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TRS NEWS



RETIREE
EDITION



THE NEWSLETTER of the TEACHER RETIREMENT SYSTEM of TEXAS

Member FAQs: COVID-19



As the COVID-19 situation has evolved, TRS has received a number of questions from members regarding operations and member services. Please find a list of these frequently asked questions and answers below. *Please note: FAQs are current as of the publishing/print date, mid-April 2020. For updates to this information, as they occur, please visit www.trs.texas.gov. You may also want to view TRS' COVID-19 Answers for TRS Members video on our TRSoftexas YouTube channel.*

Will my TRS annuity payment be paid on time?

For current annuitants, **TRS will continue to deliver benefits on schedule**. Rest assured that our entire staff will continue to work diligently to process annuity payments and forms, health care claims, and other core business activities. We will continue to process all member requests as quickly as we can.

Is there anything I can do to ensure I will continue to receive my annuity on time each month?

If you haven't already done so, we highly encourage you to sign up for direct deposit. This will allow your annuity payment to get to you faster and safer than a paper check through the mail. To sign up for direct deposit, complete the [Direct Deposit Request form \(TRS 278\)](#), located on the Forms page of the TRS website, and return the completed form to TRS.

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TRS Selects New Medical Plan Administrators for TRS-Care Plans

Starting Jan. 1, 2021, Blue Cross and Blue Shield of Texas (BCBSTX) will serve TRS-Care Standard participants and UnitedHealthcare (UHC) will serve TRS-Care Medicare Advantage participants.

At the Feb. 21, 2020 meeting, the TRS Board of Trustees selected new medical plan administrators of the retired public school employee health benefits programs. **These contracts will take effect on Jan. 1, 2021.** BCBSTX will serve as the medical plan administrator of TRS-Care Standard, the plan for retired public school employees and their families under age 65. UHC will serve as the medical plan administrator of TRS-Care Medicare Advantage, the plan for retired public school employees and their families with Medicare.

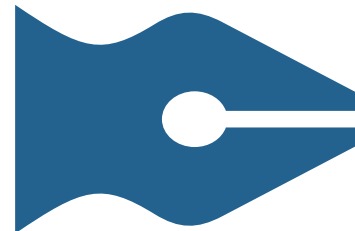
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Memo to Retirees

from
Executive Director
Brian K. Guthrie



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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,

We know you may have questions and concerns about how TRS has been operating the last few weeks given the uncertainties of COVID-19. At TRS, the health and safety of our members and employees are our top priority. As Texas and the nation grapple with the impact of COVID-19, I want to assure you that TRS is here to continue providing pension and health care benefits and services to members; working diligently on core business activities; and ensuring that the TRS Trust Fund is managed prudently. While the stock market has been volatile, the trust fund is well-positioned to meet the demands of these market upheavals. The TRS portfolio is structured on a 30-year time horizon to ensure TRS investments can pay member benefits for decades to come. Your annuity payments are safe and will be delivered on schedule. To stay up to date on how we're continuing to serve you during this time and how we're responding to the changes demanded by public health best practices, continue to frequently check the TRS website at www.trs.texas.gov and TRS social media channels. For answers to some of the frequently asked questions we've received from members, see [page 1](#).

Many of you have questions about TRS' long-term space planning, especially in regard to a location for our investment staff. We provide the latest information on [page 4](#). Also, at the February board meeting, trustees selected new plan administrators for the TRS-Care health care plans. Blue Cross and Blue Shield of Texas (BCBSTX) will serve TRS-Care Standard participants and UnitedHealthcare (UHC) will serve TRS-Care Medicare Advantage participants. Read more about this significant change on [page 1](#).

Last fall, the Sunset Advisory Commission began reviewing the mission and performance of TRS. If you'd like to learn more about the Sunset process and timeline or opportunities for engagement, read more on [page 5](#).

A friendly reminder, if you're receiving monthly payments from TRS, this may be a good time to review and consider changing your federal income tax withholding preferences. You are not required to change your withholding preference if the current withholding meets your needs. Learn more on [page 7](#).

