

# TRS NEWS

MEMBER  
EDITION

THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## Vital News at Your Fingertips – TRS News is Going Digital!

As announced in our [previous issue](#), your TRS News newsletter is going digital in 2023! We're excited to share the many new features this will provide. We also want to ensure you have all the information you need to fully plug in.

### New Features

- With the click of a button, your news will be delivered straight to your email inbox – available at your fingertips quicker than ever before.
- You can take your news anywhere! Use mobile-friendly reading on electronic devices of any size.
- You will be able to directly engage and explore interactive features while reading your news.
- You will be able to easily adjust text size and format to meet your needs.
- You can instantly download a pdf copy of your newsletter for reading or printing.

### Receiving Your Newsletter

Although the way you receive this newsletter is different, you will still receive informative news just as often.

Beginning in spring 2023, we will email you a link to your newsletter once it's published online. The email will be sent to your email address currently on file with TRS.

### Why is the Newsletter Going Fully Digital?

With the variety of new digital features we're able to share with you so that you can further enjoy reading your TRS News, we have opted to transform the way we publish and deliver this newsletter to you. As part of our responsibility to make the best use of every dollar, additional factors informing this move included the rising cost of production materials and postage, supply chain challenges, and shortages in production materials.

Please visit our [TRS News webpage](#) on the TRS website for the latest information. We look forward to making this transition together and sharing our first digital issue with you in the new year.

### Important! Verify Your Email Address in MyTRS

We want to make sure our digital newsletter makes its way into your correct email inbox this spring.

We encourage you to verify your email address on file with TRS. Complete this step today by establishing your account in the new [MyTRS](#) (if you have not already done so) or by logging in to [MyTRS](#) where you can review, update and manage your email preferences. **Reminder:** For the highest levels of security, we encourage all TRS members and retirees to register and set up their [MyTRS](#) account if they have not already done so. We recommend using a personal email rather than a work email.

*If you currently receive emails from TRS and do not wish to make any changes, no action is required.*

## TRS El Paso Regional Office Now Open

We're pleased to share the news that the TRS El Paso Regional Office officially opened its doors in November 2022. Operations are in full swing and counseling staff is providing full services to TRS members in the area:

- Office Visits
- Group Retirement Sessions
- Retirement Benefit Presentations
- Walk-In Services (Document Drop-Off)

If you're a member in the El Paso area and wish to schedule an appointment at the regional office, you may do so online through [MyTRS](#) or by calling the TRS Telephone Counseling Center at 1-800-223-8778. We encourage members to schedule office visit appointments in advance to ensure the timeliest service. For document drop off, feel free to stop by any time during our regular business hours.



**Tony Peña**  
El Paso Regional  
Office Director

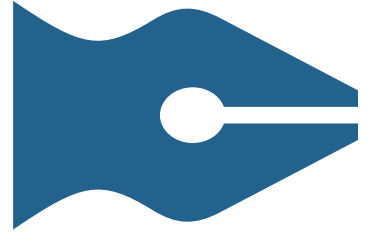
*"The opening of this regional office is an exciting time not only for the retirement system, but for all our TRS members! This initiative will allow us to move closer toward meeting our goal of serving our increasing membership across the state and reaching them closer to where they live. We've seen a great interest in our services since opening and are here to provide excellent service with anything you need. If you're in the El Paso area or find yourself making your way through, and need our assistance, please feel free to stop by. We look forward to seeing you!"*

El Paso Regional Office continued on page 2 >



# Memo to Members

from  
Executive Director  
Brian K. Guthrie



## Board of Trustees

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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.

## Greetings to our active members,

With the holiday season upon us, there's lots of excitement in the air and TRS has some exciting news to share as well in this edition of *TRS News*.

The agency is now serving members in person at TRS' first ever regional office, located in El Paso, after officially opening its doors in November. Located inside the Region 19 ESC, the office is designed to allow us to meet a significant number of our members closer to where they live.

Another significant milestone is that for the first time this October, TRS paid out more than \$1 billion in a single month in annuity payments to more than 458,000 annuitants! This reinforces our ongoing commitment to ensuring the retirement security of public educators we serve.

As the new year begins, it's the perfect time to familiarize yourself with TRS resources available to you. One is [MyTRS](#), the online self-service portal for members. We highly encourage you to establish your online account in the new *MyTRS* if you have not already done so. You can access important information about your member account, interact with TRS, update your personal information in real time, and much more. Please visit our website for details.

