

MARCH 2019

# TRS NEWS



MEMBER  
EDITION



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

## Election Begins for Public School District Employee Position on TRS Board



The election for the TRS Board of Trustees Public School District Employee position is now underway. This position will be appointed by the governor from a list of the three candidates who receive the most votes after nomination and election by current employees of a public school district, charter school, or regional education service center (active members). Higher education employees, retirees and those not currently working are not eligible to vote in this election. The term begins as early as Sept. 1, 2019 and ends Aug. 31, 2025.

Biographical information on the candidates who have been nominated and are qualified to run in this year's election is featured on **page 3** of this issue.

Ballots and postage-paid return envelopes are included with this newsletter for those eligible to vote. The ballot contains the names of the candidates seeking to be appointed to the Public School District Employee position on the board. Space on the election ballots has also been provided for write-in candidates. Those eligible to vote will have the opportunity to vote via the internet as well as by mail. Instructions for both voting methods are included with this year's ballot.

To be counted, ballots must be returned in envelopes received by TRS **no later than May 6, 2019**. Internet votes must also be cast by 5 p.m. (CDT) on May 6, 2019. Names of the top three candidates, along with the number of votes they received in the election, will be submitted to the governor. The governor will then appoint one of the three individuals to fill a six-year term beginning no earlier than Sept. 1, 2019.

TRS has contracted with Election-America, an election management firm, to manage this year's election.

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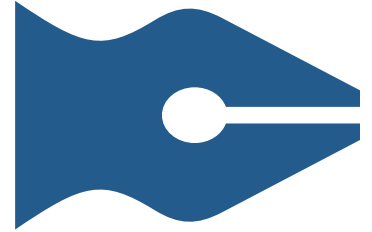


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# Memo to Members

from  
Executive Director  
Brian K. Guthrie



## Board of Trustees

**JARVIS V. HOLLINGSWORTH**  
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**DOLORES RAMIREZ**  
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**DAVID CORPUS**  
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Schertz

**CHRISTOPHER MOSS**  
Lufkin

**JAMES "DICK" NANCE**  
Hallettsville

**NANETTE SISSNEY**  
Whitesboro

**BRIAN K. GUTHRIE**  
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.

The election is now underway to help determine who will fill the public school district employee seat on the TRS Board of Trustees. The term begins as early as Sept. 1, 2019 and ends Aug. 31, 2025. Eligible members will receive a ballot enclosed in this newsletter along with a postage-paid return envelope. Eligible members may also cast their votes by visiting the election site on the TRS website. **Biographical information on all candidates running in this year's election is available on page 3.**

As you may know, the 86<sup>th</sup> Texas Legislature is now in session. To obtain detailed information on bills, call the Legislative Reference Library's Bill Status Information Office at 1-877-824-7038. View proposed legislation through the library's website at [www.lrl.texas.gov](http://www.lrl.texas.gov) or visit the Texas Legislature's website at [www.capitol.texas.gov](http://www.capitol.texas.gov). Following the session, we will report any new TRS-related legislation through the TRS website.

Would you like to know the average age of retirees during this past fiscal year? The answers to questions like this, plus detailed financial information, are included in the 2018 *Comprehensive Annual Financial Report* (CAFR). However, if you prefer to only review the highlights, TRS has published the 2018 *Summary Annual Report*. **Read more about it on page 5.**

If you're planning to retire on or before Jan. 31, 2020, you may be interested in a group retirement session at TRS headquarters in Austin. The sessions will be held over the next few months and seating is limited. **Page 5 includes information about the sessions and how to register.**

Health care costs are a continuing concern for many of us, but you might be surprised to learn how easy it is to avoid making some costly mistakes when it comes to choosing health care for yourself and your family. If you're a participant of the TRS-ActiveCare 1-HD or the TRS-ActiveCare 2 plan, we'll tell you about five of the most common pitfalls to avoid. **Read this important story on page 6.**

