



TEXAS HOUSE OF REPRESENTATIVES

TOM CRADDICK
SPEAKER

CRANE DAWSON MARTIN MIDLAND UPTON

September 26, 2008

Dear Retired Teachers:

Recently, many retired teachers have raised concerns about investments in the Teacher Retirement System fund. These misgivings are based on a legitimate concern: the long-term stability of the Teacher's Retirement System, but arise from a misunderstanding on how TRS funds are invested.

As many of you know, the TRS system has faced a decade of shortfalls and just two years ago many were predicting a dire fate if we did not act. That is why the legislature stepped up in 2007 to provide a needed boost for the fund, increasing the state contribution rate - which had not been increased in nearly 20 years - from 6.00 percent to 6.58 percent. The result was an influx of nearly \$635 million in new state funding that allowed the TRS Board to issue a "13th check" to retired teachers.

In a recent unrelated letter, the Governor, Lieutenant Governor and I agreed that more funding needs to be provided to improve the state's transportation infrastructure. That letter has been misinterpreted by some individuals to imply that we would support transferring funds out of the retirement fund to be used to build roads. Nothing could be further from the truth.

First of all, the legislature does not have the constitutional authority to make such a transfer. Second, we merely support allowing TRS to invest in transportation financing alternatives *only if* the TRS Board of Trustees, through its investment staff, agrees that such an investment will provide a greater return than other alternatives available to TRS.

The prime goal of TRS has always, and will continue to be, to get the best return on investment for the beneficiaries of the system. TRS represents a promise to Texas teachers and that promise will be fulfilled.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Craddick".

TOM CRADDICK
Speaker