

TRS NEWS

TEACHER RETIREMENT SYSTEM OF TEXAS ★ FEB. 2012

Notice to retirees and beneficiaries about tax withholding elections

At the start of each calendar year TRS provides notice to retirees and beneficiaries who are receiving monthly payments to remind them that they can change their federal income tax withholding elections. In the past, TRS has provided that notice through a letter addressed to each individual payee. However, this year TRS is instead providing notice through this *TRS News* article. By doing so, TRS will save printing and postage costs while still getting you the information you need.

You are not required to change your withholding election if you are satisfied with the amount currently being withheld. This article provides instructions on how to check your current withholding election and how to change your withholding election only if you wish to do so. If you are satisfied with your current withholding amount you DO NOT have to take any action at all.

If you wish to see your current withholding election (such as married with one allowance) and your monthly withholding amount, you may do so through *MyTRS* on the TRS website. If you are not currently registered for *MyTRS*, please visit the TRS website and click on *MyTRS* LOGIN to register.

If you wish to change your withholding election, you may print a copy of form TRS 228A from the TRS website which is located at www.trs.state.tx.us. Then fill out the form TRS 228A and return it to TRS. If you prefer,

you may call TRS at 1-800-223-8778 to request a copy of the form TRS 228A through our automated telephone system. For your convenience, the current tax tables are behind the form TRS 228A on the website, or you can estimate taxes with our online withholding calculator. Completed forms should be mailed to TRS at 1000 Red River St. Austin, TX 78701.

Any new election for the amount of withholding applies to future payments only; TRS cannot apply a new election to any payment already made.

Monthly annuity payments from TRS to retirees and beneficiaries are subject to federal income tax withholding 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 election will remain in effect until you revoke it. You may revoke an election 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.

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

Spring Break Group Retirement Sessions



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. on the dates listed below. Each session will be limited to 10 members who are considering retirement on or before January 31, 2013.

There will be two sessions conducted simultaneously each Saturday listed below. Each session will be limited to 20 members considering retirement on or before January 31, 2013. The Saturday sessions will be conducted **only** at 9 a.m.

To make reservations, members should call TRS at 1-800-223-8778 and speak with a benefit counselor.

Tuesday	March 6, 2012
Wednesday	March 7, 2012
Saturday	March 10, 2012
Tuesday	March 13, 2012
Wednesday	March 14, 2012
Thursday	March 15, 2012
Saturday	March 17, 2012
Tuesday	March 20, 2012
Wednesday	March 21, 2012
Thursday	March 22, 2012



T O M E M B E R S

From Executive Director Brian K. Guthrie

TRS has begun the new year with a series of projects that will impact members and retirees in a number of ways.

Our trustees will hold their annual work session in Lubbock this year. Their meeting will take place February 15 through 17 at the Region 17 Education Service Center, 1111 West Loop 289. As with all TRS Board meetings, the three-day session in Lubbock will be webcast live from the TRS website (www.trs.state.tx.us). Afterwards, TRS will post a recording of the meeting to the website for future viewing on demand.

On Thursday morning, Feb. 16, the board will receive a presentation on the status of a pension fund study, which has been required by the Texas Legislature. This presentation will include a panel discussion on long-term pension fund issues. Following the discussion, the board will receive a presenta-

tion on another study required by the Texas Legislature – this one on ideas for the long-term sustainability of TRS-Care, the TRS retiree health benefit program. Final reports for both studies will be submitted to the legislature, by September 1. During both discussions in Lubbock, the board will entertain questions from those in attendance as well as those viewing the webcast. Watch for future updates on both studies, including additional opportunities for public comment, on the TRS website between now and the end of the summer.

The TRS Enterprise Application Modernization (TEAM) Program will also be discussed in Lubbock. TRS is excited to announce the start of this program, which is 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 manner. Initial activities have included hiring an outside program management firm, which will work directly with TRS staff throughout the duration of the program, and forming internal management teams to guide the direction of the program. As the TEAM Program reaches significant milestones, we will provide updates in future *TRS News* editions.

