

AUGUST 2022

# TRS NEWS



RETIREE  
EDITION



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## Nomination Process Underway in 2023 TRS Trustees Election



The nominations process is underway for the Retiree and At-Large 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.

## Your *TRS News* Newsletter is Going Digital

In 2023, your *TRS News* newsletter is going digital. Due to the rising costs of production materials and postage, supply chain challenges, and shortages in production materials, we have opted to transform the way we publish and deliver this newsletter.

Beginning in spring 2023, you will receive your *TRS News* as a digital publication. This means instead of receiving your newsletter by mail, you will receive an email with a link to your newsletter once it's published online. The email will be sent to your email address that is currently on file with TRS. Please note: To review or update your email address, please visit [MyTRS](#).

Although the way you receive this newsletter is changing, you will still

receive informative news just as often. We look forward to making this transition together and sharing the enhancements with you. The digital newsletter will allow for:

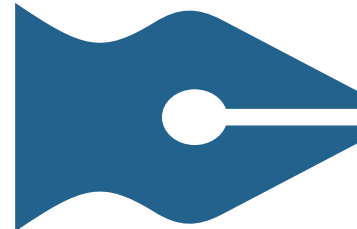
- more engagement and interactive options while reading your news
- you to receive your information more quickly
- mobile friendly reading

We think you'll enjoy the digital newsletter; however, if you wish to request a printed copy of a newsletter after it is published, you may continue to do so by calling TRS Member Services. Continue to watch for more information in the next issue of *TRS News*.



# 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.

### Greetings to our retirees,

Once again the heat of summer is upon us, so we're hoping you've found some time to get away for a refreshing break or are otherwise enjoying some favorite spots in the shade. This is an especially good time to update yourself on TRS-related information or explore resources like our email subscription service, our very handy member education video series, or the refreshed *MyTRS* member portal. Of special note in this edition is information on employment after retirement, including an exciting new interactive video you may be interested in.

As always, we work to provide several ways for you to stay up to date on TRS news, including our website, social media feeds and newsletters. You can also find links to the TRS board meeting webcasts and meeting materials at [www.trs.texas.gov](http://www.trs.texas.gov).

Take care,  
Brian

## TRS-Care Medicare Retirees May Enroll in TRS-ActiveCare if They Return to Work in 2022-23 School Year



The TRS Board of Trustees submitted to the Secretary of State rule changes that will allow Medicare-eligible TRS-Care participants to enroll in TRS-ActiveCare if they return to work at a [participating employer](#).

If the new rule changes become effective, beginning Sept. 1, 2022, TRS-Care Medicare retirees who return to work for 10 or more hours per week can enroll in TRS-ActiveCare (if the district participates) and keep their TRS-Care coverage.

TRS-Care retirees who **aren't eligible for Medicare** yet and return to work to a TRS-ActiveCare employer must choose one plan or the other.

# Employment After Retirement

## A Look into the COVID-19 Surge Personnel and Non-Profit Tutor Exceptions

During the 87<sup>th</sup> regular legislative session, Texas lawmakers passed two bills that allow for new Employment After Retirement (EAR) exceptions for certain TRS retirees who have returned to employment with an ISD, Charter School or Education Service Center.

The following exceptions are not applicable to employment with institutions of Higher Education.

### COVID-19 Surge Personnel Exception

The Surge Personnel Exception allows a service retiree to return to work up to full time in Texas public education if employed in a position that meets the three requirements listed below:

1. It is in addition to the normal staffing level at the TRS-covered employer
2. It is funded wholly by one of the following federal acts:
  - a. Coronavirus Aid, Relief, and Economic Security (CARES) Act (15 U.S.C. Section 9001 et seq.),
  - b. Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (Div. M, Pub. L. No. 116-260), or
  - c. American Rescue Plan Act of 2021 (Pub. L. No. 117-2)

and

3. It ends on or before Dec. 31, 2024

Importantly, any work performed under this exception does *not* count toward a retiree's total 92-hour limit for one-half time or less employment during a month. Work performed under this exception does not combine with or affect a retiree's employment under any other EAR exception.

