

TRRS Board of Trustees Meeting: Send in Your Questions!

From: Tim Lee <tim@trta.org>
To: jmlandrum@earthlink.net
Subject: TRRS Board of Trustees Meeting: Send in Your Questions!
Date: Feb 15, 2012 7:20 PM

CALL YOUR LEGISLATOR: 1.888.674.3788

Home Sign Up Join TRTA Contact

Tim Lee TRTA Executive Director

TEXAS RETIRED TEACHERS ASSOCIATION

INSIDE LINE

Executive Director Tim Lee takes you Inside the Capitol.

This free email update offers fact and opinion on the issues facing current and future education retirees. Sign up for the Inside Line now.

© 2009 TRTA | To unsubscribe, click here.

TRRS Board of Trustees Meeting: Send in Your Questions!

TRRS pension benefit design and the TRRS-Care health insurance program will dominate tomorrow's TRRS Board of Trustees agenda. TRTA members are encouraged to use the communication information below to send questions and comments on these two vital issues.

TRRS has been charged with doing a study about transitioning the defined benefit plan, as well as one to address future funding shortfalls within the TRRS-Care health insurance plan.

TRTA is committed to maintaining the TRRS defined benefit plan. We are also working every day to maintain the TRRS-Care program. These two benefits are critical to a TRRS retiree's financial security and personal well-being during their retirement years.

You are encouraged to send in questions or comments on these two issues. At tomorrow's TRRS Board meeting, the trustees and staff will try to answer as many of these questions as possible.

This is a great opportunity for current and future retirees to let their voice be heard! TRRS is providing a forum for a direct response from the people most involved with the fund. The TRTA Board of Directors and many TRTA members from the local area are participating in these meetings, but we encourage you to participate as well!

If you have a question or a comment about the possible transition of the TRRS defined benefit plan to a defined contribution 401(k)-style plan, or about the funding and benefit structure of the TRRS-Care or Active Care programs, please use the link below to participate in this discussion.

[Link to TRRS Website on Submitting Questions for Thursday, February 16, 2012](#)

You may also send your questions or comments directly to TRTA by emailing tim@trta.org. We are happy to deliver your comments for tomorrow's meeting.

Here are some questions that TRTA has received already.

TRRS-Care Questions:

Why has the TRRS-Care fund balance dropped so fast?

How will the changes or potential changes proposed under the new health insurance act (The Patient Protection and Affordable Care Act (PPACA)) impact the TRRS-Care program?

I have heard that state employee retirees were moved into a Medicare Advantage plan, but many TRRS retirees do not qualify for Medicare A. Is TRRS considering the implementation of a Medicare Advantage plan? How will this impact those who may or may not qualify for Medicare A?

TRRS-Care premiums have not increased for 8 years. This has helped offset no pension increases over the past 12 years. If the legislature does not increase funding for TRRS-Care, and retirees were left making up the difference for the upcoming projected

shortfalls, what premium increase would be needed to keep the program viable?

Are prescription drug costs driving the huge increases in medical care, or is it more complicated than just RX costs? What are the cost drivers in medical trend and how can they be better controlled to help protect our TRS-Care benefits and premium structure?

TRS Trust Fund Questions:

In the event that the state forced a plan design change on to active or future school employees and the TRS fund was no longer receiving the contributions from the State or the active employees to support the fund's current plan design and investment programs, how and when, if ever, would the TRS pension trust fund be considered actuarially sound enough to implement a pension benefit increase for current TRS retirees?

How would the state legislature address the unfunded TRS liability that is now around \$24 billion in the event they force a plan design change for TRS? Would the state just be allowed to leave this unfunded liability unmet, or would they have to get out the state checkbook and fulfill this funding obligation?

Some people have suggested that the costs of TRS administration are too high due to the number of consultants, investment managers, and other TRS employees. How much, on average, does it cost each member to have their pension plan managed? Is it reasonable to think that these costs are likely to be less than if we all had to go out and find additional fund professionals to assist us with our private investment portfolio's, especially if those assets are actively managed?

If we transitioned this plan, are future TRS retirees expected to be forced into the federal Social Security program, or is it the expectation that the Federal government will simply ignore this transition and the possibility of taking on additional Social Security revenue for that federal program? It is correct to say that the federal government is looking for new revenue for the Social Security program.

How are TRS members better advantaged by moving them away from a plan design that provides a traditional retirement benefit at a low cost to the state and to the member? How are the Texas taxpayers advantaged by possibly increasing the costs associated with a possible plan design change to a defined contribution model?

Are the TRS trustees explaining to the Texas Legislature that this trust fund has worked, is working, and can work so long as the state actually funds its required contributions?

I believe the talk about changing TRS from a defined benefit plan to a defined contribution plan is all about money...a certain segment of our economy wants to make more money on the public education workforce that are now paying into a separate pension trust fund. These investment brokers, investors, lawyers, organizations, etc. can charge us a lot of money to take over these funds without the promise of giving us anything better or less costly than what TRS already provides. Perhaps the TRS Board can elaborate on how this is an inaccurate perspective.

Most states that are having problems with their large public pension plans point out that the primary reason these plans are experiencing problems today is that for extended periods of time, those state legislatures failed to meet or even make their funding contributions. Texas has a history of paying into the fund on a regular basis and meeting its constitutional minimum obligations. We have not, though, seen a regular funding pattern where the state is meeting its annually required contributions. How are you as the TRS Board of Trustees and the fiduciaries of the TRS pension trust fund communicating this historical failure made by other states to encourage our Texas Legislature to do what they should to meet their funding obligations.

The Legislature and the TRS Board seem to have made good policy and investment decisions to maintain this fund. The talk around transition seems to be political or individual gain for those selling investment services. Isn't correct to think that simply making simple and effective evaluations and our funding changes makes a great deal more sense than completely overhauling the entire program and making it into something else?

Viewing the Webcasts

Viewers may watch the event live from a computer or smart phone with internet connection wherever they are. For webcast viewing recommendations, [please click here](#).

Following are the links for each day of the meeting. Please note the links will not be live until the meetings officially convene for the day:

- [February 15](#)
- [February 16](#)
- [February 17](#)

Special Update on Tomorrow's Meeting

If you are in the Lubbock area and plan to attend the TRS Board of Trustees meeting, please note the meeting is scheduled to start at 8:00 a.m. Public comment will begin early in the morning, followed closely by expert panels that have been invited to speak about the TRS pension trust fund and TRS-Care. The meeting on Friday begins at 8:00 a.m. as well.

Concluding Comments

Thank you for your hard work and support! TRTA membership now exceeds 72,000 for the year! Congratulations to everyone for joining in this fight to protect TRS benefits. Let's continue to build our numbers and make certain the Legislature hears our powerful, organized voice! If you are not a member but want to join, please contact us at [1.800.880.1650](tel:18008801650).

You are subscribed to the TRTA Inside Line. To unsubscribe, click [here](#).