At TRS, we know turning 65 can bring up big questions for our health plan participants. This is why we created our *Turning 65 Soon?* video, which guides our participants step-by-step through the process of transitioning from their TRS-Care plan to TRS-Care Medicare Advantage. To learn where you can find this video, please see [page 8](#).

Finally, if you have questions about your 1099-R Form, please read [page 8](#) for more information on where you can find our frequently asked questions and answers.

Take care,
Brian

Member FAQs: COVID-19 *continued from page 1*

Is the TRS Pension Fund safe since there are so many stock market upheavals?

Yes, the fund is invested for the long term and is designed to withstand market upheavals. On your behalf, we invest in a variety of asset classes. That includes stocks, bonds, real estate, alternative assets, and cash.

And know that there is plenty of cash available to keep paying your monthly benefits well into the future.

Are employees in the office to receive my forms?

Yes, we have a number of employees onsite to receive, process, and mail out member benefit forms. We can assure you that all forms will be processed as quickly as possible.

What do I need to do if I want to set up an appointment with a benefit counselor?

Please call 1-800-223-8778. To help keep members and staff safe and healthy during this time, a counselor can set you up for a telephone counseling appointment or a live video conference.

When will I be able to meet with someone in person?

Please monitor our website for updates. TRS is not currently offering in-person scheduled or walk-in counseling appointments. The TRS Board and executive leadership will continually assess the situation and will actively update the TRS website and social media feeds as information comes available.

How long will TRS continue to conduct business in this regard?

Due to the rapidly unfolding COVID-19 situation, TRS has moved to remote work for the majority of TRS employees. A number of TRS staff remain at TRS' headquarters to ensure employees have access to specific resources if required. The TRS Board and executive leadership will continually assess the situation and will actively update the TRS website and social media feeds as information becomes available.

What impact will school closures have on TRS service credit?

To earn a year of membership service credit, you must work in a TRS-eligible position or receive paid leave from a TRS-eligible position at least 90 days in a school year (Sept. 1 through Aug. 31). Your TRS-covered employer reports the number of days worked, to TRS, on a monthly basis. Your member account is updated with a year of service credit once 90 days have been reported. If you continue to work or receive paid leave during the school closures, your employer will continue to report work and paid leave days to TRS.

I am a substitute teacher. How will the school closures impact my TRS account?

Service as a substitute is not eligible for membership in TRS. Member contributions are not deducted from your pay and you do not earn TRS service credit.

If you work as a substitute for a minimum of 90 workdays in a school year (Sept. 1 through Aug. 31), you may qualify to purchase this service. You must verify your substitute service with your employer by completing a [*Verification of Substitute Service and Salary form \(TRS 22S\)*](#). This form **must** be received by TRS by the end of the fifth year after the year in which the service was rendered.

For example, if you work as a substitute between Sept. 1, 2019 and Aug. 31, 2020, you must file the completed TRS 22S by Aug. 31, 2025. Once the TRS 22S is received, we will send you a cost statement so that you can purchase the service credit.

If your school is closed and you are not working, those days are not eligible to be verified on the form (TRS 22S). Substitute service requires rendered services.

I need to withdraw my money. Can TRS still handle this request?

Yes, Benefit Services staff members are processing refund requests. Nothing has changed with this process.

I have applied for a refund of my TRS account. My employer's office is currently closed. Will this delay my refund?

Once TRS receives a refund application, we will contact your employer to confirm your employment termination.

For example, if March 2020 is your final deposit to your TRS account, your employer should report this deposit to TRS by April 6. With school closures and office staff working remotely, submitting of the report may be delayed. If we do not receive the report and deposit by April 15, we will begin processing a refund for your current account balance. Once we receive the final deposit, we will issue a second refund.

Please note: Each refund situation is different and processing times may vary. TRS processes refund requests as they are received. We will contact you if additional information is needed to process your request.

Am I able to withdraw a portion of my TRS Account Balance?

