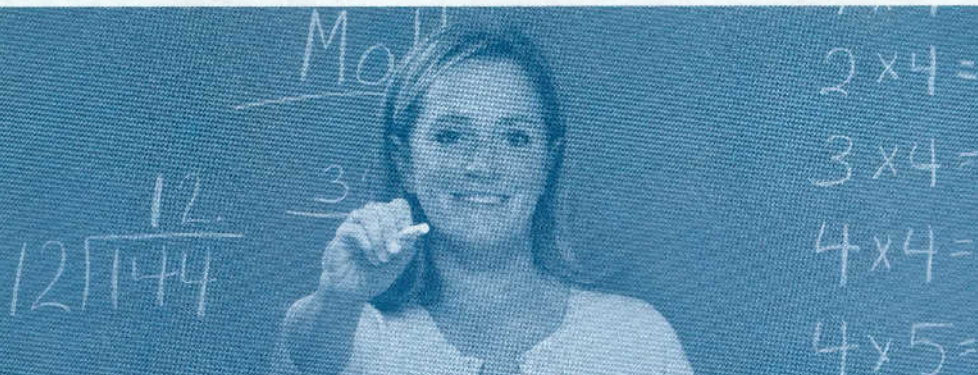


# TRS NEWS

MARCH 2017

TEACHER RETIREMENT SYSTEM OF TEXAS



## Elections begin for retiree, at-large seats on TRS Board

Elections for two TRS Board of Trustee positions are now underway. One position will be appointed by the governor from a list of the three candidates who receive the most votes after nomination and election by TRS retirees who are receiving benefits. The other position, a new at-large seat on the board, will be appointed by the governor from a list of the three candidates who receive the most votes after nomination and election by both TRS retirees *and* active members. The at-large seat on the board was formerly reserved for a candidate from higher education. Both appointments will be for terms expiring on Aug. 31, 2023.

Biographical information on the candidates who have been nominated and qualified to run in this year's elections is featured on pages 4 and 5 of this issue. Both eligible retirees and active members may now cast their ballots in the at-large election. In addition, eligible retirees may cast their ballots in the retiree election.

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

Eligible retirees will receive a ballot containing the names of those candidates seeking to be appointed to the retiree position

on the board. That ballot will also contain the names of those candidates seeking to be appointed to the at-large position on the board. Retirees may vote for one candidate in **both** of these elections. Space on the ballots has also been provided for write-in candidates.

Active members will receive a ballot containing only the names of the candidates seeking to be appointed to the at-large position on the board. Space on the at-large election ballots has also been provided for write-in candidates.

TRS active members whose most recent credited service was performed for a Texas public education employer or a Texas higher education employer are eligible to vote in the at-large election. Texas public education employers include public schools, regional education service centers and charter schools. Higher education employers include state universities, community colleges and junior colleges.

Both eligible annuitants and active members 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 ballots.

*Cont. on page 4*

## Group retirement sessions planned

Beginning in March 2017 and continuing through July 2017, TRS will conduct group retirement sessions at the TRS building in Austin. Tuesday, Wednesday and Thursday sessions will be conducted at 9 a.m. and 2 p.m. Scheduled presentation dates may be found on the TRS website, [www.trs.texas.gov](http://www.trs.texas.gov). Each session will be limited to 10 members considering retirement on or before Jan. 31, 2018.

Additionally, there will be two sessions conducted simultaneously each Saturday listed on the TRS website. Each Saturday session will be limited to 20 members considering retirement on or before Jan. 31, 2018. The Saturday sessions will be conducted only at 9 a.m.

Members may register online through *MyTRS* or by calling TRS at 800-223-8778 and speaking with a benefit counselor.

The 85th Texas Legislative session is now underway, and legislators are considering a number of proposed bills, including some that may impact your TRS pension and health care benefits.