Finally, to provide our members with the benefits information they need, TRS is releasing more member education videos. Our most recent video, *Selecting a Retirement Benefit Option*, explains why choosing a benefit option is one of the most important things you'll need to do when applying for retirement with TRS. **Read page 6 to see where you can watch the videos in our Member Education Video Series.**



## TRS Member Satisfaction Survey Planned for this Spring

Beginning this spring, a third-party vendor will conduct a member satisfaction survey to help TRS learn how we can better serve our members and retirees. While TRS is prohibited by law from advocating for legislative changes to member benefits, we strive to continuously improve how we deliver legislatively approved benefits to you. We want to provide you service that is timely, accurate and as convenient as possible whether you contact us by phone, visit our website, apply for benefits by mail, meet in person with a benefits counselor, receive information by mail or electronically, or attend a benefit presentation. If you are asked to participate in this survey, please do so because your input is valuable in helping us better serve you.

# Meet the TRS Board Candidates



**Michael Ball, CPA**

Michael Ball is in his 22<sup>nd</sup> year as a Chief Financial Officer in Texas school districts. He earned his BBA degree in Accounting from TAMU—Commerce and his MBA degree in Finance from Sam Houston State University. He has been a licensed Texas CPA since 1982. His wife, Janet, is a retired teacher and their two daughters are both teachers. Ball is a current member and former board member of TASBO. His professional memberships also include ASBO, TASA, AICPA and TSCPA. He currently serves as a Board Member for the United Way of Denton County and Stilwell Retirement Residence.

ballm@lisd.net



**Rashad N. Muhammad**

Rashad Muhammad currently serves as a Principal in Crowley ISD. He previously served as a teacher in Fort Worth ISD, Hurst-Euless-Bedford ISD, and Volusia County Schools in Florida. In 2016, he was the recipient of the TASSP Region XI High School Assistant Principal of the Year Award. He also serves as a licensed Texas REALTOR®. He and his wife of 13 years, Nirvana, are proud parents of 3 Crowley ISD children. He holds a Bachelors of Science degree in History from Bethune-Cookman College and a Masters of Science degree in Educational Leadership from Nova Southeastern University.

(817) 477-7945

rashad98@gmail.com



**Al A. Rodriguez**

A career Texas educator, Al Rodriguez, Assistant Superintendent, served as teacher and campus administrator before his move to Human Capital. He holds degrees from Texas Tech and Texas State Universities and has completed Doctoral work from The University of Texas — Austin. Holding leadership positions with TASBO and TASP, as well as RTSBA and national pHCLE certification, he extends his service to Texas teachers at the statewide level via various committees for TEA. Al and his wife Jenny, also an educator, have two boys who are students in his community's public schools. Public education and educator retirement security are his priorities.

**Note:** The bios shown above are published in the candidates' own words.



# TRS Releases New Pension Benefit Design Study

***Findings:** existing plan offers better value and retirement security than alternatives*



This past December, TRS released an updated [Pension Benefit Design Study](#) and an [Executive Summary](#) at its quarterly board of trustees meeting. Both documents can be found on the TRS website.

This new study updates the findings from an original study completed in 2012. The document offers Texans fresh insights for consideration: from a fact-based overview of TRS' 81 year-old defined benefit plan, to a comparative analysis of different types of plans. It also highlights potential costs relating to implementation of a new plan structure. TRS prepared the study in coordination with TRS' pension actuary, Gabriel, Roeder, Smith and Company (GRS).

## KEY FINDINGS:

- ⇒ **A total of 96 percent of public school employees do not participate in Social Security. For many TRS members, the only source of lifetime income in retirement is their TRS benefit. A lifetime benefit helps mitigate the risk of a retiree who — due to longevity, market volatility or failure to invest adequately — outlives his or her savings.**
- ⇒ **A majority of TRS members would end up more financially at-risk by investing on their own in a plan with a defined-contribution component.**
- ⇒ **The TRS benefit, as currently designed, replaces roughly 69 percent of a career employee's pre-retirement income when that person initially retires.**
- ⇒ **Alternate plans would be 30 to 124 percent more expensive than the current defined benefit plan to provide the same benefit level upon an employee's retirement.**

**A complete list of key findings can be found in the updated study.**

Through their defined benefit plan, TRS members benefit from the talents of an internationally-recognized and professionally-managed investment team dedicated to producing above-benchmark returns year after year. This award-winning team works under the leadership and oversight of the nine-member, TRS Board of Trustees, appointed by the governor. Both groups are collaboratively engaged in fulfilling their fiduciary duty to manage and invest the trust for the long term.