Lastly, the COVID-19 Surge Personnel Exception is a surcharge exception. If your employer hires you under this exception, your employment will not subject your employer to pension or health care surcharges.

This exception does not apply to disability retirees.

### Non-Profit Tutor Exception

A service retiree may work up to full time for a TRS-covered employer in a non-profit tutor position. This exception does not cover all tutor work that a retiree performs for a school district if the retiree is affiliated with a non-profit entity. Instead, the retiree's tutor employment must meet all requirements for qualifying tutor employment under Section 33.913, Education Code. Tutoring programs under Section 33.913 are administered by school districts; you should contact any school district regarding their local program if you wish to be employed under this exception.

Note: A retiree may not be eligible to work full time under this exception if the work is combined with other types of employment.

If your employer hires you under this exception, your employment may subject your employer to pension or health care surcharges.

### Working After Retirement and Combining EAR Exceptions

If you're planning to work for a TRS-covered employer after retirement, it's important to understand the limitations that may apply. Depending on the employment type or if you work in multiple positions, you may be limited on the number of hours or days you may work. Find information on all EAR exceptions, combining employment, helpful examples, and more in the [EAR brochure](#).



## Knowledge Check! Working After Retirement

Thinking about returning to work after retirement for a TRS-covered employer? If so, there are some key things you should know.

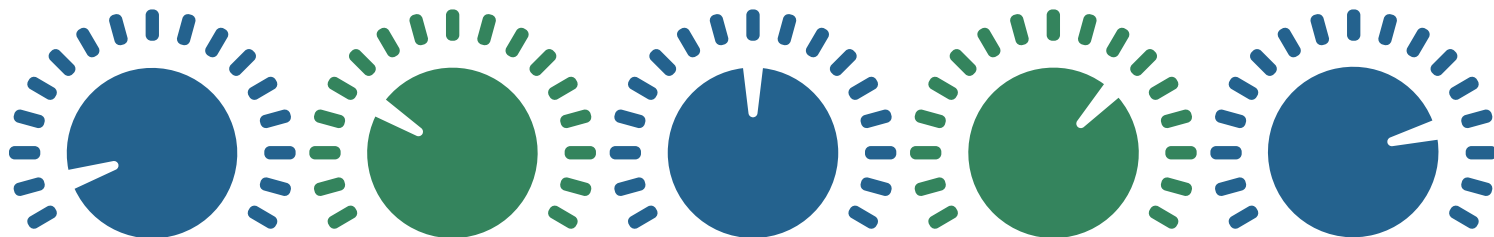
Our new [interactive Employment After Retirement \(EAR\) video](#) will help you find the information you need to comply with the rules on working after retirement. With this tool, you can quickly and conveniently navigate to the information you need based on your situation. All you need to do is choose your path for service or disability retirement and information will unfold based on your retirement date. You will also find helpful practice scenarios to test your knowledge and understanding. *Please note that Google Chrome is the browser that will give you the best experience with this video.*

The interactive video is available on the [TRS Member Education Videos](#) webpage. You can also reference more information on employment after retirement in the TRS [EAR brochure](#) at any time.

Together, we can make sure you're on the right track to following the EAR limits and guidelines and avoid revoking your retirement or forfeiting your annuity.

# TRS Board Votes to Lower Investment Return Assumption

Trustees agree on adjustment to help hedge against future risk to pension fund



In July, the TRS Board of Trustees voted to lower the investment return assumption. The return assumption is used to project what portion of future benefit payments will be paid for by investment income and what portion by contributions. Below, we answer some of the more common questions around this decision.

## Q. Why was the investment return assumption changed?

TRS is required by law to conduct an experience study at least once every five years. Additionally, TRS' [Pension Funding Policy](#) provides that an experience study will be conducted every four years. The purpose of such a study is to examine changing patterns of retirement behaviors, plan provisions, and investment returns, and whether adjustments are needed.

The 2022 experience study found that while most assumptions have remained accurate, the investment return assumption is at the upper end of the range of expected returns. In July, TRS' Board of Trustees reviewed the results of the study and voted to approve a recommendation to lower the investment return assumption from 7.25% to 7.00%.

