

TRS NEWS

TEACHER RETIREMENT SYSTEM OF TEXAS ★ AUG. 2012

TRS-Care implements significant improvements

At the June 8, 2012 board meeting, the TRS Board of Trustees authorized major improvements to TRS-Care benefits. The improvements provide new resources to TRS-Care participants and significantly improve the financial condition of TRS-Care.

- **Express Scripts** will begin servicing the pharmacy needs of all TRS-Care participants on September 1, 2012.

- The **Express Scripts Medicare™ plan** is a Medicare Part D plan that will start on January 1, 2013 for TRS-Care 2 and TRS-Care 3 participants who reside in the United States and have Medicare Part A **and/or** Part B. Participants in this plan will have richer benefits and lower copays for certain prescriptions.

- The **Aetna Medicare Advantage plan** will start on January 1, 2013 for TRS-Care 2 and TRS-Care 3 participants who reside in the United States and have both Medicare Part A and Part B. Participants in this plan will have richer benefits, including

lower deductibles, and lower premiums.

TRS mailed all TRS-Care participants a news bulletin describing the significant improvements to TRS-Care. **Anytime you see a TRS-Care logo on the package or letter, it will include important information about your benefits.** Watch for these mailings:

- The **Aetna Medicare Advantage plan welcome kit** was sent in late July. The kit was sent only to those eligible (TRS-Care 2 and TRS-Care 3 participants who have both Medicare Part A and B). This kit is being released early (the plan is effective on January 1). TRS wants to make sure participants have all of the facts about the plan. **Aetna will conduct a series of face-to-face meetings and conference calls** later this year to describe fully the Aetna Medicare Advantage plan. A complete schedule will be mailed to the participants. Be sure to use these valu-

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TRS celebrates 75th anniversary

On July 1, 1937, a new state law went into effect creating the Teacher Retirement System of Texas (TRS). The late 1930s was a time of great uncertainty for Americans. The country was still emerging from The Great Depression, and many remained out of work with a high 14.37 percent rate of unemployment. Not only was the recent past painful for Americans, but even greater sacrifices awaited the country with Pearl Harbor and World War II looming just four years away.

It was in this social and economic climate, that TRS was born. Texas' first statewide teacher pension fund became a reality thanks to passage of a constitutional amendment in the previous year.

After the new legislation was subsequently signed into law by Governor James V. Allred, TRS was established. Member contributions began on September 1, 1937.

Much has changed over the last 75 years. In addition to delivering pension benefits, TRS also now oversees the management of two health care programs – one for active members and one for retirees – and offers members and retirees optional long-term care insurance. In addition, TRS members now work not only in Texas public schools, but also in community colleges, junior colleges, and state universities.

In celebration of 75 years of service, TRS will commemorate

its anniversary during its September 13, 2012 board meeting in Austin. That meeting, like all TRS Board meetings, will be webcast live from www.trs.state.tx.us. In early September, TRS will also introduce a new page on its website that will tell the story of the system and its members. The site will include a 75th anniversary video, an online TRS history museum with many facts and photographs, and interviews with some of our most senior members who look back upon education in Texas in days gone by. To view all of the 75th anniversary-related additions to the TRS website, please visit us at www.trs.state.tx.us beginning in September.



MEMBERS

From Executive Director Brian K. Guthrie

This year marks the 75th anniversary of TRS. In 1937, only 38,000 active members and retirees took part in the system. Today, TRS manages one of the world's largest pension funds, and we administer among the nation's largest public pension and health care benefit programs. We invite you to read this issue's article about our anniversary celebration, which recognizes our members' contributions for nearly eight decades. Please also visit our website where you can view interviews with members, a 75th anniversary video, an online history museum and more.

Few of the first TRS members could have imagined that their pension fund would grow to \$110 billion, but that is exactly what has happened. This issue provides an update on how our management of the fund before, during, and after the 2008 economic downturn has made us even stronger. Even prior to 2008,

we began to diversify the fund so the impact of future public equity market contractions would be more muted. Please read about our recent excellent performance on page 6.

In October, active members will receive their Annual Statement of Account. Recent changes in the law have made it very important to check the accuracy of your statements. Beginning Sept. 1, 2011, you must verify to TRS any unreported service and/or compensation, including substitute service, by the end of the fifth school year after the service was rendered or the compensation was received. After the end of the fifth school year, you will not be allowed to verify the unreported service and/or compensation. Service rendered before Sept. 1, 2011 must also be verified by Aug. 31, 2016. Changes in the cost to establish unreported service and/or salary are significant.