You may recall that the 84th Texas Legislature created a joint interim committee to study TRS-Care, our retiree health benefits program, and TRS-ActiveCare, our active member health benefits program. Current projections to the TRS-Care balance show a shortfall ranging from \$1.3 to \$1.6 billion for the 2018-19 biennium. TRS has worked closely with the legislature and the joint interim committee to provide information as they have been considering various options, and we continue to serve as a resource for them. It is likely that, during this session, legislators will take action to address the long-term solvency and affordability of TRS-Care.

A number of other bills relating to TRS will also be considered during the session. Information on such bills may be obtained by calling the Legislative Reference Library's Bill Status Information Office at its toll-free number (877-824-7038), by visiting the library's website at [www.lrl.state.tx.us](http://www.lrl.state.tx.us) or by visiting the Texas Legislature's website at [www.capitol.state.tx.us](http://www.capitol.state.tx.us).

Elections for two TRS board positions are now underway. One election is for the retiree seat on the board, while the other election is for a new at-large seat. Biographical information on all the candidates is featured on pages 4 and 5 of this issue. Both eligible retirees and active members may now cast their ballots in the at-large election. In addition, retirees may also cast their ballots in the retiree election. Please review the election article and candidate biographies in this issue and then exercise your right to vote.

This *TRS News* issue also contains articles on a variety of topics, including those relating to changes to recent board rules, our newly updated *Employment After Retirement* brochure, and a new online interactive tool to help you understand and use your TRS health plan. Also included in this issue are articles on upcoming group retirement sessions, the latest installments in our financial awareness video series and information to help you make the most of your TRS health care benefits. Please take a moment to read through this issue to learn more about your pension and health care benefits. We also hope you will visit our website and take a look at our *2016 Summary Annual Report*. The just-published report provides an easy-to-read update regarding TRS and our most recent financial condition.

Unfortunately, I must end this month on a sad note. We at TRS were saddened to learn that TRS Trustee Anita Smith Palmer passed away this past January. Anita served as a dedicated member of the TRS Board of Trustees from September 2011 until her passing. Not only did she serve as the chair of the board's benefits and budget committees, but she also was a member of the audit, compensation and policy committees. We will miss Anita's inquisitive mind, caring heart and ever-present smile. Thanks to her dedication to the students and public education employees of Texas, her contributions will live on to benefit others for years to come.

## Board of Trustees

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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.

# TRS Board adopts changes to rules

The TRS Board of Trustees adopted changes to several rules and added one new rule at its December 2016 meeting. The changes to existing rules and the new rule are favorable changes for TRS members and are currently available for review on the TRS website.

The rule changes affect:

- Performance pay for the 2011-12 school year
- Limits on salary increases in the final years before retirement (10 percent limit rule)
- Cost of unreported compensation
- Proportionate retirement

**Performance Pay:** The change to §25.24 of the TRS rules regards the crediting of performance pay. The change confirms TRS' application of the existing rule and ensures consistency by providing that performance pay earned prior to the 2011-12 school year but paid in the 2011-12 school year will be credited to the 2011-12 school year.

**Limits on Salary Increases:** The change to §25.31 regards the percentage limit on salary increases in the final years before retirement and provides that the base year used to determine the amount of the allowable increase from one year to the next must be a year in which the member received service credit. Formerly, the rule simply required that the member have just compensation credited in the base year. The changes to this rule also require that a member who is grandfathered for the use of three years in the final average salary must have service credit in at least three of the last five school years in order for the percentage limit to apply. For members who are not grandfathered for the use of three years in the final average salary but rather must use a five-year average salary, the changes to the rule require that non-grandfathered members must have at least five years of service credit in the last seven

school years before retirement in order for the percentage limit to apply. Formerly, the rule simply required that the member have compensation credit in three of the last five or five of the last seven years of service credit, depending on grandfathered status.

