

MARCH 2021



MEMBER  
EDITION



# TRS NEWS



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 will be held from March 15 to May 5. This position will be appointed by the governor. The appointment will come 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 no earlier than Sept. 1, 2021 and ends Aug. 31, 2027.

View page 4 for biographies of nominated candidates who qualify to run in this year's election.

TRS is contracting with Election-America, an election management firm, to manage this year's election. **Election-America will begin sending ballots and postage-paid return envelopes, to those eligible to vote, by March 15. The ballots and envelopes will be mailed separately from this newsletter.**

The election ballot contains the names of the candidates seeking to be appointed to the position. Space is also available on the ballot for write-in candidates. Eligible members will have the opportunity to vote by internet as well as by mail. Instructions for both voting methods are included with this year's ballot.

**To count, completed ballots must be returned no later than May 5, 2021. Internet votes must also be cast by 5 p.m. (CDT) on May 5, 2021.**

## COVID-19 Vaccines Are Covered at 100%

As COVID-19 vaccines are approved and distributed, we want participants to know that all TRS health plans will cover the vaccine at no cost. This vaccine is part of your preventive health care.

State and federal guidelines determine when different groups of people are eligible to receive the vaccine. [The Texas Department of State Health Services \(DSHS\)](#) will update their website as they offer the vaccine to more recipients. TRS has also created a [resource hub on TRS' website](#) that will be updated as we receive information.

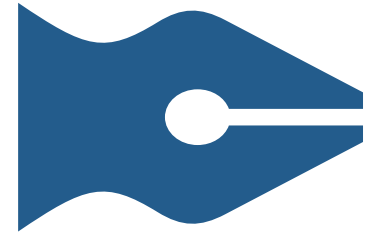
*(continued on page 2)*





# Memo to Members

from  
Executive Director  
Brian K. Guthrie



## Board of Trustees

**JARVIS V. HOLLINGSWORTH**  
Chair, Missouri City

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**MICHAEL BALL**  
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**ROBERT "ROB" H. WALLS, JR.**  
San Antonio

**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.

### Greetings to our active members,

As you may know, the 87<sup>th</sup> Texas Legislature is well underway. Our staff is vigilantly monitoring which proposed bills may affect TRS programs and operations. While TRS isn't allowed to advocate regarding legislative changes, we'll keep you informed of adopted legislation that could impact TRS benefits or health care plans. Watch for our next issue of *TRS News* later this summer as it will include key takeaways from the session.

As health concerns are probably still top of mind, you can feel more at ease knowing all TRS health plans will cover the COVID-19 vaccine at no cost. We're here to help you stay safe and healthy throughout the pandemic. One thing the pandemic hasn't changed is the opportunity to take part in your retirement system. I hope you find this newsletter to be helpful as it includes resources and ways to stay active and informed.

As spring begins, I look forward to the warmer weather and spending time outdoors. With the start of a new season also comes time for reflection. We've all come a long way since this time last year and learned inventive ways to adapt to changing conditions. We thank you for your patience during this time of change. And as always, we thank you for your commitment in allowing us to serve you each day.

Continue to stay in touch with TRS and take care,  
Brian

### COVID-19 Vaccines *continued from page 1*

Here are some important things to know:

- **TRS-ActiveCare participants** have coverage under both medical and prescription benefits. Bring both your Blue Cross and Blue Shield of Texas (BCBSTX) ID card and CVS Caremark ID card as proof of coverage.
- DSHS has an [interactive map](#) of locations and providers distributing the vaccine. You can also call 2-1-1, option 6, for additional assistance.
- There's a limited supply of vaccines during the initial release\*. After you identify a [local provider or clinic](#), be sure to call ahead and ask about availability.
- If you have a high-risk condition, check with the provider or clinic about what, if any, proof of condition they may require.

Please visit our website for more detailed information.

If you have further questions, we encourage you to visit the [Texas Department of State Health Services](#) (DSHS) FAQ page. **Since TRS does not administer the vaccine, calling your provider with more specific questions will be the fastest way to receive answers.**

We're here to be your partner in staying healthy and safe throughout the pandemic. You can also [stay up to date on your COVID-19 health plan coverage by visiting our website.](#)

*\*This article was written during the initial release in January 2021. Supply and demand may change by the newsletter publishing date.*

# Considering Retirement? Plan Ahead to Avoid Delays

**Considering retirement within the next 12 months?** If so, make sure you submit the required forms to TRS as soon as possible to avoid any possible delays. View our [Planning for Retirement timeline \(pdf\)](#) and [Steps to Retirement video](#) for more information on the required forms.

## Unofficial Estimate of Your Retirement Benefits

To receive additional estimates, with your information on file, please visit the [MyTRS](#) Retirement Estimate Calculator. This tool is easy to use. It allows you to explore different scenarios. You'll be able to view an estimate of your retirement benefits within minutes.