Today, the TRS Trust is better funded than the average public U.S. pension plan, despite a modest benefit structure and comparatively low contribution rates. While today's TRS plan has long-term funding challenges that must eventually be addressed; small, steady improvements now will have a lasting impact over time. To that end, the study contemplates options for the Texas Legislature to consider leading to a realistic, achievable path toward full funding while addressing the present unfunded liability.

# Planning for Retirement

The TRS retirement plan is a defined benefit plan for eligible employees of public school employers. Upon eligibility you can receive a monthly annuity payment for life. As a member, understanding your benefits and planning for your retirement are some of the most important things that you can do to secure your future. Remember, it's never too soon to begin planning and understanding your benefits. After each legislative session, TRS updates the *Benefits Handbook* to ensure you have the latest information about your benefits. As you near your retirement we recommend that you:

## Follow the Steps for Planning for Retirement

This will help you create an action plan and mark your calendar based on the general timeline outlined in the document. Once you've determined your retirement date, follow the timeline to ensure a successful transition to retirement.

## Familiarize Yourself with Resources Available to You

- Your TRS Annual Statement
- *MyTRS* Retirement Calculator
- Benefits Presentations Across the State
- Field Counseling Appointments
- Group Retirement Sessions (conducted in Austin)
- Office Visits (conducted in Austin)
- Remote Office Visits (conducted through a computer or tablet from the convenience of your home)
- Member Education Videos
- Financial Awareness Videos

## Group Retirement Sessions Planned in Austin

TRS is offering two group retirement sessions at TRS headquarters in Austin on each of the following dates listed below. The Saturday sessions will be conducted simultaneously at 9 a.m. Each session will be limited to 20 members considering retirement on or before Jan. 31, 2020.

**March 16, 2019**

**May 18, 2019**

**July 13, 2019**

Members may register by calling TRS at 1-800-223-8778 and speaking with a benefit counselor.

**We hope to see you there!**

## Summary Annual Report Available Soon on TRS Website



TRS' summary of its 2018 *Comprehensive Annual Financial Report* (CAFR) will soon be available online. The summary will help members who do not wish to read the entire document, but who would like to know the financial highlights that are of greatest importance to them.

The 2018 CAFR summary features easy-to-read charts, graphs and other key information relating to the TRS Pension Fund and health care programs. To view the CAFR summary, visit the TRS website at [www.trs.texas.gov](http://www.trs.texas.gov), select the "About TRS" tab, then click on "Publications," and then "Financial Reports" to locate the 2018 *Summary Annual Report*.

The 2018 CAFR honored the 2019 Texas Teacher of the Year finalists and winners. We are also pleased to feature these distinguished educators, who have demonstrated outstanding leadership and excellence in classroom education, in the 2018 *Summary Annual Report*.

# Five Common Health Care Pitfalls to Look Out For



Most of us want to avoid surprises when it comes to the amount of money we pay for something. Too often, it feels like health care can be full of these “gotcha” moments. Here are a few common mistakes to avoid and prevent unpleasant surprises.