Finally, the 88<sup>th</sup> Texas Legislature convenes in January. We have included some important information in this newsletter on how you can keep abreast of any legislation affecting TRS.

With fondest best wishes for the holiday season,

Brian

## TRS El Paso Regional Office Now Open

*continued from page 1*

If data suggests the office is valuable to TRS members, TRS will present options to consider establishing additional regional offices in strategic locations across Texas during the 2024-25 biennium.

For more information, including [how to subscribe to the regional office email list](#), visit our [Regional Offices webpage](#) on the TRS website. You can also tune in to [future board meeting webcasts](#) to follow the discussion.



The TRS El Paso Regional Office is located within the Region 19 Education Service Center  
**6611 Boeing Dr.**  
**El Paso, Texas 79925**

# How is TRS-ActiveCare Funded?



TRS-ActiveCare is uniquely funded, with most plans we offer being self-funded. We'll go over what that means, how TRS sets 'total' premiums for employers, and how the cost of health care overall impacts the plan.

You'll see the term "premium" many times. As a refresher, a premium is the monthly amount someone pays for health insurance.

## Self-Funding 101

When a health plan is self-funded, that means the plan pays claims as they come in from the pool of money that is on hand.

Each week, Blue Cross and Blue Shield of Texas (BCBSTX) and CVS Caremark send medical and prescription drug claims to TRS. TRS then pays those claims out of the TRS-ActiveCare fund.

## The TRS-ActiveCare Fund

Now that you know how claims are paid with self-funding, let's look at how TRS-ActiveCare gets its pool of money. Remember: The TRS-ActiveCare fund is separate from your pension fund and from TRS-Care, the retiree health plan.

Minimum funding for TRS-ActiveCare is based on a 2001 Texas state law – not on the cost of health care. The law set minimum amounts the state government (not TRS) and your employer must put toward the monthly cost of your health insurance.

Monthly minimum contributions:

- State Government: Limited to \$75
- + Employer: At Least \$150
- = **Total Minimum Contribution: \$225**

Employers can contribute more than the minimum, and many do. However, that decision is up to each individual employer. The rest of the funding comes from employees' monthly contributions. A simple way to think of it is that the fund is paid by three sources:

- You (through your monthly contribution)
- + Your Employer
- + State of Texas

The fund then pays for medical and prescription claims for everyone in TRS-ActiveCare.

## How Total Premiums Are Set

- The monthly premium you pay is not the **total** premium. The total premium is the price TRS sets for your employer and reflects how much is spent on your health plan. Your employer decides how much they'll contribute toward the total, and how much you'll pay each month.

- Total premiums are based on data. We look at how much claims have cost the TRS-ActiveCare fund over the last fiscal year and adjust for price changes we expect for the current year, such as inflation. Then we can set a total premium.

- We also want to make sure we have enough to cover unexpected costs (like from a pandemic). This is included in the premium set for your employer.

- Think of it like a household budget. There are expenses you can always count on, but it's good to set aside extra in the event of something unexpected.

## Market Pricing & Total Premiums

- To understand how general health care pricing impacts **total** premiums, let's continue with the household budget comparison.

- Items in that category such as groceries, cleaning supplies, etc. are all subject to inflation. When the cost of food rises, so does your grocery bill. This applies to health care pricing too.

- When a hospital increases what they charge for services like an MRI or knee surgery, that tends to increase the amount they charge both you *and* TRS-ActiveCare.

- These increases impact what TRS-ActiveCare pays out each year, which impacts the total premiums. We work to minimize cost growth and have an advantage due to our size. In the last ten years, we've seen only 1/3 of the increase in costs compared to other large employers!

- However, we still must factor cost growth in the market and budget accordingly.

- For context, according to data from the U.S. Bureau of Labor Statistics, prices for medical care in 2022 are 113.7% higher than in 2001.

That's how your TRS-ActiveCare fund works! To stay up to date with TRS-ActiveCare and your plan benefits, sign up for *The Pulse for TRS-ActiveCare*: <https://www.trs.texas.gov/Pages/subscribe.aspx>.

# TRS/ERS Service Transfer

## New ERS Group 4 Retirement Benefit Plan in Effect for State Employees Hired on or after Sept. 1, 2022

Eligible members of TRS may transfer service credited under the Employees Retirement System of Texas (ERS) to TRS. Likewise, eligible members of ERS may transfer their TRS service credit to ERS. However, during the 2021 legislative session, Senate Bill 321 was passed, which created a new ERS Group 4 cash balance retirement benefit for state employees hired on or after Sept. 1, 2022.