Please see the FAQs in our [*Requesting a Refund Brochure*](#), available on the TRS website.

Update on Long-Term Space Planning

Many of you have expressed concerns regarding TRS' long-term space planning, including the Indeed Tower lease. I want you to know that the TRS Board of Trustees and I hear your concerns and are committed to providing open and transparent communications as TRS continues to address long-term space planning issues.

After considerable input from our members and the public, and a full discussion at our Feb. 20 board meeting, TRS trustees decided that the agency would not move the Investment Management Division (IMD) into Indeed Tower and to sublease the space. We will negotiate a lease renewal and expansion at our existing downtown lease space, 816 Congress Ave.

While our investment team has been in leased space on Congress Ave. for almost 11 years, the majority of TRS staff who provide member services have worked at the TRS headquarters building at 1000 Red River Street since 1973. Since then, our membership has grown from 390,000 to more than 1.6 million. As we've added staff to meet our growing customer service needs, we are nearly out of space in our current locations. As we determine where best to serve you for the next 50 years, any solution must prove favorable and prudent to the trust. The final decision will be based on member and business needs; cost of a new headquarters outside of downtown; value of the existing Red River campus (including possibly leasing the building) to offset cost of a new headquarters; and an analysis of renovating and expanding our Red River campus.



We are always committed to improving our service to you, our members. In addition to space planning efforts in Austin, TRS is also reviewing an option to pilot a regional office well outside of Austin so that it's easier to stay in contact with members throughout the course of their careers. I want to assure you that should we move forward with opening a regional office, this initiative would not involve the construction of new buildings. TRS is looking for ways to co-locate in state-owned properties and hire local employees. The regional office proposal will be evaluated throughout 2020-21 with the potential to open our first regional office in 2022. I would also like to thank those of you who participated in our regional offices survey. Your feedback helped us to better understand your needs and preferences.

Long-term space planning is complex, with many moving parts. It is my hope that the information provided here has been informative and helpful in understanding the space challenges faced by TRS. Please know that we care about you. Your comments and criticisms are important to us — I have shared them with my entire executive team and the TRS Board of Trustees. I will continue to thoroughly evaluate all options for TRS' future space needs and engage you and the TRS Board of Trustees every step of the way.

Best,
Brian Guthrie

Sunset Advisory Commission Review Underway

Last fall, the Sunset Advisory Commission began reviewing the mission and performance of the Teacher Retirement System of Texas (TRS). If you'd like to learn more about the Sunset process and timeline or opportunities for engagement, please visit the [Sunset Advisory Commission Invites Public Input](#) page on the TRS website. This can be found by going to www.trs.texas.gov and clicking on the appropriate link located on the homepage.



TRS Selects New Medical Plan Administrators for TRS-Care Plans *continued from page 1*

TRS strives to maximize the value of every health care dollar and this includes competitively bidding our contracts to ensure you and your family receive the highest value health benefits. BCBSTX will save TRS-Care Standard \$140 million over three years. UHC's financial offer will save the program \$314 million over five years.

What factors contribute to the decision for TRS-Care Standard?

BCBSTX made a strong commitment to support TRS in building primary care-based health care delivery and increasing the value of TRS-Care Standard. Their negotiated provider rates offer greater savings to the program and its participants, and they have a broader network, thereby improving access to health care services for public school retirees and their families. Not only does BCBSTX's robust provider network have deep roots in the Texas health market, most TRS-Care Standard participants' current providers are in the new network, which means lower levels of disruption during the transition.

What factors contribute to the decision for TRS-Care Medicare Advantage?

UHC will bring a broad network of providers for the Medicare population, giving retirees a wider choice when choosing doctors to manage their care. In fact, 99% of the providers that TRS-Care participants use the most are in the network. UHC and TRS are both committed to ensuring that providers know that the plan is still TRS-Care Medicare Advantage where participants can see any provider who accepts Medicare or will bill UHC.

In addition to UHC's savings and broad network, they will also bring the extra benefits and services that you know today, including gym memberships and post-discharge meals, plus new ones such as routine chiropractic visits.