## Q. Why is the investment return assumption so important?

This assumption is used to predict what percentage of future benefit payments will be covered by investment returns and what percentage by member, employer, and state contributions.

## Q. Didn't the fund have strong returns in 2021?

The pension fund returned an outsized 24.80% in fiscal year 2021. Keep in mind, some years TRS earns its targeted return or more, other years average returns are lower. And past returns don't always reflect future returns. When setting its return assumption, TRS uses projections that incorporate expectations about the future. Lowering the rate to 7.00% hedges against future risk for the fund.

## Q. How does lowering the investment return assumption impact the likelihood of a COLA for retirees during the next legislative session?

State law provides that the legislature may only consider issuing benefit enhancements if the fund is actuarially sound. While the market return for fiscal year 2022 will fall short of the 7.00% assumed rate of return, the fund is expected to remain actuarially sound.

## Q. Will retirees' monthly annuity payment change?

No, retirees' annuity payment will not change because of this decision.

## Q. Didn't trustees lower the investment return assumption in July 2018?

After using an investment return assumption of 8.00% for more than 30 years, discussions around 2017's experience study led trustees to lower the rate from 8.00% to 7.25%. Now, four years later, short, and long-term projected returns are even lower. Nationwide, the average public plan return assumption is 6.94%. Lowering the return assumption to 7.00% is supported by the actuary to strengthen the long-term health of the fund.

## Q. Did the actuary conduct economic outlooks?

The 2022 study examined 12 different economic outlooks from independent sources. The data showed the average expected return ranged from 6.28% to 7.11%.

## Q. Will lowering the assumed rate of return make it easier for investment staff to earn incentive compensation?

No, incentive compensation is based on how well investment staff produce a positive investment return as well as beat a benchmark return.

## Q. What's next?

The actuary will consider the new rate of return beginning with the 2022 actuarial valuation. That valuation will be presented at the December board meeting. TRS webcasts all board meetings and archives them on TRS' website. Look for more information on the results of the actuarial valuation in the December issue of *TRS News*.



### 2022 Actuarial Experience Study:

[https://www.trs.texas.gov/TRS%20Documents/actuarial\\_experience\\_study\\_2022.pdf.pdf](https://www.trs.texas.gov/TRS%20Documents/actuarial_experience_study_2022.pdf.pdf)

### TRS Board of Trustees meeting, July 15, 2022:

[https://www.trs.texas.gov/Pages/board\\_meeting\\_webcasts.aspx](https://www.trs.texas.gov/Pages/board_meeting_webcasts.aspx)

# Protecting Member *MyTRS* Accounts With Multi-Factor Authentication (MFA)

As you may know, we've launched a new and improved *MyTRS*. Along with a new look and feel to the *MyTRS* portal, we're also continually enhancing the features available to you. The initial upgrade allows you to update and manage your account information in real time. This means the way you can engage with us is now more personal than ever!

The *MyTRS* upgrade offers significant improvements to technology. Compare it to making the switch from using a flip phone to a smartphone – exciting and new opportunities to adapt to the change.

As we work to increase the number of services we provide electronically, we must continue to ensure strong security measures are always in place. One of these, Multi-Factor Authentication (MFA), adds another layer of protection so that only you can access your online account. MFA is a leading industry best practice widely used by banks and lenders to protect personal information.

## Verifying Your Identity

Due to the new technology and security measures in place, we are requiring all users to create a new *MyTRS* account. You will not be able to use your old *MyTRS* username and password. During the registration process, you will need to complete an additional step to further verify your identity. A few things to note about this step:

- You must agree to and correctly answer multiple-choice questions to ensure you are who you claim to be and better safeguard your information.
- The third-party identity proofing provider will search credit reports and public records to find information about you that will help confirm your identity. The search is not considered a “hard inquiry” or credit inquiry that can affect your credit score.  
**Note: TRS does not have access to your credit information. In addition, TRS does not store or have any information on file for the questions asked by the provider.**
- The provider does not have access to your TRS member account.