**Cost of Unreported Compensation:** The changes to §25.303 clarify how the actuarial cost to purchase unreported compensation credit is calculated by deleting language that seemed to indicate that the cost factor would simply be applied to the increase in the final average salary and clarifying that the additional compensation must first be divided by three or five – depending on whether the member is subject to a three-year or five-year final average salary. The quotient is divided by 1,000 and then the result is multiplied by the appropriate cost factor obtained from the tables adopted by the board of trustees. Additional changes provide that in calculating the cost of the compensation credit, TRS will use the member's age and years of service credit on Sept. 1 of the year the cost is established. By using the age and service credit on Sept. 1 of the year the cost is established, a member is not charged more for the compensation credit if the request is made later in the school year after another year of service credit is earned or after the member has a birthday.

**Proportionate Retirement:** Finally, §29.83 is a new rule that regards the Proportionate Retirement Program. The Proportionate Retirement Program allows members who have maintained service credit in another retirement system in Texas that also participates in the program to combine the service credit in participating retirement systems to establish eligibility for service retirement benefits. However, the amount of the service retirement benefit is based solely on the service credit maintained in the system from which the member is retiring. The new rule provides that the combined service credit will also be used in determining the early-age reduction applied to a member's TRS service retirement benefit.

## CAFR summary financial report available on TRS website

TRS' summary of its *2016 Comprehensive Annual Financial Report* (CAFR) is now available on the agency's website. 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 2016 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 *2016 Summary Annual Report*.

# 2017 At-Large Election Candidates



## Dr. Greg Poole

Dr. Greg Poole, superintendent at Barbers Hill ISD, is a sixth-generation Texan and third-generation public educator who has served as a math teacher, MS/HS principal and AD/head coach. He holds degrees from SHSU, TAMU and Cameron Yoe. Poole was previously elected to the TRS Board, chairing the Audit Committee, and is executive director and founding member of the BH Foundation (\$20.5 million). He was elected to the UIL Legislative Council (Chairman 2012), currently chairing the Athletic Committee. Greg and his wife of 30 years have three children, all products of our public schools. Info regarding Dr. Poole at [www.bhisd.net/superintendent](http://www.bhisd.net/superintendent).

## Karen Charleston

An Austin native with a B.A. in music education from Huston-Tillotson University, Karen Charleston retired from Prairie View A&M University after 29 years of service. While at PVAMU, she presented seven buildings to be listed on the National Register. She serves as a present board trustee with TRS Texas, chair of the Risk Management Committee, member of the Budget, Audit and Benefits committees. TSEU, Houston Volunteer Initiatives Program, NCTR conferences, TAFT, Houston-Harris County R. T. A., Alpha Kappa Alpha and Tau Beta Sigma sororities. Ms. Charleston actively supports the TRS IMD Summer Program and the Texas Legislative Internship Program. [tkcharleston1@gmail.com](mailto:tkcharleston1@gmail.com)



## Nanette Sissney

A public educator for 26 years, Nanette served on the TRS board from 2009-2016. She served as vice chair as well as budget and compensation committees chairs. At her term's end, TRS trustees unanimously recognized Nanette for her contributions to a legislative study, which enabled the legislature to make modifications making the pension fund actuarially sound, allowing the first permanent cost-of-living increase for most retirees in more than a decade. Leadership positions have included: TCTA state president and NCTR legislative committee. B.A., Texas Woman's University; M.Ed., Southeastern Oklahoma State University. Retirement security of Texas educators remains her priority. [nsissney@whitesboroisd.org](mailto:nsissney@whitesboroisd.org)

## Hiram Burguete

Hiram Burguete, Mission CISD Payroll and Benefits Administrator, has served in this capacity for 20 years in two South Texas school districts with employee populations of 7,700. He holds a B.B.A. in Accounting from the University of Texas-Pan American. He is active in his church and community. Professional affiliations include: Texas Association of School Board Officials, Past President-VASBO, Past President-Mission Rotary, Past President-McAllen Lions, Past Chairman-McAllen City Zoning Board Adjustment-Appeals, Education Foundation of Mission CISD, Mission Historical Museum. Mr. Burguete remains abreast of TRS rules/guidelines and advises employees concerning them through his everyday duties and responsibilities. Work (956) 323-5520



