

DECEMBER 2022

TRS NEWS



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.

If you're a retiree who does not have an email address on file with TRS, we highly encourage you to join us digitally by updating your account with your personal email! We also have several ways you can request to receive a courtesy copy in print. Please see below.

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.

How to Request a Courtesy Print Copy

We think you'll enjoy the digital newsletter, but if you wish to receive a courtesy print copy by mail, there are a few different ways you can request to do so.

1. Email Us

Send an email to TRSPrintPublications@trs.texas.gov and include the following information, as on file with TRS:

Full Name

Mailing Address

Personal Email Address

2. Online Survey

Complete this short online form at <https://www.surveymonkey.com/r/TRS-News-Print>.

3. Call TRS Telephone Counseling Center

We encourage you to use one of the methods listed above for the fastest options, but it is always an option to contact our Telephone Counseling Center at 1-800-223-8778.

Why is the Newsletter Going Fully Digital?

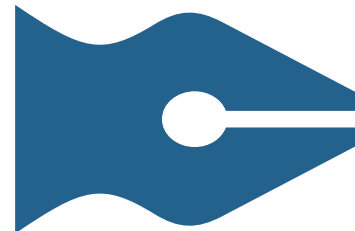
With the variety of new digital features we're able to share with you so that you can further enjoy reading your *TRS News*, we have opted to transform the way we publish and deliver this newsletter to you. As part of our responsibility to make the best use of every dollar, additional factors informing 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.



Memo to Retirees

from
Executive Director
Brian K. Guthrie



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www.trs.texas.gov

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,

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, this edition has some important IRS reminders related to federal income tax withholding as well as the 88th Texas Legislature convening in January. Read the articles to learn how to stay informed of changes affecting TRS.

With fondest best wishes for the holiday season,

Brian

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 3 >

IRS Releases Revised Form W-4P and New Form W-4R

The Internal Revenue Service (IRS) released a revised Form W-4P (*Withholding Certificate for Periodic Pension or Annuity Payments*) which includes significant changes to the overall federal income tax withholding system for pensions and annuities. In addition, the IRS introduced the new Form W-4R (*Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*).

TRS is required by federal law to implement the new and revised IRS forms no later than Jan. 1, 2023. The form changed to help individuals to withhold federal income tax more accurately from their annuities.

A major change to Form W-4P is that TRS retirees will no longer be able to adjust their withholding by electing a specific number of withholding allowances. The IRS now offers new input fields for increasing or decreasing the amount to withhold, including fields for tax credits and deductions.

TRS retirees and beneficiaries who already receive a monthly annuity and do not wish to make changes to their federal income tax withholding elections are not required to submit a new form. For those who wish to make changes to their federal income tax withholding elections, please see FAQs below for details.

For Retirees Receiving Periodic Pension or Annuity Payments

Why is TRS changing its withholding form?

The IRS issued revised withholding forms, and TRS is required by federal law to implement the form changes by Jan. 1, 2023.

How is the new federal income tax withholding form (Form W-4P) different from the prior TRS Federal Income Tax Withholding Certificate form (TRS 228A)?

TRS' prior federal income tax withholding form used an individual's filing status (married or single) and the number of withholding allowances claimed.

The new federal income tax withholding form added a new filing status, "head of household." It also replaced the use of withholding allowances with new optional fields to report information such as other income, deductions and tax credits.

Do I need to complete a new form if I don't want to change my withholding preference?

No, if you are currently receiving an annuity and do not wish to change your withholding preference, you are not required to submit a new tax withholding election form. If you decide to update your withholding preferences in the future, you will need to submit a new Form W-4P.

If I do not complete a new form, will my federal income tax withholding amount stay the same?

If you do not complete a new Form W-4P, we will continue to use the information you previously submitted on the TRS228A, including the same marital status, number of withholding allowances, and additional withholding amounts, if applicable.

When will the new form go into effect?

The new Form W-4P will be available for retirees to submit to TRS beginning Dec. 12, 2022.