New TRS-related laws were enacted in 2011, which have been summarized in recent newsletters. In this issue, we have highlighted

important deadlines. While some changes are already in effect, others will be phased in over the next two years. Please review these deadlines to get the most out of your benefits without paying unnecessary additional costs.

Texas and the nation continue to face difficult economic times. We at TRS strive to manage your pension fund in the most cost-effective manner possible, but we need your help. If you haven't already registered for *MyTRS*, please do so. *MyTRS* enables you to conduct convenient business transactions online and receive important announcements and TRS publications through e-mail. When you help reduce unnecessary printing and postage expenses, you enable those dollars to stay in your pension fund to pay member benefits. See the article in this issue.

Last but not least, we are pleased to announce that TRS has gone "social." TRS has recently introduced a Facebook page, placed videos on YouTube, and launched a LinkedIn page. In February, we will also begin using Twitter. Social media enables us to provide you with new, quick and convenient ways to stay up to date about TRS. We look forward to seeing you online and receiving your comments and suggestions.

New TRS Service Credit brochure

TRS has just completed an updated version of its service credit brochure, which will be added to the TRS website in February. The brochure features detailed information reflecting recently enacted laws as well as rules adopted by the TRS Board. Topics include: withdrawn service credit; unreported service and/or compensation credit (including substitute service); out-of-state service credit; developmental leave service credit; military service credit; USERRA service credit; state sick and/or personal leave service credit; work experience by a career or technology teacher; and membership waiting period service credit. For details, visit the TRS website, located at www.trs.state.tx.us, in February.

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(512) 542-6400 or 1-800-223-8778
www.trs.state.tx.us

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Executive Director

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.

February 15-17 work session scheduled by TRS Board

Will include an interactive discussion on pension and retiree health benefit program sustainability issues

TRS trustees will hold their annual work session in Lubbock this year. The board holds work sessions once every year for the purpose of taking an in-depth look at the most important issues facing TRS and how best to address them. This year's meeting will take place February 15 through 17 at the Region 17 Education Service Center, 1111 West Loop 289, in Lubbock.

All three days will be webcast live from the TRS website (www.trs.state.tx.us). After the meetings conclude, recordings of the meeting will be posted on the website for future viewing on demand.

Meeting topics will include a review of TRS investments, discussion of the pension fund and retiree health benefit program sustainability studies now in progress, financial management and budget planning, workforce continuity, the TRS Enterprise Application Modernization (TEAM) Program, and board training and operational matters.

On Thursday morning, Feb. 16, the board will receive a presentation on the status of a pension fund study, which has been required by the Texas Legislature. This presentation will include a panel discussion on long-term pension fund issues, to address the various features of pension funds and the wide range of options being undertaken by public and private pension funds to achieve the purposes for which they were established. During the discussion, the board will entertain questions from those attending the meeting as well as those viewing the webcast. The TRS website will feature instructions on how to submit a question during the webcast (also shown below).

Following the pension study discussion, the board will receive a presentation on another study mandated by the Texas Legislature – this one on ideas for the long-term sustainability of TRS-Care, the TRS retiree health benefit program. As with the pension fund discussion, trustees will accept questions from those attending the meeting as well as anyone viewing the webcast.

For further details on the Lubbock meetings and how you can participate, please visit the link on the TRS website pertaining to the Lubbock board work session.

Receiving an annuity payment? *Planning now can save you in April!*

TRS began sending annuitants (retirees and payment beneficiaries) 1099-R forms in late January 2012. This form tells you how much TRS distributed to you during tax year 2011. From the time TRS sends this form until April 15, we receive numerous requests for duplicate copies.

Due to confidentiality, we are unable to provide information over the phone, and we cannot fax the information. All we can do is mail the information, and often that isn't fast enough. However, there is a way that this information can be at your finger tips any time you want it – online!