- 1 Using an Out-of-Network Doctor**  
 This is one of the most expensive mistakes to make and the easiest to avoid. First, in-network doctors have lower contracted rates for their services. If you're on the TRS-ActiveCare 1-HD or TRS-ActiveCare 2 plan, you have a separate deductible for out-of-network expenses that can be twice as much. Higher out-of-network expenses cannot be applied to your in-network deductible. Once you do meet your deductible, your coinsurance for out-of-network care is also higher. Always check to be sure your doctor or hospital is in network before your appointment.
- 2 Going to an Emergency Room for a Non-Emergency Condition**  
 Emergency rooms (ERs) are there for life-threatening conditions that require immediate attention. In one of these situations, you should call 911 or go to the nearest ER. If you can't get to your regular doctor but don't require an ER, you have other options. You can use Teladoc to speak with a board-certified doctor from the comfort of your own home. You can also consider going to an urgent care clinic. These clinics cost significantly less than ERs and can treat conditions from broken bones to bronchitis. Be careful though – some freestanding emergency rooms can look like urgent care clinics, especially if they have the word “emergency” in their name. If you're unsure, just ask before you see the doctor. You can also call Aetna to determine which doctors and urgent care clinics are in network.
- 3 Paying Too Much for Diagnostic Services**  
 Higher cost doesn't always equal higher quality, and there can be a huge difference in price for some tests and procedures depending on where you go. Make sure to use Aetna's Member Payment Estimator tool through [Aetna Navigator](#) on the Aetna member website to do some price comparisons before you get the service.
- 4 Always Getting the Brand-Name Medication**  
 Many common medications also have generic versions available. These work in exactly the same way but cost significantly less. When you get a new prescription, be sure to ask your doctor or the pharmacist if there's a generic available. Many generic preventive medications are available at no cost to you or for a low copay.
- 5 Failing to Double Check Your Bill**  
 There are literally millions of claims filed every year through the health care system. It's a good idea to compare the amount your doctor is charging you against the cost of the same procedure listed in your Explanation of Benefits from Aetna that you receive in the mail. If there's a discrepancy, call your health plan administrator to get it corrected. TRS-ActiveCare participants can call Aetna at 1-800-222-9205.

## TRS Releases New Video

Want to learn more about the different benefit options that are available to you when you retire? Watch *Selecting a Retirement Benefit Option* on the [TRS Member Education Videos](#) page on the TRS website or subscribe to our YouTube channel [TRSoftexas](#).



# Important Information on Your 2018 Annual Statement

## 2018 Annual Statement

TRS began preparing annual statements in November for all active members who participate in the retirement system. Statements were mailed in batches and all statements should have been mailed before Dec. 1, 2018.

Information on the 2018 annual statement is for the school year that began on Sept. 1, 2017 and ended on Aug. 31, 2018.

Please note that the 2018 annual statement will not be available on *MyTRS*, but all active members will receive a mailed annual statement this year.

## Information Provided on Annual Statement

The front side of the annual statement features your beginning account balance, the total amount of member contributions deposited into your member contribution account during the last school year, interest credited to your account over that school year, and your account balance as of Aug. 31, 2018. For your convenience, we have also identified taxable and non-taxable dollars in your account, if applicable.

In addition, your date of birth, years of TRS service credit, and TRS membership tier will be displayed. If you worked for a TRS-covered employer during the year **and** you earned a year of service credit, your 2018 salary will be displayed (your 2017-18 school year salary as reported by your employer). Your TRS membership tier defines your specific retirement eligibility requirements and early-age retirement reductions. For an explanation of tiers, please refer to the [TRS Benefits Handbook](#). Depending on your tier and years of service credit, either three or five of your highest salaries will be listed on your statement.

**It is important to let TRS know immediately if any of the information on the annual statement does not match your information. Please read the section below called Important Information Regarding Salary and Service Credit.**

The reverse side of your statement provides information regarding recent changes in the law that may affect you, and outlines what to do if you feel that the service credit shown on your statement is inaccurate or incomplete. The deadlines listed are important for you to understand. This section of your statement also calls attention to the fact that your service credit will be determined on a Sept. 1 through Aug. 31 basis. This is regardless of your contract or work agreement, or your employer's calendar. Creditable compensation for all members is credited on a Sept. 1 through Aug. 31 basis for the 2013-14 and 2014-15 school years. Beginning with the 2015-16 school year, your annual compensation will be determined as defined by the TRS plan terms.

