

The TRS Board of Trustees met **Thursday, Dec. 7** and **Friday, Dec. 8**, in person at our Red River Headquarters in Austin. A [recorded webcast](#) of all public meetings is now available on our website at [www.trs.texas.gov](http://www.trs.texas.gov). Once you've opened the video link page, just click on the committee or board segment you'd like to watch.

### December 2023 Headlines

**Annual Comprehensive Financial Report (ACFR) is Published**

**TRS Now Serves More Than Two Million Members!**

**Staying Healthy: Pension Fund Remains Actuarially Sound**

**Trustees Direct TRS Staff to Apply Voter-Approved COLA**

TRS staff voted the agency to another Top Workplace Award this year – our 12th. On that subject, Chair Jarvis Hollingsworth recognized Executive Director Brian Guthrie. In November, Brian was honored with the Top Workplace 2023 "Leadership Award." This specialty award is only given to one leader in the large company category, which includes big firms like Charles Schwab Corp. and Dell Technologies.



### Committee Highlights

(Click committee names to view related presentations)

#### [Audit, Compliance and Ethics](#)

The State Auditor's Office confirmed a "clean" review of TRS' financial statements regarding TRS' FY2023 Annual Comprehensive Financial Report (ACFR).

#### [Benefits & Health](#)

The Chief Benefit Officer and her team shared the details of what went into a successful year (FY2023) in the Benefits division. Slides begin on page 11 of the Benefits book.

#### **Fund Facts:**

**In-Person Office Visits (Austin): 20,367, slightly above target**

**(El Paso, opened Nov. 14, 2022): 3,824, on the way to the target of 5,000**

**Total Annuity Payroll: \$12.1 billion (via 5.8 million direct deposits or checks)**

The Benefits Committee unanimously voted to recommend to the Board a resolution directing staff to **apply the voter-approved Cost-Of-Living Adjustment (COLA)** (which the Board also voted to pass in the Board meeting). Monthly payroll, currently at just over \$1 billion, is expected to increase by more than \$30 million. That ongoing expense will be paid from future investment returns on a \$3.3 billion lump sum the state will provide as authorized by the Legislature and Texas voters. See the book slides from page 11.

Issuing the COLA was contingent upon receiving the lump sum from the state comptroller and certification of the Nov. 7 constitutional amendment election which included Proposition 9. Also, while TRS staff are monitoring the outcome of legal activity contesting the validity of the election, the agency is on track to issue the COLA in a timely manner. Updates will be on [this webpage](#).

**The Chief Health Care Officer** updated trustees on TRS-Active-Care costs across all 20 Education Service Center (ESC) regions for the 2023-24 plan year, which are on average below market. ESC 18 Midland saw the largest difference of -38% followed by ESC 1 Edinburg at -26%. Read from page 43 of the [Benefits book](#).



Also, trustees honored a decade of service from outgoing **Retirees Advisory Committee (RAC) Chair Grace Mueller** (seen here with Chairman Hollingsworth). Mueller commended the commitment of TRS to attacking problems and coming up with good solutions. Nancy Byler will take over as incoming chair.

#### [Budget](#)

Another fiscal year, another Annual Comprehensive Financial Report (ACFR)! Finance and investment accounting staff shared the FY2023 report that is the de facto document of the TRS financial "story."

#### **Fund Facts:**

**Total Membership: 2,001,974**

**Total Retirees: 489,921**

**Average Life Annuity: \$2,199**

[continued](#)

The Chief Financial Officer (CFO) provided his annual report to trustees. The CFO's team recommended a \$292 million budget to administer the pension fund this fiscal year. That's up 5% from FY2023.

#### **Fund Facts:**

**87% of TRS' budget is funded by the pension fund.**

**The budget represents less than 0.15% of the value of the fund.**

**TRS' fund market value is in the \$181 billion range.**

#### **Investment Management**

The Chief Investment Officer (CIO) shared his CIO Update, and positive news around the **highest "alpha" generated in 15 years**. You might be asking, "What is alpha?" Here, it refers to an investment strategy also known as excess investment return, when our IMD teams actively beat the market over a certain period. See page 9 of the Investment Management Committee (IMC) book.

Investment consultant Aon reported the pension fund's **market value at \$181.6 billion** as of Sept. 30, 2023. That was down from \$187.6 billion three months earlier as global equity markets fell. While quarterly performance was negative, the one-year performance was at 7.1%, Aon showed from page 13 of the IMC book.

The Risk and Portfolio Management Team provided an update on the start of the **new Strategic Asset Allocation (SAA) process**. There's been a lot of change in the markets in the nearly five years since trustees last adjusted how pension dollars are put into different investment buckets. The idea of the SAA is to control risk while earning the best possible returns. Trustees will see a final SAA proposal in July. The slides are from page 63 of the IMC book. Aon shared its own SAA process slides from page 79.

#### **Strategic Planning**

TRS' Enterprise Program Management Director shared the results of the annual Member Satisfaction Survey. The



survey gauges active member and retiree satisfaction with TRS services. Please see page 43 of the Strategic Planning Committee book. The survey was conducted last summer with a random, representative sample of TRS active members and retirees. High-scoring statements about TRS included: "Provides a Secure Retirement and Operates in My Best Interest."

#### **Other Topics Discussed**

Trustees received the **FY2023 Actuarial Valuation**. That's also known as the "health checkup" for our pension fund, put together by our outside actuarial firm, GRS. While **the pension remains actuarially sound**, some strain has emerged on the fund due to the last couple years of challenging investment markets and higher TRS active member salaries (greater earnings mean higher annuity payments down the road).

Read GRS' report from page 89 of the main board book. Also worth a watch, [our video series](#) on how the TRS pension is funded. As required by statute, the trustees also received their combined performance scores for GRS. Once again, GRS was found to have been an excellent partner in providing actuarial services.

[Ombuds Lori LaBrie](#) shared her data on incoming complaints, which were down overall year-over-year. Lori's presentation appears on page 75.

#### **Next Board Meeting**

The next board meeting is set for **Thursday, Feb. 15 and Friday, Feb. 16, 2024**, in person at our Austin headquarters. Access all [board materials online](#), including agendas, board books and a link to the live and recorded webcasts. View the [board schedule](#) on our board meetings calendar page.

Visit [www.trs.texas.gov](http://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.