Last year, the legislature directed TRS to conduct a pension benefit design study and a study of the long-term sustainability of TRS-Care. Over the past year, we have identified and evaluated impacts of various possible changes to our pension plan and retiree health care program. Please visit the TRS website in September to view these important reports. If you'd like us to send them to you by e-mail as soon as they are complete, please register for *MyTRS* on the TRS website, go to *MyTRS* E-Mail Subscriptions, and select "TRS Announcements."

TRS has two new brochures on our website: *Welcome to MyTRS* and *TRS Goes Social*. Please take a look. *MyTRS* and our social media program are making it easier than ever to interact with TRS.

Best wishes for a safe and relaxing end to your summer.

Standardized school year

House Bill 2561, 82nd Leg., R.S. (2011), amended the definition of a "school year" for TRS benefit calculation purposes to mean a 12-month period beginning September 1 and ending August 31 of the next calendar year. This bill applies beginning with the 2012-13 school year. The change in the definition of school year will impact two factors in the calculation of benefits: compensation and service credit.

The change in the definition of school year will most likely affect you if you are an 11- or 12-month employee and your contract begins on or about July 1st or August 1st of each year. If your contract starts on July 1 or August 1, 2012, TRS will determine your annual compensation for the 2012-13 and earlier school years either according to a 12-month period based on your "qualified" contract or work agreement, or on a September 1 through August 31 basis, whichever is most advantageous for you. In no case can more than 12 months of compensation be credited in one school year. Annual compensation for the 2013-14 school year and later years will be credited on a September 1 through August 31 basis for all members.

Please note that the above information applies ONLY to annual compensation. For the purpose of determining a year of service credit, the standard school year of September 1 through August 31 will apply beginning with the 2012-2013 school year. This means that one year of service credit will be earned for 90 days of service (in an eligible position) from September 1st through August 31st each year.

For a more detailed article on this topic, please refer to the TRS website.

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www.trstate.tx.us

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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.

Active member, one-on-one counseling appointments planned across Texas

Beginning in September, TRS will once again conduct one-on-one counseling appointments in 10 cities across Texas during the 2012-2013 school year. *One-on-one counseling appointment locations and dates are listed on page 8 of this issue.*

Thirty (30) individual counseling appointments will be available on each trip. These one-hour appointments are designed for active members who are eligible to retire and are considering retirement in the 2012-2013 school year. These individual appointments will be offered to members on a first-come, first-served basis and only with a pre-arranged appointment.

Beginning August 17, 2012, active members who are registered for *MyTRS* may schedule a one-on-one appointment online through the "What's new" page of the TRS website, located at www.trs.tate.tx.us. Members may also schedule an appointment by calling TRS toll-free at 1-800-223-8778 to speak to a benefit counselor. All appointments must be made by the deadlines listed on the schedule shown on page 8 of this issue. These deadlines allow TRS to prepare and send retirement packets to members ahead of time. Members will also receive a confirmation letter or e-mail (if registering online) with their appointment date and time.

Members who make individual appointments do not need to attend a group presentation. Members who register for group presentations are not automatically registered for individual appointments. See separate article on this page for group presentations.

TRS annual statements to be mailed in October

Every fall, TRS mails annual statements to all active members of the retirement system. This statement contains information pertaining to the school year that members recently completed as well as information regarding the current beneficiary designation on file with TRS. Information in the 2012 annual statement will pertain to the school year that began on September 1, 2011 and ended on August 31, 2012. It also contains important information about the number of years of service credited to you.

For additional information on this year's statement and answers to frequently asked questions, please visit the TRS website in late September.

Active member group benefit presentations planned statewide

Beginning in September, TRS will conduct benefit presentations in a group setting in 31 cities throughout Texas. The presentations will review TRS benefits available to TRS active members and will also cover issues for members considering retirement in the 2012-13 school year. Presentation times and locations are included on pages 4-5.

Beginning August 17, 2012, active members who are registered for *MyTRS* may register for group sessions online through the "What's New" page of the TRS website or call TRS toll free at 1-800-223-8778. Reservations will be taken on a first-come, first served basis.