- If you attempt to register multiple times without success, this could be due to:
  - Temporarily being locked out of the registration process
  - Mismatch in information
  - Incorrectly answering the multiple-choice questions
  - Not agreeing to the third-party terms of use or canceling out of the questions
  - Timing out of the registration process
  - Having a fraud alert on your credit file
- In some situations, the provider does not have enough information to generate the questions needed to verify your identity.

## Alternative Method to Establish your *MyTRS* Account

If you're unable to register online, there is an alternative method to provide proof of your identity. The system will request that you fill out a form and return it to TRS, along with copies of the appropriate identification. Once the form is received, TRS will mail an activation code to your address on record.

We understand that this delays the registration process; however, TRS takes our responsibility seriously to protect your confidential information to the fullest. Typically, TRS processes these forms the same day we receive them and returns an activation code to you via the regular postal schedule of three to four days.

## Imposters

Be aware, we have experienced situations in the past where imposters have attempted to compromise member accounts. The more services available to you online (e.g., apply for retirement, apply for a refund, update your personal information, etc.), the more opportunities imposters may see and attempt to steal your information.

We take your confidential account information seriously and will continue to do what is needed from a security standpoint to protect your funds and prevent fraud.

Please know that *MyTRS* and the registration process are performing as designed. We know change is not always easy, but along with providing enhanced services that allow your information to be available at your fingertips, we must also improve what we do to protect you.

# TRS-Care Health Fairs Coming to You!

TRS is excited to be on the road, once again, with its health vendors. We'll travel across the state this fall to conduct a series of health fairs in locations near you.

What can you expect at these health fairs? Our vendors will host booths for some of the most popular wellness benefits and value-added programs that you have access to with the TRS-Care plans. You'll also have an opportunity to speak with representatives from TRS, Blue Cross and Blue Shield of Texas, UnitedHealthcare, SilverScript and CVS Caremark.

As in prior years, TRS will continue to hold virtual webinar presentations. You can attend these to learn about your 2023 plan benefits and get answers to your questions.

We look forward to meeting with our TRS-Care retirees and their families. Keep a lookout in the mail for your invitation!



# How TRS' Real Estate Portfolio Weathered the Pandemic

By Jase Auby, TRS Chief Investment Officer



The strength of TRS' Real Estate portfolio is one of the ways your investment team has been able to add value to your pension trust fund – despite the tumult of the COVID-19 pandemic period. There's no question the pandemic has been a global tragedy, but in some instances a silver lining emerged as people changed work and spending habits. And because TRS was invested in certain economic sectors that grew as a result of these shifts, your pension trust fund is stronger today.

Faced with the reality of the pandemic, the world's financial markets saw record downturns in 2020. With stocks falling sharply, the Dow Jones Industrial Average index, considered a key measure of economic health, recorded its worst single-day points drop ever, plunging 2,997 points — nearly 13% — on March 16, 2020. The Standard & Poors index of the 500 largest publicly traded U.S. companies plummeted more than 33% between mid-February and March 2020 before bouncing back. Today, the S&P 500 is 18% above where it was just prior to the pandemic.

The investment team at your pension watched the market carefully during those unsettling first few months. We looked for opportunities in the fractured investment market to produce profits when the much hoped-for recovery got underway. Fortunately, recovery in many of the major public markets came more quickly than expected, even though major U.S. stock markets did not return to pre-pandemic levels until November 2020. Your pension fund's overall value also dipped briefly — about 8% in all — before recovering to record values. Your fund is valued around \$200 billion as of March 31, 2022. That's up about 9.7% from the same period a year ago.

A portion of that value comes from the private markets side, where long-term planning (done well before the pandemic) and a carefully calculated culture of risk management helps drive positive returns in one portfolio in particular: **Real Estate**. TRS' Real Estate Team has seen impressive returns in many of its investments, some of which were originally made over the past five years.

During the period of time around 2020's record downturn, more immediate investment success has come from sectors

of the economy that performed well in the pandemic such as: warehouses leased to companies that sell items online, data storage facilities and single and multi-family housing. Even before the pandemic, TRS had put more focus on these areas with the overall belief they would produce positive returns for relative risk.