If you are a retiree or payment beneficiary and have registered for *MyTRS*, you can view and print a copy of your 1099-R form. (*NOTE: After registering, there may be a one-business day delay to view and print your 1099-R form, which is normal.*)

To register for *MyTRS*:

1. Go to the upper right-hand side of the TRS website home page which is located at www.trs.state.tx.us and click on “*MyTRS* Login.”
2. In the middle of the next page, click on “Register now.”
3. Review the information page, then click on “continue.”

4. Read the security agreement and, if you agree, click on that button to move forward.
5. Enter the information requested of you, then click on “continue.”
6. Then, create your unique UserID and password. This will be the UserID and password you will use for future visits to the TRS website.
7. Follow the remaining instructions to complete the registration process.

Once you have the password, if you are a retiree or payment beneficiary, you will not only have access to your 1099-R form each year, but you can access other personal information about your file. For example, you can:

- View and change your address on file with TRS.
- View verification of monthly annuities and verification of DROP payment amounts.
- View current income tax withholding choices and calculate the effect of changes to those choices.
- View a summary of health benefit premiums you paid in the prior two years.

TRS plans to continue expanding our online services. As we do, we will get the word out on the Web and in *TRS News* issues.

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 TRS benefits for members and retirees. 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.

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 following table summarizes the deadline and actions required for purchasing 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. **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, which is the deadline for verifying unreported service and/or compensation and service not credited on the annual statement.**

Deadline and Requirements to Pay Service at Old (Lower) Cost

<u>Type of Service</u>	<u>Action Required</u>	<u>Deadline</u>
Withdrawn (TRS service credit cancelled by withdrawal of contributions and interest)	Payment in full or completed installment agreement* must be received at TRS <i>on or before this date</i> in order to purchase service credit at old cost.	August 31, 2013
Unreported Service and/or Compensation, including Substitute Service and Service not Credited on Member's Annual Statement	Payment in full or completed installment agreement* must be received at TRS <i>on or before this date</i> in order to purchase the credit at old cost.	August 31, 2013
Out-of-State Service	Payment in full or completed installment agreement* must be received at TRS <i>on or before this date</i> in order to purchase service credit at old cost.	August 31, 2013
Developmental Leave	Payment in full or completed installment agreement* must be received at TRS <i>on or before this date</i> in order to purchase service credit at old cost.	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 will lose the opportunity to purchase that service credit at the old cost.*

Important Deadlines to Verify Unreported Service and Service Not Credited on Your Annual Statement

Changes to TRS law effective September 1, 2011, establish a new **five-year time limit** for you to notify TRS and provide verification to TRS of service not credited on your annual statement, and to provide verification to TRS of any unreported service and/or compensation, including substitute service. All unreported service rendered and compensation received prior to September 1, 2011, and any service not credited on your annual statement for the fiscal year ending August 31, 2011, must be verified no later than **August 31, 2016**. Unreported service and/or compen-

sation, including substitute service, and service not credited on your annual statement that is not verified within the required timeframe will not be eligible for purchase and cannot be used to determine eligibility for, or the amount of, any of your benefits. **WARNING: Do not confuse verification deadlines for unreported service and/or compensation and service not credited on the annual statement with the August 31, 2013, deadline for purchasing eligible service credit at the old cost.**

(Continued on page 5.)

Verification Deadlines (Continued from page 4.)