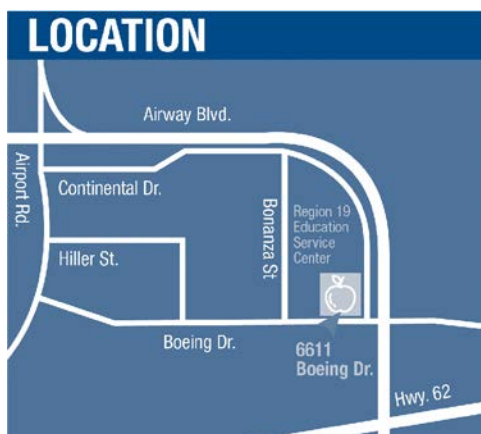
For more information, including a complete list of FAQs, please visit the [IRS Releases Revised Form W-4P and New Form W-4R webpage](#) on the TRS website.

TRS El Paso Regional Office Now Open

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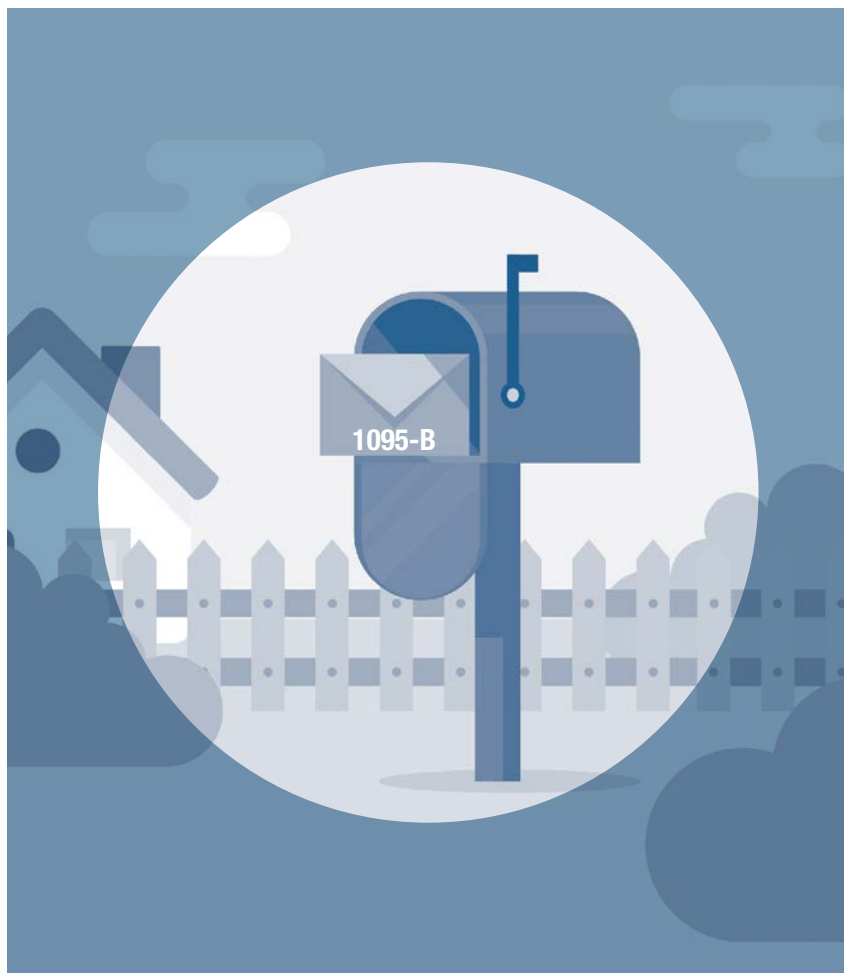
If data suggests the office is valuable to TRS members, TRS will present options to consider establishing additional regional offices in strategic locations across Texas during the 2024-25 biennium.

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

Check Your Mailbox for Your 1095-B



TRS-Care Standard Participants

TRS-Care retirees and their surviving spouses who were enrolled in the TRS-Care Standard, non-Medicare plan during any part of calendar year 2022 will receive a Form 1095-B in the mail from TRS in January. This form verifies you and your dependents had medical coverage under TRS-Care Standard for that portion of the 2022 calendar year.

TRS-Care Medicare Advantage Participants

If you, your spouse or your dependent were enrolled in traditional Medicare or in the TRS-Care Medicare Advantage plan at any time in 2022, you may receive a Form 1095-B from Medicare concerning the period of time you were enrolled in Medicare. If you have Medicare Part B only, you will also receive a Form 1095-B from TRS.