## Board elections - cont. from page 1

Ballots and postage-paid return envelopes are included with this newsletter for those eligible to vote. To be counted, ballots must be returned in envelopes received by TRS **no later than May 5, 2017**. Internet votes must also be cast by 5 p.m. (CDT) on May 5. Names of the top three candidates, along with the number of votes they received in each election, will be submitted to the governor. The governor will then appoint one of the individuals in each election to fill a six-year term beginning as early as Sept. 1, 2017.

# 2017 Retiree Election Candidates

## James D. Nance

After 35 years of service as a teacher, coach and athletic director, Nance retired from Pasadena ISD. He has been a two-time Paul Harris Fellow while a member of the Pasadena South Rotary Club, member of the Hallettsville Lions Club, board member of Hallettsville ISD Education Foundation, and past president of Lavaca County RTA. Nance is currently a member of the TRTA Finance Committee, and President of TRTA's District III. Nance was inducted into the South Houston High School Hall of Honor for distinguished faculty. Education: Bachelor of Science, Masters in Education and Mid-Management degrees from UH. (C) 832-347-1600



## Fran Plemmons

Fran retired in 2002 after serving as an elementary teacher and principal for 25 years. She received her bachelor's degree from Washburn University in Topeka, Kansas and a master's degree from UT-Tyler. She monitored schools through the TEA Texas School Improvement Initiative. After retiring, Fran joined the Texas Retired Teachers Association and has served at all levels of the organization, culminating in serving as president of the TRTA state organization. Fran is a member of Jamestown Society and Texas First Families. She and her husband have been married for 50 years. They have two children and four grandchildren. (C) 512-547-9135



*Note: The preceding bios on pages 4 and 5 are published in the candidates' own words.*

## TRS to release more financial awareness videos



This spring, TRS will release more animated whiteboard videos in the financial awareness video series. The videos are intended to help our current members learn even more about retirement self-sufficiency.

The series introduces members to three interrelated themes: what you have – your TRS defined benefit plan; what you need – to save more; and how to get it – by saving smart. The new videos will cover refunds, financial advisors, Social Security, inflation, compound interest, saving in a tax-deferred plan, enrolling in a 403(b) plan, and understanding 403(b) fees.

Sign up for *MyTRS* Email Subscriptions to be notified when new videos are released.

# ALEX: Your personal, online health benefits counselor

ALEX is an interactive, online tool – with personality – designed to help you better understand and use your TRS health plan. ALEX:

- helps you understand how your medical plan works – without all the insurance jargon
- explains what you pay out of pocket
- defines key terms simply, and
- helps you compare medical plan options.

Start by answering some simple questions and providing basic information about yourself and your family. Then you direct the conversation. You can skip what you don't need and repeat what you'd like to go over again. It's like having a conversation with a real person.

To use ALEX, visit:

- Retirees: [www.myalex.com/trs-care](http://www.myalex.com/trs-care)
- Active employees: [www.myalex.com/trsactivecare/](http://www.myalex.com/trsactivecare/)



## Using your health care benefits wisely

Knowing how to use your TRS health benefits can help you get or stay healthy and save you money. Here are some basic tips to help you use your health care benefits wisely.

### Medical care tips

- Use preventive care services like annual checkups to get healthy and keep any potential conditions from getting more serious and expensive. Don't wait to use your benefits until an emergency happens.
- Follow your doctor's advice on how to get and stay healthy.
- Use the right care at the right time. For example, if you have a minor injury, visit an urgent care clinic instead of an emergency room.
- Visit providers in your plan's network.
- If you're on an Aetna health plan, use the online cost estimator on Aetna Navigator to see the costs of the 500 most common medical procedures.