<u>Type of Service</u>	<u>Action Required</u>	<u>Deadline</u>
Unreported Service and/or Compensation, including Substitute Service rendered or paid prior to September 1, 2011	Unreported service and/or compensation, including substitute service, rendered or paid prior to September 1, 2011, must be verified on a form* prescribed by TRS and received by TRS by the deadline in order to be eligible for purchase.	August 31, 2016
Service performed prior to September 1, 2011 and not Credited on Member's Annual Statement	Member must notify TRS in writing, and provide verification on a form* prescribed by TRS and received by TRS by the deadline, if eligible membership service rendered prior to September 1, 2011, is not credited on the member's annual statement for the fiscal year ended August 31, 2011.	August 31, 2016
Unreported Service and/or Compensation, including Substitute Service rendered or paid after August 31, 2011	Unreported service and/or compensation, including substitute service, rendered or paid after August 31, 2011, must be verified on a form* prescribed by TRS and received by TRS within five years as described in order to be eligible for purchase. For example, if a member has eligible service and/or compensation in the 2011-2012 school year that is not reported to TRS, the member must submit verification on a form* prescribed by TRS and the form must be received by TRS no later than August 31, 2017 , to be eligible to purchase the service credit.	Five years from the end of the school year in which the service was rendered or compensation was paid
Service performed after August 31, 2011 and not Credited on Member's Annual Statement	Member must notify TRS in writing if eligible membership service rendered after August 31, 2011 is not credited on the member's annual statement. For example, TRS must receive notice and verification on a form* prescribed by TRS no later than August 31, 2017 for service not credited on the statement for the year ended August 31, 2012.	Five years from the end of the school year in which the service was rendered

**Forms for verifying unreported service and/or compensation, including substitute service and service not credited on the annual statement, are: Verification of Unreported Service and Salary (TRS 22I); Verification of Substitute Service and Salary (TRS 22S); and Verification of Worker's Compensation Payments (TRS 22W). Select and print the appropriate form from the TRS website under TRS Active Member Forms. Have your employer complete the form and return it to you; then sign and date the "Instructions for Member" section and send the form to TRS so that it is received by the applicable deadline.*

Don Green named TRS chief financial officer



Green

Don Green is the new chief financial officer of the Teacher Retirement System of Texas (TRS), effective January 3, 2012. Green will be responsible for budgeting, accounting, purchasing, and building services for the sixth largest public pension fund in the United States,

which serves active and retired Texas public education and higher education employees.

Green has served in state government for more than 30 years. He was most recently senior advisor to the Office of the Lieutenant Governor. Previously, he was director of budget and policy for the Office of the Speaker of the House, and chief financial officer of the Health and Human Services Commission. He was also chief financial officer for the Department of Mental Health and Mental Retardation as well as on the staff of the Legislative Budget Board.

In addition, he served on the Employees Retirement System Board of Trustees for nearly eight years, including as the board's chairman and vice-chairman.

Green's academic background includes a master's degree in business administration and a master's degree in public affairs, both from the University of Texas. During his academic career, Green was named a Harry S. Truman Foundation National Scholar.

"We could not be more pleased about Don joining our executive team," said TRS Executive Direc-

(Continued on page 6.)

Gain quick and easy access to your TRS account information through MyTRS

MyTRS, the online access portion of the TRS website, offers you an easy way to plan for retirement, keep track of your personal account and receive communications from TRS.

Register for *MyTRS* by visiting the TRS website, where you can create your own password online. Registration is easy and does not require you to enter your full social security number. Online services previously available without a password, such as registering for a group benefit presentation or requesting a bill for withdrawn service, now require registering with *MyTRS*.

Listed below are options now available to you if you are registered with *MyTRS*:

Active Members

- Change your address on record in TRS files (new)
- Obtain personalized retirement estimates using data on file with TRS
- View and print a copy of your most recent annual statement
- View your account balance, including current year contributions received to date by TRS
- Request a bill for reinstatement of withdrawn service
- Request a retirement estimate prepared by TRS
- Obtain information on your withdrawn, unre-

ported, military and out-of-state service credit purchases that are already in progress

- Register for group benefit presentations held around the state

Annuitants Receiving a Monthly Benefit

- Change your address on record in TRS files (new)
- View and print a copy of your most recent 1099-R tax form
- View and calculate your withholding tax amount using data on file with TRS
- View a summary of your current annuity payments
- View a summary of health benefit premiums paid in the prior two years by deduction from your TRS annuities

You can also receive TRS publications and announcements quickly through e-mail when you subscribe for the following *MyTRS* options:

- Fast electronic delivery of selected TRS publications, rather than having them mailed
- Electronic notice of your annual statement or your 1099-R tax form, rather than having them mailed
- TRS announcements, including meetings, webcasts, presentations and other events
- Legislative changes impacting the TRS retirement and health care plans

For more details, please visit the TRS website at www.trs.state.tx.us.