What does this mean for you?

- **ID Cards:** You can continue to use your current health insurance cards through Dec. 31, 2020. BCBSTX and UHC will issue new ones at the end of the year.
- **Providers:** You'll be able to check the online provider search tools later this year to ensure which providers are in-network.
- **Undergoing Care:** If you'll be undergoing care over this change, we will coordinate with you on a personalized transition of care plan.
- **Prescription Drugs:** Your prescription drugs are not changing. TRS-Care Standard participants will continue to have access to coverage through CVS Caremark. TRS-Care Medicare Rx participants will continue to have access to coverage through SilverScript.
- **2021 Rates and Benefits:** Your rates and benefits will remain the same for the upcoming plan year. The 86th Texas Legislature appropriated \$231 million to keep TRS-Care premiums the same through 2021, and the added savings from these contracts allow TRS to support this commitment.

Where can I find more information?

We'll communicate updates through our [TRS Health Plan Transition webpage](#) and digital health newsletter, *The Pulse for TRS-Care*. Visit our email subscription webpage, [Subscribe!](#), for instructions on how to sign up.

TRS will be hosting our annual health care info sessions across the state this fall where participants can meet with their new plan representatives and receive benefit updates from them. Look for your invitations in the mail this fall! Over the next several months, BCBSTX and UHC will set up customer service lines and websites where you can find your plan-related materials and see which providers are in the network.

Where Access Met Opportunity, the Theme for TRS' 15th Annual Emerging Manager Conference

Global investment managers again flocked to Austin for TRS' 15th annual Emerging Manager Conference on Feb. 26. An engaging day of panel discussions and networking events at the city's downtown convention center drew attendees from around the continent, about 1,500 – a 20% increase over last year's event, organizers confirmed.

"We tried something new and the response was overwhelmingly enthusiastic from the managers," said **Kirk Sims, Head of TRS' Emerging Manager Program**, who began his role with TRS soon after last year's conference.

Hopefully (newer managers) hold places for us in their investment portfolio so we can continue to invest with them when they're more (of) scale so we get more impact day-to-day for our members.

– TRS Board of Trustees' Chairman Jarvis Hollingsworth

This year's theme centered on providing participants access to investors via unique, one-on-one networking opportunities. The primary innovation was in Allocators' Hall where personnel from more than two dozen organizations, including public pension funds like TRS, were able to efficiently meet with budding financial managers. Many managers were able to make personal introductions with the goal of showing their value and experience as potential investment partners.

The broader objective of the annual conference is to provide industry-leading insights for the small and diverse emerging manager community. The conference is also a forum for emerging managers to get to know investors and industry leaders from across the country in an authentic and up-close setting.



Conference attendees discuss new investment opportunities and ideas in the Allocators' Hall, Feb. 26, 2020.

This year's conference featured two exciting speakers: **Robert Kaplan, President and CEO of the Federal Reserve Bank of Dallas** who offered his views on economic conditions and what is driving his outlook. **Mary Callahan Erdoes, CEO of Asset & Wealth Management at JPMorgan Chase** spoke in the afternoon about her firm's positions in today's market environment.

TRS' Emerging Manager Program is one of the oldest in the nation. Established in 2005, TRS has committed \$5.7 billion dollars to 179 managers for a total of 272 investments. Seven of those firms have done so well, they have been promoted to full portfolio manager status and now manage a collective \$2.8 billion for Texas' teachers. Over the longer term, Sims said 52% of total allocations have been to diverse managers, with 64% of allocations made in 2019 going to minority- and women-owned firms.

According to Sims' annual presentation to the TRS Board of Trustees, the program's performance has been strong, averaging 11.1% over the last three years, beating benchmarks.

During February's board meeting, **Board of Trustees' Chairman Jarvis Hollingsworth** said the Emerging Manager Program appears to be accomplishing its objectives. He stressed the importance of building relationships with investment managers when they are newer to the industry.