Members who register for group presentations are not automatically registered for individual appointments. Members who make individual appointments do not need to attend a group presentation. For more information see the opposite article on this page.

TRS-Care improvements

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able resources so you can take advantage of learning about the richer benefits and lower premiums!

- The **Express Scripts welcome kit** will arrive in early August. This kit is being sent to all TRS-Care participants. It will have a prescription benefit ID card that participants should begin using on September 1. There will also be information about the plan.

- The **Express Scripts Medicare welcome kit** will arrive in October to help those who are eligible (TRS-Care 2 and TRS-Care 3 participants who have Medicare Part A and/or B) get ready for the change-over on January 1. Those in the plan will see their copayments go down.

For the most current information, please visit the TRS website at www.trs.state.tx.us.

You can also call the TRS-Care Customer Service number at 800-367-3636. At the prompt:

- Press 1 for questions regarding your current TRS-Care coverage
- Press 2 for questions regarding Express Scripts
- Press 3 for questions regarding Medicare Advantage or call the TRS-Care Medicare Advantage Hotline directly at 866-217-2409.

Independent contractor or employee of a third-party entity?

TRS has received information regarding a shareholder arrangement between some TRS retirees and a limited liability company. The shareholder arrangement attempts to avoid the characterization of the work as employment with a third-party entity by

Continued on page 6.

2012-2013 Group Benefit Presentation Schedule

September 13, 2012 through May 11, 2013

PLEASE NOTE:

THE SCHEDULE BELOW REFLECTS GROUP PRESENTATIONS.

ABILENE

Region XIV ESC, Conference Center, 1850 Highway 351
Monday, January 14
5:30 p.m. - 7:30 p.m.

ALVIN

Alvin Community College, Nolan Ryan Center
2925 South Bypass Highway 35
Wednesday, February 13
5:30 p.m. - 7:30 p.m.

AMARILLO

Region XVI ESC, 5800 Bell Street
Monday, September 24 Monday, May 6
5:30 p.m. - 7:30 p.m.

ARLINGTON

Mac Bernd Professional Development Center
1111 West Arbrook Boulevard
Thursday, April 11
5:30 p.m. - 7:30 p.m.

AUSTIN

TRS Building, 1000 Red River Street
Saturday, November 3 Saturday, February 2
Saturday, May 11
9:00 a.m. - 11:00 a.m.

BEAUMONT

Region V ESC, 2295 Delaware Street
Monday, January 28
5:30 p.m. - 7:30 p.m.

COLLEGE STATION

Brayton Fire Training Field
H. D. Smith Ops Complex
1595 Nuclear Science Road
Wednesday, January 16
5:30 p.m. - 7:30 p.m.

CORPUS CHRISTI

Region II ESC
209 North Water Street
Wednesday, November 7 Wednesday, April 10
5:30 p.m. - 7:30 p.m.

DALLAS

Dallas ISD, Auditorium, 3700 Ross Avenue
Saturday, October 27 Saturday, May 4
10:00 a.m. - 12 Noon

DEER PARK

Deer Park ISD - ESC
Training Room - Lone Star (A, B, & C)
2800 Texas Avenue
Thursday, September 13
5:30 p.m. - 7:30 p.m.

DENTON

Denton ISD, Professional Development Center
1212 Bolivar Street
Thursday, November 29
5:30 p.m. - 7:30 p.m.

EDINBURG

Region I ESC
1900 West Schunior
Monday, October 1 Monday, April 8
5:30 p.m. - 7:30 p.m.

EL PASO

Region XIX ESC
6611 Boeing Drive
Monday, November 5 Monday, April 29
5:30 p.m. - 7:30 p.m.

FORT WORTH

Region XI ESC, 3001 North Freeway
Wednesday, December 5 Saturday, March 23
5:30 p.m. - 7:30 p.m. 10:00 a.m. - 12 Noon

HOUSTON

Region IV ESC
7145 West Tidwell Road
Thursday, January 10
5:30 p.m. - 7:30 p.m.
Saturday, April 13
10:00 a.m. - 12 Noon
Spring Branch Administration Building
Board Room, 955 Campbell
Wednesday, May 8
5:30 p.m. - 7:30 p.m.

TRS Pension Fund earns \$45 billion in last three years

Ranks in top 10% of large U.S. pension funds

As the financial crisis of 2007 and 2008 reached the very depths of its collapse, the Investment Management Division at TRS was installing a new long-term strategy that would both better diversify the TRS fund and improve its potential to earn returns for the members of the TRS system.

