

It's Nearly Here: One more week!

Tim Lee, *Inside Line*, 8-30-13

200,000 of our members are anxiously awaiting the arrival of their end of September TRS check, the one with a permanent 3% more (not to exceed \$100 per month). For many folks, this is the first real raise they have received since 2001—that's 12 long years!

This was all made possible by the passage of Senate Bill 1458 during the regular session of the 83rd Texas Legislature. The bill, known as the “**TRS Actuarial Soundness Bill**,” made several changes to the TRS pension fund which allowed it to meet the state law for financial solvency. This state law (statute 821.006) must be met in order for TRS to be able to provide permanent increases to any of its members. While not all members of TRS were able to receive a financial boost this year, the bill establishes new sources of revenue and increases contributions to the pension fund, which will make future increases for more members of TRS very possible in the near future. [The 84th Session comes to mind.]

Our legislators in both the Texas Senate and House worked diligently to craft SB 1458 to protect TRS for the long-term. **All voted in favor of the bill in its final version near the end of May 2013. Legislators and their staff members worked for months to achieve this goal, and we want to thank them for their hard work. Senator Taylor and Representatives Davis and Bonnen each played a significant role in achieving this happy result.**

Without SB 1458, the TRS pension fund would have shown a very large increase in its liabilities by January 2014. This would have created a scenario in which TRS retirees may have never received a COLA ever again.

TRTA is establishing strategies NOW to include ALL TRS retirees in future cost-of-living increases—perhaps even as early

as 2015 (the next time the legislature is in regular session).

We need your help to make this happen! Our fight for better benefits for all retirees never ends. TRTA members must also be prepared to face potential changes to their healthcare benefits in the coming years.

Tom Rogers, Austin Retired Teachers Association Legislative Chair, sent us an article that he researched and wrote. It was published in the ARTA Newsletter last month. I believe it contains some interesting possibilities about the history and the future of TRS-Care and the possible establishment of a TRS-Care Trust Fund similar to the TRS pension fund. The full article from ARTA follows:

TRS Care Funding Running Out - An Idea

Tom Rogers, ARTA

The Warning

In the report on the July 26th TRS Board Meeting, Philip Mullins, ARTA Legislative Committee member and former member of the TRS Board, pointed out that the TRS-Care Health plan will be solvent until 2015. After that it will begin to run huge deficits (\$1 billion in 2017). However, the Legislature has stated that its intent is that premiums not be raised during this biennium. Therefore, it leaves TRS with these options:

1. change the plan design and/or
2. decrease benefits, and/or
3. increase copayments, and/or
4. cause most of the retirees to move to Medicare Advantage instead of Medicare.

Even with these possible changes the combined state, active and school district contributions to the TRS Care are so small (grand total of 2.2% of payroll) that the fund will still run aground in 2015. The TRS is currently making a second study of the TRS Care health program. If it is not already included, this idea should be included.

Why There is No TRS-Care Trust Fund

TRS Care is **not** a funded program as is TRS Pension Fund. Slightly more than 60% of the TRS Pension Fund income is the result of Investment returns from the trust fund. This means that contributions from the active teachers, the state and the school districts that are not in the Social Security system can share the cost as described in the newly passed SB 1458 and not undergo a financial strain. TRS Care, however, is a “pay as you go” type plan that was started in 1986 and was expected to be replaced in 10 years. This never happened. At the end of ten years it was simply funded by the Legislature from year to year and now it has used up all the past reserve and now out grown the available funding.

Past History

In 1999 the TRS pension fund was a 100% funded with a \$5 billion dollar surplus. (The dot-com boom provided a very lucrative market.) At that time it was proposed to move one **billion** dollars of the pension fund to TRS Care as a type of prefunding. In spite of impassioned plea by the instigator, it was voted down. (From conversations with Ronnie Jung) Today, the idea to prefund TRS Care seems to be an excellent move. It should have been more seriously considered then and should be seriously considered today.

The Idea

Today current health care costs are rising faster than inflation. To keep premium costs to a minimum a TRS health care trust fund could be established like the TRS Pension trust fund.

Where will the money come from?? Inevitably it must come from the same sources as the TRS Pension Fund. **The purpose of this proposal is to consider the possibility of establishing a TRS health care trust fund in conjunction with the TRS Pension Fund.** If it were managed properly it could help with some of the health insurance costs for TRS retirees. Read on.

Why Now?

Now that TRS should be adequately funded over the next few years, thanks to SB 1458, it appears that it will grow. **From past experience, growth should be sufficient to handle small CPI increases in annuities and then begin building a surplus.**

History shows that during the FY 1999-2000 when TRS had a \$5 billion dollar surplus, teacher associations and others pushed to increase pension and other benefits and this caused a huge increase in the unfunded liability. Then the dot-com crash in 2000 and 9/11 in 2001 happened and it took the fund from a surplus to approximately \$16 billion in the hole. It took nearly seven years before the fund recovered enough to give the retirees a 13th check. SB 1691 became law in 2005 and helped to cut some of the costly benefits which brought the unfunded liability back down. This facilitated recovery.

Money Sources?

