help you compare prices among facilities or providers and help you be better financially prepared. Keep in mind, the tool is very useful for planned procedures – but not necessarily for emergency care, as prices can vary widely.

To use the Aetna cost estimator:

- Visit [www.trservicecare.aetna.com](http://www.trservicecare.aetna.com)
- Click on Aetna Navigator in the right-hand tool bar
- Log in to Aetna Navigator (or register for first-time users)
- Explore prices by searching for health care providers or by procedure

### ADDED SAVINGS AND VALUE WITH QUEST DIAGNOSTICS

You can take advantage of extra savings when you need a lab test. Quest Diagnostics has agreed to lower rates for TRS participants. That helps you save on out-of-pocket costs.

In addition to savings, Quest Diagnostics gives you access to:

- Locations near where you live and work
- Appointment scheduling online or by phone
- Email reminders to help you keep track of your appointments
- Saturday hours, as well as extended hours at many locations
- Free courier service to pick up lab work from most doctors' offices

## Tune in to our Member Education Video Series today!

Earlier this spring, TRS kicked off our Member Education Video Series! The videos in this series are designed to provide information and answers to the most commonly asked questions about TRS member pension benefits. If you are a new, mid-career, late-career or a retired member, you'll find something useful in each video. During the course of your career and into retirement, it's important to know about your benefits. Staying in touch with TRS and understanding your benefits will pay off in the long run.

TRS staff welcomes you, as they narrate these videos, to watch the first videos in the series – *Welcome to Membership*, *Naming a Beneficiary* and *What Tier Am I?* More recently, TRS released *Working After Service Retirement (Part One and Part Two)* videos. These videos answer some of our members' and retirees' most common questions about returning to work after a service retirement.

The next video to be released in the series, *Selecting a Retirement Benefit Option*, explains why choosing a benefit option is one of the most important things you will need to do when applying for retirement with TRS. In this video, a TRS Benefit Counselor walks through the different options that are available to you when you retire.

Other future videos will include:

- *What Every Named Beneficiary Needs to Know*
- *Purchasing Service Credit*
- *Disability Retirement*
- *Steps to Retirement*

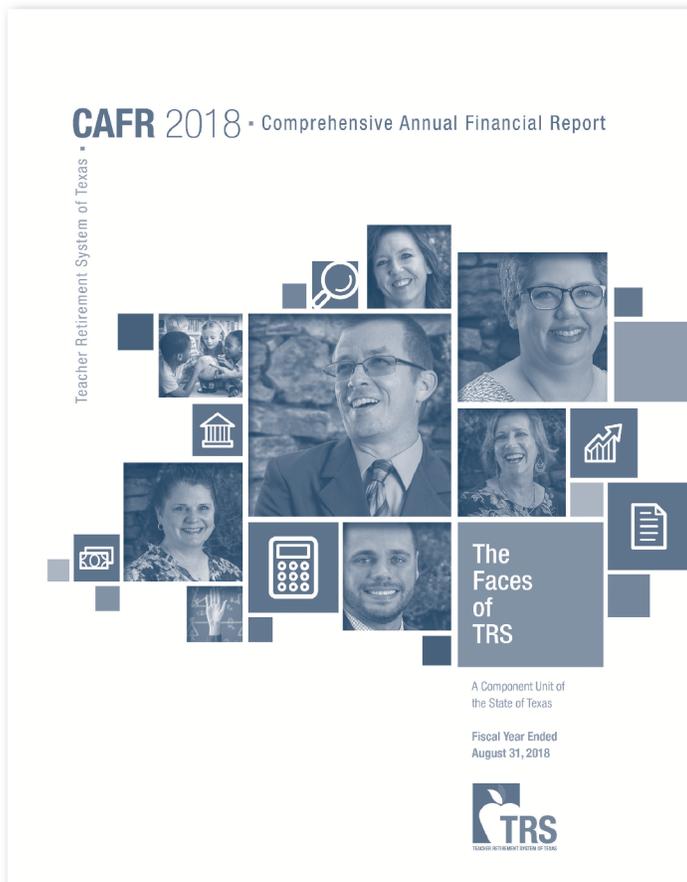
To watch complete videos as they are released, visit the [TRS Member Education Videos](#) page on the TRS website or subscribe to our YouTube channel [TRSoftexas](#).



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## ***2018 Comprehensive Annual Financial Report on website; Summary Annual Report Coming Soon***

In November, TRS published its *2018 Comprehensive Annual Financial Report (CAFR)*. The report may be found on the What's New page and Publications page of the TRS website at [www.trs.texas.gov](http://www.trs.texas.gov).

In early 2019, TRS will also publish a high-level summary of the 2018 CAFR. The *2018 Summary Annual Report* is produced for members who do not wish or have time to read the entire document but would like to know the highlights. It will feature easy-to-read charts, graphs and other key information relating to the pension fund and health care programs. This summary can also be viewed by visiting the TRS website.