Key facts three years later:

- The market decline ended and reversed course, sending the overall pension trust up 17.8% per year for the past three years.
- The TRS Pension Trust earned \$45 billion over this period, more than fully recovering losses incurred during the financial collapse.
- The TRS Trust ranked in the top 13% of comparable funds on an absolute return basis.
- The TRS Trust ranked in the best 5% on a risk-adjusted basis.
- The value added for TRS members over the me-

dian fund exceeded \$5.5 billion, sourced in a roughly equal manner from an improved investment policy and very professional execution across a host of independent investment strategies.

During this period, the TRS Investment Management Division built out one of the nation's most effective investment teams by attracting highly capable investors from across the country and retaining the vast majority of its key personnel. As a result, TRS received more than a dozen awards for its expertise in investing and its commitment to teachers and educators.

In the years ahead, the ability to create attractive investment returns for TRS members, and all global investors, will likely be more difficult. Market cycles are a long-term part of any investment process and like fall follows summer, things do change. For additional information, visit the TRS website.

TRS launches multi-year technology improvements

TRS is excited to announce the start of the TRS Enterprise Application Modernization (TEAM) Program, a multi-year initiative to update business processes and core technologies used by TRS to deliver benefits. The program is a collection of projects that will

position TRS to continue to provide the best service possible to our members and annuitants. With a growing membership and changing expectations, these updates are critical to our ability to serve members and retirees in a cost-effective and efficient man-

ner. At the conclusion of the program, members and retirees will have access to enhanced online services related to their TRS account. Additional information regarding the TEAM Program will be provided in future *TRS News* editions.

TRS to submit legislative reports on pension fund, retiree health care program long-term sustainability

In 2011, the Texas Legislature directed TRS to conduct two studies: a pension benefit design study and a study of the long-term sustainability of TRS-Care, the system's retiree health care program.

In compliance with the mandate, over the past year, TRS has identified and evaluated the impacts of different possible changes to the current pension plan and retiree health care pro-

gram. Three public meetings on these topics were held around the state and all were webcast live to reach a wider audience. All three webcasts are now archived on the TRS website and may be viewed online in their entirety. TRS has also worked with various professional education associations and retiree associations to invite feedback.

In August, TRS will complete its research and finalize the two

studies. Both reports will be submitted to the Texas Legislature by September 1, 2012.

If you would like to receive a copy of either or both reports, you can do so by registering for *MyTRS* on the TRS website, go to *MyTRS* E-Mail Subscriptions, and select "TRS Announcements." You will then receive an e-mail message with a link to the reports when they have been published.

Independent contractor

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characterizing the arrangement as an independent contract. This arrangement does not avoid the limits on employment after retirement.

TRS retirees who are employed

by a third-party entity and working for a TRS-covered employer are considered employees of the TRS-covered employer. This requirement applies to a retiree who was first employed by the third-party entity on or after **May 24, 2004**. Retirees employed by a third-party entity on or after **May**

24, 2003 are subject to any limits on employment applicable to their date of retirement including, if applicable, forfeiture of annuity payments.

For a more detailed article on this topic, please refer to the TRS website.

2013 TRS Board election nomination forms now available

Active public school district employees who are TRS members may now request petitions to nominate candidates to a position on the TRS Board of Trustees.

In Spring 2013, an election will be held to field nominees who are eligible for appointment to fill one of the two public education positions on the board of trustees. The position will be for a six-year term beginning as early as September 1, 2013. All TRS members whose most recent credited service is or was performed for a public school district are eligible to vote in this election. Members of the system who are currently employed in a TRS-eligible position by a public school district may have their names listed on the official ballot as candidates by filing an official

petition.

Petitions must be signed by 250 public school district employees who are TRS members and whose most recent credited service is or was performed for a public school district. In addition, when members sign the petition, they must include their printed or typed names, the first five digits of their current residential zip code, and the last four digits of their social security number. This information must pertain to TRS members whose most recent credited service is or was performed for a public school district. All valid nominating petitions filed with TRS by January 21, 2013, will be accepted.

By March 15, 2013, TRS will mail ballots and an edition of *TRS News* containing candidate infor-

mation to all TRS participants who are eligible to vote in the elections. TRS must receive completed ballots on or before May 6, 2013. Then, TRS will certify the names of the three candidates who received the highest number of votes to the governor. The governor will then appoint one of those candidates to serve on the board.