## Formal Estimate of Your Retirement Benefits

To request a formal estimate, complete and submit [Form TRS 18 \(pdf\)](#) to TRS as soon as possible. Once you request a formal estimate, TRS will mail you a retirement packet. Normally, you will receive your retirement packet within 60 days, but it can take longer during high volume periods when many members are requesting packets.

During high call volume periods, you may experience longer wait times when contacting our Telephone Counseling Center. If you wish, you may use our callback feature and request a call back without losing your place.

We look forward to helping you!



# Considering Retirement? Learn About the TRS-Care Health Plans

If you're considering retirement or starting the process, TRS has resources you can use to learn about the TRS-Care Standard and TRS-Care Medicare plans. TRS-Care is available for eligible retired public school employees. Upon retirement, you have an initial enrollment opportunity.

These resources include information about the 2021 health plan vendors, plan benefits, recorded webinars and more. You can access them at [www.trs.texas.gov/pages/trs-care2021](http://www.trs.texas.gov/pages/trs-care2021).

If you'll be eligible for Medicare upon retirement, TRS has a webpage dedicated to the turning 65 process and a new quarterly webinar called *TRS-Care Medicare & You*. Visit [www.trs.texas.gov/Pages/healthcare\\_turning\\_65](http://www.trs.texas.gov/Pages/healthcare_turning_65) to learn more and see a schedule of the upcoming webinars!

# Looking Ahead: Working to Better Keep Your Online Information Safe and Secure

In the coming months, a new security enhancement will be coming to *MyTRS*, the online access part of the TRS website.

The security enhancement is called two-factor authentication. This is another way to verify your identity upon logging in to your *MyTRS* account. The security measure will require you to enter a unique code, that TRS will send you, each time you log in. Two-factor authentication will add another layer of protection to make sure only you can access your online account.

Watch for more detailed information in future newsletters, on our website and TRS social media channels. Thank you for your patience as we work to better keep your member account information safe and secure online.

## Public School District Employee Position Candidates



**Cedric T. Menchion** *Chief Financial Officer, Dripping Springs ISD*

Cedric Menchion currently serves as CFO at Dripping Springs ISD. He previously served as the Controller at Killeen ISD and the Treasurer at Austin ISD. He is also an Adjunct Economics Professor at Central Texas College. He earned his BS in Management from Bellevue University and his MS degree in Economics from West Texas A & M. He has been a licensed CFP since 1996. His professional memberships also include TASBO, AFP, GFOA. He serves as a Board Member for LoneStar Investment Pool, Government Treasurer's Organization of Texas, A + FCU, and Region 13 INVESTQ Cooperative – Investment Oversight Board. [cmenchion@outlook.com](mailto:cmenchion@outlook.com)



**Andrew Peters** *Superintendent, Caldwell ISD*

With 29 committed years in Texas public education, Andrew Peters has served as a teacher, administrator, Chief Financial Officer, and Superintendent. He and his wife of 37 years are blessed with three daughters; all of whom have served in public education in the fields of Child Nutrition, Transportation and the classroom. He holds degrees from Corpus Christi State University and University of Houston at Victoria. He has served on various committees at local ESCs and held leadership positions with TASA and Equity Center. Andrew Peters was honored as ESC6 2020 Superintendent of the Year. [apeters@caldwellisd.net](mailto:apeters@caldwellisd.net)



**Kristi McAlexander Cross** *Payroll Director, Katy ISD*

Kristi McAlexander Cross, Payroll Director, has been employed at Katy ISD for twelve years. Born and raised in Lubbock, she graduated from Texas Tech with a BBA in Finance. Her mother, Sue, is a retired teacher/diagnostician and her father Walt was a sports writer and Sports Information Director at Lubbock Christian University and on the SID staff at Texas Tech. She is an active TASBO member, participating in the Payroll Mentor program, assisting in payroll boot camps, and presents on topics at TASBO's annual conventions. She is the mother of three sons who attended or currently attend Katy ISD Schools.



**Elvis Williams** *Chief Operations Officer, Edgewood ISD-San Antonio*

Elvis Williams currently serves as the Chief Operations Officer for Edgewood ISD-San Antonio. Over the past two decades, Elvis has served as a teacher, assistant principal, and principal. He also served as Deputy Superintendent of Huntsville ISD and Assistant Superintendent of Finance and Operations for Del Valle ISD. He holds degrees from Mississippi Valley State and Dallas Baptist Universities. Additionally, he has completed Doctoral work at The University of Texas-Austin. He is an active member of TASA and TASBO. Elvis also served our country honorably as an active duty Marine and Army Reservist with 14 years combined service.