At present the TRS Pension Fund is just short of its benchmark of 8% earnings. It has no surplus monies. But from now until 2017 a program of increasing contributions by the actives, promises future growth. No one can predict what the market will do in the future, but if the past is any guide the pension fund will grow. Right now, the oil companies are producing large quantities of oil and gas from the Eagleford Shale formation using the fracking technology. This is bringing in large sums of money to the Texas "Rainy Day Fund". Perhaps the TRS Pension Fund could participate in this boom. These earnings could possibly help create a surplus.

Using a Potential TRS Fund Surplus?

If a TRS Pension Fund surplus did come to be, should it or could it be siphoned off from TRS to create a TRS health care trust fund. And/or perhaps the Legislature could be talked into granting a onetime infusion of \$1 billion to start an investment “nut” that could later be large enough through growth to reach a stage where it would grow like the pension fund through investment returns and contributions that would provide sufficient income to lower contribution rates and pay sufficient benefits.

Who Would Do the Investing?

TRS Care Trust fund would be managed by the same expert investors that handle the TRS pension fund. It would need to be departmentalized and have a whole separate identity. If this could be done it would have multiple good effects.

1. This could ameliorate the fast rising health care costs thus keeping both state contribution and premiums down.
2. This could release surplus money from the TRS pension fund for health care benefits for retirees. It would also be less tempting to those who might want to acquire this surplus money for inappropriate goals that could impoverish the fund in a downturn.
3. This could provide money for TRS retiree health care earned in the world of investments instead of taking it from the taxpayer's pocket.

Some Questions That Need Answers

The TRS is set up in Article 16 in the Texas Constitution. It states that the money contributed to the TRS pension fund shall not be "**diverted**" but shall be paid to support "**benefits**" under this article. This is paraphrased slightly but it is essentially correct. There are probably questions to be answered. Here are some of the important unknowns:

1. The word "benefit" will have to be clearly defined **to include health care benefits**.
2. Will any change require a constitutional amendment?
3. How will this fit with Affordable Care Act?
4. Finally is all of this really worth it?

The Most Important Question

If it is decided that this proposal will work, TRS Care will soon need a large infusion of money to stay viable. TRS Care is predicted to go bankrupt by FY 2015. It will take at least one legislative session to make such a proposal a reality and it will probably well in to 2017 before there is enough money to get going. The Legislature would need to be willing and able to tide the TRS health care over until the money is coming in. Otherwise, this is all moot.

What if you are a 65+ Voter and have No Picture ID? Just Vote by Mail.

Adapted from Paul Premack, San Antonio Express-News, 7-31-13

There is NO requirement to present a photo ID in order to vote by mail. Instead, you submit a written application for a mail-in ballot to the county clerk's office elections department. The Application must be submitted between 60 days and 7 days before Election Day.

The Application for a mail-in ballot can be obtained online at www.sos.state.tx.us. On the Application, you must disclose your name and address, your date of birth, the reason you are eligible to vote by mail, which election the ballot will cover, and if the election is a primary you must declare your political party. You must sign the application. If you can only make a mark (not your signature) then there must be one witness who also signs the Application and who must disclose his/her address and relationship to you.

If you cannot sign and cannot make a mark on the Application, the witness must check a box so informing the election department, must sign the form, and must indicate that he/she acted as an assistant (unless the witness is also a close family member [parent, grandparent, spouse, child or sibling] or lives at the same address as the intended voter).

Once you receive your ballot, you vote and then return the ballot by mail. Your ballot must be received by the elections department before 7pm on Election Day. That does not mean "postmarked" before 7pm on Election Day, it means the ballot must be in the department's hands before 7pm on Election Day. If it is returned late, your vote is not counted.

Paul Premack is a Certified Elder Law Attorney

Need a State-Issued Picture ID?

Go to the DPS Office at
111 Tristar Drive in Webster
across from Ellington Field.
281-486-8242

1. IDs are valid for six years [if 70+ unlimited], and can only be used for voter identification.
2. 50 offices around the state will be open for four hours on Saturdays (10am -2pm), **solely** to handle requests for the certificates.
3. Current law states voters can show either a driver's license or state-issued ID; a passport or passcard; a military ID, a Texas concealed handgun license or naturalization or citizenship certificate with an ID.
4. Applicants for the free IDs must furnish proof of citizenship and identity and be registered to vote or register at the DPS office.
5. If you have a documented disability, you may apply at your county voter registrar for a permanent exemption from the photo ID requirement. If approved, you will not need a photo ID to vote. There is no expiration date for certificates issued to citizens 70 years of age or older.
6. It is possible that the federal courts may disallow the required voter ID. Democrats and several minority groups, say that even though the ID is free, the inconvenience and cost to obtain the needed documents are a unreasonable barrier for low-income voters, the elderly and some minorities and therefore a violation of the 24th Amendment forbidding a poll tax.

Contact Your Legislators

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Rep. Ed Thompson - 512-463-0707
Dist. 29 – area of Pearland/Alvin

Rep. Craig Eiland - 512-463- 0502
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A friendly legislative aide will answer the phone and deliver your message to your representative or senator.

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