Conversely, the long-term strategy put less focus or investment 'weight' on businesses like hotel chains and other travel-related endeavors compared with a benchmark.

So how did the TRS Real Estate Team develop the long-term strategy now in play?

According to **Senior Director of Real Estate Grant Walker**, it came down to a basic business philosophy.

***"What we've been successful at is investing with our best-in-class partners and relationships to be able to enter those sectors in a meaningful way,"*** Walker recently told the pension fund's trustees. ***"It's been successful for us so far and contributed to a lot of the outperformance."***

One example is the industrial sector, or warehouses (think distribution centers for online companies). Walker says this area was already performing well before the pandemic. But the resulting stay-at-home culture that developed in mid-2020 sped up the shift to e-commerce already underway.

***"Fortunately for us, industrial had been a preferred property type for several years. So, we've been increasing our focus and exposure to it,"*** he said.

Another example is TRS' investments focus on space leased to media companies. With more people at home with a big appetite for video content from streaming entertainment channels.

***"There's really massive, pent-up demand right now for media content,"*** Walker says. It is a similar story with medical labs and life sciences firms that lease hard-to-find space for their work.

Walker says TRS plans to increase exposure to these outperforming sectors, showing how even a global crisis can produce encouraging outcomes for TRS members over time.

# Notice of Summary of Benefits and Coverage

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



An SBC provides an overview of the benefits and services your health plan covers and what you can expect to pay for these services by the end of the year. The SBCs are available for TRS-ActiveCare and TRS-Care Standard (excluding Medicare Advantage plans).

**TRS-ActiveCare Participants:** SBCs for the TRS-ActiveCare 2022-23 plan year through Blue Cross and Blue Shield of Texas (BCBSTX) are at <https://www.bcbstx.com/trsactivecare/coverage>.

**TRS-Care Standard Participants:** SBCs for the 2022 TRS-Care Standard plan year are at <https://www.bcbstx.com/trscarestandard/coverage>. 2023 TRS-Care Standard SBCs through BCBSTX will be available by the end of 2022.

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

- TRS-ActiveCare (BCBSTX) Customer Service: 1-866-355-5999
- TRS-Care Standard (BCBSTX) Customer Service: 1-866-355-5999
- Hearing-impaired people should dial Relay 711

**Have Other Questions?** For more information on TRS-Care enrollment and eligibility, please contact the TRS Health & Insurance Benefits Department at 1-888-237-6762.

For more information on TRS-ActiveCare enrollment and eligibility, please contact your Benefits Administrator.



## Amendment to Rule 25.21

During the 86<sup>th</sup> Regular Legislative Session (2019), House Bill 3 created the Teacher Incentive Allotment (TIA) that entitles school districts to additional state funds for employee compensation based on the high performance of certain teachers within the district. The additional compensation that a school district employee receives under the TIA could have a substantial impact on the calculation of the employee's TRS pension if that compensation is considered creditable compensation under TRS laws and rules.

During the 87<sup>th</sup> Regular Legislative Session (2021), House Bill 1525 amended 822.201(b), Government Code, to make clear that additional compensation paid to TRS members using funds received by a district under the TIA is creditable compensation for TRS benefit calculation purposes. In April 2022, the TRS Board of Trustees amended TRS Rule 25.21 to conform with the amendment to Section 822.201(b).

## Notice of Privacy Practices (NPP)

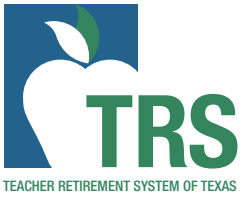
Federal law requires TRS to maintain and protect the privacy of your health information. Your protected health information is individually identifiable health information, including genetic information and demographic information, collected from you or created or received by TRS.

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.

The NPP includes companies that may assist TRS with the operations of TRS-Care and TRS-ActiveCare.

Visit the NPP at [https://www.trs.texas.gov/TRS%20Documents/notice\\_privacy\\_practices.pdf](https://www.trs.texas.gov/TRS%20Documents/notice_privacy_practices.pdf).





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

Did you miss a previous TRS board meeting or do you want to revisit a specific discussion?

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).