## Beneficiary Information

The 2018 annual statement will not display your current beneficiary information. If you have previously submitted a beneficiary designation form to TRS, it is part of your TRS member records. If you would like to update your beneficiary designation, please complete and submit a [Designation of Beneficiary form \(TRS 15\)](#). The completed TRS 15 may be mailed to TRS or faxed to 512-542-6597.

## Important Information Regarding Salary and Service Credit

TRS encourages you to carefully review your salary and service credit information shown on your statement. Please note that your employer reports salary information to TRS; however, TRS may adjust your salary to meet the requirement for annual compensation as defined by the TRS plan terms. If you have service not shown as service credit on your statement, you must verify that service to TRS within five years from the end of the school year in which you rendered that service. Similarly, compensation not reflected on your statement must be verified within five years from the end of the school year in which it is paid. If you do not notify TRS and verify your service or compensation within the applicable time frame, you will not be able to establish TRS credit for the service or the compensation, and you will not be able to use the service or compensation for TRS benefit purposes.

If you find an error on your statement regarding salary or service credit for the most recent school year reflected on your statement, you may be able to correct the error without additional cost to you other than the member contributions due on the compensation paid to you. However, you must **notify TRS immediately but no later than May 31, 2019** so that it can be corrected by the end of the 2018-19 school year as required by TRS rules.

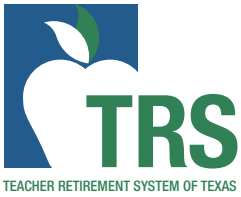
## Retirement Estimate

If you have at least five years of service credit, you will find an unaudited estimate of your potential retirement benefits in the lower section of the front side of the statement. **If you received a retirement estimate prepared by TRS within the previous 12 months, you may not receive an estimate on your annual statement.**

The annual statement shows only TRS service credit and provides a retirement estimate based only on that service credit. If you meet age and service credit requirements for TRS retirement using service credit from another Texas public retirement system participating in the Proportionate Retirement Program, your statement may not include a retirement estimate. Or, if your statement includes a retirement estimate, the estimate may not take into account your service credit from the other retirement system. Please contact each retirement system for more information.

## Additional Information

You can obtain more complete benefit information by reviewing the [TRS Benefits Handbook](#) and the [FAQs](#) on the TRS website.



1000 Red River Street  
Austin, Texas 78701-2698

**CHANGE SERVICE REQUESTED**

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# 2019 Emerging Manager Conference Sets Registration Record

For the 13<sup>th</sup> year, TRS' Emerging Manager Conference — in annual partnership with ERS — succeeded in creating a memorable professional networking opportunity for hundreds of investment managers who joined public and corporate institutional investors, asset allocators and consultants. A record 1,677 people from across the globe registered online ahead of the Feb. 7 event held at Austin's Convention Center. The primary conference goal was to provide industry-leading insights and best practices for the small and diverse emerging manager community.

This year's conference opened with a special video welcome from Texas Governor Greg Abbott who reminded participants how important emerging managers are to building the TRS Trust.

"Emerging managers are crucial to the Teacher Retirement System of Texas," he said pointing out ongoing commitments that, since 2005 total \$5.7 billion. "(The Program) helps to stimulate small businesses and our state's economy."

The video also included testimonials from six managers who are currently working with TRS and its consultants GCM Grosvenor and RockCreek. One video participant, José Feliciano, Co-Founder and Managing Partner of Clearlake Capital Group in California said he is grateful for the partnership the Emerging Managers Program offers.

"Without having a program that had the confidence and the capability of committing during real times of (financial market) dislocation, we wouldn't be here today."

This year's keynote speaker was former U.S. Ambassador to the United Nations Susan Rice who shared her experiences onstage with TRS Board of Trustees Chairman Jarvis Hollingsworth.

In 2019, TRS is committing \$3 billion to further its investment in this important group of managers. Research has shown emerging managers are outperforming some of their more established peers, highlighting the benefit of nurturing early relationships as an important part of growing the TRS Trust over time.