**E. Ariel Elliott** *Superintendent, Greenwood ISD*

Ariel Elliott is in his 31<sup>st</sup> year as a Texas Public School Educator. He served as a teacher, coach, and administrator before becoming a superintendent. Ariel has been the superintendent at Greenwood I.S.D. since 2013. He holds degrees from S.R.S.U. and U.T.P.B. He completed the Bob Thompson Leadership Institute, Cohort XXV, 2017, and he was awarded the Masonic Lodge's Community Builder Award, 2020. Ariel has served on the Board of Trustees of MTCU Educators Credit Union since 2006, and he currently serves on the Executive Committee of the Texas Association of School Administrators. [eelliott@greenwood.esc18.net](mailto:eelliott@greenwood.esc18.net)



**Scot Hafley** *Director of Athletics, Wichita Falls ISD*

Scot Hafley, with over 20 years serving as an educator in many settings across Texas, is currently the Director of Athletics in Wichita Falls ISD. He has lived in Wichita Falls since 2015 with his wife Marisa, a school improvement specialist for Region 9 ESC and their son TJ, a student in WFISD. Hafley earned his BSE from Ouachita Baptist University and his MA from Louisiana Tech. He is an active member of THSCA and THSADA, serving on the policy committee. Scot is a member of the diaconate at First Christian Church and serves on the finance committee. [shafley@wfisd.net](mailto:shafley@wfisd.net)



*Inside the IMD: A Series of Articles about TRS' Investment Management Division*

# What is the Difference Between Public and Private Markets?

By: Jase Auby, TRS Chief Investment Officer



Investing is an activity that can be very simple. For example, an investor can simply purchase equity and bond mutual funds. Or, it can be complex with many decisions regarding the mix of investment types (stocks, bonds, real estate) and investment styles (active, passive, quantitative, fundamental). As you might imagine, running a \$170+ billion pension fund tends to be more complex. Part of that complexity involves how your pension fund is diversified, or said another way, how investment dollars are placed into the mix of investment types.

One of the decisions we make is whether to invest in public markets or private markets.

- **Public Markets** – As nearly any investor can do, TRS buys equity shares in publicly traded companies. We can profit by selling shares for more than we paid or by receiving stock dividends that a company might provide shareholders from time to time.
- **Private Markets** – Alternatively, TRS can use external managers or directly purchase stakes in privately managed assets. These assets do not trade on the stock market and are not generally available to the general public. These private assets include businesses, real estate, energy, agriculture or infrastructure. Some of the assets are built from the ground up. External managers have skill in managing these assets and often benefit from having a long-term focus away from the quarter-to-quarter public eye. By committing to the long term, TRS can earn a premium in excess of where similar assets perform in the public markets.

TRS invests 35% of its assets in private markets. This is allocated in the trust’s benchmark to private equity (14%), real estate (15%) and energy, natural resources and infrastructure (6%).

Our portfolios within the private markets group have performed quite well in recent years, well in excess of the trust’s assumed rate of return of 7.25%:

External Private Markets Portfolio	5-Year Internal Rate of Return
Private Equity	11.6%
Real Estate	10.7%
Energy, Natural Resources and Infrastructure (ENRI)	5.7%
<b>Total</b>	<b>10.4%</b>

Source: [https://www.trs.texas.gov/TRS%20Documents/imc\\_committee\\_book\\_july2020.pdf](https://www.trs.texas.gov/TRS%20Documents/imc_committee_book_july2020.pdf) p. 49

The largest factor behind our ability to commit to the private markets is the long-term focus of our fund. The average dollar in the fund will not be needed to pay benefits for many years. Accordingly, we can be patient with our investments and allow them to accrue return in the private markets while we hold them through dynamic economic and market cycles.

I am proud of the efforts of our External Private Markets Team who invests your assets in these important asset classes. Thank you for the opportunity to earn your trust every day!

TRS encourages members to submit questions about your Investment Management Division for future *TRS News* articles. Contact TRS Communications with your ideas: [rob.maxwell@trs.texas.gov](mailto:rob.maxwell@trs.texas.gov).

# Accessing Opportunity Virtually – Annual TRS Emerging Manager Conference Held Despite Pandemic

The ongoing effects of the global COVID-19 pandemic did little to dissuade investment professionals from gathering and lining up opportunities at the 16<sup>th</sup> annual TRS/ERS Texas Emerging Manager Conference. Total participation at this year's conference, held virtually for the first time, surpassed prior-year numbers. The virtual environment drew around 3,800 participants, according to organizers within TRS' Investment Management Division.