**What does this mean?** This recent change to the ERS retirement plan may limit the ability of some TRS members to transfer service between retirement systems moving forward. Employees who fall under the ERS Group 4 plan are not eligible to transfer ERS service to TRS or TRS service to ERS. ERS Group 4 plan members can only use their ERS service credit with the Proportionate Retirement Program. See the [TRS Benefits Handbook](#) for more information about proportionate retirement.

In addition, if you previously worked for an ERS-covered employer, withdrew your ERS account, and were not an ERS member as of Aug. 31, 2022, you will not be able to repurchase your ERS service for the purposes of transferring that service to TRS.

Group 1, 2, and 3 plan members can continue to transfer service between ERS and TRS.

**TRS is not able to answer questions regarding your ERS group membership status. You will need to contact ERS directly regarding any questions.**

## Check Your Mailbox: TRS Annual Statements Mailed

It's that time of year – time for you to receive your TRS annual statement.

All statements were mailed before Dec. 1, 2022. If your friend receives theirs before or after you do, don't worry; statements were mailed in batches throughout October and November, and all final pieces should



be making their way into the last mailboxes soon. As long as you have not retired or refunded your account, you should receive a statement.

**Some exciting news! You can view your statement in [MyTRS](#) this year in addition to receiving your paper copy by mail. All you need to do is log in and navigate to your Document Center.** If you haven't already set up your [MyTRS account](#), this is the perfect time to do so!

Your annual statement is one of the most important documents you will receive from TRS. It includes information about your membership and information that may be helpful in planning your future retirement.

### Information on Your Statement

- Additional retirement estimates are available on your statement to help you plan for retirement. You will find an unaudited retirement estimate based on your current years of service and the date that you are first eligible to retire. In addition, we've included a projection of service credit in which we assume that you continue to work until your retirement eligibility date.

To help you understand the value of your potential retirement benefit, we've included a projected lifetime annuity value. This represents the total amount you could expect to receive if you live to your normal life expectancy. It's important to note that this is not a guaranteed amount.

There are a few different versions of the annual statement. The version you receive is based on the status of your employment and your TRS account.

### No Annual Statement

If you recently became a new member of TRS or returned to TRS-covered employment after the end of the 2021-22 school year, you will not receive an annual statement until fall 2023.

### Review Your Annual Statement Carefully

Review your statement and notify TRS immediately if information about compensation or years of service credit is incorrect. You may have an opportunity to have corrections made to your

- service and compensation credit for the 2021-22 school year without having to pay the actuarial cost for the additional credit.
- Please refer to the [2022 Annual Statement](#) information on the TRS website for more information.

### Need Help Reading Your Statement?

- Grab your statement and follow along! Watch our [Understanding Your Member Statement](#) video as it walks you through the main sections of your statement.

# TRS Launches New Videos to Share and Explain Pension Terms and Concepts



TRS is pleased to promote a new educational video series aimed at making common pension fund-related definitions understandable and relatable!

In the series titled ***Understanding Your Pension Fund***, actuarial industry expert Joe Newton explains three main topics pertaining to the long-term health of TRS' Pension Trust Fund. Newton is an actuary at Gabriel, Roeder, Smith & Company (GRS), an independent actuarial firm that analyzes pension funds across the nation, including TRS.

The series addresses concepts such as:

- how the health of the fund is calculated,
- what an Experience Study and an Investment Return Assumption are, and
- how benefit enhancements are paid for.

This effort is part of TRS' mission to continually work to deliver on the promise of retirement security now and for generations to come.

To launch this new video series, we invite you to visit the [Understanding Your Pension Fund](#) webpage on the TRS website. Once you've viewed the videos, we welcome your feedback via this [short survey](#).

## TRS Surpasses \$1 Billion Monthly Annuity Milestone

In October, TRS reached a significant milestone. For the first time, we paid out more than \$1 billion total in a single month in annuity payments to more than 458,000 annuitants! This is a significant accomplishment as part of our ongoing service commitment to our growing retiree population.

In fiscal year 2022, which ended Aug. 31, TRS paid a total of \$11.56 billion in annuities to retirees and their beneficiaries. This number, an increase of about 4.75% from fiscal year 2021, does not include the one-time supplemental payment some retirees received that was issued in January 2022.