"Hopefully (newer managers) hold places for us in their investment portfolio so we can continue to invest with them when they're more (of) scale so we get more impact day-to-day for our members," Hollingsworth told trustees.

Notice to Retirees and Beneficiaries About Tax Withholding

Are you receiving monthly payments from TRS? If you answered yes, this is a good time to review and consider changing your federal income tax withholding preferences.

You are not required to change your withholding preference if the current withholding meets your needs. This article provides instruction on how to check your current withholding preference and how to change it *only if you wish to do so*. If you are satisfied with your current withholding amount, you DO NOT need to take any action.

If you wish to see your current withholding preference (such as married with one allowance) and your monthly withholding amount, you may do so through *MyTRS* on the TRS website (www.trs.texas.gov).

If you would like to estimate a new withholding amount, there are two calculators available to you through the TRS website.

- The first calculator is the *MyTRS* Withholding Calculator. When you log in to *MyTRS*, you can select the link to the Withholding Calculator found in the left-hand menu. The calculator will display your current annuity and withholding preferences. Simply follow the calculator instructions. You can modify your marital status, the number of exemptions and other deductions to estimate changes in your withholding.
- There is also a generic income tax withholding estimate calculator on the TRS website that you can use to estimate taxes; this calculator does not require you to log in to *MyTRS*. It does not import any data; you enter your data to perform the estimate.

If you wish to change your withholding preference, you may do so online through *MyTRS*. Log in to *MyTRS* and select “Modify Withholding Preference.” If you prefer to submit a paper form, you may also change your withholding preference by printing a copy of the [Federal Income Tax Withholding Certificate](#) form (TRS 228A) from the TRS website. Go to www.trs.texas.gov, click on the Retirees and Beneficiaries tab at the top of the page, then select Forms from the right-hand column. Under the Retirees and Beneficiaries section, select form TRS 228A. Then, prepare, print and sign. For your convenience, a link to the current tax tables is provided within the form. Alternatively, you may call TRS at 1-800-223-8778 and use our automated telephone system to request a form TRS 228A. Completed forms should be mailed to TRS at 1000 Red River St., Austin, TX 78701 or faxed to 512-542-6597.

New withholding preferences apply to future payments only; TRS cannot apply a new preference to payments already made.

TRS will withhold federal income tax on monthly annuity payments to retirees and beneficiaries unless you elect not to have withholding apply. You have the right to elect not to have withholding apply to your monthly payments from TRS. Your preference will remain in effect until you revoke it. You may revoke a preference of no withholding at any time by following the instructions in this article.

If you elect not to have withholding apply to your TRS payments, or if you do not have enough federal income tax withheld from your TRS payments, you may be responsible for payment of estimated tax. You may incur penalties under the federal estimated tax rules if your withholding and estimated tax payments are not sufficient.

Please note: If you are not a U.S. citizen or resident alien of the U.S., you may not forgo having withholding apply to your TRS payments. TRS is required to withhold 30 percent for federal income tax unless you qualify for benefits under a U.S. tax treaty. If so, you must notify TRS of your eligibility for reduced withholding or exemption from withholding and provide TRS with the required documentation.



If you have questions regarding your tax withholding status, TRS suggests you contact a tax professional.



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Have Questions about Your 1099-R Form?

For helpful [information and FAQs](#), visit the TRS website at www.trs.texas.gov. Click on the Retirees and Beneficiaries tab at the top of the homepage, and then click on Annual 1099-R Income Tax Form.



New Health Care Video Released: *Turning 65 Soon? Find Out how You can Prepare for this Milestone*



As a retired Texas public school employee, you're entitled to receive health benefits through TRS. When you turn 65 and become eligible for Medicare, you have new health plans with richer benefits available to you. This transition does not happen automatically, and there are important steps you need to take to get health coverage through TRS. Follow the four simple steps mentioned in this video to successfully enroll yourself in the TRS-Care Medicare plans.

Watch this video on the [TRS.TV Videos](#) page of our website or subscribe to our YouTube channel [TRSoFTexas](#).