MyTRS now offers the option to change your address online

For the first time, you now have the option of changing your address on record with TRS by going to the TRS website. In the past, such address changes required the use of paper forms, but now you can simply go to the *MyTRS* section of the TRS

website to make any needed changes. Not only does the new process save paper, postage and time, but it also provides added convenience, especially for retirees and members who are not employed with a TRS employer. If you are currently em-

ployed in Texas public education, you should submit your change of address directly to your employer, who will submit the change to TRS electronically. For more information, please visit the TRS website at www.trs.state.tx.us.

Don Green

Continued from page 5.

tor Brian Guthrie. "Don's extensive credentials and experience, and his broad knowledge of state government, finance and accounting, will be invaluable to TRS and our members."

Satisfaction survey planned for February-March 2012

TRS has contracted with The University of North Texas (UNT) to conduct a TRS member/retiree satisfaction telephone survey in early 2012. TRS conducts such surveys periodically to determine how members and retirees perceive TRS in terms of delivering benefits and providing key services. If you are randomly selected by UNT to participate in this survey, we thank you in advance for your valuable assistance.

TRS AT A GLANCE AS OF AUGUST 31, 2011

During the past year, TRS continued to experience growth in membership. At year-end, system participation included 1,360 reporting employers and 1,316,566 members and annuitants. Benefit payments totaled approximately \$7.18 billion - an increase from 2010. Plan net assets of \$107.4 billion at year-end were up from \$95.7 billion in the previous year.



TRS-Covered Employers

Independent School Districts	1,030
Charter Schools	197
Community and Junior Colleges	51
Senior Colleges and Universities	46
Regional Education Service Centers	20
Education Districts	5
Medical and Dental Schools	9
State Agencies	2
Total	1,360



Membership Changes

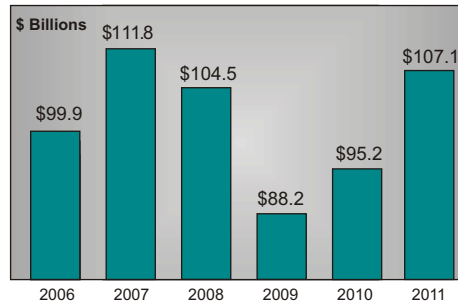
New Members	66,337
Members Withdrawing	40,402
Service Retirements	20,401
Disability Retirements	753
In-Service Deaths	1,266
Deaths After Retirement	6,753



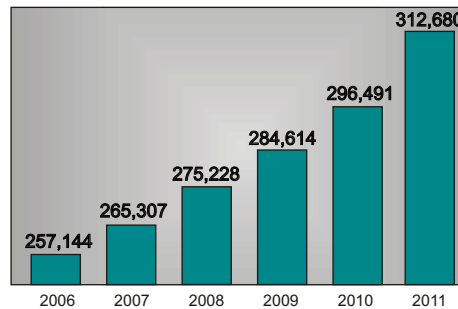
Communications

Telephone Calls	496,210
Automated Telephone	
System Calls	273,132
TRS-ActiveCare Calls	1,015,102
TRS-Care Calls	442,559
Website Visits	1,987,815
Counselor Visits	10,088
Group Presentations	212