Year-over-year payroll figures were reported in the [September Benefits Committee](#) meeting (view from timestamp 43:30). TRS anticipated reaching the \$1 billion mark for monthly annuity payroll in early 2023 but growth surpassed expectations.

**“To reach and exceed \$1 billion per month is an important milestone that reinforces our ongoing commitment to ensuring the retirement security of the teachers and other public education employees we serve. And we expect those numbers to continue to increase over this year and into the future, which in turn contributes even more to the Texas economy.”**

**TRS Executive Director Brian Guthrie**

### Where the Money Comes From

The pension trust fund has set an [assumed investment return assumption](#) of 7.00% in line with peers. While more than three-fifths of fund revenue continues to come from investments, other contributions are received from active TRS members, their employers and the state.

For more information, see the [October 2022 news release](#) on the TRS website.

# Risk: How Your Pension Fund Manages through Volatile Financial Markets



A quick scan of today's headlines shows stories about rising grocery and gas prices and also a volatile stock market. One question that frequently arises is "How does the pension trust fund manage the ongoing risk associated with such up-and-down economic markets?" One approach we take at TRS is to maintain a Risk group. TRS' risk monitoring systems include continually analyzing the fund's asset allocation — that's the mix of assets in the various buckets into which we invest — as well as tracking other investment signals or metrics related to the fund's long-term health.

The topic of risk management is so essential to the entire investment process that the Risk group presents a report on the trust fund risk to the TRS Board of Trustees' Investment Committee each April and September. In September 2022, **TRS' Head of Risk Management Stephen Kim** told trustees one of the tools used to assess the exposure to investment declines is scenario analysis. This tool attempts to find strengths and weaknesses in the portfolio by taking current holdings through historical and hypothetical stress tests. This helps make sure when market declines do happen, TRS is prepared with a 'battle plan,' or a planned response.

"It is worth noting the defensive positioning of the trust this year prevented a drawdown less severe than the sharp, negative reaction to COVID," Kim told trustees.

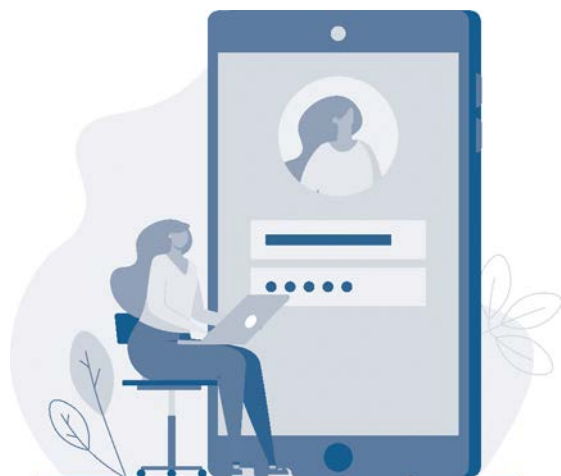
One risk management principle is to make sure there are multiples of cash or easily tradable government bonds on hand to cover potential liquidity needs (i.e., margin calls), and most importantly, the pension's monthly annuity payments. Recently, TRS held more than four and a half times the cash anticipated for such needs.

TRS' Risk group is engrained in the portfolio construction process making sure the trust is operating within set guidelines. The Risk group is there to support TRS' investment professionals, so they have the room they need to keep earning healthy returns for our members where it is responsible and efficient to do so. It is worth noting that more than three fifths of the trust's annual revenues derive from investments. More information on the various asset classes TRS employs is available in the 2022 [TRS Value Brochure](#).

**Associated links:** [https://www.trs.texas.gov/Pages/investment\\_risk\\_management.aspx](https://www.trs.texas.gov/Pages/investment_risk_management.aspx)  
[https://www.trs.texas.gov/Pages/investment\\_team\\_risk.aspx](https://www.trs.texas.gov/Pages/investment_team_risk.aspx)

## September 2022 Video of Semi-Annual Risk Report

<https://trs.mediasite.com/mediasite/Channel/trs2daymeetingseptember2022/watch/f90b4b03cbde44e7b513fa1de1fc2ade1d>



## Establish Your *MyTRS* Account Today

Whether you want to plan for retirement, explore your benefits, schedule an appointment with a benefit counselor, communicate with TRS, or keep track of your personal account, *MyTRS* is a helpful resource for all members.

If you haven't already registered for the new *MyTRS*, we highly encourage you to do so. There are enhanced security measures in place during the registration process to ensure your account is set up by you. An additional reminder: We recommend using a personal email rather than a work email.