*We are really proud that TRS and our conference partner Employees Retirement System of Texas continue to be such a networking draw year after year for small & diverse investors and capital providers. It shows the value we bring to all parties.*

**Program Head Kirk Sims**

Historically, Austin's Convention Center has been the venue for the event which, in 2020 drew around 1,800 people. For this year's event held Jan. 26, organizers recreated the event via video conference technology. A well-attended draw called the Allocator Hall, first introduced in 2020 was reimagined online this year. The Hall allowed those from small investment firms seeking capital to make introductions one-on-one with large institutional allocators, such as TRS. The Hall was extremely productive, with more than 1,800 meetings set during the six-hour period.



*Conference organizers this year digitally recreated the look and feel of a major convention center including a main hall and break-out 'rooms.'*

This year's keynote speaker was retired four-star general **Colin Powell** who served as the 65<sup>th</sup> U.S. Secretary of State from 2001 to 2005. Powell shared a virtual stage and talked with TRS **Board of Trustees' Chair Jarvis Hollingsworth**.

TRS' Emerging Manager Program is one of the world's most established. Since 2005, it has formed alliances with firms representing all major asset classes, more than half of which are minority- or woman-owned. To date, TRS has committed \$4.5 billion dollars to 190 managers across 323 investments. Seven of those money managers have performed so well, they have 'graduated' to full portfolio manager status and now manage a collective \$3.0 billion for our educators' pension fund in Texas.

"TRS members benefit from this program over the long term," said Hollingsworth. "Typically, when TRS investment teams first form a relationship with a talented individual in this space, their firm is small. But over time, as the firm grows in size and grows its successes, the pension fund shares in those successes in the form of investment returns."

# Follow Along: Long-Term Space Planning Discussions Continue in 2021

TRS continues to work on identifying an appropriate generational solution for its long-term facility needs.

As the state of Texas' population grows, TRS membership grows. To meet our increasing membership and business needs, we've added staff over the years and are running out of space in our current locations. For that reason, TRS continues to look for a space solution that will benefit the agency and its members for many years to come.

In addition to determining where TRS can best serve you for the next 20-30 years, the solution for long-term facilities must also be: cost effective; consider all stakeholders; and support the goal of consolidating all Austin headquarters staff into TRS-owned facilities. Our board members and executive leadership will take into account the expressed desire of members to meet with TRS counselors in person, as well as the abilities and successes of staff working from home and at the office.

We will keep assessing long-term impacts of the pandemic on business operations over the upcoming months. Long-term facilities discussions will take place at upcoming board meetings this year. Tune in to the webcasts to follow the discussion. You can find links to webcasts and all meeting materials at [www.trs.texas.gov](http://www.trs.texas.gov).



## TRS Board Adopts Member Engagement Policy

TRS is always looking for ways to improve how we communicate with and provide information to you, our members.

At the December board meeting, the TRS Board of Trustees adopted a member engagement policy. The policy will enhance and build on the ways we receive feedback and communicate with members.

You can learn about the new policy by visiting the [December 2020 board meeting archives](#) on the TRS website.

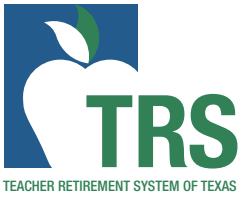
## Miss a TRS Board Meeting? We've Got You Covered

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).





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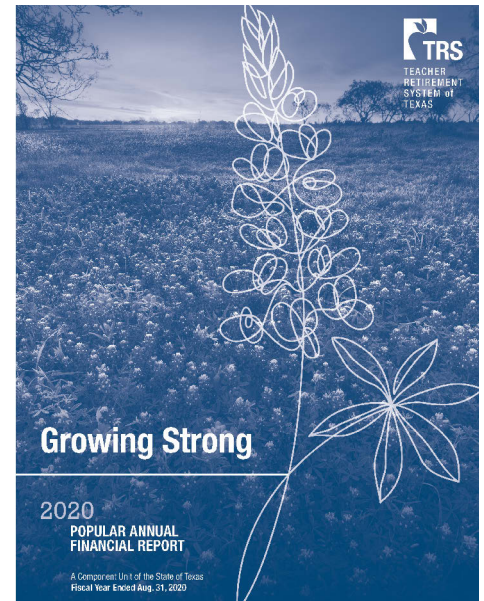
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## 2020 *Popular Annual Financial Report (PAFR)* Available on TRS Website

TRS' summary of its 2020 *Comprehensive Annual Financial Report (CAFR)* is now available online.

The summary has been renamed the *Popular Annual Financial Report (PAFR)*. The PAFR presents financial information in a very easy-to-understand format and will help members who do not wish to read the full CAFR. It features easy-to-read charts, graphs and other key information relating to the TRS pension fund and health care programs.

To view the [2020 PAFR](#), 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."



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## 2020 *Actuarial Valuation Report* Available Online

The [2020 Actuarial Valuation Report](#) for the pension fund is now available.

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.

You can find the report on the Publications page of the TRS website.