



TRS Board of Trustees

Meeting Summary

Sept. 14-15, 2023

The TRS Board of Trustees met Thursday, Sept. 14 and Friday, Sept. 15, in person at our Red River Headquarters in Austin. A [recorded webcast](#) of all the public meetings is now available on our website at www.trs.texas.gov. Once you've opened the video link, just click on the committee or board segment you'd like to watch. [Read board meeting books](#) (presentations) by clicking on the committee header below.

Headlines

Nearly 300,000 Stipend Payments Issued!
Health Teams Complete a Busy Year

(See both items below in Committee Highlights under Benefits)

Committee Highlights

(Click committee names to view related presentations)

Audit, Compliance & Ethics

Key audits set for next year include Investment Division Contract Oversight and Cybersecurity Incident Response Program.

Trustees received a road map to the state auditor's review of TRS' financial statements (the Annual Comprehensive Financial Report, or ACFR) for the fiscal year that ended Aug. 31, 2023. That audit report is expected out this fall. Trustees also looked at the plan for an outside audit of our London office ([TRICOT](#)). That work will be presented to trustees at December's Audit Committee meeting.

Benefits

The Chief Benefit Officer also updated trustees on the current 2023 Benefit Enhancement rollout. That's the [legislatively approved stipend](#) due to certain retirees. As of the board meeting, more than 280,000 stipends had been sent out, totaling \$1.5 billion. If voters approve a [COLA increase in November](#) (Prop 9), TRS staff will be paying that out in January.



The Health Team showed a recap of the team's Q3 and Q4 accomplishments. Staff managed annual enrollment for 1,000 employers, onboarded a new pharmacy vendor and school district, talked with thousands of district leaders at conferences while registering retirees for [this fall's health fairs](#).

Counting it up (Fiscal 2023 through July):

- **19,524** Retirements
- **78,048** Benefit Estimates
- **19,937** Claims Paid
- **\$11,122,167,424** Annuity Payments Issued
- **635,044** Member Telephone Calls Answered
- **114** Benefit Services Employees Onboarded during the first 11 months of FY 2023
- **30** Training Sessions for more than 1,300 Employers from July through August

Investment Management

The Chief Investment Officer shared his update, reporting a one-year return of 4% at the end of the second quarter of 2023. The three-year return is 9%.

TRS' investment consultant reported the fund's value (vetted as of June 30, 2023) at \$187.6 billion. That reflects positive earnings over the previous quarter.

This meeting's special topic centered on how the IMD is carefully looking at Artificial Intelligence, or AI in the investment process. AI applications in finance are challenging and still developing, trustees heard.

The Risk and Portfolio Management team reported how U.S. government bonds have been providing our pension fund diversification and other benefits. Remember, the pension is invested across many asset classes, bonds being one perennial, "safe" pick. Also known as treasuries, TRS has about 14% of the Trust invested in government bonds.

Policy

Legal & Compliance staff proposed to trustees how TRS rules can better align with changes to Employment after Retirement (EAR) laws that were updated in 2021. The rules relate to notification requirements. The board will have an opportunity to adopt TRS' updated EAR rules in December for implementation in February 2024.

continued

Strategic Planning

The Senior Director of Communications showed trustees how TRS is rolling out the Member and Employer Outreach Plan: What worked well ([TRS Talks videos](#)), key takeaways and what's next. See the slides on page 62 of the Strategy book.



Other Topics Discussed

Deputy Director's Report

The Deputy Director provided research from the National Association of State Retirement Administrators (NASRA) on where TRS is compared with our peer pension funds on our funded status (79%), our investment return assumption (7.0%) and our contribution rates (among the lowest nationwide). Also spotlighted—TRS Member Education videos on the importance of retirement savings and financial awareness. They're all cued up for your viewing on our website [viewing at TRS.TV](#)

Pension Education Resources



Ombuds Report

TRS' Ombuds shared tracking of [inbound member complaints](#) for January – July 2023. Notable: Hot topics included Health Care followed by COLA and the MyTRS portal. See the slides on page 39 of the board book.

Health Actuarial Resolution

Trustees chose vendors Milliman and Segal Company (Southeast) to provide actuarial services for TRS-ActiveCare and TRS-Care. Health staff say this is all about finding ways to keep costs down and health care industry best practices top-of-mind. The initial contract term will be two years. See the proposal on page 119 of the board book.

Next Board Meeting

The next board meeting is set for **Thursday, Dec. 7 and Friday, Dec. 8, 2023**, in person at our Austin headquarters. [Click here](#) to access all board materials on the TRS website, including agendas, board books and a link to the webcasts. View the [full board schedule](#) on our board meetings calendar page.

Visit www.trs.texas.gov to find board of trustees' information under the [About TRS](#) tab. And remember you can always follow TRS on social media via our [Facebook](#), [X \(Twitter\)](#), [YouTube](#), [Instagram](#) and [LinkedIn](#) pages.