To obtain a petition form, you may:

- Print the petition form from the TRS website;
- Write TRS at 1000 Red River; Austin, TX 78701-2698;
- Call 1-800-223-8778, ext. 6366; or
- Fax a request to 1-512-542-6585.

Nominating instructions are included on the form.

TRS service credit purchase costs to increase *Act before deadline to avoid paying higher costs*

The 82nd Texas Legislature enacted new laws in 2011 that impacted the cost of certain TRS benefits for members. Some of these laws have important deadlines for establishing service or compensation credit. TRS strongly encourages you to review the deadlines below to avoid paying higher costs at a later date and to ensure that you can receive credit for the service or compensation.

Changes to TRS laws effective September 1, 2011, increased the cost to purchase certain types of service and compensation credit. However, a two-year window ending **August 31, 2013**, has been established to allow eligible members to purchase the credit at the old, lower cost, provided certain requirements are met. **To view a comparison of old and new costs, other important requirements, and a service credit purchase cost comparison per year of service credit, visit the TRS website (www.trs.state.tx.us).**

The types of service credit purchases affected by cost increases include: withdrawn service, unreported service and/or compensation (including substitute service and service that is not credited on your annual statement), out-of-state service, and developmental leave. If you are eligible to purchase

any of these types of service or compensation credit and wish to make the purchase at the old (lower) cost, payment in full or a completed installment agreement must be received at TRS on or before August 31, 2013. When purchasing service credit using an installment agreement, payments must be made in accordance with the terms of the agreement and TRS Laws and Rules. If the agreement is terminated by the member or by TRS prior to payment in full, the member must pay the full cost by August 31, 2013 or lose the opportunity to purchase that service credit at the old cost.

WARNING: Do not confuse the August 31, 2013 deadline, which is the deadline for purchasing eligible service credit at the old cost, with the August 31, 2016 deadline for verifying certain unreported service and/or compensation, including substitute service and service not credited on your annual statement, that was performed or paid prior to September 1, 2011. Please visit the TRS website for additional information regarding the deadline for verifying unreported service and/or compensation, including substitute service and other service not credited on your annual statement.

Teacher Retirement System of Texas

1000 Red River Street/Austin, TX 78701-2698

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2012-2013 Individual Field Counseling Appointments

You may begin scheduling an individual field counseling appointment on August 17, 2012 online at www.trs.state.tx.us or by calling 1-800-223-8778.

ABILENE: Region XIV ESC
1850 Highway 351
January 14 & 15, 2013
(Deadline to register: December 21, 2012)

AMARILLO: Region XVI ESC
5800 Bell Street
September 24 & 25, 2012
(Deadline to register: August 31, 2012)
and
May 6 & 7, 2013
(Deadline to register: April 15, 2013)

BEAUMONT: Region V ESC
2295 Delaware Street
January 28 & 29, 2013
(Deadline to register: January 7, 2013)

EDINBURG: Region I ESC
1900 West Schunior
October 1 & 2, 2012
(Deadline to register: September 10, 2012)
and
April 8 & 9, 2013
(Deadline to register: March 18, 2013)

EL PASO: Region XIX ESC
6611 Boeing Drive
November 5 & 6, 2012
(Deadline to register: October 15, 2012)
and
April 29 & 30, 2013
(Deadline to register: April 8, 2013)

KILGORE: Region VII ESC
1909 North Longview Street
February 4 & 5, 2013
(Deadline to register: January 14, 2013)

LAREDO: Texas A&M International University
5201 University Boulevard
October 29 & 30, 2012
(Deadline to register: October 8, 2012)

LUBBOCK: Region XVII ESC, Conference Center
1111 West Loop 289
December 3 & 4, 2012
(Deadline to register: November 12, 2012)
and
April 15 & 16, 2013
(Deadline to register: March 25, 2013)

MIDLAND: Region XVIII ESC
2811 LaForce Boulevard
December 10 & 11, 2012
(Deadline to register: November 16, 2012)
and
March 25 & 26, 2013
(Deadline to register: March 4, 2013)

WICHITA FALLS: Region IX ESC
301 West Loop 11
October 8 & 9, 2012
(Deadline to register: September 17, 2012)