Filing Taxes

When you file your taxes, you'll need to report to the federal government that you and your eligible dependents had medical coverage for all or part of calendar year 2022. People who did not have at least a minimum level of medical coverage during a part of calendar year 2022 may have to pay a fine to the Internal Revenue Service (IRS). All TRS health plans meet the minimum essential coverage requirements because they're 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.

For more information, check out the Form [1095-B FAQs](#).

New TRS-Care Year Begins Jan. 1

Engaging with your TRS-Care health plan helps you stay healthy and improves your health outcomes. On Jan. 1, 2023, a new plan year will begin, which makes this a great time to ensure you are ready to maximize your benefits.

To review your TRS-Care benefits, visit our [2023 TRS-Care Plan Resources page](#). This page will have the plan guides, plan highlights, and more for both TRS-Care Standard and TRS-Care Medicare plans.

Remember: **There are no cost increases to your premiums.** What you paid per month in 2022 is also what you'll pay throughout 2023. However, there are some exciting changes to each plan. Please see below.

TRS-Care Standard

Formulary insulins will be capped at \$25 for a 31-day supply and \$75 for a 60- to 90-day supply. You won't have to meet your deductible first or pay the full cost of insulin. You only have to pay a copay, which will not apply toward your deductible, but will count toward your maximum out-of-pocket (MOOP).

TRS-Care Medicare Advantage

We're happy to announce the annual deductible for TRS-Care Medicare is decreasing from \$500 to \$400! You also now have an improved routine eyewear period. In 2023, you can use your glasses benefit or contact lens allowance once every 12 months instead of every 24 months.

The member discount program (LifeMart) is also adding SilverBills. SilverBills is a financial concierge vendor that ensures you correctly pay household bills, assists with budgeting, and increases financial stability. With TRS-Care Medicare, you now receive 20% off the retail service rate.



1099-R Forms Coming to Your Mailbox in Early 2023

In late January 2023, TRS will send 1099-R forms to those who have received one or more payments from TRS during calendar year 2022.

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. TRS will mail 1042-S forms by mid-March 2023.

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.**

However, you can access your 1099-R information at any time online through [MyTRS](#)! If you haven't already set up your [MyTRS account](#), this is the perfect time to do so. If you are a retiree or a beneficiary of a deceased member receiving a monthly benefit and have registered for [MyTRS](#), you can view and print an electronic copy of your 1099-R form by clicking on "Documents" under the Account Management tab. Forms 1042-S will also be available online.

Please refer to the [1099-R and 1042-S](#) webpage on the TRS website for additional information.



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

Direct Deposit

A friendly reminder: Direct deposit is available as a way to receive annuity payments in place of a paper check by mail. TRS encourages direct deposit as it allows your annuity payments to get to you faster and safer than paper check delivery. To sign up for direct deposit, complete [form \(TRS 278\)](#), [Direct Deposit Request \(pdf\)](#), and return the completed form to TRS. Note: It can take up to 45 days for the new banking information to take effect. Your first annuity payment after making the change may be a paper check.

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_team_risk.aspx

September 2022 Video of Semi-Annual Risk Report

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

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.

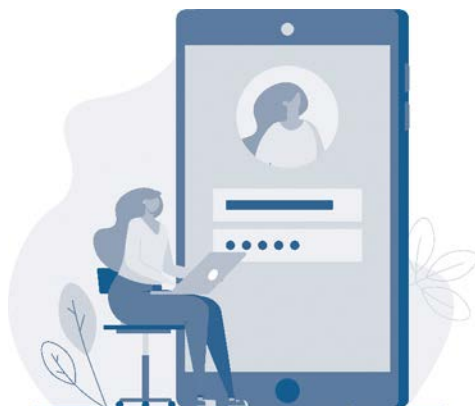
To launch this new video series, we invite you to visit the [Understanding Your Pension Fund](#) webpage on the TRS website. Once you've viewed the videos, we welcome your feedback via this [short survey](#).

Establish Your *MyTRS* Account Today

Whether you want to 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.

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.



1000 Red River Street
Austin, Texas 78701-2698

CHANGE SERVICE REQUESTED

The Next Legislative Session Begins in January



The 88th 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 or by visiting Texas Legislature Online at 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. 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.