### Prescription tips

- Unless otherwise prescribed by your doctor, use generic drugs when they're available.
- Take your medications as prescribed.
- Use the drug cost estimators on your prescription plan website.
- For long-term maintenance medications you take regularly to manage a condition, buy up to 90-day supplies through your prescription plan's mail order service or through Retail-Plus pharmacies.
- Use an in-network pharmacy.

## Changes in requirements for employment after retirement included in updated brochure on TRS website

The updated version of the *Employment After Retirement* brochure is now available on the TRS website. The brochure includes all of the latest changes in the TRS plan regarding opportunities to work, how the time that you work is counted by TRS and how much it will cost your employer in surcharges if you work more than allowed.

For example, the health benefit surcharge amount that your employer will owe if you work more than allowed that month is now the same for all retirees who are enrolled in TRS-Care – \$535 per month. Also, a retiree can now serve as a substitute

in a vacant position for a short period of time – no more than 20 days – and still be considered a substitute by TRS. There are certain restrictions, including the restriction that the position cannot be vacant because you retired from it, but many retirees and employers will find that the change provides some relief in those difficult situations when an employee does not return from leave as expected. Check out the restrictions and the details in the updated brochure and see if you benefited from the changes.

The brochure is divided into three sections, each uniquely color-coded, to separately address the considerations of each of these groups: members who have not yet retired; persons who have already retired; and persons who are disability retirees. It provides important information that you will need to know to make an informed decision regarding employment after retirement. To learn more, please visit the TRS website at [www.trs.texas.gov](http://www.trs.texas.gov) and select the “Retirees and Beneficiaries” tab, then “Publications,” and then “TRS Brochures” to locate the *Employment After Retirement* brochure.

## 2017 Emerging Manager Conference a success

More than 1,300 investors from around the U.S. recently gathered in Austin to attend the 10th Annual Emerging Manager Conference. The event took place on Jan. 19 at the Austin Convention Center.

Highlights of the conference included a fireside chat with General David Petraeus (Ret.) and a spirited panel discussion with three highly regarded athlete investors – Grant Hill, David Robinson and Alex Rodriguez.

“This conference is now the largest of its kind,” said TRS’ Investment Management Division’s Emerging Manager Program Director Sylvia Bell. “People tell us that they find it rewarding due to our engaging agenda and program, which enables investors to network with one another, discuss best practices, and learn from our highly sought-after speakers.”

Internationally respected speakers at the conference help emerging managers to think in “big picture” terms, value diversity in the investment world and learn how to take advantage of new investment opportunities, including those in the evolving real estate emerging managers market. Bell added: “Our conference has gained a national reputation for providing valuable resources and networking opportunities for emerging managers. However, even more important is the fact that we’re attracting the very best of those investors to partner with us in generating higher returns and greater diversification for our members.”



*Conference participants from left, David Robinson, Admiral Capital Group; Grant Hill, Ashland Capital Partners; David Kelly, TRS Board Chair; and Alex Rodriguez, Monument Capital Management.*



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## 1095-B health insurance tax forms mailed in January

Form 1095-B verifies you had medical coverage for all or part of last year. TRS mailed Form 1095-B in January. 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 2016. All TRS health plans meet the minimum essential coverage requirements because they're employer-sponsored coverage.

You don't need to attach Form 1095-B to your tax return. You only need to keep it for your records.

### Who gets a 1095-B from TRS?

- TRS-ActiveCare participants
- Participants in a TRS-Care Standard plan (TRS-Care 1, TRS-Care 2 or TRS-Care 3) who are not eligible for Medicare

This form includes your covered spouse and dependents who did not have Medicare Part A or who were not enrolled in a TRS-Care Medicare Advantage plan. If you or your dependents had Medicare in 2016, Medicare will send you a 1095-B.

Find more information on Form 1095-B in the "Retirees and Beneficiaries" section of our FAQ page at [www.trs.texas.gov](http://www.trs.texas.gov).