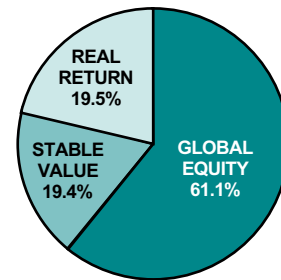
Market Values - Pension Trust Fund



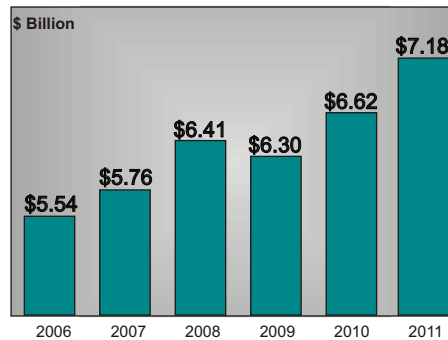
Annuities



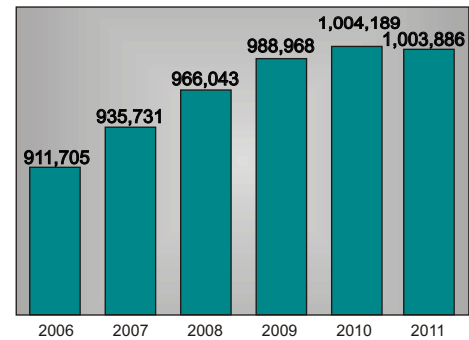
Asset Allocation



Benefit Payments



Member Accounts



Membership Profile

	2011	2010
Current Members	1,003,886	1,004,189
Average Annual Salary	\$44,392	\$43,916
Average Age	44.3	44.2
Average Years of Service	9.9	9.7

Annuitant Profile

	2011	2010
Retirement Recipients	312,680	296,491
Average Monthly Life Annuity	\$1,897	\$1,863
Average Age - Current Retirees	70.2	70.2
Average Years of Service	24.6	24.6

	2011	2010
Total Members & Annuitants	1,316,566	1,300,680
Ratio of Current Members to Retirees	3.2 to 1	3.4 to 1

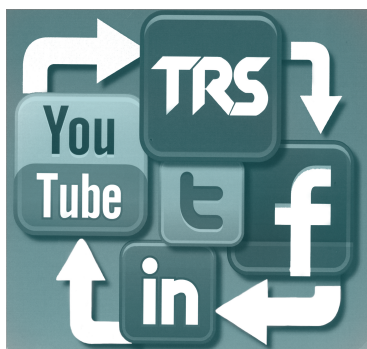
Teacher Retirement System of Texas

1000 Red River Street/Austin, TX 78701-2698

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TRS is going social !



TRS now has a presence on Facebook (a social networking site), LinkedIn, (a networking site for professionals), YouTube (a video sharing site), and Wikipedia, (a collaborative online information resource). We will soon have a Twitter account as well.

By joining TRS on one of the above sites, you can keep up to date on the latest developments relating to your retirement system. These sites have been created for the purpose of generally discussing TRS' pension plan, health benefit programs and TRS'

administration and operations. TRS' social media presence is not intended as nor created to be a general public forum, or to discuss individual member- or annuitant-specific information. For individual information, please contact TRS directly.

TRS' social media presence supplements TRS' traditional methods of communication and offers new ways for active members, retirees, beneficiaries and others with an interest in the retirement system to engage directly with TRS online. TRS social media sites also complement the TRS website, which continues to be a primary official source of information for the agency.

Participation on social media sites is voluntary. However, we hope you'll "like" us on Facebook, "follow" our company page on LinkedIn, watch our videos on YouTube, and, most important, let us know what's on your mind. If you already have a Facebook, YouTube or LinkedIn account, all you need to do is sign in and look for Teacher Retirement System of Texas. If you don't have accounts, you'll need to create them. There is no cost to join.

TRS asks that you carefully review our usage guidelines, which are posted on the TRS Social Media page on our website. We have designed them to encourage a productive dialogue. They also contain important suggestions regarding privacy and what you can do to help protect your personal information.

TRS turns 75 years old in 2012!

The year 2012 is a major milestone for TRS – it's the 75th year that we have been serving Texas educators. In honor of the occasion, and to illustrate how much Texas educators and retirees add value to Texas, we are planning a series of events this September. Watch for details in future *TRS News* issues as well as on the TRS website.

If you have any stories, photographs, or mementos about the retirement system to help us celebrate this special anniversary, please contact us at CommunicationsDept@trs.state.tx.us.