Find resources and information, including a [How to Establish Your MyTRS Account](#) video, on our [MyTRS webpage](#), and join us online today!

## Check Out Our Latest Publications



### **Value Brochure – A Great Value for all Texans**

Illustrates the positive impacts that TRS' annuity payments have on the lives of members and the Texas economy. In addition, the brochure details the benefits that TRS' health insurance plans and supplemental payments bring to the state.

### **TRS Benefits Handbook**

A convenient and newly streamlined resource that details your retirement plan benefits from the beginning of your career through retirement, and anywhere in between.

### **2022 Annual Comprehensive Financial Report (ACFR)**

Provides a complete picture of the system's operations for the past year. The document is a set of financial statements for TRS which comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB). The ACFR is also audited by the State Auditor.

### **2022 Actuarial Valuation Report**

The 2022 Actuarial Valuation Report for the pension fund will soon be available online.

The report describes the current financial condition of TRS. It also includes an analysis of changes in the system's funded status. Valuations are prepared annually, as of Aug. 31 of each year.

Look for these on the What's New and Publications pages of the TRS website.

## Deadline Approaching: Nominations for At-Large and Retiree Board Positions

The nominations process is underway for the Retiree and At-Large Board of Trustees positions in the 2023 TRS Board Election. Know someone who'd make a great trustee? Maybe it's you!

An eligible member for the **At-Large position** is a retiree who is receiving benefits from the system, a higher education employee, or a current employee of a public school district, charter school, or regional education service center. An eligible member for the **Retiree position** is a former member who is retired and currently receiving benefits.

Active members are eligible to nominate candidates for the At-Large position. Retired members are eligible to nominate candidates for the At-Large and Retiree positions. Retirees may only run for either the At-Large or Retiree Position, but not both positions for this election.

TRS is offering two ways in which a nominee may collect the required 250 signatures of eligible members for nomination:

- A nominee may collect the 250 signatures electronically by declaring their interest to be a nominee to the Secretary to the Board of Trustees. Once the member's eligibility is validated, the member's name will be posted on the nomination site where the nominee may direct eligible members to sign the nominee's electronic petition. For an electronic petition, the nominee does not need to submit anything further to TRS, but must have 250 eligible member signatures by **Jan. 25, 2023**, to be considered a candidate.
- Nominees may also collect 250 signatures of eligible members with paper petitions, which are also due at TRS no later than **Jan. 25, 2023**. A member may download the Retiree Petition (pdf) or At-Large Petition (pdf). If a member does not have access to a printer, the member may contact the Secretary to the Board of Trustees to have a petition mailed to them.

Voting in the election will take place between March and May of 2023. Both terms begin as early as Sept. 1, 2023, and end Aug. 31, 2029.

The TRS Board is the trustee of all plan assets and is responsible for the general administration and operation of TRS and the investment of its funds. The board is also authorized by law to adopt rules for the administration of TRS and the transaction of the business of the board.



## Miss a TRS Board Meeting? We've Got You Covered

We provide access to on-demand viewing of board meeting webcasts. This allows you to watch previous presentations whenever you want!

Find references, website links and webcast archives that provide more information on board decisions at [https://www.trs.texas.gov/Pages/board\\_meeting\\_webcasts.aspx](https://www.trs.texas.gov/Pages/board_meeting_webcasts.aspx).

For key discussion highlights, you may also wish to read our board summaries, available after each meeting, at [https://www.trs.texas.gov/Pages/board\\_meeting\\_summary.aspx](https://www.trs.texas.gov/Pages/board_meeting_summary.aspx).

1000 Red River Street  
Austin, Texas 78701-2698

**CHANGE SERVICE REQUESTED**

## The Next Legislative Session Begins in January



The 88<sup>th</sup> Texas Legislature will convene on Jan. 10, 2023. As in the past, bills under consideration may affect TRS programs and operations. While the final status of many bills may not be known until June, TRS members planning to retire in 2023 may want to know about proposed legislation affecting TRS.

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; this will help library staff members locate the information you seek.
- View proposed legislation through the library's website at [www.lrl.texas.gov](http://www.lrl.texas.gov) or by visiting Texas Legislature Online 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 our website, [www.trs.texas.gov](http://www.trs.texas.gov). Also, be sure to follow us on Facebook and Twitter so that you can be reminded in early June of important information after the session concludes.

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 for any legislative changes.